



Philippines: Encouraging Investment through Capital Market Reforms Program (Subprogram 1)

Project Name	Encouraging Investment through Capital Market Reforms Program (Subprogram 1)				
Project Number	48427-001				
Country	Philippines				
Project Status	Closed				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3334-PHI: Encouraging Investment through Capital Market Reforms Program (Subprogram 1)</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 300.00 million</td> </tr> </table>	Loan 3334-PHI: Encouraging Investment through Capital Market Reforms Program (Subprogram 1)		Ordinary capital resources	US\$ 300.00 million
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Ordinary capital resources	US\$ 300.00 million				
Strategic Agendas	Inclusive economic growth Regional integration				
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	Finance - Finance sector development - Infrastructure finance and investment funds - Money and capital markets				
Gender Equity and Mainstreaming	No gender elements				
Description					
Project Rationale and Linkage to Country/Regional Strategy					
Impact	IMPACT IS NO LONGER INCLUDED UNDER THE MARCH 2015 DMF GUIDELINES.				

Project Outcome

Description of Outcome	A deeper nonbank finance sector
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Government bond market depth and liquidity enhanced. Long Term Savings and Investments Encouraged ASEAN Capital Market Integration Promoted.
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	
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Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services Five months of international consulting services and eighteen months of national consulting services. An aggregate sum of \$31,000 will be reserved for subscriptions and the purchase of technical reference materials. Consultants will be engaged by ADB, on an individual basis, in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). ADB will manage the PPTA. Procurement will be conducted in accordance with ADB's Procurement Guidelines (2013 as amended from time to time).

Insurance Supervision Expert _ Examination and Ratings (international, 3 person-months continuous). The expert will work with the supervision and examination staff of the IC to establish a uniform ratings system. This system, which will be utilized during both on-site and off-site examinations, will enable to IC to assign a comparable rating to individual insurance companies to reflect their financial and operating condition. The rating will ultimately be used to set the intensity of the supervisory regime and will provide a floor below which certain activities will be restricted. Specifically, the expert will review the onsite and offsite examination regimes currently used by the IC and will consider reforms currently in process. Utilizing international best practices as an aspirational target, the expert will design a uniform rating system that can be deployed immediately. The rating system should combine quantitative evaluation criteria and qualitative evaluation criteria and can be implemented concurrent with minor changes in the examination framework recommended by the expert. The expert will develop a supporting instruction manual and provide onsite training, including a pilot examination if requested, to ensure appropriate and consistent application by staff. The expert will have a minimum 10 years of experience at an insurance regulatory agency with a specific expertise in supervision and at least 5 years of consulting experience with exposure to Southeast Asia.

Investment Management Expert (international, 1 person-month continuous). The expert will develop capacity within the IC to implement the expanded investment guidelines of the Revised Insurance Code. Specifically, the expert will review the insurance code and associated implementation guidelines and provide recommendations for changes to the implementation guidelines if necessary. The expert will design and deliver a training program covering investment and portfolio management, analysis of securities, risk analysis and financial statement analysis. The expert will have a minimum 10 years of experience as an investment manager, preferably within an insurance company, and at least 5 years of consulting experience with exposure to Southeast Asia.

Insurance Supervision Expert _ New Product Approval (international, 1 person-month continuous). The expert will provide support to implement the expanded investment guidelines of the Revised Insurance Code by revising the new product approval process. Specifically, the expert will review the revised insurance code and associated implementing guidelines regarding the breadth and scope of the _new product_ approval process including; definitions, the scope of required approvals, the documentation and process of approvals and review, the frequency of approvals, and the timelines of the review. After providing recommendations for changes, if appropriate, the expert will prepare a written new product approval methodology that is risk-based, as possible within the law, and provides a thorough yet streamlined review process through which new products can be vetted within reasonable timelines. The expert will have a minimum 10 years of experience at an insurance regulatory agency with a specific expertise in product review and market surveillance, and at least 5 years of consulting experience with exposure to Southeast Asia.

Insurance Expert - Tariffs (national, 4 person-months continuous). The expert will review the tariff structure currently employed by the industry to set property casualty rates (e.g. compulsory third party liability, professional passenger accident insurance, and fire insurance). This review will then compare and contrast existing tariffs to loss history to determine the reasonableness of the tariffs. The expert will, if necessary, develop appropriate minimum premium rates for the nonlife subsector based on the comparative analysis. The expert will be a practicing actuary (international designation) and have a minimum 10 years of experience at an insurance company with a specific expertise in actuarial analytics.

Insurance Expert(s) _ Supervision (national, 6 person-months intermittent). As part of the IC's reorganization and capacity development efforts, the Insurance Commissioner has requested access to experts who can work on a full time basis to mentor managers and staff. This component provides funding for two such mentors for 3 person-months each. It is anticipated that the experts will support ongoing supervision, surveillance, or resolution activities. In general, the expert(s) will have a minimum 10 years of experience at an insurance company with a specific expertise in the areas identified for mentoring.

Insurance Expert _ Actuarial Supervision (national, 8 person-months intermittent). As part of the IC's reorganization and capacity development efforts, the Insurance Commissioner has requested access to experts who can work on a full time basis to mentor managers and staff. This component provides funding for one critical skill to which the Commissioner has specifically requested access. In addition, the expert will support the implementation of the expanded investment powers of the Revised Insurance Code by enhancing the capacity of the actuarial division to implement the provisions on valuation of reserve liabilities (Gross Premium Valuation). The expert will have a minimum 10 years of experience at an insurance company as a practicing actuary with an international designation.

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

Timetable

Concept Clearance	07 May 2015
Fact Finding	24 Apr 2015 to 24 Apr 2015
MRM	26 Jun 2015
Approval	26 Nov 2015
Last Review Mission	-
Last PDS Update	11 May 2015

Loan 3334-PHI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
26 Nov 2015	07 Dec 2015	18 Jan 2016	31 Dec 2016	-	31 Aug 2016

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	300.00	Cumulative Contract Awards			
ADB	300.00	26 Nov 2015	300.00	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	26 Nov 2015	300.00	0.00	100%

Project Page	https://www.adb.org/projects/48427-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48427-001
Date Generated	06 July 2017

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