



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 awarded a \$404,500 grant to the Afghanistan Telecommunications Regulatory Authority for technical assistance on the utilization of the newly created Telecommunications Development Fund. The Fund was created to improve rural access and ensure that local and rural initiatives can properly integrate and inter-operate with systems at the district and national levels. The technical assistance will also examine mechanisms to incentivize existing operators and new entrants to participate in rural development opportunities. ASTRO Systems, Inc. of Bethesda, MD, is providing the assistance.

Azerbaijan: Capacity Building for State Oil Fund Phase II – USTDA is providing \$855,075 to the State Oil Fund of Azerbaijan (SOFAZ) to review and refine asset management guidelines and policies and enhance asset and risk management capabilities. The assistance will strengthen financial management and promote better governance and transparency. Overture Financial Services of New York, NY, is providing the assistance.

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 of new legislation. The International Finance Corporation (IFC) will manage the 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 introduced modern risk management practices with the goal of reducing China's portfolio of non-performing loans. The American Bankers Association was the contractor.

China: Shanghai Infrastructure Finance Advisory Services - USTDA provided a \$498,500 technical assistance grant to evaluate options for the Shanghai Water Services Assets Operation and Development Company, Limited (SWAOD) to utilize corporate bonds to raise revenue for environmental projects. This assistance led to the 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. developed 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 to provide financing for water and sanitation infrastructure projects.

Indonesia: Integrated Financial Management Information System – USTDA funded an 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 – 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.

Montenegro: Water Sector Revolving Investment Fund — USTDA provided \$463,950 to the Montenegrin Ministry of Environmental Protection and Physical Planning for technical assistance (TA) to establish a revolving investment fund for the water sector. The TA analyzed the technical and economic feasibility of establishing such a fund for the Montenegrin water utilities to obtain necessary funds for operational maintenance and improvements. The International Association of Development Funds of Bethesda, MD, provided the assistance.

Nigeria: Stock Exchange Disaster Recovery Plan and Systems Backup – USTDA provided a \$236,410 technical assistance grant 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.

Nigeria: Polmaz Financial Structuring Technical Assistance – USTDA is funding a \$470,000 grant to 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: DBM Financial Management System – USTDA is funding a \$274,000 grant 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 South and Southeast 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 to help the Inter-American Development Bank (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 the inventory of projects IDB can consider for financing.

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: State Capital Investment Corporation IT System Project – This \$453,400 feasibility study grant funded the development of detailed technical design and bidding documents for the IT infrastructure at the State Capital Investment Corporation in Vietnam. This project will allow the SCIC to carry out its mandate to improve the oversight, efficiency and reform of state-owned enterprises.

Vietnam: Hanoi Securities Trading Center Expansion Project – USTDA provided a \$422,000 feasibility study grant for the development of a roadmap and detailed technical design for expanding the IT infrastructure at the Hanoi Securities Trading Center, which is managed by the State Securities Commission in Vietnam. This expansion would allow the HSTC to operate at a greater capacity and efficiency. An ADB/AFD loan will be used to finance this project for implementation.