



Financial Sector Support Project (P150938)

SOUTH ASIA | Bangladesh | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 11 | ARCHIVED on 24-Feb-2021 | ISR45559 |

Implementing Agencies: The People's Republic of Bangladesh, Bangladesh Bank

Key Dates

Key Project Dates

Bank Approval Date: 05-Jun-2015

Effectiveness Date: 20-Sep-2015

Planned Mid Term Review Date: 19-Mar-2018

Actual Mid-Term Review Date: 19-Mar-2018

Original Closing Date: 30-Sep-2020

Revised Closing Date: 31-Mar-2021

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project development objective is to improve financial market infrastructure, regulatory and oversight capacity of Bangladesh Bank and access to long term financing for private firms in Bangladesh.

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

No

Components Table

Name

Strengthening Financial Market Infrastructure:(Cost \$38.50 M)

Strengthening Regulatory Capacity:(Cost \$5.00 M)

Supporting Long Term Finance:(Cost \$304.00 M)

Project Implementation and Monitoring:(Cost \$2.50 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate

Implementation Status and Key Decisions

The project implementation is progressing well, with procurement activities now completed and disbursement of project funds at 91 percent. The Project Development Objective (PDO) remains relevant and supports three main areas of the project: (i) financial infrastructure, (ii) regulatory and supervisory reform, and (iii) advancement of long-term finance. While good progress is achieved in most of the areas, Bangladesh Bank has committed to undertake additional reforms to increase compliance with 3 outstanding result indicators and achieve PDO. It is expected that all the project activities will be completed by the project closing date of March 31, 2021.



Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes

Improve financial sector efficiency				
▶ Percentage of Government Payments by value processed through electronic means (annually) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.00	73.00	98.20	40.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
▶ Uptime of the total core systems of the BB - core banking, payment systems, credit reporting system, and MI module (%) (Percentage) These indicators measure IT infrastructure capacity. (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	95.00	95.00	97.00	98.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
▶ Performance on BCP assessment: Number of principles on which Bangladesh Bank is judged as largely compliant and compliant. (Number, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4.00	5.00	5.00	8.00
Date	30-Sep-2009	01-Jul-2020	30-Nov-2020	31-Mar-2021
Comments:	5 Compliant. This has been revised in the aftermath of the FSAP. The end target will be assessed in a year with an independent review.			
► Outstanding FX Long term loans of Participating Financial Institutions (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	300.00	780.00	852.00	550.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021

Intermediate Results Indicators by Components

Strengthening Financial Market Stability, Inclusion, and Long Term Finance				
► High level of operational reliability as measured by improved compliance of BB with the Principle 17 of the CPSS – IOSCO Principles for Financial Markets Infrastructure (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N/A	Partially observed	Partially observed	Observed.
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
Comments:	Bangladesh Bank (BB) is achieving increased compliance with Principle 17 of Financial Market Infrastructure, which refers to operational risk. A Business Continuity Plan (BCP) is already developed and BB is currently conducting self-assessment of key payment platforms such as Real Time Gross Settlement System (RTGS). More work regarding operational risks will be completed by the end of the project.			
► Cumulative number of Bangladesh Bank banking supervision officers trained on risk-based supervision (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	323.00	370.00	300.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
Comments:	The supervisory firm has done a very good job of training front-line supervisors in international best practices. the supervisors have been trained in assessing the capital adequacy, the liquidity, the quality of loan portfolio, and efficiency of the banks. The cumulative number of Bangladesh Bank banking officers trained on risk-based supervision has already increased from 180 to 323.			
► Circular on prompt corrective action issued by BB (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	No	Not initiated	Not initiated	Circular issued
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
Comments:	Bangladesh Bank authorities say that sanctioning procedures already exist in their current rules. There is lack of enforcement and reluctance to take corrective action. Department of off-site supervision has 'Problem Bank Monitoring Section' and 'Observer Cell' to take prompt corrective actions for banks which have deficiency in 'Corporate Governance' and/or which have CAMELS rating less than or equal to 4.			
► Direct project beneficiaries (firms) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	53.00	54.00	55.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
► NPLs in project-funded in foreign-denominated long-term finance portfolio (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	7.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
Comments:	The team is monitoring the situation as there is evidence of a slight increase in the NPLs of two of thirty one PFIs. The team is awaiting June data from Bangladesh Bank.			
► Number of PFIs (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	31.00	21.00	10.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
► Cumulative number of FI officers receiving training or attending workshops on risk management, safeguards, and commercial practices in procurement (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	254.00	261.00	45.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
Comments:	Based on market demand for the workshops and prevailing conditions BB trained more than the target. Also, the number of PFIs has increased from 10 to 31 which added more participants.			
► Cumulative number of participants and trainees at Training Of Trainers (TOT) and other workshops delivered to industry on safeguards and health and safety (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	66.00	55.00	50.00
Date	30-Sep-2014	01-Jul-2020	30-Nov-2020	31-Mar-2021
Comments:	A number of trainings on safeguards are planned for the fall, but this will depend on the unfolding of the covid pandemic.			
▶ Direct project beneficiaries (firms and PFIs) that feel project financing reflected their needs (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	92.00	92.00	75.00
Date	30-Sep-2014	31-Jan-2019	30-Nov-2020	31-Mar-2021
Comments:	The survey feedback from beneficiaries was completed in January, 2019. The results show a high percent of companies and PFI's that are content with the long-term financing instrument. A new survey will be completed by the end of the year.			

