



# Technical Assistance Report

---

Project Number: 49401-001  
Policy and Advisory Technical Assistance (PATA)  
April 2016

## People's Republic of China: Supporting the Reform of the Role of the People's Bank of China

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

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 15 March 2016)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1538
\$1.00	=	CNY6.500

## ABBREVIATIONS

ADB	–	Asian Development Bank
PBC	–	People's Bank of China
G20	–	Group of Twenty
PRC	–	People's Republic of China
TA	–	technical assistance

## NOTE

In this report, "\$" refers to US dollars.

<b>Vice-President</b>	S. Groff, Operations 2
<b>Director General</b>	A. Konishi, East Asia Department (EARD)
<b>Director</b>	Y. Qian, Public Management, Financial Sector, and Regional Cooperation Division, EARD
<b>Team leader</b>	G. Giannetto, Senior Financial Sector Specialist, EARD
<b>Team members</b>	J. Conrad, Principal Economist, People's Republic of China Resident Mission
	C. Javier, Project Analyst, EARD
	M. Miranda, Operations Assistant, EARD

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

	<b>Page</b>
POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE	3
A. Impact and Outcome	3
B. Methodology and Key Activities	3
C. Cost and Financing	4
D. Implementation Arrangements	4
IV. THE PRESIDENT'S DECISION	4
APPENDIXES	
1. Design and Monitoring Framework	5
2. Cost Estimates and Financing Plan	7
3. Outline Terms of Reference for Consultants	8

## POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 49401-001</b>	
<b>Project Name</b>	Supporting the Reform of the Role of the People's Bank of China	<b>Department /Division</b>	EARD/EAPF
<b>Country</b>	China, People's Republic of	<b>Executing Agency</b>	People's Bank of China
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ Finance	Central banking systems		0.30
		<b>Total</b>	<b>0.30</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional systems and political economy	No gender elements (NGE)	✓
Knowledge solutions (KNS)	Knowledge sharing activities		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Nation-wide	High
<b>6. TA Category:</b>	B		
<b>7. Safeguard Categorization</b>	Not Applicable		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>0.30</b>	
Policy and advisory technical assistance: Technical Assistance Special Fund		0.30	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>0.30</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		No	
Use of country public financial management systems		Yes	

## I. INTRODUCTION

1. The Government of the People's Republic of China (PRC) requested technical assistance (TA) from the Asian Development Bank (ADB) for Supporting the Reform of the Role of the People's Bank of China (PBC). ADB used teleconferences and e-mail communications to reach an understanding with the government on the impact, outcome, outputs, implementation arrangements, costs, and consultants' terms of reference. The design and monitoring framework is in Appendix 1. The TA is included in ADB's country operations business plan, 2016–2018<sup>1</sup> for the PRC<sup>2</sup> and was discussed with relevant development partners.<sup>3</sup>

## II. ISSUES

2. The 2008 global financial crisis prompted a reexamination of banking and financial regulatory systems, and financial system stability and integration with monetary policy in many countries. In the PRC while the global financial crisis did not have a significant direct impact, the interconnection of the PRC's financial system globally did expose challenges and confirm that ensuring financial stability is a major priority. Risks to the PRC's financial stability surface from the structure of its financial sector with the dominance of state owned commercial banks, as well as from fragmentation in the frameworks for macroprudential and microprudential oversight. In response to these risks certain steps have been taken. These actions include expansion of mechanisms to assess systemic risk, improvements in sharing relevant statistical data across the financial stability framework, and enhancing coordination between the PBC and financial sector supervisors through formation of the Financial Crisis Response Group under the State Council and the Financial Regulatory Coordination Joint Ministerial Committee.

