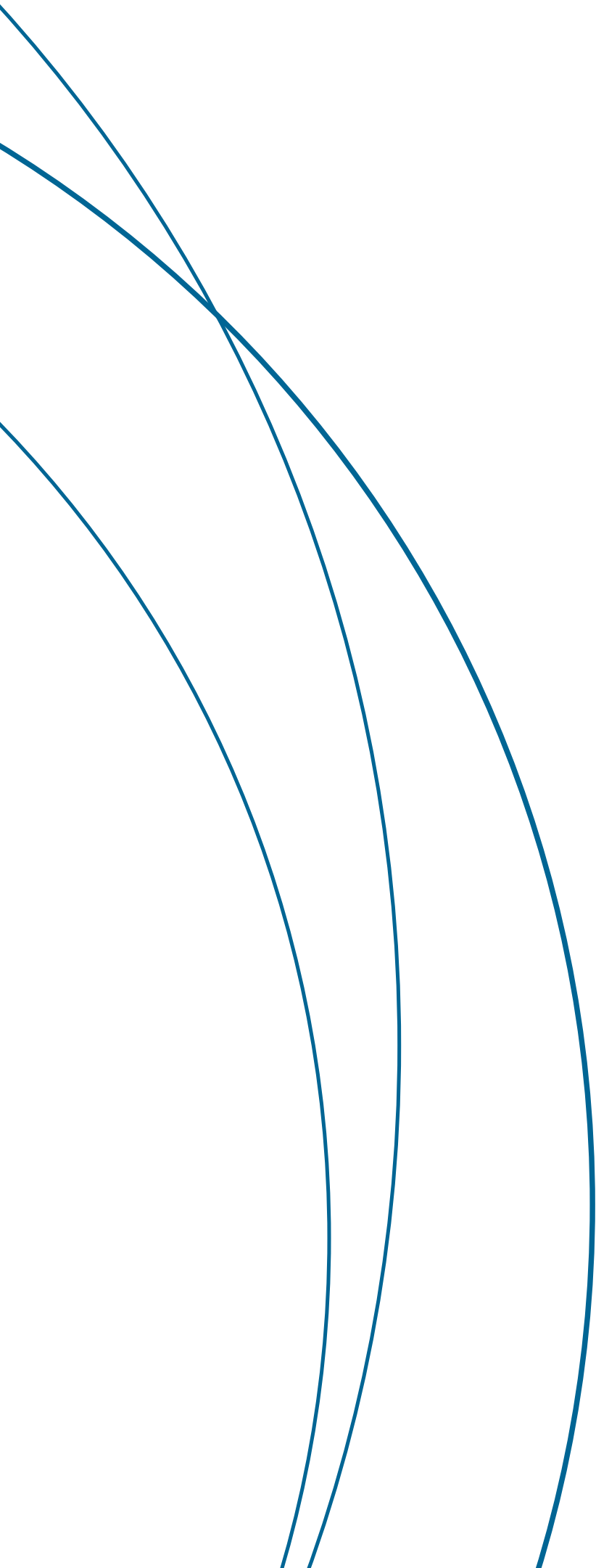


# Report on Advisory Services Operations in the Middle East and North Africa

In Partnership with: the Department of Foreign Affairs, Trade and Development Canada, Denmark, the European Commission, the European Investment Bank, Harakat, International Bank for Reconstruction and Development, Islamic Development Bank, Japan, Luxemburg, the MENA Transition Fund, Netherlands, Spain, Switzerland's State Secretariat for Economic Affairs, UKaid, and USAID.

July 2012 – June 2013





# A WORD FROM OUR DONORS

“ If SME's are to drive a new wave of growth and job creation in the MENA region, they need sound business development plans as well as solid corporate governance structures. The Government of Denmark is supporting the IFC's corporate governance and sustainable investing initiative for the MENA region. The initiative is helping to establish sustainability institutes in the MENA region. The grant funding from Danida and other donors will serve as development seed capital, allowing the IFC to establish the institutions and bring crucial SME development services to the market.”

**Government of Denmark**

“ Canada is pleased to be a donor in the MENA MSME Technical Assistance Facility, which aims to support job opportunities and MSME development, two important priorities for the region. The substantial progress made by the Facility in a very short period speaks to its high level of success and buy-in by contributors and beneficiaries alike.”

**Department of Foreign Affairs,  
Trade and Development Canada**



# Contents

<b>List of Abbreviations</b> .....	1
<b>1. 2013 Fiscal Year In Review</b> .....	2
1.1 Leveraging the Private Sector for Development .....	2
1.2 Key Development Results .....	2
1.3 Geographical Coverage .....	4
1.4 Going Forward .....	5
<b>2. Thematic Areas of Intervention and Results</b> .....	6
2.1 Fostering MSME Development .....	6
2.2 Addressing Constraints to Growth in Infrastructure .....	22
2.3 Supporting Green Growth .....	23
2.4 E4E Initiative for Arab Youth .....	27
2.5 Jobs and Inclusion: Gender Focus .....	30
<b>3. Sources and Uses of Funding</b> .....	32
3.1 Fiscal Year Expenditure .....	32
3.2 Sources of Funding .....	32
3.3 Clients and Partnerships Overview .....	33
<b>4. Annexes</b> .....	36
Annex A: Fiscal Year Results and Targets .....	36
Annex B: Fiscal Years 2011-2017 Targets .....	40
Annex C: Indicator Definitions and Methodology Notes .....	42

## List of Abbreviations

Access to Finance	A2F
Alternative Dispute Resolution	ADR
Advisory Services	AS
Chief Executive Officer	CEO
Corporate Governance	CG
Department of Foreign Affairs, Trade and Development Canada	DFATD
Debt Resolution	DR
E4E Initiative for Arab Youth	E4E
Fragile and Conflict-affected State	FCS
Fiscal Year	FY
Green House Gas	GHG
International Bank for Reconstruction and Development	IBRD
Investment Climate	IC
International Development Association	IDA
International Finance Corporation	IFC
International Finance Institution	IFI
Lebanon Green Building Council	LGBC
Investment Services	IS
Middle East and North Africa	MENA
Micro Finance Institutions	MFI
Micro, Small, and Medium Enterprises	MSME
Organization for Economic Cooperation and Development	OECD
Public-Private Infrastructure Assistance Facility	PPIAF
Public-Private Partnership	PPP
Sustainable Business Advisory	SBA
State Secretariat for Economic Affairs	SECO
Sustainable Energy Finance	SEF
Small and Medium Enterprises	SME
United States Agency for International Development	USAID
World Bank Group	WBG

# 1. 2013 Fiscal Year In Review

## 1.1 Leveraging the Private Sector for Development

Economic growth in the Middle East and North Africa (MENA) has contracted since the Arab Spring began in late 2010. Key regional countries like Egypt, Tunisia, Lebanon and Jordan face a growth slowdown, rising fiscal deficits and debt, high unemployment and inflation<sup>1</sup>. Continued political turmoil in Egypt and spillovers from the civil war in Syria to Jordan and Lebanon threaten to worsen the economic situation in the region. The security situation in countries such as Iraq, Afghanistan and Yemen remains volatile.

The IFC MENA Advisory Services program responded to the challenges of the region and its effects by pursuing a comprehensive strategy of focused thematic interventions. Results from fiscal year 2013 include significant contributions to private sector growth in the region, which complement a solid pattern of successful interventions by IFC in MENA over the past several years.

The demanding regional context requires that we maximize synergies between our products and focus on selected critical areas of intervention. Therefore, we concentrated on removing obstacles that hamper the development of micro, small, and medium enterprises, assisting governments with applying private sector revenue into key investments in infrastructure, removing barriers that inhibit sustainable green growth, and helping youth develop skills relevant to the job market.

## 1.2 Key Development Results

The total active portfolio of IFC Advisory Services in MENA totaled 85 operations at the end of fiscal year 2013 (FY13), an increase of 20 percent from the previous fiscal year. We are currently active in 14 member countries, for a total active value portfolio of \$83.8 million and yearly expenditures of \$21.5 million. FY13 expenditures compare to an average yearly expenditure of \$18.6 million during the past three years, a 16 percent increase.

Table 1 (opposite) shows our high level thematic impact indicators. Our results this year very much reflect the realities of the markets in which we are working. We have seen strong results from our work helping clients improve access to finance in the region and continued progress in reducing costs to the private sector, largely from work on Alternative Dispute Resolution (ADR) in North Africa and Pakistan. We have also seen the impact of the work building small and medium enterprise (SME) skills through improved training delivered by our partners in the region. The SMEs trained reported strong business improvement as they utilized these newly learned skills.

On the other hand, in other areas we have seen lower results than we had hoped for, largely due to caution in taking decisions, particularly investment decisions, during this time of significant uncertainty in the region. This reality has impacted the number of public-private partnership (PPP) transactions. Many have stalled due to political changes as investors wait for more certainty about economic policies and clarity on the effects of changes in governments. While we did not

<sup>1</sup> MENA Quarterly Economic Brief, Issue 1, The World Bank.



see any closings in the region this fiscal year, we did observe continuous efforts to bring transactions to the market and we expect to see closings in the early part of FY14.

Lastly we have also seen significant reluctance by the private sector to take investment decisions around energy efficiency. It is clear that instability in public policy and uncertainty in the market are conspiring to delay decisions. Addressing these delays is critical given rising costs to industry, deterioration in the ability of public grids to deliver needed energy, and the high returns to improving energy efficiency. We are convinced that this is

an area that will pick up strongly over the next few years despite the current underperformance of our targets.

Although there are no results to discuss this year, it is important to point out that the E4E Initiative for Arab Youth has significantly matured with five projects in implementation and another two expected in FY14. We have established strong partnerships and identified key areas where the private and public sectors can come together to improve curriculum, skills, and job opportunities for youth in MENA.

Area of Intervention	Indicator	MENA Plan Targets FY13	FY13 Results	Achiev. Rate
<b>Fostering MSME Support</b>	Value of Micro loans disbursed (US\$)	240,392,250	399,676,456	<b>166%</b>
	Value of SME loans disbursed (US\$)	617,966,540	2,273,549,104	<b>368%</b>
	Estimated value of aggregate private sector savings (US\$) from recommended changes	56,699,431	74,177,340	<b>131%</b>
	Number of entities reporting improved performance	602	476	<b>79%</b>
<b>Infrastructure</b>	Value of financing facilitated (US\$) <sup>2</sup>	111,000,000	0	<b>0%</b>
<b>Green Growth</b>	GHG emissions expected to be avoided (in metric ton/year)	25,000	3,507	<b>14%</b>

<sup>2</sup>Financing facilitated from agreed contracts, not actual investments to date.

### 1.3 Geographical Coverage

In a context of socio-political transition and declining economic performance, we were particularly active across the region (see Table 2 below). The International Development Association (IDA) and Fragile and Conflict-affected States (FCS) continue to be at the forefront of our interventions. A total of 22 percent of FY13 expenditures targeted Afghanistan, Iraq, Yemen, and the West Bank and Gaza. Given the launching of new programs in Yemen and Afghanistan in the new fiscal year, we expect this percentage to continue to grow. Despite deteriorating security conditions during the year, we managed to continue to engage in projects in these countries.

Infrastructure and green growth supported by PPP expanded its portfolio in the Middle East. With the exception of Syria, we are active in all other Middle

East countries to support micro, small, and medium enterprises (MSME), engage governments on regulatory reforms, and to work with local financial providers to broaden access to finance. Our emphasis on green growth operations continues in Egypt, Morocco, and Pakistan. We plan to replicate the successful IFC Lighting Africa program in Pakistan and Afghanistan in the near future.

All countries in North Africa but Algeria benefitted from IFC Advisory Services engagements during FY13. We contributed to reform efficient policies and regulations that will improve the business environment and expand MSME access to finance. Regional programs are developing critical platforms to further leverage successful experiences and replicate lessons learned across countries.

Table 2

		IDA and Conflict Affected					North Africa				Middle East					Reg.	
		Afghanistan	Iraq	Pakistan	W. Bank & Gaza	Yemen	Algeria	Egypt	Morocco	Tunisia	Jordan	Lebanon	Oman	Saudi Arabia	Syria	UAE	Regional-MENA
Fostering MSME Development	Efficient Policies and Regulations																
	Improved Access to Finance																
	Strengthened Business Capacity																
Infrastructure Development	PPP Advisory Services																
Supporting Green Growth	PPP																
	Sustainable Energy Finance																
	Resource Efficiency / Green																
	Clean Energy																
E4E Initiative Arab Youth	Activities across Business Lines																



## 1.4 Going Forward

Given the realities of the region, we fully expect the next year to be challenging for our clients. Despite the difficulties, however, we see increased interest in all the major themes that we are targeting. For example, there is strong demand for access to financing from financial institutions in the region for MSMEs. Also, more and more clients are implementing multi-pronged approaches to help SMEs grow and create employment by offering complementary products, such as training and access to information.

We are observing greater interest and expect, with more political stability, to see an increase in capacity to implement reforms in the investment climate and to reduce impediments to private investment and growth. This will happen as more client governments understand the need to gather more private sector funds to meet the needs of the population for growth and job creation.

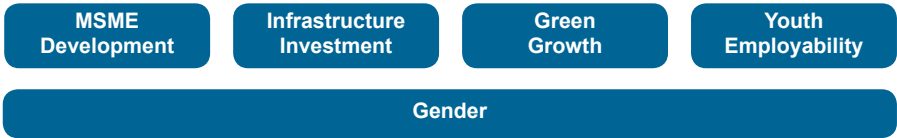
While we expect the market for infrastructure and PPP transactions to remain challenging, we also expect to close a few transactions in the region and hope to spur more countries to move forward with transactions that they can bring to the market. As mentioned earlier, we expect to see marked growth in energy efficiency and clean energy as we increase our capacity and expect more activity in this area from the private sector during the coming year

Lastly, we have seen significant uptake in the E4E agenda across the region and expect to have nine projects implemented in four countries this fiscal year and achieve initial results in our pilot program in Jordan.

## 2. Thematic Areas of Intervention and Results

The MENA region faces a period of profound socio-economic transformation. To address these multifaceted challenges requires IFC to integrate and leverage multiple programs and products. For this purpose, as discussed in last year's annual report, we are increasingly moving towards an integrated thematic approach to address regional developmental challenges and a more holistic strategy that is rooted in synergies between interventions to amplify our impact in the region.

Increased emphasis on the integration of current solutions led our efforts to concentrate on four critical thematic areas: MSME development, infrastructure investment, green growth, and youth employability. The focus on gender and economic inclusion remains a top priority for IFC globally and in MENA in particular. The MENA region, together with South Asia, presents the largest share of projects with gender components. Results from FY13 show that a committed approach to including women in our projects produces economic results as well as significant social changes.



Each thematic area of intervention is supported by a set of interconnected IFC advisory services that contribute to addressing a market gap or failure. Our business line structure has not been altered, but internal integration across advisory services business lines and with the investment services (IS) drives our efforts to strengthen IFC impact in the region.

