

Financial Sector Reform and Strengthening Initiative

MISSION STATEMENT

FIRST aims to support growth and poverty reduction in low-income and middle-income countries through the promotion of robust and diverse financial sectors.



CONTENTS

2	About FIRST
3	Message from the Governing Council
4	Operations Review
5	Cumulative Project Commitments
6	Sectoral Breakdown of Commitments
6	Geographical Breakdown of Commitments
7	Size Distribution of Projects
8	Working with Partners
9	Feedback on FIRST Operations
10	Information Exchange and AskFIRST
11	Looking Ahead
12	FIRST Technical Assistance Themes
14	Select Project Examples
18	List of Commitments
22	List of Donors
23	Organizational Structure



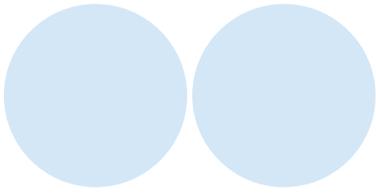
ABOUT FIRST

The Financial Sector Reform and Strengthening Initiative (FIRST) is a multi-donor program aimed at building strong and growth oriented financial systems in developing countries. The fundamental contribution that financial sectors can make to economic development is increasingly recognized. Donors to FIRST presently include the Canadian International Development Agency, the Department for International Development of the United Kingdom, the International Monetary Fund, the Ministry of Foreign Affairs of The Netherlands, the State Secretariat for Economic Affairs of Switzerland, the Swedish International Development Cooperation Agency, and the World Bank.

FIRST provides technical assistance grants to public sector (and in some cases, private sector) recipients in developing and transition countries for capacity building and policy development in the areas of financial sector regulation, supervision, and development. FIRST has been designed to respond quickly to requests for assistance, to access worldwide expertise, and to be flexible in the type and method of technical assistance provided. Funds are untied and can be made available to any country eligible to receive World Bank loans or International Development Agency (IDA) credits. FIRST also operates an Information Exchange that aims to enhance development effectiveness by sharing financial sector activities with both the donor community and recipients of assistance and by supporting research on best practices and useful tools for financial sector reform.

A key objective of FIRST is to support the World Bank and International Monetary Fund's Financial Sector Assessment Program (FSAP) and Reports on the Observance of Standards and Codes (ROSC). FIRST seeks to facilitate the follow-up of FSAP recommendations and also to help countries in advance of participation in FSAP and ROSC programs. Other priorities include responding to the need for resources that are below other donors' minimum thresholds and helping to mobilize resources rapidly where they are needed. FIRST seeks to act as a catalyst for wider donor intervention in a particular area and to promote projects that present a strong potential for replication. FIRST is well placed to offer a regional or multi-country approach.

FIRST also aims to reduce redundancy and duplication in technical assistance programs by facilitating information sharing and coordination among the donor community. FIRST's global reach, cross-sector focus and ability to draw on solutions adopted in one country for use or adaptation in others allow both client countries and donors to conserve resources. Following implementation of its projects, FIRST disseminates project results in order to expand impact and catalyze longer-term support from bilateral and multilateral donors.



MESSAGE FROM THE GOVERNING COUNCIL

FIRST was launched in April 2002 and began full operations in January 2003. As of June 30, 2004, FIRST had approved 90 projects for a total commitment in excess of \$15 million. This is a notable achievement, and the response from recipients, donors, and consultants has been clearly positive.

In this first annual report, the reader will see how FIRST serves as a unique vehicle for delivering technical assistance. The examples of FIRST's projects show the diversity of topics addressed, the geographic reach, and the creativity and innovation expected of FIRST. FIRST has assisted countries, regional initiatives, and financial sector organizations in all regions of the world. Sub-Saharan Africa accounts for the largest proportion of FIRST's commitments at 30 percent, which is in line with our emphasis on low-income country clients. We are pleased that the results thus far have shown that there is substantial demand for FIRST's support and, as a result, an opportunity for FIRST to make a difference.

FIRST is more than simply a mechanism to fund technical assistance. The Information Exchange and AskFIRST are ambitious undertakings that complement our technical assistance work and seek to create tools and incentives to help other donors and recipients share their knowledge about reform efforts in the financial sector and to mobilize additional resources. This, of course, highlights what a multi-donor initiative like FIRST should be all about: to help promote better coordination, communication, and partnership for more effective delivery of technical assistance.

In closing, we would like to acknowledge the efforts of all parties that contributed to the launch of FIRST and to express our appreciation to those governments and organizations that subsequently sought technical assistance from us. This is truly a unique program that responds quickly, addresses important gaps in the technical assistance needs of recipients, and complements the direct support provided by other donors.

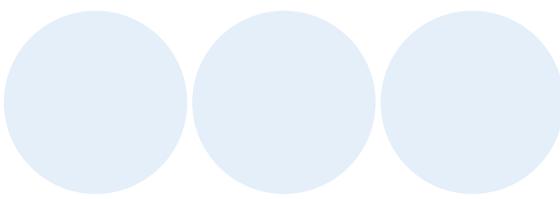
Cesare Calari

Chairman of the Governing Council

Financial Sector Reform and Strengthening Initiative (FIRST)



O P E R A T I O N S R E V I E W



CUMULATIVE PROJECT COMMITMENTS

As at the end of June 2004, FIRST had committed to 90 technical assistance projects, representing \$15 million.

Although FIRST was launched in April 2002, much of that year was spent on developing the program's internal procedures, agreeing to a legal framework, and procuring a panel of consultants who are now undertaking the majority of the technical assistance work funded by FIRST. During 2002, and also in early 2003, a small number of pilot technical assistance projects were also undertaken.

