Progress Report

For the MENA Transition Fund

MAIN REPORT

As of December 31, 2014
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## Acronyms and Abbreviations

<table>
<thead>
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<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AFESD</td>
<td>Arab Fund for Economic and Social Development</td>
</tr>
<tr>
<td>AMF</td>
<td>Arab Monetary Fund</td>
</tr>
<tr>
<td>CU</td>
<td>Coordination Unit</td>
</tr>
<tr>
<td>DP</td>
<td>Deauville Partnership</td>
</tr>
<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>IFI</td>
<td>International Financial Institution</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>ISA</td>
<td>Implementation Support Agency</td>
</tr>
<tr>
<td>IsDB</td>
<td>Islamic Development Bank</td>
</tr>
<tr>
<td>MENA</td>
<td>Middle East and North Africa</td>
</tr>
<tr>
<td>MSMEs</td>
<td>Micro, Small and Medium-Sized Enterprises</td>
</tr>
<tr>
<td>MTR</td>
<td>Mid-Term Review</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OFID</td>
<td>OPEC Fund for International Development</td>
</tr>
<tr>
<td>SC</td>
<td>Steering Committee</td>
</tr>
<tr>
<td>TC</td>
<td>Transition Country</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
</table>
Acknowledgements

This Progress Report was prepared by the Coordination Unit of the Transition Fund based on contributions received from the Transition Fund Trustee, Implementation Support Agencies, and Transition Countries. Specifically, the Coordination Unit would like to thank the Trustee for providing the Transition Fund financial data and its overall inputs to the financial section of the report. Appreciation is also extended to the Implementation Support Agencies, namely the African Development Bank, Arab Fund for Economic and Social Development, Arab Monetary Fund, European Bank for Reconstruction and Development, European Investment Bank, International Finance Corporation, Islamic Development Bank, Organisation for Economic Co-operation and Development, OPEC Fund for International Development, and World Bank for providing the status of project progress.

The Coordination Unit would like to thank the Steering Committee, comprising both transition countries (Egypt, Jordan, Libya, Morocco, Tunisia and Yemen), and donors (Canada, Denmark, France, Germany, Japan, Kuwait, Qatar, Russia, Saudi Arabia, Turkey, the United Arab Emirates, the United Kingdom and the United States) for guidance throughout 2014, in particular through the Mid-Term Review of the Transition Fund as well as the development of a Results Framework for the Fund. Particular gratitude goes to Canada and Egypt for the co-chairmanship of the Steering Committee in 2014.
Section I: Introduction

The Deauville Partnership (DP) was launched in May 2011 as a long-term, global initiative to provide Arab countries in transition with a technical support framework to: strengthen governance for transparent, accountable governments; and provide an economic framework for sustainable and inclusive growth. The Middle East and North Africa (MENA) Transition Fund was identified by the DP as one of a series of agreed actions through which the international community can support transition countries in the region.

"Create a new Transition Fund to complement other bilateral and multilateral initiatives in providing grants, technical assistance, and exchanging best practices that help countries strengthen institutions critical to economic development and implement country-owned reforms. Contributing G8 members will work with regional partners, the World Bank, and regional institutions such as the Islamic Development Bank to set up the fund with an initial capitalization of $250 million." 1

At the DP Finance Ministers’ meeting in October 2014 in Washington, the Chair of the DP committed to “continue to enhance the Transition Fund’s efficiency and impact” and acknowledged that the Transition Fund “has been a key achievement of the Partnership.” The Transition Fund has become an important vehicle to support transition countries in areas of economic and governance reforms and is well equipped to do so through its partnership with influential external and regional partners (refer to Figure 1.1). Under a political imperative to meet immediate needs, there is much room for this initiative to have an impact.

The Transition Fund, which has been operational since December 2012, is a multi-donor fund that coordinates and allocates grant funding to support transition countries formulate policies and programs and implement reforms. The International Bank for Reconstruction and Development (IBRD) of the World Bank serves as the Coordination Unit (CU) and Trustee of the Fund.

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The contributions received from donors provide grant funding for interventions to support emerging governments with sustainable growth, inclusive development, job creation, better economic governance, competitiveness and integration. Under a principle of country ownership, Transition Countries (TCs) sit as decision makers with the donors as part of the Steering Committee (SC). Activities are carried out by a number of Implementation Support Agencies (ISAs) to ensure sound financial management and robust operating environments.

In 2014, the SC commissioned the development of a results framework as decided in the Operations Manual (Section 5, Para. 23 (m)). The purpose of the results framework is to enable monitoring, evaluation and meaningful reporting of aggregate results to demonstrate progress toward goals and objectives at the Fund-level and better inform decision making by the SC. This progress update provides the first set of aggregate results at the Fund-level.

Also in 2014, the SC commissioned a Mid-Term Review (MTR) of the Fund after its initial 18-months of operations (as per the Operations Manual [Section 7, Para. 70]). The results of the MTR were assessed at three levels: the Fund’s broad institutional and strategic role in the context of the Deauville Partnership; its performance as a multi-donor Financial Intermediary Fund; and the performance of the projects that have been approved for grant funding. The MTR review was favorable across all three levels and although the process of transition has been uneven, it confirmed that the current form and scope of the Fund remain relevant to transition countries, particularly because of the value added the Fund provides with technical assistance supported by the specialized knowledge of the ISAs.

As indicated in the MTR, the Transition Fund has a diverse portfolio of projects, but is focused on six broad sub-sectors: (a) reducing subsidies to food or energy while protecting the interests of the poor,
with improved targeting of social safety nets; (b) promotion of MSMEs; (c) banking and finance; (d) investment promotion and strengthening the business environment; (e) strengthening economic and political governance; and (f) infrastructure, trade and transport.

Many of the projects in the first five categories are very closely linked to sensitive and important social transition issues – combating corruption, strengthening parliaments, reinforcing social safety nets, supporting subsidy and fiscal reform, building relationships between NGOs and government and/or to issues that are critical to economic change, such as tackling unemployment (especially youth unemployment), promoting micro, small and medium-sized enterprises and strengthening investment promotion efforts.

This Progress Report covers the financial and operational status of the Fund. The report covers the period through December 31, 2014. Section II outlines the financial status of the Fund; Section III provides an aggregate overview of the performance of the Fund; Section IV focuses on individual country portfolio performance and Section V outlines the aggregate results achieved thus far. Volume II of this report (a separate document) provides detailed project-specific progress reports as provided by the ISAs.
Section II: Overall Financial Status

A) Transition Fund Financial Status

Since the inception of the Transition Fund, thirteen donors have committed to contribute $213.4 million to the Transition Fund. Of this amount, US$177.7 million has been received and US$171.6 million has been allocated for projects and the Trustee and Coordination Unit budgets. Including investment income, the total amount available for allocation is US$6.8 million. In addition, there is US$35.6 million in outstanding donor contributions (see Table 2.1). Table 2.2 outlines the status of donor contributions as of December 31, 2014.

