

TERMS OF REFERENCE FOR

ADVISORY SERVICES PROJECT: CUSTOMIZATION, ADAPTATION AND PRESENTATION OF “MORTGAGE TOOLKIT”

1. BACKGROUND

The International Finance Corporation (IFC), a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC’s vision is that people should have the opportunity to escape poverty and improve their lives. In the Mekong region, IFC manages MPDF, an advisory services program covering Lao PDR, Vietnam, and Cambodia. IFC MPDF’s donors are Australia, Canada, Finland, IFC, Ireland, Japan, New Zealand, the Netherlands, Norway, Sweden, and Switzerland.

In Vietnam, IFC has a comprehensive program for providing long term loans to support local banks in their development of the primary mortgage market in Vietnam. The program includes Advisory Services to relevant stakeholders which will focus on two components: 1) strengthening the capacity of financial institutions, and 2) legal and regulatory administrative reform to increase the supply of housing, with a particular focus on affordable housing units.

Background on Housing Finance: Housing finance is viewed as a key driver for economic development and poverty reduction, and has therefore been given priority. Housing finance often requires intensive technical assistance support and IFC has been at the forefront of development. Advisory Services (AS) will focus on the development of the primary market in Vietnam, including support for legal and regulatory reform for property and mortgage registration, and residential mortgage lending including foreclosure laws and procedures. It will also focus on building capacities in order to implement the IFC “Mortgage Toolkit” and develop standardization of home loan origination, credit, and other risk management, servicing, and operational systems. All programs will be developed in close coordination with IFC financial sector investment staff, with a view to supporting IFC investment operations in the financial sector.

Housing Finance Program in Vietnam: The purpose of this Program is to provide much needed long-term funding to the mortgage market through participating banks. This in turn will support their growth strategies and reduce the systematic risk that arises from the mismatch between assets and liabilities. In order to ensure the utilization of the proposed lending program, IFC will provide a multi-phased Advisory Services project at the institutional level. It is then expected that these lendings would be attached to the development of specific standardized mortgage underwriting and collateral criteria. This approach will help to set the

best practices for mortgage origination and servicing as industry standards, and will also create the conditions for a dynamic and affordable housing finance market that addresses the need of lower income groups to access finance and services.

The lack of standardization and uniformity in all critical areas of mortgage lending is one of the key impediments to developing primary mortgage markets in Vietnam. IFC believes that mortgage lending is most efficient when mortgage loans are made in standard, easy-to-use form. Such forms help achieve cost efficiencies, compress margins, and improve affordability. IFC has developed a “Mortgage Toolkit” for other mortgage markets, which, once adapted, will set the standard for uniformity in Vietnam.

The implementation of the mortgage toolkit will assist Vietnamese banks in developing standardized mortgage products, mortgage loan files, and mortgage lending and maintenance processes. The kit contains a complementary suite of mortgage products (starting with a variable rate mortgage) and creates a model loan file including standard documents, a loan file checklist, and an organizational structure of the file. There is also an integrated set of operating manuals and guidelines for each module and processes to follow in order to book and manage mortgage loans.

In coordination with local financial institutions in Vietnam, the consultant will prepare the adaptation of the toolkit for use in the local market. This activity will be followed by a presentation of the toolkit in Vietnam.

2. OBJECTIVES

IFC is looking to recruit a Consulting Firm (the Consultant) to raise awareness of the importance of standardization in the primary mortgage market, and introduce and adapt IFC’s “Mortgage Toolkit” to the circumstances and practices of Vietnam’s primary mortgage market.

3. TASKS

Under these terms of reference, in order to attain the objective set forth, the Consultant shall undertake the tasks set forth below (Please see work plan and timeline Annex 1):

- a. Based on the assessment of the legal framework for mortgage lending and the housing finance mechanisms and systems, the Consultant will make specific recommendations for the adaptation of the IFC “Mortgage Toolkit”.
- b. Adaptation of the mortgage toolkit to the specific needs of Vietnam’s mortgage market. The toolkit should cover (but not be limited to) the following areas for each participating bank:
 - **Organizational Structure:** Appropriate Mortgage Department (with separation of various functions such as origination, servicing, etc, job

