

The logo consists of a dark blue circle containing the text "FIRST" in a bold, white, sans-serif font, with the word "initiative" in a smaller, white, sans-serif font directly below it.

FIRST
initiative

ANNUAL REPORT 2006

Financial Sector Reform and Strengthening Initiative

A decorative background pattern consisting of a grid of light blue circles of varying sizes, arranged in a staggered fashion across the lower half of the page.

MISSION STATEMENT

**By promoting robust and diverse financial sectors,
FIRST aims to support growth and reduce poverty in
low- and middle-income countries.**



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ABOUT FIRST

Launched in 2002, the Financial Sector Reform and Strengthening Initiative (FIRST) is a \$67 million, multi-donor program aimed at building strong and growth-oriented financial systems in low- and middle-income countries. FIRST's technical assistance grants enable national policy-making and regulatory bodies to sharpen their policies and build their capacity to regulate, supervise, and develop the financial sector in their country. FIRST also supports private sector initiatives organized through self-regulatory organizations and industry associations.

FIRST is supported by the World Bank, the International Monetary Fund (IMF), and five bilateral donors: the Department for International Development of the United Kingdom, the Canadian International Development Agency, the State Secretariat for Economic Affairs of Switzerland, the Ministry of Foreign Affairs of the Netherlands, and the Swedish International Development Cooperation Agency.

FIRST maximizes the relevance and impact of its work by following up on the recommendations of voluntary national financial systems evaluations carried out under the Financial Sector Assessment Program (FSAP) of the IMF and the World Bank. Other project concepts surface in Bank-Fund Reports on Standards and Codes (ROSCs), which gauge a country's compliance with internationally recognized standards and codes in twelve areas of the financial sector. Still other project ideas are introduced to FIRST either directly by country authorities or by donor agencies.

Designed to respond quickly and flexibly to requests for technical assistance, FIRST often takes on small, targeted projects that donors cannot carry out cost-effectively. In other cases, FIRST acts as a catalyst for wider donor intervention. During project design and implementation, FIRST consults other donors active in the area to enhance FIRST's impact, avoid duplication of effort, and encourage long-term support from bilateral and multilateral donors.

FIRST is guided by a Governing Council comprised of senior representatives from the agencies that support it. From July 1, 2005, through June 30, 2006, the time period covered by this report, FIRST operations were managed by a London-based Management Unit staffed by private sector consultants and a Washington, DC-based Coordination Unit made up of World Bank and IMF personnel. As FIRST concluded its initial four-year term with success, the Governing Council endorsed FIRST's mission once again by committing to support the next phase of operations. In this second phase, which began on March 1, 2007, the World Bank manages FIRST's work program on behalf of donors through a Program Management Unit located in Washington.



MESSAGE FROM THE GOVERNING COUNCIL

We are very pleased to report continued success in fulfilling the mission of the FIRST Initiative. Since its launch in 2002, the Initiative has steadily increased its efforts in support of national financial systems, both in terms of the impact and the number of projects undertaken as well as the volume of disbursements.

In fiscal 2006, the Governing Council commissioned an external evaluation of FIRST's development impact. The evaluators concluded that FIRST had established a vital niche in the financial sector development market and become widely known by international development organizations, clients, and donors as an important source of short-term technical assistance.

FIRST's untied grant resources are available to public and private recipients in 138 eligible countries. FIRST's ability to take on innovative projects not covered by mainstream aid programs is a unique asset in the global effort to strengthen financial systems in middle- and low-income countries. Although the average value of FIRST projects is small by design (at approximately \$180,000), FIRST entertains and has successfully undertaken larger projects. In fact, during the past year, FIRST approved one of its largest projects ever. To be performed jointly with the World Bank and IMF, the \$1.95 million project supports financial sector reforms in the Southern Africa Development Community (SADC). It is expected to engage at least nine countries over several years.

FIRST continues to benefit from its relationship with the World Bank and the IMF, whose staff relay to FIRST their insights about opportunities to strengthen policy, regulation, infrastructure, and other aspects of capacity in tandem with broader assistance strategies. One in four FIRST projects results directly from the FSAP and ROSC programs administered jointly by the Bank and Fund. FIRST's emphasis on close working relationships with the community of donors and service providers concerned with financial sector strengthening has resulted in well-conceived and tightly run projects that exceed expectations.

We would like to express our appreciation to the people, organizations, firms, and governments that have made FIRST such a success. We will be making substantial further improvements to ensure that FIRST will continue to grow as it moves into 2007 and beyond.

William Kingsmill

Chair of the Governing Council

Financial Sector Reform and Strengthening Initiative

OPERATIONS REVIEW

PROJECT COMMITMENTS AND DISBURSEMENTS

By the end of June 2006, FIRST had committed a total of \$38.7 million toward 214 projects in 64 developing and transition countries. Those commitments are listed in Annex II.

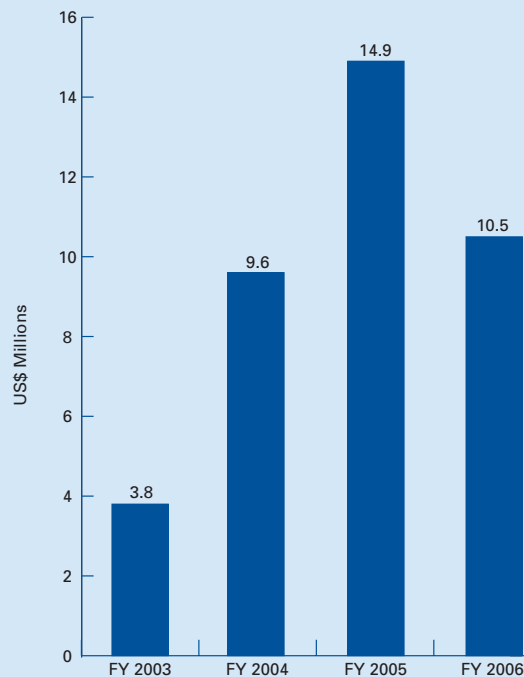
In the last fiscal year (July 1, 2005, to June 30, 2006), FIRST approved 50 projects with a value of \$10.5 million—a decrease from the record number of projects approved and amounts disbursed in fiscal year 2005. The retrenchment in the value of new commitments in fiscal year 2006 is the first in FIRST’s four years of operation (Figure 1). The decrease stems from the depletion of FIRST’s middle-income fund. When FIRST was formed, its donors contributed to two funds, one for low-income and the other for middle-income countries, as defined, respectively, by the countries’ eligibility for credits from the International Development Association or loans from the International Bank for Reconstruction and Development. Because FIRST encountered strong early demand for project funds from middle-income countries, the middle-income fund was nearly depleted by end of June 2005.

In fiscal year 2006, FIRST concentrated on low-income countries, and although the number of projects initiated in middle-income countries dropped this past year, the number of projects in low-income countries continued its steady rise (Figure 2).

Sub-Saharan Africa accounted for more than 30 percent of FIRST’s commitments (Figure 3) while Latin America and the Caribbean and Europe and Central Asia each represented 19 percent. The regions accounting for the smallest share of FIRST activity were South Asia and the Middle East and North Africa.

By June 30, 2006, FIRST had disbursed a total of \$19.77 million, including \$7.97 million in fiscal year 2006, an 11 percent increase over the previous fiscal year. The ratio of disbursements to commitments was 51 percent, an improvement of more than 10 percent over the previous year, indicating progress in the speed of disbursements.

Figure 1. New Commitments



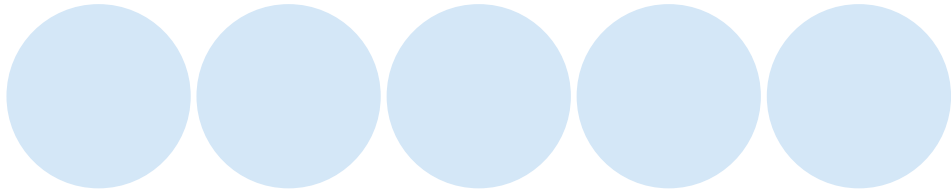


Figure 2. Distribution of FIRST Commitments by Fund

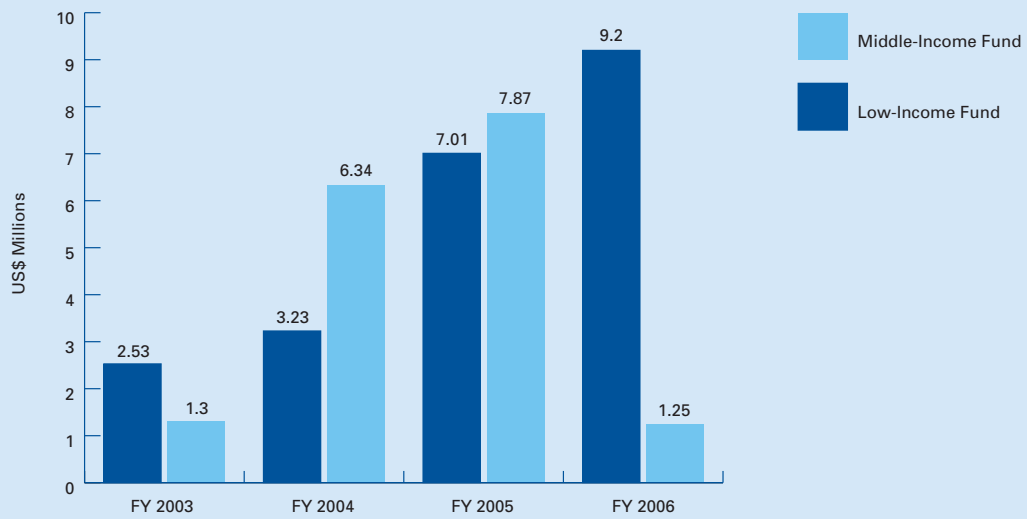
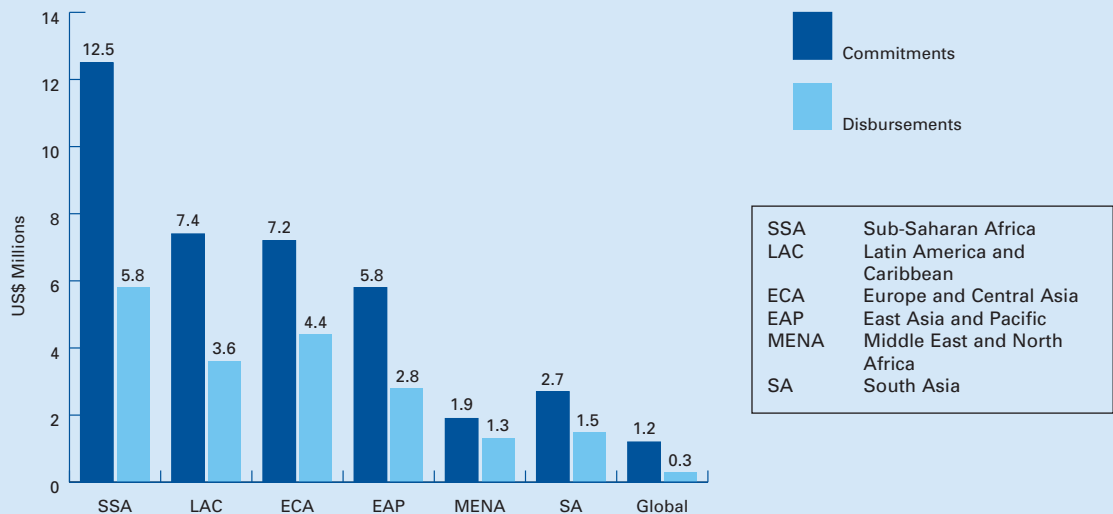


