




MENA REGIONAL STRATEGY UPDATE 2011

Middle East & North Africa Response to Recent Developments



*REGIONAL STRATEGY
UPDATE*

- 
- I. Regional Outlook**
 - II. Development Challenges**
 - III. Operational Responses to Long-term and Short-term Challenges**
 - IV. Organizational Set-up to Deliver**





I. REGIONAL OUTLOOK



I. REGIONAL OUTLOOK: RECENT POLITICAL DEVELOPMENTS & ECONOMIC REPERCUSSIONS

- Recovering from global crisis, parts of the Region are facing unprecedented political developments with potentially far reaching implications
- People are demanding political reforms of voice, accountability and governance
- Political situation is aggravated by high youth unemployment, absence of governance frameworks, and rising food prices
- While too early to quantify economic impact, it is now certain that:
 - i. Growth, which was already slow (especially for oil importers), is expected to falter as tourism receipts drop and business and financial activities are disrupted
 - ii. Impact on the poor and vulnerable is potentially significant, especially if inflation accelerates
 - iii. Investment is expected to decline due to uncertainty
 - iv. Financial sectors may face complications
 - v. Fiscal deficits are expected to widen as revenue slows down and spending grows -- this is happening as Governments raise civil service salaries (Yemen) and announce public sector hiring, untargeted subsidies and rise in minimum wage
- Economic costs will grow, especially in cases of persistent instability or lack of clarity on transition



I. REGIONAL OUTLOOK: HOW IS MENA REGION POSITIONING TO RESPOND?

➤ **Short-term:** demand will likely focus on:

1. Analytical support for macro, fiscal, and financial stability (financing and knowledge); managing inflation/food prices (knowledge)
2. Employment creation programs; scale-up of public works, cash transfer and micro finance programs (financing and knowledge)
3. Protection for the Poor and Vulnerable (financing and knowledge)
4. Governance, including economic, corporate, and banking (knowledge)

➤ **Medium-term:** broaden and deepen the above areas, including a stronger emphasis on **demand-side governance** (community participation to improve performance of public services and value for money); creating an enabling environment for **private sector development**; and promoting **regional integration**

➤ **We stand ready to support clients in these areas and will...**

- Respond rapidly & flexibly, but need to recognize fluidity of situation and adapt as circumstances evolve
- Provide quick financing, backed by reforms; Rapid Response Operations; and Additional Financing
- Assess relevance of younger portfolios and use restructuring to address immediate needs
- Provide knowledge through intensive dialogue and just-in-time analysis for policy choices
- Redeploy resources (staff) in line with urgent needs (form teams around priority themes)



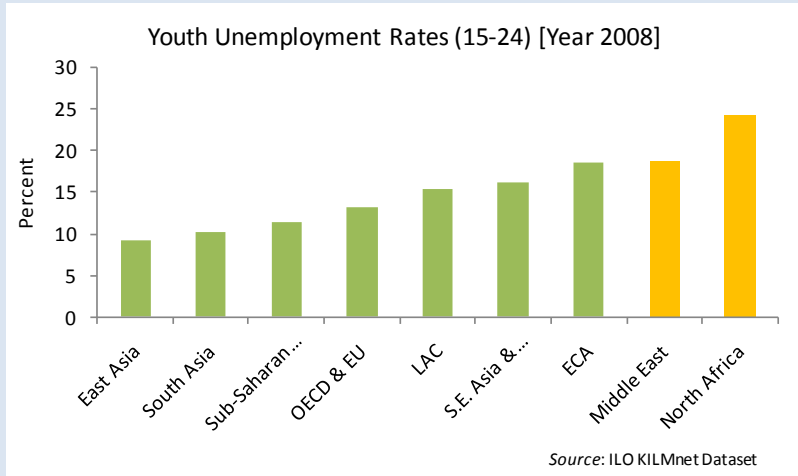


II. DEVELOPMENT CHALLENGES

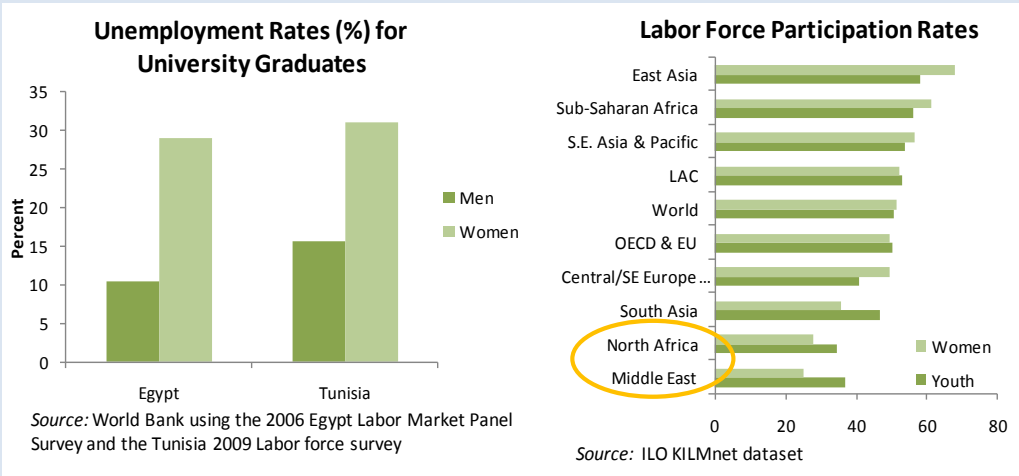


II. Development Challenges: UNEMPLOYMENT (YOUTH & WOMEN)

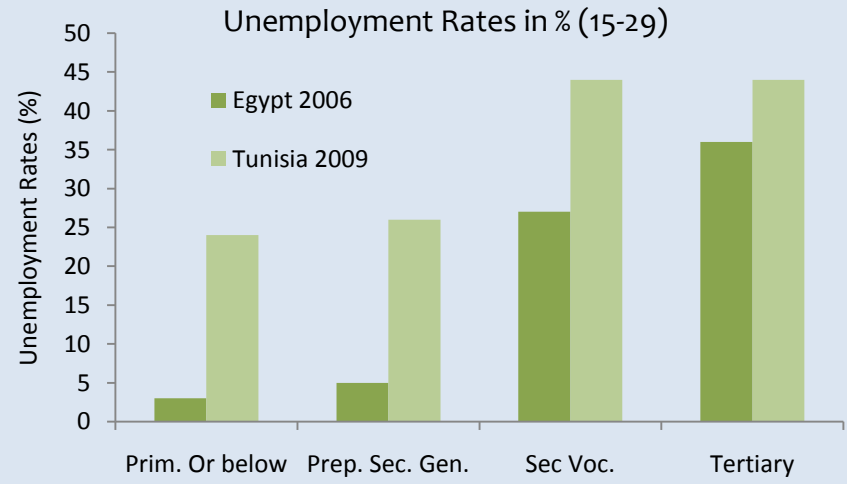
Youth Unemployment in MENA is higher than in any other region in the World



