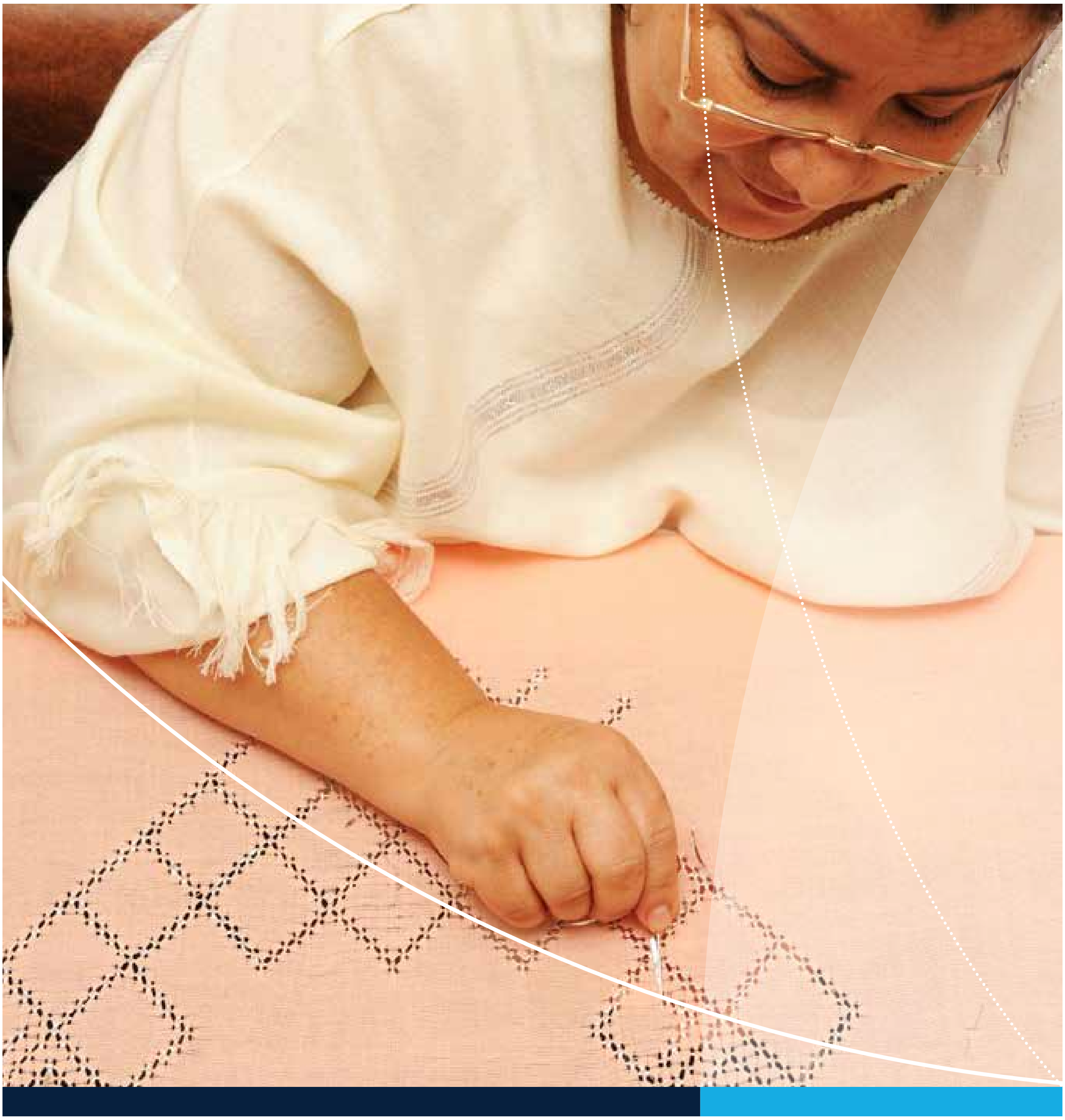

Report on Advisory Services Operations in the Middle East and North Africa

In partnership with the Canadian Department of Foreign Affairs, Trade, and Development, the Danish International Development Agency, Islamic Development Bank, the MENA Transition Fund, Switzerland's State Secretariat for Economic Affairs, UKaid, USAID, the Public-Private Infrastructure Advisory Facility, Hungary Export-Import Bank, Japan and Spain.

International Finance Corporation
WORLD BANK GROUP

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List of Abbreviations

Access to Finance	A2F
Alternative Dispute Resolution	ADR
Advisory Services	AS
Chief Executive Officer	CEO
Corporate Governance	CG
Danish International Development Agency	DANIDA
Department of Foreign Affairs, Trade, and Development	DFATD
Debt Resolution	DR
E4E Initiative for Arab Youth	E4E
Fragile and Conflict-Affected State	FCS
Fiscal Year	FY
Greenhouse 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 Advisory Facility	PPIAF
Public-Private Partnership	PPP
Sustainable Business Advisory	SBA
State Secretariat for Economic Affairs (Switzerland)	SECO
Sustainable Energy Finance	SEF
Small and Medium Enterprises	SME
United States Agency for International Development	USAID
World Bank Group	WBG

1. 2014 Fiscal Year In Review

1.1 Operational Environment

Three years after the onset of the Arab Spring, many countries in the Middle East and North Africa (MENA) continue to undergo complex political, social, and economic transitions. In many cases, political turbulence and violence persist, leading to continued uncertainty.

Unsurprisingly, in much of the region economic growth has continued to be sluggish, government finances have worsened, and macroeconomic vulnerabilities have deepened. Given this uncertainty, investment by the private sector has been low, leading to slow growth and job creation across the region.

Increasing investment in the region and accelerating MENA's growth rate is crucial to making a meaningful dent in unemployment[1]. While many things are needed to make this happen, IFC is committed to helping this agenda by our focus on working with governments to improve the business environment, strengthening the bases of the financial system and leveraging the private sector in key infrastructure projects.

At the same time we are engaging with private firms to help them better serve key markets such as MSMEs, assisting them to increase their management capacity, improve their corporate governance and access to financial services, and expose them to new markets as well as new technology that can help them grow in a more sustainable fashion. Through a combination of these advisory services and our ability to finance directly and leverage in others, IFC is supporting the private sector, which is vital to putting MENA back on the path to growth.

1. The World Bank, Global Economic Prospects – Middle East and North Africa, January 2014

1.2 Key Development Result

Despite the political uncertainty and the security challenges that weigh on regional economic activity, IFC advisory service programs were able to support our clients in delivering strong results across MENA. Thanks to strong commitment from our clients combined with financial support from international development partners and collaboration with the World Bank, joint interventions have multiplied the developmental impact of our projects.

In fiscal year 2014, IFCs advisory clients have delivered over 1 million loans to MSMEs, more than half of which went to women-owned businesses, mostly micro enterprises. Through these loans, nearly $4 billion dollars in financing was funneled to micro, small, and medium enterprises, which make up the majority of firms in our region, but which all too often have difficulty accessing finance. In addition to enhancing access to credit, we also helped our client financial institutions add 400,000 new depositor accounts, thus delivering increased access to other financial services which are crucial to helping small enterprises grow. In addition to access to financial services, we worked to help our clients deliver other services that firms need to grow, such as management and corporate governance training. When we surveyed beneficiaries of this work, over 1000 individual SMEs reported that these services helped improve the performance of their business.

Our work in helping to increase the use of mediation to speed up the resolution of disputes among businesses has continued to pay dividends, as clients that we have helped train reported settling 587 cases this year which released nearly $300 million dollars back into the economy. While the time and fees saved by business owners due to regulatory and alternative dispute resolution reforms supported by IFC projects is estimated at over $74 million (please see methodological notes for details on this estimation).

However not all the results of the year have met expectations. Our work with firms to adopt resource-saving technologies has seen much lower than expected results due, in part, to the slow speed of change in the highly subsidized prices of key resources like electricity and water, in many markets. The good news is that several governments such as Egypt recently, have now begun to make these changes and the private sector is finally becoming seriously interested in the savings offered by cleaner technologies. We restructured our work in this area and are pursuing more targeted industry strategies which appear to be working as we have now signed two new agreements with clients in this FY.

Our E4E Initiative for Arab Youth was not expected to produce impacts at this point in time.

Area of Intervention	Indicator	New MENA Targets FY14	FY14 Results[2]	Achievement Rate
Fostering MSME Support	Value of micro loans disbursed	$674,535,530	$927,147,067	137%
	Value of SME loans disbursed	$2,083,599,534	$3,076,571,504	148%
	Estimated value of aggregate private sector savings from recommended changes	$83,701,263	$74,415,421	89%
	Number of entities reporting improved performance	420	1,083	258%
Infrastructure	Value of financing facilitated [3]	$0	$0	-
Inclusive Green Growth	Greenhouse gas emissions expected to be avoided (in metric tons/year)	1,767	129	7%
E4E Initiative	Number students / trainees in relevant jobs or self-employed one year after completion of education / training	0	0	-

2. Not all results reported are solely attributed to IFC interventions. Project clients themselves and other partners all contribute towards development results.
3. Financing facilitated from agreed contracts, not actual investments to date.

1.3 Regional Coverage

We continue to offer our services where we see market need and client interest. We have increased our presence in selected countries and remain committed to operating in fragile and conflict-affected states in areas where we believe we can have impact. While support for inclusive green growth and infrastructure development concentrates on economies where market conditions and government interest is supportive, our work in advisory activities to favor MSME development cover the vast majority of the regional countries (lower-, middle- and high-income countries, and fragile and conflict affected states).

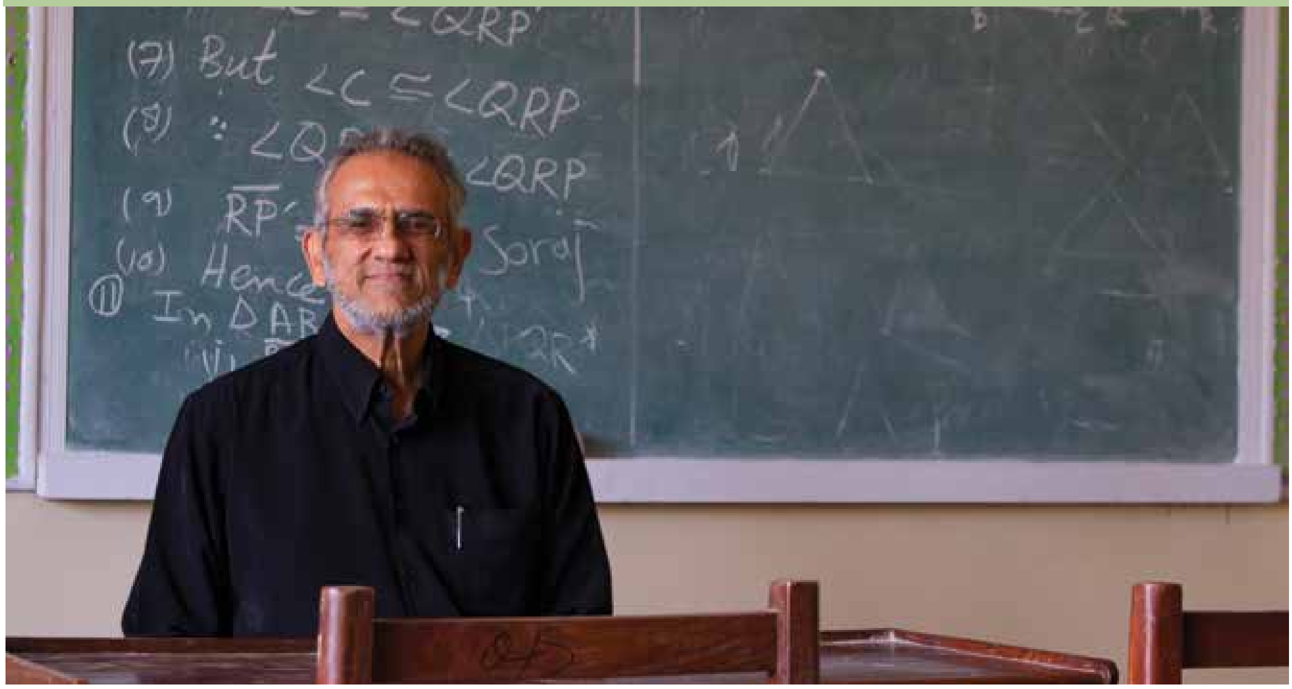
		IDA and Conflict Affected					North Africa				Middle East							Reg.
		Afghanistan	Iraq	Pakistan	W. Bank & Gaza	Yemen	Algeria	Egypt	Morocco	Tunisia	Jordan	Lebanon	Oman	Saudi Arabia	Qatar	Syria	UAE	Regional-MENA
Fostering MSME Development	Efficient Policies and Regulations	■	■	■	■	■		■	■	■	■	■					■	■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

1.4 Future Prospects

The Middle East and North Africa continues to be a priority region for IFC and we believe that the focus of our programs address the core challenges of the region. Therefore, we do not plan to dramatically change our strategy and focus areas for the program over the next year.

Given the extremely challenging situation in many countries in our region, we expect to continue to face difficulties in the implementation of our programs, whether these are due directly to violent confrontations (as has happened to some of our clients operating in West Bank and Gaza, for example) or due to the knock on effects of political and social unrest. However, we also see increasing political stability and greater strategic clarity from governments in some markets which we believe will result in opportunities to be more ambitious in our program in these economies. Given these realities, we may decide to ramp up or slow down particular activities in particular markets. We will of course discuss these changes with our partners in each case.

2. Areas of Intervention and Results



A weak regulatory environment and limited access to credit hinder micro, small, and medium enterprises (MSMEs), key players in the push for economic development. Inclusive growth also requires a transformative approach to clean energy and resource efficiency. At the same time, MENA's young workforce must be equipped with skills that match the needs of a competitive job market. Reforms that address these impediments can accelerate productivity, boost private sector investment, and export competitiveness. Most importantly, these reforms can create jobs[4] .