Figure 3. FIRST Commitments and Disbursements by Region (Cumulative to June 30, 2006)

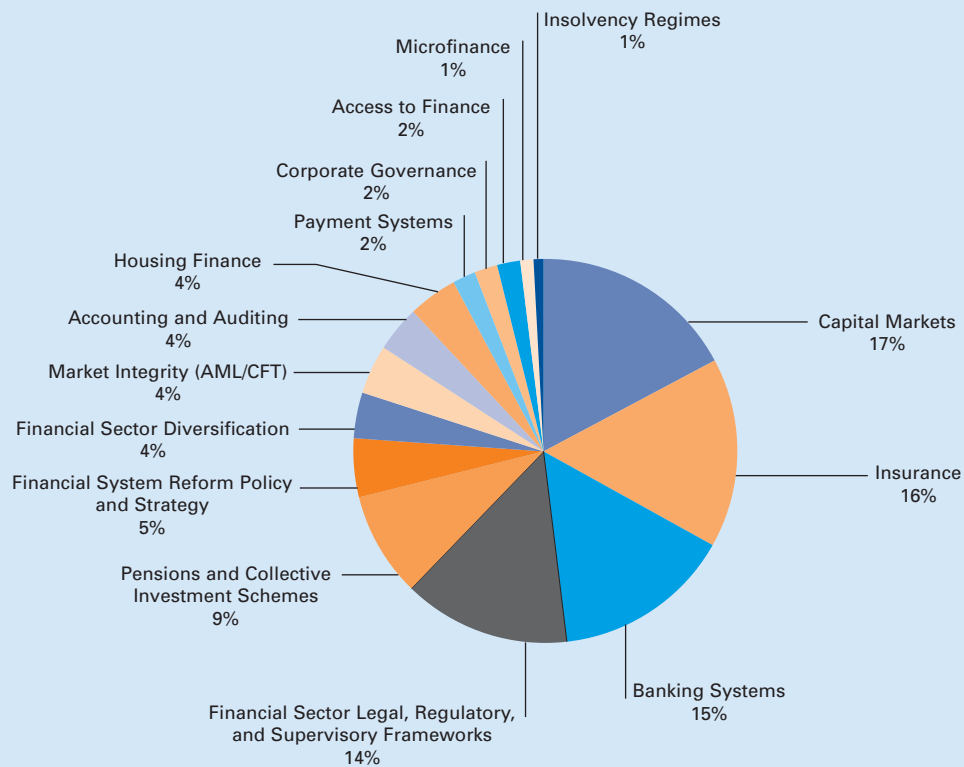


COMMITMENTS BY SECTOR

By sector, FIRST’s cumulative project commitments are greatest in the areas of capital market development; legal, regulatory, and supervisory frameworks for the financial sector; and insurance and banking systems (Figure 4).

Considering fiscal year 2006 alone, FIRST’s largest commitments were made in insurance; financial system reform policy and strategy; financial sector legal, regulatory, and supervisory frameworks; and capital market development (Table 1). A complete list of project commitments and disbursements by region and country for fiscal year 2006 is presented in Annex I.

Figure 4. Sectoral Distribution of FIRST Commitments (Cumulative to June 30, 2006)



**TABLE 1. FIRST COMMITMENTS IN FISCAL YEAR 2006 AND CUMULATIVELY, BY SECTOR
(AS OF JUNE 30, 2006)**

Region	FY 2006			Cumulative		
	Number of Projects	Commitments (thousands of US dollars)	Share of Total Commitments (percent)	Number of Projects	Commitments (thousands of US dollars)	Share of Total Commitments (percent)
Access to Finance	1	75	1	3	593	2
Accounting and Auditing	2	440	4	10	1,653	4
Banking Systems	5	1,110	11	30	5,661	15
Capital Markets	7	1,371	13	36	6,414	17
Corporate Governance	1	38	0	5	797	2
Financial Sector Diversification	5	1,101	10	10	1,716	4
Financial Sector Legal, Regulatory, and Supervisory Frameworks	9	1,511	14	37	5,464	14
Financial System Reform, Policy, and Strategy	4	1,529	15	10	2,179	5
Housing Finance	1	70	1	4	1,401	4
Insolvency Regimes	0	0	0	1	333	1
Insurance	6	1,908	18	30	6,160	16
Market Integrity (AML/CFT)	3	212	2	16	1,702	4
Microfinance	1	75	1	4	409	1
Payment Systems	2	94	1	5	860	2
Pensions and Collective Investment Schemes	3	918	9	13	3,344	9
TOTAL	50	10,451	100	214	38,686	100

"The Mexican Ministry of Finance and Public Credit seeks to ensure financial stability, not only by guarding against events in the financial markets, but also by protecting Mexico's public finances against natural disasters through "catastrophe bonds" and insurance contracts. That effort was possible only because of the support of FIRST Initiative, which fielded a team of consultants of a very high level."

*Victor Cárdenas,
Deputy Director of Catastrophe Risks,
Ministry of Finance and Public Credit of Mexico*

“The partnership between the West African Institute for Financial and Economic Management (WAIFEM) and FIRST Initiative, especially the implementation of the risk-focused banking supervisory framework, has enhanced and uplifted the quality of delivery of our capacity building activities in the West African subregion.”

*Dr. Chris Itsede,
Director General,
WAIFEM*

COMMITMENTS BY COUNTRY AND REGION

FIRST approved 50 new projects in fiscal year 2006. Of these, 35 were single-country in scope, 1 was multi-country, 12 were regional, and 2 were global. Most new projects were in low-income countries, with a special emphasis on Sub-Saharan Africa and East Asia and the Pacific.

Forty-five percent of FIRST commitments in fiscal year 2006 went to Sub-Saharan Africa (Table 2), a substantial increase from 28 percent in both 2005 and 2004. FIRST funded eight regional projects in Sub-Saharan Africa during the fiscal year, representing a total commitment of approximately \$9 million. Grant funding in East Asia and the Pacific also grew substantially, owing to closer cooperation with the World Bank’s East Asia and Pacific Region. By contrast, FIRST’s involvement in Latin America and the Caribbean shrank from its 2005 level, because most of that region’s demand for technical assistance had come from middle-income countries. For the same reason, there was a decline in the share of total commitments in Europe and Central Asia. The countries that received the most new funding in fiscal year 2006 were Vietnam, Rwanda, India, Mali, Tanzania, and Costa Rica.

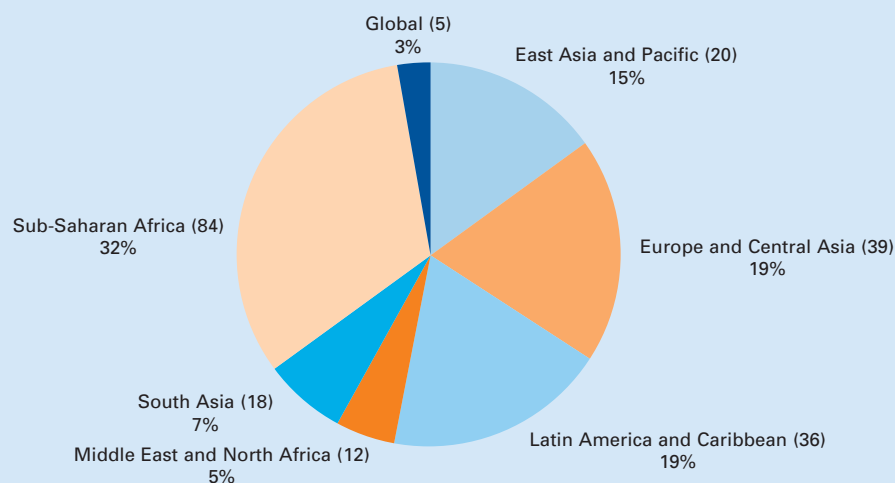
Historically, the regions in which FIRST has been most active are Sub-Saharan Africa (with 84 projects and 32 percent of cumulative commitments), Europe and Central Asia (39 projects, 19 percent), and Latin America and the Caribbean (36 projects, 19 percent) (Figure 5).



