

ISEEE Workshop New York 2014

Funding Sources for Capital Markets and Exchange Development in Emerging Markets

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Location: Museum of American Finance, New York, 9th to 10th April 2014

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Official Development Assistance (ODA)

TOTAL DAC COUNTRIES

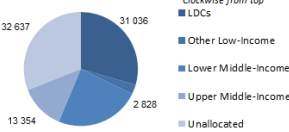
| Net ODA | 2011 | 2012 | Change 2011/12 |
|-----------------------|---------|---------|----------------|
| Current (USD m) | 134 607 | 126 881 | -5,7% |
| Constant (2011 USD m) | 134 607 | 129 705 | -3,6% |
| ODA/GNI | 0,31% | 0,29% | |
| Bilateral share | 70% | 70% | |

Top Ten Recipients of Gross ODA (USD million)

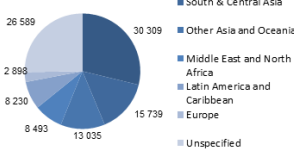
| | |
|------------------------------------|-------|
| 1 Afghanistan | 5 811 |
| 2 Congo, Dem. Rep. | 3 926 |
| 3 India | 3 004 |
| 4 Vietnam | 2 818 |
| 5 Pakistan | 2 212 |
| 6 Indonesia | 2 110 |
| 7 China | 2 102 |
| 8 Ethiopia | 1 923 |
| 9 Kenya | 1 862 |
| 10 Tanzania | 1 748 |
| Memo: Share of gross bilateral ODA | |
| Top 5 recipients | 17% |
| Top 10 recipients | 26% |
| Top 20 recipients | 38% |

Gross Bilateral ODA, 2011-12 average, unless otherwise shown

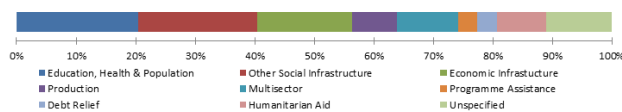
By Income Group (USD m)



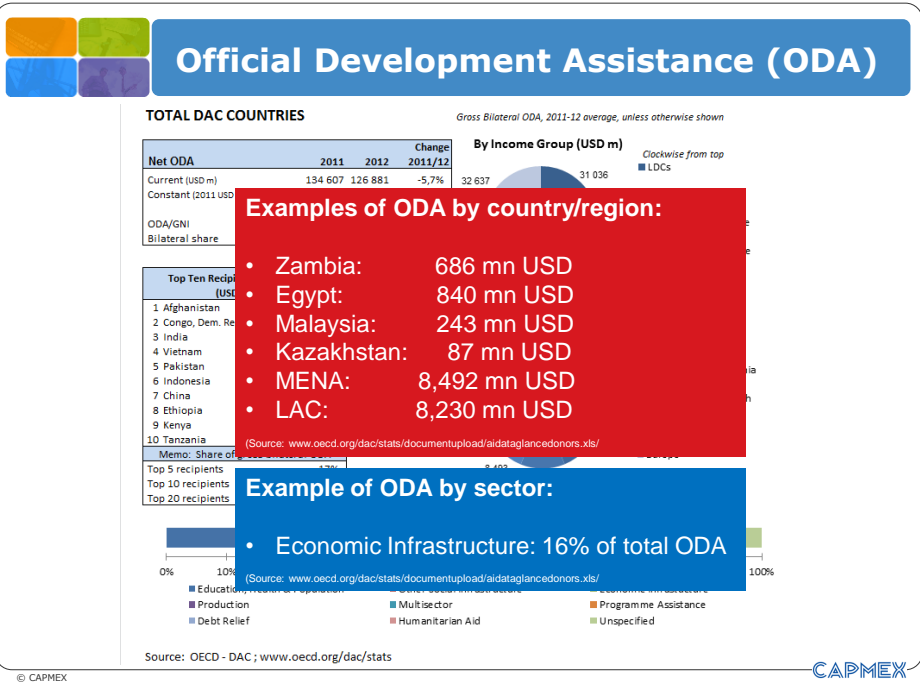
By Region (USD m)



By Sector



Source: OECD - DAC ; www.oecd.org/dac/stats



- ## Selected IFIs and Development Agencies
- AAAID Arab Authority for Agricultural Investment & Development
 - ADA Austrian Development Agency
 - ADB Asian Development Bank
 - AfDB African Development Bank
 - AFESD Arab Fund for Economic and Social Development
 - AGFUND Arab Gulf Programme for UN Development Organisations
 - AMF Arab Monetary Fund
 - APEX Asia-Pacific Economic Cooperation
 - BADEA Arab Bank for Economic Development in Africa
 - Black Sea Trade & Development Bank
 - BOAD Banque Ouest Africaine de Développement
 - CDB Caribbean Development Bank
 - CFC Common Fund for Commodities
 - Council of Europe Development Bank
 - DANIDA – Denmark’s Development Cooperation
 - Development Bank of Austria
 - Development Bank for Southern Africa
 - DFID Department for International Development
 - EADB East African Development Bank
 - EAR European Agency for Reconstruction
 - EBRD - European Bank for Reconstruction and Development
 - EIB - European Investment Bank
 - EDF – European Development Fund
 - EU - DG Energy and Transport
 - EuropeAid
 - FIRST Initiative
 - Global Fund to fight AIDS, Tuberculosis and Malaria
 - IADB- Inter-American Development Bank
 - IBRD – Int. Bank for Reconstruction & Development
 - IDA - International Development Agency
 - IFC - International Finance Cooperation
 - IFAD International Fund for agricultural development
 - IIC International Investment Corporation
 - Industrial Development Bank (Jordanian)
 - IsDB Islamic Development Bank
 - Japan Bank for International Cooperation
 - KfW Entwicklungsbank
 - MIF – Multilateral Investment Fund
 - NORAD - Norwegian Agency for Development Cooperation
 - North American Development Bank
 - OAS Organization of American States
 - OPEC Fund for International Development
 - SECO
 - SIDA Styrelsen för internationell utvecklingssamarbete
 - EU TradeCom Facility
 - UN - UNIDO - UNTAC
 - USAID – US Agency for International Development
 - WB - Worldbank
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Potential Funding Sources for Exchanges & SECs

