



BANGLADESH BANK
Head Office, Motijheel, Dhaka
Financial Sector Support and Strategic Planning Department
Request for Expression of Interest (REOI)
For Hiring Supervision Specialist (International Firm) (BB-S14)
under Financial Sector Support Project (FSSP) IDA Credit No. 56654 BD

Background

This request for expression of interest follows the general procurement notice for this project that appeared in United Nations Development Business No. WB3146-07/15 of July 09, 2015.

Bangladesh Bank (BB), the central bank of Bangladesh, has undertaken the Financial Sector Support Project (FSSP) with the financial assistance of International Development Association (IDA) of the World Bank in order to maintain the stability and efficiency of the financial system of Bangladesh. One of the major objectives of FSSP is to strengthen the supervisory capacity of BB. Bangladesh Bank recognizes that sound regulatory and supervisory framework, and effective & efficient supervision are essential for achieving and maintaining financial sector stability and ensuring a safe and sound banking system. Bangladesh Bank would like to review its current system of banking supervision and streamline its supervisory departments. The migration from conventional supervision to a risk-based supervision approach in discharge of its responsibility will enable BB to pursue its mandate more effectively and efficiently. Risk based integrated supervisory system (RISS) would involve changing bank governance, ensuring accuracy of financial statements, improving internal audits, enhancing supervisory capacity & resources and conducting high-level banking sector analysis. Besides, a corrective and remedial action policy, including a Prompt Corrective Action (PCA) policy would be developed for the financial system of the country. Now, Bangladesh Banks intends to hire the consultancy services of an International Supervision Specialist for the aforementioned purpose.

Specific duties and responsibilities:

Details of the duties and responsibilities have been mentioned in the “Terms of Reference (TOR)”. The interested consultants are requested to go through the TOR prior to submission of Expression of Interest (EOI). The broad head summary of duties and responsibilities of the expert may preferably include:

- A. Develop roadmap to introduce effective Risk Based Supervision (RBS) in line with Basel Committee on Banking Supervision (BCBS) recommendations (including but not limited to Pillar 2)
- B. Review supervisory organization and governance
- C. Support to the preparation, conduct and review of on-site examination and propose amendments
- D. Develop corrective and sanctioning powers
- E. Assessment of corporate governance frameworks and practices, including risk management, internal control and audit functions in banks and FIs
- F. Knowledge transfer
- G. Additional tasks may be included at the time of the negotiation of the contract

Eligibility

The interested firms should preferably have the following eligibilities:

1. Having at least 10 (Ten) years' international experience and exposure in financial supervisory, regulatory and oversight capacity of large public/private organizations (Preferably Central Bank)
2. Having experience in preparing financial sector regulatory and supervisory framework for Public/Private organizations (Preferably Central Bank)
3. Having experience and demonstrated results in reviewing and developing risk-based supervision methodology for both On-site and Off-site supervision systems
4. Having experience in preparing and reviewing corporate governance (including risk management, internal Control/Internal Audit Framework for Banks)
5. Having experience and demonstrated capability to reviewing IT and operational issues
6. Annual turnover of at least USD 10.00 (Ten) million
7. Experience with World Bank funded projects will be an added advantage

The consulting firm may associate with other firms to enhance their qualifications, but should mention whether the association is in the form of a "Joint Venture" or "Sub-consultancy". In the case of an association, all members of such "association" should have real and well defined inputs to the assignment and it is preferable to limit the total number of firms including their associates to a maximum of four (4). The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's [Guidelines: Selection and Employment of Consultants \[under IBRD Loans and IDA Credits & Grants\] by World Bank Borrowers](#) ("Consultant Guidelines"), setting forth the World Bank's policy on conflict of interest.

Bangladesh Bank now invites eligible international firms to indicate their interest in providing the services. A firm will be selected following QCBS method as set out in the World Bank's [Guidelines: Selection and Employment of Consultants \[under IBRD Loans and IDA Credits & Grants\] by World Bank Borrowers 2011 \(Revised 2014\)](#). Eligible firms must provide information to substantiate that they are qualified to perform the services. Expression of Interest shall have to be submitted to the address of the undersigned on or before **30 October 2018** via mail or e-mail i.e. gm.fssspd@bb.org.bd and be clearly marked "Expression of Interest for Supervision Specialist (International)". Interested candidates may obtain "Terms of Reference" from the website of Bangladesh Bank (<https://www.bb.org.bd/aboutus/tenders/tenders.php>) or the address below, during working days, from 10.00 AM to 05.00 PM.

