



# Technical Assistance Report

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Project Number: 53221-002  
Transaction Technical Assistance (TRTA)  
July 2019

## Islamic Republic of Pakistan: Preparing the Financial Markets Development Program

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 17 July 2019)

Currency unit	–	Pakistan rupee/s (PRe/PRs)
PRe1.00	=	\$0.00632
\$1.00	=	PRs158.3458

## ABBREVIATIONS

ADB	–	Asian Development Bank
TA	–	technical assistance

## NOTE

In this report, “\$” refers to United States dollars.

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# TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

Project Classification Information Status: Complete

## TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 53221-002	
<b>Project Name</b>	Financial Markets Development Project	<b>Department/Division</b>	CWRD/CWPF
<b>Nature of Activity</b>	Project Preparation	<b>Executing Agency</b>	Ministry of Finance
<b>Modality</b>	Regular		
<b>Country</b>	Pakistan		
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ Finance	Finance sector development		0.50
		<b>Total</b>	<b>0.50</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional systems and political economy	Some gender elements (SGE)	✓
Private sector development (PSD)	Public financial governance		
	Conducive policy and institutional environment		
	Promotion of private sector investment		
<b>5. Poverty and SDG Targeting</b>		<b>Location Impact</b>	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
General Intervention on Poverty	No		
SDG Targeting	Yes		
SDG Goals	SDG5, SDG17		
<b>6. Risk Categorization</b>	Complex		
<b>7. Safeguard Categorization</b>	Safeguard Policy Statement does not apply		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>0.50</b>	
Transaction technical assistance: Technical Assistance Special Fund		0.50	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>0.50</b>	
Currency of ADB Financing: USD			

## I. THE ENSUING PROGRAM

1. The Government of Pakistan has requested policy-based lending totaling \$600 million from the Asian Development Bank (ADB) concessional ordinary capital resources to support demand and supply measures that will broaden and deepen the financial system, strengthen market stability, and enhance market facilitation.<sup>1</sup> The program will help increase the capacity and size of Pakistan's financial markets (program outcome) and support their role as a major catalyst for transforming the economy into a more efficient, innovative, and competitive marketplace in the global arena (program impact).

2. The transaction technical assistance (TA) will support diagnostic studies, policy dialogue, and the formulation of a long-term national capital market strategy, and assist the preparation of the proposed Financial Markets Development Program. The program and the TA will be included in the country operations business plan, 2020–2022, for approval in the second quarter of 2019.

## II. THE TECHNICAL ASSISTANCE

### A. Justification

3. **Opportunity.** A central objective of the government's economic development strategy, as reflected in Pakistan 2025: One Nation, One Vision,<sup>2</sup> is to elevate Pakistan's status from a lower-middle-income to an upper-middle-income country by 2025. The government targeted the generation of jobs and an increase in income levels as top priorities. Achieving these objectives will require substantial investments of private and public capital to accelerate economic growth. Robust and well-functioning financial markets will help mobilize these resources, and can also meet the financing needs for housing and infrastructure, two other top priorities of the government. In collaboration with ADB, the government has implemented major financial market reforms since the late 1990s, through three sector development programs. These were effective in gradually liberalizing the financial markets and brought significant progress. The government recognizes the importance of continuing on this path and to build a strong and inclusive finance sector.

4. ADB's Strategy 2030 prioritizes the development of the finance sector and capital markets to encourage the participation and growth of the private sector and enhance financial stability.<sup>3</sup> Private sector investment is seen as a key driver of economic growth, and its facilitation is key in Pakistan's endeavor to transform the economy into a competitive marketplace. It is also a strategic area for ADB support in the country partnership strategy, 2015–2019 for Pakistan.<sup>4</sup>

5. **Development problem.** The lack of sophistication in financial markets in Pakistan limits the range of viable options for companies and borrowers seeking finance for growth. The suppressive role of the government as the dominant borrower from banks further restricts the space for private sector credit and essential long-term financing for infrastructure projects, which are in turn a prerequisite for economic growth. The economy remains overly reliant on bank financing (bank assets account for more than 70% of the country's total financial assets).