The job challenge is even more pressing in the current context of transition and reform. An inclusive and competitive private sector has proven to be one of the most effective long-term solutions for unemployment, and will be critical in tackling the problem in MENA[5] .

With the support of committed development partners, IFC is implementing a portfolio of programmatic advisory service interventions. They focused on MSME development, infrastructure investment, green growth, and youth employability, paying particular attention to gender-related issues and their impact on sustainable and inclusive economic growth.

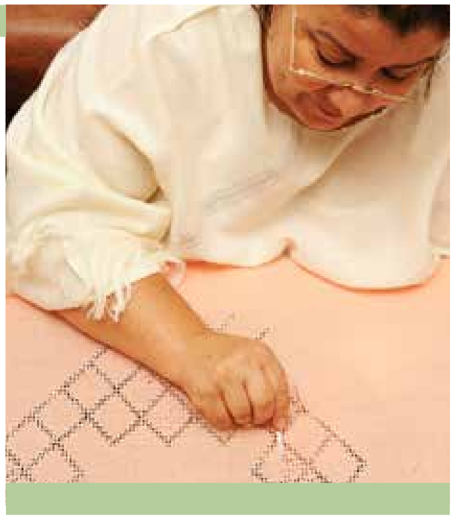
MSME Development	Infrastructure Investment	Inclusive Green Growth	Youth Employability
Gender			

This thematic approach, as discussed in last year's annual report, will receive additional support from recent World Bank Group reforms. IFC regional teams will join sectoral global practices and departments, facilitating direct access to global expertise in the design and implementation of regional operations. Our responsiveness to clients is expected to improve, further deepening the impact of IFC and the World Bank Group in the region.

4.IMF, Regional Economic Outlook – Update, May 2014
5 The World Bank, SME Contributions to Employment, Job Creation and Growth in the Arab World, Policy Research Working Paper 6682

2.1 Fostering MSME Development

Micro, small, and medium enterprises are major contributors to employment and the overall economy in MENA. Small and medium enterprises (SME) alone



represent between 80 and 90 percent of all formal businesses[6] , and provide a large share of private sector jobs.

Critical constraints to MSME growth include regulatory burdens, lack of access to financial services, and inadequate skills training. IFC has developed a set of integrated interventions to enhance smart business policies and regulations, improve access to financial services for entrepreneurs, and strengthen business capacity.

2.1.1 Encouraging Efficient Policies and Regulations

A well-functioning business environment promotes private sector investment by reducing complexities and facilitating compliance with targeted, transparent, and efficient regulation. This regulation should ensure that public safety concerns are fully met, while at the same time ensuring that markets are contestable, that competition is encouraged through ease of entry and ease of exit, and that there is a high level of predictability in regulation affecting firms. It is critical for legislators to consider the impact of government policies on business creation and growth, and the contribution of the private sector to economic development. The state should also provide services, or allow others to provide them, in areas of need, such as dispute resolution and contract enforcement.

The 2014 Doing Business Report shows that, among the regions of the world, the Middle East and North Africa had the smallest share of economies implementing regulatory reforms in at least one area (40 percent), a development that is partly linked to the political turmoil in the region[7] . Some countries, though, have made significant progress since 2005, including Egypt, Morocco, Yemen, and Saudi Arabia.

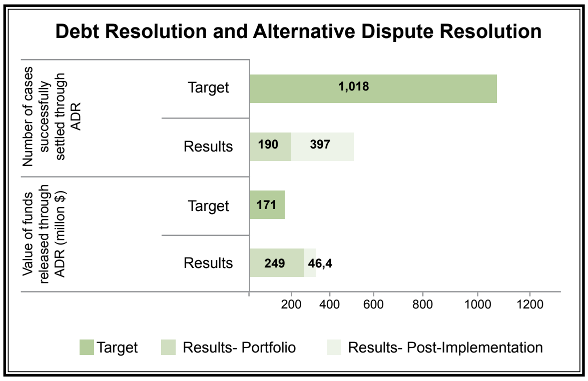
To support MSMEs and spur economic growth, IFC focuses on interventions that range from alternative dispute and debt resolution to business regulatory reforms and financial infrastructure. These are key reform areas where the World Bank Group has established global and regional expertise.

Alternative Dispute Resolution and Debt Resolution Programs

IFC provides advisory services to encourage the use of mediation mechanisms, which enable the quick and effective resolution of commercial disputes. IFC helps to train mediators and trainers, improve the capacity of clients to

6 The World Bank, SME Contributions to Employment, Job Creation and Growth in the Arab World, Policy Research Working Paper 6682
7 The World Bank Group, Doing Business 2014

manage mediation cases, raise awareness about the benefits of mediation, and if there is clear interest from the government, support best practice legal frameworks for mediation. The overarching objective is to expedite the resolution of commercial disputes through mediation, thereby leading to the release of assets trapped in disputes, and ultimately increasing private sector savings.



IFC also provides technical assistance to review insolvency legislation according to modern standards, establish mechanisms for out-of-court resolutions, and raise the capacity of client counterparts in Jordan, Lebanon, Egypt, and Tunisia. The main objective is to improve loan recovery, thereby allowing distressed firms to either reorganize or exit the market more efficiently.

Main Accomplishments

Alternative Dispute Resolution. Operations are ongoing in Egypt, Lebanon, Morocco, and Pakistan, as are efforts to create a regional network of practitioners in Egypt, Lebanon, and Morocco.

In Egypt, 190 cases were resolved through mediation by IFC project-trained mediators and/or project-assisted institutions. That resulted in a combined $249 million in funds released and an estimated $40 million in private sector savings during FY14. Additionally, our team provided technical assistance during the revision of mediation center rules undertaken by the General Authority for Investment and Free Zones. The rules were recently submitted to the authority's board of trustees.

In Morocco, the central bank launched in June a new banking mediation center that was created with support from IFC. This new mechanism allows SMEs to become eligible for banking mediation services and covers non-performing loan disputes. Mediation has continued to thrive since the project's completion. During FY14, 145 cases were settled through mediation, releasing $45 million previously tied up in litigation and generating estimated private sector savings of $15 million.

Debt Resolution and Exit. In Lebanon, IFC produced a comprehensive policy note to assist in the drafting of a new bankruptcy regime and a supervision framework for insolvency practitioners tailored to the country's needs. The policy note covers the main standards and principles governing a modern bankruptcy regime and proposes new procedures enabling the rescue of viable businesses facing financial distress. IFC is also working closely with the banking sector to introduce out-of-court solutions to private-debt-related disputes.

IFC and the World Bank are jointly assisting the Tunisian government in reviewing the legislative framework governing restructuring and insolvency. A revised framework is expected to increase returns to creditors, enable viable businesses to rehabilitate, and efficiently return assets back into productive use through more efficient reorganizations and liquidations.

IFC Backs Mediation in Egypt, Helping Expedite Commercial Justice

IFC is stepping up its efforts to help firms in Egypt avoid long court procedures by training judges in mediation skills, and helping resolve commercial disputes quickly and cost-effectively.

Currently in Egypt, according to Doing Business, it takes the courts over three years to enforce a contract, which is a major bottleneck for businesses and investors.

“Every time I accept a new brief I can only trust that the contract will be honored” said Sayed Eissa, who owns a small graphic design company in Cairo. “The court system is so torturous and expensive that for small companies like mine, it is often easier to accept a loss when customers don’t pay up.”

As an alternative to a full-scale court process, mediation can resolve disputes in just 90 days and free up vital company funds. Such a rapid process fosters a better business environment for investors and entrepreneurs alike.

To encourage mediation, IFC has been helping key stakeholders, like the Ministry of Justice and the General Authority for Investment and Free Zones, to build capacity and train judges.

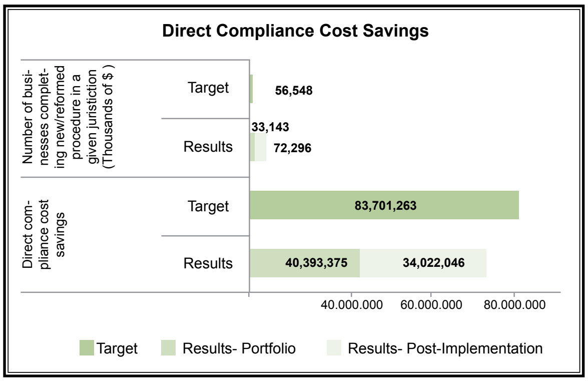
The next step is to introduce a mediation law, supported by IFC, encouraging businesses to use mediation, reduce the load on courts, and protect investor rights by using accredited mediators.

“A mediation law in Egypt would be a great relief to me and my business,” said Sayed. “It would give me more confidence in dealing with stubborn clients, and make doing business in this country much easier.”

Milo Stevanovich, Manager of IFC’s Commercial Justice Project in the Middle East and North Africa, agrees. “Mediated solutions are more likely to be adhered to because the parties resolved the dispute themselves. Poor contract enforcement is a major impediment to improving Egypt’s investment climate. Aside from being faster and less costly than going to court, mediation preserves business relationships whereas adversarial court cases often ruin those valuable relationships.”

Mediation is part of IFC’s wider efforts to speed up commercial justice and improve the investment climate across the Middle East and North Africa. IFC has also rolled out mediation efforts in Lebanon, Morocco, and Pakistan to promote and improve the practice of judicial mediation across the region.

Business Regulatory Reform



IFC programs support central and municipal governments as they articulate more efficient and transparent regulatory frameworks, helping businesses to get off the ground, invest, operate, and grow. During FY14, business regulatory reform programs were implemented in Iraq, Yemen, Afghanistan, and West Bank and Gaza. Operations also continued in the Maghreb, the Levant, and Pakistan. Regulatory reforms include business registration and entry, trade licensing and permitting, business inspection, tax administration, construction regulations, and investment policy. IFC's regional portfolio grew during FY14 to a total of 11 interventions, adding four new projects (two in Yemen, one in Afghanistan, and one in Pakistan). Two initiatives were also successfully completed. Project teams have already identified new opportunities in Pakistan, Afghanistan, Lebanon, Yemen, and Iraq, expected to start during FY15.

Yearly results show the progress achieved in the estimated value of aggregate savings by the private sector, generated from the recommended regulatory changes and cases successfully settled through mediation. At the same time, businesses completing new or reformed procedures amount to 105 thousand firms that benefitted from the business regulatory reforms supported in the region.

Main Accomplishments

A large percentage of MENA businesses operate in the informal sector. The rates range from 17 percent in Jordan to 35 percent in Tunisia, according to IMF estimates[8] . IFC has supported regulatory reforms with the aim of simplifying tax procedures, streamlining construction regulations, and encouraging businesses to enter the formal economy. These measures are expected to improve access to markets, boost finance for local firms, and make it easier for officials to enforce regulations.

Trade Licenses: In Afghanistan, working with the Ministry of Commerce and Industry, we helped eliminate redundant procedures for trade licenses, making it easier for new businesses to enter the formal economy. The average time to process a new license was reduced to seven working days from 30, while renewals dropped to 120 days from 180. The direct compliance cost savings has been evaluated at $5.4 million. More than 2,510 businesses received new licenses under the reformed system and over 16,470 renewed their licenses. It is anticipated that 33,000 companies will be licensed while nearly 60,000 will renew their license in the next three years.

Construction Regulation. A new intervention is supporting the Municipality of Kabul as it develops a simplified construction permit system and regulatory framework, part of an effort to improve the city's business environment. The project will help reduce permitting costs, which are hampering the housing sector. A streamlined process will also minimize opportunities for corruption and establish a framework for the city to retroactively formalize unpermitted buildings. The reforms aim to halve the time it takes to obtain commercial and residential construction permits.

In Iraq, we are working with the cities of Baghdad, Basra, and Erbil to streamline construction regulations. It is expected that a simpler and more efficient process will encourage the formalization of construction, improve safety standards, and introduce a green building regulatory framework to be implemented through a phased approach.

Inspection System. In Jordan, we are supporting a comprehensive reform of the inspection system. That is expected to generate private sector savings and increase compliance with regulations, while reducing risk and uncertainty for businesses. During FY14, inspection guidelines and standard operating procedures were renewed in accordance with international best practices, and the prerequisites for automating the system were identified. For faster and more efficient communication between inspection agencies and the private sector, an application for smartphones, Tawasol, was launched. It has now become a standard tool to receive inspection appeals and handle private sector feedback.

8 The World Bank, MENA Quarterly Economic Brief, July 2014

Investment Climate. In Tunisia, IFC is leading a large, multi-component investment climate program. It includes reforms of business formalities in eight ministries, investment framework reforms, and the simplification of bankruptcy procedures. The program has already produced promising results, simplifying over 100 business formalities at the Ministry of Finance. It has also reduced the dichotomy between onshore and offshore sectors when it comes to incentives. The program's objective is to review Tunisia's investment code, simplify regulatory procedures, review bankruptcy laws, and remove barriers to competition. Egypt's Ministry of Investment and Ministry of Local Development, in concert with IFC, launched a study on the investment climate in 15 governorates in December 2013. Following the appointment of a new government, IFC began discussions on targeted reforms to be implemented in several governorates. They would focus on construction regulations, trading across borders, enforcing contracts, and registering property. Reforms are expected to leverage IFC's analysis and our teams will work with ministry officials to develop action plans and provide technical support.

Business Registration. In Lebanon, we are working with the Prime Minister's Office and the Ministry of Justice to simplify the commercial registration process. The project is designed to reduce the time it takes for new businesses to register. IFC is also supporting the Minister of State's Office for Administrative Reform in expanding key sectors, like tourism, reforming regulations to attract investors, and improving competitiveness. In the West Bank and Gaza, we are helping simplify business registration procedures, making it easier for MSMEs to get off the ground. IFC worked with the Ministry of National Economy and the chambers of commerce of Ramallah and Nablus to simplify administrative procedures. That reduced the average registration time for limited liability corporations to nine days, from 63.

