

## ■ The Secret to Reform: Resolve and Time

by Charles M. Seeger, FMI Chairman and CEO

A tiny brass airplane sits on a military ribbon awarded to courageous U.S. Army Air Corps soldiers who served in the Berlin Airlift. My father has one. Seemingly endless C-47s ferried supplies to Templehof Airport in 1948-49, symbolizing America's commitment to overcome a Soviet siege to oppress individual and economic freedom. *Time* magazine (July 12, 1948) pointed out that some suggested at the time that it may have been smarter for the U.S. not to have gone to Berlin in the first place, or to have withdrawn before Berlin became a difficult issue. But the planes flew, and fifty years ago the Berlin blockade was lifted, and ten years ago this November America's commitment was rewarded with the tearing down of "that Wall."

Now, as we look back at ten years of USAID efforts in former Soviet countries, "learning lessons" ought not be contaminated by frustration, scandal, and expectations unmet by many of the former Soviet states. I cringe at the question, "Who lost Russia?", as only revealing an ignorance of historical perspective about every society which has undergone legal and economic transformation.

It is no surprise that reform efforts in Russia and the NIS have stumbled. Three hundred years of Romanov despotic rule, where *vory v zakonye* (thieves in law) operated paramilitary societies that preyed on businessmen and czar officials, left an indelible mark. Seventy years of communist authoritarianism eliminated all aspects (except the pretense) of the law as a fair and predictable arbiter of outcomes, or protector of private rights. Indeed, there was not only no market economy, but even no memory of such.

Achieving fundamental reform of the legal and economic system in this environment was known to be, and is, a vast challenge. We should try to avoid entanglement in tangential debates. For example, it is not the case that the success determinant is whether a nation adopted shock therapy (Russia/Poland) or gradualism (Ukraine/Romania). Disappointments and successes abound. Let us also be wary of false analogies, such as comparing the results of today's aid to Russia with the successful Marshall Plan. The Marshall Plan *revived* advanced market economies; today's aid attempts to move toward *creating* such economies.

Inside:

- FMI Recent Projects
- Banking Specialist
- Book Review
- Essay: Regulatory Reform
- Internet update
- Employment Project
- Bulwer-Lytton Awards
- Beijing and Ulaanbaatar
- USAID Contracts
- About FMI
- Consultants Needed

You may have to fight a battle more than once to win it.

*Margaret Thatcher*

*Continued on page 4*

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## ■ FMI Recent Projects

**Ukraine Capital Markets Project Extended Through 2000**—FMI’s successful USAID project to assist the development of Ukraine’s capital markets has been extended for an additional fifteen months, through the year 2000. For the past three years, FMI has provided technical assistance and training to the Ukraine Securities Commission (SSMSC), assisted selected enterprises from across Ukraine to implement International Accounting Standards (IAS) and corporate governance best practices, provided expert advice on the development of the legal and regulatory framework for capital markets, and carried out an extensive public education program on financial disclosure, corporate governance, and shareholder rights. Key accomplishments during 1999 include:

Completion of a Joint Stock Company Law, which is currently being widely discussed among critical groups in Ukraine prior to introduction in the Parliament.

Completion of annual financial reports in accordance with IAS standards by selected pilot project enterprises.

Completion of two key studies: “A Capital Markets Development Strategy for Ukraine,” and “Regulatory Action Plan for the Securities and Stock Market State Commission.”

Implementation of registrar and custodian pilot programs to assist custodians to comply with applicable laws and regulations.

Numerous seminars, workshops, and conferences on financial disclosure, corporate governance, securities market regulations, and related topics.

Looking forward, the project will focus on four important areas. First, FMI will provide technical support to a high-level Task Force to develop a strategic plan and implementation framework for the development of financial markets in Ukraine. Second, FMI will assist the SSMSC in completing the legislative framework for securities markets, including promoting the Joint Stock Company law, developing and promoting a Limited Liability Company law, and reviewing and finalizing the law “On Securities and Stock Market.” Third, FMI will assist the SSMSC in clarifying and implementing its enforcement program objectives, including establishing priorities, procedures, and training methods in the areas of surveillance and enforcement. Finally, FMI will seek to develop an institutional and human resources network and an educational training curriculum to support the development of capital markets in Ukraine.

