



Technical Assistance Report

Project Number: 48143-001
Regional—Capacity Development Technical Assistance (R-CDTA)
June 2015

Enhancing Association of Southeast Asian Nations Capital Market Integration

(Financed by the Investment Climate Facilitation Fund under the
Regional Cooperation and Integration Financing Partnership
Facility)

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

ABBREVIATIONS

A-MDP	–	ACMF Market Development Program
ACMF	–	ASEAN Capital Markets Forum
ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
IOSCO	–	International Organization of Securities Commissions
Lao PDR	–	Lao People's Democratic Republic
MMOU	–	multilateral memorandum of understanding
TA	–	technical assistance

NOTE

In this report, “\$” refers to US dollars.

Vice-President	S. Groff, Operations 2
Director General	J. Nugent, Southeast Asia Department (SERD)
Director	K. Bird, Public Management, Financial Sector, and Trade Division, SERD
Team leader	S. Ismail, Financial Sector Specialist, SERD
Team members	I. Ahsan, Senior Counsel, Office of the General Counsel
	H. Aoki, Senior Financial Sector Specialist, SERD
	C. de Vera, Operations Assistant, SERD
	S. Schuster, Senior Financial Sector Specialist, SERD
	S. Yamadera, Principal Financial Sector Specialist, Sustainable Development and Climate Change Department (SDCC)
Peer reviewers	A. Chatterjee, Principal Financial Sector Specialist, SDCC
	J. Torres, Financial Sector Specialist, South Asia Department

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

	Page
CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE	3
A. Impact and Outcome	4
B. Methodology and Key Activities	4
C. Cost and Financing	5
D. Implementation Arrangements	5
IV. THE PRESIDENT'S DECISION	5
APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	9
3. Outline Terms of Reference for Consultants	10
SUPPLEMENTARY APPENDIXES (available on request)	
A. Working Mechanism for Implementation of Proposed Technical Assistance	
B. Workshops, Training, Seminars, and Conferences	
C. Output, Value Added, and Potential Beneficiaries	

CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 48143-001	
Project Name	Enhancing Association of Southeast Asian Nations Capital Market Integration	Department /Division	SERD/SEPF
Country Borrower	REG NA	Executing Agency	Asian Development Bank
2. Sector	Subsector(s)	Financing (\$ million)	
✓ Industry and trade	Industry and trade sector development		1.50
		Total	1.50
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
Regional integration (RCI)	Pillar 2: Trade and investment		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional systems and political economy	Some gender elements (SGE)	✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas		
Partnerships (PAR)	Official cofinancing		
Private sector development (PSD)	Regional organizations Promotion of private sector investment		
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No	Not Applicable	
6. TA Category:	A		
7. Safeguard Categorization	Not Applicable		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		1.50	
Investment Climate Facilitation Fund under RCIFPF		1.50	
Counterpart		0.00	
None		0.00	
Total		1.50	
9. Effective Development Cooperation			
Use of country procurement systems		No	
Use of country public financial management systems		No	

I. INTRODUCTION

1. The Association of Southeast Asian Nations (ASEAN) has requested, through the ASEAN Capital Markets Forum (ACMF), technical assistance (TA) from the Asian Development Bank (ADB) to enhance capacity of capital market regulators and continue implementing initiatives under the Implementation Plan 2015 for regional capital market integration.¹ Regional and national consultations were undertaken at the ACMF meetings on 5 September 2014 and 3 March 2015, and a series of national consultations from September to November 2014, including meetings with the Securities Commission Malaysia, the current chair of the ACMF. The mission reached an understanding with ACMF members on the objectives, scope, implementation arrangements, cost, financing arrangements, and terms of reference of the TA. The design and monitoring framework is in Appendix 1.²

II. ISSUES

2. Capital market development and integration are interrelated. Both share the objective of economic growth though they contribute in different ways. Development provides the framework and infrastructure to attract investments while integration provides the avenue for efficient capital movement and cross-border investments by removing barriers. Capital market development contributes to economic growth in at least three distinct ways: (i) by pooling and mobilizing savings for investment; (ii) by implementing international best practices in corporate governance thereby improving the efficiency with which firms allocate and utilize resources; and (iii) by diversifying and managing risk. Economic theory suggests that financial integration brings the following benefits: (i) lower costs of trading financial assets; (ii) more diverse investor portfolios; (iii) reduced information asymmetry; and (iv) more stable consumption patterns. Thus, it is important for ASEAN capital markets to develop, and integrate.