Tax Reform. IFC and the Yemen Tax Authority agreed to re-engage on tax reforms designed to improve the country's investment climate. The changes would simplify tax regulations and processes, making them more transparent for entrepreneurs and reducing the compliance burden. They would also make collection easier to administer for the authority and help widen the tax base. The reforms should also facilitate the formalization of new businesses and reduce opportunities for corruption. Finally, in Pakistan, IFC and the Punjab Revenue Authority agreed to work together towards the implementation of a streamlined general sales tax on services. The reformed framework should increase the taxpayer base and boost Punjab's revenues, while reducing compliance costs by halving the time needed to file for the tax.

Financial Infrastructure

Credit bureaus, collateral registries, and payment, remittance, and securities settlement systems are all vital parts of a country's financial infrastructure. When financial infrastructure is available, efficient, and reliable, the cost of financial intermediation falls[9] . IFC intervenes in this area to promote lending to MSMEs by helping credit providers better manage their risk while avoiding cross-lending and over-indebtedness among clients. In FY14, we supported the launch in Afghanistan of the region's first electronic collateral registry and helped Jordan establish the first credit bureau in MENA covering financial institutions, microfinance lenders, and telecoms companies.
Interventions in the target countries are beginning to achieve their goal of improving access to finance. For instance, during the past financial year, microfinance institutions in Pakistan made over 620,000 credit inquiries nationwide. In Afghanistan, 16 local banks are participating in the collateral registry, while the public credit registry, launched during the same period, is now fully operational.

Main Accomplishments

In FY14, the financial infrastructure program ramped up its activities, spearheading 14 projects in 10 economies, namely Afghanistan, Jordan, Egypt, Lebanon, Morocco, Pakistan, Tunisia, West Bank and Gaza, United Arab Emirates (UAE), and Yemen.

9 IFC, Financial Infrastructure, Building Access Through Transparent and Stable Financial System, 2009

Credit Reporting. In Afghanistan, a public credit registry was launched in December 2013. Currently, 16 banks participate by submitting their credit data and enquiring about prospective customers. The first online credit report was issued by the registry in April 2014. In Pakistan, over 3 million microfinance records were available in the credit bureau database as of June 2014, with microfinance providers now able to report data and enquire on a national scale. IFC signed new agreements for prospective projects with the Central Bank of Morocco, the Central Bank of Tunisia, and the Central Bank of Yemen to support each regulator in strengthening credit reporting infrastructure.

Secured Lending. A collateral registry in Afghanistan has achieved increased utilization by financial institutions, whereby local businesses, predominantly SMEs, can receive credit facilities by offering movable assets as collateral. More than 2,250 registrations for credit facilities were reported, with a total financing value of $618 million in FY14. In Jordan, a secured lending law was approved by the Council of Ministers in January 2014 and is pending final approval by parliament. The law is expected to expand access to finance for SMEs and provide them with better terms of credit, including interest rates and repayment periods. In Lebanon, a draft law on secured transactions was finalized and submitted to the Presidency of the Council of Ministers' Office for further approval by parliament. In the UAE, a secured lending law was finalized and presented to authorities. In Morocco, a secured transaction institutional assessment, which would guide the establishment of a collateral registry, was presented to the Ministry of Finance. A draft law on secured transactions was supported by the European Bank for Reconstruction and Development (EBRD) in collaboration with IFC. In Egypt, despite governmental changes during the past year, IFC succeeded in re-engaging with the relevant authorities on secured lending reform. A draft law was developed, while IFC is providing technical support on the legal reform process.

Leasing. The presidents of Afghanistan and the Palestinian Authority signed new leasing laws, supported by IFC, in early 2014. The regulations are based on the UNDROIT model, a global best practice. IFC teams also advised officials in both countries on laws that would govern leasing companies. The rules, which are expected to be adopted during the next fiscal year, are designed to stimulate the leasing market, leading to new financing opportunities for SMEs.

Mobile Payment. IFC engaged the Association of Mobile Money Operators of Afghanistan on the improvement of its internal structure and the implementation of sector-level interventions focused on facilitating the development of mobile financial services.

Future Prospects

There were tangible results achieved during FY14 despite political instability in some of the countries where the financial infrastructure program is active. Two leasing laws were enacted, the establishment of the public credit registry enhanced credit information in Pakistan, and the collateral registry in Afghanistan continued to report increased usage. Those achievements show the potential impact of legal and institutional reforms to the region's financial infrastructure.

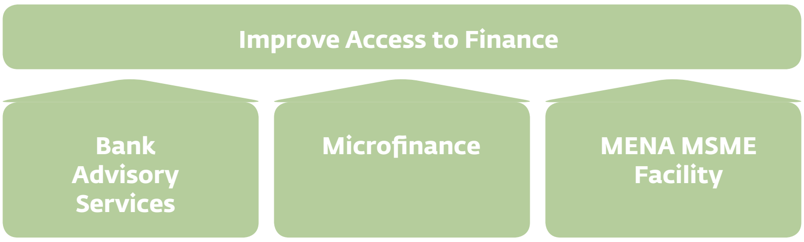
The goal for the next financial year is to increase engagements with governments to complete the on-going legal reform process in secured lending. That will be accomplished through increased collaboration with the World Bank and other development partners, ultimately improving access to finance for MSMEs and supporting their growth.

Where feasible, IFC will maintain its focus on developing operations in fragile and conflict-affected states, and International Development Association countries. This is particularly important in light of the political situations Iraq, Syria, and West Bank and Gaza, which have the potential to harm the economic stability of neighboring countries.

2.1.2 Improve Access to Finance for MSMEs

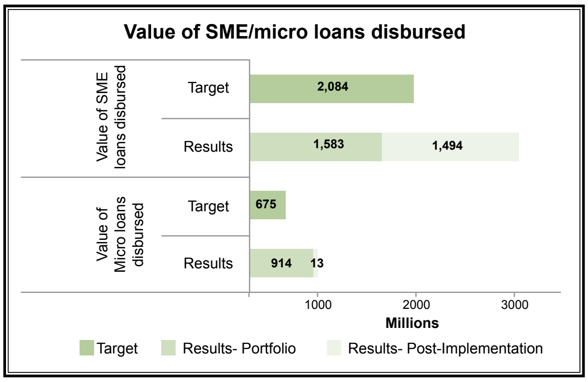
Access to finance is a key area of intervention for IFC in the region. MSMEs have little or no access to credit, savings, nor payment products. The strategic relevance for IFC to address such market failures and policy needs is strong, and the response from clients has been overwhelmingly positive. During FY14, we signed 24 new client agreements and registered growing client contributions towards our interventions; partners particularly value our advisory services.

In FY14, we started the first women banking operations in Jordan, West Bank and Gaza, and Pakistan, specifically targeting female entrepreneurs. We also signed IFC's first Islamic finance advisory project with the largest Islamic bank in the world, and committed to an important bank advisory project in Iraq. Finally, we have started an innovative Islamic micro-equity project in Egypt with the Alexandria Business Association.



The results from our projects with partners have surpassed our annual targets and reached out to a significant segment of the MSME market. We have also seen excellent results in fragile and conflict-affected states. In particular, the microfinance work in Yemen is yielding incredible results due to the strength and dedication of our clients and this is changing the local microfinance landscape.

Bank Advisory Services



As part of IFC's commitment to improve access to finance, the bank advisory service program aims to strengthen the capacity of banks to reach out to SMEs. This is achieved, by providing in-depth advice to lenders on SME banking. In our projects with individual institutions we help clients understand, how to cater to female entrepreneurs, manage risk, and increase institutional capacity. In addition we share knowledge with the wider market through workshops, seminars, and training events. In FY14, IFC provided in-depth advisory services to 12 banks operating in West Bank and Gaza, Pakistan, Lebanon, Oman, Saudi Arabia, Tunisia, Morocco, Iraq, and Jordan. In collaboration with the World Bank, IFC engaged with the Jordan Loan Guarantee Corporation (JLGC), developing suitable and profitable products to help increase SME access to the banking sector.

Results generated during FY14 were impressive. The value of SME loans disbursed by IFC's MENA clients reached $3.1 billion, almost double times the target set for the period, thanks to the strong results of our partners, namely JLCG, Quds Bank, Bank Muscat, BLC Bank, Bank Al Falah, and HBL Bank.

During the year, we received $2.1 million in cash fees from clients receiving IFC advisory services. This amount was directly re-invested in our programs. Growing client contributions show market appreciation for IFC's technical expertise and commitment from program clients, who are eager to invest time and resources in our technical advice. IFC is in fact increasingly perceived as the advisor of choice to many of our regional clients.

Main Accomplishments

SME Banking. We work on establishing sufficient operational capacity within banks to cater to the financial needs of SMEs. We have started work with Bank al Etihad in Jordan and Bank of Palestine in the West Bank and Gaza. We have focused on an integrated approach to SME banking and placed a special emphasis on banking for women entrepreneurs. In Pakistan, we helped the client to complete the establishment of a new SME banking unit within Bank Al Falah, and re-organize its sales and credit processes. IFC's SME toolkit was also deployed as part of the SME non-financial advisory offering.

In Saudi Arabia, we are assisting Al Rajhi Bank, the largest Islamic bank in the world, in further strengthening its SME banking operations, re-engineering its back-end processes, and developing new products to support the growth of SME banking. We developed value propositions for SMEs, with a special focus on women and very small enterprises for Bank Muscat, the largest conventional bank in Oman. These two banks paid for the full cost of IFC advisory services. We approved a new engagement with one of the largest banks in Morocco and the region, Banque Centrale Populaire (BCP). We will help the lender develop sufficient operational capacity for very small enterprise banking, expanding outreach and supporting the country's underserved very small enterprise sector.

Risk Management and Institutional Capacity. IFC continues to support Amen Bank in Tunisia as it enhances its corporate governance and risk management practices, an effort expected to boost lending to SMEs. We are also working with United Bank of Investment, in collaboration with our investment team, on building sufficient institutional capacity to better serve Iraqi businesses.

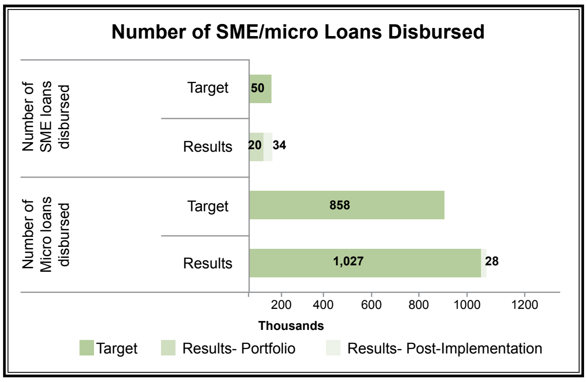
Agribusiness Finance. We are working with HBL Bank in Pakistan to improve its outreach to the large and underserved agricultural community. We provided the bank with recommendations on new product development, through which the bank is anticipated to greatly expand outreach to rural communities.

Financing for Women. IFC commenced one of the largest engagements in banking for women in Pakistan, where we are helping HBL Bank focus on the female market. We are also assisting the institution in becoming an employer of choice for Pakistani women. Similarly, we engaged Bank Al Etihad in Jordan and Bank of Palestine in West Bank and Gaza, advising these institutions on how to become champions for women banking in their respective countries.

Knowledge Management. IFC has shown thought leadership with events in Egypt, Tunisia, Morocco, and Algeria on key topics such as innovation in SME banking, sustainable energy finance, warehouse finance, and Islamic banking. We sponsored a conference in partnership with Egypt's Fawry, a major nationwide electronic bill payment platform, to encourage access to financial and governmental services for MSMEs and the neediest Egyptians. We also conducted a flagship study on Islamic banking opportunities for SMEs in MENA. The report was launched in May and received good media coverage, including the Wall Street Journal. Finally, we conducted new market studies on SME banking in Tunisia and Jordan to evaluate local SME demand and help banks develop a business strategy for SME banking.

Microfinance

IFC's microfinance advisory engagements in the region are designed to assist microfinance institutions (MFIs) in achieving their goals by (i) building resilience through improved risk management and governance frameworks; (ii) diversifying product offerings to better meet client needs; and (iii) building institutional capacity, enhancing strategy, and preparing for transformation, where possible. The regional portfolio has grown to reach 14 active projects across Egypt, Morocco, Tunisia, West Bank and Gaza, Jordan, and Yemen.



During 2014, our clients disbursed a total of 1,054,365 microloans worth $927 million. Total deposit accounts opened during the year hit 258,703 for a value of $48,851,088 largely due to the exceptional results posted by Al Kuraimi Islamic Microfinance Bank in Yemen. Three new projects were approved while two were extended for a second phase, for a total value of $4.17 million. Cash fee commitments, which are reinvested in projects, reached $1.26 million. An increasing cash fee contribution for the microfinance program is a testament to the value our clients see, especially when not many other donors are charging such fees.

Main Accomplishments

Risk Management. IFC provided technical support to leading MFIs in the region, helping them build resilience. Interventions aimed to establish or strengthen risk management systems in an effort to measure, monitor, mitigate, and eventually limit exposure to risk at MFIs. This approach builds on sound practices from the banking sector, which we have adapted to MFIs through a focus on credit risk, operational risk, and liquidity risk management tools. During the year, notable progress was achieved in this area, with work on the risk management units of Al Kuraimi in Yemen, Tamweelcom in Jordan, Al Tadamun and Dakahleya Businessmen's Association in Egypt, and FBP in Morocco. We will be successfully concluding our engagement with Faten in West Bank and Gaza, Al Amana in Morocco, and ENDA in Tunisia, helping these MFIs build risk management units in their organizations. We also worked with IFC's corporate governance teams to help enhance board governance.