3. The original 1995 Law on the People's Republic of China<sup>4</sup> was revised in 2003, separating central banking functions from banking supervision when these were transferred to the newly created China Banking Regulatory Commission. Both the PRC's economy and global finance have undergone significant changes since 1995. Given its financial supervisory framework, the PBC may not be equipped to effectively manage systemic risks caused by difficulties in financial stability policy coordination, thereby impairing efforts to create a modern, market-based financial system. Efforts by the PBC to review and revise its mandate are in line with global developments since the global financial crisis. Since that time there have been fundamental changes globally to central banking, especially for financial stability arrangements. Major global central banks (including the Federal Reserve System, European Central Bank, and the Bank of England) have undertaken substantial reforms or reorganized in response to new challenges that resulted from the crisis. These challenges include highly integrated and increasingly interdependent global financial systems, prompt transfers of monetary policy decision implications from one country to another, risks from financial institutions that are too big to fail,<sup>5</sup> and rapid movements of global financial liquidity.

---

<sup>1</sup> ADB. 2016. *Country Operations Business Plan: People's Republic of China, 2016–2018*. Manila.

<sup>2</sup> The TA first appeared in the business opportunities section of ADB's website on 16 March 2016.

<sup>3</sup> The TA was discussed with the International Monetary Fund during the 29 January 2016 ADB-IMF Retreat in Manila.

<sup>4</sup> "Adopted at the Third Session of the Eighth National People's Congress on March 18, 1995, promulgated by Order No. 46 of the President of the People's Republic of China on March 18, 1995, and amended in accordance with the Decision on Amending the Law of the People's Republic of China on the People's Bank of China adopted at the 6th Meeting of the Standing Committee of the Tenth National People's Congress on December 27, 2003." Database of Laws and Regulations. Law of the People's Republic of China on the People's Bank of China. [http://www.npc.gov.cn/englishnpc/Law/2007-12/12/content\\_1383712.htm](http://www.npc.gov.cn/englishnpc/Law/2007-12/12/content_1383712.htm) (accessed 16 March 2016).

<sup>5</sup> Financial institutions that are so large and interconnected that their failure would have a severe impact on a country's economy, and they must be supported by the government when they face potential failure.

4. To address these, governance frameworks concerning organizational roles and responsibilities and overall authorities have been enhanced, financial tool kits have been strengthened, and financial stability mandates and macroprudential supervisory powers of central banks have been expanded. Regardless of the central banks' expanding role, there is still debate over the balance between monetary and financial stability, the most effective financial supervisory structure to adopt, and whether the trend to re-empower central banks with this role is the best approach. The global trend prior to the crisis was to separate financial sector supervision from the central banks' monetary policy role. Such a move is most prominently displayed with the 1997 creation of the Financial Services Authority of the United Kingdom that assumed financial supervision from the Bank of England. Further, the creation of the Financial Supervisory Service in the Republic of Korea in 1997 separated banking supervision from the Bank of Korea. In 2013, the creation of a consolidated financial sector supervisor under the Financial Services Authority in Indonesia, which removed banking supervision authority from the central bank, continued this trend. However, also in 2013, the Financial Services Authority in the United Kingdom was abolished and its responsibilities split between two new agencies: the Financial Conduct Authority and the Prudential Regulation Authority of the Bank of England. This shift to again place banking supervision under the Bank of England shows the debate over where financial supervision authority should reside continues globally, and that one solution is not necessarily the best fit for all.

5. Since the global financial crisis, some trends, which have implications for central banks as they evolve to address new financial system challenges, have emerged:

- (i) Central bank objectives have widened beyond monetary policy to financial stability. Objectives have evolved to focus concurrently on monetary stability, financial stability, and economic growth.<sup>6</sup> This broader set of core functions brings challenges in balancing the requirements of what can occasionally be conflicting objectives.
- (ii) Central banks have taken much more of a main role in the financial system's functioning. They are at the center of the interbank market, acting not only as the lender of last resort, but also as a primary liquidity source to support market functioning.
- (iii) Increased attention to financial stability has resulted in changes to central banks' regulatory and policy-making structures.
- (iv) Global regulatory reforms and legal initiatives in the finance sector continue to change, causing central banks to quickly modify functions. Extensive new requirements have emerged from the Basel Committee,<sup>7</sup> the Group of Twenty (G20),<sup>8</sup> and the Financial Stability Board<sup>9</sup> that have impacted not just central banks but financial systems as a whole.

---

<sup>6</sup> This generally involves controlling inflation and money supply growth.

<sup>7</sup> The Basel Committee issued Basel III in December 2010 as a regulatory framework for bank capital adequacy, stress testing, and market liquidity risk.