**Southern Africa Enterprise Development Fund (SAEDF) - Phase II**—In early October, FMI launched Phase II of its USAID SAEDF Impact Analysis Project. This effort, funded under the SEGIR/LIR contract, will provide the USAID Regional Mission for Central and Southern Africa (USAID/RCSA, based in Botswana) with a second series of data concerning the impact of investments made by the Enterprise Fund under its charter to promote economic development in the Southern Africa region. FMI Advisers William Phelps and Carlos Calcopietro will visit over 10 countries surveying selected companies on topics such as employment generation, productivity, gender empowerment and others. This will build on the work done last year, and provide the database for evaluating the current program and restructuring future initiatives.

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## ■ FMI Recent Projects

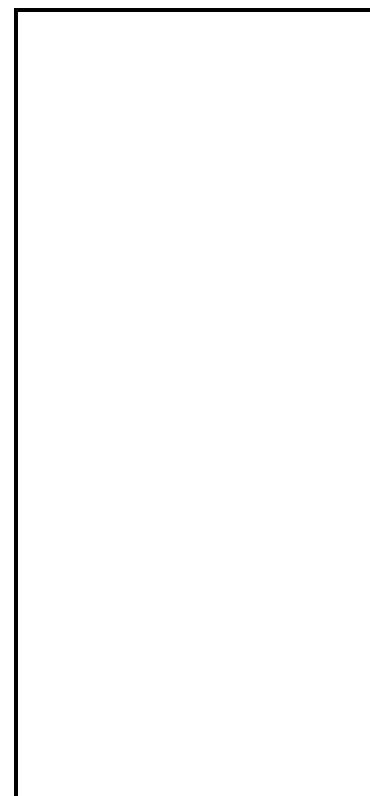
**Philippines Bank Advisory Project**—FMI is serving as Senior Banking Consultant to the Asian Development Bank to identify opportunities for the Bank to undertake both broad based and sharply focused financial sector studies in the banking area in the crisis-affected countries in the region. FMI is assisting Bank staff in preparing for policy negotiations with government and government agencies concerning banking sector issues and adjustment operations. FMI is assisting ADB-member countries in designing and implementing banking sector reform measures, advising banks on better asset-liability management and credit evaluation procedures, and developing a set of monitoring indicators to assess performance of the banking sector. FMI is also analyzing the feasibility of securitizing the assets of commercial banks and non-bank financial institutions to promote secondary markets.

**Mongolia Bank Restructuring Project**—For the ADB, FMI is serving as Senior Banking Consultant to restructure and resolve three conservatorship banks and provide bank supervisory counsel to the Bank of Mongolia. FMI is working closely with Bank of Mongolia to help develop a restructured and viable banking system by providing advisory support to develop, coordinate, and facilitate banking system reforms, and in particular, bank restructuring activities.

**China Asset Management and Bank Reform**—For the ADB in Beijing, FMI assisted with an assessment of the state's largest Asset Management corporation to provide recommendations on ways to strengthen its organizational structure and institutional capabilities. FMI's senior banking consultant worked with the ADB staff to develop strategies for resolving non-performing loan acquisition and operations. FMI recommended appropriate reform measures to introduce asset-backed securities as a means to utilize capital markets for NPL resolution, establish goals for long-term assistance including accounting reform, improve audit procedures, and develop an MIS system for asset management functions.

**Pension Reform Overview**—FMI has been selected by USAID to conduct a review of pension reform initiatives in various nations to evaluate approaches, successes, failures, and make recommendations on the best strategy for future technical assistance in this area. FMI will look at the progress certain countries have made using versions of the three pillar pension reform model, including: pillar one pay-as-you-go social insurance; pillar two mandatory savings with fully-funded, government licensed, privately managed, funds; and pillar three voluntary savings through government licensed, privately managed funds.