TABLE 2. GEOGRAPHIC BREAKDOWN OF FIRST COMMITMENTS, FY 2006, FY 2005, AND CUMULATIVELY (AS OF JUNE 30, 2006)

Region	FY 2006			FY 2005			Cumulative (including FY 2003 and FY 2004)		
	Number of Projects	Commitments (thousands of US dollars)	Share of Total Commitments (percent)	Number of Projects	Commitments (thousands of US dollars)	Share of Total Commitments (percent)	Number of Projects	Commitments (thousands of US dollars)	Share of Total Commitments (percent)
East Asia and Pacific	5	1,729	17	5	1,437	10	20	5,774	15
Europe and Central Asia	7	1,500	14	13	2,985	20	39	7,235	19
Latin America and Caribbean	6	1,179	11	18	4,133	28	36	7,430	19
Middle East and North Africa	1	110	1	4	796	5	12	1,899	5
South Asia	3	921	9	3	287	2	18	2,670	7
Sub-Saharan Africa	26	4,697	45	32	4,361	29	84	12,490	32
Global	2	315	3	3	874	6	5	1,188	3
TOTAL	50	10,451	100	78	14,873	100	214	38,686	100

Figure 5. FIRST Projects by Region, by Number and as Share of Total Value of Commitments (Cumulative to June 30, 2006)



WORKING WITH DONORS AND PARTNERS

FIRST's success reflects its close working relationships with donor agencies, multilateral development banks, and international standard-setting organizations. In fiscal 2006, 50 percent of FIRST projects were generated through referrals from such agencies, mainly the World Bank and IMF. FIRST's donors continue to challenge the Initiative to provide high quality, effective, timely, and well-coordinated technical assistance for financial sector reform and development.

The two main criteria that determine FIRST's choice of projects are *additionality*, the absence of overlap and conflict with other sources of funding; and *leverage*, the opportunity that a given technical assistance project offers to attract funding from other donors, either now or later in a project's cycle. Both of these elements are critical to the collaborative and cooperative approach that FIRST maintains with donors and aid partners.

Due diligence at the project design stage leverages FIRST efforts and is an essential part of successful donor coordination. FIRST staff conduct due diligence on each project to avoid duplication and learn from experience. They share project details with client government bodies, bilateral aid agencies, development banks, and other donor organizations. Such coordination efforts are greatly enhanced by the feedback FIRST receives from experts enlisted to refine project designs and eliminate redundancies.

Although FIRST's projects often complement assistance provided by others, FIRST is able to provide funding for relatively small projects that other donors' programs may not support. Moreover, FIRST can respond quickly to requests for technical assistance, while coordinating project design closely with other donors' strategies.

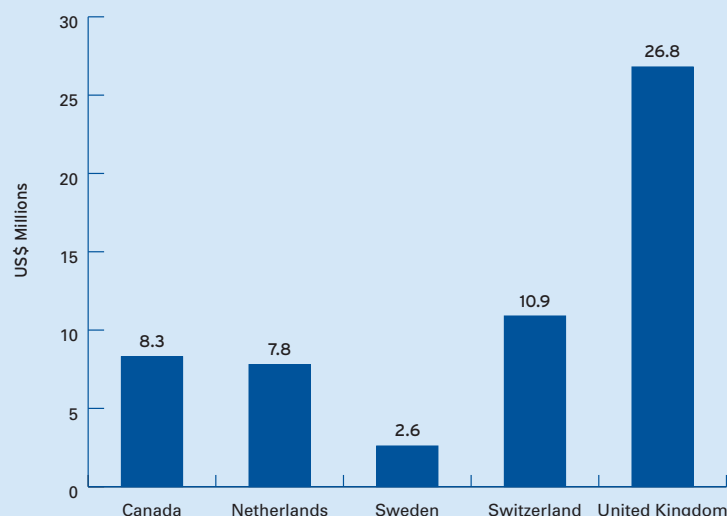
As a result of careful due diligence, FIRST projects often seed more significant follow-on projects undertaken with financing from other donors. By establishing terms of reference for experts or funding workshops that crystallize future needs for technical assistance and financial sector infrastructure, FIRST breaks ground for others. The World Bank and IMF often provide policy advice in parallel with the technical assistance provided by FIRST consultants.

FIRST has received cash contributions from the Department for International Development of the United Kingdom, the Canadian International Development Agency, the State Secretariat for Economic Affairs of Switzerland, the Ministry of Foreign Affairs of the Netherlands, and the Swedish International Development Cooperation Agency (Figure 6). Total contributions from the date of inception, November 22, 2002, through June 30, 2006, were \$56.4 million.

FIRST's donors have contributed to two multi-donor funds. As of June 30, 2006, contributions to the Low-Income Fund totaled \$35.7 million; contributions to the Middle-Income Fund were \$20.7 million.

In addition to the contributions described above, the Department for International Development of the United Kingdom has provided \$9.2 million to cover the costs of FIRST's Management Unit. The World Bank has provided \$1.5 million to support the Coordination Unit and project costs. IMF has also made substantial contributions by seconding a senior staff member to FIRST since its establishment. These supplemental contributions bring the total value of the FIRST program to \$67.1 million.

**Figure 6. Contributions to FIRST by Donor Country
(November 22, 2002, to June 30, 2006)**



INFORMATION EXCHANGE

<http://www.firstinitiative.org/InformationExchange/index.cfm>

FIRST's Information Exchange is an online portal for information on financial sector development assistance. A public service, accessible to anyone with an Internet connection, Information Exchange is the most comprehensive databases of financial sector development projects available globally. Since June 30, 2005, more than 400 projects have been added to it.

The Information Exchange includes:

- More than 2,200 financial sector reform and strengthening projects in developing countries funded by FIRST and other donor agencies.

- Brief overviews of the financial sector in developing and transition countries, country-specific financial sector projects, and links to financial sector reports and diagnostics from international organizations.
- Links to standard-setting bodies, regional organizations, nongovernmental organizations, and topical databases, as well as sector-specific information on financial sector reform projects sponsored by official donors.
- Information on donors that provide technical assistance and capacity building in the financial sector.

The database can be searched by country, region, sector, funding agency, and start/completion dates. In the future, the Information Exchange will feature tools for use in the delivery of financial sector technical assistance, as well as information on best practices and innovative approaches to financial sector reform in low- and middle-income countries.

CONSULTANTS

Most of FIRST's technical assistance projects are carried out by prequalified consulting firms and individual consultants hired in accordance with procurement standards and procedures modeled on those of the World Bank.

In 2002, FIRST carried out a worldwide search to select and prequalify the panel of firms and individuals who provide technical assistance on FIRST projects. In late 2004, a follow-up search was performed to requalify the panel and expand its membership to improve its ability to meet FIRST's strategic objectives. The 2004 procurement process expanded the scope and diversity of the panel in several areas, notably housing finance and access to finance.

During fiscal year 2006, panel members received 56 percent of the contracts awarded by FIRST. Of that number, 17 percent of contracts went to firms providing a broad or comprehensive array of financial sector services, 32 percent went to specialist firms, and 7 percent went to individual consultants.

The total value of the contracts awarded in fiscal year 2006 was \$8.4 million, compared with \$10.7 million in fiscal year 2005 and \$6.6 million in fiscal year 2004.

In the future, all procurement for consulting assignments funded by FIRST will be done in accordance with World Bank procurement guidelines. As such, FIRST will no longer maintain a formal panel of consultants. FIRST will continue, however, with its efforts to build a network of financial sector experts available to provide services to FIRST clients and partners.

FIRST'S IMPACT EVALUATION

In the course of the fiscal year, FIRST's operations underwent a comprehensive independent review that included feedback from clients, donors, and consultants. The purpose of the evaluation was to assess achievement of FIRST's project outcomes, to assess complementarity of FIRST's activities to those of the World Bank, IMF and other donors with major financial sector operations, and to make recommendations to the Governing Council regarding the continuation of FIRST after 2008. The evaluation was based on a sample portfolio of 25 completed projects.

The findings of the impact evaluation were predominantly positive and indicated that FIRST performed well during its FIRST phase, reaching most of the objectives defined in its Charter. While the impact evaluation provided recommendations for strengthening the program in the future, recipients, donors, and other stakeholders participating in the review confirmed the view that FIRST fulfills an important role in the global market for financial sector technical assistance. The positive impact assessment, coupled with FIRST's achievements over the last four years, constituted a solid foundation for the Governing Council decision to continue FIRST's operations.

LOOKING AHEAD

As noted earlier in this report, March 1, 2007 marks the beginning of Phase II for FIRST. In Phase II, the World Bank serves as administrator of the FIRST trust fund and manages it on behalf of the donors. By channeling assistance through a Program Management Unit housed in the World Bank headquarters in Washington, D.C., the model is expected promote donor harmonization, help improve coordination among stakeholders, and increase support of FSAP and ROSC follow up. FIRST is also expected to benefit from World Banks oversight, financial and accounting systems, infrastructure and controls, and procurement processes.

Although now a World Bank trust fund, FIRST maintains its brand identity in carrying out its work. FIRST is dedicated to supporting sound and results-driven projects that contribute to healthy and dynamic financial sectors in low- and middle-income countries. The overall objectives, basic principles and activities eligible for FIRST support remain unchanged in the second phase.

SELECTED PROJECT PROFILES

CREDIT BUREAUS

The importance of credit bureaus is well understood among donors. By collecting the individual information lenders need, credit bureaus widen access to credit by making lending less risky. They also enable lenders to reach new borrowers and market segments, reduce loan defaults, and cut costs through new technologies (such as automated or semi-automated loan-decision tools).



Although the International Finance Corporation supports the emergence and early functioning of private commercial credit-rating agencies, similar support is often lacking for commercial credit bureaus in countries whose financial system cannot sustain them. FIRST fills this gap by helping to establish credit bureaus in countries with less developed financial systems, such as Zambia, Madagascar, and Lesotho, and in others wracked by war, such as Timor-Leste, Rwanda, and Angola.

FIRST's assistance in setting up credit bureaus is an essential step in improving access to finance, notably through microcredit schemes. It also helps build sound and sustainable financial institutions capable of managing risk responsibly, thus improving financial and economic stability in the country as a whole.

Case study: Establishing a credit registry in Timor-Leste

Timor-Leste gained its independence in 2002, after three years under the tutelage of the United Nations. As a new country devastated by decades of war, it has had to create a financial system where none existed. FIRST is helping Timor-Leste to set up a credit registry by conducting a feasibility study; estimating the costs of setting up and operating the registry; defining the laws and regulations needed to enable it to begin operations; and then hammering out the details of its operational requirements.

Through the new registry, Timor-Leste's financial sector will gain a source of credit information that operates in line with international best practice. The result will be wider access to credit, better risk management, and more effective supervision of banks and other financial institutions.

