



Funding Sources for Capital Markets and Exchange Development in Emerging Markets

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Financing Available?



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into commercially viable and tourism related digital media applications

= EUR 2,600,000



Financing Available?

Financing for almost every project is available!

- ▶ Select the „right" project
- ▶ Identify the potential funding organisation
- ▶ Design/phrase the project accordingly
- ▶ Define project duration and volume
- ▶ Apply

Official Development Assistance (ODA)

TOTAL DAC COUNTRIES

Net ODA	2010	2011	2012 p	Change 2011/12
Current (USD m)	128 520	133 908	125 912	-6.0%
Constant (2011USD m)	136 915	133 908	128 709	-3.9%
ODA/GNI	0.32%	0.31%	0.29%	
Bilateral share	71%	70%	71%	

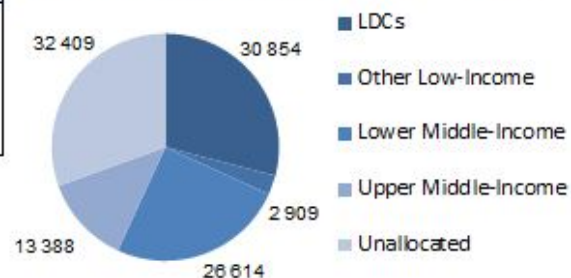
P. Preliminary data.

Top Ten Recipients of Gross ODA (USD million)	
1 Afghanistan	5 683
2 Congo, Dem. Rep.	4 289
3 India	3 278
4 Indonesia	2 629
5 Pakistan	2 596
6 Vietnam	2 354
7 China	2 280
8 Ethiopia	1 958
9 Iraq	1 909
10 Haiti	1 793
Memo: Share of gross bilateral ODA	
Top 5 recipients	17%
Top 10 recipients	27%
Top 20 recipients	39%

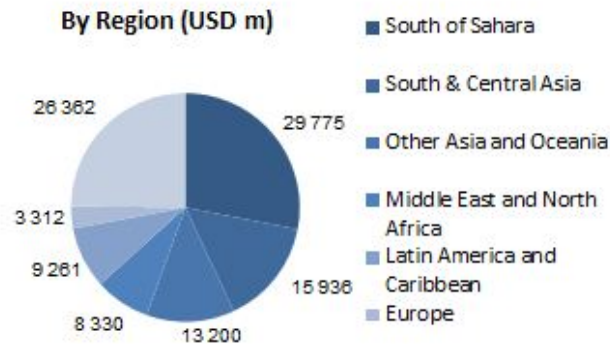
Gross Bilateral ODA, 2010-11 average, unless otherwise shown

By Income Group (USD m)

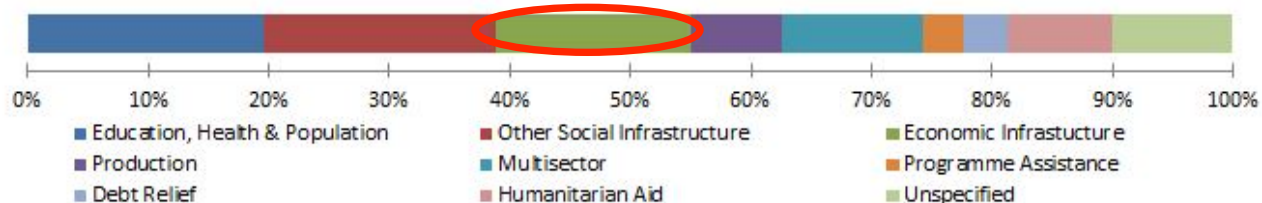
Clockwise from top



By Region (USD m)



