World Bank Group Korea Office Newsletter

November—December 2017

Workshop Shares Seoul's Lessons on Cultural Heritage, Sustainable Tourism and Urban Regeneration

From November 27 to December 1, the World Bank and the Seoul Metropolitan Government hosted a global workshop to provide policy-makers and practitioners from developing countries with an active World Bank program with an exposure of Seoul's transformative experience in achieving sustainable tourism and local economic development through cultural heritage conservation and urban regeneration.

Government officials from 11 countries including Ethiopia, Armenia, Indonesia, Philippines, Pakistan and Papua New Guinea spent five days in Seoul as they try to conserve their cultural heritage and develop sustainable tourism, while managing increasing development impetus from rapid urbanization.

Supported by Seoul Metropolitan Government (SMG), Seoul Urban Solutions Agency (SUSA), World Bank Korea Office, the Korea Green Growth Trust Fund (KGGTF) and UNESCO, this Technical Deep Dive (TDD) workshop featured presentations on the experiences of Seoul and practical measures about how cultural heritage can be used as a mechanism to achieve urban regeneration and sustainable tourism to boost economy, bolster inclusion, while protecting environmental and cultural assets. Participants also shared key challenges and sought advice from peers and resource experts from Korea, UNESCO and the World Bank.

"Travel and Tourism has evolved into a diverse and sophisticated sector and is now recognized as one of the world's most economically significant, representing 10% of global GDP, 5% of total investment and one out of every 11 jobs," said Ahmed Eiweida, World Bank Global Lead for Cultural Heritage and Sustainable Tourism. "Sharing of Seoul's best practices and in-depth discussions at the workshop benefits World Bank client countries as they seek more targeted, impactful and context-specific solutions that can enhance the growth impact of sustainable tourism."

Learning materials for the workshop was based on the report, "*Seoul's Experience in Cultural Heritage, Sustainable Tourism, and Urban Regeneration*," one of knowledge series of the World Bank. The report illustrates Seoul's remarkable experience in integrating cultural heritage, sustainable tourism and urban regeneration policies to sustainable development. It elaborates on chronological changes in policies and presents an in-depth analysis of five case studies in Seoul– conservation and site management of two World Heritage Sites (Changdeokgung Palace, Jongmyo Shrine); urban regeneration of two historic city cores (Bukchon Village and Jangsu Village); and brownfield regeneration of a former water filtration plant, which has been transformed into a park (Seonyudo Park).

Evidence and experiences from Seoul shared at the workshop helped to enhance the workshop participants' technical and operational knowledge as they try to develop innovative ways to promote local economic development and social inclusion. For example, they learned that cultural heritage can be promoted through diversified culture and tour programs such as Seoul's nighttime palace tour program. They also learned that if there are multiple heritage sites that are historically related or geographically proximate, integrating their management system and developing packaged promotion activities can enhance efficiency and help attract more visitors.

Government's initiative of providing legal and financial instruments for urban regeneration lays important foundation for successful initiation and implementation of projects. Whereas laws and regulations set by the central government usually provides framework from which the city government establishes municipal ordinances, Seoul's experience showed that the city filled the regulatory gap by establishing its own ordinances and providing legal foundation for projects.

Seoul Center's New Partnership with Korea Focuses on Financial Stability and Soundness

The World Bank Group's Finance and Markets Global Practice signed a second trust fund agreement with Korea's Ministry of Strategy and Finance (MOSF) on December 18 to continue the successful partnership of the Seoul Center for Financial Sector Development that first started in 2011.

The second phase of the partnership (2017-2020) will build upon the good results of the first phase (2012-2017), with an overall objective to promote financial stability and soundness by developing diversified, efficient, and inclusive financial systems. "This will be achieved through targeted country support, focusing on the East Asia and Pacific (EAP) region, providing technical assistance and capacity building, leveraging Korea's financial sector development experience and expertise," said Sameer Goyal, World Bank Program Manager of the Seoul Center for Financial Sector Development.