THIRD-PARTY LIABILITY INSURANCE

Most countries require that drivers who cause death or injury on the road compensate their victims financially. Because few people have sufficient resources to make such compensation, governments typically demand that all drivers obtain insurance to cover potential claims—a requirement known as compulsory third-party liability insurance. The problem is that developing countries often find it hard to ensure that all drivers take out insurance, and harder still to ensure that their insurance scheme is well managed, pays out quickly and fairly, and covers its costs and risks. FIRST has helped several countries to learn from best practices in other countries, including some developing and transition countries with effective third-party liability schemes.

Case study: Reforming third-party liability insurance in Macedonia

The compulsory third-party liability insurance system in the former Yugoslav Republic of Macedonia was rife with problems. Only half of drivers took out coverage. Claims were processed extremely slowly, leaving victims in the lurch and undermining the credibility of the scheme as a whole. And premiums were poorly regulated, making the scheme unsustainable.



Macedonia's Ministry of Finance asked FIRST for advice on how to reform the system. FIRST proposed a reform plan after studying local conditions and needs, as well as the experience of other countries (including neighboring Albania) that had reformed their third-party liability insurance system. The reform had four aims: to cut the number of uninsured drivers; to institute a risk-based approach to setting insurance premiums; to reduce the litigiousness of the system and speed claim settlements; and to improve enforcement, notably by linking vehicle registration renewals to proof of insurance.

FIRST offered the finance ministry a menu of reform options, including one based on a no-fault system, as recommended by the FSAP. After the government accepted FIRST's preferred option, FIRST fleshed out the proposals and helped draft the new insurance law. Once the legislation was approved by parliament, FIRST provided advice on how to implement the new system.

SELECTED PROJECT PROFILES

DISASTER INSURANCE

Financial expertise can be extremely helpful in making disaster insurance available in developing countries, as illustrated by the following two examples.



Case study 1: Indian crop insurance

In India, agriculture accounts for a fifth of the economy and three-fifths of employment. But the country's government-backed crop-insurance scheme covers only 15 percent of farms—and its huge losses are financially unsustainable.

India's government asked FIRST to help a state-owned insurance company expand coverage, price it accurately, and better manage risks. FIRST proposed to limit adverse selection and moral hazard in a standard way: by setting premiums on an actuarial (that is, risk-related) basis, with the government making coverage affordable to poor farmers through upfront subsidies. FIRST's solution to the problem of inadequate information was highly innovative. According to the FIRST's design, premiums would be based on an index of average local crop yields, with payouts linked to an easily measurable event

outside the farmer's control, such as a shortfall of rain. Linking payouts to the weather has another advantage, as well. It allows the insurance company to insure itself against the risk of a catastrophic event, such as a generalized drought, through the purchase of weather derivatives (essentially bets on the weather). The insurer sells to local and international investors financial contracts under which it pays out when rainfall is adequate, but collects from the investors in time of drought. Spreading the risk of a failed harvest more widely makes the Indian government's spending more predictable.

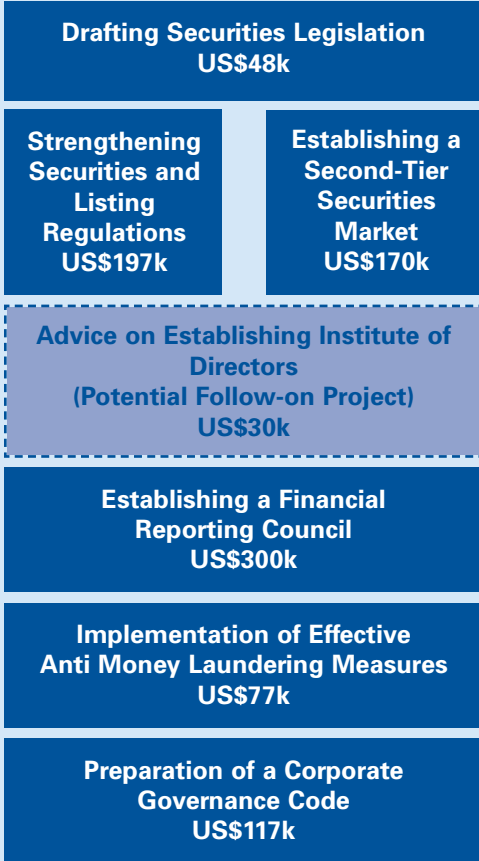
Case study 2: Mexican catastrophe bonds

An international humanitarian relief effort may help with the immediate crisis that follows a natural disaster. However, governments are left to cope with shattered towns, uprooted plantations, bankrupted businesses, and broken bridges. By issuing "catastrophe bonds" in the international capital markets, governments can purchase insurance from international investors willing to forfeit all or part of their investment when a natural disaster exceeds defined limits, while earning an above-average rate of interest at other times—the equivalent of an insurance premium.

With FIRST assistance, Mexico has pioneered in this field by issuing \$160 million in three-year catastrophe bonds to insure against earthquake damage. Investors who bought the bonds are betting that a major earthquake will not hit Mexico in the next three years. If they are right, their bonds are repaid after three years. But if a quake hits, the government retains the full value of the bonds. In Mexico's case, the government collects the insurance payout if a quake measuring at least 7.5 on the Richter scale hits specific regions, regardless of the extent of damage.

CLUSTERING OF RELATED PROJECTS IN COUNTRIES

Mauritius

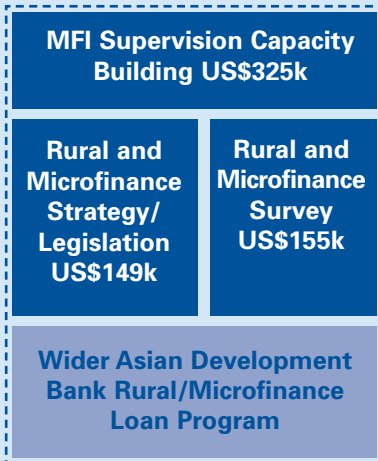


In several countries that have embarked on ambitious reforms, FIRST has funded mutually reinforcing projects to optimize impact. A good example is Mauritius, where FIRST’s work has focused on both industry and regulations.

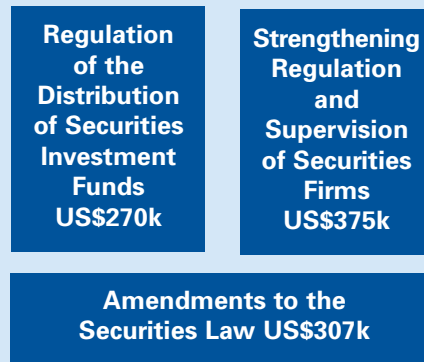
FIRST is working to strengthen the potential of the country’s securities industry and nonbank financial institutions (NBFIs). Projects in corporate governance, financial reporting, and anti–money laundering are strengthening the country’s capital markets and other financial infrastructure. FIRST is also working with the Stock Exchange of Mauritius to develop a second-tier market for smaller companies’ stocks and to diversify its activities. FIRST provides advice on legislation and regulations affecting securities, insurance, and enforcement.

In Laos, FIRST is supporting a large loan from the Asian Development Bank (ADB) for reform of the rural financial sector. Its support consists of three linked projects designed to improve the environment for private sector providers of finance to the rural and urban poor. In China, three related projects are strengthening the country’s capital markets. In the Slovak Republic, FIRST’s projects have strengthened the capital markets and corporate governance.

Laos



China



Slovak Republic





A N N E X I

PROJECT COMMITMENTS AND DISBURSEMENTS BY REGION AND COUNTRY

(Fiscal 2006, July 1, 2005-June 30, 2006)

Country / Region	Project Title	Sector	Commitments (US dollars)	Disbursements (US dollars)
SUB-SAHARAN AFRICA				
Ghana	Payment Systems Project Design for the Millennium Challenge Corporation	Payment Systems	47,000	44,550
Guinea	Development of a Microfinance Regulatory and Supervisory Framework	Financial Sector Legal, Regulatory, and Supervisory Frameworks	300,000	0
	Fostering Foreign Exchange Market Development	Financial Sector Diversification	148,000	0
Lesotho	Automated Clearing House Systems Project Design for the Millennium Challenge Corporation	Payment Systems	47,000	42,189
Madagascar	Developing a Microfinance Credit Information Bureau	Financial Sector Diversification	350,000	0
	Project Design for Assistance on Modernization and Reform of the Private Sector Pension Fund	Pensions and Collective Investment Schemes	5,000	0
Malawi	Evaluation of Central Bank Book Entry System	Capital Markets	15,000	13,934
	Strengthening the Legal Framework for NBFIs and Providing Preliminary Advice on Pension Reform	Financial Sector Legal, Regulatory, and Supervisory Frameworks	290,000	44,503
	Enhancement of Central Bank Book Entry System	Capital Markets	99,000	31,711
Mali	Strategy for Introducing Workers' Hazard, Health Insurance and Funded Pillar for Public Pensions	Insurance	553,000	98,671
Mauritius	Establishment of the Mauritius Institute of Directors	Corporate Governance	38,000	0
Rwanda	Advice on the Financial Sector Development Plan	Financial System Reform, Policy, and Strategy	538,000	0
	Strengthening Supervisory Capacity of the Insurance Commission	Insurance	208,000	0
Sudan	Banking Sector Regulation and Supervision	Banking Systems	350,000	0
	Access to Financial Services for Farmers in the Gezira Region	Financial Sector Diversification	137,000	0
Tanzania	Capital Markets and Securities Authority: Development of Operational Strategy and Implementation Plan	Capital Markets	175,000	0
	Updating Accounting and Auditing Legislation	Accounting and Auditing	360,000	0
Uganda	Strategic Options for Post Bank Uganda	Banking Systems	141,000	72,507
Regional	Workshop on Consolidated Supervision and the Supervision of Conglomerates	Financial Sector Legal, Regulatory, and Supervisory Frameworks	62,000	38,105

