

FINAL EVALUATION

VIE/032

Capacity Building in Financial Sector

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	December 2021

RATING OF THE PROJECT BY THE EVALUATION MISSION

Global rating (Effectiveness)	2.0 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	Relevance: 2.0 Coherence: 2.5 Efficiency: 2.5 Sustainability: 2

EXECUTIVE SUMMARY

With project closure at year-end 2021, the Final Evaluation of the VIE/032 project was carried out in October and November 2021. The mission and its interviews took place remotely via videoconferences given the pandemic related restrictions. The Final Evaluation follows on from the Mid-Term Evaluation conducted in early 2018. The evaluation objective was to assess the achievement of the project's specific objective and results and to evaluate these against the evaluation criteria and to identify the lessons learned.

The VIE/032 project was defined in line with the Government of Vietnam's strategy for securities market development over the period 2011-2020. The specific project objective was to support the Government of Vietnam with its strategy for the securities market development and the related task list of the State Securities Commission. For cross-cutting issues the project received Organisation for Economic Cooperation and Development - Development Association Committee markers 1 on participatory development / good governance and on capacity development. The project started in January 2016 and the original duration was four years. The project was extended twice, by 18 months after the Mid-Term Evaluation and by another six months in 2021 to account for the delays caused by the Covid pandemic. While the State Securities Commission was appointed as project owner by the Ministry of Finance and many of the interventions have benefitted the State Securities Commission and its various departments directly, the project was multi-beneficiary in nature and included other Government of Vietnam affiliated institutions and securities market participants as target beneficiaries.

Project achievements

The project achieved its objectives against a background of a Vietnamese securities market that has developed favourably over the past ten years. The indicator related to project's specific objective was met with an increase in the satisfaction of the quality of the Vietnam securities market. The project stakeholders expressed satisfaction with the achievement of the project objective and related results. The work carried out by the project has been of good quality and highly appreciated by the project counterparts. Luxembourg was praised for launching a multi-faceted securities markets project to support Vietnam over an extended period of time addressing some of its key needs in this area. These achievements would not have been possible without the project support and generous funding received from Luxembourg.

The project's logical framework identified three result areas of support, along with 17 Objectively Verifiable Indicators:

Result 1: Upgraded securities market legal and governance framework

The project provided highly appreciated advice and recommendations on the new Securities Law that was adopted by the National Assembly in 2019. The project's legal experts provided advice to ensure that the provisions of the Law are comprehensive, consistent, practical and in line with international best practice in order to provide a more sustainable new Securities Law. The project also supported a number of public consultation workshops involving participants from the regulators, ministries, public companies, securities firms and fund management companies. In the area of market governance, the project provided support for the development of a securities industry code of conduct for the Vietnam Association of Securities Businesses and the National Financial Services Commission on the development of an early warning system. All Objectively Verifiable Indicators associated with Result 1 were satisfactorily reached.

Result 2: Training and educational initiatives that cater towards a better understanding of the securities markets

Result 2 was focused on increasing the competencies of the project's beneficiaries through training and by leveraging Luxembourg's as well as national financial expertise. The project supported the development of the securities market training curriculum textbooks, related certification exams and provided securities market curriculum training with a "train-the-trainer" approach and the development of a digital learning platform. Based on a skills gap assessment and training needs analysis, capacity building knowledge transfer was undertaken through training courses with the support of Luxembourg partner institutions such as the House of Training, study tours, conferences and internships. As another capacity building measure, a Delegation Agreement of Funds for Implementation arrangement was set up under which the development of the new curriculum textbooks was delegated to the Securities Research and Training Center, a State Securities Commission affiliate. The project also facilitated networking opportunities between Vietnam and Luxembourg by supporting networking events involving alumni from past Luxembourg trainings and initiating a Business Development Board to further business and networking opportunities between Luxembourg and Vietnam. Luxembourg's profile was raised through media coverage, publications and acknowledgement of its support in textbooks and video materials produced. All Objectively Verifiable Indicators associated with result 2 were met.

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

Result 3 aimed at building upon the successful introduction in the previous project VIE/026 of the market surveillance system and information disclosure system for public companies. Through Result 3, the project provided support for the further development and enhancement of these State Securities Commission systems, in particular making them eXtensible Business Reporting Language compliant. The project provided related capacity development for the development of market surveillance parameters and financial support for an upgrading of the State Securities Commission's Information Technologies hardware platform and database upon which the market surveillance system and information disclosure system are hosted. During the roll-out of the information disclosure system and market surveillance system applications, the project provided trainings for the users. All Objectively Verifiable Indicators related to Result 3 were achieved, including the development of an investor information website that had been delayed to 2021 and was formally accepted in November 2021.

Project evaluation

Effectiveness (global rating): 2

The Final Evaluation marks the project as effective with above average results and a 2 rating. The mission noted a considerable improvement in effectiveness compared to the Mid-Term Evaluation when the project received an effectiveness rating of 3. The project objective was met and all result areas were substantially achieved. The related Objectively Verifiable Indicators were met. Project stakeholders expressed satisfaction with the project results and the good quality of work.

Relevance: 2

The Final Evaluation marks the project as relevant with above average results resulting in a rating 2 (similar to the rating provided in the Mid-Term Evaluation). The project's expected results and related tasks were well aligned with the Government's securities market strategy and the project directed its support to key areas of this strategy. The recommendations of the Mid-Term Evaluation were taken into account and this led the project to involve other beneficiaries beyond the State Securities Commission. The project's monitoring framework and its indicators were also revised and regular progress monitoring and surveys took place so that the project remained aligned with its objectives and intended results. The project also responded in a flexible manner to a number support requests such as training provided in the area of new product development for derivative products and investment funds to both the State Securities Commission and market participants.