By Sector



Source: OECD - DAC ; www.oecd.org/dac/stats

2012: USD 126 bn



Selected IFIs and Development Agencies

- AAAID Arab Authority for Agricultural Investment & Development
- ADA Austrian Development Agency
- ADB Asian Development Bank
- AfDB African Development Bank
- AFESD Arab Fund for Economic and Social Development
- AGFUND Arab Gulf Programme for UN Development Organisations
- AMF Arab Monetary Fund
- APEX Asia-Pacific Economic Cooperation
- BADEA Arab Bank for Economic Development in Africa
- Black Sea Trade & Development Bank
- BOAD Banque Ouest Africaine de Développement
- CDB Caribbean Development Bank
- CFC Common Fund for Commodities
- Council of Europe Development Bank
- Development Bank for Southern Africa
- DFID Department for International Development
- EADB East African Development Bank
- EAR European Agency for Reconstruction
- EBRD - European Bank for Reconstruction and Development
- EIB - European Investment Bank
- EDF - European Development Fund
- EU - DG Energy and Transport
- EU - DG Information Society
- EuropeAid
- FIRST Initiative
- Global Fund to fight AIDS, Tuberculosis and Malaria
- IADB- Inter-American Development Bank
- IBRD - Int. Bank for Reconstruction & Development
- IDA - International Development Agency
- IFC - International Finance Cooperation
- IFAD International Fund for agricultural development
- IIC International Investment Corporation
- Industrial Development Bank (Jordanien)
- IsDB Islamic Development Bank
- Japan Bank for International Cooperation
- KfW Entwicklungsbank
- MIF - Multilateral Investment Fund
- NORAD - Norwegian Agency for Development Cooperation
- North American Development Bank
- OAS Organization of American States
- OPEC Fund for International Development
- SIDA *Styrelsen för internationellt utvecklingssamarbete*
- EU TradeCom Facility
- UN - UNIDO - UNTAC
- USAID - US Agency for International Development
- WB - Worldbank



Potential Funding Sources for Exchanges

❖ Overview of potential funding sources for exchange and capital markets development projects

- European Commission
 - EuropeAid
- World Bank Group
 - IFC, IBRD, IDA
- FIRST Initiative (multi-donor grant facility)
- EBRD – European Bank for Reconstruction and Development
- AfDB - African Development Bank
- ADB – Asian Development Bank
- Caribbean Development Bank
- Inter American Development Bank
- Islamic Development Bank
- National Donor Agencies (e.g. DFID, LUX-Dev, SIDA, ADA,...)



Eligibility to act as Beneficiary

❖ Regional Focus of selected Donor Organisations

Beneficiary located in	EU	EU FWC Lot 10	FIRST	WB Group	IADB	ADB	AfDB Group	EBRD
Africa	✓	✓	✓	✓	-	-	✓	partly
Caribbean	✓	✓	✓	✓	✓	-	-	-
Americas	✓	✓	✓	✓	✓	-	-	-
CEE & CIS	✓	✓	✓	✓	-	-	-	✓
Central Asia	✓	✓	✓	✓	-	✓	-	✓
Asia	✓	✓	✓	✓	-	✓	-	-
Middle East	✓	✓	✓	✓	-	-	-	-



Beneficiary – Donor – Consultant

❖ Interaction of main Project Stakeholders

Beneficiary

- Project design
- Applies for funding
- Acts as project recipient
- Implements project outputs
- Active participation
- Monitors project

Donor Agency

- Project design
- Approves project
- Decides about funding instrument
- Approves financing
- Provides financing
- Monitors progress
- Evaluates impact

