FIRST 2014 Annual Report

Strengthening Financial Sectors

MISSION STATEMENT

FIRST aims to support economic growth and poverty reduction in low- and middle-income countries by promoting robust and diverse financial sectors.

The Financial Sector Reform and Strengthening Initiative, FIRST, is a multidonor grant facility that provides short- to medium-term technical assistance (TA) to promote sounder, more efficient, and inclusive financial systems.

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From the Chair of the Governing Council

On behalf of FIRST's donors, I am pleased to report on FIRST's accomplishments during the past year. This year's review is unique: We have closed the extraordinarily successful Phase II of FIRST's operations, covering 2007 through 2012,[1] and have begun to work under a revamped mission and offer more expansive technical assistance (TA) offerings.

FIRST has evolved substantially since its establishment in the wake of the Asian financial crisis to support countries in prioritizing and implementing Financial Sector Assessment Program (FSAP) recommendations. FIRST has been an instrumental source of funding to support reforms following the 2008 global financial crisis, with a broad reach across both low-income and middle-income countries in all six Regions. Phase II was characterized by tremendous impact on financial sector strengthening and reform, covering all the major areas of the financial sector. FIRST delivered 349 projects with total commitments of $62.7 million. Sixty-six percent of commitments were in low-income countries, an increase of nearly 10 percent from Phase I. The independent evaluation for Phase II lauded FIRST-funded projects for being successful in delivering high-quality outputs. Such quality is a hallmark of FIRST's TA, and one reason that client countries hold FIRST in high regard.

Looking ahead, FIRST's success has spurred the launch of a new funding model to complement the well-known, demand-driven, gap-filling reform programs for which FIRST has become a leading resource. The newer, programmatic engagements will carry reforms to the next level of effectiveness, focusing on implementation over longer periods, through a series of interrelated activities, and clearly identified development objectives. These programs are also unique in that as part of their design, they provide a clear road map based on intended impact with specified indicators against which results will be measured. We very much hope that the enhanced model will serve the needs of FIRST's clients more effectively.

FIRST continues to maintain a strong role in assisting countries in following up on FSAP recommendations, and that work forms part of the core mission. In this regard, FIRST has seen tremendous growth in legal, regulatory, and product development TA projects. Capital markets, nonbank financial institutions, insurance, financial infrastructure, and housing finance are areas of high demand. In conjunction with the successful catalytic TA, FIRST will also strengthen knowledge sharing between countries, including through supporting peer-to-peer learning events and sharing best practices from other donor programs.

FIRST's donors continue to embrace FIRST taking an active role to promote inclusive access to finance, and deepening and broadening of financial markets. These are areas of bold reform, and FIRST has laid a strong foundation to carry such assistance forward throughout Phase III.

As I step down from my role as Governing Council chair, I would like to express my thanks to FIRST's donors and the Governing Council members, the FIRST Secretariat, the World Bank, and the International Monetary Fund, in sincere appreciation of the past accomplishments, and my wish for even greater success in Phase III.

Susanne Dorasil
Chair of Governing Council
Head of the Economic Policy/Financial Sector Division
German Federal Ministry for Economic Cooperation and Development (BMZ)

[1] FIRST's Phase II implementation and disbursement period runs through December 2014; all commitments in Phase II were agreed as of December 2012.

From the Program Manager

In the aftermath of the global financial crisis, efforts to build resilient financial systems by developing effective regulatory and supervisory infrastructure remain a priority for most policy makers. In most of our client countries, this important agenda competes for scarce resources with the need to build deeper and broader and more inclusive financial systems. Since its inception, FIRST has become a reliable source of technical assistance for middle- and low-income countries in their quest to meet this need. An independent evaluation of Phases I and II concluded that FIRST was very successful in delivering high-quality projects, on time and on budget, and has acted as a catalyst for further reforms. Although FIRST projects are generally small, the mode of intervention enables FIRST to play a significant catalytic role. It is estimated that in the last three years, for each dollar of FIRST funding, 11 dollars have been spent on follow-up TA.

Africa continues to be the main destination for FIRST TA, in accordance with FIRST's strategy and its mandate of promoting sustainable and inclusive financial development as a means to reduce poverty. At the same time, demand for FIRST TA has evolved to respond to geopolitical challenges. Fiscal year 2014 witnessed a continued upward trend of TA to middle-income countries, particularly in the Middle East and North Africa (MENA), that began in FY2012 to support the reforms following the Arab Spring. Commitments to the MENA Region increased from an average of 7 percent of the total FIRST portfolio during Phase II to 24 percent in FY2014, coming second to the Africa Region with 36 percent. FIRST continues to be demand driven; as such, changes in the regional and sectoral portfolio always reflect changing regional and country-specific development challenges and reform priorities.

The FIRST Initiative's success over the years has been attributed to a number of factors, among them our comparative advantage derived from our global and broad financial sector coverage, and our ability to leverage the knowledge and analytical capacity of the International Monetary Fund (IMF) and World Bank financial sector specialists, including through the use of the Financial Sector Assessment Programs as a basis for advisory work. Underpinning these factors is the unwavering commitment of our donors to the FIRST mandate and the strong leadership provided by the Governing Council. Also important is the strong commitment demonstrated in implementing reforms by authorities of recipient countries, some of whose testimonies are included in this report.

The complexity of financial sector development challenges demands a collaborative approach to searching for solutions. In our TA delivery process, FIRST promotes the formation of national high-level steering committees to ensure broader client buy-in and commitment to reforms. Strong collaboration between the IMF and World Bank Group technical teams, donors, and regional development banks—including through sharing and receiving technical input into project proposals—continues to be the hallmark of FIRST's delivery model.

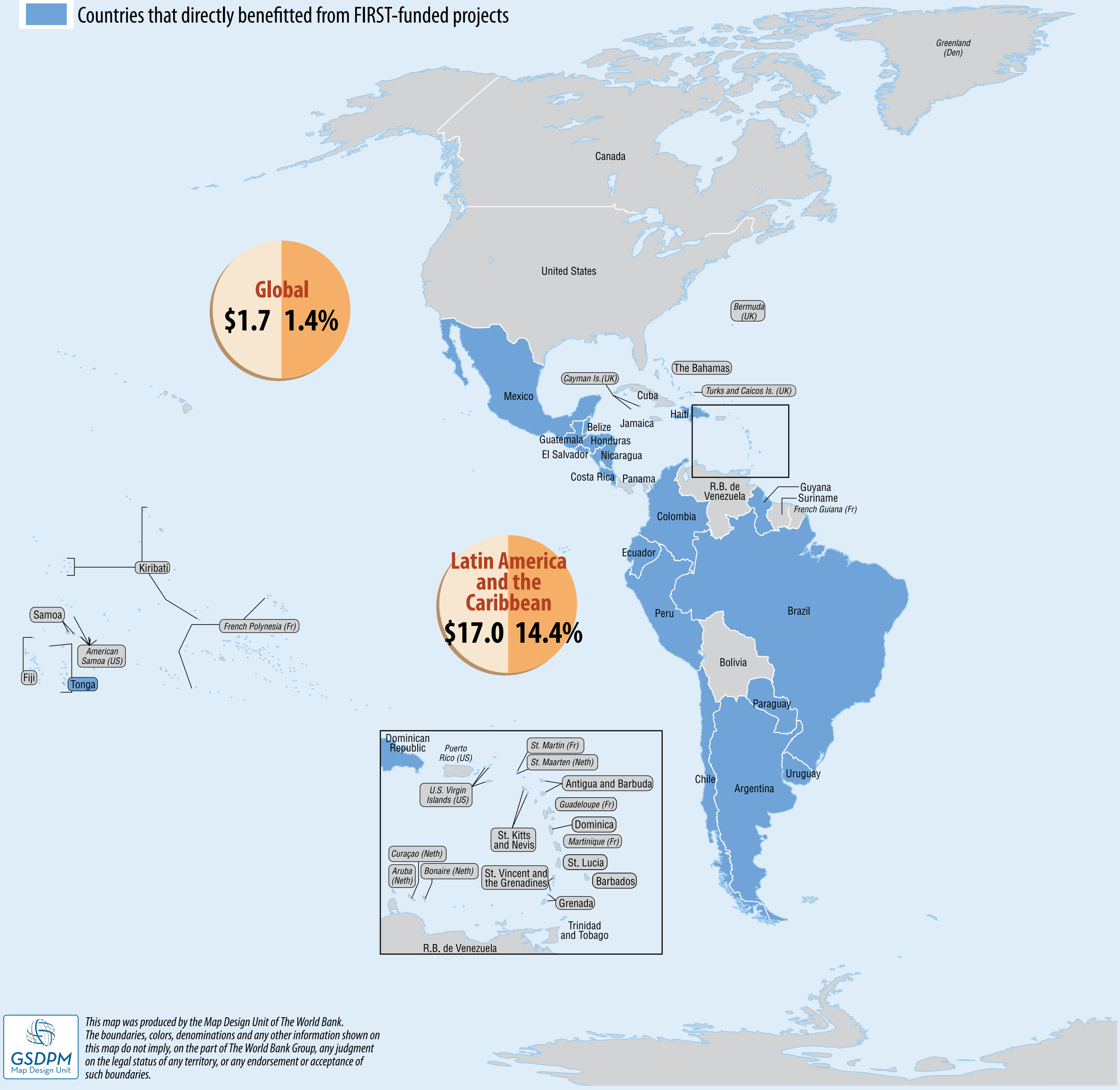
The FIRST strategy and work program is aligned with and supports the strategic areas of focus for the Finance and Markets Global Practice in the World Bank Group and continues to support the IMF's efforts to promote sound financial systems. The reorganization of the World Bank Group into global practices has expanded FIRST's opportunities to work collaboratively with practices other than the Finance and Markets Global Practice. A number of FIRST-funded projects and programs are being implemented jointly with or initiated by staff of the Trade and Competitiveness, Agriculture, and other global practices. FIRST will leverage the new networks to extend our footprint to other related sectors, increasing FIRST's visibility and its ability to contribute to the World Bank Group's twin goals to reduce poverty and boost shared prosperity.

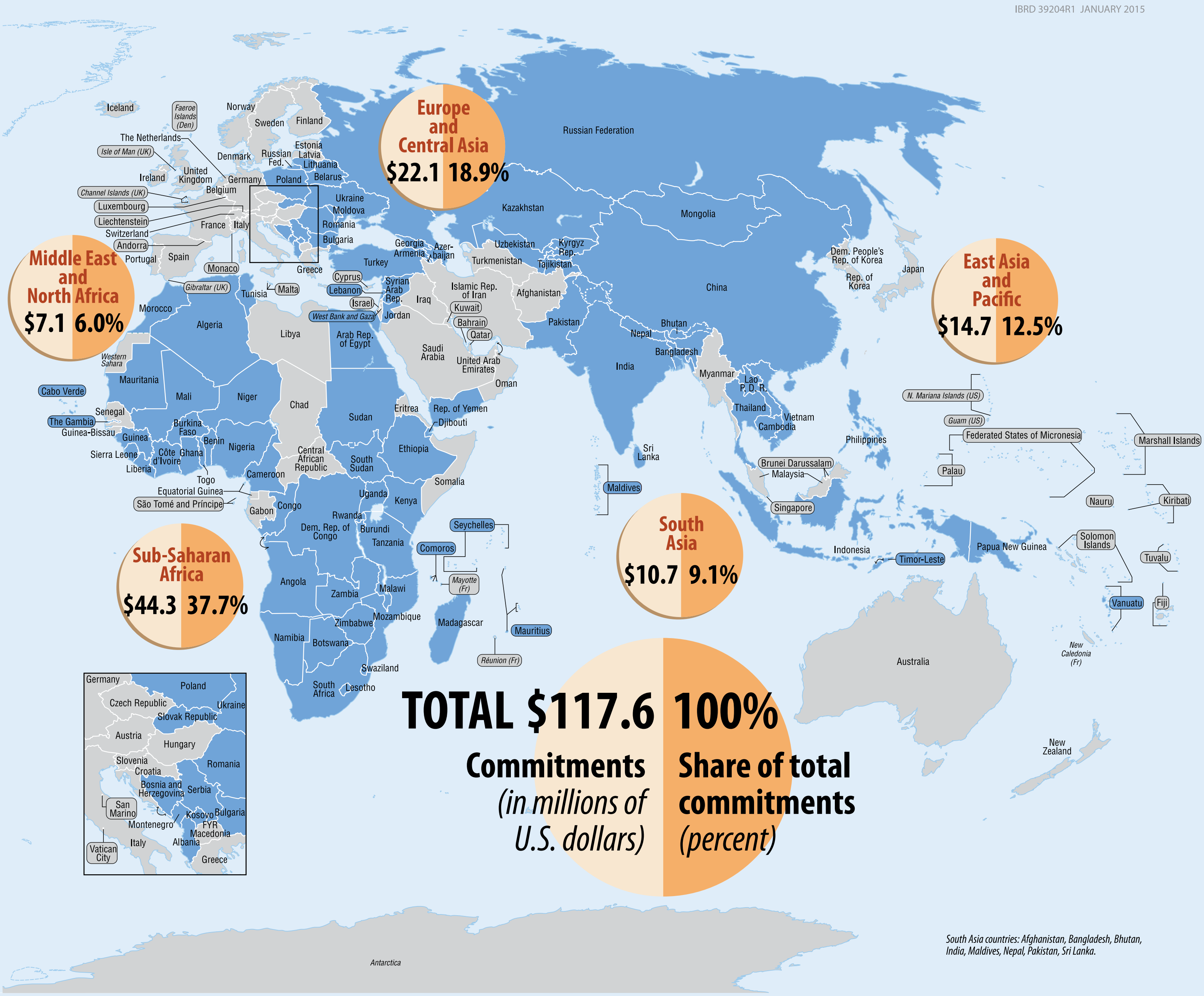
On behalf of the FIRST Secretariat, I wish to thank our donors for their continued support to the FIRST Initiative. I wish to thank the Governing Council, particularly the outgoing chairperson, Ms. Susanne Dorasil, for providing excellent leadership that successfully steered FIRST into its third phase.

Consolate Rusagara
Senior Program Manager
Financial Sector Reform and Strengthening Initiative

FIRST ON THE MAP

CUMULATIVE PROJECT COMMITMENTS AS OF JUNE 30, 2014




IBRD 39204R1 JANUARY 2015
Europe and Central Asia
$22.1 18.9%
Middle East and North Africa
$7.1 6.0%
East Asia and Pacific
$14.7 12.5%
South Asia
$10.7 9.1%
Sub-Saharan Africa
$44.3 37.7%
TOTAL $117.6 100%
Commitments
(in millions of U.S. dollars)
Share of total commitments
(percent)
South Asia countries: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.
Iceland
Faeroe Islands (Den)
Norway
Sweden
Finland
The Netherlands
Isle of Man (UK)
Denmark
Russian Fed.
Estonia
Latvia
Lithuania
Ireland
United Kingdom
Germany
Poland
Belarus
Belgium
Channel Islands (UK)
Luxembourg
Liechtenstein
Switzerland
Andorra
France
Italy
Portugal
Spain
Monaco
Ukraine
Moldova
Romania
Bulgaria
Greece
Turkey
Georgia
Armenia
Azer-baijan
Russian Federation
Kazakhstan
Mongolia
Uzbekistan
Kyrgyz Rep.
Tajikistan
Turkmenistan
Gibraltar (UK)
Tunisia
Malta
Cyprus
Lebanon
Israel
West Bank and Gaza
Syrian Arab Rep.
Iraq
Jordan
Islamic Rep. of Iran
Kuwait
Bahrain
Qatar
Afghanistan
Pakistan
China
Dem. People's Rep. of Korea
Rep. of Korea
Japan
Morocco
Algeria
Libya
Arab Rep. of Egypt
Saudi Arabia
United Arab Emirates
Oman
Nepal
Bhutan
Bangladesh
India
Myanmar
Lao P. D. R.
Thailand
Vietnam
Cambodia
Western Sahara
Mauritania
Mali
Niger
Chad
Sudan
Eritrea
Rep. of Yemen
Djibouti
Cabo Verde
Senegal
The Gambia
Guinea-Bissau
Guinea
Sierra Leone
Liberia
Burkina Faso
Côte d'Ivoire
Ghana
Togo
Benin
Nigeria
Central African Republic
South Sudan
Ethiopia
Somalia
Cameroon
Equatorial Guinea
São Tomé and Príncipe
Gabon
Congo
Uganda
Kenya
Rwanda
Burundi
Dem. Rep. of Congo
Tanzania
Seychelles
Comoros
Mayotte (Fr)
Angola
Zambia
Malawi
Mozambique
Zimbabwe
Madagascar
Mauritius
Réunion (Fr)
Namibia
Botswana
Swaziland
South Africa
Lesotho
Sri Lanka
Maldives
Philippines
Brunei Darussalam
Malaysia
Singapore
Indonesia
Timor-Leste
Papua New Guinea
N. Mariana Islands (US)
Guam (US)
Federated States of Micronesia
Marshall Islands
Palau
Nauru
Kiribati
Solomon Islands
Tuvalu
Vanuatu
Fiji
New Caledonia (Fr)
Australia
New Zealand
Antarctica
Germany
Poland
Czech Republic
Ukraine
Slovak Republic
Austria
Hungary
Slovenia
Croatia
Romania
Bosnia and Herzegovina
Serbia
San Marino
Kosovo
Bulgaria
Montenegro
FYR Macedonia
Vatican City
Italy
Albania
Greece

1. CONTEXT

Financial Sector Development and Demand for FIRST Technical Assistance in FY2014

Six years after the global financial crisis began, the world's economic recovery remains fragile. Growth is uneven and remains below the pace required to adequately generate much-needed jobs.[2] Downside risks persist, including in financial markets.[3]

In the wake of the financial crisis in 2008, the international community—through the Financial Stability Board—made significant efforts to promote reforms aimed at building a stronger and more resilient global financial system. Many countries focused on strengthening micro- and macro-prudential policy frameworks for banks and nonbanks, by preparing and strengthening contingency plans, establishing deposit insurance programs, and identifying options and procedures for managing failing financial institutions, among other efforts.

Financial stability continues to be one of the critical areas of FIRST support. Since 2007, half of all FIRST-funded TA has focused on financial stability by supporting countries in reforming their banking supervisory and regulatory frameworks, and strengthening macro-prudential measures and financial sector safety nets. As the crisis starts to abate and countries focus on other development challenges facing the sector, this demand is starting to taper. The crisis also highlighted the interconnectedness of the banking and the nonbanking sectors, and the potential systemic importance of some nonbank financial institutions (NBFIs). As a result, reform efforts have also focused on strengthening the regulation and supervision of the insurance and pension sectors. Demand for TA in the insurance sector has been very strong. Cumulatively since FY2007, the largest share of FIRST sectoral support after cross-cutting issues has gone to insurance, with more than $14 million approved for reforms in the sector.

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[2] Communiqué of the Meeting of G-20 Finance Ministers and Central Bank Governors, Cairns, 20–21 September 2014.
[3] Ibid.

The shortage of bank funding during the crisis underscored the need for emerging market economies with bank-centric systems to diversify and develop alternative sources of funding. Coupled with a pervasive shortage of long-term financing in most emerging and low-income countries, this made the development of the nonbank financial sector a priority for many policy makers and increased demand for FIRST TA in this area. Consequently, capital market development was the third largest sector in terms of FIRST commitments in FY2014.

Globally, an estimated 2.5 billion people are financially excluded, with no savings or access to credit and other formal financial services. Access to credit, insurance, savings, and payments opens up economic opportunities—especially for women, as they are more financially excluded than men. Small and medium enterprises (SMEs) face a $2 trillion financing gap. This gap is particularly acute for women-owned SMEs, which account for about 31–38 percent of SMEs in emerging markets and have unmet financial needs of $320 billion a year.[4] Supporting SMEs is critical because formal SMEs create 50 percent of formal jobs in developing countries.[5] In the past two years, more than 40 countries have set headline goals and targets for financial inclusion. FIRST plays a critical role in helping some of these countries meet those goals. In Phase III, so far, about 30 percent of TA is aimed at expanding financial inclusion.

