

# 2021 ANNUAL PROGRESS REPORT

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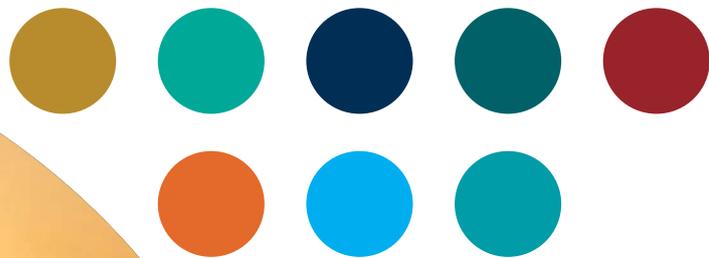
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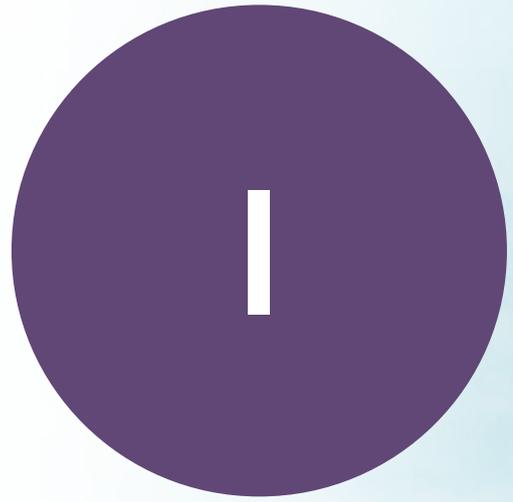
## ACKNOWLEDGMENTS

The Seoul Center Annual Progress Report 2021 was prepared by Stuart Yikona (Program Manager), Soohyang Lee (Financial Sector Specialist), and Jiwon Kim (Consultant), Finance, Competitiveness and Innovation (FCI) Global Practice, with input from the Seoul Center team, FCI East Asia and Pacific (EAP), and task teams of the programs supported by the Korea Trust Fund, under the overall guidance of Zafer Mustafaoglu, Practice Manager, FCI East Asia and Pacific. The Seoul Center team wishes to express particular thanks to task teams in Cambodia, Lao PDR, Mongolia, the Pacific Islands, and Vietnam, as well as Korea, for continuing to deliver support to client countries despite the implementation challenges brought about by the COVID-19 pandemic. Finally, the Seoul Center is fortunate to have a dependable partner in the Ministry of Economy and Finance (MoEF) of Korea, and looks forward to continued collaboration to support EAP region countries' financial and private-sector agendas.

## LIST OF ACRONYMS AND ABBREVIATIONS

<b>AML/CFT</b>	Anti-Money Laundering and Combating the Financing of Terrorism	<b>MoEF</b>	Ministry of Economy and Finance (Korea)
<b>BOK</b>	Bank of Korea	<b>MoET</b>	Ministry of Education and Training (Vietnam)
<b>BOL</b>	Bank of the Lao PDR	<b>MOJ</b>	Ministry of Justice (Lao PDR)
<b>BOM</b>	Bank of Mongolia	<b>MOU</b>	Memorandum of Understanding
<b>CAFIU</b>	Cambodia Financial Intelligence Unit	<b>MTPL</b>	Motor Third Party Liability
<b>CGCC</b>	Credit Guarantee Corporation of Cambodia	<b>NAPAS</b>	National Payment Corporation of Vietnam
<b>DICOM</b>	Deposit Insurance Corporation of Mongolia	<b>NBC</b>	National Bank of Cambodia
<b>DO</b>	Development Objective	<b>NPL</b>	Non-Performing Loan
<b>DPO</b>	Deposit Protection Office (Lao PDR)	<b>NPS</b>	National Payments System
<b>DT4D</b>	Disruptive Technologies for Development	<b>NRA</b>	National Risk Assessment
<b>EAP</b>	East Asia and Pacific (World Bank region)	<b>PA</b>	Programmatic Approach
<b>FCI</b>	Finance, Competitiveness & Innovation Global Practice	<b>PACICC</b>	Property and Casualty Insurance Compensation Corporation
<b>FIU</b>	Financial Intelligence Unit	<b>PASA</b>	Programmatic Advisory Services and Analytics
<b>FSNP</b>	Financial Safety Net Project	<b>PBC</b>	Performance-Based Condition
<b>FSC</b>	Financial Services Commission (Korea)	<b>PCA</b>	Prompt Corrective Action
<b>FSI</b>	Financial Security Institute (Korea)	<b>RBS</b>	Risk-Based Supervision
<b>IFIGS</b>	International Forum of Insurance Guarantee Scheme	<b>RGC</b>	Royal Government of Cambodia
<b>IGS</b>	Insurance Guarantee Scheme	<b>SBC</b>	Seoul Bankruptcy Court
<b>KDI</b>	Korea Development Institute	<b>SBV</b>	State Bank of Vietnam
<b>KDIC</b>	Korea Deposit Insurance Corporation	<b>SEWA</b>	Self-Employed Women's Association
<b>KoFIU</b>	Korea Financial Intelligence Unit	<b>SME</b>	Small and Medium Enterprise (Bank of Cambodia)
<b>KTF</b>	Korea Trust Fund (Poverty Reduction and Socio-Economic Development Trust Fund II)	<b>SNU</b>	Seoul National University
<b>M&amp;E</b>	Monitoring and Evaluation	<b>TA</b>	Technical Assistance
<b>MEF</b>	Ministry of Economy and Finance (Cambodia)	<b>TF</b>	Terrorism Financing
<b>ML</b>	Money Laundering	<b>VASP</b>	Virtual Assets and Service Provider
		<b>VBSP</b>	Vietnam Bank for Social Policy
		<b>WB</b>	World Bank
		<b>WBG</b>	World Bank Group





# SEOUL CENTER HIGHLIGHTS 2021



## KEY RESULTS OF SEOUL CENTER KTF-SUPPORTED COUNTRY PROGRAMS

COUNTRY	KEY RESULTS
<b>Cambodia</b>	<ul style="list-style-type: none"><li>● Provided technical assistance to the National Bank of Cambodia to develop a strategic approach to reforming the National Payments System (NPS) and the NPS Development Roadmap in Cambodia</li><li>● Completed the international remittance assessment in line with the review of the market for international remittances in Cambodia</li><li>● Developed an actuarial methodology for Motor Third Party Liability (MTPL) insurance premium and reserve</li><li>● Developed the MTPL Insurance Framework</li><li>● A virtual study visit to understand Korea's compulsory MTPL insurance</li><li>● Delivered technical training to financial and non-financial sector reporting entities and supervisors on implementing the new directives on Customer Due Diligence measures</li></ul>
<b>Lao PDR</b>	<ul style="list-style-type: none"><li>● Completed three of the 21 performance-based conditions under the Financial Safety Net Project and facilitated the disbursement of US\$6.16 million into the deposit insurance reserve fund</li><li>● Delivered technical assistance on an early warning system for the Banking Supervision Department</li><li>● Drafted regulations on prompt corrective actions and problem bank resolution</li><li>● Delivered virtual training sessions on regulatory sandboxes and cross border payments and e-learning program for judges and insolvency administrators</li><li>● Provided translation of key regulations to facilitate the Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) mutual evaluation of Lao PDR</li></ul>
<b>Mongolia</b>	<ul style="list-style-type: none"><li>● Prepared a comprehensive list of indicators on the Mongolian banks' performance, risks, and financial conditions quarterly for the Bank of Mongolia</li><li>● Provided capacity building and comments on draft VASP (Virtual Asset Service Providers) Law to support the establishment of supervision and regulation of virtual assets and service providers</li><li>● Finalized the draft National Payment Systems Strategy 2022–25</li></ul>

COUNTRY	KEY RESULTS
<b>Pacific Islands</b>	<ul style="list-style-type: none"> <li>● Drafted two deep-dive policy notes about financial sector surveillance and interactions and tensions between macro and micro prudential policy under the framing of COVID-19 and financial stability</li> </ul>
<b>Vietnam</b>	<ul style="list-style-type: none"> <li>● Offered comprehensive comments on the draft strategy for the development of Vietnam’s payment system to 2015 with a vision to 2030</li> <li>● Progressed a Framework for Financial Literacy based on the OECD core competencies framework to inform curriculum development, textbook writing, textbook appraisal, and teacher training</li> </ul>
<b>Disruptive Technologies for Development (DT4D)</b>	<ul style="list-style-type: none"> <li>● Business Enterprise Technology for Indian women (BETI): Collected data to determine the appropriate sub-sample of Self-Employed Women’s Association (SEWA) entrepreneurs</li> <li>● Connecting Communities and Local Governments to Co-Create Circular Economy Approaches in Indonesian Cities initiative: developed the terms of reference, assisted with the new module for the CollabData platform, open-source mapping tool as the baseline technology, which a proof of concept exists and tested in multiple Indonesian cities.</li> </ul>
<b>Seoul Center</b>	<ul style="list-style-type: none"> <li>● Launched the private sector innovation and competitiveness work program at Seoul Center. Mr. Anwar Aridi joined the Seoul Center team as Senior Private Sector Specialist based in Seoul.</li> <li>● Completed the Seoul Center financial sector work program under Phase 2 and initiated a new financial sector work program under Phase 3 with an expanded focus on innovative and green finance, led by new staff, Mr. Stuart Yikona, Program Manager, and Ms. Soohyang Lee, Financial Sector Specialist</li> <li>● Virtually conducted ten knowledge exchange activities with Korean partners to leverage Korean lessons and experience despite the COVID pandemic</li> <li>● Hosted four webinars on financial sector cybersecurity, insurance guarantee schemes, and the innovation policy in the post-COVID world webinar series</li> </ul>

