A Road Less Traveled:
Scaling Up Reforms in Arab Countries in Transition
MIDDLE EAST AND NORTH AFRICA
TRANSITION FUND
2016 ANNUAL REPORT


The MENA Transition Fund supports reform-oriented initiatives that aim to strengthen governance and public institutions, and foster sustainable and inclusive economic growth in Arab countries in transition. It provides a unique platform where transition countries, donor countries and international financial institutions can discuss the region’s ongoing transformation from a development cooperation perspective.

The MENA Transition Fund looks to engage other donors and stakeholders in this important initiative.

Unless otherwise indicated, all data is current as of December 31, 2016 and dollar amounts are US currency.

Donor Countries

Transition Countries

On the cover: Famous blue city of Chefchaouen, Morocco; Photo credit: Ruslan Kalnitsky/Shutterstock.
Opposite page: Street in the blue city of Chefchaouen, Morocco; Photo credit: Xantana/iStock
ABOUT THE TRANSITION FUND

THE DEAUVILLE PARTNERSHIP AND THE TRANSITION FUND

The Deauville Partnership with Arab Countries in Transition is an international effort launched by the G8 at the Leaders Meeting in Deauville, France in 2011 to support countries in the Arab world engaged in transitions toward “free, democratic and tolerant societies.” At the Camp David Summit in 2012, G8 Leaders recognized the important progress that has been achieved in a number of countries undergoing transition and committed to maintaining their support for these transitions in four key priority areas: stabilization, job creation, participation/governance, and integration. To support Arab countries in transition to formulate policies and programs and implement reforms, the Deauville Partnership set up the MENA Transition Fund.

WHAT IS THE TRANSITION FUND?

The Transition Fund is a broad-based partnership providing grants for technical cooperation to help transition countries (Egypt, Jordan, Libya, Morocco, Tunisia and Yemen) strengthen their governance, social and economic institutions by developing and implementing home-grown and country-owned reforms. Its main objective, “to improve the lives of citizens in transition countries” is articulated around supporting projects and programs in four key pillars: (i) investing in sustainable growth; (ii) inclusive development and job creation; (iii) enhancing economic governance; and (iv) competitiveness and integration.

HOW IS THE TRANSITION FUND GOVERNED?

The Transition Fund is governed by a Steering Committee comprising donor and transition countries as decision-makers and Implementation Support Agencies (ISAs) as observers. In fulfilling its roles and responsibilities, the Steering Committee is supported by the Trustee on all financial aspects; the Coordination Unit on operational aspects and an independent callable Roster of Experts on project/program advisory aspects. Project implementation in Transition Countries is supported by eligible ISAs.

ELIGIBLE IMPLEMENTATION SUPPORT AGENCIES


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The Middle East and North Africa (MENA) region is much different today than it was four years ago when the MENA Transition Fund first launched its operations. Six years after the Arab Spring, instability cuts across the region as conflicts in Syria, Yemen and Libya continue to roar, displacing millions from their homes and forcing a flight for safety across MENA borders. Fragility extends throughout the region, weakening the potential for growth and inclusion. Undoubtedly, this environment calls for a collective and coordinated effort.

Last December, we celebrated the fourth anniversary of the Transition Fund. Despite the extremely challenging context within which it operates, the Fund has nonetheless accomplished much. In a resource-constrained environment, we are pleased that the Fund has now met its envisaged capitalization at just over $250 million. Of this amount, approximately $223 million was committed for projects. Many of the projects focus on critical economic and sensitive social reforms: addressing unemployment, promoting Micro, Small and Medium Scale Enterprises (MSMEs), strengthening investment promotion efforts, combating corruption, enhancing transparency, promoting women and youth in the public policy sphere, strengthening parliaments, reinforcing social safety nets, supporting subsidy and fiscal reform, and strengthening decentralization and local government capacity.

These interventions, funded by the Transition Fund, are now yielding results: of the 444 businesses that received business and advisory support, 158 are already demonstrating increased performance; more than 44,000 individuals were trained to improve employability or self-employment; persons with access to financial products and services increased by about two million over the past year; and the outstanding microfinance loan portfolio increased by about $100 million as access to finance for vulnerable populations and micro-entrepreneurs increased.

Thanks to the unique platform of 15 donors, six transition countries and 11 implementation support agencies, our collective efforts over the last two years to improve the portfolio has yielded results. Through open and transparent dialogue, about 87 percent of the Transition Fund portfolio rated in the satisfactory range by end 2016.

These achievements were made possible by the dedication of all Steering Committee members, and we take this opportunity to thank them for their partnership during this period of change and upheaval, and for the critical support extended to MENA at a difficult time in its history. The road to recovery remains long and we still very much count on this coalition of support actors to continue to push the reform agenda, with the objective of building more resilient societies and contributing to peace and stability in MENA.

Franck Bouquet
Executive Secretary of the Steering Committee
MENA Transition Fund
The objective of the Transition Fund is to improve the lives of citizens and support the transformation currently underway in Egypt, Jordan, Libya, Morocco, Tunisia, and Yemen by providing grants to strengthen governance and public institutions. It also endeavors to foster sustainable and inclusive economic growth by advancing country-led reforms.

The Transition Fund is investing in sustainable growth, enhancing economic governance, supporting inclusive development and promoting competitiveness and integration.
INVESTING IN SUSTAINABLE GROWTH

**Barriers**
- **SOCIETY** Conflict and unrest
- **OIL** Low prices
- **ECONOMIC GROWTH** Slowing globally
- **INVESTMENT** High needs against shortage of foreign capital
- **BUSINESS** Lacking business and investment policy environment

**Objectives**
- **IMPROVE** Improve the business and investment environment by supporting governments in the design of new investment policies and legal frameworks to strengthen private investment; the modernization of laws and regulations governing business activities; and the provision of business development services for MSMEs, among others.
- **INCREASE** Increase access to finance by developing legal, regulatory, tax and institutional frameworks for the microfinance sector; strengthening market infrastructure, product innovation and funding sources for microfinance; integrating microfinance into national financial inclusion strategies; and promoting the development of innovative retail payment solutions such as mobile financial services.
- **REDUCE** Reduce the cost of accessing finance by supporting microfinance institutions design and implement effective risk management systems; promoting accountability, corporate governance and consumer protection; facilitating the establishment and entry of new microfinance entities in underdeveloped markets; and strengthening credit guarantee schemes.

**Results**
- **158 businesses**, including MSMEs demonstrated increased performance after receipt of support/advisory services
- **444 businesses** received business support/advisory services or financial investment (includes MSMEs)
- **444**
- **5m** Approximately 5 million persons have benefitted from access to financial products and services
- **$100m** The outstanding microfinance loan portfolio has increased by $100 million

**Creating Jobs and Businesses from “Nothing”**

Sitting at a table in the middle of Cairo University Campus, Shadwa Alaa a fourth year student at the faculty of Engineering, is not shy to engage in conversation with other students passing by. Flanked by two banners that bear the words “youthinkgreen-Egypt”, Alaa has set up a station to find potential entrepreneurs to innovate in eco-friendly solutions for industrial waste management.

“Egypt produces 6.2 million tons of industrial waste annually,” Alaa explains to her fellow students. “At least 50 percent of that waste can be recycled to create products to replace imported ones.”

“Through the use of technology and innovation, our society can develop in a more sustainable manner with the creation of green jobs,” says Alaa, who is also the team leader of youthinkgreen-Egypt, a volunteer student-led society, born out of the international youth movement launched in Berlin.

The organization aims to inspire, mobilize and empower youth across Egypt to “think green” and apply sustainable projects in their communities. Each year since 2014, youthinkgreen-Egypt brings together students, coaches, mentors and investors to work together for 3 weeks on innovative, and technology-based solutions at an annual summer camp.

This year’s initiative will expand to include pre-camp coaching sessions to allow the entrepreneurs more time to deepen their research and improve their prototypes. The 2017 camp themed Industrial Waste Management, is organized with the support of Green Growth: Industrial Waste Management and SME Entrepreneurship Hub, a project financed by the MENA Transition Fund. Implemented with support from the African Development Bank, the project seeks to raise awareness on industrial waste and its recycling potential, support transformative policy reforms in that sector, and set up a waste exchange platform to be used by waste generators and waste users.

The project focuses mainly on supporting SMEs because they make up 99 percent of the non-agricultural private sector. Around 51 percent of SMEs operate in the manufacturing sector; and overall they account for 75 percent of employment in Egypt. While access to finance for SMEs has been by and large addressed in recent years, entrepreneurs nevertheless need entrepreneurial skills, technical knowledge, marketing and integration into supply value-chains - to name a few.

There is an untapped potential in the country for skills development in the management and utilization of industrial and hazardous wastes. Industrial waste accounts for 12.5 percent of all waste generated in Egypt, and if 50 percent of the industrial solid waste were recycled, the country could generate 8,000 direct jobs annually.

“The outstanding microfinance loan portfolio has increased by $100 million”

*Through the use of technology and innovation, our society can develop in a more sustainable manner with the creation of green jobs.” — Alaa, team leader of youthinkgreen-Egypt, a volunteer student-led society, born out of the international youth movement launched in Berlin.*
Currently, industrial waste is considered non-valuable and is disposed in landfills and illegal dumping zones, which negatively impacts the climate, environment and health of Egyptians. Unlike agricultural and municipal waste, industrial solid waste is simpler to manage, as most of the roughly 28,000 facilities nationwide are concentrated in industrial zones.

FROM IDEATION TO INCUBATION

Preparation for the summer camp is underway with a call for participation posted at Cairo University and on social media platforms to inform students of potential business opportunities. The organizers at youthinkgreen-Egypt plan to select 100 participants to take part in a 10-day workshop, during which they will exchange ideas and form teams.

The new teams will carry out design thinking processes to innovate in eco-friendly solutions to challenges of industrial waste management through a series of site visits and tailored workshops with industrial stakeholders.

Next, after a second round of the idea selection process is complete, a total of 40 – 50 participants will take part in a 4-week summer camp, where they will develop prototypes and pitch their eco-logical solutions to industrial stakeholders, partners, incubators and investors. At the end, youthinkgreen will work on a tailored development program for the selected products to be funded, mentored and qualified to enter the Egyptian market.

INDUSTRIAL WASTE EXCHANGE PLATFORM

The project also helped create an online platform aimed at improving cross-industry resource efficiency by linking waste generators, potential users, and recyclers to develop a sustainable and integrated industrial waste exchange system.

The platform, which is expected to begin operation in the first half of 2017, will be supported by awareness raising workshops and a dedicated media campaign. The platform is expected to spur operations in the waste exchange sector and create jobs, both directly and indirectly.

The project also focuses on enhancing and strengthening the regulatory framework to address the constraints that impede recycling in Egypt. Through studies, trainings, stakeholder workshops, and the development of a set of best practices, policy briefs are being developed for adoption, which will complement the development and operationalization of the waste exchange platform.

In Jordan, the Sky is the Limit

The shelves in the showroom of the Jordanian Juman Para Pharmaceuticals company are packed with cosmetics that would be the pride of any beauty retailer around the world: lotions, creams, dead-sea mud extracts — just about everything that will keep you young and good-looking.

One floor above, Rasha Eid, an energetic entrepreneur and owner of “Juman”, walks through her storage and shipping department and throws her arms in the air. “It takes us now two months to get deliveries into Iraq because trucks are not allowed to cross the border anymore.” Then she points to the storage shelves: “90 percent of her production are labelled for delivery into Iraq.

Small- and medium-sized businesses all over Jordan face similar problems: instability in the Middle East is impacting their traditional export markets, jeopardizing investments and business prospects. Sharing borders with Iraq, Syria, Saudi Arabia and Israel, Jordan’s economy needs to reinvent itself in the aftermath of the Arab Spring.

“I know how to create new formulas but I have no time and little knowledge about marketing,” says Rasha, who has turned for advice to the “Accelerate with Jedco” program. Jedco, the Jordanian Enterprise Development Corporation, has established this program with the help of the MENA Transition Fund. Each of the 70 businesses that participate receive help from business coaches and develop new business plans.

The coaches are specifically trained, conduct detailed interviews with executives and provide a rigid analysis. Any advice and newly recommended strategy is tailor-made.

“There is no one size fits all,” says Hana Uraidi, CEO of the Jordan Enterprise Development Corporation.
Finding the right strategy is no easy task: some companies might be better off downsizing, other might be better advised to expand their business in order to reach new clients.

Take the Ayla Aviation Academy. This flight school, located in the Jordanian city of Aqaba, has built an excellent reputation for itself over the years. It owns and maintains a small fleet of aircrafts and pursues the highest training standards. It is very selective in admitting students into its training. But applications from traditional clients have dwindled. “We had students coming from Syria, from Yemen, from Libya, from Tunisia, and those students stopped coming to take flight training,” says Ammar Yousef, President of the Ayla Aviation Company.