3. Despite these benefits, the disparity in capital market development among ASEAN countries represents a challenge and may be a disincentive for integration. Cambodia Securities Exchange only began operations in April 2012 with two listed companies, and the Lao Securities Exchange started operations in 2011 and only has four listed companies. This is in stark contrast to the more developed capital markets in the region. In addition, concerns about the slowing of the economy of the People's Republic of China, a potential rise in interest rates by the United States Federal Reserve System and some nervousness about emerging markets have caused volatility in ASEAN's equity markets during the second half of 2013 and in 2014. Regional capital market integration has also shown mixed results. Intra-ASEAN portfolio investment has been increasing since the global financial crisis—the total investment of \$24.8 billion in 2010 surpassed pre-crisis total for the first time. However, intra ASEAN investment as a percentage of total portfolio investment is still small, just slightly above 10%.³ More needs to be done (i) to increase intra-ASEAN investment and to enable an investor from one ASEAN country to invest freely in another country; (ii) to provide an investor protection framework; and (iii) to promote ASEAN capital market integration and brand ASEAN as an asset class. The challenge faced by ASEAN member countries is to develop their respective capital markets in a way that supports integration.

¹ The ACMF comprises the heads of capital market regulators from 10 ASEAN jurisdictions and was established in 2004 under the auspices of the ASEAN finance ministers. The ACMF initially focused on harmonization of rules and regulations before shifting toward more strategic issues to achieve greater integration of the region's capital markets under the ASEAN Economic Community Blueprint 2015. The implementation plan is available at <http://www.theacmf.org/ACMF/report/ImplementationPlan.pdf>

² The TA first appeared in the business opportunities section of ADB's website on 12 February 2015.

³ Calculation based on IMF's coordinated portfolio investment data survey.

4. ASEAN member countries have demonstrated strong commitment toward capital market integration. This is articulated in the ASEAN Economic Community Blueprint and ASEAN Implementation Plan 2015, prepared by ACMF and approved by the ASEAN finance ministers in 2009. The ASEAN Economic Community blueprint provides three characteristics of an integrated market, where within the region: (i) capital can move freely; (ii) issuers are free to raise capital anywhere; and (iii) investors can invest anywhere. The implementation plan is based on three broad themes: (i) creating an enabling environment for regional integration; (ii) creating the market infrastructure and regionally focused products and intermediaries; and (iii) strengthening the implementation process. ACMF has expressed their commitment to continue integration initiatives based on the implementation plan, with the involvement of more capital market regulators; and to strategize on deeper integration after 2015. All this requires better coordination between national capital market initiatives and the ASEAN regional agenda.

5. A stock take based on the ASEAN capital market scorecard shows that the following initiatives have been adopted by at least three ASEAN countries: (i) substantial equivalence of disclosure standards for equity offering and accounting standards (International Financial Reporting Standards and auditors); (ii) an expedited framework for secondary listings; (iii) development of the ASEAN corporate governance ranking methodology; (iv) ASEAN Stars and ASEAN website;⁴ (v) ASEAN trading linkage; (vi) fast-track debt offering for non-retail investors; (vii) substantial equivalence of disclosure standards for debt offering; (viii) cross-border distribution of mutual funds; (ix) facilitation of cross-border intermediaries (marketing services support for financial products); and (x) information and sharing and cooperation for enforcement.