<sup>8</sup> The G20 leaders released a statement at the Summit on Financial Markets and the World Economy on 15 November 2008 outlining root causes of the crisis, actions taken and to be taken, and common principles for financial market reform.

<sup>9</sup> The Financial Stability Board was established after the 2009 G20 summit in April 2009 and is an international body that monitors and makes recommendations about the global financial system. On 14 November 2014, it issued the Overview of Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability: Report of the Financial Stability Board to G20 Leaders. Recommendations included (i) building more resilient financial institutions; (ii) ending "too big to fail;" (iii) transforming shadow banking into resilient market-based finance; (iv) making derivatives markets safer; (v) creating continuous markets; (vi) improving accounting, auditing, and disclosures; (vii) building and implementing macroprudential frameworks and tools; and (viii) strengthening adherence to international financial standards.

- (v) The level of interconnection between global financial systems and the growth of larger cross-border financial conglomerates have increased the need for international cooperation and coordination among central banks and financial regulators.
- (vi) Technology has impacted finance and central banking materially with the emergence of new forms and mechanisms for finance. This development of new financial service approaches and market participants poses greater challenges to central banks in managing the economy and financial stability.

6. PBC anticipates a comprehensive revision of the Law on the People's Bank of China. Reforms are being considered on the legal and institutional arrangements for financial stability, the financial supervisory framework including macroprudential<sup>10</sup> and microprudential<sup>11</sup> policy arrangements, lender of last resort provisions,<sup>12</sup> and the measure regarding the resolution of troubled financial institutions. The TA's goal is to understand the PBC's structuring options, evaluate those options, and assist the PBC in drafting a revised proposed framework with legal and institutional arrangements to improve its readiness to withstand and respond to future financial crises.

### III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE

#### A. Impact and Outcome

7. The impact will be improved resiliency of the financial system to withstand shocks. The outcome will be a strengthened governance framework concerning organizational roles and responsibilities and overall authorities of the PBC.

#### B. Methodology and Key Activities

8. The TA will improve the financial system's resiliency to shocks by supporting reforms to the PBC's role in oversight, financial stability, and monetary policy management. ADB has previously supported building a stable financial system and strengthening financial regulatory regimes through policy recommendations and capacity development. The proposed TA will build on achievements from previous ADB support for the PRC's financial system—including developing a stress-testing framework for the banking system with the China Banking Regulatory Commission, legal system for the credit market, and framework for financial consumer protection with the PBC; and building the capacity of the capital markets' regulatory system with the China Securities Regulatory Commission.<sup>13</sup>

9. The TA will conduct an analysis of the PBC's role within the framework of financial system supervision, financial stability, and monetary policy management in the PRC. The assessment will cover issues, gaps, and overlaps in the PBC's role in comparison with evolving global best practices in these areas as espoused by leading central banks of comparable

<sup>10</sup> Generally refers to policy that aims to avoid impact to the economy by limiting the buildup of overall financial system risk.

<sup>11</sup> Generally refers to the supervision of individual or groups of financial institutions.

<sup>12</sup> Central banks serve as the lenders of last resort and provide liquidity to financial institutions that are experiencing financial difficulties.

<sup>13</sup> ADB. 2013. *Technical Assistance to the People's Republic of China for Strengthening the Stress Testing Capacity of the Banking System*. Manila (TA 8355); ADB. 2011. *Technical Assistance to the People's Republic of China for Developing a Legal System for the Credit Market*. Manila (TA 7835); ADB. 2013. *Technical Assistance to the People's Republic of China for the Promotion of a Legal Framework for Financial Consumer Protection*. Manila (TA 8498); and ADB. 1999. *Technical Assistance to the People's Republic of China for Capacity Building of the Capital Markets' Regulatory System*. Manila (TA 3304).

stature (including the Bank of England, Bank of Japan, European Central Bank, and Federal Reserve System). Additionally, practices by other applicable central banks and monetary authorities may be identified and assessed. The assessment will also consider developments and proposals from leading international financial institutions. The TA will support a study tour to comparable leading central banks in ADB member countries in Europe for the PBC Legal Affairs Department to gain firsthand intelligence and insight on practical solutions and recommendations. To obtain broad input, the TA will include a workshop with national and international resource experts and national stakeholders to gain insight, share concepts, and present initial framework proposals for feedback.

