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, 2015 and dollar amounts are US currency.
Introduction

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?

Officially launched in December 2012, the Transition Fund is a broad-based partnership providing grants for technical cooperation to help transition countries (comprising 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

Five years after the Arab Spring, the Middle East and North Africa (MENA) region continues to struggle with many socio-political challenges. Over the past year, the region witnessed an unprecedented rise in conflict with global spillover effects and with the largest forced displacement crisis since World War II.

Uncertainty has touched the entire region, dampening growth and investment. Macroeconomic imbalances have grown. Internal and external shocks have led to painful adjustments, and private investment has decreased in the face of risk. The sharp decline of oil prices impacts all economies and, combined with structural weaknesses and sluggish growth, threatens further the stability of the region.

The ongoing crises have prompted Transition Countries to attempt to restore macroeconomic stability, thereby increasing the need for reform.

Against this backdrop, the MENA Transition Fund – modest as it may be against the massive level of needs – is channeling grants to support Transition Countries strengthen governance and foster sustainable and inclusive economic growth by advancing institutional reforms.

In order to address the operational challenges at stake, the Transition Fund has focused on enhancing the quality of the portfolio over the last year. Guidelines were developed to enable restructurings and cancellations where merit is established. As a result, a number of actions have been taken to ensure the projects under implementation address issues of high priority for the Transition Countries. To ensure quality at entry, all projects will now have to undergo a technical review by an independent roster of experts.

As Transition Countries continue to navigate the promises and challenges of a shifting landscape, the Transition Fund has provided support to reinforce social safety nets, support subsidy and fiscal reform, combat corruption and address issues that are critical to economic change, such as tackling youth unemployment, promoting Micro, Small and Medium-sized Enterprises and strengthening investment promotion efforts.

These interventions have started to yield results, for instance: about 20,000 individuals have received training to improve employability or self-employment; more than 400 business have received business advisory services; thousands of business have benefitted from improved access to finance with the outstanding loan portfolio increasing by $36 million; and 250 local governments have received support services and in return engaged and empowered more than 10,000 CSOs, women or youth groups.

Economic and social inclusion is instrumental to promote peace and stability. This increases the relevance and the necessity of strong support to help Transition Countries on the path of stability and prosperity in order to build a brighter future for all.

Franck Bousquet
Executive Secretary of the Steering Committee
MENA Transition Fund
“Economic and social inclusion is instrumental to promote peace and stability. This increases the relevance and the necessity of strong support to help Transition Countries on the path of stability and prosperity...”

—FRANCK BOUSQUET

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Photo: Tunis; Photo credit: Stephan Bachenheimer
The MENA Transition Fund

Four Key Pillars

OUR GOAL:
Improve citizens’ lives through governance and economic reforms

1. Investing in Sustainable Growth
2. Inclusive Development and Job Creation
3. Enhancing Economic Governance
4. Competitiveness and Integration
The MENA Transition Fund
At-a-Glance

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
Promoting competitiveness and integration

DONOR CONTRIBUTIONS
Key (US$ Millions): Pledge / Contribution
Total Pledges/Contributions: 227.9 / 215.9

- USA 40.0 / 40.0
- Canada 19.8 / 19.8
- UK 51.0 / 51.0
- France 13.2 / 13.2
- Germany 20.6 / 10.6
- Netherlands 5.0 / 5.0
- Denmark 6.3 / 6.3
- Russia 10.0 / 10.0
- Japan 12.0 / 12.0
- Turkey 5.0 / 5.0
- Saudi Arabia 25.0 / 25.0
- Qatar 5.0 / 5.0
- UAE 5.0 / 3.0
- Kuwait 10.0 / 10.0
COUNTRY RECEIPTS

Country Funding Received (US$ Millions).... Total 207.1 (Additional Funds Leveraged amount to 22,868,700)
Number of Projects................................. 69

Morocco 39.4 13 Projects
Tunisia 40.5 15 Projects
Libya 11.6 4 Projects
Egypt 49.2 15 Projects
Jordan 42.8 16 Projects
Yemen 23.7 6 Projects

2015 Highlights

2 calls for proposals were launched in 2015

17 projects were approved totaling approximately US$40 million

14th donor
The Netherlands joined as the 14th donor to the Transition Fund with a contribution of US$5 million

$10 million
Germany pledged a supplemental contributions of US$10 million

Highlights

9 calls for proposals were launched in 2015
17 projects were approved totaling approximately US$40 million
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$10 million
Germany pledged a supplemental contributions of US$10 million
Investing in Sustainable Growth

WHY INVEST IN SUSTAINABLE GROWTH?

The MENA region has reached a critical juncture. Prospects for economic growth and recovery appear slim against a backdrop of escalation in conflict, low oil price, and a slowing global economy further compounded by volatile financial markets. Needless to say, the region’s investment needs are high and the shortage of foreign capital has worsened the prevailing situation.

For instance, a business in the private sector that grows too fast may find difficulty accessing financing, and similarly, if it grows too slowly, it may experience stagnation. Investments in manufacturing and associated services tend to create more jobs than investments in capital-intensive, and resource-driven sectors. In order to achieve long-term growth, governments of Transition Countries are encouraged to focus on strengthening their policies for an improved business and investment environment. Such an endeavor requires political vision, commitment and continuity which many of the Transition Countries have demonstrated.
What Are We Doing Under This Pillar?

**Egypt** In Egypt, the MSME related projects - MSME Support Project and the Social Fund for Development, Support to MSMEs in Organic Clusters, and Egypt’s Green Growth: Industrial Waste Management and SME Entrepreneurship Hub - address the need to strengthen smaller enterprises and promote job creation. They include special emphasis on job creation for women, promotion of selected organic clusters of MSMEs and the creation of “green jobs” associated with industrial waste management.

**Jordan** In Jordan, the SME Growth Program supports and sustains start-ups and MSMEs. The Enhancing Governance and Strengthening the Regulatory and Institutional Framework for MSME Development Project is supporting the Central Bank and the Jordan Loan Guarantee Company in their work with SMEs and microfinance. The Improving SME Policy Effectiveness Project aims to increase SME policy effectiveness by building capacity to reinforce key elements of coordination, public-private consultations, and monitoring and evaluation with the penultimate objective of promoting the entry of new start-ups and enhancing the growth and performance of existing SMEs.

**Morocco** The objective of the Morocco Strengthening Micro-Entrepreneurship for Disadvantaged Youth in the Informal Sector Project is to provide selected disadvantaged men or women between the ages of 18 and 29 who are aspiring to be or are entrepreneurs with secondary education or less with access to micro-entrepreneurship development services.

### What Have We Achieved?

**Businesses Demonstrated Increased Performance After Receipt of Advisory Services**
- 133 businesses demonstrated increased performance after receipt of advisory services

**Businesses Received Business Advisory Services or Financial Investment**
- 356 businesses received business advisory services or financial investment

**About 2.2 Million Persons Have Benefitted from Access to Financial Products and Services**
- 2.2 million

**The Outstanding Microfinance Portfolio Has Increased by $36 Million**
- $36 million

**Business Loans Have Been Provided or Guaranteed**
- 1,105 business loans have been provided or guaranteed

Photo: Hajer Messaoudi, Tunisian entrepreneur examining product; Photo credit: Stephan Bachenheimer
Investing in Sustainable Growth

LIBYA The SME Strategy Development program aims to strengthen the overall legal and institutional framework for promoting entrepreneurship and high-potential SMEs in Libya.

We are helping improve the investment climate

EGYPT In Egypt, the Clearing and Settlement Depository System for Government Securities is supporting the Central Bank of Egypt introduce and price new instruments to allow for better pricing of government securities and the creation of a benchmark yield curve to facilitate corporate bond market growth. The Enhancing the Investment Climate through Equal Access and Simplified Environment for Investment and Investment Policy, Legal and Institutional Framework is helping the Government design a new investment policy and legal framework to strengthen its international investment regime, while the Inclusive Regulations for Microfinance Project aims to strengthen the regulatory and institutional framework of the microfinance sector.

JORDAN The Jordan Competitiveness and Investment Technical Assistance and the Economic Legislation Reform Project addresses the country’s need to strengthen its investment framework and modernize critical laws and regulations governing business activities.

LIBYA The Finance and Private Sector Development Technical Assistance is supporting Libya strengthen the capacity of its key financial institutions to assess and reform financial infrastructure as well as the capacity of institutions responsible for promoting private investment and private sector development.

TUNISIA In Tunisia, the Set-up of an Investment Authority Project aims to improve the investment environment, increase investments and increase the number of firms investing by reforming the institutional framework responsible for investment-related functions. The Operationalizing Public-Private Partnerships Project is supporting the Government develop an effective institutional framework for PPP development.

EGYPT, JORDAN In Egypt and Jordan, the Leveraging Regulatory Reforms Project aims to leverage changes in microfinance regulations to support key microfinance service providers, prepare them for, and transform them into for-profit entities and further advance financial inclusion.

