



Strengthening financial sectors

## 2010 Annual Report

# Financial Sector Reform and Strengthening Initiative



## MISSION STATEMENT

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

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# about FIRST

FIRST is a multidonor grant facility that funds technical assistance to promote financial sector development. It was launched in 2002 by the Canadian International Development Agency (CIDA), the Department for International Development of the United Kingdom (DFID), the International Monetary Fund (IMF), the Ministry of Foreign Affairs of the Netherlands, the State Secretariat for Economic Affairs of Switzerland (SECO), the Swedish International Development Cooperation Agency (Sida), and the World Bank. In 2009 FIRST welcomed new donors: Germany's Federal Ministry of Economic Cooperation and Development (BMZ) and the Ministry of Finance of Luxembourg.

FIRST is managed by a Program Management Unit based at the World Bank's headquarters in Washington, DC.

## OBJECTIVES

FIRST focuses on delivering high-quality short- and medium-term technical assistance. FIRST has established a distinct role in financial sector development as a fast-response provider of small technical assistance projects.

One of FIRST's priorities is to support the implementation of recommendations made by the joint World Bank-IMF Financial Sector Assessment Program (FSAP) and in Reports on the Observance of Standards and Codes (ROSCs).

Other FIRST priorities include: (i) responding to requests for help that fall below other donors' minimum monetary thresholds; (ii) acting as a catalyst for wider donor intervention in areas such as capital market development, banking law reform, and payment system modernization; and (iii) promoting projects that have a strong potential for replication, such as financial crisis preparedness and contingency planning.

## ACTIVITIES AND IMPLEMENTATION

FIRST funds a broad range of financial sector reforms in banking, insurance, capital markets, pensions, and crisis preparedness, among other areas. Annex V provides a complete list of sectors and areas available for FIRST funding.

FIRST-funded technical assistance is carried out primarily by private sector experts. In addition, World Bank and IMF staff are involved in managing projects and providing expert advice.

### Eligibility

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

Countries that receive FIRST assistance must be classified by the World Bank as low- or middle-income countries. Low-income countries are those defined by the World Bank as eligible to receive low- or no-interest loans and grants from the International Development Association (IDA). Middle-income countries are those defined as eligible to receive loans from the International Bank for Reconstruction and Development (IBRD).

Project proposals must be submitted directly to FIRST by eligible applicants. The staff of FIRST, the World Bank, the IMF, and other official multilateral and bilateral development agencies will assist eligible recipients in preparing and submitting proposals.

## FROM THE CHAIR OF THE GOVERNING COUNCIL

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On behalf of FIRST's donors, I am pleased to report on the substantial contributions that FIRST made in the past fiscal year to strengthen the financial sector of low- and middle-income countries around the world. It was in the aftermath of an international financial crisis that the FIRST Initiative was set up in 2002. Since then its relevance and importance have been tested by both crisis and ongoing development, as every year more clients come to FIRST for their short-term technical assistance (TA) needs. The recent global financial crisis has shown that even the advanced economies of the world are not immune to financial vulnerability, and that all countries need to continue strengthening their financial sector to better face systemic and other emerging risks. As the FSAP of the World Bank and IMF, as well as other assessment frameworks, evolve to meet new risks and challenges, the demand for FIRST's rapid, needs-tailored follow-up TA continues to grow.

In the past year, FIRST has engaged in a special program on crisis preparedness, which has proven useful in exposing the gaps and weaknesses in countries' ability to respond to financial distress, including legal and regulatory frameworks inadequate for handling bank failures. Moreover, FIRST offers follow-up TA in the implementation of bank resolution frameworks, which are key to promoting financial stability in any country. Our thanks goes to FIRST donors and partners for their support of this program, which is proving to be an important pillar of financial sector strengthening.

FIRST has matured as an organization and is now entering a period of consolidation and growth shaped by clients' particular needs. The Initiative has proven to be flexible and very much in tune with ongoing developments in the financial sector. Without losing sight of its main mission of rendering post-FSAP follow-up TA, FIRST—in partnership with its donors, the World Bank, the IMF, international associations and standard-setting bodies, and regional capacity-building organizations—continues to identify specific initiatives that can be easily replicated in countries with similar needs.

The challenges in the postcrisis world remain daunting. Those challenges range from establishing sound regulatory frameworks to promoting access to finance as an engine of growth and development. In this context, FIRST keeps abreast of the postcrisis agenda of the Financial Stability Board and at the same time maintains an ongoing dialogue with countries about their specific needs. The FIRST Governing Council has decided to conduct a third external evaluation of FIRST, which is expected to show that FIRST is not only relevant but also effective, thereby paving the way for a new phase of FIRST from 2012 onwards.

On behalf of the Governing Council, I would like to express my thanks to the FIRST Program Management Unit for its outstanding work; to the client countries for their cooperation and commitment; to the World Bank and IMF staff who have helped manage and supervise FIRST projects; to the consultants, whose high-level advisory work has been a key factor in FIRST's success; and to the many international organizations and other donor agencies that have partnered with FIRST. Finally, I wish a successful tenure to my successor, Anuradha Bajaj of DFID, who replaces me as the new chair of the FIRST Governing Council.

### **Jean-Luc Bernasconi**

Head of Operations, SECO, and Chair of the Governing Council  
Financial Sector Reform and Strengthening Initiative

## FROM THE PROGRAM MANAGER

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Fiscal year 2010 was a transitional year. My predecessor, David Dellen, left in December 2009, when I joined, and various team members—four out of ten—joined the organization between October 2009 and January 2010. No doubt our small organization felt the impact of such a turnover, but in compensation we could finally consider ourselves as a complete team.

The team itself was reorganized to best capture the strengths and experience of its members, with the creation of a senior project officer position to lead the team in project selection and preparation. Additionally, project officers were given regional responsibilities to emphasize the regional perspective of FIRST's operations.

We tightened our program focus, prioritizing and better defining the areas eligible for assistance, which resulted in a "Narrowing the Focus" note that was approved by the Governing Council in November 2009. That note made clear that a number of areas, relevant as they may be for financial sector development, were to be excluded from FIRST programs—for example, anti-money laundering (AML) and small and medium enterprises (SMEs)—mainly because funding for such areas was seen to be available from other donors in sufficient coverage and depth.

In March 2010 we started a series of surveys to establish TA needs, first in East Africa, followed by West Africa and Asia, and then other client countries. These surveys have proven to be not only a rich source of information about TA needs, but more important, they have put FIRST in direct contact with countries that need help planning and implementing specific projects to meet specific needs.

During FY 2010 FIRST received 112 inquiries (up from 91 in 2009), a substantial number of which resulted from our outreach efforts. Thirty-six of these project proposals are in the approval process as of this writing. Since 39 projects were approved in all of FY 2010, the current approval rate this year leads us to anticipate a substantial increase in project commitments going forward.

It is also time for FIRST to set its strategic objectives for Phase III (2013–17). The recent financial crisis and the lessons learned have altered the regulatory reform landscape of the entire world. This will no doubt affect the TA priorities of our client countries, and most likely these changes will be different in low- and middle-income countries.

FIRST is entering a challenging and exciting period when it will continue building on the experience gained in previous years as it provides high-quality, relevant TA for low- and middle-income countries around the world. Our many thanks go to our donors, our partners, and, not least, to our clients—all important contributors in this endeavor.

### **Jorge Patiño**

Program Manager

Financial Sector Reform and Strengthening Initiative

# operations review

Fiscal 2010 was a transitional period, a year in which changes in team composition and structure affected operational results. In spite of this, overall approval and disbursements remained at the same level as in the previous year. More important, the foundation was being laid for new growth, signs of which could already be seen in the second half of 2010.

## PROJECT COMMITMENTS AND DISBURSEMENTS

In fiscal 2010 FIRST approved a total of 39 projects, representing commitments of \$7.6 million. During its eight years of operations, FIRST has approved 340 projects with a value of \$63.0 million. That amount represents about 64 percent of the contributions received from FIRST's donors since the Initiative's inception in 2002 through the end of fiscal year 2010.

More detailed information on FIRST's project approvals and finances is presented in the annexes. Annex I provides a financial overview of FIRST funds, Annex II summarizes the projects approved in fiscal 2010, and Annex III lists the cumulative FIRST portfolio during fiscal 2003–09.

As of June 30, 2010, FIRST's cumulative project disbursements stood at \$49.2 million, of which \$6.1 million was disbursed in fiscal 2010. The ratio

of disbursements to commitments in fiscal 2010 was 80 percent and has averaged 64 percent over the past seven years, indicating FIRST's continued progress in processing disbursements.

Figure 1 shows FIRST's disbursements and commitments since inception.

FIRST's outreach efforts during fiscal 2010—mainly a TA-needs survey sent to financial sector authorities in Asia and Africa, followed by an awareness-raising campaign about FSAP follow-up TA—had significant results. FIRST anticipates a 100 percent increase in project commitments in the next fiscal year due to its strong pipeline of project applications and a significant increase in approvals achieved in the first half of fiscal 2011.

FIRST's donors contribute to two funds. The Low-Income Fund is allocated to projects carried out in countries that are eligible for credits from the IDA; the Middle-Income Fund is dedicated to projects in countries eligible for loans from the IBRD. Regional projects that include both low- and middle-income countries draw from both funds and are categorized as "blends."

FIRST prioritizes low-income countries: 74 percent of its funds are reserved for this group. From 2006 onward, annual commitments have favored low-income countries, as shown in figure 2.

Figure 1. FIRST commitments and disbursements: FY 2009, FY 2010, and estimated FY 2011

