Other Donors' FS Technical Assistance Activities

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USAID Financial Sector Review and Strategy Forum

December 12, 2002

Roadmap

I. Introduction
II. Surveillance
III. Technical assistance
IV. Conclusions

I. Introduction

Mandate

Criteria

The Players

Data Problems

Data Sources

Mandate for the Paper

- From the Task Order:

"Assess who does what in terms of strengthening, safeguarding, standardizing, and regulating reform of the international financial system as it affects the financial system of developing countries"

Review of Domestic and International Players in Financial Sector Development*

Examines who does what in:

Reforming the International Financial Architecture

Surveillance

Financial Assistance

Technical Assistance

*Completed in March 2002

Criteria for Choosing the Players

- Importance of the surveyed player's activities for strengthening the financial system and reducing poverty

- Relevance of these activities for USAID's future work in the financial sector.

Of the 26 Players Surveyed

International Organizations	IMF,WB IBRD, IDA, IFC, MIGA, BIS, FSF, FSI, OECD, Paris Club, WTO
Regional Development Banks	AfDB, ADB, EBRD, IDB
Bilateral Donors	EU, France, Germany, Japan, U.K., US
Private Sector	Group of Thirty, IIF, ICRC, Oxfam, S&P
4 sectors	18 are relevant today

Data Problems

- No central data base for financial or technical assistance to financial systems
- OECD attempts to collect data on financial and technical assistance to developing countries
- But its data on aid to the financial sector is scattered over several categories
- The Review team had limited resources with which to supplement these data sources

Data Sources and Consequences

Annual Reports

- Web sites
- Answers to e-mailed requests
- Telephone discussions

- Consequently, the results must be seen as impressionistic rather than definitive

II. Surveillance Subjects

- Types of surveillance activities
- Surveillance players
- FSAPs and ROSCs
- The effectiveness of FSAPs and ROSCs
- Need for TA as revealed by FSAPs
- Opportunity for USAID and other bilaterals

Surveillance Encompasses:

- Macroeconomic policies and conditions
  - Data collection and dissemination
  - Developing standards and codes
  - Monitoring standards and codes, and
    - Features FSAPs and ROSCs

Players Active in Surveillance

Body	Data	Inspect	Develop St&Cd	Monitor S&C
IMF	H	H	H	H
WB	H	H	H	H
BIS	H	L	H	
FSF	L			
OECD	H	H	H	
RDBanks	L	L		
EU	L	L	L	
Bilaterals			L	
Group 30	L	L	L	
S&P	H	H	L	

New Surveillance Vehicles

- Financial Sector Assessments (FSAPs)
- Reviews of Standards and Codes (ROSCs)

ROSC 12 Standards and Codes

Topic	**Code Set by:**	**Monitored by:**
Data	IMF in SDDS, GDDS	IMF
Fiscal	IMF	IMF
Monetary	IMF	IMF
Bank Supervision	Basel Core Principles	IMF
Securities	IOSCO Principles	WB & IMF
Insurance	IAIS Principles	IMF & WB
Payments	BIS/CPSS's Principles	WB & IMF
Money Laundering	FATF Recommendations	IMF & WB
Corporate Governance	OECD Principles	WB
Accounting	IAS Standards	WB
Auditing	IFAC Statements	WB
Insolvency	UNCITRAL, INSOL, WB, IMF	WB

FSAP/ROSC Effectiveness

- Early “teething problems” being resolved
- Heavy demands on Bank& Fund staff

(IMF supplements only from central banks and supervisory agencies (i.e., no private sector involvement, Bank is less rigid)

- Showing very great need for pre- and post-FSAP TA
- That the Bank & Fund cannot provide

Resulting Opportunities

USAID and other bilateral donors can fill the FS TA gap

But does FSAP secrecy present a problem?

The FIRST Initiative

III. Technical Assistance

- Donor resources available
- Types of assistance offered
- Is there a need for a data base on FS activities?
- And coordination of donor activities?

Impressions Formed of FS TA

- Many players offer similar types of assistance,
- Often as loans not grants,
- In the same or similar countries; while the
- Importance of FS TA is often under-appreciated;
- (Rather donor publications stress building roads, bridges, dams, and ports, and improving agriculture, industry, and social services).
- So little is known about FS TA and its efficacy is
- Rarely evaluated.

TA by Donor in 2000-2001

Donor	Total TA	% FS	Grants or Loans
IMF	118	~ 100%	All grants
WB	945	~20%	Mainly loans, some grants
BIS	114	~ 95%	No charge
OECD	200	…	Grants
4 RD Banks	1,000	6%-50%	More loans than grants
EU	2,500	5%	Grants
France	1,300	10%	Loans and grants
Germany	1,650	6%	All grants
Japan	2,430	1%	Both
UK	685	5%	Mostly grants
USAID	2,550	2.5%	All grants
World Total	12,767-OECD	1% - 50%	Both loans and grants

