

World Bank Group Korea Office Newsletter

May—June 2017



Workshop Introduced New World Bank Procurement Policy to Korean Medical Device Companies

The World Bank has a huge and diverse portfolio of projects. Each year the World Bank's lending across the developing world generates thousands of contract opportunities. In the fiscal year 2016, for example, contract spending reached \$14.4 billion, covering operations in nearly 130 countries and territories.

The World Bank's new Procurement Framework introduced last year emphasizes flexibility, quality, and greater value for public spending, while enabling adaptation to country contexts.



A recent workshop jointly organized by the World Bank Group Korea Office and the Korea Export-Import Bank introduced the World Bank's new, modern and business-friendly Procurement Framework to Korean medical device manufacturers that want to procure goods and services under World Bank-financed projects.

World Bank Lead Procurement Specialist Christopher Mark Browne explained that the new procurement framework considers value-for-money as one of the core principles. "It takes into consideration factors such as sustainability, quality, and non-price attributes and life cycle cost as appropriate, that support value for money," he said. "This means a shift in focus from the lowest evaluated compliant bid to bids that provide the best overall value for money, taking into account quality, cost, and other factors as needed."

At the workshop, participants from more than 30 Korean medical device companies gained knowledge on how to navigate through the bidding process, and on guidelines about approaching contracts as well as required documents.

Participants also had one-on-one consultations with World Bank procurement experts where their concerns were addressed and questions answered.

Medical devices range from a simple wooden tongue depressor to the most sophisticated implants or medical imaging systems, and their provision has been an important component of the World Bank health projects. The majority of the World Bank's contract spending has been concentrated in transportation, water, sanitation, waste management and energy while health and other social services have averaged around 10 percent each year.

Information about World Bank-financed projects and potential bidding opportunities are now available on a mobile App. To promote transparency of procurement data as well as displaying the data in a simple and clear way, the World Bank has released an app that presents recent procurement data on major contracts awarded under projects funded by the World Bank. The App also receives procurement and tender notices and follow business opportunities in more than 100 countries.



The App is available at <https://itunes.apple.com/us/app/world-bank-project-procurement/id911312962?mt=8>

Big Data Knowledge Exchange Focuses on Kiev's Public Transportation



Ukraine's economic progress of the past decades coincided with rapid urbanization. The country's capital city Kiev is experiencing burgeoning traffic congestion, and consequently, increase in travel time and costs.

A four day knowledge-exchange workshop recently held in Seoul, Korea exposed representatives of Kiev transportation companies and government units to a wide array of Seoul's impressive transportation system, especially in the area of Big Data application for public transport and traffic management integration.

After learning that late night taxi service is not only difficult to use but also imposes heavy financial burdens on users, the Seoul government in 2013 began operating two pilot routes exclusively for an after-midnight service. The number of service routes soon grew to nine as city officials used Big Data to trace travel patterns of late-night travelers. In collaboration with the Korean telecom company KT Corporation, the city government analyzed data from three billion mobile phone calls to discover the places in the city that are most frequented by citizens at night. Additionally, taxi operation data from Korea Smart Card was also analyzed to find specific locations of departure and destination of travelers.

Just like Seoul, Kiev sees the value of using Big Data for its public transportation. There are currently four night bus routes being piloted in Kiev but they are not based on any scientific modelling. "There is a strong need for developing and implementing modern Big Data analysis methods in Kiev transport studies," said Mr. Yevhen Bulakh, World Bank Transport Specialist in the Kiev Office. "Seoul's example shows that Big Data from mobile devices and connected cars can help reveal public transit gaps as well as expansion opportunities for Kiev." He said one option would be to combine the Big Data from a telecom operator and the data they currently have from a bus operator.

Based on such information, Kiev will be able to optimize its operations by providing added vehicles where demand is real while finding which routes are the most efficient.

The workshop was a follow-up engagement of the Big Data Solutions for Development Conference held in Seoul last year. As such, it also included a visit to the Big Data Campus, an offline space that provides support for integrating and analyzing data from both the public and private sector.