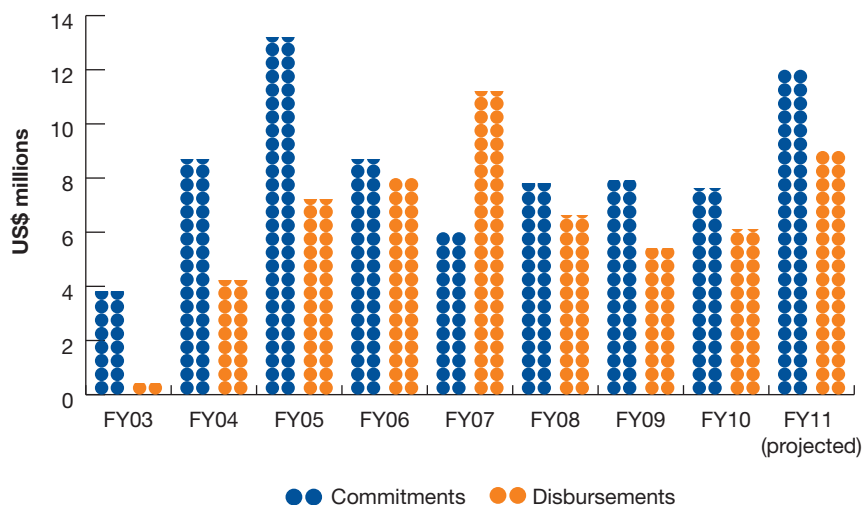
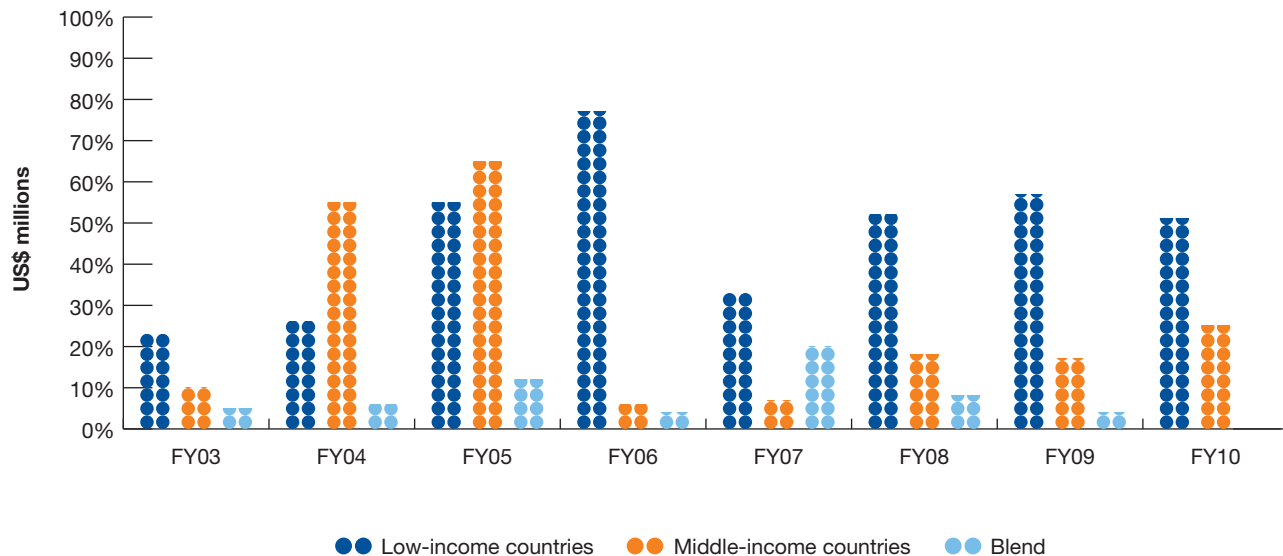




Figure 2. FIRST commitments by fund, FY 2003–FY 2010



## REGIONAL FOCUS

Consistent with FIRST’s emphasis on supporting low-income countries, Sub-Saharan Africa continues to be a top-priority region. Thirty-six percent of FIRST projects were approved in this region in fiscal 2010, and about 40 percent during 2002–10.

Table 1 and figure 3 show FIRST’s regional commitments on a cumulative basis and in fiscal 2010. (Annex IV lists FIRST project commitments by geographic region.)

Figure 3. FIRST commitments by region, FY 2010

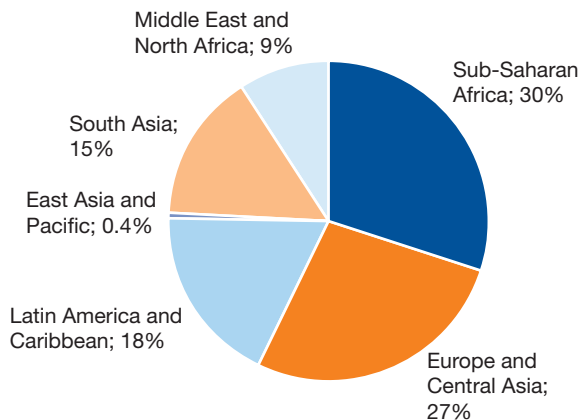


Table 1. FIRST commitments by region, FY 2009, FY 2010, and cumulatively (as of June 30, 2010)

Region	FY 2009			FY 2010			Cumulative 2002–10		
	No. of projects	Commitments (US\$)	Share of total commitments (%)	No. of projects	Commitments (US\$)	Share of total commitments (%)	No. of projects	Commitments (US\$)	Share of total commitments (%)
Sub-Saharan Africa	13	3,717,628	47	14	2,319,604	30	135	23,279,103	37
Europe and Central Asia	6	1,333,620	17	9	2,082,400	27	64	12,252,892	19
Latin America and Caribbean	3	536,310	7	7	1,357,767	18	53	9,726,705	15
East Asia and Pacific	6	1,307,444	17	1	33,900	0.4	35	8,339,105	13
South Asia	2	455,700	6	4	1,158,000	15	28	5,389,372	9
Middle East and North Africa	3	501,000	6	4	667,162	9	20	2,975,939	5
Global	0	0	0	0	0	0	5	1,082,495	2
<b>Total</b>	<b>33</b>	<b>7,851,702</b>	<b>100</b>	<b>39</b>	<b>7,618,833</b>	<b>100</b>	<b>340</b>	<b>63,045,610</b>	<b>100</b>

Table 2. FIRST cumulative commitments by theme and sector (US\$ millions)

Thematic areas	Sectors										%
	Banking	Insurance	Capital markets	Other NBFIs	Pensions	Financial architecture	Crisis preparedness	Access to finance	Multisector/ others	Total	
Strategic advice	3.7	1.2	1.9	1.3	1.4	4.8	2.2	1.5	3.8	21.8	35
Legal/regulatory advice	2.7	3.3	4.0	1.0	1.7	1.5	0.0	0.6	1.6	16.4	26
Supervisory capacity	4.3	2.8	1.0	0.1	0.8	2.7	0.0	0.0	0.6	12.3	19
Product development	1.5	1.9	2.7	1.8	0.3	0.3	0.0	0.3	0.2	9.0	14
Others	0.7	0.6	0.1	0.0	0.0	0.4	0.4	0.0	1.3	3.5	6
<b>Total</b>	<b>12.9</b>	<b>9.8</b>	<b>9.7</b>	<b>4.2</b>	<b>4.2</b>	<b>9.7</b>	<b>2.6</b>	<b>2.4</b>	<b>7.5</b>	<b>63.0</b>	
%	20	16	15	7	7	15	4	4	12		

Note: NBFIs = nonbank financial institutions.

FY 2010 was characterized by increased demand for crisis-preparedness projects, which originated mostly from middle-income countries. The global financial crisis uncovered weaknesses in financial systems and revealed the need to streamline regulatory frameworks

and strengthen supervisory capacities in countries with relatively high levels of financial sector development. As a result, the regions of Eastern Europe and Central Asia and Latin America and the Caribbean ranked second and third in requests for FIRST financial assistance.

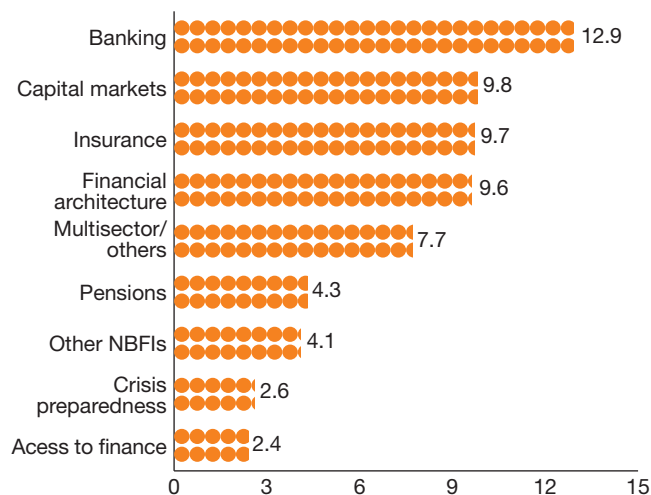
## SECTORAL FOCUS

FIRST categorizes its projects by sector and thematic area. FIRST’s sectors are grouped into nine categories: banking, insurance, capital markets, other nonbank financial institutions (NBFIs), pensions, financial architecture,<sup>1</sup> crisis preparedness, access to finance, and multisector/others.<sup>2</sup> Thematic areas correspond to FIRST’s main areas of activity: legal/regulatory advice, supervision capacity, product development, strategic advice, and other. (Annex V lists the sectors and areas eligible for FIRST funding.)

Sectors and thematic areas form a matrix. Cumulative commitments across themes and sectors are reported in table 2. A graphic depiction of cumulative commitments by sector is presented in figure 4.

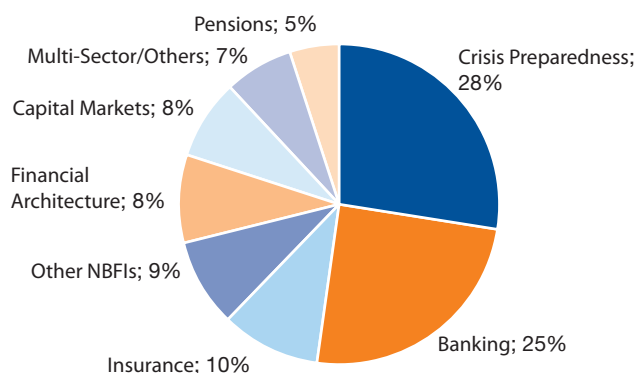
Over eight years of operation, FIRST’s cumulative commitments have been mostly in banking, capital markets, insurance, and multisectoral work—mainly financial sector development strategy (FSDS) and financial system reform and policy. That said, in fiscal 2010, crisis-preparedness projects received the highest funding among sectors (figure 5)—FIRST approved 15 projects in this new category, with a value of \$2.2 million.

Figure 4. Cumulative FIRST commitments by sector, FY 2003–FY 2010 (in US\$ millions)



Note: NBFIs = nonbank financial institutions.

Figure 5. FIRST project commitments by sector, FY 2010



1. The “financial architecture” group includes projects in sectors such as supervisory structure, accounting and auditing, credit information bureaus, and collateral registries.

2. Projects in “multisector/others” belong to the sectors of financial sector development strategy (FSDS), anti-money laundering and combating the financing of terrorism (AML/CFT), corporate governance, insolvency regimes, and financial system reform and policy.

# working with donors and partners .....

FIRST prides itself on its close working relationships with donor agencies, multilateral development banks, and international standard-setting organizations. In fiscal 2010, 49 percent of FIRST projects were generated through referrals from such agencies, mainly the World Bank and IMF. FIRST's donors continue to challenge the Initiative to provide high-quality, effective, timely, and well-coordinated TA in financial sector reform and development.

Chief among the two main criteria that determine FIRST's project selection are additionality (the absence of overlap and conflict with other sources of funding) and leverage (the probability that a given TA project will attract funding from other donors, either now or later in the project's cycle). Both of these elements are critical to the collaborative and cooperative approach that FIRST maintains in its relations with donors and aid partners.



Due diligence at the project design stage leverages FIRST's efforts and is an essential part of successful donor coordination. FIRST staff share project summaries with client government bodies, bilateral aid agencies, development banks, and other donor organizations to avoid duplication and to gather regional and technical feedback to refine project designs and eliminate redundancies.

FIRST is supported by seven donors that are involved in financial sector development around the world (listed at the end of this report). The World Bank and IMF have been close partners since FIRST's inception. FIRST works closely with financial sector experts within the regional and sectoral networks of the World Bank in project generation, peer review, supervision, and management. FIRST's involvement in FSAP and ROSC follow-up projects has been substantially enhanced as a result of this working relationship.

Standard setters are also important partners of FIRST. In particular, the International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO) have supported FIRST's projects in the implementation of core principles and standards in their respective areas and have served as a target for the standards of financial supervision that client countries strive to attain.