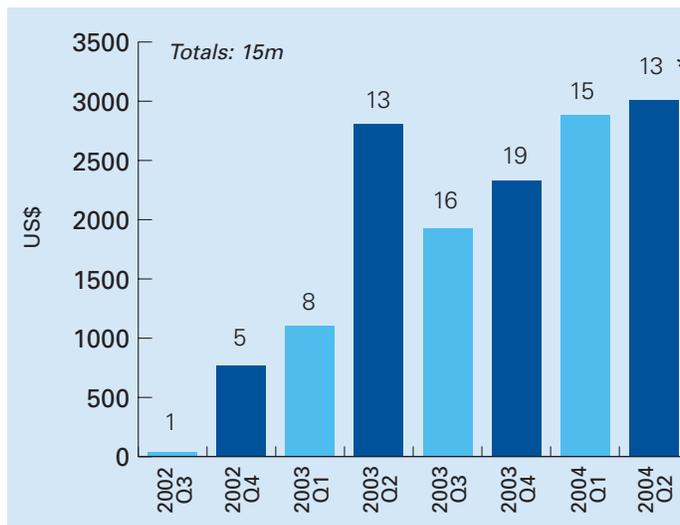
FIRST's mainstream technical assistance operations started in early 2003. The period since then has seen rapid progress, both in terms of the rate of project approval and the amounts committed. Currently, the commitment rate stands at around \$3 million per quarter.

The average project size has ranged between \$150,000 and \$175,000 throughout the period under review. The chart below shows quarterly project commitments.

“We like the specialization of FIRST in financial systems. They give a fast and thoughtful answer to our financing needs.”

*Angelique Kantengwa,
Director of the Bank
Supervision Department,
Rwanda*

Cumulative Project Commitments



* number of projects

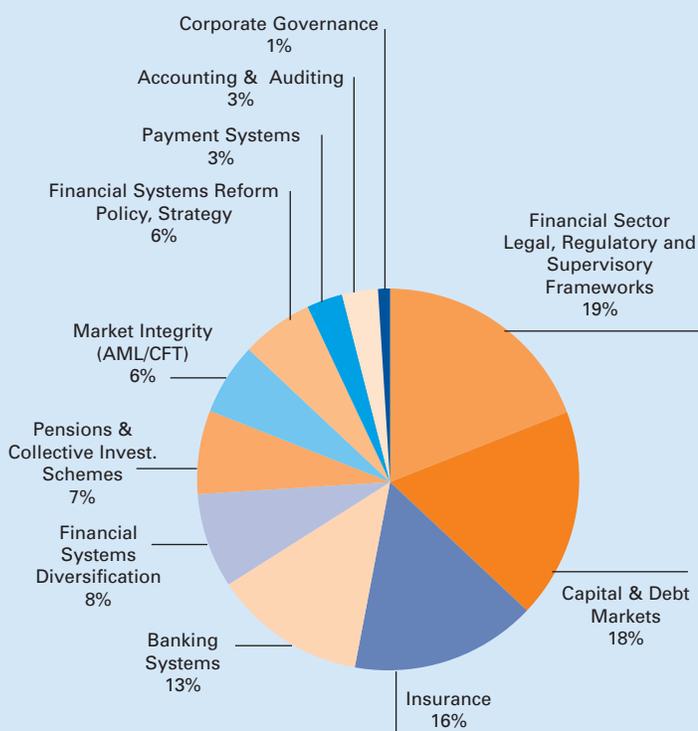
SECTORAL BREAKDOWN OF COMMITMENTS

The largest portion of the demand for FIRST assistance has been from the insurance, banking and capital markets sectors. The financial sector legal, regulatory and supervisory frameworks category in the chart below also includes projects in the insurance, pensions, and capital markets areas—often dealing with a single non-bank financial institutions regulator. The chart below represents a sectoral breakdown of the FIRST projects.

GEOGRAPHICAL BREAKDOWN OF COMMITMENTS

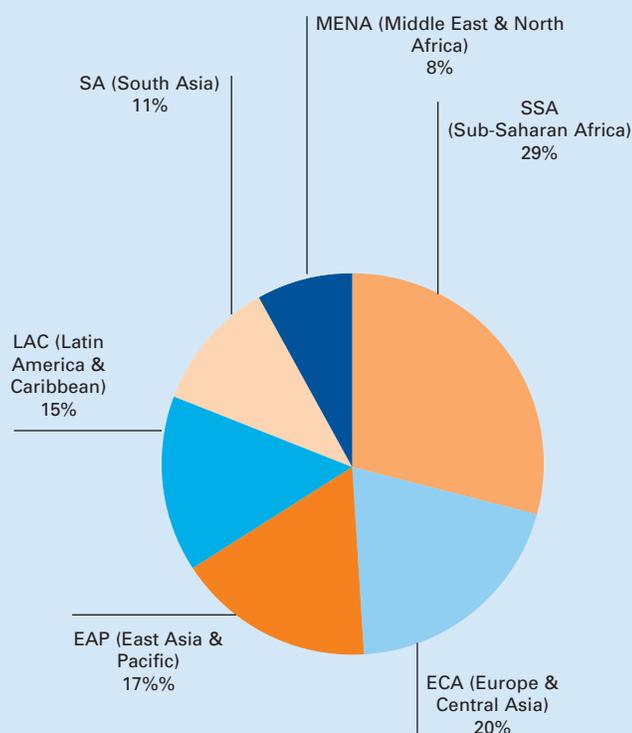
As of June 30, 2004 FIRST had committed to fund 21 regional and 69 country-specific projects. FIRST's highest exposure is to Sub-Saharan Africa, followed by Europe and Central Asia, East Asia and the Pacific, Latin America and the Caribbean, South Asia, and the Middle East and North Africa. The seven largest recipient countries are China, Colombia, Sri Lanka, Pakistan, Mauritius, Mongolia, and Sierra Leone. They account for a total commitment of \$4.8 million, or 32 percent of total exposure. The largest recipient, China, accounts for 10 percent of commitments. The chart below shows the percentages for the geographical breakdown of projects.