Fostering conditions that promote the resilience and stability of financial systems is critical to the World Bank Group's mission of reducing extreme poverty and promoting shared prosperity. The thematic focus in the second phase of the Seoul Center on financial stability and soundness will respond to the current financial sector vulnerabilities in the EAP region and leverage the comparative advantage and experience of the 12 Korean financial institutions that the Seoul Center has partnered with.

"Starting with the Asian financial crisis of the later 1990s, Korea has worked hard to strengthen its financial system and related institutions, align regulatory and supervisory authorities to business needs, and restructure the banking and non-bank sectors over a short period of time, " said Goyal. Institutions like The Bank of Korea, the then Financial Supervisory Commission, the Financial Supervisory Service, the Korea Deposit Insurance Corporation, and the Korea Asset Management Corporation , among others, served Korea well during the more recent Global Financial Crisis in maintaining financial sector stability, even though the aftermath of the Crisis continues to be felt globally. "This history and emerging lessons place Korea's financial sector in a unique position to serve as a bridge between developing and advanced financial sectors," he said.

Seminar Discusses Fintech, Financial Inclusion and Consumer Protection

Supervisors from advanced and emerging economies, international regulatory organizations and market experts with specialty in Fintech gathered at *International Fintech Seminar: Fintech Landscape and Supervisory Challenges* on November 15 in Seoul.

Sameer Goyal, World Bank Program Manager for the Seoul Center for Financial Sector Development presented and discussed potential Fintech risks and supervisory response, as well as the effects of Fintech on financial inclusion and customer protection. He explained that the World Bank Group has set targets for Universal Financial Access by year 2020 and that one way to rapidly reach the unbanked is through innovative financial services leveraging technology developments. "Digital Financial Inclusion or 'Inclusive FinTech' could have significant potential for expanding access and improving usage. They can also help enhance efficiencies and reduce costs, and also manage risk," he said.

Goyal cautioned that while new digital and technological developments offer new opportunities they also come with new risks. "With new players and new products and services entering the market, policy makers have the challenge of not stifling innovation but at the same time making sure financial stability and consumer protection are maintained."

Panel discussion showed that regulators and supervisors need to quickly align with the market development and new business models. "It would be critical to establish more responsible digital financial practices to protect consumers; a major scandal involving fintech could significantly constraint the potential offered by digital financial services," Goyal said.

Leaders Explore Ways to Secure Job Amid 4th Industrial Revolution

Recent trends in automation and rapid technology advances, dubbed 'The Fourth Industrial Revolution' ("4IR"), are radically shifting the economic landscape, and changing the nature of jobs and the profile of skills required in the labor force. How East Asia can best prepare for 4IR was the topic of discussion at this year's annual ASEAN+3 Forum on Skills and Jobs, *Enhancing Job Creation and Skills to Prepare for the Fourth Industrial Revolution* held in Seoul.

From November 7 to 9, the conference organized by the World Bank in collaboration with the Korean Government brought together global knowledge and country experiences to discuss the resulting challenges in the region, and to identify policy responses.

Discussions revealed that while the East Asian growth model of the past has been very effective, it has also left many of the region's countries reliant on occupations that are among those most likely to be automated. "In East Asia, we have reached the limits of the industrial model. What once worked for developed East Asia may not work for developing Asia," said Harry Patrinos, Practice Manager at the World Bank. "In fact, the technological revolution– or Fourth Industrial Revolution – and automation implies deskilling for many workers and a need for new skills for many."

The forum showed that luckily, the region best known for capitalizing on global economic opportunities is again ahead of the curve and carrying out many innovative efforts to address 4IR at all levels of its training systems and throughout the entire lifecycle of its citizens. Participants learned, for example, that Korea has shifted to a competency-based society with lifelong access to job training through recent policies such as the National Competency Standards and the Work-Learning Dual System.

"Within the 4IR context, East Asian labor markets are beginning to demand more non-routine cognitive tasks and the interpersonal skills to carry them out," said Raja Kattan, Lead Specialist at the World Bank's Education Global Practice. "The agenda ahead is large and, as East Asia shows, one of the best ways to tackle it is to continue collaborating across countries and sectors, allowing regular exchange of ideas to give rise to innovative solutions."