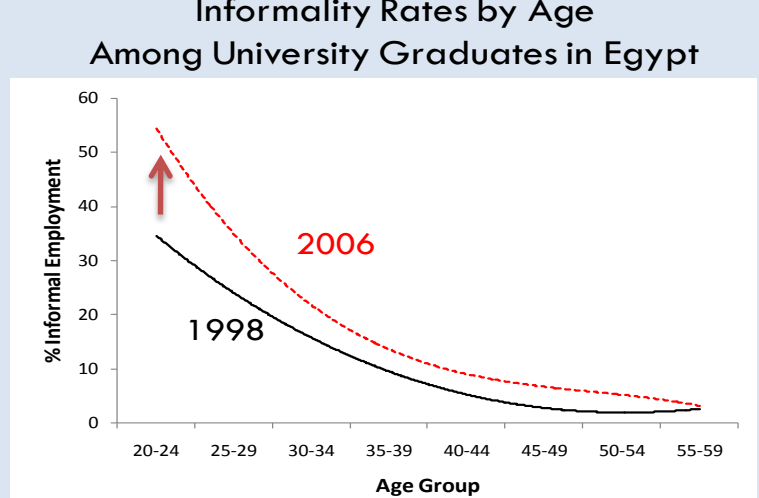
Young women face particular challenges in finding employment



In some countries, university graduates are the most affected



And many youth work in low-pay/low-productivity jobs



II. Development Challenges: UNEMPLOYMENT (YOUTH & WOMEN) - DETERMINANTS

Demand-side factors

- Low private sector job creation and demand for employment due to:
- Barriers to entry (privileges instead of competition)
- Limited access to credit for SMEs (MENA has lowest firm access to loans globally)
- Restrictive labor market regulation, high labor taxes
- Insufficient innovation and entrepreneurship and poor linkages with research institutions

Supply-side factors

- Demographics: a large youth bulge (share of the population between 15 and 24 years-old accounts for 20 to 25% of overall population, compared to 18% worldwide)
- Skill mismatches: firms identify worker skills and education among their top five constraints to business climate in the region, especially in North Africa
- Women face challenges in school-to-work transition & female entrepreneurship opportunities remain limited

Intermediation/Market clearing

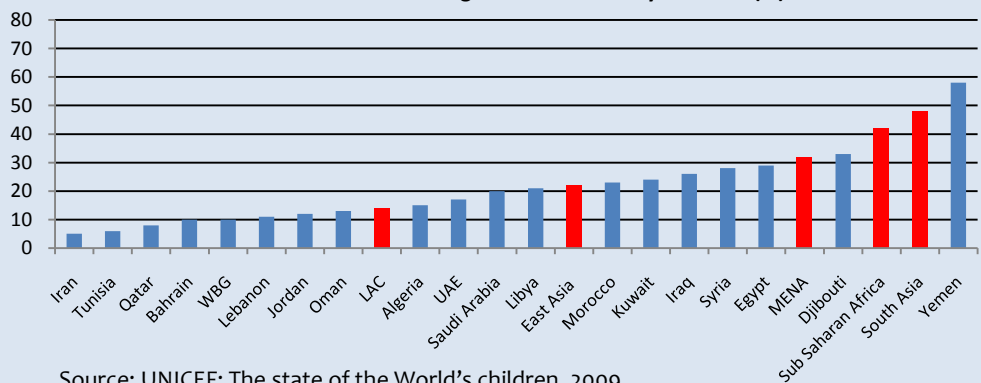
- Inefficient job and employee search mechanisms
- Queuing: Large public sectors with high benefits that distort incentives for new labor market entrants



II. Development Challenges: PROTECTING THE POOR & VULNERABLE

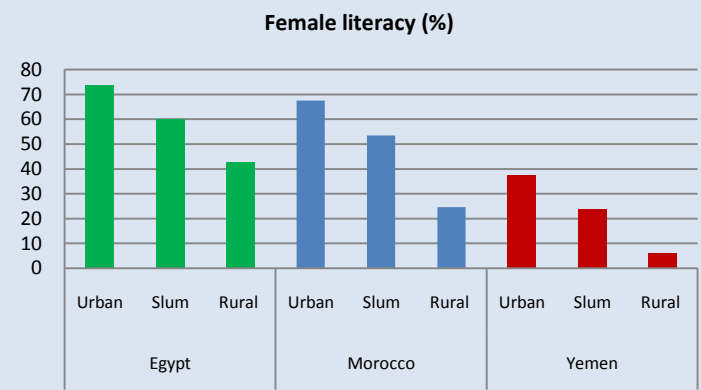
Most countries are on track to achieving most MDGs by 2015, but poor & conflict-affected countries and poor regions within better off countries are lagging behind

Malnutrition at alarming levels
Chronic malnutrition among children under 5 years old (%)



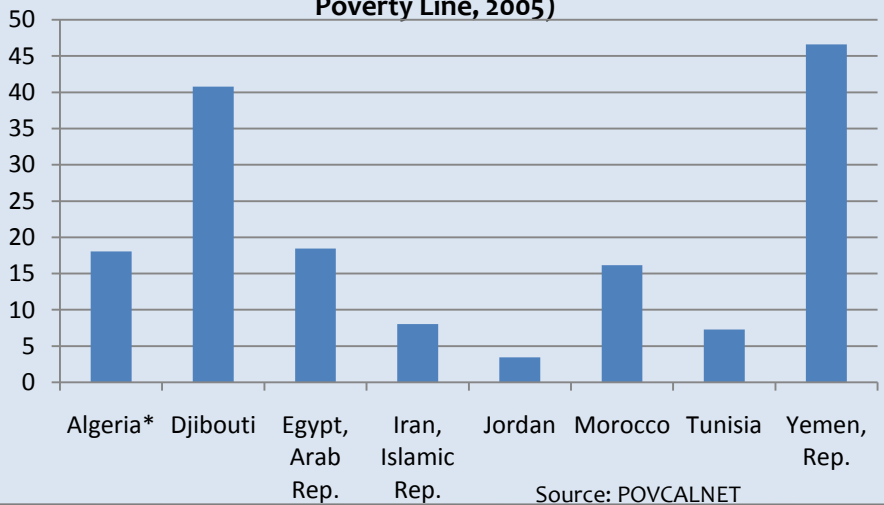
Source: UNICEF: The state of the World's children, 2009

