WORLD BANK GROUP

OFFICE OF THE EXECUTIVE DIRECTOR

Australia

Korea

Vanuatu

New Zealand

Kiribati

Marshall Islands

Mongolia

Samoa

Cambodia

Papua New Guinea

Palau

Solomon Islands

Tuvalu

Micronesia

ANNUAL REPORT

Fiscal Year 2013-2014

WORLD BANK – EAST ASIA / PACIFIC CONSTITUENCY
OFFICE ANNUAL REPORT FY14

CONTENTS

ANNEXES

Please note that this will be the last year this will be printed.
Future copies will be sent to you electronically.

ANNUAL REPORT FY2014: WBG EDS09 CONSISUENCY OFFICE

SECTION 1: EXECUTIVE SUMMARY

FY14 has been year of major change and important milestones for the World Bank Group (WBG). In October 2013, the Development Committee endorsed the new WBG Strategy, enshrining the twin goals agreed by Governors in April 2013: to end extreme poverty by 2030 and boost the prosperity of the bottom 40 per cent of income earners in all countries.

A key first step in the implementation of the reform process was a set of financial changes intended to boost the WBG's lending capacity, including a far-reaching savings exercise that will cut $400 million (or around 8%) from the Bank's operating budget over four years, with the savings to be reinvested in the Bank's balance sheet. The WBG is also going through a process of major structural reform, with the creation of the new 'Global Practices' and 'Cross-Cutting Solutions Areas' (which became operational on 1 July 2014). The Constituency Office has been closely involved in the reform process, with a particular focus on ensuring that the new structure promotes cooperation, avoids the creation of new silos, and ensures that the best expertise is available to smaller as well as larger clients.

There were also a number of important policy reviews over the course of the year. The procurement policy review progressed over FY14, culminating in the release of a draft procurement policy for consultation in July 2014. The new policy – the first major change to the Bank's procurement procedures since the 1960s – intends to introduce a risk-based approach to procurement. The Constituency Office strongly supports the direction of the procurement review, but has raised in discussions with Management the importance of ensuring that procurement capacity building assistance is available to smaller clients.

The safeguards policy review also progressed over FY14, with the release of a new draft environmental and social framework for public consultation in July 2014. The new framework is intended to move away from upfront compliance towards a more adaptive and risk-based approach to safeguards implementation. The Constituency Office has supported the direction of the safeguard policy review, but has reserved its judgment on the contents of the safeguards and notes that both resourcing and culture change will be necessary to effectively implement the new policy (including supporting clients in implementation).

The completion of the IDA17 replenishment process marked another major milestone during the year. In May 2014, Governors adopted the resolution approving IDA17, under which a global coalition of 46 developed and developing partner countries pledged contributions towards the total IDA17 envelope of $52.1 billion. The Constituency Office contributed to the IDA17 process, including through participation in IDA Deputies' meetings. The borrower representative from the constituency for the IDA17 replenishment process was Kiribati.

Lastly, the Constituency Office has maintained an active program of constituency country visits, as well as facilitating visits and missions to the Bank by delegations of our constituency members. Member countries were kept informed on Bank policies and issues of interest to our constituency through communications via email messages, quarterly newsletters and constituency notes.

SECTION 2: CONSTITUENCY OFFICE

GOVERNORS AND ALTERNATE GOVERNORS FOR THE CONSTITUENCY

Member Countries	Governor	Alternate Governor
Australia	Hon. Joe Hockey, MP	Hon. Steven Ciobo, MP
Cambodia	H.E. Aun Pornmoniroth	H.E. Vongsey Vissoth
Kiribati	Hon. Tom Murdoch	Mr. Elliot Ali
Korea	Hon. Kyunghwan Choi	Mr. Ju Yeol Lee
Marshall Islands	Hon. Jack J. Ading	Mr. Alfred Alfred, Jr.
Federated States of Micronesia	Hon. Kensley K. Ikosia	Mrs. Senny Phillip
Mongolia	Hon. Ulaan Chultem	Mr. Nnaidansuren Zoljargal
New Zealand	Hon. Bill English, MP	Mr. Gabriel Makhlouf
Palau	Hon. Elbuchel Sadang	Mr. Rhinehart Silas
Papua New Guinea	Hon. Patrick Pruaitch	Mr. Dairi Vele
Samoa	Hon. Tuilaepa Sailele Malielegaoi	Mr. Lavea Iulai Lavea
Solomon Islands	Hon. Rick N. Houenipwela	Mr. Shadrach Fanega
Tuvalu	Hon. Maatia Toafa	Ms. Limasene Teatu
Vanuatu	Hon. Maki Stanley Simelum	Mr. Simeon Malachi Athy

EXECUTIVE DIRECTOR, ALTERNATE EXECUTIVE DIRECTOR AND STAFF

Executive Director	Michael Willcock (Australia), replaced John Whitehead (New Zealand), August 2013
Alternate Executive Director	Bok Hwan Yu (South Korea)
Senior Advisor	Foketi Imo-Evalu (Samoa)
Senior Advisor	Cushla Thompson (New Zealand)
Advisor	Mark Tattersall (Australia), replaced Beth Delaney (Australia), January 2014
Advisor	Jye Hoon Lee (South Korea)
Advisor	Andrew Oaeke (Papua New Guinea)
Advisor	Rose Nakanaga (Micronesia)
Advisor	Letasi Iulai (Tuvalu)
Senior Executive Assistant	Yolanda Cunnane
Program Assistant	Beatrice Nguerekata
Program Assistant	Monica Eun Jong Chang

VOICE SECONDMENT PROGRAM

The tenth cohort of the Voice Secondment Program (VSP) concluded at the end of June 2014. The process for selecting next year's VSP Cohort 11 candidates commenced in early March 2014 with a call for nominations sent to countries for submission of interested candidate applications by 16 May 2014. The Office received applications from two of our member countries – Cambodia and Mongolia. Unfortunately, these candidates were not selected due to limited slots and the program prioritizing the allocation of slots to low income countries or new countries who have not yet participated in the VSP. Candidates may be invited to participate in the Program should there be any openings for the FY15 cohort, but we will not know this until the end of October 2014.

SECTION 3: POLICY AND ANALYTICAL WORK OF INTEREST TO OUR CONSTITUENCY

WORLD BANK GROUP REFORM

During 2013-14, a substantial focus for both Bank management and the Board was the ongoing process of WBG reform. In October 2013, the Development Committee endorsed the new WBG Strategy, enshrining the twin goals agreed by Governors in April 2013: to end extreme poverty by 2030 and boost the prosperity of the bottom 40 per cent of income earners in all countries. The Strategy outlined an ambitious change agenda designed to position the WBG to deliver on these goals.

Boosting the WBG's financial reach

A key first step in the reform process was a set of financial changes intended to boost the WBG's lending capacity. This included a far-reaching savings exercise intended to cut $400 million (or around 8 per cent) from the Bank's operating budget over three years, with the savings re-invested in the Bank's balance sheet. This has been a difficult and sometimes contentious exercise, involving benchmarking the Bank against comparable institutions and conducting 'deep dives' into the Bank's cost base in a range of areas. Staff concerns about potential job losses have been, and remain, high. But substantial progress was made during the year, with $125 million in immediate savings announced in January 2014 (focused on travel and training costs) and a further $108 million in 'group wide measures' (focused on corporate procurement, information technology, property reforms and consultancy rates) announced in May 2014. Together, this represents over 60 per cent of the targeted savings, with further measures to be announced in the coming period.

