



Bangladesh Insurance Sector Development Project (P156823)

SOUTH ASIA | Bangladesh | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2017 | Seq No: 10 | ARCHIVED on 25-Dec-2021 | ISR47514 |

Implementing Agencies: PEOPLE'S REPUBLIC OF BANGLADESH, Insurance Development and Regulatory Authority (IDRA), People's Republic of Bangladesh

Key Dates

Key Project Dates

Bank Approval Date: 20-Mar-2017

Effectiveness Date: 08-Jul-2018

Planned Mid Term Review Date: 12-Oct-2020

Actual Mid-Term Review Date: 12-Oct-2020

Original Closing Date: 31-Aug-2022

Revised Closing Date: 31-Aug-2022

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project development objective is to strengthen the institutional capacity of the regulator and state-owned insurance corporations and increase the coverage of insurance in Bangladesh.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name

Improving the Capacity of the Insurance Development and Regulatory Authority (IDRA) and the Bangladesh Insurance Academy (BIA):(Cost \$30.00 M)
Modernization, Strengthening and Increasing the Efficiency of the State-owned Insurance Corporations:(Cost \$45.00 M)
Project Implementation, Management, and Monitoring:(Cost \$5.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	□ Moderately Satisfactory	□ Moderately Satisfactory
Overall Implementation Progress (IP)	□ Moderately Unsatisfactory	□ Moderately Satisfactory
Overall Risk Rating	□ Substantial	□ Substantial

Implementation Status and Key Decisions

The project was approved by the Board on March 20, 2017 however, it became effective only 16 months after on July 8, 2018. After recruitment of the PIU staff and appointment of the Project Director (PD), project implementation effectively started only in March 2019. At the time of May 2021 mission, out of 21 result indicators, six indicators were fully achieved or overachieved, and the remaining 15 indicators were non-compliant or in progress. The 16-months delay with the launch of the project implementation, the recent COVID-19 disruptions and nearly 6-month delay in awarding one key consultancy contract (now awarded) resulted in significant underperformance and delay in complying with the project results indicators. Nonetheless, the authorities confirmed their commitment to implement the project as designed and meet the project development



objective (PDO), with slight modification requested to the project results framework as part of the restructuring. The Bank team was assured by the PIU and the authorities that the project procurement will be launched before the end of 2021 and fully completed in 1Q-1H2022.

Since the time of the May 2021 mission, per agreement with the Bank, 3 key preconditions for the project restructuring were fully met.

These are (i) signature of the S2-1 international consultancy contract for regulation/supervision consultancy; (ii) selection of a contractor and signature of the contract for the citizens engagement survey S-15, and (iii) launch of IDRA recruitment process for technical/supervisory staff. Based on the above, the Bank will prepare the project restructuring package as discussed during the May 2021 mission and confirmed in the IDRA letters of March 15, 2021 and October 4, 2021.

Per agreement with the authorities, the restructuring will include (i) extension of the project closing date by 18 months from August 31, 2022 to February 28, 2024, and (ii) minor modifications to the project results framework without changing the PDO as theory of change remains relevant and achievable, especially upon extension of the project closing date with the proposed restructuring.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	<input type="checkbox"/> High	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Macroeconomic	<input type="checkbox"/> Moderate	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Sector Strategies and Policies	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Technical Design of Project or Program	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Institutional Capacity for Implementation and Sustainability	<input type="checkbox"/> Substantial	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Fiduciary	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Environment and Social	<input type="checkbox"/> Low	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Stakeholders	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Other	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Overall	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Results

PDO Indicators by Objectives / Outcomes

Project Development Objectives Indicators				
► Adoption and Implementation by IDRA of smart risk-based supervision (Percentage, Custom) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	70.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022



Comments:	IDRA is in the progress of reforming insurance market regulation and supervision framework and adopting risk-based supervision process in line with the best practice.			
► Number of insurance policy holders (life and non-life) (Number, Custom) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	17,000,000.00	24,098,520.00	27,191,922.00	22,000,000.00
Date	31-Dec-2015	14-Jan-2021	31-May-2021	31-Aug-2022

Overall Comments

Despite negative impact of Covid-19 pandemic, the number of insurance policy holders is increasing; use of insurance services was especially important during Covid-19, as the domestic insurance companies and the two state owned insurance companies - JBC and SBC - were at the frontline and were actively participating in mitigation of Covid-19 costs and helping businesses, households and the public sector to cope with the growing costs and share the risks. The project beneficiaries have developed special products to enhance medical/health insurance coverage and streamline life insurance offering to the clients in Bangladesh. Special products were developed for Covid-19 first respondents (doctors, police, firefighters etc), as well as migrant workers. Sale of insurance policies during the lockdowns was constrained by absence of digital products and underdevelopment of digital distribution channels. Hence, the authorities confirmed the growing importance of the project to increase digitalization and technological preparedness of the project beneficiaries to respond to catastrophic events such as Covid-19, as well as enhance their capacity and efficiency to better serve the needs of the clients in the future. Along with development of new insurance services and enhance market regulation and supervision, this will contributed to increased insurance market penetration and growth of insurance policy holders.

