Emerging East Asia grew at just over 6 percent in 2005 as the region’s economies countered a series of threats, including rising oil prices and interest rates, the high-tech slowdown, and the end of preferential export quotas for garments, according to the World Bank’s latest East Asia Update released today at http://www.worldbank.org/eapupdate. Avian flu, which is endemic in the poultry flocks of many East Asian countries, is a growing concern, however, for regional economies as the disease spreads among birds and as health experts look for signs of human-to-human transmission.

The latest edition of the World Bank’s twice-yearly economic survey of East Asia and the Pacific shows growth Cambodia’s decade of peace and global integration has led to high growth with poverty reduction

Workshop on Energy for Development

Over 60 representatives from relevant government agencies, independent regulators, international development agencies, and NGOs attended the Cambodia Energy Sector Strategy Workshop, which was held on October 27, 2005 in Phnom Penh, Cambodia. The workshop was jointly organized by the Ministry of Industry, Mines and Energy (MIME) and the World Bank, and it was one of the planned milestones for the on-going Cambodia Energy Sector Strategy Review.

At the workshop opening, H.E. Mr. Khlaut Randy, Secretary of State for MIME, said the workshop was an important one, being held at a time when Cambodia is experiencing electricity shortage caused by inadequate power infrastructure and high international oil prices.

“As you are very well aware, Cambodia has passed through very difficult years of electric power shortages,” he said. “With donor assistance and private sector participation, the Royal Government of Cambodia has managed to provide only the basic electricity services to the load centers. The MIME has already prepared a 10-year, 3-Phase Renewable Energy

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Mr. Zhi Lui addressing the one day workshop on building consensus for energy
in the region moderating from 2004’s exceptionally strong rate of 7.2 percent. Japan is showing signs of a robust economic recovery, and China’s GDP, which has continued to grow at more than 9 percent this year, is expected to slow only modestly next year to just under 9 percent.

“Economies in the region have adjusted well to some fairly serious shocks since the end of 2003, not least of which was the doubling of global oil prices,” said Jamil Kassum, Vice President, East Asia and Pacific Region. Indonesia, for example, which cut fuel price subsidies, adopted bold measures to soften the impact on the poorest through a new cash transfer program and increased health, education and infrastructure spending.

“These adjustments, including Indonesia’s move to cut fuel subsidies and offset effects on the poorest, may have slightly lessened the recovery in domestic consumption, but, in the longer-term, they are putting economies on much more solid footing,” said Homi Kharas, Chief Economist of the East Asia and Pacific Region. Indonesia’s move also shows the increasing importance for governments to take into account the social impacts of policy changes, particularly on the poorest members of society.

Poverty continues to fall in most parts of East Asia with the number of people living on less than $2 a day falling by 37 million to just less than 32 percent in 2005, which is down from 50 percent in 1996.

“Avian flu

On a more sobering note, the report notes that avian flu is now endemic in the poultry flocks of many countries in the region and indeed has spread to Europe and central Asia. “While the costs of dealing with this have so far been limited to around 0.1 percent of GDP, from culling birds and implementation of better animal health surveillance systems, the potential impact of a serious pandemic is of grave concern,” said Milan Brahmbhatt, lead economist and main author of the report.

“Dealing with the influenza threat requires top political priority in an approach that brings together agriculture, animal health, human health, and finance, along with the best technical help from international agencies who are mobilizing to support country initiatives,” Mr. Brahmbhatt added. Country representatives and international agencies, including The World Health Organization, the Food and Agriculture Organization of the United Nations, and The World Bank, are working together to prepare for an influenza pandemic.

“Cambodia

According to Rob Taliercio, Senior Country Economist for Cambodia “It is encouraging that during 2005, Cambodia has followed the pattern of other East Asian economies and is expected to grow at around 6 percent despite the unfavorable external shocks that it has experienced. Cambodia’s economic prospects for 2005 have improved considerably, mostly as a consequence of continued though slower (as compared...
Workshop on Energy for Development

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As a result of the first-phase of this work, an Issues Paper was drafted by the World Bank team. It identifies current sector issues and proposes the next steps leading to the formulation and adoption of a coherent strategy. The workshop aimed to discuss the key findings of the Issues Paper, especially the proposed policy actions and analytical works, and to build consensus among stakeholders for the way forward.

Mr. Juro Chikaraishi, Japan International Cooperation Agency (JICA) Resident Representative, said that JICA is currently conducting three main projects to support the energy sector in Cambodia.

Iwan Baskaro, Director of Cambodia Fuelwood Saving Project, presenting the discussion on renewable energy in Cambodia

As the result of the energy sector development strategy review exercise, the country is hit hard by the high international fuel prices. On the other hand, promising opportunities are emerging through a phased, participatory energy-sector strategy review exercise. The Review is a timely exercise, with Cambodia’s energy sector facing both serious challenges and promising opportunities.