Sectoral Breakdown



As of
June 30, 2004

Geographical Breakdown



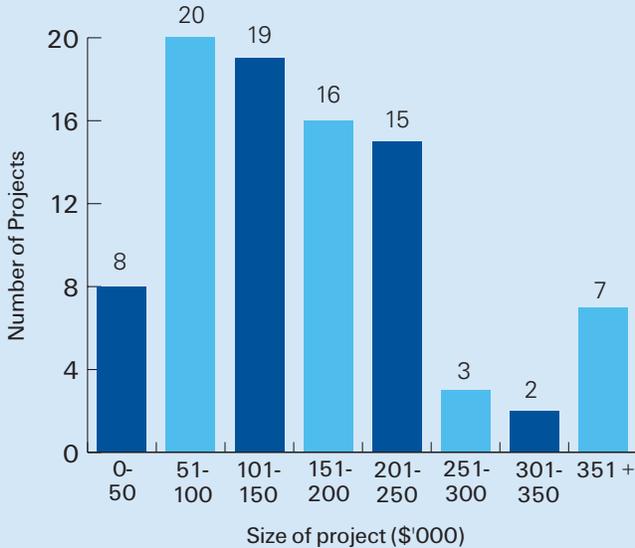
39 different countries
17 with more than 1 project
21 regional projects

As of June 30, 2004

SIZE DISTRIBUTION OF PROJECTS

The size distribution of projects for the period shows that the majority fall within the \$50,000 to \$250,000 range. The average project size is \$166,822.

Size Distribution of Projects





“The TA (provided by FIRST) not only produced a diagnostic report, but made recommendations and “how-tos” as well as achieved management buy-in. Thus, over 95 percent of the recommendations have been accepted and resources committed to implement.”

*Henry Hazel,
Payment System Project
Manager, Eastern Caribbean
Central Bank*

WORKING WITH PARTNERS

From the outset, FIRST’s objective has been to work with a range of partners to support and complement their work, and to leverage their network and contacts in providing technical assistance to their members. To this end, FIRST has been actively pursuing working relationships with a number of multilateral development banks, bilateral agencies, and standard setters.

FIRST works closely with the World Bank and the International Monetary Fund (IMF) to convert recommendations from the Financial Sector Assessment Program (FSAP) and Reports on the Observance of Standards and Codes (ROSCs) into projects that assist in the implementation of those recommendations. These relationships have also facilitated FIRST’s capacity to generate project flows through referrals from the World Bank and IMF.

FIRST’s working relationships with other official agencies and development banks have been in three main areas: implementation of projects, due diligence, and information sharing. In the implementation of sensitive, confidential projects, FIRST has contracted with official agencies to deliver technical assistance and capacity building.

World Bank and IMF staff as well as experts from other agencies like the African Development Bank, Asian Development Bank (ADB), Inter-American Development Bank (IADB), Multilateral Investment Fund, and U.S. Agency for International Development (USAID) have been very supportive in providing due-diligence feedback for projects in the design stage and for compensating for FIRST’s lack of an on-the-ground presence in countries.

To enable information sharing in financial sector development and to build the Information Exchange and AskFIRST, FIRST has met with a number of agencies, such as the ADB, the Consultative Group to Assist the Poor (CGAP), IADB, International Finance Corporation, and USAID. Additionally, FIRST and IADB have negotiated a Memorandum of Understanding that seeks to foster cooperation in technical assistance project development and delivery.





FEEDBACK ON FIRST OPERATIONS

In May 2004, FIRST surveyed 72 of its completed and ongoing technical assistance recipients and 37 of its assistance providers (consultants). Survey feedback has been valuable in monitoring FIRST's effectiveness, highlighting FIRST's both key strengths and areas in need of improvement.

Over 90 percent of FIRST's assistance recipients believed that projects were well-designed, project preparation was well-supported, response times were quick, procedures were not cumbersome, FIRST staff were knowledgeable and professional, FIRST was responsive to recipients' technical assistance needs, and selected consultants were appropriately qualified. Over 80 percent of the recipients thought that the consultants had provided relevant, timely, and appropriate advice. Ninety-four percent of the recipients, whose projects were at a stage to obtain results, indicated that they were satisfied with the results achieved. Almost all recipients confirmed that they would approach FIRST again for their technical assistance needs.

FIRST also received feedback on how it could further improve its work, namely by setting more accurate project timelines, bringing more recipient consultation into the consultant selection process, and increasing awareness of the Information Exchange.

Over 70 percent of the technical assistance providers (consultants) responding to the survey confirmed that FIRST's feedback on their project outputs was substantive, timely, and adequate. Over 80 percent of the respondents thought that FIRST's quality control over project implementation was effective, and 74 percent expressed satisfaction with their involvement in the FIRST Initiative.

