

10. Standard indicator reference and typical lessons learned (Finance)

Mid-term sub-targets corresponding to models in this reference

Model name	Corresponding mid-term sub-targets
Model (1) Development of the fund settlement system	I-2-B-(ii)-1 Development of the interbank settlement network (also focusing on the settlement function between banks and FIS (including non-bank and securities companies))
Model (2) Prudence policy (macro/micro and ex ante/ex post)	I-2-B-(i)-4 Financial inspection and monitoring (also refer to Model (5)) I-2-B-(iv)-1 Financial institutions restructuring support
Model (3) Development of governmental financial institutions	I-2-C-1 Establishment of public financial institutions aimed at promoting specific sectors I-2-D-2 Risk management (including Asset Liability Management(ALM))
Model (4) Development of stock and bond markets	I-3-2 Development of stock and bond markets
Model (5) Capacity development of the central bank	I-2-B-(i)-4 Financial inspection and monitoring (also refer to Model (2)) II-1-1 Capacity development to support the planning and operation of appropriate financial policies

**JICA standard indicator reference and typical lessons learned in technical cooperation projects (Finance)**

**Model (1) “Development of the fund settlement system”**

Development strategic objective	Mid-term objective	Indicators at a program goal level	Mid-term sub-target	Overall goals/Project purposes and indicator examples	Methods/Policies for setting indicators	Typical lessons learned	Example of project purpose (image of projects)	Reference projects
Development strategic objective	Development thematic issue level to which the cooperation program corresponds	Connection with the target years or indicators in sector/regional development plans by the recipient country’s government	Level of thematic issue to solve in individual projects	To . . . (outcome) By/through . . . (output) Thereby contributing to (impact) Indicator examples	Ways of thinking, points to remember, and important points in setting indicators	Write in lessons and risks to be necessarily used or reflected in implementing projects corresponding to the “mid-term sub-targets” from the perspectives of: 1) planning stages, and 2) management.	Examples of project purpose	Project information with good practices to refer to
I. Development, stabilization, and efficiency of financial systems	I-2-B-(ii) Settlement system development		I-2-B-(ii)-1 Development of the interbank settlement network	<p>(Proposed model description) To develop an environment for the smooth operation and maintenance/management of the central bank operation ICT system, (Outcome) By developing laws, regulations, and manuals necessary for fund and securities settlement according to the introduction of the operation system, (Output) Thereby contributing to the modernization of financial markets in the country of ●○. (impact)</p> <p>(Standard indicator examples) 1. Indicator examples of overall goal (Basic) (1) The diversity and turnover ratio (trading volume) of financial instrument transactions on funds and government bonds increase. (2) Financial transaction speed increases by the introduction of the operation system.</p>	<p>(*) Although transaction speed not necessarily produces a positive economic effect (e.g. program trading, etc.), it may become an indicator in developing countries.</p> <p>(**) The fails caused by a system problem and the market are classified according to the project purpose</p>		To develop an environment for the smooth operation and maintenance/management of the central bank operation ICT system, By developing laws, regulations, and manuals necessary for fund and securities settlement according to the introduction of the operation system, enhancing the skills of operators for fund and securities settlement performed based on the operation system, enhancing the capacity to appropriately plan, operate, maintain, and manage the operation system, making operators gain the knowledge and skills necessary to properly use IT, and modernizing the accounting system of the Central Bank of Myanmar (CBM) according to international standards, Thereby contributing to the modernization of financial markets in Myanmar.	20. Project for Modernizing the Funds Payment and Securities Settlement Systems in Myanmar (Term of Cooperation: February 2014 - January 2018)



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**Model (3) “Development of policy-based financial institutions”**