In parallel with the expenditure review, a number of financial management reforms were announced for IBRD/IDA in February 2014. This included changes to the Bank's 'Single Borrower Limit' for a small number of countries, revisions to the minimum equity-to-loan ratio, alterations to Bank borrowing charges, and the exploration of exposure swaps between the Bank and MIGA. These reforms will increase IBRD/IDA's lending capacity from $15 billion to $25 billion each year, and the overall loan book from $200 billion to $300 billion over the next ten years.

The WBG's potential levels of support to the private sector have also been increased. In April 2014, President Kim announced plans for MIGA to increase its annual guarantees by over 50 per cent over the coming four years, and for IFC to double its loan portfolio to over $90 billion over the next ten years. Taken together, these changes will see the WBG's annual commitments grow from $45 billion to $70 billion over the next ten years. This represents, in President Kim's words, "unprecedented growth" for the WBG.

Working as 'One World Bank Group'

Equally central to the reform process is the ambition to work as 'One World Bank Group', drawing on the strengths of the World Bank, the IFC and MIGA to leverage public and private investment behind larger 'transformational' investments in partner countries. The key tool for driving this collaboration is a 'New Approach to Country Engagement', which was developed over the course of the year. The new approach calls for all Country Partnership Frameworks (CPFs) to be developed jointly between the Bank, IFC and MIGA. All CPFs will in turn be preceded by a Strategic Country Diagnostic (SCD): a Bank-owned product that will draw on internal and external analysis to identify the binding constraints to growth and poverty reduction in each client country. SCDs and CPFs will be developed progressively for all client countries, beginning from 1 July 2014.

Collaboration between the institutions is also being codified through a new, joint strategic budget process, pioneered for the first time during 2013-14. The new process saw the budgets of the respective institutions considered together by the board, on the basis of an agreed set of strategic priorities. The process will be further strengthened in 2014-15.

Moving Knowledge Faster: the Global Practices

The WBG is also undergoing the first major structural reforms since the Wolfensohn reforms of the 1990s. The changes revolve around the creation of fourteen 'Global Practices' (GPs) and five 'Cross-Cutting Solutions Areas' (CCSAs), which became operational on 1 July 2014. The GPs will take leadership of key sectoral priorities (such as education, health and), while the CCSAs will take leadership of what the Bank terms 'emerging multi-sectoral issues' (such as fragility and conflict, gender and climate change).

The objectives of the GPs and CCSAs are to break down internal silos, ensure the effective interaction of the WBG's public and private instruments, and allow the WBG to deliver knowledge and innovative financial solutions more quickly to its clients. The idea is that the GPs will allow the most up to date global knowledge – including innovations in public-private collaboration – to be shared across regions rapidly and thus allow client countries, in President Kim's words, to "skip generations of bad practice in one step."

The GPs and CCSAs will hold substantial power in the institution. Close to 5500 staff members have been 'mapped' to the GPs and CCSAs, both from different regional areas (including country offices) and from the different institutions of the WBG. The scope of control of the new 'Senior Directors' sitting atop the Practices is significant: the Governance practice alone has more than 750 staff members.

A second change is budgetary. In addition to their own allocations for 'global engagements,' the GPs and CCSAs will, after a negotiation process with the areas seeking their expertise, take control of the budgets for country engagement that previously sat with the regional areas. As a result, while the regions remain jointly accountable for delivery, it is the GPs and CCSAs who will control the resources involved in implementation.

Much remains to be seen on how the Global Practices and CCSAs will operate in practice, including the role of country teams in guiding Bank programs on the ground. President Kim has repeatedly reinforced that country-based staff will continue to be the key point of interface with client governments and other partners, and that they will set the priorities for Bank programs. The new Framework for Country Engagement should also ensure that Bank-offered solutions are customized and grounded in local realities, including client demand.

Avoiding the creation of new organizational silos will also be important. President Kim is keenly aware of this issue, and intends to chair bi-weekly meetings of all of the GP and CCSA heads to drive collaboration across the WBG. Much work has gone (and continues to go) into setting internal incentive structures that encourage cooperation between and across the GPs. Both of these issues will require careful monitoring, as will ensuring that the best expertise in the GPs and CCSAs is available to smaller as well as larger clients. The Constituency Office continues to prosecute these issues actively with Management.

OCEANS

During the year, significant progress has been made on the Oceans front, particularly with regard to the Pacific specific program under preparation – the Pacific Islands Regional Oceanscape Program (PROP). The objective of the PROP is to enable the participating Pacific island countries (PICs) to capture greater economic benefits from sustainable management of the region's oceanic and coastal fisheries and the critical habitats that sustain them. The PROP is a regional program of IDA financing for a series of interdependent and overlapping projects to multiple borrowers/recipients who are facing a common set of development issues and share common development goals.

The eleven PICs who are member countries of the World Bank are eligible to participate in the PROP as they all share transboundary fisheries and fish resources. Four PICs are likely to participate in the first phase of the PROP: the Federated States of Micronesia, Republic of the Marshall Islands, Solomon Islands and Tuvalu. Given the critical role of the Pacific Islands Forum Fisheries Agency (FFA) in helping countries sustainably manage, control and develop their fishery resources, the PROP will be implemented at the regional level by the FFA. Specific components of the program (in relation to tuna fisheries management and coastal fisheries) will be implemented by the new Oceanscape Unit at the Pacific Islands Forum Secretariat. National level activities will be implemented through national fisheries agencies in close consultation with the FFA.

The office has been in close consultation with Management and Staff during the year. We expect the Board of Executive Directors to review Management's proposal for the PROP in FY15 around September/October and will continue to inform our constituency members on progress with the program.

DOING BUSINESS REPORT

On 29 October 2013, the Bank issued the *Doing Business 2014* report (DBR14). The 2014 report is subtitled 'understanding regulations for small and medium-sized enterprises.'

DBR14 presents quantitative indicators on business regulations and the protection of property rights that can be compared over time across 189 economies—from Afghanistan to Zimbabwe. Regulations affecting eleven areas of the life of a business are covered: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and employing workers. (Data on employing workers are not included in this year's ranking.) The data in Doing Business 2014 are current as of June 1, 2013.

DBR14 aims to provide a body of knowledge that will catalyze reforms and help improve the regulatory frameworks affecting the activities of the private sector. This matters because in a global economy characterized by constant change and transformation, it makes a difference whether the rules are sensible or excessively burdensome, whether they create perverse incentives or help establish a level playing field, whether they safeguard transparency and encourage adequate levels of competition. To have a tool that allows economies to track progress over time and with respect to each other in the development of the building blocks of a good business environment is crucial for the creation of a more prosperous world with shared opportunities.

There are positive and encouraging signs of global convergence toward good practices in business regulations. Economies in all regions of the world and at all income levels have made important strides in improving the quality of the rules underpinning private sector activity. This year the findings have been even more encouraging — low-income economies have improved their business regulations at twice the rate that high-income economies have.

These developments support the twin WBG goals of ending extreme poverty and boosting shared prosperity. By providing useful insights into good practices worldwide in business regulations, Doing Business helps mobilize policy makers to reduce the cost and complexity of government procedures and improve the quality of institutions.

