



Photo: Stanislas Fradelizi

Women in Vientiane Province, Lao PDR, participate in a Bank-funded project that creates jobs and improves income for bamboo handicraft producers. As part of the Gender Action Plan, the Mekong Results-Based Initiative benefits women from 2,000 households in three provinces of Lao PDR and Cambodia.

EAST ASIA AND PACIFIC

Recovery from the global economic crisis is firmly on track in developing East Asia, with real GDP growth, industrial production, and exports all surpassing precrisis levels. Output rose 9.6 percent in 2010 and is projected to grow by about 8 percent in 2011 and 2012.

The region has the potential to secure its recovery and continue on its path of rapid and sustained growth—if it is able to harness opportunities and meet various challenges. Managing inflation was the key short-term challenge in the region this year, which was complicated by a surge in portfolio capital inflows and large increases in food and commodity prices. Looking forward, East Asia and Pacific countries need to increase regional integration to take advantage of a rapidly growing China. Reducing inequality and social exclusion, making cities in the region resilient to natural disasters, and addressing the effects of climate change are also important for continuous growth.

World Bank Assistance

The Bank approved \$8.0 billion for East Asia and Pacific for 58 projects this fiscal year. Support included \$6.4 billion in IBRD loans and \$1.6 billion in IDA commitments. The regional strategy for this year is aligned with Bank priorities, which focus on sustaining growth, effective poverty reduction, country-based governance and anticorruption strategies, and regional

engagement on global issues (including preparations for crises such as natural disasters and rising food and commodity prices). Resources were leveraged through partnerships with the Asian Development Bank; regional organizations, such as the Association of Southeast Asian Nations and Asia-Pacific Economic Cooperation; and donors, including Australia, the European Union, and Japan.

Sharing Knowledge

As the region's development needs have become more sophisticated, the knowledge agenda has grown in significance. Among the Bank's knowledge products, the March edition of the twice yearly "East Asia and Pacific Economic Update" provided analysis of the impact of the earthquake in Japan on the regional economy just days after the disaster. Regular country economic reports were produced for China, Indonesia, Malaysia, Mongolia, the Philippines, and Thailand. The Bank worked with partners to publish *Climate Risks and Adaptation in Asian Coastal Megacities* this fiscal year. A flagship study on higher education in East Asia to support productivity and growth has been conducted. The Bank also hosted the Conference on East Asian Development, bringing together senior policy makers and development experts to discuss regional development challenges and opportunities to prepare for a more prosperous future.

FIGURE 2.3

EAST ASIA AND PACIFIC
IBRD AND IDA LENDING BY THEME | FISCAL 2011
SHARE OF TOTAL OF \$8.0 BILLION

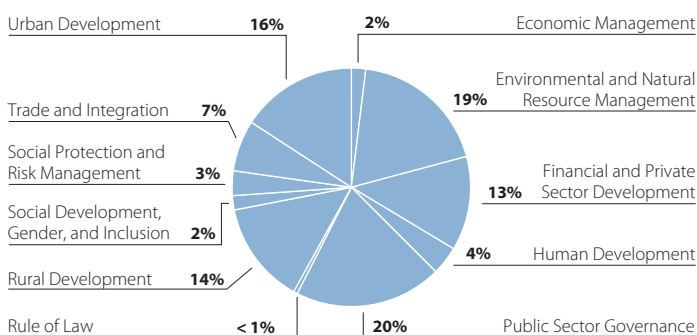
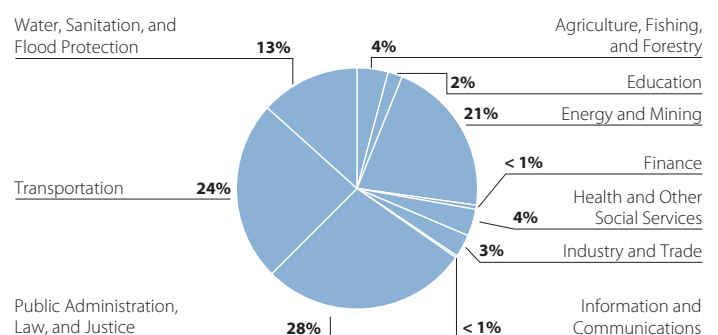


FIGURE 2.4

EAST ASIA AND PACIFIC
IBRD AND IDA LENDING BY SECTOR | FISCAL 2011
SHARE OF TOTAL OF \$8.0 BILLION



COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING

Cambodia	Republic of Korea	Federated States of Micronesia	Papua New Guinea	Thailand
China	Lao People's Democratic Republic	Mongolia	Philippines	Timor-Leste
Fiji	Malaysia	Myanmar	Samoa	Tonga
Indonesia	Marshall Islands	Palau	Solomon Islands	Vanuatu
Kiribati			Vietnam	

Building Resilience to Natural Hazards and Climate Change

Increasing resilience to extreme climate events, rising sea levels, and other natural hazards is a major medium-term challenge for the region, which has experienced more than 70 percent of the world's natural disasters and sustained 82 percent of total disaster fatalities since 1997. The Bank's work encompasses analytical and advisory services in disaster and climate change risk assessments, the development of risk financing options, and risk-mitigation policies. This year the tragedies of the floods and cyclone in Australia, and the earthquake and tsunami in Japan, required mutual learning and understanding between the Bank and its donors.