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<sup>1</sup> The loans will be disbursed as single-tranche policy-based loans of \$300 million each for subprograms 1 and 2. The indicative implementation periods are May 2019 to July 2020 for subprogram 1 and August 2020 to July 2022 for subprogram 2.

<sup>2</sup> Government of Pakistan, Planning Commission. 2014. *Pakistan 2025: One Nation, One Vision*. Islamabad.

<sup>3</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

<sup>4</sup> ADB. 2015. *Country Partnership Strategy: Pakistan, 2015–2019*. Manila.

6. Pakistan's financial markets are underdeveloped and play an insignificant role in financial intermediation and resource mobilization. The market capitalization of the Pakistan Stock Exchange accounted for only about 30% of the country's gross domestic product (GDP) in 2019. With 558 listed companies and a \$58 billion market capitalization, the exchange is substantially below regional peers on a per capita basis (in terms of listed companies) and as a percentage of GDP (in terms of market capitalization). Moreover, many listed companies have minimal "free float" since most shares are held by sponsors, including the government. The accounting and auditing standards of listed companies are also unreliable and lack the facts for informed investment decisions. Beyond the unreliability of financial reporting is the issuer's concern over poor corporate governance. The corporate governance structure of listed companies is not sufficiently transparent and lacks proper checks and balances. Furthermore, financial stability is compromised by inadequate policy coordination and the lack of coordinated supervision of the financial system. The absence of a high-level forum and, ultimately, of agreements that would enable Pakistan's financial market regulators to share information as well as coordinate sector oversight and policy issues on a regular basis has led to opportunities for regulatory arbitrage. Moreover, the enforcement effectiveness of the Securities and Exchange Commission of Pakistan is challenged by the absence of a dedicated capital market tribunal, which also explains why the resolution of securities cases pending in the court system is so slow.

7. Bond market development is also constrained. The corporate bond market remains in its nascent stage, undermining long-term infrastructure financing requirements. Its share in Pakistan's GDP is just 2.2%, which is significantly less than that of its regional peers. Issuances in the primary market are dominated by government bonds, and corporate bond issuances are limited and costly. The government bond market is primarily short-dated and does not fulfill its role as a benchmark pricing reference—ad hoc government debt management practices arising from the lack of a professional debt management office are a main reason for this. Also, the absence of an effective government bond market yield curve impedes the appropriate pricing of corporate bonds, which makes them less attractive to both issuers and investors. The nonexistence of concessions for listing fees, stamp duty, and other related costs exacerbates the problem. On the demand side, major institutional investors (e.g., pension funds, insurance companies, and mutual funds) play a limited role in financing government and corporate bonds because of structural anomalies in the National Savings Schemes, which offer the same return as government bonds but, unlike government bonds, have insignificant downside risk prior to maturity. The participation of investors across the maturity spectrum is critical for market growth.

8. **ADB intervention.** ADB is proposing to provide up to \$600 million to support the development of financial markets by strengthening market stability, enhancing market facilitation, and broadening supply and demand measures. The proposed program is scheduled to be submitted for ADB Board consideration in the second quarter of 2020. It was requested by the Government of Pakistan as a policy-based lending modality to be disbursed over two subprograms.

9. The transaction TA will support diagnostic studies, policy dialogue, and the preparation of the proposed program. It will also help the government formulate a national capital market development master plan.<sup>5</sup> The reforms under the program will serve to remove the binding constraints to the achievement of a vibrant capital market, such as (i) ad hoc government debt management practices and absence of a clear capital market development strategy for debt issuances; (ii) shallow and illiquid corporate bond and equity markets, and ineffective market facilitation; and (iii) fragile market stability. The TA will also explore the measures required to

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<sup>5</sup> The TA first appeared in the business opportunities section of ADB's website on 17 July 2019.

encourage broader participation of institutional investors in Pakistan's securities markets, and to lay the groundwork for introducing alternative financing instruments, such as derivatives, as the financial markets develop.

## **B. Outputs and Activities**

10. The objective of the TA is to (i) identify policy measures to support the development of a robust financial market system in Pakistan that is well balanced, sustainable, resilient, and able to effectively intermediate savings to finance investments; and (ii) support the government in implementing the reforms under the ensuing program.