Such change serves the underprivileged the most – where more firms enter the formal sector, entrepreneurs have a greater chance to grow their businesses and produce jobs, and workers are more likely to enjoy the benefit of regulations such as social protections and safety regulations.

According to DBR14, Singapore once again ranks first in the world for ease of doing business – its eighth year in a row at the top of the rankings. Ukraine was the top improver in 2012/13, implementing reforms in eight of the ten areas measured by the report. (Ukraine made starting a business easier by eliminating a separate procedure for registration with the statistical office and abolishing the fee for value added tax registration.) Joining Ukraine as the most improved economies in this year's ranking are Rwanda, the Russian Federation, the Philippines and Kosovo. During 2012-13, 114 economies implemented 238 regulatory reforms making it easier to do business – 18 percent more reform than in the previous year. In our constituency, Mongolia implemented reforms in three areas while Palau implemented reforms in two areas.

DBR14 records the following outcomes of interest for some of our constituency members:

- Once again, New Zealand ranks extremely well globally, coming in as the third easiest place for doing business in the world.

- Having implemented additional reform from its previous four reforms during the year, Korea's ranking improved from 8th in the Doing Business Report 2013 (DBR13) to 7th in DBR14. This highlights that it is hard to improve rankings at the top because there is less distance to the frontier of best practice – but new reforms can help maintain a ranking that might otherwise be lost to another improver.

- Vanuatu has improved its ranking this year from 80th to 74th as a result of implementing one reform this year in the area of 'Getting credit' (improving access to credit information through the establishment of a private credit bureau).

- Mongolia's ranking remains unchanged at 76th despite implementing three reforms this year.

- Australia has slipped from 10th in DBR13 to 11th in DBR 2014 – despite implementing reform in the area of 'Getting credit' (improving its credit information system through the Privacy Amendment (Enhancing Privacy Protection) Act 2012).

- Samoa has slipped from 57th in DBR13to 61st in DBR14. Samoa's ranking was affected by an increase in the stamp duty that increased the cost of transferring property.

- Two constituency members – Cambodia and the Solomon Islands – are among the fifty countries that have made the greatest strides in narrowing their distance to the frontier since 2005. Despite these efforts, however, this year's rankings see them drop further – from 133rd in DBR13 to 137th in DBR14 for Cambodia, and from 92nd in DBR13 to 97th in DBR14 for the Solomon Islands.

- Papua New Guinea slipped from 104th in DBR13 to 113th in DBR14. In this case, PNG's ranking slipped despite no apparent change in its regulations, showing how the improvement of others can affect a country's relative ranking.

We aware that there is considerable debate about the *Doing Business* report. Some of the notable concerns expressed about the report by various critics include: whether the indicators capture the factors that are most critical to the ease of doing business; questions about the integrity of the data on which the rankings are based; the extent to which the report may be informed by a 'deregulatory' bias that is not always consistent with other social and economic interests; and the value and influence of the ranking system.

We take the view that there is considerable value in the *Doing Business* report. It is a way for developing and advanced economies to learn what others are doing to improve their domestic regulatory arrangements. Constituency members are firm supporters of the report and appreciate the fact that it covers a range of countries that are seldom included in other comparative assessments. We acknowledge that there is certainly scope to improve the report, and support the ongoing efforts in this regard. Nevertheless, *Doing Business* is the best comparative assessment tool of global coverage that we have in this area. As such, it performs a welcome and valued service.

In recognition of the fact that *Doing Business* is now eleven years old, and to further a process of ongoing improvement to the report, President Kim established an independent panel to review the Doing Business project and report by 15 May 2015. The Panel is chaired by former South African Finance Minister Trevor Manuel. Nine other distinguished persons with backgrounds in government and academia have been appointed to the Panel.

CLIMATE CHANGE & DISASTER RISK MANAGEMENT

As part of the IDA17 Replenishment, it was agreed that climate change and disaster risk management needs to be integrated into country planning, strategies and financing. As a result of this commitment, and reflecting the WBG's focus on climate as a key development challenge, the WBG has developed new climate and disaster risk screening tools (to be implemented from 1 July 2014) to help screen projects for short- and long-term climate and disaster risks, and ensure appropriate resilience measures are integrated as required. The new tools will require all IDA Country Partnership Frameworks (CPFs) to incorporate climate and disaster risk considerations into the analysis of a country's development challenges and priorities and, when agreed with the country, incorporate such considerations into the content of the CPF programs and results framework. The WBG will also roll out new tools for greenhouse gas accounting and guidance for pricing carbon.

The Pacific Disaster Risk Financing and Insurance Program (under the Pacific Catastrophe Risk Assessment and Financing Initiative) is currently preparing a third pilot round, as countries have endorsed the continuation of this facility for a third season. The development objective of this innovative financial solution is to increase the financial resilience of PICs to natural disasters by improving their financial response capacity while protecting their long-term fiscal balance. The insurance pilot made its first payout during the course of the year (to Tonga) following the devastation caused by tropical cyclone Ian in January 2014. (The Solomon Islands was affected by heavy flash flooding in April 2014, but no payout was triggered in this case as the damage was not caused by a cyclone or earthquake.)

The Constituency Office will continue to keep track of the WBG's climate change agenda, given its significance to our Constituency and, in particular, to our small member countries.

SMALL STATES

During the year, the Constituency Office played its part in ensuring that the voice of small states/small islands is heard both at the Board and Management level of the World Bank Group. Furthermore, the Office has been instrumental in providing policy advice to Management not only on issues affecting small countries but also on how WBG policies should take into account the unique challenges of small states.

The Office facilitated last year's Pacific Seminar and Small States Forum, both of which were held on the margins of the 2013 joint IMF/WBG Annual Meetings. At this meeting, President Kim assured Governors of his commitment to the WBG's agenda of strategic review and change reform aimed at making the institution a more effective and efficient organization. In turn, Governors highlighted key issues, such as high debt levels from heavy borrowing to fund recovery from the global financial crisis and and/or natural disasters, and inability to access global climate change funds.

The WBG has expanded its engagement in the Pacific region and this year Management presented to the Board the first Country Partnership Strategy for the Federated States of Micronesia since it became a member of the WBG in 1993. (See a complete list of the programs and projects financed by the WBG in the Annexes).

In June 2014, the WBG and United Nations hosted a high level dialogue in preparation for the 3rd International Conference on Small Island Developing States (SIDS), which was held in Apia, Samoa in September 2014. The conference provided an opportunity for substantive dialogue between the UN Permanent Representatives of SIDS, WBG Executive Directors, and technical experts from both institutions on key issues affecting SIDS, such as economic policy and competitiveness and emerging challenges and opportunities such as climate change and energy policies. The Constituency Office played a key facilitating role in this initiative and will continue to provide updates, especially on the issues highlighted during the discussions.

SECTION 4: OPERATIONS POLICY OF INTEREST TO OUR CONSTITUENCY

HUMAN RESOURCE REFORM

The results of the 2013 WBG Employee Engagement Survey – an important instrument for Management to gauge the Staff's perception of the institution – were released in February 2014. While the Survey results show that a high percentage of staff are proud to work for the WBG and value the WBG goals, favorable ratings were relatively low in many critical areas, such as leadership, openness and trust.