GDI Workshop Tackles "Delivery Challenges"

Like many developing organizations, the World Bank generates knowledge in everything it does, across diverse activities and throughout the project cycle.

The World Bank's Global Themes Knowledge Management unit (GTKM) is a strategic unit that manages the wealth of knowledge that the Bank generates through its operations. GTKM's Global Delivery Initiative (GDI) works with a variety of partners to document and disseminate delivery know-how in operations to improve project outcomes. One of them is Korea Development Institute (KDI) which has been partnering with GDI since its launch in 2015. The two have collaborated on activities aimed at capturing and systematizing Korea's unique and vast experiences addressing delivery challenges and promoting development in multiple sectors.

Co-organized by GDI and KDI School of Public Policy, *Tacking the Implementation Gap: Learning, Iterating and Adapting for Better Development Impact* workshop on December 14 brought together officials from Korea's ODA community, practitioners, academics, researchers to disseminate the findings from seven delivery case studies selected from the Korea Knowledge Sharing Program (KSP) that GDI recently produced. Participants also discussed methodologies and approaches to address the emerging shift in thinking and delivery of ODA with a focus on delivery challenges.

The program of the workshop focused on real-life, practical issues and solutions as the case study focused on a delivery challenge and how the program approached and overcame that delivery challenge. Participants also shared their current work in order to create a collaborative agenda to address delivery gaps. Through the process, they learned that a collaborative effort to create a collective and cumulative evidence base of delivery know-how can inform development practice and improve implementation.

The workshop also introduced Korea Development Knowledge Exchange Center which is scheduled to open in Seoul in 2018. Discussions on Korea as a potential GDI knowledge hub continued the next day when the participants regrouped to share their current work with the goal of creating a collaborative agenda to address delivery gaps.

Partnership with Korea in the Era of SDGs and the 4th Industrial Revolution

Mahmoud Mohieldin, World Bank Group Senior Vice President for the 2030 Development Agenda, United Nations Relations, and Partnerships, was the keynote speaker at *International Conference on Fiscal Reform: Paradigm Shift in the Fiscal Policy for Sustainable Growth* organized by the Korean Ministry of Strategy and Finance on December 14. The conference in Seoul discussed the importance for countries to look deeper into the impacts of fiscal policies on inequality, jobs, as well as fiscal risks that may generate macro-vulnerabilities and unintended consequences.

Mohieldin explained that fiscal policy will need to play a key role in ensuring that people enjoy the fruits of development progress. "Fiscal reforms that spur reforms to improve education and health systems or to establish institutions that support diversification of business activities are crucial," he said, adding that implementing these reforms and realizing the desired outcomes is a long-term endeavor. He also stressed that broadening the domestic tax base, improving tax compliance, and curbing tax evasion in developing countries is critical to achieving the sustainable development goals.

The Senior Vice President also spoke to a group of students at Institute for Global Engagement & Empowerment, Yonsei University. He explained that Korea's leadership in areas of technology and growth positions it well to help other countries to learn, adapt, and succeed in the era of the 4th Industrial Revolution.

Mohieldin stressed that while new manufacturing technologies threaten significant disruptions in future employment, particularly for low-skilled workers, they also offer opportunities. "Countries can seize promising new opportunities for productivity growth and job creation if policymakers pursue approaches that adapt to changing technologies and changing patterns of globalization."

Mohieldin's Chosun Biz interview is here: http://biz.chosun.com/site/data/html_dir/2017/12/20/2017122001106.html

"World Bank and Korea are working side by side to tackle some of the world's most paramount development challenges"

In an interview with The Korea Herald, Victoria Kwakwa, World Bank Regional Vice President of East Asia and the Pacific, suggested that Korea's knowledge and experience in economic growth have crucially helped developing Asian economies forge a sustainable strategy forward.

"It's not just about giving money in the form of aid, but transferring successful development experience and knowledge. It's about providing practical help and technical assistance working in consort with institutions like the Korea Development Institute," she said.