ADDRESSING JORDAN’S WATER SCARCITY THROUGH REFORM, PRIVATIZATION

Jordan faces a number of well-known challenges: Urgent structural economic reforms are needed to solve problems such as persistent high unemployment, especially among youth, a large share of the population just above the poverty line; and fiscal and external vulnerability exacerbated by the massive influx of refugees. However, what has received less publicity is its water scarcity—an issue that could turn into a national crisis unless it is effectively dealt with. In fact, Jordan is among the water-scarcest countries in the world on a per capita basis. It ranks as the 4th poorest country in the world with regards to water resources. If supply remains constant, Jordan could fall into the category of having absolute water shortage by 2025, which will likely constrain economic growth and endanger public health.

The Transition Fund-financed Reliable Quality Water for Jordan Project, which receives implementation support from the EBRD, aims to build sustainable technical capacity within the Water Authority of Jordan (WAJ) in order to lay the foundation for the involvement of the private sector in the overall management of water services.
In an interview, Mr. Iyad Dahiyat, Head of the Program Management Unit in the Water Authority of Jordan spoke about the achievements and results of this project.

1. **Could you provide a brief background on the current situation of the water sector in Jordan based on recent findings?**

Jordan is ranked amongst the most water-stressed countries in the world and has very limited water resources. The sector suffers from decades of under-investment and service levels are low, with a lack of proper infrastructure. Future water supply is expected to fall short of forecasted demand, unless remedial measures are put in place. In addition to the current population level in Jordan, the influx of Syrian refugees has exacerbated the already strained water resources in the country. The most serious concerns are faced by the northern municipalities.

2. **How does this project contribute to Jordan’s 2022 vision in managing its water resources?**

The Reliable Quality Water for Jordan Project will contribute to the implementation of Jordan’s Water Strategy by: (i) laying the ground for efficient and effective institutional reform that would attract private sector participation; and (ii) aiming to progressively introduce appropriate incentives to promote sustainability within the water sector. More specifically, the project will build the technical capacity of the Water Authority in Jordan (WAJ) through the establishment of a Unit of Excellence within WAJ, and will lay the foundation for the involvement of the private sector in the overall management of water services in Jordan.

The Project complements the recent Jordan Response Plan (JRP) for the Syria Crisis, which is aligned with the objectives and projects of the Executive Development Plan 2016-2018 and

Private sector participation in the water and sanitation sector involves wastewater and solid waste, which are critical to both economic development and human health.
of the Governorate Development Plan 2016-2018. It highlights the budget requirements needed to meet the humanitarian needs of Syrian refugees and of the Jordanian population impacted by the crisis. Additionally, the project simultaneously aims to foster the resilience and effectiveness of Jordan’s institutions, including in the water sector, and describes the major sectors in the economy that need budgetary and technical support. It also elaborates on ways to enable these sectors to face the challenges posed by the influx of refugees.

3. The establishment of a Unit of Excellence is a key goal of this project. Could you outline some of the main achievements of the Unit of Excellence thus far?

The Unit of Excellence has delivered a number of key achievements since its establishment. It has developed guidelines for public-private partnerships (PPP) to support a large number of projects as well as staff within the Project Management Unit (PMU). The guidelines take into consideration Jordan’s PPP law and EBRD’s procurement guidelines, as well as the role and functions of the new PPP Unit at the Ministry of Finance. The delivery of the PPP guidelines was accompanied with a financial model, water quality management scheme, and a water testing scheme. A seminar will be organized over the coming months to disseminate key information to relevant staff.

Also in 2016, broader strategies will be delivered, including a matrix of projects for capital investment, a communications strategy and a strategy for sector development; these tools will enable WAJ to more effectively manage both financial and technical resources, incorporating private sector involvement where appropriate.

Another key activity carried out by the Unit is the support provided for the establishment of a municipal fiscal system characterized by transparent budgeting and long-term planning, as well as increased stability in municipal finances including through improved monitoring and bill collection. More specifically, the Program will provide WAJ’s staff with the skills to prepare and audit financial models for infrastructure projects based on Microsoft Excel. As an outcome of the Program, WAJ staff are expected to be able to develop accurate, reliable, structured and transparent financial models to facilitate WAJ management approval of projects as well as to present the models to potential co-investors or lenders.

Finally, a case study PPP project, As-Samra wastewater treatment plant, is ongoing and the consultant continues to support WAJ to manage the process effectively, thereby ensuring not only the success of the project but the enhancement of the WAJ team’s capacity to manage the process.

4. The national standards on industrial waste water discharge require strengthening. Could you briefly tell us about some of the key changes needed in this area in order to enhance the regulatory framework?

One of the components of the project aims to strengthen the standards of wastewater discharge and to improve the regulations and legislation related to discharging industrial effluents in the domestic wastewater network. These reforms are needed to safeguard workers and the public, and to protect wastewater systems and treatment plants. The instructions for Non-domestic Wastewater Discharge to the wastewater network are being incorporated as a by-law, which has been drafted. The by-law is expected to be submitted to the WAY Board of Directors for approval in the next 2 to 3 months.
5. Why is private sector involvement in the Jordanian water sector important?

Encouraging private sector participation in infrastructure development, including in the water and sanitation sector, is aligned with the Government’s efforts to promote and facilitate PPPs in order to improve overall service provision and increase financial and operational sustainability. Private sector participation in the water and sanitation sector involves wastewater and solid waste, which are critical to both economic development and human health. Moreover, there is significant complementarity between humanitarian assistance and economic development for the refugee population in this sector.

The increased operational capacity of WAJ, through the Unit of Excellence, will be pivotal to advance the country in the design of effective PPPs and to pro-actively engage with the private sector to identify future opportunities for enhancing energy efficiency in the water sector.

6. Could you briefly explain the benefits of twinning Jordan with Romania? What are some of the key lessons learnt?

The twinning component, which is a partnership that brings two communities or municipalities to share experiences, will take place in 2016. Twinning provides many benefits, including the opportunity to share challenges, exchange views and seek appropriate resolutions. Twinning Jordan with Romania aims to support municipal service providers to increase their capacity to respond to crisis and improve their approach to planning, budgeting and project implementation capacity.
Inclusive Development and Job Creation

WHY INCLUSIVE DEVELOPMENT AND JOB CREATION?

Inclusive development is a pro-poor approach, which ensures that the contributions of all – including marginalized and excluded groups – are integrated in addressing development issues within a country. Development often fails when a government neglects its people, and it is more effective when governments actively involve their citizens and marginalized communities in the planning, execution and monitoring of development programs. Inclusive development promotes transparency, accountability and often contributes to job creation.

In addition to the escalation in conflicts, the MENA region has also seen a slowdown in growth and substantial pressure from lower oil prices. These challenges have further exacerbated some of the Transition Countries’ ability to provide jobs including quality jobs that are needed in the region. At about 30 percent, youth unemployment in the MENA region is the highest in the world, with female youth unemployment rates in some countries such as Egypt, Jordan and Yemen reaching over 50 percent. While staggering unemployment rates are not new to the MENA region, new developments such as the displacement of 11 million people, including over 4 million Syrians to neighboring countries, have impacted economic growth and employment for many countries in the region over the past few years. Governments need to reform their social safety nets in order to reduce their costly and inefficient food and energy subsidies, and instead, focus on targeting subsidies to the most vulnerable groups.
WHAT ARE WE DOING UNDER THIS PILLAR?

We are providing job and entrepreneurship training to improve employability

JORDAN The Support to Building Active Labor Market Program is bringing innovative approaches to addressing employability issues to Jordan. The project aims to increase access to career guidance, job search, and on the job training among targeted youth.

TUNISIA The Strengthening the Employability of Youth during Tunisia’s Transition to a Green Economy project supports the Tunisian government in its endeavor to set its economy on a path of more sustainable and inclusive growth, in particular by strengthening the employability of youth by developing new “green jobs”.

MOROCCO In Morocco, the Accessing Overseas Job Opportunities for Moroccan Youth Project focusses on strengthening institutional capacity to pilot the reform of international labor intermediation services and better prepare workforce for greater integration with international labor markets through a concrete recruitment experience with Germany.

YEMEN The Yemen Education for Employment Project supports the Government’s efforts to strengthen youth employability by bridging the skills gap through work readiness training, re-skilling of graduates, and strengthening the capacity of the Ministry of Technical Education and Vocational Training. The Enterprise Revitalization Employment Project has helped recent graduates find internships and employment.

What Have We Achieved?

19,945 INDIVIDUALS have been trained to improve employability or self-employment

235,000 HOUSEHOLDS have continued to benefit from social safety nets and related programs targeting the most vulnerable

Photo: Family in Kairouan, Tunisia; Photo credit: Stephan Bachenheimer
We are enhancing the effectiveness of social safety net and other programs targeting the most vulnerable and increasing access to social safety net and other programs to the most vulnerable.

**EGYPT** In Egypt, the Energy Social Safety Nets Sector Reform project is supporting the Government in designing a comprehensive fuel subsidy reform strategy, establish concrete measures for improved financial viability of key energy sector actors and targeting households that would be most vulnerable to the impacts of the fuel subsidy reform.

**JORDAN** The National Unified Registry and Outreach Worker Program is supporting the Jordanian government to improve targeting of social safety net programs and develop an efficient outreach mechanism.

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

**TUNISIA, MOROCCO** The Regional Affordable Housing projects in Tunisia and Morocco support their Governments in designing reforms of programs and policies to promote access to affordable housing for low to middle income households.