Development strategic objective	Mid-term objective	Indicators at a program goal level	Mid-term sub-target	Overall goals/Project purposes and indicator examples	Methods/Policies for setting indicators	Typical lessons learned	Example of project purpose (image of projects)	Reference projects
Development strategic objective	Development thematic issue level to which the cooperation program corresponds	Connection with the target years or indicators in sector/regional development plans by the recipient country’s government	Level of thematic issue to solve in individual projects	To . . . (outcome) By/through . . . (output) Thereby contributing to (impact) Indicator examples	Ways of thinking, points to remember, and important points in setting indicators	Write in lessons and risks to be necessarily used or reflected in implementing projects corresponding to the “mid-term sub-targets” from the perspectives of: 1) planning stages, and 2) management.	Examples of project purpose	Project information with good practices to refer to
I. Development, stabilization, and efficiency of financial systems	I-2-C Development of governmental financial institutions	Category of financial institutions (public financial institutions) (1) With/without development financial institutions (2) With/without trade financial institutions (3) With/without SME financial institutions (4) With/without rural and agricultural financial institutions (5) With/without housing financial institutions (6) With/without other governmental financial institutions  Note: • It is necessary to clarify the roles of governmental finance in each sector (rural, housing, trade, etc.) compared with that of commercial finance (in order not to expand or generalize the roles). • Based on the roles, plans on the policy goals (quality) and the scale of lending (quantity) of each public financial institution should be set (including plans for privatization and temporary operation (e.g. to be closed in five years)). • According to the plans above, support should be provided to the governmental financial institutions (in terms of quality and business scale) (technical cooperation project, financial assistance).	I-2-C-1 Establishment of public financial institutions aimed at promoting specific sectors	(Proposed model description) To improve the project management system and risk management system of governmental financial institutions and enhance their financing capacity, (Outcome)  By enhancing knowledge of governmental financial institutions on fund procurement and ALM (asset and liability comprehensive management) (Output) Thereby contributing to strengthening the sustainability of investments and loans of governmental financial institutions according to the socioeconomic development objectives. (Impact)		It can be considered that funds for loan systems of governmental financial institutions will be the government funded. In such case, the relationship with development issues in the field of finance should be considered. (From “Thematic Guidelines on finance”)	To enhance the autonomous and effective investment and loan operations of the Vietnam Development Bank (VDB) as a development financial institution, By strengthening VDB’s policy framework based on its clear mission, improving the credit risk management capacity, enhancing knowledge on fund procurement and ALM (asset and liability comprehensive management), and strengthening the human resources development system, Thereby contributing to strengthening the sustainability of VDB’s investments and loans according to VDB’s mid- and long-term strategy and socioeconomic development objectives.	3. Project for Institutional Capacity Development for Infrastructure Finance in Vietnam (Term of Cooperation: September 2008 - March 2012)
	I-2-D Strengthening of organizational capacity of financial intermediaries		I-2-D-2 Risk management (including ALM)	(Standard indicator examples) 1. Indicator examples of overall goal (Basic) (1) Progress in the investment and loan amount of governmental financial institutions in the socioeconomic development plan (2) The annual average of outstanding loans of governmental financial institutions increases from ●% to ○% (by sector and purpose). (3) Loans to the sector addressing the policy which the governmental financial institutions intend to reach ●○% or more on an outstanding basis. (4) The result of the ex-post evaluation on selected projects improves.  2. Indicator examples of project	Overall goal and project purposes • As for the volume, the necessary and sufficient volume to produce an effect of political measures should be one of the criteria. (What’s the important is that the volume will not become an indicator but it should not be simply increased.) • For example, the number and amount of loans provided according to the policy objectives can be considered as an indicator. • The balance (dilemma) between the pursuit of political measures (outreach to rural areas, etc.) and the sustainability as a financial institution (profit ratio), and the necessary financial		To improve the project management system and risk management system for infrastructure financial operations at Bank Pembangunan & Infrastruktur Malaysia Berhad (BPIMB) and enhance their financing capacity, By enhancing the capacity of the risk management system of the entire infrastructure financing section of BPIMB, accumulating and sharing know-how on the BPIMB project risk assessment, enhancing the human resources development capacity of BPIMB’s infrastructure financing, enhancing the capacity for improving organizations related to BPIMB’s infrastructure financing, and promoting understanding on the direction of BPIMB’s roles in infrastructure financing in Malaysia, Thereby contributing to enhancing the capacity of infrastructure financing in Malaysia, especially in BPIMB.	14. Institutional Capacity Building on Infrastructure Finance in Malaysia (Term of Cooperation: May 2004 - October 2005)

			<p>purposes (Basic) (1) The number of adopted projects in terms of the purpose to establish governmental financial institutions and their financial feasibility (2) Quantitative and qualitative trends of the non-performing loan ratio (3) (Quantitative and qualitative) progress of the expansion of the loan risk management system at the branch level (4) The number and rate of projects where risk scoring was implemented</p>	<p>assistance involved (subsidies from the government and donors) should be fully considered.</p>		
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**Model (4) “Development of stock and debt markets”**