❖ Selection of potential funding sources for exchange and capital markets development projects

- European Commission
 - EuropeAid
- World Bank Group
 - International Finance Corporation (IFC)
 - IBRD – International Bank for Reconstruction and Development
 - IDA – International Development Agency
- FIRST Initiative (multi-donor grant facility managed by WB)
- EBRD – European Bank for Reconstruction and Development
- AfDB - African Development Bank
- ADB – Asian Development Bank
- Caribbean Development Bank
- Inter American Development Bank
- National Donor Agencies (e.g. DFID, LUX-Dev, SECO, SIDA, ADA...)

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Eligibility to act as Beneficiary

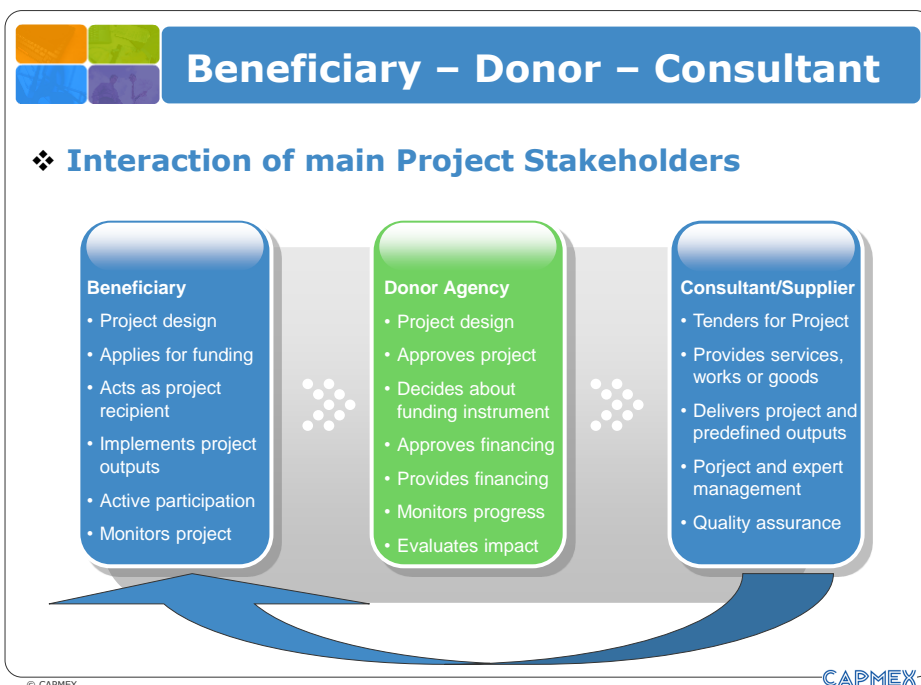
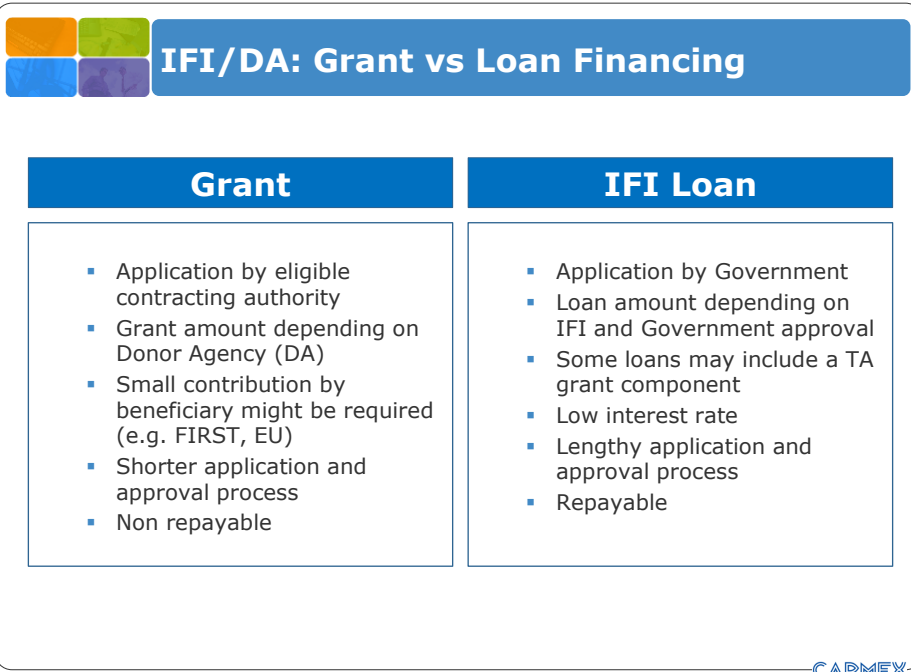
❖ Regional Focus of selected Donor Organisations

| Beneficiary located in | EU | EU FWC Lot 10 | FIRST | WB Group | IADB | ADB | AfDB Group | EBRD |
|------------------------|--------|---------------|--------|-----------------|-----------------|-----------------|-----------------|-----------------------------|
| Africa | ✓ | ✓ | ✓ | ✓ | - | - | ✓ | Egypt Morocco Tunisia |
| Caribbean | ✓ | ✓ | ✓ | ✓ | ✓ | - | - | - |
| Americas | ✓ | ✓ | ✓ | ✓ | ✓ | - | - | - |
| CEE & CIS | ✓ | ✓ | ✓ | ✓ | - | - | - | ✓ |
| Central Asia | ✓ | ✓ | ✓ | ✓ | - | ✓ | - | ✓ |
| Asia | ✓ | ✓ | ✓ | ✓ | - | ✓ | - | - |
| Middle East | ✓ | ✓ | ✓ | ✓ | - | - | - | Jordan |
| Instruments* | Grants | Grants | Grants | Loans Grants | Loans Grants | Loans Grants | Loans Grants | Loans Grants |

