



MINISTRY OF STRATEGY
AND FINANCE



WORLD BANK GROUP
Finance & Markets

The Poverty Reduction & Socio-Economic Development Trust Fund II (TF071872)

Annual Progress Report 2015

Finance and Markets Global Practice

THE WORLD BANK GROUP



CONTENTS

- HIGHLIGHTS OF 2015..... 1
- OVERVIEW OF THE TRUST FUND 3
- TRUST FUND FINANCIAL SUMMARY 5
- KTF SUPPORT – EAP COUNTRY AND REGIONAL OPERATIONS..... 7
 - Summary.....7
 - Completed Projects.....9
 - Projects under Implementation.....18
- GROWING PARTNERSHIPS..... 24
 - Progress on Partnership Activities.....25
 - Details of New Formal Partnerships.....27
- KTF PROGRAM WORK PLAN 2016-2017 29
 - Pipeline Projects.....30
 - Focus on Partnership and Knowledge for Enhancing Delivery Quality.....35
 - Monitoring and Evaluation.....36
- ANNEX 1. RESULT CHAIN OF KTF-FUNDED PROJECTS..... 38
- ANNEX 2. F&M’S COMMONLY USED INDICATORS FOR MONITORING AND EVALUATION 41

List of Acronyms and Abbreviations

ALM	Asset Liability Management	KoFIU	Korea Financial Intelligence Unit
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism	KSD	Korea Securities Depository
ASEAN	Association of Southeast Asian Nations	KTF	Poverty Reduction & Socio-Economic Development Trust Fund II
BOK	Bank of Korea	M&E	Monitoring and Evaluation
BOM	Bank of Mongolia	MEF	Ministry of Economy and Finance (Cambodia)
BPNG	Central Bank of Papua New Guinea	ML/FT	Money Laundering and Financing of Terrorism
CAR	Capital Adequacy Ratio	MOF	Ministry of Finance
CBM	Central Bank of Myanmar	MOSF	Ministry of Strategy and Finance (Korea)
CBRC	China Banking Regulatory Commission	MOU	Memorandum of Understanding
CG	Corporate Governance	MSE	Mongolia Stock Exchange
CIFC	Center for International Financial Cooperation (Korea)	MSME	Micro, Small, and Medium Enterprise
CLMV	Cambodia, Laos, Myanmar, and Vietnam	NBC	National Bank of Cambodia
DO	Development Objective	NBFI	Non-Bank Financial Institution
EAP	East Asia and the Pacific	NPS	National Payments Strategy
ERM	Enterprise Risk Management	OIC	Office of Insurance Commission (Thailand)
EWS	Early Warning System	PA	Programmatic Approach
F&M	Finance and Markets Global Practice	PBOC	People's Bank of China
FCPFL	Financial Consumer Protection and Financial Literacy	PNG	Papua New Guinea
FRC	Financial Regulator Commission (Mongolia)	RBC	Risk-Based Capital
FSAP	Financial Sector Assessment Program	RBS	Risk-Based Supervision
FSC	Financial Services Commission (Korea)	ROSC	Reports on the Observance of Standards and Codes
FSS	Financial Supervisory Service (Korea)	SC	Seoul Center for Financial Sector Development
GST	Global Solutions Team	SME	Small and Medium-sized Enterprise
ISA	Insurance Supervision Agency (Vietnam)	SOB	State-Owned Bank
KAMCO	Korea Asset Management Corporation	TA	Technical Assistance
KDIC	Korea Deposit Insurance Corporation	WBG	World Bank Group
KoDIT	Korea Credit Guarantee Fund		

HIGHLIGHTS OF 2015

Seoul Center for Financial Sector Development (SC)

- SC become operational in 2015 in Korea with two financial sector professionals joining the WBG Songdo office.
- A total of \$735,972.73 was disbursed in 2015 for the country and regional specific activities as well as the operations of the Seoul Center and other administrative and management expenses.

Country and Region specific operational work support through KTF

- At the end of 2015, 12 KTF proposals had been approved in 7 countries and focusing on Regional topics selected based on interest and feedback from the client countries. Six projects completed their activities in 2015 and four new projects were approved with a total approved allocation of \$6,580,600.
- One of these projects in Myanmar, the largest so far with an allocation of \$3.3 million is the first one to be organized around a multi-year programmatic approach which allows for more strategic and comprehensive engagement with countries. New country engagements in EAP client countries are now being developed on similar programmatic approach. Accordingly, funding requests for KTF support are now more comprehensive and span larger time frames (and thus also larger in amount). This also responds well to the MOSF recommendation to develop larger proposals addressing strategic reforms and technical assistance needs in EAP countries.
- There continues to be strong demand for KTF support from client countries and proposals to support engagements in Lao, Mongolia, Philippines and Vietnam under preparation. It is anticipated that by the middle of 2016, KTF allocation to country and regional programs will be finalized.
- The SC team is now working closely with the country specific task teams to speed up implementation. For projects under implementation, several engagements and technical missions are planned in the first half of 2016.

Leveraging Korean expertise and institutional capacity through partnerships

- An important objective of the WBG and MOSF partnership is leveraging the expertise and capacity of Korean institutions to support EAP country needs and enhance/deepen the delivery of assistance to the client countries.
- At the end of 2014 the WBG had already signed 4 formal MOUs towards strengthening the partnership. In 2015, 2 additional MOUs have been signed between WBG and Bank of Korea (BOK) and the Financial Supervisory Service (FSS).
- In 2015, as part of the Korea Week celebration commemorating 60 years of WBG and Republic of Korea partnership, all the formal partners came together with the WBG and organized 2 working sessions to discuss areas of mutual interest and show their continued support for this partnership.

- Partnerships are growing well, and in addition to the 6 formal MOU partners, we have strong interest in partnering from FSC, KoFIU, KDIC, CIFIC, KoDIT, and KAMCO. With the staffing of the SC in the 2nd half of 2015, several other partnerships have been explored and progress has been made in connecting these institutions with specific country needs in the EAP region.
- In late 2015, WBG facilitated a presentation by KoDIT at the WBG HQ and has successfully made a few connections between Korea institutions to respond to urgent needs of the client countries and other engagements (e.g., BOK financial stability expert traveled to Cambodia in January, KDIC connected to Lao Central Bank through teleconference to discuss training needs and implementing a training in March/April 2016, etc.). With regards to FSS, F&M team in Washington is developing a Basel II toolkit (which has KTF's generous support) with support of a staff seconded by FSS to the WBG HQ and testing of the prototype is under discussion with FSS technical staff. We are also proactively discussing specific partnership needs on KTF-funded projects, especially for Myanmar and Cambodia KTF programs and upcoming programmatic approaches in other countries where the clients are interested in support from KTF.
- Finally SC is also looking to develop a comprehensive partnership, knowledge transfer and knowledge generation program in the remaining period of the First phase of the KTF. A detailed work plan in that regard is under preparation and will be discussed with the MOSF and other partners in March/April 2016.

Initial thoughts in looking to the future

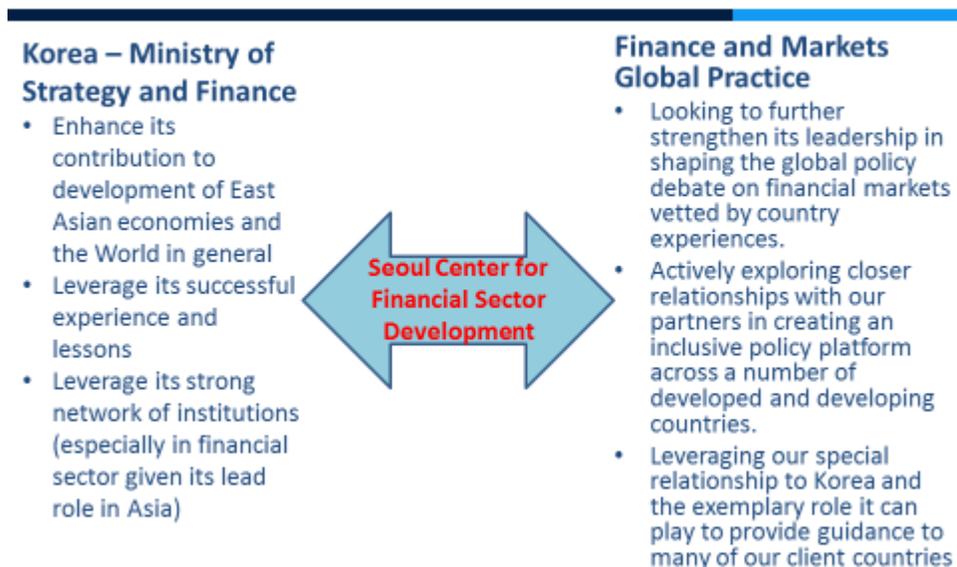
- Allocation of First phase of KTF (ending CY2017) is expected to be completed very soon given that we have a robust pipeline of projects coming online and the SC will be focusing on engaging partner institutions, client country counterparts and WBG teams to better leverage partnerships.
- Given that these comprehensive programmatic engagements span a period longer than the closing of the First phase and given continued strong demand for support from several client countries as well as interest from Korean institutional partners for a longer term partnership, it would be useful to start looking at a Second phase of the KTF at the appropriate time.
- In considering any next stages, it would be important to look at the lessons from the success of the First phase of KTF and developments at other WBG country hubs (especially in Malaysia and Austria). One consideration would be having a more strategic and global perspective centered on financial systems and stability issues in particular, which are areas where Korea has done very well over the past few years and has strong institutions and capacity. We believe, this will not only give Korea's engagement a higher profile internationally and distinguish the Korea program from others in the region (e.g. WBG Malaysia hub) and elsewhere (WBG Austria hub), but could also allow for drawing more deeply on technical partners in Korea to share experiences more widely.

OVERVIEW OF THE TRUST FUND

INTRODUCTION OF THE TRUST FUND

On June 25, 2012, the Ministry of Strategy and Finance of Korea (MOSF, the donor) signed a trust fund Administration Agreement with the World Bank Group's Financial and Private Sector Department (FPD), which is now the Finance & Markets (F&M) Global Practice. The objective of this Korean Trust Fund, titled Poverty Reduction and Socio-Economic Development Trust Fund II (KTF), is to improve and develop financial sectors in the East Asia and Pacific (EAP) Region by delivering better technical assistance and advisory services to EAP countries. The KTF is scheduled to operate for five years, from 2012 to 2017, under the management of F&M.

Partnership!



The KTF provides financing for activities clustered around the themes of (i) mitigating financial crises, (ii) meeting international standards, (iii) balancing the role of the state in the financial systems, (iv) developing capital markets, (v) improving financial inclusion, (vi) deepening Asian regional integration, (vii) financing sustainable growth, and (viii) monitoring, reporting, and evaluation.

FINANCE & MARKETS GLOBAL PRACTICE IN EAP

After several organizational changes during the initial year of the KTF operation, the past 1.5 years of operation have been more productive for the World Bank Group. The Bank is moving more towards results-oriented comprehensive solutions, which demands a new approach to the delivery of its activities to ensure a more integrated, strategic, and selective knowledge portfolio at the global and country levels. This has given birth to the Programmatic Approach (PA), which organizes activities within a program under the framework of an overarching development objective, and is thus expected to enhance the results of the overall regional or global multi-year comprehensive program rather than individual activities. F&M has also adopted this Programmatic Approach for its most recent engagements and projects.

