



# CONSTITUENCY NEWSLETTER

OFFICE OF THE EXECUTIVE DIRECTOR FOR  
AUSTRALIA, CAMBODIA, KIRIBATI, KOREA, MARSHALL ISLANDS, MICRONESIA FS, MONGOLIA,  
NEW ZEALAND, PALAU, PAPUA NEW GUINEA, SAMOA, SOLOMON ISLANDS, TUVALU AND VANUATU



NEWSLETTER #36

JANUARY— MARCH 2013

## *Staff Changes*

**Mr Andrew Oaeko** from Papua New Guinea joined the constituency office as Advisor to the Executive Director (ED) in January 2013.



Andrew Oaeko

We also welcomed **Ms Rose Nakanaga** on the last week of April 2013. Ms Nakanaga is from the Federated States of Micronesia.



Rose Nakanaga

We welcomed Mr Oaeko and Ms Nakanaga and wish them well in their new assignments.

## **New Executive Vice President (EVP), Multilateral Investment Guarantee Agency (MIGA)**

On March 2013, President Kim announced the appointment of Ms. Keiko Honda as Executive Vice President, Multilateral Investment Guarantee Agency (MIGA). Ms. Honda, a Japanese national, is a Director of McKinsey and Co. She has extensive experience within global organizations—both private and public sector—where she has gained a reputation as a leader in banking, corporate finance, and private equity. She has served on a number of Japanese government committees including the Council of Regulatory Reform for Prime Minister Koizumi and several earlier administrations. She is currently the Vice Chair of the Committee on the Promotion of EPAs/FTAs of the Keizai Doyukai (Japan Association of Corporate Executives), and is also a board member of the Japanese Foundation for Cancer Research. She holds a BA from Ochanomizu University and an MBA from The Wharton School at the University of Pennsylvania. Ms Honda will replace Ms Izumi Kobayashi whose term concludes in June 2013.

President Kim further emphasized that the new EVP's top three (3) priorities include:

- (i) working closely with me and the senior management team in the planning and implementation of the ongoing World Bank Group change and reform work;
- (ii) overseeing the development of MIGA's next three year corporate strategy (FY15-17), to align with the overarching World Bank Group strategy while ensuring that the Agency is positioned to optimize its value for shareholders and clients; and
- (iii) focusing on raising MIGA's profile externally in order to promote more foreign investment into the least served destinations.

## *Office Travel*

**Mr John Whitehead**, Executive Director (ED) visited Tuvalu, the smallest member of our constituency in early March 2013 to consult with authorities.

The Alternate ED (AED), **In-Kang Cho** travelled to Korea for consultations with authorities for the period 17—29 March 2013.

Our advisors, **Beth Delaney** and **Cushla Thompson** attended the IDA17 Replenishment meeting held in Paris, France during the period 17—22 March 2013.

Mr Whitehead and Cushla Thompson attended the Energy Conference held in Auckland, New Zealand during the period 25—27 March 2013.

## **WBG POLICY & ANALYTICAL WORK OF INTEREST**

### **WORLD BANK GROUP CHANGE PROCESS**

Over the past months, the President and management of the WBG had an open conversation about how to continue to transform the organization. From the Mirror Workshop in October to the Leadership Forum in November and the Follow the Sun event in early January this year, management and staff came together to discuss strengthening the WBG with the ultimate goal to deliver the best development solutions that will help end extreme poverty and boost shared prosperity.

From these events, President Kim indicated that staff feedback and suggestions, as well as ideas from clients and shareholders, has shown that there is broad agreement on the need for change and also on what needs to be changed. Based on these conversations, five (5) priority areas have emerged:

1. Improving strategic focus;
2. Raising the game on providing global knowledge and development solutions;
3. Addressing client focus, risk, results, and accountability;
4. Making the WBG the best place to work for development practitioners;
5. And deciding what sort of global footprint needed.