FIRST has also established working relationships and partnerships with regional bodies, development banks, and other donor programs. Among those that have led to active project coordination and generation are: the United States Agency for International Development (USAID), the Consultative Group to Assist the Poor (CGAP), the Making Finance Work for Africa Secretariat, the Southern African Development Community (SADC), the Eastern and Southern African Banking Supervisors Group (ESAF), the Economic and Monetary Community of Central Africa (CEMAC), the East African Securities Regulatory Authorities (EASRA), the Centre for Latin American Monetary Studies (CEMLA), the Toronto Leadership Centre, the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). FIRST has partnered with many of the above organizations (for example, the CEMLA, MEFMI, SADC, and the Toronto Leadership Centre) in a number of projects. With others (the USAID and CGAP), FIRST shares its project files during the peer-review process so that the expertise and information of these organizations can support project selection.

# select project profiles .....

from projects completed in fiscal 2010

## RWANDA: FINANCIAL SECTOR DEVELOPMENT PROGRAM (PHASE II)

The government of Rwanda places a high priority on financial sector development and sees it as an integral element of its long-term plan to transform Rwanda into a middle-income country and an economic trade and communications hub. Following a 2005 FSAP report prepared jointly by the World Bank and IMF, which diagnosed and recommended solutions for a number of weaknesses in the financial sector, the Rwandan government needed a plan for implementing the recommendations in a systematic way. The government therefore requested FIRST assistance in developing a comprehensive financial sector development strategy (FSDS). The FIRST-funded Financial Sector Development Program (FSDP) project (Phase I) resulted in a comprehensive draft policy program with strong buy-in from the nation's entire financial sector.

Following the FSAP report and drafting of the FSDP, a cabinet paper based on the FIRST consultants' work presented the policy-relevant aspects of the FSDP, together with a detailed matrix of actions needed to make the necessary policy changes. The cabinet approved the comprehensive policy program in November 2006 and endorsed a detailed action plan that focused on four major areas: (i) banking, microfinance, and access to credit; (ii) contractual savings (pensions and insurance); (iii) capital markets; and (iv) the payments system.

Given a clear and pressing need for action and reform, the National Bank of Rwanda (NBR) asked FIRST to support implementation of the FSDP action plan by:

- Providing targeted technical advice in the priority areas identified by the FSDP action plan
- Assisting the NBR in drafting a pension law and related regulation as well as legislation on collective investment schemes
- Developing the backbone of the national payments system



FIRST approved TA funding for the FSDP project (Phase II) in January 2008 with a total contribution of \$407,856. The project was a remarkable success. During the first year of implementation, Rwanda completed more than 50 percent of the actions to be implemented during the first 24 months. Draft legislation for the regulation and supervision of collective investment schemes was prepared. And FIRST assisted the NBR in completing user requirements and technical specifications for an integrated payments processing system.

The Rwandan authorities translated the diagnostics and most of the recommendations provided by FIRST's consultants into policy decisions and reforms. Moreover, the project has the potential of being replicated in other countries with similar reform-minded environments. Building on the success of Rwanda's FSDS, FIRST developed a FSDS project model to share with and replicate in other countries.





## MALAWI: ROSC ACCOUNTING AND AUDITING FOLLOW-UP —DEVELOPING A COUNTRY ACTION PLAN

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The long-term vision of Malawi's government, captured in the Growth and Development Strategy, is to foster private-sector-led growth in the country. With this overarching objective in mind, the Malawian authorities have committed to strengthening corporate financial reporting and increasing financial transparency to improve the overall business environment. In 2007 a ROSC accounting and auditing review (ROSC A&A) was conducted in Malawi as a first step in the process of strengthening the underpinnings of corporate financial reporting. That report provided policy recommendations to improve accounting and auditing practices, including ways of strengthening enforcement mechanisms to ensure compliance with accounting and auditing requirements.

The FIRST Initiative agreed to finance a TA project to assist the government of Malawi in developing a country action plan for the implementation of the policy recommendations contained in the 2007 ROSC A&A, and to follow up on previous TA recommendations for improving the existing legal framework for accounting and auditing. FIRST approved this project in November 2007 with a total contribution of \$72,658.

The project achieved its key outcomes: a detailed country action plan was delivered, and the accounting and auditing law was revised with the involvement and commitment of the authorities, high-quality local consultants, and the project technical leader.



“The project initiation and the coordination of activities were very good. There was very good and effective leadership from the project team. Procurement of consultants was quick and timely, and the consultants were skillful.”

**Daniel Dunga, Chief Executive Officer,  
The Society of Accountants in Malawi**



## ZAMBIA: DEVELOPING AND STRENGTHENING CONTINGENCY PLANNING

Zambia underwent an FSAP in 2008. Stress tests performed by the FSAP team confirmed that although the country's banking sector could withstand considerable shocks, it was prudent to put in place a strategy to prevent macroeconomic fallout from the global crisis.

FIRST received a request from the Bank of Zambia (BoZ) to enhance its tools for managing financial distress and a potential systemic crisis, and approved the project worth \$161,485 in August 2009.

It was the project's objective that, at its conclusion and through the ongoing efforts of the client, the BoZ should have a sound framework for preserving the stability of the financial system, to include:

- An institutional framework for crisis preparedness
- A contingency plan
- Arrangements for the provision of emergency liquidity assistance
- A well-designed bank-resolution process
- A depositor protection facility
- A tool to strengthen the surveillance of banks and project their balance sheets based on different scenarios

At the end of the project, substantial progress had been made in designing the institutional arrangements, but they were yet to be made operational. The emergency liquidity assistance policy was ready, subject to final management and board approval. A deposit protection bill had been drafted,

circulated for comment, revised, and then submitted to the Ministry of Finance and National Planning. An agreement had been reached on the need to set up an internal BoZ group that would monitor risks and vulnerabilities in the financial system, draw attention to danger areas, and be responsible for coordinating action when needed. BoZ has already begun this process by drafting memorandums of understanding with home supervisory authorities of foreign banking groups represented in Zambia. An agreement has also been reached within the bank to establish a small financial stability unit.



In addition, a financial projection model was developed for two banks at the request of and in cooperation with the BoZ. The mission left the bank with a baseline projection for the target banks, a working copy of the model, and some elementary sensitivity analysis. It also helped familiarize the BoZ staff with the model.



## GEORGIA: STRENGTHENING FINANCIAL SECTOR SUPERVISION

Georgia is a country with a relatively well-developed financial sector legislative framework and regulations. Substantial assistance to develop and implement these laws and regulations was provided by international donors during the period 1995–2006.



In 2008 the Georgian Financial Supervisory Agency (GFSA, the supervisor of the entire financial sector, including commercial banks, microfinance institutions, credit unions, foreign exchange bureaus, money transfer entities, insurance companies, and the securities market) applied for FIRST TA to strengthen its supervisory capacity by eliminating a regulatory gap that was identified during the FSAP update in 2006. The project, worth \$70,037 and approved in February 2009, was designed to assist the GFSA by developing (i) supervisory criteria for banks' investments or acquisitions and (ii) an assessment methodology, to include the introduction of capital requirements to account for the interest and equity risks on banks' books. In December 2009, during project implementation, Georgia's parliament substantially altered the financial sector's framework. Supervision of the entire financial sector was transferred to the National Bank of Georgia (NBG), and the GFSA was abolished. Fortunately, the change did not affect the project.

The project has basically achieved its goals: criteria for the supervisory assessment of banks' investments and acquisitions have been developed, and recommendations for corresponding legislative changes made. More precisely, before undertaking investments, commercial banks must obtain the authorization of the NBG, which defines permissible activities. When considering proposals, the NBG will take into account the size and nature of the proposed investment, its potential risks, and so on.

A draft regulation on interest-rate risks in banking books and a guidance note on interest rates and equity risks in banks' trading books were developed. An interest-rate-risk methodology was devised to take into account the local environment and its high level of dollarization. According to the project expert's recommendations, interest rates originating from internal and external markets are treated separately. The NBG has conducted impact studies for various Georgian banks. Since most Georgian banks hold a small share of traded assets, a relatively simple trading book regime is most suitable. Under FIRST's guidance, such a regime was put in place.

"The National Bank of Georgia is grateful to the FIRST Initiative for this project, which was timely and most helpful to us. We have no suggestions for project processing, as everything was exceptional. FIRST demonstrated very little bureaucracy and a lot of flexibility and support."

**Otar Nadaraia, Deputy Governor, National Bank of Georgia**

As a result of this project, the NBG has adopted a robust and proportionate approach to banks' acquisitions and investments, allowing it to focus on those investments that pose the greatest risks to regulatory objectives. Furthermore, the NBG has a clearer view of banks' interest-rate risks and the tools they use to address excessive interest-rate risks. It is now able to monitor banks' trading books more closely—and to introduce specific regulatory requirements as and when these are required.



## THE FINANCIAL SECTOR CRISIS-PREPAREDNESS PROGRAM

A growing number of low- and middle-income countries are increasingly affected by the second-round effects of the global financial crisis. Many national financial sector authorities are facing serious challenges of a nature not previously encountered. The FIRST Initiative helps countries to prepare for such potential systemic crises. While a range of demand-driven TA activities may be relevant in the current context, FIRST supports interventions during the stages of crisis preparedness, mitigation, and postcrisis reconstruction of financial systems and financial markets (that is, regulatory and supervisory frameworks) in the areas described below.



### Contingency planning

Strengthening intra- and interagency contingency plans involves assisting national supervisory agencies and central banks in developing a sound basis for dealing with a systemic problem through the design and improvement of contingency planning and underlying legal and administrative frameworks. Assistance in this area addresses a wide range of issues, including intra- and interagency contingency planning, coordination, and related protocols; supervisory prompt corrective action regimes; procedures for providing emergency liquidity assistance; bank and NBF1 failure resolution frameworks; and depositor and investor protection regimes.

TA in this area complements FSAPs and may constitute a routine follow-up activity to an FSAP that has identified apparent weaknesses in crisis preparedness or in response capacity. Contingency planning addresses a level of detail that is not undertaken in FSAPs, and to avoid overlap and duplication, is usually informed by the results of the FSAP assessments when available.

The outputs of this type of TA are: (i) a report on the assessment of the financial stability framework and the identification of weaknesses and gaps including, but not limited to, facilities of liquidity provision, supervisory tools and oversight, bank resolution options, and the capacity to use these options; (ii) a time-bound action plan (that includes the preconditions for effective crisis management; recommendations to reform/improve the legal, regulatory, supervisory, policy, and procedural frameworks; emergency liquidity assistance facilities; and recommendations to improve intra- and inter-agency coordination and communication strategies related to frameworks for the resolution of problem banks); and (iii) a contingency planning framework that involves policy preparation for crisis management, detailed information on communication and coordination strategies, and policies and procedures to be used before and during the crisis with reference to applicable laws, regulations, and policies.

The outcomes of this TA typically are measures taken by financial authorities to strengthen their existing legal foundations, to set up a “crisis committee,” to put a new contingency plan in place, to improve existing plans, and to reduce the need for public funds to rescue banks or other NBFIs.

Additionally, this type of TA is either complemented by a simulation exercise or results in a simulation exercise request. Simulations are the best way of testing the contingency plans of the national financial authorities.

### Simulation exercises

Simulation exercises are a TA product designed to help financial sector authorities prepare for a potential systemic financial crisis. Crisis-simulation exercises range in modality from multistage, multiday exercises delivered at respective authorities’ offices via simulated e-mail and other inputs, to analytical exercises conducted over a few hours in which authorities’ response to specific scenarios can be articulated and evaluated. Simulations are designed to identify vulnerabilities and gaps in existing laws, policies, and procedures in client-country financial systems. Also important, a simulation exercise can be used by the national authorities as a regular business practice to enhance supervisory capacity and to respond more effectively to problems in financial institutions and markets, especially ones that have potentially systemic consequences.