Country / Region	Project Title	Sector	Commitments (US dollars)	Disbursements (US dollars)
SUB-SAHARAN AFRICA				
Regional	Regional Seminar on Risk-Based Supervision	Financial Sector Legal, Regulatory, and Supervisory Frameworks	29,542	29,542
	Financial Sector Assessment of Microfinance in the CEMAC Zone	Microfinance	75,000	17,454
	Financial Sector Assessment of Housing Finance in the CEMAC Zone	Housing Finance	70,000	64,395
	SADC and East Africa: Project Design for NBF1 Regulator's Strategy and Capacity Building Program	Financial Sector Legal, Regulatory, and Supervisory Frameworks	19,350	7,050
	FinScope Africa: Technical Assistance for Strategy Development	Access to Finance	75,000	0
	EASRA: Advice on Achieving Compliance with IOSCO MMoU	Capital Markets	155,000	42,680
	SADC and East Africa: Training Program for NBF1 Regulators	Financial Sector Legal, Regulatory, and Supervisory Frameworks	410,000	0
Regional Total			4,696,892	547,291
EAST ASIA AND PACIFIC				
Indonesia	Strategic Options for Reforming Civil Service Pension and Savings Scheme (TASPEN)	Pensions and Collective Investment Schemes	450,000	0
Lao People's DR	MFI Supervision Capacity Building	Microfinance	325,000	0
Timor-Leste	Strategy for Establishing a Credit Registry	Banking Systems	131,200	14,000
Vietnam	Establishing a National Association for People's Credit Funds	Financial System Reform, Policy, and Strategy	360,000	0
	Regulation and Guidance for Management of Investment Funds	Pensions and Collective Investment Schemes	463,000	0
Regional Total			1,729,200	14,000
EUROPE AND CENTRAL ASIA				
Armenia	Preliminary Advice on Establishment of Unified Regulator	Financial Sector Legal, Regulatory, and Supervisory Frameworks	24,663	24,663
	Advice on Establishment of Unified Regulator	Financial Sector Legal, Regulatory, and Supervisory Frameworks	50,000	25,545
Azerbaijan	Advice on Insurance Law and Regulations	Insurance	325,000	0
Georgia	T-Bills Process, Municipal Bonds Issuance	Capital Markets	327,000	95,599

Country / Region	Project Title	Sector	Commitments (US dollars)	Disbursements (US dollars)
EUROPE AND CENTRAL ASIA				
Kazakhstan	Assisting in the Development of Public Sector Accounting Standards	Accounting and Auditing	80,000	0
Kosovo	Strengthening Banking Supervision	Banking Systems	310,000	44,085
Kyrgyzstan	Privatization of Kyrgyz Agricultural Finance Corporation	Financial System Reform, Policy, and Strategy	383,800	0
Regional Total			1,500,463	189,892
LATIN AMERICA AND CARIBBEAN				
Costa Rica	Strengthening Public Debt Management and Developing Domestic Debt Market	Capital Markets	532,000	3,319
Mexico	Developing Framework for the Issuance of Catastrophe Bonds	Financial Sector Diversification	266,000	56,825
Nicaragua	Design of Management Information Systems for the Nicaraguan Deposit Insurance Agency (FOGADE)	Banking Systems	178,000	0
Regional	AML/CFT Workshop for Regulators of Casinos and Internet Gaming Entities	Market Integrity and Financial Crime (Anti-Money Laundering)	56,200	36,600
	AML/CFT Workshop for Caribbean Insurance Regulators/Supervisors	Market Integrity and Financial Crime (Anti-Money Laundering)	79,000	0
	Securities Supervisors Leadership Training	Capital Markets	68,000	0
Regional Total			1,179,200	96,744
MIDDLE EAST AND NORTH AFRICA				
Egypt	Upgrading Third-Party Liability Motor Insurance Capacity	Insurance	110,000	55,694
Regional Total			110,000	55,694
SOUTH ASIA				
India	Development of Crop Insurance	Insurance	644,000	0
Regional	South and East Asia: Workshop for Emerging Financial Intelligence Units	Market Integrity and Financial Crime (Anti-Money Laundering)	77,000	0
	Professional Risk Managers' International Association: Development of Academies in India and Indonesia	Financial Sector Diversification	200,000	0
Regional Total			921,000	0

Country / Region	Project Title	Sector	Commitments (US dollars)	Disbursements (US dollars)
GLOBAL				
	Developmental Implications of International Taxation and AML/CFT Initiatives	Financial System Reform, Policy, and Strategy	247,000	114,000
	Technical Reserving for Non-Life Insurers	Insurance	67,500	0
Total global			314,500	114,000
GRAND TOTAL			10,451,255	1,017,621



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INDEPENDENT AUDITORS' REPORT

To: The International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA)
as Administrators
for the Financial Sector Reform and Strengthening Initiative (FIRST) Funds

We have audited the accompanying combined statements of cash receipts, disbursements and fund balance of FIRST Low Income Fund and FIRST Middle Income Fund, (Financial Sector Reform and Strengthening Initiative (FIRST) Funds) both of which have common donors and common management, as of June 30, 2006 and for the period from November 22, 2002 (date of inception) to June 30, 2006. This financial statement is the responsibility of the FIRST Funds Administrators' management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. These Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 to the financial statement, this financial statement was prepared on the modified cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America or International Financial Reporting Standards. This financial statement is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or International Financial Reporting Standards.

In our opinion, such financial statement presents fairly, in all material respects, the combined fund balance of the Financial Sector Reform and Strengthening Initiative (FIRST) Funds at June 30, 2006 and their combined cash receipts and disbursements for the period from November 22, 2002 (date of inception) to June 30, 2006 on the basis of accounting described in Note 2 to the financial statement.

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The supplementary schedule to the combined statement of cash receipts and disbursements and fund balance included on pages 1 to 10 is presented for the purpose of additional analysis and is not a required part of the basic financial statement. This schedule is the responsibility of the FIRST Funds Administrators' management. The information in the supplementary schedule has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, based on our audit is fairly stated in all material respects when considered in relation to the financial statement taken as a whole.

Deloitte + Touche LLP

March 2, 2007

**FINANCIAL SECTOR REFORM AND STRENGTHENING INITIATIVE FUNDS
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(EXPRESSED IN U.S. DOLLARS)**

November 22, 2002
(date of inception) to
June 30, 2006

Contributions (Note 3 and 6)		
Canada	\$	8,334,009
Netherlands		7,816,897
Sweden		2,626,714
Switzerland		10,865,198
United Kingdom		26,832,593
Total contributions		56,475,411
Investment income (Note 4)		2,242,826
Total receipts		58,718,237
Disbursements (Note 5 and 6)		18,756,308
Administrative fees (Note 4)		903,607
Coordination Unit and Steering Committee expenses		2,864,717
Total disbursements		22,524,632
Excess of receipts over disbursements		36,193,605
Fund balance:		
Beginning of period		-
End of period	\$	36,193,605
Fund balance consists of:		
Share in pooled cash and investments	\$	\$36,193,605

The accompanying notes are an integral
part of this financial statement.

FINANCIAL SECTOR REFORM AND STRENGTHENING INITIATIVE FUNDS

NOTES TO FINANCIAL STATEMENT June 30, 2006

Note 1 - Organization

The Financial Sector Reform and Strengthening Initiative (FIRST) is a joint initiative being undertaken by the Department for International Development of the United Kingdom (DFID), the International Development Agency of Canada, the State Secretariat for Economic Affairs of Switzerland, the Ministry of Foreign Affairs of the Netherlands, the Swedish International Development Cooperation Agency (jointly referred to as donors), the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF). IBRD and the International Development Association (IDA) (hereinafter referred to as the Bank) (the administrator) and the donors entered into agreements, as amended, under which the Bank will administer the grants made available by various donors to the FIRST Low Income Fund and the FIRST Middle Income Fund (jointly referred to as the Fund) for the purpose of promoting robust and diverse financial systems in low and middle income countries. This is the combined financial statement of the FIRST Low Income Fund and the FIRST Middle Income Fund. IBRD also acts as the Fiscal Agent for the Fund.

FIRST is managed by a governing council (the Governing Council) and two executive arms. A private sector project management unit (the Management Unit) is responsible for the day-to-day project management of FIRST. An information and exchange center and public sector project coordination unit (the Coordination Unit) responsible for donor relations, project proposal generation from IBRD and IMF, and knowledge management activities.

The Management Unit consults with other interested parties it identifies, and also with IBRD and IMF, in classifying project proposals into three types:

Type 1: These are projects for which the technical assistance is delivered by private sector expertise contracted by the Management Unit

Type 2: These are projects where there is a need for IBRD and/or the IMF to take a more direct role because of the project's context. In these cases, while the technical assistance would be delivered by private sector expertise contracted by the Management Unit, there would be a definite need for parallel policy support from IBRD/IMF staff.

Type 3: These projects are those that could only be undertaken by IBRD, IMF or another official agency because of both their centrality to policy advice and the sensitivities of the grant recipient.

Donors indicate how their contributions are to be allocated between the two funds. The FIRST Low Income Fund is used (i) to fund grants made to low income countries and (ii) reimburse IBRD and IMF for their expenses related to Type 2 and Type 3 projects for low income countries. The FIRST Middle Income Fund is used to (i) fund grants made to middle income countries and (ii) reimburse IBRD and IMF for their expenses related to Type 2 and Type 3 projects for middle income countries. Other costs associated with the operation of FIRST, including, but not limited to the operating expenses of the Coordination Unit and the costs of the FIRST website, are split pro rata between both funds. The administrator's administrative costs are paid out of the Fund in accordance with the provisions of the Administration Agreements.

In its capacity as Fiscal Agent, IBRD is responsible for collecting contributions, investing them pending their disbursement, and disbursing them to, or on behalf of, the Governing Council based upon written requests from the Management Unit. The responsibility for monitoring the use of the contributions of the Fund rests with the Governing Council and not with IBRD.

IBRD performs certain administrative, accounting, financial reporting and treasury services related to trust fund activities on behalf of the Bank. IBRD and IDA are members of the World Bank Group, which also includes the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes.

FINANCIAL SECTOR REFORM AND STRENGTHENING INITIATIVE FUNDS

NOTES TO FINANCIAL STATEMENT
June 30, 2006

Note 2 - Significant accounting policies

The accompanying combined financial statement has been prepared on the cash receipts and disbursements basis of accounting modified to mark investments to market (modified cash basis of accounting). Accordingly, investment income includes realized and unrealized investment income.

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America or International Financial Reporting Standards; contributions are recorded when collected rather than when pledged, and expenditures are recorded as disbursements when paid rather than when committed. This combined financial statement is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or International Financial Reporting Standards.