### 2.1 Fostering MSME Development

Barriers to MSME growth are multiple and of very different natures. In most countries in the region, a broader integrated strategy is needed to support MSME growth and create jobs. To this end, IFC intervened on different fronts across the region. Our teams worked with governments and regulatory authorities to improve policies and legislation that encumber enterprises, start-ups, and development. We helped improve financial infrastructure to foster lending and established alternative debt resolution programs and reliable debt workout frameworks. At the same time, we worked with financial providers to tap MSME needs for credit



to expand and reach new markets. Finally, we offered firms and farmers training in business planning, sales, and human resources, and focused on the needs of SMEs for improved corporate governance in their quest to grow and attract capital.

Interventions on legislation and support for financial providers and firms were designed to address multiple constraints affecting SMEs. By intervening on multiple levels, we can better leverage resources and focus our efforts, thereby aligning the support of our partners with the regional issues that IFC can help address.

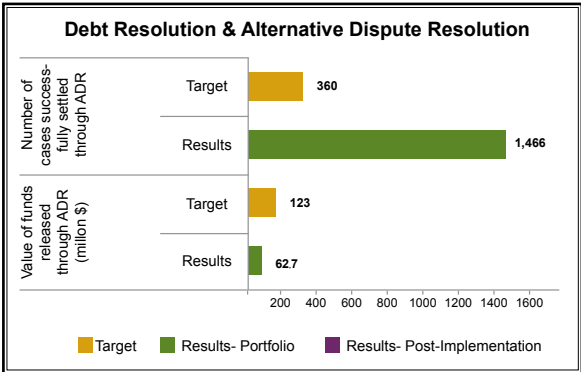
**2.1.1 Encourage Efficient Policies and Regulations**

MSMEs and entrepreneurs are the key drivers to create new paths towards more sustainable and inclusive growth, thanks to their contributions to job creation. However, they can only fulfill this role if they operate within a solid and efficient framework of policies and regulations that favor the creation and expansion of their businesses. The fragile economy and unstable political transformations experienced in many countries of the region severely impact MSMEs, which pay a particularly high price in the absence of sustainable and inclusive growth policies. To address these gaps, IFC operated a set of programs that include alternative dispute and debt resolution programs, business regulatory reforms, and financial infrastructure projects. We expect synergies among interventions to help develop a business environment that is more efficient, conducive to starting and expanding businesses, and creating jobs.



**Alternative Dispute Resolution and Debt Resolution Programs**

The use of mediation as an efficient and reliable commercial dispute resolution mechanism has successfully grown in the region. Aggregate results achieved during the year have exceeded the planned figures in terms of private sector savings, cases that were successfully settled in mediation, and lessening the average number of days to resolve a dispute through mediation. The results reported for value of funds released is \$62.7 million. This amount is conservatively stated as it is based exclusively upon actual reported mediation results. However, since mediation confidentiality prevents the majority of litigants from reporting actual settlement sums, this amount is understated and is believed to be much higher in actuality. IFC does not estimate unreported settlement sums.



Debt resolution programs provide a sound system for loan recovery, restructuring, and insolvency to promote growth and stability. Such programs allow unviable firms to exit efficiently, or reorganize operations and debt, thereby saving jobs. Efficient debt resolution mechanisms unlock tied-up capital and recycle assets back to productive use. Alternatively, inefficient, ineffective, or overly punitive debt resolution systems create an inhospitable environment for business risk-taking, entrepreneurship and new business start up which are key for economic growth

IFC has commenced projects to reform debt resolution systems in Jordan, Lebanon, Egypt, and Tunisia. Policy dialogue includes decriminalizing insolvency to enable more risk taking, emphasizing business rescue reorganization, and revising creditors' order of priorities, and the introduction of "cram-down" provisions.

## Main Accomplishments

**Alternative Dispute Resolution.** Operations are in full implementation with a large effort to train practitioners in Lebanon, Egypt, Morocco, and Pakistan, and to create a regional network of practitioners in Morocco, Lebanon, and Egypt.

- In Lebanon, we contributed to the establishment of two mediation centers, one at the Beirut Chamber of Commerce and the other at the Tripoli Bar Association, with a total of 35 accredited mediators. IFC and the Ministry of Justice of Lebanon signed a protocol for technical assistance on the draft law on judicial mediation and for assistance with design and implementation of a court-referred mediation program.
- In Egypt, our team assisted the Ministry of Justice in finalizing a comprehensive draft law covering judicial and private mediation. In collaboration with the corporate governance team, we organized a series of workshops to introduce the General Authority for Investment with the benefits of using mediation in corporate governance disputes. IFC developed a video clip including dramatization and testimonials for this market. IFC also offered training for 24 judges as mediators and provided technical assistance on the mediation rules of the Cairo Regional Centre for International Commercial Arbitration.
- In Morocco, IFC assisted the Ministry of Justice with finalizing the draft law for court-connected

mediation, this framework was included in the Judicial Reform approved by the Royal Cabinet in July 2013. The project concluded with a national conference on mediation, which served as the platform for the central bank to announce a banking mediation reform.

- In Pakistan, IFC facilitated the establishment of Pakistan's first mediation center, the Karachi Center for Dispute Resolution. The center is working with the securities and exchange commission to introduce mediation for the resolution of corporate disputes. Legislative changes require mediation prior to formal litigation. This reform is expected to decrease the burden in Pakistani courts for commercial disputes.

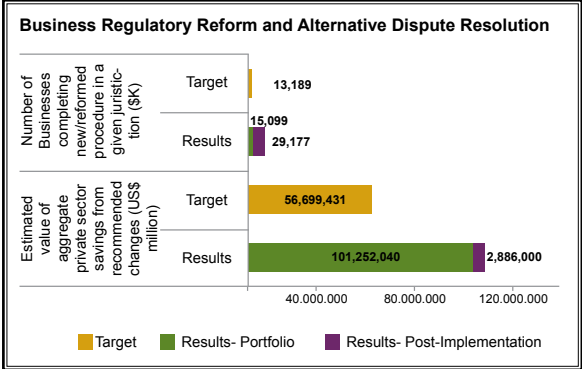
**Debt Resolution and Exit.** IFC projects work with host governments on technical reviews of existing legislation, capacity building, improvement in the oversight of insolvency practitioners, and on the possible introduction of guidelines and mechanisms for efficient out-of-court workouts of troubled debt.

- In Lebanon, we signed a cooperation agreement with the Presidency of the Council of Ministers to assist in the drafting of a new bankruptcy regime, including a supervision framework for insolvency practitioners. In parallel with this agreement, our team is engaging the banking sector on the possible introduction of out-of-court workout guidelines.
- In Egypt, IFC and the Ministry of Justice held an international insolvency conference in Cairo. Officials and key decision-makers participated from Lebanon, Jordan, Tunisia, and Morocco. The conference was opened by the Egyptian Minister of Justice and gathered over 200 participants to discuss common problems and issues in insolvency reform in their respective countries and across the region.
- In Tunisia, IFC and the World Bank assisted the Tunisian government in developing a strategy to address high levels of non-performing loans in the tourism sector.

## Business Regulatory Reform

During FY13, we approved three new projects and continued implementation of seven projects. The business regulatory reform program is now active in all IDA and conflict-affected countries as well as North Africa, Jordan, and Lebanon. Regulatory interventions cover tax reforms, trade licenses,

construction permit procedures, and the investment code. Our programs support government authorities to articulate a more efficient regulatory framework for businesses to grow. MSMEs particularly suffer from lack of public administration efficiency and excessively lengthy procedures to access the market or start up a business. Our aim is to create and enable environments for businesses to grow, invest, and expand.



Since most of the active portfolio of BRR is still quite young (only one or two years old) the expectations of outcome results was low for most of this portfolio but we did exceed the targets on firms completing reformed processes due to the good performance of projects in Egypt, West Bank and Gaza and Afghanistan. On the estimated savings to the private sector (an indicator shared by both BRR and ADR programs) the target was significantly over achieved, as noted above, we have had very strong results particularly in Morocco.

**Main Accomplishments**

Business Regulatory Reform programs grew from one to six interventions this fiscal year. In Iraq, we advised the cities of Baghdad, Basrah, and Erbil in streamlining and simplifying the construction permitting procedures. The goal was to reduce the time for the construction industry to obtain permits and to rationalize the cost for adhering to regulations. The project is also helping the Government of Iraq develop a modern legal and regulatory framework using best practices, to develop a simple and efficient process that encourages the formalization of construction and improves safety standards and formality rates.

In Jordan, IFC focused efforts on a national inspection reform program to enhance the efficiency of inspectorates and reduce the burden on the private sector resulting from inefficient inspections

and overlapping mandates among the various inspection authorities. Our team supported the Government of Jordan to establish a higher committee for inspection reform, responsible for setting policies and directions for inspection reform, and approving reform recommendations.

With IFC support, the Afghan Ministry of Commerce and Industry streamlined the issuance of new trade licenses. By merging two competing departments within the ministry and doing away with needless red tape, the project succeeded in dramatically reducing waiting times for new licenses. With IFC assistance, the ministry was able to reduce the average wait time for a new license by 60 percent. It is anticipated that 33,000 companies will be licensed while nearly 60,000 will renew their license in the next three years.

In Tunisia, IFC launched a multi-component reform program, in close collaboration with the World Bank. The program objective is to improve Tunisia’s investment code, simplify regulatory procedures, improve bankruptcy laws, and remove barriers to competition. A large consultation process to collect feedback from different stakeholders around the reform program was undertaken with 18 workshops and conferences and 339 participants. The reform program in Tunisia is expected to address complex problems such as market access regulations, the distortions between the onshore/offshore regimes, and the high cost and time for new businesses to begin operating in Tunisia.

In Egypt, IFC performed a diagnostic assessment of the investment climate in 15 governorates, complementing policy dialogue on decentralization. Field work was completed and our team and the government are planning the launch event of the study. It is expected that governors will be motivated to compete over improving local investment climate conditions in addition to flagging areas for potential reform for the central government.

In Lebanon, the Regulatory Reform and Automation project will streamline licensing processes while creating a model for information and communication technology (ICT)-based regulatory reform with one-stop shops to be applied across a number of sectors. IFC engaged with the Minister of State’s Office for Administrative Reform to pilot licensing reform in the tourism sector. In parallel, IFC is working with the Lebanese Prime Minister’s Office and the Ministry of Justice to simplify and automate the commercial registry processes related to company registration.

Finally, in the West Bank and Gaza, we have been working with the Ministry of Economy to simplify business registration processes in order to facilitate and simplify MSME's entry procedures. Work only began during FY13. First results will be visible in the coming year.

## Financial Infrastructure

One of the highlights of this year was the early results that we have seen from our efforts to help Micro Finance Institutions (MFI) in Pakistan to integrate their credit information with the local credit bureau and to use credit reports in their approval processes. This contributed to the creation of 2.6 million of credit records being created as MFI customers were added to the database and the purchase of over 113,000 credit bureau inquiries on a national scale. This kind of massive and rapid uptake by the MFIs is rare and we expect that this will help MFIs to improve their credit decisions and reduce the risk of over-indebtedness of their clients. Over 130 participants from MFIs and other financial institutions joined various credit reporting and awareness raising events, which strongly influence building effective credit reporting infrastructures. Given the long gestation period for much of this work we wanted to highlight the results of our earlier work on credit reporting in Egypt, Morocco, and Pakistan which are now in the post-implementation reporting period. All three projects have seen very strong results which have significantly surpassed the targets. The total number of credit bureau inquiries in FY13 amounted to approximately 2.74 million versus a target of 400,000 inquiries. The total number of inquiries to date amounts to 23.4 million. Finally we wanted to share the exciting news that in Afghanistan, banks are now utilizing the newly opened collateral registry and have already filed 261 registrations with a total value of about \$126 million. Implementing the collateral registry contributes to offering financing opportunities to SMEs that typically possess moveable property as their main asset. During the fiscal year, 105 participants attended the regional secured lending conference in Jordan and gave excellent feedback on the quality of discussion and organization. As a result of the enactment of the leasing law, the leasing sector in Jordan disbursed loans (leases) to SMEs for a value of \$400 million.

## Main Accomplishments

During the year, 13 projects addressing financial infrastructure gaps were present in 11 countries

including regional IDA and conflict-affected states, such as Afghanistan, Yemen, Pakistan, and the West Bank and Gaza. In FY13, the following results were achieved:

**Credit Reporting.** Operations expanded into two new countries, Tunisia and Yemen. In the latter, diagnostics and preparation work began in collaboration with the World Bank to support the modernization of the credit reporting infrastructure. In Pakistan, where IFC is working to integrate the microfinance sector in the country's credit reporting scheme, microfinance providers have started reporting data and inquiring on a national scale. In Jordan and Afghanistan, IFC extended support to stakeholders and significant progress has been made to establish the first private credit bureau and public credit registry, respectively. In addition, through the Arab Credit Reporting Initiative, several credit reporting capacity building programs have been implemented throughout the MENA region.

**Secured Lending.** IFC started a new project in Morocco in collaboration with the EBRD to develop a best practice legal framework for secured lending. In West Bank and Gaza, the collateral registry has been established and will be launched upon the law's enactment. In Jordan, Lebanon, and the UAE, secured lending laws were finalized and will be presented to the authorities in the next fiscal year. The collateral registry in Afghanistan is fully operational and utilized by local banks in their moveable asset lending operations. In cooperation with the Arab Monetary Fund, IFC organized a regional secured lending conference in Jordan, which was attended by representatives from several MENA countries.

**Leasing.** We continued to provide support to the Palestinian authorities to fully enact the leasing law and finalize the draft VAT regulations for leasing. In Afghanistan, a proposal was discussed to establish a new leasing company. In Egypt, a market assessment report was finalized and will be presented to the Egyptian government to discuss potential policy reform activities.

**Mobile payment.** As a result of the country assessments performed in FY12 and in cooperation with the World Bank, IFC supported the Central Bank of Lebanon in reforming the National Payment System. In Afghanistan, IFC conducted a preliminary diagnostic to support increased mobile financial services. Engagements in Afghanistan are implemented in partnership with the World Bank and USAID.

<sup>3</sup>The total number of inquiries from projects' closure to date amounts to 16.1 million.



### **IFC Business Licensing Reform Project Reaps Rewards in Afghanistan**

IFC has been instrumental in helping reform the way businesses are licensed in Afghanistan by dramatically reducing costly waiting times, tackling corruption, and giving a boost to entrepreneurs who were previously stifled by bureaucracy.

“Getting a business registration certificate in Afghanistan used to be a tedious job,” said Farshid Ghyasi, CEO of Netlinks, a growing web technology company. “But IFC is saving time for investors and business owners like me, and increases confidence in the abilities of the government.”

IFC has trained about 150 Afghan civil servants as part of a wider effort to create a business environment that supports private enterprise. The project also designed a clear and predictable legal and regulatory framework to facilitate start-ups in Afghanistan.

The Afghanistan Business Licensing Reform Project set out to help the Afghan Ministry of Commerce and Industry to create a transparent and comprehensive licensing system. A review found that licensing processes were time consuming, costly, and often subject to the discretion of officials.