Ayla receives business advice through the Accelerate for Jedco program and is a perfect candidate for reinvention: It is situated in a geographic location that provides for perfect flying conditions and can therefore offer a more compressed education. With 10 percent of its cadets being female, it provides a more progressive environment than most other flight schools around the world.

Entering untapped markets has already shown new prospects for Ayla’s business: “It might sound surprising, but we actually take part in a European license program, where a good portion of that program is done in Aqaba,” says Ammar Yousef. And with a flight school summer camp that gives teenagers an insight into flying, Ayla already inspires a new generation of pilots and spreads a fitting message: the sky is the limit.

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10
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Operational Adaptability in Fragile Settings

Conflict and fragility have been the main hurdles to implementing projects in conflict-affected countries, causing many fragile states to fall behind on their development agendas. In many past cases, international financial institutions (IFIs) have had to suspend or cancel ongoing activities as violence and instability increased, affecting national institutions and making project objectives untenable. For these reasons, the importance of flexibility and adaptability to conditions on the ground is key to avoiding total disengagement. A MENA Transition Fund-financed project, the Small Medium Enterprises (SME) Development Strategy in Libya, presents such a case.

Supported by the OECD, the project began implementation in mid-2013, with the objective of contributing to the sustainability of Libya’s economic growth through diversification. In particular, the project was designed to develop and strengthen the overall legal and institutional framework for promoting entrepreneurship and high-potential SMEs in Libya.

However, when conflict re-erupted in Libya in 2014 following a two-year lull, the events on the ground inevitably affected the continued development of planned activities. Constraints on travel to high-risk destinations and on Libyans’ ability to travel abroad hindered project progress, and the OECD had to consider alternate implementation arrangements to ensure whatever progress had been achieved was not lost as a result of the conflict.

The most notable adjustment was brought to component 2, which initially intended to develop a SME strategy for Libya. Given that developing a strategy required a functioning government with stable institutions — which is not the case currently in Libya — the project will instead focus on delivering tangible results in a Short-Term Action Plan. The new plan aims to bring together relevant Libyan and international stakeholders to agree on main priorities for the next two years to recover and strengthen capacities and tools of institutions working to support SMEs and entrepreneurship in the context of fragility.

DIAGNOSTIC ANALYSIS

With the war still raging in Libya, regional and international experts conducted painstaking research and analysis between 2013 and 2016 outside Libya to prepare the country for a post-conflict recovery. Capitalizing on information from existing national authorities, such as the Central Bank, Libya Enterprise, and from international sources, the OECD successfully completed the first component of the project — a diagnostic study: SMEs in Libya’s Reconstruction.

The findings of the study, which was launched in October 2016, were the main basis for determining required adjustments to the project. The study is intended to contribute to the implementation of policies in post-conflict Libya to promote private sector development. It analyzes the structural economic framework and conditions prevalent in Libya, highlights potential drivers of development and considers the role of SMEs and entrepreneurship promotion in driving post-conflict recovery.

Moreover, the report identifies the necessary legal frameworks, institutions and policies for the promotion of SMEs and entrepreneurship. The findings and recommendations of the report, which comes at the time when there is a lack of studies and analysis on Libya, could be used as a baseline for new activities in the future.
INVESTING IN SUSTAINABLE GROWTH

HOPES FOR STABILITY OVER THE HORIZON

The formation of the new Government of National Accord (GNA) in Libya in early 2016 stirred optimism among Libyans that the conflict and political deadlock could finally come to an end. The Libyan Political Agreement, signed in December 2015, listed a number of priorities for the GNA. Among its economic priorities, the agreement calls on the central government to “provide short-term employment opportunities, especially for youth, and in particular to support small and medium-sized enterprises.”

Taking the local demand for project implementation into consideration as well as realizing the unstable situation in Libya, the OECD explored alternative ways in which it could continue implementation. Besides extending the closing date and introducing other adjustments, the OECD decided to carry out its trainings, workshops and seminars outside Libya, namely in Tunis, Istanbul or Paris. Additionally, it relies on its local partner, Libya Enterprise, to conduct local consultations and other activities within the country.

WHY PROMOTING SMES IN LIBYA?

The Libyan economy is largely driven by and dependent on state-owned enterprises, which control all major sectors, including its sole natural resource — oil. These sectors together account for 85 percent of the country’s GDP, while oil alone accounts for more than 95 percent of export revenues. On the other hand, the private sector only accounts for 5 percent of Libya’s GDP. Around 95 percent of the private sector are SMEs, which largely operate in the informal economy.

The civil conflict and political stalemate since the 2011 revolution have prevented Libyan public firms from fully exploiting the country’s natural resources. Massive reductions in revenues have also pushed fiscal and current account deficits to record highs, pushing the country’s economy to a “near collapse.” More than 2.4 million people in Libya, including 350,000 internally displaced people, are currently in need of humanitarian assistance, according to the United Nations. The conflict has also affected the private sector as more than 77 percent of enterprises report having sustained a direct impact as a result of the crisis, with infrastructure destroyed and daily operations affected.

Provided that the recent international-backed efforts succeed, the most urgent needs for the country to focus on are the socio-political fragmentation, cessation of hostilities, and the process of reconciliation and transition, according to the study. The economic outlook is rather bleak, and immediate measures need to be taken to address the cash crisis and resume oil production.

Once these conditions are met, Libya needs to develop a dynamic private sector, particularly SMEs and entrepreneurship, which are essential for longer-term prosperity. A revamped private sector will be a critical conduit to economic recovery and stabilization in a post-conflict context. A strong private sector would also contribute to sustainable employment – particularly for youth and ex-combatants – greater productivity, and a more balanced and diversified economy.

WHILE MORE THAN A DOZEN LIBYAN GOVERNMENT OFFICIALS PARTICIPATED IN REGIONAL POLICY DIALOGUE MEETINGS.

At least 160 Libyans took part in workshops between 2013 and 2016 in Tunis, Tripoli, Paris and Istanbul.

And over 40 staff received project specific trainings.

LAYING FOUNDATIONS FOR THE FUTURE

Although the project was put on hold, the OECD was able to carry out a number of activities, including holding workshops, conducting trainings and convening regional meetings. At least 160 Libyans took part in workshops between 2013 and 2016 in Tunis, Tripoli, Paris and Istanbul, while more than a dozen Libyan government officials participated in regional policy dialogue meetings and over 40 staff received project specific trainings.

Going forward, as the Libya Enterprise develops an SME law, the project will extend its support by reviewing the draft and assisting in the legislative process. Although the situation continues to be fragile, conditions still allow for activities to take place. The project will focus on the Short-Term Action Plan and building capacity within Libyan institutions — with Libyan government officials continuing to participate in MENA-OECD working groups and trainings.

Realizing that there is no peace without development and vice versa, and recognizing the development challenges of fragile states, the timely adjustments introduced to the project design were vital in advanced implementation in a conflict affected environment. These changes are intended to help Libyan authorities re-establish institutions and to smooth the way for developing a SME strategy when the conditions on the ground allows.
Inclusive Development and Job Creation

Objectives

**Objectives**

**Barriers**

**MNA, 2014: Overall 28.2%**

Youth 30.5%

Female estimate—up to 40% average

**Results**

**44,704 individuals trained to improve employability or self-employment**

**240,300 household beneficiaries of social safety net and related programs targeting the most vulnerable**

**UNEMPLOYMENT**

Persistent

**POVERTY**

Persistent

**SUBSIDIES**

Chronic subsidies (energy, food, water, etc.) leading to fiscal pressures

**EMPLOYMENT**

Large public sector employment with limited private job creation

**Back ing Reforms with Targeted Assistance**

Mervat often works long hours at her vegetable stall at a corner of a poor neighborhood in the Al-Fashn area of Beni Suef governorate in Egypt. She does so to bring home what little she can to feed her family. Her husband, a local craftsman, also works hard to make ends meet, fashioning and selling wooden flour sifts in the area. Despite their efforts, the couple barely manages to get by.

Not far from Mervat, Mastoura Al Bakry Hassan, a mother of two young children, speaks about a more difficult life. She is in the late stages of liver fibrosis, a condition that renders her unable to work, and therefore, unable to pay for her family’s livelihood or medical expenses.

Mervat and Mastoura’s families are not alone. Millions of Egyptians (49 percent) are classified as “poor” or “vulnerable.” Historically, Egypt has responded to poverty by providing food and fuel subsidies as well as cash transfers through social protection mechanisms. Although these programs absorbed large shares of the state’s annual budget, they included a large number of non-poor as beneficiaries, while being unable to reach many of the poorer; therefore, their effectiveness in managing household risks, reducing poverty and developing human capital has proved to be limited. Additionally, Egypt is no longer a plentiful oil and gas producer, and faces an unsustainable fiscal deficit.

To support the Egyptian government’s plans, the MENA Transition Fund financed a project, Egypt Energy and Social Safety Nets Sector Reforms Technical Assistance, in 2013. The project aims to strengthen the Government’s capacity to design a comprehensive fuel subsidy reform strategy, undertake capacity building of staff within energy utilities, prepare a roadmap toward a liberalized electricity sector and establish concrete measures for improved financial viability of key energy sector actors. It also aims to develop a database for the poor and vulnerable, and support the design and collection of a nationally representative baseline for well-targeted social safety net (SSN) programs.

**The Dual Track Approach: Combining Subsidy Reforms with Social Safety Nets**

Egypt has struggled to revive its economy following the political instability, which alarmed private sector actors, and scared away tourists and foreign investors. The
country also faces declining revenues from the petroleum sector and an increasingly unsustainable state budget deficit.

These factors contributed to a growing sense of urgency in the country and compelled the government to implement an ambitious set of reform plans to redirect resources from fuel subsidies—which are costly, inefficient and regressive—to poverty reduction, health, education and other social expenditures that could spur human capital development and economic growth. The central government plans to bring subsidies down to 0.5 percent of GDP by fiscal year (FY) 2018/19. To date, it has managed to reduce energy subsidies from around 7 percent of GDP in FY 2013/14 to around 2.6 percent of GDP in FY 2016/17.

However, more than half of the reduction in subsidies is attributed to the declining price of oil. To truly reach its targets and reduce the budget deficit, the government has little choice but to raise consumer prices of natural gas, diesel and other fuels.

Yet, Egyptians have already been squeezed by rising foreign exchange, double-digit inflation, and slow nominal wage growth. Further price hikes would severely impact citizens, particularly people in rural areas of Upper Egypt, which has the largest share of poor at risk of falling into extreme poverty.

To avoid negatively impacting the poor and vulnerable, the Transition Fund project in line with Government’s social and economic reform program, has designed an integrated, dual-track approach that addresses both energy sector reforms and the need for extended and well-targeted SSN. The Government’s economic reform program targets a fiscal consolidation savings of almost EGP 200 billion from the energy sector over the next three years, almost earmarked one-on-one with increased social protection spending. The dual track approach simultaneously reduces the amount of public expenditures spent on subsidies through a re-pricing scheme and redirects portion of the savings to SSN programs. Since its inception, the project has developed a comprehensive energy pricing and fuel switching strategy as well as toolkits, which will enable the Egyptian government to implement and monitor price adjustments. The strategy includes plans for compensatory measures to mitigate the impact of subsidy removal.

To ensure that the SSN programs are targeted towards individuals who are in need of assistance, the project supported the development of a unified national registry, which will serve as the basis of a poverty database that accurately identifies eligible beneficiaries. The database also informs the design and collection of a nationally representative baseline for other targeted social programs.

Another component of the project focuses on enhancing the performance, financial management and governance of the Egyptian public power companies. To that end, Egypt Electricity Holding Company has produced financial planning tools, and started implementing the Electricity Law, seeking movement towards a transparency, market-oriented structure with clear accountability of companies serving different segments of the electricity value chain.

Given the far-reaching coverage and long-standing nature of the existing subsidy systems, one of the challenges for the ongoing reforms is to raise awareness among the public and gather support for its execution. The project has designed a communication strategy to enable the Egyptian government to deliver clear messages to the public about the future of reforms in the energy sector, and ultimately create awareness and engagement among relevant stakeholders in the decision making process.

Additionally, the project established an Inter-ministerial coordination unit to facilitate and implement energy subsidy reforms, energy efficiency business plan, communication strategies and SSN programs.

**PROJECT CONTRIBUTION TOWARDS TAKAFUL AND KARAMA PROGRAMS**

The government launched the Takaful and Karama (Arabic for Solidarity and Dignity) Programs (TKP) to provide cash assistance to poor and vulnerable people. Takaful
is an income support program that focuses on human development outcomes, especially nutrition, maternal and child health. Karama is designed for 65+ elderly and disabled people, who cannot work.

As of February 2017, more than 3 million households in the country have registered in the Takaful and Karama Program (TKP). Of that number, 1.5 million households (6 million individuals) were enrolled in the program after they were found to be eligible based on established criteria. The transparency in the methodology of determination of energy tariffs and strategic communication on energy subsidies have helped the Government push the much-needed transfer of fiscal resources from energy subsidies to targeted cash transfer programs. It is largely thanks to the poverty database that Mervat and Mastoura have been found eligible to receive government assistance.