11. **Output 1: Long-term national capital market development strategy and implementation plan formulated and implemented.** The TA team will formulate a long-term national capital market development strategy and implementation plan that covers all essential dimensions such as equity market, bond market, derivative market, commodities market, money market, market surveillance and enforcement, and a qualification framework for professionals in the securities industry. The strategy will help in defining a sustainable development schedule and in reaching agreement between the various stakeholders on new initiatives to tackle policy, legal, regulatory, supervisory, institutional, and capacity constraints. It will form the basis of policy actions to develop the government bond and corporate bond markets under the proposed program. International and regional experience in building resilient and liquid equity and bond markets will be considered while formulating the strategy.

12. The strategy will also map the scope and resources needed for a comprehensive training program for regulators as well as market participants, to be supported under a subsequent and dedicated TA project.

13. The consulting team will organize up to three strategic workshops with Pakistan's key capital market stakeholders—Ministry of Finance, Revenue and Economic Affairs; Securities and Exchange Commission of Pakistan; State Bank of Pakistan, and market participants—to present and consult on the findings and recommendations, and arrive at a consensus on the formulation of the final long-term national capital market development master plan and the policy actions to be implemented under the ensuing ADB program.

14. **Output 2: Legal, regulatory, and institutional framework streamlined.** The TA team will identify measures to strengthen the legal and regulatory framework that governs Pakistan's capital markets by assessing and proposing amendments with a view to removing complexity in the existing framework, broadening market access, enhancing market facilitation, as well as strengthening the governance, regulatory, and enforcement powers of the Securities and Exchange Commission of Pakistan. This output will also facilitate the promulgation of rules and regulations for the development of new financial markets (such as commodity and derivatives markets).

15. **Output 3: Development of debt and equity markets supported by broad demand and supply measures.** This component will focus on measures to trigger the extension of the government yield curve and thereby advance corporate bond market development. The TA team will analyze impediments to and recommend a strategy for a deep, liquid, and transparent debt market offering a wide range of products. It will also focus on developing the competitive pricing of primary corporate bond issuances, including promoting the role of credit rating agencies and setup of a national credit risk database and rating system; assess the existing trading systems and procedures, and their integration; and recommend measures to improve the (cost-)efficiency

of market trading operations and of regulatory, surveillance, and enforcement functions. On the demand side, the TA team will explore and assess measures to strengthen contractual savings institutions and pension funds as well as initiatives to increase institutional investors' demand for corporate securities and their participation in capital markets. It will also define measures to enhance the depth and breadth of the equity market and its ability to serve the long-term financing needs of the corporate sector (including state-owned enterprises, and small and medium-sized enterprises). Measures to facilitate corporate listings and boost the liquidity of the secondary market will also be explored.

16. The government also requested technical support for the development of nonbank financing companies, commodity markets, and areas relating to financial technologies, as well as support for building the capacity of the regulators and market players. These activities may be supported subject to the arrangement of additional grant financing for technical assistance.

### C. Cost and Financing

17. The TA is estimated to cost \$500,000, which will be financed by ADB's Technical Assistance Special Fund (TASF-6). The key expenditure items are listed in Appendix 1.

18. The government will provide counterpart support in the form of counterpart staff, office accommodation, inter-agency coordination, and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

### D. Implementation Arrangements

19. ADB will administer and implement the TA with the support of its Pakistan Resident Mission. The Public Management, Financial Sector, and Trade Division in ADB's Central and West Asia Department will select, supervise, and evaluate the consultants.

20. The implementation arrangements are summarized in the table.

**Table 1: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	July 2019–August 2020		
Executing agency	Ministry of Finance		
Implementing agencies	ADB (through CWPF)		
Consultants	To be selected and engaged by ADB		
	Selection method	Selection title	Contract amount
	Individual consultants: individual selection	International expertise: 12 person-months  National expertise: 7 person-months	\$455,985
	Resource persons	To be determined	\$3,000
Disbursement	The technical assistance resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

ADB = Asian Development Bank; CWPF = Public Management, Financial Sector, and Trade Division of the Central and West Asia Department.

Source: Asian Development Bank.