“Previously, the licensing requirements were unclear,” said Afghanistan’s Minister for Commerce and Industries, Anwarulhaq Ahadi. “By streamlining the process, with the help of IFC expertise, we are encouraging entrepreneurs who may have worked outside the formal sector to register, which boosts the economy.”

He said the new system also saves time and money for existing businesses, allowing them to concentrate on expanding and creating jobs.

“Small businesses and entrepreneurs are the lifeblood of any economy,” said Sherif Hamdy, IFC MENA Business Regulatory Reforms Program Manager. “But they are often the most susceptible to slow moving bureaucratic processes. This licensing reform project has already helped entrepreneurs to focus on growing their business and creating new jobs.”

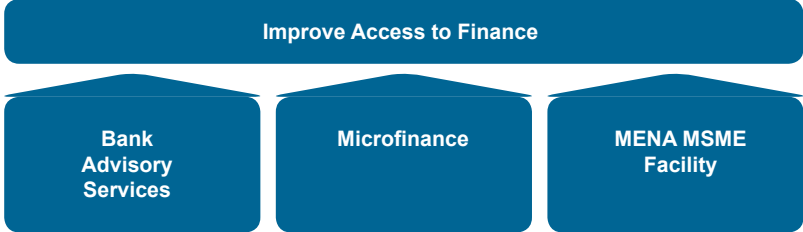
### **Future Prospects**

The region still presents regulatory gaps to fully benefit from smarter business policies. For instance, MENA countries underperformed compared to most of the world’s regions, except for South Asia, in the “Closing a Business” indicator in the Doing Business 2013 report. The average recovery rate in the region was less than 30 cents per dollar. To improve this situation IFC, with the support of its donor partners, will continue to engage with governments and national authorities to implement the reforms that local markets need. We will scale up our debt resolution program and continue to encourage financial infrastructure reforms in North Africa (Tunisia, Morocco, and Egypt), within the framework of the MSME Facility.

Our commitment to the regional IDA and FCS countries will build upon the work and results achieved so far in the region. IFC will seek to build closer relations with the World Bank and other multilateral institutions and agencies, including EBRD and USAID, to leverage the strengths of all parties to benefit MSME in the region.

### 2.1.2 Improve Access to Finance for MSMEs

With the support of our partners, IFC enhances access to financial services for MSMEs and poor households providing them with new investment opportunities and affordable options to save and insure against risk. Our teams seek to strengthen the capacity of banks and microfinance institutions' services in the areas of corporate governance, risk management, product development, and business strategy to enhance their outreach to MSMEs.



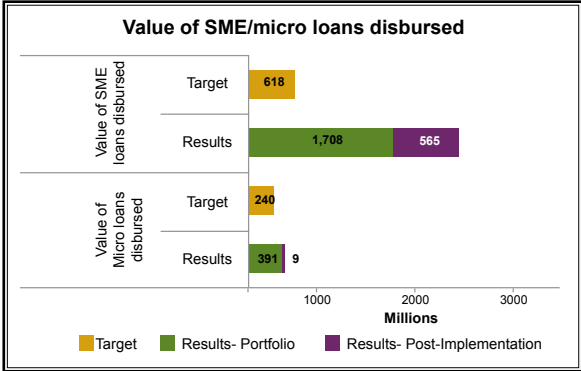
We have seen very strong demand and very strong results in the Access to Finance (A2F) space this year. We have put a lot of effort into delivering top quality advice and support as rapidly as possible. We have significantly increased our activities in FY13, with 10 new projects approved for a total value of \$10 million and a portfolio of 22 projects with a strong focus on IDA and FCS.

We also continued to work closely with the World Bank in the framework of the joint World Bank - IFC MSME Facility to scale up outreach and strengthen financial services to MSMEs in MENA. We have conducted joint scoping missions and have established a joint action plan on MSMEs for Egypt, Tunisia, Morocco, and Jordan.

#### Bank Advisory Services

The Bank Advisory Services program provides services to strengthen the capacity of financial institutions to better serve MSMEs. During FY13, we continued to operate across the region with 13 projects and new operations in Jordan, Iraq, Pakistan, Oman, and Saudi Arabia. We focused on developing SME lending, agri-finance, and fostering the development of solid risk management frameworks.

The impact achieved during FY13 far exceeded our targets; the value of SME loans disbursed reached \$2.3 billion in the region, almost four times the target set for the period. This result is explained by the strong contribution of the BOP Bank project in the West Bank and Gaza, HBL and Al Fallah operations in Pakistan. All of this, in addition to the successful launch of HBL Bank's new SME products in Pakistan, provided results far beyond expectations.



During the year, we were able to collect \$1 million in cash fees from clients receiving IFC advisory services. This amount is in turn re-invested in our programs. Most importantly, it shows market appreciation for IFC's added value and the competitiveness of its services. It also signals strong ownership of our developmental programs by beneficiaries, which are eager to invest in the reforms and changes we advise on.



## **Main Accomplishments**

**SME Banking.** IFC helped six banks in five different countries transform their SME banking business to reach scale. We supported the BLC Bank in Lebanon with an integrated approach, including financial and advisory products for SMEs, like the web-based SME Toolkit. The project team was awarded the “2013 IFC CEO Gender Award” for work with the BLC in the area of banking for women entrepreneurs. We also intervened in the West Bank and Gaza, where we helped Quds Bank hold a soft launch of its SME banking products and services through five main business centers all over the territories.

In Pakistan, we worked with HBL Bank to launch a new suite of SME banking products and designed a new SME banking business model for Bank Alfalah. In Saudi Arabia, we helped Saudi Hollandi Bank build an SME business plan and re-engineer the back end processes and organization to support growth in SME banking. Finally, in Oman, we collaborated with Bank Muscat to enhance its value proposition to SMEs with a special focus on Women in Business (WIN), and provided SME educational events in collaboration with the Sustainable Business Advisory business line.

We strived to expand our SME banking portfolio and succeeded in acquiring two new clients. In Saudi Arabia, we approved a new project to strengthen the SME banking operations of the world’s largest Islamic bank, Al-Rajhi Bank. We also approved a new project to assist the Jordan Loan Guarantee Corporation develop its capacity to improve its offering to partner banks and thereby expand its banking services for SMEs.

### **Risk Management and Institutional Capacity.**

We provided technical support to Amen Bank in Tunisia to strengthen its corporate governance and risk management practices, which will help the bank solidify its position as a market leader and expand its lending to smaller businesses. We also approved the first banking advisory services and joint advisory services/investment services project in Iraq, which will focus on building the institutional capacity of United Bank for Investments for a more efficient provision of banking services to Iraqi businesses, including SMEs.

**Agribusiness Finance.** IFC approved the first engagement for MENA advisory in agribusiness finance with HBL Bank in Pakistan. The objective is

to improve its outreach to the largely disenfranchised agricultural community by strengthening the bank’s capacity to solicit new agri-customers and by offering products and services suited to the needs of potential customers.

**Knowledge Management.** We continued to raise awareness, disseminate knowledge, and build the capacity of bankers on SME banking. We held two advanced SME banking training programs in partnership with the Association of Banks in Jordan and the State Bank of Pakistan, and one risk management training program in partnership with Credit Bank in Lebanon. We also organized an SME banking conference in partnership with the Palestine Monetary Authority and the Association of Banks in Palestine, in addition to organizing IFC’s annual flagship MENA SME Banking Conference in Dubai in partnership with the Arab Monetary Fund. We also launched a survey on Islamic finance for SMEs in MENA, which will help understand the demand and supply of Islamic banking for SMEs in the region, in order to identify market gaps where IFC could add value.



### **IFC is Helping Unlock the Entrepreneurial Power of Pakistan's Smaller Businesses**

For more than five decades, Zulqarnain Ali Chaudery and his family have run Electrum, an electrical equipment manufacturer in Lahore.

A few years ago, Chaudery landed a major contract with one of Pakistan's biggest conglomerates. But the company, which employs 20 people, was facing a conundrum: it didn't have the manpower or equipment to complete the project.

So, Chaudery turned to Habib Bank (HBL), a long-time IFC client.

The lender came through with a \$35,000 loan, which allowed Electrum to expand quickly. Now the company, which is planning to double its workforce, is going after other major contracts.

"Acquiring new business is key for our company and HBL has made it possible," says Chaudery.

Electrum is one of many companies that have been helped by the lender, which in late 2011 launched a ground-breaking suite of financial services aimed squarely at smaller businesses. IFC played an instrumental role in that, advising the bank as it developed a new model for lending to small and medium enterprises.

It was part of a wider effort by IFC to support smaller firms across Pakistan, a country where entrepreneurs often struggle to develop their businesses.

"SMEs are the backbone of Pakistan's economy, but they have trouble getting the financing they need to expand and create jobs," said Kaiser Naseem, IFC's head of Bank Advisory Services in the region. "By helping them access that money, we can drive economic development across the whole country."

To do that, IFC is ramping up its advisory work in the country. It has trained 4,400 entrepreneurs through Business Edge, developed mediation and alternative dispute resolution centers in Lahore and Karachi, and showed scores of lenders how to reach out to SMEs.

One person who benefitted from that work is Muhammad Ilyas, the owner of a scrap metal business in Lahore. The 45-year-old used a loan from HBL to supersize his business, and is now planning to open a scrap metal factory that will employ dozens.

"Opening a factory might be another 10 or 12 years in the future if I did not have the HBL loan," he says. "So things are moving a lot faster for us."

## Microfinance

IFC's microfinance advisory engagements in the region seek to help microfinance institutions (MFI) reach their goals by enhancing strategies (including options for transformation), diversifying their product offering beyond micro-credit (very small enterprise, housing, Islamic, etc.), and improving their capacity to manage risk effectively. As of end of FY13, the portfolio has grown to reach 12 active projects across Egypt, Morocco, Pakistan, Tunisia, West Bank and Gaza, Jordan, Yemen, and Iraq.

## Main Accomplishments

**Risk Management.** We continued to support MFIs in building advanced risk management systems to measure, monitor, mitigate and eventually limit their exposure to risk. A dynamic and fully operational risk management unit (with accompanying tools and policies for managing credit, operational, and financial/liquidity risk) was established by ENDA Inter-Arabe in Tunisia, with similar success witnessed in Al Amana in Morocco. They are two of the leading MFIs in the Arab World. Similar efforts are underway at Palestine for Credit and Development (FATEN) in West Bank and Gaza. New risk management and governance activities for the coming year are also lined up for DBACD in Egypt, Tamweelcom in Jordan, Al Kuraimi Microfinance Islamic Bank in Yemen, FBP in Morocco, and Al Tadamun in Egypt.

**Very Small Enterprise (VSE).** IFC signed a three-year, \$2.2 million comprehensive advisory services project with Al Kuraimi Islamic Microfinance Bank (KIMB) in Yemen. Early stage work included a visit by an IFC banking expert to conduct a VSE diagnostic to understand the potential introduction of VSE financing into the bank's operations. Market research to better understand the supply and demand for very small enterprise financing is due to kick-off in early FY14. Similar VSE work is expected to be conducted in Morocco.

**Housing Microfinance.** We registered satisfactory progress on housing/home improvement (HMF) product development activities in Egypt for the Dakhleya Businessmen's Association for Community Development (DBACD). The work was well received and the new product is due to be piloted during FY14. Efforts are also underway to integrate a responsible finance lens in the product design, including the use of Grameen Foundation's Progress out of Poverty Index (PPI) to better target low income households

and to eventually measure impact of HMF products on clients. We have also started engaging on a similar initiative with Al Kuraimi Islamic Microfinance Bank in Yemen, which is likely to expand its focus eventually into low-income housing and mortgages in a shariah-compliant manner.

**Strategic Planning.** Our team started activities with FONDEP, one of the top three MFIs in Morocco. Work on strategic planning is in progress and expected to help identify priority areas of capacity building required to prepare the institution for its potential transformation. We plan to work with other MFIs, including Al Kuraimi and FATEN, in the coming fiscal year to help define their strategy in a critical phase of their business development process and market evolution.

**Microfinance and Credit Bureau Integration.** IFC is leading two projects in Egypt and Pakistan in an effort to integrate MFI borrowers into the national, private credit bureau systems. In Egypt, we have actively worked with the Egyptian Microfinance Network (EMFN) to sustain efforts and involve new MFIs in the country's only credit bureau, I-Score. Four of the largest MFIs have begun to report individual client portfolio data on a regular basis and request credit reports with 89,000 inquiries to date. IFC activities in Pakistan contributed to the submission by MFIs of 2.6 million custom records to the private credit bureau. This database enabled 13 MF providers to inquire from a wealth of information to use in their credit decision making process.

**Knowledge Management.** IFC recently approved a regional microfinance knowledge management project covering two years and valued at approximately \$1 million. The project has a two-fold objective. First, to better deliver high quality services to clients through the design and delivery of streamlined tools and solutions. Second, to help raise client awareness on the importance of the MENA Microfinance Program's focus areas, which are risk management, very small enterprise, and housing microfinance product development and transformation. Awareness is raised by organizing national and regional workshops, sponsoring key regional conferences, and drafting leadership papers on these focus areas.

Overall, four new projects were approved in FY13 with a total value of \$3.87 million. In the coming year, IFC will lead several new initiatives in the region, including savings-linked micro-insurance, Islamic/micro-equity and branchless banking.



### **Helping Manage Risks and Expand Access to Finance in Tunisia**

ENDA Inter-Arabe: Founded in 1990, as part of the international ENDA Third World network, ENDA Inter-Arabe has grown from a small, development-focused NGO in Tunisia to become one of the largest and most successful microfinance institutions (MFIs) in the Arab World. Today, with more than 65 branches and over 1,000 staff, it provides financial and non-financial services to low-income households in rural and urban areas throughout Tunisia. Following fiscal year 2013, ENDA has 226,000 active clients (about 65 percent of whom are women) and a microfinance portfolio valued at close to \$87 million, all while maintaining strong portfolio quality at a low risk, and a strong social mission.

In 2011, ENDA was hit hard by the repayment crisis triggered by the Arab Spring. During the revolution in Tunisia, many of its micro-credit clients were deeply affected by the contraction of the economy, and the MFI even had to temporarily close some of its branches.

However, rather than spiral out of control, ENDA took smart, quick decisions to limit the damage, leveraged its committed staff and strong client relationships, and benefitted from IFC advisory support to enhance its recovery strategies and develop proactive portfolio monitoring and credit scoring tools.

In August 2012, IFC also extended a new local currency loan worth \$7 million to ENDA, while at the same time continuing to help the institution build its capacity through advisory support in the areas of corporate governance, product costing/marketing, and risk management. IFC's timely assistance—both advisory and investment—has not only helped ENDA to access the medium-term funding needed to continue its growth and revise its product marketing strategy in preparation to face new competition, but also to adopt advanced risk management practices that should help it cope with the continuing political and economic instability affecting Tunisia.

