



Viet Nam: Strengthening Financial Markets

Project Name	Strengthening Financial Markets
Project Number	48213-001
Country	Viet Nam
Project Status	Active
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 8793-VIE: Strengthening Financial Markets Technical Assistance Special Fund US\$ 600,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships
Sector / Subsector	Finance - Finance sector development - Insurance and contractual savings - Money and capital markets
Gender Equity and Mainstreaming	No gender elements
Description	
Project Rationale and Linkage to Country/Regional Strategy	
Impact	Market confidence and transparency improved.

Project Outcome

Description of Outcome	Financial market infrastructure strengthened.
Progress Toward Outcome	The TA was recently approved by the government and recruitment is expected to start shortly.

Implementation Progress

Description of Project Outputs	1. Priority upgrades to the prudential framework identified. 2. Support for money market development provided. 3. Efforts to reduce operational risk of bond market transactions initiated.
Status of Implementation Progress (Outputs, Activities, and Issues)	The TA was recently approved by the government and recruitment is expected to start shortly.
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	

Business Opportunities

Consulting Services

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

I. Output 1: Supervision and Resolution Framework Improved.

1. National Accounting Expert (Individual or an individual through a firm _ 3 Person-months, Intermittent)

A. Objective of Assignment:

1. The objective of this technical assistance is two-fold; i) to establish a legal and regulatory framework that will support an ongoing adoption of International Financial Reporting Standards (IFRS) through the revision of Vietnam Accounting Standards, and ii) to provide a catalyst for the production of Vietnamese translation IFRS by the International Accounting Standards Board.

B. Scope of Work:

2. In coordination and cooperation with the Ministry of Finance's Accounting and Auditing Department, the expert will review the existing legal framework, as well as an existing gap analysis between Vietnam Accounting Standards and IAS/IFRS. The expert will provide inputs and assistance to the government to develop an appropriate legal framework, as well as a regulatory regime through which measured adoption of IFRS can proceed. As part of this engagement, ADB will purchase English language translations of IFRS and supporting implementation guidelines. ADB will also purchase licenses sufficient to pattern Vietnam Accounting Standards on IFRS. Capacity development will be provided on those standards which incorporate the concept of _market_ or fair value.

C. Qualifications:

3. The expert shall have at least 15 years of experience working with as an accountant/auditor with a global designation in a regulatory setting, in a public accounting company, or as a senior financial officer in a firm. In addition, the expert will have at least 5 years of relevant consulting experience a majority of which was gained in SE Asia.

2. International Debt Resolution Expert (Individual _ 3 Person-months, Continuous)

A. Objective of Assignment:

4. The Government has established a plan to reduce the level of nonperforming loans (NPLs) in the banking system by way of an asset management company. The technical assistance will identify appropriate structural improvements and upgraded asset disposition strategies implemented under existing Vietnamese law and as effectively employed by regional peers. Secondly, the technical assistance will identify potential upgrades to the enabling legislation on which VAMC and its operations are based.

B. Scope of Work:

5. The expert will review the VAMC's operational structure, mandate, staffing, procedures and asset disposition methodologies including support systems. The expert will propose recommendations to improve the overall operations of VMAC. Utilizing Vietnamese law pertaining to contracts and bankruptcy, the expert will also propose modifications to asset disposition methodologies to improve their effectiveness. Finally, the expert will provide training covering effective asset disposition practices utilized within the region, identifying which strategies could be employed effectively in Vietnam.

C. Qualifications:

6. The expert(s) shall have at least 15 years of experience as an asset resolution expert. In addition, the expert will have at least 5 years of relevant consulting experience a majority of which was gained in SE Asia.

II. Output 2: Money Market Development Encouraged.

1. National Financial Sector Expert (Individual _ 6 Person-months, Intermittent)

A. Objective of Assignment:

7. The objective of this assignment is twofold. First, the expert will provide supporting assistance to improve the operation of the money market and to introduce a reliable short-term benchmark interest rate. Second, the expert will provide logistical support to ADB covering the overall delivery of technical assistance and the processing of the proposed Financial Sector Deepening Program, Subprogram 2.