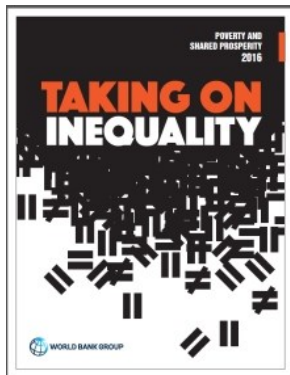


Participants learned that while gathering the accurate data needed to make knowledgeable decisions regarding city transportation is important, institutional arrangements also play a crucial role. "From collecting data to storing it and analyzing it, Seoul government's implementation of a comprehensive multi-stakeholder strategy to use Big Data for policymaking and improving public service delivery is really impressive," said Mr. Ievgen Petroschchuk, Advisor to the Deputy Mayor, Kiev City State Administration.



Kiev recently won a grant offered by the Korea National IT Industry Promotion Agency (NIPA) to conduct a feasibility study on Big Data-based transportation system improvement.

No End To Poverty Without Reducing Inequality



The world has made tremendous progress in reducing global extreme poverty and nearly 1.1 billion have escaped extreme poverty since 1990. Despite such progress, however, the world continues to suffer from substantial inequalities.

World Bank's latest report, *Taking on Inequality*, takes a close look at the role that inequality reduction plays in ending extreme poverty and improving the livelihoods of the poorest in every country. On June 16, the report was presented to researchers at the Korea Development Institute (KDI) as part of its global outreach effort.

World Bank Senior Economist Mario Negre explained that although strong growth, global trade and the benefits of globalization improved welfare of the poor, progress was not uniform across the world, and that much remains to be done especially in Sub-Saharan Africa and South Asia. He pointed to the data that in 34 countries, the gap widened between the richest 60% and the poorest 40% while the share of income held by the top 1% has increased in many countries. "The goal of eliminating extreme poverty by 2030 might not be achieved without accelerated economic growth or reductions in within-country inequalities, especially among those countries with large concentrations of the poor," he said.

However, the report also suggests that there is no excuse for not tackling inequality. It analyzes the experiences of five low- and middle-income countries such as Brazil, Cambodia, Mali, Peru, and Tanzania, and show that combining good shared prosperity premiums with strong records in narrowing income inequality is possible.

"Apart from exercising judicious macroeconomic management and appropriately dealing with external shocks, these countries also highlight the importance of labor markets in translating economic growth into inequality reduction by increasing job opportunities and earnings," said World Bank Deputy Chief Economist Ana Revenga.

"Their experiences show that accumulation of good-quality human capital, safety nets capable of protecting the poorest from risk are all potentially desirable approaches to sharing prosperity and reducing inequality."



Taking on Inequality has been downloaded close to 170,000 times, making it the most downloaded report on the World Bank's Open Knowledge Repository (<https://openknowledge.worldbank.org>)

"There has been a lot of interest by the general public, by the students, policymakers and development practitioners," said Ms. Revenga who presented the report in many countries, including most recently in Japan, Albania and Russia. "The World Bank has been doing a lot of work on inequality for a long time. When the World Development Report on Equity and Development came out in 2006, it got a lot of interest but not this kind of traction."



Even in East Asia where rapid economic growth was accompanied by a relatively income distribution, there is now more sensitivity to the topic. "Maybe the financial crisis made people much more aware. People are also getting worried about the political consequences of inequality."

Taking on Inequality synthesizes the rigorous evidence on public policies that can shift inequality in a way that bolsters poverty reduction and shared prosperity in a sustainable manner. The report is a collaborative output of the World Bank Development Economics Group (DEC) and the Poverty Global Practice (GP). Through its day to day dialogue with the government, Poverty GP gained access to the country level data which then was harmonized, processed and consolidated at DEC.

Taking on Inequality is available for download at <https://openknowledge.worldbank.org/handle/10986/25078>

World Bank Group President Gives a TED Talk



President of the World Bank Group, Jim Yong Kim recently appeared before the TED Talk audience in Vancouver to call for finding innovative ways to help meet the aspirations of the poor.