Transactions recorded in periods subsequent to the combined financial statement date, including refund of disbursements deemed by management not to be eligible in accordance with the relevant Fund agreements, whether these transactions relate to the reporting period or to prior periods, are reported in the Combined Statement of Cash Receipts, Disbursements and Fund Balance in the period the cash transaction occurs.

The Bank is an international organization which conducts its operations in the currencies of all of its members. Disbursements in currencies other than the reporting currency are translated at the rates of exchange on the transaction dates. Transaction gains or losses, if any, are borne by IBRD.

Note 3 - Contributions

The resources of the Fund are held in U.S. dollars. Conversions of contributions received in various currencies into U.S. dollars are initiated by IBRD upon the latter of the receipt of funds, or the receipt of the signed and countersigned administration agreement. As of June 30, 2006, the contribution amounts committed by the donors and received by IBRD for the FIRST Low Income Fund and Middle Income Fund are as follows:

Low-Income Fund

Donor	Amounts Committed		Amounts Received		Contribution received in/converted to US\$	
Netherlands	€	6,660,000	US\$	7,816,897 (1)	US\$	7,816,897
Sweden	SKr	20,000,000	SKr	20,000,000		2,626,714
Switzerland	SwF	8,400,000	SwF	8,400,000		6,515,392
United Kingdom	£	11,900,000	£	10,827,756		18,782,815
Total					US\$	35,741,818

(1) equivalent to €6,660,000

Middle-Income Fund

Donor	Amounts Committed		Amounts Received		Contribution received in/converted to US\$	
Canada	Can\$	12,000,000	Can\$	7,999,960	US\$	5,668,221
			US\$	2,665,788 (2)		2,665,788
Switzerland	SwF	5,600,000	SwF	5,600,000		4,349,806
United Kingdom	£	5,100,000	£	4,640,467		8,049,778
Total					US\$	20,733,593

(2) equivalent to Can\$4,000,000

FINANCIAL SECTOR REFORM AND STRENGTHENING INITIATIVE FUNDS

NOTES TO FINANCIAL STATEMENT June 30, 2006

Note 4 - Investment income and administrative fees

Amounts paid into the Fund, but not yet disbursed, are managed by IBRD, which maintains a single investment portfolio (the Pool) for all of the trust funds administered by the World Bank Group. IBRD maintains all trust fund assets separate and apart from the funds of the World Bank Group. Under the Pool's investment strategy in effect during the current reporting period, a significant portion of the Pool is invested in liquid instruments such as money market deposits, U.S. Treasury securities and other high-grade bonds.

Investment income consists of the Fund's allocated share of: interest income earned by the Pool, realized gains / losses from sales of securities and unrealized gains / losses resulting from marking the assets held by the Pool to market. To assist in the defrayment of cost incurred by the Bank for administration, supervision and oversight of the Fund, IBRD retains for the Bank from the investment income received by the Fund, an amount equal to 1.6% of the contribution amount. All remaining income is credited to the Fund. Investment income in the amount of US\$2,242,826 was credited to the Fund and administrative fees in the amount of US\$903,607 were deducted by IBRD from the Fund during the period from November 22, 2002 (date of inception) to June 30, 2006, respectively.

Note 5 - Disbursements

IBRD in its capacity as fiscal agent, disburses amounts from the Fund to a disbursement bank account for payments to technical assistance providers. The Management Unit engages the technical assistance providers and supervises their activities. Upon verification of the invoices received from such providers, the Management Unit forwards these to the Coordination Unit with instructions to authorize payments.

Note 6 - Administrative arrangements

IBRD makes payments from its own resources to external parties in executing Type 2 and Type 3 activities of the Fund. These payments are periodically reimbursed to IBRD from the Fund. The Fund's disbursements include amounts for direct staff costs, related benefits and overheads reimbursed to IBRD incurred for activities consistent with the purpose of the Fund in accordance with the administration agreement.

Pursuant to the grant agreement between IBRD and the Management Unit, IBRD made contributions to the FIRST initiative under the Development Grant Facility (DGF). As of June 30, 2006, contributions in the amount of US\$1,210,000 have been made by IBRD through the DGF window, which has been fully disbursed by the Management Unit. In addition, IBRD through the DGF window has provided the Coordinating Unit a further contribution of US\$290,000, which has been fully disbursed by the Coordinating Unit as of June 30, 2006. These contributions and disbursements are not included in the accompanying combined financial statement, as they were paid directly to the Management Unit and Coordination Unit for disbursements.

The United Kingdom, acting through DFID, engages and compensates the Management Unit. As of June 30, 2006, DFID has compensated the Management Unit the amount of £5,070,178 (equivalent to US\$9,235,583). In addition, IMF has assigned a staff member to serve with the Coordination Unit. These costs incurred by DFID and IMF are not included in the accompanying combined financial statement, as they were paid directly by them to the Management Unit and IMF staff, respectively.

Payments from the Fund to the disbursing bank account have been reported as disbursements and accordingly, the interest income earned on the undisbursed balance in the disbursing bank account has not been included in this combined financial statement. During the period from November 22, 2002 (date of inception) to June 30, 2006 interest income including interest on DGF grant in the amount of US\$14,835 has been earned on the undisbursed funds held in the disbursing bank account of the Fund. The balance in the disbursement bank account representing undisbursed balance and interest income as of June 30, 2006 is US\$106,175.



FINANCIAL SECTOR REFORM
AND STRENGTHENING INITIATIVE FUNDS

**SUPPLEMENTAL SCHEDULE TO
COMBINED STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND FUND BALANCE
June 30, 2006**

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Low Income			Middle Income		
			Commitments	Commitments Cancelled	Undisbursed Disbursements	Commitments Cancelled	Undisbursed Disbursements	Undisbursed Balance
Type 1 Projects								
5	Ukraine	Assistance to the NBFIR	-	-	-	139,000	(5,807)	133,193
6	Lesotho	Insurance sector strengthening	315,000	-	138,872	176,128	-	-
7	ECA	AML conference	83,100	(22,593)	60,507	55,400	(15,841)	39,559
11	Jordan	Actuarial supervision capacity building	-	-	-	225,100	-	189,993
15	Sierra Leone	LT capital market development	75,000	(42,642)	32,358	-	-	-
16	West Africa	WAMI Banking supervision study	125,000	(1,368)	123,632	-	-	-
18	East Caribbean	ECSE custodian recruitment	108,000	(28,989)	79,011	-	-	-
20	Philippines	Non-life insurance info system	-	-	-	145,000	-	110,518
21	Mauritius	Code of corporate governance	-	-	-	120,000	(3,000)	117,000
22	Cameroon	FM Commission capacity building	175,000	(76,736)	98,264	-	-	-
25	Southern Africa	Bank supervisor leadership training	115,200	(50,183)	65,017	76,800	(33,455)	43,345
29	CEMAC	Dev. of long term finance capacity	520,000	(297,200)	222,800	-	-	-
33	India	Insurance tariff advisory committee	270,000	(26,022)	243,978	-	-	-
34	CIS	CIS-7 Finan. sector workshop	31,400	(8,726)	22,674	-	-	-
42	Lao	Rural & microfinance strategy dev.	167,200	(17,942)	149,258	-	-	-
43	Moldova	Development of Money Mkt Instruments	86,000	(12,816)	73,184	-	-	-
49	South Asia	SAFE Strengthening stock exchange listing regs	110,376	(7,236)	103,140	42,924	(2,716)	40,208
54	Kyrgyzstan	Kairat Bank Privatisation	375,000	(112,422)	262,578	-	-	-
60	SADC	Development Finance Resource Centre	40,000	(3,725)	36,275	40,000	(3,725)	36,275
65	Mauritius	Implementing effective AML/CFT	-	-	-	121,000	(43,500)	77,500
67	Uganda	Implementation of CIS legislation	124,500	(245)	124,255	-	-	-
69	Sri Lanka	Training for the Forex industry	32,000	(2,102)	29,898	-	-	-
73	Morocco	TA for Pension Reform	-	-	-	170,000	(17,420)	152,580
76	South Africa	Accounting legislation	-	-	-	145,000	(30,609)	114,391
81	Sri Lanka	Regulating Securities Markets Intermed.	90,000	(12,497)	77,503	-	-	-
88	E. Caribbean	Credit Union regulation and supervision	58,290	-	31,451	26,839	-	15,491

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Low Income			Middle Income			
			Commitments	Commitments Cancelled	Disbursements	Undisbursed Balance	Commitments Cancelled	Disbursements	Undisbursed Balance
Type 1 Projects									
90	Mauritius	Strengthening securities and listing regs	-	-	-	197,000	-	179,789	17,211
91	Egypt	Credit reporting	-	-	-	179,000	(12,882)	166,118	-
92	Peru	Improving risk based management in CIS	-	-	-	282,000	-	164,167	117,833
98	Pakistan	Risk assessment model	259,000	-	120,381	-	138,619	-	-
100	Pakistan	Bank chart of accounts	240,000	(5,381)	234,619	-	-	-	-
101	Sierra Leone	Book Entry system	69,000	(11,832)	57,168	-	-	-	-
110	Sri Lanka	Strengthening actuarial capacity	57,000	(20,848)	36,152	-	-	-	-
111	Bangladesh	Reducing interest rate spreads	40,000	(5,281)	34,719	-	-	-	-
115	Rwanda	Payment systems	397,000	-	61,838	-	335,162	-	-
117	Rwanda	Credit information bureau	245,000	-	191,685	-	53,315	-	-
120	Zambia	Financial sector development plan	38,000	(3,850)	34,150	-	-	-	-
123	Romania	Strengthening AML in the Securities Mkt	-	-	-	61,000	(9,496)	51,504	-
124	Lao	Rural microfinance survey	154,500	-	152,321	-	2,179	-	-
125	Egypt	Project scoping Banking Sector TA	-	-	-	20,400	(315)	20,085	-
126	Lebanon	Insurance law	-	-	-	108,000	(16,108)	91,892	-
128	Slovak Republic	Listed company corporate governance	-	-	-	97,000	(5,037)	91,963	-
132	Malawi	Evaluation of C Bk Book entry system	15,000	-	13,934	-	1,066	-	-
141	Namibia	Namfisa capacity building strategy	-	-	-	120,000	(6,872)	113,128	-
142	Slovak Republic	TA to the FMA	-	-	-	98,500	(5,394)	93,106	-
150	Slovak Republic	Strengthening bank corporate governance	-	-	-	66,000	(550)	65,450	-
166	Sri Lanka	SEC Supervision capacity strengthening	246,000	(19,663)	226,337	-	-	-	-
183	Kazakhstan	Insurance sector strategic advice	-	-	-	165,000	-	161,803	3,197
185	Poland	Access to Long Term Finance for Rural Communes	-	-	-	295,000	-	273,207	21,793
186	Kyrgyzstan	DI Legislation drafting	39,000	(16,768)	22,232	-	-	-	-
193	Mauritania	Strengthening Microfinance Supervision	30,000	-	21,972	-	8,028	-	-
197	Latin America	Insurance supervisors leadership training	20,570	(7,079)	13,491	-	100,430	(34,561)	65,869