* Please note: Only loans and grants were considered as instruments in this table even though some of the donor organisations offer also other instruments like equity investments etc.

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European Union – EuropeAid



DEVELOPMENT AND COOPERATION – EUROPEAID

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ODA by EU Institutions

EU INSTITUTIONS

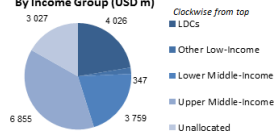
| Net ODA | 2011 | 2012 | Change 2011/12 |
|-----------------------|--------|--------|----------------|
| Current (USD m) | 17 391 | 17 479 | 0,5% |
| Constant (2011 USD m) | 17 391 | 18 681 | 7,4% |
| In Euro (million) | 12 507 | 13 599 | 8,7% |
| Bilateral share | 98% | 98% | |

| Top Ten Recipients of Gross ODA (USD million) | |
|---|-------|
| 1 Turkey | 2 967 |
| 2 Serbia | 998 |
| 3 Tunisia | 541 |
| 4 Morocco | 463 |
| 5 Egypt | 455 |
| 6 West Bank & Gaza Strip | 359 |
| 7 Bosnia and Herzegovina | 317 |
| 8 Afghanistan | 310 |
| 9 Congo, Dem. Rep. | 303 |
| 10 South Africa | 287 |

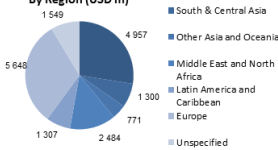
| Memo: Share of gross bilateral ODA | |
|------------------------------------|-----|
| Top 5 recipients | 30% |
| Top 10 recipients | 39% |
| Top 20 recipients | 50% |

Gross Bilateral ODA, 2011-12 average, unless otherwise shown

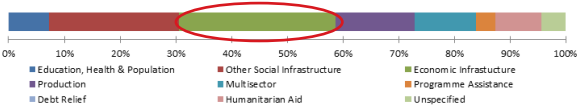
By Income Group (USD m)



By Region (USD m)




By Sector



Source: OECD - DAC; www.oecd.org/dac/stats

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EuropeAid Instruments

| Funding Instrument | Geographical zone | Countries covered | Average annual funding | Total funding available for 2007-2013 |
|--|--|-------------------|------------------------|---------------------------------------|
| European Neighbourhood and Partnership Instrument (ENPI) | Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Russia, Syria, Tunisia and Ukraine | 17 | €1.6 billion | € 11,181 billion |
| European Development Fund (EDF) | African, Caribbean and Pacific (ACP) countries and the overseas territories of EU Member States | 79 | €3.7 billion | € 22.7 billion |
| Development Co-operation Instrument (DCI) | Latin America, Asia and Central Asia, and the Gulf region and South Africa. | 47 | €1.4 billion | € 10,057 billion |

- Example EDF 2007-2013 allocation for Zambia: €489.8 million

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EU FWC Lot for Exchanges and SECs

- ❖ **Framework Contract (FWC) Beneficiaries 2013**
- ❖ **Lot 10: Trade, Standards and Private Sector**
 - Special contracting procedure available for smaller projects;
 - for amounts of less than €300 000;
 - where the implementation period does not exceed 2 years.
 - Covers e.g.:
 - Financial sector regulation (incl. supervision of securities, banking, insurance, pension funds, etc.)
 - Private sector development policy and reform
 - Privatisation and industrial policy
 - Investment promotion (domestic and foreign) Commercial banking, inclusive financial services to Small, medium and micro-enterprises (credit lines, equity, guarantees, micro-credit)
 - Corporate governance issues

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EU FWC Project Cycle

- ❖ **Project application by beneficiary through an entitled entity (e.g. CFCU, NAO)**
- ❖ **Step 1: Check whether the funds are available**
 - Check of availability of funds by the project officer (ECD, CFCU, NAO)
- ❖ **Step 2: Identify the lot**
 - Lot 10: Trade, Standards and Private Sector (ECD, CFCU, NAO)
- ❖ **Step 3: Preparing the specific ToRs**
 - Project manager is responsible for drawing up the specific ToRs which must comply with the global ToRs.
- ❖ **Step 4: Creating the request**
 - Request to be sent to three framework contractors by EC Delegation (ECD).
- ❖ **Step 5: Sending the request for offers and ToRs**
 - Framework contractors are obliged to confirm receipt of the request within 48hours (working days) and to submit a offer (within at least 14 days).
- ❖ **Step 6: Evaluation of the offer**
 - After the offers have been received, even if there are fewer than three, evaluators select the economically most advantageous offer.
- ❖ **Step 7: Notification of results**
 - The framework contractor must be notified whether the **result** of the evaluation is favourable or unfavourable within 14 calendar days of the deadline for submission of offers.
- ❖ **Step 8: Preparing the specific contract**
 - Contract preparation by Project Officer
- ❖ **Step 9: Sending the specific contract**
 - Two originals of the specific contract signed by the contracting authority must be sent to the selected framework contractor.
- ❖ **Step 10: Validation of the specific contract in CRIS**
 - Data entry into framework system
- ❖ **Step 11: Project Implementation**
 - Project implemented by selected framework contractor
- ❖ **Step 11: Evaluating assignment quality**
 - When the assignment is finished and the final report approved, the project manager must complete the evaluation sheet available on the website and send it to the framework contract team.