Regarding risk mitigation, a policy note on "Preparing for Asia's Next Big Earthquake" was released in October 2010, leading to seismic retrofitting in schools in Indonesia.

In postdisaster reconstruction an \$11.8 million project in Samoa will support the relocation and rehabilitation of communities on the island of Upolu, affected by the 2009 earthquake, by providing new access roads and rebuilding damaged roads and sea walls. A \$3.5 million grant through the Java Reconstruction Fund was mobilized to finance the reconstruction of housing and community infrastructure destroyed by the 2010 eruption of Mount Merapi through an existing community-driven development program.

Supporting a Maturing Economy in China

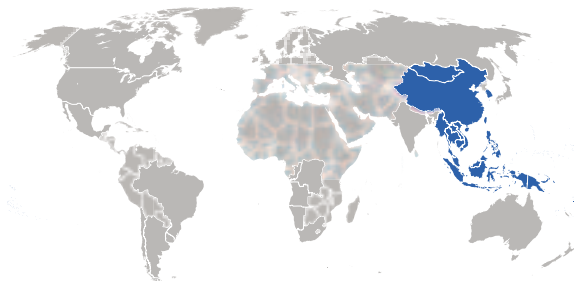
China became the world's second-largest economy in 2010, representing about 9.5 percent of global GDP at market exchange rates. At these rates, per capita GDP nonetheless remains below the world average. The Bank committed to China around \$1.7 billion for 14 projects this fiscal year, of which three were carried over from the previous year. About 76 percent of ongoing Bank-financed projects in China show a strong focus on the environment.

The Bank's partnership with China now emphasizes economic analysis, policy advice, technical assistance, and training. For example, the Bank is working with China's Development Research Center of the State Council, together with the Ministry of Finance, to prepare a joint report that develops a policy agenda for rapid and sustainable growth in order for the country to transition to a high-income economy.

Working with Middle- and Low-Income Countries in the Region

In the Lao People's Democratic Republic the 1,070 megawatt Nam Theun 2 Hydroelectric Project was inaugurated in December 2010. The project was supported by \$1.3 billion in financing from 27 parties, including the Bank. Revenue generated from the sale of electricity to Thailand has been channeled into spending on education in poor districts (\$2 million), rural roads (\$1.7 million), and public health (\$1 million). The Bank is also working with the government on a broader program to strengthen public financial management.

In the Philippines a Bank-financed conditional cash transfer program is serving as the backbone of a modern and consolidated social protection system. More than 1.6 million households are benefiting from the program.



Vietnam has made substantial progress in adopting market-oriented reforms, positioning it to achieve middle-income status after transitioning from an IDA to an IBRD blend country in 2009. This year the Bank began developing the next country partnership strategy with the Vietnamese government covering 2011–16. The Bank approved a \$330 million loan to support the Trung Son Hydropower Project, which will help meet the country's rapidly increasing demand for electricity.

The Bank also enhanced its analytical and financial support to the Pacific Islands. The first country assistance strategy for Kiribati places climate change adaptation at the center of a three-year plan that supports the government's efforts to manage groundwater reserves, improve rain-water collection, and develop new sources of water. In Tonga the country assistance strategy for 2011–14 focuses on economic reform as a way to build resilience to food and fuel price shocks. (See <http://worldbank.org/eap>.)

EAST ASIA AND PACIFIC REGIONAL SNAPSHOT

Total population	2.0 billion
Population growth	0.7%
Life expectancy at birth	72 years
Infant mortality per 1,000 live births	21
Female youth literacy	99%
Number of people living with HIV/AIDS	2.3 million
2011 GNI per capita	\$3,692
GDP per capita index (2000 = 100)	220

Note: Life expectancy at birth, infant mortality rate per 1,000 live births, female youth literacy, and number of people living with HIV/AIDS are for 2009; other indicators are for 2010 from the World Development Indicators database. HIV/AIDS 2009 data are from UNAIDS Report on the Global AIDS Epidemic 2010.

TOTAL FISCAL 2011

New commitments
IBRD \$6,370 million
IDA \$1,627 million

TOTAL FISCAL 2011

Disbursements
IBRD \$3,964 million
IDA \$1,238 million

Portfolio of projects under implementation as of June 30, 2011: \$29.9 billion