6. Despite strong ownership of the regional capital market integration process, regulators especially from Cambodia, the Lao PDR, and Myanmar requested capacity building support as an essential element to move towards integration.⁵ Through the ACMF, potential exists for regulator to regulator cooperation in capacity building within ASEAN, which fosters regional cooperation and integration. Recognizing this need, the ACMF launched a new initiative—the ACMF Market Development Program (A-MDP)—focusing on capacity building initiatives in the ACMF meeting on 3 March 2015.⁶

7. Some initiatives in which ADB has played a catalytic role require further support to make them sustainable, in particular the ASEAN corporate governance scorecard and the ASEAN dispute resolution framework. The scorecard has been recognized beyond ASEAN as a good model, linking corporate governance and regional integration. In addition, to enable broader participation in ACMF's initiatives, regulators in Indonesia, the Philippines, and Viet Nam require support focusing on prerequisites for capital market integration. For instance, most ACMF initiatives require participating regulators to be signatories to the International Organization of Securities Commissions (IOSCO) multilateral memorandum of understanding (MMOU) concerning consultation and cooperation and the exchange of information. The Philippines' Securities and Exchange Commission has applied to be a signatory to the MMOU in 2015 but the application requires further support. Legal restrictions, including the standard of proof required to obtain bank information and the judiciary's involvement in the process, are challenges that need solutions. Regulators in Indonesia and Viet Nam will benefit from mapping the requirements of ACMF's integration initiatives against their current legal and market infrastructure.⁷ Finally, it is necessary to review progress and plan for post 2015 in three areas:

⁴ ASEAN Stars are the top performing stocks in ASEAN. <http://www.aseanexchanges.org>.

⁵ This was expressed in the ACMF meeting on 3 March 2015.

⁶ During the launch of the A-MDP in the ACMF meeting on 3 March 2015, the ACMF welcomed ADB's participation.

⁷ In the March 2015 ACMF meeting, the ACMF requested ADB to lead a diagnostic study on the ASEAN exchanges including identifying benefits, risks, and impediments.

(i) future capital market integration initiatives; (ii) a monitoring mechanism that helps inform the integration process through a combination of quantitative and qualitative indicators; and (iii) branding and communicating capital market integration initiatives to a wider international audience.

III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

8. The main focus of the TA will be to continue supporting members of the ACMF and the ASEAN stock exchanges. This will be in the form of (i) building the capacities of regulators from Cambodia, the Lao PDR, Myanmar, and Viet Nam; (ii) supporting members to complete initiatives in the implementation plan; (iii) supporting selected members to complete integration requirements that enable wider participation in initiatives of the Implementation Plan; and (iv) supporting the ACMF and the ASEAN Secretariat in planning for deeper capital market integration after 2015, which may include revising the integrated ASEAN capital market scorecard to be more relevant and inclusive. The ultimate beneficiaries of the proposed TA will be the capital market regulators and stock exchanges of the ASEAN member countries.

9. This proposed TA builds on outputs of the previous TA and should be seen as a continuation of ADB support for ASEAN regional capital market integration. ADB provided three technical assistance supporting ASEAN capital market integration, with the latest two focusing on ACMF. The first TA in 2005 focused on diagnostic assessment.⁸ This was followed by a TA in 2008 which culminated in the submission of the implementation plan, endorsed at the 13th ASEAN Finance Ministers Meeting on 9 April 2009.⁹ The plan sets out a broad framework to strengthen ASEAN capital market development and integration by 2015. A subsequent TA was approved in 2010 to assist ACMF to implement initiatives in the implementation plan.¹⁰ Lessons from implementing previous TA projects include the following: (i) capacity-building program for regulators from Cambodia, the Lao PDR, Myanmar, and Viet Nam should be structured and based on best practices within ASEAN; (ii) outputs should take into account realistic expectations of the capacities of the authorities; (iii) areas of support should focus on the request of ACMF members and areas of ADB's experience; and (iv) TA implementation should include engagement with the private sector are incorporated.