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Case Study: EU Exchange Project

❖ **INVAS – Capital Market Investment Advisory Services**

| | |
|---------------------------------|--|
| Head Beneficiary: | Moscow Interbank Currency Exchange (MICEX) |
| Target areas: | Capacity building Stock Exchange Restructuring/development capital market Issuers Financial Intermediaries Public awareness raising and regional outreach Training of personnel & key capital market participants |
| Country: | Russian Federation |
| Project approval date: | October 1998 |
| Project completion date: | July 2001 |
| Funding agency: | European Union – TACIS programme |
| Project volume: | EUR 4,500,000 million |

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Case Study: Supervision Project

❖ EU-China Financial Services Project

Beneficiaries: People's Bank of China
China Securities Regulatory Committee
China Banking Regulatory Committee
China Insurance Regulatory Committee

Target areas: Technical and legal advise
Training of personnel and key capital market participants
Risk-based supervision, on- and off-site supervision
Capacity building
Institutional development

Country: People's Republic of China
Project start date: December 2002
Project completion date: December 2006
Funding agency: European Union – ALA programme
Project volume: EUR 8,500,000

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Case Study: EU FWC Lot 10 Project

❖ Design and model the clearing structure for financial derivatives for Bucharest Stock Exchange

Beneficiaries: Bucharest Stock Exchange

Target areas: Technical and legal advise
Training of personnel & key capital market participants
Clearing
Back-office operations
Risk management

Country: Romania
Project approval date: December 2006
Project completion date: April 2007
Funding agency: EU – Framework (FWC) Lot 10 programme
Project volume: EUR 180,000

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The World Bank Group

❖ The World Bank



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World Bank Group

❖ The World Bank Group consists of

- International Bank for Reconstruction and Development (IBRD)
 - IBRD focuses on middle income and creditworthy poor countries
- International Development Association (IDA)
 - IDA focuses on the poorest countries in the world
- International Finance Corporation (IFC)
 - IFC is the private sector arm of the World Bank Group
- Multilateral Investment Guarantee Agency (MIGA)
 - MIGA is a multilateral risk mitigator, promoting foreign direct investment into developing countries
- International Centre for Settlement of Investment Disputes
 - ICSID provides facilities for the conciliation and arbitration of disputes between member countries and investors

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IBRD and IDA

❖ International Bank for Reconstruction & Development

- IBRD aims to reduce poverty in middle-income and creditworthy poorer countries by promoting sustainable development through loans, guarantees, risk management products, analytical and advisory services

❖ International Development Association

- IDA aims to reduce poverty by providing interest-free loans and grants for programs that boost economic growth, reduce inequalities and improve people's living conditions.
- IDA lends money on concessional terms. This means that IDA credits have no interest charge and repayments are stretched over 35 to 40 years, including a 10-year grace period.

❖ IDA & IBRD: average annual lending commitments for investment projects of US\$10-US\$15 billion

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Case Study WB Project: Azerbaijan

❖ Capital Markets Modernization Project

- **Recipient:** State Committee on Securities (CA)
Baku Stock Exchange (Beneficiary)
National Depository Center (Beneficiary)
- **Target areas:** Capital Market Development
- **Country:** Azerbaijan
- **Project purpose:** Upgrade capital market infrastructure
Draft rules and regulations
Improve demand and supply side
Capital Market Training Center, Public Awareness
- **Project duration:** October 2012 – December 2015
- **Funding agencies:** World Bank (Loan)
Seco (Grant)
- **Project volume:** USD 8,5 million

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IFC

❖ International Finance Corporation

- IFC is the private sector arm of the World Bank Group



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IFC Application for Investment Projects

❖ How to apply for IFC financing

- To be eligible for IFC funding, a project must meet a number of criteria. The project must:
 - Be located in a developing country that is a member of IFC;
 - Be in the private sector;
 - Be technically sound;
 - Have good prospects of being profitable;
 - Benefit the local economy; and
 - Be environmentally and socially sound, satisfying IFC environmental and social standards as well as those of the host country.

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IFC Advisory Services

❖ The provision of advisory services by IFC

- IFC supports private sector development both by investing and by providing advisory services that build businesses.
- These activities serve many of IFC's objectives:
 - Supporting small and medium enterprises;
 - Improving the regulatory environment in developing countries;
 - Broadening access to finance;
 - Assisting in restructuring and privatizing state-owned enterprises;
 - Promoting public-private partnerships.
- IFC's advisory services are funded by donor countries and from IFC's own resources. Strengthening of financial markets is one of the themes covered.

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FIRST Initiative

❖ Financial Sector Reform and Strengthening Initiative



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FIRST Initiative

❖ Financial Sector Reform and Strengthening Initiative

- FIRST's mission is to support growth and poverty reduction in low- and middle-income countries through the promotion of robust and diverse financial sectors
- **FIRST Initiative** is a multi-donor grant facility providing technical assistance (TA) to promote financial sector strengthening.
- World Bank manages FIRST Initiative on behalf of donors.
- FIRST has been recently extended to 2012 with funding of \$100 million in total.