## SEOUL CENTER 3.0 RESULTS FRAMEWORK: STATUS AS OF END-2021

OUTCOME INDICATORS	CUMULATIVE RESULTS (JULY 2020 BASELINE = 0)			COMMENTS
	JUL 2020	DEC 2021	TARGET FOR END- 2023	
<b>INDICATOR A</b>				
Reforms launched or advanced with the support of the KTF	0	5	30	Several reforms initiated in 2021 are expected to be completed in 2022 and 2023.
<b>INDICATOR B</b>				
Partnerships leveraged, with a number of knowledge-sharing events with Korean partners (seminars, workshops, study tours, etc.) sharing Korea's development experiences	0	10	24	Despite disruption due to the COVID-19 pandemic, many activities continued virtually with Korean partners.
<b>INDICATOR C</b>				
Lending programs initiated or implemented with support from the KTF program	0	0	5	Five grants submitted in December 2021, for approval in 2022, are expected to support lending programs in 2022 and 2023.
<b>INDICATOR D</b>				
Countries in which financial reforms are supported (with KTF grants)	0	4	8	Five proposals to support work in Cambodia, Indonesia, and the Philippines were submitted in December 2021 for approval in 2022.
<b>INDICATOR E</b>				
Countries benefiting from knowledge exchange activities	0	4	10	Training sessions and workshops were conducted virtually.
<b>INDICATOR F</b>				
Counterpart capacity developed (number of counterparts from client countries that participate in knowledge-sharing events supported with KTF and Korean partners' missions)	0	1341	1000	Due to COVID-19, all knowledge activities were delivered virtually, contributing to high attendance by officials in EAP client countries and beyond.



# ABOUT THE SEOUL CENTER



## OVERVIEW OF THE PARTNERSHIP

The Seoul Center for Finance and Innovation (Seoul Center) was created through a partnership between the Ministry of Economy and Finance (MoEF) of the Republic of Korea and the World Bank Group (WBG), formalized by a Memorandum of Understanding signed on October 11, 2011. The Seoul Center started operating in 2012 as a virtual pilot from Washington DC, and relocated to the WBG Korea Office in mid-2015. The objective of the Seoul Center partnership is to “improve and develop financial and private sectors in the EAP region by delivering better technical assistance and advisory services to EAP countries.”

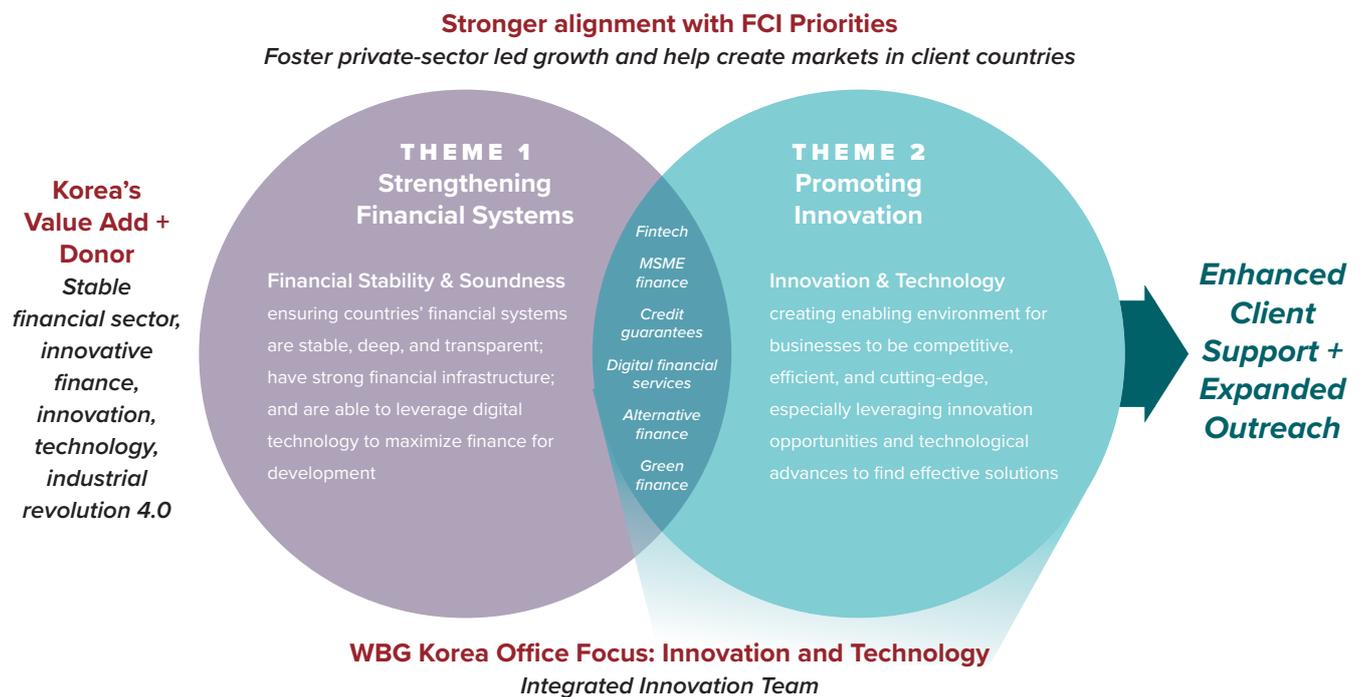
To achieve this objective, the Seoul Center provides grants to support demand-driven, priority technical assistance and capacity building needs in EAP client countries. The primary work of the Seoul Center is to manage and implement a trust fund<sup>1</sup> that supports financial and private sector development in developing EAP countries. In addition, demand-driven analytics, advisory work, and capacity building are conducted through the Seoul Center by leveraging institutions and knowledge from Korea. To date, the MoEF has contributed \$34.9 million in trust funds towards the Seoul Center for 2012-2022 (average funding availability of \$3million / year) under three phases (SC1.0, SC2.0, and SC3.0).

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<sup>1</sup> Poverty Reduction and Socio-Economic Development Trust Fund II (TF071872, TF072685)

The Seoul Center focused on financial sector development under the first two phases (April 2012–June 2020). Under Phase 3 (July 2020–present), the Seoul Center expanded to include private sector development, especially innovation-related themes. The geographic coverage for the technical assistance and knowledge exchange also expanded beyond EAP countries.

**FIGURE 1** Seoul Center Framework



## SEOUL CENTER KTF SUPPORT

Since 2012, the Seoul Center has responded to client demand through a multiyear programmatic approach that is fully aligned with country partnership strategies, which allows for more strategic and comprehensive country engagements. By facilitating the Korea Trust Fund (KTF) for country programs, the Seoul Center has developed and begun implementing comprehensive projects to strengthen knowledge-generation and partnership activities. Most of the country grants now support engagement organized under a Programmatic Advisory Services and Analytics (PASA) work program. Throughout phases 1, 2, and 3, 27 KTF proposals for country and global/regional initiatives were approved by the Seoul Center. Under Phase 3, four grants were approved and five grant applications<sup>2</sup> were submitted as of December 2021. During CY 2021, seven Seoul Center KTF programs were ongoing, including five grants for country programs, and two grants targeting Disruptive Technologies for Development (DT4D).

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<sup>2</sup> Financial sector development for Cambodia, Indonesia, and the Philippines; private sector development for Indonesia and the Philippines.

The table below provides information about the country/ regional programs supported by the KTF through the Seoul Center from January to December 2021. The details of the country operations are illustrated in section three: Seoul Center KTF Supported Country Programs.

**TABLE 1** Country Supported Programs 2021

	STATUS	COUNTRY	GRANT AMOUNT <sup>3</sup> (US\$)	PROGRAM	IMPLEMENTATION PERIOD
PHASE 2	Closed	<b>Cambodia</b>	700,000	Financial Sector Development TA	September 2019– June 2021
	Ongoing	<b>Lao PDR</b>	1,000,000	Financial Sector Development	July 2019– December 2022
	Ongoing	<b>Mongolia</b>	1,500,000	Financial Sector Support TA	February 2020– June 2022
PHASE 3	Ongoing	<b>Pacific Islands</b>	250,000	COVID-19 Financial Sector Monitoring	July 2021– June 2022
	Ongoing	<b>Vietnam</b>	850,000	Financial Inclusion and AML/CFT Support TA	April 2021– December 2022
	Ongoing	<b>Indonesia</b>	150,000	DT4D: Connecting Communities and Local Governments to Co-create Circular Economy Approaches	October 2021– December 2022
	Ongoing	<b>India</b>	150,000	DT4D: Pilot for BETI (Business Enterprise Technology for Indian Women)	October 2021– March 2023

<sup>3</sup> Amount approved by MoEF or the World Bank.

## SEOUL CENTER PARTNERSHIP ACTIVITIES

### OVERVIEW OF PARTNERSHIPS

A critical objective of the WBG and MoEF partnership is to harness the expertise and capacity of Korean institutions to support country needs and promote the delivery of assistance to the client countries. At the end of 2021, the WBG had five formal MOUs with key Korean institutions in the financial sectors, and more than 45 partnerships with both the financial and private sectors, which added value to the FCI teams and EAP client countries. These key partners are shown in the figure below.