Strengthening financial infrastructure such as payment systems, movable collateral and registries, and credit information registries enables better access to credit. Demand for FIRST funding in the area of financial infrastructure has grown steadily over the years to a peak in FY2014, at 15 percent of all new commitments. Comprehensive financial sector reforms tend to be more effective if they are implemented within a framework of a financial sector strategy that has significant buy-in from all the key stakeholders. The Financial Sector Development Strategy (FSDS) or more recently, Financial Sector Development Implementation Plan (FSDIP), has been one of FIRST's focus areas for support, at 13 percent of the total new commitments in FY2014. FSDSs have been done mostly as a follow-up and a means to prioritize the recommendations of Financial Sector Assessment Programs (FSAPs).[6] As a result of the recent prioritization of FSAPs in countries with systemically important financial systems, the number of low-income countries undergoing an FSAP has declined, although the Bank's capacity to provide developmental FSAP modules provides an important offset. In concert, FIRST developed the FSDIP, which incorporates some analytical work of limited scope to provide a basis for evaluating development challenges. Although an FSDIP cannot substitute for a financial sector assessment, it provides a good foundation on which a country can design and implement a financial sector strategy.

FY2014 operations saw an unprecedented increase in demand for FIRST funding emanating from the middle-income countries (MICs) compared with the low-income countries (LICs). High demand from the MICs was driven mainly by the Middle East and North Africa (MENA) Region, where demand for policy reforms following the Arab Spring was high. Projects in the region generated 28 percent of all new requests, up from 12 percent or less in previous years. In contrast, the demand from the Europe and Central Asia Region declined to 11 percent in FY2014. This was due in part to the easing of the global financial crisis and the existence of other trust funds like the Vienna-based Financial Advisory Centre (Finsac) that focuses on financial stability issues in the Region.

The demand for FIRST support continues to be strong. The Catalytic Window, which supports short-term gap-filling interventions and reforms, is well established, and the demand for the Programmatic Window, which became operational in January 2013, is slowly picking up. Given the size, complexity, and comprehensive nature of programs, structuring them requires more time and closer collaboration with beneficiary countries. These requirements will shape FIRST's approach going forward. Client demand is, however, high. One program was launched in FY2014, and more are expected going forward.

[4] World Bank. 2012. *World Development Report 2012: Gender Equality and Development*; World Bank. 2013. Enterprise Surveys 2013; World Bank. 2013. FPD Enterprise Surveys 2013; World Bank. 2012. Global Financial Development Report 2012.
[5] Ayyagari, Demirgüç-Kunt, and Maksimovic (2011). "Small vs. Young Firms across the World: Contribution to Employment, Job Creation, and Growth." Policy Research Working Paper 5631, World Bank, Washington, D.C.
[6] The FSAP is a joint World Bank–IMF program launched in 1999 following the Asian financial crisis. More than 200 assessments have been conducted since its inception. The FSAP plays a pivotal role for the financial sector work as a key diagnostic tool that informs and provides an analytical foundation for countries to strengthen their financial sector.

The Move from Phase II to Phase III

Since FIRST was launched in 2002, it has focused its TA to respond to immediate client demands that are expected either to catalyze a wider reform program or to fill specified gaps within a broader reform program. Such gap-filling, catalytic, and additional TA was a natural result of FIRST's primary mandate to promote the implementation of FSAP recommendations.

The demand for FIRST's distinctive brand of catalytic TA, which provides additionality to other TA providers, has continued to grow. FIRST's history of high-quality delivery encouraged its donors to launch another five-year cycle of operations for 2013 through 2017, referred to as Phase III. However, it is also apparent that funding is quite limited for the complementary broader reform programs that are needed in order to build upon FIRST's catalytic TA. In seeking to maximize the overall impact to a country's financial sector following FIRST assistance, donors decided to extend the reach of FIRST TA to support more systematic responses to countries' needs, to achieve greater impact, and to deepen long-term results from engagements. This has led to the Phase III expansion to the programmatic engagements. FIRST donors recognized that there is opportunity to extend FIRST successes in Phases I and II through more systematic attention to the durability and sustainability of results. Specifically, FIRST TA has introduced a more robust monitoring and evaluation framework that includes postcompletion follow-up, applicable to both windows. This framework is an integrated component of FIRST TA design and delivery, in order to define and monitor outcomes of projects under a catalytic window and to set and monitor impact targets under a programmatic window.

Accordingly, in Phase III FIRST operates two complementary and integrated windows:

(1) The Catalytic Window, delivering TA engagements over 12–18 months typically, with an average budget of $250,000
(2) The (new) Programmatic Window, to meet country needs for longer-term reform programs, providing TA across multiple interventions connected through a well-structured, typically multiyear reform program delivered over three years, on average, with an average budget of $2 million. The programs are expected to contribute directly to longer-term objectives in prudential supervision, financial inclusion, and market development. The hallmark of the Programmatic Window is the inclusion within the program design of specific impact targets for achievement.

Phase III strengthens as well the move to results-based TA design. It includes a strengthened knowledge management function to enhance FIRST's lesson gathering and dissemination. Part of the knowledge management and dissemination objective is to enhance FIRST's role in overall donor coordination and visibility.

Organization Structure; Donor and Partner Relationships

FIRST operates under a two-tier governance structure as defined in its charter: (i) the Governing Council provides strategic guidance, sets overall policies, and approves large projects and programs; and (ii) the Secretariat manages day-to-day activities and prepares and presents projects to the Project Advisory Committee, which then recommends them to the Governing Council for approval. The Governing Council comprises one representative from each of FIRST's donors, as well as from the IMF and the World Bank.

FIRST processes have continually evolved to be better aligned and operate more seamlessly with both the World Bank and the IMF's institutionally modernized trust fund structures. The revised structure is intended to help FIRST be more responsive to client needs, promote more integrated results-based management, better harmonize with World Bank and IMF best practices of TA delivery, and increase overall efficiency and transparency.

FIRST is now housed in the World Bank's Finance and Markets (F&M) Global Practice. This arrangement is advantageous to both FIRST and to F&M. The F&M Global Practice structures and implements comprehensive financial sector solutions that bring together World Bank knowledge, finance—loans, credits, guarantees, and risk-management products—and convening services, as well as International Finance Corporation (IFC) advisory services and investments in private sector firms. FIRST will play a key role in targeting and supporting these financial sector solutions. FIRST also has the flexibility to work outside the F&M Global Practice. Key areas of reform supported by FIRST fall under the auspices of the Trade and Competitiveness Global Practice (agricultural finance product development, for example) and the Governance Global Practice, for work on accounting and auditing TA. Similarly, the Phase III trust fund arrangements enable the IMF to make more effective use of FIRST resources, allowing for more flexible allocation of the IMF staff resources for project management and backstopping.

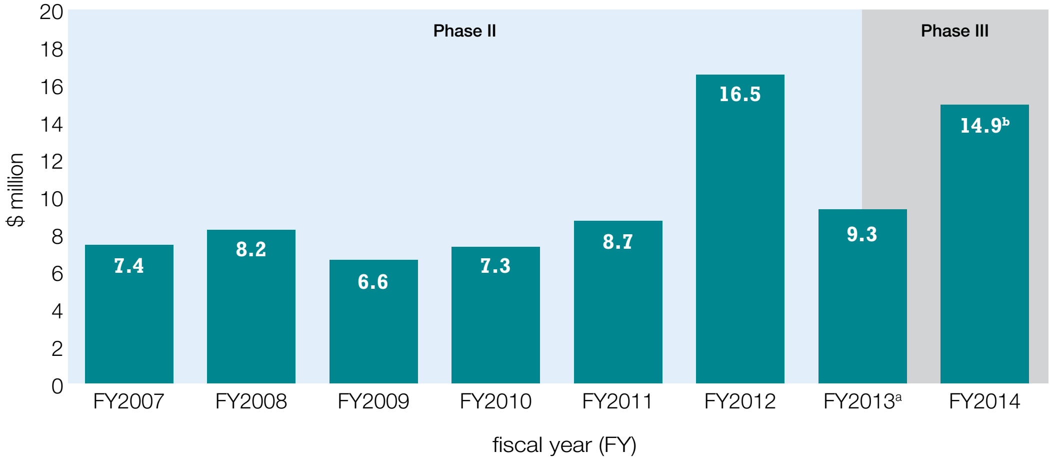
Phase III is funded by five donors, all of whom participated in Phase II. Two prior donors exited following the close of Phase II (Canada and Sweden). This partnership of the World Bank, FIRST, and the IMF enhances FIRST's overall flexibility and application of results-based measurement, and enables efficient coordination of FIRST TA with other aspects of Bank and Fund country engagement.

2. OPERATIONS IN FISCAL YEAR 2014

Overall Commitments

In FY2014, FIRST approved 47 grants, representing commitments of $14.9 million (table 1). Since Phase II began in FY2007, FIRST has approved over 400 projects, with total commitments of $78.8 million. Figure 1 shows FIRST's annual commitments for each of the fiscal years in Phase II (FY2007–FY2013) and Phase III, along with FY2014. More detailed information regarding the projects in the fiscal year 2014 and Phases I, II and III is provided in the annexes.

Figure 1. FIRST Commitments, FY2007–FY2014
$ million



a. FY2013 was a transition year in which Phases II and III overlapped. Phase II project applications ended in December 2012, while approvals in the Bank's system continued through early 2013. Phase III started in January 2013, with the first project activated in the system in February 2013. FY2013 data in these tables are split into two phases accordingly.
b. Includes one program ($2.0 million).

FIRST operates through two funding windows; the Catalytic and the Programmatic. The two windows operate individually through two separate funds, one for LICs and one for MICs. In FY2014, $12.9 million was committed under the Catalytic Window and $2.0 million under the Programmatic Window. In this fiscal year, FIRST approved 31 projects under the MIC Catalytic Window and 15 projects under the LIC Catalytic Window (table 1), representing a new trend—a rise in MIC catalytic projects. This rise in demand from the MENA Region was a response to various financial sector reforms initiated by countries following the Arab Spring. Overall in FY2014, $9.0 million was committed to MIC catalytic projects. Table 2 shows FIRST's commitments under each of the specific window types in Phase II and Phase III.

Table 1. FIRST Approvals by Window Type

number of projects/programs

	Phase II	Phase III		
	FY2007–13[a]	FY2013[a]	FY2014	Total
LIC Catalytic	234	1	15	16
LIC Programmatic	0	0	1	1
MIC Catalytic	115	4	31	35
MIC Programmatic	0	0	0	0
Total	**349**	**5**	**47**	**52**

a. FY2013 was a transition year in which Phases II and III overlapped. Phase II project applications ended in December 2012, while approvals in the Bank's system continued through early 2013. Phase III started in January 2013, with the first project activated in the system in February 2013. FY2013 data in these tables are split into two phases accordingly.

Table 2. FIRST Commitments by Window Type

$ million

	Phase II	Phase III		
	FY2007–13[a]	FY2013[a]	FY2014	Total
LIC Catalytic	42.0	0.3	3.9	4.2
LIC Programmatic	0.0	0.0	2.0	2.0
MIC Catalytic	20.7	0.9	9.0	9.9
MIC Programmatic	0.0	0.0	0.0	0.0
Total	**62.7**	**1.2**	**14.9**	**16.1**

a. FY2013 was a transition year in which Phases II and III overlapped. Phase II project applications ended in December 2012, while approvals in the Bank's system continued through early 2013. Phase III started in January 2013, with the first project activated in the system in February 2013. FY2013 data in these tables are split into two phases accordingly.

Programmatic Window

Fiscal year (FY) 2014 saw the rollout of the programmatic funding model. The first program approved was aimed at strengthening the legal and regulatory framework of Rwanda's financial sector. The program includes specific targets to improve Rwanda's observance of several Basel Core Principles in order to enhance financial sector stability, thus contributing to economic growth and poverty reduction. The main expected outcomes that will support achievement of this objective are (i) a stronger legal and regulatory framework for banking, (ii) a stronger legal and regulatory framework for insurance, (iii) a clear crisis preparedness and contingency planning framework, and (iv) increased supervisory capacity for banking, insurance, pensions, microfinance, and savings and credit cooperatives (SACCOs).

IMF Operations

Fifteen percent of all FIRST funding is reserved for IMF projects. Three IMF projects have been approved under Phase III, of which one was approved in FY2014. IMF project approvals have been slow so far due to transitional issues related to the launch of Phase III, which required the setup of new trust funds, revisions to the governing charter, and new legal transfer agreement arrangements to be put in place between the World Bank and the IMF.

Table 3. FIRST Projects/Programs Approved, World Bank and IMF Breakdown
number of projects/programs

	Phase II	Phase III		
	FY2007–13[a]	FY2013[a]	FY2014	Total
IMF	54	2	1	3
World Bank	295	3	46[b]	49
Total	**349**	**5**	**47**	**52**

a. FY2013 was a transition year in which Phases II and III overlapped. Phase II project applications ended in December 2012, while approvals in the Bank's system continued through early 2013. Phase III started in January 2013, with the first project activated in the system in February 2013. FY2013 data in these tables are split into two phases accordingly.
b. Includes one program ($2.0 million).

Table 4. Commitment Value of FIRST Projects/Programs, World Bank and IMF Breakdown
$ million

	Phase II	Phase III		
	FY2007–13[a]	FY2013[a]	FY2014	Total
IMF	10.4	0.5	0.1	0.6
World Bank	52.3	0.7	14.8[b]	15.5
Total	**62.7**	**1.2**	**14.9**	**16.1**

a. FY2013 was a transition year in which Phases II and III overlapped. Phase II project applications ended in December 2012, while approvals in the Bank's system continued through early 2013. Phase III started in January 2013, with the first project activated in the system in February 2013. FY2013 data in these tables are split into two phases accordingly.
b. Includes one program ($2.0 million).

Regional Focus

FIRST continues to place strong emphasis on supporting LICs and Regions with the greatest needs for financial sector reforms, and Sub-Saharan Africa continues to be a priority in this respect. In Phase II, 41 percent of commitments were provided in Africa.

In FY2014, 36 percent of commitments were made in Africa, which also includes one program. In total, 12 projects and 1 program were approved (table 5) for a value of $5.4 million in the Sub-Saharan Africa Region. The TA demand in the Africa Region was characterized by support to NBFIs, financial infrastructure, and financial sector strategy projects. In this fiscal year, FIRST has provided TA for three FSDIPs in the Africa Region. Similar demand, for 14 TA requests for $3.6 million, was seen in the MENA Region, which received 24 percent of the total commitments. The strong demand in the MENA Region was for TA in banking, financial infrastructure, and NBFI sectors such as insurance and capital markets.

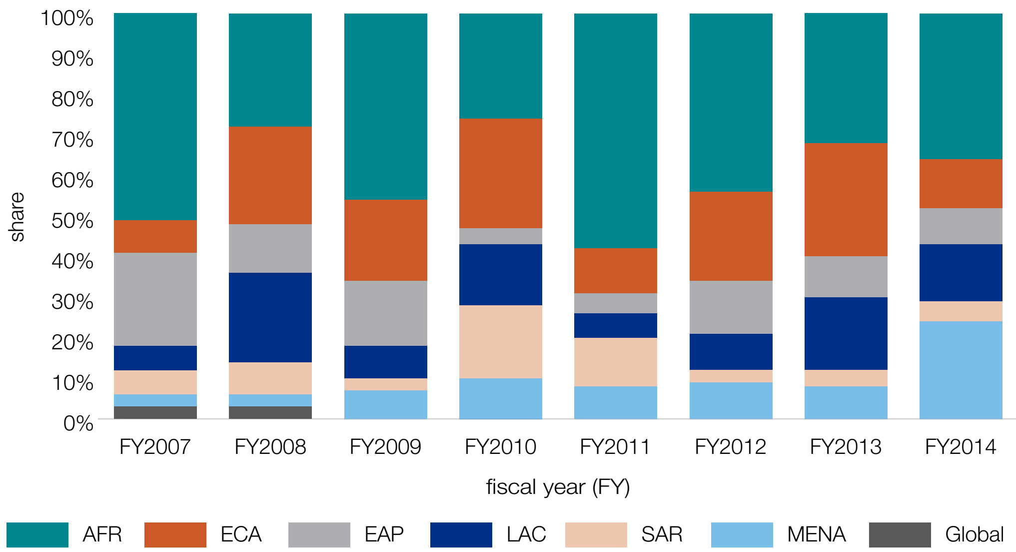
Figure 2 provides a cumulative view of commitment trends by region from FY2007 to FY2014.

Table 5. FIRST Commitments by Region, FY 2014, Phase III and Phase II

Region	FY 2014			Cumulative Phase III (FY2013–2014)[a]			Phase II (FY2007–2013)[a]		
	Number	Value ($ million)	Share (%)	Number	Value ($ million)	Share (%)	Number	Value ($ million)	Share (%)
Sub-Saharan Africa (AFR)	13	5.4[b]	36	15	5.9	37	141	25.8	41
Europe and Central Asia (ECA)	5	1.7	12	5	1.7	11	64	13.1	21
East Asia and Pacific (EAP)	4	1.4	9	4	1.4	8	42	7.6	12
Latin America and Caribbean (LAC)	9	2.1	14	9	2.1	13	49	7.5	12
South Asia (SAR)	2	0.7	5	3	1	6	26	4.1	7
Middle East and North Africa (MENA)	14	3.6	24	16	4	25	25	4.1	7
Global	0	0	0	0	0	0	2	0.5	0
Total	**47**	**14.9**	**100**	**52**	**16.1**	**100**	**349**	**62.7**	**100**

a. FY2013 was a transition year in which Phases II and III overlapped. Phase II project applications ended in December 2012, while approvals in the Bank's system continued through early 2013. Phase III started in January 2013, with the first project activated in the system in February 2013. FY2013 data in these tables are split into two phases accordingly.
b. Includes one program ($2.0 million).

Figure 2. Commitment Trend by Region, FY2007–FY2014



Sectoral Focus

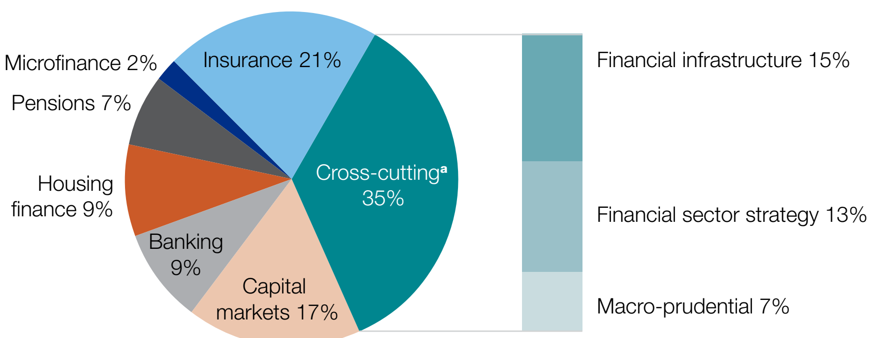
FIRST funds TA in a wide range of sectors: banking, insurance, capital markets, housing finance, pensions, microfinance, and cross-cutting areas such as macro-prudential, financial infrastructure, broad or focused financial sector strategies, and business conduct regulation. **Annex V** lists the sectors and areas eligible for FIRST funding.