In the EAP region, F&M's priorities are: (i) enhancing the stability of financial systems, (ii) improving financial inclusion and infrastructure, and (iii) supporting development finance initiatives, to address the region-specific challenges in the financial sector. To support these priorities and with support of the Government of Korea, the F&M Global Practice has established the *Seoul Center for Financial Sector Development (Seoul Center)* in accordance with the MOU signed with the MOSF on October 11, 2011. The Seoul Center was operated as a virtual pilot for the first two years and subsequently took presence in the WBG Korea Office in the fall of 2015, now housing two F&M technical staff. They will continue to build on the current F&M portfolio and strengthen the partnership between the WBG and the Korean counterparts in the financial sector to support country programs and client demanded engagements in the East Asia and Pacific region by sharing knowledge, expertise, and lessons from Korea's successful experience.

KTF GOVERNANCE

The third Steering Committee Meeting was held in Seoul on February 13, 2015, where the following topics were discussed:

- F&M Technical Assistance and Advisory Services funded by KTF
- Pipeline projects for the Steering Committee's approval
- F&M Staffing in the Korea Office

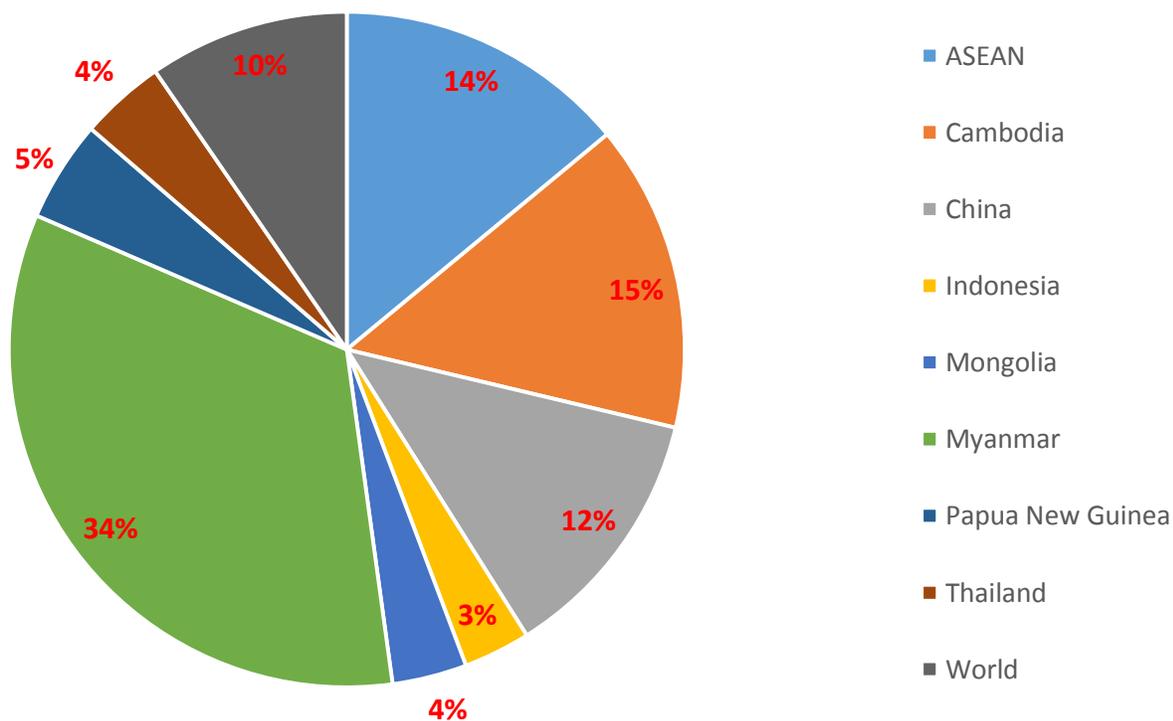
For details of the meeting, please refer to the *Minutes of the Third Steering Committee Meeting for the Poverty Reduction and Socio-Economic Development Trust Fund II*.

Since the meeting took place, there have been several occasions for meetings between the MOSF and F&M (including one meeting in Washington DC) as well as periodic communications on the F&M technical assistance under the KTF. The pipeline projects have since been approved and under implementation and the Seoul Center in Korea has started operation.

TRUST FUND FINANCIAL SUMMARY

As of December 31, 2015	In USD
Total Contributions, out of which	16,000,000
<i>Received (2012-2015)</i>	13,079,649
<i>Pending (estimate of funds expected in 2016)</i>	2,920,351
(+) Investment Income	69,322
(-) Allocation to Country and Regional Projects	9,803,660
(-) Seoul Center and other Administration and Management Costs	688,982
Remaining KTF funds available for allocation	5,576,680

F&M KTF Allocation by Country (as of December 2015)



KTF – Status of Disbursements by Project (as of December 31, 2015)

Project Name	Country	Project Closing	Grant Amount	Disbursement	Fund Balance	Outstanding Commitment	Available Balance
Indonesia Crisis Simulation Framework	Indonesia	3/7/2014	314,063	314,063	-	-	-
China Financial Reform Strategy Report	China	2/13/2014	469,715	469,715	-	-	-
China Financial Consumer Protection and Financial Literacy	China	8/31/2015	490,000	456,756	33,244	-	33,244 *
Thailand: Solvency Modernization and Risk Based Capital	Thailand	5/15/2015	399,282	399,282	-	-	-
TA for Implementing PNG Financial Competency Survey	PNG	11/30/2015	475,000	469,801	5,199	-	5,199 *
Mongolia Capital Markets Development	Mongolia	8/31/2016 #	350,000	349,120	880	-	880 *
East Asia Regional Financial Integration	Region	10/16/2015	475,000	385,115	89,885	-	89,885 *
Evaluation of Financial Consumer Education in China	China	9/30/2016 #	250,000	105,442	144,558	23,063	121,495 *
National Risk Assessment ASEAN	Region	1/31/2017	898,000	6,454	891,546	35,220	856,326
Basel Pillar 2 Implementation Toolkit	World	6/15/2017	940,000	-	940,000	-	940,000
Myanmar – Scaling Up Financial Services for the Poor	Myanmar	8/31/2017	3,300,000	70,990	3,229,010	108,850	3,120,160
Cambodia: Financial Sector Development TA	Cambodia	12/29/2017	1,442,600	-	1,442,600	-	1,442,600
Total			9,803,660	3,026,738	6,776,922	167,133	6,609,789

Notes:

: Activities under these projects have been completed earlier than planned and these projects are being closed.

* : These residual funds following completion of the planned activities will be returned to the unallocated pool of funds and reallocated to new proposals and other planned activities.

KTF SUPPORT – EAP COUNTRY AND REGIONAL OPERATIONS

SUMMARY

- A total of 12 KTF proposals have been approved as of end of 2015. Nine of the proposals support specific Finance and Markets engagements 7 countries. Three proposal support Regional initiatives. Eight of the 12 projects have already been completed. Four projects, which were approved in 2015, are under implementation.
- In 2015 the WBG F&M program started to focus on supporting client demand through multiyear programmatic approaches which allow for more strategic and comprehensive engagement with countries. Accordingly, funding requests for KTF support are now more comprehensive and span larger time frames (and thus also larger in amount). This also responds well to the MoSF recommendation to develop larger proposals addressing strategic reforms and technical assistance needs in EAP countries.

Project	Country	GrantAmount (USD)	Objective	Status
Crisis Simulation Framework	Indonesia	370,000	To contribute to the promotion of a sound and stable financial sector in Indonesia through improved capacity of financial sector authorities to prevent, manage, and resolve financial crises.	Completed in 2014
Financial Reform Strategy Report	China	480,000	To design and implement far-reaching and fundamental financial reforms to China's financial system.	Completed in 2014
Financial Consumer Protection and Financial Literacy	China	490,000	To support the Chinese authorities in setting up an effective Financial Consumer Protection & Financial Literacy system in China.	Completed in 2015
Solvency Modernization and Risk-Based Capital for the Insurance Sector	Thailand	420,000	To assist the Office of Insurance Commission of Thailand to improve risk-based supervision and dynamic solvency regimes, including designing the required legal/regulatory framework, tools, and market practices.	Completed in 2015

Project	Country	GrantAmount (USD)	Objective	Status
Financial Competency Study TA	Papua New Guinea	475,000	To assist the PNG Central Bank to develop a baseline for understanding the financial capability of the PNG population.	Completed in 2015
Capital Market Development	Mongolia	350,000	To support the Mongolian authorities in developing robust deep capital markets.	Completed in 2015
East Asia Regional Integration Project	Regional	450,000	To support sustained economic growth and poverty reduction through the expansion of investments and financing under the ASEAN agenda of financial integration.	Completed in 2015
Evaluation System for Consumer Financial Education	China	250,000	To assist the People's Bank of China to develop a system for evaluating the effectiveness of consumer financial capability programs.	Completed in 2015
National Risk Assessment ASEAN	Regional	898,000	To help the ASEAN countries improve the effectiveness in detecting and preventing financial crime.	Ongoing
Basel Pillar 2 Implementation Toolkit	Regional	940,000	To develop a supervisory toolkit for the use of banking supervisors in client jurisdictions to improve the effectiveness of their Basel II implementation.	Ongoing
Scaling up Financial Services for the Poor	Myanmar	3,300,000	To help increase access to financial services by the poor in Myanmar through technical assistance and advisory services.	Ongoing
Financial Sector Development TA	Cambodia	1,442,600	To support the Cambodian financial authorities in core areas of financial sector modernization and reform.	Ongoing

COMPLETED PROJECTS



CHINA: FINANCIAL CONSUMER PROTECTION AND FINANCIAL LITERACY

Grant amount: USD 490,000

Project Duration: May 2013 – August 2015

CONTEXT

Since the onset of the financial crisis in 2008, financial authorities have begun to realize the significance of financial consumer protection and financial literacy (FCPFL) for a sustainable financial market. But in the absence of a vision and strategy, the authorities have thus far leaned on prudential supervisory measures to realize the goals of FCPFL, using ad hoc administrative orders and moral suasion. They have so far failed to provide the needed protection for the average financial consumers. An integrated legal framework and a functioning institutional arrangement would be crucial for an effective FCPFL system in China, especially considering the fact that now all three financial regulatory authorities and the central bank have (or will) set up an internal department each in charge of FCPFL in their respective areas of responsibilities. Thus, the People's Bank of China (PBoC) requested assistance from the Bank to help it formulate a strategic vision and framework for the future financial consumer protection regime in China. In parallel, the China Banking Regulatory Commission (CBRC) also requested a TA to obtain a solid base and needed authenticity for its policy making in strengthening its role and tools in FCPFL.



KTF ASSISTANCE

The KTF-funded project consisted of two components:

- Component I is to respond to the PBOC's request for establishing a strategic vision and framework for the future FCPFL regime in China, including the design of the legal framework, institutional

arrangement and coordination, proper principles and good practice, information system, dispute resolution mechanism, and financial literacy programs;

- Component II is to respond to the CBRC's request for a review on the conditions of FCPFL for different layers of financial consumers in China (focusing on banking sector), especially those who are low and middle income consumers, followed by policy recommendations for strengthening the CBRC's role and tools in FCPFL.

The activities also included (i) learning from international experiences through desk research, study tours, international seminar(s) and other forms of activities for knowledge exchange; (ii) designing and implementing surveys by questionnaires, combined with focus group discussions; (iii) evaluating the existing conditions of FCPFL in China through a diagnostic review, based on desk research and the survey results as well as against the international good practices; (iv) drafting two policy notes, one for the PBOC and the other for the CBRC; (v) conducting two workshops, including an interim workshop to report and discuss the key results of the surveys, and a concluding workshop to disseminate the key findings and recommendations, which serves to promote the discussion and consensus among the stakeholders.