**FIGURE 2** Key Partners of the Seoul Center



## PARTNERSHIP ACTIVITIES

The COVID-19 pandemic led to limited in-person meetings and events all over the world. In spite of this challenging time, several key partnership activities were conducted virtually. These were supported by the Seoul Center with Korean financial and private sector partners in 2021. The table below provides examples of virtual activities.

**TABLE 2** Virtual Partnership Activities

PARTNER	DATE	PARTNERSHIP ACTIVITIES
<b>Financial Services Commission (FSC)</b>  Financial Services Commission	May 26, 2021	Hassan Zaman, EAP Regional Director, delivered congratulatory remarks for Korea Fintech Week 2021, FSC's global Fintech Expo focusing on fintech and sustainable financial innovation. 
<b>Korea Deposit Insurance Corporation (KDIC)</b>  Korea Deposit Insurance Corporation	July 16, 2021	The Seoul Center and IFIGS (International Forum of Insurance Guarantee Schemes; KDIC as a Chair in 2021) jointly organized a knowledge-sharing event, "Navigating the Way Forward for the Last-Resort Protection to Policyholders." 
<b>Korea Technology Finance Corporation (KOTEC)</b>  Korea Technology Finance Corporation	September 9, 2021	Zafer Mustafaoglu, Practice Manager FCI EAP1, provided opening remarks for the KOTEC's Insightful Webinar, introducing KOTEC's new technology appraisal model based on AI algorithms and explaining the carbon-valuation model to support SMEs in decarbonization. 

PARTNER	DATE	PARTNERSHIP ACTIVITIES
<p data-bbox="188 353 347 533"><b>Ministry of Justice (MOJ), Seoul Bankruptcy Court (SBC)</b></p>  <p data-bbox="188 622 331 645">Ministry of Justice</p>  <p data-bbox="188 739 338 757">SUPREME COURT OF KOREA</p>	<p data-bbox="411 353 603 421">September 13, 2021</p>	<p data-bbox="619 353 1050 721">Ministry of Justice (MOJ) and Seoul Bankruptcy Court (SBC) supported the Seoul Center by sourcing two speakers (Professor Min Han of Ewha University and Judge Chung June Young of the Seoul High Court) for the Forum on Asian Insolvency Reform, co-organized by the World Bank and International Association of Restructuring, Insolvency, and Bankruptcy Professionals (INSOL).</p> 
<p data-bbox="188 779 395 891"><b>Ministry of Economy and Finance (MOEF)</b></p>  <p data-bbox="188 981 331 1025">Ministry of Economy and Finance</p>	<p data-bbox="411 779 603 846">September 29, 2021</p>	<p data-bbox="619 779 1050 1115">MoEF Director Kwangcheol Ji delivered opening remarks for the DT4D showcase event, “Unleashing Innovation in Developing Countries,” providing details of the DT4D program including its missions, results, methodologies, and technology trends consolidated from two rounds of supported pilots.</p> 
<p data-bbox="188 1137 395 1249"><b>KDI (Korea Development Institute) School</b></p>  <p data-bbox="245 1263 379 1299">KDI SCHOOL KDI School of Public Policy and Management</p>	<p data-bbox="411 1137 603 1205">October 15, 2021</p>	<p data-bbox="619 1137 1050 1505">Seoul Center sourced a speaker, Mariana Iooty De Paiva Dias, Senior Economist, FCI ECA, for the KDI School Development Talks Webinar Series: “Uzbekistan: Understanding Uzbekistan’s current socio-economic policy issues.” The talk explored possible areas of development cooperation between Uzbekistan and Korea, and enhancing bilateral partnership between the two countries.</p> 
<p data-bbox="188 1527 395 1630"><b>Seoul National University (SNU)</b></p>  <p data-bbox="277 1644 363 1711">SEOUL NATIONAL UNIVERSITY</p>	<p data-bbox="411 1527 603 1594">November 8, 2021</p>	<p data-bbox="619 1527 1394 1706">Anwar Aridi, Senior Private Sector Development, Seoul Center for Finance and Innovation, delivered a lecture presenting findings from his “Europe 4.0: Addressing the Digital Dilemma” report in the Innovation and Development class at Seoul National University.</p>

PARTNER	DATE	PARTNERSHIP ACTIVITIES
<p><b>Seoul National University (SNU)</b></p> 	November 22, 2021	<p>Keun Lee, Distinguished Professor of Seoul National University (Economics) and Vice-Chairman of the National Economic Advisory Council for the President of Republic of Korea, presented at Seoul Center’s “Innovation Policy in the Post-COVID World” webinar series: “Nearshoring and Reshoring of Global Value Chains (GVCs)—Implications for Innovation Policies.”</p> 
<p><b>Korea Deposit Insurance Corporation (KDIC)</b></p> 	November 24, 2021	<p>Stuart Yikona, Program Manager of Seoul Center for Finance and Innovation, provided a session for KDIC Global Training 2021 on “Unwinding of COVID-Related Forbearance Measures,” addressing exceptional COVID-19 measures, challenges for financial policymakers, general principles to consider, and key aspects for unwinding COVID-19 measures.</p> 
<p><b>Financial Security Institute (FSI)</b></p> 	December 14, 2021	<p>Jinyoung Kim, Senior Researcher of the Financial Security Institute, delivered a speech for the Financial Sector Cybersecurity Webinar: “Financial Sector Cybersecurity Risks and Preparedness” focusing on Korea’s cyber resilience, and the financial sector and FSI’s role.</p> 
<p><b>Korea Development Institute (KDI)</b></p> 	December 15, 2021	<p>Sunghoon Chung, Senior Economist at the Development Economics Vice Presidency (DEC) of the World Bank and secondee from KDI, presented as part of the Seoul Center’s “Innovation Policy in the Post-COVID World” webinar series: “Manufacturing in a Digitally Accelerated World: Innovation Policy Implications for Catching-Up Economies”</p> 

## SEOUL CENTER KNOWLEDGE OPERATIONS

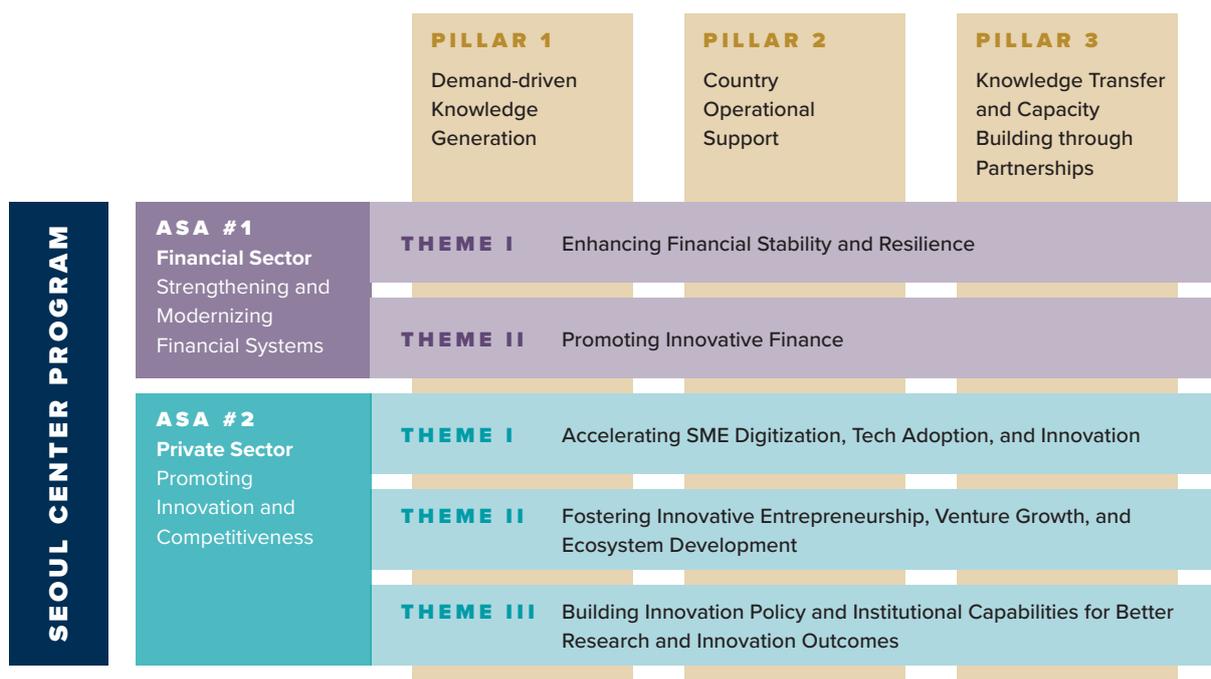
### OVERVIEW OF PROGRAMMATIC ADVISORY SERVICES AND ANALYTICS (PASA)

With regard to the Seoul Center’s knowledge generation and partnerships, two complementary Programmatic Advisory Services and Analytics (PASAs) were designed on key areas of importance for financial sector and private sector development, and related institutional capacity building. These are:

- Seoul Center Strengthening and Modernizing Financial Systems PASA (SC financial sector work program P177505; approved in October 2021)
- FCI Seoul Center Innovation and Competitiveness PASA (SC private sector work program P177015; approved in June 2021)

These PASAs facilitate a series of knowledge generation, exchange, and technical assistance activities to strengthen and modernize financial and private sector systems, leveraging Korea’s experience, expertise, and resources. They cover thematic areas of financial stability and resilience, innovative finance, SME digitization, fostering innovative entrepreneurship, and building innovation policy.