Those born in lagging areas lack opportunities



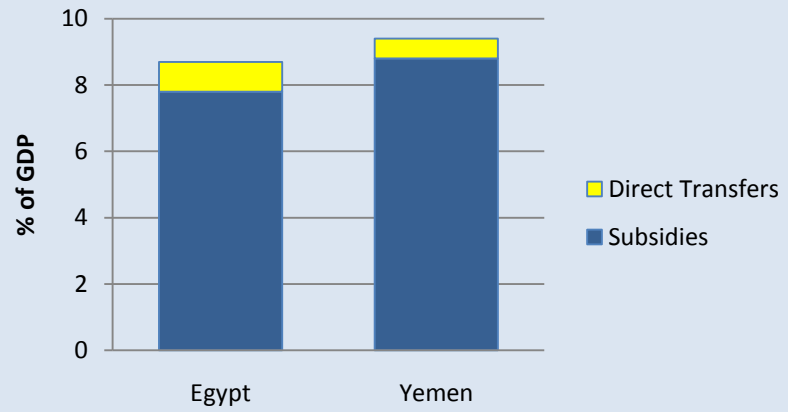
Source: World Bank: Poor Places, Thriving People: How MENA can rise above spatial disparities, 2009

Poverty Headcount Rates (% of population below a USD 2.00 PPP Poverty Line, 2005)



Source: POVCALNET

Universal subsidies spending relative to spending on targeted SSN

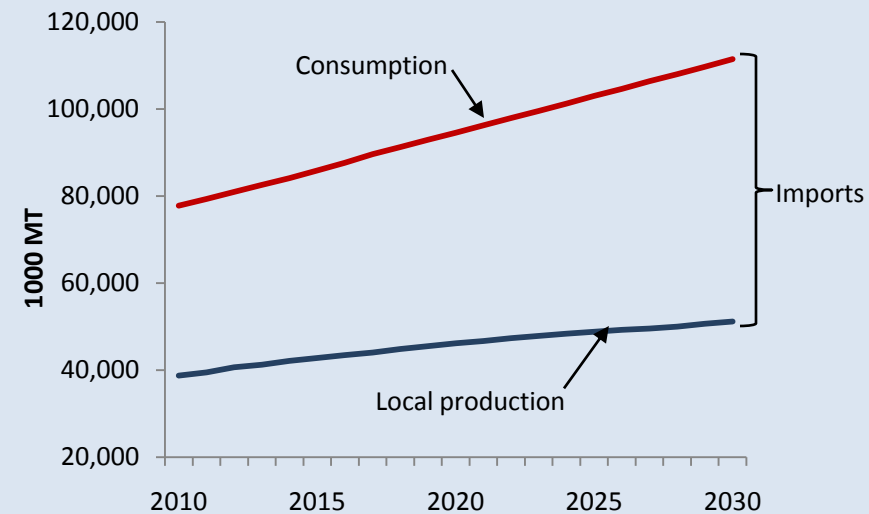


Source: Staff calculations based on World Bank Reports



II. DEVELOPMENT CHALLENGES: FOOD PRICE CRISIS EXACERBATES VULNERABILITIES

- **MENA's population is one of the fastest growing populations in the world:** population has grown 19 % over the last 10 years, world's population grew by 11 percent
- **MENA countries will remain vulnerable to future food price & quantity shocks**
 - MENA countries import 30% of the world's traded wheat
 - MENA wheat imports are projected to rise 55% by 2030 from 2010 levels
 - Heavy reliance on international commodity markets raises both price and supply concerns for the MENA countries
 - Over the last six months, 40% rise in the cereal price index and 77% rise in the sugar price index (FAO Food Price Indices Jun 2010 – Dec 2010). Together, these two commodities comprise roughly 61% of per capita caloric consumption in the region, which is 7% points higher than the worldwide average
 - Roughly 58% of consumed cereal & 75% of consumed sugar come from imports
 - **The poor will likely be hardest hit because they typically spend anywhere from 35 to 65% of their income on food**
- **Jordan, Yemen, Djibouti, Lebanon, Iraq, & Tunisia are the most vulnerable** considering their relative exposure to food price and quantity risk as a function of fiscal balances & dependence on food imports



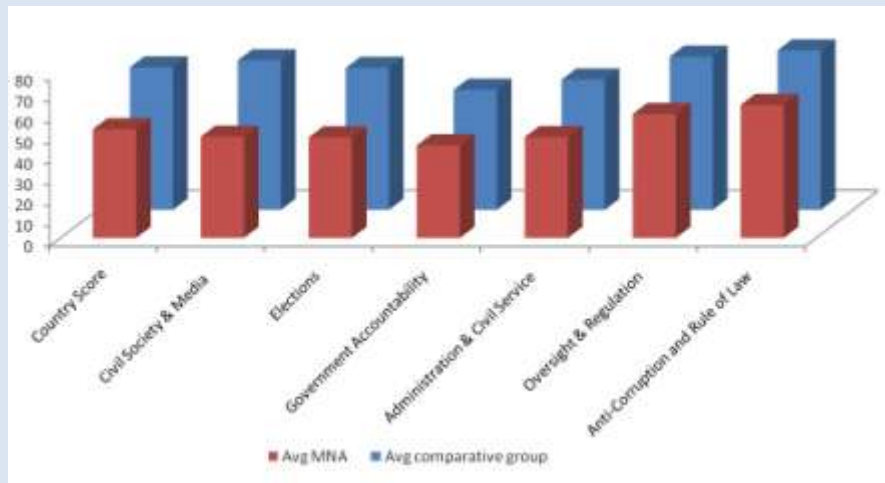
Source: Projections are calculated by the World Bank based on USDA base numbers for 2010



II. Development Challenges: GOVERNANCE

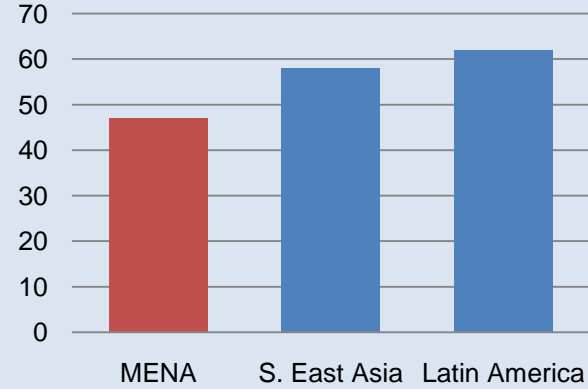
▪ MENA is relatively weak on overall governance indicators with large regional differences. The “governance deficit” is particularly pronounced with regard to demand-side governance, access to information and government transparency & accountability

Global Integrity Indicators (MENA vs. World 2009)