**Asset Management**—FMI won a competitive award to implement an asset management pilot project in Ukraine. FMI will evaluate the existing asset management policies and laws, assist with the legal/regulatory framework, educate on asset management administration, and present alternative models of asset management and investment fund operations for adoption by the Government of Ukraine. Particular attention will be given to the existing collective investment funds and non-state private pension funds. FMI will conduct focus groups and develop information on international experience in asset management as policy tools for Ukrainian government officials.



*China: 2 Yuan*

## ■ **The Secret to Reform: Resolve and Time** by Charles M. Seeger

Mind you, many questions do need to be asked, lessons learned, approaches altered. Certainly the need for legal infrastructure that is not merely enacted, but also enforced, is paramount. The reconsidering context should be how best to re-double efforts to help build market based economies governed by laws and enforced rules. We need more efforts, not less, by lawyers drafting reform laws, judges teaching judges on justice administration and court procedures, accountants teaching internationally accepted standards and disclosure practices, bankers instructing on credit analysis of loan portfolios, civil servants teaching fair and honest government administration, and private investors demonstrating business management practices, market driven production, and corporate governance.

Optimism should drive this work. Not pollyannism, but optimism learned from the Austrian economists Ludwig von Mises and F.A. Hayek. They foretold the *ultimate* triumph of economic liberalism that involves protected private ownership, property rights, rule of law, limited government intervention, and a vibrant market economy. Hayek's seminal *The Road to Serfdom* compellingly linked individual and economic freedom, and he was right. Let us give the transformation renewed resolve, and time. Berlin Walls do fall.

### ■ **International Banking Reform Specialist Joins FMI**

**Mr. Ronald Hoch**, formerly Chief of Field Resolutions at the Resolution Trust Corporation, joined FMI as a Senior Bank Regulation expert. Mr. Hoch has accomplished all aspects of financial sector reform, including asset resolution/liquidation, bank examination, and portfolio management both at the RTC and the Federal Deposit Insurance Corporation (FDIC). Mr. Hoch also led RTC efforts to provide technical assistance to the Government of Venezuela to address its banking crisis.

Currently, Mr. Hoch is leading FMI's contract with Asian Development Bank Headquarters to assist with financial sector reform issues arising out of the recent crisis in Asia. Recent tasks under that contract include missions to China and Mongolia where he is focussing on asset management, bank restructuring, loan workouts and institutional strengthening.

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## ■ Book Review

by Karen R. Baines, FMI staff

**The Perfect Storm**, Sebastian Junger (HarperCollins, 1997)

There is no need to be an expert oceanographer or expert fisherman to enjoy this true story of the sea. *The Perfect Storm*, Sebastian Junger's first novel, recounts the last days of the commercial fishing boat, the *Andrea Gail*, and her six-man crew, who disappeared in the North Atlantic in October of 1991, during one of the worst storms of the century. Three storm systems, each dangerous in itself, converged to create a meteorological monster — 100+ mph winds, 100+ foot waves — utterly impossible sea conditions.

Junger introduces us to the crew of the *Andrea Gail* and familiarizes us with their personal lives, some more intimately than others, and gives us a taste of the hard, often-inebriated lives of these men and their families and friends in a rough, New England fishing town. We become acquainted with the type of man who can walk onto a boat, say “I have a funny feeling about this one,” and walk off, giving up potentially a month's income without a moment's hesitation.

The author's reconstruction of events from the time the *Andrea Gail* lost radio contact until she went down is all supposition, since there were no survivors and no wreckage, but he is adept at conveying what “most likely” happened based on known conditions and similar circumstances. The story of the *Andrea Gail* is strongly peppered with the accounts of others affected by the storm—loved ones who can only wait helplessly for news of the fisherman's fate, other foundering boats, and the rescue personnel who risked (and some who lost) their lives trying to save those stranded.