**FIGURE 3** Thematic Areas



## FINANCIAL SECTOR DEVELOPMENT

The development objective of the Seoul Center Financial Sector PASA is to strengthen and modernize financial systems and related institutional capacity in client countries through the provision of targeted technical assistance/ advisory services, analytics/ knowledge generation, knowledge transfer, and capacity building by leveraging Korean partners' resources and expertise. To this end, activities under this PASA are guided by the following thematic areas noted in the background papers for the Seoul Center for Finance and Innovation Phase 3.

- **Theme I. Enhancing Financial Stability and Resilience:** The Seoul Center team will continue to build on the past two phases to support critical reforms and the capacity building needs of financial systems in EAP countries. The Seoul Center, together with WBG teams, will continue to align their support with country partnership frameworks, recommendations of FSAP or similar diagnostics, client requests, and any other urgent strategic needs. The Seoul Center team will continue to work closely with country and technical teams to build and deepen partnerships with Korean institutions.
- **Theme II. Promoting Innovative Finance:** COVID-19 and the global economic crisis increased the challenges of providing timely, predictable funding to low- and middle-income countries. Most innovative finance involves combining available financial instruments into a new package or using them in a new context, such as a new sector, country, or region. The WBG is increasingly asked by client countries to address their economic and poverty challenges through innovative solutions and better utilization of technology. The expanded thematic focus of the Seoul Center will strengthen WBG's response to growing client demand for innovation themed work, leveraging Korea's comparative advantage and experience, as well as better integrating with FCI's broader priorities and the emerging focus of the Korea Office.

In 2021, under the financial sector PASA work programs, the Seoul Center hosted two webinars on insurance guarantee schemes (IGS) and financial sector cybersecurity; and co-published, with the WBG Malaysia Hub on Inclusive Growth and Sustainable Finance, one flagship report on EAP non-performing loans (NPL) resolution.

On July 16, 2021, the Seoul Center co-organized “IFIGS-WB Webinar: Navigating the Way Forward for the Last-Resort Protection to Policyholders” with the International Forum of Insurance Guarantee Scheme (IFIGS) that KDIC served as Chair of in 2021. More than 250 participants across 45 jurisdictions, including 78 participants from IFIGS member institutions, attended the webinar to explore the



value of IGSs and learn about the actual practices of IGSs in the resolution framework. Yanggi Cho, Chair of IFIGS and Executive Director of the KDIC, gave the opening remarks for the webinar. The introductory session was presented by Serap Oguz Gonulal, Lead Financial Sector Specialist from the World Bank, focusing on the prospects of the global insurance market. In the first session, Lawrie Savage, a World Bank Senior Financial Supervision Expert, provided an engaging talk on the implications of IGSs for supervisory philosophy. Alister Campbell, President and CEO of Property and Casualty Insurance Compensation Corporation (PACICC) and Second Vice Chair of IFIGS, discussed the underlying rationale for an IGS and introduced the IFIGS Framework Guidance. Sameer Goyal, Program Manager of the Seoul Center at that time, moderated the webinar. Building on the success of this webinar, the Seoul Center plans on publishing a report on the IGS for designing effective policyholder protection programs by June 2022.

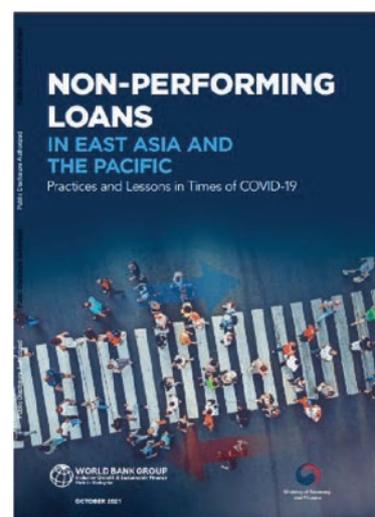
On December 14, 2021, the Seoul Center hosted “Financial Sector Cybersecurity Webinar Series 1: Financial Sector Cybersecurity Risks and Preparedness.” This first event introduced the global and regional cybersecurity trends of threats, risks, and challenges; their importance to the financial sector; and the efforts of various players to build cyber resilience in the financial



sector. William Zhang, Senior IT Officer from the World Bank, Dr. Scott Flower, Global Intelligence Officer (APAC) from Financial Services Information Sharing and Analysis Center (FS-ISAC), and Natsuko Inui, Regional Director (Japan) from FS-ISAC, shared their views on the challenges of

financial sector cybersecurity from the global perspective. Jinyoung Jeong, Senior Researcher from the Financial Security Institute (FSI), presented a sectoral point of view from Korea. Yejin Carol Lee, Senior Financial Sector Specialist from the World Bank, and Pinyo Treepetcharaporn, Director from Bank of Thailand, shared a regulator’s experience on building a cybersecurity framework. The webinar was attended by 93 participants from 11 jurisdictions. In February 2022, the Seoul Center plans to hold the second webinar on financial sector cybersecurity strategy and preparedness analysis. Following these two webinars, a survey on the financial sector and cybersecurity preparedness for the EAP region will be conducted in 2022.

In collaboration with the World Bank Inclusive Growth and Sustainable Finance Hub in Kuala Lumpur, Malaysia, the Seoul Center had been working on NPLs in the EAP region to provide policy implications for EAP regulators, especially taking into account the COVID-19 pandemic. On October 24, 2021, the “Non-Performing Loans in East Asia and the Pacific Report” was launched. The launch event was attended by more than 200 policymakers and experts. The report mainly discusses practices prior to the COVID-19 era, the exceptional measures adopted in response to the pandemic, instruments available for NPL resolution, and related challenges. Since its launch, the report has been downloaded over 700 times. Acknowledging the importance of enabling a legal environment for NPL resolution, the Seoul Center will organize an EAP regional workshop related to SMEs regulatory and insolvency frameworks in April 2022.



*Link to the report: [bit.ly/NPLReport](https://bit.ly/NPLReport)*

As of December 31, 2021, many planned activities are in progress. In addition to the IGS paper, cybersecurity survey, and EAP regional NPL and insolvency workshop under preparation, the Seoul Center expects there will be more visible outputs to come in 2022, such as the financial sector cybersecurity preparedness survey for the EAP region, forward-looking financial sector indicators in select EAP countries, and rolling back of regulatory forbearance measures.

## *PRIVATE SECTOR DEVELOPMENT*

The FCI Seoul Center Innovation and Competitiveness Program ASA FY22-23 supports diagnostics and research on key areas of importance for developing private sector systems and related institutional capacity building. The focus is on the EAP region, with knowledge activities being extended to the global audience.

It is critical for developing East Asian economies to upgrade their productivity and firms' innovation performance, as well as their innovation policy capabilities. Policymakers in these countries need to adopt an incremental approach to upgrading capabilities at the firm and innovation policy stakeholders level. If adapted to fit local conditions, this effort could benefit from recent experiences and knowledge generated (successes and failures) in Korea. Knowledge sharing, partnerships, and capacity building by Korean institutions could bring much needed knowledge and expertise to this process. This represents an opportunity for learning from the Korean experience in growing leading firms and industries, reorienting its policy focus towards smaller firms and entrepreneurs, and efforts to build related institutional and organizational capabilities. Through this PASA, the World Bank will attempt to match the demand for enterprise innovation and innovation policy expertise in developing East Asian economies with the supply of Korean expertise, experience, and lessons captured through its rigorous analytics and partnership building experience.

The objective of this PASA is to improve private sector innovation, competitive performance, and related institutional capabilities in EAP and other client countries through generation and provision of knowledge, targeted technical assistance and advisory services, and knowledge transfer and capacity building.

The Seoul Center has responded to the various challenges and emerging issues caused by the COVID-19 pandemic through programs set up under Phase 3.0. For example, the Seoul Center organized an Innovation Policy in the Post-COVID World Webinar Series exploring how the pandemic is redefining the role of innovation policy in catching-up economies. The webinars series featured leading global and Korean experts discussing key issues such as global value chain (GVC) transformation and smart manufacturing. The series will continue through 2022 to cover additional topics such as entrepreneurship policy, technology sovereignty, and digital platform economy.

In addition, the Seoul Center has launched several research activities focused on capturing Korea's policy experience in developing private sector innovation and competitiveness for the purpose of sharing with emerging and catching-up economies. These knowledge notes attempt to capture Korea's policy experience in developing its entrepreneurial ecosystem, developing early-stage

venture finance, improving industrial energy efficiency, and implementing digital dissemination policies and initiatives. In addition to knowledge generation activities, the Seoul Center has responded to requests from country teams for sharing specific policy reform experiences. One example is a request by the Chilean government to share Korea's policy experience in decentralizing its SME support mechanisms.

**FIGURE 4** Innovation Policy in the Post-COVID World Webinar Series

The figure displays two promotional posters for a webinar series. Both posters are blue and white with the World Bank Group logo at the top left. The left poster is for the 'Kick-off Webinar' on November 22, 2021, at 7:00 AM EST. The right poster is for 'Webinar #2' on December 15, 2021, at 7:30 AM EST. Both posters list the host as FCI EAP Seoul Center for Finance and Innovation and Firms, Entrepreneurship and Innovation Unit. The left poster's title is 'NEARSHORING AND RESHORING OF GVCs: IMPLICATIONS FOR INNOVATION POLICIES' and lists speakers Keun Lee, Mary Hallward-Driemeier, and Moderator Aadiya Mattoo. The right poster's title is 'MANUFACTURING IN A DIGITALLY ACCELERATED WORLD: INNOVATION POLICY IMPLICATIONS FOR CATCHING UP ECONOMIES' and lists speakers William B. Bonvillian, Sunghoon Chung, and Moderator Ndiame Diop.