For each of these areas, the President has announced five (5) Change Teams that will design the reforms to address these challenges. They will draw on the ideas generated during the diagnostic phase and ensure that everyone has opportunities to contribute directly to the discussions and remain involved. The Change Teams will be led by groups of vice presidents from across the WBG including MIGA and IFC. They will drive the identification, design, and implementation of changes in these key areas. In selecting these vice presidents, the President looked for people who have the experience, knowledge, and leadership to carry out these important roles. The Change Teams will lead the change process which the President is clear will build on the work done to date such as the modernization agenda endorsed in 2010.

### **IDA17 REPLENISHMENT**

IDA Deputies, including those from Australia, New Zealand and Korea, met 20-21 March 2013 in Paris marking the commencement of IDA17 Replenishment negotiations.

World Bank President Kim (via video) engaged in a dialogue with Deputies noting the close links between IDA, the Bank Group reforms underway and Kim's new vision to 'end poverty in a generation and improve shared prosperity'. President Kim reaffirmed his strong personal commitment to achieving progress in fragile and conflict-affected situations. While acknowledging the difficult fiscal situation in many traditional donor countries, President Kim called for a strong IDA replenishment.

IDA Deputies agreed to an overarching theme for the Replenishment of 'Maximising Development Impact' which builds on the IDA16 theme of results and incorporates maximum leveraging of private and public resources as well as knowledge; enhancing the IDA results measurement system; and, ensuring cost efficiency and effectiveness. Deputies also agreed to retain the special themes from IDA16 of gender, climate change and fragile and conflict affected situations and for a new theme for IDA17 on 'inclusive growth' which will emphasise job creation, ensuring broad benefits from natural resource wealth, and financial inclusion.

Overall, there was in-principle agreement to the Bank further developing the proposals presented to the meeting on supporting fragile and conflict affected situations; IDA's long-term financial sustainability (including donor loans) and transition support for graduating countries. In particular, Deputies sought more details on trade-offs for consideration at the next meeting now scheduled for 1 - 4 July 2013 in Nicaragua.

The meeting endorsed Management's proposal to reallocate SDR315 million in unspent Crisis Response Window funding to IDA's regional program.

As noted following the IDA16 Mid-term review, the openness to a rethink of how to approach fragile states provides a good avenue to push issues around the vulnerability of small states and to call for greater flexibility. But along with this opportunity comes some risks. The proposed package for FCS includes an increase in base allocation – recognition that IDA financing remains insufficient to support an effective engagement in several small states. However, as part of the package Management is also proposing to increase the weighting in the PBA towards greater poverty-orientation which is likely to shift IDA resources from countries with stronger performance (as measured by the CPR) to those with lower performance, in particular to FCSs. This will also lead to a reallocation of IDA resources between non-FCS countries which may impact members of the constituency. The exact parameters and impacts will be detailed in the papers to be provided for the June replenishment meeting. Other aspects of the agenda, such as financial sustainability (which includes hardened terms) is also expected to have an impact.

## OCEANS

As stated in a recent correspondence to members, the Pacific Regional Oceans Program (PROP) progress made so far include the preparation of a three (3) phase Adaptive Program Loan (APL) involving a potential investment window of \$74 million. It is anticipated this program will come to the Board of Directors in 2015 with potentially qualifying countries namely Federated States of Micronesia, Kiribati, Marshall Islands, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Although it is still uncertain at this stage, only four (4) countries might be included in the first phase investment along with wider regional investment activities. We have conducted bilateral meetings with key staff involved in this program to ensure it is fact tracked given the urgent need for bank intervention in this sector as reaffirmed at the last Pacific Leaders Forum meeting held in Rarotonga, Cook Islands. There is potential for key regional organizations to be grant recipient under this program mainly Forum Fisheries Agency (FFA) or Forum Secretariat given its involvement in the sector but yet to be confirmed given discussions are still underway not only with these organisations but also with key stakeholders and development partners who are doing parallel investments in this sector.