Product Diversification. IFC has continued help several MFIs in the region improve their product offerings to better meet the diverse financing needs of clients and, ultimately, enhance financial inclusion. In Morocco and Egypt, we have begun working with Fondep and Al Tadamun, respectively, to improve their existing loan products and gradually increase their average loan size. We are also working with other MFIs to develop the following products:

•*Very Small Enterprise*. IFC has provided in-depth support to Al Kuraimi Islamic Microfinance Bank in Yemen to develop an Islamic financing product catered to the needs of very small enterprises, and small and medium enterprises. This included a market research phase followed by product design, the introduction of rigorous financial analysis techniques, and ongoing support and training. During the pilot test, from January to mid-June 2014, 88 such loans were disbursed, valued at nearly $1.1 million. This figure is expected to grow over the coming years. In Yemen, we also signed an agreement with Al Amal Bank to develop a similar product, while in Morocco, our teams completed a very small enterprise product assessment for FBP (Attawfiq), one of the leading local MFIs, and will work on developing such a product next year.

•*Housing Microfinance*. We have continued helping Egypt's Dakahleya Businessmen's Association roll out its new home improvement product, while leveraging the south-south support of a consultant/practitioner from IFC's partner in Afghanistan (FMB-A). Additionally, IFC has begun activities on a housing microfinance market assessment in Yemen, where our teams will soon engage with Al Kuraimi and Al Amal microfinance banks on designing, piloting, and rolling out new housing microfinance products.

•*Islamic Microfinance*. IFC signed a grant agreement with the Alexandria Businessmen Association (ABA) in Egypt in April 2014, and is set to sign another shortly with Enda Inter-Arabe in Tunisia. The deals are part of an innovative and ambitious new project aimed at developing and testing a Shari'a-compliant risk-sharing, micro-equity product in the dairy/cattle-rearing sector. Any existing Islamic product offering has almost exclusively focused on debt financing instruments and there has been limited experimentation with risk, profit, and loss sharing schemes promoted more strongly by the Shari'a, and which could better serve a relatively unmet demand. IFC conducted scoping missions to evaluate relevant market stakeholders in Tunisia and Egypt, and organized a planning workshop with the two clients.

Strategic Planning and Transformation. A wave of regulatory changes currently underway in the region would allow many MFIs to transform into non-bank financial institutions. As a result, IFC is working closely with many of its clients on strategic planning and assessing transformation preparedness. In the West Bank and Gaza, IFC worked closely with FATEN to set out a five-year strategic plan that envisions the MFI entering the very small enterprise space and preparing for an eventual transformation, should regulations allow. Meanwhile, in Tunisia, IFC advised Enda on its ongoing transformation, including a review of its business plan and timetable, providing recommendations on how to move forward. In Morocco, our teams worked closely with Fondep on an institutional assessment and strategic planning exercise.

Institutional Capacity Building. IFC's microfinance program provides comprehensive support, including capacity building in key areas. In Egypt, in collaboration with SANAD, a human resource gap assessment was completed for Al Tadamun. IFC and SANAD are now supporting the MFI and will provide further assistance in the future. In Tunisia, IFC helped Enda to assess and strengthen key areas of its human resources environment, including recruitment, staff assessment, and administration. Similarly, for Al Kuraimi in Yemen, much work on institutional capacity building was accomplished in the last year. IFC also supported Al Kuraimi and Enda in reviewing their management of information systems and providing an action plan to strengthen operations.

Knowledge Management. IFC's microfinance knowledge management activities cover three core areas: solutions design, thought leadership, and awareness building/positioning. Under the solutions design area, five templates were developed from project-based experiences in risk management, housing, and very small enterprises. They will help IFC develop high-level, standardized solutions that can be rolled out to other partners in the region. Under the area of thought leadership, a case study documenting First Microfinance Bank-Afghanistan's successful experience with housing microfinance will be shared broadly in the region and beyond. A paper on the Moroccan microfinance crisis and its impact on the sector is also under preparation. Finally, in terms of awareness building and positioning, five workshops were conducted on transformation, housing microfinance, and risk management, featuring over 100 participants. Activities also included two microfinance-related conferences, namely the Women's World Banking regional conference (November 2013) and the Tounes 2020's conference for the microfinance sector in Tunisia (September 2013).

MENA Micro, Small, and Medium Enterprise Facility

The MENA Micro, Small, and Medium Enterprise (MSME) Facility is a joint multi-donor World Bank and IFC initiative that aims to improve access to finance for MSMEs, promoting sustainable job creation and private sector-led growth during a critical time of transition in the region. It operates on three pillars:
Pillar I: Developing the enabling environment for MSMEs by supporting policy, legal, and regulatory reforms to facilitate access to finance.
Pillar II: Providing advisory services to financial institutions that serve MSMEs to develop a more inclusive system focusing on youth, women, and regional disparities.
Pillar III: Building the capacity of MSMEs through analytical work and technical assistance.

Regional target economies include Libya, Morocco, Tunisia, Egypt, Jordan, Lebanon, and West Bank and Gaza. Total resources of the facility have grown to $41 million, of which $28.6 million (70 percent) were already mobilized thanks to significant contributions from UKaid, SECO, DFATD, DANIDA, and the Government of Japan.

The facility has continued to generate significant results, increasing outreach and volume of lending to micro, small, and medium enterprises. During FY14, a total of $179 million in loans were disbursed by project partners towards SMEs and $897 million in loans to micro enterprises, for a combined value of more than one billion. The facility has also helped leverage over $1.5 billion of World Bank Group loans and equity to governments and financial institutions to support MSME finance.

Future Prospects

The reorganization of IFC and the World Bank Group will provide new opportunities to enhance our relationship with financial institutions in the region. The World Bank Group is increasingly focusing on a client-centric strategy, which entails closer interaction and the offer of a wider range of products and services.

IFC is aiming to become the advisor of choice for the largest financial institutions in the region. SME banking, risk management, and gender finance remain focus areas. Business development efforts have led to a robust pipeline of new potential interventions in Pakistan, Egypt, Morocco, Jordan, Tunisia, and Lebanon.

Under the auspices of the MSME Facility, the World Bank and IFC will continue in FY15 to work with country officials and private sector representatives to address the barriers to MSME development in the region, and to closely coordinate project implementation.

With regard to microfinance, IFC will deliver high-quality technical assistance to its existing MFI clients while expanding the program to Pakistan and Afghanistan. It will also help MFIs launch new products such as savings-linked micro insurance and, if possible, leverage new distribution models like branch-less banking.

IFC, World Bank Join Forces to Help Smaller Businesses in Jordan

The Middle East and North Africa can be challenging environments for entrepreneurs. Getting credit is usually an uphill battle, bankruptcy laws can be harsh, and outside training is prohibitively expensive.

In an effort to change that, IFC and the International Bank for Reconstruction and Development (IBRD) are joining forces.

IFC and IBRD signed an advisory agreement to help The Jordan Loan Guarantee Corporation (JLGC) ramp up lending. The organization helps its customers - mostly micro, small, and medium enterprises - secure bank loans.

The deal is expected to help scores of smaller businesses, which form the backbone of Jordan's economy. It also represents what can be accomplished when the World Bank Group works together, say staff members.

"There are so many areas in which we can combine our efforts, maximizing our impact on the ground," said Xavier Reille, Manager, IFC's Access to Finance Business Line in the Middle East and North Africa.

The Jordan project is part of the Micro, Small, and Medium Enterprise Facility, a joint investment and advisory initiative designed to help drive growth in MENA post-Arab Spring. IFC and World Bank are managing the facility, and the advisory component has $29 million in available funding. It's designed to encourage policy reforms, help banks ramp up lending to SMEs, and provide training directly to entrepreneurs.

"Activities under the facility have been focusing on assisting JLGC in strengthening its core internal capabilities, expanding its outreach, and increasing the impact of its SME-related products, especially those targeting marginalized areas and women", said Sahar Nasr, program manager of the MENA MSME Facility with the World Bank.

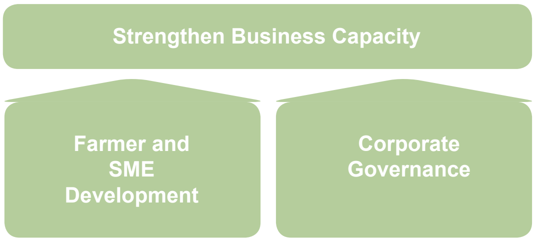
Reille says working with the IBRD in Jordan was easy as they were all focusing on bringing the best value to clients. IBRD will contribute $200,000 towards the project cost, take a seat on the project steering committee, and provide oversight. IFC will manage the project through to implementation.

The Access to Finance Business line is looking for other partnerships, and Reille encouraged other project leaders to explore co-operation with the wider World Bank Group.

"In some quarters, there may be hesitation because people are used to working in a certain way," he said. "But the process of co-operation is not very difficult, and the development results can be dramatic."

2.1.3 Strengthen Business Capacity

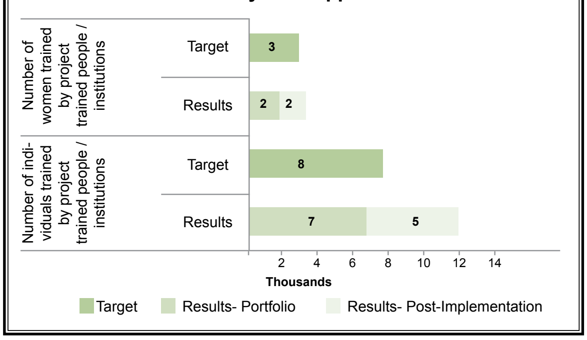
IFC contributes to the creation of inclusive, efficient, and environmentally and socially sustainable markets. We work with individual firms as well as at the sector level in emerging markets and middle-income countries, where we pay particular attention to entrepreneurial groups excluded from market access, supply chains, and finance. Those groups include small and medium enterprises, women entrepreneurs, and small-scale farmers [10].



Small and medium enterprises, and farmers play a crucial role in generating employment opportunities and driving growth. IFC's approach is to assist firms in realizing business opportunities around environmental, social, and governance based-value creation, while working across industries to promote broad adoption of successful business practices.

Farmer and SME Development

By leveraging lead firms and strengthening local market intermediaries (mostly training providers), IFC's Business Edge and SME Toolkit are used to deliver practical, localized management training and information that can enable small businesses to grow, find new markets, and access bank financing[11] . We also promote market access of firms in key sectors by helping them adopt internationally-recognized environmental, social, and trade standards.



Individuals trained by IFC supported intermediaries

In FY14, IFC operations helped improve the business skills of over 11,221 individuals, including small-scale entrepreneurs and unemployed youth, through localized business management training. Our supply chain development work gained momentum with the completion of key agreements with agribusiness clients in Pakistan and Afghanistan. We also launched a landmark agreement to support farmers in Iraq.

Main Accomplishments

Youth, Women, and SME Development. A network of 31 local training partners with active cooperation agreements provided Business Edge management and skills training in Afghanistan, Iraq, Morocco, Lebanon, Oman, Pakistan, Tunisia, and the West Bank and Gaza. They provided instruction to representatives of 604 MSMEs and 6,056 individuals, of which 35 percent were women. The Small and Micro Enterprise Promotion Service in Yemen took over the Business Edge management, resulting in a remarkable 5,165 people trained post project completion in FY14. An impact assessment of people trained in Pakistan showed that 94 percent reported improved business performance, with 81 percent reporting increased revenues due to the implementation of the knowledge they gained. In Yemen, 90 percent of the trainees reported improved business performance, with 78 percent reporting increased revenues.

Despite the challenging environment, a new Business Edge project is expected to be launched in Libya, with three local training providers already identified. This will be the first IFC advisory intervention in the country aimed at SME growth and development.

In Pakistan, a diploma in management and leadership utilizing Business Edge materials was launched in February 2014 with the Pakistan Institute for Management. A total of 22 individuals completed the diploma during the first batch. In collaboration with the Small and Medium Enterprises Development Authority, IFC piloted business skills workshops for 56 students in Karachi's NED University of Engineering and Technology, and Lahore's University of Engineering and Technology. Initial results show significant improvements in business planning abilities, and universities are now keen to incorporate business skills training in their curriculum. Besides this, IFC helped the Aga Khan Rural Support Program use Business Edge training in its youth development program. The organization has already trained 338 youth under this program.

In Morocco and Tunisia, five training partners were identified to offer Business Edge to unemployed youth

10. IFC, IFC Advisory Services in Sustainable Business – 2013 Annual Review, December 2013
11 IFC, Sustainable Business – Farmer and SME Training, April 2013

with the aim of improving their employability. Four training of trainers workshops were held to enable a total of 32 trainers to tap into this segment. One partner will offer training in the interior and rural regions of Tunisia, where youth unemployment is particularly high.

MSME GROWTH THROUGH NON-FINANCIAL SERVICES

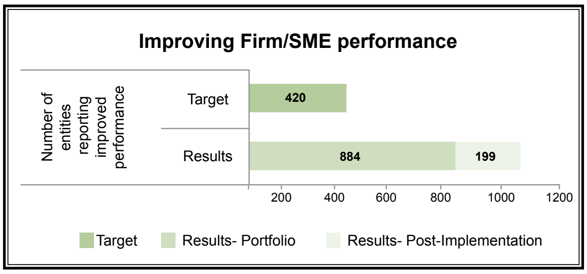
Smaller businesses typically struggle to access finance, with 50 percent of the region's estimated 365-445 million formal and informal MSMEs unserved or underserved. Seventy percent of these businesses do not use external finance[12].Based upon an increasing demand, IFC has been expanding its non-financial services to help banks implement sound SME banking strategies and tap into emerging markets. Building on IFC's global expertise, tailored products are being designed to address the needs of MSMEs. That will help firms increase their bankability, repay loans on time, and improve their business practices. Non-financial services are combined with the financial products of banks and aligned with their overall SME strategy.