## **MENA MSME Facility**

The MENA MSME Facility, a joint World Bank and IFC initiative, aims at improving the business environment for MSME finance in the region, strengthening the capacity of financial providers of microfinance and SME banking services, and encouraging MSME growth through dedicated business development services. The facility is expected to stimulate the expansion of the region's large pool of MSME by impacting more than 250,000 firms and entrepreneurs in the next four years.

Building upon the global leadership and regional expertise of the World Bank and IFC, interventions funded by the facility aim to increase MSMEs access to finance, stimulate job creation and create more inclusive growth. The facility acts as a platform for catalyzing collaborations from other international donors interested in MSME sustainable growth.

Countries eligible to benefit from funds and advisory services are Morocco, Tunisia, Egypt, Jordan, Lebanon, and the West Bank and Gaza. The total current budget of the facility is \$41 million, of which \$28.5 million has already been mobilized with significant donor contributions from UKaid, SECO, DFATD, DANIDA, and the Government of Japan.

Since its inception, the facility has posted important results. During the last fiscal year, 3,143 loans were disbursed by project partners to SMEs and 570,777 to micro enterprises, for a total value of \$672.2 million. The innovative nature of the operations financed by the facility led to the recognition of two awards. The project with BLC Bank Lebanon won the "2013 IFC CEO Gender Award" for the outstanding Women in Banking program, while the ENDA Inter-Arabe project won the "Smart Lessons Learned Award on Microfinance" for its paper on "Managing Credit Risk in Microfinance: Challenges in the Wake of the Arab Spring."

## **Future Prospects**

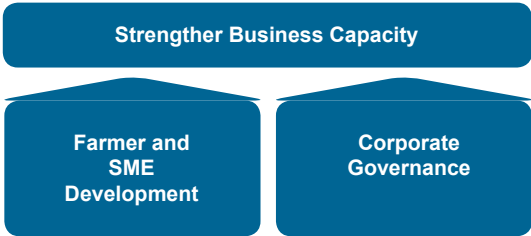
The provision of advisory services to improve access to finance for MSMEs is moving toward a client-centric strategy, offering client solutions integrating two or three advisory products. Our project with BLC Bank in Lebanon represents a successful example of this strategic approach. Our offering integrates corporate governance, risk management, and gender finance. Business development efforts generated a robust pipeline of

projects in Iraq, Pakistan, Egypt, Morocco, Jordan and Lebanon, expected to kick off during FY14.

We are continuously bringing different products from our portfolio to enhance our value proposition. For example, we are partnering access to finance programs with Sustainable Business Advisory products to offer SME capacity building services through bank clients. Three such projects were implemented in FY13 and more are planned for FY14.

Within the framework of the MSME Facility, the World Bank and IFC are conducting joint scoping missions with country officials and private sector representatives to identify the main hurdles to MSME development. In FY13, we developed a holistic plan for MSME development in Jordan and Egypt. Morocco and Tunisia will follow in early FY14.

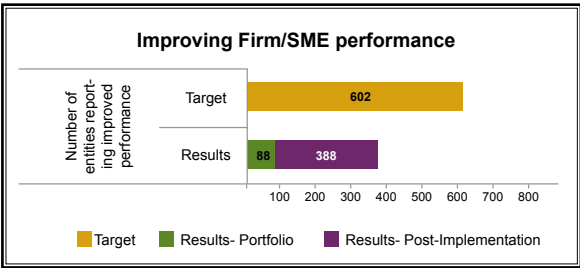
### 2.1.3 Strengthen Business Capacity



A comprehensive intervention to foster MSME growth in the region includes engagements with governments to reform the business regulatory framework<sup>4</sup>, work with financial providers to improve access to finance<sup>5</sup> and, crucial to the goal of development, interventions directly targeting SMEs, farmers, and entrepreneurs to strengthen their business capacity.

IFC worked with diverse stakeholders to promote sound environmental, social, governance, and industry standards, and to support sustainable supply chains while building their capacity. Work is implemented in several sectors including agribusiness, manufacturing and services, infrastructure, and financial markets.

#### Farmer and SME Development



Farmer and SME development operations aim to improve the business performance and competitiveness of farmers and SMEs in local and international markets, as well as improve the employability of youth. The idea is to leverage lead firms and strengthen local market intermediaries (mostly training providers) to deliver practical, localized management training and information, using IFC’s Business Edge (BE) and SME Toolkit. It also promotes the adoption and deployment of internationally recognized standards, enhancing environmental and social performance.

In FY13, our projects helped strengthen the business skills of 1,313 MSME entrepreneurs and unemployed people through localized, practical business management training. Thanks to strengthened management skills, 60 percent of the young people were able to access the labor market. More than 35 percent of the participants across 10 countries were women. 239 SMEs and farmers in the wastepaper management and olive oil sectors adopted internationally recognized standards, which led to \$800,000 in increased sales.

#### Main Accomplishments

**Value Chain Development.** We helped consolidate the capacity of farmers and SME in the value chain of agribusiness and manufacturing companies in Pakistan and the West Bank and Gaza. Both projects were finalized in FY13. At the end of the project in Pakistan, Packages (a paper manufacturer) saved \$381,794

<sup>4</sup>Chapter 2.1.1  
<sup>5</sup>Chapter 2.1.2

by increasing its supply of domestic wastepaper collection, thereby reducing its imports. To make this possible, technical and business training was given to 19 of Packages' waste collection suppliers, which in return were able to fully sell their offer, leading to increased sales of \$550,000. At the end of the project in the West Bank and Gaza, eight small and medium sized olive oil companies had already generated over \$255,000 in export sales through Daskara, a unified export brand. These companies were trained and coached to improve their financial management practices, enhancing their ability to apply for financing. In addition, a total of 600 olive farmers, several farmer cooperatives, and olive milling facilities adopted a traceability program that is mandatory to access global markets.

**Youth, Women and SME Development.** The Business Edge network was expanded to a total of 31 training providers, which provided management and business skills training to 1,313 MSMEs and 14,238 individuals, of which 35 percent were women. An impact assessment of MSME owners/managers trained in Pakistan showed that 80 percent reported improved business performance and 88 percent in Yemen. A new Business Edge project was launched in Iraq, and as part of the exit strategy, the operation of the program in Yemen was successfully spun off to Small and Micro Enterprise Promotion Service (SMEPS), resulting in an exponential growth of people trained post project completion.

In partnership with the Yemen Education for Employment Foundation, 764 youth were trained between FY09 and FY13, and 514 were placed in jobs (39 percent were women), of which 69 placed in jobs were in FY13. Based on the success in Yemen, a regional agreement was signed in FY13 with the foundation's global representatives in New York to replicate the intervention in several other countries in the region. In Tunisia, 82 graduating engineering students received business management skills training by Esprit University to improve their employability. Also, two pilot projects were conducted in Pakistan to train science/technology graduates of the Institute of Space Technology Islamabad on entrepreneurship and business skills. Initial results show significant improvements in business planning ability and one university is now keen to incorporate business skills training in their curriculum on an on-going basis.

The overall outreach to women was increased by 10 percent over the last year primarily as a result of increased training delivery to women in Afghanistan

(49 percent women trained) and Yemen (36 percent women trained).

**MSME Growth Through Non-Financial Services.** By providing value added non-financial services in addition to traditional banking services, banks can increase the potential of MSMEs to become more bankable, repay loans on time, and improve their business practices so they can grow. IFC is committed to helping banks offer non-financial services, because they are a key element to providing SMEs with the tools they need to succeed. While the niche in emerging markets is new, it is gaining momentum and showing positive results.

IFC has been scaling up its non-financial services offer. IFC supported Banque Libanaise pour le Commerce (Lebanon) in drafting its strategy for the deployment of non-financial services to SMEs and partnered to launch a localized version of the SME Toolkit in Arabic and English. The on-going SME Toolkit partnerships with Qatar Development Bank, Khalifa Fund for Enterprise Development (UAE), Jordan Ahli Bank, and Riyad Bank (Saudi Arabia) enabled the wide dissemination of business information and tools to 137,960 individuals. Bank Muscat (Oman) also successfully trained 115 SME clients through Business Edge workshops.

## Corporate Governance

IFC helps companies, including SMEs and family-owned enterprises, attract investment by improving their corporate governance practices. We also work with investors to incorporate sustainable investment practices into their investment decisions and, with regulators to develop codes and strengthen enforcement of corporate governance practices.

Over the past year, the MENA corporate governance team shifted focus from listed companies to SMEs. Projects successfully deployed the specialized SME Corporate Governance Toolkit, which was developed by IFC in 2012, across the region. Projects engaged SMEs to improve corporate governance practices and enhance their opportunities to attract investment for business growth.

In FY13, IFC was successful in delivering the above range of advisory services to 309 companies and institutions. Approximately 75 companies comprising MSMEs received capacity building support focused on improving key aspects of corporate governance. Improvements were made on developing business

plans, financial management standards, management controls, succession planning, risk management and strategies for approaching potential investors and financial institutions for financing growth and development of their companies.

We succeeded in increasing our footprint in the region by expanding the partnership networks to reach out to 1,887 participants through corporate governance training and awareness-raising events. From partner institutions, IFC-trained trainers educated 1,073 participants.

## **Main Accomplishments**

**Forging links with investors.** The team focused on strengthening SME corporate governance and forging links with investors for better access to finance. Demonstrating how SMEs should address the governance concerns of private equity investors, IFC conducted “Meet-the-Investor” sessions for SMEs, in collaboration with IFC’s SME business skills training program (Business Edge), the Egyptian Private Equity Association, and the Egyptian Junior Business Association. We also partnered with Dubai SME, an agency under the Dubai Department of Economic Development, to develop programs for its top ranked 100 SMEs to become bankable, attract investment, and enhance their corporate governance practices. It opened up opportunities to deliver a broader range of Advisory Services to these SMEs and to roll out similar initiatives across the region. Finally, the Egyptian Institute of Directors was supported by IFC to strengthen its capacity for delivering corporate governance training to SMEs listed on the Nilex (Egypt’s SMEs Stock Exchange) or planning for an IPO in FY14.

**Increasing outreach to SMEs by enhancing partnership networks.** IFC worked with the Institute of Corporate Governance, a privately formed initiative in Egypt to promote good family governance practices. Work continued in 2013 on refining the program based on IFC’s corporate governance SME materials and diagnostic tool. We also collaborated with the Jordan Institute of Directors, the Corporate Governance Unit of the Companies Control Department, and the Ministry of Industry and Trade to equip SMEs with skills needed for oversight and control of their companies. We widely disseminated the message on the importance of corporate governance for the long-term sustainability of SMEs through targeted workshops. In partnership with the Yemeni Businessmen Club, IFC engaged SMEs on the importance of corporate governance in establishing family governance mechanisms, succession planning and building sustainable businesses for the long term. Leveraging the partnerships with chambers of commerce and SME associations, IFC supported the improvement of SME corporate governance practices in Pakistan.

**Developing institutional capacity to deliver corporate governance training to SMEs.** IFC worked with the Lebanon Institute of Directors to launch the Corporate Governance SME program, which aims to equip SMEs with skills needed to run companies. The Moroccan Institute of Directors launched its chartered director certification program modeled on IFC’s board leadership toolkit. The certificate will assist in professionalizing directorship and in creating a database of directors to respond to demand for independent directors. We supported the Tunisian Institute of Directors in developing a residential corporate governance training program targeted at its client base of SMEs. In addition, following strong demand from the Algerian Corporate Governance Institute, IFC trained master trainers from the institute on delivering board leadership training to directors. This is the very first step in enabling business development of IFC corporate governance services in Algeria. In collaboration with the World Bank Private Sector Development department, IFC trained regulators from the Afghan central bank on establishing a corporate governance regime in the country through codes and stronger enforcement policies.

**Knowledge tools targeted at SMEs.** We drafted a “2013 Success Stories in Corporate Governance” publication, specifically targeted to SMEs to demonstrate the business case for good corporate governance in MENA. The publication shares the experiences of more than 20 companies that made governance improvements over the past few years, summarizing the changes they implemented and the impacts they reported. The Jordan Institute of Directors, in partnership with IFC, published a study comparing the different corporate governance regulations and requirements in Jordan to increase the awareness and understanding of the different relevant regulations. The publication is built around the premise that corporate governance is



increasingly becoming of significant importance for growth, continued success, and long-term sustainability of companies. We also collaborated on gender diversity studies in Jordan and Morocco to raise awareness on the value of board diversity and its impact on business performance and sustainability. The corporate governance team is developing a corporate governance handbook specifically targeted at SME to determine the specific governance challenges faced by SMEs and relate them to associated best practices based on IFC corporate governance methodology.

### **Future Prospects**

During FY14, IFC will expand corporate governance operations into Iraq and launch a new project in Yemen. Using knowledge tools developed during FY13, we will continue to build the business case for establishing sound corporate governance practices to further polarize our focus on small businesses. We intend to further extend collaboration with other programs, in particular the Business Edge (BE) and Farmer Training program.

On the latter programs, IFC will continue to respond to the identified areas of need in the region, including agribusiness, SME development and youth employability. In particular, we plan to increase our contribution to MSMEs by developing integrated solutions and working with lead firms in the agribusiness, financial, and manufacturing sectors in order to build the capacity of SMEs in their value chains. IFC will also expand both its training delivery network and training content in countries in political transition.

Leveraging internal resources, partnering with equity firms and financial institutions, we will align investors to SME needs to raise capital for business growth. This collaboration will not only serve to increase outreach but will help provide technical assistance relevant to the needs of the market in improving business growth, creating employment, and ensuring the long-term sustainability and viability of the MSME sector.

### **IFC Promotes Corporate Governance Across MENA**

During the last year IFC, has ramped up its corporate governance training for smaller businesses in the Middle East and North Africa, part of an effort to spur economic development post-Arab Spring.

From Pakistan to Tunisia, advisory services teams have worked closely with entrepreneurs, showcasing the importance of management controls, internal audits, independent directors, and succession planning.

“Weak corporate governance practices present difficulties for small and medium enterprises and family-owned businesses,” said Mouayed Makhlof, IFC Director for the Middle East and North Africa. “Many are on the brink of expanding and are trying to attract additional capital, but a lack of checks and balances make that difficult.”

One person who can attest to the importance of sound corporate governance is Labib Shalak, the owner of a Lebanon-based software company, MobiNets. IFC invested \$2 million in the firm two years ago and also gave Shalak pointers in corporate governance. That prompted him to hire a chief financial officer.

Since then, the company has won several major contracts and doubled its workforce.

“We will continue to liaise with small businesses and lenders, using excellent corporate governance as a means to free up access to finance across the MENA region,” said Makhlof.

## 2.2 Addressing Constraints to Growth in Infrastructure

IFC provides transaction advice to national and sub-national governments and other public sector authorities to structure public-private partnerships (PPPs) that can mobilize private sector investment and expand access to higher quality infrastructure services, thereby fostering long-term economic growth.

IFC advises governments on the development of a conducive, enabling environment for private sector participation in infrastructure, through supporting the creation of optimal policy, institutional, legal and regulatory frameworks. IFC offers capacity building and training to government officials in the region to foster institutional knowledge and disseminate best practice in PPP transaction implementation.