In “Doesn't everyone deserve a chance at a good life?”, he explained that the Internet, smartphones and social media allow everyone to see exactly how everyone else lives, which is causing aspirations to rise all over the world. While aspirations, linked to opportunity, can breed dynamism and economic growth, he worried that if there's no opportunity to achieve those aspirations, frustration may very well lead to fragility, conflict, violence, extremism.

After the talk, President Kim is joined by TED's leader and curator, Chris Anderson, for a short Q&A.

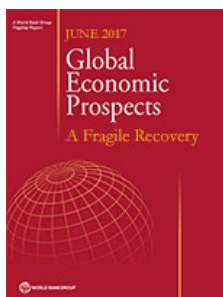
This 22-minute video which includes Korean subtitles can be viewed at:

https://www.ted.com/talks/jim_yong_kim_doesn_t_everyone_deserve_a_chance_at_a_good_life



Global Growth Set to Strengthen to 2.7 percent as Outlook Brightens

The World Bank forecasts that global economic growth will strengthen to 2.7 percent in 2017 as a pickup in manufacturing and trade, rising market confidence, and stabilizing commodity prices allow growth to resume in commodity-exporting emerging market and developing economies.



According to the World Bank's June 2017 *Global Economic Prospects*, growth in advanced economies is expected to accelerate to 1.9 percent in 2017, which will also benefit the trading partners of these countries. Global financing conditions remain favorable and commodity prices have stabilized.

Against this improving international backdrop, growth in emerging market and developing economies as a whole will pick up to 4.1 percent this year from 3.5 percent in 2016. Growth among the world's seven largest emerging market economies is forecast to increase and exceed its long-term average by 2018. Recovering activity in these economies should have significant positive effects for growth in other emerging and developing economies and globally.

Nevertheless, substantial risks cloud the outlook. New trade restrictions could derail the welcome rebound in global trade. Persistent policy uncertainty could dampen confidence and investment. Amid exceptionally low financial market volatility, a sudden market reassessment of policy-related risks or of the pace of advanced-economy monetary policy normalization could provoke financial turbulence. Over the longer term, persistently weak productivity and investment growth could erode long-term growth prospects in emerging market and developing economies that are key to poverty reduction.

“With a fragile but real recovery now underway, countries should seize this moment to undertake institutional and market reforms that can attract private investment to help sustain growth in the long-term. Countries must also continue to invest in people and build resilience against overlapping challenges, including climate change, conflict, forced displacement, famine, and disease,” World Bank Group President Jim Yong Kim said.

The June 2017 *Global Economic Prospects* report can be viewed at <http://www.worldbank.org/en/publication/global-economic-prospects>

Improving Quality of Education Spending Can Help Countries Reduce Poverty and Inequality: PEMNA



Government officials from across Asia attending the 7th Plenary Conference of the Public Expenditure Management Network in Asia, or PEMNA agreed that sharing lessons on how to spend better on education can help countries reduce poverty and inequality.

More than 100 public finance officials from 13 Asian countries gathered in Bali, Indonesia, to discuss the hurdles in achieving better results in performance through increased spending on education services. Significantly improving education outcomes in host country Indonesia, for example, remains a challenge, despite a 20 per cent allocation of the state budget for education.

“Education is an investment for every nation. For every government, delivering value for money in education services is always going to be a critical aspect of the public expenditure management challenge,” said Rudy Widodo, Director of State Cash Management at the Indonesia Ministry of Finance.

Topics highlighted at the conference, entitled Public Expenditure on Education – Upgrading Human Capital in Addressing Poverty and Inequality, ranged from integrating spending reviews into the budgeting process on education, to assessing the effectiveness of pro-poor budget allocation in addressing poverty and inequality.

Participants welcome the opportunity to share each other’s experiences. “We want to learn what hurdles other member countries have faced and overcame in the process of implementing their reforms, so that we don’t have to experience the same in our implementation efforts,” said Amelita Castillo, Assistant Secretary at the Philippines Department of Budget and Management.