21. **Procurement of consulting services.** ADB will engage a team of individual consultants to implement the TA. It is estimated that the TA will require 12 person-months of international and 7 person-months of national consultant services. The consulting team will have expertise in capital



market development and facilitation across diverse technical areas (including institutional, legal and regulatory, and infrastructure aspects), and in the development of alternative financing platforms and instruments.<sup>6</sup> ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration and/or staff instructions.

22. In addition to the consultants, the TA will engage resource persons to provide complementary international or national perspectives and up-to-date knowledge, and participate in and present at the workshops, seminars, or conferences. The number of resource persons and the person-months will be determined during TA implementation.

**Table 2: Summary of Required Consulting Services**

<b>Position</b>	<b>Person-Months</b>
<b>A. International</b>	
1. Capital market specialist and team leader	4.00
2. Capital market institutional expert	1.00
3. Capital market infrastructure expert	1.00
4. Capital market legal and regulatory expert	1.50
5. Bond market expert	1.00
6. Equity market expert	2.00
7. Risk management and derivatives expert	1.00
8. Auditing expert	0.50
<b>Subtotal</b>	<b>12.00</b>
<b>B. National</b>	
9. Capital market legal and regulatory expert	2.00
10. Taxation expert	2.00
11. Program coordinator	3.00
<b>Subtotal</b>	<b>7.00</b>
<b>Total</b>	<b>19.00</b>

23. **Reporting requirements.** The consulting team will submit to ADB and the government (i) an inception report within 2 weeks of mobilization; (ii) quarterly, midterm, and annual progress reports, to be submitted within the first month after the end of each reporting period; and (iii) a draft final report 1 month before the end of the engagement and a final report 2 weeks before the end of the engagement. All reports shall be prepared in English.

<sup>6</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

## COST ESTIMATES AND FINANCING PLAN

(\$)

Item	Amount (\$)
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	345,800
ii. National consultants	80,135
b. Out-of-pocket expenses	
i. International and local travel	24,550
ii. Reports and communications	2,500
iii. Miscellaneous administration and support costs <sup>b</sup>	2,000
c. Resource persons	3,000
2. Workshops, Seminars, and Conferences	16,015
3. Miscellaneous Administration and Support Costs <sup>b</sup>	1,000
4. Contingencies	25,000
<b>TOTAL</b>	<b>500,000</b>

Note: The technical assistance (TA) is estimated to cost \$500,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide support in the form of counterpart staff, office accommodation, inter-agency coordination, and other in-kind contributions.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-6).

<sup>b</sup> Includes printing, translation, event supplies, and other support for workshops.

Source: Asian Development Bank estimates.

### **LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=53221-002-TARreport>

1. Terms of Reference for Consultants

## TERMS OF REFERENCE FOR CONSULTANTS

1. **Capital Market Specialist and Team Leader (1 international, 4 person-months).** The expert's primary objective will be to formulate a long-term national capital market development strategy and implementation plan, which will embrace all relevant dimensions (including equity market, bond market, derivative market, commodities market, money market, market surveillance and enforcement, and qualification framework for securities industry professionals) and facilitate agreement on new initiatives to tackle policy, legal, regulatory, supervisory, institutional, and capacity constraints. The expert will work in coordination with the legal and regulatory, institutional, bond market, derivatives, taxation, and other experts on the consulting team and adopt the following three-phased approach to prepare the development strategy and implementation plan:

- (i) **Phase 1: assess the current state of capital market development.** The experts will (a) conduct secondary desktop research to obtain benchmark data; (b) collate information provided by the Securities and Exchange Commission of Pakistan (SECP), State Bank of Pakistan (SBP), Ministry of Finance (MOF), Pakistan Stock Exchange (PSX), and other key stakeholders; (c) review regional trends and challenges; and (d) interview Pakistan's capital market stakeholders. The experts will incorporate international experience and specific country case studies both with successful and failed strategies for capital market development. The countries should be comparable to the economy of Pakistan in regards of size, economy, level of savings and other characteristics (i.e. bank-based economies with similar level of development of insurance and pension systems, etc.).
- (ii) **Phase 2: develop a draft strategic blueprint.** The experts will (a) analyze findings from research and interviews to synthesize the relevant impediments to be addressed; (b) develop a hypothesis; (c) draft the strategic blueprint of the capital market development plan; (d) draft a sequenced implementation plan over the next 10 years with performance Indicators for each measure.
- (iii) **Phase 3: formulate strategic recommendations.** The experts will conduct at least three strategy workshops with Pakistan's key capital market stakeholders including MOF, SECP, SBP, PSX, and market participants to (a) obtain feedback on the vision statement, objectives, recommendations, and implementation framework; and (b) arrive at a consensus with Pakistan's key capital market stakeholders on the formulation of a long-term national capital market development strategy and implementation plan.

