



Philippines: Strengthening Treasury Operations and Capital Market Reform

Project Name	Strengthening Treasury Operations and Capital Market Reform				
Project Number	48140-001				
Country	Philippines				
Project Status	Active				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">TA 8718-PHI: Strengthening Treasury Operations and Capital Market Reform</td> </tr> <tr> <td>Japan Fund for Poverty Reduction</td> <td>US\$ 500,000.00</td> </tr> </table>	TA 8718-PHI: Strengthening Treasury Operations and Capital Market Reform		Japan Fund for Poverty Reduction	US\$ 500,000.00
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Japan Fund for Poverty Reduction	US\$ 500,000.00				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration				
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	Finance - Finance sector development - Money and capital markets				
Gender Equity and Mainstreaming	No gender elements				
Description					
Project Rationale and Linkage to Country/Regional Strategy					
Impact	More cost effective utilization of BTR's fiscal resources.				

Project Outcome

Description of Outcome	Efficiency of the primary and secondary government debt markets enhanced.
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Progress Toward Outcome	
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Implementation Progress

Description of Project Outputs	BTR's debt and cash management functions enhanced. Primary dealer system strengthened. Development of capital market enhanced.
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Status of Implementation Progress (Outputs, Activities, and Issues)	The TA Letter of Agreement was signed and became effective on 12 March 2015. Output 1: the National Investment and Debt Management Expert and National Risk Manager have been engaged. Output 2: Recruitment of the National Program Manager/ROSS expert is on-going.
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Geographical Location	
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Summary of Environmental and Social Aspects

Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	

Stakeholder Communication, Participation, and Consultation

Business Opportunities

Consulting Services

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. National investment and debt management specialist (individual, intermittent, 5 person-months). The objective of the engagement is to improve the technical capacity of staff of the Bureau of the Treasury (BTR) across its various operations units including dealing, processing, and asset management. The expert will work with BTR's government debt resident adviser and assist BTR in implementing its updated organization structure as well as launching BTR's newly developed investment and risk management functions. The expert will likewise strengthen BTR's dealers by increasing their technical capacity through on-the-job training. The expert will improve BTR's trading room infrastructure by, among others, standardizing counterparty settlement instructions and establishing delivery-verses-payment (DVP) for offshore bonds. Finally, the expert will support BTR's efforts to expand the investor base and number of dealing participants, and will establish a permanent market and stakeholder feedback mechanism to provide for constant enhancement.
2. The consultant will have at least 15 years of experience as a treasurer or asset manager with a national treasury or an international bank. The duration of this consultancy will be a total of 134 working days (five months) on an intermittent basis starting in November 2014 and finishing by November 2015. The expert will report to the national treasurer and other relevant officials as well as the Asian Development Bank (ADB) project officer.
3. National debt and risk management specialist (individual, intermittent, 9 person-months). The objective of this engagement is to strengthen BTR's middle office risk management processes. Upon completion of the engagement, BTR's staff will be able to identify, quantify, manage and control all risk exposures arising from the investment functions of the BTR.
4. The expert will work with BTR's national and international resident advisers and assist BTR in institutionalizing its risk management policies and procedures to support the investment framework. Work will include the design and implementation of an organizational setup, policies and procedures, and the responsibilities of the risk management function within the asset management division. The expert will design the organization structure and formulate the statement of responsibilities and performance standards for the risk management unit. In addition, the expert will (i) develop an operational and investment risk profile; (ii) formulate a detailed risk management program covering all facets of risk exposures including, but not limited to market, liquidity, and operating risks; and (iii) develop models and standards for setting liquidity, market, counter-party, and dealing risk limits. The expert will also design a management information system to monitor, oversee, and report all risk issues up to the investment committee. Finally, the expert will provide a training program for asset management personnel to cover the basics of risk management and risk principles.
5. The consultant will have at least 15 years of experience as a treasurer or asset manager with an international bank or the local operations of an international bank. The duration of this consultancy will be a total of 198 working days (nine months) on an intermittent basis starting in November 2014 and finishing by November 2015. The expert will report to the national treasurer and other relevant officials as well as the ADB project officer.
6. International government debt auction specialist (individual or a firm, 22 person-days continuous). Currently, BTR utilizes the Automated Debt Auction Processing System (ADAPS) to support its primary government debt auctions. BTR has requested a review of this system to ascertain its relevance and functionality as compared to international norms and standards. The expert will review the ADAPS system and provide a diagnosis regarding the ability of the system to meet BTR's operating needs. If required, the consultant will provide recommendations for upgrades to or replacement of the system to ensure consistency with the overall upgrade of BTR's operations.
7. The expert will have at least 15 years of experience in a senior position at a national treasury with a focus on primary issuance and treasury auction systems; and at least 5 years of relevant consulting experience, mostly in Southeast Asia. The duration of this consultancy will be a total of 22 working days on a continuous basis starting in January 2015. The expert will report to the national treasurer and other relevant officials as well as the ADB project officer.
8. International securities clearing, settlement, and custody expert (individual or a firm, 22 person-days continuous) BTR utilizes a Registry of Scriptless Securities (ROSS) and has requested a review of this system to ascertain its relevance and functionality as compared to international norms and standards. The expert will review the ROSS and provide a diagnostic regarding the suitability of the system, in terms of appropriateness and cost, to meet the needs of BTR operations. Consideration will be given to the proposed expanded role of primary dealers and their privileges and responsibilities, including the possible use of ROSS to support an inter-dealer repo market. If required, the consultant will provide recommendations for upgrades or replacement of the system to ensure consistency with BTR's operations.
9. The expert will have at least 15 years of experience in a senior position at a national treasury with a focus on primary issuance and securities registries; and at least 5 years of relevant consulting experience, mostly gained in Southeast Asia. The duration of this consultancy will be a total of 22 working days on a continuous basis starting in January 2014. The expert will report to the national treasurer and other relevant officials as well as the ADB project officer.
10. International treasury information technology specialist (individual or a firm, 22 person-days continuous). The objective of this engagement is to improve BTR's underlying management information systems. The expert will work with BTR's national and international advisors to review and evaluate BTR's current treasury information management systems and to perform a needs assessment. The expert will provide recommendations for improvement including, if necessary, the identification of a suitable vendor supplied treasury management system.
11. The expert shall have at least 15 years of experience in a senior position at a national treasury with a focus on IT and information management. In addition, the expert will have at least 5 years of relevant consulting experience a majority of which was gained in SE Asia. The duration of this consultancy will be a total of 22 working days (one month) on a continuous basis starting in November 2014. The expert will report to the national treasurer and other relevant officials as well as the ADB project officer.
12. International capital markets specialist (up to four experts, individually or through a firm, 40 person-days intermittent). The objective of this engagement is to provide capacity development to BTR, and market stakeholders, to support the introduction of new treasury processes. The expert(s) will work with BTR and its national and international advisors to identify capacity development needs associated with BTR's emerging reform agenda with a specific emphasis on understanding financial markets and financial processes. This capacity development is expected to generate knowledge products that can be used to build stakeholder consensus for the proposed reforms. Initial discussions identified the following areas of interest: a contrast between multiple- and single-price auctions, development of benchmark securities and yield curves, conduct of switch auctions, repo markets, and primary dealer liquidity facilities.
13. The expert(s) will deliver knowledge products to the national treasurer as described above, along with a written knowledge dissemination plan and stakeholder feedback mechanism. The knowledge products will include a thorough definition and description of the process, the advantages the process brings to BTR and end investors, the experience of other countries, and any related risks. The dissemination plan will include capacity development or consensus-building workshops as requested by BTR, as well as a feedback mechanism to assess the usefulness of the outreach.
14. The expert(s) will have at least 15 years of experience working with a global bank as a debt market expert and/or practitioner with a specialty in the assigned topic. The duration of this consultancy will be a total of 40 working days on an intermittent or continuous basis starting in June 2014. The expert(s) will report to the national treasurer and other relevant officials, and the ADB project officer.
15. International or national legal expert for repurchase agreements (firm, output based contract). The BTR has initiated a program to improve its cash management. In conjunction with this project, BTR will implement complimentary reforms to deepen and diversify the capital market including the introduction of a domestic repo market.
16. The objective of this technical assistance is to build on completed diagnostics and ongoing stakeholder consultations to introduce a domestic repurchase agreement that conforms to international conventions and standards. The expert will provide support to BTR's efforts to introduce the global master repurchase agreement (GMRA) to the Philippine capital market by continuing stakeholder consultations and providing technical advice. The consultancy will be an output-based contract with the deliverables to be identified

Responsible Staff

Responsible ADB Officer

Schuster, Stephen R.

Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SERD
Executing Agencies	<i>Bureau of the Treasury Palacio del Gobernador Intramuros, Manila Philippines</i>

Timetable

Concept Clearance	16 May 2014
Fact Finding	14 Feb 2014 to 14 Feb 2014
MRM	-
Approval	17 Sep 2014
Last Review Mission	-
Last PDS Update	25 Sep 2015

TA 8718-PHI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Sep 2014	12 Mar 2015	12 Mar 2015	30 Oct 2016	30 Oct 2017	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	500,000.00	100,000.00	0.00	0.00	0.00	600,000.00	17 Sep 2014	380,771.01

Project Page	https://www.adb.org/projects/48140-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48140-001
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