In the region, IFC supported Banque Libanaise pour le Commerce in Lebanon and Bank Alfalah in Pakistan to finalize their strategy for the deployment of non-financial services to SMEs, including management training and on-line business support. Ongoing partnerships with those banks, the Qatar Development Bank, Khalifa Fund for Enterprise Development (UAE), Jordan Ahli Bank, and Riyad Bank (Saudi Arabia) enabled the dissemination of business information through the SME Toolkit. IFC is furthermore planning the development of a microfinance academy in Yemen to support and strengthen the growth of the microfinance sector, ensuring the availability of well-qualified staff to better service micro-entrepreneurs and provide them with access to finance.

Supply chain development. During FY14, we continued to help strengthen the capacity of farmers and SMEs in the agribusiness supply chains of Iraq and Yemen. In Iraq, an assessment of dairy farmers was conducted. Based on that, a capacity building program and a dairy operations manual are currently being developed. In Afghanistan, a horticulture project was set up in partnership with a leading local fruit exporter. It aims to include more farmers in the firm's supply chain, helping it adopt globally-recognized agriculture practices in line with market standards.

Corporate Governance

IFC provides a wide range of specialized advisory services designed to help strengthen companies, including SMEs and family-owned enterprises, by improving their corporate governance. Improved governance practices promote more effective private sector development that ultimately contributes to the overall economic growth of a country. Our work also encompasses direct assistance to market stakeholders, including investors, by helping them incorporate sustainable investment practices. We also support regulators in developing codes and strengthening the enforcement of corporate governance practices across MENA.



Over the past fiscal year, the MENA corporate governance program continued to target SMEs and family-owned enterprises. Using the IFC SME Governance Toolkit, IFC delivered corporate governance advisory services to SMEs across the region to improve their operational performance and improve their access to equity capital, helping them raise valuations and lower debt costs.

"IFC's team does not just speak from literature, but also brings a wealth of experience."

Dalia Tadros, Senior Project Coordinator, Center for Economic and Financial Research (Egypt)

In FY14, IFC delivered advisory services to 848 companies and institutions in MENA. This work included direct assistance to help companies improve their business plans, financial management standards, management controls, succession planning, risk management, and strategies for approaching potential investors and financial institutions. A total of 69 entities reported they implemented recommended changes, including seven firms that have already improved their overall performance after installing these corporate governance practices. IFC also helps improve the enabling environment across the region by building the capacity of intermediaries. Our work with project partners succeeded in reaching 2,313 participants through corporate governance training and awareness raising events, while IFC-trained trainers reached out to 934 participants in FY14.

12. IFC, Closing the Financing Gap for MSME, 2013

In Pakistan, IFC helps Entrepreneurs Take Their First Step

When learning how to start and run a business, one often needs a guiding hand. For twenty-one-year-old Usama Hamid Khan, an IFC-backed diploma in entrepreneurship was exactly that.

The course, offered by Pakistan's Management Development Institute (MDI) in collaboration with IFC's Business Edge program, taught him how to launch and manage his own business. Six months after graduating, he partnered with a friend to open an interior design and construction firm, Emarat Interiors.

In a nation where over 90 percent of gross domestic product originates from the private sector, and nearly 70 percent of that comes from small firms, entrepreneurs like Khan are vital.

"The course taught me how to be my own boss," he said. "The trainers had hands on experience and were entrepreneurs themselves."

Backed by IFC and delivered by certified local trainers, Business Edge is a world-class training system that strengthens the management skills of owners, managers, and staff of small and medium enterprises.

MDI joined the Business Edge program in January 2010 and has already trained over 1,350 participants in 65 workshops, offering them practical management tools. The institute developed and launched a Diploma in Entrepreneurship in January 2013, drawing on a package of Business Edge modules.

Khan, one of over 50 participants who have successfully completed the diploma, learned how to understand the market and identify its needs.

Khan is now employing one full-time and five part-time staff members; efforts like that are in key in a country where unemployment is close to 6 percent.

Khan knows he still has a long way to go and believes this is just the beginning.

"While attending this course, I developed the blueprint for my business," he said. "If anyone wants to start a business and is lost on how to take the first step, this is a good place."

MDI Pakistan, in collaboration with Business Edge, delivered the entrepreneurship program over 12 weeks. It was led by experienced entrepreneurs and business managers, as well as guest speakers. The program was funded by Japan's Ministry of Finance for fiscal year 2014.

Main Accomplishments

Strengthening Governance Practices of Firms. IFC provided in-depth advice to 17 firms by assessing their corporate governance practices and offering guidance on how they could be improved. International Computer and Communications Systems, which provides information technology solutions in the Middle East, solicited IFC to assist in it in implementing sound corporate governance practices. It was counseled to establish a board of directors in addition to improving its control environment.

Malia Holding, a family-owned company preparing for an initial public offering, was also advised by IFC to restructure and clarify the responsibilities of its board, strengthen its control environment, and formalize a family assembly. Arab Potash Company was advised to improve the functioning of its board, restructure board committees, and establish a compliance function. As part of our efforts to improve access to finance for SMEs, IFC's corporate governance and microfinance teams conducted an assessment of the Jordanian microfinance institution Tamweelcom.

After an assessment of Al Kuraimi Islamic Micro Finance Bank was successfully completed in FY14, the Yemeni MFI reported that it has taken important steps towards improving corporate governance practices. The bank is finalizing its corporate governance code and is adding three independent directors to the board with the aim of adding an external, objective perspective to the oversight and direction of the company.

Forging Links with Investors. Through a series of 'Meet the Investor' networking sessions, together with the Egyptian Private Equity Association, IFC helped build connections with investors to encourage better access to finance for SMEs. Our partnership with Dubai SME continued to develop programs for its top ranked 100 SMEs, helping them attract investment and enhance their corporate governance practices. IFC's support also continued to SMEs listed, or planning initial public offerings, on the Nilex (Egypt's SME Stock Exchange), through the Egyptian Institute of Directors. A similar initiative was introduced in Pakistan, where collaboration with the Center for International Private Enterprise focused on the specific governance challenges faced by SMEs.

Increasing Outreach to Firms. IFC worked with several partners on the ground to increase outreach to firms and ensure the sustainability of IFC's work. We collaborated with the Jordan Institute of Directors, Jordan Securities Commission, and the Palestine Capital Market Authority to provide technical support on corporate governance and on the implementation of corporate governance scorecards. A corporate governance assessment program for companies in Jordan and West Bank and Gaza has also been launched.

Developing Institutional Capacity. IFC expanded its outreach in Egypt beyond Cairo by working with the Alexandria Business Association to launch an SME governance program, which aims to equip smaller business owners with the skills needed to run companies. As well, the Egyptian Banking Institute continued to roll out corporate governance training in collaboration with IFC.

IFC is helping the Moroccan Institute of Directors deliver a training program aimed at widening the pool of professional directors from which family-owned enterprises and SMEs can draw. IFC has discussed with SMEs the importance of establishing family governance mechanisms, succession planning, and building sustainable businesses for the long-term. In Yemen, IFC supported the launch of an Institute of Directors, a first for the country. In addition, IFC is working with the Salah Eddine University in Iraq to raise awareness about the benefits of good governance, and develop a training program for directors and senior executives on corporate governance.

"Working with IFC has given us alot of market credibility and added to our technical know-how and expertise in numerous ways. In essence, it facilitated our presence, growth, and continuous development."

Maali Qasem,
Executive Deirector, Jordan Institute of Directors

Knowledge Tools for SMEs. IFC is developing a curriculum for trainers from the Institut Arabe des Chefs d'Entreprises. Tailored to Tunisian financial institutions, it will cover corporate governance and how it can be applied to the institute's SME clients. The SME Governance Toolkit, being adapted to Tunisia and Morocco, will be used as a platform to launch outreach activities to SMEs in the Maghreb. A corporate governance handbook targeted at SMEs is also being developed for wider regional use. Further, a revised version of the Success Stories publication on good corporate governance in MENA was finalized. The publication outlines the governance challenges faced by SMEs and puts forth best practices based on IFC's corporate governance methodology.

Future Prospects

IFC's supply chain management efforts will help improve the business performance and competitiveness of farmers in the supply chains of larger corporations. It will focus on activities aimed at improving quality standards in the dairy industry in Pakistan and bolstering horticulture practices in Afghanistan. IFC's SME development work will also be expanded to include building the internal training capacity of investment clients.

IFC will also work to deepen its corporate governance operations across the region, while rigorously exploring new countries to engage in. Building on its efforts in fragile and conflict-affected states, IFC will sustain efforts to build capacities in local markets. For instance, in Yemen, it will support the expansion of training programs for directors, while teams will continue to respond to sector-specific needs in the region.

In FY15, IFC will support the roll out of the corporate governance for SMEs program, expanding it to the Maghreb and linking the offer to the clients of private equity funds. In doing so, lessons are being drawn from the Egypt program for SMEs - for example, better targeting of SMEs has been identified as an important element. It will also strengthen its focus on family-owned businesses in Yemen, Morocco, and Jordan. Building on internal IFC partnerships, the team will also promote learning and knowledge sharing opportunities, similar to efforts that brought together global institutes of directors in the past year.

IFC Helps Yemeni Businesses Thrive

Two years of uncertainty have taken their toll on small and medium enterprises (SMEs) in Yemen. But IFC teams have stayed in the country despite the unrest, showing businesses that improved corporate governance can help firms boost performance and attract essential investment.

"One of the biggest obstacles facing the growth of the Yemeni economy is old-fashioned management styles for family businesses," said Hamoud Al-Motawakkel, Vice Chairman of The Yemeni Group for Contracting and Engineering (YGCE). "This is one of the most important reasons preventing any real growth in the size and quality of businesses in Yemen."

That hurdle has been compounded by the nation's political unrest, adding a layer of security concerns that damage the business environment, particularly in the construction sector.

Family businesses like YGCE are believed to employ about 95 percent of workers in Yemen. IFC teams have delivered training events and workshops across the country to SMEs, banks, and financial institutions, raising awareness about the benefits of good corporate governance and providing technical assistance.

Najaat Jumaan, a board member in her family business, Jumaan Trading and Industry, says the project was particularly well received by women. Though there remains work to be done, she believes women have since had success in implementing IFC's recommendations.

"New methods—like developing a clear strategic direction for the company, supporting and guiding the executive director, and establishing committees to support the board have changed my company for the better," said Jumaan. "IFC has a role to play in increasing the awareness of the value that women can add to their company's success and providing more technical assistance for businesswomen."

Overall, IFC reached out to nearly 600 companies in Yemen, either directly or through local partners. Along with encouraging gender diversity—by teaching female board members the corporate governance skills they need to guide their business—companies have also benefited by improving performance and making themselves more attractive to investment.

"The work environment in our company is now healthier than ever before," said Al-Motawakkel. "The new internal structure, including a formal board of directors and a strong financial department, has lifted the general performance."

"Our management style has been transformed, so we have well defined roles and responsibilities at all levels, and it has given us the confidence to manage any kind of project," he added.

Thanks to IFC's recommendations, YGCE is now able to develop real estate projects without waiting to be commissioned. In addition, the company's new ambitions are attracting local and regional investors.

2.2 Addressing Constraints to Growth in Infrastructure

In order to close the region's infrastructure gap, private sector investment is key. The IFC advisory services program is active in regional countries that demonstrate the political stability and will to pursue public-private partnerships (PPPs). Many of these countries are economically weak or have little experience with PPPs. IFC is therefore increasing its local presence to be close to its clients, support capacity building, and help develop the appropriate enabling environment[13] .

Main Accomplishments

Following the selection of a private operator for the Al Minya landfill in the southern West Bank, IFC has continued to advise the Joint Services Council for Hebron and Bethlehem in order to help the project reach fruition. The first PPP in the West Bank and Gaza, the landfill is expected to demonstrate the potential of such projects and bolster official support for future PPPs in infrastructure and sustainable development.

In Afghanistan, another fragile and conflict-affected state, a mandate was signed last fiscal year with Da Afghanistan Breshna Sherkat (DABS), the national power utility. It will help the firm select a private operator for the management support contract for the Kandahar Operations Center, one of DABS' regional departments. IFC's work progressed well on this mandate; a tender was undertaken to select the private operator and the contract is due to be signed shortly. This intervention is expected 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 funded by USAID.

IFC has renewed its relationship with the General Authority of Civil Aviation of the Kingdom of Saudi Arabia, and was selected as the lead advisor for two new infrastructure projects. IFC is charged with attracting private sector participation to the initiatives. The first project, the greenfield Taif International Airport, will involve the private sector in the design, finance, construction, operation, and maintenance of a new airport, which will be developed under the highest environmental and social standards. The second project, in Jeddah, will help improve the operational and financial performance of the city's airport through the introduction of a management contract with a private operator. These projects do not rely on donor resources, while the revenues generated help fund more of our advisory work in low-income countries and increase our development impact.

Under a memorandum of understanding with the PPP Central Unit in Egypt, IFC supported multiple PPP pre-feasibility studies in the urban transport, solid waste, and telecommunications sectors. One of these projects, the Cairo Technology Park, is expected to soon move forward, as IFC is currently negotiating the mandate agreement with the client. IFC has also provided financial modeling and project finance training to government officials. Meanwhile, the Dairut Independent Power Producer project, on hold for over a year, has now been resumed and advanced to the proposal stage.

IFC also co-manages the Arab Financing Facility for Infrastructure Technical Assistance Facility. The facility aims to support the development of PPPs in the region and has since funded numerous activities and upstream work in Egypt, Morocco, West Bank and Gaza, and Yemen. The facility was established in 2012 as a partnership between the International Bank for Reconstruction and Development, Islamic Development Bank, and IFC. It grew significantly during fiscal year 2013, when the European Investment Bank and the Arab Fund also joined.

13 FC, Advisory Services in Public-Private Partnerships, August 2013

Future Prospects

We believe that successful PPP transactions in infrastructure are essential to driving economic growth and restoring market confidence in post-Arab Spring economies, many of which have a limited track record 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.

