

 Early Warning System

ADB-51118-001

Strengthening Asia's Financial Safety Nets and Resolution Mechanisms



Quick Facts

Countries	China, Kazakhstan, Malaysia, South Korea, Thailand, Vietnam
Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	B
Voting Date	2018-01-29
Borrower	Regional
Sectors	Finance, Law and Government
Investment Type(s)	Grant
Investment Amount (USD)	\$ 0.25 million
Project Cost (USD)	\$ 0.50 million



Project Description

According to the bank document, the knowledge and support technical assistance (TA) will address the issue of nonperforming loans (NPLs) in Asia and the Pacific region by supporting the development of a national strategy and a market for NPLs or distressed assets through research and capacity building. This will be coupled with knowledge sharing through Annual Summit Meetings and Conferences of the International Public Asset Management Company Forum (IPAF), as well as training workshops to build the capacity of public asset management companies (AMCs), deposit insurance institutions, and other invited regional participants to manage distressed assets.

The TA's impact would be: Regional financial stability and resilience in Asia strengthened through the design of NPL resolution mechanisms and development of NPL or distressed asset markets (as defined by the TA).

It has the following four major outputs:

(i) Knowledge Shared through Annual Summit Meetings and Conferences. The IPAF conducts annual summit meetings and conferences among its members, joined by public and private sector experts and policy makers to share knowledge and experiences in NPL resolution and debt restructuring. IPAF members also meet frequently to discuss strategies for NPL resolution and the development of NPL or distressed asset markets as well as concrete action plans. In addition to resolution mechanisms, the members may also identify financial infrastructure conditions that could lead to a surge in NPLs, either to preempt such a situation or to provide solutions when NPLs become a concern. These meetings benefit DMCs by promoting awareness and the adoption of a national strategy and potential mechanisms for NPL resolution appropriate to each country's economic and financial environments. ADB and the IPAF chair will jointly organize and host the annual IPAF summits, at which participants will discuss strategic directions for the IPAF in the succeeding years, and progress will be monitored and evaluated based on the IPAF charter and on this TA's Design and Monitoring Framework.

(ii) Research Undertaken. This TA will produce major research papers and case studies on successes and failures in dealing with distressed assets in the region, and explore ways to strengthen Asia's financial safety nets, including the buttressing of potential roles for AMCs and deposit insurance schemes, thereby addressing the issues stated in the rationale. Key research activities will include the following: (i) a study on developing NPL markets, including their prerequisites, strategies and possible modalities; (ii) a study on national and regional approaches or policy recommendations for dealing with distressed assets, focused on developing strategies to develop NPL or distressed assets market; and (iii) a study on legal and regulatory aspect of NPLs, possibly including an analysis of the debt and distressed assets of state-owned enterprises; and Asia's experience in dealing with NPLs, including financial supervision and market development compared to approaches of other regions. These research findings will be presented in conferences and seminars, in collaboration with the Finance Sector Group to reach as many finance sector professionals in ADB as possible. These findings will inform country partnership strategies and country operations business plans for DMCs, as well as operations departments' engagements with the public sector and private sector institutions dealing with financial stability. The findings will be published and disseminated through knowledge sharing events.

(iii) Training Workshops Conducted. One training program will be conducted each year during 2018-2020 to build the capacity of financial authorities, public AMCs, deposit insurance institutions, and other invited participants to manage distressed assets. It is critical for AMCs with advanced skills in distressed asset management and financial strength to share their knowledge and experiences with new AMCs in the region. This will help AMCs expand operations outside their home bases, creating win-win value and promoting regional skills transfer.

(iv) International Public Asset Management Company Forum Promotion and Expansion Effected through Website Management. The IPAF will continue to provide members with online access to relevant data and information, research papers, reference materials, training schedules, and networking data through continued management of the IPAF website.



Investment Description

- Asian Development Bank (ADB)

Co-financing:

Technical Assistance Special Fund US\$ 250,000.00

People's Republic of China Poverty Reduction and Regional Cooperation Fund US\$ 125,000.00

Republic of Korea e-Asia and Knowledge Partnership Fund US\$ 125,000.00



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Bank Documents

- [Procurement Plan](#)
- [Project Disclosure PDF](#) [Original Source]
- [Strengthening Asia's Financial Safety Nets and Resolution Mechanisms: Procurement Plan](#) [Original Source]
- [Strengthening Asia's Financial Safety Nets and Resolution Mechanisms: Technical Assistance Report](#) [Original Source]
- [Terms of Reference for Consultants](#) [Original Source]