The Survey indicates that key areas require immediate action:

(i) The need for Senior Management to build understanding of the future direction of the institution.
(ii) Increased openness and transparency around the key decisions ahead in the reform process.
(iii) The need to empower Staff to take informed risks and find better ways of working.
(iv) The need to ensure that Staff are able to report unethical behavior without fear of reprisal.
(v) The need to ensure the objectivity of decisions on promotion and reassignment decisions.

Senior management is now identifying immediate tangible actions to address these concerns.

In March 2014, strict employment controls were introduced to ensure that Managers look to fill their staffing needs through internal redeployment first and through external recruitment thereafter. Under this control, staffing levels are being closely tracked in light of the ongoing change process and expenditure review.

With decisions on budget allocations concluded earlier this summer, business units are engaging in a strategic staffing exercise. Based on each VPU's organizational priorities, staffing plans will be prepared, outlining requirements for each fiscal year of the three-year planning period. Consideration will be given to which roles may need to be reduced in number, which roles may need to be filled through either redeployment or recruitment, and which roles may not be required in their current form, due to changing business requirements or operating models. Once the staffing plans have been completed early next year, unit managers will then determine what (if any) follow-up staffing actions should be taken. HR is scaling up its capacity to guide the business units in this process and to strengthen management capacity with the development of staffing strategies.

There are also efforts to promote diversity and inclusion throughout the WBG. On the whole, the Bank's diversity indicators (e.g. percentage of women and Part II Nationals) have shown improvement since FY05, along with progress in the area of nationalities of focus (NOF) and race (SSA/CR).

The Office has closely engaged in the series of ongoing HR reforms. We have pushed for a stronger focus on a diversity and inclusion agenda in order to provide different perspectives and ideas to our clients, and have urged Management to address the issues surrounding the recruitment of severely underrepresented nationalities. We have also emphasized the importance of talent management being fully integrated into the corporate strategy and aligned with the bank's business model (the 'Solutions Bank').

We have emphasized that performance management is still one of the major areas for improvement, and have encouraged Management to strengthen the linkage between compensation and performance, as well as foster an environment that promotes, challenges and accepts occasional failure to some extent as innovation and creativity are necessary for better performance. We have emphasized that delivery and implementation are key to the success of the reform process, so a clear and effective communication strategy to engage all stakeholders should be adopted.

IDA

The IDA17 replenishment process has now been completed. On 5 May 2014, the Board of Governors adopted the resolution approving IDA17, under which a global coalition of 46 developed and developing partner countries pledged contributions toward the total IDA17 lending envelope of $52.1 billion.

IDA17 will run from 1 July 2014 to 30 June 2017, and will become effective when Instruments of Commitment and loan agreements for 60 per cent of the total of partner grant and concessional loan contributions are received. The targeted effectiveness date is 15 December 2014.

Participants selected 'maximizing development impact' as the overarching theme for IDA17, with inclusive growth, gender, climate change and Fragile and Conflict-affected States (FCSs) as special themes. The special themes of gender, climate change and FCSs have been carried over from IDA16.

Participants agreed on a package of policy measures and performance targets to track IDA's progress in maximizing development impact in IDA17. This package, which encompasses policy commitments and a set of indicators under IDA's four-tier Results Measurement System (RMS), incorporates several new elements:

- It explicitly aligns IDA's activities and results monitoring with the WBG strategy goals and the WBG change and reform process, by adopting a more selective and evidence-based country engagement model, using knowledge more effectively, taking more informed risks, and expanding WBG synergies to achieve results.

- It enhances the focus on outcome and quality indicators, including IDA's operational effectiveness and organizational efficiency.

- It strengthens IDA's accountability to clients and shareholders, through greater use of beneficiary feedback and public disclosure.

- It places greater attention on managing and reporting the costs of delivering results.

The IDA17 replenishment process also introduced a number of financing innovations.

- While underscoring that IDA's finances depend primarily on grant funding, Participants endorsed the introduction of limited debt funding in IDA17's financing framework in the form of concessional partner loans. These loans provide a mechanism for partners to scale up the volume of their contributions to IDA and increase IDA's commitment authority. Concessional loan contributors will receive burden sharing recognition and allocation of voting rights based on the 'grant element' of the loan.

- The IDA17 period will also see the introduction, on a pilot basis, of a mechanism that allows partners to provide financing to IDA through purchases of participations in projects already under implementation.

- Participants agreed to provide transitional support for India during IDA17 as it graduates to IBRD.

Procurement Policy Review

The procurement review follows on from a 2013 decision by the Board's Audit Committee and Committee for Development Effectiveness that the Bank's procurement policies required review in order to increase the efficiency of Bank operations and contribute to development effectiveness. The review progressed during 2013-14, with the draft procurement policy released for consultation in July 2014.

The new policy represents the first major change to the Bank's procurement procedures since the 1960s. It aims to move from a current focus on the Bank's 'prior review' of all steps of the procurement process – a source of considerable delay to Bank projects – to a risk-based approach in which Bank prior review is limited to high-risk, high-value procurements, with post-review sampling in other cases. The new policy also aims to increase the use of alternative procurement systems – of another MDB if it is the majority financier of a project, of the country systems of members of the World Trade Organization's Global Procurement Agreement (GPA), and, potentially, of partner agency systems based on a new methodology to evaluate partner capacity at the agency level.

Other elements of the reforms include: allowing value for money as the basis for assessment, rather than the current practice of lowest qualified bid (thereby encouraging innovation); streamlining the requirements placed on borrowers when using national systems; allowing the Bank to engage with business in highly concentrated markets, in order to improve industry performance; and allowing for more customized approaches in fragile states and other capacity constrained markets (including small island states).

The Constituency Office strongly supports the direction of the procurement review. If managed effectively, the reforms will streamline the requirements placed on borrowers and free up Bank staff to allow more customized capacity assistance to clients, while also managing probity concerns. There remain some conflicting views among different Board chairs on the review – for example on the degree to which country systems should be used, and the extent to which sustainable procurement practices should be required. Overall, however, the Board supports the proposed direction of the review, and the Office has worked cooperatively with other chairs to see the review progressed. Consultation on the draft policy will take place during the second half of 2014, with the aim of having the new procedures in place for FY16.

A key question for the Constituency will be the degree to which procurement capacity building assistance will be available to smaller clients. This is a point that the Office will continue to pursue with Management.

Safeguards Policy Review

The review of the Bank's safeguards policies also progressed during the year, and a new draft environmental and social framework was released for public consultation in July 2014.

The safeguards remain a controversial issue in the Bank. Developed in response to range of highly publicized Bank-financed infrastructure projects in the 1980s and 1990s that had widespread environmental and social impacts, the safeguards place additional requirements on the Bank and borrowers when projects are expected to carry significant environmental and social risks. The safeguards review is being closely watched by a range of observers, particularly civil society groups concerned about any perceived dilution of the protections they afford.

The current safeguards emphasize up-front compliance, meaning detailed mitigation plans for any environmental and social risks must be in place at the time of a project's approval by the Board. This has contributed to long project preparation times, while the Bank has also been criticized for failing to follow through in monitoring implementation. In general, borrowers would like to see greater use of country systems and more flexibility in implementation timelines. Donor governments, meanwhile, have highlighted the need to expand the safeguards to recognize emerging issues in sustainable development, including anti-discrimination, disability and climate change.