The author chooses to craft a gripping story using a negligible amount of dialogue. While readers can become bogged down in too much information, and want a fair amount of conversation for a story to be palatable, Junger rises to the challenge. Woven within the main story are wonderfully detailed and anecdotal lessons: the dynamics of a boat in rough seas; the drowning process; prevailing weather patterns; the history of North Atlantic fishing; wave hydraulics; and the art of swordfishing. All of this information and more is beautifully meshed to create a flowing, yet intense novel of death at sea. A passage:

“Dawn at sea, a grey void emerging out of a vaster black one. ‘The earth was without form and darkness was upon the face of the deep.’ Whoever wrote that knew the sea—knew the pale emergence of the world every morning, a world that contained absolutely nothing, not one thing.”

*The Perfect Storm* is a well-researched, well-written, riveting novel. Junger has us hooked right up to the closing lines—a must read.

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## ■ “Whither the State? Business and Regulation in the Former Soviet Union”

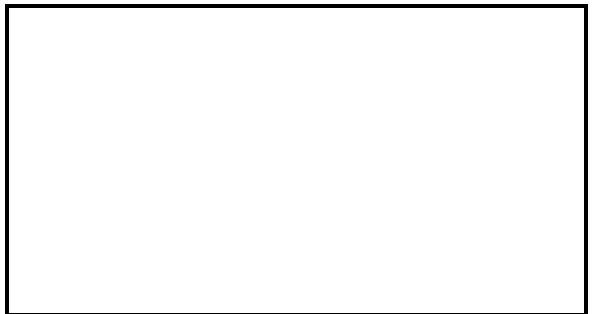
By Robert D. Bond, President of FMI

Reading the financial press, one could form the impression that the problem in Russia and the former Soviet Union is lawlessness and a lack of government regulation of economic activity. The reality is different. Indeed, the *Gosplan* mentality of command and control of the economy is still the dominant model of economic policy-making, not reliance on market forces.

The problem is not one of lack of laws or regulations, but the absence of a commercial law *framework* conducive to private enterprise. Indeed, command and control is so firmly entrenched in some countries that it actively inhibits the development of a market economy. In the Central Asian republics, for example, excessive bureaucratic control has fostered a business climate which features multiplicitous regulatory requirements, out-of-date technical standards, seemingly never-ending inspections, certifications and licensing requirements — essentially institutionalized opportunities for graft and corruption by rent-seeking officials. Likewise, Ukraine’s economy is still beset by policies that focus on control instead of economic liberalization, by laws and regulations that hinder development, by cumbersome bureaucratic procedures and obstacles to doing business, by ill-defined property rights, by a large shadow economy (perhaps as high as 50 percent), and by a resultant scarcity of domestic and foreign capital necessary to fuel economic growth.

In the West, we are accustomed to a legal and regulatory framework which seeks a balance of authority and responsibility between government actors (through direct regulation) and individual actors (through self protection and individual self-interest). By example, in the United States the Securities and Exchange Commission regulates securities markets, but there are also private self-regulatory organizations (SROs, such as the NASD), self-policing is practiced by all securities exchanges, and ratings services (Moody’s, Standard and Poors) provide a valuable disclosure function. We are also accustomed to a legal system which provides alternatives to control risky behavior, such as tort liability, class action suits, injunctions, fines, and breach of contract suits. Thus, in the West discussion of regulatory reform tends to center on the trade-offs involved in regulating commercial activity by government action, and/or whether a particular risk can be controlled more effectively and at less cost by private groups or individual actions. But in the Newly Independent States (NIS), the terms of debate are how to get the state out of the “commanding heights” and let market forces prevail.

Reliance on regulation of business and commercial activity is particularly pronounced in the NIS. After all, the regulatory option does not require taxing or spending, the direct cost to the state in terms of administration is often minimal, and the citizenry are accustomed to a paternalistic state. Further, it is often difficult to convince businessmen that the best guarantee of supply, quality, and price is a competitive marketplace. Rather, there is a strong tendency at all societal levels to assume that regulation is essential and necessarily involves the government. It is seemingly alien to the culture to rely on private associations to oversee market participants’ actions through such means as standard setting, certification, licensing, monitoring, inspections, warranties, brand approval, and arbitration.



