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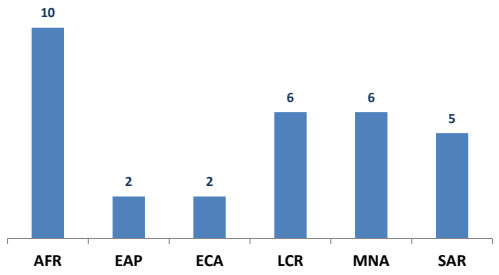
*Strengthening Financial Sectors*

# Monthly Update · August 2013

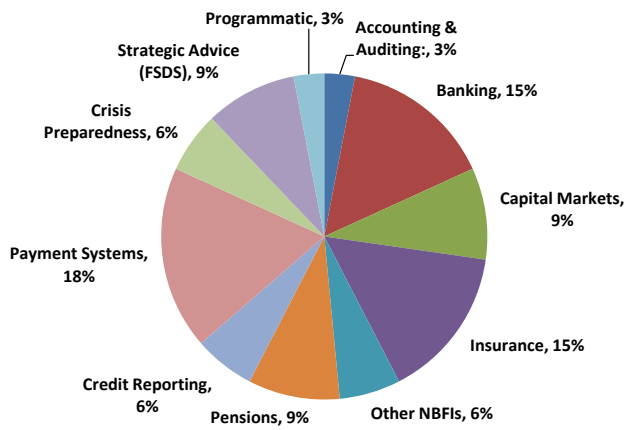
| *Key Statistics* | *#* | *$ millions* |
|---|---|---|
| **Projects approved (Aug)** | **6** | **1.6** |
| LIC | 1 | 0.3 |
| MIC | 5 | 1.3 |
| **Phase III Projects (Jan-Aug)** | **12*** | **3.0** |
| LIC | 2 | 0.4 |
| MIC | 10 | 2.6 |
| **Total Active Portfolio** | **91** | **23.9** |
| LIC | 56 | 15.2 |
| MIC | 35 | 8.7 |
| **Disbursements of Portfolio** | | **10.7** |
| LIC | | 7.5 |
| MIC | | 3.2 |

** By project count, total number is 11, with 1 MNA Regional Insurance Project covering both LIC and MIC countries*

### Pipelines (# Projects), by Region




### Pipelines (# Projects), by Sector




**Highlights.** Reforming Payment and Settlement Systems is on high demand for FIRST. In August, one more project was added to the Payment Systems' portfolio: *Djibouti Modernizing Payment Systems' Legal, Regulatory, and Oversight Framework*. With 6 projects in the current pipeline, reforms in Payment Systems rank top (18%) in terms of sector distribution. In this spirit, FIRST organized a "learning session" for its staff by inviting Mr. Massimo Cirasino, Manager of Financial Infrastructures Service Line at the WBG, to speak about the demand, the trend, and the potential of interventions.

***What reforms do we expect in the area of Payment Systems?*** Developing a national payment system is an ongoing process. While it is a difficult and complex task requiring multiple years of efforts, technical assistance is often designed to address gaps around key "nine pillars".

***What development outcomes do we expect from Payment Systems Reforms?*** Reforms in the payment systems generally have direct contribution to the financial stability, and efficiency. Reforms in the areas of *Retails* and *Government Payments* increase the access and inclusion in addition to stability and efficiency. Summarized below is the set of impact indicators that FIRST will apply going forward:

| *Results* | *Indicators* |
|---|---|
| ***Increased access*** | • Bank branches per 100,000 adults<br>• Accounts per 1,000 adults |
| ***Modernized infrastructure*** | • ATMs/POS per 100,000 adults |
| ***Innovations*** | • Agents per 100,000 adults |
| ***Reduced cash-based transactions (including Gov. Payments)*** | • Non-cash retail transactions per capita per year<br>• Electronic instruments used in government payments (%) |
| ***Improved interoperability*** | • Transactions per ATM/POS per month<br>• Cost savings |
| ***Strengthened risk management*** | • Observance to international standards (CPSS-IOSCO PFMIs) |

## Projects approved in August

| Country | Sector | Intervention | Funding (US$) | Catalytic* | FS Contribution |
|---|---|---|---|---|---|
| **Djibouti** A034 | Payment Systems and Credit Reporting | Supporting the Central Bank of Djibouti in modernizing the payment and credit reporting infrastructures through the development of strategies, improvement of the legal and regulatory framework and the oversight capacities. | 249,420 | Yes | Stability, Efficiency, Inclusion |
| **Costa Rica** A010 | Systemic Risk Framework | Assisting Central Bank of Costa Rica in developing a framework for the analysis of systemic risks, helping authorities improve their capacity to detect threats to financial stability. | 123,322 | Yes | Stability |
| **Colombia** A006 | Housing Micro-finance | Assisting Fondo Nacional de Ahorro in expanding access to housing to the informally employed and lower income households. | 244,220 | No | Inclusion |
| **Pakistan** A021 | Insurance | Supporting the Securities and Exchange Commission of Pakistan to reform and upgrade the insurance legal, regulatory and supervisory framework. | 332,078 | Yes | Stability, Efficiency |
| **Seychelles** A026 | Secured Lending and Collateral Registry | Assisting Central Bank of the Seychelles to increase access to credit to the private sector by introducing a secured lending legal framework and collateral registry. | 336,484 | No | Inclusion, Depth |
| **Seychelles** A027 | Strategic Advice | Assisting Central Bank of the Seychelles to develop a well-sequenced, time-bound and prioritized roadmap for implementing FS reforms. | 378,508 | No | Indirect |

## Projects submitted to GC in August

| | | | | | |
|---|---|---|---|---|---|
| **Lebanon** A031 | Capital Markets | Assisting the newly established independent authority (CMA) to improve its regulatory and supervisory capacity. | 475,365 | Yes | Indirect |
| **Tunisia** A033 | Insurance (Motor Third-Party Liability) | Assisting Tunisia General Insurance Committee to transform the automobile insurance market (MTPL) into the risk-based premium regime. | 328,535 | No | Stability, Efficiency |
| **Ukraine** A025 | Banking (Deposit Guarantee Fund) | Strengthening capacities of Ukraine's Deposit Guarantee Fund in managing Target Funding Ratio, handling distressed assets, and addressing legal and regulatory issues hindering bank resolutions. | 259,530 | Yes | Stability, Efficiency |

** Catalytic: linkage with FSAP or FIRST's previous projects*

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra
Swiss Confederation
Federal Department of Economic Affairs FDEA
State Secretariat for Economic Affairs SECO
UKaid from the British people
LE GOUVERNEMENT DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances
Federal Ministry for Economic Cooperation and Development
Ministerie van Buitenlandse Zaken
Sida
SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
INTERNATIONAL MONETARY FUND