

Project MON/004 – Financial Sector Capacity Building and Training Project

Situation at the end of Q2

During this second quarter, the project has acquired more operational speed, with the start of different activities listed in the programming. The second quarter of 2014 was mainly focused on internal and external technical and institutional trainings. More than half of all external and internal trainings planned for 2014 were finalized.

Result 1: Enhanced institutional and operational framework at FRC

The project collaborated with the Financial Regulatory Commission (FRC) on activities targeted to institutional development such as Key Performance Indicators (KPIs) and Risk Framework. A consultant from the Financial Technology Transfer Agency (ATTF) was hired to finalize the work on KPI from mid to end of April. This mission was successful since the FRC showed a high level of ownership and involvement. The consultant also trained working group members as well as key staff on KPI concept. FRC is now able to work efficiently on producing and piloting KPIs and the project will monitor the progress continuously.

The second conference on strategy plan implementation was organized on 25 April 2014, where high management of FRC as well as heads of departments presented key achievements reached in the framework of the objectives defined in the strategy plan. During this conference, a brief presentation on KPIs was also done by the consultant from ATTF. This year's strategy implementation conference covered wider public compared to the previous years as provincial FRC representatives and market participants attended the event, i.e. in total 250 people. High quality of the presentations presented showed the importance given to the strategy plan and its adaptation to FRC's soil.

The Risk Management working group organized two staged trainings on operational risk management. The first training was organized for all FRC staff and the second one for the unit management and higher level management. In conclusion, a risk registration sheet was distributed to the units to collect risk data in order to work on the mitigation plan.

The Archive Development Fund was awarded a contract for procurement of archiving shelves following the tender evaluation process. FRC is fully renovating archiving rooms before archiving shelves are installed. Renovated and fully equipped archiving facility will be ready at latest by July 2014.

Result 2: Strengthened regulatory and supervisory capacity at FRC

The project continued to fund both external and internal technical trainings mainly focused on securities and microfinance markets. In total, 10 staff attended external trainings on human resources, Information Technology (IT) systems, insurance macro-prudential regulation and microfinance topics organized in South Korea, India, Norway and Turkey. The project also actively promoted and supported internal trainings on various technical topics such as risk-based supervision and new regulations of securities market. In total, 42 staff attended internal trainings supported by the project.

FRC submitted an official request to support microfinance glossary development, the third glossary, which will be funded by project. A working group comprised of eight representatives from professional associations and FRC was established to work on the glossary.

In total, 111 379 EUR were disbursed as of 31 May 2014 while the amount disbursed at the end of the first quarter was 48 356 EUR. Disbursement is increasing slowly as most of consultancy services and activities targeted to market participants and public awareness are planned for fall 2014.

A final evaluation mission is planned in October 2014.

Perspectives Q3-Q4

Result 1: Enhanced institutional and operational framework at FRC

The third project Steering Committee (SC) meeting is planned for 4 July 2014. As 2014 is officially the last year of implementation of the project, the Chairman of FRC will present during the SC meeting key achievements and findings of FRC during the project implementation period.

Based on our previous years experience, the volume of activities will be lower during the summer months due to the annual leave during Naadam Festival.

Main recommendations and trainings on institutional development subjects such as KPIs, human resource strategy and operational risk framework are given by the consultants. The project's main role is now to monitor closely implementation and facilitate the process if necessary.

Result 2: Strengthened regulatory and supervisory capacity at FRC

FRC requested from ATTF several trainings on technical subjects such as insurance actuary, underwriting and custodian services. These trainings will most likely be organized in August and September when staff is back from summer vacation.

This year is the 20th anniversary of the Securities Commission, which is the predecessor of the current FRC. As the legal framework of the three main regulated markets was shaped during the last few years, a number of large scale activities with project support related to public awareness and interaction with market participants are planned for quarters 3 and 4 of 2014.