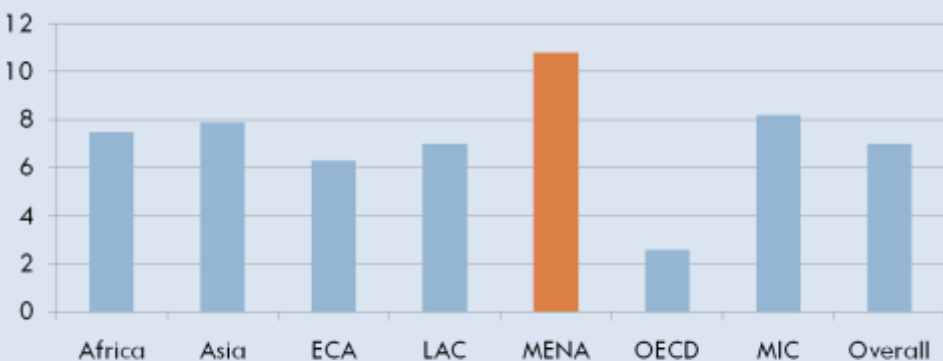
▪ MENA’s public sectors are large; they often do not provide adequate services to the citizens , & are seen as overly bureaucratic. Decentralization is limited

Comparative Regional Standings on Strength of Budget Processes (2007-2009)



Source: Global Integrity .Subcomponents include: legislative input into nat'l budget; citizen access to budgetary process; existence of legislative oversight of public funds; effectiveness of legislative committee

Central Civilian Government Wages as % of GDP



Source: WB's Fourth Regional Working Group on Civil Service and Integrity



II. Development Challenges: WATER SCARCITY & CLIMATE CHANGE

Despite water scarcity scenario MENA has managed to cope well:

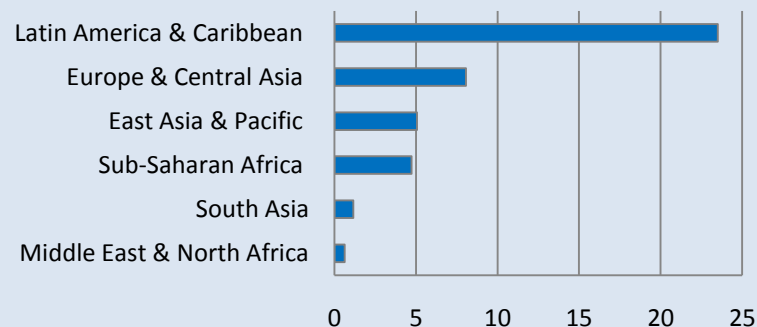
- 80% of the region's population enjoy portable drinking water
- Region has deployed expensive technology such as desalination plants to meet water needs – in GCC about 50% of water supply come from desalinated sources

Issues

- Inefficient water use practices & losses are rampant
- Pervasive use of subsidies in water sector – as tariffs recover only part of costs of supply
- Utilities register nonrevenue water losses of 40%+
- Inefficiencies irrigation systems; Agriculture uses 85% of exploited water resources
- Many aquifers are overexploited
- Low coverage of sewerage; about 50%
- Growing environmental degradation of coastal areas & other water bodies
- Risk of regional conflict over water resources

MENA countries are the **most water-stressed in the world today...and in the future**

Renewable water resources (1000 m³/cap in 2008)



Source: MENA Water Flagship Report, World Bank 2008

... and the changing climate places a growing strain on the environment

- 0.5 – 1.5°C **increase in temperatures** over the past 30 years
- **Drought** events have increased from once every 10 years to 5-6 events every 10 years today (Maghreb)
- Rates of **sea level rise** nearly tripled from 1 mm/year to 2-3 mm/year over the past two decades years
- Iran and Yemen alone recorded 94 **flood disasters** between 1980 & 2009





III. OPERATIONAL RESPONSES TO LONG-TERM AND SHORT-TERM CHALLENGES



III. OPERATIONAL RESPONSE: MENA'S STRATEGY IS ALIGNED WITH WBG STRATEGIC PRIORITIES

WBG's Strategic Directions

Create opportunities for growth

Target the poor and the vulnerable

Strengthen governance

Promote global collective action

Manage risk and prepare for crisis

MENA's Strategic Directions

Promote private sector enabling environment including promoting competitiveness & efficient incentive system; develop PPP infrastructure; improve access to finance; enhance skills & educational quality & functioning of labor markets; facilitate economic integration

Promote inclusive growth; Fiscally & socially sustainable SSN; move to targeted subsidies, launch efficient safety net programs that provide employment & cash for the poor & vulnerable

Strengthen delivery of social services: Improve Public Financial & Expenditure Management; strengthen corporate governance reforms, in particular banking sector governance; harness community participation

Promote collective action to better integrate the region globally through removing NTB & facilitating trade, strengthening infrastructure linkages & encourage coordination on water networks, climate change & partnerships in agriculture sector

Manage economic & environmental risks while protecting the vulnerable: prepare for economic shocks; mitigate environmental risk; prepare for political economy risk; enhance food supply while reducing exposure to market volatility



III. Operational Response: UNEMPLOYMENT (YOUTH & WOMEN)

SHORT RUN

- **Within a framework of inclusive growth, and with a view to fiscal sustainability, provide Employment Response Packages** that promote employment generation and income protection based on successful international experiences (i.e. Turkey)
- **Demand side**
 - Subsidize wages and/or social security contributions for skilled youth
 - Labor intensive public works & entrepreneurship programs for unskilled youth (ongoing programs in Yemen, Djibouti, Syria, Jordan)
 - Investment in early childhood development, home based work specifically targeted to women (Tunisia & Egypt pilots)
 - Expanding micro-credit (Egypt & Yemen)
- **Supply side**
 - Training for both skilled and unskilled unemployed (ongoing programs in Tunisia, Jordan, Yemen, Egypt)
- **Intermediation/Market clearing**
 - Labor Intermediation programs, liberalization of private intermediation, international placement, business promotion (Tunisia)



III. Operational Response: UNEMPLOYMENT (YOUTH & WOMEN)

MEDIUM RUN

➤ Demand side

- Create enabling investment environment by enhancing business regulations, easing trade restrictions, and facilitate inclusive access to finance
- Reform labor regulation and labor taxes and establish/improve unemployment insurance
- Promote innovation policies & facilitate knowledge economy

➤ Supply side

- Improve education quality to align skills to global economy demand
- Enhance skills training by focusing on key 21st century skills such as critical thinking & problem solving
- Undertake experimental policy pilots that focus on increasing women's participation in the labor force (Jordan Adolescent Girls Initiative)
- Develop Regional Gender Action Plan to improve diagnosis of gender issues, establish priorities for policy dialogue & indicators to monitor progress; CASs to be informed by gender analysis
- Design interventions to improve the productivity of informal, disadvantaged workers and, youth

➤ Intermediation/Market clearing

- Facilitate school-to-work transition with targeted and impact evaluated interventions
- Harmonize education standards within Region and with Europe to facilitate labor mobility
- Modernize labor intermediation and public employment services for domestic and international markets including reforming migration management



III. Operational Response: PROTECTING THE POOR & VULNERABLE

SHORT RUN

Help Countries develop rapid short term responses that target the poor & vulnerable including scaling up:

- **Labor intensive public works** (Yemen, Djibouti)
- **Conditional and unconditional cash transfer programs** (Yemen, Morocco, WBG)
- **Demand driven community service delivery** leveraging Yemen & other international social fund experience, including expanding micro-finance, promoting better access to basic health & education (Yemen, Egypt, Morocco, Lebanon)

MEDIUM RUN

- **Build effective social safety nets (SSN) systems for crisis preparedness.** Interventions include developing targeting, central beneficiary databases, and enhancing administrative systems and accountability.
- **Consolidate existing fragmented safety nets towards more effective programs** (Morocco, Egypt)
- **Support regional & country level dialogue on politically and socially feasible alternatives to subsidies** towards more efficient cash transfers: leverage dialogue on analytical work, innovation marketplaces, extensive consultations & opinion surveys
- **Enhance domestic food production** by investing in agricultural R&D, increasing irrigation and cropping efficiency, linking farmers to markets, and improving water resource management [Egypt Farm-level Irrigation Modernization, Djibouti Rural Development, Tunisia Irrigation and Wastewater Reuse, regional programs for desalination with renewable energy and water resource management with remote sensing]
- **Reduce exposure to market volatility** through investments in critical infrastructure such as strategic grain storage & reserves [Regional Wheat Import Supply Chain study for ten Arab countries, Jordan Grain Silo project, Qatar Strategic Grain Stocks RTA]



III. Operational Response: GOVERNANCE

Strengthen public service delivery

- Introduce measurable standards for public services: time to issue permits, number of steps required for registration, one-stop-shop for licensing, evaluation sheets for health services (Jordan public sector reform)
- Support social funds targeted at the poor and vulnerable, and projects in health, education and infrastructure that proactively involve local communities (Yemen Social Fund)
- Improve citizens' participation and feedback such as complaints hotline (Jordan), involvement of civil society organisations to monitor efficiency of government programs (Yemen), household surveys (Morocco)

Improve access to information

- Publish economic and social data, increase public hearings by Government and Parliament
- Establish framework for pro-active disclosure of government information and better access/right-to-information by the public, Parliament and media to improve government accountability and transparency
- Support dissemination of information in public information centers (e.g. Jordan)

Lower barriers to business and job creation

- Involve think tanks, academia and the private sector in addressing constraints in business environment
- Remove constraints (within government and the private sector) to allow for more open competition
- Simplify government procedures for business registration, create one-stop-shops & transparent time line for business registration (Morocco)

Improve efficiency and transparency of public expenditures

- Increase government accountability through outcome-based budgeting
- Increase role of local communities through participatory budgeting
- Increase independence of Supreme Audit Institutions & other accountability institutions (e.g. anti-corruption agencies) to measure and monitor government performance
- Reduce complexity of government procurement by simplifying procedures; make procurement decisions public

Improve corporate/banking sector governance

- Increase disclosure, business ethics, and use of international reporting & compliance standards
- Analyze and identify issues and bottlenecks, using bank governance reviews, ICAs, ROSCs
- Share experience on corporate governance reforms through regional forum