The crux of the new draft framework is a move away from up-front compliance towards a more adaptive, risk-based approach to safeguards implementation. A total of ten safeguards are proposed, the first and most important of which is a comprehensive Environmental and Social Assessment, which will be required for each project and will identify the key risks needing management. Rather than requiring compliance at the time of Board approval, an Environmental and Social Commitment Plan will then set out time-bound steps that the borrower will take to meet a revised set of Safeguard requirements.

The framework will also require the development of a consultation and stakeholder engagement plan, which will set out how affected communities will be consulted on the project in question. The Bank will then work alongside the borrower to ensure commitments are met, adapting to the circumstances as the situation changes. Country systems will be used if the Bank assesses that they provide equivalent levels of protection to that provided by the safeguards.

There remain disputes at Board level about the proposed new policy. While generally strongly supportive of the directions of the reforms, client countries are concerned about the implementation burden that the policy could place on them, and would like to see a greater use of country systems where possible. Donor countries, for their part, hold concerns on a range of the specific safeguards, including the proposed labor standard (which does not mention two of the ILO's core labor standards – freedom of association and collective bargaining), the Indigenous peoples standard (which, while strengthened in some areas, includes an 'opt-out' clause in cases where treating Indigenous peoples separately would cause ethnic tension), and the fact that no stand-alone climate change safeguard is included (borrowers are instead required to 'consider' the climate change impact).

Equally important will be the Bank's capacity to effectively implement the revised framework. The policy hinges on a dynamic approach in which the Bank works with borrowers to ensure compliance across the project cycle. This will require the Bank to closely monitor implementation and identify and respond swiftly to emerging issues, as well as provide comprehensive capacity-building assistance to clients. A resourcing and implementation strategy for the new framework will be an important input to the Board's final decision making process on the new policy.

To this point the office has broadly supported the direction of the safeguard policy, while reserving judgment on the content of the safeguards and noting the resourcing and culture change required to effectively implement the new policy, including supporting clients in implementation. The policy is open for public consultation between August and December 2014. Board consideration of the final draft is proposed for early 2015.

SECTION 5: DEVELOPMENT EFFECTIVENESS AND RESULTS

Corporate Scorecard

The new WG Corporate Scorecard was publicly released at the Spring Meetings in April 2014. (http://corporatescorecard.worldbank.org/). The Scorecard is designed to provide a high-level overview of the WBG's performance toward achieving the twin goals of ending extreme poverty and boosting shared prosperity. It sits at the apex of the WBG's reporting structure, with indicators cascading from the Scorecard into the monitoring frameworks of the three WBG institutions, and then further into the deliverables of individual work areas.

The Scorecard is structured in three tiers:

- Tier One (Goals and Development Context) provides an overview of progress on key development challenges faced by WBG client countries. These indicators track global development progress, and are not directly attributable to WBG activities

- Tier Two (Results) reports on the key sectoral and multi-sectoral results achieved by WBG clients, with the support of the WBG, in pursuit of the twin goals. This incorporates results achieved by both the government clients of the Bank and the private sector clients of the IFC and MIGA

- Tier Three (Performance) captures information on the WBG's performance in implementing the WBG Strategy, for which Bank management is directly accountable. It includes measures of both operational and organizational effectiveness, and a set of targets that will be reported on annually through the Scorecard.

The Scorecard will remain a living document, with indicators refined as better data becomes available or the incentives set by individual indicators are clarified. There are also a number of placeholder indicators for which data is not yet available.

The Constituency Office was closely engaged in the development of the Scorecard. The Office pushed for a stronger focus on outcomes rather than outputs, and for the greater disaggregation of data by gender. The next steps in the Scorecard process include the finalization of IFC and MIGA Scorecards reflecting the objectives set out in the WBG-wide Scorecard, and also the cascading of indicators into the deliverables of individual work areas across the WBG's constituent institutions.

Results, Effectiveness and Evaluation

The Independent Evaluation Group (IEG) kept up an active program of evaluations throughout the year, with a work program tailored to provide lessons that would inform the ongoing change process in the WBG. The most significant evaluations released during the year included:

World Bank Assistance to Low Income Fragile and Conflict-Affected States

This landmark evaluation (http://ieg.worldbankgroup.org/evaluations/fcs) examined the WBG's performance in assisting the 370 million people living in low-income fragile and conflict-affected states (FCS). These countries have higher poverty rates, lower growth rates, and weaker human development indicators than other low-income countries.

The evaluation established that the WBG's portfolio performance in low-income FCS has improved since 2001 compared to low-income countries that are not fragile. However, country assistance strategies have not been tailored to fragility and conflict drivers, and often do not adequately take into account political economy and conflict risks. While effective in mainstreaming gender within the health and education and community-driven development portfolios, the WBG paid insufficient attention to conflict-related violence against women and the economic empowerment of women in FCS. Moreover, the WBG lacks a realistic framework for inclusive growth and jobs that is based on economic opportunities and constraints in FCS.

The review had a number of important recommendations to strengthen Bank performance in FCS, including:

- Developing a more suitable and accurate mechanism to classify FCS.
- Tailoring country strategies to fragility and conflict contexts.
- Supporting institutional capacity building at national and subnational levels.
- Enhancing the institutional sustainability of community development programs.
- Addressing the effects of violence against women.
- Developing a more realistic framework for inclusive growth and jobs.
- Adapting the business models, incentives, and systems of the IFC and MIGA to the needs of FCS.

This evaluation was one of the most significant conducted by IEG in recent years, given the growing focus on the needs of FCS. The Constituency Office continues to work alongside Management to ensure implementation of the recommendations, including through the work of the new FCS CCSA.

The Big Business of Small Enterprises: Evaluations of WBG Support to Small and Medium Enterprises 2006-12

This evaluation (http://ieg.worldbankgroup.org/small-enterprises) examined the approximately $3 billion per year that the WBG provides in support to small and medium enterprises (SMEs). It found that targeted support for SMEs can be a powerful tool when coordinated with broader work on regulatory reforms. However, there is a need for a clearer understanding of the characteristics and dynamics of SMEs, including their role in the broader economy, and their actual and potential contribution to jobs, growth, and shared prosperity.

The evaluation concluded that, to make its SME support more effective, the WBG needs to:

- Clarify its approach regarding targeted support to SMEs, including by better coordinating the approach of the Bank, IFC and MIGA and developing a comprehensive understanding of how programs will support SMEs' ability to contribute to employment and economic opportunity.
- Enhance relevance and additionality by shifting benefits from better-served firms and markets to frontier states.
- Institute a tailored research agenda to support refinements to the WBG's efforts in this area.
- Strengthen guidance and quality control so that project documents define and justify the beneficiary group and provide specific targeting mechanisms.

The recommendations will be a key focus of the new Jobs CCSA.

WBG Support to Public Private Partnerships: Lessons from Experience in Client Countries 02-12.

This evaluation (http://ieg.worldbankgroup.org/evaluations/world-bank-group-support-ppp) examined the WBG's growing level of support for public private partnerships (PPPs) in client countries.

