

MID-TERM EVALUATION

VIE/032

Support Vietnam's Securities Market
Consolidation and Improve
Training Capacities

PROJECT SUMMARY DATA

Country	Vietnam
Long project title	Support Vietnam's Securities Market Consolidation and Improve Training Capacities
Short project title	Capacity Building in the Financial Sector
LuxDev Code	VIE/032
Version of the Report	May 2018

RATING OF THE PROJECT BY THE EVALUATION MISSION

Global rating (Effectiveness)	3 On a scale of 1 (excellent results, significantly better than expected) to 6 (the project was unsuccessful, or the situation has deteriorated on balance).
Rating using other evaluation criteria	Sustainability: 3 Relevance: 2 Efficiency: 3

EXECUTIVE SUMMARY

The Government of Luxemburg, under the auspices of a bilateral agreement with the Government of Vietnam has committed to support the capacity development of the financial sector, in order to provide a solid and stable financial sector foundation to underpin dynamic economic growth.

The project VIE/032 “Capacity Building in the Financial Sector” was defined, in line with the Government of Vietnam’s master plan for securities market development over the period 2012-2020. The specific project objective is to support the Government of Vietnam with its strategy for the securities market development and the related task list of the State Securities Commission.

The project started in 2016 with the establishment of the project support office, recruitment of a chief technical advisor and the appointment of a project management unit by the State Securities Commission. The project has a four-year duration and a budget of 4 160 000 EUR. As per the project schedule, a mid-term evaluation was scheduled in early 2018. The objective was to evaluate the results achieved by the project, document lessons learned and provide recommendations for the remainder of the project in order to achieve the project outcomes successfully.

As of 1 April 2018, the project has disbursed about 23% of the overall project budget.

Results achieved

The project results are described with reference to the objectively verifiable indicators contained in the monitoring and evaluation matrix as approved by the project steering committee in January 2018.

With respect to the project’s specific objective, the project can be considered to be on track, as early results are promising. However, at mid-point the overall project results are below target.

- Result 1: Upgraded securities market legal and governance framework.

Tasks in relation to result 1 are making good progress with the mobilization of the two securities law experts providing advice in relation to the new Securities Law being drafted. Also, a number of corporate governance trainings, study tours, conferences and networking events were organised. Estimated completion around 27%, with three of the four objectively verifiable indicators on track for being met.

- Result 2: Training and educational initiatives catering towards a better understanding of the securities market.

Tasks in relation to result 2 had to be refocused to the development of the new securities market training curriculum and training materials. Completion is estimated to be around 12%. Two objectively verifiable indicators are on track for being met. As a number of activities had not yet been started, results in relation to four other objectively verifiable indicators were not yet available.

- Result 3: Improved quality of operations and trading on the securities market.

Information technology was one of the key priorities identified by the State Securities Commission at the start of the project in order to develop its information technology systems to help strengthen State Securities Commission capabilities in supervision and corporate information disclosure. An information technology strategy feasibility study was completed and terms of references for information technology development were prepared and issued. A project tender is due to be approved for launch. Task completion at mid-point is estimated to be around 4%. As most activities have not yet been started, results in relation to the five objectively verifiable indicators were not available.

Project evaluation

- Effectiveness (global rating): 3

Most of the work carried out by the project has been of good quality and is highly appreciated. The State Securities Commission has stated that it is pleased with the project overall and positive comments from market participants have also been noted. However, both in terms of task completion and results achieved the project is below target at mid-point. Project effectiveness was adversely impacted by external factors and other issues that relate to the internal functioning of the project. The project encountered delays in the start-up and this caused changes in requirements, as a result of which tasks has to be redefined and new experts mobilized.

Project internal issues include difficulties in baselining a stable set of requirements, a project planning that does not break down tasks into manageable work packages, sequencing of activities and management of dependencies. There were lengthy periods between steering committee oversight meetings.

- Relevance: rating 2

The project is considered relevant because it addresses the key priorities of the Government of Vietnam plan for securities market development and the key priorities of the State Securities Commission including a revision of the Securities Law, which is currently underway. Adoption of corporate governance best practices by publicly listed companies is also an important priority as Vietnam ranks lowest on mean scores in terms of compliance with the Organisation for Economic Cooperation and Development corporate governance principles compared to regional peers. Development of market surveillance and disclosure is also important as Vietnam hopes to be reclassified from Frontier Market to Emerging Markets status to become eligible for investment by a much wider range of investors.

The project has a “multi-beneficiary” character and is to reach out also to market participants. To date however, the project’s activities have largely targeted the State Securities Commission and its related bodies - the stock exchanges and the central securities depository.