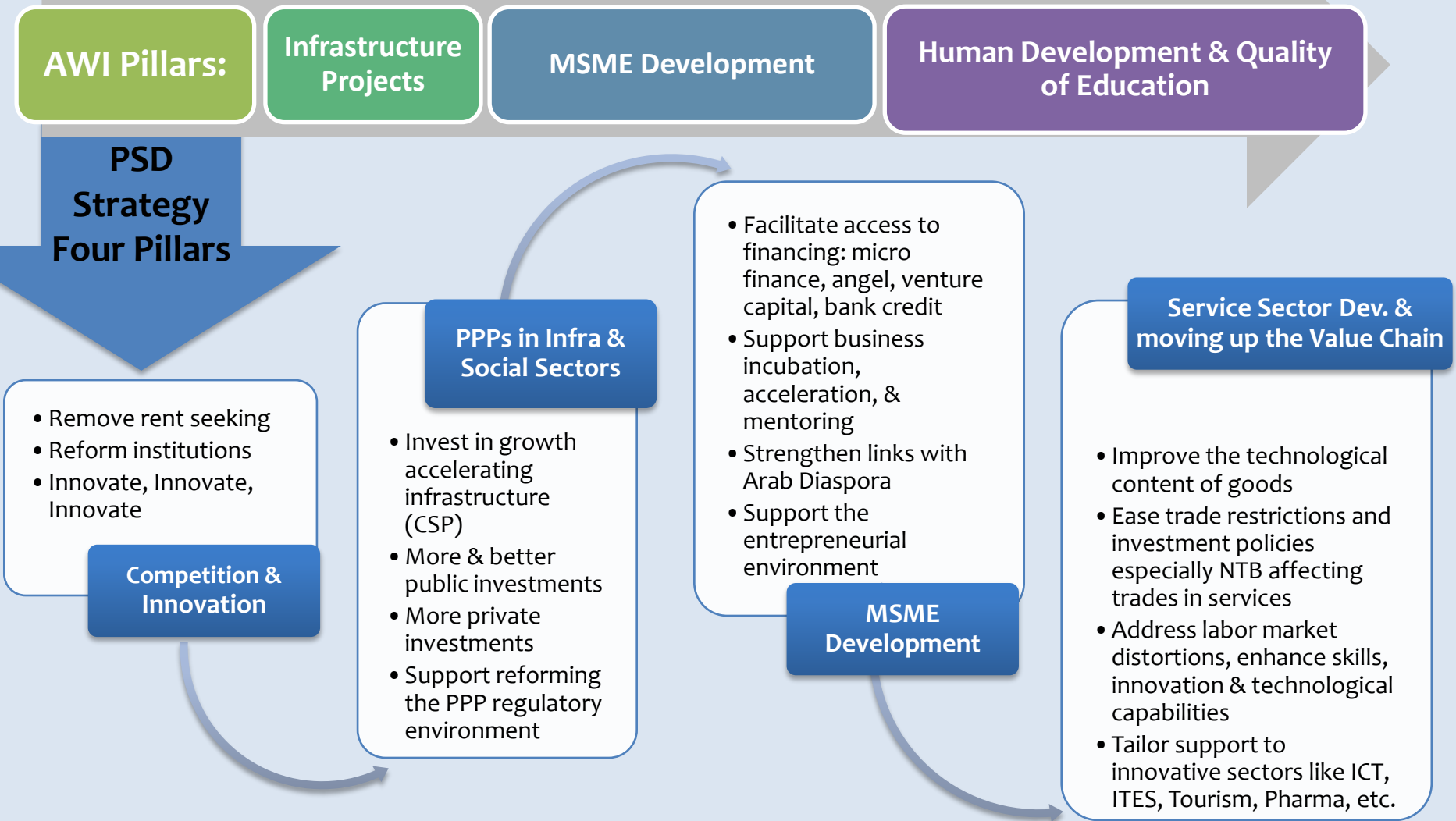


III. Operational Response: WATER SCARCITY & CLIMATE CHANGE

1. **CONSERVE: Rationalize Demand for Water Services**
 - Bank's comparative advantage in water reform and governance:
 - Improve efficiency in the use of scarce water resources; special focus on irrigation modernization & utility efficiency
 - Improve incentive structures for efficient use of water through rationalization of tariffs and subsidies in provision of water, sewerage & irrigation services
2. **AUGMENT: Increase the Supply of Water Resources:**
 - Protect water resources through (i) improved wastewater collection and treatment and other pollution control measures and (ii) aquifer recharge
3. **MANAGE: Strengthen institutions to support move toward more efficient resource use:**
 - Move from discrete projects to sector programming to ensure predictability & continuity
 - Address current institutional fragmentation in managing water resources
 - Improve capacity for planning of water resources beyond traditional approaches to promote water conservation & management
 - Address poverty targeting / safety nets when incentives in the sector are changing
 - Mobilize private sector for strategic capital investments
 - Improve sector regulation and its enforcement
 - Address systemic issues that affect sustainable use of water resources, including but not limited to (i) agricultural policies; (ii) energy subsidies (that have resulted in overextraction of groundwater) (iii) land use planning practices
 - Increase awareness among policymakers & public about the short, medium & long-term consequences of water scarcity
4. **INNOVATE: Use technology for improved water management initiative**
 - Support the use of ICT systems & Earth observation tools for improved water & environmental management on a regional scale; [Collaboration with NASA (& USAID) in applying satellite tools for improving water resource management]
 - Focus on use of technologies to alleviate water scarcity, especially desalination, and waste water reuse, and irrigation modernization
 - Maintain the regional dimension to ensure that coordinated efforts in resource management are achieved
5. **ADAPT & MITIGATE: Build resilience; reduce emissions; generate & share knowledge; leverage funding**
 - Tap Renewable Energy Sources (CTF Investments in Algeria, Egypt, Jordan, Morocco & Tunisia)
 - Sustainably Use & Reinforce Coastal Zones: Integrate climate-smart measures into coastal & urban planning/construction
 - Green the Cities: Promote low-carbon urban investments and maximize private investments with new green financial tools (carbon finance, green bonds)



III. OPERATIONAL RESPONSE: ARAB WORLD INITIATIVE & PSD



III. OPERATIONAL RESPONSE: ARAB WORLD INITIATIVE (AWI)



Human Development

- **Quality of Education:** Develop national standards & M&E systems, improve & publish data on performance, create a regional evaluation & research program. Education for Employment (E4E) initiative by the IFC/IsDB
- **Labor Market Reform & Employability:** Develop (i) measures to move to a regulatory system that protects workers & not jobs; (ii) programs that facilitate skills matching, support long-term unemployed, promote entrepreneurship, & modernize labor intermediation & employment services



Infrastructure Projects

- **Arab Financing Facility for Infrastructure (AFFI):** Joint WB-IFC-IsDB facility to leverage private investment flows & supplement public sector financing for PPPs
- **Regional Concentrated Solar Power:** Generating 1GW of concentrated solar power & exporting part of it to green electricity markets in Europe
- **Regional Trade & Transportation Facilitation Program:** cross border facilitation in the Mashreq & Maghreb region involving customs & logistics and road & railway corridors
- **Environment:** Gulf Environment Partnership Program (GEPAP); Sustainable Med program



Micro, Small & Medium Enterprises Development

- **Micro, Small & Medium Enterprise (MSME) Facility:** IBRD-IFC facility with KfW investment & BMZ grant co-financing. IBRD program will provide risk-sharing & financing, enabling the Facility to leverage commercial financing
- **Financial Sector Initiatives:** Strengthen & harmonize bank regulation, improve access to finance for SMEs & the housing sector & generate data for private capital flows. IFC promotion of South-South resource mobilization in the region & advisory services in SME finance & training



Communications & Cooperation

- **MOU with the League of Arab States (LAS):** Enhance collaboration in economic & social development in the Arab World
- **Partnership** with IsDB, Arab Bankers Association, Arab Fund for Econ. & Social Development, ESCWA, Qatar Foundation, ALECSO, AFED, ISESCO



III. OPERATIONAL RESPONSE: CPS & AWI REINFORCE EACH OTHER

Country Partnership Strategies (CPS)

- Tunisia Solar Interconnection
- Egypt SME Financing
- Jordan Cross-Border Road & Rail
 - WB&G Higher Education Quality Improvement Fund
- Morocco Skills & Employment
- Egypt Migration Management

REGIONWIDE PROGRAMS

- Electricity Interconnections Study with Arab League
- Employability Flagship
- Quality of Education Initiative
- Arab Maritime Transport
- Policy Paper on Regional Integration
- From Privilege to Competition

SUBREGIONAL PROGRAMS

- Concentrated Solar Power Scale-Up
- Mashreq & Maghreb Trade Facilitation & Transport
- Regional Micro/SME Financing Facility
- Arab Financing Facility for Infrastructure



III. OPERATIONAL RESPONSE: LEVERAGE IBRD/IFC-MIGA SYNERGIES

REGIONAL: Increased number of joint CASs/CPSs (Yemen, Lebanon, Morocco), collaboration on AWI, Financial Sector Flagship report, Access to Finance Advisory, Arab Finance Facility for Infrastructure (AFFI), Micro Small and Medium Enterprise Facility inc. Regional TA Unit for SME finance, Investment Climate Advisory, MENA Regional Concentrated Solar Power CTF Investment Plan, co-location of several offices

JORDAN

Joint CPS, Infrastructure PPPs, infra investment facility, power sector dialogue, financial sector policy

MOROCCO

Joint sub-national finance project, business start up simplification, credit registry, Clean Technology Fund Investment Plan, PPP advisory for solar power complex, a desalination plant and irrigation network

WEST BANK & GAZA

Affordable Mortgage Facility project, financial sector policy, telecom regulatory capacity building

YEMEN

PSD & investment climate work, mining policy issues, power sector dialogue, joint Safe Motherhood Program

Lebanon

Joint CPS, Investment Climate Reform, Access to Finance for SMEs, Electricity Sector and PPP dialogue

MIGA

IFC

MENA STRATEGY

Deepen activities in:

- MSME Access to finance
- Infrastructure
- Education
- Cross cutting Advisory Services

Continue to focus on:

- IDA & conflict countries
- Mobilizing regional investments
- Sustainability and climate change

New focus on:

- Opening new markets
- Greater gender focus



III. OPERATIONAL RESPONSE: SELECTIVITY: DIVERSITY OF CLIENTS & RESOURCE CONSTRAINTS REQUIRE TRADE-OFFS

Country Level Engagement Prioritization

GCC Oil Exporters:

IFC investments in renewables & SME financing

Exclusive use of RTAs in areas such as:

- Labor market dev & educational quality
- Governance
- Public Financial Management