B. Scope of Work and Detailed Tasks:

8. The expert will perform research, develop position papers, and facilitate consensus building to support further development of the money market and a reliable short-term interest rate benchmark. Specifically, the expert will continue the ongoing diagnostic of Vietnam's money market. Through this analysis, the expert will identify key constraints which prevent the market from achieving critical mass, supporting the formation of reliable short-term benchmark interest rates, and developing more sophisticated products such as derivatives. In addition, the expert will coordinate the conduct of continuing surveys to improve SBV's statistical database covering the money market. The expert will assist and support the development of an enhanced outreach program, under local ownership, to identify and address existing and emerging issues (e.g. credit freeze, money market development, FX market and regulatory issues). Finally, the expert will coordinate with ADB's Resident Mission, Project Officers and staff to support the implementation of technical assistance projects and the completion of loan processing including translation. The expert will also coordinate, as requested, with the IMF Resident Representative in targeted studies and training engagements to enhance the technical capacity of SBV.

C. Qualifications

9. The expert will have at least 7 years of experience with international financial markets, as well as a familiarity with Vietnam's financial sector. In particular, the expert will have a sufficient understanding of national legal and operational issues associated with the development of a money market, experience in conducting research, analyzing data and developing position papers. Fluency in English and Vietnamese is mandatory.

2. International Interbank Market/Lending Specialist (Individual, Individual through a Firm, or a Firm - 3 Person-months, Continuous)

A. Objective of Assignment:

10. The objective of this technical assistance is to improve the function of Vietnam's interbank market by enhancing standards and operations towards international practice. Given the government's emphasis of developing financial markets, including the eventual introduction of derivatives, the focus of the assignment will naturally include identifying measures to encourage and increase interbank activity within acceptable prudential norms. The expert will identify development constraints and propose solutions including most importantly, enhancements to data reporting and transparency.

B. Scope of Work and Detailed Tasks:

11. The expert will work with the national financial sector expert to complement existing diagnostics with adhoc, as needed diagnostics along with regional and international benchmarking exercises. The expert will utilize these diagnostics and benchmarking exercises to provide market education through which stakeholder consensus will be built. With the intent of increasing the level of interbank transactions, the expert will identify and recommend standards of best practice (e.g. market standards), effective legal and regulatory frameworks, appropriate documentation standards, and monitoring systems. In particular, the expert is expected to identify and develop an acceptable solution to the government's request to improve data collection and transparency in the interbank market. After tailoring the recommendations for stakeholder inputs, the expert is expected to provide specific inputs sufficient to support further ADB engagement, if necessary, to provide funding to upgrade the State Bank of Vietnam's IT systems to achieve and maintain sufficient transparency in the interbank money market.

C. Qualifications:

12. The consultant shall have at least 15 years of experience in money market operations as either a practitioner or regulator, although a combination of this experience would be preferred. In addition, the expert will have at least 5 years of relevant consulting experience a majority of which was gained in SE Asia.

3. International Legal Expert-Repurchase Agreements (Firm _ Output-based Contract)

A. Objective of Assignment:

13. The State Bank of Vietnam has initiated a project to introduce a repo market in Vietnam. The objective of this technical assistance is to build on the initial work performed in an earlier technical assistance project to introduce a domestic repurchase agreement that conforms to international conventions and standards.

B. Scope of Work:

14. The firm will provide support to the State Bank of Vietnam and the Vietnam Bond market Association to introduce the Global Master Repurchase Agreement (GMRA), or a suitable alternative, to the domestic market. The expert will build on earlier work that produced a legal survey designed to identify constraints within the national legal system that prevent or reduce the effectiveness of repurchase agreements. The consultancy will be an output-based contract with the deliverables to be identified after dissemination of the results of the legal survey and further consultations with the stakeholders.¹

C. Qualifications:

15. The firm shall have at least 15 years of legal experience working in the securities industry with a specialty in repurchase agreements.

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Planned recruitment: (March 2017)

International Bond Tax Expert

National Bond Tax Expert

International Pay Expert

Responsible Staff

Responsible ADB Officer	Schuster, Stephen R.
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SERD
Executing Agencies	<i>State Bank of Vietnam 47-49 Ly Thai To Street Hanoi Vietnam</i>

Timetable

Concept Clearance	07 Oct 2014
Fact Finding	06 Jun 2014 to 23 Jun 2014
MRM	-
Approval	12 Dec 2014
Last Review Mission	-
Last PDS Update	03 Apr 2017

TA 8793-VIE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
12 Dec 2014	03 Aug 2015	03 Aug 2015	31 Jan 2017	31 Jan 2018	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
600,000.00	0.00	120,000.00	0.00	0.00	0.00	720,000.00	12 Dec 2014	257,741.90

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