Today Mervat’s family receives monthly payments from Takaful, which not only helps them put food on the table, but also enables the couple to send their children to school and pay for their healthcare. “With the money I received, I paid the outstanding tutoring fees of my children, and bought some household goods” Mervat says with a smile, adding, “I still have EGP300 that I will use for other household expenses.”

Mastoura, who has been approved by doctors for disability, uses a portion of her Karama pension to pay for her medication, and the remaining sum to feed her two young daughters. “I paid EGP250 for my medications, and bought a kilogram of meat with the remaining money to feed my children,” she said effusively. She admitted that the payment was not enough to pay for her treatment and cover her livelihood requirements, but was thankful for the relative ease that the assistance brought to her family’s life.

Tackling Unemployment through “Green Jobs”

Until recently, Ahmed Nejmeddine Mezzi was among the 40 percent or so of Tunisian youth who suffer from unemployment and its negative psychological effects like anxiety, self-doubt and helplessness that come along with it. Today, however, the picture is quite different. The 28-year-old resident of Menzel Bourguiba – a town in the extreme north of Tunisia – not only owns his own firm, but also employs two other people.

The journey from unemployment to business ownership was largely possible thanks to a MENA Transition Fund-financed project. Launched in 2013, Strengthening the Employability of Youth during Tunisia’s Transition to Green Economy project supports the Tunisian government’s efforts to strengthen the employability of young people by providing theoretical and hands-on training.

Mezzi, who holds a bachelor degree in automatism and electricity, gained skills in vehicle maintenance and repair during his one-year military service. He took part in the project’s four-week training in Bizerte district. Led by national and international experts, the training taught him technical skills in business plan development, marketing, financial planning and management, and budget preparation, among others. The project also provided Mezzi with an advisor, who regularly visits him at his new auto-shop, and helps him with his business plan and administrative procedures.

Mezzi is not alone benefiting from the much-needed training; a total of 102 young men and women enrolled in the program with him in March 2016 and some 370 others enrolled in the second round of the training that began in November 2016. In the first round, 20 dropped out before completing the program, 80 were selected to receive coaching, and 11 graduates already found jobs.
As part of the first component, the OECD conducted a thorough analysis of the situation in the country, and prepared a comprehensive report aimed at providing the GoT with policy options. Chief among those recommendations are improving youth employability with effective labor market and social policies and increasing the attractiveness of hiring young people. Increasing the effectiveness of vocational education and training to support the transition from school to work was another key recommendation. The report also urges the GoT to promote job prospects for youth in the green economy, including renewable energy, waste and recycling, and eco-tourism.

This is the first occasion in which IsDB and OECD have partnered together to jointly execute a project financed by the MENA Transition Fund. The Transition Fund has adopted flexible mechanisms to allow International Financial Institutions (IFIs) to jointly implement projects in order to leverage each institution’s comparative advantage. In this particular case, the OECD provided upstream analysis and recommendations on Strengthening the Employability of Youth, while the IsDB, the Ministry of Vocational Training and Employment in Tunisia and UNOPS, joined their efforts to design and implement the project on the basis of the tailored solutions presented by the upstream analysis.

**FILLING TWO NEEDS WITH ONE DEED**

In addition to equipping young Tunisians with the right skill mix needed to integrate into the formal labor market, the project also aims to support the transition of the Tunisian economy towards green growth and “green job” opportunities. Through “eco-experience”, the project aims to develop youth with practical skills in a green business with growth potential.

Besides training and professional development, the project also offers microfinance support for graduates who wish to set up their own “clean-tech” companies. Up to 50 start-ups in areas such as water-management, organic agriculture, renewable energy, and energy efficiency are expected to be created. The new start-ups are eligible for grant funding of up to US$35,000, co-financed by the Tunisian Solidarity Bank. The entrepreneurs are also offered coaching and technical assistance from more experienced business people.

Biel Tous Services is one of the new four start-ups that has already begun operation. The company, which operates in the area of renewable energy, provides services with installation of solar water heaters and photovoltaic panels as well as other services such as sanitary plumbing, electricity and maintenance. Today, the firm has one employee, but its owner, 30-year-old Biel Ferchouk, says he plans to hire more youth when his business picks up steam.

For many trainees, the program not only improved their professional skill sets, but also supported their interpersonal skills and self-confidence.

The business experts at the training program helped Djil Marouk, a female graduate, to discover her inner strength, persuading her to open her own company in the agro-food sector. The 26-year-old says it was more strength, persuading her to open her own company in the agri-food sector. The 26-year-old says it was more

**Report to Government of Tunisia**

- Improve youth employability with effective labor market and social policies and increase the attractiveness of hiring young people.
- Increase the effectiveness of vocational education and training to support the transition from school to work.
- Promote job prospects for youth in the green economy, including renewable energy, waste and recycling, and eco-tourism.

Sarah Hajri, a 27-year-old resident of Bizerte, where the pilot project was carried out, agrees. “Before attending the training provided by this project, I was lost and demotivated,” she said. “Now I feel comfortable with myself. I gained self-confidence, I trust my skills and I have learned how to further improve them in the future.” Hajri, who previously worked as an advisor for a call center and has been out of job for the past year, is currently seeking jobs in the renewable energy sector.

As for Mezzi, he has established his business in the market.

Toting a portable computer and dressed in dark blue overalls, Mezzi examines his customers’ vehicles with the same care as an experienced doctor attends to his patients. His auto-repair shop, which he proudly calls “Green Auto”, is equipped with an up-to-date diagnostic system that is unrivaled in town. It provides services in diagnosis, maintenance and repair of light vehicles and trucks. In particular, his workshop is equipped to fix air-conditioning systems, change and adjust brake pads and shock absorbers, and replace filters, lamps and other accessories.

Mezzi uses social media platforms, such as Facebook and YouTube, to educate his clients about the environmental challenges of overusing vehicles. The clients need to know that “diagnoses and adjustments of certain parts of vehicles prevents fuel overconsumption, prolongs engine life, reduces gaseous pollutant emissions, and decreases fuel consumption by 40 percent,” he said.

As innovations in the automotive industry gradually reduce emissions and electric, hydrogen or biofuel vehicles further transform what it means to be an auto repair worker, Mezzi is more optimistic about the future of his business.

“With the evolution of technology embedded in vehicles and with the arrival of the Internet of Things, the prospects of the services offered to motorists will really be infinite,” he said.

“I feel comfortable with myself. I gained self-confidence, I trust my skills and I have learned how to further improve them in the future.”

— Sarah Hajri, on attending the project training
A post-conflict situation in Yemen will present a unique set of challenges ranging from immediate humanitarian needs for affected populations, to recovery, reconstruction, and state and peace-building efforts. Such challenges will require early recovery efforts with multidisciplinary approaches that cover not only the humanitarian necessities, but that also address development and economic growth, particularly through the private sector.

In contribution to both supporting the population through the current crisis and preparing for future recovery efforts, the MENA Transition Fund financed a project, the Crisis Support to Microfinance Institutions in Yemen, in mid-2016.

Implemented by the International Finance Cooperation (IFC), the project aims to support two Microfinance Institutions (MFIs) develop new products and secure their resilience — efforts that will be critical throughout the post-conflict period.

The implementation of the project comes at a time when the country is still in a period of conflict and political instability, adversely affecting the country’s economy, and its small businesses. Even before the outbreak of conflict in early 2015, Yemen was already one of the poorest countries in the Middle East and North Africa region. It continues to grapple with alarming levels of poverty and unemployment, which stood at more than 50 and 40 percent respectively based on 2012 statistics. Unemployment rates among youth, who make up close to half of the population, are even more alarming.

Yemen’s financial sector remains highly underdeveloped. Only 6 percent of individuals aged 15 or above having an account with a formal financial institution according to a World Bank Findex report (2014). The outbreak of conflict has increased financial challenges even more dramatically, forcing MFIs to focus more on their own survival and stability, and cut down on lending at a time when few entrepreneurs have an appetite to open new businesses and cut down on lending at a time when few entrepreneurs have an appetite to open new businesses and few small businesses want to expand their current operations. Additionally, due to this lack of demand from clients for loans, which make up an important part of MFI revenues, many institutions have had to reduce the size of staffing to limit core expenses or switch to other products and services, such as cash transfers to support humanitarian efforts or other payments and remittances.

**PREPARING AL AMAL FOR IN AND POST CONFLICT ENGAGEMENT**

Under the auspices of the Transition Fund project, IFC is supporting Al Amal Bank to develop both Small and Medium Enterprise (SME) and Home Improvement lending.
products. These two new products are critical to post-conflict recovery. Housing and home improvements loans will help families and small businesses repair homes or businesses that were damaged during the conflict, while financial support for SMEs will help restart businesses that are often crucial for reconstruction, economic growth and employment creation.

The project’s assistance to Al Amal comes at an important juncture, as over 24,600 of the bank’s clients have lost their businesses during the conflict. The fighting has also left at least six of its clients killed, 106 injured, and 1,171 others displaced. The impact of conflict on businesses and economic development throughout the country is staggering.

The support on SME lending, currently being piloted across three branches in Sana’a, also helps Al Amal execute its newly formed contingency plan, which requires the bank to support businesses that provide critical items such as food, medicine and medical appliances, building materials, solar and green energy and drinking water stations. Since September 2016, the bank has received 21 loan requests, 11 of which have already been approved for financing and 10 of which were disbursed to small businesses for a value of $128,152.

ENSURING RESILIENCE OF AL KURAIMI BANK

The project’s activities with Al Kuraimi Islamic Microfinance Bank (KIMB) are designed in a two-pronged approach to fortify and build the capacity of the bank and ensure it survives the conflict, as well as to build its capacity in key areas to support could be scaled up during post-conflict.

The ongoing political crisis in Yemen will mean that financial services and private sector investment will continue to be strained, and efforts to support them might face bottlenecks or may not proceed as originally envisaged.

Working during the conflict, the IFC team has learned two lessons:

“Oftentimes, more time is needed to accomplish tasks, given both the inability to work on site directly and the MFIs’ own lack of resources or reluctance to move quickly during a time of crisis,” Leonard said. “Secondly, priorities may shift or need to be adapted somewhat based on prevailing needs of the moment, or because of evolving circumstances,” he added.

SOUTH-SOUTH KNOWLEDGE EXCHANGE

Prior to the formal commencement of activities, and despite closing its mission in Yemen due to the conflict, IFC remained engaged with both Al Amal and Al Kuraimi remotely, including on managing non-performing loans (NPL). As part of a south-south knowledge exchange, IFC arranged conference calls between the two banks and several regional institutions, including Al Majmoua in Lebanon, ENDA in Tunisia, and most recently — the First Microfinance Institution (FMFI) in Syria. All have undergone similar crises, and were able to share lessons learned on handling a portfolio at a time of difficulty. FMFI in particular has successfully managed the NPLs during the recent Syrian conflict.

This knowledge exchange between regional peers has helped spur changes in the collections and lending strategy on the part of these two MFIs, based on higher figures reflected in their July-December 2016 bi-annual report.
A group of Egyptian and international experts analyze the feasibility of a logistics zone adjacent to East Port Said and identify infrastructure improvements to the vital East Port Said - Cairo Transport Corridor. A similar preparatory study is finalizing the designs to rehabilitate and improve key highways in Jordan, providing the transport spine of the country and linking the main port to Amman and the Syrian border. Elsewhere in the region, studies are underway to ensure that Agadir Port in Morocco can serve future needs effectively and in an environmentally responsible way, while a detailed preparation is being finalized for rehabilitation and extension of a key link of the Tunisian rail network.

Individually, these activities appear to be isolated projects that upgrade national infrastructure, but taken together they are part of a broader program financed by the MENA Transition Fund. Implemented by the European Investment Bank, the Regional Integration through Trade and Transport Corridors (TRANSTRAC) program aims to advance economic development and create employment opportunities in Egypt, Jordan, Morocco, and Tunisia. Launched in 2013, the project aims to lay the groundwork for connecting the region, and integrating it into the global economy.

These integration efforts come at a time when the MENA region is struggling to address social, political and economic challenges. Although some countries increased their oil production significantly in the past two years, revenue from oil exports has declined due to low market prices. Reduced exports and increased domestic needs have in some cases led to soaring fiscal deficits, limiting the scope for infrastructure preparation and investment. To top it off, the ongoing conflicts in Syria, Iraq, Libya, and Yemen and the resulting refugee crisis have created additional fiscal, economic, and humanitarian challenges.
SNAPSHOT OF TRANSTRAC ACTIVITIES

**Egypt** lies at the heart of trade and regional connectivity in MENA and the world economy through the strategic position of the Suez Canal. The country, which has nine commercial ports, relies heavily on maritime transport, with trade flows via sea accounting for 99 percent of the country’s international trade. As part of the TRANSTRAC program, a feasibility study is being carried out to determine if infrastructure development could lead to a logistics zone adjacent to East Port Said in Northeast Egypt to import and export flows to Egypt and also to develop manufacturing and processing activities for goods in transit. Another similar study is currently analyzing and forecasting traffic demand in the East Port Said – Cairo Corridor in order to identify infrastructure bottlenecks in the area.