Simulation exercises generally will involve participation by senior decision makers in all relevant authorities (supervisory agencies, central banks, deposit insurance agencies, ministries of finance) but may also be undertaken within a single agency (for example, a central bank with bank supervision responsibility). In countries where there is a significant foreign presence in the financial sector, cross-border elements may be included in the scenario; moreover, cross-country or regional exercises may be undertaken in which case the number of officials involved obviously increases.



Regardless of the specific nature of the simulation, such exercises bring to the attention of authorities relevant weaknesses or gaps in existing laws, policies, procedures, and contingency plans. In doing so, they enhance supervisory capacity and provide a model for further recourse to simulations within or across agencies.

The output of a simulation exercise will be (i) a report on the events and findings of the exercise, which identifies and addresses gaps and weaknesses in the legal, regulatory, policy, and procedural framework and includes relevant strategic, operational, and tactical insights and recommendations for resolving financial problems of potential systemic consequences; and (ii) an action plan in which these recommendations are synthesized. The action plan identifies priorities, sequences and timelines, and the potential need for TA, to be discussed with senior officials during the final mission. It may also contain an outline for a crisis-preparedness handbook that may include, for example, contact information for the heads of major financial institutions; contact information for external experts; lists and brief summaries of legislation, regulations, and directives relevant to managing a financial crisis; and other materials that should be readily at hand in the event of a crisis. Follow-up TA associated with simulation exercises is among the most important efforts undertaken by FIRST.

The outcomes of simulation exercises are (i) practice by the authorities in the use of laws, policies, and procedures to deal with emerging distress, including systemic distress, which alone can raise the authorities' collective response capacity; (ii) improvements in interagency coordination, response capacity, and legal and regulatory frameworks based on weaknesses identified during the simulation; and (iii) the transfer of knowledge about how national financial authorities can test their contingency plans as a routine business practice. Furthermore, through repeated simulations, contingency plans, crisis-management policies, and legal foundations are subjected to continuous improvement based on lessons learned during the exercises. The overarching aim of the TA is to minimize the disruption and fiscal costs generated by financial systemic breakdowns.

#### Follow-up TA in the above areas

Once financial sector vulnerabilities and institutional weaknesses are identified with the help of TA, FIRST helps clients devise appropriate responses and solutions. FIRST expects to provide a significant volume of follow-up TA as a result of its engagement in contingency planning and simulation-exercise activities. Indeed, the anticipated medium-term results of the efforts described above are requests from client countries for follow-up TA to explore and implement solutions to identified legal, policy, procedural, and institutional weaknesses that may undermine the ability of the authorities to respond effectively to financial distress and systemic crisis.

#### Regional crisis preparedness

In addition to TA projects, FIRST has contributed funding to regional crisis-preparedness workshops in order to raise awareness among financial sector authorities about dealing effectively with economic stress, to discuss the essential elements of the authorities' capacity to respond effectively to problems in financial institutions and markets, and to encourage TA requests from clients.

Countries that directly benefited from FIRST-funded crisis-preparedness projects, or where such projects are still ongoing, are Albania, Algeria, Azerbaijan, Colombia, Costa Rica, Guatemala, Malawi, Mexico, Morocco, Mozambique, Nepal, Peru, and Zambia.

In addition, more than 40 countries participated in FIRST-funded regional crisis-preparedness workshops.

# Annex I

## sources and uses of funds

### FINANCIAL STATEMENTS

During the year ended June 30, 2010, two new donors (Germany and Luxembourg) joined FIRST, and three existing donors (the Netherlands, Switzerland, and the United Kingdom) made supplemental contributions to the FIRST Trust Fund. FIRST's new and existing donors paid in contributions totaling \$14.2 million during the fiscal year ended June 30, 2010.

In accordance with the Phase II Administration Agreements between the World Bank and FIRST donors, an administration fee of \$0.7 million was deducted from the Phase II contributions paid into the Trust Fund during the year ended June 30, 2010.

FIRST's disbursements for TA activities totaled \$6.1 million during the year ended June 30, 2010. During the same period, FIRST also disbursed \$1.8 million through the IMF subaccount for IMF-executed activities. The Program Management Unit's administrative costs for fiscal year 2010 totaled \$1.9 million.

As of June 30, 2010, the undisbursed Trust Fund balance was \$36.2 million.

### Combined Statement of Receipts, Disbursements, and Fund Balance (US\$)

Contributions (note 2)	as of 6/30/10	as of 6/30/09
Canada	15,742,561	13,831,794
Germany	1,939,600	0
Luxembourg	361,250	0
Netherlands	12,128,097	10,692,197
Sweden	6,772,243	3,947,578
Switzerland	21,865,119	18,865,119
United Kingdom	40,392,173	37,663,193
<b>Total contributions</b>	<b>99,201,043</b>	<b>84,999,881</b>
Net investment income	7,700,429	7,290,351
<b>Total receipts</b>	<b>106,901,472</b>	<b>92,290,233</b>
Disbursements	48,043,873	41,942,468
IMF subaccount	9,696,282	7,865,339
Administrative fees	3,039,891	2,329,833
Coordination Unit and Steering Committee expenses	3,774,790	3,774,790
Program Management Unit expenses	6,148,893	4,211,848
<b>Total disbursements</b>	<b>70,703,729</b>	<b>60,124,279</b>
Excess of receipts over disbursements	36,197,742	32,165,954
Fund balance		
Beginning of period	32,165,954	31,337,914
Movement during year ended June 30, 2010	4,031,788	828,040
End period	36,197,742	32,165,954
<b>Trust Fund's share of the cash and investments in the pool</b>	<b>36,197,742</b>	<b>32,165,954</b>

**Note 1. Basis of accounting**

The accompanying financial statement was prepared on the cash receipts and disbursements basis of accounting, modified to record the share in 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 that builds on the U.S. Generally Accepted Accounting Principles (GAAP) or the International Financial Reporting Standards (IFRS). Receipts, with the exception of net investment income as described above, are recorded when collected (that is, when credited to the Trust Fund) rather than when pledged or earned, and disbursements are recorded when paid (that is, when debited from the Trust Fund).

The 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 translated at the rate of exchange on the transaction date. Transaction gains or losses on disbursements, if any, 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 entities of the World Bank Group. The IBRD maintains all Trust Fund assets separate and apart from the funds of the World Bank Group.

**Note 2. Contributions**

Conversions of contributions received in various currencies into U.S. dollars are initiated by the IBRD (the Bank) upon the receipt of funds or receipt of the signed and countersigned

administration agreement, whichever occurs later. The amounts committed by the donors and received by the Bank for the period November 22, 2002 (date of inception), through June 30, 2010, are as follows:

**Low-income funds**

Donor	Amounts committed		Amounts received		Contributions received (converted to US\$)
<b>PHASE I</b>					
Netherlands	Euros	6,660,000	Euros	6,660,000	7,816,897
Sweden	SKr	20,000,000	SKr	20,000,000	2,626,714
Switzerland	SwF	8,400,000	SwF	8,400,000	6,515,392
United Kingdom	GBP	11,900,000	GBP	10,827,756	18,782,815
					35,741,818
<b>PHASE II</b>					
Canada	CDN	5,000,000	CDN	3,000,000	3,704,276
Germany	Euros	2,450,000	Euros	800,000	1,193,600
Luxembourg	Euros	250,000	Euros	250,000	361,250
Sweden	SKr	40,000,000	SKr	30,000,000	4,145,529
Switzerland	US\$	3,500,000	US\$	3,499,973	3,499,973
Netherlands	Euros	7,000,000	Euros	3,000,000	4,311,200
United Kingdom	GBP	7,300,000	GBP	7,300,000	13,559,580
					30,775,408
<b>Total contributions to low-income fund</b>					<b>66,517,226</b>

**Middle-income funds**

Donor	Amounts committed		Amounts received		Contributions received (converted to US\$)
<b>PHASE I</b>					
Canada	CDN	12,000,000	CDN	7,999,960	5,668,221
			US\$	2,665,788	2,665,788
Switzerland	SwF	5,600,000	SwF	5,600,000	4,349,806
United Kingdom	GBP	5,100,000	GBP	4,640,467	8,049,778
					20,733,593
<b>PHASE II</b>					
Canada	CDN	5,000,000	CDN	3,000,000	3,704,276
Germany	Euros	1,550,000	Euros	500,000	746,000
Switzerland	US\$	7,500,000	US\$	7,499,948	7,499,948
					11,950,224
<b>Total contributions to middle-income fund</b>					<b>32,683,817</b>
<b>Combined Phase I and Phase II contributions</b>					<b>99,201,043</b>

### Note 3. Net investment income

The Pool is divided into subportfolios to which allocations are made based on fund-specific investment horizons, risk tolerances, and other eligibility requirements for trust funds with common characteristics as determined by the IBRD. Generally, the Pool is invested in liquid financial instruments such as money-market instruments, government and agency obligations, mortgage-backed securities, and other high-grade bonds. The Pool may also include securities pledged as collateral under repurchase agreements with other counterparties, and receivables from resale agreements for which it has accepted collateral. Additionally, the Pool also includes derivative contracts such as currency forward contracts, currency swaps, and interest rate swaps.

The Pool is a trading portfolio and is reported at fair value; gains/losses are included in net investment income. Share in pooled cash and investments represent the Trust Fund's allocated share of the Pool's fair value at the end of the reporting period.

Net investment income consists of the Trust Fund's allocated share of interest income earned by the Pool, realized gains or losses from sales of securities,

and unrealized gains or losses resulting from recording the assets held by the Pool at fair value. Net investment income in the amount of \$410,077 and \$7,700,429 was credited to the Trust Fund during the year ended June 30, 2010, and for the period from November 22, 2002 (date of inception), to June 30, 2010, respectively.

### Note 4. Disbursements

During Phase I, the Bank acted in its capacity as fiscal agent, disbursing amounts from the Trust Fund to a disbursement bank account for payments to TA providers. The Phase I administrative arrangements also provided for the Bank to make contributions to the FIRST Initiative under the Development Grant Facility (DGF). As of June 30, 2010, contributions in the amount of \$1,210,000 have been made through the DGF window and been fully disbursed on projects. The DGF contributions have been excluded from the disbursements in this statement as they were paid directly to the Phase I Management unit and have been fully accounted for.

From March 1, 2007, all payments to TA providers are being disbursed directly from the Bank and are made in accordance with the Bank's policies and procedures. Disbursements also include Bank and IMF staff time and

travel costs. During the year ended June 30, 2010, direct project disbursements from the Trust Fund were \$6,101,405.

### Note 5. IMF subaccount

The Phase II administrative arrangements provide that the Bank disburses to the IMF subaccount 15 percent of net paid-in contributions for IMF-executed activities. During the year ended June 30, 2010, FIRST disbursed \$1,830,942 to the IMF (see table below).

### Note 6. Administrative fees

During Phase I, to assist in the defrayment of the costs incurred for administration, supervision, and oversight of the Trust Fund, the Bank retained from the investment income received by the Fund an amount equal to 1.6 percent of the contribution amount. All remaining income was credited to the Trust Fund.