As a member-driven, peer-learning network of public finance practitioners in the East Asia and Pacific region, PEMNA provides an important forum for sharing knowledge, bringing to its annual conference the members of its two Communities of Practice (CoPs) - Budget and Treasury – to discuss policy options for public financial management reforms.

“Peer-to-peer learning is increasingly recognized as an effective and inspiring way to building capacity. In a relatively short span of time, PEMNA has grown into a platform where officials can openly talk about their success and challenges related to public financial management reforms,” said Miki Matsuura, Public Sector Specialist from the World Bank. “Building on the success to date, PEMNA is seeking to share knowledge and experiences with countries in other regions.”



Since 2012, the Korea Institute of Public Finance (KIPF) has served as the Secretariat for PEMNA. “We are grateful to the members and partners that they have responded willingly and enthusiastically in stepping up to provide both momentum and leadership in the collective task of growing PEMNA into the success it is now,” said John Kim, Head of PEMNA Secretariat.

Also central to the success of PEMNA as an open platform for sharing of knowledge and experience has been the financial contribution and advisory support of the Korean government. “Korea graduated from middle income status and moved to high income status. We have implemented many reforms and not all of them were successful. Korea is willing to extend our experience to other countries, both successes and challenges,” said Byong Yol Woo, Director General at the Fiscal Performance Management Division of the Korean Ministry of Strategy and Finance.

Bolstered by MIGA, Turkey Hospital Project Draws Korean Investors

Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, recently announced guarantees covering equity investments worth €60m in a new integrated hospital campus in Gaziantep, Southeastern Turkey. When operational in about three years from now, the campus will consist of a general hospital, a women and children's hospital, and a cardiovascular and oncology hospital. It will also house a diagnostic and treatment center, health support facilities, and a heliport.

The total cost of the project is estimated at €600m, and investors include a consortium consisting of Samsung C&T Corporation, Sailini Impregilo S.p.A, Kayi Insaat Sanayii ve Tiicaret A.S., and Korea-Turkey Gaziantep Healthcare PEIF, which a group of Korean financial investors fund as limited partners. The consortium will build and maintain the hospital, and provide facility management and medical support services.

The guarantees, which provide coverage for up to 20 years, protect the investors against transfer restriction, expropriation, war and civil disturbance, and breach of contract.



The Gaziantep hospital is part of the Health PPP Program developed by the Turkish Ministry of Health, and is the fourth such project MIGA has supported. In the face of an expected rise in demand for healthcare services over the next two decades, the Ministry has developed an ambitious €15-20 billion Health PPP program to build around 30 integrated health campuses around the country. This is a signature program for the Government of Turkey and its success will serve as a model demonstrating the potential of large-scale PPP programs for other sectors in Turkey, as well as other countries in the region.

Among the investors in Korea-Turkey Gaziantep Healthcare PEIF are large institutional investors such as Samsung Life Insurance Co., Ltd., the largest insurance company in Korea, and the Korea Development Bank.

"We are pleased to support Turkey's efforts to mobilize institutional investors for this complex, long-tenor and high-impact healthcare project," MIGA Executive Vice President and CEO Keiko Honda said.

MIGA's support comes in tandem with support from across the World Bank Group. The Government of Turkey adopted the 'Health Transformation Program' in co-operation with the IBRD in 2003. Since then, IBRD has provided two Development Policy Loans, and is working towards a new lending program. The International Finance Corporation has committed to participating as senior lender in four projects under the Health PPP Program.

The Gaziantep province, which borders Syria, hosts about 350,000 Syrian refugees, who account for about 18 percent of the population. Refugees currently have access to the same cost-free medical treatment in public hospitals as Turkish citizens, regardless of insurance coverage available to them, and so are expected to benefit equally from the new facility.

Mr. Hun Lee, the Head of Investment Division II of KDB Infrastructure Asset Management Co. Ltd., said, "It was a first time for a Korean institutional investor to acquire MIGA guarantee which mitigated the risk of the project to a level that the investors could take. As a result, it led to the successful closing of the project. For future projects, we expect to utilize MIGA's program to further facilitate overseas investment of Korea's institutional investors."



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