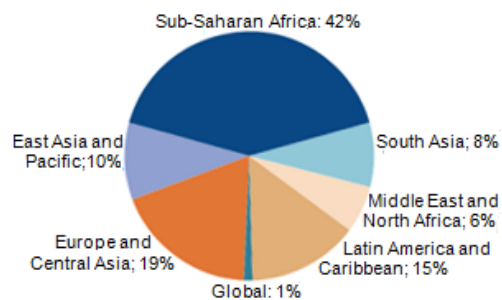
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FIRST Commitments by Regions

❖ FIRST project commitments until No. 2012



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Advantages of FIRST

❖ **FIRST's advantages:**

- Rapid Response
 - relatively short project approval cycle
- Flexible and responsive to smaller projects
 - funds projects that are additional to other programs, allowing to respond to smaller projects that can often be overlooked.
- Accepting direct requests
 - accept direct requests for support from recipients in low-income/middle-income countries.
- Additionality
 - FIRST projects must not displace or substitute funds available from other sources.

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Project Selection Criteria

❖ **FIRST gives preference to projects with following characteristics:**

- Show client ownership and are demand driven
- Likelihood of achieving the stated project objectives, and of successful implementation
- Show strong elements of additionality
 - (the absence of overlap and conflict with other sources of funding)
- Are catalytic
 - show a capacity to lead to further financial sector strengthening
- Short- to medium-term nature
 - 6-18 months
- Cash or initial contributions of 10 percent from recipients
 - in kind contribution possible

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Main Themes for Support by FIRST

❖ Main themes of FIRST assistance

- Financial sector reform strategy and policy advice
 - in particular, financial sector development plans following FSAP
- Advisory services
 - to strengthen legal, regulatory and supervisory frameworks
- Financial sector market and product development
- Institution and capacity building

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FIRST Target Areas

❖ Areas eligible for funding

- Capital markets
- Banking
- Insurance
- Payment systems
- Pensions and collective investment schemes
- Nonbank financial institutions
- Housing finance
- Crisis preparedness
- Accounting and auditing
- Access to finance
- Financial sector development strategy

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Areas Excluded from FIRST Funding

❖ Areas excluded from funding

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

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Focus of FIRST Initiative

❖ FIRST's focus is on

- Short-term and medium-term projects.
- Technical assistance projects range in size from a few thousand dollars up to app. US\$500,000 and, exceptionally, more.
- Majority of projects supported to date have been between US\$100,000 and US\$300,000.

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Eligible Applicants for FIRST Projects

❖ Eligible applicants for FIRST funding are

- policy makers
- regulatory bodies
- government agencies
- quasi-public institutions under limited circumstances (such as self-regulatory organizations and industry associations), or the Bank or IMF in cases where there is no specific implementing entity (such as for regional or global projects).
- Beneficiaries of all FIRST assistance must be countries eligible for IBRD loans or IDA credits.

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How to apply for FIRST funding

❖ General application process:

- **Proposal Summary (no longer than one page):**
 - What type of assistance is requested?
 - What are the objectives, expected benefits of the project?
 - Why it is needed now, and what gave rise to this request?
 - How is the project linked to other developments in the financial sector in the country?
 - What are the primary institutions benefiting from this project?
 - Does this proposed project arise out of recommendations arising from World Bank/IMF FSAP or ROSC?
 - What is the expected timeline for start and completion?
 - Who will be FIRST's counterpart in project implementation?
- **Screening**
 - PMU reviews the proposal summary and determines if eligible for FIRST funding.
 - If eligible, PMU requests recipient to develop/submit Project Application.
- **Submission of Project Application**
 - Recipient submits full Project Application to PMU.
 - Cover letter from supporting organization is required to accompany the project application.

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Case Study: Listing Regulations

❖ Developing model listings regulations

- **Recipient:** South Asian Federation of Exchanges (SAFE)
- **Target areas:** Financial sector legal, regulatory, and supervisory frameworks
- **Countries:** Bangladesh, Bhutan, India, Mauritius, Nepal, Pakistan and Sri Lanka
- **Project approval date:** 22 April 2005
- **Project completion date:** 31 January 2006
- **Funding Agency:** FIRST Initiative
- **Financial commitment:** US\$ 89,000
- **Actual expenditure:** US\$ 62,861



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Case Study: Derivatives Market

❖ Feasibility Study for Derivatives Market

- **Recipient:** Bulgarian Stock Exchange
- **Target areas:** Capital Market Development
- **Country:** Bulgaria
- **Project purpose:** assess the feasibility for development of a financial derivatives market in Bulgaria.
- **Project approval date:** 29 September 2004
- **Funding Agency:** FIRST Initiative
- **Financial commitment:** US\$ 41,000



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Case Study: 2nd tier Securities Market

❖ Establishing a 2nd-tier securities market and restructuring of the OTC market

- **Recipient:** Mauritius Stock Exchange
- **Target areas:** Capital Market Development
- **Country:** Mauritius
- **Project purpose:** restructure the current OTC Market and to consider the establishment of a second tier listing facility .