Table 2.1: Transition Fund Financial Status

<table>
<thead>
<tr>
<th>Description</th>
<th>US$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor Contributions</td>
<td>213.4</td>
</tr>
<tr>
<td>Cash Receipts</td>
<td>177.7</td>
</tr>
<tr>
<td>Outstanding Contributions</td>
<td>35.6</td>
</tr>
<tr>
<td>Investment Income</td>
<td>0.7</td>
</tr>
<tr>
<td>Cumulative Funding Decisions</td>
<td>171.1</td>
</tr>
<tr>
<td>Funds Available for Allocation</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Table 2.2: Status of Contributions as of December 31, 2014

<table>
<thead>
<tr>
<th>Donor</th>
<th>Contribution Currency</th>
<th>Agreed Contribution Amount a/</th>
<th>USD eq.</th>
<th>Received Amount b/</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>CAD</td>
<td>20.0</td>
<td>19.8</td>
<td>20.0</td>
<td>19.8</td>
</tr>
<tr>
<td>Denmark</td>
<td>DKK</td>
<td>38.0</td>
<td>6.4</td>
<td>10.0</td>
<td>1.8</td>
</tr>
<tr>
<td>France</td>
<td>EUR</td>
<td>10.0</td>
<td>13.2</td>
<td>10.0</td>
<td>13.2</td>
</tr>
<tr>
<td>Germany</td>
<td>EUR</td>
<td>9.0</td>
<td>11.0</td>
<td>4.0</td>
<td>4.9</td>
</tr>
<tr>
<td>Japan</td>
<td>USD</td>
<td>12.0</td>
<td>12.0</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Kuwait</td>
<td>USD</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Qatar</td>
<td>USD</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Russia</td>
<td>USD</td>
<td>10.0</td>
<td>10.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>USD</td>
<td>25.0</td>
<td>25.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Turkey</td>
<td>USD</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>UAE</td>
<td>USD</td>
<td>5.0</td>
<td>5.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>GBP</td>
<td>32.0</td>
<td>51.0</td>
<td>32.0</td>
<td>51.0</td>
</tr>
<tr>
<td>United States</td>
<td>USD</td>
<td>40.0</td>
<td>c/</td>
<td>40.0</td>
<td>30.0</td>
</tr>
</tbody>
</table>

Total USD Equivalent 213.4 177.7

a/ per countersigned Contribution Agreements/Arrangements in currencies
b/ in currencies of contribution
c/ the maximum agreed contribution amount is USD 50 million, but the contribution at no time may exceed twenty percent (20%) of the cumulative total of funds pledged by all donors to the Trust Fund

2 All data presented is as of December 31, 2014 unless otherwise indicated.
B) Funding Allocation

Out of the total allocated amount of $171.6 million, $157.6 million relates to projects, $11.9 million was for ISA Indirect costs and $2.1 million for administrative costs for the CU and Trustee. Figure 2.3 outlines the Transition Fund’s utilization of funds. The SC has met five times to approve 53 projects for a total of $169.5 million in direct and indirect costs and once to discuss and approve the MTR and the results framework. Refer to Table 2.4 for a list of projects.

![Figure 2.3: Use of Funds (US$ m)]

Unallocated (3%)  Administrative Budget (1%)  Project Management (7%)  Project Funding (89%)