### Main Accomplishments

FY13 continued to be marred by the political unrest in the MENA region and the related slow-down in public decision-making. Despite this situation, significant results have been achieved. In Egypt, through a programmatic Memorandum of Understanding (MoU) with the PPP Central Unit, IFC is supporting multiple PPP pre-feasibility studies in the urban transport, solid waste, and telecommunications sectors in Egypt. IFC has also provided financial modeling and project finance training to government officials. In addition, the Dairut Independent Power Producer project, which had been on hold for over a year, was reinstated.

An MoU was signed with the Kurdistan Regional Government's Ministry of Planning to support the identification and development of PPP projects, and to provide government officials with capacity building. In Pakistan, two MoUs were signed with the Punjab PPP Unit and the Privatization Commission. The IFC team will support the Punjab PPP Unit to identify and develop PPP projects, and will assist the Privatization Commission in the prioritization of government infrastructure assets to be privatized.

In Afghanistan, one of the fragile and conflict-affected states of the region, a mandate was signed with Da Afghanistan Breshna Sherkat (DABS), the national power utility, to develop a management support contract for the Kandahar Operations Center, one of DABS regional departments. The project is designed to improve the financial efficiency of the Kandahar Operations Center and reduce greenhouse gas emissions by improving operational performance and loss reduction. The mandate is fully donor-funded.

IFC MENA continues to co-manage the Arab Financing Facility for Infrastructure Technical Assistance Facility (AFFI TAF). AFFI TAF was established in FY12 as a partnership between the IBRD, ISDB and IFC. It grew significantly in size in FY13 with EIB and the Arab Fund also joining. AFFI TAF aims to support the development of PPPs in the region and is currently funding numerous activities and upstream work in Egypt, Morocco, West Bank and Gaza, and Yemen.

### Future Prospects

The IFC team selectively engages in countries that demonstrate political stability and will pursue PPPs to invest in infrastructure. Many of these countries are economically weak or have little experience with PPPs. We are therefore increasing our local presence to build strong client relationships, support capacity building, and encourage the development of an appropriate enabling environment for PPPs. We believe that successful PPP transactions in infrastructure are essential to restoring market confidence in post-Arab Spring economies.

The completion of very high profile mandates over the last few years has given IFC the necessary leverage in the region to develop a strong transactional presence and support for the implementation of PPPs. IFC is increasingly requested by governments and donors to support projects in fragile and conflict-affected states. Both, in the West Bank and Gaza and Afghanistan, we have identified a number of possible areas of further collaboration with governments, including ports, transport, and water services, which will improve access and underpin governmental efforts to increase private participation in infrastructure. Our team has demonstrated



### With IFC's Help, New Airport Terminal Opens its Doors in Jordan

Jordan has opened a sparkling new airport terminal in Amman, a project that is a pillar of IFC's efforts to support infrastructure development across the Middle East and North Africa.

The terminal at Queen Alia International Airport was opened during a ceremony that included Jordan's King Abdullah II and IFC Executive Vice President and CEO Jin-Yong Cai. The \$900 million project, on which IFC was a lead advisor, is expected to boost tourism and spur cross-border trade.

"Governments around the world, and especially those in this region, are facing fiscal constraints," said Cai. "By working with the private sector they can spur the development of vital infrastructure projects that will make life better for their people."

IFC advised the Jordanian government on a pioneering public-private partnership that led to the construction of the new terminal and the renovation of existing buildings. IFC also provided \$120 million in financing and arranged \$160 million in syndicated loans from international lenders.

The Queen Alia project was recently named the top public-private partnership in Europe, Central Asia, the Middle East, and North Africa by Infrastructure Journal, a leading industry publication.

The airport is one of several IFC projects aimed at developing infrastructure throughout the Middle East and North Africa.

Advisory services teams have supported a series of groundbreaking public-private partnerships in infrastructure. The Queen Alia project, the first such agreement in the region involving an airport, served as a template for a recent deal to expand a hub in Medina, Saudi Arabia.

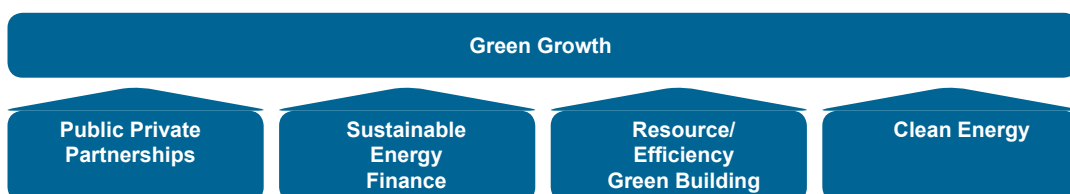
IFC has also advised the Egyptian government on public-private partnerships to build a water treatment plant in Cairo and two state-of-the-art hospitals in the coastal city of Alexandria. Some of those deals have received international recognition.

flexibility to adapt its strategy and enter more difficult but politically stable countries in order to increase impact.

The PPP team has also developed a new product to assist governments in the post-closing

implementation of PPP projects. In FY14, the MENA team is expected to launch its first post-transaction advisory mandate to help the Joint Services Council of Hebron and Bethlehem to implement the Southern West Bank solid waste management project after a winning bidder signs the concession agreement.

## 2.3 Supporting Green Growth



The goal of sustainable growth involves an increased role of the private sector in environmental sustainability projects. IFC MENA is particularly active in the promotion of green growth initiatives, as they not only produce social benefits, but also generate market efficiencies and ultimately private sector gains. With the goal of integrating our solutions, during FY13 IFC supported sustainable growth through PPP mandates, new engagements in sustainable energy finance, resource efficiency and green building operations, and clean energy programs. These interventions together can help the region reduce the emission of green house gases (GHG), find bankable opportunities, and develop cleaner, resource efficient production practices and technologies.

### 2.3.1 Public-Private Partnerships

In order to reduce the environmental footprint of infrastructure-related PPP projects, climate change considerations play a central role in their development. In relation to that and to contribute to green growth, IFC established a specialized climate change group that supervises the potential for the mitigation of global greenhouse gas emissions in all infrastructure-related PPP projects.

The climate change team explores, amongst other things, climate risks for all projects and determines projects' suitability for carbon credits. IFC strives to include strong climate change components in all new PPPs and provides specific guidance and advice to clients on the integration of climate change components in the technical design of infrastructure projects.

#### Main Accomplishments

Our PPP team has developed numerous climate change-focused projects. The recently completed Medinah airport project in Saudi Arabia introduces global best practices in energy efficiency, recycling, greenhouse gas emissions, and water use that can be replicated throughout the region. The LEED Silver Certification that this airport received was a first in the region.

IFC is providing advice on a concession to manage and operate a solid waste management facility in the southern West Bank. The tender process was completed and an agreement with the winning bidder is expected to be signed in FY14. This project also targets significantly reduced GHG emissions

and improved methods and efforts in handling solid waste. IFC is governed by its environmental and sustainability framework, which has been identified as a best practice, and so adopted by other leading developmental institutions.

### 2.3.2 Sustainable Energy Finance

The Sustainable Energy Finance (SEF) program aims to increase financing by local financial institutions to companies, businesses and households in the area of energy efficiency, renewable energy, cleaner production, and emission reduction. The MENA sustainable energy finance program provides advisory services to financial institutions. In coordination with investment facilities, the program develops marketing partnerships with energy utility companies, energy service companies, equipment vendors, international supply chains and various players who support the promotion of climate smart investments and emission reduction. The program is currently targeting Egypt, Jordan, Lebanon, Pakistan, and Morocco.

#### Main Accomplishments

During FY13, the sustainable energy finance team has continued capacity building activities with Banque Libano-Francaise (BLF) to enable greater access to finance for sustainable energy opportunities. Under IFC's supervision, BLF staff delivered seven training sessions for 101 employees, of which 62 were women, and five energy audits were carried out on the sites of selected BLF clients.

Based on IFC advice, BLF has made \$27 million of sustainable energy finance loans during the fiscal year. Tamweelcom, a microfinance client in Jordan, started making loans for solar heaters based on IFC's Advisory Services. Tamweelcom made 99 loans for \$177,001 during the year and intends to increase its activity in the sustainable energy finance lending space. Thanks to the sustainable energy finance program, 1,157 tons of greenhouse gas emissions are expected to be reduced each year due to the loans made by BLF and Tamweelcom.

We also launched two surveys to identify the market size of bankable sustainable energy finance business opportunities for commercial banks and microfinance institutions in Pakistan and Egypt. During the next fiscal year, IFC intends to



### **IFC and Banque Libano-Française Help Businesses Cut Costs and Protect the Environment**

IFC is ramping up its efforts to protect the environment and combat climate change by helping a leading Lebanese bank dramatically increase lending to eco-minded businesses and homeowners.

IFC helped Banque Libano-Française (BLF) develop capabilities and expertise to expand its loan offerings for corporations, schools, and home owners that want to invest in renewables and energy-efficient projects.

BLF has now provided 10 such loans to Lebanese businesses, totaling almost \$30 million. In the retail sector, the bank has financed more than 2,000 solar water heaters in private homes, among a host of other initiatives.

One company that benefitted from the program was Arab Printing Press, a Beirut print house with 130 workers.

“The (BLF initiative) gave us great insights into our operational activities, showing us how to reduce our energy bill by implementing energy saving measures that are good for us and good for the environment,” said CEO Elie Raphael.

BLF’s activities in energy efficiency and renewables are expected to lead to a sizeable reduction of greenhouse gas emissions and preserve several thousand trees, all while providing Lebanese businesses and homeowners with a sustainable advantage.

“BLF has a clear environmental sustainability strategy based on engaging with key stakeholders, raising awareness of green issues, developing the green lending business, and promoting a sustainable energy finance model for the bank and its clients, reflecting our commitment to the environment and the economy,” said Maurice Iskandar, Head of the International Division at BLF. “The program allowed us to boost the implementation of BLF’s sustainability strategy and to better serve our clients”

Climate change is a particular concern in the arid and increasingly water-scarce Middle East, where heavily-subsidized fossil fuels have made energy saving investments unattractive. However, many businesses are realizing that subsidized electricity is unsustainable, particularly in Lebanon where demand has outstripped supply and businesses are often forced to turn to generators.

BLF was the first commercial bank in the MENA region to participate in IFC’s sustainable energy finance program. The IFC team provided comprehensive advice including technical expertise, detailed market assessment, exclusive tools adapted to the local context, and training to allow BLF to develop ways to reach out to entrepreneurs who want to switch to modern technologies and improve their operations.

The program also raised awareness about energy efficiency and renewable energy opportunities among corporate and small business clients. It was made possible with financial support from the Ministry of Foreign Affairs of Finland.

increase activities in MENA including in Lebanon, Jordan, Pakistan, Morocco, and Saudi Arabia. A market survey will be conducted in Morocco, while workshops to disseminate the results of the

Pakistan and Egyptian market studies will be held in Karachi and Cairo. The sustainable energy finance team plans to sign advisory agreements with at least three clients during the next fiscal year.

### 2.3.3 Resource Efficiency and Green Buildings

IFC supports the private sector across the MENA region with cleaner production assessments and the implementation of resource efficient practices and technologies. We worked with individual companies and aggregators to extend these services to their industrial and commercial consumers. During FY13, IFC supported the Lebanon Green Building Council in developing and formally inaugurating Lebanon's first green building rating system, which is called ARZ, Arabic for "Cedar", initially targeting existing commercial buildings.

Results from resource efficiency and green building projects led to the cumulative reduction of 32,584 metric tons of GHG emissions per year, 21,529 MWh of energy use avoided, and 139,589 cubic meters per year of water use avoided. These results led to avoided costs of more than \$4 million, despite the difficult operating environment in a number of the project countries. Figures show how climate-related activities can successfully address environmental and commercial purposes.

#### Main Accomplishments

Key highlights from the implementation of resource efficiency and green building operations include:

- Resource efficiency audits and implementation of resource efficiency measures. An audit was completed for MABA farm, identifying measures which would give annual savings of \$50,647 and annual GHG reductions of 682 metric tons. Support was provided to FUBA (a firm specialized in producing printed circuit boards in Tunisia) to implement measures that will reduce operating costs by \$938,000 annually and reduce annual GHG emissions by 2,370 tons.
- Cooperation agreements were signed with the Moroccan Clean Production Center, the Cleaner Production Institute and National Productivity Institute (both in Pakistan). Agreements for projects ranged from supporting specific industries (including fish canning in Morocco), to implementing resource efficient measures, to analyzing previous cleaner production audits in order to inform the design of future cleaner production programs.
- The BETA Engineering office was awarded the ARZ certificate by the Lebanon Green Building Council, thus becoming the second building in Lebanon to be ARZ-rated.
- The Lebanon Green Building Council signed two new contracts for ARZ ratings: the Reuters building and the Waterfront building.

### 2.3.4 Clean Energy

Reliable and affordable energy supplies are essential for economic growth. However, the negative environmental impacts associated with greenhouse gas emissions are only too well known. While GHG emissions in the MENA region are only around 5 percent of the global total at present, they are forecast to grow rapidly if alternative energy sources and technologies are not adopted. In MENA, IFC's Clean Energy advisory program aims to increase investments in renewable energy, particularly focusing on small to medium-sized installations. In countries that suffer from energy shortages, the program seeks to support the deployment of renewable energy technologies in ways that can improve reliability of supply for companies or provide access to energy services for sectors of the population that are currently under-served.

#### Main Accomplishments

Key results from FY13 activities include:

- Work with Karachi Organic Energy to support the development of a 22MW biogas plant. IFC's role to date is focused on investigating and structuring the feedstock supply for the project. IFC InfraVentures

has recently committed to invest in this project. Moving forward, MENA staff will continue to form an integral part of the project development team.

- Work with the Aga Khan Rural Support Program in Pakistan to support the development of a business model for off-grid small hydropower development in Gilgit Baltistan.
- Providing advice to Wadi Holdings in Egypt in relation to the development of a range of renewable energy projects in Egypt and Lebanon.
- Supporting Pakistan's National University of Science and Technology to carry out resource mapping of agricultural residue resources in the province of Punjab.
- Commissioning a market study of the potential for low temperature solar thermal energy for industrial and commercial applications in Pakistan, Egypt, and Morocco.

### Future Prospects

Overall, sustained business development has created a somewhat better outlook for FY14. IFC will continue to apply its high performance standards and target possible reductions of GHG emissions in future transactions. The outlook of PPP pipeline has identified several potential climate change opportunities in electricity, transport, airports, and other infrastructure sectors.

We will furthermore build on the achievements of FY13 by seeking to work with a larger number of corporate clients, particularly those of interest to IFC Investment Services, in order to support the development of renewable energy projects. Geographically, the emphasis will continue to be on Egypt and Pakistan but opportunities in new countries of the region will also be investigated. In addition, it is planned to replicate IFC's successful Lighting Africa program (a program supporting the development of the off-grid solar lighting market) in Pakistan and Afghanistan.