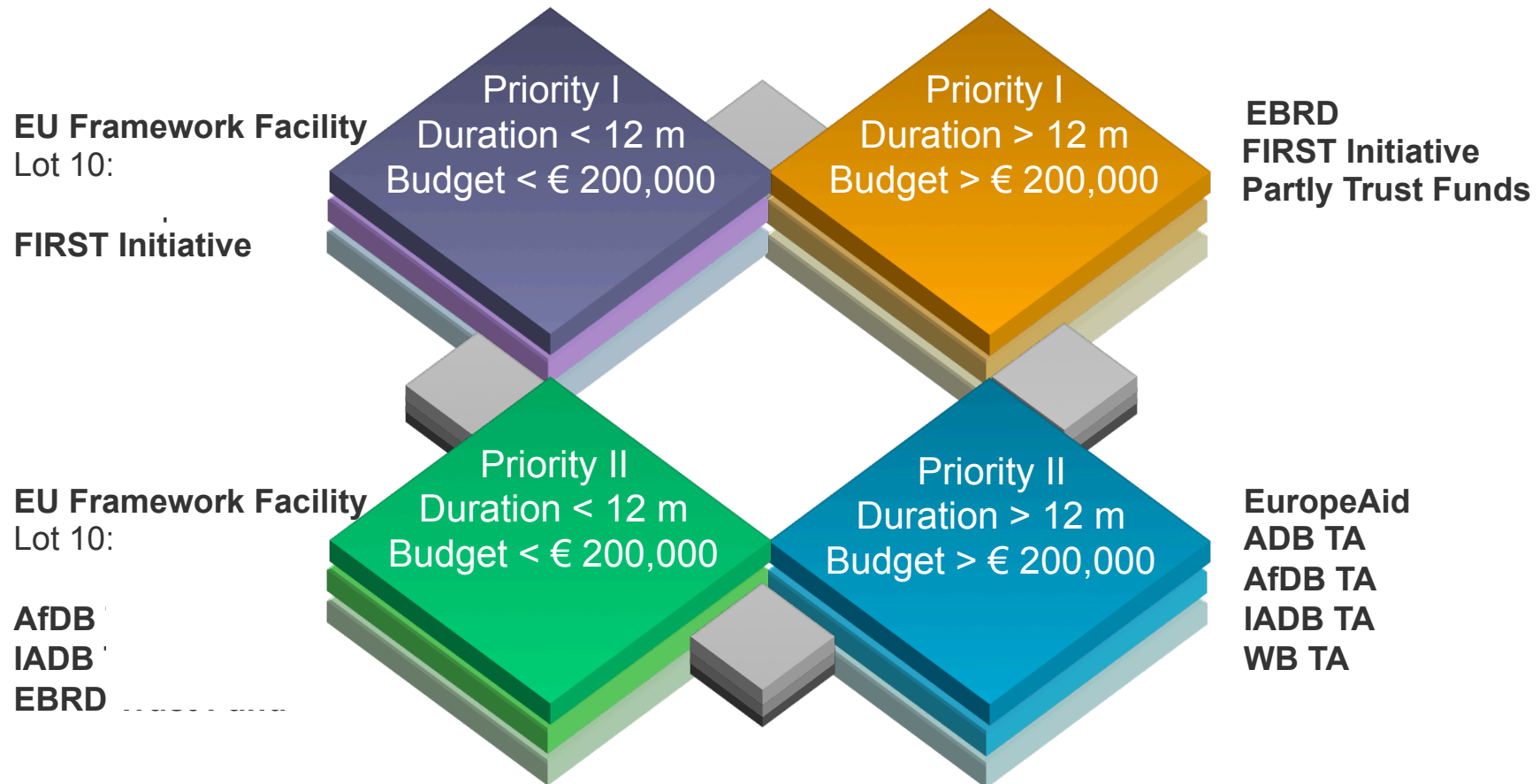
Consultant/Supplier

- Tenders for Project
- Provides services, works or goods
- Delivers project and predefined outputs
- Project and expert management
- Quality assurance



Funding Source by Time Priority

❖ Ranking of potential funding sources by indicative time of realization





Funding Application

❖ How to write a convincing funding application:

- Application has to reflect the thematic scope of donor agency
- Application has to proof that it is aligned with donor strategy
- Selected arguments:
 - Well developed financial sectors/capital markets help to eliminate poverty and to increase employment
 - Increased access to finance, which leads to economic growth
 - Increased transparency and reliability of the market
 - Increased institutional capacity
 - Increased professionalism of the market participants
 - Capacity building by providing training
 - Higher level of investor protection
 - Implementation of international standards
 - Higher corporate governance standards
 - Raising of public awareness

Successful Project Applications

Selected examples of successful capital market related project applications, their focus and the grant amount received





Case Study: EU Exchange Project

❖ **INVAS – Capital Market Investment Advisory Services**

Head Beneficiary:	Moscow Interbank Currency Exchange (MICEX)
Target areas:	Capacity building Stock Exchange Restructuring/development capital market Issuers Financial Intermediaries Public awareness raising and regional outreach Training of personnel & key capital market participants
Country:	Russian Federation
Project approval date:	October 1998
Project completion date:	July 2001
Funding agency:	European Union – TACIS programme
Project volume:	EUR 4,500,000 million



Case Study: Supervision Project

❖ EU-China Financial Services Project

Beneficiaries: People's Bank of China
China Securities Regulatory Committee
China Banking Regulatory Committee
China Insurance Regulatory Committee



Target areas: Technical and legal advise
Training of personnel and key capital market participants
Risk-based supervision, on- and off-site supervision
Capacity building
Institutional development

Country: People's Republic of China
Project start date: December 2002
Project completion date: December 2006
Funding agency: European Union – ALA programme
Project volume: EUR 8,500,000