- **Project approval date:** 29 September 2004
- **Funding Agency:** FIRST Initiative
- **Financial commitment:** US\$ 144,000



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Case Study: Data Vending & Index

❖ Support to BiH Stock Exchanges

- **Recipients:** Sarajevo Stock Exchange
Banja Luka Stock Exchange
- **Target areas:** Exchange & Capital Market Development
- **Country:** Bosnia & Herzegovina
- **Project purpose:** strengthen the data vending & index development/licensing capacity of the two exchanges. Creation of an overall country index

- **Project approval date:** September 2008
- **Funding Agency:** FIRST Initiative
- **Financial commitment:** USD 252,180.00

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Overview FIRST Capital Market Projects (1)

❖ Overview FIRST Capital Market projects 2010-2013

| Country | Region | Sector | Project title | Approval date | Status | Commitments (US\$) |
|--------------------|------------------------------|--------------------------|--|---------------|-----------|--------------------|
| Seychelles | Sub-Saharan Africa | Multisector/Others | Seychelles #A027 Financial Sector Development Implementation Plan | Aug 23, 2013 | Active | 336,408 |
| Armenia | Europe and Central Asia | Capital Markets | Armenia #10313 Supporting Capital Market | Feb 08, 2013 | Active | 273,850 |
| Colombia | Latin America and Caribbean | Capital Markets | Colombia #10248 Supervision of Commodity Exchange Markets | Nov 14, 2012 | Active | 124,700 |
| Costa Rica | Latin America and Caribbean | Capital Markets | Costa Rica #10275 Development of Capital Markets | Jul 04, 2012 | Active | 149,800 |
| West Bank and Gaza | Middle East and North Africa | Capital Markets | West Bank & Gaza #10186 Capital Market Devt Phase 2 | Mar 15, 2012 | Active | 195,559 |
| Cote d'Ivoire | Sub-Saharan Africa | Multisector/Others | Cote d'Ivoire #10217 Financial Sector Development Strategy | Mar 09, 2012 | Active | 388,000 |
| Gambia, The | Sub-Saharan Africa | Financial Infrastructure | The Gambia: #10192 Supporting IFRS Implementation in the Financial Sector | Jan 25, 2012 | Active | 262,900 |
| Tanzania | Sub-Saharan Africa | Banking | Tanzania #10064 Legal and Regulatory Framework for Mergers and Acquisitions | Dec 29, 2011 | Active | 144,800 |
| Morocco | Middle East and North Africa | Capital Markets | Morocco #10085 Strategy and Instruments to Establish Reliable Interest Rate Benchmarks | Dec 22, 2011 | Active | 422,499 |
| Rwanda | Sub-Saharan Africa | Multisector/Others | Rwanda #10187 Financial Sector Development Plan (FSDP) 2011 | Nov 23, 2011 | Active | 437,000 |
| Cape Verde | Sub-Saharan Africa | Multisector/Others | Cape Verde #10179 Financial Sector Development Strategy | Nov 21, 2011 | Active | 293,121 |
| Swaziland | Sub-Saharan Africa | Capital Markets | Supervision of Capital Market Institution | Nov 17, 2011 | Active | 227,356 |
| Brazil | Latin America and Caribbean | Capital Markets | Brazil #10157 Introduction of Covered Bonds | Oct 20, 2011 | Active | 224,690 |
| Kenya | Sub-Saharan Africa | Capital Markets | Strengthening Supervisory Capacity of the Capital Markets Authority | Sep 12, 2011 | Active | 146,561 |
| Mozambique | Sub-Saharan Africa | Multisector/Others | Mozambique #10170 Financial Sector Development Strategy | Jul 06, 2011 | Active | 227,550 |
| Nigeria | Sub-Saharan Africa | Capital Markets | Nigeria #10073 Enhancing the Capacity of the Securities Exchange Commission | Apr 29, 2011 | Completed | 130,013 |

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Overview FIRST Capital Market Projects (2)

❖ Overview FIRST Capital Market projects 2010-2013

| Country | Region | Sector | Project title | Approval date | Status | Commitments (US\$) |
|------------|------------------------------|--------------------|--|---------------|-----------|--------------------|
| Sri Lanka | South Asia | Capital Markets | Sri Lanka #10158 Amendment to the SEC Act | Apr 19, 2011 | Completed | 242,400 |
| Mauritania | Sub-Saharan Africa | Multisector/Others | Mauritania #10028 Financial Sector Development Strategy | Jan 20, 2011 | Active | 306,250 |
| Zimbabwe | Sub-Saharan Africa | Capital Markets | Zimbabwe #10077 Development of a Securities Regulatory Framework | Dec 22, 2010 | Completed | 178,032 |
| Liberia | Sub-Saharan Africa | Capital Markets | Liberia #10056 Capital Markets Strategy & Legal and Regulatory Framework | Dec 22, 2010 | Active | 229,100 |
| Niger | Sub-Saharan Africa | Multisector/Others | Niger #10091 Financial Sector Development Strategy | Dec 22, 2010 | Active | 245,121 |
| Belarus | Europe and Central Asia | Capital Markets | Belarus #9027 Post FSAP Support for Securities Market Development | Dec 15, 2010 | Completed | 126,937 |
| Nepal | South Asia | Capital Markets | Nepal #9020 Capital Market Development Plan | Aug 13, 2010 | Completed | 132,111 |
| Morocco | Middle East and North Africa | Capital Markets | Morocco #10007 Introduction of Covered Bonds | Aug 13, 2010 | Completed | 180,870 |
| Azerbaijan | Europe and Central Asia | Capital Markets | Azerbaijan #9058 Capital Market Development Plan | Mar 22, 2010 | Completed | 118,743 |

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EBRD

❖ **European Bank for Reconstruction and Development**



European Bank
for Reconstruction and Development

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EBRD 's Capital Markets Focus

❖ **Local Currency & Capital Markets Development**

- Strategic focus area of EBRD
 - Local Currency and Capital Markets Development (LC2)
- EBRD 's mandate
 - "to stimulate and encourage the development of capital markets" within EBRD 's position as an investor in market infrastructures and instruments targeting the private sector.
- EBRD provides technical assistance and equity financing

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Active in 34 Countries

❖ EBRD's countries of operations

- Albania
- Armenia
- Azerbaijan
- Belarus
- Bosnia & Herzegovina
- Bulgaria
- Croatia
- Egypt
- Estonia
- FYR Macedonia
- Georgia
- Hungary
- Jordan
- Kazakhstan
- Kosovo
- Kyrgyz Republic
- Latvia
- Lithuania
- Moldova
- Mongolia
- Montenegro
- Morocco
- Poland
- Romania
- Russia
- Serbia
- Slovak Republic
- Slovenia
- Tajikistan
- Tunisia
- Turkey
- Turkmenistan
- Ukraine
- Uzbekistan

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Technical Cooperation Funds

❖ What is the Technical Cooperation Funds Programme?