This evaluation found that PPPs supported by the WBG are largely successful in achieving their development outcomes, but that data are scarce on the effects on the poor. The three WBG institutions use their respective comparative advantages well, but their approach should be better tailored to individual countries. The Bank's upstream policy reform and institution-building reaches the right countries, but reforms often suffer due to their complexity and political implications. IFC Advisory Services have achieved important impacts in advising on PPP structuring, and the IFC has also added value when investing in PPPs during due diligence and implementation, but a higher share of its PPP portfolio could be located in countries and markets with less developed PPP frameworks. MIGA, meanwhile, increased investors' confidence and effectively implemented PPPs. Overall the Group has made a significant contribution to capacity building for PPPs, but a lack of local skills and resources for the preparation of a PPP pipeline and bankable PPP projects poses a limitation across most World Bank-supported countries.

The findings will form an important part of the work program of the PPP CCSA.

Learning and Results in World Bank Operations: How the World Bank Learns

This evaluation (https://ieg.worldbankgroup.org/evaluations/learning-and-results), the first in a series of two, aimed to assess how well the Bank has generated, accessed, and used learning and knowledge in its lending operations. This is an important question given its link to the GP's focus on knowledge and learning across the WBG.

The evaluation found that, although in general terms staff perceive the Bank to be committed to learning and knowledge sharing, its culture and systems, the incentives it offers employees, and signals from Managers, are not as effective as they could be. The evaluation included recommendations designed to ensure that the current reforms will be more effective in creating the right culture and incentives for learning and knowledge sharing.

A further evaluation covering learning in IFC and MIGA will be conducted during FY15.

SECTION 6: CHANGES IN WBG SENIOR MANAGEMENT

During the financial year, the WBG made the following changes to its senior management team:

- Ms. Nena Stoiljkovic and Mr. Keith Hansen were appointed as Global Practices Vice Presidents and commenced their terms in October 2013.
- Ms. Rachel Kyte was appointed to the position of Group Vice President and Special Envoy for Climate Change. Her new role became effective on 1 January 2014.
- Mr. Jorge Familiar was appointed as the new Vice President for the Latin American and Caribbean Region. He assumed the responsibilities of Mr. Hasan Tuluy who retired in June 2014.
- Mr. Mahmoud Mohieldin was appointed the Corporate Secretary in addition to his current role as the Special Envoy coordinating the WBG's agenda with the United Nations. He assumed his new role as Corporate Secretary on 30 April 2014.
- Mr. Bernard Lauwers was appointed as WBG Controller in February 2014.
- Ms. Lakshmi Shyam-Sunder was appointed as Vice President WBG Chief Risk Officer in February 2014.
- Mr. Hiroshi Naka was appointed as the new Vice President and Auditor General, Internal Audit of the WBG. His appointment became effective in July 2014.
- Mr. Dimitri Tsitsiragos and Mr. Philippe Prosper were appointed to lead the new IFC Global Client Services Vice President Unit in April 2014.
- Ms. Karin Finkelston and Ms. Nena Stoiljkvic were appointed to lead the IFC New Global Partnerships Vice President Unit in April 2014.
- Mr. James Scriven was appointed as the new Vice President Corporate Risk and Sustainability at IFC in April 2014. He will lead this new unit jointly with Mr. Ethiopis Tafara, IFC's General Counsel and Vice President.

SECTION 7: FUNDING DEVELOPMENTS AND REFORMS

IBRD

Total IBRD commitments within FY14 were $18.6 billion – an increase of 22% ($3.4 billion) over FY13. From a balance sheet perspective, the equity-to-loans (E/L) ratio decreased slightly from 26.8% in FY13 to 25.7% in FY14. The current E/L ratio is well above the minimum E/L ratio of 20%, indicating there is still headroom for additional lending.

Allocable income from the IBRD fell substantially from $968 million in FY13 to $769 million in FY14. The primary cause of the reduction in allocable income was an unrealized mark-to-market loss on an Austrian bank security. Based on this income result, Executive Directors agreed to recommend to the Board of Governors that $134 million be retained as surplus and $635 million be transferred to IDA.

IDA

IDA runs a largely cash-based funding model in which commitment levels to client countries are based on donor inflows.

At year-end FY14, IDA's funding position was 71%, down from 79% at year-end FY13. This means that IDA's investment portfolio and unrestricted demand notes on donors accounted for 71% of undisbursed commitments. As in the past, the funding cap will be primarily covered by future receipts of cash and demand notes already committed by partners, as well as through repayments on existing credits. In the last five years, IDA's funding position has ranged between 71% and 81%.

As of 30 June 2014, IDA completed its sixteenth replenishment period. The revised IDA16 Commitment Authority amounted to $50.8 billion. All available resources of $47.6 billion have been committed and the remaining $3.2 billion will be carried over into IDA17. Total IDA commitments within FY14 were $22.2 billion – an increase of 36% ($5.9 billion) over FY13.

IFC

IFC commitments with FY14 were $22.4 billion – a decrease of 10% ($2.4 billion) relative to FY13. However, the volume of commitments in FY13 was exceptionally strong, so a decrease in the volume of FY14 commitments was not unexpected. Credit risk ratings improved marginally and the proportion of non-performing loans decreased slightly.

Deployable Strategic Capital (DSC) – the IFC's headline indicator of available resources – reduced from 8.4% in FY13 to 7.0% in FY14. While the question of a desirable range for the DSC remains open, we consider this to be a better use of available capital than has historically been the case. The DSC has been reducing steadily since a high of 32% in FY07.

IFC income for designation increased substantially from $1,060 million in FY13 to $1,614 million in FY14. The primary causes of the increase were strong liquid asset returns, favorable developments in two large loans that resulted in the release of loan loss provisions, and the strong performance of emerging equity markets in Q4.

Applying IFC's sliding scale formula, the maximum designation increased from $251 million in FY13 to $445 million in FY14. Based on this result, Executive Directors agreed to recommend to the Board of Governors that $47 million be retained within IFC, $58 million be allocated to advisory services, and $340 million be transferred to IDA.

MIGA

The Board approved MIGA's Strategic Direction FY15-17 in April 2014. MIGA's principle objective is to contribute to the WBG's twin goals of eradicating poverty and promoting shared prosperity by facilitating private investment in developing countries to help those countries achieve their development objectives. MIGA will seek to maximize development impact by collaborating with other WBG institutions, contributing to the country priorities articulated in the country partnership frameworks, and leveraging the knowledge and enabling services of the WBG.

In the FY15-17 period MIGA aims to optimize the opportunities presented by its expanded product line (Political Risk Insurance and Non-Honoring Products) and its broader client base (equity investors, lenders such as banks and capital market investors) by focusing on strengthening its business development, enhancing SOE credit analysis capability, and implementing series of initiatives that will strengthen its financial sustainability.

MIGA plans to continue working on projects in infrastructure, power, transportation, finance, manufacturing, as well as agriculture. Priority areas of intervention will include IDA and FCSs, transformational projects, energy efficiency and climate change, and transaction with strong development impact in middle income countries. While demand for PRI and non-honoring products can fluctuate from year to year, MIGA considers that a target rate of around 10 per cent over the FY15-17 period is a realistic scenario, in line with medium term growth prospects for FDI.