In a bid to improve Egypt’s trade with its neighbors to the west, TRANSTRAC initially planned to develop designs for a more efficient border crossing between Egypt and Libya at El Salloum. However, due to security concerns, the EIB in collaboration with the Government of Egypt, restructured the project, and redeployed the available funds to focus on development studies for the Suez Canal Corridor.

**Jordan**’s strategic location and well-developed transport infrastructure is turning the country into an increasingly important communications and transportation hub in the region. The transport sector, in particular, plays a major role in Jordan’s economy, accounting for about 11 percent of GDR and the country generates substantial foreign exchange income through the provision of transshipment services.

The TRANSTRAC program supported the Jordanian Ministry of Public Works and Housing by financing the preparation of detailed design and tender documents for major rehabilitation and upgrades of Road R15 and Road R65. R15 is a key part of the North-South Corridor, running from the main Jordanian port at Aqaba through Ma’aloula, Zarqa, Amman, and Madan to the Syrian border at Jabbar Al Sarhan. It has gained a vital role in supporting refugees and displaced people in Syria and Jordan as well as remaining a key Jordanian transport route. Carrying increasing amounts of heavy traffic, the road is in need of urgent rehabilitation and upgrading to mitigate its impact on settlements along the route. Likewise, the R65 running southward from the Syrian border via Deir Alla and South Shouma, is another priority of the North-South Corridor. It faces the same issues of growing traffic and increasing impacts on local citizens along its 100 km route.

**Morocco** has embarked on a major modernization plan of its transport infrastructure, particularly its ports. These efforts are expected to improve international and regional trade, reduce transport costs, enhance integration in the global economy, and foster growth through increased trade, particularly with the European Union. To that end, TRANSTRAC has financed the feasibility study for Agadir port, which will provide the Moroccan government with proposals on how best to improve the existing port to meet future demands. The final proposal for development of Agadir Port, which is expected around the end of 2018, will optimize a range of alternatives including further investment in the existing port and transferring some or all activities out of Agadir, taking into account other planned development in the city.

**Tunisia** has a vast railway network that includes about 2,300km of tracks, providing service for passengers as well as carrying cargo from its phosphate mines through its southern rail network. However much of the network was developed in the 19th century, and so may not fully reflect the needs of today.

In order to enhance the country’s regional integration and transport services and reduce regional disparities, a technical assistance study was developed, including the preparation of a detailed design and tender documents for rehabilitating a 50km Souss-Kairouan section. This will be the first section of a railway line linking Tunisia to Algeria via Kairouan and Kasserine.

**REGIONAL ROAD SAFETY**

Road safety remains a major problem for many countries in the MENA region. More than 13,000 people are killed each year due to road traffic injuries. The MENA road network carries only around 2 percent of the world’s fleet, yet it contributes to 10 percent of global traffic fatalities.

The TRANSTRAC program contributes to the improvement of road safety in the four participating countries by supporting capacity building for transport planning across institutions; developing road safety assessment and actions plans; undertaking preparatory studies for infrastructure improvement in priority transport corridors; and supporting project management, coordination and monitoring.

The Regional Road Safety Action Program was completed in all four countries in 2016. This includes two seminars to take stock of road safety in the region, identify key issues, and recommend a program of specific actions. The project also included training modules for core teams of auditors responsible for road safety, audits of design work for road improvement projects, and adaptation of road design standards to conform to road safety requirements in each country.
Egypt faces both economic difficulty in the short-term and rising optimism over the long-term. The unemployment rate remains high at 12.5 percent, with higher rates experienced by women and youth. The cost of imported food has risen along with spikes in inflation. Poverty continues to be a crucial area of focus, with steep spatial disparities in health and education outcomes seen across the country. High inflation due to currency depreciation, tax increases, subsidy cuts, and low growth will persist in 2017 as the country adjusts to a free-floating pound.

The outlook is expected to improve in 2018 and thereafter with rising domestic natural gas supply, narrowing of the fiscal deficit, and stabilizing consumer expectations. The government signed a three-year agreement with the IMF worth US$12 billion to implement reforms in three main areas: exchange rate liberalization, fiscal consolidation and structural reforms to boost growth and reduce unemployment. Over the medium term, growth is expected to pick up as economic reforms progress and key sectors recover. The overall growth of the country will average around 5.2% annually in the next five years.

Egypt has thus far received US$53.3 million in funding for projects from the MENA Transition Fund. Transition Fund projects address key development areas of priority to Egypt, namely: (i) promoting job creation by leveraging green concepts (such as industrial waste management) and supporting MSMEs; (ii) alleviating poverty by instituting well-targeted social safety net mechanisms and supporting social housing; (iii) executing public-private partnerships; and (iv) training for Parliamentary and judiciary bodies.

### FACTS & FIGURES (2015)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
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<tbody>
<tr>
<td>Population</td>
<td>91.5 million people</td>
</tr>
<tr>
<td>GDP</td>
<td>$330.8 billion</td>
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<tr>
<td>GDP growth</td>
<td>4.2%</td>
</tr>
<tr>
<td>GNI per capita (Atlas method – current US$)</td>
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<tr>
<td>Youth unemployment</td>
<td>31.3%</td>
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<tr>
<td>Internet users (per 100 people)</td>
<td>35.9</td>
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</tbody>
</table>

### PORTFOLIO PERFORMANCE

- Progress to Objectives
- Implementation

#### ALLOCATION VS DISBURSEMENT

- 100% of the portfolio is in the Satisfactory range
- 100% of the portfolio is in the Unsatisfactory range
- 100% of the portfolio is in the Not rated range

- 19% Disbursed
- 81% Allocated
**Energy/Social Safety Nets Sector Reforms Technical Assistance Project**

Aims to strengthen the Government of Egypt’s capacity to: (i) design a comprehensive fuel subsidy reform strategy, (ii) establish concrete measures for improved financial viability of key energy sector actors and (iii) identify households that would be most vulnerable to the impacts of the fuel subsidy reform.

- **Amount:** $7,897,200
- **Grant Awarded:** 5/15/2013
- **Recipient Entity:** Ministry of Electricity and Renewable Energy
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $2,711,565

**Regional Integration through Trade and Transport Corridors**

Aims to promote the reduction of trade and transport barriers along the priority trade corridors of Egypt, Jordan, Morocco and Tunisia, and in related border crossings.

- **Amount:** $4,230,000
- **Grant Awarded:** 5/15/2013
- **Recipient Entity:** Ministry of Transport
- **ISA:** European Investment Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $230,000

**Clearing & Settlement Depository System for Government Securities**

Aims to: (i) reduce substantially the accumulation of potential systemic risks related to payment systems and settlement; (ii) to enable the introduction and pricing of new instruments; (iii) to allow for better pricing of government securities and creation of a benchmark yield curve which will facilitate the growth of the corporate bond market.

- **Amount:** $3,851,900
- **Grant Awarded:** 6/11/2014
- **Recipient Entity:** Central Bank of Egypt
- **ISA:** European Bank for Reconstruction and Development
- **Project Status:** Under implementation
- **Total Disbursements:** $717,224

**Support to Parliament: Building Capacity and Mainstreaming Inclusive Growth and Decentralization in Egypt**

Aims to enhance the performance of the Egyptian Parliament towards increased efficiency and effectiveness in response to the demand for improved social justice.

- **Amount:** $2,920,000
- **Grant Awarded:** 6/11/2014
- **Recipient Entity:** Egyptian Parliament
- **ISA:** African Development Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $10,960

**Inclusive Regulations for Microfinance Project**

Aims to strengthen the regulatory and institutional framework of the microfinance sector in Egypt.

- **Amount:** $4,505,000
- **Grant Awarded:** 6/11/2014
- **Recipient Entity:** The Egyptian Financial Supervisory Authority
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $1,590,000

**Support to MSME in Organic Clusters**

Objective is to create an overall enabling environment for MSMEs operating out of organic clusters and increase their contribution towards economic growth and employment.

- **Amount:** $2,001,000
- **Grant Awarded:** 2/20/2013
- **Recipient Entity:** Social Fund for Development
- **ISA:** African Development Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $857,591

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**Green Growth: Industrial Waste Management and SME Entrepreneurship Hub**

Aims to build a sustainable and integrated industrial waste exchange system in the pilot areas positioned as a Green Entrepreneurship Hub, linking industrial wastes generators, potential users and recyclers to create an overall enabling environment for MSMEs operating out of organic clusters and increase their contribution towards economic growth and employment.

- **Amount:** $2,001,000
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- **Amount:** $2,001,000
- **Grant Awarded:** 2/20/2013
- **Recipient Entity:** Social Fund for Development
- **ISA:** African Development Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $857,591
Leveraging Regulatory Reforms to Advance Financial Inclusion aims to leverage changes in microfinance regulations to support microfinance service providers, prepare them for, and transform them into for-profit entities and further advance financial inclusion.

- **Amount:** $950,000
- **Grant Awarded:** 5/18/2015
- **Countries:** Egypt
- **Recipient Entity:** Select Microfinance Institutions
- ** ISA:** International Finance Corporation
- **Project Status:** Under Implementation
- **Total Disbursements:** $302,256

Towards Inclusive and Open Governments aims to promote women’s participation in Parliament, local councils and policy-making to underpin and drive inclusive development.

- **Amount:** $633,333
- **Grant Awarded:** 5/18/2015
- **Countries:** Egypt
- **Recipient Entity:** Egyptian National Council for Women
- ** ISA:** Organization for Economic Co-operation and Development
- **Project Status:** Under Implementation
- **Total Disbursements:** $330,391

Building Capacity and Institutional Strengthening of the Ministry of International Cooperation aims to contribute to the enhancement and improvement of the performance of the Ministry of International Cooperation in Egypt and to help strengthen and upgrade the institutional capacity and human resources of the ministry to enable it to carry out its functions of aid coordination and resource mobilization in the most effective way possible.

- **Amount:** $4,453,000
- **Grant Awarded:** 12/8/2015
- **Recipient Entity:** Ministry of International Cooperation
- ** ISA:** African Development Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $5,000

Enhancing Social Housing Governance aims to provide technical advice and capacity building support to Social Housing Fund to be able to finalize a sound institutional set-up and prepare a housing strategy, which would include steps to ensure private sector engagement.

- **Amount:** $2,503,970
- **Grant Awarded:** 5/30/2016
- **Recipient Entity:** Social Housing Fund
- ** ISA:** World Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $170,458

Supporting Public-Private Partnership Execution aims to enhance the quality and reliability of public service provision in Egypt.

- **Amount:** $2,406,200
- **Grant Awarded:** 5/30/2016
- **Recipient Entity:** Ministry of Finance (PPP Unit)
- ** ISA:** European Bank for Reconstruction and Development
- **Project Status:** Under implementation
- **Total Disbursements:** N/A

Portfolios in Disbursement

**Portfolios in Disbursement**

- **19%** Disbursed
- **81%** Allocated

**Facts & Figures (2015)**

- **7.6 million people**
- **$37.5 billion GDP**
- **2.4% GDP growth**
- **$4,680 GNI per capita** (Atlas method – current US$)
- **11.9% youth unemployment**
- **53.4 internet users** (per 100 people)

**Portfolio Performance**

- Progress to Objectives
- Implementation

**Allocation vs Disbursement**

- 100% of the portfolio is in the Satisfactory range
- 95% Satisfactory
- 5% Unsatisfactory

**Portfolio Performance**

- **19%** Disbursed
- **81%** Allocated

**A Profile of Our Transition Countries**

Jordan

Jordan's growth has been subdued recently as it manages spillovers from the Syrian crisis, including closure of trade routes with Iraq and Syria and hosting more than 650,000 registered Syrian refugees. These developments have increased unemployment, slowed tourism and remittances, and constrained exports. The unemployment rate reached a high of 14.8% in 2015, with over one third (34.8%) of youth unemployed. However, confidence in the macroeconomic framework is expected to strengthen as the country implements the Jordan Compact and a three-year IMF agreement worth US$732 million.

Under the Jordan Compact, the EU relaxed its Rule of Origin requirements for specific Jordanian goods, and, in exchange, Jordan is granting refugees work permits in special economic zones (SEZs) or industries that do not employ many Jordanians. The IMF agreement focuses on fiscal consolidation and structural reform to spur growth and is expected to unlock grants and concessional financing from other donors. Overall, the growth forecast is expected to average 2.7% over the 2016-18 period due to these arrangements, but fiscal and external deficits will remain large, shrinking slowly to around 5% of GDP by 2021 as subsidy spending is limited and tax collection improves.