- The Technical Cooperation Funds Programme (TCFP) provides funding to improve the preparation and implementation of the EBRD's investment projects and to provide advisory services to private and public sector clients.
- It is funded by governments and international institutions and managed by the EBRD.
- As well as supporting the EBRD's investment programme, the TCFP promotes institutional reform and the highest standards of corporate governance.

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How to apply for EBRD financing

❖ Large investment projects

- Pre-information of responsible EBRD department
- Fill financing application form online at <http://www.ebrd.com/apply/large/contact/form.htm>

❖ Technical cooperation projects (grants)

- First contact EBRD 's board member responsible for your country
- Contact EBRD 's Financial Institutions and/or country group
- Submit "Terms of References"

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Case Study: EBRD Project

❖ EBRD financed Exchange Project

| | |
|---------------------------------|---|
| Project name: | Capital Market Training Centre for Belgrade Stock Exchange |
| Recipient: | Belgrade Stock Exchange |
| Target areas: | Capacity building Stock Exchange Public awareness raising Training of personnel & key capital market participants |
| Country: | Serbia |
| Project approval date: | October 2003 |
| Project completion date: | March 2004 |
| Funding agency: | EBRD |
| Project volume: | EUR 198,704 |

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Case Study: Derivatives

❖ Bucharest Stock Exchange Financial Derivatives Training

- **Recipients:** Bucharest Stock Exchange
- **Target areas:** Exchange & Capital Market Development
- **Country:** Romania
- **Project purpose:** Capacity building, financial derivatives training

- **Project approval date:** November 2005
- **Funding Agency:** EBRD
- **Financial commitment:** EUR 170,000

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Case Study: Training & Advice

❖ Baku Stock Exchange

- **Recipient:** Baku Stock Exchange
- **Target areas:** Exchange & Capital Market Development
- **Country:** Azerbaijan
- **Project purpose:** Baku Stock Exchange Capital Markets
Participants' Training and Advisory Services

- **Project approval date:** January 2010
- **Funding Agency:** EBRD
- **Financial commitment:** EUR 214,997.00

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African Development Bank

❖ African Development Bank (AfDB)



AFRICAN DEVELOPMENT
BANK GROUP

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AfDB Group Entities

❖ The African Development Bank (AfDB)

- is a multilateral development bank whose shareholders include 53 African countries (regional member countries—RMCs) and 24 non-African countries from the Americas, Asia, and Europe (non-regional member countries—non-RMCs).
- was established in 1964, and officially began operations in 1967.
- has been operating from this Temporary Relocation Agency in Tunis since February 2003.

❖ The AfDB Group entities are

- The African Development Fund (ADF)
- The Nigeria Trust Fund (NTF)

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AfDB Eligible Countries

- Algeria
- Angola
- Benin
- Botswana
- Burkina Faso
- Burundi
- Cameroon
- Cape-Verde
- Central African Republic
- Chad
- Comoros
- Congo
- Côte d'Ivoire
- Djibouti
- Democratic Republic of Congo
- Egypt
- Equatorial Guinea
- Eritrea
- Ethiopia
- Gabon
- Gambia
- Ghana
- Guinea
- Guinea Bissau
- Kenya
- Lesotho
- Liberia
- Libya
- Madagascar
- Malawi
- Mali
- Mauritania
- Mauritius
- Morocco
- Mozambique
- Namibia
- Niger
- Nigeria
- Rwanda
- Sao Tome and Principe
- Senegal
- Seychelles
- Sierra Leone
- Somalia
- South Africa
- Sudan
- Swaziland
- Tanzania
- Togo
- Tunisia
- Uganda
- Zambia
- Zimbabwe

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Asian Development Bank

❖ Asian Development Bank (ADB)



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Eligible Countries for ADB Assistance

- Afghanistan
- Armenia
- Azerbaijan
- Bangladesh
- Bhutan
- Cambodia
- China, People's Republic of
- Cook Islands
- Fiji Islands
- Georgia
- Hong Kong, China
- India
- Indonesia
- Kazakhstan
- Kiribati
- Korea, Republic of
- Kyrgyz Republic
- Lao People's Democratic Republic
- Malaysia
- Maldives
- Marshall Islands, Republic of the
- Micronesia, Federated States of
- Mongolia
- Myanmar
- Nauru
- Nepal
- Pakistan
- Republic of Palau
- Papua New Guinea
- Philippines
- Samoa
- Singapore
- Solomon Islands
- Sri Lanka
- Taipei, China
- Tajikistan
- Thailand
- Timor-Leste
- Tonga
- Turkmenistan
- Tuvalu
- Uzbekistan
- Vanuatu
- Viet Nam, Socialist Republic of

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ADB Technical Assistance

❖ ADB technical assistance operations cover:

- identifying, formulating, and implementing projects
- improving the institutional capabilities of governments and executing agencies
- formulating development strategies
- promoting the transfer of technology
- fostering regional cooperation

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ADB TA Instruments

❖ Technical Assistance Instruments

- Project preparatory technical assistance for the preparation of feasibility studies and detailed engineering for bankable projects
- Project implementation technical assistance covering consulting services for project implementation and initial operation, including the training of project personnel
- Advisory technical assistance supporting institutional strengthening, sector and policy studies, and non-project-related human resource development
- Regional technical assistance addressing issues of interest to the region or a subregion or a group of individual developing member countries.