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**FILLING THE YOUTH UNEMPLOYMENT GAP THROUGH INTERNSHIPS IN YEMEN**

Finding a decent job can be an uphill struggle for many young people, especially recent college graduates around the world. Regardless of their chosen industry, they face a common dilemma: they need experience to get a decent job but they cannot gain that experience without working.

This was exactly the case for Jubran al-Shumairi, a resident of Sana’a, Yemen. Despite graduating from an engineering school, the tall and slender man had a difficult time finding a job in his field of study.

While in many developed countries, the transition from university to employment is often filled by internships, in many poor and middle-income countries—including Yemen—internships are an unknown phenomenon. When they are offered, they may present too many challenges to be adopted. Companies may not be prepared to guide inexperienced workers, as it takes time and effort to train youth with little to no work experience. Likewise, young people may find internships to be daunting if they cannot afford to take-on unpaid employment due to their unfavorable economic situation. As a result, many youth in the MENA region must decide whether to leave their home countries in search of jobs or remain unemployed.

Fortunately, al-Shumairi did not have to take any drastic measures. He was one of a few recent graduates in Sana’a who received a six-moth paid-internship with MASS Arabia, an enterprise specializing in the development and production for industry machines and product lines.

The internship program was part of the Enterprise Revitalization and Employment Pilot (EREP), a World Bank Group project financed by the MENA Transition Fund. Launched in June 2013, the EREP has worked on dual tracks to improve the business development plans of firms and to help recent graduates find internships.
For businesses, the EREP provided a matching grant of up to $10,000, as a 50 percent subsidy towards the cost of procurement of business development services, training and goods to improve the business development plans of the firms.

The EREP also worked to place 400 young Yemenis – mainly from the two major cities of Sana’a and Aden – into paid internships. While the project covered a 50 percent stipend for the interns for up to six months, firms participating in the matching grant scheme provided the other half.

“In the past, we were not interested in hiring new graduates because they did not have experience and we did not trust them,” said Hisham Mohammed Alshnanai, one of the managers at MASS Arabia and al-Shumairi’s employer.

“However, the (EREP) program encouraged us to hire them because paying half their salaries wasn’t a big deal if we could benefit from their knowledge,” he said.

That arrangement really paid off for MASS Arabia, which has offices in China, Saudi Arabia and Yemen. After six months in an internship as an electric technician, al-Shumairi offered the company a plan to restart the company’s furnace production line, which had been suspended. “I worked with a senior engineer and went through rigorous training,” al-Shumairi said. “Today, I am in charge of this section of the factory.”

It was not only al-Shumairi who had an upright career progress. Many others also succeeded in their fields of work. For instance, Aseel Alhatari, another resident of Sana’a, used the internship opportunity at the Saba Medical Center to move from being a receptionist to working as a quality control specialist. She did all that in less than a year.
Progress Interrupted

The implementation of the EREP's first year saw some tangible results and impacts on the ground. However, implementation during the second year was initially interrupted and later completely suspended after the deterioration of the political and security situation in the country in January 2015. As a precautionary measure, the World Bank suspended all missions to Yemen as of January 23, 2015.

Although the EREP was forced to stop the matching grant and internship grant components, both of which were recipient-executed, the project produced credible results during the first year of its implementation.

A total of 204 firms were selected to participate in the first round of the matching grant component. Of that number, 164 firms, including 23 that were owned and managed by women, completed their Business Development Plans. Favorable results on the matching grant scheme were also seen during the first phase, as 63 percent of the firms reported improved capabilities after completion of services.

Medina Industrial Coal was one of the firms that worked with EREP specialists to promote and market industrial coal as well as to enhance the quality of its products and to improve its performance. “After implementing the plan, both our production and number of clients doubled,” Khalil Dirham Alhaidari, one of the company's managers, said.

Furthermore, during the first phase of the project, a total of 198 young Yemenis were placed in firms, of which 64 percent were employed following the completion of the internship program. In addition, 21 out of 73 youth who started but did not complete the program, later found jobs.

Positive Outcomes

While both recipient-executed components of the EREP were suspended soon after the project began its second phase with 200 firms, the impact evaluation results were successfully completed and were captured in two recently published World Bank Policy Research Working papers:

- The additionality impact of a matching grant program from small firms: Experimental Evidence From Yemen
- The Demand for, and Impact of Youth Internships: Evidence From a Randomized Experiment in Yemen

The working papers document the short-term impact of the EREP project and provided new encouraging evidence of the positive effects of the matching grants and internship placement programs. One of the working papers has also been accepted for publication by a peer-reviewed journal.

While the global youth unemployment rate stabilized at 13 percent in 2015, the MENA region continues to experience the highest rate in the world with around 30 percent of its youth unemployed. Nevertheless, these figures fade in comparison to Yemen, where the unemployment rate among youth stands at 40 percent.
Among the interesting findings, the working papers revealed that firms that received the matching grants in Yemen were more likely to introduce new products or accounting systems, do more marketing, and were more likely to say their sales grew than those firms that did not receive grants. These results suggest that additionality was a result of the matching grant program.

The papers also found that the internships had a positive impact on youth participants. Receiving an internship under the EREP resulted in an almost doubling of work experience for the participants in 2014 and a 73 percent increase in income during this period compared to the control group. A short-term follow-up survey, conducted just as civil conflict was breaking out, shows that internship recipients had better employment outcomes than the control group in the first five months after the program ended.

The encouraging results from the working papers will not only serve future projects in Yemen but will also be instrumental for further replication, learning and development across the MENA region and other developing countries.

Fortunately, the project recently received a one-year extension until December 31, 2016, from the MENA Transition Fund Steering Committee, and World Bank management has been considering options to authorize an exception to lift the suspension for a number of projects in Yemen, including the EREP.

Bank management has also been in deliberation to utilize the remaining funds to conduct further analytical and technical work on the private sector, Small and Medium Enterprises, and employment, particularly in light of a potential emergency recovery operation in the coming year.

In the past, we were not interested in hiring new graduates because they did not have experience and we did not trust them,” said Hisham Mohammed Alsnhanai, one of the managers at MASS Arabia and al-Shumairi’s employer.
Egypt continues to face socio-economic challenges nearly five years since the onset of the “Arab Spring”, hampering the Government’s ability to provide the required quality of services and create employment opportunities. The Egyptian private sector, which accounted for almost 70 percent of total employment in the nation prior to the Arab Spring, now faces a multiplicity of constraints that hinders its performance and affects its role as an economic catalyst. In the absence of formal economic enablers, a large informal sector has expanded. The informal micro, small and medium enterprises (MSMEs) have attenuated the impact of economic crisis by driving the local economy and providing jobs, particularly to vulnerable groups. However, they are beset by challenges as they provide low wage employment, generate low quality production, and have decreased the overall competitiveness of products.

In order to create an enabling environment for MSMEs, the Egypt Support to MSME’s in Organic Clusters project, supported by the Transition Fund, was launched in May 2013. The project has two broad strategic goals: to pilot the creation of an enabling environment for MSMEs operating in the informal sector; and to utilize lessons from the pilot to contribute to a broader policy framework for MSMEs.

In an interview, Ms. Gehane El Sokkary, Principal Socio-Economist at the African Development Bank (AfDB) and Project Task Leader, speaks about the outcomes and anticipated long-term impacts of the project.

1. Could you provide a brief background on the state of the informal sector in Egypt? How prevalent is it and under what conditions do organic clusters currently operate?

The informal sector in Egypt is very large, broad-based across all sectors, and has been in existence for a long time. However, during the economic downturn and the instability of the transition period following the Arab Spring, the informal sector grew exponentially. During this time of economic volatility, it was the only means of survival for many, creating jobs and offering low-priced consumer products. According to a recent study commissioned by the AfDB, informal activities account for between 37% and 68% of GDP. The large variance in the informal sector’s contribution to GDP is due to the proxy indicator used which can yield different results. It’s important to note, however, that there are different levels of informality ranging from full informality where businesses operate without papers/permits and employment is unregulated; partial or semi-informality where some permits are obtained and perhaps some employees are registered with social security; and full formality where all permits are in order, employees are ensured, and rules and regulations are followed. It is estimated that between 77% and 93% of all private enterprises in Egypt are informal, and between 48% and 70% of Egypt’s non-agricultural private sector workers are subject to informal employment arrangements.

In some cases, these organic clusters are the main means of livelihoods for entire villages, such as the hand-made carpet cluster in Sakyet Abou Sharra. In other cases, they have managed to evolve into an important industry, with strong backward and forward linkages along the value-chain, resulting in substantial export activities. Such is the case of the Damietta furniture cluster, which consists of 70% of all exported furniture from Egypt. It is also important to note that most of the organic clusters are either micro or small enterprises.

2. Are you not in fact encouraging the proliferation of more informal clusters by supporting organic clusters through this project?

The Support to MSMEs in Organic Clusters Project aims to document the importance of organic clusters to Egypt’s economic growth, employment creation, and export potential. More importantly, the project aims to facilitate the formulation of policies, strategies and plans to enable the gradual integration of these clusters in the formal economy. Participating in the formal economy would allow these clusters to access facilities (such as financing and technical assistance) in order to fulfill...
their potential, thereby becoming an asset rather than being perceived as a liability, which is currently the case.