Coherence: 2.5

The Final Evaluation rates the project as coherent with a rating 2.5. Internal coherence and interlinkages with other financial sector interventions were coordinated through an international donor coordination group chaired by the Worldbank and Asian Development Bank. This group has not met over the past two years, but bilateral contacts with development partners were however maintained by the State Securities Commission's International Department to ensure the compatibility with other interventions in financial sector development. In terms of complementarity with other projects at the State Securities Commission, the State Securities Commission's International Department coordinated these projects and the Final Evaluation mission found no overlaps between the VIE/032 project and other Official Development Assistance projects at the State Securities Commission.

Efficiency: 2.5

The Final Evaluation rates the efficiency of the project as 2.5, which is higher than the Mid-Term Evaluation when there was scope for improvement and the project received an efficiency rating of 3. The project improvements implemented after the mid-term led to more streamlined project management and the project gained traction. The project entered into a Delegation Agreement of Funds for Implementation partnership arrangement with the Securities Research and Training Center for the securities curriculum textbook development but after delays and extensions this arrangement had to be taken back under direct management by LuxDev. Although an initial screening was done of the suitability of Securities Research and Training Center as Delegation Agreement of Funds for Implementation partner, as required by LuxDev procedures, the implementation risk and in particular the ability of Securities Research and Training Center to take timely management decisions was underestimated.

The Covid pandemic led to delays but the project demonstrated flexibility and adapted to the new circumstances through remote working and a re-orientation of some of the project's activities. According to latest financial projections available at the time of the Final Evaluation, the disbursements for project organisation and management will amount to 24% of the Luxembourg contribution by project closure in December 2021. This is within budget and in line with other LuxDev technical assistance projects.

Sustainability: 2

The Final Evaluation rates the sustainability of project's results at 2, an improvement over the Mid-Term Evaluation rating of 3 when there was little visibility on the sustainability of project results. The changes introduced by the project are susceptible to continue beyond the end of the project as they responded to the Government's needs and the Government remains committed to further securities market reform. The project introduced lasting changes at a national level such as the new Securities Law, the curriculum textbooks and the Information Technologies applications. The State Securities Commission itself has shown good institutional capacity during the project in areas such as the new legal framework and the deployment of the upgraded market surveillance system and information disclosure system applications which are viewed by market participants as being of good quality and sustainability. As part of the Official Development Assistance agreement, the Government is committed to maintain a budget for the support and maintenance of the assets developed and acquired by the project. The State Securities Commission confirmed its budget support, as was done with the assets from the previous project VIE/026. The transfer phase of the project is in progress.

By project closure, the Luxembourg project budget of 3 860 000 EUR will be disbursed to 90% with some 400 000 EUR in funds remaining. The Project Document envisaged a Vietnamese contribution of 300 000 EUR and at the time of the Final Evaluation mission, the total own contribution by the State Securities Commission amounts to 331 100 EUR, consisting of a cash contribution for Project Management Unit staff salaries, office supplies and costs of project events and an in-kind contribution for the costs of its employees that participated in the project's taskforces and the coverage of rental cost of the Project Support Office space.

Lessons learned

From a lessons learned perspective, the considerations for future projects in the same area include:

- for projects that are multi-beneficiary in nature, the outreach to a range of direct beneficiaries will benefit from positioning the project under direct management by the relevant Ministry;
- senior management ownership of a Delegation Agreement of Funds for Implementation by the partner's organization is critical for successful execution. Decision making processes should be timely and not overly focused on administrative protocols and procedures. The project should regularly monitor the implementation risks as identified in the initial partner screening;
- satisfaction surveys for Objectively Verifiable Indicators should be focused on the end-users of the project's results, in this case the securities market participants. Sample size should be large enough to draw representative opinions and surveys should be conducted using online tools;
- project management and administration skills are key in the staffing of the project support office, while securities market domain expertise can be sourced by hiring short-term national and international experts as and when required;
- for highly technical projects that are operating in a very specific field of expertise such as VIE/032, the ability to source profiles flexibly from a wide range of local, regional and international sources is seen as important in shortening the timelines and finding the resource best fitting the project's needs.

Transition options

A number of suggestions were proposed for the deployment of the remaining project funds:

- development of corporate disclosure standards in the area of sustainable finance in line with Association of South East Asian Nations practices;
- support for the creation of an alumni association to sustain the contacts and relationships with (the many) former participants of the Luxembourg supported financial sector trainings in Vietnam over the past 20 years;
- support for the State Securities Commission for its continued participation in the ongoing LAO/032 project on triangular cooperation in the financial sector between Vietnam, Laos and Luxembourg, such as knowledge transfer on Initial Public Offering listing standards, adaptation of the investor education video clips that were developed for the VIE/032 project to the Lao context, exchange of experience between Securities Research and Training Center and the Lao Securities Commission Office on how to transform textbook and classroom format training content to online training and digital formats, eXtensible Business Reporting Language training to the Lao project counterparts by the State Securities Commission's eXtensible Business Reporting Language experts and providing training-of-trainers to Lao Securities Commission Office staff by the Securities Research and Training Center.