Table 2.4: List of Approved Projects with Direct and Indirect Funding Allocated

<table>
<thead>
<tr>
<th>Country</th>
<th>#</th>
<th>Project Name</th>
<th>Amount ($)</th>
<th>ISA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>1</td>
<td>MSME Support Programme and the Social Fund for Development</td>
<td>2,936,080</td>
<td>EBRD</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Support to MSME in Organic Clusters</td>
<td>2,000,000</td>
<td>AfDB</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Logismed soft project</td>
<td>1,565,403</td>
<td>EIB</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Green Growth: Industrial Waste Management and SME Entrepreneurship Hub</td>
<td>2,000,000</td>
<td>AfDB</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Energy/Social Safety Nets Sector Reforms Technical Assistance Project</td>
<td>7,097,200</td>
<td>WB</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Regional Integration through Trade and Transport Corridors</td>
<td>4,230,000</td>
<td>EIB</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Promoting financial inclusion via mobile financial services</td>
<td>891,000</td>
<td>EIB</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Strengthening the Rule of Law</td>
<td>4,121,000</td>
<td>AfDB/OECD</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Support to Parliament: Building Capacity and Mainstreaming Inclusive Growth</td>
<td>2,920,000</td>
<td>AfDB</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Clearing &amp; Settlement Depositary System for Government Securities</td>
<td>3,851,900</td>
<td>EBRD</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>Inclusive Regulations for Microfinance Project</td>
<td>4,505,000</td>
<td>WB</td>
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<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>11</strong></td>
<td><strong>36,117,583</strong></td>
<td></td>
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<tr>
<td>Jordan</td>
<td>1</td>
<td>Reliable Water Quality for Jordan</td>
<td>1,545,000</td>
<td>EBRD</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>National Unified Registry &amp; Outreach Worker Program for Social Assistance</td>
<td>10,000,000</td>
<td>WB</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Support to Building Active Labor Market Program</td>
<td>5,000,000</td>
<td>WB</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Regional Integration through Trade and Transport Corridors</td>
<td>2,630,000</td>
<td>EIB</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>SME Growth Program</td>
<td>3,850,000</td>
<td>EIB</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Enhancing Governance for MSME Development</td>
<td>3,235,000</td>
<td>WB</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Promoting financial inclusion via mobile financial services</td>
<td>891,000</td>
<td>EIB</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Development of SMEs Exports Through Virtual Market Place</td>
<td>1,000,000</td>
<td>WB</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Jordan Competitiveness and Investment Technical Assistance</td>
<td>1,650,000</td>
<td>OECD/WB</td>
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<tr>
<td></td>
<td>10</td>
<td>Integrated Inspection Management System</td>
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<td>IFC</td>
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<td><strong>Subtotal</strong></td>
<td><strong>10</strong></td>
<td><strong>32,443,105</strong></td>
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<td>Libya</td>
<td>1</td>
<td>SME Strategy Development</td>
<td>2,616,000</td>
<td>OECD</td>
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<td></td>
<td>2</td>
<td>Leading the Way: A Leadership Capacity Building Pilot Project</td>
<td>3,500,000</td>
<td>AfDB</td>
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<tr>
<td></td>
<td>3</td>
<td>Finance and Private Sector Development Technical Assistance</td>
<td>3,437,400</td>
<td>WB</td>
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<td>4</td>
<td>Electricity Sector Reform Programmatic Technical Assistance</td>
<td>2,000,000</td>
<td>WB</td>
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<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>4</strong></td>
<td><strong>11,553,400</strong></td>
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<tr>
<td>Morocco</td>
<td>1</td>
<td>New Governance Framework Implementation Support Project</td>
<td>4,500,000</td>
<td>WB</td>
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<td></td>
<td>2</td>
<td>Strengthening Micro-Entrepreneurship for Disadvantaged Youth</td>
<td>5,500,000</td>
<td>WB</td>
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<td></td>
<td>3</td>
<td>Logismed soft project</td>
<td>1,565,403</td>
<td>EIB</td>
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<td></td>
<td>4</td>
<td>Microfinance Development Project</td>
<td>5,560,000</td>
<td>WB</td>
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<td></td>
<td>5</td>
<td>Local Government Support Program</td>
<td>5,045,000</td>
<td>WB</td>
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<td>6</td>
<td>Regional Integration through Trade &amp; Transport Corridors</td>
<td>3,550,000</td>
<td>EIB</td>
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<td></td>
<td>7</td>
<td>Regional Affordable Housing Project</td>
<td>2,110,460</td>
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<td></td>
<td>8</td>
<td>Promoting financial inclusion via mobile financial services</td>
<td>677,000</td>
<td>EIB</td>
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<td>9</td>
<td>Development of SMEs Exports Through Virtual Market Place</td>
<td>1,000,000</td>
<td>WB</td>
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<td></td>
<td>10</td>
<td>Accessing Overseas Job Opportunities for Moroccan Youth Project</td>
<td>1,975,000</td>
<td>WB</td>
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<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>10</strong></td>
<td><strong>31,482,863</strong></td>
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<td>No.</td>
<td>Description</td>
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<td>-----------------------------------------------------------------------------</td>
<td>------------------------</td>
<td>--------------------------</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Logismed soft project</td>
<td>1,565,000</td>
<td>EIB</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Set-up of Tunisia Investment Authority</td>
<td>1,550,000</td>
<td>IFC/OECD</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Operationalizing Public Private Partnerships</td>
<td>2,300,000</td>
<td>AfDB/OECD</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Developing Leadership Capacity</td>
<td>1,600,000</td>
<td>AfDB</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Social Protection Reforms Support Project</td>
<td>5,055,000</td>
<td>WB</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Tunisian Energy Reform Plan</td>
<td>3,836,000</td>
<td>OPEC</td>
<td></td>
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<tr>
<td>7</td>
<td>Strengthening Youth Employability during Transition to a Green Economy</td>
<td>4,475,000</td>
<td>IsDB/OECD</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Regional Integration through Trade and Transport Corridors</td>
<td>3,800,000</td>
<td>EIB</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Enhancing Domestic Resource Mobilisation through Effective Tax System Design and Improved Transparency and International Cooperation</td>
<td>4,401,800</td>
<td>AfDB/OECD</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Regional Affordable Housing Project - Tunisia activities</td>
<td>2,110,460</td>
<td>AMF/WB</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Development of SMEs Exports Through Virtual Market Place</td>
<td>1,000,000</td>
<td>WB</td>
<td></td>
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<td>12</td>
<td>Support to the Program of Holistic Social Business Movement in Tunisia</td>
<td>2,560,000</td>
<td>AfDB</td>
<td></td>
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<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>34,253,260</strong></td>
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<table>
<thead>
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<th>No.</th>
<th>Description</th>
<th>Allocation ($ million)</th>
<th>ISA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Enterprise Revitalization and Employment Project</td>
<td>4,640,000</td>
<td>WB</td>
</tr>
<tr>
<td>2</td>
<td>Civil Society &amp; Government Partnership Project</td>
<td>1,718,700</td>
<td>WB</td>
</tr>
<tr>
<td>3</td>
<td>Preparation &amp; Implementation Support Project for a Special Industrial Zone</td>
<td>3,239,000</td>
<td>IsDB</td>
</tr>
<tr>
<td>4</td>
<td>Accountability Enhancement Project</td>
<td>6,480,500</td>
<td>WB</td>
</tr>
<tr>
<td>5</td>
<td>Reinforcing the rule of law: Developing the capacities of the judiciary</td>
<td>3,000,000</td>
<td>AFESD/OECD</td>
</tr>
<tr>
<td>6</td>
<td>Education for Employment Project</td>
<td>4,582,000</td>
<td>IFC/IsDB</td>
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<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>23,660,200</strong></td>
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</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>169,510,411</strong></td>
<td></td>
</tr>
</tbody>
</table>

1 These are part of five regional projects
2 The total number of projects approved, if the regional projects are not considered by country, is 43

Given that only one call for proposals was issued in calendar year 2014, no changes were recorded in funding allocation by country (see Figure 2.5) or by ISA (refer to Table 2.6) since the June 2014 progress report. Funding has been allocated roughly equally between Egypt, Tunisia, Jordan and Morocco, while Yemen and Libya received 14% and 7% respectively. The World Bank remains the ISA with the largest allocation ($83.5 million), followed by EIB ($25.2 million) and AfDB ($21.5 million).
Section III. Overall Portfolio Performance

A) Performance Ratings

Since the June 2014 progress update, the number of projects rated Satisfactory (S) or Moderately Satisfactory (MS) have increased both on achievement of objectives and on implementation progress, representing just under 75% of the overall portfolio (primarily due to new projects becoming effective). However, the number of projects rated Moderately Unsatisfactory (MU) or Unsatisfactory (U) on both achievement of objectives and implementation progress have also increased to about 15% of the portfolio. The increase in MU and U ratings can primarily be attributed to fluctuating political and security-related country environments, and delays in starting project implementation, i.e. delays in setting up project implementation units, capacity constraints in procurement processes, and delays in signing legal agreements with the government counterparts, among others. Six projects approved during the last two SC meetings are still not effective and therefore not rated (NA). Table 3.1 provides a breakdown of ratings in December 2013, June 2014 and December 2014 and Figures 3.2 and 3.3 provide a graphic comparison of each rating against the three reporting periods. The definition of each rating is available in Annex 1 of this report.