Jordan has thus far received US$47.1 million in funding for projects from the MENA Transition Fund. Transition Fund support to Jordan includes: (i) strengthening municipal financial management systems in order to sustain service delivery in municipalities affected by the refugee crisis; (ii) modernization of critical laws and regulations governing investments and businesses; (iii) creating jobs through support for MSMEs; (iv) promoting decentralization to empower local governments; and (v) alleviating poverty through well-targeted safety nets.

**FACTS & FIGURES (2015)**

- **7.6 million people**
- **$37.5 billion GDP**
- **2.4% GDP growth**
- **$4,680 GNI per capita** (Atlas method – current US$)
- **11.9% youth unemployment**
- **53.4 internet users** (per 100 people)

**Portfolio Performance**

- Progress to Objectives
- Implementation

**Allocation vs Disbursement**

- **19%** Disbursed
- **81%** Allocated
Reliable Water Quality for Jordan aims to build sustainable technical capacity for reliable quality water for the Water Authority in Jordan and for the Yarmouk Water Company through the establishment of a Unit of Excellence; and to lay the foundation for the involvement of the private sector in the overall management of water services.

Amount: $1,545,000
Grant Awarded: 12/11/2012
Recipient Entity: Ministry of Planning and International Cooperation
ISA: European Bank for Reconstruction and Development
Project Status: Under Implementation
Total Disbursements: $1,135,296

Regional Integration through Trade and Transport Corridors aims to promote the reduction of trade and transport barriers along the priority trade corridors of Egypt, Jordan, Morocco and Tunisia, and in related border crossings.

Amount: $2,630,000
Grant Awarded: 5/15/2013
Countries: Jordan
Recipient Entity: Ministry of Public Works and Housing
ISA: European Investment Bank
Project Status: Under Implementation
Total Disbursements: $1,360,000

Development of SMEs Exports through Virtual Market Place aims to increase Small and Medium Enterprise exports through Virtual Market Places and support institutional reforms to create an enabling environment for e-commerce.

Amount: $1,892,142
Grant Awarded: 6/11/2014
Countries: Jordan, Morocco & Tunisia
Recipient Entity: International Trade Center
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $684,181

Promoting Financial Inclusion via Mobile Financial Services in the Southern and Eastern Mediterranean Countries aims to support access to finance through the development of mobile financial services and retail payment infrastructure in Jordan.

Amount: $426,000
Grant Awarded: 12/5/2013
Countries: Jordan
Recipient Entity: Central Bank of Jordan
ISA: European Investment Bank
Project Status: Closed
Total Disbursements: $423,568

National Unified Registry and Outreach Worker Program for Targeting Social Assistance Program aims to improve the targeting of social safety net programs and develop an efficient outreach mechanism.

Amount: $10,080,000
Grant Awarded: 2/20/2013
Recipient Entity: Ministry of Finance & Ministry of Planning and International Cooperation
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $2,994,874

SME Growth Program aims to support and sustain Startups and Micro, Small and Medium Enterprises with a particular focus on high-value growth enterprises to increase productivity and competitiveness through adopting and applying innovation.

Amount: $3,850,000
Grant Awarded: 7/22/2013
Recipient Entity: Jordan Enterprise Development Corporation
ISA: European Investment Bank
Project Status: Under Implementation
Total Disbursements: $1,085,382

Enhancing Governance and Strengthening the Regulatory and Institutional Framework for MSME Development aims to enhance financial services and products, and strengthen financial protection mechanisms for MSMEs while enhancing governance.

Amount: $3,235,000
Grant Awarded: 12/5/2013
Recipient Entity: Central Bank of Jordan
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $1,404,768

Leveraging Regulatory Reforms to Advance Financial Inclusion aims to support changes in microfinance regulations in Jordan to support key microfinance service providers, prepare them for, and transform them into profitable enterprises and further advance financial inclusion.

Amount: $750,000
Grant Awarded: 5/18/2015
Countries: Jordan
Recipient Entity: Select Microfinance Institutions
ISA: International Finance Corporation
Project Status: Under Implementation
Total Disbursements: $77,655

Support to Building Active Labor Market Program aims to increase access to career guidance, job search, and on the job training among targeted youth.

Amount: $5,080,000
Grant Awarded: 5/15/2013
Recipient Entity: Employment, Technical and Vocational Education and Training Fund
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $2,186,778

Integrated Inspection Management System aims to support the Government of Jordan strengthen the reform implementation capacity of selected institutions responsible for investment policy, promotion and services.

Amount: $2,642,105
Grant Awarded: 6/11/2014
Recipient Entity: Ministry of Planning and International Cooperation, Ministry of Industry and Trade & Jordan Investment Commission
ISA: International Finance Corporation
Project Status: Under Implementation
Total Disbursements: $884,322

National Center for Innovation, Higher Council for Science and Technology aims to create an institutional environment for new and existing innovation-focused entities to improve collaboration and adopt innovation practices.

Amount: $2,660,430
Grant Awarded: 5/18/2015
Recipient Entity: Higher Council for Science and Technology
ISA: European Bank for Reconstruction and Development
Project Status: Under implementation
Total Disbursements: $82,400

Development of SMEs Exports through Virtual Market Place aims to increase Small and Medium Enterprise exports through Virtual Market Places and support institutional reforms to create an enabling environment for e-commerce.

Amount: $1,000,000
Grant Awarded: 2/11/2014
Countries: Jordan, Morocco & Tunisia
Recipient Entity: International Trade Center
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $684,181

Promoting Financial Inclusion via Mobile Financial Services in the Southern and Eastern Mediterranean Countries aims to support access to finance through the development of mobile financial services and retail payment infrastructure in Jordan.

Amount: $426,000
Grant Awarded: 12/5/2013
Countries: Jordan
Recipient Entity: Central Bank of Jordan
ISA: European Investment Bank
Project Status: Closed
Total Disbursements: $423,568

Jordan Competitiveness and Investment Technical Assistance aims to support the Government of Jordan in strengthening the reform implementation capacity of selected institutions responsible for investment policy, promotion and services.

Amount: $2,115,000
Grant Awarded: 6/11/2014
Recipient Entity: Ministry of Planning and International Cooperation, Ministry of Industry and Trade & Jordan Investment Commission
ISA: World Bank & Organization for Economic Co-operation and Development
Project Status: Under Implementation
Total Disbursements: $1,892,142
**Towards Inclusive and Open Governments** aims to promote women's participation in Parliament, local councils and policy-making to underpin and drive inclusive development.

- **Amount**: $633,333
- **Grant Awarded**: 5/18/2015
- **Countries**: Jordan
- **Recipient Entity**: National Commission for Women
- **ISA**: Organization for Economic Co-operation and Development
- **Project Status**: Under Implementation
- **Total Disbursements**: $335,105

**SME Policy Effective Project** aims to support Jordan increase SME policy effectiveness by building capacity to reinforce key elements of the SME policy making process; coordination, public-private consultations, monitoring and evaluation.

- **Amount**: $1,297,500
- **Grant Awarded**: 12/8/2015
- **Recipient Entity**: Jordan Development Enterprise Corporation
- **ISA**: Organization for Economic Co-operation and Development
- **Project Status**: Under Implementation
- **Total Disbursements**: $389,737

**Support to Jordan’s Decentralization Efforts** aims to promote good governance and open government policies and practices across levels of government and with a focus on municipalities.

- **Amount**: $1,950,000
- **Grant Awarded**: 12/8/2015
- **Recipient Entity**: Jordan Development Enterprise Corporation
- **ISA**: Organization for Economic Co-operation and Development
- **Project Status**: Under Implementation
- **Total Disbursements**: $616,529

**Jordan Economic Legislation Reform Project** aims to help the Government of Jordan modernize critical laws and regulations governing business activities in line with international best practices and help introduce a sustainable mechanism for the quality of regulatory delivery.

- **Amount**: $3,100,000
- **Grant Awarded**: 12/8/2015
- **Recipient Entity**: Ministry of Planning and International Cooperation & Ministry of Industry and Trade
- **ISA**: World Bank
- **Project Status**: Under implementation
- **Total Disbursements**: $540,387

**Youth in Public Life: Towards Open and Inclusive Youth Engagement** aims to support Jordan build stronger mechanisms for youth engagement and mainstream their considerations in public life through: (i) Fostering an integrated approach to youth engagement in public life in Jordan; (ii) Scaling up the institutional and legal framework for youth engagement in youth bodies and Parliament; and (iii) Promoting new forms of youth engagement.

- **Amount**: $1,290,000
- **Grant Awarded**: 5/30/2016
- **Recipient Entity**: Higher Council for Youth
- **ISA**: Organisation for Economic Co-operation and Development
- **Project Status**: Under implementation
- **Total Disbursements**: $119,325

**Strengthening municipal financial management systems to sustain service delivery in municipalities affected by the refugee crisis** aims to strengthen the institutional systems and capacities of selected municipalities in Jordan to enable them to deliver local services in an accountable and financially sustainable manner.

- **Amount**: $2,850,000
- **Grant Awarded**: 5/30/2016
- **Recipient Entity**: Ministry of Municipal Affairs
- **ISA**: World Bank
- **Project Status**: Under implementation
- **Total Disbursements**: $0

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**Libya**

The political stalemate and ongoing conflicts have taken a severe toll on Libya’s economy, pushing it to the verge of collapse. The Libyan economy has remained mired by recession since 2013, with GDP shrinking by an estimated 8.3 percent in 2016. Oil, which is the sole natural resource of the country, is produced at just a fifth of its potential. As a result, inflation has accelerated, and revenues have plummeted, pushing fiscal and current accounts deficits to record highs.

The prospect for stability and economic recovery hinges on optimism that the country’s House of Representatives will endorse the new government by end 2016. Only after that can Libya launch programs to rebuild the economic and social infrastructure, especially oil production, and create employment for its population. However, even if the country falls back to pre-revolution levels of oil production, it still needs to explore new avenues to create more jobs. Hydrocarbons contribute around 75 percent of Libya’s GDP, 90 percent of government’s revenues, and 95 percent of its exports (2003-10). However, the oil industry only offers 5 percent of employment. Economic diversification will be of key importance as the country emerges out of conflict.

Libya has received $11.6 million in support for projects from the MENA Transition Fund. The limited financing for development programs in Libya relates directly to the re-emergence of conflict. None-the-less, the Transition Fund is: (i) addressing job creation through support for SME development; (ii) developing leadership capacity for government officials; (iii) strengthening the capacity of key financial institutions to assess and reform the foundational elements of financial infrastructure; and (iv) reforming the electricity sector and its institutions with a view of enhancing the technical and financial viability of the sector.
Morocco

Morocco’s real GDP growth is forecast to average 3.3% per year from 2017-2021. The country’s fiscal deficit has been declining, and the external current account has improved significantly. Over the medium term, Morocco should be able to accelerate growth through the strong performance of new industries, like automobiles, aeronautics, electronics, and the expansion of Moroccan companies in Western Africa. However, the country remains vulnerable to shifts in agriculture, and its economy remains structured around non-tradable activities like construction and public works. Economic activity slowed to 1.4% in mid-2016 following a 12.1% contraction in agricultural production. Growth outside of agriculture is sluggish at around 2.5%. Nationwide, unemployment has hovered around 9%, with a much higher rate of 38.8% in June 2016 among urban youth.

To secure productivity and competitiveness gains from investments, Morocco requires further efforts to strengthen public governance, improve the business environment and investment climate, and increase employment opportunities for marginalized groups such as women and youth. Greater exchange rate flexibility would also help the economy better absorb shocks and support diversification.

Morocco has received $40.7 million from the Transition Fund to support strategic interventions including: (i) enhancing Parliamentary accountability and oversight; (ii) strengthening government transparency, accountability and public participation; (iii) supporting job creation through piloting overseas employment for qualified candidates and MSMEs; (iv) laying the foundational elements for the development of affordable housing; and (v) empowering local governments.