She added that areas of collaboration include guidance on the financial sector, economic policy, public investment planning, green growth, sustainable development, urban planning, poverty reduction and higher education, among others, noting the two sides utilize trust funds set up by the Korean government.

The full interview is available here: http://www.koreaherald.com/view.php?ud=20171113000907

"World Bank is looking for Korean talents equipped with good communication skills"

Wei Wang, Director of HR Business Partners at the World Bank presented at the 9th International Financial Institution (IFI) Career Fair which took place from November 15-17, hosted by the Korean Ministry of Strategy and Finance.

In an interview with *The Financial News*, Director Wang said he was impressed with the level of competency, global mindset, passion for development, knowledge and dedication regarding world issues exhibited by the Korean candidates he met at the Fair and hinted that a more customized job fair for Koreans will be held in March next year.

When asked about the ideal World Bank employee, he stressed the importance of collaboration and communication skills. The full interview is available at the below link.

http://www.fnnews.com/news/201711191729506074

IFC Innovation Day Introduces Korean Startups and Funds to Opportunities in Emerging Markets

Digital revolution in emerging markets such as Southeast Asia could create investment opportunities worth billions of dollars for Korean startups and venture capital funds. Working with multilaterals can help them explore opportunities and overcome challenges of global expansion, said experts at a workshop, which was organized by IFC, a member of the World Bank Group.

The Second IFC Innovation Day held on December 12 brought together experienced Korean and international venture capitalists in Seoul. They shared insights into opportunities as well as challenges, which Korean startups and venture capital funds are facing in the global digital revolution.

“Digital economy can help accelerate the inclusion of the underserved, such as those in rural areas and giving opportunities to aspiring female entrepreneurs,” said Giri Jadeja, IFC Global Head for Financial Innovation. “IFC is investing in startups or venture capital funds that can have significant development impact and hopes to bring in Korean VCs and startups that can empower these solutions.”

IFC is the largest global development institution focused on the private sector in emerging markets and a leader in spurring disruptive technologies for development. IFC provides early-stage and late-stage venture capital financing through direct investments and funds.

“Emerging markets are essential for Korea’s plans to embrace the Fourth Industrial Revolution because they offer new customers and markets. In Asia alone, the revolution will generate business opportunities worth billions of dollars by 2030,” said Joon Park, IFC Resident Representative in Korea. “One of the themes at this event will be connecting Korea’s technology with the Southeast Asian market that comprises more than 500 million consumers.”

IFC launched the Innovation Day series in March this year to encourage more Korean businesses to come up with innovative solutions for emerging markets.

Giri Jadeja’s interview with *The Investor* is here:
http://www.theinvestor.co.kr/view.php?ud=20171214000843

One Planet Summit Drives Forward Climate Action

The One Planet Summit, a unique collaboration between the government of France, the UN, and the entire World Bank Group, took place on December 12 on the two-year anniversary of the signing of the Paris Agreement. Heads of state from over 50 countries, UN organizations, private-sector CEOs, mayors, philanthropists, celebrities, and researchers gathered for three reasons not only to reaffirm the global commitment to the Paris Agreement but to significantly scale up financing for climate action.

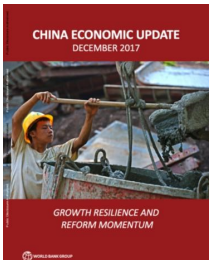
This "action-forcing" event therefore purposefully shone a light on innovation in the private sector, that galvanized participants to go further in their commitments, and that provided a forum to mobilize badly needed finance for climate action. Participants understood that not only is climate action morally important, but it's a good business opportunity too.

In addition to commitments made by the World Bank and the International Finance Corporation (IFC), 225 financial institutions made climate pledges. Investors from eight of the world's top asset managers, pensions funds, insurers, and top sovereign wealth funds, as well as 20 globally-systemic banks, backed the initiative.

A key theme of the summit was the power of the private sector to fight climate change by climate change by providing the innovation, financing, and tools required for a transition to a low-carbon economy. To help unlock some of the potential deals for climate investment, the summit featured a "Climate Agora"—a marketplace showcasing some new financing models and innovation for climate action. Alzbeta Klein, director and global head of IFC Climate Business chaired the category of driving low-carbon transition and development; John Roome, the World Bank's senior director for Climate Change chaired the category of strengthening adaptation and building resilience; and Agence Française de Développement chaired the category of solidarity and capacity building.