3. Have you identified an MSME organic cluster to pilot? If yes, could you provide context on the type of support provided by the project and any results achieved to date?

The project identified two clusters to support; a handmade carpet cluster and a furniture cluster.

The handmade carpet cluster was the first cluster to be identified and operates out of Sakyet Abou Shaara (SAS) area. The SAS cluster has excellent potential for growth but is very weak with nascent support institutions: two small NGOs in the village that handle sales, and a newly established Handicrafts Export Council. Hence, another handmade carpet cluster in Fowa was identified as having significant potential to assist the SAS cluster. An assessment of the potential of hand-made carpet cluster in Fowa has been commissioned with the possibility of linking both Fowa and Sakyet Abou Shara clusters towards improved economies of scale, collective bargaining power and stronger cluster development. In the meantime, the project has supported the institutional strengthening of NGOs through capacity building and provision of equipment. The project also supported the participation of these NGOs in the Furnex Exhibition in 2015 and 2016, which led to improved outreach by the members of the NGO, an increase in the sales of carpets and increased value to the NGO vis a vis its members.

The other cluster identified is a furniture cluster in Damietta, which has been identified as an export-promotion hub by the Government, and it will therefore likely benefit from additional resources to support its growth. As I indicated earlier, this cluster has a 70% market share of all furniture exports from Egypt. However, some 60% of its workshops have closed down since January 2011 as a result of the instability during the Arab Spring uprising.

4. Could you give us a sense of some of the policy recommendations emerging from this activity and whether there is sufficient buy-in from the government to integrate these in the Government’s strategic framework for MSMEs?

The project is actively working on a new MSME strategy for Egypt, and within this strategy a section will be related to cluster development. Similarly, policy briefs will be prepared, focusing on specific clusters to demonstrate the importance of clusters within government policy.
Enhancing Economic Governance

WHY ENHANCING ECONOMIC GOVERNANCE?

Enhancing economic governance is crucial for countries undergoing social and political transitions as they need to improve the efficiency and transparency of public financial administration, human resource management, public procurement, and budget execution among others.

A shortage of jobs in the formal sector, dissatisfaction with the quality of public services, lack of government accountability and falling standards of living for the middle class were at the core of the uprisings in 2010/2011. While there has been progress in establishing good governance in some MENA countries since the Arab Spring, wealth disparities and a lack of jobs and opportunities for the youth still linger across the region. Development challenges have fueled a sense of inequality and disenfranchisement among large segments of the population in the region, as expressed by the recurrent demonstrations. These challenges also raise questions on the effectiveness of past development policies and the issue of equal access to public services. Coupled with the challenges facing the global economy, these setbacks have hampered the ability of governments in the region to win the trust of their citizens.

Although Morocco has increased the availability of budget information to its citizens, its score on budget transparency is still 38 out of 100.
WHAT ARE WE DOING UNDER THIS PILLAR?

Enhancing governance in the public sector

**EGYPT** In Egypt the Strengthening the Rule of Law: Enhancing Effective and Transparent Delivery of Justice and the Support to Parliament: Building Capacity and Mainstreaming Inclusive Growth and Decentralization projects contribute to enhancing efficiency and effectiveness and strengthening transparency.

**JORDAN** In Jordan, Support for the Ongoing Decentralization Efforts project is promoting good governance and open government policies and practices across many levels of government, with a focus on municipalities.

**MOROCCO** In Morocco, the New Governance Framework Implementation Support Project contributes to the strengthening of government transparency, accountability and public participation. The Local Government Support Program aims to strengthen the public service delivery capacity at decentralized level by improving local governments’ access to support services and incentives. The Strengthening Parliamentary Accountability and Oversight aims to enhance legislative oversight and establish mechanisms for public engagement with Parliament.

**TUNISIA** The enhancing governance and economic growth aims to promote transparency and integrity in public procurement in Tunisia by supporting the country’s on-going reforms. The Enhancing Domestic Resource Mobilization through Effective Tax System Design is supporting and improving the design of taxation policies and transparency.

**YEMEN** In Yemen, the Accountability Enhancement Project, and Reinforcing the Rule of Law: Developing the Capacities of

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**What Have We Achieved?**

- 10,295 CSO’s, women and youth groups have been engaged and empowered by the local government
- 250 Government bodies, institutions and local governments received support services
Enhancing Economic Governance

the Judiciary – support governance reform through increased accountability and improved enforcement of the anti-corruption law, and building judicial capacity.

Engaging and empowering CSOs, women and youth groups

YEemen In Yemen, the Civil Society and Government Partnership Project enhanced Government-CSOs dialogue.

Egypt, Jordan, Morocco Towards Inclusive and Open Governments project is promoting women’s participation in parliaments and policy-making in Egypt, Jordan and Morocco.

Providing support to government bodies, institutions and local governments

Egypt In Egypt, the Building Capacity and Institutional Strengthening of the Ministry of International Cooperation project aims to contribute to the enhancement and improvement of the performance of the Ministry to help strengthen and upgrade its institutional capacity and human resources’ capacity to effectively support aid coordination and resource mobilization.

Libya The Leading the Way Program: Pilot for Developing Leadership Capacity to Support Libya’s Transition aims at strengthening leadership capacity at decision-making levels of the society in order to lead the way to long-term institutional effectiveness, efficiency and success.

Tunisia The goal of the Tunisia Developing Leadership Capacity Program is to develop a critical mass of leadership capacity at decision-making levels of Tunisian society in order to lead the way to long-term institutional effectiveness, efficiency and success. Implementing priority public actions to enhance competitiveness and improve public services in Tunisia through an innovative and efficient delivery mechanism’s objective is 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 in delivering concrete and measurable initiatives that help improve public services and enhance the competitiveness of the country.

TEATIME IN CASABLANCA

By engaging public in budget reform, Morocco seeks to increase government accountability and fiscal transparency

It is teatime in a poor neighborhood on the outskirts of Casablanca- the largest city in Morocco, and one of the most important, both economically and demographically, in Africa. A dozen women are gathering; somebody has brought cake for everybody. Tea is being poured into the cups on a silver tray, the only luxury in this sparsely decorated house. Khadijah Hassini, a housewife, tells of her ongoing struggle to get medication for her heart condition at a local clinic. People with better connections and more money are routinely given preference, leaving her without medication for months.

“The king sometimes travels around the country and when you get an audience with him, he will fix problems like this right away,” suggests one of Hassini’s neighbors. “But it shouldn’t be that way,” replies another. “Things should not just work when the King himself orders it—they should always work for everybody.”

Royal intervention, equality and social services for everybody— for the people in this neighborhood, those are nothing but modern fairytales. Income disparity in Morocco is high and large parts of the population are disenfranchised. Two-thirds of all women are illiterate; less than half of all children in the countryside finish primary school.

But change is on the way.

Popular demands by people during the 2011 demonstrations have largely been acknowledged, placing Morocco on a safe path towards democracy and social transition. Since then, Morocco approved a new constitution and held elections. The new constitution has consecrated the sought after principles of transparency, accountability and participation. It has also introduced new rights to foster a more open mode of governance, such as the right to information and to public consultations.
Despite Morocco’s low ranking in the global arena, it has increased its score by 10 points compared to its scores in 2010 and now ranks third most transparent country in the Middle East and North Africa region in terms of budget transparency.

In order to help turn these new constitutional rights into reality, the World Bank Group, supported by the Middle East and North Africa Transition Fund, launched a “New Governance Framework Implementation Support Project” in 2013, aimed at helping the Government achieve its goals in strengthening government transparency, accountability and public participation.

One of the aims of the project, is to improve access to fiscal information and enhance performance orientation in budget management.

Since the start of the project, the country has introduced a “budget reform,” which will lead to better government accountability through increased fiscal transparency, in addition to providing a strengthened link between policy priorities and budget allocations.

From now on, the national budget will be allocated based on performance. Past budget history, lobbying, or simple claims will not suffice anymore. The good news to Hassini and her peers is that the new reforms have the potential to change the way they receive their medication.

Take Hassini’s health center, it will have to get its priorities right. Instead of investing in expensive equipment that only serves a few, it might have to prove how many children its doctors vaccinated. Instead of receiving a fixed budget for pharmaceuticals, it has to show how many people actually received the medication. Officials and employees who do not deliver will risk losing their jobs. Oversight will also come from the public as Hassini will have the chance to petition and launch complaints through an Internet-based platform. Any discrepancy between the results given by officials and
results experienced by the public will be exposed quickly: a system of checks and balances designed to curb corruption and inefficiency.

Although Morocco has increased the availability of budget information to its citizens, its score on budget transparency is still 38 out of 100, according to a 2015 survey of the Open Budget Index. A score of 38 is moderately lower than the global average score of 45. Despite Morocco’s low ranking in the global arena, it has increased its score by 10 points compared to its scores in 2010 and now ranks third most transparent country in the Middle East and North Africa region in terms of budget transparency.

For Moroccans, this is a milestone. In a region where the desire for change has expressed itself through the Arab Spring, and calls for changes in governance and public policy, the budget reform promises an unknown level of transparency.