Although government officials may view regulation as a no cost, everyday activity of state employees, there are, of course, real costs of regulation. Empirical studies demonstrate that a true accounting of the costs of governmental regulation should include: budget costs of operating regulatory agencies; compliance costs to businessmen; and hidden costs, including corruption and losses in economic output, employment, living standards, and time.

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## ■ “Wither the State” *continued*

If Russia and the NIS are to attract foreign and domestic investment, then a legal, regulatory and operational infrastructure must be put in place which is conducive to growing the market. Commercial laws and their corresponding regulations provide the essential stability, predictability, and reliable enforcement necessary to create the *confident expectations* that foster the development of commercial transactions. Commercial actors must *confidently expect* that contracts will be honored and remedies fairly enforced; that loans will be repaid; that the interest of creditors, shareholders, and managers will be protected; that financial information will be reliable; that pledge registries are effective; that third party enforcement provides swift and fair remedies; and that application of government rules (whether company laws or bankruptcy laws or judicial enforcement) will be fair and consistent.

There are no traffic jams when you go the extra mile.

In developing the appropriate commercial framework in Russia and the NIS, space must be provided for independent third parties to engage in self-regulatory activities. Most regulatory reform efforts to-date have tended to focus on improving the capacity of the government to draft and review regulations, and on training government officials in deregulation. There is a need to supplement this approach by focusing more on market incentives, self-regulation, and the development of grassroots organizations (e.g., consumer unions, environmental groups, better business groups). Greater reliance on private groups and independent third parties will result in a more flexible, responsive, and cost-effective regulatory system, and simultaneously encourage the development of private, market-driven solutions to regulatory problems.

## ■ WWW.FMI-INC.NET

FMI is pleased to announce the expansion of its internet presence, through the development of the FMI-INC web site. We encourage those that want to evaluate FMI, hire FMI, or work for FMI to visit our website (competitors stay away and do not take our good stuff). The information includes project descriptions, links to important international development sites, personnel profiles and the ability to download our most recent newsletters. In the weeks and months to come, we plan to add features to the site including posting of speeches and articles written by FMI staff and consultants, job vacancies, consulting opportunities and the announcement of new initiatives in emerging markets around the world. We are excited at the opportunity provided by the Web to continue our efforts to communicate effectively with clients, partners, and friends around the world. We will value any comments, thoughts, and suggestions which can be communicated to us via the site's Guest Book.

“There will be two buses leaving the hotel for the ballpark tomorrow. The two o'clock bus will be for those of you who need a little extra work. The empty bus will be leaving at five o'clock.”

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## ■ Employment Policy and Labor Markets Project

By Peter M. Levine, FMI Associate

FMI completed its highly successful USAID Employment Policy and Labor Market Monitoring Project in Ukraine. Ukraine's Minister of Labor and Social Protection, Ivan Sahan, lauded FMI's 22 month period of technical assistance support to his colleagues and stated the project was a model of successful U.S.-Ukraine collaboration.

The project initially had a broad mandate to assist Ukraine in developing its employment policy, provide advice on unemployment insurance and support both the State Employment Service and the State Committee on Statistics. However, it soon became clear that the need for accurate, reliable employment statistics was a pressing one for Ukrainian decision makers. Thus, FMI began to work intensively with the State Committee on Statistics to implement Ukraine's first ever quarterly household labor force survey.

The design, testing, and implementation of this survey was a major undertaking. Task One was to carefully evaluate existing data and methods. This review showed that the data collection system needed to be restructured so it could generate better information, thus giving the Government a more accurate picture of the employment situation. FMI's team worked closely with counterparts to achieve consensus behind a pilot survey project, design the survey, select a new sample, train interviewers, and upgrade data processing systems and know-how.

The pilot, conducted in Lviv, was extremely successful and the momentum from its achievements led to a decision to do a national survey in 1999. The pilot was then rolled out on an expanded basis, with additional interviewers hired and trained, training videos produced, software developed to improve data processing, and a sample designed. The survey of 30,000 homes with a response rate of 85%, was achieved and results were released within 90 days. The International Labour Organization, based in Geneva, praised the FMI/USAID work and Ukraine's progress. As a direct result of the Survey, the Government of Ukraine acknowledged publicly that unemployment was 14%, as opposed to the 4% figure previously stated.