2. The expert is expected to have significant recent expertise (a minimum of 15 years) in capital market development, with specific senior level role in formulation of national capital market strategies master plans. The specialist will have postgraduate degree in business administration, finance, economics or a closely related field; excellent oral and written communication skills in English; and have experience in working collaboratively with an international financial institution and with government officials in Pakistan or the region.

3. **Capital Market Institutional Expert (1 international, 1 person-month).** In coordination with the team leader and other consulting team members, the expert will (i) assess the institutional and governance structure of SECP and recommend measures to strengthen its capacity and procedures; (ii) enhance policymakers' conceptual understanding and practical skills in capital market development; and discuss conceptual and practical policy issues concerning capital market development, particularly the bond market; (iii) share best practices and information that would be beneficial to developing and managing the capital market in

Pakistan, the analytical framework for capital market development, institutional and legal settings, infrastructure issues, and strategies and policy recommendations; and (iv) map additional training scope and resource needs for a comprehensive training program for market participants to be supported under a subsequent and dedicated TA.

4. The specialist will have a postgraduate degree in business administration, finance, economics or a related field as well as at least 10 years of relevant experience and credentials in enhancing knowledge of capital market policies and operations, and skills and competencies.

5. **Capital Market Infrastructure Expert (1 international, 1 person-month).** The expert will assess (i) existing trading systems and procedures for the full range of market instruments (i.e. money market instruments, government and corporate bonds, equity instruments, other traded instruments, and open-market operations) and their integration; (ii) regulatory and surveillance equipment and software of SECP currently supporting the implementation of its mandate; and (iii) advise on areas of improvement including optimal software and systems to improve the (cost-)efficiency of market trading operations and regulatory, surveillance and enforcement functions. The expert will also assess the need for establishment of a separate institution to regulate the SROs including PSX, CDC, NCCPL, and PMEX.

6. The specialist will have a postgraduate degree in business administration, finance, economics or a related field as well as at least 10 years of relevant experience and credentials in enhancing the knowledge and understanding of capital market principles and operations.

7. **Capital Market Legal and Regulatory Expert (1 international, 1.5 person-months; 1 national, 2 person-months).** The principal aim of this assignment will be to strengthen the regulatory framework governing Pakistan's capital market. This will involve setting suitable supervisory policies, rationalizing institutional responsibilities across different products and sectors (including the commodities market), and identifying any legal implications. The consultants will also advise the team leader on the legal and regulatory requirements and implications of the proposed reforms and policy actions, and the way forward to fulfil the requirements.

8. These experts will have significant experience (a minimum of 10 years) in capital market regulation in developed and developing markets, and a working knowledge of the implementation of the best practice principles and objectives of the International Organization of Securities Commissions in securities regulation. The experts will have a law degree and postgraduate qualification in law, economics or finance, and have experience coordinating with various government agencies on policy reforms.

9. **Bond Market Expert (2 international, 0.5 person-month each).** The experts' primary objective will be to advise the Government on developing effective market-based government and corporate bond market yield curves that encourage issuances and facilitate participation of institutional investors. The expert will assess the government bond market and existing yield curve, advise and assist the Government to prepare and finalize a technical proposal for the development of a public debt strategy with a clear capital market development component; and support the team leader to identify measures to (i) develop the corporate bond market as a competitive source of financing; (ii) improve liquidity and market efficiency for secondary trading of securities; and (iii) introduce a wide range of capital market products. The expert will assess the existing repo market and primary dealer system and identify measures to facilitate their enhanced contribution to bond market development. One expert will assess the need for

establishment of an independent bond pricing agency to provide fair valuation of debt instruments and provide a framework for development of technological solutions for pricing of debt instruments by this agency.