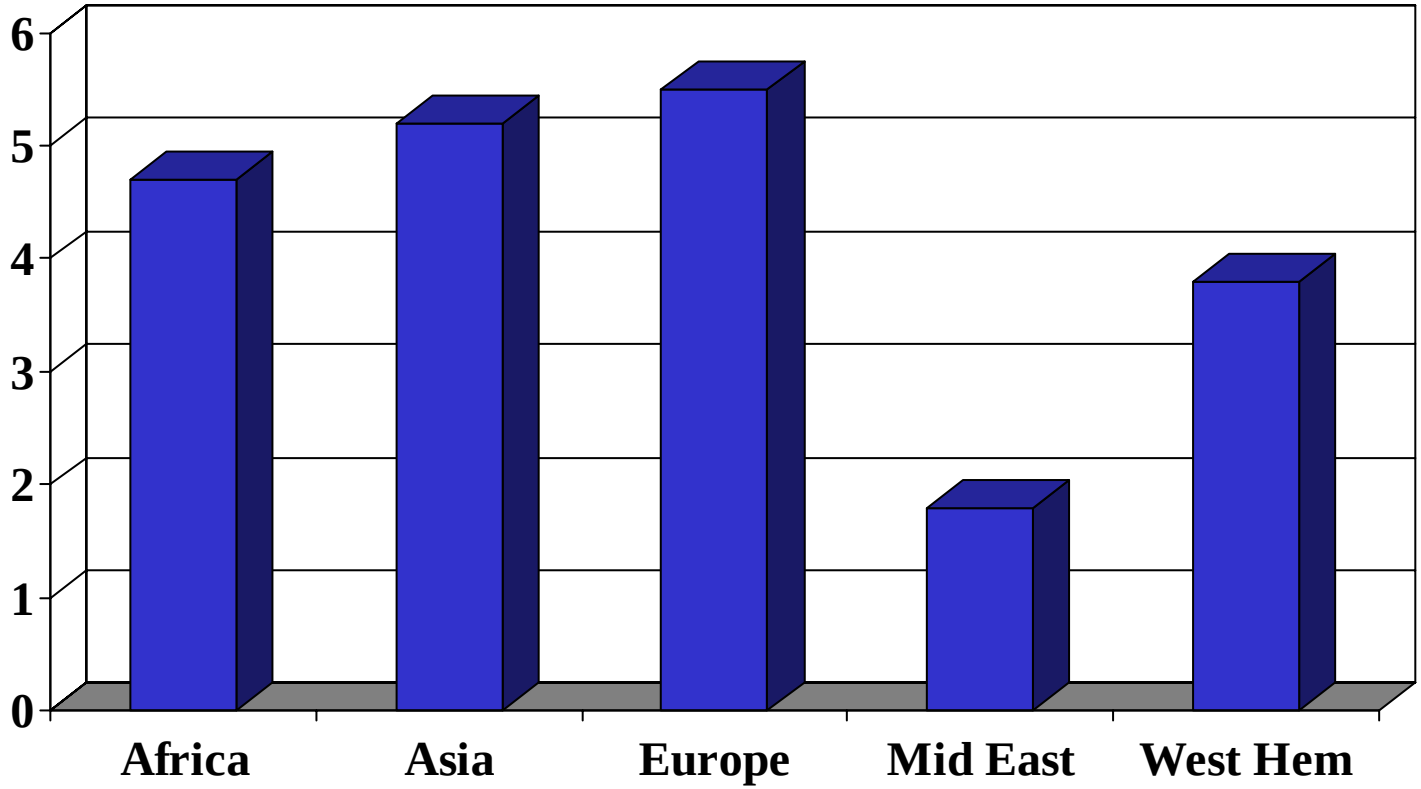
Who Does What in FS TA?

Donor	Paym	Banks	CapM	Insu	Pensn	Hous	SME	NBFI	CorpG	MonL	Acc
IMF	H	H	H		L		L	L	H	H	L
WB	H	H	H	H	H	H	H	H	H	H	H
BIS	H	H	H	H				L	H	H	L
OECD	L	H	H	H	H	L	L	L	H	H	H
4RDB	L	H	H	H	L	L	H	H	H	L	L
EU	H	H	L				H		L		H
France		H					H	L			
Germany	H	H	H			H	H	H			
Japan	H										
UK		L	H	H	H		H	H	H	H	H
USAID	L	H	H	H	L	H	H	H	H	H	H

Filling Gaps or Competing?

- When USAID sees where other donors are putting their resources, does try to fill the gaps or cover all bases?
- Clearly there are gaps in insurance, pensions, housing finance, countering money laundering, accounting/auditing, rating agencies, data on, and evaluations of, FS TA.
- But greater crowding in banking, securities/capital markets, SMEs, and non-bank financial institutions.

Average Number of TA Donors per Country by Region



Country Implications for USAID

- Some countries receive TA from a large number of donors (e.g, Russia)
- Others are neglected; e.g.in the Middle East
- Bilateral donors chose countries for historical, foreign policy, and/or commercial reasons
- But the review team recommends using an effectiveness topology

IV. Conclusions
Implications for USAID

- AID a significant provider of both total & FS TA
- It needs more FS resources than its current 2.5%
- Its all-grant policy is attractive to recipients
- It can help fill gaps that FSAPs reveal on its own
- Or cooperate with other donors (FIRST initiative)
- It can keep its own and a world FS TA data base
- Do more, and systematic, evaluations, and
- Use a topology for choosing countries to aid