



PROMOTING FINANCIAL SECTOR DEVELOPMENT

The U.S. Trade and Development Agency (USTDA) supports a wide range of banking and financial sector activities in low and middle-income countries that support the development of a modern infrastructure. USTDA has provided training and technical assistance on the development of primary and secondary mortgage markets, core banking and cash management systems, regulatory processes governing bank lending, bond issuances, and credit rating capability. The agency's grant-based assistance has been provided to ministries of finance, state and private banks, development and regulatory organizations, and municipalities. The following is an illustrative list of recent banking and financial sector projects that USTDA has supported:

Afghanistan: Telecommunication Development Fund – USTDA has provided \$404,500 for technical assistance to the Afghanistan Telecommunications Regulatory Authority to utilize the newly created Telecommunications Development Fund efficiently to improve rural telecommunications access. It will ensure that initiatives at the local/rural level can properly integrate and inter-operate with systems at the district and national levels and examine mechanisms to incentivize both existing operators and new entrants to participate in rural development. Contractor selection is ongoing.

Cameroon: Leasing Regulatory Framework - A \$200,000 grant is funding technical assistance to the Government of Cameroon in drafting legislation for leasing operations, including the regulation of leasing companies. The grant will also assist in the implementation and establishment of new legislation. The International Finance Corporation (IFC) will manage the technical assistance.

China: Banking Sector Prudent Lending Practices – USTDA approved \$325,282 for technical assistance to support a Banking Sector Prudent Lending Practices program for members of the Chinese banking community. The program will introduce modern risk management practices with the goal of reducing China's portfolio of non-performing loans. The American Bankers Association is the contractor for this project.

China: Shanghai Infrastructure Finance Advisory Services - USTDA provided a \$498,500 technical assistance grant to help the Shanghai Water Services Assets Operation and Development Company, Limited (SWAOD) to evaluate options for utilizing corporate bonds to raise revenue for environmental projects in the Shanghai area. This assistance led to the recent issuance of a US\$190 million bond to obtain long-term capital financing.

India: Tamil Nadu Sub-Sovereign Finance for Water and Sanitation Infrastructure – This \$300,000 technical assistance

grant to the Tamil Nadu Urban Infrastructure Financial Services, Ltd. will improve the capacity of the Tamil Nadu Urban Development Fund (TNUDF) to issue and service bonds. This assistance was designed to give TNUDF the capacity to implement a revolving loan fund similar to that used in the United States and provide financing for water and sanitation infrastructure projects in the state of Tamil Nadu.

Indonesia: Integrated Financial Management Information System – USTDA funded a \$97,000 orientation visit to the United States for Indonesian officials responsible for implementing the \$32 million World Bank-funded Integrated Financial Management Information System Project. The itinerary included site visits to municipal, state and Federal entities that utilize U.S. technologies for accounting and financial management activities.

Mexico Financial Literacy Education Program – USTDA provided a \$697,550 technical assistance grant to Banco del Ahorro Nacional y Servicios Financieros (BANSEFI) to develop a financial education training program for low-income Mexicans on the financial products and services that are available from Mexican financial institutions. The program will reach the "unbanked" Mexican population that does not currently use the formal banking sector. This project will help maximize the development impact of remittances, increase domestic savings, improve access to financial products, and strengthen Mexico's financial system.

Mexico Financial Officer Training Program – Mexico Financial Officer Training Program – USTDA provided a \$847,109 technical assistance grant to provide an agricultural and rural bank officer training program for Financiera Rural (FR), a major financial lender to Mexico's agricultural and rural communities. This project aims to strengthen FR's capacity to assess creditworthiness and market risk. Implementation of this technical assistance furthers the goals of advancing the Mexican financial sector.

Mexico Housing Finance Reform – USTDA provided a \$250,000 technical assistance grant to help the Northwestern Mexican states of Sonora and Baja California Norte address the legal, institutional, and transactional reforms needed to facilitate a transparent housing securitization process, leading to the construction of low and middle-income housing in both states.