Developing Oil Exporters:

- Oil revenue management
- Economic diversification
- Institutional strengthening
- Education

Oil Importers:

- Private sector enabling
- Fiscal sustainability
- Quality and efficiency of social protection

Fragile States:

- Reconstruction & socio-economic recovery
- Economic governance (including PFM)
- Basic services delivery

Do Less

Non-critical or fragmented AAA

Long term trend data analysis

Flagship ESWs

In areas where other partners have comparative advantage:

- Jordan CPS [leverage other donors financing of specific sectors]
- WB&G [transport, agri, health]
- Egypt [focus on higher education]

Enhance Efficiency of Processes Region-wide

Results-focused products & services:

- Use of track 1 processing & other IL Reforms
- Innovative knowledge services
- Performance management tools

Connectivity & collaboration:

- Selective decentralization
- Arab World website & revamp of communications strategy

Efficiency & simplification:

- Budget process at wholesale level not task by task
- Strategic staffing & program reviews to manage staffing needs
- Strengthened fee for services process
- Travel & office space cost management



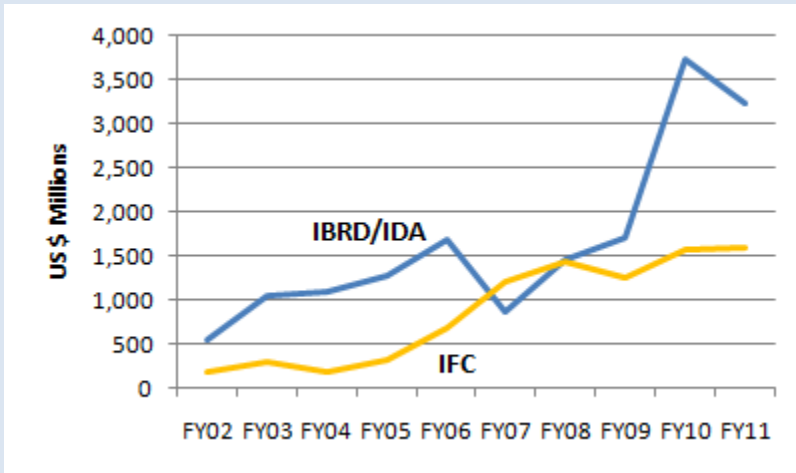


IV. ORGANIZATIONAL SET-UP TO DELIVER

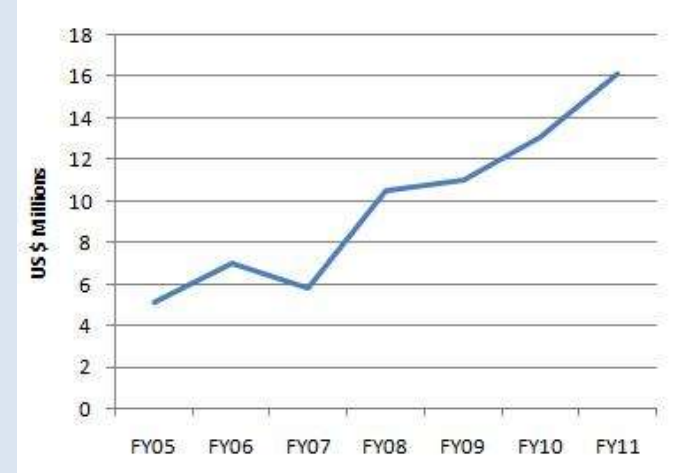


IV. ORGANIZATIONAL SET-UP TO DELIVER: Bank continues to provide high level of support

IBRD/IDA & IFC Commitments



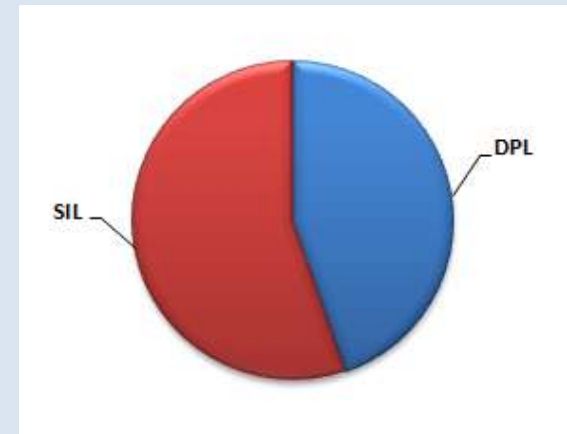
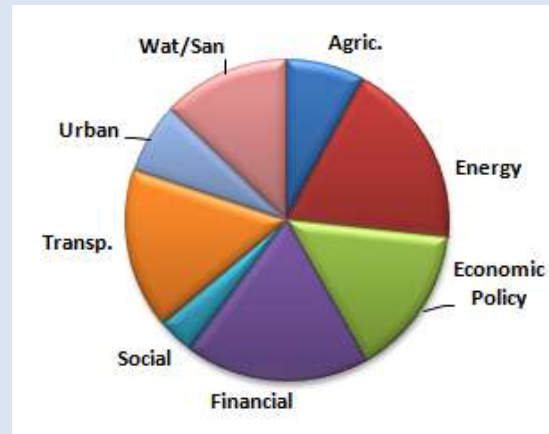
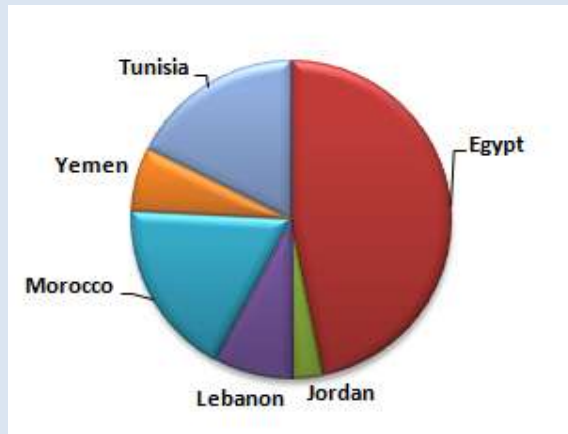
Providing high-value knowledge (e.g., fee-based technical assistance, in \$million)