In FY2014, 35 percent of commitments were made in cross-cutting areas such as crisis preparedness, deposit insurance, collateral registries, payment systems, and financial sector strategy (figure 3). There has been strong demand for TA in the capital markets and housing finance sector, as compared with the preceding fiscal year (figure 5). Overall, the biggest demand for TA was in the NBFIs (insurance, capital markets, housing finance, pensions, and microfinance), which received 56 percent of overall sector commitments. A total of $7.1 million was committed to NBFIs.

Since Phase II, FIRST's cumulative commitments have mostly been made in the insurance, banking, and capital markets. FIRST also maintains a major portfolio in cross-cutting areas such as macro-prudential issues, financial infrastructure, and financial sector strategy. FIRST's cumulative commitments are shown in figure 4.

Demand for financial strategy TA (for FSDIPs) has been high this year. Given the shift in the FSAP priorities toward countries of systemic importance, a number of LICs are not likely to have an FSAP in the near future. Yet, these countries—like any other—would benefit from having an integral vision and a road map for financial system reforms. To meet this demand, FIRST provided TA for FSDIPs in five countries in FY2014, of which three were in the Africa Region.

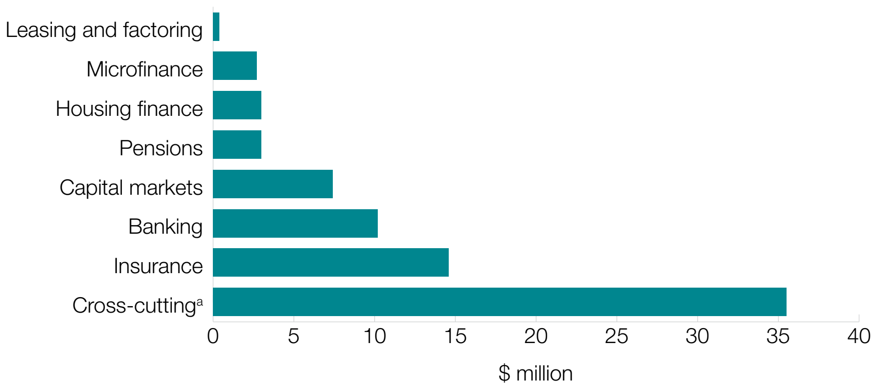
Figure 3. FIRST Project Commitments by Sector, FY2014



Note: Excludes programs, as they span various sectors.
a. Cross-cutting area also includes business conduct.

Figure 4. Cumulative FIRST Commitments by Sector, FY2007–FY2014

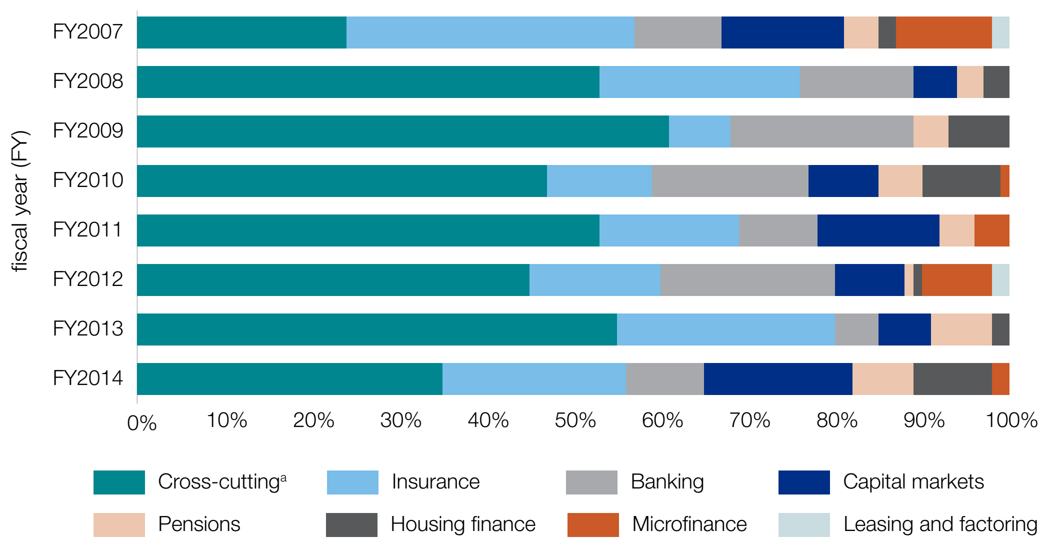
$ million



Note: Excludes programs, as they span various sectors.
a. Cross-cutting areas include macro-prudential, financial infrastructure, financial sector strategy, and business conduct.

Figure 5. Commitment Trend by Sector, FY2007–FY2014

%



Note: Excludes programs, as they span various sectors.
a. Cross-cutting areas include macro-prudential, financial infrastructure, financial sector strategy, and business conduct.

Looking Ahead

In line with the Phase III strategy and work program, FIRST is committed to building a strong pipeline of TA under the new programmatic initiative, continuing to support a wide variety of catalytic projects, and implementing a robust results measurement framework. The independent evaluation for Phase II commended FIRST for its client responsiveness and ability to deliver high-quality TA. At the same time, it highlighted the natural limits of small catalytic projects when it comes to moving from project outputs to outcomes, and from outcomes to impact on the ground. The introduction of the programmatic approach for Phase III aims to mitigate that limitation. FIRST will continue to sharpen its Results Framework, working collaboratively with the IMF and World Bank technical teams to align program indicators and targets within FIRST's areas of focus—financial inclusion, prudential regulation, and market development. A broader set of indicators will ensure that FIRST covers all potential areas of demand sufficiently and that FIRST's contribution to development outcomes and impact in recipient countries is better evaluated.

The Catalytic Window will continue to be an important delivery vehicle for FIRST support. In FY2014, demand from MICs for this type of gap-filling type TA remained strong. It is now outstripping available resources. Limited funding in the MIC window will greatly constrain FIRST's ability to respond to client demand at a critical time when the postcrisis reform agenda remains unfinished in a number of MICs. FIRST catalytic funding fills a crucial niche in financial sector reforms; it complements and catalyzes broader reforms, including those funded under the Programmatic Window. The independent evaluation of FIRST highlighted significant evidence of complementarity between FIRST and other donor activities in the financial sector, which improves the ability of FIRST-funded TA to attract follow-up funding by other donors. FIRST will continue to pursue opportunities for TA that enhances additionality and collaboration with other TA providers.

FIRST's core mandate is to support countries in prioritizing and implementing FSAP recommendations. However, owing to the limited resources available for FSAPs in LICs, there will likely be greater demand for FIRST products such as the FSDIPs, which, though not FSAP substitutes, do support countries in developing broad financial sector strategies with detailed action plans. At the same time, the global financial crisis and more intensive focus on financial access have created a broader array of topics for which FIRST TA is crucial. In particular, a number of client countries have committed to achieving specific targets with regard to universal financial access.[7] FIRST's financial inclusion work program is geared to meet this objective.

In Phase III FIRST will bring into sharper focus its role in knowledge management and dissemination, including through financing major knowledge work that can enhance FIRST's role among international standard-setting institutions in the financial sector. FIRST will continue to build on its comparative advantage of its global coverage in all the key aspects of the financial sector, which makes it uniquely positioned to gather, use, and disseminate lessons on what works and what does not in TA delivery.

Going forward, FIRST will continue to deepen engagement with its stakeholders, particularly key donors and partners within and outside the World Bank Group. In particular, FIRST will seek opportunities to partner with regional development banks in providing clients with development solutions, building on respective strengths and comparative advantages.

[7] http://www.afi-global.org/maya-declaration-afi-member-commitment-financial-inclusion.

3. FIRST'S IMPACT ON THE GROUND

FINANCIAL INCLUSION

Financial inclusion has become increasingly prioritized on the agendas of developing and emerging countries as a means to reduce poverty. To date, about 50 countries have made measurable commitments to unlock the social and economic potential for 2.5 billion unbanked people through greater financial inclusion by adhering to the Maya Declaration.[8] In the past 6.5 years (since Phase II began), FIRST has funded over 100 projects, worth a total of $30 million, to promote financial inclusion, specifically in *credit reporting, payment systems, SME banking, partial credit guarantees, housing finance, microfinance, insurance, corporate bonds,* and *consumer protection.*

FIRST's commitment to financial inclusion is reflected in both its Catalytic and Programmatic windows. The initial demand for a programmatic window that funds medium- and long-term reforms related to developing innovative financial products for micro, small, and medium enterprises and households (e.g., a partial credit guarantee and factoring mechanisms in Guatemala), microfinance and savings and credits cooperatives (in Rwanda), microinsurance (in Ethiopia), and affordable housing (in India).

Presented here are examples of results briefs selected from completed Phase II projects to showcase how FIRST contributed to financial inclusion.

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[8] http://www.afi-global.org/maya-declaration-afi-member-commitment-financial-inclusion.

Nicaragua: Building Confidence in Financial Services by Improving Consumer Protection

FIRST provided assistance to the Superintendency of Banks and Other Financial Institutions of Nicaragua (SIBOIF), to develop a national program for improving consumer protection for the banking and microfinance sectors. **With support from FIRST, a new consumer protection law that includes a financial services chapter was enacted and related transparency regulations to improve consumer confidence in the financial sector were drafted.** *The project directly linked to FSAP 2009 recommendations and was implemented during 2011–2013 with a total disbursement of $165,000.*

Challenge:

The retail financial services industry in Nicaragua was growing rapidly before the global financial crisis, with consumer credit growth of nearly 40 percent year-on-year, peaking in 2007. The speedy growth was not matched by the level of financial education and appropriate consumer protection mechanisms, opening the door to hidden microloan fees, forced savings, and high charges for late payment, which were not presented transparently in financial contracts. The global financial crisis resulted in a drop in international remittances, a funding shortage, and low prices for exports. This produced a drop in the growth of the country's gross domestic product (GDP) of 1 percent in 2009, resulting in greater unemployment. All of these factors, together with the lack of adequate information and transparency, led to the "no-payment movements" and massive defaults on consumer loans from commercial banks and microfinance institutions. Between 2009 and 2010, microfinance institutions lost over $60 million in foreign financing, and their credit portfolio in arrears (over 30 days overdue) skyrocketed to close to 17 percent from some 3 percent before the crisis. Several micro lenders went out of business or had to be heavily recapitalized, and the number of microfinance consumer loans sharply decreased leading to negative growth.

Nicaragua's SIBOIF, with the legal mandate for the soundness, efficiency, and overall performance of the financial sector as a whole, approached FIRST for TA in late 2010. The objective was to strengthen the consumer protection framework in line with the 2009 FSAP findings and recommendations.

Solution:

The TA provided by FIRST included (i) an assessment of the legal, regulatory, and institutional frameworks for consumer protection; (ii) a consumer research report that gathers demand-side information on consumers' experiences with and concerns about financial consumer protection; (iii) an action plan; (iv) a consensus-building workshop with key stakeholders on a prioritized action plan to implement the recommendations of the diagnostic review; and (v) revisions to laws and regulations related to consumer protection.

These regulations include a methodology for calculating the total annual costs of credit products and a model (summary sheet) for disclosing the terms and conditions of active and passive financial products to consumers in the banking sector, in addition to the contract. In addition, the regulation covered the following concepts:

- Rights and obligations of clients
- Applicable criteria for fees and expenses, including the process for changing them
- Transparency in advertising
- Roles of board of directors and internal audit
- Disclosure of formulas for calculating interests and fees
- Abusive clauses in financial product and services contracts
- System to address claims by financial users

Results:

With FIRST support, Nicaragua enacted a new consumer protection law in June 2013. In September 2013, Nicaragua published related regulations to further support an increase in the transparency of financial transactions.

SIBOIF is planning to create a consumer protection department and dedicate staff to the issue. It is still early to assess the impact for individual citizens. However, countries that have strengthened consumer protection frameworks have shown low cases of abusive practices and higher levels of competition.

El Salvador: Expanding Access to Financial Services through New Agency Banking Channels

FIRST provided TA to support authorities in El Salvador in developing a conducive legal and regulatory framework to expand access to financial services. **Within the timeline of project implementation, the regulation on agency banking was enacted, allowing two banks to open a nonbank agent network. Just a few months after launching the innovative products, 484,128 basic banking transactions totaling nearly $45 million were processed through new channels.** *The project directly linked to the FSAP 2010 recommendations and was implemented during 2012–2013 with a total disbursement of $40,000.*

Challenge:

El Salvador has one of the lowest levels of use of formal financial services in Latin America. According to World Bank data (Findex 2011), just 6 percent of the poor population (bottom 40 percent) have accounts at financial institutions. Although financial access has expanded, most credit and deposit-taking activity still occurs in the capital city. Often banks do not open branches elsewhere, because the volume of transactions is too low to be cost-effective. This makes it difficult for others, particularly those living in rural areas, to access basic financial services without high transaction costs. El Salvador did not have a legal framework that allowed banks to use nonbank agents to provide financial services (e.g., payments, remittances) in locations where bank branches are absent. As the Salvadoran government was very committed to the financial inclusion agenda, the Banco Central de Reserva de El Salvador sought FIRST's support in helping to establish a conducive legal and regulatory framework for mobile financial services.

Solution:

FIRST's support included drafts of regulations on agency banking, mobile payments, and a financial inclusion decree that all together will support the extension of financial service delivery channels. In addition, the project also supported stakeholder dialogue—for example, through a presentation on retail payments to promote financial inclusion at a forum attended by 200 people from the financial industry and other stakeholder groups in June 2013. Finally, the project team also provided comments on a decree to support financial inclusion that supports the framework for retail payments, electronic money, and basic bank accounts with simple conditions and lower fees.

The Central Bank has indicated that the TA provided by FIRST was very useful in clarifying the conceptual aspects of models used to support financial inclusion (mobile banking, agency banking, electronic money, and basic banking accounts) as well as in the legal drafting process. The Central Bank also appreciated the opportunity to learn from global best practices in this area.

Results:

In June 2013, El Salvador's Central Bank approved regulations governing agency banking, paving the way for financial institutions in the country to be able to offer their services through third parties such as shops, supermarkets, and even individuals. To date, two banks have received licenses to operate agency banking and expect to open hundreds of agents across the country (source: Elsalvadore.com). In the months for which data are available (December 2013 to May 2014), **484,128 basic banking transactions totaling nearly $45 million were processed through agency banking.**

The mobile financial services regulation was made available for public comment in December 2013 and is pending approval with the Committee of Regulation. The financial inclusion decree was submitted to the Legislative Assembly for approval in June 2014.

The project has helped the Government of El Salvador realize half of its commitments toward financial inclusion declared in the Maya Declaration in April 2013.

India: Expanding Access to Affordable Housing Finance

FIRST provided important seed support for a series of reforms by the National Housing Bank (NHB) of India to expand affordable housing finance. During the period 2007–2013, FIRST funded two projects, for a total of $583,000, that **helped to broaden the affordable housing market for the poor population.**

Challenge:

India's housing market has experienced very rapid growth since 1999 due to several factors, including an increase in purchasing power, a decline in interest rate, and the deepening capital market. The rise in demand together with the huge shortage of supply (about 25 million housing units) further inflated high prices, making housing unaffordable for a large number of the urban poor. Problems existed on both the demand and the supply sides. The urban poor often have irregular income and are not served by traditional financial institutions. Banks do not have adequate information and tools to make a business case for lending for the low-income groups. Microfinance institutions and financial cooperatives could serve the poor but they lack adequate funding bases, organization, and expertise to offer long-term, collateralized lending products. Housing developers did not have incentives to build houses for the poor because of the limited land and the lack of access to low-cost funding for construction.

Solution:

The NHB, which regulates, finances, and promotes the housing markets, approached FIRST initially in 2007 to help identify opportunities and solutions to address both demand and supply problems in the housing markets, and subsequently in 2009 to act upon the recommendations from the first TA. Summarized below are key milestones of the engagements and the ongoing reforms catalyzed by FIRST's seed support.

2007

Study on Housing Market for Low-Income Groups

- Identified commercial segments for affordable housing without public assistance
- Recommended innovative business process and products, and credit risk management
- Proposed policy issues to resolve

2009–2013

Follow-up TA

- Demonstrated feasibility of affordable housing products for low-income groups through several conferences, stakeholder meetings, and one-to-one meetings with developers, housing finance companies, and government officials
- Strengthened supply through capacity building for **NHB**, the key institution that regulates, finances, and promotes the housing market at the same time. Fiveyear strategy developed
- Training needs assessment conducted for housing finance institutions; training was subsequently delivered by IFC

2014

Catalytic Effects

- NHB received $100 million IDA credit for (i) building capacity for primary lending institutions on developing new products, loan standards, risk management tools, financial literacy, and consumer protection; (ii) developing new instruments, prudential norms, and guidance to NHB's client institutions; and (iii) on-lending
- NHB received £50 million over seven years (2013 –2019) from DFID to develop affordable housing in eight low-income states
- Formed first mortgage guarantee company with IFC, ADB, and Genworth in 2012

Results:

The housing study, the stakeholder awareness raising and dissemination of innovative products, and the Strategic Plan had helped the NHB tap into the low-income group housing markets with a defined road map and deeper information. These outputs underpinned the NHB's strategy, resulting in a $100 million International Development Association credit from the World Bank in 2013. At present, the NHB is partnering with donors (e.g., the Department for International Development of the United Kingdom, or DFID) and other international finance institutions to further deepen the housing markets for the low-income groups.

The NHB has achieved great success in developing the housing market in the past five years, with outstanding loans growing by 30 percent annually, reaching $132 billion in 2013. Housing products are distributed through a network of 96 lending institutions, including many microfinance institutions, rural banks, and cooperative banks. This has contributed to a decline in the housing shortage from 25 million housing units in 2007 to 18 million housing units in 2012. Mortgage depth has increased to 8 percent of GDP, up from 3 percent in 2005. According to Findex, the housing penetration was 2.3 percent in 2011, or approximately 20 million people had a housing loan compared with nearly 6 million in 2007.

The growth of NHB and the development of the housing markets in India is not entirely attributable to FIRST. However, FIRST's contribution was highly catalytic, which was acknowledged by **R.V. Verma, the chairman and managing director of the NHB**, who said during the Housing Finance Seminar at IFC headquarters in Washington, D.C., on October 10, 2013:

It was FIRST's Study on Housing Demand and Supply in 2007 that helped us to implement market-based solutions for the housing finance challenges. We did not stop at the study, we carried on and initiated projects to marry the financial institutions with construction agencies. We faced challenges in terms of demand identification, scaling up the projects across financial institutions and construction agencies, and with your help, we saw the light of the day. The last two years' results were encouraging—$132 billion disbursed. FIRST and the World Bank Group have inspired us to move forward with the long-term market-based solutions.

Lao PDR: Promoting Reforms for Payment Systems

FIRST provided TA to the Bank of Lao to develop the national payment system strategy and create the legal and regulatory framework for the national payment system.

Challenge:

Modernizing payment systems was identified as a key driver for developing the financial sector for the Lao People's Democratic Republic (PDR) in the context of the country's 10-year vision and strategy, which was developed with the support of the World Bank in 2009. Payment flows to Lao PDR are diverse and largely facilitated by the physical transfer of cash in person or by other similar means. In 2011, there were 2.5 bank branches per 100,000 adults in Lao PDR, compared with 6 branches in the rest of its peers in the East Asia and Pacific Region and 8 ATMs compared with 14 in the Region.[9] Regarding usage, 3 percent of adults used accounts to receive wages compared with 17 percent in the Region, and 6 percent used debit cards compared with 35 percent in the Region.

Solution:

The inefficient state of the payment systems and the resultant limited access and usage were exacerbated by the absence of a conducive legal and regulatory environment. Responding to a request from the Bank of Lao, FIRST provided TA worth $240,000 in 2011–2013 to (i) conduct the payment flows study; (ii) draft legal measures for establishing the oversight framework and regulations for electronic funds transfers; (iii) produce a technical note on establishing the oversight system; and (iv) develop a high-level national payment systems (NPS) strategy. An internal committee was formed to work on the National Payment Strategy Decree, with support from the World Bank Group project team, which comprised World Bank and IFC staff and consultants. The draft is expected to be approved by the governor of the Bank of Lao in November 2014 and thereafter will be submitted to the Ministry of Justice for review.