RESULTS

Both PBOC and CBRC are among the most crucial policy makers and regulatory agencies for FCPFL in China. In the report to PBOC, The key preliminary findings and recommendations covered five areas: (i) Institutional Arrangements; (ii) Legal and Regulatory Framework; (iii) Disclosure and Business Practices; (iv) Dispute Resolution Mechanisms; and (v) Financial Literacy. In the report to CBRC, the key findings and recommendations covered four thematic areas: (i) Disclosure and Transparency, (ii) Fair Treatment, (iii) Complaints Handling and Dispute Resolution Mechanisms, and (iv) Financial Capability.

Financial Consumer Protection departments in PBOC and CBRC were newly set up teams. During the project, the teams had intensive interaction with international experts from within and outside the Bank. The teams benefited from the exchange of ideas, information, and methodology.

The project funded the translation of World Bank's Good Practices for Financial Consumer Protection to Chinese language. The Good Practices provided guidance to the regulators in establishing effective mechanism for resolution of financial consumer disputes.

A report entitled *Report on Institutional and Legal Framework for Consumer Protection in Financial Services* provided guidance to PBOC in its establishment of Shanghai Financial Ombudsman Services in April 2015, a non-government organization, and is registered with the Shanghai Civil Affairs Bureau and Shanghai Administration Bureau of NGOs.

The Financial Consumer Protection survey provides a detailed demand-side assessment of the current state of consumer protection in the banking sector in China. The report *entitled Strengthening Financial Consumer Protection in China: A Demand-Side Assessment* established a prioritized set of recommendations that tackle identified financial consumer protection challenges not only from the legal and regulatory but also from the demand-side perspective.



THAILAND: SOLVENCY MODERNIZATION AND RISK-BASED CAPITAL FOR THE INSURANCE SECTOR

Grant amount: USD 420,000

Project duration: June 2013 –May 2015

CONTEXT

The Thailand Office of Insurance Commission (OIC)'s objective is to create an efficient and transparent local insurance industry while protecting policyholders. To achieve this, the OIC is following the strategy of strengthening the industry's finances, as well as better oversight, utilizing financial analysis, and a risk-based capital (RBC) regime. Technical knowledge in terms of risk management of insurance companies and human capacity has been brought into examination, but the lack of experience in risk assessment and applying judgement slows down the learning process, and therefore decelerates effective risk-based supervision (RBS). The main question faced by the OIC is which supervision strategy should be set once the risk assessment is conducted and whether OIC has adequate authorities to impose intervention measures based on the risk of insurance companies. Consequently, a legal framework to support risk-based supervision is a significant factor for accomplishment. The changes supported by this project will also promote transition to capital requirement principles that are more comprehensive and better capture the insurance industry risks in Thailand.

KTF ASSISTANCE

In order to fully develop the RBC/RBS framework, the KTF-funded project filled the missing pieces through the following tasks:

1. Assess the capacity of the OIC, the legal framework for RBS and modernize the EWS
2. Based on the assessment, strengthen and improve the solvency capital regime for insurers
3. Strengthen prudential supervision
4. Provide training

The project provided assistance to implement the quantitative goals into the current RBC formula. The project also supported the development of instruments (a) to strengthen and improve the solvency capital regime for insurers with relevant recommendations on enhanced risk-based capital through the introduction of operational risk and a white paper on enhanced supervision tools; and (b) to strengthen prudential supervision with prepared manuals and training.

RESULTS

At the end of the project, the OIC and the Bank team jointly conducted an in-depth consultation workshop with market participants and stakeholders and presented main findings and key recommendations. The workshop was divided into 4 sessions covering: (1) future directions of Thai insurance industry; (2) supervisory perspective on ERM; (3) industry view on data requirements under newly proposed supervisory requirements; and (4) the global trend on Own Risk & Solvency Assessment (ORSA). Workshop participants, comprising of

140 representatives from life and non-life insurers and all insurance-related associations, fully supported the reports' recommendations and encouraged the OIC to implement these recommendations as soon as possible.

Bank staff collaborated and coordinated with OIC and industry representatives to understand and document the ongoing activities by OIC and the insurance industry in their effort in enhancing the industry. These efforts supported by the project built a detailed base knowledge on the industry on which appropriate recommendations and plans for moving forward were formulated. These were extensively discussed with OIC staff. This approach was effectively carried out with all the activities supported by the project, including the reports and recommendations on (1) strengthening the solvency regime with the introduction of operational risk and group risk, (2) models for the ALM, ERM, and stress-testing; (3) strengthening prudential supervision and EWS; and (4) training. Each document covering these areas included a section on the then existing status and experiences thus far as an effective background on which to build the assessment and recommendations for the next steps. This collaborative approach provided the vehicle for OIC officials and the representatives of the industry to take stock of the existing situation with up-to-date information and to involve all the stakeholders for a better outcome of the technical assistance while enhancing the support and ownership of OIC and industry stakeholders.

Apart from the above reports, the Bank staff also conducted an extensive training program on on-site examination practices including case study discussions for both on-site and off-site examiners. The objective of this training program was to assist the OIC staffs in strengthening their risk focused examination procedures and approach. The OIC's supervisors actively participated in this capacity building program and exchanged various practical experiences. The Deputy Secretary General expressed that the case study discussions were good sessions to learn practical experiences from our insurance experts especially since the discussed cases were very similar to the Thai

“The advice and recommendation received from this project have contributed greatly to the development of the supervisory practices in Thailand, namely in Asset Liability Management, Enterprise Risk Management, Stress Testing, Early Warning System, and especially On-site Examination. We sincerely look forward to cooperation closely with the World Bank again in the near future.”

***Mr. Pravej Ongartsittigul, Secretary-General,
Office of Insurance Commission***

context. In addition to the above project's objectives, the Bank staff also shared practical examples of full liberalization of motor third parties liabilities (MTPL) tariffs in other countries. The OIC expressed concern on the current practices of the MTPL in Thailand.

Bank staff working on the project also benefitted from the experiences and inputs from OIC officials and stakeholders during this exercise, creating a common diagnostic knowledge base to develop relevant actions and recommendations. With this approach, the recommendations and manuals produced with the support of the project were tailored to the needs and requirements of the industry stakeholders and thus they have had a better chance for successful implementation and operationalization.



PAPUA NEW GUINEA: TA FOR IMPLEMENTING FINANCIAL COMPETENCY SURVEY

Grant amount: USD 475,000

Project duration: July 2013 –November 2015

CONTEXT

Papua New Guinea (PNG)'s dualistic economy has offered incentives to the large commercial banks to serve more elite and corporate clients than the rest of the population. The challenge is a lack of understanding of the demand from the unserved or unbanked 85% of the population and the high risks and costs of service delivery in the rural areas. Thus, the Central Bank of PNG (BPNG) identified financial inclusion as one of the top priorities for financial sector development. To better understand the demand for financial services, BPNG commissioned several studies on the financial capability of the population with the aim of promoting targeted and affordable financial education and financial services to the rural areas and local SMEs. Under the request of BPNG, the Bank provided technical assistance through a Russian TF in 2010-2012 to assist in developing a pilot for a financial competency survey tool.

KTF ASSISTANCE

Following the request of BPNG, KTF funded a technical assistance project to build upon the pilot survey tool and expand the base for a regional survey, by developing the survey instrument and constructing a representative sample. Project launch workshops with stakeholders and capacity building workshops for the local interviewers were also carried out. The sampling unit for the regional survey is the household: however, the sampling strategy and research methodology was developed to ensure a gender-specific understanding of financial capability. After rigorous data collection and analysis, the team produced the final report titled "Financial Inclusion and Financial Capability in Morobe and Madang Provinces, Papua New Guinea" which is made public at the following World Bank website:



<http://responsiblefinance.worldbank.org/~//media/GIAWB/FL/Documents/Publications/FinCapabilitySurvey-Madang-Morobo-Provinces-PapuaNewGuinea-20160114-FINAL.pdf>

RESULTS

This was the first population level study on financial inclusion and financial capability in PNG, with many implications for policy and practice towards the achievement of the Maya Declaration Goals. The report makes a significant contribution to increasing understanding and, whilst limited in geographic scope to Morobe and Madang provinces, provides an important input to the further development of financial inclusion and financial literacy strategy in PNG. The findings from the study suggest that the current National Financial Inclusion and Financial Literacy Strategy may need to be further developed, in particular to facilitate significant strengthening of the rural financial services architecture. The findings also indicate that significant strengthening of financial inclusion and financial literacy programmes, in particular urban programmes, will be required in order to increase financial inclusion by women. Levels of financial knowledge, in particular knowledge of the cost of financial services suggest a continuing commitment is required to further strengthen consumer protection. This report is an initial output from the national financial capability study, and focuses on Morobe and Madang provinces only due to both financial and logistic constraints to conduct a national survey at this stage. It is intended that the study will, in time, progress to become a nationally representative study of financial inclusion and financial capability in PNG.



EAST ASIA: REGIONAL FINANCIAL INTEGRATION

Grant amount: USD 450,000

Project duration: January 2014 – October 2015

CONTEXT

The agenda for financial integration of the ASEAN countries is part of the overall strategy for regional economic cooperation to enhance growth, improve trade linkages, and increase prosperity by contributing to poverty alleviation. In April 2011, the ASEAN Central Bank Governors highlighted the imperative for financial integration and endorsed a Study on Assessing the Financial Landscape and Formulating Milestones for Monetary and Financial Integration in ASEAN, outlining the need to strengthen financial integration by 2015. According to the Roadmap, the main elements of financial integration include capital account liberalization, financial services liberalization in the ASEAN banking sector and developing capital markets, together with institutional and policy reforms. Progress towards deepening the ASEAN Economic Community has been significant but has mainly involved trade; developments in the financial services integration have lagged. However without similar progress in the financial sector, further economic integration of the ASEAN region is likely to be limited.

KTF ASSISTANCE

KTF funded the project to conduct a study on ASEAN's financial markets integration, which entailed (i) developing an index of regional financial integration, (ii) formulating a model of an alliance structure of a

regional stock market, (iii) assessing banking systems' regulatory procedures for further harmonization and assisting with implementation, and (iv) developing a roadmap for ASEAN regional financial integration. The specific activities of the project were as follows: 1) Analyze the status of regional financial integration in the ten ASEAN member countries, with a particular focus on banking and capital markets; 2) Engage in policy discussions with senior policy makers in ASEAN in order to discuss current gaps and challenges that prevent further financial integration and examine existing regional initiatives; 3) Discuss with stakeholders (the ASEAN, ADB and APEC) as well as a broad range of international development partners.

RESULTS

The final report on the ASEAN Financial Integration was completed in June 2015 and its key findings were presented to the stakeholders and the international community at meetings including:

- 1) The ASEAN meeting in Kuala Lumpur on March 10, 2015. Participants included around 40 senior officials of central banks and ministries of finance of all ten ASEAN member countries.
- 2) The Conference organized by the Ministry of Finance of Malaysia and the IMF on ASEAN Regional Financial Integration on November 17, 2015. Participants included 25 representatives of think tanks and research institutes of ASEAN member countries.
- 3) The 2nd International Financial Cooperation Forum organized by the Financial Services Commission (FSC) and the Center for International Financial Cooperation (CIFC) in Seoul, Korea, on December 1, 2015. Participants included representatives of the Korean financial sector and policy makers from ASEAN member countries and Korea.

Overall, the project and the report contributed to enhancing the integration across the capital markets and banking systems of the ten ASEAN member countries. Such integration will translate into more ASEAN banks operating across borders and providing services to new customers, particularly low income households and small and medium enterprises. Financial integration will also lead to new initiatives to enable countries to raise debt in neighboring countries and expand their sources of funding for developmental activities. It was also recognized that there are more needs for technical assistance for the individual ASEAN countries, particularly the low income countries such as Laos, Myanmar, Cambodia, and Vietnam.