The detailed reports on both the recipient and technical assistance provider surveys are available on the FIRST Web site, www.firstinitiative.org

In addition to conducting the survey, FIRST held a Consultative Group meeting in Bern, Switzerland in June 2004. The meeting allowed FIRST to gather feedback about the way its activities have been implemented thus far and to shape the development of future strategy. The 36 participants of the meeting included recipients of FIRST technical assistance, representatives from multilateral donor agencies and international standard setters, and providers of technical assistance. A synopsis of the Consultative Group is available on the FIRST Web site.

INFORMATION EXCHANGE AND ASKFIRST

The screenshot displays the FIRST website's 'Information Exchange' section. The main heading is 'Project Summary' for 'The Regional Stock Exchange (BRVM) Development Project'. Below this, there is a table with project details:

Country	Sub-Saharan Africa
Region	Sub-Saharan Africa
Project Subsector	Capital Markets
Business Type	Technical Assistance
Start Date	July 1999
Completion Date	September 2004
Project Status	Closed
Project Cost	USD 2.0 million
Implementing Agency(ies)	World Bank of West African States
Funding Agency(ies)	Canadian Development Corporation Agency (CIDA) / THE CANADIAN GOVERNMENT

Below the table is a 'Project Description' section with text describing the project's goals and objectives. At the bottom, there are 'Relevant Links' and a 'Project Information Document' link.

Information Exchange and AskFIRST are two services that FIRST delivers via its Web site to enhance development effectiveness by providing information on the financial sector development activities of the official donor community in developing countries, links to potential donors in the financial sector, knowledge about the financial sectors of developing countries, and theme-based financial sector information.

Delivering and receiving technical assistance often raises many questions for both developing countries and donors alike. For example, a developing country that wishes to strengthen banking supervision may ask:

- What type of assistance have donors provided in this area?
- Have other countries received the assistance my agency needs? Who can provide it?

Conversely, prior to launching technical assistance, a donor may ask:

- Am I duplicating the work of others?
- Would it be useful to build on what other donors have already supported?

Although there are individual institutions that provide some of this information, it would require an enormous amount of resources to gather research about all financial sector assistance to developing countries. FIRST designed the Information Exchange specifically to respond to the needs of developing countries and donors by providing an online resource to fill this information gap and share knowledge about financial sector assistance.

FIRST designed AskFIRST to function as a help-desk service to assist users in expanding on the knowledge from the Information Exchange and to function as the general point of contact for all queries related to FIRST. AskFIRST is intended to supplement the information not captured in the Information Exchange. Queries come from a variety of sources covering a range of topics, such as:

- Which donor agency has the most experience in the delivery of assistance in pension reform?
- There is a regional capital markets project in which our country would like to participate. Whom do we contact?

Together, the Information Exchange and AskFIRST are a "one-stop shop" for delivering information on the financial sector reform and strengthening efforts of the official donor community. You may obtain further information by visiting our dedicated Web site or by contacting us at:

www.firstinitiative.org/informationexchange
E-mail: askfirst@firstinitiative.org

LOOKING AHEAD

The past two years can be considered FIRST's establishment phase, in which the organization elaborated its processes and procedures, developed working relationships with other agencies, launched technical assistance and capacity-building projects, and refined its approach to delivering assistance. FIRST is currently going through a strategic review process, which incorporates the feedback from the Consultative Group meeting and the surveys from the technical assistance recipients and providers, as well as the views of other stakeholders, including its donors. FIRST's challenge is to build on this foundation to increase its activities in low-income countries, accelerate disbursements, further define its identity and niche in the international donor community and develop incentives for additional institutional partners to work with FIRST more closely.

“We were surprised by the level of professionalism and dedication that we received from FIRST staff and the retained consultant. It is imperative that the assisted should not feel patronized, and in this regard we felt like a partner in the project throughout the process.”

*Adolf Denk,
Head of Legal Services,
Namibia Financial Institution
Supervisory Authority*

FIRST TECHNICAL ASSISTANCE THEMES

Since its inception, FIRST has engaged in many areas of financial sector development, providing both functional and regional technical assistance.

Functional:

Functional projects may be categorized under three broad themes:

- Drafting of legislation and regulation aimed at strengthening the framework for effective supervision of the financial sector
- Building supervisory capacity
- Developing the financial sector

There are areas of overlap, especially between the first two categories, but nonetheless there are clear differences of emphasis. For example, in drafting a new insurance law in Lebanon, over 90 percent of the funding was for the drafting activity, and other consultants (not funded by FIRST) were employed in complementary capacity building. This is a good example of FIRST filling a technical assistance gap and complementing parallel technical assistance funded by other donors.

The third category, developing the financial sector, includes development of new financial sector activities and, widening, deepening, improving, or changing existing financial sector activities. Examples of new activities include a livestock insurance program in Mongolia, credit reporting systems in Egypt, municipal bonds development in Georgia, and long-term funding access for rural communes in Poland. Examples of improving or changing existing financial sector activities include liberalization of the tariff regime for third-party motor insurance in India; increasing access to financial services for the rural poor in Kenya and Swaziland; strengthening credit reporting systems in Latin America; residential mortgage securitization in Colombia; book entry system improvement for government securities' trading in Swaziland and Sierra Leone; micro-finance strategy formation in Laos; credit bureau development for the micro-finance sector in Rwanda; and payment system improvement in Botswana, Sierra Leone, and Swaziland.

Regional:

FIRST has also been involved with many regional initiatives. Some categories of technical assistance, especially in areas of regulation and supervision, lend themselves to regional solutions, thereby optimizing cost effectiveness by developing approaches that can be easily replicated, albeit with some tailoring to specific country circumstances.

