IMPACT

IFC IN THE MIDDLE EAST AND NORTH AFRICA
FISCAL YEAR 2015
In fiscal year 2015, IFC launched 41 projects in the region, committing $1.4 billion, including $510 million in mobilization from our partners both within and outside the World Bank Group. We also delivered a wide-ranging advisory program, spearheading 10 projects. For the first time in Tunisia, IFC is providing a loan of $16 million to help Sfax-based CHO, one of Tunisia’s leading olive oil producers, ramp up production and expand into new export markets.

These engagements helped support small businesses, increase power generation, combat climate change, reduce bureaucracy, champion intra-regional investments, and aid conflict-affected states.

As a region, the Middle East and North Africa (MENA) is brimming with potential. But it faces several long-standing problems, like high unemployment (especially among youth), power shortages, and a lack of access to finance. Those issues have conspired to hold back economic growth in this region of 350 million.

IFC is helping to change that by supporting MENA’s private sector, a potentially bountiful source of jobs and innovation. Through a combination of investments and advisory services, we work with companies from Morocco to Pakistan helping to combat poverty and bring opportunity to those who need it most.
HELPING SMALLER BUSINESSES

Small and medium enterprises (SMEs) form the backbone of MENA’s economy and are a key source of jobs and economic growth. But many struggle to reach their potential, held back by a host of challenges, from a lack of financing to complex licensing laws.

IFC, through a combination of investments and advisory services, helps to break down those barriers and unlock the potential of SMEs.

We work with private companies and governments to ramp up bank lending to SMEs, channel venture capital to up-and-coming businesses, provide training to entrepreneurs, streamline regulations and licensing procedures, and help SMEs expand into new markets.

IFC committed a total of $447 million in the financial sector in fiscal year 2015, while providing advisory support to increase financial inclusion and boost shared prosperity across the region.

During the last year, we:

- Invested $66 million in Pakistan’s Bank Alfalah, helping to expand access to financing for smaller businesses.
- Helped Moroccan officials develop a new law that governs the sharing of credit information, which will make it easier for small businesses to get loans.
- Supported the use of mediation in Lebanon and several other countries, making it easier for business to settle disputes.
- Committed $60 million for an equity stake in Lebanon’s Bank Audi, a champion of small business lending.

Small, but Fierce

Smaller businesses form the backbone of most economies in the Middle East and North Africa, but they often struggle to access loans and other vital forms of financing. Reversing that trend could drive economic growth and spark job creation.

The Problem

- Smaller businesses receive just 8 percent of all bank lending in MENA.
- The average small business in MENA needs an extra $53,000 in bank financing to reach its potential.
- The typical medium-sized businesses need an extra $670,000 in credit in order to thrive.
- Only one in five small and medium enterprises has a loan or line of credit.

How IFC is Helping

IFC works with banks, industry associations, and governments to help small businesses reach their potential, creating jobs for the people of the Middle East and North Africa. In the last year, we have:

- Invested $66 million in Pakistan’s Bank Alfalah, helping to expand access to financing for smaller businesses.
- Helped Moroccan officials develop a new law that governs the sharing of credit information, which will make it easier for small businesses to get loans.
- Supported the use of mediation in Lebanon and several other countries, making it easier for businesses to settle disputes.
- Joined forces with Jordan’s Bank al Ihtlad to launch a new banking model that caters to female entrepreneurs.

Last year, we helped our clients:

- Extend $10 billion worth of financing to micro enterprises, small businesses, and medium-sized firms.
- Provide 3.7 million loans to small and medium enterprises across the region.
- Reach out to more than 40,000 farmers, a group that often struggles to get loans and other financial support.
During the last fiscal year, IFC committed $374 million in long-term finance to help micro, small, and medium enterprises, like this woodworking shop in the West Bank and Gaza. Our trade finance program, which also helped smaller firms, reached $289 million.

$447 million:
Amount IFC committed last year to support financial markets and make it easier for SMEs to access financing.
The Middle East and North Africa (MENA) is one of the least economically integrated regions in the world, which holds back economic growth.