MONGOLIA: CAPITAL MARKETS DEVELOPMENT TA

Grant amount: USD 350,000

Project duration: September 2013 – December 2016

CONTEXT

The World Bank conducted a FSAP for Mongolia in February 2012, of which one of the three areas was capital market development. This was at the request of the Mongolian authorities because they recognized that the development of the capital market in Mongolia is vital to mobilizing domestic and foreign investment for productive use by the growing enterprise sector, including but not limited to, mining companies. The authorities recognize the urgent need to diversify the financial sector through supporting the development of

the capital market so as to keep pace with the growth momentum that the country aspires to over the next 10 years.

KTF ASSISTANCE

The objective of the TA is to support the Mongolian authorities in developing robust and deep capital markets in the following areas: (i) develop a strategy and an implementation plan that prioritizes and sequences the necessary development initiatives for the securities and broader capital markets; (ii) strengthening supervisory and enforcement effectiveness of the FRC; (iii) improving efficiency of supervisory and regulatory framework for the securities market; and (iv) enhancing capacity of the Financial Regulator Commission (FRC), Mongolia Stock Exchange (MSE), and Ministry of Finance (MOF) and contribute towards institutional development of the FRC.



RESULTS

The trust fund has supported work this year in continuing to build the capacity of the Mongolian capital markets and regulatory authorities to improve efficiency and effectiveness. Specifically, the team was able to deliver all the outputs earlier than planned with the final deliverable being the the Capital Market Development Strategy (CMDS) dissemination event. The event was organized to officially launch the CMDS and its implementation plan, targeting both the public and the private sectors.

In FY15, the team conducted two dissemination sessions on the b, which was produced in FY14 along with its implementation plan. One session was for the FRC and other public sector agencies including Bank of Mongolia (BOM) and MOF; and another session for private sector stakeholders and participants (together with public sector stakeholders). Attendance was high with active participations from all involved, including from the top management from FRC.



CHINA: EVALUATION OF FINANCIAL CONSUMER EDUCATION

Grant amount: USD 250,000 **Project Duration:** March 2014 – September 2016

CONTEXT

The Bank supported People’s Bank of China (PBOC) in establishing a strategic framework for the future financial consumer protection and financial literacy regime in China, including the design of the legal framework, institutional arrangement and coordination, proper principles and good practice and financial

literacy program. As a result, the Bank delivered a Report on Institutional and Legal Framework for Consumer Protection in Financial Services. In this connection, in a letter dated March 6, 2013, the PBOC requested the Bank's continued assistance to develop an assessment system for evaluation of financial consumer education in China. Additionally, PBOC requested, during the September 2013 mission, the Bank's assistance to improve their financial capability questionnaire and to build the capacity of PBOC staff.

KTF ASSISTANCE

The objective of this TA is to assist the PBOC in developing a system to evaluate the effectiveness of consumer financial education programs. This initiative would support the Government's effort in developing a National Strategy on Consumer Financial Education (NSFE). The overarching goal of the NSFE is to provide guiding principles, strategic direction and a coordination mechanism for organizations which provide (or could potentially contribute to the provision of) financial education in China.

RESULTS

The World Bank has been working closely with the PBOC's Financial Consumer Protection Bureau and provided timely technical assistance, support and training in relation to national financial education strategy, diagnosis of institutional foundations for financial consumer protection, international good practices, and financial education program design and evaluation.

PROJECTS UNDER IMPLEMENTATION



ASEAN: NATIONAL RISK ASSESSMENT

Grant amount: USD 898,000

Project Duration: May 2015 – January 2017

CONTEXT

With the expansion of ASEAN membership to the Mekong countries (Cambodia, Laos, Myanmar, and Vietnam, “CLMV”) in the 1990s, ASEAN now encompasses high-, middle-, and low-income countries. Among them, the CLMV countries are at significant risk of money laundering and financing of terrorism (ML/FT) issues and the abuse of their economies threatens sustainable growth in the future. Their regional environment and the weaknesses of their legal system constitute substantial concerns and make them susceptible to proceed generating criminal activities. Cambodia and Myanmar have already asked for the technical assistance of the WB, and early WB engagement with Lao and Vietnam is taking place. This project is part of a broader collaboration with the ASEAN countries on issues related to anti-money laundering and combating the financing of terrorism (AML/CFT).

PROJECT OBJECTIVE

The project helps improve the effectiveness of some of the countries in the ASEAN region to detect illicit financial flows, investigating and prosecuting financial crime such as corruption, tax evasion, and fraud. The results/indicators for the activity will be measured by the following: (1) Some of the ASEAN countries have a detailed and comprehensive report that identifies and analyzes the proceeds of crime in the country and identifies the key vulnerabilities of law enforcement agencies to investigate and prosecute financial crime; (2) Some of the ASEAN countries officially adopts concrete time bound action plan that is endorsed by the government through appropriate processes such as a national coordination committee on anti-money laundering and terrorism financing or at cabinet level.; and (3) 50-60 key experts from the judicial, law enforcement, financial regulators and senior policy makers are trained on how to identify the money laundering and terrorism financing risks and vulnerabilities facing some of the ASEAN countries.

PROGRESS

Cambodia. The first workshop was held from January 20-22, 2016. The authorities are expected to provide preliminary findings of the assessment within a tight time frame to be agreed upon during the mission. A video conference was held on December 16, 2015 to launch the national risk assessment process.

The Philippines. A World Bank team visited Manila in October 2014 to launch the national risk assessment on money laundering and terrorism financing. It was agreed in October 2014 that the risk assessment process would be concluded in July 2015 at a final workshop to be held in Manila. However, there has been a delay in complete this project due to lack of progress on the part of the authorities. A letter was sent in early November

2015 to the authorities expressing concern on the delay and asking for progress to be expedited in 2016. On February 15, 2016, the authorities submitted the draft National Risk Assessment report and related documentation for review and comments by the World Bank. The final workshop has now been set for May 11-13, 2016. The project is expected to be closed by mid-June 2016.

Vietnam. It has been agreed to begin the national risk assessment work in early 2016. The authorities however, are still negotiating on the modalities of delivery of the World Bank support. Nevertheless, it is likely that we will have the first workshop within the first quarter of 2016.

Lao PDR. The authorities have not yet indicated when they would want the World Bank to begin the support on the national risk assessment. However, the World Bank has been in constant dialogue with the authorities on the matter. The expectation is that the work will start in the second half of this calendar year.



WORLD:BASEL II PILLAR 2 – IMPLEMENTATION TOOLKIT

Grant amount: USD 940,000 **Project duration:** September 2015 – June 2017

CONTEXT

The Basel Committee on Banking Supervision (BCBS) issued a comprehensive revised capital adequacy framework in 2004 (known more popularly as Basel II), which was designed to be more risk-sensitive than the Basel I framework. Basel II has three pillars: Pillar 1 – prudent capital regulation; Pillar 2 – supervisory review, and Pillar 3 – market discipline. Pillar 2 involves two main steps – (a) requiring banks to maintain an internal capital adequacy assessment process (ICAAP) and complying with the internal targets; and (b) supervisory evaluation of how well banks are assessing their capital needs relative to all risks incurred by the bank. Pillar 2 implementation is mandatory and critical to the effective implementation of Basel II. Within Pillar 2, some jurisdictions have progressed on part (a) above, but very few have progressed on implementation of part (b). This offers a vast potential for providing technical assistance in this specialised area to client authorities.

PROJECT OBJECTIVE

The objective for this project is to assist banking supervisors in client jurisdictions to improve the effectiveness of their capital adequacy framework, which would eventually help them achieve a higher level of compliance with international standards. This will be achieved through the development, customization and delivery of a supervisory toolkit. The toolkit would include two components: (i) guidance to supervisors for assessing banks’ internal capital adequacy assessment processes (ICAAPs) and risk profile; and (ii) quantitative supplement for assessing the adequacy of capital held by banks vis-à-vis their risks. This toolkit is aimed primarily at the authorities and jurisdictions where banks are on Basel I or on the basic levels of Basel II. The toolkit is also designed to be flexible to meet the needs of a better equipped authority. The toolkit will help to develop and promote a more risk sensitive approach to supervision in client jurisdictions, improve supervisory capacity and better equip the supervisors to perform more effective supervisory review. It will also help them to engage in

constructive supervisory discussions with the banks and their managements. For those countries that are yet to implement Basel II, this toolkit will help them to migrate smoothly towards effective Basel II and Basel III implementation. The toolkit will strengthen the capacity of banking system supervisors to maintain a resilient banking sector and to maintain banking system stability.

PROGRESS

With the help of staff seconded from Korea’s FSS, the Bank team has developed a first stage prototype of the quantitative supervisory toolkit for assessing the adequacy of the capital held by banks. This has been subjected to initial desktop testing with dummy data, which seem to be giving reasonable outputs. Simultaneously, the Bank experts are in the early stages of preparing the initial drafts of the qualitative components of the toolkit, which are in the nature of guidance to banks for assessing banks’ risk profile.

The next steps include subjecting the quantitative toolkit to testing with live bank data during February. This will provide the experts an opportunity to further test the components and also to see the collective output of the prototype in real-life cases. This testing is expected to help in identifying areas for further improvement in the toolkit. Thereafter, the team will develop the guidance on assessment of risks. The guidance note for assessment of one of the Pillar 2 risks would serve as a model/template for developing similar guidance for assessment of other Pillar 2 risks. In this context, the FSS has agreed to work with the team on the project.



MYANMAR: SCALING UP FINANCIAL SERVICES FOR THE POOR

Grant amount: USD 3,300,000 **Project duration:** October 2015 – August 2017

CONTEXT

Financial inclusion is a key priority in Myanmar's development agenda. At present, over 70 percent of adults do not have access to credit, savings, and deposits. Thus, the Government of Myanmar has recently formulated a Financial Inclusion Roadmap 2014-2020 that aims at increasing the percentage of adults with access to basic financial services from 30% in 2015 to 40% by 2020.

PROJECT OBJECTIVE

The objective of this project is to provide TA to the Government to increase the percentage of adults with access to financial services. The program involves an integrated and comprehensive approach that centers on the following four pillars:

- (i) Modernizing Financial Sector Infrastructure
- (ii) Financial Institutions Reform and Development
- (iii) Promoting Digital Financial Services and Expanding Access and Depth of the Financial Sector

(iv) Upgrading the Legal and Regulatory Framework



PROGRESS

The work has begun across all four pillars.

Under Pillar 1, a series of TA missions were held in December 2015 and January 2016 with the CBM to discuss next steps related to plans for enhancement of the CBM net system and also for implementation of the draft National Payments Strategy. The work also focused on development of a national payments switch and providing TA to the Myanmar Payments Union as part of the CBM engagement.

Under Pillar 2, a series of meetings were held with high level officials of the MOF and Office of the President with regard to planning for state-owned bank reform and next steps related to Myanmar Economic Bank (MEB) and Myanmar Agricultural Development Bank (MADB) diagnostics. In addition, a Technical Workshop on Myanmar State-Bank Reform will be held on February 18, 2016. This workshop will bring together approximately 45 representatives from the government, MOF, CBM, and the four state owned banks. The objective will be do discuss the challenges of State-Owned Bank (SOB) restructuring in Myanmar and also

identify and build consensus around next steps for reform. The workshop will also include sessions to share experiences from bank restructuring in other regions.