As a result of World Bank Group reforms, we expect new opportunities to arise during FY15; our teams across the region stand ready to embrace them. We will continue to take a broad approach to the PPP infrastructure business, building on a pipeline of potential operations in Afghanistan, Pakistan, West Bank, Egypt, Iraq, Tunisia, and Morocco. We are also discussing some innovative transactions in the renewable energy and water sectors.

IFC also developed a new product to assist governments in the post-closing implementation of PPP projects. In FY15, the MENA team is expected to launch its second post-transaction advisory mandate to help Da Afghanistan Breshna Sherkat implement the Kandahar's management support contract, after which the winning bidder will sign the PPP agreement.

2.3 Supporting Inclusive Green Growth

Inclusive green growth is the pathway to sustainable development[14]. As part of the World Bank Group, IFC defines green growth as economic growth that is environmentally and socially sustainable. IFC pursues green growth which is inclusive, clean, and resilient.

The complexity and diversity within the Middle East and North Africa cannot be understated, particularly in relation to sustainable development and green growth. The region suffers from varying levels of energy access, endemic water security issues, and excessive energy subsidies, along with an aged infrastructure which is straining to support a burgeoning urban population.

2.3.1 Public-Private Partnerships

The region presents significant opportunities to attract private sector participation in the design and implementation of energy efficient, environmentally-friendly infrastructure projects. The implementation of public-private partnerships also offers the opportunity to introduce IFC performance standards and best practices in PPP contracts. IFC focuses on areas like green building, renewable energy, and energy efficiency across a host of industries.

Main Accomplishments

During FY14, we completed a joint investment-advisory wind project in Tafila, Jordan. The wind farm is expected to increase the country's current generating capacity by 117 megawatts and help Jordan reduce the amount of gas and heavy fuel it consumes, resources that are expensive and, at times, in short supply.

IFC is also providing post-closing advice on a concession to manage and operate a solid waste management facility in the southern West Bank. The agreement with the winning bidder was signed and the facility is expected to significantly reduce greenhouse gas emissions and improve the handling of solid waste.

The signing of a new agreement for the construction of Taif International Airport will also set high standards for eco-friendly construction. IFC has already completed a similar project, Madinah Airport, which introduced global best practices in energy efficiency, recycling, greenhouse gas reduction, and water use. Those lessons can now be replicated throughout the region. The Madinah project received LEED's silver certification, a first in the region. The PPP team is consistently looking for projects that will contribute to green growth in MENA and beyond. IFC is governed by a solid environmental and sustainability framework, identified as a best practice and adopted by other leading developmental institutions.

14 The World Bank, Inclusive Green Growth, The Pathway to Sustainable Development, 2012

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. SEF interventions aim to help improve access to finance for MSMEs and large corporations looking to invest in sustainable practices. These investments help firms improve their competitiveness while addressing climate change issues. IFC has been advising banks and leasing companies on sustainable energy finance since 2011, with the first operations in Jordan and Lebanon.

Main Accomplishments

IFC signed two new advisory service agreements, one in Jordan in July 2013 and another in Lebanon in December 2013. In Jordan, we supported the Ejara Leasing Company in building capacity for sustainable energy leasing operations. We helped provide training for leasing officers, allowing management to align this new business with the company's strategy, and build a pipeline of eligible projects. Ejara Leasing presents a solid pipeline of future projects to be financed, varying from fleet modernization (hybrid cars) to renewable energy (solar photo-voltaics for industrial companies).

In Lebanon, IFC is developing a strategic partnership with Fransabank and its leasing company, LLC. In view of investing later in sustainable energy, IFC has entered into an advisory engagement with Fransabank to train loan officers, build a pipeline of eligible projects, and assess the market potential for energy efficiency and renewable energy projects in the country. IFC provided training for over 125 employees of the bank and leasing company, and assisted in 12 client visits to build a pipeline of potential projects. In April 2014, IFC signed a loan agreement with both Fransabank and LLC for $40 million targeting sustainable energy projects.

Our teams completed a market survey in Pakistan to identify the market size of bankable sustainable energy finance projects for commercial banks in the country. Results were presented to the Pakistani banking community in September 2013 at an event organized by IFC in Karachi.

2.3.3 Resource Efficiency

The Middle East and North Africa is the second most energy-intensive region by economic output in the world. It is also the third most emissions-intensive region by economic output. The region, in other words, does not efficiently use its energy resources for economic production.

There is a need to increase the adoption of resource-efficient practices and technologies in order to remain competitive, particularly as energy subsidies are eliminated, the cost of fossil-fuel-based energy increases, and its availability decreases. IFC supports the private sector across MENA in adopting a more efficient use of energy and water resources for economic production. In FY14, we worked with individual companies and sector-specific aggregators to extend cleaner production assessments and provide implementation support for resource-efficient practices and technologies.

We continue to be focused on Egypt, Morocco, and Pakistan but, despite the difficult operating environment throughout the region, opportunities in other countries are routinely investigated.

Main Accomplishments

Resource Efficiency Client Engagements. As we discussed in the fiscal year overview last year, this program has had a slow uptake over the first two years. As a result we re-structured our efforts in this space and begun to focus much more on specific industries. This has been done through assessments to ensure we know which sectors have the highest return on energy efficiency. We have focused our efforts in just three markets, Pakistan, Morocco and Egypt.

During FY14, scoping activities were completed at 14 industrial firms in Morocco and five in Egypt. As well, 12 boiler energy efficiency walkthroughs were conducted in Pakistan. Those activities showed that companies could save water, reduce carbon dioxide emissions, and save millions by improving resource efficiency. Follow-up advisory engagements were signed with two boiler efficiency clients in Pakistan (Interloop Textile and Hilal Textile), while additional interventions are under negotiation in the country. In both Pakistan and Morocco, client engagements have been managed through local intermediaries (the national cleaner production center of each country), a pilot model for the program. The effectiveness of this approach will be evaluated in FY15.

Sector Approaches. We have focused particular attention on the following sectors:
• *Boiler Efficiency*. In Pakistan, IFC aims to boost the energy efficiency of boilers, which would limit industry exposure to a volatile electricity supply and reduce production costs. Based on early analysis, potential energy savings were identified, particularly for boiler energy efficiency improvements. Interventions will focus on issues including monitoring equipment and boiler automation, combustion efficiency, and steam condensation collection systems.

• *Fish Canning Sector*. In Morocco, a targeted focus on fish canning aims to encourage the uptake of resource efficiency measures. IFC is working with seven companies that have undergone cleaner production scoping activities. Negotiations are being finalized to start in-depth resource efficiency assessments, and to develop a cleaner production manual for the sector. The fishing industry in Morocco, among the largest in Africa, is a leading foreign exchange earner and is a major economic pillar for the country.

• *Cement Sector*. In FY14, IFC started a landmark review of the use of alternative fuels by the Egyptian cement industry. This national study aims to identify their sources and uses, as well as investment opportunities throughout the supply chain and processing, in order to make alternative fuels more widely used.

Cleaner Production Audit Review. Jointly with the Egyptian National Cleaner Production Center, IFC has begun the analysis of 500 cleaner production audit reports conducted over a period of seven years in multiple industrial sectors. The study is expected to identify cleaner production technologies with the highest potential for implementation and the key incentives to promote a wider adoption of cleaner production practices. Similarly, in Pakistan, a cleaner production audit analysis of more than 200 assessments supported by IFC, Pakistan's Cleaner Production Institute, and the National Productivity Organization was completed. The study will establish a roadmap for high-potential cleaner production technologies in Pakistan, focusing primarily on four industrial sectors – sugar, textiles, leather, and pulp and paper. The findings of the study will be complemented by a national workshop to encourage cleaner production by November 2014.

Supporting Dissemination of Resource Efficiency Awareness. The MENA program team contributed to the development of an IFC report that revealed up to $5 billion worth of investment opportunities in improving waste heat recovery systems in the cement sector. The Waste Heat Recovery for the Cement Sector: Market and Supplier Analysis report[15] provides in-depth analysis on eleven markets, including Pakistan and Egypt.

Regulatory and Policy Interventions for Climate Efficient Industries. Resource efficiency policies are used by governments globally to generate high-impact energy and resource savings across sectors. Industries in MENA tend

15 IFC, June 2014

to be large consumers of energy, with low efficiency. IFC's work on climate-efficient industries helps policy makers and industrial associations implement private-sector-friendly policies that stimulate investments, while improving the energy situation in the region and lowering greenhouse gas emissions.

In Pakistan, IFC is working with the Government of Punjab to develop a five-year energy efficiency program, the first of its kind. This is a crucial step in a country where sector-wide energy efficiency uptake is weak and energy shortages are affecting the competitiveness of local industries. IFC will also work with the government on selected standards and labeling systems, with a focus on high-impact equipment including motors, fans, and industrial boilers.

We are collaborating with the World Bank in Jordan to develop a standards and labeling program in order to unlock the energy efficiency potential of the industrial sector. This program will help update Jordan's energy efficiency standards to European Union standards, and improve the government's capacity to effectively screen and test energy efficient equipment. IFC will also engage with local industries to ensure that they will be able to comply with the new standards and leverage emerging market opportunities.

Industries in Egypt are facing the removal of energy subsidies, which will affect their cost competitiveness. IFC plans to work with the Ministry of Industry, Trade, and Small Industries to improve energy efficiency policies, enhance institutional capacity to support energy efficiency initiatives, and support the growth of local green industries.

2.3.4 Renewable Energy

Sustainable development is a critical concern given the inefficient use of energy resources across the region. Fortunately, most countries are well endowed with renewable energy resources including solar, hydro, biomass, and wind. IFC is actively promoting the uptake of clean and renewable energy in MENA through a range of interventions at the firm, sector, and market level.

The Renewable Energy Development Support program provides assistance to private sector project developers in markets where renewable energy is relatively uncommon. Meanwhile, our lighting program aims to increase access to off-grid lighting and energy solutions, particularly for the poor.

Main Accomplishments

There has been some progress in signing new client engagements following a restructuring of the program approach. However, opportunities are still difficult to find given the market conditions in the region. Egypt and Pakistan are the primary markets of activities.

• The program signed an engagement letter with Frienergy Limited – an early forerunner in Egypt's nascent clean technology industry – to support the firm in developing a 12 megawatt combined solar photo-voltaic and wind plant that aims to sell energy to a major tourism facility on the Red Sea coast. This would be the first business model of its kind in the Arab World's most populous nation.

"I am convinced that without IFC advisory we could not have known what we know now about the feedstock. IFC helped define the scope of the feedstock studies... monitored its progress on daily basis, managed the change in scope of the study, as and when our own knowledge on feedstock evolved. When the draft reports started coming in, IFC reviewed and questioned the results and pushed us to verify them independently, till the numbers started making sense. Due to IFC's work we have now right-sized the plant."

KOEL Project Director

• The Renewable Energy Development Support project has also signed with Yunus Brothers, one of the largest conglomerates in Pakistan, to provide advisory support in the development of a 215 megawatt hydro project in the country's Swat Valley.

• Work continued with Karachi Organic Energy to support the development of a 22 megawatt biogas plant. A feedstock availability survey was completed and the first phase of the plant has been resized from to 5.5 megawatts from 11 megawatts based on IFC's recommendation. Currently, work is ongoing on a study of different feedstock supply options, which include cattle manure and other organic waste. IFC also used its convening power to help the firm overcome political risks to attract world-class partners and to engage with key local stakeholders. As a result of IFC's involvement, the company is now working to develop the project with internationally-known biogas technology providers, engine manufacturers, a private equity firm, the local government in Karachi, transportation providers, and dairy farmers.

• A complete market assessment of developers and renewable energy projects in Pakistan has also been completed. We are following up with project developers and advisory services negotiations are underway, with a focus on hydro projects. Biomass and solar projects will also be explored to a limited extent. Over 60 projects were screened and meetings held with a wide range of project developers. A Punjab biomass resource mapping study is due to be finalized early in FY15.

• Market scoping was completed for Lighting Pakistan and the program has been implemented. The goal is to increase access to modern energy services for lighting and associated services (including mobile phone charging) for 1.5 million people in Pakistan. This will be accomplished by accelerating the development of a sustainable commercial market for off-grid lighting products. A wide range of organizations, from product suppliers to micro-finance banks to major telecommunications companies, have expressed a keen interest in working with the program. Negotiations have begun with several prospective clients.

Future Prospects

IFC intends to increase sustainable energy finance activities in the region, particularly in Pakistan and Morocco. A market survey focusing on microfinance potential will be conducted in Morocco in partnership with a local microfinance organization. As well, workshops to disseminate the results of Egyptian and Moroccan market studies will be held in Cairo and Rabat. The sustainable energy finance team also plans to sign advisory agreements with new clients during the next fiscal year.

We will continue to apply IFC's high-performance standards and target reductions of greenhouse gas emissions in future transactions. We are strongly aligned to support the appraisal of new IFC investment clients with the aim of potentially including climate change opportunities in upcoming investment deals.

We have also supported the review of prospective and existing portfolio clients to identify potential resource efficiency and clean energy interventions. We expect to expand into other target countries such as Tunisia, Jordan, and Algeria, while our teams will continue to share key clean energy and resource efficiency studies.

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.

An integrated investment/advisory results framework was designed and embedded in both investment services and advisory services E4E operations. Since the program's launch in 2012, E4E has developed five advisory projects currently in implementation and one study that has been completed. We have also committed investments in Turkey (Plato, a leading technical and vocational education and training entity with plans to expand into the MENA region, including Egypt), Jordan (Luminus, a leading technical and vocational school that is expanding into Iraq), and Morocco (HEM, a leading management school). The advisory projects are supported by partnerships with UKaid, SECO, the Netherlands, and the Islamic Development Bank. By FY18, through both investment and advisory activities, the program aims to reach over 170,000 youth, a third of them female, providing young people with skills relevant to the market.