Some regional associations have specific medium-term objectives for achieving regulatory and supervisory harmonization. For example, FIRST has supported these objectives in its projects supporting the 14 member countries of the Southern Africa Development Community (SADC), the seven members of the South Asian Federation of Stock Exchanges (SAFE) and the five members of the West African Monetary Institute (WAMI). In addition, FIRST has supported technical assistance for the regulation of non-bank financial institutions (NBFIs) in several SADC member countries: Angola, Botswana, Lesotho, Malawi, Namibia, and Swaziland. FIRST is also supporting an International Association of Insurance Supervisors (IAIS)/World Bank sponsored seminar in South Africa on certain priority areas for insurance supervision that targets insurance supervisors throughout Africa.

FIRST has supported the development of strong leadership to drive financial sector reform through the Toronto Centre, funding leadership seminars for bank supervisors from the Middle East, Africa and South Asia and a seminar for insurance supervisors from Latin America.

FIRST has also supported the World Bank and IMF in one of their priority areas: anti-money laundering and combating financial terrorism. FIRST has funded seminars, conferences, or workshops in association with the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Asia/Pacific Group on Money Laundering (APG), and the Financial Action Task Force of South America Against Money Laundering (GAFISUD).

Following are five selected projects that describe FIRST's technical assistance in more detail, in line with some of the themes summarized above.

“The participatory approach of FIRST is applaudable.... The project was successful in achieving the immediate goal and will be a significant milestone on the way to reaching the ultimate objective.”

*Maroof Matin,
Chairman of the South Asian Federation of Exchanges (SAFE) and Chief Executive Officer of Chittagong Stock Exchange, Bangladesh*

LIVESTOCK INSURANCE IN MONGOLIA



Mongolia's population depends heavily on livestock for both subsistence and income. Due to the country's harsh climate, severe livestock losses periodically occur. In 2003, FIRST-funded consultants began work on a feasibility study that should result in the world's first indexed livestock insurance scheme. The study identified the need to develop a process for collecting reliable mortality statistics and taking a reliable livestock census. FIRST helped to develop a methodology for regional loss assessment and audit processes to mitigate various moral hazards. In the longer term, the Initiative will develop other indices for risk measurement involving weather and pastures. The end result, it is hoped, will be a basic insurance scheme that is attractive to domestic private sector insurance companies, understood and supported by the government, involves risk-sharing by government, and is understood and accepted by a sufficient number of herders.

This project also demonstrates the effectiveness of cooperation and leverage between technical assistance programs. Recognizing that livestock insurance is only a part of the solution, the World Bank's Sustainable Livelihoods Program (SLP) is working to help Mongolia improve grazing practices and husbandry, develop fodder storage capacity, and rehabilitate wells in areas affected by drought. The Asian Development Bank is supportive of FIRST's project because it complements the agency's work on strengthening the insurance sector in Mongolia. And the Japanese International Cooperation Agency (JICA) also has offered a substantial grant to fund the preparation of pilot schemes over a period of two to three years.

RURAL MICROFINANCE IN LAOS



In Laos, access to financial services is limited and, in many areas of the country, nonexistent. In 2003, in cooperation with the Asian Development Bank (ADB), the government developed the “Policy Statement for the Development of a Sustainable Rural and Microfinance Sector.” Building on this policy statement, FIRST, in close cooperation with the ADB, funded a technical assessment for the development of a strategy and action plan for implementation of the policy and a legal and regulatory framework for the micro-finance sector. These products were delivered in late 2003. The strategy included creating a level playing field to encourage the development of private sector micro-finance institutions (MFIs) and a restructuring of the Agricultural Promotion Bank, which is being funded under a separate ADB project.

As a follow-up to the technical assessment, FIRST launched a second project involving a full survey, co-funded with the ADB, of the micro-finance sector and the rural sector’s needs for financial services. Using local consultants for delivery and analysis, the FIRST survey included comprehensive questionnaires for rural households as well as consultations with banks, NGOs, donors, MFIs, and money lenders. The response rate has created an information base for more effective implementation of the strategy and action plan.

One of the five key components of the strategy and action plan was the creation of a sound prudential regulatory and supervisory environment for public and private sector MFIs, delivered through the Bank of Laos. FIRST is now considering a third project that will involve funding the building of supervisory capacity in the Bank of Laos within the legal and regulatory framework that FIRST has helped develop.

The three projects for Laos illustrate how FIRST can work effectively to fund technical assistance gaps in a broad development program and, in cooperation with other donors, help to achieve access to rural finance as part of a poverty reduction strategy. The entire strategy for rural finance development has now triggered additional funding. The ADB is now in the final stages of completing a Rural Finance Sector Development Program Loan, and encouraged by the enabling environment created by the new legislative and regulatory framework, the Japan Fund for Poverty Reduction has made a grant of US \$1.98 million to include extensive technical assistance to new and fledgling MFIs.

LISTING REGULATIONS IN SOUTH ASIA



Formed in 2000 with the Chittagong Stock Exchange as its secretariat, the South Asian Federation of Stock Exchanges (SAFE) comprises 13 stock exchanges from 7 countries: Bangladesh, Bhutan, India, Mauritius, Nepal, Pakistan, and Sri Lanka. Member exchanges vary greatly in size and market infrastructure, and in their regulatory regimes.

SAFE initially requested support from FIRST to harmonize securities regulations in its member countries. FIRST suggested a more focused project aimed at two objectives: to strengthen listing rules within individual countries to conform to international best practice and, more broadly, to facilitate progress toward harmonization of listing rules within the region. The project began with questionnaires submitted to member exchanges, followed up by country visits to discuss management responses.