A webinar series that discusses the specific challenges brought about by the pandemic and its implications for innovation policy, as well as how they are met by developed and emerging economies, the series aims to inform policymakers, practitioners, other World Bank teams, and experts to adopt innovation policies post-pandemic.

Link to recordings: <https://olc.worldbank.org/content/innovation-policy-the-post-covid-world-webinar-series-0>





ABOUT THE SEOUL  
CENTER KOREA TRUST  
FUND SUPPORTED  
COUNTRY PROGRAMS  
IN PROGRESS



## OVERVIEW

The COVID-19 pandemic created many challenges for FCI EAP country teams implementing Country Programs during 2021. Most of the activities related to the Country Programs were delivered virtually, as in-person gatherings were limited or prohibited. For this reason, some technical assistance requiring hands-on, face-to-face support could not be delivered. Indeed, even with the virtual support that was delivered, the Seoul Center and local country teams faced challenges with regard to coordinating time differences, depending on where staff were located.

Notwithstanding these disruptions, the Seoul Center made tangible progress in supporting Country Programs. For Cambodia, Lao PDR, Mongolia, the Pacific Islands, and Vietnam, the Seoul Center made a special effort to support and improve each countries' financial sector development. Two Disruptive Technologies for Development (DT4D) programs for India and Indonesia were also initiated. In the wake of Myanmar's coup in 2021, the "Scaling Up Financial Services for the Poor" program for Myanmar was canceled.



## CAMBODIA

### FINANCIAL SECTOR DEVELOPMENT TECHNICAL ASSISTANCE

**GRANT AMOUNT:** \$700,000

**PROJECT DURATION:** September 2019–June 2021

#### PROJECT OBJECTIVE

The PASA supported the Royal Government of Cambodia's (RGC) financial sector agenda as outlined in the National Strategic Development Plan 2019-2023 and the Financial Sector Development Strategy 2016-2025. More specifically, the PASA enhanced the regulatory and supervisory framework for both banks and non-bank financial institutions to not only increase access, depth, and innovation in financial markets but also strengthen risk-based supervisory regimes on Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT). In addition, it assisted payment system reforms in reducing the cost of financial intermediation and improving market efficiency. Thus, the development objective of this programmatic approach was to promote a sound, stable, sustainable, inclusive, and efficient financial sector reflecting Cambodia's vulnerable financial situations stemming from the developing capacity of regulators. The program was designed in consultation with the authorities and included three pillars of activities:

- Enhancing and maintaining financial stability,
- Increasing financial system efficiency, and
- Promoting financial inclusion and consumer protection.

## PROGRESS

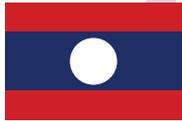
The World Bank team continued its technical assistance to the National Bank of Cambodia (NBC) to develop a strategic approach to reforming the National Payments System (NPS) and the NPS Development Roadmap. With the World Bank team's support, the international remittances assessment was completed in line with the "Review of the Market for International Remittances in Cambodia" delivered in 2020. This technical assistance was for ameliorating the efficiency of the remittance services in Cambodia and lowering the cost of remittances to levels comparable with peer countries in the region.

With respect to the insurance sector, the World Bank team provided full support on the development of the Motor Third Party Liability (MTPL) Insurance Framework and an actuarial methodology for MTPL insurance premiums and reserves. From April 19-23, 2021, with strong support from the World Bank team, the Cambodia Financial Sector Development PASA conducted a virtual study mission to Korea that has a well-recognized and sophisticated MTPL insurance system. The objectives of this virtual study visit were (1) to gain a better understanding of how Korea's compulsory MTPL insurance, known as Compulsory Auto Liability or CALI, has been efficiently, effectively, and comprehensively structured to protect and compensate policyholders, (2) to discuss the regulatory and supervisory approach of the MTFP system including its enforcement, (3) to understand the institutional arrangements and the roles of each relevant authority, (4) to understand the pricing methodologies, and (5) to gain insights and useful experiences on the collection, monitoring, and usage of the MTPL insurance data and on the current infrastructure of the MTPL's data center. There were 11 officials from Non-Bank Financial Services Authority, Ministry of Economy and Finance, and Insurance Association of Cambodia actively participating in this virtual study mission. In addition, the World Bank team conducted several capacity-building programs for public consultation with key stakeholders in both the public and private sectors including insurance companies, listed companies, and securities firms. The number of MTPL policyholders rose from a baseline of 39,000 in 2019 to 50,000 in June 2021, the time of the Cambodia financial sector project's completion.

In addition, the World Bank team provided extensive hand-holding training to enhance risk-based supervision regimes for AML/CFT compliance in financial and non-financial sectors including casinos and real estate. The team started from analyzing the new Law on AML/CFT 2020, interpreting the legal provision, translating to the supervisory tools, and implementing these tools during the off-site and on-site examinations of all high risked casinos in 2021.

## **MOVING FORWARD**

In light of the success of this PASA, the key financial regulators, namely NBC, Cambodia Financial Intelligence Unit (CAFIU), and Ministry of Economy and Finance (MEF), have requested the World Bank's technical assistance to support their effort in maintaining financial resilience, increasing financial inclusion, and enhancing efficiency in the national financial system. The RGC also requests technical support to build strong institutional capacities at its newly established agencies, namely SME Bank of Cambodia, Credit Guarantee Corporation of Cambodia (CGCC), and Non-Bank Financial Service Authorities (NBFSA). With the Seoul Center for Finance and Innovation's support, the World Bank team continues to assist the RGC in further developing its financial system in the country to support the high economic prospect of Cambodia.



## LAO PDR

### FINANCIAL SECTOR DEVELOPMENT

**GRANT AMOUNT:** \$1,000,000

**PROJECT DURATION:** July 2019–December 2022<sup>4</sup>

#### **PROJECT OBJECTIVE**

The development objective of this KTF-funded PASA is to support financial sector development in Lao PDR as outlined in the government's National Economic Development Plan. As of 2021, the reforms in the financial sector are mainly concentrated on supporting the banking sector supervision/ legal framework through the development of the Early Warning System (EWS) and secondary regulations for the Commercial Banking Law (Prompt Corrective Action (PCA) and problem bank resolution). In addition, the KTF helped strengthen the capacity of the Payment Systems Department, modernizing the insolvency framework; and financed technical assistance for the Deposit Protection Office (DPO) under the Financial Safety Net Project (FSNP), a US\$35 million Investment Project Financing project approved in March 2020. The TA aims to support the DPO to complete performance-based conditions (PBCs) under the project. The PBCs, in turn, represent critical reforms designed to strengthen the DPO's ability to carry out its deposit insurance mandate.

#### **PROGRESS**

As of December 2021, the FSNP project had satisfactorily completed three of the 21 PBCs and facilitated the disbursement of US\$6.16 million into the deposit insurance reserve fund. The three reforms include:

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<sup>4</sup> This grant for the Lao PDR financial sector development has been extended until December 31, 2022.

- Adoption of a Code of Ethics to improve the DPO's corporate governance;
- Adoption and implementation of an MOU between Bank of Lao PDR (BOL) and the DPO on information sharing; and
- Development and adoption of new regulations on adjusted premiums.

The implementation of the Memorandum of Understanding between BOL and DPO has put in place the structure and flow of information between the two agencies. It allows the DPO to evaluate risks in the system and anticipate possible bank failures. Even at this early stage of implementation, the 'results-based; project design has incentivized the DPO to be more proactive in undertaking reforms to address the various gaps identified in the assessment against international deposit insurance principles.

Moreover, the KTF supported several workshops that were instrumental in achieving these reforms. The KTF also financed technical assistance for an EWS for the Banking Supervision Department, which is expected to be finalized by May 2022; virtual training sessions on regulatory sandboxes and cross border payment in the payment systems; e-learning program for judges and insolvency administrators; and translation of key regulations to facilitate the AML/CFT Mutual Evaluation.

DPO was planning to collaborate with a Korean partner to conduct DPOs public awareness strategy (a PBC under this project); however, the preparation of this strategy has been delayed due to the COVID-19 pandemic. The World Bank is also preparing to launch an activity to strengthen the capacity of regulators and preparers in support of the country's transition to International Financial Reporting Standards (IFRS). In addition, following the approval of the bankruptcy law in 2020, the World Bank is preparing to launch an activity focused on secondary regulations and training of judges/other professionals. This has been delayed due to a restructuring in Ministry of Justice.

### **MOVING FORWARD**

Given the country's pressing economic challenges from the COVID-19 pandemic and underdevelopment, priority engagement supported by the KTF will continue to build fundamental institutional capacity in critical regulatory and supervisory areas, while at the same time strategically pursuing innovation opportunities. The World Bank team will continue providing support to BOL, DPO, and AMLIO in completing the planned activities under the financial stability pillar and payments systems.

Four additional PBCs, including the regulations on PCA and problem bank resolution, are expected to be delayed beyond the April 29, 2022 deadline. Much progress has been made in advancing these PBCs, but the government is still unlikely to meet the deadline despite a strong commitment.