**SME Strategy Development**
- **Aims:** To develop an SME strategy and strengthen the overall legal and institutional framework for promoting entrepreneurship and high-potential SMEs.
- **Amount:** $2,616,000
- **Grant Awarded:** 5/15/2013
- **Recipient Entity:** Libya Enterprise
- **ISA:** Organization for Economic Co-operation and Development
- **Project Status:** Under Implementation
- **Total Disbursements:** $1,860,669

**Finance and Private Sector Development Technical Assistance**
- **Aims:** To strengthen the capacity of key Libyan financial institutions to assess and reform the foundational elements of financial infrastructure, and strengthen the capacity of institutions responsible for promoting private investment and private sector development.
- **Amount:** $2,437,400
- **Grant Awarded:** 12/5/2013
- **Recipient Entity:** Central Bank of Libya, Ministry of Economy, Privatization and Investment Board, Chamber of Commerce & Libya Business Council
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $1,115,070

**Electricity Sector Reform Programmatic Technical Assistance**
- **Aims:** To support the Government of Libya in its efforts to reform the electricity sector and its institutions with a view of enhancing the technical and financial viability of the sector.
- **Amount:** $2,960,000
- **Grant Awarded:** 12/31/2013
- **Recipient Entity:** Ministry of Electricity and Energy
- **Implementation Support Agency:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $150,333

**FACTS & FIGURES (2015)**
- **34.4 million people**
- **$100.6 billion GDP**
- **4.5% GDP growth**
- **$3,030 GNI per capita**
- **9.7% youth unemployment**
- **57.08 internet users (per 100 people)**

**PORTFOLIO PERFORMANCE**
- **Progress to Objectives**
- **Implementation**
- **ALLOCATION VS DISBURSEMENT**
- **100% of the portfolio is in the Satisfactory range**
- **93% Satisfactory**
- **7% Unsatisfactory**
- **7% Not rated**
- **24% Disbursed**
- **76% Allocated**

**PORTFOLIO PERFORMANCE**
- **Progress to Objectives**
- **Implementation**
- **ALLOCATION VS DISBURSEMENT**

Morocco's real GDP growth is forecast to average 3.3% per year from 2017-2021. The country's fiscal deficit has been declining, and the external current account has improved significantly. Over the medium term, Morocco should be able to accelerate growth through the strong performance of new industries, like automobiles, aeronautics, electronics, and the expansion of Moroccan companies in Western Africa. However, the country remains vulnerable to shifts in agriculture, and its economy remains structured around non-tradable activities like construction and public works. Economic activity slowed to 1.4% in mid-2016 following a 12.1% contraction in agricultural production. Growth outside of agriculture is sluggish at around 2.5%. Nationwide, unemployment has hovered around 9%, with a much higher rate of 38.8% in June 2016 among urban youth.

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<table>
<thead>
<tr>
<th>Project Description</th>
<th>Recipient Entity</th>
<th>Grant Awarded</th>
<th>Amount</th>
<th>Project Status</th>
<th>ISA</th>
<th>Total Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengthening Micro-Entrepreneurship for Disadvantaged Youth in the Informal Sector</strong></td>
<td>Ministry of Economy and Finance</td>
<td>2/20/2013</td>
<td>$5,560,000</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$4,502,693</td>
</tr>
<tr>
<td><strong>New Governance Framework Implementation Support Project</strong></td>
<td>Ministry for General Affairs and Governance</td>
<td>2/20/2013</td>
<td>$5,560,000</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$4,502,693</td>
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<tr>
<td><strong>Regional Integration through Trade and Transport Corridors</strong></td>
<td>Ministry of Economy and Finance</td>
<td>2/20/2013</td>
<td>$5,560,000</td>
<td>Under Implementation</td>
<td>European Investment Bank</td>
<td>$4,502,693</td>
</tr>
<tr>
<td><strong>Regional Affordable Housing Project</strong></td>
<td>Morocco</td>
<td>2/11/2014</td>
<td>$1,000,000</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$1,000,000</td>
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<tr>
<td><strong>Promoting Financial Inclusion via Mobile Financial Services in the Southern and Eastern Mediterranean Countries</strong></td>
<td>Morocco</td>
<td>5/15/2013</td>
<td>$3,550,000</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$3,550,000</td>
</tr>
<tr>
<td><strong>Development of SMEs Exports through Virtual Market Place</strong></td>
<td>Morocco</td>
<td>2/11/2014</td>
<td>$1,975,000</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$1,975,000</td>
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<td><strong>Logismed Soft Project</strong></td>
<td>Ministry of Economy and Finance</td>
<td>5/15/2013</td>
<td>$1,671,168</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$1,671,168</td>
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<tr>
<td><strong>Accessing Overseas Job Opportunities for Moroccan Youth Project</strong></td>
<td>Ministry of Economy and Finance</td>
<td>2/11/2014</td>
<td>$684,180</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$684,180</td>
</tr>
<tr>
<td><strong>Microfinance Development Project</strong></td>
<td>Ministry of Economy and Finance</td>
<td>12/31/2013</td>
<td>$329,291</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$329,291</td>
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<tr>
<td><strong>Development of SMEs Exports through Virtual Market Place</strong></td>
<td>Ministry of Economy and Finance</td>
<td>6/11/2014</td>
<td>$712,763</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$712,763</td>
</tr>
<tr>
<td><strong>A PROFILE OF OUR TRANSITION COUNTRIES</strong></td>
<td>Ministry of Economy and Finance</td>
<td>12/5/2013</td>
<td>$392,000</td>
<td>Under Implementation</td>
<td>World Bank</td>
<td>$392,000</td>
</tr>
</tbody>
</table>
Improving Connectivity in the Maghreb aims to streamline the chains of international trade between the Maghreb countries and with their major trading partners, to increase cooperation among border management agencies, to strengthen capacities in economic governance, and to build effective and transparent tax systems.

Amount: $3,577,513
Grant Awarded: 5/18/2015
ISA: Organization for Economic Co-operation and Development & World Bank
Project Status: Under Implementation
Total Disbursements: $867,389

Towards Inclusive and Open Governments aims to promote women’s participation in Parliament, local councils and policy-making to underpin and drive inclusive development.

Amount: $633,333
Grant Awarded: 5/18/2015
Countries: Morocco
Recipient Entity: Ministry for Solidarity, Women, Family and Social Development
ISA: Organization for Economic Co-operation and Development
Project Status: Under Implementation
Total Disbursements: $348,000

Strengthening Parliamentary Accountability and Oversight aims to contribute to enhanced legislative oversight and establishing mechanisms for public engagement with Parliament.

Amount: $4,000,000
Grant Awarded: 12/8/2015
Recipient Entity: Parliament of Morocco
ISA: World Bank
Project Status: Under implementation
Total Disbursements: $123,404

Youth in Public Life: Towards Open and Inclusive Youth Engagement aims to support Morocco build stronger mechanisms for youth engagement and mainstream their considerations in public life through: (i) Fostering an integrated approach to youth engagement in public life in Jordan; (ii) Scaling up the institutional and legal framework for youth engagement in youth bodies and Parliament; and (iii) Promoting new forms of youth engagement.

Amount: $1,290,000
Grant Awarded: 5/30/2016
Recipient Entity: Ministry of Youth and Sports
ISA: Organisation for Economic Co-operation and Development
Project Status: Under implementation
Total Disbursements: $118,461

Tunisia’s economic performance continues to be weak, with growth being too low to significantly impact high unemployment rates, poverty, and inequality amidst increasing fiscal and current account deficits. Apart from modest recent improvements, falling industrial production in the agro-food, energy, and rubber and plastics; declining tourism; a significant trade deficit; and deteriorating capital and financial accounts all suggest the economy is still fragile. The unemployment rate remains high at 15.4%, with higher rates experienced by women (22.6%), university graduates (31.2%) and youth (31.8%). The economic forecast of the country depends on the political landscape, and tackling unemployment and stagnant growth will require tough political decisions.

Tunisia has received $47.4 million from the Transition Fund to support: (i) ICT for education acceleration; (ii) transparency in public procurement; (iii) job creation through MSMEs; (iv) poverty alleviation through laying the foundation for the development of affordable housing as well as developing well-targeted safety net mechanisms; and (v) tax system reform to mobilize resources.
Logismed Soft Project aims to support the enhancement of logistic platform capacities in Tunisia as well as create a collaborative network between these logistic platforms in order to improve country capacities and to attract foreign investments, affecting directly country and citizens development.

Amount: $1,565,000
Grant Awarded: 2/20/2013
Countries: Tunisia
Recipient Entities: Tunisia Ministry of Transport
ISA: European Investment Bank
Project Status: Under Implementation
Total Disbursements: $297,633

Set-up of Tunisia Investment Authority aims to improve the investment environment, increase investments and increase the number of firms investing by successfully setting up a new and innovative investment authority responsible for investment-related functions in Tunisia.

Grant Amount: $1,900,000
Grant Awarded: 2/20/2013
Recipient Entity: Ministry of Development and International Cooperation
ISA: International Finance Corporation & Organization for Economic Co-operation and Development
Project Status: Under Implementation
Total Disbursements: $1,142,727

Operationalizing Public Private Partnerships aims to support the Government of Tunisia in operationalizing the forthcoming Public Private Partnerships law and implement decrees in a manner which will promote transparency, efficiency and effectiveness of public spending, and help the government to meet its public policy objectives.

Amount: $2,380,000
Grant Awarded: 2/20/2013
Recipient Entity: Office of the Prime Minister
ISA: African Development Bank & Organization for Economic Co-Operation and Development
Project Status: Under Implementation
Total Disbursements: $948,011

Social Protection Reforms Support Project aims to strengthen institutional capacity to design social protection reforms and improve targeting of safety net programs.

Amount: $5,055,000
Grant Awarded: 2/20/2013
Recipient Entity: Ministry of Economy and Finance
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $1,599,251

Tunisian Energy Reform Plan aims to align the institutional and investment plans of the operational and central entities of the energy sector with the emerging policy framework of the government through: (i) limiting costly energy dependence by way of demand management and increase of domestic production of all sources of primary energy; and (ii) ensuring that the country realizes its renewable energy potential and contributes to the development of the regional market and benefit from its strategic geographic position.

Amount: $3,836,000
Grant Awarded: 6/7/2013
Recipient Entity: Ministry of Industry, Energy and Mines
ISA: OPEC Fund for International Development
Project Status: Under Implementation
Total Disbursements: $575,000

Regional Integration through Trade and Transport Corridors aims to promote the reduction of trade and transport barriers along the priority trade corridors of Egypt, Jordan, Morocco and Tunisia, and in related border crossings.

Amount: $3,810,000
Grant Awarded: 5/15/2013
Countries: Tunisia
Recipient Entity: Tunisia Ministry of Transport
ISA: European Investment Bank
Project Status: Under Implementation
Total Disbursements: $1,400,000

Regional Affordable Housing Project aims to support the Government of Morocco and Tunisia in designing reforms of programs and policies to promote access to affordable housing for low to middle-income households.

Amount: $2,110,460
Grant Awarded: 12/31/2013
Countries: Morocco & Tunisia
Recipient Entity: Morocco Ministry of Economy and Finance & Ministry of Housing and City Policy, & Tunisia Ministry of Finance, Ministry of Equipment, Territorial and Sustainable Development & Central Bank of Tunisia
ISA: World Bank & Arab Monetary Fund
Project Status: Under Implementation
Total Disbursements: $855,456

Operationalizing Public Private Partnerships
**A Profile of Our Transition Countries**

**Development of SMEs Exports through Virtual Market Place**
Aims to increase Small and Medium Enterprise exports through Virtual Market Places and support institutional reforms to create an enabling environment for e-commerce.
- **Amount:** $1,001,000
- **Grant Awarded:** 2/11/2014
- **Countries:** Jordan, Morocco & Tunisia
- **Recipient Entity:** International Trade Center
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $684,180

**Enhancing Domestic Resource Mobilization through Effective Tax System Design and Improved Transparency and International Cooperation**
Aims to assist the government of Tunisia mobilize domestic resources to foster sustainable economic growth and income redistribution by improving the design of taxation policies and improving transparency and international cooperation.
- **Amount:** $4,401,900
- **Grant Awarded:** 12/5/2013
- **Recipient Entity:** Ministry of Finance
- **ISA:** African Development Bank & Organization for Economic Co-operation and Development
- **Project Status:** Under Implementation
- **Total Disbursements:** $1,597,490

**Optimising and Monitoring Employment in Infrastructure Investments**
Aims to estimate the impact of government investments in public infrastructure on job creation, in qualitative and quantitative terms, by creating a Management Information System and to apply lessons learnt in order to design better projects which can create more and better jobs.
- **Amount:** $969,580
- **Grant Awarded:** 12/8/2015
- **Recipient Entity:** Ministère de l’équipement, de l’habitat et de l’aménagement du territoire
- **ISA:** European Investment Bank
- **Project Status:** Not effective
- **Total Disbursements:** $0

**Enhancing Governance and Economic Growth in Tunisia Promoting Transparency and Integrity in Public Procurement**
Aims to promote transparency and integrity in public procurement.
- **Amount:** $2,528,900
- **Grant Awarded:** 5/18/2015
- **Recipient Entity:** Prime Ministry – Haute Instance de la Commande Publique
- **ISA:** African Development Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $0

**Broadband Internet and ICT for Education Acceleration**
Aims to support the Government of Tunisia (GoT) in accelerating access to high speed internet in Tunisia and to improving service delivery in Tunisia’s education sector by the use of information and communications technologies (ICT). The five components will be implemented under the Digital Tunisia Project currently under preparation by the GoT and the World Bank.
- **Amount:** $2,288,750
- **Grant Awarded:** 12/8/2015
- **Recipient Entity:** Ministry of Communication Technologies and Digital Economy
- **ISA:** World Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $0