Now the teatime group in Casablanca will be given a voice. And that is precisely what Morocco’s reforms, supported by its new constitution, had in mind.

Just as the King’s audience has moved online — with ever more people listening — the voice of the public has also taken on new pathways and power.

MAKING PROGRESS ON TAX REFORMS IN TUNISIA

Shortly after the 2011 revolution, Tunisia not only saw a sharp decline in economic activity, but it also endured a significant drop in tax collection, mainly due to lack of public trust in the tax system and its perceived unfairness.

In the years that followed, the Tunisian National Dialogue Quartet worked hard to build consensus and received a Nobel Prize in 2015 for its contribution to “the building of a pluralistic democracy”. Despite the odds, the country has emerged from the revolution with a functioning government and a slowly recovering economy. However, tax collection remains a major challenge for the Government of Tunisia.

In a bid to increase transparency, re-build trust in the government, and strengthen the capacity to mobilize domestic resources, the Government, in close cooperation with OECD and AfDB, launched in 2014 a three-year project to improve the design of taxation policies transparency and international cooperation – *Enhancing Domestic Resource Mobilization through Effective Tax System Design and Improved Transparency and International Cooperation*.

Supported by the Middle East and North Africa Transition Fund, the project aims at mobilizing domestic resources to foster sustainable economic growth and income redistribution. It is comprised of tax policy advice, assistance in collecting tax revenue statistics according to the OECD methodology as well as capacity building on tax policy and tax administrative issues through the participation of Tunisian senior tax officials to OECD meetings, workshops in Tunisia and at the OECD Tax Centres and staff on loan at the OECD.

**Tax Transparency and Information Exchange for tax purposes**

Major benefits from the OECD technical assistance have been to raise the awareness among tax examiners about the potential of information exchange to improve the tax audit of offshore transaction and the full lifting of bank secrecy to respond to requests for banking information from foreign tax authorities in the Finance Bill for 2016. With this important change, Tunisia meets the international standard on Exchange of Information on request concerning access to banking information. This reform will also allow the Tunisian tax authorities to obtain information on residents of Tunisia with foreign bank accounts and to be in a better position to fight offshore tax evasion and avoidance. Tunisia is now better prepared for its Peer Review by the Global Forum on Transparency and Exchange of Information.*

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*126 jurisdictions are members including Tunisia.*

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http://www.oecd.org/tax/transparency/exchange-of-information-on-request/peer-review/
Addressing Base Erosion and Profit Shifting and Transfer Pricing

Base Erosion and Profit Shifting (BEPS) refers to tax planning strategies that exploit gaps and mismatches in tax rules to make profits ‘disappear’ for tax purposes or to shift profits to locations where there is little or no overall corporate tax being paid.

The Tunisian Ministry of Finance has taken an active part in the G20/OECD BEPS project to address BEPS challenges. The Tunisian tax authorities, together with the OECD have agreed on a two-year action plan aimed at assisting the country to collect the right amount of taxes from multinational enterprises, counter cross-border BEPS and create a predictable investment climate. The OECD will now assist the Tunisian government to swiftly implement the package of BEPS measures developed to provide practical solutions to counteract BEPS.

Fighting Tax Fraud as part of Resource Mobilization

To achieve its goal of increasing revenues, the Government of Tunisia needs to actively fight tax and other financial crimes not only because they threaten the strategic, political and economic interests of the country, but also undermine citizens’ confidence in their government’s ability to get taxpayers to pay their taxes. For the past two years, senior Tunisian tax officials have participated in the training of the OECD International Academy for Tax Crime Investigations hosted by the Italian Guardia di Finanza in Rome to learn how to conduct criminal tax investigations and how to proactively fight illicit financial flows.

Collecting Revenue Statistics

The project is also assisting the Government of Tunisia to collect revenue statistics according to the OECD methodology which has become an essential reference source for countries in all regions of the world. The Tunisian authorities volunteered to be included in the first edition of Revenue Statistics in Africa – to be launched in a side event during the 9th Joint Annual Meetings of the African Union Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration and the ECA Conference of African Ministers of Finance, Planning and Economic Development 31 March – 5 April 2016.

Having internationally comparable indicators will enable Tunisian tax policymakers to better inform their decisions, improve their ability to mobilize domestic resources, support sustainable economic growth, and address inequality.

The Government of Tunisia is on a promising path towards a better future. With the repeal of bank secrecy for exchange of information, the two-year action plan to counter BEPS, and capacity building, Tunisia is now better poised to fight tax evasion and avoidance, clamp down on tax crimes, and collect revenue statistics according to internationally accepted methodology.

Additional tax reforms could further help the country reduce barriers to investment, employment and growth as well as mobilise the domestic resources needed to achieve broader social objectives.

*Revenue Statistics in Africa is a joint publication by the African Union Commission, the African Tax Administration Forum (ATAF), the OECD Centre for Tax Policy and Administration and the OECD Development Centre, with the technical support of the African Development Bank, the World Customs Organisation and the Centre de rencontres et d'études des dirigeants des administrations fiscales (CREDAF).
Greater export competitiveness and deeper regional integrations are crucial for any region to achieve higher, more inclusive, job-intensive growth in this globalized world. MENA is one of the least globally — and regionally — integrated regions in the world, mainly due to high trade barriers and tariffs, and low flow of intra-regional trade and investment. This lack of economic integration persists despite the region’s strategic location and its close proximity to markets in Europe, Asia and Africa.

Although home to 5.5 percent of the world’s population and 3.9 percent of the world’s GDP—the MENA region’s share of non-oil world trade is a mere 1.8%. Trade is not the only field in which the region is lagging behind; with half of its population of 355 million under the age of 25, the training and education that many young people receive are not at the level that today’s domestic and international job market require. Although there is no one-size-fits-all recipe for success, history has shown that countries with strong economies and inclusive growth have traded intensively and tapped into regional and global economic integration. Regional integration in MENA will not only benefit the masses of unemployed youth, but will also boost the level of intra-regional trade with major partners in Europe and other emerging countries. Additionally, lowering tariffs, removing barriers and connecting lagging regions to a larger infrastructure network to foster economic integration will contribute enormously to growth, stability and prosperity in the region.
WHAT ARE WE DOING UNDER THIS PILLAR?

Increasing trade growth

**JORDAN, MOROCCO, TUNISIA** The regional SME Virtual Market Place project is an innovative initiative aimed at increasing SMEs exports through Virtual Market Places and supporting institutional reforms to create an enabling environment for e-commerce in Jordan, Morocco and Tunisia.

Improving trade logistics

**MOROCCO** In Morocco, the objective of the Improving Connectivity in the Maghreb Project is 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.

**EGYPT, MOROCCO, TUNISIA** The Logismed Soft Projects in Egypt, Morocco and Tunisia support the enhancement of logistic platform capacities as well as the creation of a collaborative network between these logistic platforms in order to improve country capacities and to attract foreign investments, affecting directly country and citizens development.

**EGYPT, JORDAN, MOROCCO, TUNISIA** The objective of the Regional Integration through Trade and Transport Corridors (TRANSTRAC) project is 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. Fostering greater regional integration and removing trade barriers is a critical long-term strategic objective that will contribute enormously to development in the region.

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**What Have We Achieved?**

**600 TRADE TRANSACTIONS conducted using virtual market places**
FEELING THE GLOBAL ITCH

Connecting locally produced goods to international customers through e-commerce

There is a little artisan studio in a suburb of Tunis that can only be described as an interior designer’s dream. Craftsmen are busy weaving baskets, young women are embroidering fabric. There is pottery, colorful Kelims, and ironwork. Antique wood beams are piled up in a corner. Mosaics decorate the walls. This is a place to bring a shipping container, not a shopping bag.

In the midst of a little patio, lit by the soft afternoon sun, stands Hajer Messaoudi, scratching her left hand and smiling at the visitors touring her workshop. “When I have to scratch my left hand, I usually receive money,” she explains. “If it is the right hand, then I have to spend money.”

For Messaoudi, a 59 year-old divorced mother of two, her passion and pride come from her rich experiences as an entrepreneur and designer. She built “Caravan Serail”, a successful business with her brother, Mohamed. Caravan Serail offers all things fashion: bags, clothes, embroidery and “fair trade” business practices that emphasize the artisans behind the work. And above all the level of quality. Messaoudi is proud of having learned her trade in Paris at the Francois Lesage School - an entry ticket to the world’s top fashion houses. Her creations are destined for more than tourist shoppers in Tunis’ Medina. “I would really like to sell my products on the Internet, because that would mean true globalization for me.”

That is not to say that Caravan Serail hasn’t made international sales yet. They have sent shipments to customers in Paris and New York, but the sales were generated in an old fashioned way: through trade shows and middlemen. For Messaoudi, approaching and trusting customers on the Internet still means entering untested waters.

“You have to build a story around your product, in order to stand out”. Sitting with Messaoudi in the dimly lit warehouse part of her workshop, Akrem Haddad, lays out marketing strategies for Caravan Serail. Both agree that selling to individual clients on Amazon will be the most promising strategy. For now, large quantities shall be avoided. The exclusivity of the products shall not be compromised.