Our teams plan to support the increase of resource efficiency (REFF) implementation rates and market outreach in the MENA region through aggregators. One of the key prospective projects is the Low Carbon Technology Roadmap for Cement Sector in Egypt (pipeline). It is a joint effort between IFC and the Cement Sustainability Initiative, under the World Business Council for Sustainable Development, the Egyptian Cement Association, and the Egyptian National Cleaner Production Center (affiliated

with the Ministry of Industry). The outcome of the project should lead to development of a Low Carbon National Roadmap for Cement Sector in Egypt (medium- to long-term) through the engagement and commitment of the various stakeholders.

IFC will also continue to support Lebanon Green Building Council for wider ARZ adoption to help the building sector in Lebanon, which is a major source of carbon emissions in the country. IFC support will help reduce emissions and save building owners money. Furthermore, a new program will be designed to scale up green building in the MENA region through IFC's global EDGE initiative<sup>6</sup>.

### 2.4 E4E Initiative for Arab Youth

The E4E Initiative for Arab Youth aims to provide youth with skills that are relevant to the marketplace by investing in education, engaging stakeholders, and enabling solutions so that Arab youth earn a better future. "Educate, Engage, Enable, and Earn" captures the E4E vision and mission. The initiative approved the first advisory project in July last year. Since then, the program has taken off and now has five advisory projects including a study under implementation and a strong pipeline of operations in all of the regional priority countries: Jordan, Egypt, Tunisia, and Morocco.

Top results of the E4E initiative include the achievement of FY13 advisory services targets with five projects in implementation, two at the pre-implementation stage, and two under design. An integrated investment/advisory results framework was designed and embedded in both investment services (IS) and advisory services (AS) E4E operations. By FY18, through both its IS and AS activities and on a cumulative basis, the results framework aims to reach over 180,000 youth, a third of which will be female, providing them with skills relevant to the market. The results measurement framework has been the basis for securing donor support for an Advisory Services program of \$8 million. Donor partners currently include UKaid, SECO, the Netherlands, and the Islamic Development Bank. Regarding the investment component of the E4E initiative, FY13 targets were met with two investments, one post-appraisal opportunity, and a growing pipeline of operations.

The needs assessment studies for the four E4E priority countries were completed. The results

<sup>6</sup>IFC's EDGE (Excellence in Design for Greater Efficiency) initiative is based on an assessment tool, which can be used during building design to generate a set of technical solutions that reduce energy and water consumption. The tool uses country-specific data to calculate upfront costs and potential operational savings. See HYPERLINK "<http://www.ifc.org/edge>"[www.ifc.org/edge](http://www.ifc.org/edge) for more information.

helped identify common growth sectors that are constrained by the lack of relevant skills, such as construction, ICT, healthcare, and tourism.

As part of ongoing outreach efforts, a new E4E branding and re-designed website were launched, in addition to a new video clip embracing the E4E message about the value of employment driven education and calling stakeholders to take action.

### **Main Accomplishments**

The E4E initiative contributes to addressing youth employability and the supply side of the employment and job creation equation in the region. In order to increase the number of youth that has relevant skills needed by the labor market, advisory services projects, complemented by investment services efforts, are guided by the following two outcome objectives:

The first objective is to increase availability of high quality and relevant education and training programs. The needs assessment studies for the four priority countries helped identify E4E constraints, map stakeholders for potential partnerships, and develop priority areas for E4E engagement.

In Jordan, to decrease the skill gap in the ICT sector, the E4E ICT project partners with the Information and Communications Technology Association (Int@j), a national business association. In Tunisia, the E4E ICT project partners with the ICT Federation of Tunisia with the goal to improve access to information and employability of Tunisian youth in the ICT sector. This project complements World Bank efforts already underway in the country.

E4E FAST in Tunisia, Morocco, Egypt, and Jordan builds upon the IFC Business Edge (BE) tool, providing content and training of trainers<sup>7</sup>. A current engagement involves ESPRIT, a private university in Tunisia, while negotiations are in progress with potential clients in Morocco, Tunisia, and Egypt. Still in Morocco, the E4E Logistics/ Tourism project will add labor information to the existing logistics and tourism observatories, as well as develop a qualifications framework for the tourism sector. Clients include the National Logistics Agency of Morocco, Ministry of Tourism, and the Tourism Observatory of Morocco.

The E4E Regulatory Reform project, still in the design phase, aims to create and partner with

the Association for the Development of Higher Education. The project aims to bring together private and public education providers, and employers, to collectively address regulatory barriers to private higher education in Tunisia and advocate for the promotion of quality education across both public and private providers. Another E4E Regulatory Reform is in its early phase in Egypt. The project, in partnership with the Ministry of Higher Education, focuses on the availability of quality private higher education and vocational training, addressing the regulatory barriers and constraints to private sector investments (both entry and operation) as education and training providers. In Egypt, an E4E ICT project, currently in the design phase, seeks to partner with the Information Technology Industry Development Agency to improve access to information and the employability of Egyptian youth in the ICT sector.

The World Bank has developed tools to benchmark education and training systems capacity against international standards, including the SABER Workforce Development Survey, which measures the extent to which workforce development policy frameworks (i.e., the E4E enabling environment) allow for greater employability, flexibility, and matching between training institutions and employers. The tool is in the process of being rolled out in seven MENA countries. The IFC E4E team will collaborate to ensure that private sector actors are fully involved in the implementation of the survey.

The second main objective of the E4E Initiative is to increase youth demand for market-responsive education and training programs. Activities of this kind can stimulate the demand side of the market.

Result highlights for FY13 include:

The launch of E4E website and new video clip, in addition to other ongoing stakeholder outreach efforts. E4E Access to Finance Student Lending, Egypt/Morocco. The project involves a market study on good practice and innovative approaches to private student lending. The purpose is to recommend student lending model(s) for implementation in Egypt/Morocco including: structure, market analysis, and potential partners. Career development centers and a labor observatory are in the design phase in Egypt. The project aims to develop labor information platforms and implement career development centers in national universities. Such efforts will support students and fresh graduates with aligning their interests and skills to market needs. Estimated reach: 5,000 students.

<sup>7</sup>Paragraph 2.1.3





### **IFC Helps Provide Job Skills to MENA Youth**

With youth unemployment in the Middle East and North Africa hovering at close to 25 percent, IFC is ramping up its efforts to equip the region's young people with the skills and education in demand by employers.

It is doing this through the E4E Initiative for Arab Youth. A joint advisory and investment effort, it supports programs that prepare students for work in booming fields like tourism, healthcare, information technology, retail, and construction.

As part of the initiative, IFC held a conference in Marrakech, Morocco that brought together a range of international stakeholders, including government officials, private education providers, and corporate executives from companies like Microsoft.

They discussed ways to boost private investment in employment-driven education programs, and combat the stigma that surrounds vocational education and training.

"Right now, many youth across the Middle East and North Africa have degrees and diplomas, but they are often not the type that leads to jobs," said Dahlia Khalifa, head of the E4E Initiative. "Employers are increasingly demanding a new set of skills, so it's important to prepare young people for that work environment."

The Morocco conference, dubbed the E4E Solutions Marketplace, served as launch pad for partnerships in the employment-driven education field. It followed a similar event in Dubai last year.

The conference saw the signing of IFC's first education sector project in Morocco, a \$7 million equity investment in Institut des Hautes Etudes de Management. The support is designed to help the higher education institute double its student intake by 2020 and accept more middle- and lower-income pupils.

The effort comes amid a region-wide epidemic of youth unemployment. In MENA, labor force participation rates are among the world's lowest at around 35 percent. (The global average is 52 percent.) Regionally, youth unemployment results in annual losses of up \$50 billion, equivalent to the GDP of Tunisia.

### **Future Prospects**

In FY14, the initiative has the potential to expand its portfolio of advisory services projects further into all four priority countries. The effectiveness of the private sector as a major provider of affordable and market relevant education and training programs depends on accessibility by the youth, and in turn, is supported by a greater access to different funding mechanisms. IFC plays a central role in designing and implementing E4E projects.

Civil society and NGOs are key players with the potential to play a greater role in the provision of education, training, and supportive services, such as career guidance. Creating innovative AS and IS tools is required to help scale up these efforts and ensure that the E4E initiative acts as a market catalyst and maker.

As the need for addressing youth skills gaps increases in other regions (especially within Africa), there is a growing IFC interest in initiating E4E efforts elsewhere. The main challenge is to embrace the lessons learned from E4E Initiative for Arab Youth while capturing the benefits of branding, partnerships, results frameworks, and strategy. Going forward, the key to ultimate success of the E4E initiative relies on continuing to coordinate and collaborate with colleagues from across the World Bank Group, with external partners, IFIs, and donors.

## 2.5 Jobs and Inclusion: Gender Focus

When designing and implementing our operations, we strive to raise the bar on gender inclusion. We actively seek to reach out to women entrepreneurs and expand economic opportunities for them and their families. The IFC monitoring and evaluation systems are geared to capture the gender focus and results in our operations. Field evidence showed us how, for instance, our training programs allow female employees to build skills and receive business education otherwise inaccessible to them. Social effects sparked by economic development programs multiply the benefits of our interventions.

In Jordan, IFC conducts research with the Jordan Institute of Directors. Research aims at reviewing and measuring the gender diversity on boards among 200 companies (listed, FOE, SME, NFP) representing different sectors and covering diverse geographical areas in Jordan.

In Yemen, we worked with a local partner, The Yemeni Businessmen Club, to organize training workshops with the objective of building the capacity of local businesswomen to serve as effective and qualified board members. We also trained Yemeni women to serve as corporate governance consultants that are able to advance the corporate governance agenda in the market place in a sustainable manner. IFC has also trained 150 female corporate governance trainers around the world, through the Global Corporate Governance Forum.

In Pakistan, our teams trained SME and family-owned enterprise directors, owners, and senior managers on the importance of board diversity and the integral role of women as directors and senior managers in bringing about this diversity. In FY13, 61 of those trained were educated on the topic of gender diversity on boards, out of which 11 participants were women.

This year, we also partnered with BLC Bank Lebanon to increase access to finance for women. The number of active women borrowers increased by 49 percent and the number of deposit accounts rose by 20 percent in FY13. BLC Bank's loans to women-owned businesses are expected to triple from 7 percent to 25 percent. With IFC's support, BLC Bank launched the SME toolkit to support non-financial services specifically to women (see box opposite).

## **IFC Advisory Services Support Women Entrepreneurs in Lebanon**

In the Middle East and North Africa, access to finance by small and medium enterprises is a huge challenge. Access to finance by women-owned SMEs is an even bigger challenge. IFC, in partnership with Lebanon's BLC Bank, is trying to change that.

With advisory support from IFC, the bank launched new products for small and medium enterprises, including the WE initiative, a host of services tailored to women-owned businesses.

"Initiatives like these are key to changing attitudes about the role of women in society," said Maurice Sehnaoui, BLC Bank Chairman and General Manager. "At the same time, we're also demonstrating that there is a considerable commercial advantage in providing women with concrete means to access financing for their businesses."

Over the past year, IFC's Advisory Services team worked with the bank to design financial services and banking products for smaller enterprises. The work included market research to understand the needs of women-owned businesses and the testing of new product concepts.

Along with a suite of new financial new services, BLC launched a Web site dedicated to female entrepreneurs that allows them to exchange ideas and combine forces to tackle professional challenges. BLC will also honor businesswomen through the newly-created BLC Bank WIN Award for Women Entrepreneurs.

"Steps like these are vital for creating an inclusive financial sector," said Luke Haggarty, regional head for IFC Advisory Services in MENA. "That will help unlock the potential of female entrepreneurs in Lebanon, allowing them to expand their businesses and create jobs, precisely what is needed in today's economy."

The main barrier to increasing the participation of women in business remains access to finance. While this constraint is universal for all SMEs, regardless of gender, it tends to disproportionately affect women-owned business. Recent data in Lebanon show that just three percent of all bank loans go to women.

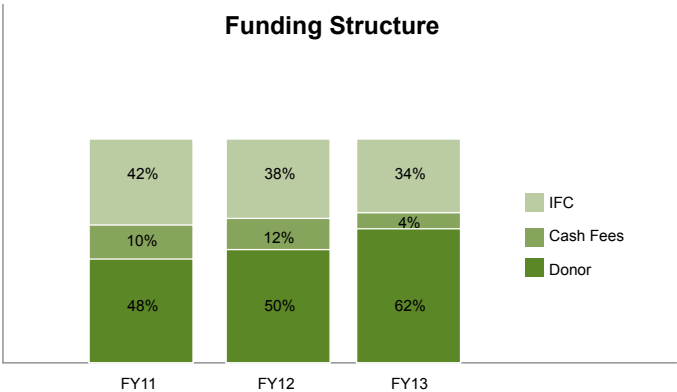
# 3. Sources and Uses of Funding

## 3.1 Sources of Funding

The IFC Advisory Services business model is financed by three main sources: IFC funds, international partners' support, and fees from clients. Such funding structure entails the need to ensure strong and open relations with partners who share IFC's vision and mission, and to pursue a sound application of IFC pricing policy<sup>8</sup>.

In FY13, the regional funding structure registered a sustained positive trend with a 12 percent increase in the share of operations funded by our partners. The share of operations funded by client contributions declined by 8 percent during the fiscal year. While we realize that socio-political instability in the region affected our clients' capacity to meet our expectations to contribute, we will continue to implement a competitive pricing policy and maintain a priority focus on developmental impact.

Figure 3.1



## 3.2 FY13 Expenditure

During the past fiscal year, we devoted significant efforts to business development and engagements with new governments in many countries and more intensively with the private sector in our target markets. In FY13, we started seeing the results of this work. Despite the uncertain circumstances in the region, we were able to expand our portfolio, quickly implement our projects, and execute about \$34 million. The amount is a 12 percent increase from last year and twice the increase rate planned. Only our infrastructure-related operations continue to be affected by the political transition process in the region. The decrease of 42 percent in infrastructure PPP expenditures, compared to the previous fiscal year, reflects the difficulty to sign new mandates in many regional countries.

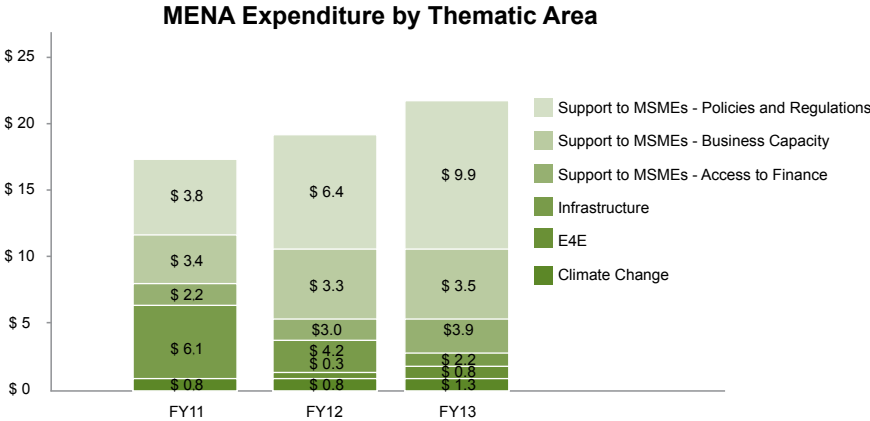
Following up on an extensive study kicked off in FY11 on the cost allocation methodology of overhead costs (including rent, utilities, security, furniture, communications, IT), this year, we have started the implementation of IFC's new standardized methodology. It allows allocating overhead costs to project budgets, instead of absorbing them into the management and administration (M&A) category. This change will make IFC Advisory Services projects comparable

<sup>8</sup>Pricing guidelines are developed upon the principle that the higher the level of private benefits from a project (that is, those that accrue to specific firms) then the larger the share of project costs to be paid by the client. On the other side of the spectrum, projects with a higher level of public benefits (that is benefits not captured by specific firms) are likely to benefit for subsidy, and, therefore, are subject to lower levels of client contribution.

throughout the corporation, and ensure that projects reflect their true cost of implementation.