- descriptions, selection of personnel, manual of tasks and function of various officers).
- Sales and Marketing: Market segmentation, design appropriate mortgage products, etc.
 - Individual Mortgage Loans Processing [(i) overview of the mortgage lending process; (ii) marketing and customer screening; (iii) application processing and file building; (iv) mortgage underwriting; (v) closing and funding; (vi) loan servicing; (vii) loan pricing and treasury functions; and (viii) any other relevant topics].
 - Integrated Risk Management (credit, liquidity, market and operational risks). Credit risk monitoring and critical decision making forms, how to capture and analyze critical information for risk management.
 - Judicial and non-judicial collections: Loan portfolio monitoring and controlling activities, appropriate indicators and corresponding counter-actions.
- c. In coordination with the State Bank of Vietnam, Ministry of Finance and/or Vietnam Bank Association, conduct a workshop with financial institutions in Vietnam on ‘Why standards are important in the Housing Mortgage Market’ that includes the following topics:
- International best practices and enabling environment for Housing Finance
 - Presentation of IFC’s “Mortgage Toolkit”
 - The importance of standardization accessing long term funding
 - How to increase efficiency, competition and affordability in Vietnam’s Housing mortgage market
- d. Detail questionnaires showing the type of questions that the consultant would ask the banks and authorities during meetings (to be sent together with the proposals)

4. LOCATION

The assignment will be based in Hanoi, Vietnam and involve travel to other cities in Vietnam as necessary.

5. SPECIFIC DELIVERABLES:

- Adapted version (in English and Vietnamese) of IFC’s “Mortgage Toolkit” which will set the standard for uniformity and standardization in mortgage products in Vietnam.
- One day workshop and a presentation of IFC’s “Mortgage Toolkit”.
- A list, contact information and summary of individual meetings conducted
- Detail questionnaires used to interview banks and authorities
- Other information the Consultant deems necessary to communicate

6. SELECTION CRITERIA:

- Knowledge about mortgage finance and technical assistance to banks.
- Experience in developing training courses, materials, train of trainers programs and training need assessments
- Extensive TA need assessment and TA implementation experience
- Verifiable success in delivery high-quality outputs on time and on budget
- Experience working in Asia, Southeast Asia, the Mekong region, and particularly Vietnam.
- Five years relevant working experience preferably in a bank or any other financial institution
- Knowledge and understanding of the banking system in Southeast Asia.
- Fluent in English, spoken and written
- Good communication and negotiation skills
- Precise drafting capabilities
- Ability to work independently on complex projects/issues with limited guidance from senior staff;
- Ability to work effectively in a multi-cultural, regionally focused team;

Submission of Interest: Although any additional information deemed useful may be provided, the proposal should include the following:

- Brief introduction of your company (including details of the legal status and ownership).
- A capability statement illustrating suitability for the assignment. Any relevant country or regional assignment previously undertaken should be cited.
- Your understanding of the requirements of this assignment.
- Description of how the assignment will be approached for each participating bank (task description, process, timelines, methodology, individual involved, etc.)
- Detail description per assignment (modules and training) and timeline (in weeks) starting from beginning of assignment.
- Earliest availability to begin assignment.
- Detailed budget (for each bank), clearly identifying daily rates, with travel, miscellaneous and other costs separate from direct professional costs.
- Proposed payment ratio tied to deliverables starting with mobilization, deliverables, and closing.
- Detail work plan and project time line as in “Annex 1: Work Plan and Timetable”
- CV of each individual proposed to work in the assignment as well as three client references

The contract will be awarded based on the quality and comprehensiveness of the proposal, and overall cost.

The deadline for submitting proposals is the close of business on 25 August, 2008.

Submissions should be sent via email to Mr. Kien Dam (kdam@ifc.org). Questions should be submitted on writing before 11 August to Mr. Kien Dam, Project Officer. Proposals are to use MS word and should not exceed five pages. Additional information may be provided by annexes.

7. CONFIDENTIALITY STATEMENT

All data and information received from IFC for the purpose of this assignment are to be treated confidentially and are only to be used in connection with the execution of these Terms of Reference. All intellectual property rights arising from the execution of these Terms of Reference are assigned to IFC. The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without the expressed advance written authorization of the IFC.