Table 3.1: Rating by Reporting Period

<table>
<thead>
<tr>
<th>Ratings</th>
<th>31-Dec-13 28 Projects</th>
<th>30-Jun-14 53 Projects</th>
<th>31-Dec-14 53 Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
</tr>
<tr>
<td>Progress towards achievement of objective</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>21</td>
<td>75%</td>
<td>25</td>
</tr>
<tr>
<td>MS</td>
<td>3</td>
<td>11%</td>
<td>11</td>
</tr>
<tr>
<td>MU</td>
<td>1</td>
<td>4%</td>
<td>1</td>
</tr>
<tr>
<td>U</td>
<td>-</td>
<td>0%</td>
<td>1</td>
</tr>
<tr>
<td>NA</td>
<td>3</td>
<td>11%</td>
<td>15</td>
</tr>
<tr>
<td>Implementation progress</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>17</td>
<td>34%</td>
<td>21</td>
</tr>
<tr>
<td>MS</td>
<td>6</td>
<td>21%</td>
<td>15</td>
</tr>
<tr>
<td>MU</td>
<td>2</td>
<td>7%</td>
<td>-</td>
</tr>
<tr>
<td>U</td>
<td>-</td>
<td>0%</td>
<td>2</td>
</tr>
<tr>
<td>NA</td>
<td>3</td>
<td>11%</td>
<td>15</td>
</tr>
</tbody>
</table>
B) Disbursements

During the last progress update, project disbursements were reported at 6% or $9.3 million of direct costs allocated. This has since picked up to 9% or $14.8 million of direct costs, i.e. an increase of $5.5 million (see Figure 3.4) over 6 months. As indicated in the June 2014 progress update, projects approved during the first two SC meetings have disbursed more than later approvals. Notably, disbursements for projects approved during the first SC meeting have more than doubled over the last six months – from 14% to 38% (see Table 3.5). OECD is the ISA with the highest disbursement thus far at 32% of direct costs allocated, followed by the World Bank at 12% and IFC at 7% (refer to Figure 3.6). Table 3.7 provides a breakdown by disbursements by project.
Table 3.5: Direct Costs Disbursed by SC Meeting

<table>
<thead>
<tr>
<th>SCM</th>
<th>Direct Costs Allocated</th>
<th>Disbursement as of June 30, 2014</th>
<th>%</th>
<th>Disbursement as of December 31, 2014</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCM1</td>
<td>5,589,000</td>
<td>763,682</td>
<td>14%</td>
<td>2,100,802</td>
<td>38%</td>
</tr>
<tr>
<td>SCM2</td>
<td>38,977,388</td>
<td>4,533,401</td>
<td>12%</td>
<td>5,403,585</td>
<td>14%</td>
</tr>
<tr>
<td>SCM3</td>
<td>49,155,000</td>
<td>2,810,988</td>
<td>6%</td>
<td>3,738,683</td>
<td>8%</td>
</tr>
<tr>
<td>SCM4</td>
<td>35,383,300</td>
<td>1,184,037</td>
<td>3%</td>
<td>3,396,277</td>
<td>10%</td>
</tr>
<tr>
<td>SCM5</td>
<td>28,498,000</td>
<td>-</td>
<td>0%</td>
<td>195,984</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>157,602,688</td>
<td>9,292,109</td>
<td>6%</td>
<td>14,835,331</td>
<td>9%</td>
</tr>
</tbody>
</table>