10. The experts will have a postgraduate degree in economics, finance, or a related field; strong expertise and at least 10 years' experience in public finance, particularly in a variety of areas related to government debt management and bond market development.

11. **Equity Market Expert (1 international, 2 person-months).** The expert will assess the initial and secondary public offering markets (including market structure and trading practices) and the related policy, institutional and regulatory factors underlying stock market growth and investor protection. The expert will advise the Government on measures to enhance the depth and breadth of the equity market and its ability to serve long-term financing needs of the corporate sector (including SOEs and SMEs). These will include measures to facilitate corporate listings and enhance liquidity in the secondary market.

12. The expert will have a postgraduate degree in economics, finance, or a related field; at least 10 years' relevant experience in equity markets and investments; and have experience in coordinating with various government agencies on policy reforms.

13. **Taxation Expert (1 national, 2 person-months).** The taxation experts will coordinate with the team leader as well as the other consultants to address finance sector tax issues. The experts will help develop a liquid and integrated capital market by identifying a tax system that meets the needs of different market participants and encourages savings and investment. The experts will develop a well-defined tax implementation framework that will help determine the impact of the recommended tax reforms and introduce equal treatment across products and institutions. The experts will recommend how to make tax treatment consistent with international accounting standards.

14. The expert will have a postgraduate degree in business administration, finance, economics or a related field as well as extensive background in financial sector tax and legal matters. The expert should be experienced in the implications of taxation of financial instruments on financial sector development (a minimum of 10 years).

15. **Risk Management and Derivatives Expert (1 international, 1 person-month).** The expert will help the team leader identify measures for sequenced introduction of alternative financing instruments including: (i) developing the derivative industry—bond futures, interest rate, exchange rate derivatives, equity derivatives, etc.; (ii) strengthening the commodities exchange; and (iii) introducing a wide range of capital market products, including structured products-new product development. The consultant will also work with the capital market infrastructure expert to conduct market infrastructure risk assessment, including assessment of risk management system on National Clearing Company of Pakistan Limited.

16. The specialist will have a postgraduate degree in business administration, finance, economics or a related field as well as extensive experience (a minimum of 10 years) in developing and trading in risk management and derivative products.

17. **Auditing Expert (one international, 0.5 person-month).** The expert will (i) review the capacities of regulators to assess the quality of audits, and (ii) help SECP design procedures for an independent review of audit practices adopted by auditors of listed companies, their work

process and systems including developing relevant databases, format of reporting, internal quality assurance system, and enforcement.

18. The expert will have a postgraduate degree in accounting, finance, business administration or a related field and be a qualified auditor with a CA/CPA/CIA/CMA qualification. The expert will have the necessary experience including a strong background in International Standards of Auditing and be familiar with capital market operations (a minimum of 10 years). The expert should be fully familiar with International Accounting Standards and best practices in the disclosure of financial information. The expert should have an understanding of Pakistan government's budgeting, accounting and auditing procedure and have knowledge on financial management requirements of ADB.

19. **Program Coordinator (1 national, 3 person-months).** The program coordinator will work closely with the government, ADB and team of experts to maintain effective institutional coordination for the preparation of the program and compliance with the agreed policy actions. The coordinator will monitor the progress of the relevant line Ministries/Agencies to carry out the program preparatory activities as agreed with ADB; follow-up on and collect relevant documents to evidence full compliance of the agreed policy actions; review the submission of evidence against the ADB policy matrix and applicable legal/regulatory requirements; work with relevant government agencies to identify areas for support and report to the project team; and provide inputs to regular progress reports.

20. The consultant will have a good understanding of Pakistan's capital market and constraints to growth, and at least 7 years of relevant experience in engaging with the government and/or the private sector. The consultant will have a professional degree in an appropriate field that may include Masters of Business Administration, Finance, or Economics from a recognized university; and excellent oral and written communication skills in English. Experience in coordinating with various government agencies on international financial institutions' projects including on policy reforms will be an advantage.