## MONGOLIA

### FINANCIAL SUPPORT TECHNICAL ASSISTANCE

**GRANT AMOUNT:** \$1,500,000

**PROJECT DURATION:** February 2020–June 2022

#### PROJECT OBJECTIVE

The program development objective is to support Mongolian authorities to advance financial sector stability through:

- Monitoring developments in the banking sector, including early signs of stress;
- Provide technical assistance and policy advice to the Bank of Mongolia (BOM) on addressing banking sector weaknesses;
- Help to address AML/CFT deficiencies;
- Further strengthen the financial safety net;
- Conduct analytical work;
- Support fostering innovation in payments;
- Further reform the subsidized mortgage program and securitization legal framework; and
- Support the reform of the Development Bank of Mongolia (DBM).

#### PROGRESS

The World Bank team prepared a detailed and comprehensive list of indicators on Mongolian banks' performance, risks, and financial conditions quarterly for the BOM. Furthermore, support to the Government of Mongolia (GOM) for the National Risk Assessment (NRA) on money laundering (ML) and terrorism financing (TF) was provided. Mongolia drafted an NRA report. Based on the NRA findings, Mongolia drafted an action plan aimed to address the ML and TF risks identified.

Moreover, training and capacity building provided to support the establishment of supervision and regulation of virtual assets and service providers (VASPs) resulted in enactment of a new law to supervise and regulate VASPs in December 2021. Furthermore, there was a formal designation of supervisory authority for VASPs (Financial Regulatory Commission).

To strengthen the deposit insurance sector, the World Bank team delivered a workshop in March 2021 on managing receivership assets given the Deposit Insurance Corporation of Mongolia's (DICOM) anticipation that its mandate would be expanded to include such work. The team prepared the ground for development of the terms of reference, and identified experts to work remotely with the DICOM on the development of a risk-based premium system and to progress a public awareness policy.

With respect to innovative payments in Mongolia, the World Bank team continued to aid the BOM on payment systems reforms during Q4 2021. A draft pertaining to the National Payments System Strategy 2022-2026 was finalized. The World Bank has also been supporting the BOM in advancing their initiative aiming to make QR code for payments standard and interoperable. The team provided guidance to the BOM on the process leading to implementation of this initiative and steps needed to achieve the objective.

In addition, the WB team continued with policy dialogue and provided technical assistance via virtual meetings to the Ministry of Finance (MOF) and the Ministry of Construction and Urban Development (MCUD) and supported the transition of housing finance related responsibilities from MOF to MCUD. The WB team supported the MOF in drafting the TORs for hiring national experts to support the Housing Mortgage Program (HMP) reform agenda. A subsequent remote meeting had been done with the MCUD team and BOM team in November and December 2021.

## **MOVING FORWARD**

Owing to the COVID-19 pandemic, all required data collection to advance a model for targeted fund calculations was postponed. The next steps will be to re-estimate the model and provide a revised estimate of the target fund ratio, and then support the DICOM to develop a policy and an action plan. Follow-up work in the AML/CFT sphere will be based on the NRA Action Plan, once formally adopted, and will focus on areas identified as presenting high ML/TF risks.

The NPS Strategy will now undergo internal review and clearances within the BOM, aiming to issue the Strategy as early as possible in 2022. The World Bank team is finalizing a report reviewing technical solutions to achieve standardization and interoperability of QR code for payments in Mongolia, which is planned to be delivered to BOM in January 2022.



## PACIFIC ISLANDS

### COVID-19 AND FINANCIAL STABILITY— EMERGING RISKS AND VULNERABILITIES IN THE PACIFIC ISLANDS

**GRANT AMOUNT:** \$250,000

**PROJECT DURATION:** July 2021–June 2022

#### PROJECT OBJECTIVE

The development objective of the Pacific Islands (PICs) financial sector PASA is to support the development of a stable, resilient, and inclusive financial system in the Pacific Island Countries. This will be achieved through an integrated approach including:

- Assisting the design and implementation of government policies and programs; and
- Strengthening the capacity of various counterpart institutions through continued policy dialogue, knowledge exchange and on-demand technical assistance.

Technical assistance will include knowledge sharing, on-demand technical assistance, as well as confidential reports—including benchmarking of financial indicators—to be submitted to the PICs that participate in the exercise. Six deep-dive policy notes will be drafted on topics agreed to with the prudential authorities and central banks and arising from the PIC vulnerability assessments. The topics will be linked to the COVID-19 operational environment. These notes are intended to assist financial sector authorities in further strengthening their capacity to promote financial system stability in the wake of the COVID-19 pandemic. Although the notes will draw on the financial stability impact of the pandemic, the issues considered in the notes will be of a broader nature and designed to help the authorities in the region enhance their

financial system surveillance and supervisory capacity and to better equip them to respond to periods of financial system stress. The policy notes will be tailored to the needs of the PICs, with regard to the capacity and technical assistance needs identified by the authorities in the region. The Seoul Center KTF will support this pillar of work covering financial sector monitoring and rapid response technical assistance to support financial sector stability in the Pacific.

## **PROGRESS**

The World Bank team has planned six deep-dive policy notes in the context of COVID-19 and financial stability during the project duration. In 2021, two deep-dive policy notes were drafted. One is about financial sector surveillance; the other is about the interaction and tension between macro and micro prudential policy during COVID-19 and how these should be utilized to address risks and vulnerabilities. These will be bundled and published with the remaining, planned deep-dive notes. In addition, two knowledge events with micro-prudential financial supervisors were held. One event was for financial sector surveillance following COVID-19, and the other was for trade-offs between macro and micro prudential policy objectives in times of stress. In respect to the financial stability pillar of the PASA, financial sector monitoring is going well, and a workshop with eight financial sector supervisors in the regions was held to discuss the first paper on financial sector surveillance.

## **MOVING FORWARD**

The World Bank team will publish four more deep-dive notes by June or July 2022. Workshops on the stress testing framework with Bank of Fiji, early intervention, and financial safety nets are scheduled in March and April 2022.



## VIETNAM

### FINANCIAL INCLUSION AND AML/CFT TECHNICAL ASSISTANCE

**GRANT AMOUNT:** \$850,000

**PROJECT DURATION:** April 2021–December 2022

#### **PROJECT OBJECTIVE**

The program development objective is to support the design and implementation of key policy and regulatory reforms in the financial inclusion arena, build the capacity of key counterparts, and support AML/CFT reforms. The COVID-19 pandemic threatened inclusive financial sector development, as many people may be falling back into poverty. On the back of Vietnam's National Financial Inclusion Strategy (2021), support shifted to implementation of the strategy, including broadening the payment services and digitalization of financial services, and continued support for enhancements to AML/CFT good practices. The development objective will be achieved through technical assistance, analytical work, and advisory services to the State Bank of Vietnam (SBV), Ministry of Education and Training (MoET), Ministry of Public Security, and other stakeholders.

#### **PROGRESS**

The World Bank team provided comprehensive comments on the draft strategy for the development of Vietnam's payment system to 2025, with a vision to 2030. The draft benefits from the past World Bank supported assessment of the national payments system in Vietnam, and comprehensively covers the core components of the National Payments System (NPS), taking into account international best practices. The strategy is expected to be approved in April 2022.

In the financial literacy component, the World Bank team, in consultation with the Curriculum

Development Board of MoET, developed a Framework for Financial Literacy based on OECD core competencies framework to inform curriculum development, textbook writing, textbook appraisal, and teacher training. In Q4 2021, the World Bank team delivered a detailed set of criteria and indicators for the effective embedding of financial literacy in textbooks. The documents were well received and appreciated by MoET, and are being provided to textbook writers and reviewers for the development and approval of new textbooks. Together with past World Bank support guidebooks for six learning subjects, the deliverables set the foundation for the development of a training module for teachers later in the program.

### **MOVING FORWARD**

Vietnam's country program was initiated in April 2021: in-person gatherings or seminars have been limited due to the COVID-19 pandemic. As the situation improves, animated interactions are expected to achieve their true goal for Vietnam's financial stability and development.

In 2022, many activities will resume in full, such as training for NRA updates in March and April; support for the first National Financial Inclusion Steering Committee meeting and operation (including M&E activities); technical assistance for National Payment Corporation of Vietnam (NAPAS) and Vietnam Bank for Social Policy (VBSP); and support for payment activities (law drafting and surveillance).



# DISRUPTIVE TECHNOLOGIES FOR DEVELOPMENT (DT4D)

**GRANT AMOUNT:** \$300,000

**PROJECT DURATION:** October 2021–March 2023

## **PROJECT OBJECTIVE**

Two projects: Business Enterprise Technology for Indian women (BETI) and Connecting Communities and Local Governments to co-create Circular Economy Approaches in Indonesian Cities were implemented as part of the DT4D. The BETI project unlocks the potential of female entrepreneurs, improve their business productivity through the use of emerging and disruptive technology, help them gain improved access to finance, and introduces a novel way of operating in India. The pilot will use technology solutions to assist women-owned/ led micro enterprises in India with digital book-keeping and sound accounting practices. By promoting women entrepreneurs' interests, the technology solution will further foster the increased use of digital financial services and help bridge financial inclusion gaps in the country. Connecting Communities and Local Governments to co-create Circular Economy Approaches in Indonesian Cities integrates biodiversity and climate-smart management into the preparation of development plans and priority capital investments of participating cities, including financing modalities.