Development strategic objective	Mid-term objective	Indicators at a program goal level	Mid-term sub-target	Overall goals/Project purposes and indicator examples	Methods/Policies for setting indicators	Typical lessons learned	Example of project purpose (image of projects)	Reference projects
Development strategic objective	Development thematic issue level to which the cooperation program corresponds	Connection with the target years or indicators in sector/regional development plans by the recipient country’s government	Level of thematic issue to solve in individual projects	To . . . (outcome) By/through . . . (output) Thereby contributing to (impact) Indicator examples	Ways of thinking, points to remember, and important points in setting indicators	Write in lessons and risks to be necessarily used or reflected in implementing projects corresponding to the “mid-term sub-targets” from the perspectives of: 1) planning stages, and 2) management.	Examples of project purpose	Project information with good practices to refer to
I. Development, stabilization, and efficiency of financial systems	I-3 Development of financial markets	<p>(Stock market)</p> <p>(1) With/without stock exchanges</p> <p>(2) The number, brands, prices, and market capitalization of listed shares</p> <p>(3) The number of public offerings</p> <p>(4) With/without listed foreign stocks</p> <p>(5) Distribution market size</p> <p>(Bond market)</p> <p>(1) Types of bonds issued</p> <p>(2) The number, price, and interest rate of government bonds and corporate bonds issued, and the entity and period to issue the bonds,</p> <p>(3) Secondary market size</p>	I-3-2 Development of stock and bond markets	<p>(Proposed model description)</p> <p>To enhance the reliability of capital markets through strengthening the regulatory and supervisory capacity of self-regulatory organizations,</p> <p>(Outcome)</p> <p>By strengthening risk-based approach supervision in capital markets in the country of ○●,</p> <p>(Output)</p> <p>Thereby contributing to strengthening the listing conditions towards activation of the initial public offering (IPO) and listing.</p> <p>(Impact)</p> <p>(Standard indicator examples)</p> <p>1. Indicator examples of overall goal (Basic)</p> <p>(1) The percentage of financial assets of the capital market sector in overall GDP increases by ● points (*).</p> <p>(2) The percentage of financial assets of the capital market sector in the financial sector increases to ● points (*).</p> <p>(3) The trading volume in capital markets increases from ●● million dollars to ●● million dollars (*).</p> <p>(4) The number of applications for IPO and listing increases from ●● to ●● (*).</p> <p>(Supplementary)</p> <p>(1) The indicator “availability of financial services” in the “Global Competitiveness Report (latest version)” from the World Economic Forum increases to ● points (**)</p> <p>(2) The indicator “affordability of financial services” in the “Global Competitiveness Report (latest version)” from the World Economic Forum increases to ● points (**)</p> <p>(3) The indicator “financing through</p>	<p>(*) Since the indicators are greatly affected by macroeconomic conditions and market conditions, it is necessary to judge whether the overall goal is achieved or not in consideration of such conditions.</p> <p>(**) It is necessary to consider whether WEF’s indicators should be used. It seems to be preferable to use indicators from the IMF and the World Bank.</p>	<p>The implementation objective of this project is to support the Indonesian government by fully utilizing Japan’s knowledge in fields where technology has not yet been developed so that the government can exercise their ownership towards creating fair, efficient, and healthy capital markets.</p> <p>In that respect, this project made a significant achievement by providing Badan Pengawas Pasar Modal - Lembaga Keuangan (BAPEPAM-LK) with opportunities to learn how to identify and deal with issues surrounding Indonesian capital markets and creating a process to promote ownership of the Indonesian side, through the provision of technical assistance to improve the securities market for SMEs.</p> <p>Actually, the working group on the creation of new markets for SMEs, which was established upon request of individual JICA experts, has been greatly contributing to the sustainable development of BAPEPAM-LK.</p> <p>In the future, it will be necessary to promote the autonomy of BAPEPAM-LK and to discuss more effective support with the Indonesian side.</p> <p>(From the Reference Project 10. written on the right)</p>	<p>To enhance the reliability of capital markets through strengthening the regulatory and supervisory capacity of target organizations (FRC, MSE, and other self-regulatory organizations),</p> <p>By establishing a policy committee in capital markets in Mongolia, strengthening risk-based approach supervision, developing a concept paper of self-regulatory organizations, realizing an initial public offering (IPO) and cross listing of Mongolian companies, and enhancing the financial knowledge of general citizens, Thereby contributing to strengthening the listing conditions towards the activation of the IPO and cross listing.</p> <p>To enhance the knowledge and skills of employees of Ho Chi Minh City Securities Trading Center and promote strict and efficient procedures for securities trading,</p> <p>By making the employees of the securities trading center obtain sufficient knowledge on performance management of listed companies, procedures for acquisitions, mergers, and company splits, as well as market monitoring, Thereby contributing to an increase in both the number of listed brands and the volume of trade at the securities trading center.</p> <p>To enhance the organizational capacity of Badan Pengawas Pasar Modal - Lembaga Keuangan (BAPEPAM-LK) and improve regulatory and supervisory administration to support the reliability improvement of capital markets,</p> <p>1. Disclosure of corporate information</p> <p>2. Regulation of unfair trading</p> <p>3. Regulation of new financial instruments</p> <p>4. Market infrastructure development</p> <p>By enhancing the knowledge of BAPEPAM-LK on the four items 1 to 4 above, and sharing the recognition of concerned parties on current</p>	<p>21. Project for Capacity Building of Capital Market in Mongolia (Term of Cooperation: July 2014 - June 2017)</p> <p>4. Project on Strengthening Ho Chi Minh City Securities Trading Center (Term of Cooperation: September 2006 - March 2007)</p> <p>10. Capital Market Development Project in Indonesia (Term of Cooperation: November 2006 - October 2009)</p>

