

CONTRIBUTION TO THE ADB RESULTS FRAMEWORK

| Level 2 Results Framework Indicators | | | |
|---|-------------------------------|----------------|---------------------------|
| No. | (Outputs and Outcomes) | Targets | Methods / Comments |
| 1 | None | | None |

Source: Asian Development Bank.

The Financial Sector Deepening Program is consistent with the Financial Sector Operational Plan (FSOP) of the Asian Development Bank (ADB).¹ The FSOP recognizes that the finance sectors of the region, including Viet Nam, remain dominated by banks, reflecting a lack of capacity in the nonbank financial segment and capital markets. This poses elevated systemic risk and limits the mobilization of long-term resources required for infrastructure financing. In response, the FSOP defines several areas for support that are broadly consistent with ADB's Strategy 2020.² Specifically, the program includes measures designed to strengthen public debt markets and improve financial infrastructure to channel savings into more productive investments, which will fuel economic growth.³ The program also serves as a catalyst and coordinator of regional cooperation and integration by promoting the adoption of common standards based on sound international practices.

The FSOP has not yet identified performance targets but does provide guiding principles for developmental effectiveness. The program adheres to these principles by building on a comprehensive sector assessment, tailoring reforms to Viet Nam's stage of development, providing capacity development, and closely coordinating with donors. Program performance targets have been designed to support achievement of the country partnership strategy results framework, i.e., an enlarged nonbank financial segment.⁴ Specifically, the program targets an increase in the size and liquidity of the bond and equity markets, progress in the adoption of international standards, and indirect indicators of capacity development.

¹ ADB. 2011. *Financial Sector Operational Plan*. Manila.

² ADB's Strategy 2020 established a focus on three complementary strategic agendas: inclusive economic growth, environmentally sustainable growth, and regional integration. To maximize its development impact, ADB will target five drivers of change, including finance sector development.

³ Since Viet Nam is a medium-sized, medium-income country with an underdeveloped finance sector, the FSOP calls for an emphasis on the foundations for finance sector development, which is one of ADB's established areas of expertise.

⁴ ADB. 2012. Viet Nam: Country Partnership Strategy, 2012–2015. Manila. The share of nonbank finance sector assets in total finance sector assets increases from 15% in 2010 to 25%–30% in 2015.