10. The TA will link with ADB's national financial sector programs in Cambodia, Indonesia, the Philippines, and Viet Nam in two distinct ways. First, through the A-MDP capacity-building initiative, the TA can embed capacity-building support via a regional initiative supported by the highest level of national capital market regulators. The A-MDP can be a focal point for ADB's capacity-building support to Cambodia, the Lao PDR, Myanmar, and Viet Nam in capital market development, including initiatives originating from national programs and TA projects. Second, regional initiatives, such as the ASEAN corporate governance scorecard, dispute resolution mechanism, and IOSCO application, will continue to be part of national financial sector programs as part of ADB's partnership with national regulators. For this TA, the Securities and Exchange Commissions of Cambodia and the Philippines requested support for the IOSCO MMOU process, and Hanoi Stock Exchange requested support to map out the requirements to join the ASEAN exchanges. The TA also provides ADB an opportunity to recommend the

⁸ ADB. 2005. *Technical Assistance Supporting Enhanced Cooperation Among Southeast Asian Equity Markets*. Manila (TA 6298-REG).

⁹ ADB. 2008. *Technical Assistance for Strengthening Southeast Asian Financial Markets*. Manila (TA 6473-REG).

¹⁰ ADB. 2010. *Technical Assistance for Promoting an Interlinked ASEAN Capital Market*. Manila (TA 7576-REG, \$2,000,000, approved in August 2010, co-financed by Investment Climate Facilitation Fund and Republic of Korea e-Asia and Knowledge Partnership Fund).

sequencing and pace of reforms for both development and integration to ASEAN capital market regulators.

11. Other development partners and entities support national capital market development, particularly in Cambodia, the Lao PDR, Myanmar, and Viet Nam. For instance, Korea Exchange (national stock exchange of Republic of Korea) has supported the establishment of stock exchanges in Cambodia and the Lao PDR, while the Daiwa Institute of Research Group and Japan's Tokyo Stock Exchange are supporting the setting up of the stock exchange in Myanmar.¹¹ ADB, however, is the only development partner that is supporting capital market integration at the ASEAN level.

A. Impact and Outcome

12. The impact will be ASEAN capital market integration deepened. The outcome will be wider participation of ASEAN capital market regulators in regional capital market integration. The ASEAN capital market scorecard maintained by the ASEAN Secretariat is the monitoring mechanism for the TA. The TA will support ACMF members to complete initiatives articulated in the implementation plan, and to develop a strategy beyond 2015 to identify initiatives that will promote wider participation and deeper capital market integration.

B. Methodology and Key Activities

13. The first output will be improved capacities of regulators in Cambodia, the Lao PDR, Myanmar, and Viet Nam in product development, issuance process (including disclosure requirements), and intermediaries' supervision. These important areas are prerequisites for integration. The approach for capacity building will consist of (i) market analysis of each beneficiary country; (ii) a demand and supply analysis and (iii) coordination through ACMF's A-MDP initiative. The second output will be sustainable implementation of selected initiatives in the implementation plan. These initiatives will include the ASEAN corporate governance, ASEAN cross-border dispute resolution, and the ASEAN exchanges; all of which represent tangible success stories of ACMF–ADB partnership.¹² Additional support is required to introduce a verification process for the corporate governance ranking exercise and capacity building of local dispute settlement institutions. The third output will be completion of capital market integration requirements that enables wider participation. This output will focus on technical prerequisites of integration, such as supporting ACMF members to become signatories to IOSCO's MMOU and diagnostic studies to map out the requirements of integration initiatives. The final output will be roadmap for initiatives after 2015. This will likely entail refining the existing Implementation Plan 2015 to include initiatives beyond 2015, the development of monitoring mechanisms, and the communication of initiatives to investors and the private sector. Achieving the outcome and impact of this TA will depend on some exogenous factors and mitigation of risks, including financial crisis, which reduces incentives for capital market integration, and insufficient capacity to participate fully in capital market integration initiatives. Full details of activities, risks, and assumptions are in Appendix 1.

¹¹ Korea Exchange owns 45% of Cambodia Securities Exchange and 49% of Lao Securities Exchange.