Under Pillar 3 and 4, a week-long training session was held with the insurance supervisory staff of the Financial Regulatory Department (FRD) in August 2015, and microfinance supervisory training was also held in December 2015. An auditing and accounting workshop with state-owned banks was also held in August 2015, with participants of all four major state-owned banks: Myanmar Economic Bank, Myanmar Agricultural Development Bank, Myanmar Investment and Commercial Bank, and Myanmar Foreign Trade Bank. The TA work has been affected by the historic national elections that were held in Myanmar in November 2015, in that the WB team will need to confirm details of several elements of the TA program with the new government. However, at the same time, there is broad recognition of the importance of reforming the financial sector as priority in order to achieve the overall economic transition envisioned by the new government.

Under Pillar 4, the World Bank team have been providing intensive support to the CBM in drafting the Banks and Financial Institutions Law. After several years of preparation, this law was enacted by Parliament in January 2016 and will significantly strengthen the legal and regulatory framework for the financial sector in Myanmar, and substantially improve compliance with the international banking standards and norms. The next step is to draft implementing regulations for this law, which will be a top priority of the CBM in 2016.



CAMBODIA: FINANCIAL SECTOR DEVELOPMENT TA

Grant amount: USD 1,442,600 **Project duration:** September 2015 – December 2017

CONTEXT

The Ministry of Economy and Finance (MEF) and the National Bank of Cambodia (NBC) have requested the assistance of the WBG to modernize the financial system with the ultimate goal of building a sound, efficient and inclusive financial system to underpin economic growth and poverty reduction in Cambodia. The financial system provides all of its citizens with the opportunity to save, invest, and get credit from financial institutions to cover their consumption needs or meet unexpected expenses. Furthermore, a larger and more dynamic financial system is needed to support the financing needs of economic actors, from micro-entrepreneurs, small and medium enterprises (SMEs) to large corporations and government institutions. Recognizing the importance of these objectives, MEF and NBC have reached out to the WBG for TAs in a number of areas of financial sector development.

PROJECT OBJECTIVE

Based on these requests and dialogue with the WBG financial sector team, TA activity plans to support the MEF and NBC in core areas of financial sector modernization and reform have been developed. The beneficiaries of this proposed TA are financial sector policymakers, regulators and market players in Cambodia in their efforts to build a stable, efficient and inclusive financial system to underpin economic growth and

poverty reduction. This program is designed to establish the fundamental components for an effective and efficient financial system in Cambodia and for a financial sector that will support economic stability and growth with inclusion goals of the country.

PROGRESS

The following activities are proposed for this TA.

- Pillar 1: Enhancing and maintaining financial stability
 - Strengthening prudential regulation and supervision in the banking sector
 - Strengthening capacity for financial crisis prediction and management
 - Providing feasibility analysis and recommending a staged approach toward development of deposit insurance system
 - Completing the ongoing efforts to recommend revisions to the banking and central bank legal framework and related prakas
 - Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT)
- Pillar 2: Increasing system efficiency
 - Supporting the development of a National Payments Strategy (NPS) and providing advice toward reforming the payments system
 - Supporting NBC efforts to promote a liquid and efficient inter-bank market
 - Strengthening the accounting and auditing system
- Pillar 3: Promoting inclusion and consumer protection
 - Supporting the deepening and strengthening of non-bank financial institutions through appropriate regulation and building supervisory skills and knowledge
 - Promote consumer protection framework in financial system

GROWING PARTNERSHIPS

An important objective of the WBG and MoSF partnership is leveraging the expertise and capacity of Korean institutions to support EAP country needs and enhance/deepen the delivery of assistance to the client countries. At the end of 2014 the WBG had already signed 4 formal MOUs towards strengthening the partnership. In 2015, 2 additional MOUs have been signed between WBG and Bank of Korea and the Financial Supervisory Services. All these partners are noted in the chart below.

WBG F&M Formal Partnerships with Korean Counterparts

(As of February 2016)



In 2015, as part of the Korea Week celebration commemorating 60 years of WBG and Republic of Korea partnership, these partners came together with the WBG and organized 2 working sessions to discuss areas of mutual interest and show their continued support for this partnership. With the staffing of the Seoul Center in the 2nd half of 2015, several other partnerships have been explored and progress made in connecting these institutions with specific country needs in the EAP region. The table below lists the connections and partnerships made and progress in leveraging these for supporting client countries.

PROGRESS ON PARTNERSHIP ACTIVITIES IN 2015

Korean Partner	Subject Countries	Partnership
 <p>THE BANK OF KOREA</p>	All	<p>The Seoul Center team connected an expert from BOK with our Cambodia team to provide support to the central bank of Cambodia on financial stability, in the format of a workshop and meetings (though discussion started in 2015, the actual technical assistance mission took place in January 2016)</p> <p>The Seoul Center team also participated in a BOK-IMF Conference titled “Leverage in Asia” (December 2015)</p>
 <p>CIFIC Center for International Financial Cooperation</p>	All	<p>The Seoul Center team participated in CIFIC’s 2nd International Financial Cooperation Forum, where an F&M staff based in Thailand made a presentation</p> <p>The Seoul Center team will also participate in CIFIC’s special workshop in March 2016 to explore more concrete collaborative opportunities with FSC and other members</p>
	All	<p>The FSS secondee in F&M (HQ) is working with the team to develop a Basel II toolkit as part of a TA funded by the KTF. This will be followed by a technical mission in Korea to enhance and plan testing for the toolkit prototype</p>
 <p>kamco KOREA ASSET MANAGEMENT CORPORATION</p>	Lao	<p>The Seoul Center team had discussions with KAMCO on their interest in working with EAP countries and connected them with F&M Lao team based on their priorities</p>
 <p>KoDIT KOREA CREDIT GUARANTEE FUND</p>	Indonesia	<p>KoDIT made a presentation at the WBG HQ</p> <p>The Seoul Center team connected KoDIT with F&M Indonesia team through an audio conference call for an introduction and discussion on Indonesia’s credit guarantee scheme; also explored areas for further cooperation</p> <p>KoDIT may also participate in an upcoming workshop in Africa being organized by F&M’s SME Finance team</p>

Korean Partner	Subject Countries	Partnership
	EAP	The Seoul Center team had preliminary discussions with KoFIU regarding possible partnership to support capacity development in EAP
	All	The Seoul Center team worked with the LLI team to connect KSD's CEO for a video interview for a Massive Open Online Course (which is now available online on LLI-WBG website)
	Lao	The Seoul Center team connected KDIC to Lao Central Bank and F&M Lao team through an audio conference call regarding a training program on deposit insurance and analysis of financial institutions (FSS may provide support on Basel II) to be organized soon

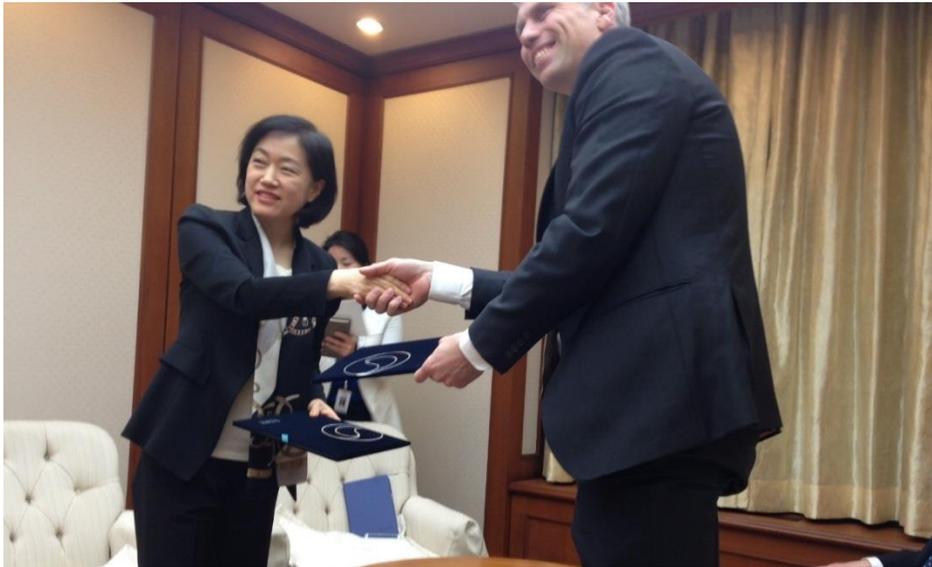
DETAILS OF NEW FORMAL PARTNERSHIPS IN 2015



THE BANK OF KOREA

BANK OF KOREA (BOK)

- MOU signed on February 13, 2015



- The objective is to facilitate actions to foster sound and rigorous financial systems in developing countries and carry out collaborative work on mutually agreed areas, substance and approach, with a level of flexibility. The collaborative areas include:
 - a. Deepening financial inclusion;
 - b. Strengthening financial stability and early warning systems;
 - c. Promoting establishment of and improving start-ups/SMEs;
 - d. Building capital markets;
 - e. Improving monetary policy; and
 - f. Managing foreign debt and exchange risks
- The prospective modes of collaboration under this MOU would include:
 - a. Technical assistance on the policy areas listed above to national and sub-national authorities in the East Asia and the Pacific region, as well as other regions, to assess and implement necessary initiatives to advance financial sector and markets which will foster efficient real sector growth.
 - b. Providing technical assistance on the policy areas listed above through education, training, workshops/seminars, and other knowledge transfer activities with an aim to support the joint BOK-WB efforts and capacity building activities directed at various stakeholders.



FINANCIAL SUPERVISORY SERVICE (FSS)

- MOU signed on February 13, 2015



- The objective is to facilitate actions to foster sound and rigorous financial systems in developing countries and carry out collaborative work on mutually agreed areas, substance and approach, with a level of flexibility. The collaborative areas include:
 - a. Improving banking, securities, mutual fund, non-bank finance and insurance supervision;
 - b. Capital market and banking sector development;
 - c. Microfinance and cooperative finance oversight; and
 - d. Consumer protection and financial education.
- The prospective modes of collaboration under this MOU would include:
 - a. Technical assistance on the policy areas listed above to national and sub-national authorities in the East Asia and the Pacific region, as well as other regions, to assess and implement necessary initiatives to advance financial sector and markets which will foster efficient real sector growth.
 - b. Providing technical assistance on the policy areas listed above through education, training, workshops/seminars, and other knowledge transfer activities with an aim to support the joint FSS-World Bank efforts and capacity building activities directed at various stakeholders.

KTF PROGRAM WORK PLAN 2016-2017

SUMMARY

- ✓ Allocation of First phase of KTF (ending CY2017) is expected to be completed very soon given that we have a robust pipeline of projects coming online. Given that these comprehensive programmatic engagements span a period longer than the closing of the First phase and given continued strong demand for support from several client countries as well as interest from Korean institutional partners for a longer term partnership, it would be useful to start looking at a second phase of the KTF at the appropriate time (but sooner rather than later to ensure continuity in support).
- ✓ For the Second phase, looking at some of the lessons from the success of KTF and developments at other WBG country hubs (especially in Malaysia and Austria), it would be important to consider having a more strategic and global perspective centered on financial systems and stability issues in particular, areas where Korea has done very well over the past few years and has strong institutions and capacity. We believe, this will not only give Korea's engagement a higher profile internationally and distinguishes the Korea program from others in the region (Malaysia) and elsewhere (Austria), but could also allow for drawing more deeply on technical partners in Korea to share experiences more widely.

PIPELINE PROJECTS



LAOS: FINANCIAL SECTOR DEVELOPMENT PROGRAMMATIC APPROACH

Grant Amount: USD 550,000-700,000

Project Duration: April 2016 – December 2017

Proposal Timing: March 2016

CONTEXT

Financial sector development is a key priority in Lao PDR's development agenda. The financial sector authorities currently lack the capacity to properly supervise financial institutions, and monitor and mitigate systemic risks, which threaten financial and macro-economic stability. The financial system is also not adequately meeting the needs of households, the private sector and government institutions. The recent draft World Bank Systematic Country Diagnostic thus proposes restoring financial sector stability as its highest priority.