10. The TA will draft recommendations to be accepted by the PBC for incorporation into a draft framework proposal—to be prepared by the Legal Affairs Department and approved by the PBC governor, for presentation to the Legislative Affairs Commission under the Standing Committee of the National People's Congress. The objective is for the PBC to draft integrated proposals on reforming its mandate and role in 2017. A policy note will also be prepared and published.

### **C. Cost and Financing**

11. The TA is estimated to cost \$330,000, of which \$300,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of counterpart staff, coverage of counterpart staff costs to attend workshops, access to data and document sources as needed, facilities for meetings between the implementing agency and consultants, and other in-kind contributions.

### **D. Implementation Arrangements**

12. The proposed executing agency is the PBC, and the implementing agency is the PBC's Legal Affairs Department. The implementing agency will be responsible for (i) managing research and analysis, (ii) coordinating with counterparts and stakeholders, and (iii) organizing the study tour. The TA is expected to start on 30 April 2016 and end on 30 June 2017.

13. The TA will engage individually one international (4 person-months) and two national consultants (8 person-months) following ADB's Guidelines on the Use of Consultants (2013, as amended from time to time), and proceeds will be disbursed following the *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The TA will also engage resource persons as needed to provide additional inputs to activities. ADB will establish an advance payment facility with the executing agency to administer workshops and the study tour.

14. ADB will monitor and evaluate the TA based on the implementation of activities and satisfactory delivery of outputs following the agreed timeline and budget. ADB will assist the implementing agency in overall TA operations, and will conduct TA review missions to help monitor progress. To support monitoring and evaluation, consultants will submit inception, draft final, and final reports to the executing agency, implementing agency, and ADB. Results will be disseminated through a workshop and a policy note.

## **IV. THE PRESIDENT'S DECISION**

15. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$300,000 on a grant basis to the Government of the People's Republic of China for Supporting the Reform of the Role of the People's Bank of China, and hereby reports this action to the Board.



## DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project is Aligned with</b>			
Resiliency of the financial system to withstand shocks improved (The 12th Five-year Plan for the Development and Reform of the Financial Industry, 2011–2015) <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<b>Outcome</b> A governance framework concerning organizational roles and responsibilities and overall authorities of the PBC strengthened	Revision to the law on the PBC drafted by December 2019 (2015 baseline: original law)	PBC reports and website	Adverse policy changes of the government and regulatory authorities discontinue or delay reforms
<b>Outputs</b> 1. Analysis of the PBC's role in the framework of financial system supervision, financial stability, and monetary policy management prepared  2. Recommendations on the PBC's role prepared and presented to PBC	(All baselines: NA) 1a. Report that outlines issues, framework alternatives, and global best practices that can be applied in the PRC context of financial system oversight, financial stability, and monetary policy produced by the end of October 2016  1b. Workshop involving national and international experts and stakeholders completed, with results and proposals shared by the end of November 2016  2a. Recommendations accepted by the PBC and incorporated into a framework proposal to be prepared by the LAD and approved by the PBC Governor for presentation to the LAC by March 2017  2b. Policy note prepared and published by June 2017	1a. PBC reports and website, and project reports  1b. Project reports  2a. PBC reports and website, and project reports  2b. Project final report	Financial system, monetary, or economic crisis impairs government decisions to make reforms
<b>Key Activities with Milestones</b>			
<b>1. Analysis of the PBC's role in the framework of financial system supervision, financial stability, and monetary policy management prepared</b> 1.1 Consultants recruited and fielded by June 2016			

<p>1.2 Interim report prepared by August 2016</p> <p>1.3 Study tour completed by September 2016</p> <p>1.4 Outreach workshop completed by November 2016</p> <p><b>2. Recommendations for a framework for PBC reform appropriate to the PRC context prepared by March 2017</b></p> <p>2.1 Draft final report prepared by December 2016</p> <p>2.2 Final report prepared by March 2017</p> <p>2.3 Policy note prepared and published by June 2017</p>
<p><b>Inputs</b></p> <p>ADB: \$300,000 grant</p> <p>Note: The government will provide counterpart support in the form of counterpart staff, coverage of counterpart staff costs to attend workshops, access to data and document sources as needed, facilities for meetings between the implementing agency and consultants, and other in-kind contributions.</p>
<p><b>Assumptions for Partner Financing</b></p> <p>Not Applicable.</p>