One of IFC’s strategic priorities is to help MENA companies expand into neighboring countries and other parts of the developing world. This process allows industry-leading firms to transfer their knowledge and skills into new markets, creating jobs, boosting growth, and improving local standards. In the 2015 fiscal year, IFC helped facilitate $892 million of intra- and inter-regional investments across MENA through partnerships with investors in the Gulf Cooperation Council, Lebanon, and Asia.

The investments are part of an effort to support regional champions, companies primarily from the GCC that have the ability to expand into emerging markets. That work has helped in a range of areas, from supporting smaller business in Sub-Saharan Africa to improving water treatment in Asia.

During the last year, we:

- Advised Moroccan companies on ways they could expand in Sub-Saharan Africa, a fast growing market.
- Completed a $25 million investment in a pioneering renewable energy company, Alcazar, helping the firm develop projects in the Middle East, Africa, and Turkey.
- Invested $60 million in Lebanon’s Bank Audi, helping it expand across the region and make financing available to small businesses, especially those owned by women.
- Invested $97 million in Turkey’s ABank, which is controlled by the Commercial Bank of Qatar, to support small businesses and increase funding for renewable energy projects.
- Invested $30 million in Nyumba Ya Akiba Sarl with Lucky Cement (Pakistan) to support the construction of greenfield cement manufacturing and associated facilities in the Democratic Republic of Congo.
Supporting Iraq’s Transport Sector

Ahmed Salameh, a 42-year-old truck driver from Irbid in Jordan, used to spend most of his time queuing at Jordan’s busy Aqaba port, which not only cost him money but also cut down the amount of time he could spend with his family. That changed after Nafith International, a leading logistics company, was awarded a contract by the Jordanian government in 2005 to improve systems at the port.

“Queuing used to be very long and chaotic – now it is automated and much quicker so I can make up to 11 trips a month instead of three,” he says. “There is an electronic permit system – before, I had to spend money and waste a lot of time for three papers, now I just get one permit. The conditions at the port are also much better - we have proper bathroom facilities now.”

Nafith’s groundbreaking work in Jordan led to the company receiving a $5 million equity investment from IFC in 2014 to enable it to take its expertise to Iraq. Its specially designed systems will help manage freight at four major Iraqi ports, saving time, reducing costs, and helping to boost cross-border trade – vital for a fragile economy like Iraq’s. The project includes the construction of a major marshalling yard near Umm Qasr port, which will handle more than 50 percent of Iraq’s inbound cargo.

In Jordan, Nafith’s pioneering systems have helped reduce cargo transport costs by more than 20 percent, significantly increased port efficiency, and improved the lives of some 20,000 truck drivers and their families. Nafith CEO and co-founder Nourah Mehyar says she expects the social and economic impact in Iraq to be even greater.

“When we go into a country, we directly affect its logistics and transport infrastructure in a positive way. We root out corruption, we enhance trade by removing excessive paperwork, we increase efficiency by increasing the cycle of trucking and goods, and we also reduce pollution resulting from the trucks on the road. Ultimately, our aim is to improve the quality of life for everyone involved, especially the truck drivers,” she says.

“Improving infrastructure is a priority for us in the region, especially in conflict-affected countries like Iraq, and Nafith has proved it has the ability to do this,” says Mouayed Makhlouf, IFC Regional Director for the Middle East and North Africa. “Investing in Nafith is also part of wider IFC strategy to increase cross-border trade and regional integration, and boost South-South investments in MENA.”

$892 million: Value of intra-regional investments IFC helped support in 2015
Infrastructure remains a pressing challenge for many countries in the Middle East and North Africa, where everything from power shortages to slow internet speeds can hamper economic growth.

To help change that, IFC supports private sector investments in a range of infrastructure projects, from wind farms to water treatment plants, improving lives across the region. During the 2015 fiscal year alone, our commitments in the sector reached $783 million, of which around 47 percent was in the form of mobilization.