## **PROGRESS**

The first stage of the BETI pilot emphasized sample identification, prototype customization, and planning. This included data collection to figure out the appropriate sub-sample of Self-Employed Women's Association (SEWA) entrepreneurs to participate in the pilot, and follow-up interview to help contextualize the existing prototype within their business context. This phase also concentrated on the onboarding of key stakeholders, coaches, and consultants. Simultaneously, the BETI team worked with other World Bank teams on the development of the

prototype supporting the streamlined development of the pilot, ensuring the project is contracted and designed in such a way that this initial investment can be leveraged for the BETI pilot. Current progress includes the contracting of a firm to assist in research on the potential of tech enabled enterprise management solutions to help women entrepreneurs manage and grow their businesses. The firm will evaluate the value-add of different features and analytics reports that specifically meet the needs of women entrepreneurs, improve their adoption of such digital tools, and aid them in managing and growing their businesses.

The KTF grant for the Connecting Communities and Local Governments project was made on October 1, 2021. Progress to date includes development of the terms of reference in collaboration with the EAP Tech and Innovation Lab teams to assist the new module for the CollabData platform; and prototyping the natural language processing features, which are lacking in the current Collab APP to analyze textual data. The platform is able to quantify numbers and other types of quantifiable data. But given that the purpose of this grant is to have a sense of what people are thinking about a public space or how they want to improve it and for what being able to analyze textual data is paramount.

#### **MOVING FORWARD**

BETI pilot implementation is in its second phase. SEWA staff will support user engagement, research, and product rollout throughout the pilot. Phase 2 (November 2021–April 2022) will focus on developing and user-testing the adjusted prototype and onboarding/ training materials for the Indian context with the target subsample. Phase 3 (April 2022–June 2022) will stress adjusting the existing APP to contextualize the features for the BETI pilot.

With regard to Connecting Communities and Local Governments to co-create Circular Economy Approaches in Indonesian Cities, stage 1—development of the new module for the digital platform—will continue; and stage 2—development and testing—will be launched. A combination of the remaining activities on both development and testing will be conducted by an external firm.



# IV

## TRUST FUND FINANCIALS



## 2021 TRUST FUND FINANCIAL HIGHLIGHTS

### TRUST FUND FINANCIAL SUMMARY

**TABLE 3** Trust Fund Financial Summary

(USD)	TF071872 <sup>5</sup> 06/25/2012 (date of inception) to 12/31/2021	TF072685 08/31/2016 (date of inception) to 12/31/2021
<b>Cash Contributions</b>	13,079,649	21,787,061
<b>Investment Income<sup>6</sup></b>	210,983	307,316
<b>Total Receipts</b>	<b>13,290,632</b>	<b>22,094,376</b>
<b>DISBURSEMENTS</b>		
<b>Project Direct Costs Disbursed by WBG</b>		
Staff Costs (Incl. Benefits)	(6,771,764)	(5,418,369)
ETC/ETT Costs	(77,746)	(39,109)
STC/STT Costs	(2,985,086)	(1,992,367)
<b>Total Personnel Costs</b>	<b>(9,834,596)</b>	<b>(7,449,845)</b>
Travel expenses	(2,298,084)	(890,371)
Airfare rebate	2,694	0
Media workshop	(257,888)	(132,257)
Contractual services	(31,353)	(28,112)
Other direct costs	(181,751)	(229,743)
<b>Total Project Disbursements</b>	<b>(12,600,978)</b>	<b>(8,730,329)</b>
<b>Non-Project Disbursements</b>		
Administrative fees and expenses	(688,982)	0
<b>Total Non-Project Disbursements</b>	<b>(688,982)</b>	<b>0</b>
<b>Total Disbursements</b>	<b>(13,289,960)</b>	<b>(8,730,329)</b>
<b>FUND BALANCE</b>		
Beginning of period	0	0
End of period	672 <sup>7</sup>	13,364,047
<b>Allocated but Undisbursed</b>	0	(3,108,784)
<b>Funds Available for New Grant</b>	<b>672</b>	<b>10,255,264<sup>8</sup></b>

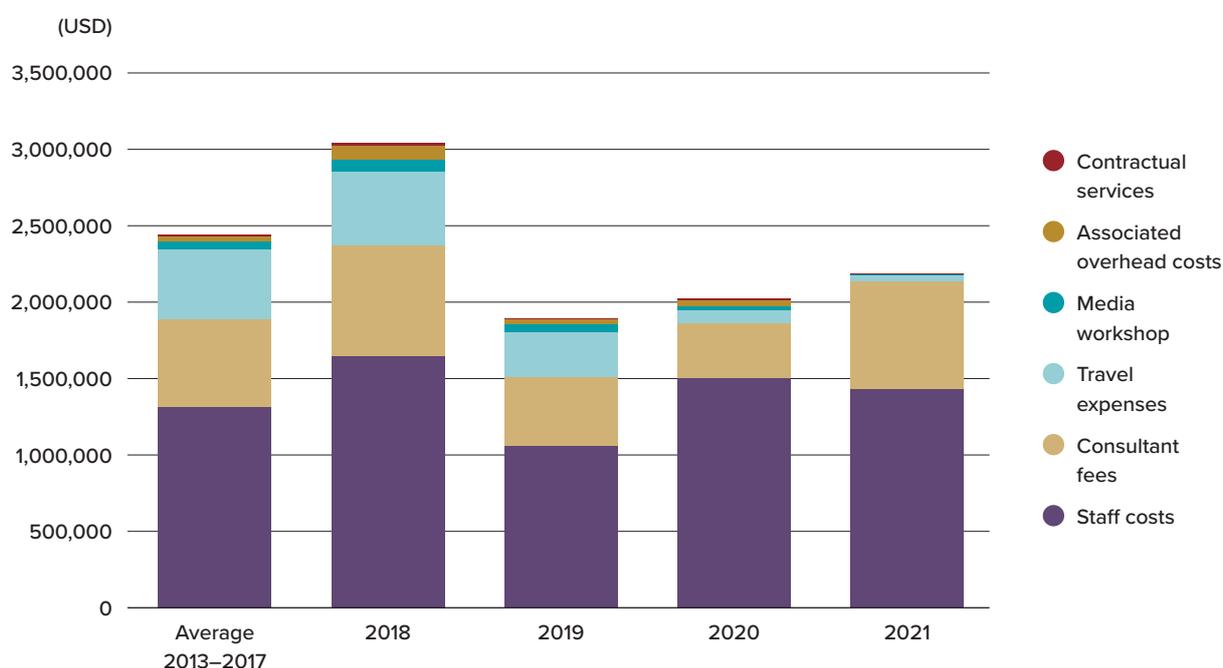
<sup>5</sup> TF071872 (The Poverty Reduction & Socio-Economic Development Trust Fund II) has been legally closed as of 28 February 2022.

<sup>6</sup> Investment income from this trust fund is credited to TF072685 (Poverty Reduction and Socio-Economic Development Trust Fund II - Parallel to TF071872) in accordance with administration agreement(s) and hence forms part of the fund balance.

<sup>7</sup> This amount has been refunded to the donor and there is zero balance in March 2022.

<sup>8</sup> Five proposals to support work in Cambodia, Indonesia, and the Philippines were submitted in December 2021 for approval in 2022. The grant allocation and disbursement are expected to be ramped up in 2022.

**FIGURE 5** Disbursement by Calendar Year

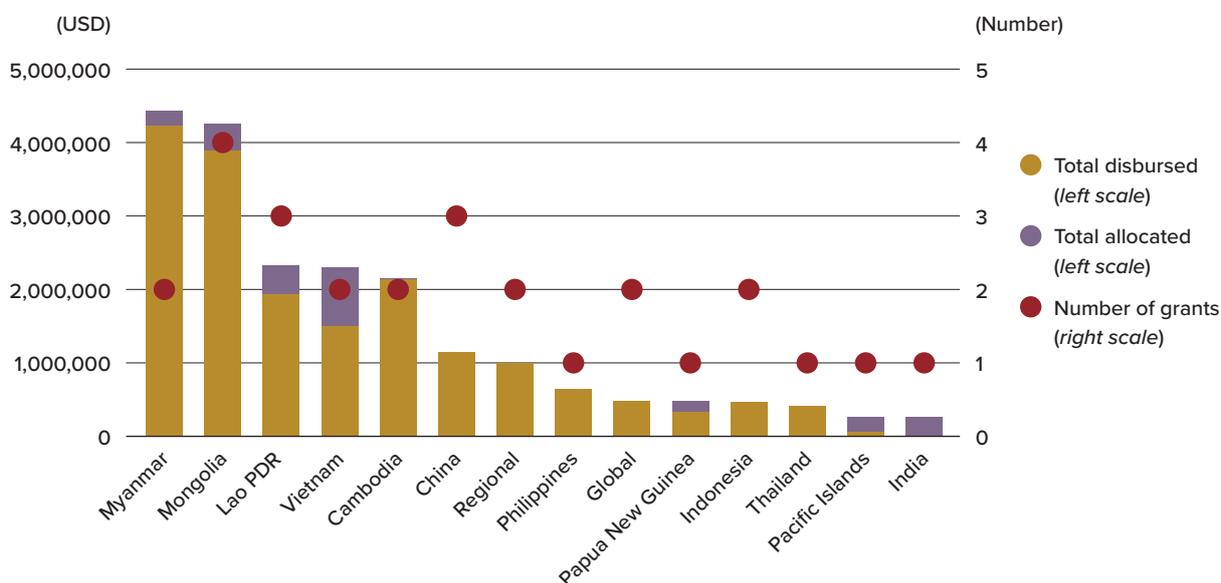


**TABLE 4** Seoul Center Costs 2013-21

CATEGORY (USD)	2013-2017 CUMULATIVE	2018	2019	2020	2021	CUMULATIVE DISBURSEMENT
Staff costs	6,554,098	1,647,617	1,057,294	1,497,977	1,427,162	12,184,148
Consultant fees	2,854,651	725,100	451,151	361,517	707,875	5,100,294
Travel expenses	2,314,764	482,683	296,861	89,646	38,408	3,222,362
Media workshop	238,919	74,798	51,257	23,082	1,808	389,864
Associated overhead costs	195,916	96,343	29,176	41,516	2,090	365,041
Contractual services	38,820	15,755	4,197	6,274	4,555	69,601
<b>Total</b>	<b>12,197,167</b>	<b>3,042,296</b>	<b>1,889,935</b>	<b>2,020,011</b>	<b>2,181,898</b>	<b>21,331,307</b>