¹² The proposed TA will introduce a verification process and set up a database for the Scorecard.

C. Cost and Financing

14. The TA is estimated to cost \$1,500,000 which will be financed on a grant basis by the Investment Climate Facilitation Fund¹³ under the Regional Cooperation and Integration Financing Partnership Facility and administered by ADB. Activities in any participating country will not be initiated under the TA until a no-objection is received from the government of that country. Appendix 2 shows the cost estimates and financing plan.

D. Implementation Arrangements

15. ADB will be the executing agency for this TA, which will be managed by the Southeast Asia Department (SERD) in coordination with the Sustainable Development and Climate Change Department (SDCC). The Public Management, Financial Sector, and Trade Division will lead TA implementation, with support from the Regional Cooperation and Operations Coordination Division, especially where the ASEAN Secretariat is involved. SERD will also coordinate with SDCC, which is involved with ASEAN central banking integration, to ensure a consistent approach overall. Members of the ACMF and the ASEAN stock exchanges will be the implementing agencies. The ACMF will be the coordinating body for all components. The implementation period will be 31 months from June 2015 to December 2017. The justification for the longer implementation period is that regional integration initiatives are iterative and require multiple consultations with authorities from different countries.

16. The TA will require 50 person-months of international consulting services, including a firm to coordinate and develop material for output 1, and 10 person-months of national consulting services. Engagement of the firm will be based on a quality and cost ratio of 80:20. The national capital market expert will be based in ADB headquarters in Manila and assist in monitoring indicators, facilitating seminars and workshops, and general research on capital market integration. When required, individual consultants should submit a final report to the ACMF covering activities performed, assessment of the initiatives, and recommended future steps. The consultants will be engaged by ADB in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time). All procurement will be done in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). Proceeds of the TA will be disbursed in line with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). Terms of reference for all consultants are in Appendix 3.¹⁴

IV. THE PRESIDENT'S DECISION

17. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$1,500,000 to be financed on a grant basis by the Investment Climate Facilitation Fund under the Regional Cooperation and Integration Financing Partnership Facility for Enhancing Association of Southeast Asian Nations Capital Market Integration, and hereby reports this action to the Board.

¹³ Established by the Government of Japan.

¹⁴ To reduce the administrative burden and improve efficiency, all consulting services under the TA will be engaged on output-based (lump-sum) contracts.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact ASEAN capital market integration deepened	By 2019: 10% increase in total intra-ASEAN investment (Baseline 2013: \$24.8 billion)	ASEAN Secretariat and International Monetary Fund Portfolio Investment Survey	Assumption Continued macroeconomic stability Risk Exogenous economic shocks leading to financial crisis
Outcome Wider participation of ASEAN capital market regulators in regional capital market integration	By end of 2017: Participation in ACMF initiatives to expand to more than 3 members (Baseline 2013: only 3 members participate in most initiatives) 90% of initiatives agreed in the capital market scorecard completed by 2015 and outstanding initiatives rationalized after 2015 (Baseline: 83% completed based on 2015 Scorecard)		Assumption High-level support from ASEAN finance ministers and ACMF Risk Inadequate capacity of regulators to undertake reforms required for integration
Outputs 1. Improved capacities of regulators in Cambodia, Lao PDR, Myanmar and Viet Nam 2. Sustainable implementation of selected initiatives in implementation plan ^a 3. Completion of capital market integration requirements that enables wider participation 4. Roadmap for initiatives after 2015	By end of 2017: Annual capacity-building plan for Cambodia, Lao PDR, Myanmar and Viet Nam countries and at least 50% of training completed using TA resources (i) ASEAN corporate governance scorecard report for 2015, 2016, and 2017; and (ii) dispute resolution guidelines adopted and MOU signed by at least 4 ASEAN countries One additional IOSCO MMOU signatory with at least 2 more on Annex B, and diagnostic study on ASEAN exchanges completed Approved plan for capital market integration after 2015	Country reports and staff assessments ACMF report IOSCO website Staff assessment, including feedback from stakeholders	Assumptions Cost recovery mechanism for the ASEAN corporate governance scorecard Effective enforcement mechanism for cross-border dispute resolution Support from domestic stakeholders on the ASEAN stock exchanges Risk Resource constraint for ASEAN Secretariat, including the need to focus on other areas of integration