Given the significant differences among the region's markets, the assessment found no "one size fits all" solution to strengthening domestic listing regimes and, instead, recommended actions needed for each country. The final report also noted that full regulatory harmonization must involve taking account of other key stakeholders in each market, such as the financial intermediaries, listed companies, and the international investment community. Nonetheless, a number of pragmatic recommendations were made and presented to SAFE's third annual general meeting held in Pakistan in December 2003. These recommendations included developing a set of SAFE listing

harmonization principles, modeled on those adopted by the Southern Africa Development Community (SADC); adopting mutual recognition of listing regimes among SAFE members, using the European Union's listing directives as a regional example; providing listing facilities for "secondary listings" within SAFE that would allow domestic investors to invest in foreign securities; and developing regulatory cooperation among jurisdictions, possibly through memoranda of understanding between the SAFE members.

SAFE member exchanges accepted FIRST's recommendations and have engaged their respective regulators in this process. FIRST is currently considering a request for follow-on technical assistance aimed at implementing the recommendations.

SUPERVISORY CAPACITY IN NAMIBIA



With financial sector assets as a proportion of GDP more or less equal to countries like Malaysia, South Korea, and even Germany, the Namibian financial sector is comparatively mature although access by the lower-income community is limited. The non-bank financial institution sector is rather comprehensive, and like several countries in Sub-Saharan Africa, Namibia also has legislation that is so detailed that it actually restricts the ability of regulators to adapt quickly to changing circumstances in the financial sector.

In March 2004, the Namibia Financial Institutions Supervisory Authority requested assistance from FIRST to define a capacity-building plan that would address staff and management training, organizational structure, and operating processes. Building on lessons learned from similar technical assistance in the region and especially with member countries of the Southern African Development Community, FIRST has found that there are many cost and coordination advantages to having a unified non-bank financial institutions regulator, especially in countries where the financial sector is relatively small and can leverage resources and expertise from the central bank.

To facilitate a consistent approach, FIRST worked closely with international consultants that it has employed in the past and with Finmark Trust, which has been assisting the Southern African Customs Union in the development of financial markets. The consultants recommended many steps to improve the effectiveness of regulation and supervision, including mechanisms for avoiding regulatory arbitrage, documentation of controls and procedures, governance, development of a consistent electronic data base, and improvements in existing legislation and regulations.

CREDIT REPORTING SYSTEMS IN LATIN AMERICA AND THE CARIBBEAN



Successful credit reporting registries promote greater efficiency, transparency, and competition in financial markets. By improving lenders' abilities to evaluate credit risk they also contribute to sound, stable financial systems. Research has shown that private sector credit registries can alleviate finance constraints for small businesses and promote increased access to credit in an economy. Although the central banks of many countries in Latin America and the Caribbean operate public credit reporting registries, these tend to be valued more for their contribution to financial sector supervision than for their use by financial sector institutions in evaluating credit risk. The need to strengthen credit reporting systems in the region has been a constant theme arising from World Bank and IMF financial sector assessments.

In August 2004, FIRST consultants, working in partnership with the Centro de Estudios Monetarios Latinoamericanos (CEMLA) and the World Bank, began to develop and refine an assessment methodology for credit reporting systems. The three pilot assessments will be carried out in Brazil, Colombia, and Mexico in 2004 and early 2005, followed by the development of strategies and action plans for the three countries. In addition, CEMLA and the World Bank will fund production of policy documents, publications, and fieldwork in a second phase involving four other countries (Costa Rica, Peru, Trinidad and Tobago, and Uruguay). Depending on the outcome of the initial phase of the technical assistance, FIRST will also consider supporting assessments and development of strategies and action plans in a second phase. These subsequent assessments will be based on lessons learned in the pilot phase and will include refinements to the assessment approach.

**LIST OF COMMITMENTS
(AS OF JUNE 30, 2004)**

Country/Region	Project Title	Commitments (in US dollars)
ACCOUNTING AND AUDITING		
Lithuania	Post-FSAP Accounting and Audit Reform	172,000
South Africa	Accounting and Auditing Legislation	145,000
Swaziland	Implementation of Central Bank Book Entry System	66,000
BANKING SYSTEMS		
Africa	Southern African Development Community (SADC) - Development Finance Resource Centre: Needs Analysis and Skills Audit of Development Finance Institutions	80,000
Bahrain	Regional Bank Supervisors Leadership Program	172,000
Egypt	Project Formulation for Proposed Banking Sector Technical Assistance (Project Refinement and TOR Development)	20,400
Egypt	Strengthening the Credit Reporting System	179,000
Egypt	Strengthening Data Analysis, Supervision of Market Risks, Connected Lending, and Large Exposures	120,000
Ghana	Rural Banking Restructuring	87,000
Kenya	Strategy for Development Finance and Increasing Access to Financial Services	245,000
Kyrgyz Republic	Drafting Deposit Insurance Legislation	39,000
Latin America and the Caribbean	Strengthening Credit Reporting Systems	466,000
Pakistan	Development of Banking Sector Uniform Chart of Accounts	240,000
Pakistan	Bank Supervision Risk Assessment Model	212,000
Slovak Republic	Strengthening Bank Corporate Governance	65,000
CAPITAL & DEBT MARKETS		
Cameroon	Capacity Building of the Financial Markets Commission	175,000
Caribbean	Eastern Caribbean Securities Exchange: Technical Assistance to Select and Recruit Custodian to Support Cross Listings	108,000
China	Amendments to Securities Law	367,000
Colombia	Money Market Development	340,000
Georgia	Debt Securities Market Strategy	59,500
Indonesia	Secondary Markets Capacity Building	123,300
Lebanon	Capital Markets Supervisory and Regulatory Authority Strengthening	173,000
Mauritius	Strengthening Securities and Listing Regulations	197,000