“Today, electricity costs in Cambodia are among the highest in the world, and the electrification rate one of the lowest in Asia. The majority of rural households do not have access to clean and affordable energy sources,” said Zhi Liu, Sector Coordinator of Infrastructure with the World Bank.

Nisha Agrawal, World Bank Country Manager, said that as Cambodia relies heavily on imported fuels for electricity production, the country is hit hard by the high international fuel prices. On the other hand, promising opportunities are emerging, such as, the development of the Greater Mekong Subregion power trade program from which Cambodia will stand to benefit, and the finding of offshore and onshore oil and gas resources.

“It will be a tremendous task for the government to expand energy supply capacity, improve access, and reduce costs in the short term while seizing the emerging opportunities to achieve a more sustainable energy mix and sector structure in the medium and long term,” she said.

Electricity is the engine for economic growth and development. Without electricity being available at prices lower than it is currently available in Cambodia, it will only inhibit economic growth and not address poverty reduction.

Anthony J. Jude, ADB

“As the result of the first-phase of this work, an Issues Paper was drafted by the World Bank team. It identifies current sector issues and proposes the next steps leading to the formulation and adoption of a coherent strategy. The workshop aimed to discuss the key findings of the Issues Paper, especially the proposed policy actions and analytical works, and to build consensus among stakeholders for the way forward.”

He added that it is time that Cambodia gears up to setting the legal and regulatory framework that is conducive to private participation and not to be left behind in the economic growth and development that is taking place within the Mekong Region. Current thinking is that the private sector could provide not just financial capital but also stimulate creativity, bring in technology and expertise, and contribute to long-term human resource development for the countries themselves.

“If the required legal and regulatory frameworks are in place the private sector would be willing to invest in major infrastructure facilities. The ADB and the World Bank can be of much assistance to the Government as we do have the experience and expertise in facilitating public-private partnerships,” he said.

The workshop included by presentations on the key findings of the Issue Paper made by the World Bank, on-going business development activities in the hydro-power and oil and gas industry by ADB, and findings of the renewable energy master plan by JICA. The Japan Bank for International Cooperation highlighted its energy sector operational strategy.

The key messages of the Issues Paper were generally endorsed by the participants. There was consensus on the proposed policy actions and analytical works. In particular, a strong point was raised that it is time for the government to formulate an official policy and strategy document, as a roadmap to guide the energy sector development.

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culture Organization, the World Organisation for Animal Health, and the World Bank, will be meeting in Geneva November 7 through 9 to strengthen global coordination and assess national plans, focusing on affected and at-risk countries.

Trade

Another positive development has been the way in which trade in garments has evolved, after the phase out of the Agreement on Textiles and Clothing in January, which offered preferential treatment for some exporters. Fears were that some of the poorest exporters in the region would lose out completely as China gained free access to major markets. But, in fact, poor countries like Cambodia and Laos have been able to expand their market share of garment exports. The report, which includes a special focus section on trade ahead of the December World Trade Organization meeting in Hong Kong, also notes that East Asian econo-

mies have much to gain from liberalizing their services sector in addition to much-needed progress on the Doha Development Agenda.

The World Bank Development Marketplace

Call for proposals for 2006 Development Marketplace Global Competition
On “Innovations in Water, Sanitation, and Energy Service for Poor People”

Closing date: November 30, 2005

Who can apply and Eligibility Criteria

Development Marketplace “DM” 2006 is open to a range of development innovators- civil society groups, social entrepreneurs, private foundations, government agencies, academia, the private sectors, staff from the World Bank Group and other donor organizations.

Proposals will be screened to ensure that they confirm to the following criteria:

Sub-themes:

• Service Delivery: Sustainable delivery of water supply, sanitation, and/or energy services to poor households

• Environment: Renewable energy, clean energy technologies, energy efficiency, and/or environmentally sustainable sanitation solutions to poor households and to small enterprises

• Health: Protecting health from environmental risks factors (indoor air pollution, contaminated drinking water, unsafe sanitation), including innovative programs for hygiene promotion and behavioral change

• Natural Resources: Sustainable management of natural resources (land, water, forest) specifically for provision of water supply, sanitation and energy to the poor.

Implementation time frame: two years

Maximum award size: US$ 200,000

How to Apply

Proposals will be accepted through the DM website. For instructions and detailed information on how to apply, please visit our website at www.developmentmarketplace.org . If you are unable to access the internet or the website, please contact the DM team at DMinfo@worldbank.org, or Mr Bou Saroeun (Sbou@worldbank.org), Ms Vanna NIL (vnili@worldbank.org) .

Mr. Um Sarin, one of journalists asking a question regarding Cambodia economy during the launch of the East Asia Economic update

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