Activities with Milestones	Inputs
<ul style="list-style-type: none"> 1.1 Conduct market diagnostics of capacities and legal framework of Cambodia, Lao PDR, Myanmar and Viet Nam countries (November 2015) 1.2 Consult Cambodia, Lao PDR, Myanmar and Viet Nam regulators on priority areas for capacity building (February 2016) 1.3 Consult with regulators from developed capital markets on areas in which they can contribute expertise, including secondment programs (April 2016) 1.4 Match needs with supply, and plan capacity building on a 6 monthly basis (June 2016) 1.5 Implement plan based on matrix of needs and supply (June 2016) 1.6 Engage external consultants in areas where expertise is unavailable (June 2016) 2.1 Publish ASEAN scorecard reports (July 2015, March 2016 and March 2017) 2.2 Consult corporate governance taskforce on validation process (July 2015) 2.3 Validate performance of top public listed companies in the scorecard through audit process by corporate governance experts (November 2015) 2.4 Organize event to recognize top performing ASEAN public listed companies (November 2015) 2.5 Consult taskforce on information technology system requirements for making scorecard database more efficient (April 2016) 2.6 Develop software and testing to meet needs of corporate governance initiative (September 2016) 2.7 Finalize guidelines and MOU on dispute resolution and enforcement framework (August 2015) 2.8 Consult with local dispute resolution centers and investment banks with multi-jurisdictional ASEAN presence (November 2015) 2.9 Build capacities of local dispute resolution centers to handle cases on capital markets (February 2016 – December 2017) 3.1 Perform gap assessment of non-IOSCO signatories (November 2015) 3.2 Develop tool kit for Cambodia, Lao PDR, Myanmar and Viet Nam countries on IOSCO MMOU application process (February 2016) 3.3 Consult IOSCO in reviewing sharing information framework and drafting response for IOSCO's submission (November 2015) 3.4 Where necessary, support and review regulatory framework to enable members to sign IOSCO MMOU and be an Annex B member (throughout TA period) 3.5 Submit response to IOSCO Secretariat (throughout TA period) 3.6 Consult and draft diagnostic study on ASEAN exchanges submitted to ACMF (June 2015) 3.7 Submit final report with recommendation to ACMF (September 2015) 3.8 Consult with selected exchanges, and perform gap assessment of legal framework and technology requirement for selected exchanges (February 2016) 4.1 Consult ACMF and ASEAN Secretariat on priority areas (September 2015) 4.2 Support monitoring of implementation plan (throughout TA period) 4.3 Support priority areas post 2015 based on decision of ASEAN finance ministers (throughout TA period) 	<p>Investment Climate Facilitation Fund under the Regional Cooperation and Integration Financing Partnership Facility: \$1,500,000</p> <p>Output 1: \$650,000 Output 2: \$500,000 Output 3: \$200,000 Output 4: \$150,000</p>

Activities with Milestones	
4.4 Develop communication strategy for ACMF, with specific recommendations to communicate initiatives within ASEAN and internationally (September 2015)	

ACMF = ASEAN Capital Market Forum; ASEAN = Association of Southeast Asian Nations; IOSCO = International Organization of Securities Commissions; MMOU = multilateral MOU; MOU = memorandum of understanding; TA = technical assistance.

^a Initiatives include the ASEAN corporate governance scorecard and ASEAN cross-border dispute resolution framework.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Investment Climate Facilitation Fund^a under the Regional Cooperation and Integration Financing Partnership Facility	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	882.0
ii. National consultants	36.0
b. International and local travel	60.0
c. Reports and communications	10.0
2. Training, seminars, and conferences	430.0 ^b
3. Miscellaneous administration and support costs ^c	10.0
4. Contingencies	72.0
Total	1,500.0

^a Established by the Government of Japan and administered by the Asian Development Bank.