ADB = Asian Development Bank, LAC = Legislative Affairs Commission of the National People's Congress Standing Committee of the People's Republic of China, LAD = Legal Affairs Department of the National People's Congress Standing Committee of the People's Republic of China, NA = not applicable, PBC = People's Bank of China, PRC = People's Republic of China.

<sup>a</sup> Government of the People's Republic of China, People's Bank of China; China Banking Regulatory Commission; China Securities Regulatory Commission; and State Administration of Foreign Exchange. 2012. *The 12th Five-year Plan for the Development and Reform of the Financial Industry*. Beijing. The 13th Five-year Plan for the Development and Reform of the Financial Industry will not be issued until about March 2016, but suggestions for it have been issued by the Communist Party of China Central Committee on 29 October 2015 and can be considered as a reasonable proxy for the subsequent five-year plan. Suggestions are consistent with 12th plan objectives, with further support for reform and economic growth.

Source: ADB.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Amount</b>
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultant (4 person-months)	104
ii. National consultants (8 person-months)	56
b. International and domestic travel	20
2. Training, seminars, and conferences	
a. Study tour <sup>b</sup>	30
b. Workshops <sup>c</sup>	60
3. Miscellaneous administration and support costs <sup>d</sup>	20
4. Contingencies	10
<b>TOTAL</b>	<b>300</b>

Note: The technical assistance (TA) is estimated to cost \$330,000, of which contributions from the Asian Development Bank (ADB) are presented in the table above. The government will provide counterpart support in the form of counterpart staff, coverage of counterpart staff costs to attend workshops, access to data and document sources as needed, facilities for meetings between the implementing agency and consultants, and other in-kind contributions. The value of government contribution is estimated to account for 9.1% of the total TA cost.

<sup>a</sup> Financed by ADB's Technical Assistance Special Fund (TASF-other sources).

<sup>b</sup> The study tour will be conducted in eligible ADB member countries.

<sup>c</sup> Includes the costs of arrangement of venues, translation, and interpretation of presentations, as well as honorarium and travel costs for resource persons.

<sup>d</sup> Includes translation costs of any relevant background material for the TA, subject to prior ADB approval.

Source: ADB estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The Asian Development Bank will individually select and engage one international (4 person-months) and two national consultants (8 person-months) on an output-based lump-sum basis following its Guidelines on the Use of Consultants (2013, as amended from time to time). Consultants will be required to provide (i) an inception report within 2 weeks of technical assistance (TA) start-up, defining a detailed work plan and milestones consistent with the design and monitoring framework; (ii) deliverables consistent with the design and monitoring framework activities, outputs, and delivery dates; and (iii) other reports and updates as needed by the Legal Affairs Department of the People's Bank of China (PBC), the executing agency. Final reports are to be of high quality and produced in English, with copies in Chinese, by the report delivery dates.

### Indicative Individual Consulting Services Inputs

Position	Person-Months
<b>A. International consultant</b>	
International expert on central banking and financial stability	4
<b>Subtotal (A)</b>	<b>4</b>
<b>B. National consultants</b>	
National expert on central banking	4
National expert on financial stability and macroprudential supervision	4
<b>Subtotal (B)</b>	<b>8</b>
<b>Total</b>	<b>12</b>

Source: Asian Development Bank estimates.

#### **A. International Consultant (4 person-months)**

##### **1. Central Banking and Financial Stability Expert (4 person-months, intermittent)**

2. **Purpose, scope of work, and qualifications.** The consultant will be engaged to draft the analysis and detailed recommendations that outline issues, framework alternatives, and global best practices that can be applied in the People's Republic of China (PRC) context of financial system oversight, financial stability, and monetary policy, and the PBC's central role. The expert will serve as team leader to coordinate the national consultants' research and lead in producing the reports and policy note. The expert will have at least a master's degree in finance, law, or economics, and demonstrated practical expertise in central banking and financial stability issues, with a focus on recent international developments. The expert will have at least 15 years' experience handling the review of financial sector supervision and regulation. The expert will have strong English writing and speaking skills. Experience in Asia, particularly in the PRC, and in a major global central bank, financial supervisor, multinational development bank, or standard-setting body will be an advantage.