In terms of portfolio efficiency, M&A costs remained the same as in FY12, 22 percent of total costs. However, office and security costs in Iraq increased during the year and the new IFC office in Tunisia added start up costs. The reduced advisory services operational program in Yemen also resulted in additional office and staff expenditures to the Yemen M&A budget.

**Figure 3.2**



**3.3 Clients and Partnerships Overview**

Our client base is significantly expanding. In FY13, we signed 32 new client agreements, which added to a total portfolio of 155 active clients. We are currently engaged in twice the amount of agreements as of end of FY12, which totalled 76. During the year, clients paid in \$3.8 million on the basis of our agreements, and are expected to contribute \$21.7 million along the course of projects delivery. With a growing portfolio of clients and projects to deliver, IFC is developing a relevant market position in MENA.

The funding structure of the AS program in MENA (Figure 3.1 previous page) showed how our operations have been increasingly supported by the financial support of IFC traditional partners, and in the frame of enhanced relations with new partners, such as the Ministry of Foreign Affairs from The Netherlands and CIDA in Canada. In FY13, a relevant partnership was also established with the MENA Transition Fund. The fund is a new financial instrument in support of countries in transition. It was created in the frame of the Deauville Partnership to formulate policies and programs, and implement reforms (details in Box 1 above).

During FY13, we signed nine new agreements with DFATD (Canada), DANIDA (Denmark), the Ministry of Foreign Affairs of Netherlands, SECO (Switzerland), UKaid – UKaid (UK) and the “MENA Transition Fund,” for a total \$22.9 million. Such

agreements are expected to effectively support the implementation of AS initiatives in North Africa and Levant, including the joint IFC-World Bank MENA MSME Facility<sup>9</sup>, the Education for Employment Initiative for Arab Youth<sup>10</sup>, as well as the overall support to MSME growth and green growth that we plan in the future. Relevant to this year’s results was also the mobilization of funding through centrally managed trust funds and/or trust funds signed with other IFIs. Details of the contributions are shown in Table 3 (next page).

Coordination and alignment with our IFI partners was ensured by regular meetings held under the Deauville Partnership and the MENA Transition Fund frameworks. Donors and partners were regularly provided with information and progress reports to address requests for operational and situational updates, including how current socio-political events in the region affect the implementation of our strategy. As in previous years, donors and partners agreed with IFC on the definition, on an ex-ante basis, of a relevant set of indicators, as a tool to provide adequate feedback on the value-for-money of their partnership with IFC.

All the above has contributed to the reinforcement of the win-win partnership with our partners and to the concrete possibility of making a real difference in the countries of the MENA region during such a critical period in their transition process.

<sup>9</sup>Chapter 2.1.2  
<sup>10</sup>Chapter 2.4

**Table 3: New agreements signed in FY13**

Donor	Scope / Purpose	Geographical Coverage	Grant (US\$)	Amount Deposited	Amount Committed / Spent
Canada	MSME Facility <sup>11</sup>	North Africa & Levant	4,900,000	1,854,050	0
Denmark	MSME Facility – Green Growth	North Africa	3,646,335	0	0
UKAid	E4E	North Africa & Levant	3,040,000	958,090	747,122
Netherlands	E4E	North Africa & Levant	1,000,000	700,000	662,288
SECO – CH	MSME Facility <sup>12</sup>	North Africa & Levant	3,108,000	1,800,000	1,371,602
SECO – CH	Tunisia IC Program	Tunisia	2,188,235	1,488,235	1,142,697
SECO – CH	IC DR Program	North Africa & Levant	1,600,000	1,100,000	894,805
SECO – CH	E4E	North Africa & Levant	2,700,000	1,500,000	901,611
Transition Fund	Tunisia - IC Program	Tunisia	750,000	0	0
<b>TOTAL</b>			<b>22,932,570</b>	<b>9,400,375</b>	<b>5,720,125</b>

### 3.4 Centrally Managed Trust Funds

In addition to the nine newly signed agreements, donor funding of 8.6 million was mobilized through centrally managed trust funds to support the delivery of the advisory services program in MENA. Of the signed amount, \$4.7 million was deposited in our accounts and \$4 million was spent and committed. Funding was provided by the trust fund established by the governments of Luxembourg (for a sustainable energy facility action in Morocco), the Netherlands - NIPP (for initiatives in Pakistan and the West Bank and Gaza), Spain (for MSME business capacity strengthening and regulatory initiatives in Egypt, Jordan, Morocco, and Tunisia), UKaid (through the Global SME Financing Facility in Pakistan) and USAID (for business regulatory initiatives in Afghanistan).

Relevant contributions also came from the Public-Private Infrastructure Advisory Facility (PPPIAF) for PPP related actions in Egypt and the West Bank and Gaza, from the GAFSP in support of Sustainable Business Advisory (SBA) operations in Pakistan and from the IFC FMTAAS in support of SBA actions in the region. Finally, it is worth noting that the European Investment Bank (EIB) contributed \$1 million to the Technical Assistance window of the AFFI initiative (details in Table 4, opposite).

Overall, IFC MENA Advisory Services managed to mobilize donor partners funding support in the amount of \$31.5 million, of which 80 percent will support the delivery of AS programs in countries of North Africa and Levant and 22 percent in IDA and conflict-affected countries.

At the end of FY13, the total amount spent and committed in Iraq totaled \$6.4 million. IFC PPP activities in Iraq were included among the activities to be funded by the UKaid portion of the IBAF Facility. Given the uncertainty of the situation in Iraq, IFC will regularly assess the likelihood of meeting agreed targets.

With FY13 new agreements currently in place and while awaiting for additional agreements to be finalized in the first quarter of FY14 to support IDA and FCS countries such as Afghanistan, Pakistan and Yemen, we believe that our AS strategy for FY14 will benefit from the steady support of our partners, particularly in IDA and FCS countries.

<sup>11</sup>CIDA actually signed a tripartite agreement with IFC and WB to support with \$9.8 million the implementation of the Joint IFC-WB MENA MSME Technical Assistance Facility. \$4.9 million is the amount earmarked to IFC.

<sup>12</sup>SECO actually signed a tripartite agreement with IFC and WB to support with \$3.3 million the implementation of the Joint IFC-WB MENA MSME Technical Assistance Facility. \$3.1 million is the amount earmarked to IFC.

**Table 4: Funding obtained through centrally managed Trust Funds in FY13**

Donor	Scope / Purpose	Geographical Coverage	Grant (US\$)	Amount Deposited	Amount Committed / Spent
Luxembourg	Green Growth - Sustainable Energy Finance	Morocco	100,000	0	0
Netherlands - NIPP	AS Activities	Pakistan / WBG	2,778,000	2,778,000	2,673,628
Spain - TATF	Business Capacity Strengthening	North Africa & Levant	1,071,500	350,000	0
	Business Capacity Strengthening				
	Business Regulations and Policies – ADR				
	Business Regulations and Policies – ADR				
USAID	Business Regulations and Policies – Doing Business	Afghanistan	1,881,000	650,000	453,824
FMTASS	Business Capacity Strengthening Envelope	MENA	140,000	140,000	138,011
FMTASS	Business Capacity Strengthening – Corporate Governance Envelope	MENA	450,000	450,000	449,599
PPIAF	PPP	MENA	349,475	349,475	310,103
UKaid	SME Global	Pakistan	30,000	30,000	0
EIB	AFFI	MENA	1,000,000	0	0
GAFFSP	Business Capacity Strengthening	Pakistan	800,000	0	0
<b>TOTAL</b>			<b>8,599,975</b>	<b>4,747,475</b>	<b>4,025,165</b>

**Box 1: Donors Coordination / IFC in the Deauville Partnership: The MENA Transition Fund**

The Deauville Partnership was launched on September 11, 2011, to establish an IFI joint coordination platform at the staff operational level. The purpose is to facilitate information sharing and operational dialogue with partner countries, identify opportunities for joint transactions, and coordinate monitoring and reporting on the implementation of the DP.

It's in this framework that, as a response to the challenging transition process in several countries in the Middle East and North Africa (MENA) region, and as a long-term global initiative that provides countries in transition with a framework based on technical support, the Deauville Partnership aims to: strengthen governance for transparent, accountable governments, and provide an economic framework for sustainable and inclusive growth. To support the countries in transition to formulate policies and programs and implement reforms, the Deauville Partnership set up the MENA Transition Fund.

Current donors to the transition fund include Canada, France, Japan, Kuwait, Qatar, Russia, Saudi Arabia, the United Kingdom, and the United States, with contributions amounting to \$165 million.

The objective of the transition fund is to improve the lives of citizens in transition countries and to support the transformation currently underway in several countries in the region. Such efforts are made by providing grants for technical cooperation to strengthen governance and public institutions, and foster sustainable and inclusive economic growth by advancing country-led policy and institutional reforms.

To provide flexibility to respond to transformational and cross-cutting proposals, the transition fund provides grant funding and fosters partnerships for technical cooperation projects to address a broad range of inter-related thematic areas.

Eligible countries are Egypt, Jordan, Libya, Morocco, Tunisia, and Yemen. Expected recipient entities include government, judicial bodies, central banks, other state agencies, and parliaments of transition countries.

IFC is among the eligible Implementation Support Agencies and, as such, will implement a project supporting Tunisia. The fund must be considered as an effective and efficient IFIs coordination tool.

## 4. Annexes

### Annex A: Indicators, Definitions, and Methodology Results

Support to MSME - Improve Access to Finance	Indicator	Definition	Methodology Note for Reporting on Results
Outcome	Value of Micro loans disbursed	USD equivalent of the micro loan amounts disbursed during the reporting period by the MFI receiving IFC's AS . This indicator measures the value of the credit supply during that reporting period.	The results for this indicator will be reported bi-annually by the project team. The source of information for the results relating to this indicator will be the clients' monthly and/or quarterly operational reports. Results will be counted for clients that implement at least one IFC recommendation.
	Value of SME loans disbursed	USD equivalent of the SME loan amounts disbursed during the reporting period by the FI receiving IFC's AS . This indicator measures the value of the credit supply during that reporting period.	The results for this indicator will be reported bi-annually by the project team. The source of information for the results relating to this indicator will be the clients' monthly and/or quarterly operational reports. Results will be counted for clients that implement at least one IFC recommendation.
Output	SME Banking: # of SME loans disbursed	Number of SME loans disbursed during the reporting period by the FI receiving IFC's AS . This indicator measures the volume of the credit supply during that reporting period.	The results for this indicator will be reported bi-annually by the project team. The source of information for the results relating to this indicator will be the clients' monthly and/or quarterly operational reports. Results will be counted for clients that implement at least one IFC recommendation.
	MF: # of Micro loans disbursed (of which women)	Number of micro loans disbursed during the reporting period by the MFI receiving IFC's AS . This indicator measures the volume of the credit supply during that reporting period.	The results for this indicator will be reported bi-annually by the project team. The source of information for the results relating to this indicator will be the clients' monthly and/or quarterly operational reports. Results will be counted for clients that implement at least one IFC recommendation.
	Risk management: percentage of Non-Performing Loans (define more)	This percentage is calculated as follows: loans that are >90 days overdue/outstanding.	The source of information for the results relating to this indicator will be the clients' monthly and/or quarterly operational reports. Results will be counted for clients that implement at least one IFC recommendation.
	Number of deposit accounts opened (personal accts)	Measures savings mobilization and outreach: new accounts opened during the reporting period.	The results for this indicator will be reported bi-annually by the project team. The source of information for the results relating to this indicator will be the clients' monthly and/or quarterly operational reports.
	Number of deposit accounts opened (personal accts), of which women	Measures savings mobilization and outreach: new accounts opened during the reporting period for women depositors. This indicator is a sub-set of the indicator "Number of deposit accounts opened (personal accts)".	The results for this indicator will be reported bi-annually by the project team. The source of information for the results relating to this indicator will be the clients' monthly and/or quarterly operational reports.



Support to MSME - Encourage Efficient Policies and Regulations	Indicator	Definition	Methodology Note for Reporting on Results
Outcome	Estimated Value of Aggregate Savings to Private Sector	Aggregated cost savings for businesses resulting from administrative procedures/policies/practices that were improved/eliminated and/or law/regulation/amendments/codes passed in the jurisdiction in which the project operates. Number of affected firms X reduction in costs = Aggregate savings. Reduction in costs = reduction in official fees + (reduction in staff time X wage rate) + reduction in other costs (e.g., travel expenses, bribes, etc.)	A new tool is under development to estimate the cost savings.
Output	Credit Bureau: number of credit reports sold	Number of credit reports sold represents the number of reports which financial institutions obtain from a Credit Bureau or a Public Credit Registry about debit accounts of their clients.	The results for this indicator will be reported bi-annually by the project team. The source of information for the results relating to this indicator will be the Credit Bureau/Public Credit Registry. Results will be counted for clients that implement at least one IFC recommendation.
	Number of Businesses completing new/reformed procedure in a given jurisdiction (of which women)	The indicator is intended to track the change in the total number of businesses that completed the procedure improved by the project. For example: 1) the project sets up a onestop-shop, the total number of companies registering through the one-stop-shop should be reported here; 2) the project streamlines the construction licensing procedure, the total number of companies licensed since the new procedure was put in place should be reported here	Data will be collected from project clients.
	Number of cases successfully settled (of which women)	Number of cases that are resolved through mediation centers or project-trained mediators	Data will be collected from project clients.
	Value of funds released through ADR (of which women)	Total value (US \$) of funds transacted between parties as a result of enforced settlements (excluding any lawyer or other fees).	Data will be collected from project clients.
	Number of new laws/regulations/amendments, codes drafted or contributing to the drafting (will capture all BLs activity)	Laws/regulations/codes should be counted only if IFC has significantly contributed to the drafting of new/amended law/regulation/code. The project should count amendments separately only if each amendment tackles a separate and distinct concept. For example, a project working on an enterprise law proposing amendments on minimum capital requirement and foreign ownership should count two amendments. However, if a project proposes two amendments to a law in order to reduce capital requirement, this should only be counted as one.	Own count of law/regulations/codes drafts as per the definition of the indicator.
	Number of recommended laws/regulations/amendments that were enacted (will capture all BLs activity)	For example: 1) A municipal decree is enacted when signed by the mayor or municipal assembly; 2) A ministerial decree is enacted when signed by the minister; 3) A law is enacted when passed by parliament and signed into law and/or published into the official gazette; 4) A presidential decree is enacted when signed by the president. Summary information on all laws/regulations passed should be provided in the comments section following the indicator section in the PSR. Include a description of the level of implementation.	Own count of law/regulations/codes enacted as per the definition of the indicator. Documentation will be obtained from public or client records and reports.
	Number of procedures, policies, practices that were proposed for improvement or elimination (will capture all BLs activity)	Number of improvements, additions or eliminations recommended by the project. For example, 1) we propose to cancel 100 permits and improve issuing procedures for 10 permits - 110 improvements are counted; 2) we recommend to improve both Sanitary and Fire inspection through risk categorization - 2 improvements are counted; 3) we recommend the Customs Office computerize their processing system - 1 improvement is counted; 4) we recommend eliminating notary fees when registering a business - 1 improvement is counted; 5) we recommend the municipality provide information on market prices to rubber planters - 1 improvement is counted.	Own count of procedures/policies/practices proposed for improvement or elimination as per the definition of the indicator.
	Number of procedures, policies, practices that were improved or eliminated (will capture all BLs activity)	Procedures/policies/practices should be counted here only when the project finds reasonable proof of implementation. In cases of decentralized implementation, count improvement or elimination only if you can document at least a 10% implementation rate (following the DoingBusiness guidelines). Summary information on all procedures/policies/practices improved or eliminated should be provided in the comments section following the indicator section in the PSR. Include a description of the level of implementation.	Own count of law/regulations/codes enacted as per the definition of the indicator. Documentation will be obtained from (report or decree indicating that processes have been implemented).
	Industry: Number of investor inquiries in targeted sectors (of which lead to investment)	Number of inquiries recorded by an investment/industry promotion agency from potential investors that led to an actual recorded investment.	Data will be collected from the clients with supporting documentation including emails and expression of interests.