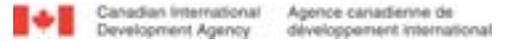
Country/Region	Project Title	Commitments (in US dollars)
Poland	Access to Long-Term Finance for Rural Communes	240,000
Russia	Strategy for a Unified Securities Clearing, Settlement, and Depository System	112,000
Sierra Leone	Advice on Developing Markets and Institutions for Long-Term Capital	75,000
Sierra Leone	Implementation of Central Bank Book Entry System	69,000
Slovak Republic	Technical Assistance to the Financial Market Authority	94,000
South Asia	South Asian Federation of Exchanges (SAFE): Strengthening Stock Exchange Listing Regulations in Member Countries	153,300
Sri Lanka	Regulating Securities Market Intermediaries	90,000
Sri Lanka	Securities and Exchange Commission of Sri Lanka - Supervision Capacity Strengthening	246,000
CORPORATE GOVERNANCE		
Mauritius	Preparation of a Code of Corporate Governance	120,000
Slovak Republic	Strengthening Corporate Governance of Listed Companies	97,000
FINANCIAL MARKET INTEGRITY		
Africa	Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Training Evaluators in AML/CFT Assessment	118,000
Africa	ESAAMLG - AML/CFT Strategy Development for Member Countries	229,000
Asia Pacific	Training Evaluators in AML/CFT Assessment	132,000
Caribbean	AML/CFT Evaluator Training Workshop for Spanish-Speaking Countries	64,000
Central America	Strengthening the Financial Securities Integrity (AML/CFT Workshop)	85,000
Europe and Central Asia	AML/CFT Workshop	100,067
Mauritius	Implementing Effective AML/CFT Measures	121,000
Romania	Strengthening the AML Regulations for the Securities Market	61,000
South America	GAFISUD - AML/CFT Workshop	34,265
LEGAL, REGULATORY AND SUPERVISORY FRAMEWORKS		
Africa	Eastern and Southern Africa - Regional Bank Supervisors Leadership Program (Toronto Centre)	192,000

Country/Region	Project Title	Commitments (in US dollars)
Africa	West African Monetary Institute (WAMI): Banking Supervision Study	125,000
Africa	WAMI - Externally Assisted Self-Assessment of Basle Core Principles	155,000
Argentina	International Organization for Governmental Securities Commissions (IOSCO) MOU (Advice on Achieving Compliance with IOSCO Multilateral IOU on Consultation, Cooperation and the Exchange of Information)	120,000
Bulgaria	Strengthening of Supervisory Capacity of the Financial Services Commission	280,000
China	Strengthening Regulation and Supervision of Securities Firms	375,000
Colombia	Developing the Supervisory and Regulatory Framework for Collective Investment Schemes	230,000
Europe and Central Asia	CIS-7: Seminar on Financial Sector Issues	22,674
Georgia	Insurance Supervisory Strengthening	227,700
Jordan	Actuarial Supervision Capacity Building at the Insurance Commission	225,100
Moldova	Development of Money Market Instruments	86,000
Namibia	Namibia Financial Institutions Supervisory Authority (NAMFISA) - Development of Capacity Building Strategy	120,000
Pakistan	Project Design for Assistance to the State Bank of Pakistan	9,200
Sierra Leone	Supervision of Non-Bank Financial Institutions - Assessment and Capacity Building	272,000
Swaziland	Supervision of Non-Bank Financial Institutions - an Initial Assessment and Proposed Strategy	147,000
Uganda	Support for the Implementation of Collective Investment Schemes Legislation	75,000
Ukraine	Assistance to Non-Bank Financial Institution Regulator	139,000
REFORM POLICY		
Bangladesh	Reducing Interest Rates Spreads	40,000
Kyrgyz Republic	Assistance on the Privatization of Kairat Bank	375,000
Lao PDR	Development of a Rural and Micro-Finance Strategy and Legal and Regulatory Framework	167,200
Lao PDR	Survey of Rural and Micro-Finance	130,000
Swaziland	Improving Access to the Financial Sector	160,000
Zambia	Advice on Proposed Financial Sector Development Plan	38,000
DIVERSIFICATION		
Africa	Central African Economic and Monetary Community (CEMAC) Region: Development of Long-Term Finance (Debt Market)	520,000

Country/Region	Project Title	Commitments (in US dollars)
Caribbean	Strengthening the Regulatory and Supervisory Environment for OECS Credit Unions	87,000
Colombia	Mortgage Finance Capacity Building	171,000
Ghana	Launching an Interbank Foreign Exchange Market	200,000
Rwanda	Developing a Micro-Finance Credit Information Bureau	245,000
Sri Lanka	Training for the Forex Industry	32,000
INSURANCE		
Armenia	Insurance Supervisory Restructuring and Strengthening	82,000
Armenia	Insurance Regulation Drafting and Capacity Building	212,000
Bangladesh	Insurance Law Reform	59,000
Colombia	Terrorism Loss Insurance Fund	245,200
India	Insurance Tariff Advisory Committee (TAC) – Capacity Building for Transition from Uniform Tariff System to Risk-Based Approach	270,000
Latin America	Regional Insurance Supervisors Leadership Program	121,000
Lebanon	Review and Drafting of a New Insurance Law	108,000
Lesotho	Insurance Sector Strengthening	212,400
Lithuania	Post-FSAP Insurance Supervision Strengthening	200,000
Macedonia	Reform of Compulsory Motor Vehicle Insurance System	323,000
Mongolia	Technical Assistance for Developing Insurance Supervisory Framework and Legal Framework for Livestock Insurance	419,700
Philippines	Development and Implementation of a Non-Life Insurance Supervisory Information System	145,000
Sri Lanka	Strengthening Actuarial Supervision Capacity	57,000
PAYMENT SYSTEMS		
Africa	Strengthening Payment Systems in Botswana, Swaziland, and Sierra Leone	220,000
Caribbean	Eastern Caribbean Central Bank (ECCB): Improving Payment Systems	185,000
PENSIONS AND COLLECTIVE INVESTMENT SCHEMES		
China	Regulation and Supervision of Corporate Pensions	570,000
China	Regulation of the Distribution of Securities Investment Funds	230,000
Morocco	Technical Assistance Support for Pension Reform	170,000
Sri Lanka	Strengthening the Regulatory Framework for Private Pension Funds	127,000
TOTAL		15,014,006
Average Project Size		166,822