Table 3.7: Direct Costs Disbursed by Project

<table>
<thead>
<tr>
<th>TC</th>
<th>Project Name</th>
<th>SC Approval Date</th>
<th>Impl. Start Date</th>
<th>Direct Cost (US$)</th>
<th>Disb. (US$)</th>
<th>% Disb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MSME Support Programme and Social Fund for Development</td>
<td>2/20/2013</td>
<td>4/1/2013</td>
<td>2,744,000</td>
<td>235,774</td>
<td>8.6</td>
</tr>
<tr>
<td></td>
<td>Support to MSME in Organic Clusters</td>
<td>2/20/2013</td>
<td>5/29/2013</td>
<td>1,940,000</td>
<td>397,700</td>
<td>20.5</td>
</tr>
<tr>
<td></td>
<td>Logismed soft project</td>
<td>2/20/2013</td>
<td>7/31/2013</td>
<td>1,423,094</td>
<td>49,666</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Green Growth: Industrial Waste Management and SME Hub</td>
<td>5/15/2013</td>
<td>12/19/2013</td>
<td>1,940,000</td>
<td>252,500</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Energy/Social Safety Nets Sector Reforms Technical Assistance</td>
<td>5/15/2013</td>
<td>11/25/2013</td>
<td>6,500,000</td>
<td>226,370</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Regional Integration through Trade &amp; Transport Corridors</td>
<td>5/15/2013</td>
<td>10/31/2014</td>
<td>4,000,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Promoting financial inclusion via mobile financial services</td>
<td>12/5/2013</td>
<td>7/1/2015</td>
<td>35,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Strengthening the Rule of Law</td>
<td>6/11/2014</td>
<td>9/1/2014</td>
<td>3,906,000</td>
<td>72,916</td>
<td>1.9</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Settlement Depository System for Gov’t Securities</td>
<td>6/11/2014</td>
<td>7/1/2014</td>
<td>3,510,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Inclusive Regulations for Microfinance Project</td>
<td>6/11/2014</td>
<td>8/1/2014</td>
<td>4,000,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td>33,538,094</td>
<td>1,234,926</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Figure 3.6: Direct Costs Disbursed by ISA (%)
<table>
<thead>
<tr>
<th>TC</th>
<th>Project Name</th>
<th>SC Approval Date</th>
<th>Impl. Start Date</th>
<th>Direct Cost (US$)</th>
<th>Disb. (US$)</th>
<th>% Disb.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Tunisia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reliable Water Quality for Jordan</td>
<td>12/11/2012</td>
<td>1/31/2013</td>
<td>1,440,000</td>
<td>13,561</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>National Unified Registry &amp; Outreach Worker Program</td>
<td>2/20/2013</td>
<td>11/30/2013</td>
<td>9,500,000</td>
<td>1,000,000</td>
<td>10.5</td>
</tr>
<tr>
<td></td>
<td>Support to Building Active Labor Market Program</td>
<td>5/15/2013</td>
<td>11/30/2013</td>
<td>4,750,000</td>
<td>500,000</td>
<td>10.5</td>
</tr>
<tr>
<td></td>
<td>Regional Integration through Trade &amp; Transport Corridors 1</td>
<td>5/15/2013</td>
<td>9/1/2013</td>
<td>2,500,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>SME Growth Program</td>
<td>7/22/2013</td>
<td>10/22/2014</td>
<td>3,650,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Enhancing Governance for MSME Development</td>
<td>12/5/2013</td>
<td>3/15/2014</td>
<td>3,000,000</td>
<td>400,000</td>
<td>13.3</td>
</tr>
<tr>
<td></td>
<td>Promoting financial inclusion via mobile financial services 1</td>
<td>12/5/2013</td>
<td>7/1/2015</td>
<td>835,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Development of SMEs Exports through Virtual Market Place 1</td>
<td>2/11/2014</td>
<td>5/26/2014</td>
<td>975,000</td>
<td>94,169</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>Jordan Competitiveness &amp; Investment Technical Assistance</td>
<td>6/11/2014</td>
<td>8/1/2014</td>
<td>1,550,000</td>
<td>22,411</td>
<td>1.45</td>
</tr>
<tr>
<td></td>
<td>Integrated Inspection Management System</td>
<td>6/11/2014</td>
<td>7/1/2014</td>
<td>2,290,000</td>
<td>13,579</td>
<td>0.59</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>30,490,000</td>
<td>2,043,720</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td><strong>Morocco</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Governance Framework Implementation Support Project</td>
<td>2/20/2013</td>
<td>10/31/2013</td>
<td>4,000,000</td>
<td>780,354</td>
<td>19.5</td>
</tr>
<tr>
<td></td>
<td>Strengthening Micro-Entrepreneurship for Youth</td>
<td>2/20/2013</td>
<td>7/27/2013</td>
<td>5,000,000</td>
<td>544,735</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>Logismed soft project 1</td>
<td>2/20/2013</td>
<td>7/31/2013</td>
<td>1,423,094</td>
<td>49,666</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Microfinance Development Project</td>
<td>2/20/2013</td>
<td>7/31/2013</td>
<td>4,900,000</td>
<td>491,866</td>
<td>10.0</td>
</tr>
<tr>
<td></td>
<td>Regional Integration through Trade &amp; Transport Corridors 1</td>
<td>5/15/2013</td>
<td>10/31/2014</td>
<td>3,350,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Promoting financial inclusion via mobile financial services 1</td>
<td>12/5/2013</td>
<td>2/1/2015</td>
<td>635,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Regional Affordable Housing Project 1</td>
<td>12/31/2013</td>
<td>1/1/2014</td>
<td>2,000,000</td>
<td>250,481</td>
<td>12.5</td>
</tr>
<tr>
<td></td>
<td>Development of SMEs Exports through Virtual Market Place 1</td>
<td>2/11/2014</td>
<td>5/26/2014</td>
<td>975,000</td>
<td>94,169</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>Accessing Overseas Job Opportunities for Moroccan Youth</td>
<td>6/11/2014</td>
<td>2/16/2015</td>
<td>1,750,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>10,960,000</td>
<td>1,133,153</td>
<td>10.3</td>
</tr>
<tr>
<td></td>
<td><strong>Yemen</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Logismed soft project 1</td>
<td>2/20/2013</td>
<td>7/31/2013</td>
<td>1,423,000</td>
<td>49,666</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Set-up of Tunisia Investment Authority</td>
<td>2/20/2013</td>
<td>7/1/2013</td>
<td>1,499,600</td>
<td>698,807</td>
<td>46.6</td>
</tr>
<tr>
<td></td>
<td>Operationalizing Public Private Partnerships</td>
<td>2/20/2013</td>
<td>4/1/2013</td>
<td>2,149,600</td>
<td>544,819</td>
<td>25.3</td>
</tr>
<tr>
<td></td>
<td>Developing Leadership Capacity</td>
<td>4/1/2013</td>
<td>1/1/2014</td>
<td>1,475,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Social Protection Reforms Support Project</td>
<td>5/15/2013</td>
<td>11/1/2013</td>
<td>4,700,000</td>
<td>500,000</td>
<td>10.6</td>
</tr>
<tr>
<td></td>
<td>Tunisian Energy Reform Plan</td>
<td>6/7/2013</td>
<td>8/1/2013</td>
<td>3,488,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Strengthening Youth Employability to a Green Economy</td>
<td>7/22/2013</td>
<td>9/1/2013</td>
<td>4,337,000</td>
<td>695,815</td>
<td>16.0</td>
</tr>
<tr>
<td></td>
<td>Regional Integration through Trade &amp; Transport Corridors 1</td>
<td>12/5/2013</td>
<td>10/31/2014</td>
<td>3,600,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Enhancing Resource Mobilisation through Tax Systems</td>
<td>12/5/2013</td>
<td>1/1/2014</td>
<td>4,219,300</td>
<td>812,381</td>
<td>19.3</td>
</tr>
<tr>
<td></td>
<td>Regional Affordable Housing Project 1</td>
<td>12/31/2013</td>
<td>1/1/2014</td>
<td>2,000,000</td>
<td>250,481</td>
<td>12.5</td>
</tr>
<tr>
<td></td>
<td>Development of SMEs Exports through Virtual Market Place 1</td>
<td>2/11/2014</td>
<td>5/26/2014</td>
<td>975,000</td>
<td>94,169</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>Support to the Program of Holistic Social Business Movement</td>
<td>6/11/2014</td>
<td>3/2/2015</td>
<td>2,460,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>32,326,500</td>
<td>3,646,138</td>
<td>11.3</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>157,602,688</td>
<td>14,835,331</td>
<td>9.4</td>
</tr>
</tbody>
</table>

1 These are part of five regional projects
C) Actual Disbursements against Forecast Disbursements

Actual disbursements are lagging significantly behind forecast disbursements\(^3\) at less than 50% of the forecast disbursed (see Figure 3.8). Yemen appears to be the only country keeping up with disbursements (Figure 3.9). Disbursement lags can be attributed to a number of reasons including:

- The unpredictability of Transition Fund funding and consequently the short time frame between the issuance of a call for proposals and project approvals as highlighted in the MTR;

- Project readiness at SC approval which can point to a lack of due diligence from ISAs in meeting the criteria set out by the Fund in the Operations Manual that all projects are expected to be fully prepared and ready for implementation before submission to the SC for funding consideration;

- Individual country-specific political and security developments which can hinder progress on the ground; and

- Project-specific bottlenecks related to capacity constraints, turnover of personnel due to government changes, etc. Having said that, it is now the responsibility of the SC

The former two bullets would entail more attention and action from both the SC and ISAs. The SC should ensure sufficient time is given to ISAs from the time a call is issued to the time approvals take place. In addition to sufficient notice to ISAs for adequate preparation of projects, the timeline for the issuance of calls (and therefore funding for each call) should be more predictable. More importantly, more due diligence and proactive follow-up is needed from some ISAs to ensure implementation is getting on track if not already on track.