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Low Income			Middle Income			
			Commitments	Commitments Cancelled	Undisbursed Balance	Commitments Cancelled	Disbursements	Undisbursed Balance	
Type 1 Projects									
204	Lebanon	Capital market supervision	-	-	-	239,000	-	169,044	69,956
205	Russia	Pension SRO Capacity building	-	-	-	400,000	-	374,378	25,622
209	Thailand	Self assessment	-	-	-	150,000	-	94,198	55,802
210	West Africa	WAMI Basel Core Principles	155,000	(47,223)	107,777	-	-	-	-
211	Worldwide	IFSB corporate governance	70,000	-	52,820	17,180	-	45,906	59,094
213	Lao	MFI supervision capacity building	325,000	-	-	325,000	-	-	-
215	Swaziland	Book entry	-	-	-	-	66,000	(2,899)	63,101
217	Egypt	Payments systems	-	-	-	-	-	194,039	139,961
223	Bulgaria	Financial derivatives market study	-	-	-	-	41,000	(5,802)	35,198
224	Indonesia	Strategic advice on Pension Reform	170,000	-	124,941	45,059	-	-	-
228	Africa	DFI Prudential Standards	220,000	-	81,657	138,343	-	-	-
229	Sri Lanka	Regulation of private pensions	127,000	(14,377)	112,623	-	-	-	-
239	Mauritius	Establish 2nd tier and strengthen OTC	-	-	-	170,000	-	119,502	50,498
241	Kenya	Audit quality review programme	99,000	-	-	99,000	-	-	-
244	Bangladesh	Capital market intermediaries	27,000	(8,683)	18,317	-	-	-	-
246	South Africa	Integration of Financial regulation	-	-	-	21,000	(2,575)	18,425	-
247	Namibia	2nd Tier Banking	-	-	-	100,000	(44,023)	55,977	-
248	Costa Rica	IOSCO MMOU	-	-	-	97,000	-	63,361	33,639
250	Kenya	CBK Strengthening business processes	472,000	-	421,451	50,549	-	-	-
251	Mauritius	Financial reporting council	-	-	-	300,000	-	167,324	132,676
252	Moldova	Strengthening Insurance supervision	249,000	-	80,439	168,561	-	-	-
254	East Africa	CIS supervision capacity building	8,000	(2,381)	5,619	-	-	-	-
260	Caribbean	AML workshop for insurance supervisors	39,500	-	-	39,500	-	-	39,500
261	Caribbean	Casino AML/CFT workshop	24,750	(6,204)	12,078	6,468	50,250	(12,594)	13,135
274	Angola	NBFI TA Design	15,000	(2,290)	12,710	-	-	-	-
288	East Caribbean	ECSE Unified Rulebook	49,580	-	34,271	15,309	24,420	16,880	7540

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Low Income			Middle Income				
			Commitments	Commitments Cancelled	Disbursements	Undisbursed Balance	Commitments Cancelled	Disbursements	Undisbursed Balance	
Type 1 Projects										
291	Africa	Regional Insurance Supervision training	64,500	-	27,222	3,7278	21,500	-	9,074	12,426
297	Jordan	Supervisory ladder	-	-	-	-	125,000	-	102,057	22,943
300	Mauritius	Drafting securities legislation	-	-	-	-	65,000	(16,872)	48,128	-
303	South Asia	SAFE Developing model listing regulations	62,300	-	47,848	14,452	26,700	-	20,506	6,194
311	Swaziland	Review of FSRA bill	-	-	-	-	7,500	(1,500)	6,000	-
315	SACU	Tiered banking workshop	2,600	(374)	2,226	-	10,400	(1,497)	8,903	-
318	Moldova	Dev't of Money Market Instruments II	246,000	-	39,998	206,002	-	-	-	-
319	Zambia	Pensions and insurance supervisory strengthening	128,000	-	80,487	47,513	-	-	-	-
320	PRMIA	Dev't of academies in India and Indonesia	200,000	-	-	200,000	-	-	-	-
321	Worldwide	Develop. implications of intl tax AML/CFT	123,500	-	57,000	66,500	123,500	-	57,000	66,500
324	Kazakhstan	TA for Public Sector Accounting Standards	-	-	-	-	80,000	-	-	80,000
328	Sierra Leone	Implementation of capital market dev plan	345,000	-	115,493	229,507	-	-	-	-
333	Belize	Central Bank of Belize Organisation Review	-	-	-	-	201,000	-	68,587	132,413
334	Kyrgyz Republic	Privatisation of KAFC	383,800	-	-	383,800	-	-	-	-
337	Azerbaijan	Non bank corporate bonds	490,000	-	167,185	322,815	-	-	-	-
339	Asia	IAIS core principles self assessment	82,800	(31,916)	50,884	-	37,200	(14,339)	22,861	-
341	SSA & E Timor	Strengthening AML/CFT regimes	93,000	-	31,034	61,966	-	-	-	-
343	Egypt	Credit reporting strengthening	-	-	-	-	168,000	-	66,729	101,271
345	Zambia	Regulatory implications of a CRA	136,400	-	53,923	82,477	-	-	-	-
346	Madagascar	Pensions Project design	5,000	-	-	5,000	-	-	-	-
347	Worldwide	Workshop for OFC supervisors	26,250	(12,759)	13,491	-	48,750	(23,695)	25,055	-
349	Colombia	Enhancement of the capital makret SRO system	-	-	-	-	165,000	-	125,943	39,057
351	Kenya	Development of mortality and morbidity tables	178,000	-	13,000	165,000	-	-	-	-
355	Gambia	Central Bank book entry system	91,000	(6,491)	57,134	2,7375	-	-	-	-
358	Zambia	Institute of Bankers Training Strategy	49,000	-	-	49,000	-	-	-	-
359	MENA	Regional insurance training seminar	74,360	-	15,587	58,773	94,640	-	19,838	74,802

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Low Income			Middle Income				
			Commitments	Commitments Cancelled	Disbursements	Undisbursed Balance	Commitments Cancelled	Disbursements	Undisbursed Balance	
Type 1 Projects										
360	Dominican Republic	Feasibility study - capital market broadening	-	-	-	-	23,000	(4,155)	18,845	-
363	West Africa	Capacity building in banking supervision	70,000	(8,325)	61,675	-	-	-	-	-
367	Mauritius	Development of selected NBF regulations	-	-	-	-	405,000	-	327,508	77,492
377	Africa	Trade Insurance Agency	139,000	-	-	139,000	-	-	-	-
378	Zambia	Development of SEC capacity building action plan	90,000	-	56,883	33,117	-	-	-	-
383	Kyrgyz Republic	Medium term microfinance strategy	166,000	-	111,957	54,043	-	-	-	-
384	El Salvador	Implementation plan of IOSCO assessment	-	-	-	-	54,000	-	29,985	24,015
386	Sub-Saharan Africa	CISNA regional risk based supervision seminar	33,000	(3,458)	29,542	-	-	-	-	-
388	Guinea	Microfinance and regulatory framework	300,000	-	-	300,000	-	-	-	-
401	Ghana	MCC payments systems project design	47,000	-	44,550	2,450	-	-	-	-
406	Finscope	TA for Strategy development	75,000	-	-	75,000	-	-	-	-
409	Uganda	Strategic options for Postbank	141,000	-	72,507	68,493	-	-	-	-
410	Lesotho	ACH project design for MCC	47,000	-	42,189	4,811	-	-	-	-
414	Sub-Saharan Africa	MEFMI Workshop on consolidated supervision	62,000	-	38,105	23,895	-	-	-	-
416	Malawi	Strengthening NBF framework - pensions	290,000	-	44,503	245,497	-	-	-	-
421	EASRA	Advice on achieving IOSCO MIMOU	155,000	-	42,680	112,320	-	-	-	-
433	CEMAC	Pre FSAP Microfinance sector assessment	75,000	-	17,454	57,546	-	-	-	-
436	CEMAC	Housing Finance Assessment	70,000	-	64,395	5,605	-	-	-	-
465	Malawi	Enhancement of CBk Book Entry System	99,000	-	31,711	67,289	-	-	-	-
466	Central America	Securities Supervisors Leadership Training	34,680	-	-	34,680	33,320	-	-	33,320
480	Worldwide	Technical reserving for non-life insurers	67,500	-	-	67,500	-	-	-	-
583	Sudan	Access to finance - Gezira region farmers	137,000	-	-	137,000	-	-	-	-
598	Mauritius	Establishment of Institute of Directors	-	-	-	-	38,000	-	-	38,000
125-2	Egypt	Banking supervision	-	-	-	-	120,000	(21,625)	98,375	-