The Development Objective (DO) of this Programmatic Approach (PA) is to promote the development of a more stable and efficient financial sector. This will be achieved through the provision of technical assistance (TA) and advisory services to enhance the capability of financial sector authorities to: identify and manage risks; modernize payment systems and market infrastructure; and upgrade laws and regulations by bringing them in compliance with key international standards. Given the myriad of issues faced by the authorities, there will also be a small allowance for topical TA to be provided to them on a just-in-time basis.



The expected intermediate outcomes are (i) enhanced capacity to monitor and mitigate risks (ii) improved financial infrastructure, (iii) strengthened legal and regulatory framework for the financial sector and improved consistency with international financial sector standards, and (iv) a positive impact on financial sector reforms through timely advice on important topical issues.

LIKELY COVERAGE OF KTF ASSISTANCE PROPOSAL

The F&M programmatic approach in Laos is focused on the following pillars and the KTF will support specific activities (details to be provided in KTF proposal) under these pillars.

- (i) Enhancing Financial Stability
- (ii) Modernizing Financial Infrastructure
- (iii) Upgrading the Legal and Regulatory Framework

All activities also include elements geared toward medium term institution building and capacity building of relevant authorities, and laying the foundation for a stable, efficient and inclusive financial sector in Lao PDR.



VIETNAM: LEVERAGING CAPITAL MARKETS AND NBFIS FOR DEVELOPMENT

Grant Amount: USD 450,000-1,000,000

Project Duration: May 2016 – December 2017

Proposal Timing: March 2016

CONTEXT

Vietnam has achieved remarkable economic performance since the start of its transition in 1986 including rising levels of formal financial intermediation and deepening. However, several challenges remain to be addressed as noted in the 2012 FSAP report. Reinforcing banking sector soundness is critical given its dominance of the financial system in Vietnam, lessons from the global financial crises, recent developments in Vietnam. Capital markets need to develop in parallel to support long term financing especially for critical investments in infrastructure as well as to diversify the financial system structure in line with emerging needs of the economy.

The overall objective of this PA will be to support the development of a modern, sound and inclusive financial system for Vietnam. The key pillars of the PA will be

- (i) Strengthening Financial Sector Soundness and Stability
- (ii) Enhancing Financial Inclusion and Infrastructure
- (iii) Leveraging Capital Markets and NBFIs for Growth and Development

Knowledge transfer will part of each discrete engagement under the PA and bring in lessons from global experience to strengthen client institutional and reform implementation capacity (especially relating to compliance with international standards). The WBG focus will primarily be in areas of its comparative

advantage and efforts will be made to make sure the work is complementary to engagements of other key development partners and donors.

LIKELY COVERAGE OF KTF ASSISTANCE PROPOSAL

Developing capital markets is not an easy task, as it involves a large number of players and institutions, as well as complex building blocks, to ensure the efficiency and safety of their operations. The key stakeholders in this market include, banks, insurance funds, pension funds, securities market as well as the bond markets. The engagements under this pillar will develop these complementary segments in appropriate sequence to support long term growth and development. Key discrete activities under this engagement will include:

- Bond market roadmap implementation and related capacity building
- Securities market related institutional capacity development (including corporate governance)
- Insurance Supervisory Agency capacity development
- Introduction of private pension

The KTF will support specific activities (details to be provided in KTF proposal) focusing on Insurance and Pension as follows.

The **Insurance sector** has experienced two-digit growth over the past decade, however represents a small share of Vietnam financial system (4% of GDP in terms of assets). The sector is faced with many challenges both from the access and soundness angles. The recent FSAP recommended that Vietnam

--Consider the adoption of risk-based approach across the entire insurance sector

--Implement a development plan to strengthen the supervisory framework and ensure the sound growth

--Insurance Supervision Agency (ISA) strengthen its financial resources, develop technical capacity and skills and strengthen its information system.

--Develop distribution channels and regulations for distribution.

The KTF funding is expected to support a comprehensive support program whose core elements are likely to include

- (i) advisory support for restructuring insurance companies
- (ii) supporting the strengthening of the regulatory and supervisory framework and bring it closer to Insurance Core Principles (ICP)s,
- (iii) providing capacity building support for ISA and industry,
- (iv) supporting market development through product development

The **pension system** in Vietnam currently consists of an old-age, social security pension managed by the Vietnam Social Security Fund (VSS), with assets amounting to around 6.5% of GDP. Despite high contribution rates (24% for social insurance in total) is facing funding challenges over the medium term (the scheme is estimated to run out of funds in the 2030s). The KTF is likely to support

- implementation support for law on voluntary pensions with the aim of introducing more attractive pension saving products for SME employees

- support to develop private pensions market in Vietnam and to ensure the safe and productive investment of all pension assets in the country
- assist the Government in implementing legislative reforms in the area of private pensions.



PHILIPPINES: FINANCIAL SECTOR DEVELOPMENT AND INCLUSION

Grant Amount (approximate): USD 600,000 **Project Duration:** July 2016 – December 2017

Proposal Timing: April 2016

CONTEXT

Philippines financial system is dominated by the banking sector, appears stable and highly liquid. Growth of the banking system and abundant liquidity however are not translating into greater access to financial services. Access to basic financial services for the lower 40% of the population increased from 10% in 2011 to 18% in 2014 but remains low. Lack of access to basic savings, payment and credit services for low income population and MSMEs limits their ability to fully participate in the broader economy, exacerbating inequality and poverty in the Philippines. Lack of effective insurance and retail finance mechanisms also means that financial assistance and risk mitigation for natural disasters can't be delivered efficiently to the affected populations. ARMM has lowest levels of access to basic financial services in the country.

LIKELY COVERAGE OF KTF ASSISTANCE PROPOSAL

The overarching objective of the programmatic approach in Philippines is the development of the financial system of the Philippines and increased financial inclusion through (1) the implementation support for the National Strategy for Financial Inclusion and (2) the enhancement of the institutional framework for financial system soundness. The KTF support will be needed to respond to specific client requests to be detailed in formal proposal for KTF.



MONGOLIA: FINANCIAL SECTOR DEVELOPMENT

Grant Amount: USD 600,000 – 750,000

Project Duration: July 2016 – December 2017

Proposal Timing: April 2016

CONTEXT

Narrow economic base makes Mongolia highly vulnerable to external shocks: slowdown in China, the main export destination, declining commodity prices and the deteriorating business environment are transmitting to the real economy and to the financial sector.

- Exports dropped 36% (y-o-y) during the last 3 months of 2015 amid a deepening minerals market downturn.
- External financing conditions keep tightening – benchmark sovereign bond yields soared over 11% in January 2016.
- 13 commercial banks, 1 development bank, 195 NBFIs, 159 savings and credit cooperatives and 17 insurance companies.
- About 95% of financial sector assets are held by banks; banking system is concentrated: top 5 banks account for more than 80% of total assets.
- Total assets of banking sector amount to about 90 percent of GDP.
- Capital markets remain in early stages of development; the insurance market is small, with a penetration rate of about 0.5 percent of GDP.
- First time investment by a foreign bank in the financial sector was allowed only in October 2015.
- Banks reportedly well capitalized but the asset quality is deteriorating and banking sector liquidity is hampered by fiscal developments.

The F&M program in Mongolia focuses on strengthening financial sector stability; development of capital markets and the non-bank financial sector; improving financial infrastructure and financial literacy; and supporting export diversification. The advisory and analytical work to be structured as a Programmatic Assistance.

LIKELY COVERAGE OF KTF ASSISTANCE PROPOSAL

The KTF support will be needed to respond to specific client requests (to be detailed in formal proposal for KTF) in the following areas.

- (i) Financial stability via enhanced regulation/supervision, crisis preparedness, stolen asset recovery
- (ii) Development of capital markets and the non-bank financial sector
- (iii) Financial infrastructure and financial literacy / capability
- (iv) Export finance

FOCUS ON PARTNERSHIP AND KNOWLEDGE FOR ENHANCING DELIVERY QUALITY

With the operationalization of the Seoul Center (SC) for Financial Sector Development in mid-2015, in the 2016-17 period the SC will be proactively looking to develop a comprehensive partnership, knowledge transfer and knowledge generation program for leveraging the Korean partners' experience, expertise and institutional capacity.

Some of the elements of this program under discussion could include:

- Longer-terms engagement and participation of Korean institutions and experts in select KTF programs (e.g. KDIC and possibly FSS long-term training support to the Lao central bank); Systematically pairing Korean institutions with client country work needs
- Communication of results of the projects supported with KTF, especially highlighting the value of participation with Korean institutions (e.g. dedicated website, brochures, smart lessons notes, etc.)
- KTF and SC – advocacy of value add for client countries and technical teams' information exchange
- Considerations of thematic study tours around key institutions (e.g. multi country workshop around KoDIT and KAMCO expertise)
- Global event series (e.g. yearly event on financial stability → moving towards a financial stability and systems hub)
- Continued participation and conduct of joint training / workshops
- Collaboration with other F&M Hubs to learn and enhance client engagements and Korean institutional knowledge base.
- Knowledge generation to curate success of Korean experience including developing research fellow exchange and research program and joint research (both inwards and outwards)
- Joint monitoring and evaluation, knowledge sharing, advocacy missions (WBG, MOSF and other key partners as appropriate)

A detailed work plan in that regard is under preparation and will be discussed with the MOSF and other partners in March/April 2016.

MONITORING AND EVALUATION

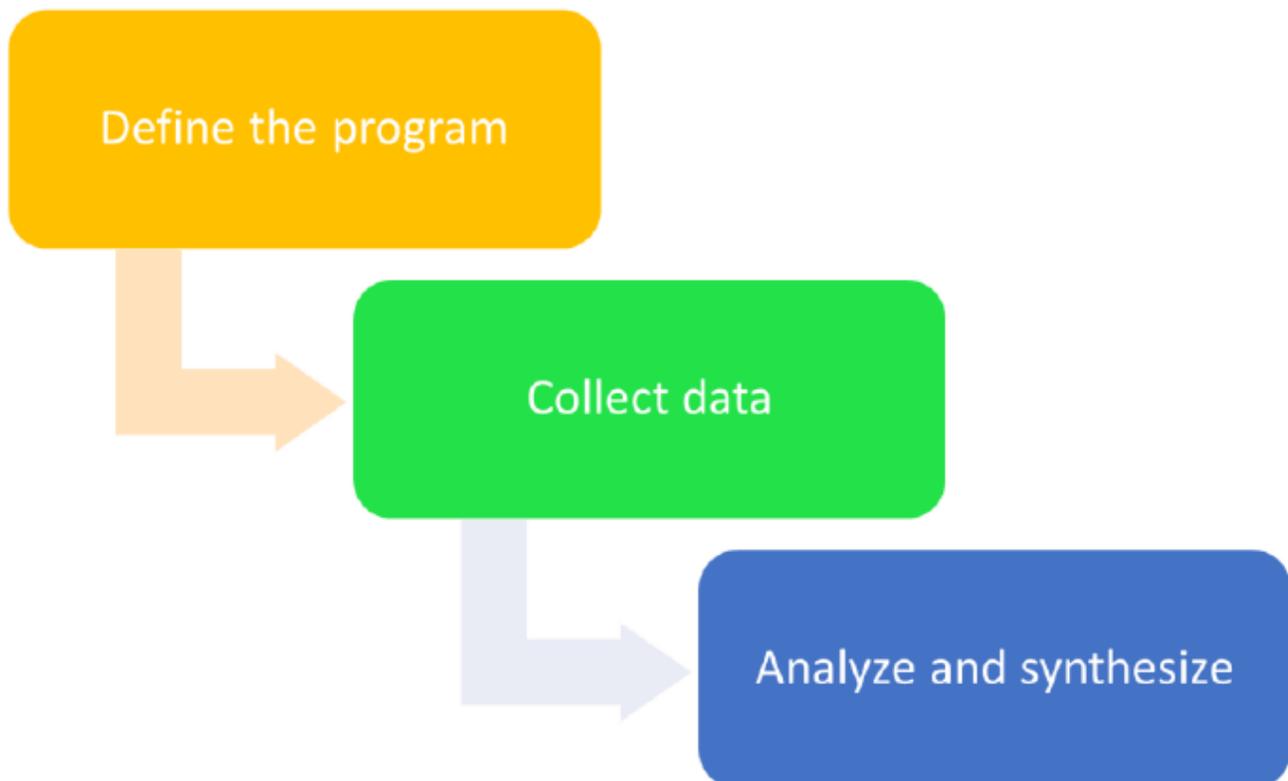
Monitoring and evaluation are the processes that tell you whether you are achieving the intended results and help you also identify and take corrective actions where needed. Monitoring and evaluation both assess achievements, but their emphases differ:

Monitoring is generally an ongoing process of information collection primarily for program management. It tends to focus on activities.