[9] Source: G-20 Financial Inclusion indicators (www.worldbank.org). The regional average excludes developed countries.

In May 2013, a large event on innovative payments and inclusive finance was organized by the World Bank, IFC, and the United Nations Capital Development Fund. Participants in the event included important stakeholders such as representatives from the Lao government, banks, and mobile network operators. Participants were informed about the potential for innovative payment instruments such as public and private sector payrolls to be made through mobile accounts. Participants also shared experiences from Papua New Guinea and Cambodia.

Results:

The project has made a significant contribution to modernizing payment systems and catalyzed support from the World Bank Group and donors for follow-up TA. The World Bank is putting together a TA program to support the implementation of the national payment systems strategy in general and in particular to develop the oversight framework; developing interoperability arrangements for retail payments; and bringing about a greater shift of government payments to electronic means. IFC is designing a TA program in evolving pilot programs to support the development of innovative payment mechanisms for utility bill payments and supply chain payments at a beverage company. In the payment flows study, these were identified as being among the payment transactions where cash is very intensively used. The work is funded by SECO for about $500,000 for three years, an amount that may need to be increased in light of the numerous activities that need to be carried out in order to build a stronger and more efficient national payment systems ecosystem. The United Nations Capital Development Fund is assisting in the development of alternative payment channels and e-money/ mobile money with a program envelope of $5 million.

Khaikeo Luangsivilay, deputy director of the IT Department at the Central Bank of Lao PDR, who is the head of the working committee of the payments system project, said:

The national payment system is a very important road map document for the Central Bank. It was the first time that such a document was presented to us. It has provided clarity, helped us strategize on how to organize ourselves and align our resources to the recommendations set forth in the NPS such as having a National Payments committee and department. The WBG support has been essential in building our capacity and in helping the Central Bank move forward steadily to an international best practice legal framework. We appreciate very much the high caliber of WBG experts. We hope to count on this continued unique and essential support to help set forth an efficient payments ecosystem in Lao PDR.

FINANCIAL STABILITY

FIRST supports financial stability through TA with a wide array of mechanisms, for example: *prudential regulations and supervision, deposit insurance, crisis preparedness and resolution regimes,* and *corporate financial reporting*. Work under the prudential supervision pillar is geared to promote compliance with international standards (such as the Basel Core Principles for the banking sector and the Insurance Core Principles for the insurance sector).

This section showcases some of FIRST's success in helping client countries to strengthen deposit insurance schemes (DISs), bank resolution capacity, systemic risks assessment, and surveillance capacity.

Ukraine: Capacity Building in Bank Resolution

Together with the World Bank and other donors (the U.S. Agency for International Development, the Government of the Netherlands), FIRST funded TA to provide **just-in-time capacity building for the Deposit Guarantee Fund (DGF) to resolve and liquidate two small private banks**. The TA started immediately after the DGF was given a new mandate on bank resolution by the Government of Ukraine and was implemented intensively during January–May 2013.

Challenge:

In the context of massive bank failures resulting in extensive losses for Ukraine's banking sector during 2008–2010, the Government of Ukraine transformed the DGF from a simple pay-box deposit insurer into a deposit insurance system with a bank resolution agency mandate, effective September 22, 2012. Nonperforming loans were estimated at about 35 percent of total gross loans, and a wave of bank failures became a real threat to Ukraine's banking sector during this time. The objective of reforming the DGF was to reduce the overall cost of bank failures by promoting early interventions, to maximize the value recovered from bank assets, and to restore market confidence.

On October 31, the DGF received its first test case of its new mandate—to handle the provisional administration and subsequent liquidation process of a small, private bank. The DGF has 90 days in which to take control of the bank, take stock of its assets and liabilities, conduct evaluations, determine the least-cost option for resolution, put forward information to the market for potential investors, and conduct liquidation. Handling this process smoothly was a critical learning experience for the DGF and also an important signal to the market that the DGF can carry out its new mandate to restore public confidence.

Solution:

Responding quickly to the DGF's request, FIRST funded a small TA project of $125,000 to bring in a team that included an international expert who was a former bank liquidator and bank resolution expert at the U.S. Federal Deposit Insurance Corporation (FDIC), a World Bank senior deposit insurance expert, and a local legal expert, to build operational capacity in bank resolution and liquidation for the newly formed team at the DGF.

During the three fieldwork missions that took place from January to May 2013, the team provided advice, guidance, templates, and training to DGF staff on how to implement the detailed processes of a bank resolution plan and a liquidation plan, how to conduct valuation of bank assets, and how to prepare assets sales and bid documents. Case studies of the resolution of a problem bank and a liquidation plan were used during the training. In the process, the DGF team benefited from technical tools used by the FDIC for asset evaluation such as cash flow and net present value worksheets. The expert summarized lessons learned from the first bank resolution to be used for the second one.

The team also reviewed DGF regulations against the Civil Code and existing financial sector laws for discrepancies and potential conflicts, and advised on amendments needed in order to enable the smooth implementation of bank resolution and liquidation in the future. The team also provided comments on the draft Strategic Plan 2013–2017 for the DGF.

Results:

As a result of the TA, the DGF obtained just-in-time assistance to carry out bank resolution and liquidation plans for two failed banks. In the view of its management, the DGF has substantially improved its capacity to carry out this work. The success of the initial TA has led to another request to FIRST to follow up on the expert recommendations and further strengthen the DGF's resolution and liquidation capacity as well as its capital reserves, in order to make funding adequate in hard times without using taxpayers' money. The follow-up project, worth $260,000, was approved by FIRST and is being implemented from September 2013 to June 2015.

Egypt: Improving Systemic Surveillance

Following the **FSAP** 2010 recommendations, the Central Bank of Egypt (CBE) approached FIRST for help with developing a tool for strengthening the risk assessment and management framework for individual banks and the whole financial system. FIRST funded TA worth $180,000 to provide the CBE with a customized **Financial Projection Model (FPM)**, a tool that helps bank supervisors implement dynamic stress tests, identify and monitor problem banks, assess systemic vulnerability, and evaluate a bank's value for liquidation or resolution options, among other tasks. The TA was carried out between January 2012 and June 2013.

Challenge:

The January 2011 revolution in Egypt greatly affected the financial sector, not least through the closure of banks from January 27 until February 6, and of the Egyptian Stock Exchange until March 23. As a regulatory and supervisory body, the CBE had to closely monitor the quality of banks' assets and nonperforming loans, and undertake rigorous stress testing for banks. The banking system was vulnerable to a growing crowding-out effect by the government from sell-offs of debt and from the growing budget deficit. The deterioration in the investment climate and the overall macroeconomic environment negatively affected demand for private credit. The attendant risks made financial sector stability and the system's resilience a crucial priority for the government.

In the context of strengthening the stress testing framework, a World Bank team in July 2011 provided training to the CBE's supervisors on the FPM (see box). The need to customize the model to the country's accounting standards and prudential regulations led to a request for FIRST funding to help with the customization and with knowledge transfer for this tool.

Solution:

The FPM experts customized the model in a way that enabled the CBE to carry out stress testing based on international best practices and Basel II rules on capital adequacy, while having the flexibility to apply the country's prudential regulations in terms of capital, liquidity, and loan loss calculation. The experts developed a system-wide FPM containing all 12 banks' data, which also allows for individual bank assessments. Training on using the tool was provided for both CBE supervisors and the potential users at the Macro-Prudential and Off-site Surveillance Units. Hypothetical and real case studies were used to maximize the transfer of know-how. The experts also developed a technical note on the integration of the customized model into the CBE's supervision.

The Financial Projection Model (FPM) is an analytical tool developed by the World Bank's Finance and Markets Global Practice to evaluate the dynamics of a bank (or a banking system) and to quantify the effect of critical factors affecting its future financial performance. The FPM helps in implementing a more forward-looking approach to supervision and ascertaining the effects of internal and external events on the financial viability of a single bank or an entire system in a dynamic fashion.

The FPM can be used by central banks, supervisory authorities, and deposit insurance authorities or corporations to identify, assess, and monitor both systemic and idiosyncratic risks.

The FPM helps staff

- implement comprehensive scenario analyses and stress tests
- develop prompt corrective action for problematic banks
- implement resolution options against failing and failed banks

Systematic use of the FPM can support better assessments of condition and viability, as well as answer crucial questions, such as how solvency and operational sustainability would evolve under certain stress scenarios and whether pre-provision profits under stress would be able to absorb additional losses, cover operating costs, and keep capital at an acceptable level.

Source: www.worldbank.org/financialprojection.

Results:

The FPM was innovative and impactful. It led to an **improvement of the CBE's early warning system through the identification of both idiosyncratic and systemic risks**. It allows the CBE to take preemptive measures to mitigate the impact of risks before they threaten the viability of individual banks and the whole system. In addition, the project led to significant knowledge transfer to and capacity building for the CBE staff, to enable them to maintain the model in the future. The CBE's integration of the FPM into its ongoing supervisory surveillance and its continuous use will contribute to a sound and stable financial system.

West Bank and Gaza: Establishment of Deposit Insurance Scheme (DIS)

FIRST's initial support in the needs assessment for a DIS in West Bank and Gaza in 2009 has laid the foundation for the fully functioning DIS today.

Challenge:

A review of the banking sector by the World Bank in June 2008 underscored the vulnerability of the banking sector, due in part to the domination of foreign banks, which held nearly 40 percent of deposits and 65 percent of loans, and the absence of national currency, which posed interest rate risk and transfer risks. Given these structural risks and the growing amount of savings captured by the banks, the establishment of a DIS became a critical issue to address in West Bank and Gaza.

Solution:

Responding to a request from the Palestinian Monetary Authority (PMA), FIRST funded a consultant to conduct a feasibility assessment and to produce a preliminary design of the proposed DIS and an implementation plan. The work was well received by the authorities. On the basis of the feasibility report and other analytical works, the PMA decided to embark on the implementation phase of this project. The World Bank supported it with a TA grant of $5.2 million under the Capacity Building for Palestinian Economic and Regulatory Institutions program. This TA grant included a component that focused specifically on the establishment of a DIS, the drafting of the necessary legal framework (the DIS law and amendments to the banking law and trade law; also, design of the statutes and a suitable governance framework, and a set of relevant regulations), the development of DIS operational procedures, and a public awareness campaign.

Results:

In May 2014, five years after the feasibility assessment, the DIS officially became operational. The PMA has put in place all of the conditions recommended for this establishment, including the following:

- The new Palestine Deposit Insurance Corporation (PDIC) law was approved through a presidential decree on May 29, 2013, setting the legal framework for establishing the PDIC in accordance with the best international standards and providing coverage of approximately 93 percent of bank depositors in the West Bank and Gaza.
- The Board of Directors of the PDIC has been established and is chaired by Dr. Jihad Al Wazir, the PMA governor.
- In November 2013, the PDIC was accepted as a full member of the International Association of Deposit Insurers.
- As of April 2014, the PDIC had collected more than $20 million in premiums from both commercial and Islamic banks.

In May 2014, the PDIC launched its website in Arabic to provide the public with information on deposit insurance, its objectives, and its merits (http://www.pdic.ps). This was followed by the launch of a huge awareness campaign in West Bank and Gaza, featuring the installation of billboards in most major roads, as well as informative posters in banks and advertisements in print, audiovisual, and electronic mass media bearing the slogan, "**Your Money Is Safe, We Insure It.**"

Liberia: Developing Capacity for Stress Testing (IMF)

Challenge:

The rapid growth of bank credit, fueled by strong economic activity during 2008–2011, had an impact on the quality of assets in the banking sector. At the end of December 2011, the ratio of nonperforming loans stood at 21 percent and banks' profitability ratios were negative owing to poor asset quality and the absence of important supporting preconditions such as information infrastructure (with no credit reference bureau, no collateral registry, and weak legal enforcement), as well as the lack of domestic securities and high operating costs. With the support of the IMF's long-term resident bank supervision expert, bank supervisors had made important progress in their capacity to carry out off-site and on-site supervision, with written procedures and templates for quarterly reporting, and a verification system was put in place to ensure the accuracy of information submitted by banks. To assess the vulnerability of the banking sector and to create in-house capacity for the underlying work, the Central Bank of Liberia (CBL) decided to embark on top-down stress testing. But there was no guideline or model, and the statistical base for risk analysis was inadequate. Aware of these important gaps, the CBL requested TA to help them to (i) strengthen the CBL's coverage and management of banking sector data for stress testing; (ii) develop an analytical framework to conduct stress tests on banks and assess banking sector vulnerabilities; (iii) train the regulators and supervisors in performing stress tests and interpreting results; and (iv) integrate stress testing into the regulator's off-site surveillance of banks. In support of this request, the IMF's Monetary and Capital Markets Department approached FIRST to seek funding for this project.

Solution:

With funding from FIRST, between August 2012 and July 2013, experts from the IMF's Monetary and Capital Markets Department fielded four missions to the CBL and provided the following TA: (i) assessed preparations at the CBL and commercial banks for adoption of stress testing and provided guidance on key issues and operational actions; (ii) developed and piloted a preliminary framework; (iii) strengthened the framework in terms of enhancing data quality, broadening risk coverage, and enhancing the plausibility of shocks and assumptions relating to stress testing; and (iv) evaluated the effectiveness of the TA in terms of enhanced capacity to assess banking sector vulnerabilities using top-down stress testing, in generating a well-informed financial stability analysis and reporting system.

Results:

Overall, the project was well received by the authorities and suited the particular circumstances of the CBL. The CBL has implemented most of the TA mission recommendations. Key achievements include the following:

(i) **A stress testing framework to run top-down stress tests to assess the vulnerability of the banking sector was developed and later enhanced using expanded data.**

(ii) **Data collection efforts improved significantly.** Notably, (a) there is greater and more in-depth scrutiny of prudential returns by the CBL staff; (b) the CBL is able to elicit more disclosures from the banks, thereby improving data quality and supervisory assessment; (c) the statistical base for risk assessment and analysis is strengthened and forms part of the compilation of a broader set of financial soundness indicators; (d) the CBL staff holds regular meetings with banks in order to obtain more information on their risk-management interfaces; and (e) the CBL is able to successfully conduct top-down stress testing and interpret the results to better inform its forward-looking financial stability analysis and reporting and its day-to-day supervisory actions.

(iii) **Stress testing capacity has been developed at the CBL**; the staff now has the ability to conduct stress testing, monitor vulnerability, and provide advice to commercial banks as they move toward the adoption of their own stress tests.

(iv) **The CBL has started integrating stress testing in its macro- and micro-prudential analytical work as an additional tool for financial stability analysis and/or as early warning indicators**, albeit on a limited basis.

(v) **The CBL has the framework in place as well as the necessary tools for the production of a financial stability report.**

Furthermore, as a consequence of these reforms, the CBL is contemplating the possible establishment of a formal **Financial Stability Unit** to better manage banking sector vulnerability assessment, stress testing, and financial stability analysis and reporting.

South Asia Region: Strengthening Payment, Remittances, and Securities Settlement Systems in South Asia

Challenge:

Many countries in the South Asia Region face similar difficulties with respect to payment systems. The ability to share experiences, problems, and solutions across countries can strengthen and accelerate, through peer pressure, the policies that each nation adopts, as well as reduce the time and cost of modernization. The South Asia Payment and Securities Settlement Initiative (SAPI) originated from a high-level mandate from the South Asia Central Banks' Deputy Governors (Colombo meeting, July 2007) to replicate the successful experience with regional cooperation in payments systems in the Southern African Development Community, Latin America and the Caribbean, the Commonwealth of Independent States, and the Arab region.

Solution:

FIRST funded TA worth $400,000 to assess the payments and securities settlement systems in the SAPI countries, including Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. The project helped create the International Advisory Council and the Regional Secretariat to support the SAPI implementation and to ensure continuity. The following specific country-level activities were undertaken under SAPI:

- Review of the payment, remittances, and securities settlement systems in in Afghanistan, Bangladesh, Bhutan, Nepal, Pakistan and Sri Lanka
- Review of the national market for international remittances in India using the framework of the CPSS-World Bank General Principles for International Remittances

No specific activities were initiated in Maldives, as it had an ongoing payment systems modernization project funded by the World Bank.

The reports analyzed the prevailing situation and the planned reforms, identified gaps, and provided detailed recommendations and road maps for improving payment infrastructures. Detailed legal assessments and proposals were also provided to authorities in these countries.

Results:

The analytical work and strategic advice funded by FIRST have accelerated a number of reforms:

- Bangladesh has initiated a project to implement a real-time gross settlement (RTGS) system with funding from the Asian Development Bank, with TA from the World Bank Group under a programmatic trust fund financed by AusAID (the Australian Agency for International Development) and the Bangladesh Investment Climate Fund, and implemented an automated clearinghouse (with funding from DFID). The Bangladesh Bank has issued comprehensive payment and settlement systems regulations as a prelude to the enactment of the National Payment Systems Act, which is under review.
- Nepal has proposed to start a project to develop an RTGS system in 2015. It has established a payment systems unit and developed a national payment systems strategy. It has also embarked on legal and regulatory reforms (with TA from the World Bank Group under a trust fund financed by the South Asia Development Facility, a multidonor trust fund managed by IFC, and funding from the Government of Luxembourg).
- Afghanistan has begun a project to implement a RTGS, a central securities depository, an automated clearing house, and a national card payments switch with funding from the World Bank.
- The State Bank of Pakistan published a report titled “Payment and Settlement Systems in Pakistan,” established a dedicated payment systems department, and enhanced the operating rules and procedures of the large-value payment system known as the Pakistan Real-time Interbank Settlement Mechanism (PRISM).

Excerpts from the IMF's Monetary and Capital Markets (MCM) Department's Annual Report (FY2012)

This section presents excerpts from reports of FIRST-funded financial stability projects, highlighting key achievements.

Southern Africa: Strengthening Financial Stability Frameworks

"The Bank of Botswana (BOB) benefited from the recent MCM TA support on strengthening its financial stability framework. With this support, the BOB has been moving forward to make its new financial stability division fully operational and capable of delivering its core financial stability functions."

Moses D. Pelaelo, Deputy Governor, Bank of Botswana

"With technical assistance from MCM, the Central Bank of Lesotho has made significant improvements in the sphere of financial institution regulation and supervision to address issues relating to market development and stability."

A.R. Matlanyane, Governor, Central Bank of Lesotho

"The recent MCM TA mission to Swaziland on strengthening financial stability analysis and reporting assisted the Central Bank of Swaziland to set up a unit that will identify key risks to financial system stability and embark on stability analysis and reporting."

M.G. Dlamini, Governor, Central Bank of Swaziland

Moldova: Crisis Preparedness, Forecasting, and Policy Analysis

"The IMF provided assistance to the National Bank of Moldova in the field of monetary and financial statistics, which contributed to the improvement of monetary reports and completion of 1SR and 2SR reports, and extended the coverage of monetary and financial statistics through the inclusion of other financial institutions.

"Also, during 2011 the IMF long-term advisor in Moldova continued to provide TA on monetary policy matters. This TA has made a positive contribution to the enhancement of monetary policy formulation and implementation by (i) gradually adopting an inflation-targeting regime based on a transparent monetary policy decision-making process and supported by a forecasting and policy analysis system; (ii) identifying constraints to the efficient implementation of the transmission mechanism; (iii) improving the interaction between monetary policy and financial stability; and (iv) developing an efficient framework for external communication."