\(^3\) Forecast disbursements are based on information provided by ISAs in the June 2014 progress reports.
D) Indirect Costs

Figure 3.10 provides a breakdown of indirect costs allocated and disbursed by December 31, 2014. Thus far, 58% of indirect costs allocated have been disbursed. ISAs are requested to ensure their indirect cost allocations are adequately rationed to cover the full supervision requirements of projects.

E) Additional Funds Leveraged

During the June 2014 update, it was erroneously reported that $55.5 million in additional funding from other sources was achieved. This amount has now been corrected to reflect the actual additional funds leveraged by June and December 2014 (see Table 3.11). Since the last update, EBRD leveraged $3.22 million in additional financing for the Egypt Clearing and Settlements project. Overall, EBRD has leveraged additional funds of about 50% of the funds it has received from the Transition Fund. The AfDB and IsDB have also leveraged supplemental funding at 28% and 22% respectively of funds allocated for their projects.

### Table 3.11: Additional Funds Leveraged by ISAs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDB</td>
<td>20,464,900</td>
<td>5,808,200</td>
<td>5,808,200</td>
<td>28%</td>
</tr>
<tr>
<td>SFESD</td>
<td>900,000</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>AMF</td>
<td>400,000</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>EBRD</td>
<td>7,694,000</td>
<td>812,500</td>
<td>4,032,500</td>
<td>52%</td>
</tr>
<tr>
<td>EIB</td>
<td>23,674,188</td>
<td>2,104,000</td>
<td>2,116,000</td>
<td>9%</td>
</tr>
<tr>
<td>IFC</td>
<td>4,890,000</td>
<td>497,000</td>
<td>497,000</td>
<td>10%</td>
</tr>
<tr>
<td>IMF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>IsDB</td>
<td>9,282,000</td>
<td>2,050,000</td>
<td>2,050,000</td>
<td>22%</td>
</tr>
<tr>
<td>OECD</td>
<td>9,805,600</td>
<td>700,000</td>
<td>700,000</td>
<td>7%</td>
</tr>
<tr>
<td>OFID</td>
<td>3,488,000</td>
<td>-</td>
<td>-</td>
<td>2%</td>
</tr>
<tr>
<td>WB</td>
<td>77,004,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>157,602,688</strong></td>
<td><strong>16,971,700</strong></td>
<td><strong>20,203,700</strong></td>
<td><strong>13%</strong></td>
</tr>
</tbody>
</table>
Section IV. Transition Country Portfolio Performance

Overall, projects in the Yemen and Jordan portfolios appear to have performed better than projects being implemented in other countries. Morocco and Egypt in particular have only about 60% of their projects rated in the satisfactory range (S and MS). In addition, Yemen has disbursed more funds than any other transition country with 18% disbursed thus far from 6% in June 2014. It is followed by Tunisia (11%) and Libya (10%). Morocco, Jordan and Egypt have seen only marginal increases in disbursements since June 2014. Below is a brief snapshot of each Transition Country's portfolio performance (refer to Boxes 4.1 – 4.6).

Box 4.1: Egypt Portfolio

- **Effectiveness:** All projects are now effective except for the AfDB Support to Parliament and the EIB Mobile Banking projects.

- **Progress to Objectives:** About 64% of the Egypt portfolio is rated in the satisfactory range (S and MS) except the EIB’s Logismed and TRANSTRAC projects which are rated MU.

- **Implementation Progress:** About 55% of the portfolio is rated in the satisfactory range except the EIB Logismed and TRANSTRAC projects and AfDB Green Growth project, which are rated MU.

- **Disbursements:** Since June 2014, disbursements have increased by about $0.5 million to 4% or $1.2 million of the $33.5 million in direct costs allocated.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th># of Projects</th>
<th>Progress towards achievement of objective</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S</td>
<td>MS</td>
</tr>
<tr>
<td>Jun. 2014</td>
<td>11</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Dec. 2014</td>
<td>11</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>
Box 4.2: Jordan Portfolio

- **Effectiveness:** All projects are now effective except the EIB Mobile Banking project.

- **Progress to Objectives:** 80% of the Jordan portfolio is rated Satisfactory except the WB National Unified Registry which was downgraded to MU.

- **Implementation Progress:** Same as progress to objectives.

- **Disbursements:** Since June 2014, disbursements have hardly increased and remain at 7% or $2 million of the $30.5 million in direct costs allocated.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th># of Projects</th>
<th>Progress towards achievement of objective</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S</td>
<td>MS</td>
</tr>
<tr>
<td>Jun. 2014</td>
<td>10</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Dec. 2014</td>
<td>10</td>
<td>8</td>
<td>1</td>
</tr>
</tbody>
</table>

Box 4.3: Libya Portfolio

- **Effectiveness:** All projects are now effective.

- **Progress to Objectives:** 75% of the Libya portfolio is rated Moderately Satisfactory except the WB Electricity Sector Reform project which is rated Unsatisfactory (effective in October 2014).

- **Implementation Progress:** Same as progress to objectives.

- **Disbursements:** Since June 2014, disbursements have more than doubled to $1.13 million or 10% of the $10.96 million in direct costs allocated.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th># of Projects</th>
<th>Progress towards achievement of objective</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S</td>
<td>MS</td>
</tr>
<tr>
<td>Jun. 2014</td>
<td>4</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Dec. 2014</td>
<td>4</td>
<td>-</td>
<td>3</td>
</tr>
</tbody>
</table>
Box 4.4: Morocco Portfolio Snapshot

- **Effectiveness:** All projects are now effective except the EIB Mobile Banking and WB Accessing Overseas Job Opportunities projects.

- **Progress to Objectives:** 60% of the Morocco portfolio is rated in the satisfactory range (S and MS) except the WB Strengthening Micro-Entrepreneurship for Disadvantaged Youth and EIB Logismed projects, which are rated MU.

- **Implementation Progress:** 70% of the portfolio is rated in the satisfactory range except the EIB Logismed project, which is rated MU.

- **Disbursements:** Since June 2014, disbursements have increased marginally to 10% or $2.8 million of the $28.6 million in direct costs allocated.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th># of Projects</th>
<th>Progress towards achievement of objective</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S</td>
<td>MS</td>
</tr>
<tr>
<td>Jun. 2014</td>
<td>10</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Dec. 2014</td>
<td>10</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Box 4.5: Tunisia Portfolio Snapshot

- **Effectiveness:** All projects are now effective except the AfDB Social Business Movement project.

- **Progress to Objectives:** 75% of the Tunisia portfolio is rated in S or MS except the AfDB Developing Leadership Capacity and EIB Logismed projects.

- **Implementation Progress:** Same as above.

