

Terms of Reference (“TOR”)*

Technical Assistance on Developing Bond Markets for Lao PDR – Phase X

1. Background

In the aftermath of the Asian financial crisis, ASEAN+3 Countries have been intensively discussing initiatives to develop regional bond markets. Since 2003, under the Japan – ASEAN Financial Technical Assistance (JAFTA) Fund, the ASEAN Secretariat has been facilitating members need for Technical Assistance (TA) and workshops as well as capacity building programs to further develop their bond markets.

To date, Lao PDR has received nine phases which significantly enhance the progress of the bond market development. Throughout the nine phases, Lao PDR has been working to strengthen both government and corporate bond market and has facilitated the amendment of relevant regulations on corporate bond issuance in domestic and international market as well as the regulation on corporate bond and government bond holder representative. During the TA’s 9th Phase, the Lao PDR Ministry of Finance has furnished the Lao Securities Commission Office (LSCO) and relevant authorities with knowledge, experiences, and certain suggestions on sustainable finance development as well as the government bond yield curve.

Given this progress, the next TA is expected to further enhance Lao PDR’s capacity in the area of government yield curves, corporate bond issuance, and green bonds.

2. Scopes and Needs for New Technical Assistance**

The scope and needs for the new TA are as follows:

- 2.1 Government-issued bonds through the secondary market.
- 2.2 Lao PDR Prospectus and relevant regulations for implementing Single Submission Form (SSF)
- 2.3 Corporate bond issuance project
- 2.4 Green bond issuances

3. Objectives

- 3.1 More understanding on government yield curve for the future of development in managing and monitoring system on the government bond that is more effective for the government bonds trading.

- 3.2 To provide Lao PDR Securities Commission Office (LSCO) and relevant authorities with knowledge and key consideration for improving prospectus and relevant regulations, collecting, and analysing data under SSF.
- 3.3 To provide significant needs for potential issuers succeed in corporate bond issuance in the Lao PDR.
- 3.4 To provide LSCO and relevant authorities with practical experiences for effectively adopting on sustainable bonds, especially green bonds.
- 3.5 To strengthen the institutional capacity of the LSCO and relevant authorities.

4. Expected Outputs and Activities

The expected outputs and activities for this TA are as follows:

- 4.1 Determination of the interest rate to encourage investors to choose to invest in or continue to invest in government bonds.
- 4.2 Report paper of future direction on Government Yield Curve as a guide to further development.
- 4.3 Report on the analysis and suggestion of the gaps in Lao prospectus.
- 4.4 Pilot corporate bond issuance in Lao capital market by CGIF guarantee, financial support, and others.
- 4.5 Study actual practice and experiences from successful countries for Green Bond issuance such as Cambodia.
- 4.6 Report on the amendment of the relevant regulations of LSCO and relevant authorities for implementing SSF.
- 4.7 Seminar/webinar/workshop(s) on the abovementioned and other relevant topics.

5. Required Expertise of Consultant

The consultant is expected to have the following expertise:

- 5.1 Extensive knowledge on ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)
- 5.2 Extensive knowledge and experience in sustainability bonds in general (green bonds in particular), and government and corporate bonds market development in ASEAN.

6. Project Cost and Selection of Consultant

The expenses incurred for this Phase X project, including consultant's remuneration fees and related expenses such as travel and contingency expenses for the Expected Outputs and Activities listed above, are expected to be borne by JAFTA. ASEAN will be responsible for identifying the consultant and subsequently coordinating the project from its inception to the finalization of the final report.

7. Proposed Timeframe

The consultancy work is expected to be completed in one year from 2023 to 2024, taking into account the possible conflict of schedule among government officials involved in this project.

** All capitalized terms used in this TOR, unless otherwise defined, shall have the meaning ascribed to them in the Special Services Agreement concluded between ASEAN and the Consultant.*

*** On each scope the Consultant will create and provide desired report and/or memo as requested by the counterparts. In addition, workshop(s) and/or seminar(s) for the officials, relevant institutions and/or public would be organized depending on identified necessity and requests through the course of the TA.*

**** In light of the current situation related to the COVID-19 global pandemic, the on-site missions conducted by the Consultant could be substituted by using the online platform, considering the travel restriction policy and health protocol guidelines.*