Marin Molosag, First Deputy Governor, National Bank of Moldova

Morocco: Macro-prudential Analysis

"The IMF's TA project on the macro-prudential framework has provided substantial support to Bank Al-Maghrib in the development of an analytical framework of systemic risks in line with good international practices. The recommendations, both at the technical and methodological level, have enabled the teams from Bank Al-Maghrib to make excellent progress and to complete the project more quickly than anticipated. Thus, Bank Al-Maghrib now has a mapping of systemic risks and a system for the scoring of these risks. It has also substantially enhanced its specific and macroeconomic stress testing tools."

Ms. Zahoui, Deputy Head of Bank Supervision Department, Bank Al-Maghrib

FINANCIAL SECTOR DEVELOPMENT STRATEGY

The FSDS has been a special product at FIRST. It helps elaborate the FSAP recommendations, adding details, specifying priorities, providing a timeline for reforms, and identifying agencies responsible for action. The recent Phase II Evaluation has confirmed the success of this instrument and recommended that FIRST continue to fund FSDSs. The following example shows how important an FSDS is for a country in catalyzing financial sector reforms.

Mozambique: Promoting Reforms through the FSDS

Following the **FSAP** 2009 recommendations, the Government of Mozambique asked FIRST to assist with the development of a full-fledged FSDS to address the issue of access to finance, particularly in rural areas, among other issues. TA worth $228,000 was successfully completed in 2013 and has led to follow-up reforms worth nearly $48 million, supported by the World Bank, DFID, and FIRST.

Challenge:

The 2009 **FSAP** Update indicated that although Mozambique had made significant progress in overall financial system development and stability, serious deficiencies remained in terms of financial access. This was confirmed by the 2009 Finscope survey, which revealed that 78 percent of the adult population was financially excluded and uses neither formal nor informal financial products. The key challenges that hindered the usage of financial services were (i) the high collateralization of loans, at about 90 percent; (ii) the lack of bank presence in rural areas—only 51 of 128 districts had banks, branches, or ATM/POS facilities; (iii) the low penetration of microfinance in rural areas, with the rural portfolio accounting for just 5 percent of the total microfinance portfolio and 12 percent of the customers.

Solution:

Responding to the request from the Ministry of Finance on behalf of the Mozambique government, FIRST funded a team of financial sector experts, including rural finance consultants, to develop an FSDS with a detailed, time-bound, and prioritized action plan. The launch of the **FSDS 2013–2022** was led by the Ministry of Finance and attended by over 100 participants from government, the donor community, and the private and financial sectors. **The strategy has helped set a vision for the Government of Mozambique "toward a strong, healthy, inclusive, competitive, transparent, and resilient financial system that promotes economic development."**

Results:

The FSDS led to a three-part series on Programmatic Financial Sector Development Policy Operation during FY2014–FY2016 to support the reforms laid out in the FSDS, specifically on three themes: (i) financial stability, (ii) financial inclusion, and (iii) long-term financial markets. The first loan in the series, with a **$25 million** operation, was approved by the Board of the World Bank in July 2014. The next two are planned to be delivered to the Board in September 2015.

In addition, **the FSDS has catalyzed additional donor and World Bank TA support**, specifically through the upcoming **$20 million *Financial Sector Deepening Fund for Mozambique*** (recently launched by DFID, with other donors expected to join) and the **$2 million Financial Inclusion Support Framework** under a World Bank trust fund facility. Furthermore, in February 2014, FIRST approved a project worth $410,000 for development of the Mozambique debt market, in line with the FSDS recommendation to promote access to long-term capital for the private sector.

4. RESULTS MEASUREMENT

FIRST's Scorecard is designed to provide a strategic overview of its operational performance toward financial development goals—inclusion, stability, depth, and efficiency. The Scorecard is structured in three tiers, showing a pathway toward developing financial systems:

- **Tier I, FINANCIAL DEVELOPMENT**, reflects FIRST's highest level of expected contributions, measured in four dimensions—inclusion, stability, depth, and efficiency. By design, FIRST's projects under the Catalytic Window are small and gap-filling, so attribution is examined carefully for Tier I reporting. This means that not every project can report results in Tier I; at the same time, some projects have results in multiple dimensions. For example, a payment systems project can contribute to both *inclusion* and *efficiency* when it helps reforms in retail payments and infrastructure; a capital markets project can contribute to both *depth* and *efficiency* when it enables new types of securities and improves the issuance process or settlement systems; an insurance project can contribute to both *depth* and *stability* when it helps develop sound actuarial products and promotes a prudential technical reserve ratio. An FSDS project could spur reforms aimed at all four dimensions, but FIRST cannot report this project's contribution to Tier I because as a result of the implementation of recommended reforms, impacts will happen that consume resources from others. Using results chains at the project level helps FIRST to report reasonably and qualitatively how and how much its portfolio contributes to financial development.

- **Tier II, ENABLING ENVIRONMENT**, reports key outcomes contributed directly by FIRST's projects and programs. These outcomes are fundamental enablers of financial development (Tier I). For example: the enactment of mobile payment regulations would enable nonbank service providers to tap into the market to provide basic financial services for the underserved groups, helping to increase financial inclusion; the establishment of a credit registry and/or collateral registry would help expand access to finance; compliance with international principles (e.g., the Basel Core Principles) would contribute to financial stability; the adoption of international principles for market infrastructure (e.g., a central security depository, a central counterparty) would contribute to securities markets' stability and efficiency. It is important to note that most outcomes reported under Tier II will be based on the postcompletion monitoring process adopted by FIRST in Phase III.

- **Tier III, OPERATIONAL PERFORMANCE**, informs donors about the progress toward strategic targets approved in FIRST's Phase III Strategy; for example: the pace of project approvals and implementation, alignment of allocation with strategic focus, catalytic effects, and clients' satisfaction. Tier III is the foundation for Tier II's progress.

Details about indicator definitions and notes are provided in annex II.

FIRST Scorecard

RESULTS

Tier I: CONTRIBUTION TO FINANCIAL DEVELOPMENT (Country Level)					
	FY2013	FY2014		FY2013	FY2014
Percentage of projects contributing to Financial **INCLUSION**, monitored through indicators below:	n.a.	29%	Percentage of projects contributing to Financial **DEPTH**, monitored through indicators below:	20%	40%
Adults with an account at a formal financial institution (%)			*Government bonds to GDP (%)*		
Adults with a transaction account (%)			*Non-government bonds to GDP (%)*		
Adults using mobile financial services (%)			*Value of new securities issued (sukuk, REITs, securitization, etc.)*		
Adults with a loan to purchase a home/apartment/land (%)			*Insurance premiums to GDP (%)*		
SMEs with a loan or line of credit (%)			*Pension assets to GDP (%)*		
Percentage of projects contributing to Financial **STABILITY**, monitored through indicators below:	80%	44%	Percentage of projects contributing to Financial **EFFICIENCY**, monitored through indicators below:	n.a.	24%
Capital adequacy ratio (Banking)			*Stock market turnover ratio (% value traded/capitalization)*		
Technical reserve ratio (Insurance)			*Cashless transactions per capita*		
Target funding ratio (Deposit Insurance Fund)			*Settlement efficiency (securities markets)*		

Tier II: IMPROVING ENABLING ENVIRONMENT (Project Level)					
Institutions	Targets	Actuals	Markets, Infrastructures, and Macroprudential	Targets	Actuals
Banking		Outcomes to be monitored at Completion, Postcompletion	**Capital Markets**		Outcomes to be monitored at Completion, Postcompletion
New laws/regulations enacted	9		*New laws/regulations enacted*	7	
Supervisory institutions strengthened	4		*New/improved financial product(s) introduced*	5	
New/improved financial product(s) introduced	1		*Supervisory institutions strengthened*	3	
Compliance with international principles (# systems)	1		*Government bond issuance practice strengthened*	3	
Insurance			*Corporate bond issuance practice strengthened*	1	
New laws/regulations enacted	15		**Macroprudential**		
Supervisory institutions strengthened	10		*Crisis preparedness and resolution regimes strengthened*	9	
New/improved financial product(s) introduced	7		*New laws/regulations enacted*	4	
Financial infrastructures established/strengthened	2		*Systemic risk assessment framework adopted*	1	
Compliance with international principles (# systems)	1		**Financial infrastructures**		
Housing Finance			*New laws/regulations enacted*	13	
New/improved financial product(s) introduced	4		*Supervisory institutions strengthened*	9	
New laws/regulations enacted	2		*New/improved financial product(s) introduced*	8	
Supervisory institutions strengthened	1		*Financial infrastructures established/strengthened*	6	
Pensions			*Compliance with international principles (# systems)*	5	
New laws/regulations enacted	4				
Supervisory institutions strengthened	3				
New/improved financial product(s) introduced	1				
Microfinance					
Supervisory institutions strengthened	1				

PERFORMANCE

Tier III: FIRST PERFORMANCE (Operational Level)					
	Targets	Actuals		Targets	Actuals
Pace:			Catalytic Effects (from projects closed in FY2012–FY2014)		
Projects approved per month in Catalytic Window (#)	3	3	*Percentage of projects generating follow-up reforms*	30%	20%
Programs approved per year in Programmatic Window (#)	3	1	*Number of reforms catalyzed*	n.a.	27
Response time (average, months)	6	5	*Funding catalyzed (US$ million)*	n.a.	190
Projects with delayed disbursement (% of total approvals)	n.a.	43%	*Ratio of funding catalyzed to total disbursements*	3:1	11:1
Focus:			Client Satisfaction:		
Commitments to Africa (% of total commitments)	50%	37%	*Client satisfaction (% of Satisfactory or Highly Satisfactory)*	n.a.	100%
Client Ownership:			Local Consultant Usage:		
Linkage to FSAP/ROSC (% of total approvals)	66%	56%	*Local consultant budgets/total consultant budgets (%)*	10%	13%

Annex I. Sources and Uses of Funds

Donor Contributions

All contributions received are converted into U.S. dollars at the time of receipt. As of the end of FY2014, a total of $62.6 million was pledged in trust fund (TF) agreements for Phase III, of which $40.4 million had been paid. Cash received during FY2014 was about $23 million.

Tables 8a and 8b summarize the donors' share and total contributions pledged and received under the Catalytic and Programmatic windows of Phase III as of the end of FY2014.

Table 8a. Pledged Donor Contributions for Phase III

	Catalytic		Programmatic		Total	
Donor	**LIC ($ million)**	**MIC ($ million)**	**LIC ($ million)**	**MIC ($ million)**	**Amount ($ million)**	**Share (%)**
DFID (United Kingdom)	n.a.	n.a.	8.3	n.a.	8.3	**13**
SECO (Switzerland)	8.3	8.3	n.a.	n.a.	16.6	**26**
BMZ (Germany)	3.2	3.2	n.a.	n.a.	6.4	**10**
Netherlands	7.8	1.9	15.1	3.8	28.5	**46**
Ministry of Finance (Luxembourg)	1.4	1.4	n.a.	n.a.	2.86	**5**
TOTAL	**20.6**	**14.8**	**23.4**	**3.8**	**62.6**	**100**

Table 8b. Paid Contributions Received in Phase III

	Catalytic		Programmatic		Total	
Donor	**LIC ($ million)**	**MIC ($ million)**	**LIC ($ million)**	**MIC ($ million)**	**Amount ($ million)**	**Share (%)**
DFID (United Kingdom)	n.a.	n.a.	8.3	n.a.	8.3	**21**
SECO (Switzerland)	5.5	5.5	n.a.	n.a.	11.0	**27**
BMZ (Germany)	1.6	1.6	n.a.	n.a.	3.2	**8**
Netherlands	7.5	n.a.	3.7	3.8	15.0	**37**
Ministry of Finance (Luxembourg)	1.45	1.45	n.a.	n.a.	2.9	**7**
TOTAL	**16.0**	**8.5**	**12.1**	**3.8**	**40.4**	**100**

Use of Funds

Table 9 summarizes financial activity as of FY2014. A total of $23 million was received in new cash contributions. The World Bank–managed project disbursements totaled $8.9 million, of which $5.4 million was from Phase II projects and $3.5 million from Phase III projects. Details are broken down by Phase II and III in table 9 as well as in separate tables on disbursements (tables 10a and 10b).

No new transfers were made to the IMF during FY2014 as the new transfer agreements pertaining to the new charter and restatements of legal agreements were yet to be finalized. Details of the IMF usage of funds are provided separately in tables 11a and 11b.

Table 9. Funds and Usage, FY2014

Funds		Catalytic		Programmatic	
	Total	**LIC**	**MIC**	**LIC**	**MIC**
Opening fund balance as of July 2013	32.8	22.9	9.9	0.0	0.0
Phase III contributions received in FY2014	23.0	3.6	3.6	12.1	3.8
Investment and other income	0.2	0.1	0.0	0.0	0.0
Total (A)	**55.9**	**26.5**	**13.5**	**12.1**	**3.8**
(–) minus uses of Fund					
Phase III administration fee deducted[a]	0.7	0.2	0.2	0.2	0.1
Phase III transfer to the IMF	0.0	0.0	0.0	0.0	0.0
Funds transferred to PMU Trust Fund	1.5	1.5	0.0	0.0	0.0
Phase II project disbursements in FY2014	*5.4*	*3.5*	*1.9*	*0.0*	*0.0*
Phase III project disbursements in FY2014	*3.5*	*0.5*	*2.9*	*0.1*	*0.0*
Total project disbursements	8.9	4.1	4.7	0.1	0.0
Total usage of funds (B)	**11.1**	**5.8**	**4.9**	**0.3**	**0.1**
Fund balance at FY2014 end (A – B)	**44.8**	**20.8**	**8.6**	**11.8**	**3.7**

a. Cross-Administration fee: A 5% fee is applied to all contributions received so far under the Catalytic Window. However, a new lower fee structure of 2% was established under the Programmatic Window. So 2% is applied under Programmatic TFs, and the same will apply to new future contributions received under Catalytic TFs as well.

Note: Basis of accounting:
The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, modified to record the share in the pooled cash and investments at fair value (modified cash basis of accounting). Accordingly, net investment income includes realized and unrealized investment income/loss.

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States (U.S. GAAP) or International Financial Reporting Standards (IFRS). Receipts, with the exception of net investment income as described above, are reported when collected rather than when pledged/earned, and disbursements are reported when paid. The International Bank for Reconstruction and Development (IBRD) is an international organization that conducts its operations in the currencies of all of its members. Contributions and disbursements in currencies other than the reporting currency of U.S. dollars, if applicable, are recorded at the market rates of exchange in effect on the transaction dates.

Transaction gains or losses, if any on disbursements, are borne by the IBRD. Amounts paid into the trust fund but not yet disbursed are managed by the IBRD as Trustee which maintains an investment portfolio (the Pool) for all of the trust funds administered by the IBRD, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes (collectively, the World Bank Group). The IBRD maintains all trust fund assets separate and apart from the funds of the World Bank Group.

Table 10a. Phase II Project Disbursements

Region	During FY2014 ($ million)	Cumulative until FY2014 ($ million)
AFR	2.0	16.5
ECA	0.7	5.7
EAP	1.5	9.5
LAC	0.9	7.0
SAR	-	3.5
MENA	0.2	2.9
Global	-	1.5
TOTAL	**5.4**	**46.6**

Table 10b. Phase III Project Disbursements

Region	During FY2014 ($ million)	Cumulative until FY2014 ($ million)
AFR	0.8	0.8
ECA	0.1	0.1
EAP	0.2	0.2
LAC	0.6	0.6
SAR	0.3	0.3
MENA	1.5	1.5
TOTAL	**3.5**	**3.5**

All Phase II projects are expected to close and end disbursements by December 2014 (FY2015). Any leftover undisbursed balances will automatically roll over to Phase III. Total disbursement amount of Phase II projects will be reported thereafter.

Table 11a. Financial Summary Details on the IMF Funds and Usage, FY2014

	Catalytic TFs		Programmatic TFs		
	LIC	MIC	LIC	MIC	Total
Contributions to date	8.5	3.6			12.1
Interest earned through March 31, 2014	0.1	0.0			0.1
Transfer from LICs to MICs	(0.5)	0.5			0.0
Total cumulative funds	**8.1**	**4.1**			**12.2**
Phase II projects approved (54)[a]	**6.8**	**3.6**			**10.4**
Cumulative Phase II disbursements	*5.3*	*2.7*			*8.0*
Phase III projects approved (3)[a]	**0.5**	**0.2**			**0.7**
Cumulative Phase III disbursements	*0.2*	*0.0*			*0.2*
Uncommitted available funding	**0.8**	**0.3**			**1.1**
Contribution transfers pending from World Bank as of FY2014	**2.2**	**1.1**	**1.8**	**0.6**	**5.6**

Source: Data provided by the IMF.
a. Includes 13 percent overhead.

FIRST's administrative arrangements provide that the IBRD disburses to the IMF subaccount 15 percent of net paid-in contributions for the IMF-executed activities. Cumulative disbursements to the IMF totaled $12.1 million. No new transfers were made to the IMF during FY2014 as the new transfer agreements pertaining to the new charter and restatements of legal agreements were yet to be finalized.

Table 11b. Details of World Bank Transfers to the IMF

	Contributions	World Bank Administration fee	Net Contributions	IMF 15%	Disbursements to IMF until FY2014	Disbursed to IMF during FY2014	Due to IMF as FY2014 end
Phase III contributions	40.4	(1.5)	38.9	5.8	0.3	0.0	**5.6**
Phase II contributions	55.0	(2.7)	52.2	7.8	7.8	0.0	0.0
Phase II contributions that came as part of *Phase I* transfer	26.6	0.0	26.6	4.0	4.0	0.0	0.0
Total		**(4.3)**	**117.7**	**17.7**	**12.1**	**0.0**	**5.6**

Annex II. Indicator Definition and Notes

Presented below are indicators with definitions and notes explaining how FIRST's portfolio as of June 30, 2014, contributes to Tier I.

Tier I: Contribution to Financial Development (Country-Level Impact)

FINANCIAL INCLUSION

During FY2014, 29 percent of approvals contributed to financial inclusion. These projects relate to housing finance (Colombia, Indonesia, Serbia), the Partial Credit Guarantee Fund (Djibouti), secured transactions (Seychelles), and payment systems, with a focus on retail payments and government payments (Ethiopia, Djibouti, Jordan, Lebanon, Morocco, Yemen), and a microfinance project (Nicaragua). Described below are the indicators used for these projects to capture impact at the country level.

Adults with an account at a formal financial institution (percent): defined as the percentage of adults with an account at a bank, credit union, cooperative, microfinance institution, or the post office, and with a debit card as well. *Source: Global Findex, World Bank.*

Phase III projects contributing to this goal as of June 2014:
- *Payment systems:* Ethiopia, Jordan, Lebanon, Djibouti, Morocco, Yemen
- *Microfinance*: Nicaragua
- *Housing finance:* Colombia, Indonesia

It is worth noting that this indicator is a headline target of the financial inclusion pillar under the Programmatic Window; however, no program has been approved under this pillar so far.

Adults with a transaction account (percent): defined as the percentage of adults who have access to a transaction account, defined as an account at any institution that enables the sending and receiving of remittances and the making of payments for a broad set of services and goods. This definition includes traditional bank accounts, prepaid cards, e-money products, and mobile money products. *Source: Global Findex, World Bank.*

Phase III projects contributing to this goal as of June 2014 include retail and government payment reforms in Ethiopia, Jordan, Djibouti, Lebanon, Morocco, and Yemen.

Adults using mobile financial services (percent): measures the usage of nonbank financial services such as mobile money—electronic money accounts such as M-PESA—for paying bills, receiving money, sending money, depositing money, etc. This indicator is a subset of the indicator "Adults with a transaction account." It focuses on capturing the usage of innovative nonbank financial services only. *Source: Global Findex; Global Payment Systems Survey, World Bank.*

Adults with an outstanding loan to purchase a home, an apartment, or land (percent): defined as the percentage of adults in the overall population who have an outstanding loan with a formal financial institution to purchase a home, an apartment, or land. *Source: Global Findex, World Bank.*

Phase III projects contributing to this goal as of June 2014 are in Colombia, Serbia, and Indonesia.