During Phase II, in accordance with its expanded role and the administration agreements, the Bank retains 5 percent of contributions for administration of the Trust Fund. Administrative fees in the amount of \$710,058 and \$3,039,891 were deducted by the Bank during the year ended June 30, 2010, and from November 22, 2002 (date of inception), to June 30, 2010, respectively.

### IMF subaccount (US\$)

	Donor contributions	World Bank administration fee (5%)	Net contributions	IMF 15%	FY 10 cumulative disbursements to IMF	FY 09 cumulative disbursements to IMF	Disbursed to IMF during FY 10	Due to IMF as of June 30, 2010
Cumulative new Phase II contributions received	42,725,632	(2,136,282)	40,589,350	6,088,403	5,699,523	3,868,581	1,830,942	388,880
Phase I balance transferred to Phase II	26,645,058	0	26,645,058	3,996,759	3,996,759	3,996,759	0	0
<b>Total</b>	<b>69,370,690</b>	<b>(2,136,282)</b>	<b>67,234,408</b>	<b>10,085,161</b>	<b>9,696,282</b>	<b>7,865,339</b>	<b>1,830,942</b>	<b>388,880</b>



# Annex II

## projects approved in fiscal 2010

Country	Project title	Activity description	Amount (US\$)
<b>SUB-SAHARAN AFRICA</b>			
East Africa	Regional IOSCO Principles Assessment	Providing a comprehensive review of the status of the regulatory supervisors in the East African region in respect to their individual implementation of the entire set of the IOSCO objectives and principles.	122,700
Botswana	Enhancing Supervision of Capital Markets	Enhancing the capital markets supervision by assisting the Nonbank Financial Institutions Regulatory Authority (NBFIRA) in revising the investment and securities regulatory regime and drafting amendments to the Collective Investment Undertakings Act.	191,533
Burundi	Development of Financial Sector Strategy	Assisting the country authorities in preparing an FSDS and action plan on the basis of the recent FSAP findings and recommendations.	252,000
Comoros	Capacity Building in Banking Supervision, Accounting, and Auditing	Assisting the central bank in strengthening the regulatory framework and technical capacity in banking supervision, and improving its accountability, governance, and operations.	249,571
Ghana	Strengthening the Accounting Profession	Strengthening the capacity of the Institute of Chartered Accountants to function in line with international good practices and improving the infrastructure of accounting, auditing, and financial reporting.	310,000
Malawi	Strengthening Contingency Planning	Strengthening the central bank's contingency plans for ensuring a prompt and effective response to potential financial distress, improving the authorities' capacity to deal with crises, and strengthening the resolution framework of a problem bank/financial institution.	130,800
Mauritius	Financial Stability Framework	Assisting the Bank of Mauritius in strengthening capacity to maintain a sound financial system able to withstand the negative impact of the current global financial downturn, to resist future stresses, and to eventually withdraw from current stimulus measures without jeopardizing recovery.	237,300
Mozambique	Contingency Planning	Assisting the Bank of Mozambique in enhancing its practical tools for efficiently managing financial distress and potential systemic crisis by means of strengthening and formalizing relevant contingency plans.	146,000
Nigeria	Bank Resolution	Assisting the central bank and other financial authorities in: developing plans for the effective resolution of the intervened banks; assessing the potential trade-offs resulting from government financing of the resolution; developing the policy, legal, and operational requirements for an asset management company; and developing and implementing an effective monitoring and reporting framework.	186,450
Rwanda	Regional Crisis Preparedness Workshop	Practicing the use of processes for contingency planning and for dealing with failing banks; coordinating nationally with supervisors, central banks, deposit insurers, and other authorities in a crisis; and dealing with systemic consequences of bank failures.	102,000
South Africa	Finalizing Microinsurance Regulatory Framework	Supporting the microinsurance regulatory design in South Africa through setting out a comprehensive policy proposal, drafting a revised discussion paper, raising awareness, and finalizing the proposed regulatory framework.	93,200

Country	Project title	Activity description	Amount (US\$)
The Gambia	Strengthening the Regulatory Framework of Accounting and Auditing	Developing a more effective legislative framework focusing on the accountancy profession, accounting and auditing standard setting, and monitoring and enforcement arrangements.	62,050
Zambia	Strengthening Contingency Planning	Assisting the Bank of Zambia in enhancing its practical tools for efficiently managing financial distress and potential systemic crises by means of strengthening and formalizing relevant contingency plans (part I).	191,000
	Strengthening Contingency Planning	Assisting the Bank of Zambia in enhancing its practical tools for efficiently managing financial distress and potential systemic crises by means of strengthening and formalizing relevant contingency plans (part II).	45,000
<b>Total for region</b>			<b>2,319,604</b>
<b>EAST EUROPE AND CENTRAL ASIA</b>			
Albania	Financial Crisis Simulation Exercise	Strengthening and formalizing the Bank of Albania's contingency plans for ensuring a prompt and effective response to potential financial distress. Testing the newly developed contingency plan and regulatory agencies' response to potential problems in one or more financial institutions.	242,000
Armenia	Regional Crisis Preparedness Workshop	Practicing the use of processes of contingency planning and dealing with failing banks; coordinating nationally with supervisors, central banks, deposit insurers, and other authorities during a crisis; and dealing with systemic consequences of a bank failure.	82,500
Azerbaijan	Capital Market Development Plan	Formulating, in close collaboration with the State Committee for Securities, a comprehensive capital market development strategy in Azerbaijan for the next five years in the form of a time-bound action implementation plan.	123,000
	Systemic Risk Response Framework	Assisting the central bank in developing a systemic risk-response framework that will be composed of two parts: a computer model (multifactor scenario analysis) to diagnose weaknesses generated by exceptional, but plausible, shocks to individual institutions and to the banking system as a whole, and a report on the findings of the model.	213,000
Kazakhstan	Strengthening Catastrophe Risk Transfer Supervision	Developing and supporting the implementation of risk-sensitive regulatory requirements for catastrophe risk transfer by insurance companies.	246,600
Kosovo	Technical Advisory Service to Central Bank	Providing strategic advice to the management of the Central Bank of Kosovo during its ongoing transition and supporting capacity building of the financial supervision team.	498,300
	Technical Assistance Service to Strengthen Insurance Regulation and Supervision	Supporting the reform of the insurance sector in Kosovo through strengthening of the regulatory and supervisory framework and enhancement of the capacity of the supervisory staff.	238,200
Kyrgyz Republic	Deposit Protection Agency Capacity Building	Building the capacity of the Deposit Protection Agency, including assistance in drafting missing regulations and internal manuals and guidelines, training staff, as well as providing recommendations regarding the management of information, accounting, and auditing systems.	252,000
Uzbekistan	Strengthening Insurance Supervision	Strengthening insurance regulation and supervision for life and nonlife segments, and securing a sound and stable insurance market for the benefit and protection of policyholders and insurers.	186,800
<b>Total for region</b>			<b>2,082,400</b>
<b>SOUTH ASIA</b>			
India	Expanding Low-Income Housing Finance	Developing a housing-credit market that offers products suitable for low-income households, based on a market-driven model that is commercially viable in the long run.	483,000
Bangladesh	Capacity Building for Bangladesh Bank	Supporting capacity building and operations of the central bank in developing local bond markets, strengthening risk-based auditing, and implementing IFRS.	305,000
Maldives	Financial Sector Review	Developing a financial sector strategy and action plan, building legal and supervisory capacity of the Maldives Monetary Authority, and assisting in the implementation of the action plan.	260,000

Country	Project title	Activity description	Amount (US\$)
Nepal	Contingency Planning	Assisting the Nepal Rastra Bank in developing a contingency plan to ensure a prompt and effective response to financial distress and potential systemic crisis.	110,000
<b>Total for region</b>			<b>1,158,000</b>
<b>EAST ASIA AND PACIFIC</b>			
Philippines	Improving Problem Bank Resolution	Reviewing the adequacy of the Prompt Corrective Action framework in preventing risks to banks' soundness, optimizing the supervisory infrastructure, and standardizing problem bank-resolution procedures to produce a hierarchical and risk-focused decision process.	33,900
<b>Total for region</b>			<b>33,900</b>
<b>LATIN AMERICA AND CARIBBEAN</b>			
Brazil	Introduction of Risk-based Supervision of Closed Pension	Providing guidance on the proper implementation of risk-based supervision of pension funds, assessing the current regulatory framework, and improving supervision of the private pension system.	360,000
Central America	Financial Crisis Simulation Program	Providing seven Central American government agencies with a tool to test and enhance (i) their efficiency in managing cross-border financial distress through the conduct of a crisis-simulation exercise and (ii) their existing arrangements regarding cross-border financial problems.	123,300
Colombia	Strengthening Financial Sector Legal and Regulatory Framework	Identifying and facilitating solutions to potential institutional weaknesses that may undermine the ability of the authorities to respond effectively to financial distress and systemic crises.	255,000
Costa Rica	Financial Crisis Simulation Program	Identifying the coordination and cooperation weaknesses among and within financial agencies in the event of a financial crisis, and establishing the adequacy of existing laws, regulations, policies, and procedures.	155,000
Haiti	Strengthening Accounting and Auditing Practices	Strengthening the accounting and auditing practices by facilitating relevant in-country stakeholders (businesses, accountants in public practice, financiers, regulators, and so on) to gradually move toward international standards of accounting and auditing practices.	275,000
Mexico	Financial Crisis Preparedness Program	Testing the intra- and interagency coordination and adequacy of laws and regulations during the emergence of financial distress in one or more financial institutions through a crisis-simulation exercise.	122,000
Uruguay	Regional Crisis Preparedness Workshop	Assisting financial sector regulatory and supervisory authorities in addressing possible effects of the ongoing global financial crisis and advising them in accessing TA to help strengthen their capacity in addressing problem areas.	67,467
<b>Total for region</b>			<b>1,357,767</b>
<b>MIDDLE EAST AND NORTH AFRICA</b>			
Algeria	Financial Crisis Simulation Program	Providing supervisory agencies with a means to test and enhance their practical tools for efficiently managing financial distress and potential systemic crises through the conduct of an initial crisis-simulation exercise.	167,000
Syria	Banking Supervision	Supporting the development of more effective bank supervision and providing day-to-day advice and assistance to the Central Bank of Syria on a range of supervisory policy issues.	107,652
West Bank and Gaza	Development of Housing Finance	Increasing the availability and accessibility of mortgage credit, and contributing to the development of the financial system in a safe and sound manner while improving housing conditions and creating jobs.	230,000
	Capital Market Development	Improving some aspects of the financial sector infrastructure in parallel with the work that is currently being done by the Palestinian regulatory agencies.	162,510
<b>Total for region</b>			<b>667,162</b>
<b>Grand total</b>			<b>7,618,833</b>