Our engagements help increase power generation, modernize sanitation services, improve water delivery, and speed up international trade. We have also placed a special emphasis on developing MENA’s massive potential in clean energy, supporting wind farms, solar arrays, and hydro power plants across the region. Finally, we help firms cut greenhouse gas emissions and adopt industry-leading standards for resource efficiency in an effort to mitigate the effects of climate change.

$783 million:
Amount IFC committed to infrastructure projects in the Middle East and North Africa during the last year.

IFC committed more than $700 million towards infrastructure projects in 2015, with a special emphasis on renewable energy, including solar power plants.
During the last year, we:

- Spearheaded a $207.5 million debt package that will fund the construction of seven solar power plants in Jordan, the largest project of its kind in the Middle East and North Africa.
- Invested $125 million in a leading renewable energy company, China Three Gorges South Asia, to support eco-friendly power projects in Pakistan.
- Invested a total of $204.5 million, including $154.5 million in mobilization, for the Gulpar Hydro project, a new hydropower plant in Pakistan.
- Invested $15 million to support the construction of a wind farm in Pakistan’s Sindh province.
- Provided a $50 million loan to a subsidiary of Egypt’s PICO International Petroleum, helping it ramp up oil and gas production.
- Invested $25 million in a pioneering power company, Alcazar Energy, to help develop a series of renewable energy projects in the Middle East, Turkey, and Africa.
- Launched Lighting Pakistan, a program designed to provide safe, affordable lighting to more than a million people in blackout-prone Pakistan.
The Middle East and North Africa are home to several fragile and conflict-affected states. IFC is stepping up its work in many of these countries, helping build a solid foundation for economic growth and shared prosperity.

In these economies, we have focused on improving access to basic services, including power and water, while supporting smaller businesses and increasing economic opportunities for women. In fiscal year 2015, IFC committed a total of $46 million in three long-term finance projects, all in Iraq.

During the last year, we:

- Approved an investment of up to $18 million in an Iraqi dairy company, Al Safi Danone, helping to promote food security and raise local production standards.
- Supported the construction of a waste treatment facility in the Kurdistan region of Iraq in partnership with the cement maker Lafarge.
- Co-hosted a conference on leasing in the West Bank and Gaza, part of an effort to make it easier for local entrepreneurs to access financing.

$46 million: Amount IFC invested in Iraq in 2015
Despite progress in recent years, women still don’t enjoy the same economic opportunities as men in the Middle East and North Africa (MENA). Just a quarter of women work outside the home, female entrepreneurs struggle to secure loans for their business, and workplace discrimination remains common.

On an economic level, that represents a tremendous missed opportunity for the region. Women have the potential to drive economic growth and spur job creation, whether they’re opening businesses or directing operations from the C-Suite.

IFC works with partners in the private sector to level the gender playing field across MENA. Through a combination of investments and advisory services, we help channel small business loans to women, provide training to female entrepreneurs and expand access to vital financial services, like bank accounts.

During the last year, we:

- Approved an investment of up to $225 million in Habib Bank, helping the Pakistan lender reach out to a growing number of borrowers, especially women and those in rural areas.
- Provided a loan to a leading Lebanese microfinance institution, Al Majmoua, to help it ramp up lending to women and the poor.
- Helped Jordan’s Bank al Etihad launch new products and services catered to women, including those who have their own business.
A pillar of IFC’s work in the Middle East and North Africa is creating economic opportunities for women.
IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence, to create opportunity where it’s needed most. In FY15, our long-term investments in developing countries rose to nearly $18 billion, helping the private sector play an essential role in the global effort to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org

Investment Services
Number of new projects: 41
Total commitments: $1.4 billion

Our clients
- Channeled 3.7 million loans to micro, small, and medium enterprises.
- Lent more than $19 billion to smaller businesses.
- Provided power to 10.7 million people.
- Connected 27 million telephone users.
- Helped 4.6 million patients.
- Employed 129,000 people.
- Purchased more than $2.6 billion in domestic goods and services.
- Contributed $1.7 billion in taxes to local governments.

Advisory Services
Number of new projects: 10
Value of new projects: $10.1 million

About IFC
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