

## Data Sheet

<b>USAID Mission:</b>	Russia
<b>Program Title:</b>	Economic Policy Reform
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	118-0141
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$680,000 FSA
<b>Prior Year Unobligated:</b>	\$221,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2002
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** USAID supports Russian-led policy reform through: grants to think tanks for institutional strengthening and policy analyses on selected economic topics; technical assistance to improve intergovernmental fiscal relations at all levels of government; small grants to further initiatives to improve corporate governance; targeted technical assistance to strengthen the financial and banking systems; and loan guarantees to stimulate commercial bank lending to small and medium-sized enterprises (SMEs).

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** Strengthen Financial Sector's Contribution to Economic Growth (\$680,000 FSA, \$221,000 FSA carryover). USAID will continue to support the Central Bank of Russia (CBR) in implementing banking reform. Specifically, it will capitalize on the present momentum and help implement the Deposit Insurance System to boost Russian banks' ability to attract deposits and make loans to SMEs. USAID also will continue to assist the CBR to upgrade its on-site banking supervision capability. At the policy level, USAID will assist the CBR and other government counterparts to improve laws and regulations governing commercial lending, specifically the Law on Credit Bureaus. USAID also will provide a select group of banks with targeted technical assistance and training to strengthen their ability to mobilize savings and engage in commercial lending to SMEs and other businesses. This combination of deposit insurance, bank supervision, and targeted technical assistance will stimulate additional SME lending by commercial banks. Principal grantee: Financial Services Volunteer Corps (FSVC) (prime).

**FY 2006 Program:** No new funding is planned for FY 2006.

**Performance and Results:** In FY 2004, USAID support to the CBR was instrumental in bringing about substantive results in banking sector reform. Specifically, USAID supported the drafting of a new Law on Deposit Insurance that was adopted in December 2003. In accordance with this law, a new Deposit Insurance System (DIS) was established. The DIS is critical to establishing consumer confidence in the banking sector and encouraging savings. By late 2004, over 200 banks (out of approximately 1,300) were accepted to the DIS. USAID also supported the drafting of both a new Law on Credit Bureaus and on Credit Cooperatives. Both are presently under consideration by the legislature. USAID provided substantive support to CBR's transformation to risk-based supervision policies. USAID's timely response to CBR assistance requirements was instrumental in helping the bank to successfully resolve the banking crisis of the summer of 2004.

USAID-supported independent think tanks developed policy proposals on key economic reform issues such as pension reform, administrative reform, and streamlining taxation of the SME sector and promoted these policies by presenting their expected consequences to the public.

## US Financing in Thousands of Dollars

Russia

118-0141 Economic Policy Reform	DCA	FSA
<b>Through September 30, 2003</b>		
Obligations	152	12,965
Expenditures	0	4,808
Unliquidated	152	8,157
<b>Fiscal Year 2004</b>		
Obligations	617	3,886
Expenditures	18	6,224
<b>Through September 30, 2004</b>		
Obligations	769	16,851
Expenditures	18	11,032
Unliquidated	751	5,819
<b>Prior Year Unobligated Funds</b>		
Obligations	0	221
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	680
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	901
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	769	17,752