Evaluation takes a wider and longer-term view of the entire program and involves less frequent programmatic reviews. It tends to concern itself with outcomes.

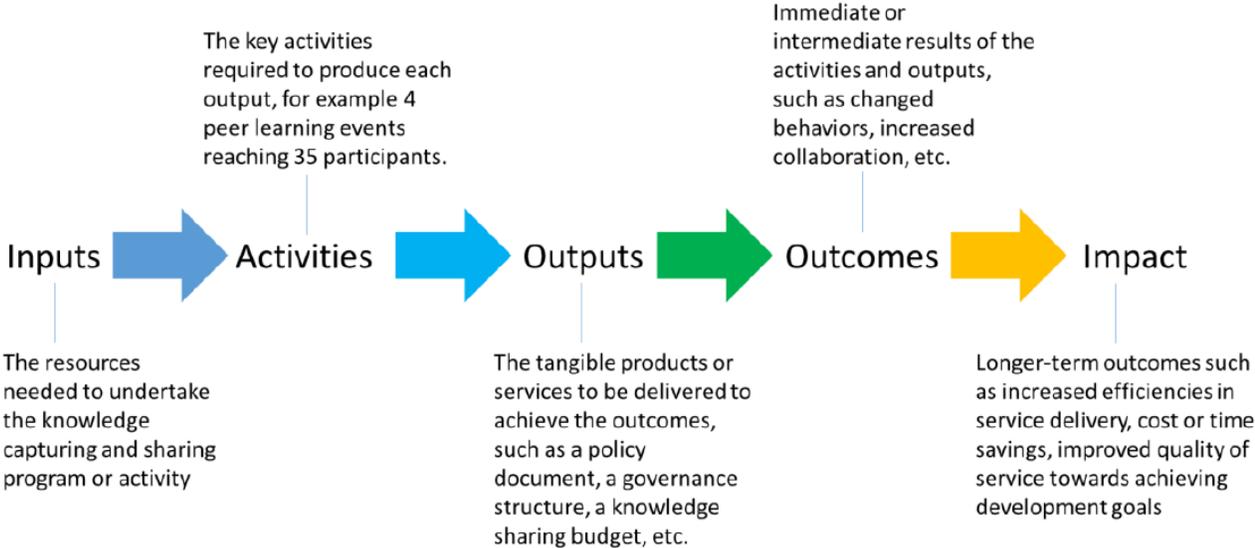
The three basic steps in the M&E process are listed in the chart below. Each step is important and requires targeted attention. Eight of the KTF funded projects have been recently completed. There is a clear program which has been supported and data has been collated at different levels. However, given the policy and capacity development nature of the engagements, though it is easy to list outputs, measuring and evaluating intermediate and final outcomes and impact can be done only over a longer time horizon.

Three Basic Steps in the M&E Process



A M&E framework requires focusing on key measurable indicators, be it qualitative or quantitative. Going forward with the 4 projects approved in 2015, we are able to have this discussion during the early stages of development and will be developing an appropriate framework. For the 8 projects already completed we have to, in a way, retrofit a reasonable framework so that we are able to continue to measure outcome and impact in the coming year(s).

Causal Chain Linking Inputs to Impact for a Knowledge Sharing Program



As a first step it is important to develop a Causal Chain linking inputs to expected impacts. The chart provides an example of such a chain and its different elements for the case of a Knowledge Sharing Program. For the 12 projects supported with KTF, we have prepared a similar chain which is included as Annex 1. As the next step, monitoring indicators need to be established and related data compiled for processing, analysis and synthesis. The Finance and Markets Global Practice has recently developed a set of commonly used indicators though an exercise of reviewing several past projects and with feedback from technical specialists in financial sector as well as M&E and results framework development (Annex 2).

Over the next 2-3 months, an appropriate M&E framework will be developed for each of these projects in consultation with the clients and project teams and with feedback from MoSF.

ANNEX 1. RESULT CHAIN OF KTF-FUNDED PROJECTS

Completed projects



Ongoing projects

PROJECT	PROCESS / ACTIVITIES	OUTPUTS	INTERMEDIATE OUTCOMES	OUTCOMES
Mongolia Capital Markets Development Technical Assistance	Capacity building of the Mongolian capital markets and regulatory authorities to improve efficiency and effectiveness, including: 1) Develop a Capital Markets Strategy and Implementation plan; 2) Develop implementing regulations following the effectivation of the Securities Markets Law and Investment Funds Law; 3) Develop a RBS framework and provide training to regulatory authorities; 4) Produce inspection and enforcement manuals and working papers	1) Report on Mongolia clearing and settlement; 2) Drafts for Capital Market Strategy & Implementation Plan, 7 Investment Fund Law regulations, RBS Strategy, draft Intermediaries Inspection Procedures and Manual, Inspection/Audit workbook to support the inspection process and criteria for enforcement under the Securities Markets Law; 3) Dissemination workshop for the Capital Market Strategy; 4) Training on all new implementing regulations for FRC, MOF and MSE staff	1) Mongolian authorities have strategy and implementation plan that prioritizes and sequences the development initiatives for the securities and capital markets; 2) Strengthen supervisory and enforcement effectiveness of the FRC; 3) Improve the efficiency of the supervisory and regulatory framework for the securities market; and (4) Enhance capacity of FRC, MSE and MOF and contribute to institutional development of the FRC	Mongolia has robust and deep capital markets with effective supervisory and regulatory frameworks in place
China - Evaluation System for Consumer Financial Education	1) Help PBOC draft China's national framework for evaluating the effectiveness of education programs; 2) Advocate the importance of establishing a system of financial consumer protection and literacy in China at the workshop held by PBOC in Shanghai and less developed regions; 3) Assist PBOC to develop financial capability questionnaires	1) Framework of methodology for evaluating the effectiveness of financial education programs; 2) Financial Capability Questionnaires; 3) Training workshops	1) Increase awareness of the importance of establishing a system of financial consumer protection and literacy in China; 2) Strengthen the capacity of PBOC to develop a system for evaluating the effectiveness of the NSFE and design China's framework of financial education; 3) Stimulate public debate on financial consumer protection and financial education	A National Strategy on Consumer Financial Education (NSFE) that can contribute to better provision of financial education in China
National Risk Assessment ASEAN	Self-assessment of the countries using the National Risk Assessment Tool developed by the World Bank; assistance to authorities of the requesting authorities of the CLMV and ASEAN member states. Such assistance will cover legislative drafting, capacity building activities and policy advice	Risk assessment reports, training on evaluation methodology best practice	Some of the ASEAN countries: 1) Have a report that identifies and analyzes the proceeds of crime in the country and the key vulnerabilities of law enforcement agencies to investigate and prosecute financial crime; 2) Officially adopt concrete time bound action plan endorsed by the government through appropriate processes; and 3) Key experts from the judicial, law enforcement, financial regulators and senior policy makers are trained on how to identify the money laundering and terrorism financing risks and vulnerabilities	Improved effectiveness to detect illicit financial flows, investigate and prosecute financial crimes such as corruption, tax evasion, and fraud
Basel Pillar 2 Implementation Toolkit	Development of a supervisory toolkit and testing in parallel with discussions with	Supervisory toolkit (Basel Pillar 2 toolkit) for the use of banking supervisors	Help banking supervisors improve the effectiveness of Basel II implementation	Achieve a higher level of compliance with international standards on capital adequacy
Myanmar – Scaling Up Financial Services for the Poor	1) Pillar 1: Modernizing Financial System Infrastructure; 2) Pillar 2: Financial Institution Reform and Development; 3) Pillar 3: Digital Financial Services and Expanding Depth of The	1) Development of CBM-Net and related environment; 2) Recommendations for strategies for state-owned banks; 3) Recommendation for CBM and MOF to finalize the Financial Sector	1) A more safe, secure and reliable payment system is in place and operational New Credit Reporting System established and operational; 2) Transformation of SOBs into financially-sustainable institutions, with appropriate	1) Increased percentage of adults with access to financial services; 2) Improved financial infrastructure and payments system; 3) Improved capacity of

	Financial System; 4) Pillar 4: Legal and Regulatory Framework Reform	Development Strategy; 4) Seminar for CBM and MOF on upgrading legal and regulatory framework for CPFL and design of implementation roadmap; 5) Recommendations on how to amend and upgrade key laws and regulations; 6) Training for the supervisory staff on off-site and on-site supervision, etc.	MOF performance monitoring, and improved policy framework and coordination for overall financial sector development; 3) Government framework for FCPFL strengthened, and innovative financial products developed for the underserved; 4) Strengthened legal, regulatory and supervisory framework as indicated by increased compliance with international standards and practices	financial institutions to provide efficient access to financial services; 4) Strengthened legal and regulatory framework for the financial sector and improved consistency with international standards
Cambodia: Financial Sector Development TA	1) Pillar 1: Enhancing and Maintaining Financial Stability; 2) Pillar 2: Increasing System Efficiency; 3) Pillar 3: Promoting Inclusion and Consumer Protection	1) Financial corrective action framework; 2) Training on risk-based and consolidated supervision; 3) Financial crisis management framework; 4) Regulatory framework for deposit insurance; 5) Amendments of NBC Law; 6) Stakeholder strategy-setting to develop a NPS; 7) Assessment report of financial infrastructure and needs; 8) International good practice guidance on insurance and microfinance; 9) Consumer protection framework, etc.	1) Stronger prudential regulation for the banking sector; 2) Stronger capacity for financial crisis prediction; 3) Stronger capacity for financial crisis management; 4) Increase awareness of potential benefits and risks involved in developing a deposit insurance system for Cambodia; 5) Improved Legal framework and prakas improved for banking and central bank; 6) AML/CFT system strengthened in line with recommendations of 2016 National Risk Assessment	1) Strengthen financial supervisory capacity and improve the enabling environment for financial services in Cambodia; 2) Reduce the transaction costs of finance services by improving financial infrastructure; 3) Strengthen bank and non-bank financial markets; 4) Reform the payments system and inter-bank market that will reduce the cost of financial intermediation and improve market efficiency

DRAFT

ANNEX 2. F&M'S COMMONLY USED INDICATORS FOR MONITORING AND EVALUATION

Global Solutions Team 1: Financial Systems and Markets

Financial Sector Oversight and Policy/Banking Regulation and Restructuring; Financial Sector Integrity; Capital Markets Regulation and Deepening/Insurance, Pensions and Investment Funds