^b This may include travel costs for Asian Development Bank staff to act as resource persons and/or facilitators for workshops and training events.

^c Miscellaneous, administration, and support costs include any translation, publication, and non-training-related resource persons.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants

Output 1: Improved Capacities of Regulators in Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam

1. Capital market capacity building expert (firm, 12 person-months, intermittent)

1. The firm must have extensive experience in training regulators in the Association of Southeast Asian Nations (ASEAN) region and be able to organize structured training sessions. The firm should also be able to leverage capital market experts (resources) among ASEAN regulators.
2. The firm will perform the following tasks:
 - (i) identify priority areas of capacity-building needs among Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar, and Viet Nam;
 - (ii) consult ASEAN regulators on areas of expertise to which they can contribute;
 - (iii) conduct market and legal analysis of Cambodia, Lao PDR, Myanmar and Viet Nam countries prior to developing a capacity-building plan;
 - (iv) structure a capacity-building plan for the duration of the technical assistance (TA), taking into account the needs and areas of expertise available;
 - (v) implement a capacity building plan on a 6 monthly basis;
 - (vi) evaluate and obtain feedback after completion of every phase for improvement in subsequent phases; and
 - (vii) organize and support a secondment program with ASEAN regulators.

Output 2: Sustainable Implementation of Selected Initiatives in Implementation Plan

2. Corporate governance experts (6 individual experts, 2 person-months each, total of 12 person-months, intermittent)

3. The consultants will be international corporate governance experts recognized in their domestic jurisdictions, with a minimum of 8 years' working experience in corporate governance. Knowledge of the ASEAN corporate governance scorecard initiative is an advantage.
4. The experts will undertake the following tasks:
 - (i) review the existing ASEAN corporate governance scorecard and recommend improvements by comparing the scorecard against latest developments in corporate governance,
 - (ii) perform a review process for the ASEAN list,
 - (iii) perform a validation exercise of the top public listed companies based on numbers agreed by the ASEAN Capital Markets Forum (ACMF), and
 - (iv) contribute to the publication of the ASEAN scorecard reports.

3. Dispute resolution expert (individual expert, 6 person-months, intermittent)

5. The consultant will be an international dispute resolution expert with some knowledge of securities-related transactions. The consultant must be proficient in international dispute resolution systems and local systems in ASEAN countries, with a minimum of 10 years' working

experience in dispute resolution. Knowledge of the ASEAN dispute resolution guidelines is an essential requirement. Some legal knowledge, in particular drafting skills, is an advantage.

6. The expert will perform the following tasks:
 - (i) support the Working Group on Dispute Resolution and Enforcement Mechanism on drafting, and finalize memorandum of understanding (MOU) based on the ASEAN guidelines on dispute resolution and enforcement mechanism;
 - (ii) consult private sector associations and investor groups to validate the dispute resolution mechanism;
 - (iii) prepare a capacity-building plan and curriculum for local dispute resolution centers; and
 - (iv) provide capacity-building support in a systematic way for all participating dispute resolution centers.

Output 3: Completion of Capital Market Integration Requirements that Enables Wider Participation

4. International Organization of Securities Commissions expert (individual expert, 4 person-months, intermittent)

7. The consultant will be an international regulatory expert, including in issues related to supervision and enforcement of capital market offences that may be impeded by banking secrecy provisions. A minimum of 5 years' working experience on International Organization of Securities Commissions (IOSCO)-related matters is a requirement. Direct experience, whether working with IOSCO or as part of an IOSCO screening group, is an advantage.

8. The expert will perform the following tasks:
 - (i) carry out a gap assessment, including regulatory requirements of countries that are not signatories to the IOSCO multilateral memorandum of understanding (MMOU);
 - (ii) develop a tool kit to prepare countries to be signatories of the IOSCO MMOU;
 - (iii) provide recommendations on revision of relevant regulations and other framework for sharing of information based on IOSCO's requirements;
 - (iv) support the relevant regulators' draft response for submission to IOSCO; and
 - (v) build the capacities of countries that are both non-signatories and yet to be listed as Annex B members.

