



# Financial Sector Reform and Strengthening Initiative (FIRST)

## Supporting financial sector reform globally

### Rationale

The financial sector is at the heart of economic activity and a crucial building block for private sector development. It contributes to macroeconomic stability, helps mobilizing domestic and external savings, and fosters the efficient allocation of capital into productive investments.

Over the last two decades, the vital role of the financial sector for development has become increasingly clear. There is now a solid body of evidence showing how well regulated and diverse financial sectors can make an important contribution to economic growth and poverty reduction, for instance through improving the use of domestic resources or widening the access of poor people to financial products and services. Conversely, weak and ill-regulated financial sectors can have disruptive consequences for economic growth as past and recent financial crises have demonstrated.

The Financial Sector Reform and Strengthening (FIRST) Initiative was launched in 2002 as a multi-donor grant facility to respond to countries' growing interest in strengthening their financial sectors, including ensuring systematic follow-up of the Financial Sector Assessment Program (FSAP).

### Objectives and activities

The overall objective of the FIRST Initiative is to support economic growth and reduce poverty and income inequality in low and middle-income countries by promoting robust and diverse financial sectors. FIRST focuses on delivering high quality technical assistance in the short to medium term. It does so quickly and flexibly. It facilitates the systematic follow-up of the recommendations from the World Bank and International Monetary Fund's Financial Sector Assessment Programs (FSAP) and to Reports on the Observance of Standards and Codes (ROSC). The initiative has been instrumental in designing strategies to implement the recommendations that emerge from these diagnostics.

FIRST supports activities mainly in the public sector, principally by providing technical assistance to policy makers and regulatory bodies. The emphasis is on legal, regulatory and supervisory frameworks, financial sector reform strategy and policy advice, market development and institution building, and crisis preparedness and contingency planning.

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Country/region  
Global

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Executing agency  
IMF, World Bank

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Partners  
Netherlands,  
Switzerland

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Duration  
2018 to 2022  
(Phase IV)

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Total budget  
USD 22 million

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SECO contribution  
CHF 16 million

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Strengthening Financial Sectors

## **Governance Structure**

FIRST is governed by a Governing Council that includes all bilateral donors, the World Bank and the IMF. A dedicated Program Secretariat, located in Washington, DC, manages day-to-day operations. Projects are implemented by World Bank and IMF staff as well as expert consultants.

## **Results so far**

FIRST has established a distinct role in financial sector development as a provider of both technical assistance projects as well as – more recently – more comprehensive reform programs. Up until 2018, FIRST had funded over 778 projects in 120 countries around the globe, deploying over USD 181 million to support tailored technical assistance projects to strengthen financial sector stability, build inclusive financial systems, and deepen financial markets in low and middle-income countries.

During phase III, a total of 196 projects for USD 78.8 million were approved, of which 181 were direct country client delivery and 15 were knowledge products, intended for general capacity development and knowledge exchange. As of December 2019, FIRST has approved 17 projects for USD 7 million in total under its Phase IV funding, which began in July 2018. Many of them focus on the new strategic priority areas climate change, gender and maximizing finance for development (e.g. greening the financial system in Colombia).

## **How to get involved**

The FIRST initiative follows a demand-driven approach. The initiative is open to all low and middle-income countries (as classified by the World Bank). To qualify for FIRST support, project proposals must be submitted directly to FIRST.

## **Further information and contact details**

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