Case Study: EU FWC Lot 10 Project

❖ Design and model the clearing structure for financial derivatives for Bucharest Stock Exchange

Beneficiaries: Bucharest Stock Exchange

Target areas: Technical and legal advise
Training of personnel & key capital market participants
Clearing
Back-office operations
Risk management

Country: Romania

Project approval date: December 2006

Project completion date: April 2007

Funding agency: EU – Framework (FWC) Lot 10 programme

Project volume: EUR 180,000

Case Study: Listing Regulations

❖ Developing model listings regulations

- **Recipient:** South Asian Federation of Exchanges (SAFE)
- **Target areas:** Financial sector legal, regulatory, and supervisory frameworks
- **Countries:** Bangladesh, Bhutan, India, Mauritius, Nepal, Pakistan and Sri Lanka
- **Project approval date:** 22 April 2005
- **Project completion date:** 31 January 2006
- **Funding Agency:** FIRST Initiative
- **Financial commitment:** US\$ 89,000
- **Actual expenditure:** US\$ 62,861
- **Funding Agency:** FIRST Initiative





Case Study: 2nd tier Securities Market

❖ Establishing a 2nd-tier securities market and restructuring of the OTC market

- **Recipient:** Mauritius Stock Exchange
 - **Target areas:** Capital Market Development
 - **Country:** Mauritius
 - **Project purpose:** restructure the current OTC Market and to consider the establishment of a second tier listing facility .
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- **Project approval date:** 29 September 2004
 - **Funding Agency:** FIRST Initiative
 - **Financial commitment:** US\$ 144,000





Case Study: Data Vending & Index

❖ Support to BiH Stock Exchanges

- **Recipients:** Sarajevo Stock Exchange
Banja Luka Stock Exchange
- **Target areas:** Exchange & Capital Market Development
- **Country:** Bosnia & Herzegovina
- **Project purpose:** strengthen the data vending & index development/licensing capacity of the two exchanges. Creation of an overall country index
- **Project approval date:** September 2008
- **Funding Agency:** FIRST Initiative
- **Financial commitment:** USD 252,180.00



Case Study: EBRD Project

❖ EBRD financed Exchange Project

Project name: Capital Market Training Centre for Belgrade Stock Exchange

Recipient: Belgrade Stock Exchange

Target areas: Capacity building Stock Exchange
Public awareness raising
Training of personnel & key capital market participants

Country: Serbia

Project approval date: October 2003

Project completion date: March 2004

Funding agency: EBRD

Project volume: EUR 198,704



Case Study: Derivatives

❖ Bucharest Stock Exchange Financial Derivatives Training

- **Recipients:** Bucharest Stock Exchange
- **Target areas:** Exchange & Capital Market Development
- **Country:** Romania
- **Project purpose:** Capacity building, financial derivatives training

- **Project approval date:** November 2005
- **Funding Agency:** EBRD
- **Financial commitment:** EUR 170,000



Case Study: Training & Advice

❖ Baku Stock Exchange

- **Recipient:** Baku Stock Exchange
- **Target areas:** Exchange & Capital Market Development
- **Country:** Azerbaijan
- **Project purpose:** Baku Stock Exchange Capital Markets
Participants' Training and Advisory
Services
- **Project approval date:** January 2010
- **Funding Agency:** EBRD
- **Financial commitment:** EUR 214,997.00



Case Study: Mongolia 2006-2007

❖ Capacity Building for Financial Sector Reform

- Contract awarded to: Wiener Börse and CAPMEX

34135: Financial Regulation and Governance Program	
Country	Mongolia
Type/Modality of Assistance	Technical Assistance: 34135-01 [Closed]
	TA-4236 MON: Preparing the Third Financial Sector Program
	Japan Special Fund US\$500,000
	Loan: 34135-01 [Approved]
	Loan-2218 MON: Financial Regulation and Governance Program
	Asian Development Fund US\$10.0 million
	Technical Assistance: 34135-03 [Approved]
	TA-4737 MON: Capacity Building for Financial Sector Reforms
	Japan Special Fund US\$900,000
Sector/Subsector	Finance/Finance Sector Development
Responsible ADB Department	East Asia Department
Responsible ADB Division	Regional Cooperation, Governance, and Finance Division, EARD
Last PID Update	13 Dec 2006