# Annex III

cumulative project commitments by region  
and country, fiscal years 2003–09

Country/region	Project title	Commitments (US\$)
<b>SUB-SAHARAN AFRICA</b>		
Angola	Project Formulation for Nonbank Financial Institutions (NBFIs) Sector Technical Assistance Development of NBFIs Regulatory and Supervisory Frameworks	12,710 108,000
Botswana	NBFIs Supervision and Strategy Updating Accounting and Auditing Legislation Technical Assistance for Accounting Oversight Board	148,608 40,468 88,000
Burkina Faso	Advice on the Financial Sector Strategy	390,000
Burundi	Central Bank Strengthening Central Bank Information Management Strengthening	185,140 186,500
Cameroon	Financial Markets Commission Capacity Building	98,264
Congo, Democratic Republic of	Central Bank Modernization	450,644
Djibouti	Action Plan for Strengthening SME Financing Mechanisms	188,000
The Gambia	Development and Implementation of Central Bank Book Entry System	84,509
Ghana	Rural Bank Restructuring Payments Systems Project Design for the Millennium Challenge Corporation	71,042 44,550
Guinea	Development of a Microfinance Regulatory and Supervisory Framework Fostering Foreign Exchange Market Development Leasing Law	239,933 129,014 114,940
Kenya	Strategy for Development Finance and Increasing Access to Financial Services Reform of the Legal and Institutional Framework for Asset Financing Development of Audit Quality Review Program Strengthening Central Bank Business Processes Development of Mortality and Morbidity Tables Shelter Afrique Capacity Building for Housing Finance	244,872 302,905 76,646 466,008 151,960 225,000
Lesotho	Insurance Sector Strengthening Automated Clearing House Systems Project Design for Millennium Challenge Corporation Developing NBFIs Regulation and Supervision	171,249 42,189 376,000
Liberia	Revitalizing Financial Services Banking Supervision Reform	71,958 245,660
Madagascar	Developing a Microfinance Credit Information Bureau Project Design for Assistance on Modernization and Reform of the Private Sector Pension Fund Modernization and Reform of the Private Sector Pension Fund Financial Sector Strategy and Development Plan	96,912 5,197 341,437 245,000

Country/region	Project title	Commitments (US\$)
Malawi	Strengthening NBFi Framework and Advice on Pension Reform	112,008
	Evaluation of Central Bank Book Entry System	13,934
	Strengthening NBFi Framework and Advice on Pension Reform	254,710
	Enhancement of Central Bank Book Entry System	86,160
	Developing Country Action Plan for ROSC Accounting and Auditing	72,658
	Financial Sector Development Strategy	245,000
Mali	Strategy for Introducing Worker's Hazard, Health Insurance, and Funded Pillar for Public Pensions	282,058
Mauritania	Strengthening Microfinance Supervision	21,972
Mauritius	Preparation of a Code of Corporate Governance	117,000
	Implementation of Effective AML/CFT Measures	127,168
	Strengthening Securities and Listing Regulations	179,789
Mauritius	Establishing Second-Tier Securities Market and Restructuring Over-the-Counter Market	158,502
	Establishing a Financial Reporting Council	167,536
	Assistance with Drafting Securities Legislation	48,128
	Development of Selected Nonbank Financial Regulations	377,712
	Establishment of the Mauritius Institute of Directors	33,800
	Central Bank Supervision Strengthening	270,296
Namibia	Namibia Financial Institutions Supervisory Authority (NAMFISA): Development of Capacity Building Strategy	113,128
	Assessing Viability of Second-Tier Banking	55,977
Nigeria	Financial Systems Strategy (FSS) 2020	194,744
	Financial Sector Strategy 2020—Phase II	632,455
Rwanda	Developing a Microfinance Credit Information Bureau	221,061
	Linking Payment Systems for Banks and Service Providers	329,862
	Advice on Financial Sector Development Plan	657,138
	Strengthening Supervisory Capacity of the Insurance Commission	204,530
	Financial Sector Development Program II	414,000
Sierra Leone	Long-Term Capital Market Development	32,358
	Implementation of Central Bank Book Entry System	89,763
Sierra Leone	Supervision of NBFIs: Assessment and Capacity Building	147,990
	Implementation of Capital Market Development Plan	360,595
	Post-FSAP Strategic Road Map	45,742
	Financial Sector Development Plan	168,843
South Africa	Accounting and Auditing Legislation	114,391
	Integration of Financial Regulations	18,425
Sudan	Banking Sector Regulation and Supervision	260,296
	Access to Finance for Farmers in the Gezira Region	97,866
Swaziland	Assessment and Strategy Development for NBFi Supervision	124,255
	Improving Access to the Financial Sector	126,103
	Implementation of Central Bank Book Entry System	63,101
	Review of Draft Bill for the Establishment of the Financial Services Regulatory Authority	6,000
Tanzania	Development of FSAP Follow-up Strategy Plan	27,099
	Capital Markets and Securities Authority: Development of Operational Strategy and Implementation Plan	137,266
	Updating Accounting and Auditing Legislation and Enforcement Capacity	412,883
	Action Plan for Developing Mortgage Finance Markets	197,555
Uganda	Support for the Implementation of Collective Investment Schemes Legislation	72,550
	Advise on Establishing a Consolidated Supervisor for NBFIs	80,563
	Strategic Options for Postbank	115,960
	Nonlife Insurance Technical Reserving Pilot	124,814
	Expanding Access to Housing Finance	246,257
Zambia	Financial Sector Development Plan	34,150
	Pensions and Insurance Supervisory Strengthening	87,607
	Regulatory Implications of Establishing a Credit Reference Bureau	92,117
	Institute of Bankers Training Strategy	48,697
	Development of Securities Exchange Commission Capacity Building Action Plan	185,370

Country/region	Project title	Commitments (US\$)
Regional projects	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
	West African Monetary Institute (WAMI): Banking Supervision Study	123,632
	WAMI: Externally Assisted Self-Assessment of Basel Core Principles	107,777
	Strengthening Payment Systems in Botswana, Sierra Leone, Swaziland	183,520
	ESAAMLG: Training Evaluators in AML/CFT Assessment	61,183
	ESAAMLG: AML/CFT Strategy Development for Member Countries	122,365
	East and Southern Africa: Regional Bank Supervisors Leadership Training	108,362
	Strengthening AML/CFT in Portuguese-Speaking Countries	31,034
	West Africa: Capacity Building in Banking Supervision	61,675
	Preparation of Standards and Guidelines for Development Finance Institutions in Africa	174,346
	Southern African Customs Union (SACU): Regional Workshop on Tiered Banking Regulations	11,129
	Capacity Building for East African Collective Investment Schemes Regulators	5,619
	Regional Training Seminar for Insurance Supervision	36,296
	Botswana, Swaziland: Scoping Mission for NBFIs	18,474
	Africa Trade Insurance Agency: Development of Credit Risk Insurance Services	70,400
	SADC and East Africa: Training program for NBF Regulators	198,331
	Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA): Regional Risk-based Supervision Seminar	29,542
	MEFMI Workshop on Consolidated Supervision	38,105
	Finscope Africa: Technical Assistance for Strategy Development	74,994
	EASRA: Advice on Achieving IOSCO Multilateral Memorandum of Understanding	190,650
	CEMAC: Pre-FSAP Microfinance Sector Assessment	62,885
	CEMAC: Housing Finance Assessment	65,245
	SADC and East Africa: Project Design for NBF Regulators' Strategy and Capacity Building Program	19,325
	SADC: NBF Regulators' Capacity Building Program	1,950,000
	Credit Reporting and Financial Information Infrastructure Program	550,000
	Pilot Implementation of Association of African Development Finance Institutions (AADFI) Prudential Standards and Guidelines	158,436
	Development and Implementation of Risk-Management Framework	190,650
	Advice on Macroeconomic Management and Financial Sector Issues	79,100
	CEMAC Conference 2008	36,160
	Financial Sector Strengthening through Monetary and Foreign Exchange Policy Training	124,300
	Strengthening Payment Systems	328,152
Strengthening Payment Systems Phase II	373,808	
SADC Region Crisis Preparedness Workshop	53,602	
Financial Stability Assessment in Tanzania and Uganda	538,558	
<b>Total for region</b>		<b>20,959,499</b>
<b>EAST ASIA AND PACIFIC</b>		
China	Regulation and Supervision of Corporate Pensions	600,245
	Strengthening Regulation and Supervision of Securities Firms	308,653
	Amendments to Securities Law	335,874
	Regulation of the Distribution of Securities Investment Funds	256,216
Indonesia	Capital Market Supervisory Agency Capacity Building	121,871
	Strategic Advice on Pension Reform	124,941
	Strategic Option for Reforming Civil Service Pension and Savings Scheme (TASPEN)	411,184
	Life Insurance Sector Reform	358,000
	Expanding Access to Islamic Finance for SMEs	285,000
Laos	Development of Rural and Microfinance Strategy and Legal Regulatory Framework	149,258
	Rural Microfinance Survey	152,321
	MFI Supervision Capacity Building	219,810
Mongolia	Development of Insurance Supervisory Framework for Livestock Insurance	320,416
	Development of Index-based Livestock Insurance Phase II	152,228
Papua New Guinea	Development of Risk-based Capital and Assessment System for Nonlife Insurers	248,566
	Enhancing Statistical Analysis and Public Reporting in the Insurance Sector	95,000
Philippines	Development and Implementation of Nonlife Insurance Information System	145,001
	Banking Supervision Capacity Building	440,127
	Creation of an Accounting Oversight Board	245,000
Thailand	Assisting Self-Assessment of Selected Financial Sector Core Principles	132,985
	Enhancing Insurance Regulation and Supervision	315,000
	Enhancing Securities Exchange Commission Audit Capacity	275,000
Timor Leste	Strategy of Establishing a Credit Registry	115,806

Country/region	Project title	Commitments (US\$)
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
	Regulation and Guidance for Management of Investment Funds	526,306
	Feasibility Study for the Establishment of a Central Securities Depository	200,000
	Assistance with International Standards for Supervising the Insurance Sector	248,917
	Enhancing Deposit Insurance	289,500
	Strengthening Central Bank Credit Information Centre	247,000
Regional projects	Training Evaluators in AML/CFT Assessment	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
<b>Total for region</b>		<b>8,305,205</b>
<b>EUROPE AND CENTRAL ASIA</b>		
Albania	Accounting and Audit Country Plan	106,887
	Development of Effective Insurance Supervision	517,000
Armenia	Insurance Supervisory Restructuring and Strengthening	74,480
	Assistance with Insurance Regulation Drafting and Capacity Building	212,202
	Preliminary Advice on Establishment of Unified Regulator	24,663
	Establishment of Unified Regulator	34,544
	Development of Insurance Sector	65,149
Azerbaijan	Establishing Nonbank Corporate Bonds Market	588,173
	Advice on Insurance Law and Regulations	228,071
Bosnia & Herzegovina	Advisory Services to Stock Exchange	238,187
Bulgaria	Strengthening of Supervisory Capacity of the Financial Services Commission	337,807
	Feasibility Study for Financial Derivatives Market	35,198
Georgia	Debt Securities Market Development	52,127
	Insurance Supervisory Strengthening	193,336
	T-Bills Process and Municipal Bond Issuance	282,284
	Development of Country Strategy for ROSC	46,347
	Reform of Motor Third-Party Liability Insurance	0
	Strengthening Financial Sector Supervision	75,700
Kazakhstan	Insurance Sector Strategic Advice and Regulatory Assistance	161,803
	Technical Assistance for Public Sector Accounting Standards	72,712
	Improving Banking Supervision (Stress Testing)	192,422
Kosovo	Strengthening Insurance Supervision	121,499
	Strengthening Third-Party Liability Motor Insurance	38,084
	Strengthening Banking Supervision	285,560
Kyrgyz Republic	Advice on the Privatization of Kairat Bank	262,578
	Assistance for Drafting Deposit Insurance Legislation	22,232
	Medium-Term Strategy for Microfinance Development	136,714
	Assistance on the Privatization of Kyrgyz Agricultural Finance Corporation	264,556
	Modernization of the Postal System	169,862
	Strengthening Legal, Regulatory, Supervisory, and Markets Infrastructure	450,100
	Preprivatization Advice for Ayl Bank	124,000
	Retail Payments Systems	135,148
Lithuania	Insurance Supervision Strengthening	177,275
	Accounting and Auditing Reform	126,008
	Effective Application of Audit Standards	74,099
Macedonia	Reform of Compulsory Motor Vehicle Insurance System	294,176
Moldova	Development of Money Market Instruments	73,184
	Strengthening Insurance Supervision	180,952
	Strengthening the Accounting Auditing and Financial Reporting Framework	256,406
	Corporate Governance Reform	270,148
	Development of Money Market Instruments Phase II	243,058
	Capacity Building in Monetary and Policy Analysis	294,252