*This article originally appeared on the World Bank website.

China Maintains Strong Growth and Reform Momentum



According to the World Bank's latest ***China Economic Update***, economic growth in China has remained strong in 2017, supported by rising household incomes and improving external demand. Growth is projected at 6.8 percent in 2017, exceeding initial expectations.

"China has maintained its growth resilience and gained reform momentum. The authorities have undertaken a host of policy and regulatory measures aimed at reducing macroeconomic imbalances and limiting financial risks without notable impact on growth. As a result, 2017 has been a successful year for China on many fronts. Economic rebalancing received a boost—the growth of household incomes and consumption accelerated this year relative to investment," said John Litwack, World Bank Lead Economist for China.

The recovery in global trade has been an important factor supporting economic activity in China in 2017, with net exports contributing positively to growth for three consecutive quarters, compared to a negative contribution in 2015-2016. Business confidence has improved as well, job creation remains buoyant, capital outflows have stabilized, and the Renminbi has appreciated against the US dollar, the Update says.

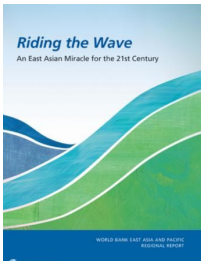
Since late 2016, the Government has introduced important measures to slow down the pace of leverage in the economy. These include tighter monetary policy and a series of regulations to reduce financial risks. In response, growth in total credit to the non-financial sector moderated to 14.1 percent annualized in the eleven months of 2017, compared to 15.9 percent in 2016. An even more significant slowdown in the expansion of credit has been observed in the non-bank financial market.

GDP growth is expected to decelerate to 6.4 percent in 2018 and 6.3 percent in 2019 mainly because of domestic policy tightening. Prudent monetary policy, stricter financial sector regulation, and the Government's continuing efforts to restructure the economy and to reign in the pace of leveraging are expected to contribute to the growth moderation.

The special topics included in this report take stock of two important on-going reforms– of the government budget and of China's pension system. Successful implementation of these reforms is critical to China's macroeconomic stability, economic rebalancing, and social transformation over the coming years.

http://www.worldbank.org/en/country/china/publication/china-economic-update-december-2017

New Policy Approach Needed for East Asia and Pacific to Achieve Inclusive Growth



The countries of developing East Asia and Pacific – among the most successful in the world in reducing poverty and improving living standards – need to adopt a new thinking if they are to achieve inclusive growth going forward, says a new World Bank report.

Growth that is inclusive – one that reduces poverty while providing upward mobility and economic security for all – will require countries to go beyond its successful "growth with equity" model, reports ***Riding the Wave: An East Asian Miracle for the 21st Century***. Prospects for upward mobility are seen as increasingly elusive, reflecting a sense that income and wealth are becoming more concentrated while access to basic social services remains limited and often of poor quality. Achieving economic security for all is more difficult, particularly as the region faces newer challenges: rapid aging, less certain growth prospects, and greater urbanization.

Inequality is a growing concern to citizens across the region. Over 90 percent in China and over half in the Philippines think that income differences in their countries are too large. In Indonesia, almost 90 percent of the population thinks it is urgent to address inequality, while eight in ten urban residents of Vietnam worry about disparities in living standards.

The region has transformed from being comprised of mostly poor countries in the 1980s to a group of middle-income countries made up of varying economic classes. By 2015, almost two-thirds of the region's population were either economically secure or middle class – up from 20 percent in 2002.

The share of the extreme and moderate poor has fallen dramatically, from almost half the population in 2002 to less than an eighth in 2015. But the percentage of individuals vulnerable to falling back into poverty – those who live with US$3.10 to US$5.50 a day – has remained constant between 2002 and 2015, at about a quarter of the population.

The full report can be accessed here:
https://openknowledge.worldbank.org/handle/10986/28878

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