

PD-ABH-946
86851



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, PRE

FROM: PRE/EM, Russell Anderson *R Anderson*

SUBJECT: Financial sector Development Project (940-0025)

Problem: You are requested to authorize an increase of \$811,270 in the core funding level of the Project from \$4,644,694 to \$5,455,964.

Background: The Financial Sector Development Project (FSDP) was authorized in 1988 to provide financial sector technical assistance, strategic planning, research, and information dissemination to A.I.D. missions worldwide, with the overall objective of improving the operation of the financial sector in developing countries. The project concluded on September 14, 1993. FSDP demonstrated the importance of a strong, well-functioning financial system in support of a country's business growth and privatization efforts.

FSDP proved to be an effective mechanism for responding quickly to the needs of overseas Missions for technical assistance. Financial sector assistance is now part of A.I.D.'s trade and investment portfolio. The project succeeded in establishing or strengthening local capital markets and providing countries with mechanisms to become self-sustaining with the capacity to produce internally generated financial resources well beyond the life of the project.

Reflecting the success of FSDP, demand for FSDP-like services continues to be high and even greater volume is anticipated as additional countries worldwide embark on financial reform. In an effort to continue supporting financial sector work in A.I.D.-assisted countries, FSDP-Phase II was authorized on September 23, 1992. Like FSDP, FSDPII's main product lines are financial policy and regulatory reform -- including banking reform, supervision, and banker training -- and equity market development.

The procurement office initiated a full and openly competed procurement process for a new core contract for FSDPII and a companion requirements contract. A core budget in the amount of \$4,644,694 was authorized to fund the level of staff necessary (310 person-months) to respond to Mission requests for during the next five years.

Congressional Notification: Submission of a congressional notification is not necessary at this time because this action comprises less than 10% of the total life of project budget (inclusive of a limitless buy-in component).

Recommendation: That you authorize an increase of \$811,270 in the core LOP funding from \$4,644,694 to \$5,455,964.

Approved 

Disapproved _____

Date 9/30/93

Attachments:

Project Authorization Amendment

FIRST PROJECT AUTHORIZATION AMENDMENT

Name of Country/Entity: Worldwide
Name of Project: Financial Sector Development Project
Project Number: 940-0025

1. Pursuant to the Foreign Assistance Act of 1961, as amended, the Financial Sector Development Project - Phase II was authorized on September 23, 1992 for a period of five years to begin on September 30, 1993, and a Project Assistance Completion Date of September 30, 1998 and with planned obligations of core funds not to exceed \$4,644,694.
2. I hereby authorize an **increase of \$811,270** in the level of life of project core funding from \$4,644,694 to \$5,455,964, to be incrementally funded subject to the availability of funds to A.I.D. for this purpose.
3. Except as herein amended, the Project Authorization of September 23, 1992, shall remain in full force and effect.

9/30/93
Date



John Wilkinson
Assistant Administrator (a)
Bureau for Private Enterprise

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Clearance:

PRE/EM:RAnderson A date 9/30/94
GC/PRE:MKitay draft date 8/30/93
PRE/DP:RHudec LL date 7/30/93