			<p>local equity market” in the “Global Competitiveness Report (latest version)” from the World Economic Forum increases to ● points. (**)</p> <p>2. Indicator examples of project purposes (Basic)</p> <p>(1) The improvement of regulatory and supervisory capacity is confirmed (***)</p> <p>(2) According to the result of a questionnaire for participants in the symposium, opinions that appreciate the reliability of capital markets increase by ●%.</p> <p>(3) The indicator “regulation of security exchange” in the “Global Competitiveness Report (latest version)” from the World Economic Forum increases to ● points.</p>	<p>(***) Specific quantitative and qualitative indicators will be set at the time of the review of the current state of capital markets to be carried out early in the project.</p>	<p>issues as well as the direction of future activities, Thereby contributing to the creation of fair, efficient, and healthy capital markets.</p>
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**Model (5) “Capacity development of the central bank”**

Development strategic objective	Mid-term objective	Indicators at a program goal level	Mid-term sub-target	Overall goals/Project purposes and indicator examples	Methods/Policies for setting indicators	Typical lessons learned	Example of project purpose (image of projects)	Reference projects
Development strategic objective	Development thematic issue level to which the cooperation program corresponds	Connection with the target years or indicators in sector/regional development plans by the recipient country’s government	Level of thematic issue to solve in individual projects	To . . . (outcome) By/through . . . (output) Thereby contributing to (impact) Indicator examples	Ways of thinking, points to remember, and important points in setting indicators	Write in lessons and risks to be necessarily used or reflected in implementing projects corresponding to the “mid-term sub-targets” from the perspectives of: 1) planning stages, and 2) management.	Examples of project purpose	Project information with good practices to refer to
I. Development, stabilization, and efficiency of financial systems	I-2-B-(i) Development of financial institution regulations and systems (Strengthening of prudence policy)  II-1 Improvement of financial policy capacity at the central bank		I-2-B-(i)-4 Financial inspection and monitoring  II-1-1 Capacity development to support the planning and operation of appropriate financial policies	(Proposed model description (1)) To strengthen the central bank function of the central bank, (Outcome) By modernizing issuance operation of the central bank, making the settlement system healthy and efficient, and strengthening the function to supervise banks, (Output) Thereby contributing to an increase in the credibility of financial systems. (Impact) (From an example in Vietnam)  (Proposed model description (2)) To improve the environments (human resources, legal systems, data, financial market, etc.) for implementing financial policies, (Outcome) By supporting the development of human resources and systems of the central bank, (Output) Thereby contributing to the implementation of appropriate financial policies according to the macroeconomic situation. (Impact)  2. Indicator examples of project purposes (Basic) (1) The number of adopted projects in terms of their purpose to establish governmental financial institutions and their financial feasibility (2) Quantitative and qualitative trends of the non-performing loan ratio (3) (Quantitative and qualitative) progress of expanding the loan risk management system at the branch level (4) The number and rate of projects where risk scoring was implemented			To strengthen the central bank function of the State Bank of Vietnam (SBV), By promoting the implementation of SBV’s issuance operation modernization plan, making the settlement system healthy and efficient, and strengthening the function to supervise banks, Thereby contributing to an increase in the credibility of financial systems.  To strengthen the implementation structure of the State Bank of Vietnam (SBV) towards the development of financial infrastructures, By enhancing the basic management skills of SBV employees on practical currency operations (including cash demand prediction models), developing a basic design, basic requirements, and production management models for the cash center and the bank note printing plant, developing the supervisory model of the project to establish the cash center and the bank note printing plant, building a consensus among concerned parties on the direction and plan to establish the cash center and the bank note printing plant through seminars and workshops, and sharing know-how on the operations of the central bank (1. Financial policy, 2. Foreign exchange control policy, 3. Research and statistics, 4. External public relations, etc.) through high-level meetings, Thereby contributing to the development of financial infrastructures necessary for the operations of the central bank.  To increase the level of financial policies developed and implemented at the Bank Indonesia, By improving the capacity of the Economic Research and Financial Policy Division of the Bank Indonesia to identify real economic trends and to develop financial policies, Thereby contributing to stabilizing the value of Indonesia’s currency.	1. Project for Strengthening Capacities of State Bank of Vietnam (Term of Cooperation: August 2008 - September 2010)  19. Project for Strengthening Function of Central Bank in Vietnam (Term of Cooperation: August 2010 - August 2011)  7. Monetary Policy Improvement Project in Indonesia (Term of Cooperation: February 2007 - March 2009)