Political uncertainty in Tunisia and Egypt has delayed the implementation of investment and advisory services. Nevertheless, the E4E team continues to follow-up on planned project activities with stakeholders and is identifying new opportunities. As the political process settles in both countries, projects are likely to pick-up in the near future.

Main Accomplishments

The E4E initiative contributes to addressing youth employability and the supply side of the employment and job creation equation. In order to increase the number of youth with skills relevant to the labor market, advisory services projects, complemented by investments, are guided by two objectives.

The first is to increase the availability of high-quality, relevant education and training programs. Needs assessments for four priority countries (Jordan, Egypt, Tunisia, and Morocco) helped identify E4E constraints, map potential partners, explore areas for engagement, and identity priority growth sectors constrained by the lack of qualified hires. The results pointed to the following growth sectors: construction, information and communication technology (ICT), healthcare, and tourism.

In Jordan, IFC launched in November 2012 a project to bridge the skills gap for the ICT sector and improve the employability of students. The project has since developed an ICT quality assurance framework relevant to Jordan. Its partner in this project is the Information and Communications Technology Association (Int@j), a national business association which, together with relevant stakeholders, contributed to this outcome. Teams developed a business plan to put in place an operational and financial sustainability mechanism in the form of a Sector Skills Council that will include both employers and training providers, so as to maintain the relevance of the quality assurance framework in line with the changing needs of the job market going forward. The Jordan University for Science and Technology is currently revising its syllabus to include employability and soft skills training that will be rolled out in the next academic year.

Similarly, in Tunisia, IFC is partnering with the local ICT federation to improve access to information and bolster the employability of youth. This will be accomplished through the creation of labor market information systems, a qualifications framework to be adopted by training providers, and a virtual matchmaking academy that identifies training needs of ICT firms and oversees the contracting of training providers.

Building on E4E's work in enhancing youth employability in the ICT sector, another intervention was designed for Egypt. It aims to develop an ICT national qualification framework intended to improve the quality of educational curricula and guide the design of educational and training programs. That is expected to improve access to information for all stakeholders via the development of a labor market information system. It will also build the capacity of the Information Technology Industry Development Agency (ITIDA) to house the information system. The cooperation agreement was signed with ITIDA in August 2014.

A cooperation agreement for the morocco logistics/ tourism engagement was signed with the ministry of tourism and the tourism observatory in january 2014. the project aims to add labor market information system to the existing logistics and tourism observatories and develop a qualifications frameworks for the tourism sector. clients include the national logistics agency of morocco, ministry of tourism, and the tourism observatory of morocco. the project supports the world bank-ifc work on national qualifications framework.

E4E FAST in Tunisia, Morocco, Egypt, and Jordan continues to build upon the IFC Business Edge tool, helping complement and grow the nascent supply of education and training providers offering work readiness programs. Current engagements involve AmidEast and Attitudes Conseil in Morocco, in addition to ISET Djerba (a university in Tunisia), the Centre d'Etudes de Formation et d'Assistance Chahed, and the Institut Arabe de Chefs d'Entreprises in Tunisia.

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. Highlights for FY14 include:

• The E4E Access to Finance Student Lending Market Study for Egypt and Morocco was completed. The study analyzed ways to extend loans to students from low-income families. The study recommends student lending models for Egypt and Morocco, and included structures, market analysis, and potential partners. This study is now the basis for the design of student lending products in Morocco (in FY15) and Egypt (FY15/FY16) for possible IFC investments.

• The E4E website, new video clip, and social media platforms (Facebook and Twitter) continue to serve as hubs for knowledge sharing and stakeholder engagement.

• Most of the E4E projects include a component to develop sector-specific labor market information systems and observatories. The availability of adequate labor market information, including wages and in-demand job profiles, inform decision making by youth on post-secondary education and vocational training programs.

Future Prospects

In FY15, the E4E Initiative will continue the implementation of advisory and investment interventions in the four priority countries. Two new projects are in the planning stages for Egypt, one in regulatory reform has been scoped and the second one in healthcare is being discussed. Another regulatory reform engagement was planned in Tunisia. Given renewed client engagement, these projects will require new funding to move towards implementation. New operations in Yemen (funded by the MENA Transition Fund) and West Bank and Gaza (requiring funding) are also envisioned in 2015. Potential investments are in progress in Tunisia and Egypt, which should help attain the investment target of $50 million for FY15.

The E4E Initiative will continue its coordination with colleagues from across the World Bank Group, external partners, IFIs, and donors to improve youth accessibility to affordable and market-relevant education, ultimately enhancing their employment prospects.

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

2.5 Jobs and Inclusion: Gender Focus

It is estimated that up to 38 percent of SMEs worldwide (or 10 million businesses) are fully- or partially-owned by women, making them significant contributors to the economy. Yet, female-owned businesses face considerable barriers to growth. In developing economies, women entrepreneurship is largely skewed towards smaller firms. They make up 32 to 39 percent of the very small segment of firms, 30 to 36 percent of small businesses and 17 to 21 percent of medium-sized companies[16] .

A focus on women remains an important cross-cutting theme for IFC, and is a continuously growing component of IFC's investment and advisory work[17] . IFC's gender focus includes expanding opportunities for women entrepreneurs to grow their business. We help increase financing to women-owned SMEs. We help improve employment opportunities and working conditions for women by promoting global best practices. And we help expand training for female board directors.

Every project implemented in the region drives furthers gender inclusion. Where possible, projects include gender-specific indicators to track progress. This usually materializes in SME banking, microfinance and business strengthening operations. Policy reforms, infrastructure, and economy-wide programs encompass all beneficiaries without any gender bias.

Under IFC's corporate governance program, 154 women were trained by country-specific and regional or sub-regional projects and their intermediaries in FY14. Some projects focused on enhancing the gender diversity of boards and senior management, presenting a compelling business case for gender inclusion.

In Jordan, IFC and the Jordan Institute of Directors conducted a research study on gender diversity in the boardrooms of 237 publicly-listed companies and 996 private shareholding firms. It was designed to raise awareness about the value of diversity and its influence on an organization's performance. The results of the study, about to be published, point to a positive correlation between female representations on boards and firm performance. It is expected that this study will be replicated in Lebanon during the next fiscal year.

16 IFC, Closing the Credit Gap for Formal and Informal Micro, Small and Medium Enterprises, October 2013
17 IFC, IFC Road Map FY14-16, April 2013

In the Maghreb, the IFC corporate governance team conducted a seminar on board composition with a gender focus. It was held in Casablanca in partnership with the Moroccan Chapter of Women Corporate Director. Two hundred participants, including 55 women, received training on the benefits of gender diversity at boards and in top management.

Afghanistan was also a focus of IFC's gender-related efforts. The Business Edge team partnered with training companies owned by women. It also encouraged the participation of women in a trainers-of-trainers program by giving them a 50 percent discount. As well, the team met with development and donor organizations that focus on women. During FY14, 1,342 women participated in Business Edge training, more than half of the program's total. In Yemen, 29 percent of all trainees (or 1,515 people) were women. These efforts are part of IFC's push to empower women as agents of change in the private sector.

Female entrepreneurs are more likely than men to be in the informal sector. They often run smaller firms from home and specialize in services. That makes women a less appealing segment for banks and has constrained their access to finance.

The Middle East and North Africa has among the lowest levels of female access to finance in the world. This is attributed to gender specific-challenges, such as lack of collateral and less control over assets. As per one IFC study, 48 percent of women-owned businesses in MENA have identified credit as a constraint to growing their businesses. The estimated credit gap for this population is $72 million. That represents an opportunity for banks and financial institutions.

IFC promotes access to finance for women by partnering with banks in the region to meet this demand. IFC help clients capture more business by catering to both the financial and non-financial needs of women entrepreneurs. IFC does this by working with clients to develop strategies, form business models, conduct market research, develop a customer value proposition, and build staff capacity.

During FY14, we had four active engagements with a focus on gender-related access to finance. The engagements with banks are in Jordan, West Bank and Gaza, Pakistan, and Oman. They aim to boost SME lending to women-owned businesses to 25 percent of our client banks' portfolios. This goal is complemented with a strong pipeline of potential interventions in Morocco, Egypt, and Yemen, expected to materialize by FY15.

All applicable projects have a set of distinct monitoring and evaluation indicators that help track the outreach and growth of the number of women depositors, number of women borrowers, and number/value of loans disbursed to women, among other things. Such indicators are tracked to measure annual growth and in comparison to the total portfolio of banks.

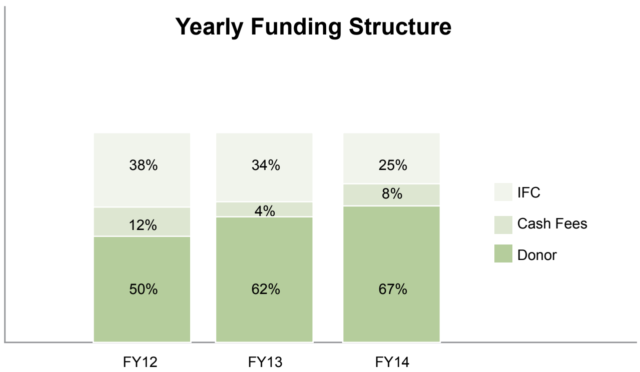
3. Funding, Expenditure, and Partnerships

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.

The program has continued to grow and leverage IFC's contribution with both partner and client funding. As discussed last year, we sought to ensure that client fees increased significantly and this was accomplished as they doubled from 4 percent to 8 percent this year, a trend we expect to continue. IFC's contribution has declined over time as the total program has grown. In FY14, the IFC contribution was also affected by management decisions on the global Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS), which is the fund that the Board of Directors uses to allocate net income to AS activities. Due to decisions by the board to use net income to support IDA, funding to FMTAAS had been reduced and management decided to reduce allocations of FMTAAS in FY14 affecting IFC contribution to the regional program.

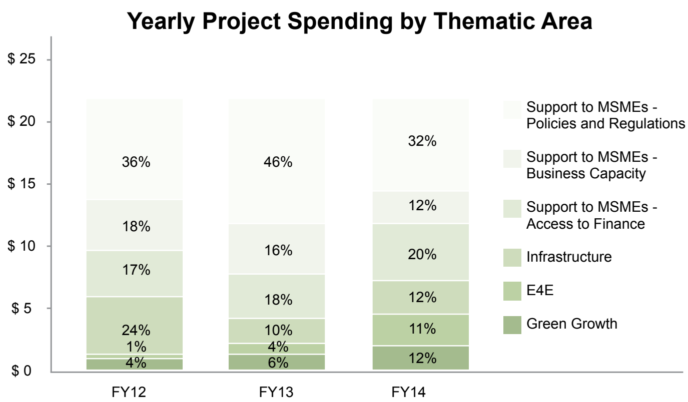
Figure 3.1



3.2 FY14 Expenditure

Despite the transitions affecting MENA, we were able to deliver strong results and execute the advisory program of about $35 million. Programs focusing on E4E and on inclusive green growth have shown the greatest increase as the programs ramp up implementation. Programs focusing on MSMEs (regulation, capacity, and access to finance) continue to represent nearly two thirds of the overall program. Infrastructure (largely PPP) has, unsurprisingly, been negatively affected over the last two years and is currently about half of what it was pre-Arab Spring. We expect the situation to improve in the coming year.

Figure 3.2



3.3 Clients and Partnerships Overview

Our client base has shown a steady increase over the last fiscal year, in line with the growth in the program. In FY14, we signed 69 new client agreements which contributed to a total portfolio of 142 active engagements. During the year, project clients paid in $3.6 million and we expect to see continued growth in areas of strong private benefits of the work but not substantially in programs where the benefits are largely public (Investment climate, financial infrastructure, etc.).

The implementation of the advisory service program in the region benefited from the financial support from long standing as well as new development partners. During FY14, IFC signed new and replenishment agreements with Hungary, the Islamic Development Bank, Japan, SECO (Switzerland), Ukaid/DFID (UK) and the MENA Transition Fund for a total amount of $17.5 million.

Table 1: New Agreements Signed in FY14

Partner	Scope / Purpose	Geographic Coverage	Grant ($ million)	Amount Deposited ($ million)	Amount Committed and Spent ($ million)
Hungary	A2F - microfinance	Egy.- Tun - Mor	1.05	1.05	0.15
IsDB	E4E	Egypt	0.30	0.30	0
Japan	MSME Development Program	Pakistan	1.00	1.00	0.59
Japan	A2F	Afghanistan	0.70	0.70	0.09
SECO – CH	ADR	N. Africa and Levant	0.30	0.30	0.30
Transition Fund	E4E	Yemen	1.85[19]	1.85	0
Transition Fund	IC	Jordan	2.60	2.60	0
UKaid (DFID)	PSD Program (A2F, IC, SBA)	Yemen	8.00	1.38	1.16
UKaid (DFID)	IC	Pakistan	1.70	0.11	0.09
TOTAL			17.5	9.29	2,38

3.4 Development Partnerships

As can be seen in the table, of the nine agreements signed, five address the implementation of programs in IDA and/or FCS countries, while four agreements focus on Northern Africa/Levant. Another agreement was signed centrally between IFC and Japan. Under the Tokyo International Conference on African Development, Japan will support IFC's advisory service activities on SME development in Africa with $30 million over a period of five years. Projects in North African countries will be eligible for these funds but the majority are expect to go to Sub-Saharan Africa (the implementation plan will be defined in FY15).

In addition to these agreements, an additional $4.14 million were mobilized through centrally managed trust funds (Table 2). Of this amount, $2.91 million was already deposited, and $1.56 million was spent or committed by June 30, 2014.

Overall, the FY14 MENA advisory services program finalized agreements on financial contributions amounting to $21.64 million, of which 84 percent are supporting activities in IDA and/or FCS, and 13 percent in the middle-income countries of North Africa and the Levant.