Although the survey was the project's most visible achievement, extensive gains were also made in helping the Government deal with unemployment and labor markets issues in a more effective and proactive way. This included equipping and staffing six Employment Office Pilots in the Lviv and Donetsk oblasts to assist people in finding new jobs, provide counseling, and work on job retraining issues. Through automation, efficiency was increased by 40% at these pilots, enabling existing staff to cope with increasing numbers of unemployed. Based on the success of these pilot activities, the Government of Ukraine issued a tender to purchase computer equipment and expand automation to additional regions. FMI also worked with the State Employment Service to address problems in the Unemployment Insurance Fund, including development of an econometric model to project revenues and expenditures, training of staff on key issues in this area, and contributing to a draft law that would involve both unions and businesses in fund management.

Under the direction of FMI Senior Labor Markets Adviser, Von Logan, and USAID Social Sector Adviser, Volodymyr Yatsenko, the program achieved all its key benchmarks, produced measurable results, and left behind a solid professional cadre at various levels of the Ukrainian Government.

Big shots are only little  
shots who keep shooting.

*Christopher Morley*

## ■ Those Awful Opening Lines

Each year, the English Department of San Jose State University holds the Bulwer-Lytton fiction contest. The competition guidelines are simple: “to compose the opening sentence to the worst of all possible novels.” The competition is named for Sir Edward Bulwer-Lytton, who in 1830 opened his novel, “Paul Clifford,” with a sentence immortalized by Snoopy: “It was a dark and stormy night.”

Below are a few selections from this year’s competition. Those who want more can go to *www.bulwer-lytton.com*. Enjoy.

### Winner—Overall:

“Through the gathering gloom of a late October afternoon, along the greasy, cracked paving-stones slick from the sputum of the sky, Stanley Ruddlethorp wearily trudged up the hill from the cemetery where his wife, sister, brother, and three children were all buried, and forced open the door of his decaying house, blissfully unaware of the catastrophe that was soon to devastate his life.” —*Dr. David Chuter, Kingston, Surrey, England*

### Winner—Romance:

“The oil made their skin glisten as their bodies moved in slow synchronous rhythm on the beach, the water gently flowing up around their legs, birds floating in the surf accompanying their moans with songs of pain and despair, otter and seal carcasses washing ashore around them, and it frightened her and exhilarated her at the same time that their love under the open sky might be discovered by a Sierra Club cleanup volunteer.” —*Robert Chappell, Blanchardville, Wis.*

**Winner—Purple Prose:** “Rain – violent torrents of it, rain like fetid water from a God-sized pot of pasta strained through a sky-wide colander, rain as Noah knew it, flaying the shuddering trees, whipping the whitecapped waters, violating the sodden firma-

ment, purging purity and filth alike from the land, rain without mercy, without surcease, incontinent rain, turning to intermittent showers with partial clearing Tuesday.” —*David Hirsch, Seattle*

**Winner—Science Fiction:** “The remaining astronauts strung out on the long tether could only wonder at a universe full of eerie contrasts—brilliant stars against the velvety blackness of space, the hot flare of their comrade’s meteoric plunge into the atmosphere against the cool blue ocean below, the man’s frenzied screams on the radio as he was roasted by the heat of re-entry against the icy calm voice of mission

control as they grilled the astronaut on the far end of the tether, and how hilarious it all seemed when he first yelled ‘Crack the Whip!’” —*Roger Strong, Winnipeg, Manitoba*

**Winner—‘Dark and Stormy’ Division:** “When the Independent Counsel emerged each night from the adjourned closed-door proceedings, reporters assessed how zealously he was currently prosecuting from his facial expression, which on one night might be the familiar affably light smile, while on another night it could be a menacingly dark scowl; and so, as our story begins, they surmised he was playing hardball, for it was a dark-Ken Starr-mien night.” —*Ronald Snow, Huntsville, Ala.*