3. **Tasks.** As the team leader, the expert will perform the following tasks:

- (i) manage overall TA implementation and oversee the national consultants and resource persons; ensure the timely conduct of workshops; and, with the support of national consultants, complete good quality policy note and inception, interim, draft final, and final reports;
- (ii) be responsible for researching international best practices for central banking and financial stability; compile and prepare written reports on policy, legal,

- regulatory, and supervisory systems; and prepare comprehensive recommendations;
- (iii) participate in team discussions and workshops to help ensure international good practice is considered;
- (iv) assist the PBC in preparing the scope and counterpart arrangements for the study tour;
- (v) lead in preparing overall reports in English;
- (vi) lead in preparing a policy note; and
- (vii) perform quality control for all outputs in English.

## **B. National Consultants (8 person-months)**

### **1. Central Banking Expert (4 person-months, intermittent)**

4. **Purpose, scope of work, and qualifications.** The consultant will be engaged to draft the analysis and detailed recommendations that outline issues, framework alternatives, and global best practices that can be applied in the PRC context of the PBC's central role. The expert will have at least a master's degree in finance, law, or economics, and practical expertise in central banking with a focus on recent international developments. The expert will have at least 10 years' experience handling the review of central banking and financial sector laws and regulations in the PRC. The expert will have strong English writing and speaking skills. Experience in countries with advanced central banking and financial stability mechanisms (other than the PRC) and with a central bank, financial supervisor, multinational development bank, or standard-setting body will be an advantage.

5. **Tasks.** The expert will perform the following tasks:

- (i) support overall TA implementation under the team leader's direction;
- (ii) lead a domestic review and survey, and research on the impact and need to reform the PBC's role; aid in interpreting global best practices within the applicability of the PRC's historical, legal, and market framework; and incorporate these findings into the interim, draft final, and final reports;
- (iii) present and discuss issues and recommendations with other experts and during workshops and meetings;
- (iv) arrange and be responsible for national meetings and workshops on central banking topics;
- (v) assist the PBC in preparing the scope and counterpart arrangements for the study tour;
- (vi) assist the international consultant in preparing a policy note for publication; and
- (vii) obtain a Chinese translation of relevant outputs.

### **2. Financial Stability and Macprudential Supervision Expert (4 person-months, intermittent)**

6. **Purpose, scope of work, and qualifications.** The consultant will be engaged to draft the analysis and detailed recommendations that outline issues, framework alternatives, and global best practices that can be applied in the PRC context of financial system oversight, financial stability, and macroprudential supervision. The expert will have at least a master's degree in finance, law, or economics, and practical expertise in financial stability and macroprudential supervision issues, with a focus on recent international developments. The expert will have at least 10 years' experience handling the review of central banking and financial sector laws and regulations in the PRC. The expert will have strong English writing and

speaking skills. Experience in countries with advanced central banking and financial stability mechanisms (other than the PRC) and with a central bank, financial supervisor, multinational development bank, or standard-setting body will be an advantage.

7. **Tasks.** The expert will perform the following tasks:
- (i) support overall TA implementation under the team leader's direction;
  - (ii) lead a domestic review and survey, and research on the impact and need for reform of financial stability policies; aid in interpreting global best practices within the applicability of the PRC's historical, legal, and market framework; and incorporate these findings into the interim, draft final, and final reports;
  - (iii) present and discuss issues and recommendations with other experts and during workshops and meetings;
  - (iv) arrange and be responsible for national meetings and workshops on financial stability and macroprudential supervision topics;
  - (v) assist the PBC in preparing the scope and counterpart arrangements for the study tour;
  - (vi) assist the international consultant in preparing a policy note for publication; and
  - (vii) obtain a Chinese translation of relevant outputs.