SMEs with a loan or line of credit (percent): defined as the percentage of SMEs with an outstanding loan or a line of credit with a formal financial institution. *Source: Enterprise Surveys, World Bank.*

Phase III projects contributing to this goal as of June 2014 are reforms in the Secured Lending and Collateral Registry (Seychelles), the Credit Guarantee Fund (Djibouti), and credit reporting (Yemen and Djibouti).

FINANCIAL DEPTH

During FY2014, 40 percent of approvals are expected to contribute to financial sector deepening; specifically projects related to capital markets, insurance, pensions, housing finance, and SME banking. Indicators used to measure financial depth in these areas are explained below.

Government bonds to GDP (percent): defined as the percentage of outstanding government bonds relative to GDP. *Source: National agencies.*

Phase III projects contributing to this goal as of June 2014 are in Mozambique and Vietnam.

Nongovernment bonds to GDP (percent): defined as the percentage of outstanding nongovernment bonds to GDP. *Source: National agencies or Bank for International Settlements (BIS).*

So far, only one project contributes to this goal: Vietnam Bond Market Development, in which one component focuses on the development of new regulations, guidelines, and standard documentation for corporate bond issuance.

Value of new securities issued (e.g., sukuk, REITs, securitization, derivatives): measured as the total value of new securities issued as a result of new regulations recommended by projects. *Source: National agencies.*

Phase III projects contributing to this goal as of June 2014 are in Morocco, where the TA focuses on developing new regulations for securitization, sukuk (Islamic bonds), REITs, and SME listing.

Insurance premiums to GDP (percent): measured as gross premiums to GDP, disaggregated by life, non-life, or product category relevant to projects. *Source: National agencies or AXCO.*

Phase III projects contributing to this goal as of June 2014 are in Albania (motor third-party liability, or MTPL, and life), Kazakhstan (catastrophic), Uganda (MTPL), Tunisia (MTPL), Pakistan (general), and Swaziland (general).

Pension fund assets to GDP (percent): defined as total investments to GDP. This includes all forms of investment with a value associated with a pension plan; for example, cash, deposits, bills, bonds, loans, shares, land, collective schemes, and investment schemes. *Source: National agencies or OECD.*

Phase III projects contributing to this goal as of June 2014 are in Albania, Colombia, and Costa Rica, where new regulations aim to create a conducive framework for pension funds to invest beyond government bonds, thus growing their assets and improving funded ratios.

FINANCIAL STABILITY

Stability remains the main theme of FIRST, with 44 percent of projects contributing directly to this goal as compared with 22 percent contributing to inclusion and 24 percent contributing to efficiency. Projects contributing to financial stability are in macro-prudential, prudential regulations and supervision, and accounting and auditing. Indicators used to measure financial stability for projects are described below.

Banking – Capital adequacy ratio (percent): defined as the ratio of total regulatory capital to assets, weighted according to the risk of those assets. Applying minimum capital adequacy ratios serves to protect depositors and promote the stability of the banking system. *Source: National agencies.*

Phase III projects contributing to this goal as of June 2014 are in Rwanda and Tunisia.

Insurance – Technical reserve ratio (percent): defined as the percentage of reserve to net premiums set aside by insurance companies to cover claims. *Source: National agencies.*

Phase III projects contributing to this goal as of June 2014 are in Tunisia (MTPL), Kazakhstan (catastrophic), Albania (earthquake, MTPL), and Uganda (MTPL).

Deposit Insurance – Target reserve ratio (percent): defined as the ratio of fund reserves to total insured deposits. *Source: National agencies.*

Phase III projects contributing to this goal as of June 2014 are in Colombia and Ukraine.

FINANCIAL EFFICIENCY

FIRST's projects contributing to financial efficiency focus mainly on capital markets, retail payments, and securities settlement and trading systems. In FY2014, 24 percent of projects contributed directly to this goal, which will be monitored using the indicators described below.

Stock market turnover ratio (percent): defined as the total value of shares traded during the period divided by the average market capitalization for the period. *Source: National stock exchange.*

Phase III projects contributing to this goal as of June 2014 are in Morocco and Namibia.

Cashless transactions per capita (percent): measured as the number of retail cashless transactions per capita. Cashless transactions are defined as the number of payments by checks, credit transfers, direct debits, and payment with credit and debit cards. *Source: World Bank Global Payment Systems Survey.*

Phase III projects supporting efficiency in retail payments are in Ethiopia, Jordan, Djibouti, Lebanon, Morocco, and Yemen.

Settlement efficiency (securities markets): in the context of projects funded by FIRST in payment and settlement systems and capital markets development, defined as the efficiency of securities settlement systems, such as central securities depositories, being assisted in adopting the Principles for Financial Market Infrastructures (immobilization, dematerialization, and transferring by book entry principles, among others). *Source: National agencies.*

Phase III projects supporting efficiency in securities settlement are in Mozambique, Namibia, and Vietnam.

Tier II: Outcomes on Enabling Environment (Project Outcomes)

This section reports the key aggregated project outcomes achieved by client countries with support from FIRST. Indicators and notes are presented below in alphabetical order. **Data Sources:** *the targets presented in Scorecard are taken from* ***project approvals;*** *the actual results are from* ***project completion reports*** *completed by the task team leader, usually within six months from the date of TA deliverables, and the* ***postcompletion monitoring*** *process conducted by FIRST through the end of the Phase III funding cycle. A* ***client survey*** *sent by FIRST at completion is another data source for outcome reporting.*

Compliance with international principles: This indicator measures the level of soundness of a financial sector's regulatory and supervisor systems using international standards, codes, and principles as benchmarks. Compliance often has four or five levels: *compliant, largely compliant, materially noncompliant, and noncompliant or observed, largely observed, partly observed, not observed,* and *not* *applicable.* So far, FIRST has helped client countries improve compliance with the Basel Core Principles (Banking), Insurance Core Principles (ICPs), CPSS-IOSCO Principles for Financial Market Infrastructures, and General Principles for Credit Reporting. *Source: FSAP and Self-assessments. More details about the key standards for sound financial systems that are used in FIRST TA are available at the Financial Stability Board's website,* at http://www.financialstabilityboard.org/cos/key_standards.htm.

Corporate bond issuance practice strengthened: This indicator measures the adoption of best practices in private sector bond issuance, particularly related to disclosures and overall transparency standards to help attract and maintain investor interest. For example, FIRST provides support in developing bond issuance standard documentation to provide capital market authorities with a tool to regulate and promote information disclosure and investor development. The standard documentation is expected to be used by bond issuers or underwriters to provide facts that an investor needs in order to make an informed investment decision.

Crisis preparedness and resolution regimes strengthened: This indicator combines the two interrelated themes, as they both reflect the desired arrangement, readiness, and capacities of client countries to meet the policy objectives of financial stability. The *crisis preparedness* outcome refers to changes in the institutional arrangement, adoption of recommended frameworks, and tools such as crisis simulation exercises, contingency planning, and stress testing, to help authorities deal with financial crises effectively and in timely fashion, and thus reduce the fiscal, economic, and social costs of the crises. The *resolution regime* outcome refers to the improved institutional capacity of a deposit insurance fund as evidenced by the application of recommended tools and methodologies for setting target funding ratios and premiums, and the application of bank resolution tools (e.g., purchase and assumption, bridge bank, least-cost model, liquidation, and payout toolkits).

Financial infrastructure established/strengthened: This indicator refers to the adoption of technical recommendations (e.g., institutional structure, process, procedures, templates, software, hardware) for setting up or modernizing financial infrastructure facilities such as a central securities depository, government bond trading and settlement mechanisms, collateral registries, credit bureaus or registries, and a motor third-party liability information center.

Government bond issuance practice strengthened: This indicator measures the adoption of several policies, processes, and procedures recommended to help make government bond issuance efficient, transparent, and successful. These include the practice of publishing the annual government bond issuance plan; the implementation of competitive auctions; the establishment of a primary dealer system; and coordination between the central bank, ministry of finance, and treasury in issuing benchmark bonds to reduce fragmentation, to improve cash forecasting, and to support benchmark yield-curve building for the development of the financial markets.

New financial products enabled: This indicator measures the number of new financial product types introduced as a result of the implementation of strategies recommended by FIRST (e.g., retail payment, government payment, remittances, benchmark yield-curve strategy), the enactment of laws (e.g., related to securities lending, securitization, and REITs), the establishment or modernization of infrastructure (e.g., collateral registries, secured lending, partial credit guarantee, housing facility, mortgage insurance scheme), and product design targeted at low-income and poor populations (e.g., rental housing, construction home loan, microfinance mortgage).

New laws/regulations enacted: This indicator measures the enactment of laws, regulations, and policies that have benefited from FIRST support during the drafting and consultation process.

Supervisory institutions strengthened: This indicator measures the adoption of recommended institutional arrangements, manuals, tools, processes, and procedures for on-site and off-site supervision. Examples of manuals and tools are the CAMELS ratings, stress testing, and self-assessment of compliance with international principles.

Systemic risk assessment framework adopted: This indicator measures the application of recommended analytical tools to help authorities to improve capacity in systemic risk monitoring. These tools include criteria for identifying systemically important financial institutions, a contagion matrix, and interconnectedness and macro-prudential analyses.

Tier III: FIRST Performance

This section reports on the progress of FIRST in meeting Phase III targets as approved in its Strategy by the Governing Council. Results are cumulative.

Client satisfaction: FIRST sends a client feedback survey when the task team leader files a Grant Monitoring Report or Activity Completion Report. By doing this, FIRST seeks clients' feedback on the TA provided, outcomes or likelihood of outcomes, additional needs, and overall satisfaction. The satisfaction is measured on scales as *very satisfied, satisfied, neutral, dissatisfied,* and *very dissatisfied.*

Commitments to Africa: This indicator measures the value of commitments made to Africa against total commitments. The target is 50 percent of total FIRST commitments being granted to Africa.

Funding catalyzed: This indicator measures the value of financing and technical supports provided by the World Bank Group, including FIRST, and other donor agencies to help clients implement reforms recommended by FIRST's catalytic projects. Strong catalytic effects have been brought about by FIRST's FSDS and Housing Development Strategy. Evidence for claiming catalytic effects derives from sources such as project completion reports, the World Bank Group's loan project documentation, the media, and FIRST's approvals of follow-up projects.

Linkage to FSAP/ROSC: This is one of the proxy indicators for client ownership. As an FSAP/ROSC is voluntary and driven by clients' needs, the request for funding reforms brought about by an FSAP indicates the level of client ownership and commitment. FIRST reviews the linkage to FSAP during the project approval process.

Percentage of projects generating a follow-up reform: FIRST is expected to generate follow-up reforms from one-third of its catalytic projects. A follow-up reform can be another project with the same client, or financing or TA supported by other donors.

Percentage of projects with delayed disbursement: Delay in project disbursements is based on the comparison of the expected pace of disbursements of a project with actual disbursements as of a given period. The expected pace assumes linear disbursement (after factoring in a grace period of 30 days for initial procurement and an additional 90 days for disbursement after the end date of project) and is computed based on the length of the project and its budget.

Annex III. Projects Approved in Fiscal Year 2014

Country/region	Project title	Commitments ($)
	SUB-SAHARAN AFRICA	
Ethiopia	Payment Systems Oversight Framework and A Retail Payments Strategy	316,009
Liberia	Financial Sector Development Implementation Plan	393,455
Liberia	Development of a Liquidity Forecasting Framework	115,712
Mauritius	Strengthening Insurance Sector Regulation and Supervision	331,145
Mozambique	Debt Markets Development	409,395
Namibia	Developing Central Securities Depository and Enhancing Payment Systems Oversight	375,425
Rwanda	Strengthening Financial Stability – Part 1	84,139
Rwanda	Strengthening Financial Stability – Part 2	1,995,707
Seychelles	Secured Transactions and Collateral Registry	300,264
Seychelles	Financial Sector Development Strategy	336,408
South Sudan	Strengthening Accounting and Auditing Legal Framework	124,823
Swaziland	Financial Sector Development Implementation Plan	287,488
Uganda	Motor Third-Party Liability (MTPL) Insurance	353,839
	EAST ASIA AND PACIFIC	
Indonesia	Constructing Robust Mortgage Markets	421,880
Indonesia	Developing Housing Microfinance	174,115
Philippines	Crisis Preparedness Framework II	280,027
Vietnam	Government and Corporate Bond Market Development	488,879
	EUROPE AND CENTRAL ASIA	
Albania	Insurance Market Reform	423,270
Albania	Pension Supervision and Coverage Expansion	262,962
Kazakhstan	Catastrophe Insurance	499,971
Serbia	Strengthening Mortgage Insurance	292,658
Ukraine	Improve Sustainability and Capacity of Ukraine Deposit Guarantee Fund	259,530
	LATIN AMERICA AND CARIBBEAN	
Colombia	Improving Access to Housing Finance for Low-Income and Informally Employed Segments	244,220
Colombia	Strengthening Self-Regulatory Organizations (SROs) Framework	124,208
Colombia	Pensions Reform	338,725
Colombia	Strengthening Deposit Insurance for Cooperatives	118,156
Costa Rica	Systemic Risk Framework Analysis	123,322
Costa Rica	Risk-Based Supervision for Pensions	296,236
Mexico	Strengthening Bank Supervision	283,276
Nicaragua	Strengthening Supervision of Microfinance	200,910
Paraguay	Development of National Strategy for Financial Inclusion (NSFI)	323,840
	MIDDLE EAST AND NORTH AFRICA	
Djibouti	Operationalization of MSME Credit Guarantee Fund	245,565
Djibouti	Modernization of Payments Systems and Credit Reporting Systems	249,420
Jordan	Payment Systems Reforms	223,707
Lebanon	Capital Markets Regulation and Development	475,365

Country/region	Project title	Commitments ($)
Lebanon	Development of a National Payment Systems Strategy	183,317
MENA	Strengthening Insurance Supervision in the MENA Region	407,793
Morocco	Oversight and Regulation of Nonbank Payment Service Providers	199,663
Morocco	Capital Market Development & Regulation	360,324
Morocco	Supervision of Financial Conglomerates & Crisis Simulation	305,595
Tunisia	Restructuring MTPL Insurance	328,358
Tunisia	Banking Laws Modernization & Crisis Preparedness	107,659
Yemen	Improving Financial Infrastructure	325,752
Yemen	Improving Bank Supervision	202,955
	SOUTH ASIA	
Bhutan	Financial Sector Development Implementation Plan	347,058
Pakistan	Strengthening Insurance Regulation and Supervision	332,078

Annex IV. Projects Approved in Phases I, II, and III (FY2003–FY2014)

Projects Approved in Phase III

Country/region	Project title	Commitments ($)
SUB-SAHARAN AFRICA		
Ethiopia	Payment Systems Oversight Framework and A Retail Payments Strategy	316,009
Liberia	Financial Sector Development Implementation Plan	393,455
Liberia	Development of a Liquidity Forecasting Framework (IMF)	115,712
Mauritius	Strengthening Insurance	331,145
Mozambique	Debt Markets Development	409,395
Namibia	Developing Central Securities Depository and Enhancing Payment Systems Oversight	375,425
Rwanda	Strengthening Financial Stability – Part 1	84,139
Rwanda	Strengthening Financial Stability – Part 2	1,995,707
Seychelles	Secured Transactions and Collateral Registry	300,264
Seychelles	Financial Sector Development Strategy	336,408
South Sudan	Accounting Legal Framework	124,823
Swaziland	Financial Sector Development Implementation Plan	287,488
Swaziland	Strengthening the Supervision of Insurance and Pension Funds (IMF)	191,799
Sierra Leone	Banking Supervision and Financial Stability (IMF)	377,569
Uganda	Motor Third-Party Liability (MTPL) Insurance	353,839
EAST ASIA AND PACIFIC		
Indonesia	Constructing Robust Mortgage Markets	421,880
Indonesia	Developing Housing Microfinance	174,115
Philippines	Crisis Preparedness Framework II	280,027
Vietnam	Government and Corporate Bond Market Development	488,879
EUROPE AND CENTRAL ASIA		
Albania	Insurance Market Reform	423,270
Albania	Pension Supervision and Coverage Expansion	262,962
Kazakhstan	Catastrophe Insurance	499,971
Serbia	Strengthening Mortgage Insurance	292,658
Ukraine	Improve Sustainability and Capacity of Ukraine Deposit Guarantee Fund	259,530
LATIN AMERICA AND CARIBBEAN		
Colombia	Improving Access to Housing Finance for Low-income and Informally Employed Segments	244,220
Colombia	Strengthening SROs Framework	124,208
Colombia	Pensions Reform	338,725
Colombia	Strengthening Deposit Insurance for Coop	118,156
Costa Rica	Systemic Risk Framework	123,322
Costa Rica	Risk-Based Supervision for Pensions	296,236
Mexico	Strengthening Banking RBS	283,276
Nicaragua	Strengthening Supervision of Microfinance	200,910

Country/region	Project title	Commitments ($)
Paraguay	Development of National Strategy for Financial Inclusion (NSFI)	323,840
	MIDDLE EAST AND NORTH AFRICA	
Djibouti	Partial Credit Guarantee	245,565
Djibouti	Modernization of Payments Systems and Credit Reporting Systems	249,420
Jordan	Payment Systems Reforms	223,707
Lebanon	Capital Markets Regulation and Development	475,365
Lebanon	Development of a National Payment Systems Strategy	183,317
MENA	Strengthening Insurance Supervision in the MENA Region	407,793
Morocco	Oversight and regulation of Nonbank Payment Service Providers	199,663
Morocco	Capital Market Development & Regulation	360,324
Morocco	Supervision of Financial Conglomerates & Crisis Simulation	305,595
Tunisia	Restructuring MTPL Insurance	328,358
Tunisia	Banking Laws Modernization & Crisis Preparedness	107,659
Tunisia	Establishment of an Asset Management Company	124,915
Tunisia	State-Owned Banks Restructuring	232,073
Yemen	Improving Financial Infrastructure	325,752
Yemen	Improving Bank Supervision	202,955
	SOUTH ASIA	
Bhutan	Financial Sector Development Implementation Plan	347,058
Pakistan	Strengthening Insurance Regulation and Supervision	332,078
Sri Lanka	Implementation of Risk-Based Supervision	386,243

Projects Approved in Phase I and Phase II

Country/region	Project title	Commitments ($)
	SUB-SAHARAN AFRICA	
Angola	Project Formulation for Nonbank Financial Institutions (NBFI) Sector Technical Assistance (TA)	12,710
Angola	Development of NBFI Regulatory and Supervisory Frameworks	108,000
Benin	Crisis Resolution and Vulnerable Assessment	184,427
Botswana	Accountancy Oversight Authority II	266,275
Botswana	NBFI Supervision and Strategy	148,608
Botswana	Updating Accounting and Auditing Legislation	40,468
Botswana	Technical Assistance for Accounting Oversight Board	88,000
Botswana	Enhancing Supervision of Capital Markets	191,533
Botswana	Financial Sector Development Strategy	389,200
Botswana	Establishing Financial Stability Function at the Bank of Botswana	255,850
Botswana	Pension and Insurance Capacity Building	75,264
Botswana	Captive Cell Insurance	71,100
Burkina Faso	Advice on the Financial Sector Strategy	390,000
Burundi	Central Bank Strengthening (IMF)	185,140
Burundi	Central Bank Information Management Strengthening	181,094
Burundi	Development of Financial Sector Strategy	252,000
Cameroon	Financial Markets Commission Capacity Building	98,264