Country/region	Project title	Commitments (US\$)
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
Serbia and Montenegro Slovak Republic	Regulatory and Analytical Tools for Assessment of Banks' Risk Profiles	228,000
	Country Action Plan for Accounting and Auditing	207,400
	Strengthening Corporate Governance of Listed Companies	91,963
	Technical Assistance to the Financial Markets Authority	93,106
	Strengthening Bank Corporate Governance	65,450
Tajikistan	Post-FSAP Legal and Regulatory Reform and Strategy Development	598,950
Turkey	Secondary Mortgage Market Development	382,492
Ukraine	Assistance to the Nonbank Financial Institution Regulator	133,193
Regional projects	CIS-7: Financial Sector Workshop	22,674
	AML/CFT Workshop	100,067
<b>Total for region</b>		<b>10,170,492</b>
<b>LATIN AMERICA AND CARIBBEAN</b>		
Belize	Central Bank of Belize Organizational Review	175,539
Chile	Road Map for Strengthening Solvency Control in the Insurance Industry	138,195
	Strengthening Regulation of Pension Funds	180,292
	Implementing Risk-based Supervision in the Securities Industry	466,519
	Adopting International Financial Reporting Standards for Listed Companies	195,973
Chile	Implementation of Risk-based Supervision Model for Insurance Industry	228,082
	Risk-based Regulation of Pension Funds	225,000
Colombia	Mortgage Finance Capacity Building	115,835
	Developing the Supervisory and Regulatory Framework for Collective Investment Schemes	216,620
	Terrorism Loss Insurance Finance	195,501
	Money Market Development	268,794
	Development of Housing Microfinance	394,587
	Enhancement of the Capital Market Self-Regulatory System	136,248
	Supervision of Financial Conglomerates	208,273
Costa Rica	Advice on Achieving Compliance with IOSCO MMoU	72,466
	Strengthening Public Debt Management and Developing Domestic Debt Market	215,383
Dominican Republic	Feasibility Study for Capital Market Broadening	18,845
El Salvador	Strengthening Public Financial Institutions	136,124
	Strengthening Framework for Consolidated Supervision of Financial Conglomerates	182,918
	Implementation of IOSCO Self-Assessment	46,485
	Improving Corporate Financial Reporting through Implementation of International Financial Reporting Standards	246,310
Guatemala	Financial Crisis Preparedness and Financial Projection	62,852
Honduras	A Road Map for Strengthening Accounting and Auditing	478,200
Mexico	Developing Framework for the Issuance of Catastrophe Bonds	186,901
Nicaragua	Design of Management Information Systems for Deposit Insurance Agency	25,750
Peru	Improving Risk-based Management in Collective Investment Schemes	171,783
	Improving SME Access to Capital Markets	567,569
	Housing Finance Development	487,103
	Strengthening Private Sector Accounting and Auditing	199,579
	Financial Crisis Simulation Program	213,000
Uruguay	Housing Finance Policy Reform	246,033

Country/region	Project title	Commitments (US\$)
Regional projects	Grupo de Acción Financiera de Sudamérica (GAFISUD): AML/CFT Workshop	34,266
	Strengthening Financial Sector Integrity in Central America	46,213
	East Caribbean Securities Exchange: Custodian Recruitment to Support Cross-Listings	79,011
	East Caribbean Central Bank: Improving Payment Systems	172,773
	Strengthening Credit Reporting Systems	499,151
	Regional Insurance Supervisors Leadership Training Program	79,360
	AML/CFT Evaluator Training for Spanish-speaking Countries	44,899
	East Caribbean: Strengthening Credit Union Regulation and Supervision	68,551
	GAFISUD AML/CFT Evaluator Training	55,389
	East Caribbean Securities Exchange: Development of Unified Rulebook	61,512
	AML/CFT Workshop for Caribbean Regulators of Company and Trust Service Providers	57,284
	Central America Securities Supervisors Leadership Training	50,135
	AML/CFT Workshop for Caribbean Insurance Regulators/Supervisors	54,230
	AML/CFT Workshop for Regulators of Casinos and Internet Gaming Entities	54,405
CEMLA: Strengthening Credit Reporting Systems	309,000	
<b>Total for region</b>		<b>8,368,938</b>
<b>MIDDLE EAST AND NORTH AFRICA</b>		
Egypt	Strengthening Credit Reporting System	166,118
	Project Scoping Banking Sector	20,085
	Strengthening Banking Supervision	98,375
	Strengthening Payments Systems	246,653
	Credit Reporting System Strengthening	146,259
	Upgrading Motor Third-Party Liability Insurance Capacity	118,487
Jordan	Actuarial Supervision Capacity Building of the Insurance Commission	199,743
	Development of a Supervisory Ladder and Supervisory Strengthening	120,125
Lebanon	Review and Advice on a New Insurance Law	91,892
	Capital Markets Supervisory and Regulatory Authority Strengthening	231,444
Morocco	Assistance to Support Pension Reform	152,580
	Financial Crisis Simulation Program	162,962
Syria	Development of Damascus Securities Exchange	212,652
West Bank and Gaza	Private Pension Regulatory Capacity Building	248,000
	Establishment of a Deposit Insurance Scheme	30,330
Regional projects	Regional Training Seminar for Insurance Supervision	63,072
<b>Total for region</b>		<b>2,308,777</b>

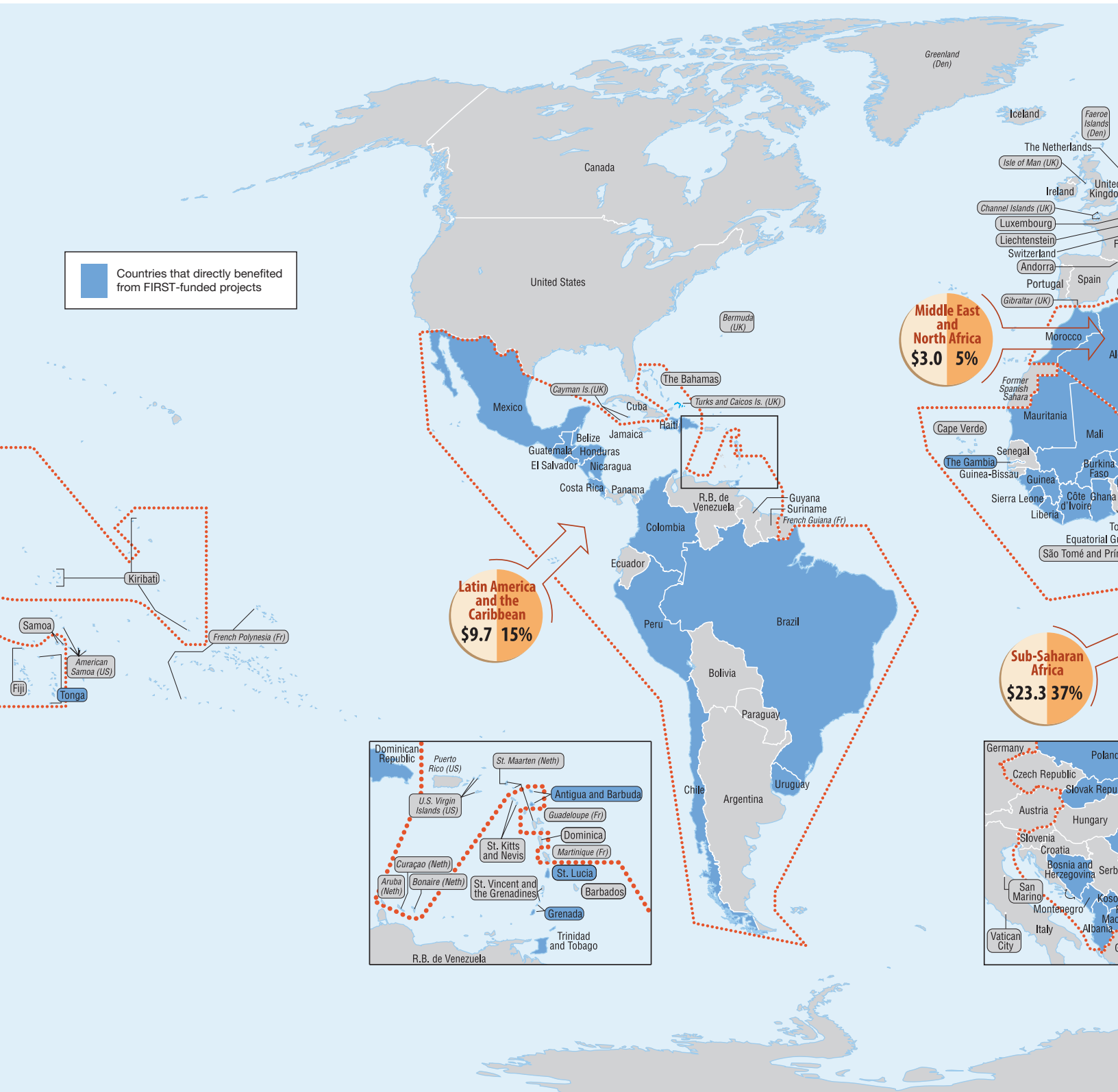
Country/region	Project title	Commitments (US\$)
<b>SOUTH ASIA</b>		
Bangladesh	Insurance Law Reform	53,035
	Reducing Interest Rate Spreads	34,719
	Capacity Building for Capital Market Intermediaries	18,317
India	Insurance Tariff Advisory Committee: Capacity Building for Transition from Uniform Tariff System to Risk-based Approach	243,978
	Expanding Housing Finance Market	598,031
	Development of Crop Insurance	531,953
Maldives	Insurance Regulation and Supervisory Advancement	230,000
Pakistan	Bank Supervision Risk-Assessment Model	224,973
	Development of Banking Sector Uniform Chart of Accounts	234,619
	Project Design for Assistance to the State Bank of Pakistan	9,200
Sri Lanka	Training for the Foreign Exchange Industry	29,898
	Regulating Securities Markets Intermediaries	77,503
	Strengthening Actuarial Supervision Capacity	36,152
	Securities Exchange Commission: Supervision Capacity Strengthening	226,337
	Regulation of Private Pension Funds	112,623
	Assistance in Drafting the Securitization Act	195,388
	Strengthening Accounting and Payment Systems	210,000
	Risk-Sensitive Capital Rule for Insurance Supervision	245,700
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	57,746
	Association of Southeast Asian Nations (ASEAN) Training and Research Insurance Institute (AITRI) Workshop on IAIS Insurance Core Principles	134,673
	Strengthening Payment, Remittances, and Securities Settlement Systems	412,000
<b>Total for region</b>		<b>4,231,372</b>
<b>GLOBAL PROJECTS</b>		
	Islamic Financial Services Board (IFSB): Strengthening Corporate Governance Standards in Islamic Financial Services Institutions	128,775
	Developing Guidelines for the Implementation of the Financial Action Task Force (FATF) Recommendations	655,374
	Workshop for International and Offshore Financial Centers' Supervisors	38,546
	Developmental Implications of International Taxation and AML/CFT Initiatives	231,850
	Technical Reserving for Nonlife Insurers	27,950
<b>Total for global projects</b>		<b>1,082,495</b>
<b>Grand total</b>		<b>55,426,778</b>

*Note:* The total disbursement figure differs from the disbursements reported in the Combined Statement of Cumulative Cash Receipts, Disbursements, and Fund Balance. The difference is accounted for by: (a) DGF contributions, plus interest income of \$1.2 million, which are excluded from the statement's disbursements; (b) \$0.1 million paid from external bank accounts; and (c) \$1.3 million disbursed by the IMF.