LIST OF DONORS

Canadian International Development Agency
www.acdi-cida.gc.ca



Department for International Development of the United Kingdom
www.dfid.gov.uk



International Monetary Fund
www.imf.org



Ministry of Foreign Affairs of The Netherlands
www.minbuza.nl



State Secretariat for Economic Affairs of Switzerland
www.seco.admin.ch



Swedish International Development Cooperation Agency
www.sida.org



The World Bank
www.worldbank.org



ORGANIZATIONAL STRUCTURE

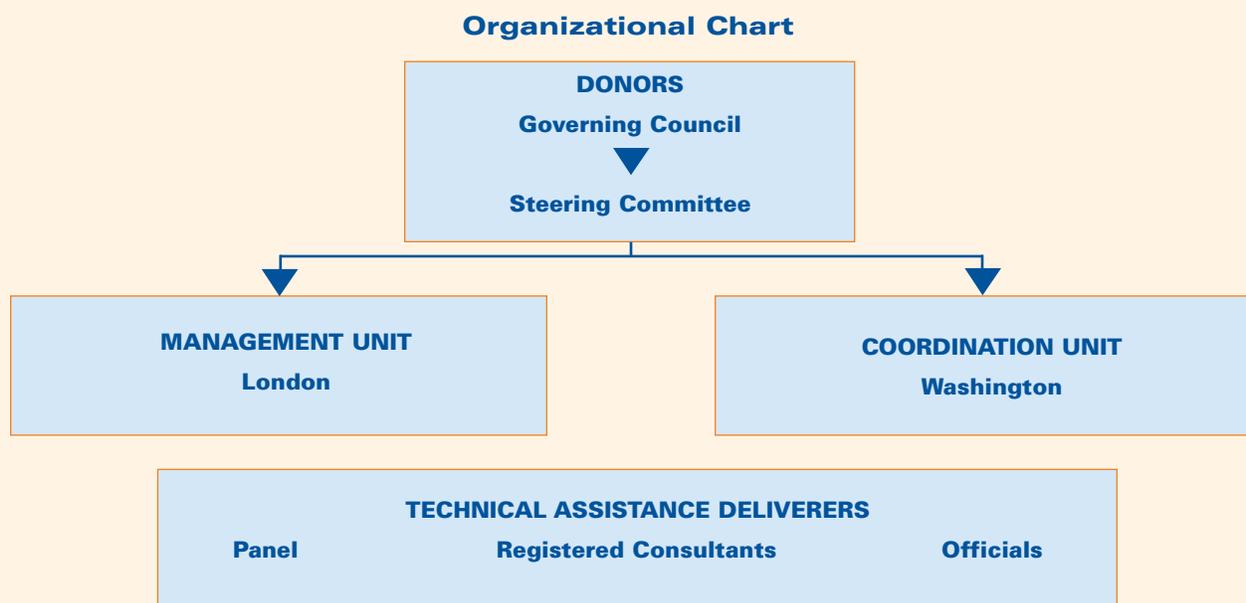
The FIRST Initiative is guided by a Governing Council comprising high-level representatives from each participating donor. The Governing Council, which has ultimate responsibility for providing strategic guidance to FIRST, meets once a year. It has delegated some of its powers to a Steering Committee.

This Steering Committee, comprising senior staff from the donors, provides policy direction to the two executive arms of FIRST (Management and Coordination Units) and is involved in approving all projects (although the Management Unit has delegated power to approve projects under \$100,000). The Steering Committee meets three times a year, rotating venues among donor countries.

The Secretariat to the Governing Council is the Management Unit, a privately run consultant consortium based in London that receives all project ideas and prepares project documents for submission to the Steering Committee. The Management Unit is responsible for contracting the technical assistance and entering into grant agreements with recipients. The Management Unit is also responsible for supervising and monitoring the quality of technical assistance delivery on most of FIRST's technical assistance projects.

The Coordination Unit, based in Washington, D.C., is responsible for contracting with official agencies to deliver sensitive or confidential technical assistance and managing the Information Exchange and the AskFirst help desk. Staffed by World Bank and IMF personnel, this public sector unit also acts as a liaison between FIRST and other official agencies and donors.

The majority of technical assistance funded by FIRST is provided by a select panel of consultants (12 firms and 17 individuals), who were contracted after an international competitive tender in late 2002. In addition, and in response to special needs, FIRST may draw on non-panel, private sector consultants and staff from official agencies.





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**"Let me start by thanking
all the actors at FIRST
Initiative that have allowed
this new law writing to be
done in such a short time....
In my opinion, the work
done was excellent."**

*Walid Genadry,
Head of Insurance
Commission, Lebanon*



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