**And finally, the first line from a putative novel, “A Tale of Two Statisticians”:** “It wasn’t the best of times; it wasn’t the worst of times; it was the times you’d get if you’d arranged possible times (including even fictional times in which the nights were usually dark and stormy) in order from worst to best on the real number line from 0.0 inclusive to 1.0 exclusive and then used a really good uniform random number generator to pick a value in that range thus choosing the corresponding times—that’s the times it was.” —*Dale Dellutri, Libertyville, Ill.*

■ **Letter from the Field** by H. Ronald Hoch, Senior FMI Banking Specialist

*Dear FMI:*

*Manila is huge, difficult to move around as the traffic is congested and construction is always underway. But, Barbara and I found absolutely beautiful pockets—"Intramuros", the old walled city; the original Spanish Manila of 500 years ago; the Coconut House (the Marcos summer home), century old cathedrals, and Lake Taal—a volcano lake within a volcano lake.*

*In Beijing I worked on an asset restructuring project. I did get to Tiannemen Square on the 4th of July. I took a ride in a bicycle-powered cart around the Square and was amazed at the beautiful wide, tree-lined streets which were clogged with German and some small Chinese cars. Taxis are cheap and the restaurants are excellent. One afternoon I did get an upset stomach after eating some eel and soup that had a whole purple bird in it. Fortunately, the Chinese doctor was most attentive, taking my blood pressure with a finger wrap and my temperature under my arm. After some minor medication, I felt great. I tried to pay him, but he wouldn't accept it—isn't socialized medicine great?*

*Mongolia may be one of the world's best kept secrets. Ulaanbaatar weather is perfect—sky so clear—but while it is hot during the day, the temperature drops at least 25 degrees at night. It will get down to 30 or 40 degrees below zero this winter. We've met a surprising number of Americans—some of them in their early 70s who just finished camping in Siberia. The National History Museum is fascinating. The paleontology section had bones of dinosaurs that lived in the Gobi Desert 60 million years ago, and two complete skeletons of the flesh-eating giant Tarbosaurus and the duck-billed Saurolophus. This was also my first introduction to a "ger"—a traditional felt dwelling held together by a simple network of poles and knots. (I want to take my wife camping in one when we go to the Gobi Desert, but she is resisting.) We also attended a concert featuring "Khoomii throat singing" which I am told is found nowhere else in the world, and is the art of producing several notes at once from deep in the throat. Amazing. I now scan the Mongol Messenger's entertainment section for the next Khoomii concert.*

*In Ulaanbaatar, Russian cars are everywhere. There are people riding horseback in the streets, driving horse carts, and all are dressed in beautiful native clothing. After getting to know the capital city, we hired a guide and took off for Manzshir Monastery. It took an hour of travel over extremely bumpy roads in a cramped Russian jeep. When we arrived our guide jumped out, and put on his complete army paratrooper uniform including the boots and backpack. I panicked as I was told we could wear shorts and sneakers and the climb would only be 1200 feet. Somehow, I knew this was going to be a trek we were not prepared for!! "Not prepared" is putting it mildly. After almost three hours of climbing up a mountain, that was 1200 meters to an altitude of 6400 feet, we arrived at the top. I don't know how many holes I fell in but the next day I had black and blue marks and scratched legs. Once I got to the top, however, I forgot the struggle because the view was so spectacular. You could see for miles—such untouched beauty. We climbed down to tour the monastery. Established in 1733, the monastery had over 200 temples and was home to over 300 monks. It was reduced to rubble during the Stalinist purges of 1932, but the main temple has been restored. The temple has several examples of the controversial Ganlin Horn made from human thigh bones, possibly of sacrificed virgins.*

*On our way back to Ulaanbaatar, we saw a nomad moving his entire family using four camels to move their "ger" and their belongings. It was a sight—the camels, people herding sheep, goats, yaks, and realizing that it wasn't staged. I've obviously been to Disneyland too many times. Continuing on, we passed an ovoo—a pyramid-shaped pile of stones, bones, woods and whatever (glass bottles) placed on top of a hill or mountain. These ovoos are sacred and whenever you go by one you should walk around it three times to pray and make a wish, which we did.*