5. Stock exchange systems expert (individual, 6 person-months, intermittent)

9. The consultant should have an academic background in finance and practical expertise in (i) international stock exchange alliances, their structures, and operational procedures; (ii) securities market operations, including trading, clearing, and settlement systems; and (iii) assessment of technology (software and hardware) needed for the linkup. A minimum of 10 years' related work experience is required, and any publication on the above in reputable journals is an advantage. In addition, the consultant should have work experience with at least two members of the ASEAN exchanges. The consultant will be expected to work closely with the ACMF working group and identified stock exchanges.

10. The expert will perform the following tasks:
 - (i) Undertake a study on stock exchange integration covering (a) overall benefit and risk, (b) legal and regulatory framework, (c) technical requirements, and

- (d) impact on investors and financial intermediaries (including stock brokers). The study should be a combination of desk review and industry interviews, in consultation with the working group that reports to the ACMF. Confidentiality of the study is to be determined by the ACMF.
- (ii) Provide recommendations to identified exchanges and perform a gap assessment of their current legal framework and technological status in relation to the requirements to join the ASEAN exchanges. This will include mapping out the requirements and drafting a step-by-step plan for implementation at the regional and national levels.

Output 4: Roadmap for initiatives after 2015

6. Capital market integration expert (individual, 6 person-months, intermittent)

11. The expert must have significant experience in capital market development and regulations in at least several ASEAN countries. A minimum of 10 years' experience is required. Knowledge of ACMF initiatives is an advantage.

12. The consultant will perform the following tasks:
- (i) review achievements of the ACMF based on the implementation plan, and identify gaps in work streams;
 - (ii) recommend possible integration initiatives after 2015 to the ACMF, ASEAN stock exchanges, and the ASEAN Secretariat;
 - (iii) review monitoring mechanism of initiatives and draft scorecard based on recommendation in KPMG study—this includes dedicated scorecard for Cambodia, Lao PDR, Myanmar and Viet Nam countries;
 - (iv) establish linkage with ASEAN-wide private sector associations to provide feedback to regulators; and
 - (v) provide recommendation and inputs to firm in output 3 on capacity building needs of Cambodia, Lao PDR, Myanmar and Viet Nam countries.

7. Strategic communication specialist (individual, 4 person-months, intermittent)

13. The expert must have a background in communications and significant experience in communicating a strategic agenda on an international or regional level. The expert must be able to use both traditional and online media to communicate information to various stakeholders, with the objective of disseminating information on ACMF's achievements in a strategic manner. A minimum of 8 years' experience is required, preferably with a postgraduate degree in communications or other related areas. Knowledge of ACMF initiatives is an advantage.

14. The consultant will perform the following tasks:
- (i) consult ACMF members and the ASEAN Secretariat to understand their preferences and needs regarding communications;
 - (ii) review existing communication avenues generally utilized by the ACMF and ASEAN;
 - (iii) develop a strategic communication strategy, with the aim of disseminating ACMF achievements internationally;
 - (iv) implement the initial phase of the strategy, review implementation, and take corrective action—this will likely include developing a new ACMF website; and

- (v) train the ACMF Secretariat in ways to manage dissemination after the assignment so that communication is sustainable.

B. National Consultant

8. National project coordinator (individual, 10 person-months, intermittent)

15. The project coordinator, to be based in the Philippines, should have adequate experience in project management, will assist ADB in this regard, and have reasonable understanding of capital markets. The coordinator should hold Filipino citizenship. A master's degree is an advantage, but candidates who have completed an undergraduate degree in finance or related areas with at least 2 years' working experience (including internship) may apply.

16. The coordinator will perform the following tasks:
- (i) assist ADB in research work on ASEAN capital market integration,
 - (ii) assist ADB in publication of knowledge products, and
 - (iii) assist ADB in organization of local and international conferences.