Country/region	Project title	Commitments ($)
Cape Verde	Enhancing Bank Supervision and Crisis Resolution	231,650
Cape Verde	Financial Sector Development Strategy	293,121
Comoros	Capacity Building in Banking Supervision, Accounting and Auditing	249,571
Congo	Strengthening the Payment System	510,747
Congo	Central Bank Modernization	450,644
Côte d'Ivoire	Financial Sector Development Strategy	388,000
Djibouti	Action Plan for Strengthening SME Financing Mechanisms	188,000
Djibouti	Banking Supervision	98,310
Djibouti	Strengthening Banking Supervision Phase II	150,290
Ethiopia	Cheque Standardization	116,300
Ethiopia	Regulatory and Supervisory Framework for Microinsurance	227,100
Gambia, The	Development and Implementation of Central Bank Book Entry System	84,509
Gambia, The	Strengthening the Regulatory Framework of Accounting and Auditing	62,050
Gambia, The	Developing a Stress Testing Framework for the Central Bank of the Gambia	193,117
Gambia, The	Supporting IFRS Implementation in the Financial Sector	262,900
Ghana	Rural Bank Restructuring (IMF)	71,042
Ghana	Payments Systems Project Design for the Millennium Challenge Corporation	44,550
Ghana	Strengthening the Accounting Profession	310,000
Guinea	Development of a Microfinance Regulatory and Supervisory Framework	239,933
Guinea	Fostering Foreign Exchange Market Development (IMF)	129,014
Guinea	Leasing Law	114,940
Kenya	Strategy for Development Finance and Increasing Access to Financial Services	244,872
Kenya	Reform of the Legal and Institutional Framework for Asset Financing	302,905
Kenya	Development of Audit Quality Review Program	76,646
Kenya	Strengthening Central Bank Business Processes	466,008
Kenya	Development of Mortality and Morbidity Tables	151,960
Kenya	Shelter Afrique Capacity Building for Housing Finance	223,003
Kenya	Strengthening Accounting and Audit Legal Framework	106,250
Kenya	Capacity Building on Stress Testing, Crisis Management Framework and Intervention	215,095
Kenya	Strengthening Supervisory Capacity of the Capital Markets Authority	146,561
Kenya	Strengthening Supervisory Capacity of Insurance Regulatory Authority and the Retirement Benefits Authority	194,812
Lesotho	Financial Sector Development Strategy	478,000
Lesotho	Insurance Sector Strengthening	171,249
Lesotho	Automated Clearing House Systems Project Design for Millennium Challenge Corporation	42,189
Lesotho	Developing NBFI Regulation and Supervision	376,000
Lesotho	Strengthening Pension Supervision	98,500
Lesotho	Strengthening Insurance Supervision	163,963
Lesotho	IMF Baseline Financial Sector Stability	226,734
Liberia	Revitalizing Financial Services	71,958
Liberia	Banking Supervision Reform	245,660
Liberia	NBFI Regulatory and Supervision Framework	300,400
Liberia	Capital Markets Strategy & Legal and Regulatory Framework	229,100

Country/region	Project title	Commitments ($)
Liberia	Developing Capacity for Stress Testing	117,746
Madagascar	Developing a Microfinance Credit Information Bureau	96,912
Madagascar	Project Design for Assistance on Modernization and Reform of the Private Sector Pension Fund	5,197
Madagascar	Modernization and Reform of the Private Sector Pension Fund	341,437
Madagascar	Financial Sector Strategy and Development Plan	244,574
Malawi	Evaluation of Central Bank Book Entry System (IMF)	13,934
Malawi	Strengthening NBFI Framework and Advice on Pension Reform (IMF)	112,008
Malawi	Strengthening NBFI Framework and Advice on Pension Reform (IMF)	254,710
Malawi	Enhancement of Central Bank Book Entry System (IMF)	86,160
Malawi	Developing Country Action Plan for ROSC Accounting and Auditing	72,658
Malawi	Financial Sector Development Strategy	245,000
Malawi	Strengthening Contingency Planning	130,800
Mali	Strategy for Introducing Worker's Hazard, Health Insurance, and Funded Pillar for Public Pensions	282,058
Mauritania	Strengthening Microfinance Supervision	21,972
Mauritania	Financial Sector Development Strategy	306,250
Mauritius	Preparation of a Code of Corporate Governance	117,000
Mauritius	Implementation of Effective Anti-money Laundering and Combating Financing of Terrorists (AML/CFT) Measures	127,168
Mauritius	Strengthening Securities and Listing Regulations	179,789
Mauritius	Establishing Second-Tier Securities Market and Restructuring Over-the-Counter Market	158,502
Mauritius	Establishing a Financial Reporting Council	167,536
Mauritius	Assistance with Drafting Securities Legislation	48,128
Mauritius	Development of Selected Nonbank Financial Regulations	377,712
Mauritius	Establishment of the Mauritius Institute of Directors	33,800
Mauritius	Central Bank Supervision Strengthening	270,296
Mauritius	Financial Stability Framework	237,300
Mauritius	Strengthening Financial Sector Stability	232,034
Mozambique	Contingency Planning for Mozambique	129,228
Mozambique	Financial Sector Development Strategy	227,550
Mozambique	Stress Testing and Payment System Oversight	219,344
Namibia	NAMFISA: Development of Capacity-Building Strategy	113,128
Namibia	Creating a Legal and Regulatory Framework for Deposit-Taking Microfinance Institutions	211,305
Namibia	Financial Crisis Simulation Exercise	248,000
Namibia	Strengthening Nonbank Financial Institutions Supervision	164,415
Namibia	Assessing Viability of Second-Tier Banking	55,977
Namibia	Crisis Management Plan	263,800
Niger	Financial Sector Development Strategy	245,121
Nigeria	Financial Systems Strategy (FSS) 2020	194,744
Nigeria	Financial Sector Strategy 2020 – Phase II	632,455
Nigeria	Bank Resolution	186,450
Nigeria	Enhancing the Capacity of the Securities Exchange Commission (SEC)	162,000
Nigeria	Strengthening Capacity for Financial Stability, Analysis, and Reporting at Central Bank of Nigeria	232,893
Nigeria	Strategy to Strengthen Deposit Insurance and Resolution Frameworks	117,500

Country/region	Project title	Commitments ($)
Rwanda	Linking Payment Systems for Banks and Service Providers	329,862
Rwanda	Developing a Microfinance Credit Information Bureau	221,061
Rwanda	Advice on Financial Sector Development Plan	657,138
Rwanda	Strengthening Supervisory Capacity of the Insurance Commission	204,530
Rwanda	Financial Sector Development Program II	407,856
Rwanda	Regional Crisis Preparedness Workshop	81,231
Rwanda	Implementing Risk-Based On-site Inspection for the Insurance Sector	181,425
Rwanda	Bank Supervision Capacity Building Assistance to the National Bank of Rwanda	98,310
Rwanda	Supervision of Savings and Credit Cooperatives (SACCOs)	247,775
Rwanda	Bank Supervision Capacity Building Assistance to the National Bank of Rwanda – Phase 2	247,696
Rwanda	Financial Sector Development Plan (FSDP) 2011	437,000
Seychelles	Review of Publically Owned Financial Institutions	149,348
Seychelles	Strengthening the Insurance Regulatory Framework	249,559
Seychelles	Housing Finance	202,000
Sierra Leone	Long-Term Capital Market Development	32,358
Sierra Leone	Implementation of Central Bank Book Entry System (IMF)	89,763
Sierra Leone	Supervision of NBFIs: Assessment and Capacity Building (IMF)	147,990
Sierra Leone	Implementation of Capital Market Development Plan	360,595
Sierra Leone	Post-FSAP Strategic Roadmap	45,742
Sierra Leone	Financial Sector Development Plan	168,843
Sierra Leone	Strengthening Internal Audit at the Bank of Sierra Leone	115,700
South Africa	Regulatory Reform on Resolution and Financial Inclusion	278,750
South Africa	Accounting and Auditing Legislation	114,391
South Africa	Integration of Financial Regulations	18,425
South Africa	Finalizing Microinsurance Regulatory Framework	93,200
South Africa	Developing and Strengthening Contingency Planning	179,300
South Sudan	Credit Reporting	272,000
Sudan	Banking Sector Regulation and Supervision (IMF)	260,296
Sudan	Access to Finance for Farmers in the Gezira Region	97,866
Swaziland	Assessment and Strategy Development for NBFI Supervision (IMF)	124,255
Swaziland	Improving Access to the Financial Sector	126,103
Swaziland	Implementation of Central Bank Book Entry System (IMF)	63,101
Swaziland	Review of Draft Bill for the Establishment of the Financial Services Regulatory Authority	6,000
Swaziland	Strengthening Supervision of Deposit-Taking Savings and Credit Cooperatives	216,169
Swaziland	Supervision of Nonbank Deposit-Taking Financial Institutions	227,356
Tanzania	Development of FSAP Follow-up Strategy Plan (IMF)	27,099
Tanzania	Capital Markets and Securities Authority: Development of Operational Strategy and Implementation Plan	137,266
Tanzania	Action Plan for Developing Mortgage Finance Markets	197,555
Tanzania	Updating Accounting and Auditing Legislation and Enforcement Capacity	412,883
Tanzania	Development of Supervisory Framework for Finance Leasing Operations	241,400
Tanzania	Development of Regulatory and Supervisory Framework	155,200
Tanzania	Legal, Regulatory and Supervisory Framework for Islamic Banking	289,358

Country/region	Project title	Commitments ($)
Tanzania	Legal and Regulatory Framework for Mergers and Acquisitions	144,800
Togo	Financial Sector Development Strategy	293,110
Uganda	Support for the Implementation of Collective Investment Schemes Legislation	72,550
Uganda	Advise on Establishing a Consolidated Supervisor for NBFIs	80,563
Uganda	Strategic Options for Postbank	115,960
Uganda	Non-Life Insurance Technical Reserving Pilot	124,814
Uganda	Expanding Access to Housing Finance	246,257
Uganda	Crisis Preparedness	310,500
Uganda	Strengthening Banking Regulation and Supervision	334,494
Zambia	Financial Sector Development Plan	34,150
Zambia	Pensions and Insurance Supervisory Strengthening	87,607
Zambia	Regulatory Implications of Establishing a Credit Reference Bureau	92,117
Zambia	Institute of Bankers Training Strategy	48,697
Zambia	Development of Securities Exchange Commission Capacity-Building Action Plan	185,370
Zambia	Strengthening Contingency Planning	161,485
Zambia	Strengthening Contingency Planning	45,000
Zambia	Risk-Based Supervision	376,300
Zambia	Regulatory and Supervisory Framework for Microinsurance and Insurance Intermediaries	314,700
Zimbabwe	Stress Testing	153,680
Zimbabwe	Development of a Securities Regulatory Framework	189,700
Zimbabwe	Strengthening Accounting and Auditing Oversight at PAAB	270,350
REGIONAL PROJECTS	Western Africa: UEMOA - Enhancing Retail Payment Systems	500,000
	West African Monetary Institute (WAMI): Banking Supervision Study	123,632
	Eastern and Southern Africa: Regional Bank Supervisors Leadership Training	108,362
	CEMAC Region: Development of Long-Term Finance for Debt Markets	222,800
	SADC Development Finance Resource Centre: Needs Analysis and Skills Audit for Development Finance Institutions	77,500
	ESAAMLG: Training Evaluators in AML/CFT Assessment (IMF)	61,183
	Strengthening Payment Systems in Botswana, Sierra Leone, Swaziland (IMF)	183,520
	ESAAMLG: AML/CFT Strategy Development for Member Countries	122,365
	WAMI: Externally Assisted Self-Assessment of Basel Core Principles	107,777
	Preparation of Standards and Guidelines for Development Finance Institutions in Africa	174,346
	Capacity Building for East African Collective Investment Schemes Regulators	5,619
	Botswana, Swaziland: Scoping Mission for NBFIs (IMF)	18,474
	Regional Training Seminar for Insurance Supervision	36,296
	Southern African Customs Union (SACU): Regional Workshop on Tiered Banking Regulations	11,129
	Strengthening AML/CFT in Portuguese-Speaking Countries	31,034
	West Africa: Capacity Building in Banking Supervision	61,675
	Africa Trade Insurance Agency: Development of Credit Risk Insurance Services	70,400
	Committee of Insurance, Securities, and Nonbanking Financial Authorities (CISNA): Regional Risk-based Supervision Seminar	29,542
	Finscope Africa: Technical Assistance for Strategy Development	74,994
	MEFMI Workshop on Consolidated Supervision	38,105
	SADC and East Africa: Training program for NBFI Regulators (IMF)	198,331

Country/region	Project title	Commitments ($)
REGIONAL PROJECTS	EASRA: Advice on Achieving IOSCO Multilateral Memorandum of Understanding	118,936
	CEMAC: Pre-FSAP Microfinance Sector Assessment	62,885
	CEMAC: Housing Finance Assessment	65,245
	SADC and East Africa: Training program for NBFI Regulators	19,325
	SADC: NBFI Regulators' Capacity-Building Program	1,756,363
	Credit Reporting and Financial Information Infrastructure Program	253,087
	Pilot Implementation of Association of African Development Finance Institutions (AADFI) Prudential Standards and Guidelines	158,436
	East Africa: Regional IOSCO Principles Assessment	104,419
	Development and Implementation of Risk-Management Framework	190,650
	Financial Sector Strengthening Through Monetary and Foreign Exchange Policy Training	124,300
	Strengthening Payment Systems	328,152
	Advice on Macroeconomic Management and Financial Sector Issues	79,100
	CEMAC Conference 2008	36,160
	Financial Stability Assessment in Tanzania and Uganda	538,558
	SADC Region Crisis Preparedness Workshop	53,602
	Strengthening Payment Systems Phase II	373,808
	EAST ASIA AND PACIFIC	
Cambodia	Crisis Preparedness	349,604
Cambodia	Improving Accounting and Audit Practice	235,730
Cambodia	Comprehensive Review and Strengthening of Legal Framework Surrounding the Financial Sector	304,030
China	Regulation and Supervision of Corporate Pensions	600,245
China	Strengthening Regulation and Supervision of Securities Firms	308,653
China	Amendments to Securities Law	335,874
China	Regulation of the Distribution of Securities Investment Funds	256,216
China	Promoting Access to Finance Through Strengthening the Rural Credit Cooperatives System	248,000
Indonesia	Payment Systems Strengthening	407,560
Indonesia	Capital Market Supervisory Agency Capacity Building (IMF)	121,871
Indonesia	Strategic Advice on Pension Reform	124,941
Indonesia	Strategic Option for Reforming Civil Service Pension and Savings Scheme (TASPEN)	411,184
Indonesia	Life Insurance Sector Reform	349,104
Indonesia	Expanding Access to Islamic Finance for SMEs	285,000
Lao PDR	Development of Rural and Microfinance Strategy and Legal Regulatory Framework	149,258
Lao PDR	Rural Microfinance Survey	152,321
Lao PDR	Microfinance Institutions (MFI) Supervision Capacity Building	219,810
Lao PDR	Improving Efficiency of Payment Systems	239,850
Mongolia	Development of Insurance Supervisory Framework for Livestock Insurance	320,416
Mongolia	Development of Index-Based Livestock Insurance Phase II	152,228
Papua New Guinea	Macro-prudential Supervision and Financial Stability	225,655
Papua New Guinea	Development of Risk-Based Capital and Assessment System for Non-Life Insurers	248,566
Papua New Guinea	Enhancing Statistical Analysis and Public Reporting in the Insurance Sector	86,444
Papua New Guinea	Development of Crisis Preparedness Framework	123,720
Papua New Guinea	Development of Prudential Standards	173,516

Country/region	Project title	Commitments ($)
Papua New Guinea	Implementing On-site Supervision	240,336
Philippines	Financial Modeling for Deposit Insurance	328,275
Philippines	Development and Implementation of Non-life Insurance Information System	145,001
Philippines	Banking Supervision Capacity Building (IMF)	440,127
Philippines	Creation of an Accounting Oversight Board	119,828
Philippines	Improving Problem Bank Resolution	33,900
Philippines	Crisis Preparedness	325,000
Philippines	Enhancement of Insurance Reserves Targeting Framework and Amendment to PDIC Charter	213,900
Philippines	Developing Microinsurance Reporting Framework	284,243
Thailand	Assisting Self-Assessment of Selected Financial Sector Core Principles (IMF)	132,985
Thailand	Enhancing Insurance Regulation and Supervision	315,000
Thailand	Enhancing Securities Exchange Commission Audit Capacity	275,000
Timor-Leste	Strategy of Establishing a Credit Registry	115,806
Tonga	Improving Central Bank's Supervision Capacity	202,722
Vanuatu	Strengthening Regulation and Supervision of Company and Trust Service Providers	74,623
Vietnam	Establishing a National Association for People's Credit Funds	344,786
Vietnam	Regulation and Guidance for Management of Investment Funds	526,306
Vietnam	Feasibility Study for the Establishment of a Central Securities Depository	200,000
Vietnam	Assistance with International Standards for Supervising the Insurance Sector	248,917
Vietnam	Enhancing Deposit Insurance	43,578
Vietnam	Strengthening Central Bank Credit Information Centre	247,000
REGIONAL PROJECTS	Training Evaluators in AML/CFT Assessment (IMF)	86,382
	Workshop on Self-Assessment of Selected IAIS Core Principles	73,745
	Strengthening Liquidity Management Systems in Papua New Guinea and Solomon Islands	202,722
EUROPE AND CENTRAL ASIA		
Albania	Accounting and Audit Country Plan	106,887
Albania	Development of Effective Insurance Supervision	295,361
Albania	Simulation Exercise	231,741
Albania	Liberalizing MTPL Insurance Market	327,700
Albania	Strengthening Deposit Insurance and Resolution Frameworks	119,028
Armenia	Enhancing Corporate Financial Reporting	233,050
Armenia	Supporting Capital Market	273,850
Armenia	Regulatory and Supervisory Framework for Funded Pensions and Life Insurance	383,315
Armenia	Insurance Supervisory Restructuring and Strengthening	74,480
Armenia	Assistance with Insurance Regulation Drafting and Capacity Building	212,202
Armenia	Preliminary Advice on Establishment of Unified Regulator	24,663
Armenia	Establishment of Unified Regulator	34,544
Armenia	Development of Insurance Sector	65,149
Armenia	Regional Crisis Preparedness Workshop	53,681
Armenia	Strengthening Financial Consumer Protection	254,908
Azerbaijan	Development of Supervision Framework for Operational Risk	237,170
Azerbaijan	Establishing Nonbank Corporate Bonds Market	588,173