Intermediate Results Indicators by Components

Improving the Capacity of the Insurance Development and Regulatory Authority (IDRA) and the Bangladesh Insurance Academy (BIA)				
► Insurance companies follow off-site monitoring templates issued by IDRA (percent of companies) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	57.00	0.00	70.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	The end target envisions that 70 percent of registered insurance companies provide reports to IDRA under the new offsite reporting templates			
► On-site inspections of insurance companies performed annually by IDRA (Number of companies, Custom) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.00	34.00	0.00	30.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	The number of insurance companies for which IDRA completed onsite examinations during the reporting year. Due to Covid-19 pandemic, all onsite examinations have been suspended.			



► Solvency margin rule for insurance companies issued by IDRA and implemented (yes/no) (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	IDRA as the insurance regulatory agency is expected to issue new solvency margin regulation for insurance companies in line with international standards.			
► Corporate governance regulations issued by IDRA are followed by insurance companies (percent of market share) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	60.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	Implementation of this reform has been delayed by the project procurement delays. Since October 2021 mission, the contract with international consulting firm has been finally signed and IDRA is expected to prepare and enact the requirements for enhanced governance of insurance companies in 2022.			
► Insurance Companies follow Claims Management Methodology issued by IDRA (percent of companies) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	70.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	Implementation of this result indicator has been delayed by procurement delays under the project. Now, with the international regulatory/supervisory consulting firm contracted and procurement of IT/MIS underway, this indicator is expected to be met in 2022-2023.			
► Insurance companies issue key facts statements to policy holders following new Consumer Protection regulations issued by IDRA (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
► Mortality and Morbidity tables produced (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	Implementation of this result indicator is underway and is assisted by the consulting company under the project			



► National Social Insurance Scheme (NSIS) Study conducted (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	29-Dec-2017	14-Jan-2021	14-Jan-2021	31-Aug-2022
Comments:	The study was conducted by the authorities under another project and proposed to be dropped from this project.			
► Number of people who receive ABIA Diplomas and Certificates (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	141.00	141.00	600.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	Training and certification has been disrupted by COVID-19, but is expected to catch up once the situation will stabilize and the lockdown will be lifted.			

Modernization, Strengthening and Increasing the Efficiency of the State-owned Insurance Corporations				
► Life Insurance policies that lapse after one year at JBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	9.38	8.14	30.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
► Total number of policy holders at JBC and SBC (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	463,000.00	488,316.00	532,794.00	550,000.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
► Net Claims ratio at JBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	66.00	60.58	95.75	80.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
► Net Claims ratio at SBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	35.00	46.17	42.06	60.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
► Premium growth rate at JBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7.00	11.21	0.01	15.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	Covid-19 lockdowns have negatively impacted ability of the state insurance companies to sell new policies, as their regional offices and agents have been closed. JBC also had significant payouts to meet the customers claims. As a result, JBC premium growth in 2020 was negative at 3.4 percent. It is expected to improve in 2021 and after the pandemic is over.			
► Premiums growth rate at SBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7.00	24.94	18.16	15.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	The indicator was achieved in spite of negative impact of Covid-19 pandemic.			
► Solvency margin rule issued by IDRA is implemented by JBC and SBC (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Project Implementation, Management, and Monitoring				
► Direct project beneficiaries (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	14,987.00	500,000.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	Number of project beneficiaries - new clients of JBC and SBC			
□ Female beneficiaries (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	0.00	4,395.00	150,000.00
▶ Direct project beneficiaries who feel that project investments reflected their needs (percentage) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	29-Dec-2017	14-Jan-2021	31-May-2021	31-Aug-2022
Comments:	The survey firm for citizens engagement survey (CES) per World Bank Corporate requirements has been contracted in October 2021 (contract S15 signed by the PIU). Two surveys are expected to be conducted, one in 2021-2022 (baseline), and the second before the project completion.			