- Efficiency: rating 3

Improvements have been made in terms of efficiency compared to the previous project VIE/026, which received a 4 rating at intermediate and a 3.5 final score. A chief technical advisor has been in place from the outset and the interaction with the House of Training has much improved and the project has found a stable core of key expert(s). However, the project has been inefficient in a number of ways, including the internal organization of the project, the lack of a common project charter, project management meetings, follow-up of the project planning and risk management.

- Sustainability: rating 3

Most of the capacity building efforts to date were directed at the State Securities Commission through trainings, support on-the-job, provision of legal advice and exchange of experience with other supervisors. The inputs provided in the drafting of the new Securities Law are susceptible to continue after the end of the project, as the adoption of the new Law is a key Government cornerstone project. At the time of the mid-term evaluation, there is little visibility on the sustainability of the intended project results in the area of the securities market practitioner’s curriculum (result 2) and information technologies development (result 3) as these activities are about to start. The sustainability will depend on the quality of the new curriculum and the training delivery methodology. It is important in this regard to consult with industry participants to ensure the design is practical. The information technologies’ implementation will need to be managed and evaluated for sustainability, especially as it relates to the resources that State Securities Commission will make available for user community training and systems maintenance going forward.

Lessons learned and recommendations

A project improvement plan should be developed to address the mid-term evaluation recommendations. This plan should be prepared by the project management unit and project support office and contain specific actions, owners and timelines to implement the recommendations. The plan should be submitted to the project steering committee for approval. A formal approval of a project extension with 18 months should then be considered by a further project steering committee meeting by year-end 2018, based in evidence of an effective implementation of project management improvement plan.

The key elements of the project improvement plan are:

- improved project oversight, through more frequent project steering committee meetings and the establishment of a project task force headed by the State Securities Commission Chairman which meeting quarterly;
- a joint project management organization with bi-weekly formal project management progress and coordination meetings between the project management unit, the project support office and (vendor) work stream leads ; decisions, actions and owners should be minuted and circulated ; issues and risk mitigation measures should be discussed and addressed;

- establishment of business requirements coordination meetings as part of the project management meetings to approve business requirements from the various involved project beneficiaries;
- shortening lines of communication by implementing a direct communication channel between the project support office and State Securities Commission departments and gathering the project management unit and the project support office in one common office space, including a securities research and training centre coordinator;
- a modular project planning, breaking down tasks into manageable work packages;
- focus on “quick wins” and improved dependency management and task sequencing;
- in terms of result 1 activities, a corporate governance sponsored event should be organized with the newly established Vietnam Institute of Directors and the project should consider the support for translation and copyrighting of publications on corporate governance; the successful derivatives training should be replicated to market participants;
- for result 2 activities, an industry consultation round should be launched for the new securities training curriculum and certification; the training materials should acknowledge the support received from Luxemburg and should contain practical cases and exercises; risk mitigation measures should be put in place for the curriculum development in terms of a phased project approach and milestone planning, involvement of an independent quality expert and establishment of a quality evaluation committee to evaluate and approve the curriculum materials;
- for result 3 activities, it should be ensured that user training and change management is included in the information technologies development project budget; dependencies with information technologies development plans of the stock exchanges should be managed and agreement on the requirements baseline should be reached before development starts. The information technologies development Terms of Reference should be broken down into three separate packages (common data repository, upgrade of information disclosure system, upgrade of market surveillance system);
- the project should increase its visibility and relevance by directly engaging with securities market participants in order to better leverage its activities to a broader audience. This could include support for the development of a securities industry code of conduct, training on compliance and wealth management, an event or conference on distribution of alternative investment funds or undertakings for collective investment in transferable securities funds;
- improved donor coordination through a regular joint meeting organized by the State Securities Commission with all international donor community participants involved in capital market reform and for the Project Support Office and LuxDev Country Office to have more regular direct meetings with the other international donors active in capital markets development;
- the set of objectively verifiable indicators to be updated, including objectively verifiable indicators in relation to organizing training events for market practitioners and minimum percentage of participants from market practitioners. Monitoring of other objectively verifiable indicators is to be started, including internal evaluation by the State Securities Commission of the capacity development of its staff skills and knowledge;
- for the State Securities Commission to seek alignment with the state bank of Vietnam or Central Bank on the roles in taking the Alumni Club forward and mobilize the VIE/032 project resources to this effect; regular mailing to the alumni contact database with a regular newsletter on the project's activities and Vietnam-Luxemburg partnership developments.