**Implementing Priority Public Actions to Enhance Competitiveness and Improve Public Services in Tunisia**
Aims to endow the Office of the Prime Minister with an innovative and efficient Delivery Unit dedicated to the implementation of top priority public actions and to support the Government of Tunisia in delivering concrete and measurable initiatives that help improve public services and enhance country competitiveness.
- **Amount:** $1,888,900
- **Grant Awarded:** 12/8/2015
- **Recipient Entity:** President and Prime Minister’s Offices
- **ISA:** World Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $81,018

**Youth in Public Life: Towards open and inclusive youth engagement**
Aims to support Tunisia build stronger mechanisms for youth engagement and mainstream their considerations in public life through: (i) Fostering an integrated approach to youth engagement in public life in Jordan; (ii) Scaling up the institutional and legal framework for youth engagement in youth bodies and Parliament; and (iii) Promoting new forms of youth engagement.
- **Amount:** $1,291,000
- **Grant Awarded:** 5/30/2016
- **Recipient Entity:** Ministry of Civil Service, Governance, and Fight against Corruption
- **ISA:** Organisation for Economic Co-operation and Development
- **Project Status:** Under implementation
- **Total Disbursements:** $186,315

**Work Readiness Programme**
Aims to provide a visible change in the short and medium term in the labour market in Tunisia by increasing the capacity of employment public services to implement and evaluate complex programs and by reducing the gap between the economy’s needs and the job seekers skills and competencies.
- **Amount:** $2,560,000
- **Grant Awarded:** 1/21/2016
- **Recipient Entity:** Ministry of Vocational Training and Employment
- **ISA:** African Development Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $0

**Supporting the Design and Implementation of Economic and Social Reforms**
Aims to enhance efficiency and effectiveness in the implementation of the Government’s Strategic Development Plan 2016-2020 (SDP) and future structural reforms and policies by strengthening its capacity in statistics, impact assessment, monitoring and evaluation.
- **Amount:** $3,912,270
- **Grant Awarded:** 5/30/2016
- **Recipient Entity:** Ministry of Development, Investment and International Cooperation
- **ISA:** African Development Bank and Organisation for Economic Co-operation and Development
- **Project Status:** Under implementation
- **Total Disbursements:** $186,315
Towards Inclusive and Open Governments aims to promote women’s participation in Parliament, local councils and policy-making to underpin and drive inclusive development.

Amount: $850,975
Grant Awarded: 5/30/2016
Countries: Tunisia
Recipient Entity: Parliament
ISA: Organization for Economic Co-operation and Development
Project Status: Under Implementation
Total Disbursements: $129,169

Even before the conflict broke-out, mismanagement, corruption, and the depletion of natural resources led to chronic poverty and underdevelopment. Minimal access to services, such as electricity, water and healthcare was common. The conflict exacerbated these trends severely, and the UN estimates that 82% of the population requires humanitarian assistance, with close to 8 million facing famine and 3 million internally displaced. As a result of the conflict, Yemen’s economy has contracted sharply. Widespread destruction of infrastructure, disruptions of economic activity and trade, a halt in oil and gas exports, and constricted imports have all taken a toll. The government relies on grants for reconstruction and spending given the high budget deficit as both fiscal and monetary policy is constrained by a lack of resources, revenue shortfalls, and instability. Assuming a unity government is formed in 2017, government focus will shift to restoring basic services and gradual reconstruction. Expenditure will continue to be severely constrained, and arrears in salaries and payments will linger.

Yemen has thus far received $23.4 million from the Transition Fund. Although the portfolio was suspended with the advent of conflict, some projects (at least those approved after the conflict started), are active and under implementation. Yemen’s portfolio is focused on: (i) creating jobs by providing business development services to MSMEs, providing matching grants for youth employment; (ii) supporting microfinance institutions develop SME and home improvement lending products to support post-conflict reconstruction as well as fortify MFI capacity to ensure survival during the conflict, as well as prepare for a post-conflict setting; and (iii) promoting rule of law through judicial training.

**FACTS & FIGURES (2015)**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>26.8 million</td>
</tr>
<tr>
<td>GDP</td>
<td>$37.73 billion</td>
</tr>
<tr>
<td>GDP growth</td>
<td>-28.1%</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>$1,140</td>
</tr>
<tr>
<td>Internet users</td>
<td>25.1</td>
</tr>
</tbody>
</table>

**PORTFOLIO PERFORMANCE**

- Progress to Objectives: 40% Satisfactory, 40% Unsatisfactory, 20% Not rated
- Implementation: 50% Satisfactory

**ALLOCATION VS DISBURSEMENT**

- Disbursed: 22%
- Allocated: 78%
Enterprise Revitalization and Employment Project aims to improve individual employability and Small and Medium Enterprise capabilities for graduates and firms participating in a pilot scheme and inform related policies and programs.

**Amount:** $4,640,000  
**Grant Awarded:** 1/17/2013  
**Recipient Entity:** Small and Micro Enterprise Promotion Service  
**ISA:** World Bank  
**Project Status:** Under implementation  
**Total Disbursements:** $2,548,360

Civil Society & Government Partnership Project aimed to enhance Government-Civil Society Organizations partnerships in the implementation and monitoring of sector development programs.

**Amount:** $1,718,700  
**Grant Awarded:** 2/20/2013  
**Recipient Entity:** Ministry of Planning and International Cooperation  
**ISA:** World Bank  
**Project Status:** Closed on June 30, 2015  
**Total Disbursements:** $787,161

Reinforcing the rule of law: Developing the capacities of the judiciary in Yemen aims to build judicial capacity to improve integrity, the efficiency and effectiveness of the court system and access to justice.

**Amount:** $3,000,000  
**Grant Awarded:** 12/31/2013  
**Recipient Entity:** Ministry of Justice  
**ISA:** Arab Fund for Economic and Social Development & Organization for Economic Co-operation and Development  
**Project Status:** Under Implementation  
**Total Disbursements:** $718,833

Accountability Enhancement Project aims to enhance the capacity of targeted accountability institutions to provide access to information and to improve enforcement of the anti-corruption law.

**Amount:** $6,480,500  
**Grant Awarded:** 12/5/2013  
**Recipient Entity:** Supreme National Authority for Combating Corruption  
**ISA:** World Bank  
**Project Status:** On hold  
**Total Disbursements:** $1,260,337

Crisis Support to Microfinance Institutions aims to support two of the leading Yemeni microfinance institutions and enable them to better manage risk, build capacity and diversify products, and, ultimately, to increase access to finance to Yemeni entrepreneurs and small businesses during a period of conflict and transition.

**Amount:** $700,000  
**Grant Awarded:** 5/30/2016  
**Recipient Entity:** Microfinance Institutions  
**ISA:** International Finance Corporation  
**Project Status:** Under implementation  
**Total Disbursements:** $57,359

Business Resilience Assistance for Value-adding Enterprises aims to.

**Amount:** $6,000,000  
**Grant Awarded:** 7/12/2016  
**Recipient Entity:** Small and Micro Enterprise Promotion Service  
**ISA:** Islamic Development Bank  
**Project Status:** Under implementation  
**Total Disbursements:** $228,965
## ANNEX 1: TRANSITION FUND PORTFOLIO

### BY COUNTRY

- **Egypt**
  - Active projects: 72
  - Closed projects: 4
  - Cancelled projects: 5

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Amount ($)</th>
<th>ISA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. M&amp;ME Support Programme and the Social Fund for Development</td>
<td>2,936,080</td>
<td>EIB</td>
</tr>
<tr>
<td>2. Support to MSME in Organic Clusters</td>
<td>2,000,000</td>
<td>ARB</td>
</tr>
<tr>
<td>3. Logismed soft project</td>
<td>1,561,403</td>
<td>EIB</td>
</tr>
<tr>
<td>4. Green Growth: Industrial Waste Management and SME Entrepreneurship Hub</td>
<td>2,000,000</td>
<td>ARB</td>
</tr>
<tr>
<td>5. Energy/Safety Nets Sector Reform Technical Assistance Project</td>
<td>7,097,200</td>
<td>WB</td>
</tr>
<tr>
<td>6. Regional Integration through Trade and Transport Corridors</td>
<td>4,230,000</td>
<td>EIB</td>
</tr>
<tr>
<td>7. Promoting financial inclusion via mobile financial services</td>
<td>56,000</td>
<td>EIB</td>
</tr>
<tr>
<td>8. Strengthening the Rule of Law</td>
<td>4,127,000</td>
<td>ADB/OECD</td>
</tr>
<tr>
<td>9. Support to Parliament: Building Capacity and Mainstreaming Inclusive Growth</td>
<td>2,920,000</td>
<td>ARB</td>
</tr>
<tr>
<td>11. Inclusive Regulations for Microfinance Project</td>
<td>4,505,000</td>
<td>WB</td>
</tr>
<tr>
<td>12. EASE &amp; Fostered Investment Policy, Legal and Institutional Framework</td>
<td>7,043,400</td>
<td>OECD/WB</td>
</tr>
<tr>
<td>13. Leveraging Regulatory Reform to Advance Financial Inclusion</td>
<td>950,000</td>
<td>IFC</td>
</tr>
<tr>
<td>14. Promoting Women's Participation in Parliaments and Policy-making</td>
<td>6,333,333</td>
<td>OECD</td>
</tr>
<tr>
<td>15. Building Capacity &amp; Institutional Strengthening of Ministry of INT Cooperation</td>
<td>4,455,000</td>
<td>ARB</td>
</tr>
<tr>
<td>16. Enhancing Social Housing Governance</td>
<td>2,503,970</td>
<td>ARB</td>
</tr>
<tr>
<td>17. Supporting Public-Private Partnership Execution</td>
<td>2,406,200</td>
<td>EIB</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>53,274,486</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **Jordan**
  - Active projects: 4
  - Closed projects: 0
  - Cancelled projects: 5

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Amount ($)</th>
<th>ISA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reliable Water Quality for Jordan</td>
<td>1,545,000</td>
<td>EIB</td>
</tr>
<tr>
<td>2. National Unified Registry &amp; Outreach Worker Program for Social Assistance</td>
<td>10,000,000</td>
<td>WB</td>
</tr>
<tr>
<td>3. Support to Building Active Labor Market Program</td>
<td>5,000,000</td>
<td>WB</td>
</tr>
<tr>
<td>4. Regional Integration through Trade and Transport Corridors</td>
<td>2,630,000</td>
<td>EIB</td>
</tr>
<tr>
<td>5. SME Growth Program</td>
<td>3,850,000</td>
<td>EIB</td>
</tr>
<tr>
<td>6. Enhancing Governance for MSME Development</td>
<td>3,235,000</td>
<td>WB</td>
</tr>
<tr>
<td>7. Promoting financial inclusion via mobile financial services</td>
<td>426,000</td>
<td>EIB</td>
</tr>
<tr>
<td>8. Development of SME’s Exports Through Virtual Market Place</td>
<td>1,000,000</td>
<td>WB</td>
</tr>
<tr>
<td>9. Jordan Competitiveness and Investment Technical Assistance</td>
<td>2,115,000</td>
<td>OECD/WB</td>
</tr>
<tr>
<td>10. Integrated Inspection Management System</td>
<td>2,642,105</td>
<td>IFC</td>
</tr>
<tr>
<td>11. National Center for Innovation, Higher Council for Science and Technology</td>
<td>2,600,430</td>
<td>EIB</td>
</tr>
<tr>
<td>12. Leveraging Regulatory Reforms to Advance Financial Inclusion</td>
<td>750,000</td>
<td>IFC</td>
</tr>
<tr>
<td>13. Promoting Women's Participation in Parliaments and Policy-making</td>
<td>633,333</td>
<td>OECD</td>
</tr>
<tr>
<td>14. Supporting Jordan to Improve SME Policy Effectiveness</td>
<td>1,297,500</td>
<td>OECD</td>
</tr>
<tr>
<td>15. Supporting Jordan’s ongoing Decentralisation Efforts</td>
<td>1,950,000</td>
<td>OECD</td>
</tr>
<tr>
<td>16. Jordan Economic Legislation Reform</td>
<td>3,100,000</td>
<td>WB</td>
</tr>
<tr>
<td>17. Youths in Public Life: Open &amp; Inclusive Youth Engagement (Jordan Activities)</td>
<td>1,290,000</td>
<td>OECD</td>
</tr>
<tr>
<td>18. Strengthening Municipal FM Systems in Municipalities Affected by Refugee Crisis</td>
<td>3,090,000</td>
<td>WB</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>47,114,368</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **Libya**
  - Active projects: 4
  - Closed projects: 0
  - Cancelled projects: 5

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Amount ($)</th>
<th>ISA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SME Strategy Development</td>
<td>2,616,000</td>
<td>OECD</td>
</tr>
<tr>
<td>2. Leading the Way: A Leadership Capacity Building Pilot Project</td>
<td>3,500,000</td>
<td>ARB</td>
</tr>
<tr>
<td>3. Finance and Private Sector Development Technical Assistance</td>
<td>3,437,400</td>
<td>WB</td>
</tr>
<tr>
<td>4. Electricity Sector Reform Programmatic Technical Assistance</td>
<td>2,000,000</td>
<td>WB</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>11,553,400</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **Morocco**
  - Active projects: 4
  - Closed projects: 0
  - Cancelled projects: 5