- **Disbursements:** Since June 2014, disbursements have increased by $1.7 million to 11% or $3.6 million of the $32.3 million in direct costs allocated.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th># of Projects</th>
<th>Progress towards achievement of objective</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S</td>
<td>MS</td>
</tr>
<tr>
<td>Jun. 2014</td>
<td>12</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Dec. 2014</td>
<td>12</td>
<td>7</td>
<td>2</td>
</tr>
</tbody>
</table>
Box 4.6: Yemen Portfolio Snapshot

- **Effectiveness:** All projects are now effective.
- **Progress to Objectives:** 100% of the Yemen portfolio is rated Satisfactory.
- **Implementation Progress:** 83% of the portfolio is rated Satisfactory except the IsDB Hodeidah Special Industrial Zone project which is rated Unsatisfactory.
- **Disbursements:** Since June 2014, disbursements have increased by $2.7 million to 18% or $3.95 million of the $21.7 million in direct costs allocated.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th># of Projects</th>
<th>Progress towards achievement of objective</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S</td>
<td>MS</td>
</tr>
<tr>
<td>Jun. 2014</td>
<td>6</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Dec. 2014</td>
<td>6</td>
<td>6</td>
<td>-</td>
</tr>
</tbody>
</table>
Section V. Aggregate Results at the Fund-Level

At the request of the SC, a Fund-level Results Framework for the Transition Fund was developed by an independent consultant between August and December 2014. The Results Framework represents an “enhanced status quo” Results Framework with 16 pillar-level indicators and 3 cross-pillar indicators. Annex 2 provides the full list of indicators by pillar and the aggregate results achieved against each indicator as of December 31, 2014. Below are highlights of some of the key results to date.

Pillar 1: Investing in Sustainable Growth

- **204 businesses have received support to promote private sector development.** This is primarily attributed to the WB Yemen Enterprise Revitalization and Employment Pilot Project in which Small and Medium Enterprises (SMEs) participated in the Business Development Services Program. Firms that participated in the 1st Round have completed the implementation of their Business Development Plans and a total of $831,586 has been disbursed to date for the Business Development Services acquired during the 1st Round by the firms.

- **660,000 individuals have benefitted from improved access to finance.** More specifically, with support from the WB Morocco Microfinance Development Project, the number of adults with an account at a formal financial institution, including low income households, increased by 2% from 12,870,000 to 13,530,000. The number of women with an account at a formal financial institution increased proportionately more with a 4% increase (from 4,544,100 to 5,217,300 women).

- **575 businesses have benefitted from improved access to finance.** Under the WB Jordan Enhancing Governance and Strengthening the Regulatory and Institutional Framework for MSME Development project, a total of 3,575 SME loans were guaranteed by the Jordan Loan Guarantee Corporation.

- **Two green growth initiatives have been launched.** The Transition Fund is supporting the promotion of green growth through the launch of the AfDB Egypt Green Growth and the IsDB-OECD Tunisia Strengthening the Employability of Youth projects.
Pillar 2: Inclusive Development and Job Creation

- 4,241 graduates and employees of firms (of which 23% are women) have benefitted from jobs or entrepreneurship training. Thanks to the WB Yemen Enterprise Revitalization and Employment Pilot Project, the number of beneficiaries is much higher than the original target of 1,200 graduates and employees (of which 3% are women), mainly because the average number of employees of participating firms is twelve compared to the initial estimate of three.

- Five Transition Fund interventions support improved effectiveness of social safety net and other programs targeting the most vulnerable. These are the WB Egypt Energy Social Safety Nets Sector Reform Technical Assistance, the WB Jordan Unified Registry and Outreach Worker Program, the WB Tunisia Social Protection Reforms Support Project, and the AMF-WB Tunisia and Morocco Regional Affordable Housing projects.

- 735,000 households now have increased access to social safety net and other programs to support the most vulnerable. 500,000 households, estimated at 2.8 million people, under the WB Jordan National Unified Registry and Outreach Worker Program and 235,000 households, of which 60% are poor and 50% are female-headed, under the WB Tunisia Social Protection Reforms Support Project.

Pillar 3: Enhancing Economic Governance

- 10,125 stakeholder groups (CSOs, women and youth groups) were engaged and empowered by the local government through the WB Yemen Government-CSOs Partnership Project and the WB Morocco New Governance Framework.

- 1,187 or 95% of local governments (up from 80%) are reporting budget information in real time through the GID (Integrated Financial Management Information System or Gestion Intégrée de la Dépense) with support services provided through the WB Morocco New Governance Framework project.

Pillar 4: Competitiveness and Integration

- 120 registered SMEs conducted at least one trade transaction using new products or services through the Jordan, Morocco and Tunisia Development of SMEs Exports through Virtual Market Places Projects.

Cross-Pillar: Results produced in the form of documents produced and endorsed, decrees issued, structures established and public sector staff trained across the four pillars

- The OECD report assessing the broader policy framework for investing in youth in Tunisia was completed and delivered to the Ministry of Vocational Training and Employment. It aims, in particular, to promote the employability of youth through better labor market, education and training policies.

- Three regulations or laws were endorsed or entities, units or systems established through the IFC-OECD Tunisia Establishment of Tunisia Investment Authority, the AfDB-OECD Tunisia Effective Tax Systems, and the WB Morocco New Governance Framework projects.
• **346 public sector staff was trained** in various topics through the WB Libya Finance and Private Sector Development project, the AMF-WB Regional Affordable Housing Project, the AfDB-OECD Tunisia Effective Tax Systems project, the AFESD-OECD Yemen Reinforcing the Rule of Law project, and the EBRD Jordan Reliable Water Quality project.
Annex 1: Project Performance Ratings and Definitions

Definitions for project performance ratings range from ‘Satisfactory’ to ‘Unsatisfactory’ for projects under implementation and ‘Not Applicable’ applies to projects that are not yet effective. All ratings and their definitions are provided in the progress report template that each ISA completes bi-annually and in Table A1.1 below for ease of reference.