The International Supervision Specialist will be hired for eighteen (18) months which may be extended at the purchaser's requirement. The Bangladesh Bank authority solely preserves the right to accept or reject any or all the EOIs at any stage of selection process without assigning any reason whatsoever and without incurring any liability to the affected candidate(s).

(Kazi Sayedur Rahman)

Executive Director, Bangladesh Bank &
Project Director (FSSP)
Bangladesh Bank, Head Office
Dhaka, Bangladesh
Tel: 88-02-9530401
E-mail: kazi.sayedur@bb.org.bd



BANGLADESH BANK
Head Office, Motijheel, Dhaka
Financial Sector Support and Strategic Planning Department
Terms of Reference (TOR)
for
International Supervision Specialist Firm
(Package No. BB-S14) under Financial Sector Support Project

Background

Bangladesh Bank (BB) has undertaken the Financial Sector Support Project (FSSP) with the financial assistance of International Development Association (IDA) of the World Bank in order to maintain the stability and efficiency of the financial system of Bangladesh. One of the major objectives of FSSP is to strengthen the supervisory capacity of BB. Bangladesh Bank recognizes that sound regulatory and supervisory framework, and effective & efficient supervision are essential for achieving and maintaining financial sector stability and ensuring a safe and sound banking system. Bangladesh Bank would like to review its current system of banking supervision and consolidate and streamline its supervisory departments. The migration from conventional supervision to a risk-based supervision approach in discharge of its responsibility will enable BB to pursue its mandate more effectively and efficiently. Risk based integrated supervisory system (RISS) would involve changing bank governance, ensuring accuracy of financial statements, improving internal audits, enhancing supervisory capacity & resources and conducting high-level banking sector analysis. Besides, a corrective and remedial action policy, including a Prompt Corrective Action (PCA) policy would be developed for the financial system of the country. For the avoidance of doubt, the definitions set by the Basel Committee on Banking Supervision (BCBS) should be used for terms used in this document,

Objective

Bangladesh Bank has taken a number of initiatives for transforming the Bank into a modern and dynamic central bank which is capable of playing an appropriate regulatory and supervisory role in the monetary and banking sector. BB intends to engage suitable experts to render technical assistance (TA) in general but with specific emphasis on areas in relation to Risk-based banking supervision, and corrective action and remedial powers and actions policy, including prompt corrective action (PCA) in relation to banking supervision.

Scope of work

The Expert will work under the supervision and guidance of the Component Lead i.e. Deputy Governor in charge of supervisory functions of Bangladesh Bank. The specialist should do all necessary work in a collaborative mode with the PIU and relevant functional departments to help prepare a robust regulatory and supervisory framework.

Specific duties and responsibilities

The key duties and responsibilities of the expert will include:

A. Risk-Based Supervision (RBS): Roadmap to introduce effective RBS in line with BCBS recommendations (including but not limited to Pillar 2)

- 1) Conduct a thorough review of supervisory effectiveness based on

- i. Self-assessment of compliance with the Basel core principles (BCP) for effective banking supervision
 - ii. Other existing analyses (included those conducted by external partners)
 - iii. Additional work and analysis, including, but not limited to
 - 1. Main micro and macro-financial risks faced by banks and Non-bank Financial Institutions (NBFIs)
 - 2. BCP preconditions
 - 3. Licensing framework
 - 4. Supervisory review process and methodologies, including on- and off-site supervision
 - 5. Supervisory practices, based on a review of files and interviews
- 2) Support the preparation of a prioritized roadmap to be discussed in the Board of BB. This roadmap should aim at strengthening the effectiveness of supervision (covering inter alia laws and regulations, supervisory approaches and methodologies) and ensuring it appropriately captures banks' risk profiles and fosters timely action
- 3) Based on the afore-mentioned roadmap, support the development of a public policy proposal on risk-based supervision laying out supervisory expectations and intended legal and regulatory changes
- 4) Prepare draft amendments to the banking law, FI Act, the licensing regulations and two additional regulations (priorities to be based on the aforementioned roadmap)

B. Supervisory organization and governance -

- 1) Review supervision governance and make recommendations to facilitate a timely, effective and independent decision-making process
- 2) Review the organization chart, the current functions of supervisory departments and identify areas where changes are desirable to improve the effectiveness of supervision (including when tasks are excessively fragmented)
- 3) Review BB reporting systems and supervisory tools (including IT aspects) to ensure they can accommodate the timely and efficient analysis of banks risk profiles and identify necessary actions to strengthen it, if applicable
- 4) Review the adequacy of HR and supervisory resources, including number and expertise of staff
- 5) Prepare a comprehensive report on the subject matter to be discussed by the Board of BB

C. On-site examination

- 1) Support to the preparation, conduct and review of 6 on-site examinations
- 2) Proposed amendments to on-site examination processes where needed

D. Corrective and sanctioning powers:

- 1) Develop an effective and efficient corrective and sanctioning powers [including prompt corrective action (PCA)] policy, which is aligned with sound international standards and practices.