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Amount ($)</th>
<th>ISA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New Governance Framework Implementation Support Project</td>
<td>4,500,000</td>
<td>WB</td>
</tr>
<tr>
<td>2. Strengthening Micro-Entrepreneurship for Disadvantaged Youth</td>
<td>5,002,000</td>
<td>WB</td>
</tr>
<tr>
<td>3. Logismed soft project</td>
<td>1,955,400</td>
<td>EIB</td>
</tr>
<tr>
<td>4. Microfinance Development Project</td>
<td>5,500,000</td>
<td>WB</td>
</tr>
<tr>
<td>5. Local Government Support Program</td>
<td>5,045,000</td>
<td>WB</td>
</tr>
<tr>
<td>6. Regional Integration through Trade &amp; Transport Corridors</td>
<td>3,550,000</td>
<td>EIB</td>
</tr>
<tr>
<td>7. Regional Affordable Housing Project</td>
<td>2,110,460</td>
<td>AMF/WB</td>
</tr>
<tr>
<td>8. Promoting financial inclusion via mobile financial services</td>
<td>392,000</td>
<td>EIB</td>
</tr>
<tr>
<td>9. Development of SME’s Exports Through Virtual Market Place</td>
<td>1,000,000</td>
<td>WB</td>
</tr>
<tr>
<td>10. Accessing Overseas Job Opportunities for Moroccan Youth Project</td>
<td>1,975,000</td>
<td>WB</td>
</tr>
<tr>
<td>11. Improving Connectivity in the Maghreb</td>
<td>3,077,513</td>
<td>OECD/WB</td>
</tr>
<tr>
<td>12. Promoting Women’s Participation in Parliaments and Policy-making</td>
<td>633,333</td>
<td>OECD</td>
</tr>
<tr>
<td>13. Strengthening Parliamentary Accountability and Oversight</td>
<td>4,000,000</td>
<td>WB</td>
</tr>
<tr>
<td>14. Youth in Public Life: Open &amp; Inclusive Youth Engagement (Morocco Activities)</td>
<td>1,290,000</td>
<td>OECD</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>40,698,799</strong></td>
<td></td>
</tr>
</tbody>
</table>
## ANNEX 1: TRANSITION FUND PORTFOLIO

### BY SUB-SECTOR

<table>
<thead>
<tr>
<th>Sub-sector</th>
<th>Number of Projects</th>
<th>Total Value (US$)</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-corruption</td>
<td>1</td>
<td>6,480,500</td>
<td>3%</td>
</tr>
<tr>
<td>Banking and Finance (including Microfinance)</td>
<td>6</td>
<td>18,228,300</td>
<td>8%</td>
</tr>
<tr>
<td>CSD Engagement</td>
<td>1</td>
<td>1,718,700</td>
<td>1%</td>
</tr>
<tr>
<td>Employment</td>
<td>3</td>
<td>8,169,500</td>
<td>4%</td>
</tr>
<tr>
<td>Youth Employment</td>
<td>3</td>
<td>6,080,355</td>
<td>3%</td>
</tr>
<tr>
<td>Government Reform (including Local Governments)</td>
<td>9</td>
<td>30,420,070</td>
<td>14%</td>
</tr>
<tr>
<td>Innovation</td>
<td>1</td>
<td>2,060,430</td>
<td>1%</td>
</tr>
<tr>
<td>Investment Policy and Business Environment</td>
<td>11</td>
<td>26,506,069</td>
<td>12%</td>
</tr>
<tr>
<td>Judicial Reform</td>
<td>2</td>
<td>7,121,000</td>
<td>3%</td>
</tr>
<tr>
<td>Leadership Development</td>
<td>1</td>
<td>3,500,000</td>
<td>2%</td>
</tr>
<tr>
<td>Leadership Development (for Women and Youth)</td>
<td>7</td>
<td>6,403,335</td>
<td>3%</td>
</tr>
<tr>
<td>Logistics</td>
<td>3</td>
<td>4,695,806</td>
<td>2%</td>
</tr>
<tr>
<td>MENA’s</td>
<td>12</td>
<td>36,342,744</td>
<td>16%</td>
</tr>
<tr>
<td>Parliamentary Reform</td>
<td>2</td>
<td>3,930,000</td>
<td>3%</td>
</tr>
<tr>
<td>Social Safety Nets</td>
<td>2</td>
<td>15,055,000</td>
<td>7%</td>
</tr>
<tr>
<td>Subsidy Reform</td>
<td>3</td>
<td>12,933,200</td>
<td>6%</td>
</tr>
<tr>
<td>Trade and Transport</td>
<td>5</td>
<td>17,787,513</td>
<td>8%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>77</strong></td>
<td><strong>223,418,998</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*The total number of projects includes closed projects, of which there are four.

---

### ANNEX 1: TRANSITION FUND PORTFOLIO

#### TOTAL OF PROJECTS FOR AN AMOUNT OF $223,418,998

---
ANNEX 2: RESULTS FRAMEWORK

Fund Development Objective: To improve the lives of citizens in transition countries and to support the transformation currently underway by providing grants for technical cooperation to strengthen governance and public institution and to foster sustainable and inclusive economic growth by advancing country-led policy & institutional reforms.

<table>
<thead>
<tr>
<th>Level of Expected Results</th>
<th>Pillar Indicator</th>
<th>Type of Results Expected</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pillar 1: Development Objective: Increased sustainable growth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome 1.1</td>
<td>Businesses, including MSMEs demonstrated increased performance after receipt of support/advisory services</td>
<td>Improved business environment</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>133</td>
<td>158</td>
</tr>
<tr>
<td></td>
<td>Output 1.1.1</td>
<td>Businesses received business support/advisory services or financial investment (includes MSMEs)</td>
<td>Businesses supported to promote private sector development</td>
<td>Number</td>
<td>59</td>
<td>189</td>
<td>204</td>
<td>456</td>
</tr>
<tr>
<td>Outcome 1.2</td>
<td>Persons with access to financial products and services</td>
<td>Improved access to finance for individuals</td>
<td>Number</td>
<td>32,181,420</td>
<td>0</td>
<td>13,530,000</td>
<td>15,031,000</td>
<td>17,664,256</td>
</tr>
<tr>
<td>Outcome 1.3</td>
<td>Outstanding microfinance loan portfolios</td>
<td>Improved access to finance for vulnerable populations and micro-entrepreneurs</td>
<td>Millions USD</td>
<td>679</td>
<td>0</td>
<td>541</td>
<td>696</td>
<td>782</td>
</tr>
<tr>
<td>Outcome 1.4</td>
<td>Business loans provided or guaranteed</td>
<td>Improved access to finance for businesses</td>
<td>Number</td>
<td>3,000</td>
<td>NA</td>
<td>3,575</td>
<td>136,745</td>
<td>265,092</td>
</tr>
<tr>
<td></td>
<td>Output 1.6.1</td>
<td>Projects and programs promoting green growth designed and implemented</td>
<td>Green growth initiatives launched</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Pillar 2 Development Objective/Impact: Improved inclusive development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome 2.1</td>
<td>New employment opportunities created</td>
<td>Improved employment opportunities</td>
<td>WB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Output 2.1.1</td>
<td>Individuals trained to improve employability or self-employment</td>
<td>Increased job or entrepreneurship training</td>
<td>Number</td>
<td>2,700</td>
<td>639</td>
<td>4,241</td>
<td>19,945</td>
</tr>
<tr>
<td>Outcome 2.2</td>
<td>Programs and projects designed and implemented to promote more efficient and equitable allocation of government resources</td>
<td>Improved effectiveness of social safety net and other programs targeting the most vulnerable</td>
<td>Number</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Outcome 2.3</td>
<td>Household beneficiaries of social safety net and related programs targeting the most vulnerable</td>
<td>Increased access to social safety net and other programs to the most vulnerable</td>
<td>Number</td>
<td>235,000</td>
<td>0</td>
<td>735,000</td>
<td>235,000</td>
<td>240,300</td>
</tr>
</tbody>
</table>

1 Significant increase due to the Regional (Egypt/Jordan) IFC Leveraging/Regulatory Reform Project. It should be noted that the results of this project include MFI partners’ IFC and their overall results. IFC TA project activities have contributed to achieving these results; however, not all can be claimed to be exclusively the result of IFC’s leverage of other funding sources and of course the MFIs own efforts.
2 The Jordan WB National Unified Registry has suspended its cash compensation for fuel subsidies hence the decrease in number of household beneficiaries.

62 63
### Level of Expected Results

#### Pillar Indicator

<table>
<thead>
<tr>
<th>Level of Expected Results</th>
<th>Pillar Indicator</th>
<th>Type of Results Expected</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
</table>

#### Pillar 3 Development Objective/Impact: Enhanced economic governance

<table>
<thead>
<tr>
<th>Outcome 3.1</th>
<th>Efficiency of transactions conducted in financial markets</th>
<th>Improved good governance in the public sector</th>
<th>Percent</th>
<th>TBD</th>
<th>0</th>
<th>0</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 3.1.1</td>
<td>CSOs, women or youth groups engaged and empowered by the local government</td>
<td>Specific(special) stakeholder groups engaged and empowered</td>
<td>Number</td>
<td>250</td>
<td>0</td>
<td>10,575</td>
<td>10,575</td>
<td>10,575</td>
</tr>
<tr>
<td>Output 3.1.2</td>
<td>Government bodies, institutions and local government units received support services</td>
<td>Government bodies and institutions including Local governments supported</td>
<td>Number</td>
<td>1,000</td>
<td>0</td>
<td>1,187</td>
<td>1,250</td>
<td>1,267</td>
</tr>
</tbody>
</table>

#### Pillar 4 Development Objective/Impact: Improved competitiveness and integration

<table>
<thead>
<tr>
<th>Outcome 4.1</th>
<th>Trade transactions conducted using new products or services</th>
<th>Increased trade growth</th>
<th>Number</th>
<th>0</th>
<th>0</th>
<th>0</th>
<th>10</th>
<th>90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome 4.2</td>
<td>Logistics Performance Index ranking improved</td>
<td>Improved trade logistics</td>
<td>Score</td>
<td>2.98 (Egypt) 3.03 (Morocco) 3.17 (Tunisia)</td>
<td>NA</td>
<td>NA</td>
<td>2.97 Egypt TBD Morocco TBD Tunisia</td>
<td>TBD Morocco TBD Tunisia</td>
</tr>
</tbody>
</table>

#### Cross Pillar 5 Development Objective/Impact: Results produced in the form of documents produced and endorsed, decrees issued, structures established and public sector staff trained across the four pillars

<table>
<thead>
<tr>
<th>Output 5.1.1</th>
<th>Studies, assessments, reports, action plans, roadmaps, models of good practices or frameworks endorsed</th>
<th>Documents produced and endorsed</th>
<th>Number</th>
<th>0</th>
<th>0</th>
<th>1</th>
<th>7</th>
<th>51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outputs 5.1.2</td>
<td>Regulations or laws endorsed or entities, units or systems established</td>
<td>Decrees issued or structures established</td>
<td>Number</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Outputs 5.1.3</td>
<td>Public sector staff trained in various aspects of topic/sector</td>
<td>Staff trained</td>
<td>Number</td>
<td>0</td>
<td>10</td>
<td>366</td>
<td>497</td>
<td>1,482</td>
</tr>
</tbody>
</table>
ANNEX 3: FINANCIAL REPORT

Use of Funds (US $m & percent)
- Administrative Budget: $3.1, 1%
- Project Management: $15.3, 7%
- Project Funding: $208.2, 92%

Percent of Funds Allocated by Country
- Egypt: 24%
- Jordan: 21%
- Libya: 5%
- Morocco: 18%
- Tunisia: 21%
- Yemen: 11%

Status of Donor Contributions (US $m)

<table>
<thead>
<tr>
<th>Country</th>
<th>Paid-in</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>19.8</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>16.3</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>13.2</td>
<td>5</td>
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FUNDING ALLOCATED BY ISA

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<thead>
<tr>
<th>ISA</th>
<th>Number of Projects*</th>
<th>Allocation ($million)</th>
<th>Allocation (percent of total)</th>
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<td>AfDB</td>
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<td>28.9</td>
<td>12.9%</td>
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<tr>
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<td>1.8</td>
<td>0.4%</td>
</tr>
<tr>
<td>AMF</td>
<td>2</td>
<td>0.5</td>
<td>0.2%</td>
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<tr>
<td>EBRD</td>
<td>5</td>
<td>13.4</td>
<td>6.6%</td>
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<tr>
<td>EG</td>
<td>13</td>
<td>24.3</td>
<td>10.8%</td>
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<tr>
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<td>2.2%</td>
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<tr>
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<td>TOTAL</td>
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*The number of projects duplicate across ISAs given that some projects are jointly executed by two ISAs.