Support to MSME - Strengthen Business Capacity	Indicator	Definition	Methodology Note for Reporting on Results
Outcome	Number of entities reporting improved performance (e.g. improved productivity, operations, access to capital, etc) (Will capture results for all BLs)	Number of clients and/or beneficiaries reporting improved operations, clearer roles, reduced cost of capital, improved loan terms, higher valuations, etc. as a result of the AS received.	Please refer to separate-methodology note.
Output	Number of participants in workshops, training events, seminars and conferences (of which women) (will capture all BLs activity)	Number of individuals attending workshops/training events/seminars/conferences, etc. This can include IFC AS events that are run by IFC's clients and other project partners. Head-counts or sign-in sheets at project events can be used as this indicator does not require a unique count of trainees (e.g., if a person attends 3 different training events, the count is "3"). This does NOT include those trained by project-trained NGOs/training partners/consultants/educational institutions. Trainers trained are included here.	Head count and sign-in sheets at events.
	Number of MSMEs/Farmers receiving capacity building support	Number of MSMEs/Farmers receiving capacity building support receiving capacity building support from IFC or project-trained people and institutions (proposed definition)	Please refer to separate-methodology note.
	Number of individuals trained by project trained people/institutions (of which women)	Number of individuals in workshops/training events/seminars/conferences, etc. conducted by project-trained trainers and/or institutions.	Ref. Definition
	Number of unemployed youth training participants employed 6-12 months post training	Number of unemployed youth training participants employed 6-12 months post training	Ref. Definition

Infrastructure	Indicator	Definition	Methodology Note for Reporting on Results
Outcome	Value of Financing Facilitated (from agreed contract - not actual investment to date)	Total amount of private investment required to implement the project, expressed in US\$. When investment is expected to take place over a period of time, the value is expressed as NPV using a 10% discount rate. It is assumed that no private investment would be mobilized without IFC Advisory work.	Based on the value in the contract signed between the Government and the winning bidder
Output	Number of reports (assessments, surveys, manuals, Strategic Options Reports) completed	i) Reports that are submitted to the client in a standard advisory services project: 1. Strategic Options Report 2. Information Memorandum 3. Pre-qualification report 4. Bidding documentation ii) For other non-standard advisory projects (seminars), this includes a report about the proceedings of the seminar.	Report on the number of reports submitted during the course of the project, as per IFC's internal records.
	Number of reports accepted by client	Reports that are accepted by the client in a standard advisory services project (acceptance indicates their agreement with the reports and moving forward with the project at each stage): 1. Strategic Options Report 2. Information Memorandum 3. Pre-qualification report 4. Bidding documentation	Report on the number of reports accepted by the client during the course of the project, as per IFC's internal records.
	Number of advisory mandates signed (between IFC and Government)	Signals the start of the mandate - refers to the Financial Advisory Services Agreement signed between IFC and the Government.	Report on the number of agreements signed between IFC and different Governments, as per IFC's internal records.

Green Growth	Indicator	Definition	Methodology Note for Reporting on Results
Outcome	GHG Emissions avoided (will capture all BL activity)	Measures the tons of greenhouse gas emissions (GHG) a technology/improvement/plantation is expected to avoid during one year of operation compared to a "business as usual" scenario. This annual rate is derived from "energy use expected to be avoided" and/or "renewable energy expected to be produced" indicators.	TBD based on corporate-wide efforts to determine methodology for reporting on results

## Annex B: Fiscal Year Results and Targets

Thematic Area	Indicator	FY13					FY11-13				
		Target	Results			Ratio of achievement	Target to date	Results to date			Ratio of achievement
			Portfolio	Post-Imp	Total			Portfolio	Post-Imp	Total	
Support to MSME - Improve Access to Finance	Value of Micro loans disbursed (US\$)	240,392,250	390,718,453	8,958,003	399,676,456	166%	865,088,940.80	635,424,496	60,016,216	695,440,712	80%
	Value of SME loans disbursed (US\$)	617,966,540	1,708,381,627	565,167,477	2,273,549,104	368%	911,437,262	2,036,177,977	857,963,096	2,894,141,073	318%
Support to MSME - Encourage Efficient Policies and Regulations	Estimated value of aggregate private sector savings (US\$) from recommended changes	56,699,431	101,252,040	2,866,000	104,138,040	184%	116,900,250	219,748,755	8,668,286	228,417,041	195%
Support to MSME - Strengthen Business Capacity	Number of entities reporting improved performance (e.g., improvements in productivity, operations, loan terms, valuations)	602	88	388	476	79%	1,179	999	717	1,716	146%
Infrastructure	Value of financing facilitated (US\$) (from agreed contract - not actual investment to date)	111,000,000			0	0%	1,101,800,000	1,525,000,000		1,525,000,000	138%
Green Growth	GHG emissions expected to be avoided (in metric ton/year)	25,000	3,507		3,507	14%	29,000	14,403	1,397	15,800	54%

Thematic Area	Indicator	Target	Results			Ratio of achievement	Target to date	Results to date			Ratio of achievement
			Portfolio	Post-Imp	Total			Portfolio	Post-Imp	Total	
Support to MSME - Improve Access to Finance	Number of SME loans disbursed	31,864	28,268	26,272	54,540	171%	36,954	74,501	36,455	110,956	300%
	Number of Micro loans disbursed	343,418	551,318	25,670	576,988	168%	2,068,176	782,994	147,219	930,213	45%
	Number of micro loans disbursed to women	137,367	209,324	7,415	216,739	158%	1,001,560	290,154	78,821	368,975	37%
	Number of deposit accounts opened (personal accts)	54,998	118,609	9,625	128,234	233%	116,822	166,142	29,700	195,842	168%
	Number of deposit accounts opened (personal accts) by women	8,250	0	2,311	2,311	28%	37,458	0	8,525	8,525	23%
Support to MSME - Encourage Efficient Policies and Regulations	Number of credit reports sold by credit bureau	2,169,164	203,732	2,816,541	3,020,273	139%	2,201,164	203,732	5,045,410	5,249,142	238%
	Number of registrations in the collateral registry	0	261		261						
	Number of Businesses completing new/reformed procedure in a given jurisdiction*	13,189	15,099	29,177	44,276	335%	45,365	10,587	84,094	94,681	209%
	Number of businesses completing a new/reformed procedure in a given jurisdiction, of which women-owned	878			0	0%	4,131	0	0	0	0%
	Number of cases successfully settled through ADR	360	1,466		1,466	407%	952	3,447	0	3,447	362%
	Number of cases successfully settled through ADR involving women	50	149		149	300%	170	207	0	207	122%
	Value of funds released through ADR (US\$)	123,456,560	62,678,899		62,678,899	51%	194,981,560	239,395,449	0	239,395,449	123%
	Value of funds released through ADR to women (US\$)	7,938,000	3,819,526		3,819,526	48%	22,591,000	4,885,801	0	4,885,801	22%
	Number of new laws/regulations/amendments/codes drafted or contributing to the drafting (all BLs)	14	8		8	57%	42	17	0	17	40%
	Number of recommended laws/regulations/amendments/codes enacted (all BLs)	6	8		8	133%	26	17	1	18	69%
	Number of procedures/policies/practices/standards that were proposed for improvement or elimination (All BLs)	88	1,038		1,038	1180%	241	1,297	45	1,342	557%
Number of procedures/policies/practices/standards that were improved/eliminated (All BLs)	67	87		87	130%	189	237	49	286	151%	
Support to MSME - Strengthen Business Capacity	Number of participants in workshops, training events, seminars and conferences (all BLs)	4,586	8,817	207	9,024	197%	15,420	22,432	276	22,708	147%
	Number of women participants in workshops, training events, seminars and conferences (All BLs)	897	1,917	79	1,996	223%	3,070	5,287	84	5,371	175%
	Number of individuals trained by project trained people/institutions	7,660	4,852	10,519	15,371	201%	19,068	18,449	10,519	28,968	152%
	Number of women trained by project trained people/institutions	1,326	1,568	3,867	5,435	410%	3,375	4,918	3,867	8,785	260%
	Number of SMEs/Farmers receiving capacity building support (all BLs)	1,380	1,354	258	1,612	117%	3,672	3,396	258	3,654	100%
Infrastructure	Number of reports (assessments, surveys, manuals, Strategic Options Reports) completed	7	4		4	57%	59	11	0	11	19%
	Number of reports accepted by client	6	1		1	17%	21	7	0	7	34%
	Number of advisory mandates signed (between IFC and Government)	3	0		0	0%	13	5	0	5	38%

## Annex C: Fiscal Years 2011-2017 Targets

Thematic Area	Indicator	Targets							Total Total
		FY11 (Actual)	FY12 (Actual)	FY13	FY14	FY15	FY16	FY17	
Support to MSME - Improve Access to Finance	Value of Micro loans disbursed (US\$)	53,881,663	241,882,593	240,392,250	520,849,875	721,176,750	721,176,750	400,653,750	2,900,013,631
	Value of SME loans disbursed (US\$)	190,248,860	430,343,109	617,966,540	1,059,371,212	1,500,775,883	1,500,775,883	882,809,343	6,182,290,830
Support to MSME - Encourage Efficient Policies and Regulations	Estimated value of aggregate private sector savings (US\$) from recommended changes	67,579,570	56,699,431	56,699,431	56,699,431	78,434,025	79,411,643	77,223,152	472,746,682
Support to MSME - Strengthen Business Capacity	Number of entities reporting improved performance (e.g., improvements in productivity, operations, loan terms, valuations)	428	812	602	881	778	454	184	4,139
Infrastructure	Value of financing facilitated (US\$) (from agreed contract - not actual investment to date)	0	1,525,000,000	111,000,000	58,000,000	150,000,000	0	0	1,844,000,000
Green Growth	GHG emissions expected to be avoided (in metric ton/year)	0	12,293	25,000	30,000	90,687	124,933	55,000	337,913
E4E	Number students / trainees in relevant jobs or self-employed one year after completion of education / training	0	0	0	0	2,391	10,359	19,922	32,672

Thematic Area	Indicator	Targets							Total Total
		FY11 (Actual)	FY12 (Actual)	FY13	FY14	FY15	FY16	FY17	
Support MSME - Improve Access to Finance	Number of SME loans disbursed	43,325	13,091	31,864	54,623	77,383	77,383	45,520	343,189
	Number of Micro loans disbursed	40,556	312,669	343,418	744,071	1,030,253	1,030,253	572,363	4,073,581
	Number of micro loans disbursed to women	0	152,236	137,367	297,629	412,101	412,101	228,945	1,640,379
	Number of deposit accounts opened (personal accts)	15,229	20,075	54,998	57,748	60,635	63,667	66,850	339,202
	Number of deposit accounts opened (personal accts) by women	-	6,214	8,250	8,662	9,095	9,550	10,028	51,799
Support MSME - Encourage Efficient Policies and Regulations	Number of credit reports sold by credit bureau	0	2,228,869	2,169,164	2,169,164	3,796,038	3,796,038	2,711,456	16,870,729
	Number of registrations in the collateral registry	0	0	0	225	1,575	1,050	1,050	
	Number of Businesses completing new/reformed procedure in a given jurisdiction	4,899	60,605	13,189	27,636	44,694	47,652	52,836	251,511
	Number of businesses completing a new/reformed procedure in a given jurisdiction to women	0	0	878	2,142	3,636	3,802	4,216	14,674
	Number of cases successfully settled through ADR	1,254	727	360	390	396	396	396	3,919
	Number of cases successfully settled through ADR involving women	28	30	50	54	54	54	54	324
	Value of funds released through ADR (US\$)	53,570,409	123,146,141	123,456,560	135,802,216	149,382,438	115,486,360	400,000	701,244,124
	Value of funds released through ADR to women (US\$)	235,174	831,100	7,938,000	9,199,000	9,232,000	9,232,000	9,232,000	45,899,275
	Number of new laws/regulations/amendments/codes drafted or contributing to the drafting (all BLs)	1	8	14	6				29
	Number of recommended laws/regulations/amendments/codes enacted (all BLs)	4	6	6	10				
Support MSME - Strengthen Business Capacity	Number of participants in workshops, training events, seminars and conferences (all BLs)*	4,194	6,641	4,586	3,975				19,395
	Number of women participants in workshops, training events, seminars and conferences (All BLs)*	863	1,310	897	836				3,906
	Number of individuals trained by project trained people/institutions	6,237	7,360	7,660	8,656	6,860	4,700	1,980	43,453
	Number of women trained by project trained people/institutions	1,777	1,573	1,326	1,638	1,400	974	319	9,007
	Number of SMEs/Farmers receiving capacity building support (all BLs)	1,253	1,810	1,380	1,420	1,000	240	50	7,153
Infrastructure	Number of reports (assessments, surveys, manuals, Strategic Options Reports) completed	7	0	7	7	10			31
	Number of reports accepted by client	4	2	6	6	8			26
	Number of advisory mandates signed (between IFC and Government)	4	1	3	4	5			17

**Regional Hub: Egypt, Cairo**

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