Haddad has become Messaoudi’s coach for the global marketplace. Courtesy of the so called “Virtual Marketplaces Project” that will propel businesses like Messaoudi’s into the global marketplace.

Run by the World Bank, and funded by the Middle East and North Africa Transition Fund (MENA), the project supports the economic transition of countries in the MENA region. The initiative, which is a pilot project, seeks to achieve a dual-track objective: to increase Small and Medium Enterprises’ (SMEs) exports through existing virtual marketplaces, and to support institutional reforms to create an enabling environment for e-commerce.

The three-year project will also provide capacity building to approximately 600 SMEs selected in Jordan, Morocco, and Tunisia, with 200 companies in each country.
As of now, 100 businesses, many run by women, receive support from coaches like Haddad, on product selection, sales strategy, and export compliance.

“It is not really the IT skills we need to teach”, Haddad said. “IT skills depend on age and knowledge, but we can always hand on these skills to somebody savvy in their team.

What is more important is to teach them how to communicate with their customers in virtual marketplaces. We need to create relationships that go beyond the virtual sphere. We need to work with them on storytelling, on creating a brand. You have to build a story around your product, in order to stand out.

And Caravan Serail products certainly come with their own story: many of Messaoudi’s artisans are from rural areas that lack jobs and opportunity and provided fertile ground for Tunisia’s revolution. Every international sale will trickle down to this young workforce.

The prospects offered from the global marketplace has ignited Messaoudi’s passion and enthusiasm “Tunisia’s problems are not here to stay” she declares with a voice that allows no objection.

With the Virtual Marketplaces Project, however, chances are that the itch in her left hand will get much stronger.
The Transition Fund Portfolio

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<th>#</th>
<th>Project Name</th>
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<td>5</td>
<td>Local Government Support Program</td>
<td>5,045,000</td>
<td>WB</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Regional Integration through Trade &amp; Transport Corridors</td>
<td>3,550,000</td>
<td>EIB</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Regional Affordable Housing Project</td>
<td>2,110,460</td>
<td>AMF/WB</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Promoting financial inclusion via mobile financial services</td>
<td>392,000</td>
<td>EIB</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Development of SMES Exports Through Virtual Market Place</td>
<td>1,000,000</td>
<td>WB</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Accessing Overseas Job Opportunities for Moroccan Youth Project</td>
<td>1,975,000</td>
<td>WB</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>Improving Connectivity in the Maghreb</td>
<td>3,577,513</td>
<td>OECD/WB</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Promoting Women’s Participation in Parliaments and Policy-making</td>
<td>633,333</td>
<td>OECD</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>Strengthening Parliamentary Accountability and Oversight</td>
<td>4,000,000</td>
<td>WB</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>39,408,709</td>
<td></td>
</tr>
</tbody>
</table>

| Tunisia   | 1 | Logismed soft project                                                        | 1,565,000  | EIB           |
|          | 2 | Set-up of Tunisia Investment Authority                                       | 1,900,000  | IFC/OECD      |
|          | 3 | Operationalizing Public Private Partnerships                                  | 2,300,000  | AfDB/OECD     |
|          | 4 | Developing Leadership Capacity                                                | 1,600,000  | AfDB          |
|          | 5 | Social Protection Reforms Support Project                                     | 5,055,000  | WB            |
|          | 6 | Tunisian Energy Reform Plan                                                   | 3,836,000  | CFID          |
|          | 7 | Strengthening Youth Employability during Transition to a Green Economy        | 4,475,000  | IsDB/OECD     |
|          | 8 | Regional Integration through Trade and Transport Corridors                   | 3,800,000  | EIB           |
|          | 9 | Enhancing Domestic Resource Mobilisation through Effective Tax System Design  | 4,401,800  | AfDB/OECD     |
|          | 10| Regional Affordable Housing Project - Tunisia activities                      | 2,110,460  | AMF/WB        |
|          | 11| Development of SMES Exports Through Virtual Market Place                     | 1,000,000  | WB            |
|          | 12| Enhancing governance and economic growth in Tunisia: public procurement       | 2,528,900  | AfDB          |
|          | 13| Optimising and Monitoring Employment in Infrastructure Investments            | 609,500    | EIB           |
|          | 14| Broadband Internet and ICT for Education Acceleration Project                | 3,285,750  | WB            |
|          | 15| Implementing Priority Actions for Competitiveness & Improved Public Services  | 1,888,900  | WB            |
| Subtotal |   |                                                                                | 40,456,310 |               |

| Yemen     | 1 | Enterprise Revitalization and Employment Project                              | 4,640,000  | WB            |
|          | 2 | Civil Society & Government Partnership Project                                | 1,718,700  | WB            |
|          | 3 | Preparation & Implementation Support Project for a Special Industrial Zone    | 3,239,000  | IsDB          |
|          | 4 | Accountability Enhancement Project                                            | 6,480,500  | WB            |
|          | 5 | Reinforcing the rule of law: Developing the capacities of the judiciary       | 3,000,000  | AFESD/OECD    |
|          | 6 | Education for Employment Project                                              | 4,582,000  | IFC/IsDB      |
| Subtotal | 6 |                                                                                | 23,660,200 |               |

TOTAL 69  

* These are part of seven regional projects

* Total includes $100,000 in indirect costs for the cancelled Support to the Holistic Social Business Movement Project which was cancelled
## The Transition Fund Portfolio

### By Sub-sector

Including Number of Projects and Total Value

<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>7</td>
<td>19,063,300</td>
<td>9%</td>
</tr>
<tr>
<td>CSO Engagement</td>
<td>1</td>
<td>1,718,700</td>
<td>1%</td>
</tr>
<tr>
<td>Employment</td>
<td>2</td>
<td>5,609,500</td>
<td>3%</td>
</tr>
<tr>
<td>Youth Employment</td>
<td>3</td>
<td>11,032,000</td>
<td>5%</td>
</tr>
<tr>
<td>Government Reform (including Local Governments)</td>
<td>7</td>
<td>23,467,800</td>
<td>11%</td>
</tr>
<tr>
<td>Infrastructure (water supply, housing, etc.)</td>
<td>5</td>
<td>12,290,670</td>
<td>6%</td>
</tr>
<tr>
<td>Innovation</td>
<td>1</td>
<td>2,600,430</td>
<td>1%</td>
</tr>
<tr>
<td>Investment Policy and Business Environment</td>
<td>9</td>
<td>23,399,805</td>
<td>11%</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>2</td>
<td>5,100,000</td>
<td>2%</td>
</tr>
<tr>
<td>Leadership Development (for Women)</td>
<td>3</td>
<td>1,899,999</td>
<td>1%</td>
</tr>
<tr>
<td>Logistics</td>
<td>3</td>
<td>4,695,806</td>
<td>2%</td>
</tr>
<tr>
<td>MSMEs</td>
<td>11</td>
<td>29,777,080</td>
<td>14%</td>
</tr>
<tr>
<td>Parliamentary Reform</td>
<td>2</td>
<td>6,920,000</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>9%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>69</strong></td>
<td><strong>207,052,303</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Annex 2: Project Profiles

EGYPT
Total Funding Allocated: $49,199,316
Total Number of Projects: 15

MSME Support Programme and the Social Fund for Development aims to strengthen the capacity of the Social Fund for Development to support the MSME sector in Egypt with a particular focus on promoting women entrepreneurship.

- Amount: $2,936,080
- Grant Awarded: 2/20/2013
- Recipient Entity: Social Fund for Development
- ISA: European Bank for Reconstruction and Development
- Project Status: Under Implementation
- Total Disbursements: $686,096

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: $2,000,000
- Grant Awarded: 2/20/2013
- Recipient Entity: Social Fund for Development
- ISA: African Development Bank
- Project Status: Under Implementation
- Total Disbursements: $755,700

Green Growth: Industrial Waste Management and SME Entrepreneurship Hub aims to 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 improve cross-industry resource efficiency, promote the development of new innovative SMEs, create green job opportunities, reduce the environmental impact of industrial waste and improve the lives of Egyptian citizens.

- Amount: $2,000,000
- Grant Awarded: 5/15/2013
- Recipient Entity: Industrial Council for Technology and Innovation & Egyptian National Cleaner Production Center
- ISA: African Development Bank
- Project Status: Under Implementation
- Total Disbursements: $534,500

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: $7,097,200
- Grant Awarded: 5/15/2013
- Recipient Entity: Ministry of Electricity and Renewable Energy
- ISA: World Bank
- Project Status: Under Implementation
- Total Disbursements: $1,311,820

Strengthening the Rule of Law: Enhancing Effective and Transparent Delivery of Justice and Rule-Making aims to strengthen the application of rule of law and an enabling business environment through enhancing effective and transparent delivery of justice and inclusion in the rule-making process.

- Amount: $4,121,000
- Grant Awarded: 6/11/2014
- Recipient Entity: Ministry of Justice and Court of Cassation
- ISA: African Development Bank & Organization for Economic Co-operation and Development
- Project Status: Under Implementation
- Total Disbursements: $719,863

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: Not effective

Clearing & Settlement Depositary 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: $143,234

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3 Includes country allocation for regional projects
4 Five projects comprise more than one country and are presented under the regional projects’ section below.
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:** $1,051,786

Enhancing the Investment Climate through Equal Access and Simplified Environment for Investment and Fostered Investment Policy, Legal and Institutional Framework. The project aims to improve the regulatory environment for investors through simplified industrial licensing and transparent land allocation processes and to support the Government of Egypt in designing a new investment policy and legal framework, and in strengthening its international investment regime.