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Low Income			Middle Income			Undisbursed Balance	
			Commitments	Commitments Cancelled	Disbursements	Undisbursed Balance	Commitments Cancelled	Disbursements		Undisbursed Balance
Type 1 Projects										
98A	Pakistan	State Bank assistance project design	11,000	(1,800)	9,200	-	-	-		
Total of Type 1 Projects			11,692,656	(960,427)	5,700,220	5,032,009	7,082,944	(398,864)	5,105,382	1,578,698
Type 2 Projects										
1	South America	AML workshop	-	-	-	-	75,000	(40,734)	34,266	-
10	Lithuania	Insurance supervision strengthening	-	-	-	-	200,000	(22,725)	177,275	-
24	Lithuania	Accounting & auditing	-	-	-	-	172,000	(45,992)	126,008	-
31	Georgia	Debt securities market development	59,500	(7,373)	52,127	-	-	-	-	-
39	East Caribbean	ECCB Improving payment systems	185,000	-	140,705	44,295	-	-	-	-
40	Armenia	Ins. supervisory strengthening	82,000	(7,520)	74,480	-	-	-	-	-
41	Georgia	Insurance supervisory strengthening	227,700	(34,364)	193,336	-	-	-	-	-
52	Colombia	Collective investment schemes	-	-	-	-	230,000	(13,380)	216,620	-
56	Mongolia	Supervision - livestock insurance	419,700	(105,818)	313,882	-	-	-	-	-
66	Swaziland	Assessment of NBFi Supervision	-	-	-	-	147,000	(19,832)	127,168	-
80	Ghana	Rural bank restructuring	87,000	(15,958)	71,042	-	-	-	-	-
84	ESAA/MLG	AML Evaluator Training	67,260	(32,386)	34,874	-	50,740	(24,431)	26,309	-
85	Asia-Pacific	AML Evaluator Training	52,800	(18,247)	34,553	-	79,200	(27,371)	51,829	-
87	Central America	Strengthening financial sector integrity	28,050	(12,788)	15,262	-	56,950	(25,999)	30,951	-
96	FYROM	Compulsory motor insurance	-	-	-	-	323,000	-	162,054	160,946
148	Botswana, S Leone, Swaziland	Strengthening payment systems	88,000	(14,592)	73,408	-	132,000	(21,888)	110,112	-
158	Philippines	Banking supervision capacity building	-	-	-	-	451,000	-	440,127	10,873
161	Swaziland	Improving access to the financial sector	-	-	-	-	160,000	(33,897)	126,103	-
162	China	Regulation and Supervision of Corp. Pensions	-	-	-	-	625,000	-	394,442	230,558
169	Kenya	DFI and Rural Finance Strategy	250,000	(5,128)	244,872	-	-	-	-	-
178	China	Securities firms regulation and supervision	-	-	-	-	375,000	-	209,554	165,446

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Low Income			Middle Income		
			Commitments Cancelled	Disbursements	Undisbursed Balance	Commitments Cancelled	Disbursements	Undisbursed Balance
Type 2 Projects								
182	Colombia	Money market development	-	-	-	340,000	154,054	185,946
187	Serbia and Montenegro	Kosovo - Insurance	175,000	121,499	-	-	-	-
189	Sierra Leone	Supervision of NBFIs	272,000	115,660	156,340	-	-	-
191	China	Amendments to Securities Law	-	-	-	367,000	222,945	144,055
194	CFATF	AML/CFT Evaluator Training	21,120	14,817	-	42,880	(12,798)	30,082
198	LAC	Strengthening Credit Reporting Systems	-	-	-	695,000	373,243	321,757
200	ESAA/MLG	AML/CFT Strategy	130,530	69,744	-	98,470	(45,849)	52,621
208	Bulgaria	Financial Services Commission	-	-	-	380,000	221,585	158,415
216	China	Distribution of SIFs	-	-	-	270,000	229,058	40,942
220	Sri Lanka	Securitisation Act	180,000	80,180	9,820	-	-	-
222	Kenya	Reform of the asset financing framework	333,000	-	333,000	-	-	-
226	Armenia	Insurance supervisory strengthening	212,700	212,202	498	-	-	-
233	Colombia	Housing Microfinance	-	-	-	401,000	191,530	209,470
237	Turkey	Secondary mortgage market development	-	-	-	400,000	249,447	150,553
249	Botswana	NBFI Supervision and Strategy	-	-	-	175,000	(26,392)	148,608
256	Chile	Insurance - roadmap for solvency control	-	-	-	186,000	84,453	101,547
257	Chile	Strengthening regulation of pension funds	-	-	-	280,000	106,680	173,320
259	Caribbean	Company and trust AML/CFT workshop	48,250	28,642	-	48,250	(19,608)	28,642
262	Lithuania	Effective application of audit standards	-	-	-	99,000	(24,901)	74,099
264	Serbia and Montenegro	Kosovo - Strengthening TPL Insurance	45,000	38,084	6,916	-	-	-
269	South America	GAFISUD AML/CFT Evaluator Training	19,800	6,148	-	160,200	(110,959)	49,241
273	Botswana/Swaziland	NBFI Project scoping	-	-	-	20,000	(1,526)	18,474
276	Chile	Securities risk based supervision	-	-	-	530,000	-	530,000
280	Madagascar	MFI Credit bureau	350,000	-	350,000	-	-	-

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Low Income			Middle Income				
			Commitments	Commitments Cancelled	Disbursements	Undisbursed Balance	Commitments Cancelled	Disbursements	Undisbursed Balance	
Type 2 Projects										
284	Malawi	NBFI Capacity Building	112,008	-	112,008	-	-	-	-	-
286	Worldwide	Guidelines for FATF recommendations	620,400	-	52,253	568,147	39,600	34,835	4,765	
289	Peru	Improving SME access to capital markets	-	-	-	-	630,000	-	222,878	407,122
309	Moldova	Strengthening AA and Fin Reporting	218,000	-	94,148	123,852	-	-	-	-
310	Vietnam	Establishing an NA for peoples credit funds	427,000	(67,000)	-	360,000	-	-	-	-
312	Moldova	Corporate Governance Reform	375,000	-	212,586	162,414	-	-	-	-
313	Peru	Housing finance development	-	-	-	-	530,000	-	487,103	42,897
329	Chile	IFRS for listed companies	-	-	-	-	219,000	-	6,584	212,416
332	Vietnam	Regulation & guidance for mgmt of inv. funds	463,000	-	-	463,000	-	-	-	-
335	El Salvador	Strengthening PFIs	-	-	-	-	160,000	-	114,942	45,058
336	El Salvador	Supervision of financial conglomerates	-	-	-	-	193,000	-	154,239	38,761
338	Mexico	Catastrophe Bonds	-	-	-	-	266,000	-	56,825	209,175
340	Costa Rica	Strengthening public debt management	-	-	-	-	532,000	-	3,319	528,681
342	Mongolia	Livestock insurance 2	592,000	-	47,469	544,531	-	-	-	-
344	Uganda	Consolidated supervisor for NBFIs strategy	90,000	(9,437)	80,563	-	-	-	-	-
364	Tanzania	FSAP Action plan follow up	28,000	(901)	27,099	-	-	-	-	-
371	Mali	Pensions and insurance strategy	553,000	-	98,671	454,329	-	-	-	-
380	Egypt	Upgrading MTPL insurance capacity	-	-	-	-	110,000	-	55,695	54,305
387	Azerbaijan	Advice on Insurance Law	325,000	-	-	325,000	-	-	-	-
390	Georgia	T Bill process, muni bon issuance	327,000	-	95,600	231,400	-	-	-	-
397	Timor Leste	Strategy of establishing a credit registry	131,200	-	14,000	117,200	-	-	-	-
413	South and East Asia	Workshop for Emerging FIUs	77,000	-	-	77,000	-	-	-	-
415	SADC and E Africa	Training for NBFI Regulators	410,000	-	-	410,000	-	-	-	-
426	Armenia	Advice on setting up a unified regulator	28,000	(3,337)	24,663	-	-	-	-	-
432	Armenia	Strategy on Unified Regulator	50,000	-	25,545	24,455	-	-	-	-

SUPPLEMENTARY SCHEDULE TO COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Project No	Country	Project Name	Commitments	Disbursements	Undisbursed Balance	Commitments Cancelled	Disbursements	Undisbursed Balance
Type 2 Projects								
435	Nicaragua	Design of MIS for Deposit Insurance Agency	178,000	-	178,000	-	-	-
437	SADC	Project design NBFI Strategy	22,000	(2,649)	12,300	7,051	-	-
441	Kosovo	Strengthening banking supervision	310,000	-	265,915	44,085	-	-
447	Rwanda	Advice on FSDP	538,000	-	538,000	-	-	-
450	Rwanda	Strengthening Supervisory capacity of Ins. Commission	208,000	-	208,000	-	-	-
458	Tanzania	CMSA Development of operational strategy	175,000	-	175,000	-	-	-
461	Indonesia	Strategic option for reforming TASPEN	450,000	-	450,000	-	-	-
572	Tanzania	Updating accounting and auditing legislation	360,000	-	360,000	-	-	-
579	India	Development of Crop Insurance	644,000	-	644,000	-	-	-
Total of Type 2 Projects			11,046,018	(491,348)	2,871,258	10,249,290	(518,282)	4,127,008
Type 3 Projects								
53	Bangladesh	Insurance law reform	59,000	(5,043)	53,957	-	-	-
74	Colombia	Mortgage finance capacity building	-	-	-	171,000	(66,382)	114,618
78	Indonesia	Capital market supervisory agency	123,300	(1,428)	121,872	-	-	-
109	Colombia	Terrorism Finance	-	-	-	245,200	(49,699)	195,501
389	Sudan	Banking Sector Regulation and Supervision	350,000	-	350,000	-	-	-
442	Guinea	Fostering Foreign Exchange Development	148,000	-	148,000	-	-	-
Total of Type 3 Projects			680,300	(6,471)	175,829	416,200	(106,081)	310,119
GRAND TOTAL			23,418,974	(1,458,246)	8,747,307	17,748,434	(1,023,227)	5,705,706

FIRST
July 1, 2005 to June 30, 2006

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London

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(from May 2006)
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Robert Woodbridge
Director

Robert Smith
Technical Officer

Cristina Bortes
Assistant Director

Kerry Hamilton
Project Officer

Sofia Martinez / Gulden Bayaz
(from April 2006)
Project Officer

Veda Poon / Hammad Hundal
(from March 2006)
Project Officer

Dian Marner
Accounting Officer

Nikki Cochrane
Program Manager

Lucie Hennelly
Project Administrator

Coordination Unit
Washington, D.C.

Dafna Tapiero / Alexandra Drees-Gross
(from May 2006)
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Julie Knowles
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Dilek Goncalves
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Xijia (Lily) Li
Program Assistant

Secretariat

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Secretary to the Governing Council

Katarina Kotoglu
Assistant Secretary

FIRST
March 1, 2007 to Present

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Julie Knowles
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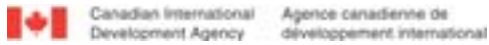
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