We have enquired on the FY2015 timeline and have been informed through several briefings with staff that the reason why the PROP is listed as a FY2015 delivery is due to the risks associated with preparation of a multi-country APL especially with the complexity of PROP and the fact that there are other pipeline operations that are more certain for these earmarked countries such as Tuvalu and Kiribati.

The constituency office will provide updates during the design course of this program. For more information, please visit the website:

**<http://www.globalpartnershipforoceans.org/about>**

## COUNTRY PARTNERSHIP STRATEGY (CPS)

### *Republic of the Marshall Islands CPS.*

The Executive Board of Directors on Tuesday 19 March, 2013, endorsed the Joint IDA/IFC Country Partnership Strategy (CPS) for the RMI, for the period FY2013-2016. The CPS included the four main strategies: (i) ICT (Information and Communication Technology) sector reform and liberalization; (ii) Energy sector reform; (iii) Sustainable management of oceanic fisheries; and (iv) Increasing long-term fiscal self-reliance. The Partnership is a reflection of the Bank's continued effort to expand its presence in the Pacific Region, especially in specific small island countries.

The Board stressed the importance of diversifying the economic base and strengthening private sector development, engaging in regional work in the fisheries sector, and improving the management of state-owned enterprises. Directors appreciated the commitment to integrate World Bank and IFC engagement in the Marshall Islands, and encouraged WBG efforts to collaborate with development partners in implementing the CPS.

## CONSTITUENCY COUNTRY LEVEL PROGRAMS APPROVED BY THE BOARD FOR QUARTER ENDING MARCH 2013

### *Papua New Guinea (PNG) Energy Sector Development Project*

The PNG Energy Sector Development Project (PNGESDP) was approved by the Board of Executive Directors on 21 February 2013. The project is a significant step in the right direction for PNG in terms of energy sector development and in addressing one of its major development challenges of bridging broad social and economic span. We are hopeful that project will have a catalytic impact in developing an effective and sustainable energy sector that will increase access to electricity and generate more reliable power supply on the existing grid. This will no doubt have broad social development benefits to households, including rural areas, and positive impact on the formal economy.

### *Republic of Marshall Islands, ICT Sector Development Policy Operation (DPO)*

The Executive Board of Directors discussed and approved the First ICT Sector DPO which aims to improve connectivity and facilitating an enabling environment for liberalization of the sector which is a key priority under the Joint IDA/IFC Country Partnership Strategy (CPS).

### *Samoa - Support for Tropical Cyclone (TC) Evan Emergency*

On Tuesday, 12 March 2013 the Executive Board of Directors discussed and endorsed the use of IDA Crisis Response Window (CRW) resources to support Samoa's reconstruction efforts following TC Evan which caused significant damage and losses equivalent to 30% of GDP. The CRW resources in combination with reallocations under existing projects aim to (i) enlarge and accelerate budget support to support Government's reconstruction efforts and reforms to rebuild Samoa's buffers against future shocks and (ii) assist farmers who have lost their crops and livestock through the provision of seeds, planting material and breeding stock, assist fishermen whose boats and fishing gear have been damaged and potentially provide social transfers to those

## ***Constituency Reports and Bank Publications***

The following list of documents and reports were published during the quarter. Please contact us if you would like us to resend any of these documents:

- ◆ Transforming Cities with Transit: Transit and Land-Use Integration for Sustainable Urban Development
- ◆ The New Microfinance Handbook: A Financial Market System Perspective
- ◆ World Bank Group Impact Evaluations: Relevance and Effectiveness
- ◆ Until Debt Do Us Part: Subnational Debt, Insolvency, and Markets
- ◆ Results and Performance of the World Bank Group 2012
- ◆ Measuring the Real Size of the World Economy
- ◆ Growing Green: The Economic Benefits of Climate Action



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If you want further information or an electronic copy of any of the documents discussed in this Newsletter, please contact:

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