- **Amount:** $6,484,000
- **Grant Awarded:** 5/18/2015
- **Recipient Entity:** Ministry of Investment, General Authority for Investments and Free Zones, Industrial Development Authority, & Egyptian Regulatory Reform and Development Authority
- **ISA:** Organization for Economic Co-operation and Development and World Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $194,858

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:** $4,455,000
- **Grant Awarded:** 12/8/2015
- **Recipient Entity:** Ministry of International Cooperation
- **ISA:** African Development Bank
- **Project Status:** Under implementation
- **Total Disbursements:** $5,000

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:** $373,440

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:** $10,000,000
- **Grant Awarded:** 2/20/2013
- **Recipient Entity:** Income and Sales Tax Department in Ministry of Finance & Ministry of Planning and International Cooperation
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $2,323,386

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:** $5,000,000
- **Grant Awarded:** 5/15/2013
- **Recipient Entity:** Employment, Technical and Vocational Education and Training Fund
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $1,473,825

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**JORDAN**

- **Total Funding Allocated:** $42,774,368
- **Total Number of Projects:** 16

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5 Includes country allocation for regional projects
6 Five projects comprise more than one country and are presented under the regional projects’ section below.
**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**: $521,170

**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**: $1,037,602

**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**: $841,625

**Integrated Inspection Management System** aims to support the Government of Jordan to 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**: $354,086

**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**: $2,600,430
- **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**: $14,400

**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**: Not effective

**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**: Ministry of Planning and International Cooperation
- **ISA**: Organization for Economic Co-operation and Development
- **Project Status**: Not effective

**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**: Not effective
Annex 2: Project Profiles

LIBYA
Total Funding Allocated: $11,553,400
Total Number of Projects: 4

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: $1,637,394

Leading the Way: A Leadership Capacity Building Pilot Project at the Country’s Decision-Making Level is a pilot project that aims to strengthen leadership capacity at the decision-making levels of society in order to lead the way to long-term institutional effectiveness, efficiency and success.

Amount: $3,500,000
Grant Awarded: 12/31/2013
Recipient Entity: Ministry of Planning
ISA: African Development Bank
Project Status: Under Implementation
Total Disbursements: $-

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: $3,437,400
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: $883,989

MOROCCO
Total Funding Allocated: $39,408,709
Total Number of Projects: 13

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: $2,000,000
Grant Awarded: 6/11/2014
Recipient Entity: Ministry of Electricity and Energy
Implementation Support Agency: World Bank
Project Status: Under Implementation
Total Disbursements: $150,333

New Governance Framework Implementation Support Project aims to contribute to the strengthening of government transparency, accountability and public participation by supporting: i) the development and implementation of a public consultation policy and a law on petitions; ii) the improvement of access to fiscal information and enhancement of performance orientation in budget management; and, iii) the strengthening of fiscal decentralization.

Amount: $4,500,000
Grant Awarded: 2/20/2013
Recipient Entity: Ministry for General Affairs and Governance
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $1,185,120

Strengthening Micro-Entrepreneurship for Disadvantaged Youth in the Informal Sector aims to provide beneficiaries in the project areas with access to micro-entrepreneurship development services. “Beneficiary” means a disadvantaged man or woman between the ages of 18 and 29 who is aspiring to be or is an entrepreneur with secondary education or less.

Amount: $5,500,000
Grant Awarded: 2/20/2013
Recipient Entity: Ministry of Economy and Finance
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $1,836,773

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1 Includes country allocation for regional projects
2 Six projects comprise more than one country and are presented under the regional projects’ section below
**Microfinance Development Project** aims to promote access to finance to low income households and micro and small enterprises through the promotion of a sustainable and inclusive microfinance sector.

- **Amount:** $5,560,000
- **Grant Awarded:** 2/20/2013
- **Recipient Entity:** Ministry of Economy and Finance
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $837,239

**Local Government Support Program** aims to strengthen the public service delivery capacity at decentralized level in Morocco by improving local governments’ access to support services and incentives.

- **Amount:** $5,045,000
- **Grant Awarded:** 5/15/2013
- **Recipient Entity:** Ministry of Interior
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $1,013,989

**Accessing Overseas Job Opportunities for Moroccan Youth Project** aims to strengthen institutional capacity to pilot the reform of international labor intermediation services in Morocco and better prepare the Moroccan workforce for greater integration with international labor markets through a concrete recruitment experience with Germany.

- **Amount:** $1,975,000
- **Grant Awarded:** 6/11/2014
- **Recipient Entity:** National Agency for Promotion of Employment and Skills
- **ISA:** World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $83,030

**Improving Connectivity in the Maghreb** aims to streamline the chains of international trade between the Maghreb countries and with their major trading partners, to in-crease 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
- **Recipient Entity:** Administration des douanes et impôts indirects, PortNet S.A., Agence Marocaine de Développement de la Logistique, Société Nador West Med, Comité Régional de l’Environnement des Affaires — Centre Régional d’Investissement de Casablanca & General Tax Administration of Morocco
- **ISA:** Organization for Economic Co-Operation and Development & World Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $153,914

**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:** Not effective

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**TUNISIA**

- **Total Funding Allocated:** $40,456,310
- **Total Number of Projects:** 15

**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:** $935,633

**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:** $2,300,000
- **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:** $733,613

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9 Includes country allocation for regional projects
10 Four projects comprise more than one country and are presented under the regional projects’ section below
Annex 2: Project Profiles

**Developing Leadership Capacity** aims to develop a critical mass of leadership capacity at decision-making levels of Tunisian society in order to lead the way to long-term institutional effectiveness, efficiency and success.

- **Amount:** $1,600,000
- **Grant Awarded:** 4/1/2013
- **Recipient Entity:** Office of the Prime Minister
- **ISA:** African Development Bank
- **Project Status:** Under Implementation
- **Total Disbursements:** $ 140,000

**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:** $1,124,886

**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

**Strengthening the Employability of Youth during Tunisia’s Transition to a Green Economy** aims to support the Tunisian government in its endeavor to set the Tunisian economy on a path of more sustainable and inclusive growth, in particular by strengthening the employability of Tunisian young generations.

- **Amount:** $4,475,000
- **Grant Awarded:** 7/22/2013
- **Recipient Entity:** Ministry of Vocational Training and Employment
- **ISA:** Islamic Development Bank & Organization for Economic Co-operation and Development
- **Project Status:** Under Implementation
- **Total Disbursements:** $1,304,140

**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:** $4,401,800
- **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:** $1,476,608

**Enhancing Governance and Economic Growth in Tunisia** 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:** Not effective

**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:** $ 609,500
- **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

**Broadband Internet and ICT for Education Acceleration Project** 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:** $ 3,285,750
- **Grant Awarded:** 12/8/2015
- **Recipient Entity:** Ministry of Communication Technologies and Digital Economy
- **ISA:** World Bank
- **Project Status:** Not effective
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: Not effective

Preparation & Implementation Support Project for the Special Industrial Zone Project in Hodeida aims to: i) deliver a comprehensive and implementable Public Private Partnership-based package for Al-Hodeida; ii) establish a legal entity ‘SIZ Administration Agency’; iii) deliver integrated Institutional support and capacity building package to the ‘SIZ Administration Agency’; and, iv) strengthen the technical capacity of the government & private sector in SIZ development, administration and promotion.

Amount: $3,239,000
Grant Awarded: 5/15/2013
Recipient Entity: Ministry of Industry and Trade
ISA: Islamic Development Bank
Project Status: On hold
Total Disbursements: $130,000

YEMEN
Total Funding Allocated: $23,660,200
Total Number of Projects: 6

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: On hold
Total Disbursements: $2,416,193

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: $1,187,724
Annex 2: Project Profiles

**Education for Employment Project** aims to support the Government of Yemen’s efforts to strengthen youth employability by bridging the skills gap through: i) transforming and restructuring of the Technical Education and Vocational Training (TEVT) sub sector; ii) introducing a transformative practical work readiness training and re-skilling model for university and TEVT graduates; and iii) strengthening the capacity of the Ministry of TEVT in planning, management, strategy formulation and implementation, thus enabling it to oversee and carry out the required reforms.