Montenegro: Water Sector Revolving Investment Fund — USTDA is providing \$463,950 to the Montenegrin Ministry of Environmental Protection and Physical Planning for technical assistance to establish a revolving investment fund for the water sector. The study will analyze the technical and economic feasibility of establishing such a fund for the Montenegrin water utilities to obtain necessary funds for

operational maintenance and improvements. It will also develop the structure of the proposed fund, determine the financial requirements to capitalize the fund, and determine the best manner in which such a fund could be started. The International Association of Development Funds of Bethesda, MD is providing the assistance.

Nigeria: Nigerian Stock Exchange Disaster Recovery Plan and Systems Backup - This grant of \$236,410 provides technical assistance to the Nigerian Stock Exchange for the development of an emergency response system that would involve the procurement of back-up software and hardware, and include plans for the establishment of a secure, secondary location in case of an emergency. This grant furthers USTDA's trade capacity building work in the region, as Nigeria is Sub-Saharan Africa's second-largest capital market. Competitive selection of Contractor is underway.

Nigeria: Polmaz Financial Structuring Technical Assistance – USTDA is funding a \$470,000 Technical Assistance initiative for the Nigerian oil services firm Polmaz. This project will help Polmaz to prepare an Exim Bank guaranteed loan to support the purchase of three tug boats from the United States. This project will also create an innovative trade finance product that would allow a bank guarantee to be secured by a contract that a borrower has with a major oil company. Clifford Chance LLP was competitively selected to perform this technical assistance.

Philippines: ICT and E-Government Projects – DBM Financial Management System – USTDA is funding \$274,000 for technical assistance to help the Department of Budget and Management in the preparation of tender documents for the modernization and enhancement of its financial management system. Contractor selection is currently underway.

Regional Asia: SME Financing and Capacity Building Workshop – USTDA funded a regional two-day workshop on Small and Medium Enterprise (SME) Financing and Capacity Building in Bangkok, Thailand. The workshop featured disaster recovery programs and best practices for delivering assistance to Asian SMEs.

Regional Latin America and the Caribbean IDB Equity Broker for Energy Projects – USTDA provided a \$140,000 technical assistance grant, through the USTDA Evergreen Fund at the Inter-American Development Bank (IDB) to help the IDB more efficiently bridge the "equity gap" of financing energy sector projects in Central America. The technical assistance will provide for the services of a Broker who will perform an intermediary role between project developers and equity investors in order to expand upon the inventory of projects IDB can consider for financing.

Regional Sub-Saharan Africa: Venture Capital Fund for East Africa - This \$473,050 grant will provide the East African Development Bank (EADB) Technical Assistance to establish a Venture Capital Fund (VCF), targeted to supply financing resources to Small and Medium Enterprises (SME), in the EADB member countries of Kenya, Tanzania and Uganda. USTDA's support will help the EADB define more precisely the objectives, structure and attributes of the VCF targeted to SME markets in East Africa, develop a workable business plan, identify suitable potential fund managers, and gauge the interest of an initial core of investors. The EADB has selected Structured Credit International Corporation to conduct this Technical Assistance.

Thailand: IT Systems Integration for BAAC – USTDA provided \$186,326 to fund technical assistance on an IT Integration Project for the Bank of Agriculture and Agricultural Cooperatives (BAAC) in Thailand. This project investigated the technical and financial options for acquiring a Human Resource Management and Core Banking System. It also helped BAAC to improve its IT systems and provide more efficient and cost-effective services to its agricultural client base.

Vietnam: Sub Sovereign Urban and Infrastructure Financing – USTDA approved \$350,000 for technical assistance to the Ho Chi Minh City Investment Fund for Urban Development to examine Vietnam's legal, regulatory and institutional framework for sub-sovereign financing, perform a case study of Ho Chi Minh City's municipal bond issuance, and review the possibility of revenue-backed infrastructure financing for other cities in Vietnam.

Vietnam: National Finance Statistics Information Systems Project – USTDA approved a \$272,000 assistance to help the Ministry of Finance design a National Finance Statistics Information System (NFSIS). The assistance will cover the building of the indicator system, a methodology for collecting and calculating national aggregate data, the design of the computer system for assimilating data from sources throughout the country at various administrative levels (national, regional, district), and strengthening of the MOF staff capacity. Contractor selection is currently underway.