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Case Study: Mongolia 2006-2007

❖ Capacity Building for Financial Sector Reform

- **Contract awarded to: Wiener Börse and CAPMEX**

| 34135: Financial Regulation and Governance Program | |
|--|---|
| Country | Mongolia |
| Type/Modality of Assistance | Technical Assistance: 34135-01 [Closed] TA-4236 MON: Preparing the Third Financial Sector Program Japan Special Fund US\$500,000 Loan: 34135-01 [Approved] Loan-2218 MON: Financial Regulation and Governance Program Asian Development Fund US\$10.0 million <div style="border: 1px solid black; padding: 2px;"> Technical Assistance: 34135-03 [Approved] TA-4737 MON: Capacity Building for Financial Sector Reforms Japan Special Fund US\$900,000 </div> |
| Sector/Subsector | Finance/Finance Sector Development |
| Responsible ADB Department | East Asia Department |
| Responsible ADB Division | Regional Cooperation, Governance, and Finance Division, EARD |
| Last PID Update | 13 Dec 2006 |

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Eligibility to act as Beneficiary

❖ Regional Focus of Main Donor Organisations

| Beneficiary located in | EU | EU FWC Lot 10 | FIRST | WB Group | IADB | ADB | AfDB Group | EBRD |
|------------------------|----|---------------|-------|----------|------|-----|------------|------|
| Africa | ✓ | ✓ | ✓ | ✓ | - | - | ✓ | - |
| Caribbean | ✓ | ✓ | ✓ | ✓ | ✓ | - | - | - |
| Americas | ✓ | ✓ | ✓ | ✓ | ✓ | - | - | - |
| CEE & CIS | ✓ | ✓ | ✓ | ✓ | - | - | - | ✓ |
| Central Asia | ✓ | ✓ | ✓ | ✓ | - | ✓ | - | ✓ |
| Asia | ✓ | ✓ | ✓ | ✓ | - | ✓ | - | - |
| Middle East | ✓ | ✓ | ✓ | ✓ | - | - | - | - |

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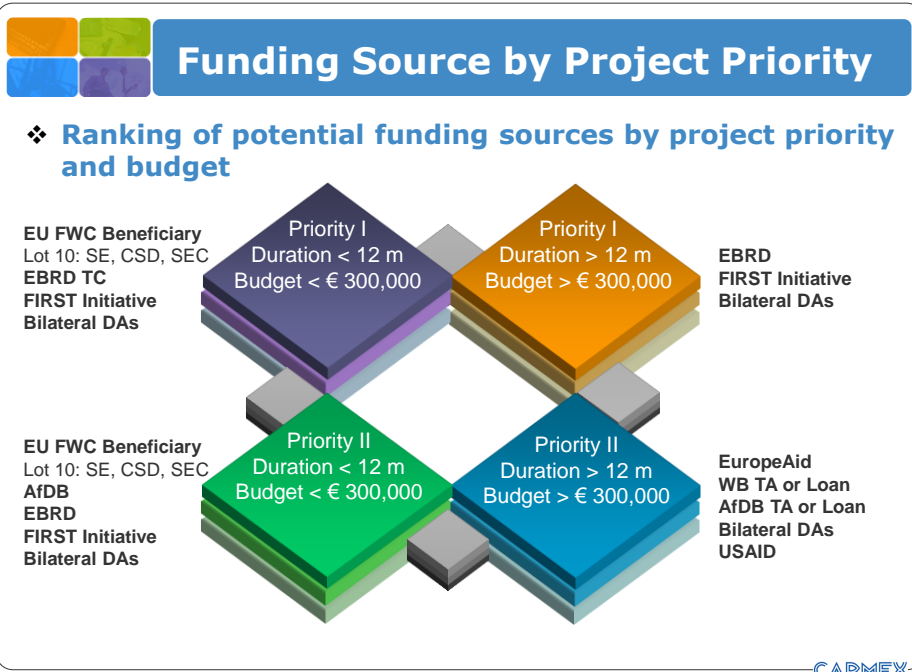
Project planning

❖ Select the “right” projects and the “right” funding institutions

- Rank your Exchange projects by priority
- Estimate project duration and budget
- Identify potential funding sources

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Funding Application

❖ **How to write a convincing funding application:**

- Application has to reflect the thematic scope of donor agency
- Application has to prove that it is aligned with donor strategy
- Selected arguments:
 - Well developed financial sectors help to eliminate poverty and to increase employment
 - Increased access to finance, which leads to economic growth
 - Increased transparency and reliability of the market
 - Increased institutional capacity
 - Increased professionalism of the market participants
 - Capacity building by providing training
 - Higher level of investor protection
 - Implementation of international standards
 - Higher corporate governance standards
 - Raising of public awareness

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Interactive Q&A Session

- Let 's develop a project

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Prepare a Funding Application

❖ **Group work: Application for FIRST Initiative project**

- Basic Information
- What is the problem, gap, deficiency that agency wants to address?
- Was this issue addresses in a recent diagnostic study (FSAP, ROSC)?
- Expected tangible outputs of the technical assistance
- Expected short- and long-term outcomes of the project
- Are there any related efforts already being undertaken?
- Have you approached other funding sources prior approaching FIRST?

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Experts for Capital Markets Development

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