



## The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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March 27, 2014

H.E. Dr. Ashraf El-Araby  
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Ministry of International Cooperation  
Cairo, Egypt  
(Transmission by fax: 2390-8159)

Dr. Sherif Sami  
Chairman  
Egyptian Financial Supervisory Authority  
Cairo, Egypt  
(Transmission by fax: 3537-0041)

***Subject: Endorsement of Egypt's Inclusive Regulations for Microfinance Project***

Excellencies:

We are, hereby, endorsing the above mentioned project proposed jointly by the Ministry of Planning and International Cooperation and the Egyptian Financial Supervisory Authority (EFSA), as an implementing agency. The World Bank is ready to support the implementation of this strategic project as an Implementation Support Agency in partnership with the Saudi Fund for Development (SFD). The project has been prepared in accordance to the World Bank's normal policies and procedures, and has passed the appraisal stage.

We welcome the transformational nature of this project, which intends to strengthen the regulatory and institutional framework of the microfinance sector in Egypt.

In our view, this project is fully aligned with the overarching goals of the Transition Fund, namely: (i) investing in sustainable growth, which will be achieved by creating a more enabling and conducive business environment, through improving the legal, regulatory, and institutional, framework for microfinance; (ii) enhancing economic governance, which will be achieved by providing support to EFSA in drafting and finalizing the executive regulations of the law, operationalizing these regulations, as well as establishing the supervisory unit, which will focus on fit and proper requirements, strong governance rules, transparency, disclosure, consumer protection and internal and external controls; and (iii) inclusive development and job creation, by addressing key challenges confronting microenterprises, and expanding the outreach of services to underserved segments (women and youth), as well as integrate lagging regions. Consistently, the project addresses a major pillar of the Deauville Partnership, namely finance.

The proposed project complements the on-going and proposed lines of credit which are supported by the Bank and The Saudi Fund For Development, ensuring that these investment projects have a strong impact on the ground, reaching out to underserved areas and marginalized groups, in a fair, competitive, and transparent way, as well as adequately regulated and supervised to ensure compliance with prudential regulations and best practices, fostering financial inclusions.

We look forward to our continued cooperation.

Sincerely,

*Foe* *Poonam* *GWJ*  
Hartwig Schafer  
Director

Egypt, Yemen and Djibouti Country Department  
Middle East and North Africa Region

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