SECTION 8: APPENDIX

ANNEX 1 - LIST OF FY14 CONSTITUENCY COUNTRY DEVELOPMENTS AND APPROVED PROJECTS

Country/Document/Project Name	Agency	Amount ($ millions)	Date of Approval
Cambodia			
♦ **ACLEDA –** The proposed loan will support the Bank's lending to SME and microfinance borrowers.	IFC	50	12/18/13
♦ **Prasac Sr Loan 2 –** The Project is to provide an IFC A loan with maturity of up to 5 years to Prasac Microfinance Institution Limited ("Prasac" or the "Company"), an IFC existing client, Prasac is one of the largest microfinance institutions ("MFI") in Cambodia by gross outstanding loans and number of borrowers. It is one of the 7 MFIs in the country licensed to take deposits. Prasac's strategy is to provide financial services to rural communities and microenterprises in Cambodia. Prasac has significantly grown its operation over the last 5 years. As of December 2013, Prasac provided micro finance solutions to over 196,906 small businesses and individuals (over 85 percent of which are women) in Cambodia. With a plan to transform into a commercial bank in 2014 Prasac's target is to provide a wider range of financial products and services to its Clients. Through the Project IFC aims to provide Prasac a stable long term funding which is limited in Cambodia in order to support its loan growth.	IFC	10	05/23/14
Kiribati			
♦ **First Economic Reform Development Policy Operation –** The development objective is to support the Government of Kiribati in strengthening public services, while improving fiscal sustainability. This operation supports both themes of the country assistance strategy (CAS): (i) building resilience against external shocks and (ii) mitigating economic isolation by encouraging regional and global integration. This operation also supports actions under three areas of the government's economic reform plan.	IDA	5.2	12/11/13
Micronesia			
♦ **Energy Sector Development Project –** The objective is to increase the available generation capacity and efficiency of electricity supply in the state power utilities, and to strengthen the planning and technical capacities of the National Government and the state power utilities in the energy sector. There are three components to the project, the first component being increasing available generation capacity and efficiency of electricity supply in the state power utilities. The second component is the national and state energy planning. Finally, the third component is the technical assistance and project management.	IDA	14.4	03/29/14
Mongolia			
♦ **Khan Bank AMC Cap Fund –** The proposed project intends to provide a 5 year subordinated loan to Khan Bank LLC (Khan Bank, the Bank), an IFC existing client, to enhance the Bank's capital strength and capacity in	IFC	40	09/26/13

supporting local SMEs.			
♦ **Smart Government Project –** The development objective is to use information communication technologies (ICT) to improve accessibility, transparency, and efficiency of public services in Mongolia. The project comprises of four components. The first component, enhancing civic engagement and citizen feedback mechanisms comprises of following activities: technical assistance; investment support; and support government to develop a business analytics program. The second component, enabling foundations for smart government will support the public agencies put in place a robust framework for service delivery, benefitting from economies of scale on ICT infrastructure, and expediting the pace of eService delivery in response to citizen's needs. The third component, enabling open data will help to develop a vibrant open data ecosystem defined by a sustainable pipeline of high-quality data, continuous engagement with user communities and demand-driven, innovative co-creation. The fourth component, project implementation support will help to establish the project implementation unit at the Cabinet Secretariat.	IDA	19.4	06/06/14
♦ **E-Health Project –** The objective is to contribute to the Government of Mongolia's efforts to utilize public sector resources more effectively in the health sector in a context where there are competing policy priorities. Rapid economic growth and the potential for large revenue flows are being tempered by the need to maintain fiscal prudence and stability, and weaknesses in the health system are contributing to inefficient, inequitable and poor quality services, thus preventing the sector from effectively addressing emerging needs.	IDA	19.5	06/06/14
♦ **Education Quality Reform Project –** The objective is to improve the quality of education for primary school children in Mongolia, with particular emphasis on improving native language and mathematical skills, and to strengthen school-level planning. The project comprises four components. The first component, improving learning outcomes, aims to ensure that by the end of grade 2 of primary school, Mongolian students are able to read fluently and acquire basic numeracy and math skills. The second component, pre- and in-service professional development of teachers, will help teachers develop the appropriate tools to provide individualized support for all children to improve their learning outcomes, in particular, reading and mathematical skills for grades 1 and 2. The third component, implementation of a school support program, intends to scale up the Ministry of Education and Science's school financing, currently being rolled out in 100 pilot schools, to the rest of the primary schools in the country. Lastly, component four will support the Ministry to effectively implement the project with the support of qualified technical assistance.	IDA	30	06/06/14
♦ **Third Sustainable Livelihoods Project –** The objective is to improve governance and community participation for the planning and delivery of priority investments in rural areas of Mongolia. The project comprises three components. The first component, capacity building for local governance and livelihoods, aims to build the capacity at local and national levels for the implementation and further development of the Government's program and mechanisms for support rural development. The second component, good governance performance-based support program, includes budget preparation and adoption, budget execution, accounting, reporting, internal	IDA	24.8	06/06/14

and external control and public scrutiny. The third component, project management and monitoring and evaluation, supports the implementation structure, financing of staff costs, related expenditures, monitoring and evaluation, procurement, and financial management.			
Papua New Guinea			
♦ **Additional Financing (AF) for the Productive Partnerships in Agriculture Project (PPAP)** – The development objective is to improve the livelihoods of smallholder cocoa and coffee producers through the improvement of the performance and the sustainability of value chains in cocoa- and coffee-producing areas. The AF will contribute to the twin goals of ending extreme poverty and enhancing shared prosperity. It will enable the project to provide support to additional partnerships and extend activities to additional provinces, and increase the number of beneficiaries. It will also strengthen the project's gender focus and provide nutrition education to help improve health behaviors. The AF is expected to increase poor farmers' incomes and improve their livelihoods, thereby contributing to ending extreme poverty among project beneficiaries.	IDA	30	02/28/14
♦ **Second Phase of Road Maintenance and Rehabilitation Project (RMRP- II)** – The development objective is to: (i) improve road transport to project areas through providing satisfactory physical condition and safety in selected roads; and (ii) strengthen institutional arrangements for road maintenance, including the participation of the private sector and communities. The AF will provide direct support to two of the three pillars in the latest country partnership strategy (CPS), and reinforces the agreement with Government of Papua New Guinea, which is codified in the CPS, that all donors, including the Bank, focus on deepening their support to sectors where their existing programs are having positive impacts. The AF also contributes to the key Government of PNG objectives of expanding transport infrastructure services, and supporting sustained economic growth by improving connectivity and facilitating trade and access to markets.	IDA	126.5	02/19/14
Samoa			
♦ **Samoa Aviation Investment Project** – The objective is to improve operational safety and oversight of international air transport and associated infrastructure. There are four components to the project, the first component being international airport infrastructure investments. The second component is the strengthening policy and regulatory capacity, and training. The third component is the strengthening airport operations and management capacity. Finally, the fourth component is the project support.	IDA	25	03/06/14
♦ **Agriculture and Fisheries Cyclone Response Project** – The development objective is to provide recovery assistance to cyclone-affected farmers and fishers through vouchers and grants with the aim of restoring their lost production capacity, and to enhance preparedness of the agricultural sector to better respond to future disasters. The project has four components. The first component is cyclone recovery for subsistence farmers and fishers. The second component is cyclone recovery for commercial farmers and fishers. The third component is restoration of ministry of agriculture and fisheries facilities and strengthening the agricultural sector's capacity for disaster preparedness and response. The fourth component is project coordination and management.	IDA	5	10/17/13