Country/region	Project title	Commitments ($)
Azerbaijan	Advice on Insurance Law and regulations	228,071
Azerbaijan	Capital Market Development Plan	118,743
Azerbaijan	Systemic Risk Response Framework	201,243
Azerbaijan	Operationalizing Systemic Risk Response Framework	89,096
Belarus	Post-FSAP Support for Securities Market Development	244,900
Belarus	Strengthening Banking Supervision	238,362
Bosnia & Herzegovina	Advisory Services to Stock Exchange	238,187
Bosnia & Herzegovina	Liberalizing MTPL Insurance	467,372
Bosnia & Herzegovina	Strengthening Consumer Protection in Banking and Microfinance Sectors	239,950
Bulgaria	Strengthening of Supervisory Capacity of the Financial Services Commission	337,807
Bulgaria	Feasibility Study for Financial Derivatives Market	35,198
Georgia	Debt Securities Market Development	52,127
Georgia	Insurance Supervisory Strengthening	193,336
Georgia	T-Bills Process and Municipal Bond Issuance	282,284
Georgia	Development of Country Strategy for ROSC	46,347
Georgia	Strengthening Financial Sector Supervision	70,037
Georgia	Modernizing Payment Systems Regulatory Framework	210,870
Kazakhstan	Insurance Sector Strategic Advice and Regulatory Assistance	161,803
Kazakhstan	Technical Assistance for Public Sector Accounting Standards	72,712
Kazakhstan	Improving Banking Supervision (Stress Testing)	192,422
Kazakhstan	Strengthening Catastrophe Risk Transfer Supervision	246,600
Kosovo	Strengthening Insurance Supervision	121,499
Kosovo	Strengthening Third-Party Liability Motor Insurance	38,084
Kosovo	Strengthening Banking Supervision (IMF)	285,560
Kosovo	Technical Advisory Service to CBK	498,300
Kosovo	Technical Assistance Service to Strengthen Insurance Regulation and Supervision	238,200
Kosovo	Financial Stability and Supervision – Central Bank of Kosovo	320,165
Kyrgyz Republic	Advise on the Privatization of Kairat Bank	262,578
Kyrgyz Republic	Assistance for Drafting Deposit Insurance Legislation (IMF)	22,232
Kyrgyz Republic	Assistance on the Privatization of Kyrgyz Agricultural Finance Corporation	264,556
Kyrgyz Republic	Medium-Term Strategy for Microfinance Development	136,714
Kyrgyz Republic	Modernization of the Postal System	170,000
Kyrgyz Republic	Strengthening Legal, Regulatory, Supervisory and Markets Infrastructure	450,100
Kyrgyz Republic	Pre-Privatization Advice for Ayl Bank	63,395
Kyrgyz Republic	Retail Payments Systems	135,148
Kyrgyz Republic	Deposit Protection Agency Capacity Building	252,000
Kyrgyz Republic	Corporate Financial Reporting	209,600
Kyrgyz Republic	Strengthening Bank Supervision and Resolution	124,755
Lithuania	Insurance Supervision Strengthening	177,275
Lithuania	Accounting and Auditing Reform	126,008
Lithuania	Effective Application of Audit Standards	74,099
Macedonia, FYR	Crisis Preparedness	108,309

Country/region	Project title	Commitments ($)
Macedonia, FYR	Liberalizing MTPL Insurance Market	279,778
Macedonia, FYR	Reform of Compulsory Motor Vehicle Insurance System	294,176
Moldova	Long-Term Advisor on Inflation Targeting	196,620
Moldova	Short-Term Advisor to the National Bank of Moldova on Forecasting and Policy Analysis	239,899
Moldova	Development of Money Market Instruments	73,184
Moldova	Strengthening Insurance Supervision	180,952
Moldova	Strengthening the Accounting Auditing and Financial Reporting Framework	256,406
Moldova	Corporate Governance Reform	270,148
Moldova	Development of Money Market Instruments Phase II	243,058
Moldova	Capacity Building in Monetary and Policy Analysis	294,252
Moldova	Forecasting and Policy Analysis – Central Bank of Moldova	229,390
Moldova	Improving Access to Credit through Secured Transactions Reform	280,700
Moldova	Payment System Modernization	237,000
Montenegro	Country Action Plan for Accounting and Auditing	146,461
Montenegro	Regulatory and Analytical Tools for Assessment of Banks' Risk Profiles	228,000
Poland	Access to Long-Term Finance for Rural Communes	275,367
Romania	Strengthening AML Regulations in the Securities Market	51,504
Russian Federation	Capacity Building to Support the Federal Regulator of Pension Funds	381,343
Russian Federation	Strengthening Bank Regulation and Supervision	264,408
Slovak Republic	Strengthening Corporate Governance of Listed Companies	91,963
Slovak Republic	Technical Assistance to the Financial Markets Authority	93,106
Slovak Republic	Strengthening Bank Corporate Governance	65,450
Tajikistan	Developing Insurance Market	391,364
Tajikistan	Post-FSAP Legal and Regulatory Reform and Strategy Development	576,486
Tajikistan	Payment Systems Modernization	249,095
Tajikistan	Strengthening Bank Regulation and Supervision	390,800
Tajikistan	Legal Framework for Secured Transaction	115,550
Turkey	Secondary Mortgage Market Development	382,492
Turkey	Strengthening Solvency Supervision	353,246
Ukraine	Planning and Implementing Bank Resolution at Deposit Guarantee Fund	124,203
Ukraine	Assistance to the Nonbank Financial Institution Regulator	133,193
Uzbekistan	Strengthening Insurance Supervision	186,800
Uzbekistan	Strengthening Banking Regulation and Supervision	241,500
Uzbekistan	Enhancing Financial Reporting and Auditing in the Banking Sector	253,294
REGIONAL PROJECTS	Anti-money Laundering and Combating Financing of Terrorists (AML/CFT) Workshop	100,067
	CIS-7: Financial Sector Workshop (IMF)	22,674
LATIN AMERICA AND CARIBBEAN		
Argentina	Insurance Based Supervision	388,200
Belize	Central Bank of Belize Organizational Review	175,539
Belize	Payment Systems	108,415
Brazil	Introduction of Risk-Based Supervision of Closed Pension	360,000
Brazil	Introduction of Covered Bonds	224,690
Chile	Roadmap for Strengthening Solvency Control in the Insurance Industry	138,195
Chile	Strengthening Regulation of Pension Funds	180,292

Country/region	Project title	Commitments ($)
Chile	Implementing Risk-Based Supervision in the Securities Industry	466,519
Chile	Adopting International Financial Reporting Standards for Listed Companies	195,973
Chile	Implementation of Risk-Based Supervision Model for Insurance Industry	228,082
Chile	Risk-Based Regulation of Pension Funds	211,762
Colombia	Strengthening the Regulation and Supervision of Agriculture Commodity Exchanges	124,700
Colombia	Developing the Supervisory and Regulatory Framework for Collective Investment Schemes	216,620
Colombia	Mortgage Finance Capacity Building	115,835
Colombia	Terrorism Loss Insurance Finance	195,501
Colombia	Money Market Development	268,794
Colombia	Development of Housing Microfinance	394,587
Colombia	Enhancement of the Capital Market Self-Regulatory System	136,248
Colombia	Supervision of Financial Conglomerates	208,273
Colombia	Strengthening Financial Sector Legal and Regulatory Framework	190,485
Colombia	Monitoring and Disclosure of Financial Services	46,800
Costa Rica	Advice on Achieving Compliance with IOSCO MMoU	72,466
Costa Rica	Strengthening Public Debt Management and Developing Domestic Debt Market	215,383
Costa Rica	Financial Crisis Simulation Program	169,900
Costa Rica	Development of Capital Markets	149,800
Costa Rica	Financial Crisis Simulation Program	124,845
Dominican Republic	Feasibility Study for Capital Market Broadening	18,845
Ecuador	Housing Finance	158,554
El Salvador	Developing the Legal and Regulatory Framework for the Provision of Financial Services through New Technological Channels	41,000
El Salvador	Insurance Sector Reform	277,260
El Salvador	Strengthening Public Financial Institutions	136,124
El Salvador	Strengthening Framework for Consolidated Supervision of Financial Conglomerates	182,918
El Salvador	Implementation of IOSCO Self-Assessment	46,485
El Salvador	Improving Corporate Financial Reporting through Implementation of International Financial Reporting Standards	246,310
El Salvador	Financial Crisis Preparedness Program	123,050
El Salvador	Organizational Structure of the Integrated Financial Services Superintendency	68,200
El Salvador	Strengthening Safety Nets	93,620
Guatemala	Financial Crisis Preparedness and Financial Projection	62,852
Guatemala	Institutional and Legal Framework for Crisis Management	144,160
Guyana	Pension Regulation	123,166
Guyana	Supervision of Nonbank Financial Institutions	198,015
Haiti	Strengthening Accounting and Auditing Practices	275,000
Haiti	Strengthening Insurance Regulation and Supervision	339,040
Honduras	A Roadmap for Strengthening Accounting and Auditing	478,200
Honduras	Strengthening Credit Reporting	86,600
Mexico	Contingency plan for Cooperatives Financial Institutions	124,475
Mexico	Developing Framework for the Issuance of Catastrophe Bonds	186,901
Mexico	Financial Crisis Preparedness Program	122,000
Nicaragua	Payment Systems	110,000

Country/region	Project title	Commitments ($)
Nicaragua	Design of Management Information Systems for Deposit Insurance Agency	25,750
Nicaragua	Consumer Projection	217,370
Paraguay	Strengthening Pensions Supervision	120,860
Paraguay	Crisis Simulation Exercise	194,060
Peru	Improving Risk-Based Management in Collective Investment Schemes	171,783
Peru	Improving SME Access to Capital Markets	567,569
Peru	Housing Finance Development	487,103
Peru	Strengthening Private Sector Accounting and Auditing	199,463
Peru	Financial Crisis Simulation Program	200,280
Uruguay	Housing Finance Policy Reform	246,033
Uruguay	Regional Crisis Preparedness Workshop	67,467
REGIONAL PROJECTS	GAFISUD: AML/CFT Workshop (IMF)	34,266
	East Caribbean Securities Exchange: Custodian Recruitment to Support Cross Listings	79,011
	East Caribbean Central Bank: Improving Payment Systems (IMF)	172,773
	Strengthening Financial Sector Integrity in Central America (IMF)	46,213
	East Caribbean: Strengthening Credit Union Regulation and Supervision (IMF)	68,551
	AML/CFT Evaluator Training for Spanish Speaking Countries	44,899
	Regional Insurance Supervisors Leadership Training Program	79,360
	Strengthening Credit Reporting Systems	499,151
	AML/CFT Workshop for Caribbean Regulators of Company and Trust Service Providers (IMF)	57,284
	AML/CFT Workshop for Caribbean Insurance Regulators/Supervisors (IMF)	54,230
	AML/CFT Workshop for Regulators of Casinos and Internet Gaming Entities (IMF)	54,405
	GAFISUD AML/CFT Evaluator Training	55,389
	East Caribbean Securities Exchange: Development of Unified Rulebook	61,512
	Securities Supervisors Leadership Training	50,135
	CEMLA: Strengthening Credit Reporting Systems	270,073
	Financial Crisis Simulation Program	104,012
	Harmonizing Insurance Regulation and Supervision	195,300
	MIDDLE EAST AND NORTH AFRICA	
Algeria	Financial Crisis Simulation Program	143,706
Egypt, Arab Rep.	Strengthening Credit Reporting System	166,118
Egypt, Arab Rep.	Project Scoping Banking Sector	20,085
Egypt, Arab Rep.	Strengthening Banking Supervision	98,375
Egypt, Arab Rep.	Strengthening Payments Systems	246,653
Egypt, Arab Rep.	Credit Reporting System Strengthening	146,259
Egypt, Arab Rep.	Upgrading Motor Third-Party Liability Insurance Capacity	118,487
Egypt, Arab Rep.	Financial Projection Model	178,232
Jordan	Restructuring MTPL Insurance Market	203,602
Jordan	Actuarial Supervision Capacity Building of the Insurance Commission	199,743
Jordan	Development of a Supervisory Ladder and Supervisory Strengthening	120,125
Jordan	Strengthening Solvency Supervision	402,010
Lebanon	Review and Advice on a New Insurance law	91,892
Lebanon	Capital Markets Supervisory and Regulatory Authority Strengthening	231,444
Morocco	Assistance to Support Pension Reform	152,580

Country/region	Project title	Commitments ($)
Morocco	Financial Crisis Simulation Program	162,962
Morocco	Strengthening Crisis Preparedness Policies and Processes	161,250
Morocco	Introduction of Covered Bonds	180,870
Morocco	Supporting the Implementation of the Law on Catastrophe Insurance	249,650
Morocco	Strengthening Macro-Prudential Analysis and Stress Testing	182,924
Morocco	Strategy and Instruments to Establish Reliable Interest Rate Benchmarks	422,499
Syria	Development of Damascus Securities Exchange	212,652
Syria	Banking Supervision	107,652
West Bank and Gaza	Strengthening Crisis Management	218,768
West Bank and Gaza	Private Pension Regulatory Capacity Building	248,000
West Bank and Gaza	Development of Housing Finance	230,000
West Bank and Gaza	Capital Market Development	118,436
West Bank and Gaza	Establishment of a Deposit Insurance Scheme	30,330
West Bank and Gaza	Building National Payments System	124,173
West Bank and Gaza	Capital Market Development Phase 2	195,559
REGIONAL PROJECTS	Regional Training Seminar for Insurance Supervision	63,072
	SOUTH ASIA	
Bangladesh	Insurance Law Reform	53,035
Bangladesh	Reducing Interest Rate Spreads	34,719
Bangladesh	Capacity Building for Capital Market Intermediaries	18,317
Bangladesh	Developing Capital Market Development Plan	124,000
Bangladesh	Capacity Building for Bangladesh Bank	305,100
Bangladesh	Contingency Planning	145,000
Bangladesh	Financial Project Model	243,198
Bangladesh	Strengthening Internal Audit	118,870
Bhutan	Developing & Strengthening the Regulatory Framework of Pension, Provident Fund, and Other Such Schemes	123,000
India	Insurance Tariff Advisory Committee: Capacity Building for Transition from Uniform Tariff System to Risk-Based Approach	243,978
India	Expanding Housing Finance Market	598,031
India	Development of Crop Insurance	531,953
India	Expanding Low-Income Housing Finance	483,000
Maldives	Insurance Regulation and Supervisory Advancement	230,000
Maldives	Financial Sector Review	260,000
Maldives	Strengthening Supervision of Pensions	270,000
Maldives	Foreign Exchange Operations Framework	98,310
Nepal	Capital Market Development Plan	147,500
Nepal	Contingency Planning	92,553
Nepal	Crisis Preparedness	124,778
Nepal	Problem Bank Resolution Operational Manual and Toolkit	123,675
Pakistan	Bank Supervision Risk Assessment Model	224,973
Pakistan	Project Design for Assistance to the State Bank of Pakistan	9,200

Country/region	Project title	Commitments ($)
Pakistan	Development of Banking Sector Uniform Chart of Accounts	234,619
Pakistan	Microinsurance Regulation and Supervision	234,000
Sri Lanka	Training for the Foreign Exchange Industry	29,898
Sri Lanka	Regulating Securities Markets Intermediaries	77,503
Sri Lanka	Strengthening Actuarial Supervision Capacity	36,152
Sri Lanka	Securities Exchange Commission: Supervision Capacity Strengthening	226,337
Sri Lanka	Assistance in Drafting the Securitization Act	195,388
Sri Lanka	Regulation of Private Pension Funds	112,623
Sri Lanka	Strengthening Accounting and Payment Systems	170,929
Sri Lanka	Risk Sensitive Capital Rule for Insurance Supervision	245,700
Sri Lanka	Amendment to the SEC Act	242,400
REGIONAL PROJECTS	South Asia Federation of Exchanges (SAFE): Strengthening Stock Exchange Listing Regulations in Member Countries	143,348
	SAFE: Developing Model Listing Regulations	68,355
	Professional Risk Managers' International Association: Development of Academies in India and Indonesia	102,824
	South and East Asia: Workshop for Emerging Financial Intelligence Units (IMF)	57,746
	AITRI Workshop on IAIS Insurance Core Principles	134,673
	Strengthening Payment, Remittances and Securities Settlement Systems	404,471
GLOBAL PROJECTS		
	Islamic Financial Services Board (IFSB): Strengthening Corporate Governance Standards in Islamic Financial Services Institutions	128,775
	Developing Guidelines for the Implementation of Financial Action Task Force (FATF) Recommendations	655,374
	Developmental Implications of International Taxation and Anti-money Laundering and Combating Financing of Terrorists (AML/CFT) Initiatives	231,850
	Workshop for International and Offshore Financial Centers' Supervisors (IMF)	38,546
	Technical Reserving for Non-Life Insurers	27,950

Annex V. Applying for FIRST Funding

The Financial Sector Reform and Strengthening Initiative, **FIRST**, is a multidonor facility that finances World Bank– and IMF-delivered short- and medium-term technical assistance (TA) to promote sounder and more inclusive financial systems in LICs and MICs in all regions.

FIRST TA supports the broader development agenda of a country, including to promote inclusive growth and help alleviate poverty, and to promote greater financial stability.

FIRST operates through two windows:

1. **Catalytic:** FIRST funds small-scale projects (with an average size of $250,000), implemented over 6 to 24 months, to tackle targeted, short-term needs, based on country demand.
2. **Programmatic:** FIRST funds larger programmatic TA engagements aiming at long-term targets for longer-term reforms in effective prudential supervision in banking and insurance, financial inclusion, and market development. Programs average $2 million in size, with an average implementation period of three years. These programs provide funding across multiple projects connected through a well-structured, typically multiyear reform program.

Areas eligible for funding

- Banking
- Capital Markets
- Insurance
- Pensions
- Leasing and Factoring
- Microfinance
- Financial and Information Infrastructures (Accounting and Auditing, Collateral Registries, Credit Reporting, Payment, Settlement and Remittance Systems)
- Housing Finance
- Business Conduct (Corporate Governance, Consumer Protection)
- Macro-prudential (Financial Stability Framework, Liquidity Management, Monetary and Exchange Rate Policies, Systemic Assessment Framework, Crisis Preparedness, Bank Resolution, Deposit Insurance)
- Financial Sector Development Strategy
- Agricultural Finance

Eligible Beneficiaries

Eligible beneficiaries are government agencies, regulatory bodies, policy makers, and—under limited circumstances—quasi-public institutions such as self-regulatory organizations and industry associations.

FIRST gives preference to projects with the following characteristics:

- Demonstrate client ownership and are demand driven
- Likely to achieve the stated project objectives and successful implementation
- Show strong elements of additionality (the absence of overlap and conflict with other sources of funding)
- Catalytic; that is, show a capacity to lead to further financial sector strengthening
- Short- to medium-term nature (6–24 months)

Main themes of assistance

- Financial sector reform strategy and policy advice (in particular, financial sector development plans following a Financial Sector Assessment Program, or FSAP[10])
- Advisory services to strengthen legal, regulatory, and supervisory frameworks
- Financial sector market and product development
- Institutional and capacity building

Areas excluded from funding

- TA cannot be provided for the purpose of strengthening single private or public sector entities, with the exception of financial regulators.
- FIRST cannot provide "core funding," sole or primary source of funding of a start-up or an up and running organization.
- FIRST does not fund stand-alone training that is not part of a broader implementation-related project.
- FIRST does not provide information technology advice, software, or hardware.

FIRST is supported by five donors that are involved in financial sector development around the world: the Department for International Development of the United Kingdom (DFID), the Ministry of Foreign Affairs of the Netherlands, the State Secretariat for Economic Affairs of Switzerland (SECO), Germany's Federal Ministry of Economic Cooperation and Development (BMZ), and the Ministry of Finance of Luxembourg. FIRST works in close collaboration with the World Bank, where it is housed, and with the IMF.

How to Apply

FIRST encourages country authorities to apply for funding through the FIRST website, www.firstinitative.org.

As a first step, an applicant sends an inquiry (available online) with a brief project description. FIRST reviews the inquiry to determine whether the proposal is generally eligible for funding. If deemed eligible, FIRST assists the recipient in developing and submitting a project proposal.

[10] FSAP is a joint program of the International Monetary Fund and the World Bank that identifies financial system vulnerabilities and develops appropriate policy responses for participating countries.

FIRST DONORS AND PARTNERS

Department for International Development of the United Kingdom	www.dfid.gov.uk
German Federal Ministry of Economic Cooperation and Development	www.bmz.de
International Monetary Fund	www.imf.org
Ministry of Finance of the Grand Duchy of Luxembourg	www.gouvernement.lu
Ministry of Foreign Affairs of The Netherlands	www.minbuza.nl
State Secretariat for Economic Affairs of Switzerland	www.seco.admin.ch
The World Bank	www.worldbank.org

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