## GRANTS ALLOCATED AND DISBURSED

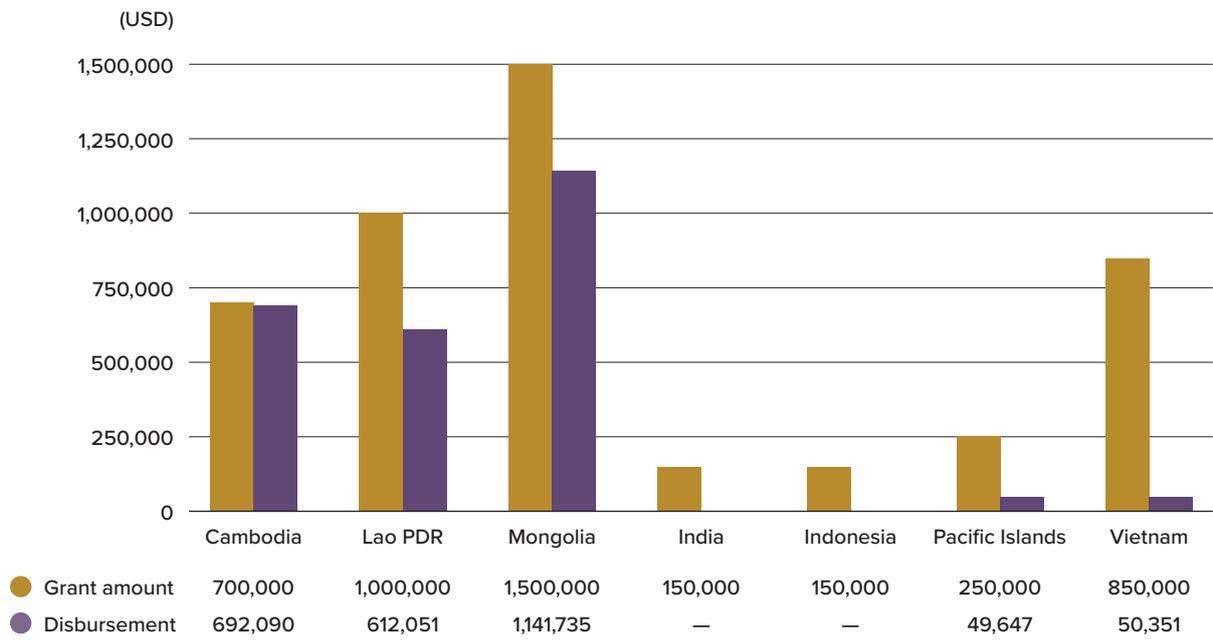
**FIGURE 6** Disbursement by EAP Country



**TABLE 5** Percentage of Funding Allocated per EAP Country

COUNTRY	NUMBER OF GRANTS	TOTAL FUNDING ALLOCATED (USD)	SHARE	DISBURSEMENT TOTAL (USD)	SHARE
Myanmar	2	4,429,770	22%	4,229,770	23%
Mongolia	4	4,247,909	21%	3,889,200	21%
Lao PDR	3	2,319,899	11%	1,931,950	11%
Vietnam	2	2,285,867	11%	1,486,218	8%
Cambodia	2	2,142,599	10%	2,134,689	12%
China	3	1,143,654	6%	1,143,654	6%
Regional	2	988,532	5%	988,532	5%
Philippines	1	624,712	3%	624,712	3%
Papua New Guinea	1	474,661	2%	474,661	3%
Indonesia	2	464,063	2%	314,063	2%
Global	2	448,178	2%	448,178	2%
Thailand	1	399,282	2%	399,282	2%
Pacific Islands	1	250,000	1%	49,647	0%
India	1	150,000	1%	-	0%
<b>Grand Total</b>	<b>27</b>	<b>20,369,126</b>	<b>100%</b>	<b>18,114,556</b>	<b>100%</b>

**FIGURE 7** Active Grants: Allocation and Disbursement



## GRANTS TO-DATE (2021)

**TABLE 6** Seoul Center Phase 1 (April 2012–December 2017) Funding Allocations

COUNTRY	GRANT NAME	STATUS	IMPLEMENTATION PERIOD	GRANT AMOUNT (USD)	DISBURSEMENT (USD)
<b>China</b>	China Financial Reform Strategy Report	Closed	March 2013–February 2014	469,715	469,715
<b>Indonesia</b>	Indonesia Crisis Simulation Framework	Closed	March 2013–March 2014	314,063	314,063
<b>China</b>	China Financial Consumer Protection and Financial Literacy	Closed	May 2013–August 2015	456,756	456,756
<b>PNG</b>	TA to Implementing PNG Financial Competency Survey	Closed	July 2013–November 2015	474,661	474,661
<b>Thailand</b>	Thailand: Solvency Modernization and Risk-Based Capital Project	Closed	Jul 2013–May 2015	399,282	399,282
<b>Mongolia</b>	Mongolia Capital Markets Development	Closed	September 2013–August 2016	366,321	366,321
<b>Regional</b>	East Asia Regional Financial Integration	Closed	January 2014–October 2015	385,115	385,115
<b>China</b>	Evaluation of Financial Consumer Education in China	Closed	March 2014–September 2016	217,183	217,183

COUNTRY	GRANT NAME	STATUS	IMPLEMENTATION PERIOD	GRANT AMOUNT (USD)	DISBURSEMENT (USD)
<b>Regional</b>	National Risk Assessment ASEAN	Closed	May 2015–December 2018	603,417	603,417
<b>Global</b>	Basel Pillar 2 Implementation Toolkit	Closed	October 2015–June 2018	305,807	305,807
<b>Myanmar</b>	Myanmar: Scaling Up Financial Services for the Poor	Closed	October 2015–December 2018	3,649,423	3,649,423
<b>Cambodia</b>	South East Asia: Financial Sector Development PA	Closed	January 2016–December 2019	1,442,599	1,442,599
<b>Mongolia</b>	Mongolia - Financial Sector Development Support PA	Closed	May 2016–October 2018	1,920,000	1,919,556
<b>Philippines</b>	PH Financial Development and Inclusion	Closed	September 2016–May 2020	624,712	624,712
<b>Vietnam</b>	Vietnam Capital Markets and NBFIs Development	Closed	November 2016–August 2018	1,435,867	1,435,867
<b>Lao PDR</b>	South East Asia: Financial Sector Development PA	Closed	December 2016–October 2018	800,000	800,000
<b>Global</b>	Case Studies on De-Risking	Closed	March 2017–August 2018	142,371	142,371
<b>Total</b>				<b>14,007,292</b>	<b>14,006,848</b>

**TABLE 7** Seoul Center Phase 2 (January 2018–June 2020) Funding Allocations

COUNTRY	GRANT NAME	STATUS	IMPLEMENTATION PERIOD	GRANT AMOUNT (USD)	DISBURSEMENT (USD)
<b>Mongolia</b>	Mongolia Financial Sector Development Program	Closed	August 2018– June 2019	461,589	461,589
<b>Lao PDR</b>	South East Asia: Financial Sector Development PA	Closed	October 2018– December 2020	519,899	519,899
<b>Lao PDR</b>	Lao PDR Financial Sector Development ASA Program	Active	July 2019– May 2022	1,000,000	612,051
<b>Cambodia</b>	Cambodia Financial Sector Development TA	Closed	September 2019– June 2021	700,000	692,090
<b>Mongolia</b>	Mongolia Financial Sector Support TA	Active	February 2020– June 2022	1,500,000	1,141,735
<b>Myanmar</b>	Myanmar: Scaling Up Financial Services for the Poor	Cancelled	September 2018– March 2021	780,346	580,346
<b>Total</b>				<b>4,961,834</b>	<b>4,007,710</b>

**TABLE 8** Seoul Center Phase 3 (July 2020–Present) Funding Allocations

COUNTRY	GRANT NAME	STATUS	IMPLEMENTATION PERIOD	GRANT AMOUNT (USD)	DISBURSEMENT (USD)
<b>Vietnam</b>	Vietnam Financial Inclusion Support Program	Active	April 2021–December 2022	850,000	50,351
<b>Pacific Islands</b>	COVID-19 Financial Sector Monitoring Pacific Islands	Active	July 2021–June 2022	250,000	49,647
<b>India</b>	DT4D Pilot for BETI	Active	October 2021–March 2023	150,000	-
<b>Indonesia</b>	DT4D Connecting Communities and Local Governments to Co-Create Circular Economy Approaches in Indonesian Cities	Active	October 2021–March 2023	150,000	-
<b>Global</b>	DT4D Program 2.0	Active	November 2021–February 2022	67,000	4,217
<b>Total</b>				<b>1,467,000</b>	<b>104,215</b>

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