♦ **Enhanced Road Access Project (ERAP)** – The development objective is to restore key road sector assets damaged by extreme weather events and enhance the climate resilience of critical roads and bridges in Samoa. The project has three components. The first component is road and bridge reconstruction. The second component is technical assistance. The third component is project management.	IDA	20	10/17/13
♦ **Development Policy Operation (DPO) Program** – The objective is to support Samoa in recovering from the immediate impacts of cyclone Evan, which struck the country in December 2012, and to help Samoa build resilience against such shocks in the future. The funds requested under this DPO, including Crisis Response Window funds, will support the Government of Samoa in responding to the exceptional natural disaster it has suffered through Tropical Cyclone Evan.	IDA	15	07/12/13
Solomon Islands			
♦ **Sustainable Energy Project additional financing and restructuring** – The development objective is to improve operational efficiency, system reliability, and financial sustainability of the Solomon Islands Electricity Authority through improved financial and operational management, reduction of losses, improved generator and distribution system reliability, and improved revenue collection. The AF is to scale-up the underlying project to improve the reliability and efficiency of electricity supplies to Honiara, the largest city in the Solomon Islands and its commercial center.	IDA	13	03/21/13
♦ **Additional Financing 2 - Solomon Islands Rural Development Program –** The objective of this Project is to increase access of rural households to high priority, small-scale economic and social infrastructure, agriculture and financial services.	IDA	3	09/30/13
♦ **Islands Development Policy Operation –** The operation, the second in a series of two development policy operations, would support the following three development objectives: i) improving public financial management; ii) improving the financial position of key State Owned Enterprises; and iii) improving extractive revenue transparency. The overarching themes throughout are public sector effectiveness and accountability. Under the first Development Policy Operation the government strengthened the quality of budget formation and reporting, tightened payroll expenditure control, raised transparency around procurement, adopted and funded a community service obligation policy for state owned enterprises, and took initial steps towards candidacy under the Extractive Industries Transparency Initiative.	IDA	2	08/27/13
Tuvalu			
♦ **First Development Policy Operation Program** – The objective is to support reforms that strengthen public financial management and improve the delivery of social services, while providing critical financing to enable the rebuilding of fiscal buffers. Tuvalu's economy is highly vulnerable to challenges stemming from its very small size and geographic isolation, and relies heavily on grants to meet its development financing needs. The Global Financial Crisis contributed to the depletion of Tuvalu's main fiscal buffer, impeding the Government of Tuvalu’s ability to meet its financing requirements.	IDA	3	11/22/13
♦ **Tuvalu Aviation Investment Project –**The development objective is to	IDA	6.06	11/01/13

improve the safety and security of air transport and associated infrastructure. The project will resurface the paved roads in Funafuti which provide access to the airport, provide fresh water storage, and support exporting solid waste from Funafuti atoll.			
Vanuatu			
♦ **Global Partnership on Output Based Aid (GPOBA) Grid-Based Electricity Access Project –** To help private sector which is responsible for generating and supplying electricity under concession agreements with the Government of Vanuatu. There are currently four concession areas in Vanuatu – Port Vila, Tanna and Malekula and Luganville– operated by two existing private sector utilities.	IBRD	4	12/17/13

ANNEX 2 – GOVERNORS' RESOLUTIONS

No.	RESOLUTION TITLE	DATE
IBRD		
630	Direct Remuneration of Executive Directors and their Alternates	September 5, 2013
631	Financial Statements, Accountants' Report and Administrative Budget	October 11, 2013
632	Allocation of FY13 Net Income	October 11, 2013
633	Forthcoming Annual Meetings of the Boards of Governors - Proposed Dates for the 2016 and 2017 Annual Meetings in Washington, D.C.	November 4, 2013
634	Transfer from Surplus to Replenish the Trust Fund for Gaza and West Bank	June 23, 2014
IDA		
233	Financial Statements, Accountants' Report and Administrative Budget	October 11, 2013
234	Additions to Resources: Seventeenth Replenishment	May 5, 2014
IFC		
259	Financial Statements, Accountant's Report, Administrative Budget and Designations of Retained Earnings	October 11, 2013
MIGA		
94	Financial Statements and the Report of the Independent Accountants	October 11, 2013

** While most Constituency members are quick to respond to a request for a vote from Governors, our office continues to be concerned about a number of Constituency members who have difficulty in returning their vote and /or do not take the opportunity to vote.*

ANNEX 3 – CONSULTATIONS WITH CONSTITUENTS IN FY14

	Annual Meeting DC	Spring Meeting DC	Country Visits FY14 (Dates)	ADB Annual Meeting Astana, Kazakhstan	Visit UN Rep./ Embassy Officials
Australia	x	x	5-8 Aug, 2013 16-28 Nov, 2013 19-27 Feb, 2014 15-19 June. 2014	x	WB Development Partners Forum Paris France
Cambodia	x	x	13-28 Feb, 2014		
Kiribati	x				
Korea	x	x	1-12 July, 2013 8-10 Sep, 2013 29 Nov-11 Dec, 2013 17-27 June, 2014	x	
Marshall Islands	x		2-5 Sep, 2013		
Micronesia (FS)	x		5-7 Sep, 2013 28 Feb-14 Mar, 2014		
Mongolia	x	x			
New Zealand	x	x	16-19 Feb, 2014		ECOSOC April 13, 1014
Palau	x				
Papua New Guinea	x	x			
Samoa	x		1-16 July, 2013		
Solomon Islands	x		24-27 Nov, 2013		
Tuvalu*	x				
Vanuatu	x	x	20-24 Nov, 2013		

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AED	Alternate Executive Director
AF	Additional Financing
CAS	Country Assistance Strategy
CCSAs	Cross-Cutting Solutions Areas
CPFs	Country Partnership Frameworks
CPS	Country Partnership Strategy
DC	Development Committee
DBR	Doing Business Report
DSC	Deployable Strategic Capital
ED	Executive Director
E/L	Equity-to-Loans
FFA	Forum Fisheries Agency
FCS	Fragile and Conflict-affected States
FDI	Foreign Direct Investment
FSM	Federated States of Micronesia
FY	Fiscal Year
GP	Global Practices
GPA	Global Procurement Agreement
HR	Human Resource
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technologies
IDA	International Development Association
IDA16	International Development Association/16th Replenishment by IDA Donors
IDA17	International Development Association/17th Replenishment by IDA Donors
IEG	Independent Evaluation Group
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
MDB	Multilateral Development Bank
MFI	Micro-Finance Institution
MIGA	Multilateral Investment Guarantee Agency
NOF	Nationalities of Focus
PICs	Pacific Island Countries
PNG	Papua New Guinea
PPPs	Public Private Partnerships
PRI	Political Risk Insurance
PROP	Pacific Islands Regional Oceanscape Program
RMI	Republic of Marshall Islands
RMS	Results Measurement System
SCD	Strategic Country Diagnostic
SIDS	Small Island Developing States
SMEs	Small- and Medium-Scale Enterprises
SOE	State-Owned Enterprise
SSF	Small States Forum
UN	United Nations
VPU	Vice-Presidential Unit
VSP	Voice Secondment Program

WB	World Bank
WBG	World Bank Group
WTO	World Trade Organization

All monies expressed in US$ unless indicated otherwise
FY14 – refers to 1 July 2013-30 June 2014