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Ratings Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Progress towards meeting the project development objective</strong></td>
<td></td>
</tr>
<tr>
<td>Satisfactory (S)</td>
<td>The project is likely to achieve almost all or exceed its major objectives efficiently without any significant shortcomings.</td>
</tr>
<tr>
<td>Moderately Satisfactory (MS)</td>
<td>The project is likely to achieve the majority of its major objectives efficiently with moderate shortcomings.</td>
</tr>
<tr>
<td>Moderately Unsatisfactory (MU)</td>
<td>The project is not likely to achieve at least half of its major objectives efficiently with moderate shortcomings.</td>
</tr>
<tr>
<td>Unsatisfactory (U)</td>
<td>The project is not likely to achieve most or any of its major objectives efficiently.</td>
</tr>
<tr>
<td>Not Applicable (NA)</td>
<td>The project is not yet effective.</td>
</tr>
<tr>
<td><strong>Implementation progress</strong></td>
<td></td>
</tr>
<tr>
<td>Satisfactory (S)</td>
<td>Implementation of most components is in substantial compliance with the original/formally revised plan except for only a few that are subject to remedial action.</td>
</tr>
<tr>
<td>Moderately Satisfactory (MS)</td>
<td>Implementation of some components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.</td>
</tr>
<tr>
<td>Moderately Unsatisfactory (MU)</td>
<td>Implementation of some components is not in substantial compliance with the original/formally revised plan with most components requiring remedial action.</td>
</tr>
<tr>
<td>Unsatisfactory (U)</td>
<td>Implementation of most components is not in substantial compliance with the original/formally revised plan.</td>
</tr>
<tr>
<td>Not Applicable (NA)</td>
<td>Implementation has not yet started.</td>
</tr>
</tbody>
</table>
Annex 2: Aggregate Results Framework

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Expected Results</th>
<th>Unit of Measure</th>
<th>Results Achieved Dec. 2014</th>
<th>Frequency of Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pillar 1 Development Objective</strong>: Increased sustainable growth as evident in private sector development, improved the business environment for local and foreign investors and access to finance and expansion in green growth initiatives</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>
</tr>
<tr>
<td>Businesses received business support/advisory services or financial investment (includes MSMEs)</td>
<td>Business support and advice services offered, action plans, roadmaps, models of good practice</td>
<td>Businesses supported to promote private sector development</td>
<td>Number</td>
<td>204</td>
</tr>
<tr>
<td>Persons with access to financial products and services</td>
<td>Improved access to finance for individuals</td>
<td>Improved access to finance for vulnerable populations &amp; microentrepreneurs</td>
<td>Number</td>
<td>13,530,000</td>
</tr>
<tr>
<td>Outstanding microfinance loan portfolio</td>
<td>Improved access to finance for businesses</td>
<td>Number</td>
<td>541</td>
<td>Semi-annually - annually</td>
</tr>
<tr>
<td>Business loans provided or guaranteed</td>
<td>Reduction in cost of accessing finance to consumers</td>
<td>Improved affordability of finance for individuals and businesses</td>
<td>Percentage (average by country)</td>
<td>0</td>
</tr>
<tr>
<td>NA</td>
<td>Improved green growth</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Projects and programs promoting green growth designed and implemented</td>
<td>Green growth initiatives launched</td>
<td>Number</td>
<td>2</td>
<td>Once at project launch</td>
</tr>
</tbody>
</table>

**Pillar 2 Development Objective/Impact**: Improved inclusive development including in the labor market, on fiscal policies and in provision of social services such as pension and safety net services and increased job creation through enhanced regulations and policies in the job market and provision of vocational training

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Expected Results</th>
<th>Unit of Measure</th>
<th>Results Achieved Dec. 2014</th>
<th>Frequency of Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>New employment opportunities created</td>
<td>Improved employment opportunities</td>
<td>Number</td>
<td>0</td>
<td>Annually</td>
</tr>
<tr>
<td>Individuals trained to improve employability or self-employment</td>
<td>Increased job or entrepreneurship training</td>
<td>Number</td>
<td>4,241</td>
<td>Quarterly - annually</td>
</tr>
<tr>
<td>Programs and projects designed and implemented to promote more efficient and equitable allocation of government resources</td>
<td>Increased effectiveness of social safety net and other programs targeting the most vulnerable</td>
<td>Number</td>
<td>5</td>
<td>Once at project launch</td>
</tr>
<tr>
<td>Households beneficiaries of social safety net and related programs targeting the most vulnerable</td>
<td>Increased access to social safety net and other programs to the most vulnerable</td>
<td>Number</td>
<td>735,000</td>
<td>Semi-annually - annually</td>
</tr>
</tbody>
</table>

**Pillar 3 Development Objective/Impact**: Enhanced economic governance including improvements in transparency, anti-corruption, accountability, asset recovery, public financial management and oversight, public sector audit and evaluation, integrity, procurement reform, regulatory quality and administrative simplification, investor and consumer protection, access to economic data and information, management of environmental and social impacts, capacity of local government, decentralization, establishing partnerships with entities such as Open government, public service delivery in social and infrastructure sectors and banking systems as well as support for the emergence of new and innovative government agencies related to new transitional reforms

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Expected Results</th>
<th>Unit of Measure</th>
<th>Results Achieved Dec. 2014</th>
<th>Frequency of Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency of transactions conducted in financial markets</td>
<td>Improved good governance in the public sector</td>
<td>Percent</td>
<td>0%</td>
<td>Semi-annually</td>
</tr>
<tr>
<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>10,125</td>
<td>Semi-annually - annually</td>
</tr>
<tr>
<td>Government bodies, institutions and local government units receiving support services</td>
<td>Government bodies and institutions including local government supported</td>
<td>Number</td>
<td>1,187</td>
<td>Annually</td>
</tr>
</tbody>
</table>

**Pillar 4 Development Objective/Impact**: Improved competitiveness and integration as evident in enhanced logistics, behind-the-border regulatory convergence, trade strategy and negotiations and planning and facilitation of cross-border infrastructure and infrastructure projects in areas of urban infrastructure, transport, trade facilitation and private sector development

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Expected Results</th>
<th>Unit of Measure</th>
<th>Results Achieved Dec. 2014</th>
<th>Frequency of Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade transactions conducted using new products or services</td>
<td>Increased trade growth</td>
<td>Number</td>
<td>120</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Logistics Performance Index ranking</td>
<td>Improved trade logistics</td>
<td>Score</td>
<td>NA</td>
<td>Once every 2 years</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>Indicators</th>
<th>Expected Results</th>
<th>Unit of Measure</th>
<th>Results Achieved Dec. 2014</th>
<th>Frequency of Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td>Improved enabling environment and government capacity across all pillars</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Studies, models of good practice or frameworks endorsed</td>
<td>Documents produced and endorsed</td>
<td>Number</td>
<td>NA</td>
<td>Quarterly - once in the life of the project</td>
</tr>
<tr>
<td>Regulations or laws endorsed or entities, units or systems established</td>
<td>Decreases issued or structures established</td>
<td>Number</td>
<td>3</td>
<td>Semi-annually - once in the life of the project</td>
</tr>
<tr>
<td>Public sector staff trained in various aspects of topic/sector</td>
<td>Staff trained</td>
<td>Number</td>
<td>346</td>
<td>Quarterly - annually</td>
</tr>
</tbody>
</table>