Overall Comments

The implementation of the project results framework has been negatively impacted by the 16-months delay in the project effectiveness, slow procurement (as many of the results indicators are directly linked to the implementation of consulting services and IT/MIS investments) and were distorted by the COVID-19 pandemic in 2020-2021. Out of 21 indicators, 6 were fully met or overperformed in May 2021 (based on end 2020 results), and 15 were in progress at different stages of implementation. It is expected that implementation of the consulting activities and acceleration of procurement of IT/MIS will help the beneficiary agencies implement the results, however, extension of the project closing date is warranted to allow sufficient implementation time and compensate for the time lost due to late effectiveness and COVID disruptions/lockdowns.

Performance-Based Conditions

Data on Financial Performance

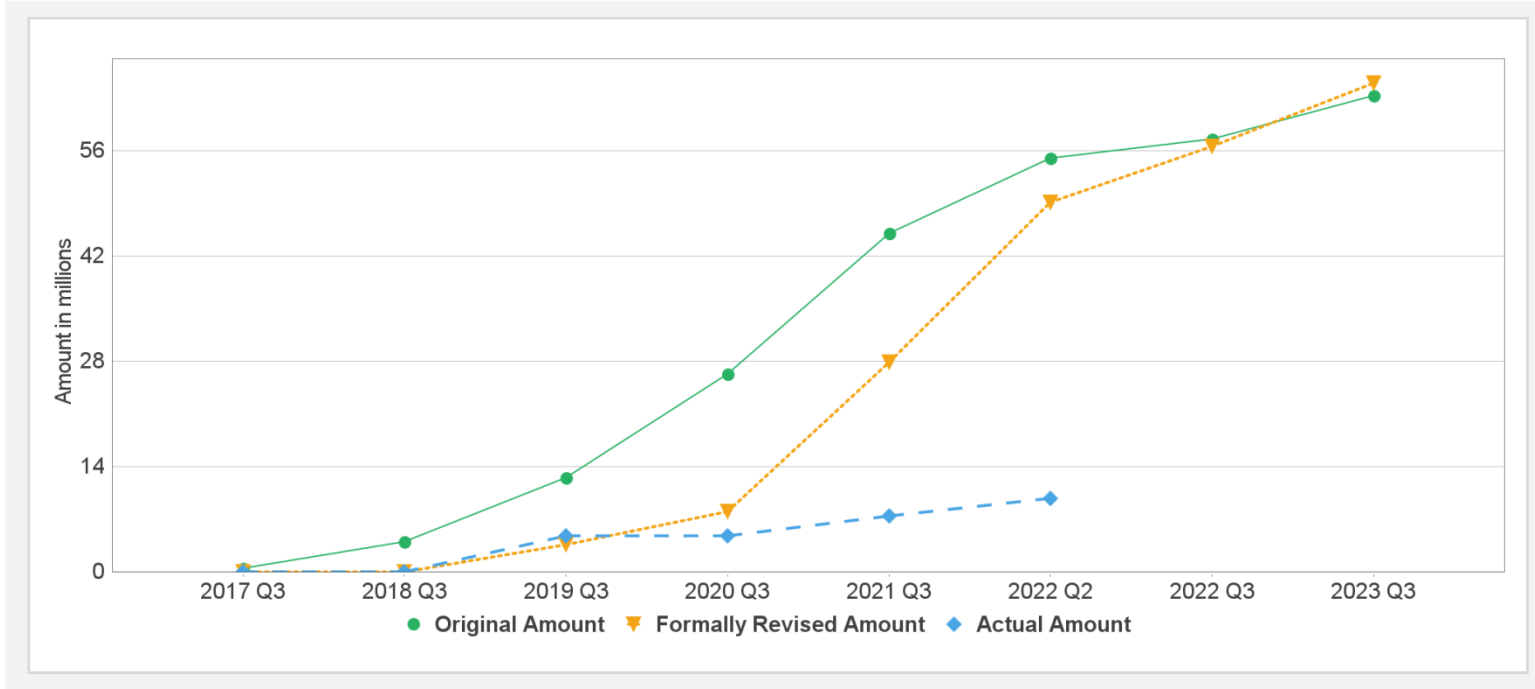
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P156823	IDA-59720	Effective	USD	65.00	65.00	0.00	9.70	57.30	14%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P156823	IDA-59720	Effective	20-Mar-2017	10-Apr-2018	08-Jul-2018	31-Aug-2022	31-Aug-2022

Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC

Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.