Early Warning System

EBRD-16698

Money Market Diagnostic Technical Cooperation Framework

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Quick Facts

Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	U
Sectors	Finance

Project Description

PROJECT DESCRIPTION

Money markets development is crucial for establishing self-sustaining local currency markets that would improve local currency (LCY) financing conditions for local borrowers including small and medium enterprises (SMEs). Recognising this, the European Bank for Reconstruction and Development (EBRD) supported the development of the Money Market Diagnostic Framework (MMDF), which is a public good that assesses the state of development of money markets and main obstacles to it, documents the plan that stakeholders can collectively implement to improve money markets. MMDF is a practical but comprehensive tool that can be applied in a wide range of countries, which allows for peer comparison between countries of application and track developments through time. MMDF is widely recognised within the international financial institutions (IFI) community as a high-quality diagnostic tool, leading to its application in a number of jurisdictions beyond the Bank's countries of operation.

Money Market Diagnostic (MMDs) are structured around four building blocks, the first of which assesses the current level of money market (MM) development, including by considering the activities of domestic and foreign market participants, the variety and depth of various MM segments and instruments, the availability and quality of benchmark interest rates and yield curves, collateral in market operations and market information. The other three MMD building blocks consider potential policy and institutional reasons for the underdevelopment of money markets, including (i) environment (i.e., monetary policy and legal framework, credit risk, transaction costs, post-trade infrastructure, payment system, prudential regulation, etc.); (ii) central bank activity (i.e., reserve requirements, banking sector liquidity, central bank operations, collateral, etc.) and (iii) resources (i.e., central bank human resources (HR), market HR, information technology (IT)). The diagnostic reports provided to authorities under the MMDF contain a series of policy recommendations targeting identified market gaps, representing an appropriately sequenced and targeted approach to local market development for each country's specific circumstances.

The MMDF is expected to be used by the national authorities in drawing practical conclusions and taking steps towards improving the monetary policy transmission, deepening local money markets as well as by international investors as a source of understanding of the situation in the local markets, thus reducing their uncertainty and promoting investment volumes. Finally, the MMD is believed to support a reform dialogue between the authorities and international financial and development institutions.

The work on MMDF is led by Treasury department, who is steering the Bank's work on local currency and money market.

Investment Description

- European Bank for Reconstruction and Development (EBRD)

Contact Information

No contact was disclosed on the website page.

ACCESS TO INFORMATION

You can request information by emailing: accessinfo@ebrd.com or by using this electronic form: https://www.ebrd.com/eform/information-request

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent.

You can contact the PCM at: pcm@ebrd.com or you can submit a complaint online using an online form at: http://www.ebrd.com/eform/pcm/complaint_form?language=en

You can learn more about the PCM and how to file a complaint at: http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html