- **Amount**: US$4,582,000
- **Grant Awarded**: 6/11/2014
- **Recipient Entity**: Ministry of Technical Education and Vocational Training
- **ISA**: Islamic Development Bank & International Finance Corporation
- **Project Status**: On hold
- **Total Disbursements**: $4,582,000

**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**: $14,210,000
- **Grant Awarded**: 5/15/2013
- **Countries**: Egypt, Jordan, Morocco & Tunisia
- **Recipient Entity**: Egypt Ministry of Transport, Morocco Ministry of Equipment and Transport, Tunisia Ministry of Transport & Jordan Ministry of Public Works and Housing
- **ISA**: European Investment Bank
- **Project Status**: Under Implementation
- **Total Disbursements**: $1,360,000

**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**: $4,220,920
- **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**: $1,407,344

**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**: $14,210,000
- **Grant Awarded**: 5/15/2013
- **Countries**: Egypt, Jordan, Morocco & Tunisia
- **Recipient Entity**: Egypt Ministry of Transport, Morocco Ministry of Equipment and Transport, Tunisia Ministry of Transport & Jordan Ministry of Public Works and Housing
- **ISA**: European Investment Bank
- **Project Status**: Under Implementation
- **Total Disbursements**: $1,360,000

**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**: $4,220,920
- **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**: $1,407,344

**Logismed Soft Project** aims to support the enhancement of logistic platform capacities in Egypt, Morocco and Tunisia as well as the creation of 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**: $4,695,806
- **Grant Awarded**: 2/20/2013
- **Countries**: Egypt, Morocco & Tunisia
- **Recipient Entities**: Egypt Ministry of Transport General Authority for Land and Dry Ports, Morocco Ministry of Transport Logistics Development Agency & Tunisia Ministry of Transport
- **ISA**: European Investment Bank
- **Project Status**: Under Implementation
- **Total Disbursements**: $762,564

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

- **Amount**: $1,709,000
- **Grant Awarded**: 12/5/2013
- **Countries**: Egypt, Jordan & Morocco
- **ISA**: European Investment Bank
- **Project Status**: Under Implementation
- **Total Disbursements**: $264,000

**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**: $4,220,920
- **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**: $1,407,344

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

- **Amount**: $1,709,000
- **Grant Awarded**: 12/5/2013
- **Countries**: Egypt, Jordan & Morocco
- **ISA**: European Investment Bank
- **Project Status**: Under Implementation
- **Total Disbursements**: $264,000
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: $3,000,000
Grant Awarded: 2/11/2014
Countries: Jordan, Morocco & Tunisia
Recipient Entity: International Trade Center
ISA: World Bank
Project Status: Under Implementation
Total Disbursements: $1,205,022

Leveraging Regulatory Reforms to Advance Financial Inclusion

Aims to leverage changes in microfinance regulations in Egypt and Jordan to support key microfinance service providers, prepare them for, and transform them into for-profit entities and further advance financial inclusion.

Amount: $1,700,000
Grant Awarded: 5/18/2015
Countries: Egypt & Jordan
Recipient Entity: Select Microfinance Institutions
ISA: International Finance Corporation
Project Status: Under Implementation
Total Disbursements: $43,208

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: $1,899,999
Grant Awarded: 5/18/2015
Countries: Egypt, Jordan & Morocco
Recipient Entity: Egyptian National Council for Women, Jordanian National Commission for Women & the Moroccan Ministry for Solidarity, Women, Family and Social Development
ISA: Organization for Economic Co-operation and Development
Project Status: Under Implementation
Total Disbursements: $234,195

Photo: View of El Kef medina, photographed from the Grand Fort. El Kef, Tunisia; Photo credit: Arne Hoel / World Bank
## Annex 3: 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>Results Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>JUN</td>
</tr>
<tr>
<td><strong>Pillar 1 Development Objective: Increased sustainable growth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 1.1</strong></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>
</tr>
<tr>
<td><strong>Output 1.1.1</strong></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>
</tr>
<tr>
<td><strong>Outcome 1.2</strong></td>
<td>Persons with access to financial products and services</td>
<td>Improved access to finance for individuals</td>
<td>Number</td>
<td>12,870,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Outcome 1.3</strong></td>
<td>Outstanding microfinance loan portfolio</td>
<td>Improved access to finance for vulnerable populations and micro-entrepreneurs</td>
<td>Millions USD</td>
<td>550</td>
<td>0</td>
</tr>
<tr>
<td><strong>Outcome 1.4</strong></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>
</tr>
<tr>
<td><strong>Outcome 1.5</strong></td>
<td>Reduction in cost of accessing finance to consumers</td>
<td>Improved affordability of finance for individuals and businesses</td>
<td>Percentage</td>
<td>TBD</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Output 1.6.1</strong></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>
</tr>
</tbody>
</table>

| **Pillar 2 Development Objective: Improved inclusive development** | | | | | |
| **Outcome 2.1** | New employment opportunities created | Improved employment opportunities | Number | 300 | 0 | 0 | 0 | 0 |
| **Output 2.1.1** | Individuals trained to improve employability or self-employment | Increased job or entrepreneurship training | Number | 0 | 639 | 4,241 | 5,341 | 19,945 |
| **Outcome 2.2** | Programs and projects designed and implemented to promote more efficient and equitable allocation of government resources | Improved effectiveness of social safety net and other programs targeting the most vulnerable | Number | 0 | 1 | 5 | 5 | 5 |
| **Outcome 2.3** | Household beneficiaries of social safety net and related programs targeting the most vulnerable | Increased access to social safety net and other programs to the most vulnerable | Number | 235,000 | 0 | 735,000 | 735,000 | 235,000\(^2\) |

\(^1\) Significant increase due to the Regional (Egypt/Jordan) IFC Leveraging Regulatory Reform Project. It should be noted that the results of this project include two MFI partners of IFC (both DBACD and Al Tadamun) and their overall results from July 1 - Dec 31 (2015). IFC TA project activities have contributed to achieving these results, however, not all can be claimed to be exclusively the result of IFC, given leveraging of other funding sources and of course the MFI’s 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.
### Pillar 3 Development Objective/Impact: Enhanced economic governance

<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>Results Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Outcome 3.1</td>
<td>Efficiency of transactions conducted in financial markets</td>
<td>Improved good governance in the public sector</td>
<td>Percent</td>
<td>TBD</td>
<td>0</td>
</tr>
<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>
</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>
</tr>
</tbody>
</table>

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

<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>Results Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Outcome 4.1</td>
<td>Trade transactions conducted using new products or services</td>
<td>Increased trade growth</td>
<td>Number</td>
<td>0</td>
<td>0</td>
</tr>
<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>
</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>Level of Expected Results</th>
<th>Pillar Indicator</th>
<th>Type of Results Expected</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Results Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Output 5.1.1</td>
<td>Studies, assessments, reports, action plans, roadmaps, models of good practices or frameworks endorsed</td>
<td>Documents produced and endorsed</td>
<td>Number</td>
<td>0</td>
<td>0</td>
</tr>
<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>
</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>
</tr>
</tbody>
</table>

DONOR PLEDGES AND PAID-IN CONTRIBUTIONS (US$ M)

Key: □ Pledge / □ Paid-in Contribution

- Canada 19.8 / 19.8
- Denmark 6.3 / 6.3
- France 13.2 / 13.2
- Germany 20.6 / 10.6
- Japan 12.0 / 12.0
- Kuwait 10.0 / 10.0
- Netherlands 5.0 / 5.0
- Qatar 5.0 / 5.0
- Russia 10.0 / 10.0
- Saudi Arabia 25.0 / 25.0
- Turkey 5.0 / 5.0
- UAE 5.0 / 3.0
- UK 51.0 / 51.0
- USA 40.0 / 40.0

USE OF FUNDS (US$ M & PERCENT)

Key:
- Administrative Budget (1%)
- Project Management (7%)
- Project Funding (92%)

OVERALL DISBURSEMENTS BY REPORTING PERIOD IN PERCENT

PERCENT FUNDS ALLOCATED BY COUNTRY

Key:
- Egypt (24%)
- Jordan (21%)
- Libya (6%)
- Morocco (19%)
- Tunisia (19%)
- Yemen (11%)

FUNDING ALLOCATED BY ISA

<table>
<thead>
<tr>
<th>ISA</th>
<th>Number of Projects</th>
<th>Allocation (US$ Million)</th>
<th>Allocation (Percent of Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDB</td>
<td>10</td>
<td>26.1</td>
<td>12.6%</td>
</tr>
<tr>
<td>AFESD</td>
<td>1</td>
<td>1.0</td>
<td>0.5%</td>
</tr>
<tr>
<td>AMF</td>
<td>2</td>
<td>0.5</td>
<td>0.2%</td>
</tr>
<tr>
<td>EBRD</td>
<td>4</td>
<td>10.9</td>
<td>5.3%</td>
</tr>
<tr>
<td>EIB</td>
<td>12</td>
<td>25.1</td>
<td>12.1%</td>
</tr>
<tr>
<td>IFC</td>
<td>5</td>
<td>7.4</td>
<td>3.6%</td>
</tr>
<tr>
<td>IsDBS</td>
<td>3</td>
<td>9.8</td>
<td>4.7%</td>
</tr>
<tr>
<td>OECD</td>
<td>15</td>
<td>18.3</td>
<td>8.8%</td>
</tr>
<tr>
<td>OFID</td>
<td>1</td>
<td>3.8</td>
<td>1.9%</td>
</tr>
<tr>
<td>WB</td>
<td>28</td>
<td>104.2</td>
<td>50.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>207.1</td>
<td></td>
</tr>
</tbody>
</table>

1 The number of projects duplicate across ISAs given that some projects are jointly executed by two ISAs.
MENA Transition Fund Coordination Unit
1818 H Street NW
Washington, DC 20433
USA
Email: transitionfund@worldbank.org
Website: www.menatransitionfund.org