*More later. Life is an adventure and I am enjoying every minute of it! Ron*

## ■ \$60.8 Million USAID Contract to FMI for Financial Services

The U.S. Agency for International Development (USAID) awarded a five year, \$60.8 million contract to FMI to provide financial markets consulting services worldwide from 1999-2004. Through this competitively won contract, FMI expertise can be rapidly accessed by USAID Missions and Regional Bureaus to support financial sector policy and regulatory reform, capital markets development, banking and bank supervision, fiscal and monetary policy advice, pension system reform, development of non-bank credit institutions, including microfinance, municipal finance, housing, and other credit policies.

The FMI-SEGIR/FS (*Support for Economic Growth and Institutional Reform/Financial Services*) consortium includes:

**The Wharton School, University of Pennsylvania**  
**Technical Support Services, Inc.**  
**AG international**  
**University of Georgia**  
**New York Stock Exchange**  
**Morgan Stanley Dean Witter**  
**Options Clearing Corporation**

*Champion*

*FMI Chairman Charles Seeger and President Robert Bond are the contact points for FMI. The USAID component manager for SEGIR/FS is Rebecca Maestri (202-712-0405), E-mail: rmaestri@usaid.gov.*

## ■ FMI'S SEGIR Legal and Institutional Reform Contract

FMI was also previously awarded a Legal and Institutional Reform (LIR) contract to enhance USAID's capacity to identify, analyze, and remedy key legal and institutional constraints to economic growth throughout the world. Under this SEGIR/LIR contract, FMI can provide assessments and evaluations, strategy development, program design services, education and training, and project implementation. The main substantive areas of SEGIR/LIR activity are:

Commercial law	Contracts and enforcement
Acquisition and bankruptcy	Banking and securities transactions
Alternative dispute resolution	Corporate governance
Pension reform	Accounting
Intellectual property rights	Judicial training in commercial law

FMI has already carried out consulting activities in West Bank / Gaza and throughout Southern Africa under this contract. This is a USAID \$22 million contract from 1997-2002. *FMI Chairman Charles Seeger and President Robert Bond are contact points for FMI. The USAID component manager for SEGIR/LIR is Richard Howard (202-712-5625), E-mail: rhoward@usaid.gov.*

## ■ About FMI

**Financial Markets International, Inc. (FMI)** is a consulting firm specializing in the development of capital markets and social sector reform. Founded in 1992, FMI has earned a reputation for expert performance and superior results. FMI has worked around the globe for international donor agencies and private commercial clients. This work encompasses legal and regulatory infrastructure projects, capital markets development services, pension reform, employment restructuring, social-sector reform, institutional development, management information systems, and education and training initiatives. For major international firms, FMI has provided services in strategic analysis, risk management, training, and corporate communications.

*Very Good Firm*

FMI specializes in helping clients achieve economic and social development through market mechanisms, international best practices and systems, and the critical nexus of law and economics. FMI has been privileged to work for the U.S. Agency for International Development, the Asian Development Bank, and the World Bank. Leading corporate clients have included the Chase Manhattan Bank, Options Clearing Corporation, the TIAA-CREF Pension Fund, J.P. Morgan, CIBC/Wood Gundy, Dow Chemical, and other internationally dynamic businesses.

*Developing Markets Today* is published by Financial Market International, Inc. three times each year. Comments and questions are welcomed.

### ■ Seeking Talented Individuals Willing to Work Long Hours for Little Pay (*not really*) and Great Satisfaction

FMI is currently seeking staff and consultants with experience in international finance and social sector reform, including pension administration, insurance, securities regulation, exchange development, bank supervision, corporate governance, and technical infrastructure. We welcome inquiries and resumes from highly qualified individuals desiring to work abroad.

Contact: Peter Levine / Rebecca Crow  
Phone: 301-215-7840  
Fax: 301-215-7838  
E-mail: fmi-inc@mindspring.com

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