Table 2: Funding obtained through centrally managed Trust Funds in FY14

Partner	Scope / Purpose	Geographic Coverage	Grant ($ million)	Amount deposited ($ million)	Amount Committed & Spent ($ mln)
Canada – DFATD	A2F Gender Program	MENA	0.15	0.15	0
Denmark - DANIDA	SBA	Pakistan	0.20	0.20	0.08
	A2F Sustainable Energy Finance	MENA	0.20	0.20	0.20
	IC EE Industries	Egypt	0.07	0.07	0.004
	IC Punjab Energy	Pakistan	0.30	0.30	0.21
DFID - UKaid	A2F Secure Lending	Afghanistan	0.35	0.35	0.13
	IC – South Asia Regional Integration in Trade & Investment - SARTI	Pakistan	0.35	0.35	0.30
	A2F – HBL Win Advisory	Pakistan	0.22	0.22	0.22
	A2F Sustainable Energy Finance	Pakistan	1.00	0	0
PPIAF	PPP Municipal Services Conferences	MENA	0.07	0.07	0.04
Spain	PPP Street Lighting	Jordan	0.23		
USAID	IC Construction Permit reform	Afghanistan	1.00	1.00	0.38
TOTAL			4.14	2.91	1.56

18 Under TICAD, Japan signed an agreement with IFC to support, with USD 30 million, SME Development in Africa over a five-year horizon. North African countries of the MENA are eligible for this funding.
19 Out of total project cost of $ 4.58 million

4. Annexes

Annex A: Fiscal Year 2014 Results and Targets

Thematic Area	INDICATOR	FY14					FY14-11				
		Target	Results			Ratio of achievement	Target to date	Results to date			Ratio of achievement
			Portfolio	Post-Imp	Total			Portfolio	Post-Imp	Total	
Increased Access to Finance	Value of micro loans disbursed ($)	674,535,530$	914,092,138	13,054,929	927,147,067$	%137	1,539,624,471$	1,498,795,930	73,071,145	1,571,867,075$	%102
	Value of SME loans disbursed ($)	2,083,599,534$	1,582,572,297	1,493,999,207	3,076,571,504$	%148	2,995,705,821$	2,493,340,534	2,405,436,469	4,898,777,002$	%164
Improved Investment Climate	Direct compliance cost savings ($)*	83,701,263$	40,393,375	34,022,046	74,415,421$	%89	200,601,514$	260,142,130	42,690,332	302,832,462$	%151
Sustainble Business Advisory	Number of entities reporting improved performance (e.g., improvements in productivity, operations, loan terms, valuations)	420	884	199	1,083	%258	1,179	2,483	916	3,399	%288
Increased Investment in Infrastructure	Value of financing facilitated ($) (from agreed contract - not actual investment to date)	$-	$-	$-	$-		1,101,800,000$	1,101,800,000	-	1,101,800,000$	%100
All Business Lines	GHG emissions expected to be avoided (in metric ton/year)	1,767	129	-	129	%7	30,767	47,965	1,397	49,362	%160
E4E Initiative	Number students / trainees in relevant jobs or self-employed one year after completion of education / training	-	-	-	-		-	-	-	-	

Thematic Area	INDICATOR	FY14					FY14-11				
		FY14	Results			Ratio of achievement	Target to date	Results to date			Ratio of achievement
			Portfolio	Post-Imp	Total			Portfolio	Post-Imp	Total	
Support MSME - Improve Access to Finance	Number of SME loans disbursed	50,022	19,982	33,550	53,532	%107	86,976	94,483	70,005	164,488	%189
	Number of micro loans disbursed	857,981	1,026,773	27,592	1,054,365	%123	2,926,157	1,810,405	174,811	1,985,216	%68
	Number of micro loans disbursed to women	343,192	589,838	14,449	604,287	%176	1,344,752	880,126	93,270	973,396	%72
	Number of deposit accounts opened (personal accts)	174,209	326,687	85,014	411,701	%236	291,031	492,829	114,714	607,543	%209
	Number of deposit accounts opened (personal accts) by women	8,662	22,483	6,833	29,316	%338	46,120	22,483	15,358	37,841	%82
Support MSME - Encourage Efficient Policies and Regulations	Number of inquiries received by credit bureau/credit registry*	2,616,000	699,599	6,025,285	6,724,884	%257	4,817,164	903,331	5,045,410	5,948,741	%123
	Number of registrations in the collateral registry	880	2,250		2,250	%256	880	2,250		2,250	%256
	Number of firms that benefit from new/reformed procedures*	56,548	33,143	72,296	105,439	%186	101,913	43,730	156,690	200,420	%197
	Number of commercial cases settled through mediation or filed to arbitration*	1,018	190	397	587	%58	1,970	3,637	397	4,034	%205
	Value of funds released through ADR ($)	171,500,000$	249,341,821	46,383,398	295,725,219$	%172	366,481,560$	488,737,270$	46,383,398	535,120,668$	%146
	Number of new laws/regulations/amendments/codes drafted or contributing to the drafting	11	55		55	%500	53	72	-	72	%136
	Number of recommended laws/regulations/amendments/codes enacted	7	44	1	45	%643	33	61	2	63	%191
	Number of procedures/policies/practices/standards proposed for improvement or elimination	121	346		346	%286	362	1,643	45	1,688	%466
	Number of procedures/policies/practices/standards that were improved/eliminated	90	257	21	278	%309	279	494	70	564	%202
	Value of liabilities of insolvency cases initiated through the improved insolvency regime ($)**	$-			$-					-	
	Value of liabilities of reorganization and restructuring plans solved via OCW ($)**	$-			$-					-	
Support MSME - Strengthen Business Capacity	Number of participants in workshops, training events, seminars and conferences	2,404	9,118		9,118	%379	17,824	31,620	276	31,896	%179
	Number of women participants in workshops, training events, seminars and conferences	1,952	1,885		1,885	%97	5,022	7,172	84	7,256	%144
	Number of individuals trained by project trained people/institutions	7,900	6,865	5,290	12,155	%154	26,968	25,314	15,809	41,123	%152
	Number of women trained by project trained people/institutions	3,350	2,422	1,534	3,956	%118	6,725	7,340	5,401	12,741	%189
Infrastructure	Number of reports (assessments, surveys, manuals, strategic options reports) completed	2	4		4	%200	9***	11	-	11	%122
	Number of reports accepted by client	3	4		4	%133	9***	9	-	9	%100
	Number of advisory mandates signed (between IFC and government)	3	3		3	%100	6***	8	-	8	%133
E4E Initiative	Number of students/trainees enrolled in IFC - supported education/training programs**	200	178		178	%89	200	178	-	178	%89

* New wording
** New indicators intorduced in FY14
*** Typo corrected from last year›s report

Annex B: Fiscal Years 2011-2017 Targets

	INDICATOR	Target							Total
		FY11 (Actual)	FY12 (Actual)	FY13	FY14*	FY15*	FY16*	FY17*	Total
Support MSME - Improve Access to Finance	Value of micro loans disbursed ($)	53,881,663	241,882,593	240,392,250	$674,535,530	$760,239,065	$885,174,980	$935,213,064	$3,791,319,145
	Value of SME loans disbursed ($)	190,248,860	430,343,109	617,966,540	$2,083,599,534	$2,224,645,297	$3,155,871,390	$3,514,664,461	$12,217,339,191
Support MSME - Encourage Efficient Policies and Regulations	Direct compliance cost savings ($)**	67,579,570	56,699,431	56,699,431	$83,701,263	$95,063,397	$94,975,626	$15,969,408	$470,688,126
Support MSME - Strengthen Business Capacity	Number of entities reporting improved performance (e.g., improvements in productivity, operations, loan terms, valuations)	428	812	602	420	471	342	1,756	$4,831
Infrastructure	Value of financing facilitated (US$) (from agreed contract - not actual investment to date)	0	1,525,000,000	111,000,000	$-	$20,000,000	$150,000,000	$20,000,000	$1,826,000,000
Green Growth	GHG emissions expected to be avoided (in metric ton/year)	0	12,293	25,000	1,767	102,677	135,636	402,169	$679,542
E4E	Number students / trainees in relevant jobs or self-employed one year after completion of education / training	0	0	0	-	55	158	5,777	$5,990

	Indicator	Target							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	50,022	56,645	90,572	107,311	392,830
	Number of micro loans disbursed	40,556	312,669	343,418	857,981	1,071,447	1,292,855	1,616,739	5,535,664
	Number of micro loans disbursed to women	0	152,236	137,367	343,192	428,579	517,142	646,695	2,225,212
	Number of deposit accounts opened (personal accts)	15,229	20,075	54,998	174,209	89,316	123,258	177,849	654,934
	Number of deposit accounts opened (personal accts) by women	-	6,214	8,250	8,662	8,730	9,456	9,000	50,311
Support MSME - Encourage Efficient Policies and Regulations	Number of inquiries received by credit bureau/credit registry**	0	2,228,869	2,169,164	2,616,000	472,000	800,000	1,320,000	9,606,033
	Number of registrations in the collateral registry	0	0	0	880	960	2,800	5,120	9,760
	Number of firms that benefit from new/reformed procedures**	4,899	60,605	13,189	56,548	47,997	79,619	75,032	337,889
	Number of commercial cases settled through mediation or filed to arbitration**	1,254	727	360	1,018	1,069	1,123	544	6,095
	Value of funds released through ADR ($)	53,570,409	123,146,141	123,456,560	$171,500,000	$85,480,360	$89,754,378	$16,674,908	663,582,756
	Value of liabilities of insolvency cases initiated through the improved insolvency regime ($)***					$-	$50,000,000	$61,704,410	111,704,410
	Value of liabilities of reorganization and restructuring plans solved via OCW ($)***					$1,000,000	$14,142,888	$22,640,518	37,783,406
	Number of new laws/regulations/amendments/codes drafted or contributing to the drafting	1	8	14	11	24	3	2	63
	Number of recommended laws/regulations/amendments/codes enacted	4	6	6	7	19	15	2	59
	Number of procedures/policies/practices/standards proposed for improvement or elimination	3	301		121	37	32	5	499
	Number of procedures/policies/practices/standards that were improved/eliminated	15	184	87	90	154	23	9	562
Support MSME - Strengthen Business Capacity	Number of participants in workshops, training events, seminars and conferences	4,194	6,641	4,586	2,404	2,544	2,097	1,701	24,166
	Number of women participants in workshops, training events, seminars and conferences	863	1,310	897	1,952	1,109	1,044	925	8,100
	Number of individuals trained by project trained people/institutions	6,237	7,360	7,660	7,900	7,095	8,825	2,400	47,477
	Number of women trained by project trained people/institutions	1,777	1,573	1,326	3,350	2,129	2,648	600	13,403
E4E Initiative	Number of students/trainees enrolled in IFC - supported education/training programs***				200	11,500	12,060	17,080	
Infrastructure	Number of reports (assessments, surveys, manuals, strategic options reports) completed	7	0	7	2	3	2	2	23
	Number of reports accepted by client	4	2	6	3	3	2	2	22
	Number of advisory mandates signed (between IFC and government)	4	1	3	3	3	2	2	18

* Revised Targets starting FY14
** New wording
*** New indicators intorduced in FY14

Annex C: Indicator Definitions and Methodology

Increased 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	# 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.
	# 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.
	Credit Bureau: Number of inquiries received by credit bureau/credit registry	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 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.

Improved Investment Climate	Indicator	Definition	Methodology Note for Reporting on Results
Outcome	Direct compliance cost savings	Aggregated cost savings for businesses resulting from administrative procedures/policies/practies 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.)	The savings that resulted from the difference in the pre- and post-reform annual costs (adjusted for taxes and discounted to the baseline year).
Output	Number of firms that benefit from new/reformed procedures	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 commercial cases settled through mediation or filed to arbitration	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	Total value ($) of funds transacted between parties as a result of enforced settlements (excluding any lawyer or other fees).	Data will be collected from project clients.
	Value of liabilities of insolvency cases initiated through the improved insolvency regime ($)	This is the total value of liabilities entering the insolvency system for resolution	Data will be the value written in the balance sheet of the debtor. If not available, then it is the value identified after the 1st hearing
	Value of liabilities of reorganization and restructuring plans solved via OCW ($)	This is the total value of liabilities of cases that already went through OCW procedures and reached an agreement to restructure	Data is the value written in the restructuring agreement
	Number of new laws/regulations/amendments, codes drafted or contributing to the drafting	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 amendement 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	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	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	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 percent 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).

Sustainable Business Advisory	Indicator	Definition	Methodology Note for Reporting on Results
Outcome	Number of entities reporting improved performance (e.g. improved productivity, operations, access to capital, etc)	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	GHG Emissions expected to be avoided (metric tons/year)	Measures greenhouse gas emissions (GHG) avoided in metric tons of CO_2 equivalent per year, as compared to the GHG that they would have emitted under a "business as usual" scenario. This indicator is applicable for energy efficiency and cleaner production, recycling and renewable technologies. In the case of modernization, count the GHG emissions that would be saved as compared to the situation where the old technology is used to produce the new level of outputs. The applied emissions factors must be consistent with the CEET tool.	The calculation methodology follows this equation: GHG = energy saving * emission factor (depending on type of fuel or electricity grid EF).
	Number of participants in workshops, training events, seminars and conferences (of which women)	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 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

Increased Investment in 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 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 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 internal records.

E4E Initiative	Indicator	Definition	Methodology Note for Reporting on Results
Outcome	Number students / trainees in relevant jobs or self-employed one year after completion of education / training	Number of students/trainees who are employed (self or not) after one year of finishing IFC-supported education/ training	This is a sub-set (%) of students who enrolled and successfully graduated from IFC-supported academic education/training. For training: Count trainees in jobs whether originally unemployed or already employed (self or not) at the time of taking the training
Output	Number of students/ trainees enrolled in IFC - supported education/ training programs	Number of students who joined education/training programs that offer IFC-supported education/ training	Students are counted when the Education provider starts offering the program/courses to students/ trainees

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