E. Knowledge transfer:

- 1) Assess and provide support to BB's effort to internally develop and deliver career development training for supervisors
- 2) Develop a framework of individual development plan for capacity enhancement of the supervision related officials of BB
- 3) Design a Certified Bank Examiner Course for the supervisor to enhance their level of competency and to equip them with international standard technical knowhow regarding supervision
- 4) Prepare and conduct training sessions, using Training of Trainers (ToT) methodology, for a training course in On-site Evaluation of Corporate Governance (including Internal Audit and Internal Controls)
- 5) Prepare a methodology for conducting training on foreign exchange risk management specially foreign exchange bourse score, offshore banking unit etc
- 6) Give guidance and deliver on-the-job training for effective operation of the RBS

F. Corporate governance and risk management - Assessment of corporate governance frameworks and practices, including risk management, internal control and audit functions in banks, based on the BCBS guidelines on corporate governance principles for banks (2015), other relevant international best practices and applicable regulatory requirements in Bangladesh:

- 1) Support the design and administration of a survey of current status of corporate governance (including risk management frameworks, policies, structures, governance, systems, processes, methodologies, implementation status)
- 2) Support the analysis and validation of survey responses, including interviews with respondents and, where needed, targeted on-site examinations on relevant aspects
- 3) Support the preparation of an industry wide analysis report to be discussed by the Board of BB. This report should be based on the findings of this review of corporate governance frameworks and practices and the identification of follow-up actions (including policy and supervisory actions) by BB
- 4) Support the implementation of relevant follow-up actions approved by BB where necessary, including
 - i. Proposing amendments to the banking law and FI Act
 - ii. Updated Internal Control/Internal Audit regulatory framework for banks and NBFIs in order inter alia to better identify, manage, control and monitor operational risk in the financial sector
 - iii. Amendments to supervisory methodologies where needed

G. Operational and cyber risk

- 1) Envision new supervision techniques in order to keep pace with the technology based fraud and forgeries in the banking sector
- 2) While proposing the techniques, the consultant should consider the size, nature and scale of business of the institutions and also the position of automation & ownership structure of the institutions

H. Additional tasks may be included at the time of the negotiation of the contract

Eligibility

The interested international firms should have the following eligibilities:

1. Having at least 10 (Ten) years' international experience and exposure in financial supervisory, regulatory and oversight capacity of large public/private organizations (Preferably Central Bank)
2. Having experience in preparing financial sector regulatory and supervisory framework for Public/Private organizations (Preferably Central Bank)
3. Having experience and demonstrated results in reviewing and developing risk-based supervision methodology for both On-site and Off-site supervision systems
4. Having experience in preparing and reviewing corporate governance (including risk management, internal Control/Internal Audit Framework for Banks)
5. Having experience and demonstrated capability to reviewing IT and operational issues
6. Annual turnover of at least USD 10.00 (Ten) million
7. Experience with World Bank funded projects will be an added advantage

Selection Criteria and Process

Interested firms must provide information to substantiate that they are qualified to perform the services (including having appropriate human resources to lead and implement the delivery of this work and ensure continuity should some of these staff leave the firm).

The firm will be selected based on QCBS method. The consultant will be selected in accordance with the procedures set out in the World Bank's Guidelines: Selection and Employment of Consultants by World Bank borrowers, January 2011 (Revised July 2014).

Reporting and Co-ordination

The firm will work under direct supervision and in close contact with the Component Lead and the Head of Departments (HODs) of supervisory activities. The firm will be required to prepare monthly summaries including of work performed, an updated work plan and issues or concerns that foresees along with the possible solutions and corrective actions and submit the same to its supervisor. These summaries, as well as key deliverables, shall be shared with the World Bank.

The firm shall have access to all necessary information to the performance of its duties and be bound by strict confidentiality requirements.