Performance-Based Conditions

Data on Financial Performance

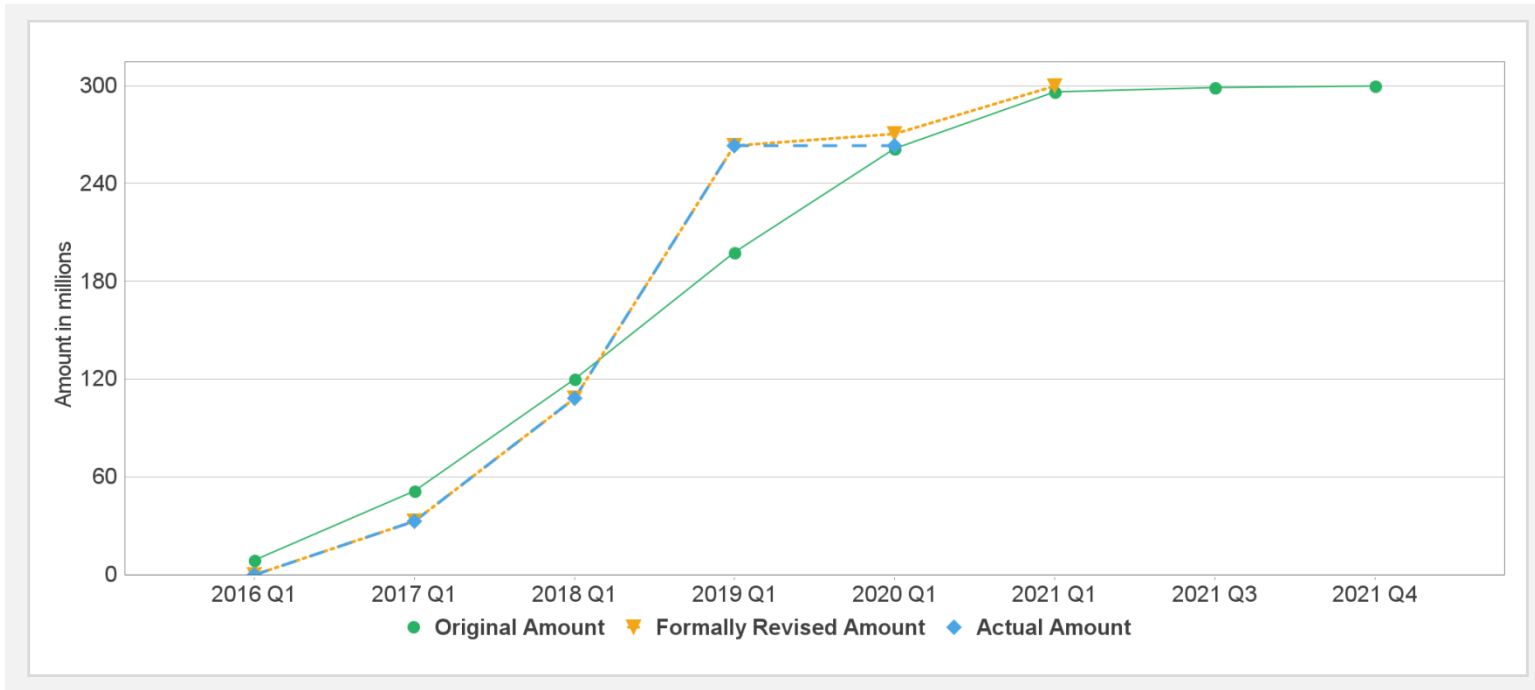
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P150938	IDA-56640	Effective	USD	300.00	300.00	0.00	273.27	24.18	92%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P150938	IDA-56640	Effective	05-Jun-2015	30-Jun-2015	20-Sep-2015	30-Sep-2020	31-Mar-2021

Cumulative Disbursements



PBC Disbursement

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

Restructuring History

Level 2 Approved on 23-Oct-2019 ,Level 2 Approved on 27-Feb-2020

Related Project(s)

There are no related projects.