# Annex IV

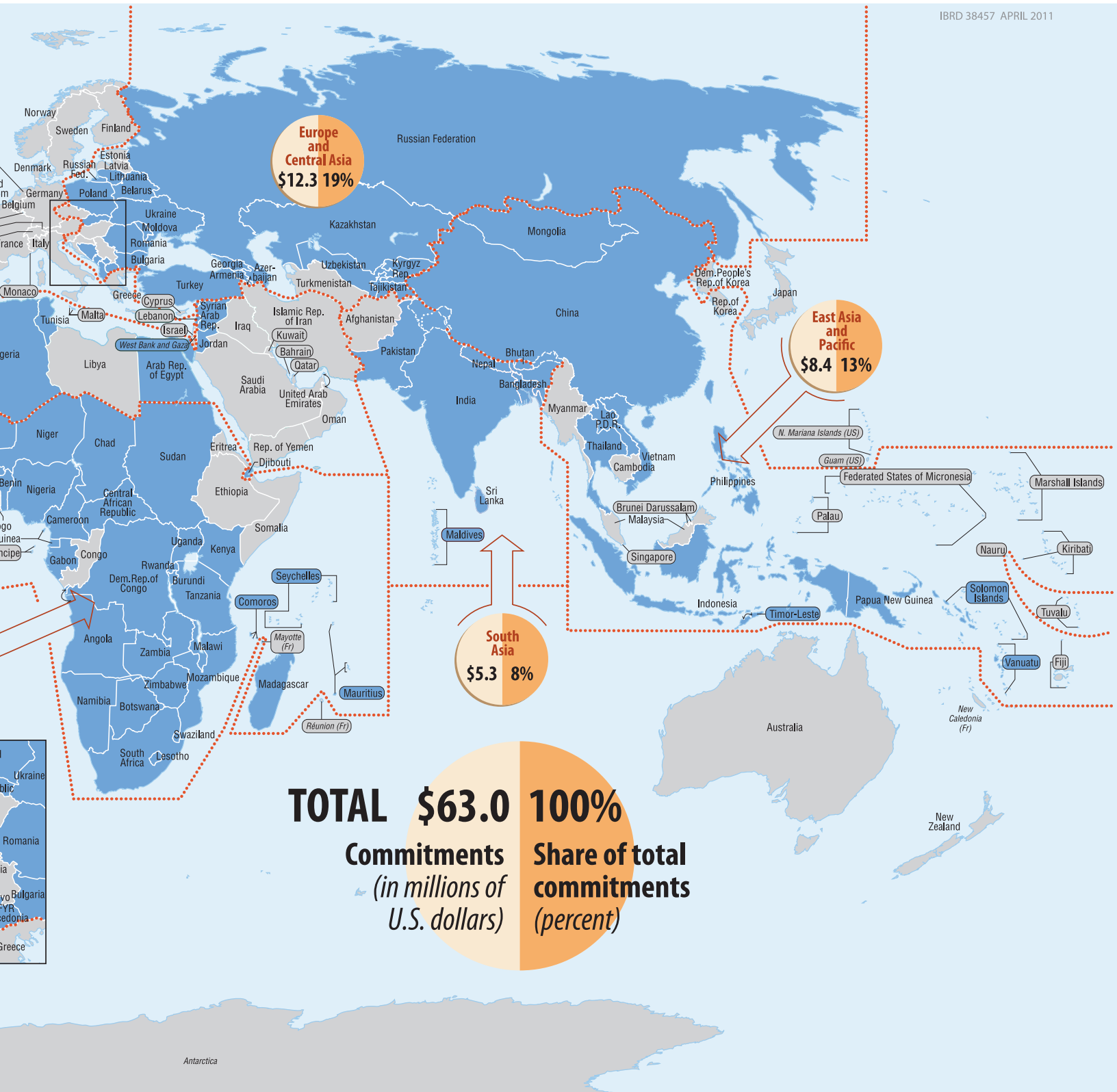
## FIRST project commitments by geographic region

as of June 30, 2010





IBRD 38457 APRIL 2011



**Europe and Central Asia**  
\$12.3 19%

**East Asia and Pacific**  
\$8.4 13%

**South Asia**  
\$5.3 8%

**TOTAL \$63.0 100%**

**Commitments (in millions of U.S. dollars)**  
**Share of total commitments (percent)**

# Annex V

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## sectors and thematic areas eligible for FIRST assistance

### SECTORS

#### BANKING

Banks  
Deposit protection  
Payment system  
Islamic banking

#### INSURANCE

Insurance  
Reinsurance and risk pools  
Islamic insurance  
Microinsurance (see Access to Finance)

#### CAPITAL MARKETS

Capital markets  
Debt securities  
Commodities  
Islamic capital markets

#### OTHER NBFIs

Housing finance  
Cooperatives  
Forex bureaus  
Other nonbanks

#### PENSIONS

Pensions  
Collective investment schemes

### FINANCIAL ARCHITECTURE

Supervisory structure  
Accounting and auditing  
Credit information bureaus  
Collateral registries

### CRISIS PREPAREDNESS

Crisis simulation (country)  
Contingency planning  
Strengthening crisis preparedness arrangements  
Regional crisis preparedness

### ACCESS TO FINANCE

Microfinance  
Microinsurance  
Leasing  
SME finance  
Consumer protection and financial literacy

### MULTISECTOR/OTHERS

FSDS  
AML/CFT  
Corporate governance  
Insolvency regime  
Financial system reform and policy

### THEMATIC AREAS

- Legal/regulatory advice
- Supervision capacity
- Product development
- Strategic advice (in particular, financial sector development plans to follow up on FSAP findings)
- Others (including workshops, trainings, study tours, and technical assistance design)

# Annex VI

## project application and selection criteria

### HOW TO APPLY FOR FIRST FUNDING

#### Initial inquiry

As a first step, an applicant sends an inquiry with a brief project description to FIRST, providing the following information:

1. Basic information
  - Name of the recipient agency or entity
  - Name and title/position of the individual making the request from recipient agency
  - Date of request
  - Indication of whether the request has been discussed with or was initially developed by World Bank or IMF staff
2. Statement of major objectives of the proposed technical assistance
3. Description of specific issues to be addressed within the scope of those main objectives
4. Disclosure of the activities that FIRST will be asked to fund
5. Description of short- and long-term results and how those results relate to the objectives in point 2. Itemization of expected tangible and verifiable short-term outputs (reports, knowledge-sharing forums, manuals, and so on) as well as longer-term outcomes and impacts
6. Identification of the recipient agency's role in the area to be addressed by the technical assistance
7. Indication of whether the project is part of a broader strategy of financial sector development
8. Description of efforts being undertaken by the recipient, other government agencies, domestic stakeholders, and bilateral or multilateral development partners to address the issues identified in point 3. Identification of other actual or potential sources of funding
9. Identification of governmental or other entities that oversee the recipient and support the inquiry being made

#### Screening and submission of project proposals

FIRST reviews the initial inquiry to determine whether the proposal is generally eligible for funding. If deemed eligible, FIRST requests the recipient to develop and submit a project proposal.

#### Client ownership

FIRST gives preference to projects that show strong client ownership. To qualify for funding, project proposals should be:

- Submitted directly by clients/beneficiaries in countries or regions, although the Bank, IMF, and other multilateral agency or donor staff may provide assistance to clients in preparing proposals.
- Accompanied by a formal letter of support from a deputy minister, deputy central bank governor, permanent secretary, head of an independent supervisory body, chief executive officer of a public agency, or other official of comparable rank.

## PROJECT SELECTION CRITERIA

### Broad criteria

FIRST extends grants for technical assistance projects with the following characteristics:

- Strong client ownership
- An orientation toward results and realistic expectations
- An emphasis on implementation
- Consistency with country priorities and FSAP and ROSC recommendations
- The potential to be catalytic in leveraging other resources, now or later
- Consistency with activities being funded by other donors
- In line with lowest-cost strategies and consistent with appropriate standards of quality
- Short- to medium-term in nature (6–18 months)

### Specific criteria

#### *Countries funded and eligible applicants*

FIRST funds projects in low- and middle-income countries in all world regions.

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

#### *Sectors and areas eligible for FIRST assistance*

See Annex V for a complete list of sectors and areas eligible for FIRST funding.

#### *Areas excluded from funding*

Technical assistance cannot be provided for the purpose of strengthening individual private or public sector entities, with the exception of financial regulators.

FIRST cannot provide “core funding,” that is, it cannot be the sole or primary source of funding for a new or existing organization.

FIRST does not fund stand-alone training that is not part of a wider project.

FIRST does not provide advice on information technology.

## PROGRAM MANAGEMENT UNIT

---

**Jorge Patiño**

Program Manager

**Carmencita Santos**

Senior Project Officer

**Roman Didenko**

Project Officer

**Loretta Foran**

Project Officer

**Sebnem Sener**

Project Officer

**John Gutin**

Project Officer

**Dian Marnier**

Resource Management Analyst

**Esme Abedin**

Operations Analyst

**Leonora Emini**

Program Assistant

**Olha Krushelnytska**

External Relations and Information Management





## FIRST DONORS AND PARTNERS

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Canadian International  
Development Agency

Agence canadienne de  
développement international

Canadian International Development Agency

[www.acdi-cida.gc.ca](http://www.acdi-cida.gc.ca)



Department for International Development of the United Kingdom

[www.dfid.gov.uk](http://www.dfid.gov.uk)



Federal Ministry  
for Economic Cooperation  
and Development

German Federal Ministry of Economic Cooperation and Development

[www.bmz.de](http://www.bmz.de)



International Monetary Fund

[www.imf.org](http://www.imf.org)



LE GOUVERNEMENT  
DU GRAND-DUCHÉ DE LUXEMBOURG  
Ministère des Finances

Ministry of Finance of the Grand Duchy of Luxembourg

[www.gouvernement.lu](http://www.gouvernement.lu)



Ministry of Foreign Affairs of The Netherlands

[www.minbuza.nl](http://www.minbuza.nl)



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs FDEA  
State Secretariat for Economic Affairs SECO

State Secretariat for Economic Affairs of Switzerland

[www.seco.admin.ch](http://www.seco.admin.ch)



Swedish International Development Cooperation Agency

[www.sida.se](http://www.sida.se)



The World Bank

[www.worldbank.org](http://www.worldbank.org)

**FINANCIAL SECTOR REFORM  
AND STRENGTHENING INITIATIVE**  
[www.firstinitiative.org](http://www.firstinitiative.org)

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