Global Solutions Team 2: Financial Infrastructure and Access

Credit Infrastructures; Payment and Market Infrastructures and Responsible Financial Access; SME Finance

Global Solutions Team 3: Finance for Development

Disaster Risk Finance, Agriculture Finance, Infrastructure Finance, Housing Finance

COMMON TO ALL GSTs: Number of recommended laws/regulations/amendments/codes enacted or government policies adopted
COMMON TO ALL GSTs: Number of international principles, good practices and standards approved
COMMON TO ALL GSTs: Number of laws, etc. proposed to Cabinet for approval
COMMON TO ALL GSTs: Number of reforms undertaken by clients in response to reports completed, TA & capacity building events.
COMMON TO ALL GSTs: Number of clients complying with relevant international standards

ENABLING ENVIRONMENT

Financial Sector Oversight and Policy/Banking Regulation and Restructuring:

Number of recommendations of FSAP/ROSCs implemented

Number of financial supervisory agencies with contingency plans

Financial Crime:

Volume/proceeds recovered from investigations

Number of sanctions imposed for non-compliance with AML/corruption prevention mechanism

Number of financial prosecutions/investigations

Improved compliance with relevant international standards

Number of institutions that are affiliated with international networks (Egmont, FSRBs, Focal Points)

Capital Markets:

Number of countries that adopted capital markets strategies

Number of countries that adopted CG strategies

Number of countries that adopted NBFi strategies

Number of countries that adopted risk policies

Consumer Protection:

Number of internal/external dispute resolution mechanisms introduced *

Number of market conduct/transparency or facilitation platforms developed

Financial Infrastructure:

Number of financial infrastructure reforms

Improved payment systems

Score on Strength of Credit Rights Index

Score on Credit Information Depth Index

Score on Strength of Insolvency Framework Index

Access/Usage for Financial Services:

Number of countries that adopted financial inclusion strategies

Number of strategies or comprehensive financial inclusion plans developed

SME Finance:

Volume of Bank Funding: Enabling Environment - Microfinance (US\$)

Volume of Bank Funding: Enabling Environment - SME (US\$)

Disaster Risk Finance:

Number of specific improvements to legal, regulatory, technical, and institutional aspects of risk market

Number of national and sub-national governments with new or enhanced national disaster risk financing

INSTITUTIONAL STRENGTHENING

Capital Markets:	
Number of new licenses or certifications issued to operate in the securities markets	
Cost of securities issuance	
Number of days to settle transactions	
Number of total settlements	
Number of failed settlements	
Corporate governance composite score	

SME Finance:	
Volume of Bank Funding: Institutional Development - Microfinance (US\$)	
Volume of Bank Funding: Institutional Development - SME (US\$)	
Financial Infrastructure:	
Time to resolve a financial dispute	

Disaster Risk Finance:	
Number of people trained on disaster risk finance	
Number of knowledge products on DRFI to support high-level policy dialogue	
Number of national and sub-national governments with disaster risk finance analytical tools to support informed decision making	
Number of national and sub-national governments with new or enhanced operational plans for implementing DRFP	

REACH

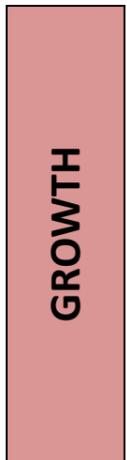
Level of Intermediation:	
% of adults with an account at a formal financial institution	
Number of branches per 100,000 adults	
Insurance/Pensions:	
Number of life insurance policies	
Number of non-life insurance policies	
Number of adults with access to pensions	
Number of active micro-insurance accounts	
Percentage of active micro-insurance accounts held by women	
Capital Markets:	
Number of investors	
Number of transactions launched	

Access/Usage for Financial Services:	
% of adults with a transactions account	
% of adults with an account at a formal financial institution	
Number of branches per 100,000 adults	
% adults with a loan from a formal financial institution in the past year	
Number of accounts linked to mobile banking systems	
Number of deposit accounts	
Average total cost of sending \$200 (or equivalent LCU, adjusted for inflation) in a corridor (% of amount sent)	
Number of e-money accounts for mobile payments	
SME Finance:	
Number of Loans Outstanding (Microfinance)	
Number of Loans Outstanding (SME Finance)	
Percentage of outstanding loans to women (Microfinance)	

Disaster Risk Finance:	
Number of beneficiaries of enhanced disaster risk financing strategies	
GIIF:	
Number of insurance policies outstanding (individuals)	
Number of insurance policies outstanding (firms)	
Number of insurance clients (individuals)	
Number of insurance clients (firms)	
Housing Finance:	
Number of mortgage loans to low/middle-income groups	



Percentage of outstanding loans to women (SME Finance)	
% of SMEs with an account at a formal financial institution	
% of SMEs with an outstanding loan/line of credit	
Number of MSMEs reached through market platforms	
Number of active micro-savings accounts	
Percentage of active micro-savings accounts held by women	
Number of SMEs with access to capital markets	
Number of Loans Outstanding (Start-ups)	
Financial Literacy :	
Financial Behavior: Source of emergency funding	
Financial Knowledge: Financial knowledge score	
Financial Infrastructure:	
Number of retail cashless transactions per capita	
Number of micro-enterprises that have received loans secured with movable property	
Number of SMEs that have received loans secured with movable property	
Number of inquiries received by credit reporting service provider (CRSP) i.e Credit Bureau, Public Registry	



Financial Sector Stability:	
Banking CAR	
Number of years (avg.) since last financial crisis	
Financial Sector Efficiency:	
Banking spread	

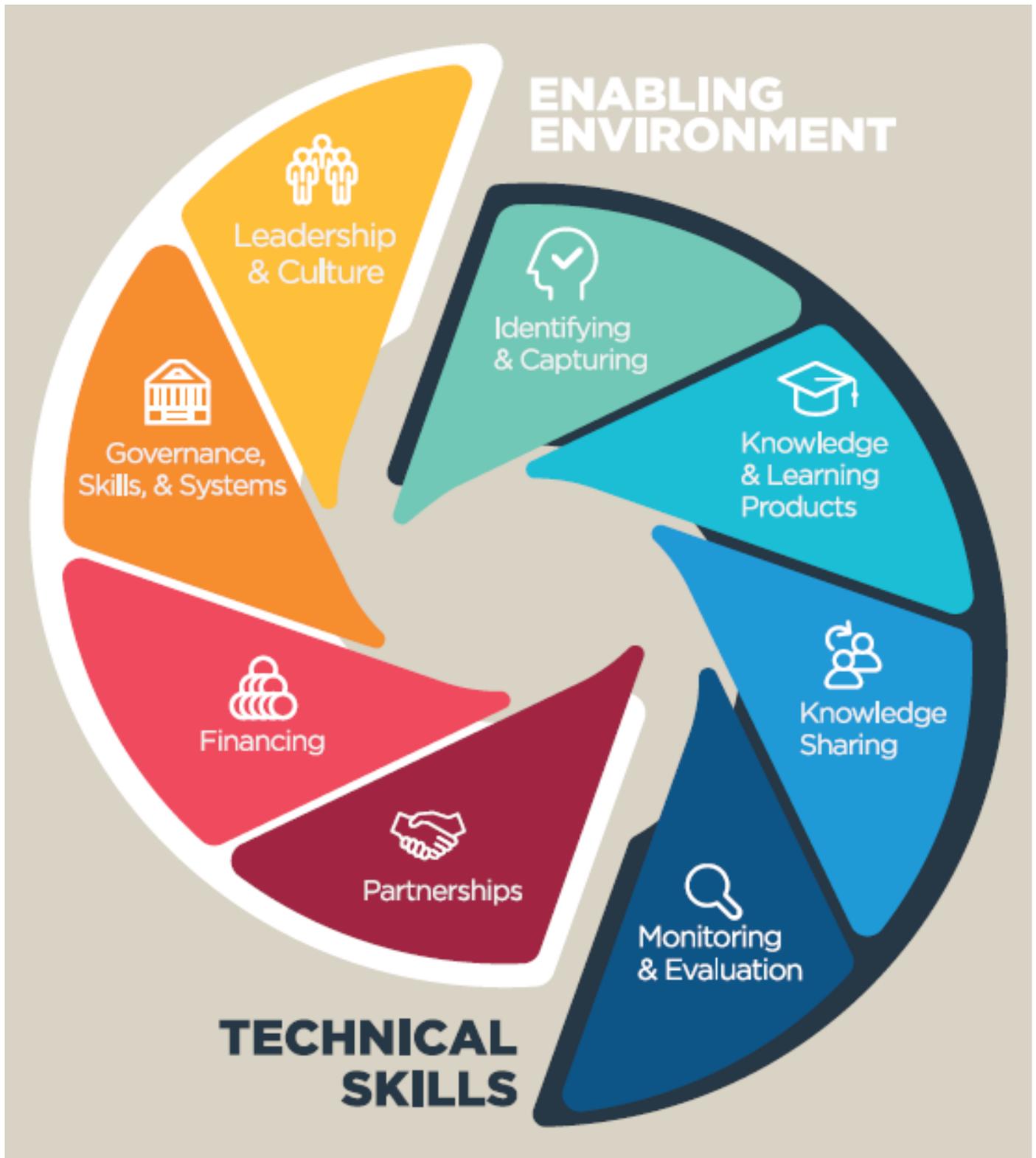
SME Finance:	
Volume of Bank Funding: Lines of Credit - Microfinance (US\$)	
Volume of Bank Funding: Lines of Credit - SME (US\$)	
Outstanding Microfinance Loan Portfolio (US\$)	
Outstanding SME Loan Portfolio (US\$)	

Housing Finance:	
Mortgage debt/GDP	
Mortgage interest rates	
Average term of mortgages	
Value of mortgage loans to low/middle-income groups	

	Banking overhead	Outstanding Loan Portfolio (Start-ups) (US\$)	Disaster Risk Finance:	
	Capital Market Stability:	SME Finance - Portfolio Quality:		Amount of pre-planned and programmed financial resources available for natural disasters in individual
	Average tenor of government bonds	Portfolio at Risk - Microfinance (%)		Number of loans, projects, programs incorporating pre-planned financial mechanisms that can be activated
	Capital Market Growth:	Portfolio at Risk - SME (%)		Number of private sector-led financial operations or programs
	Turnover ratio	Loans at Risk - Microfinance (%)		Total amount of risk capital provided by the private sector
	Stock market concentration ratio	Annual Loan Loss Rate - Microfinance (%)		GIIF:
	Value of equity financing raised/facilitated	SME Finance - Financial Sustainability:		Value of insurance policies issued to SMEs
	Value of bond financing raised/facilitated	Return on Assets/Equity (%)		Value of insurance policies issued to individuals
	Capital Market Deepening:	Adjusted Return on Assets/Equity (%)		Insurance policy renewal rate
	Equity market capitalization/GDP	Financial Self-Sufficiency (%)		
	Non- government bonds/GDP			
	Total trading value			
	Insurance/Pensions:			
	Insurance market concentration			
	Insurance penetration			
	Total amount of risk capital provided by the private sector			

	Tier 1 and/or potential SDG
	Tier 2 and other MOU
	Corporate strategic area (other than Tier 2), e.g. gender
	CSI or IDG3
	G20 Financial Inclusion Indicators
	Universal Financial Access (UFA)

* This indicator is used by both *Consumer Protection* and *Debt Resolution & Business Exit* projects.



Source: WBG, *Organizational Knowledge Sharing: To improve effectiveness and knowledge sharing.*