IBRD/IDA Commitments by Country, FY11

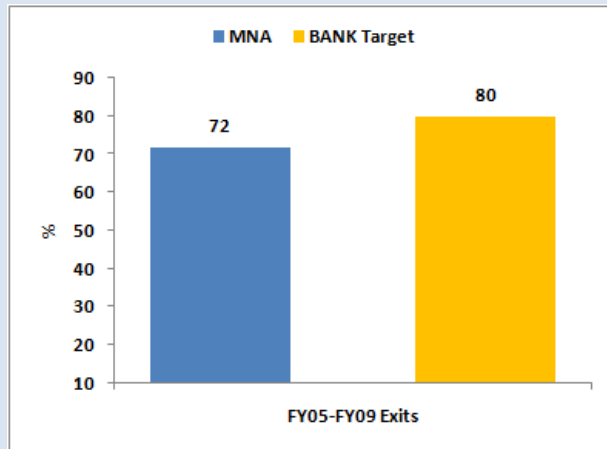
IBRD/IDA Commitments by Sector, FY11

IBRD/IDA Commitments by Instrument, FY11

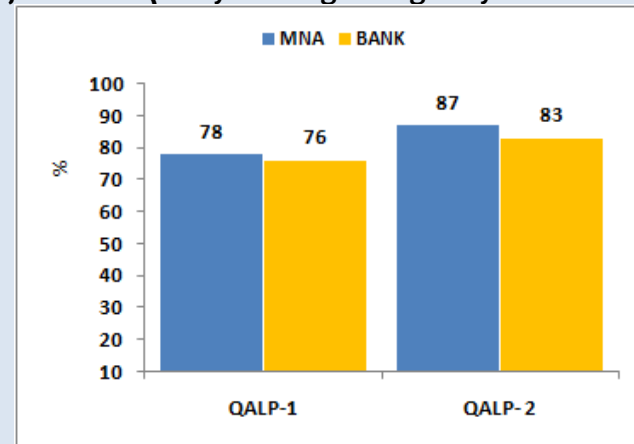


IV. ORGANIZATIONAL SET-UP TO DELIVER: Strengthen Operational Quality and Improve Efficiency

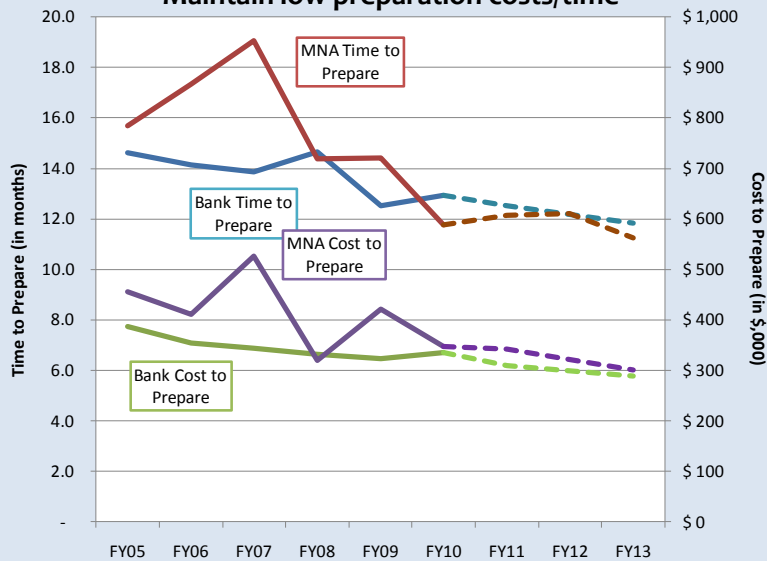
MNA Outcome Ratings by IEG (% satisfactory outcomes)



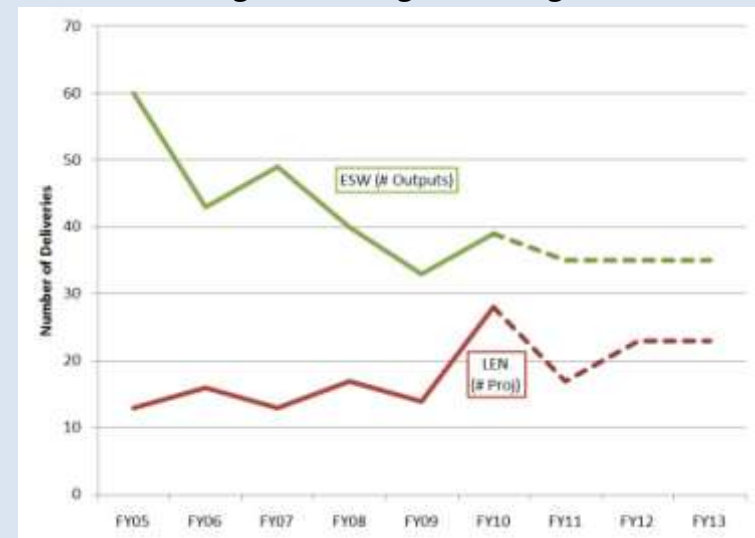
Improve quality with focus on upstream
(% of projects with Quality of Design Marginally Satisfactory & above)



Maintain low preparation costs/time



Balance knowledge & financing under budget constraint



IV. ORGANIZATIONAL SET-UP TO DELIVER: Impact of MENA's Work on the Ground

Morocco:

- ✓ Net enrollment ratio of girls in primary school increased from 28% to 68%.
- ✓ Potable water access increased from 50% to over 87%
- ✓ Non performing loans reduced from 18% to 5.5% .
- ✓ Public wage bill reduced to 10.2% of GDP down from 11.7% .

Lebanon:

- ✓ Restored basic services & upgraded municipal infrastructure.
- ✓ Establishment of cash management unit in MOF.
- ✓ Assistance to communities affected by the Nahr El Bared crisis.

West Bank and Gaza:

- ✓ Increase in access to safe garbage disposal for 200K people to 600K.
- ✓ Established a unified Palestinian National Cash Transfer Program which provided cash transfers to more than 63,000 of the poorest households.
- ✓ Wages as a percentage of GDP fell from 25% to 23%.
- ✓ Consolidation of all cash balances in a single treasury account.
- ✓ Net lending fell from \$535 m to \$250 m.
- ✓ Established a reliable social safety net program.
- ✓ 42 companies have entered new export market.

Tunisia:

- ✓ Primary completion rate rose from 79% to 92%.
- ✓ 16,000 jobs created for VTE grads and 2,300 for university grads.
- ✓ Export of goods doubled in value in 10 years.
- ✓ ICT sector now accounts for 10% of GDP, up from 3.5%

Syria:

- ✓ Completed a CPAR
- ✓ Capacity to produce fiscal information consistent with International Standards.

Iran: In response to two earthquakes:

- ✓ Reconstructed 24,200 damaged housing units /city hospitals etc
- ✓ 35866 urban housing units, 29,594 rural housing units and 5,250 commercial units were rehabilitated.

Egypt:

- ✓ Divestiture of 94% of state-owned bank shares in joint venture banks.
- ✓ Number of banks decreased from 57 to 39.
- ✓ Airport capacity increased to 14 m passengers/year from 9.5 m.
- ✓ Over 3,500 MW of efficient generation capacity (expected).
- ✓ 34,500 workers in 1,155 Egyptian enterprises trained.

Iraq:

- ✓ 600,000 people with improved drinking water.
- ✓ Budget execution improved from 25-30% to 70%.
- ✓ Rehabilitated 9 hospital emergency units and constructed 5 rehabilitation centers.
- ✓ Supported the nation-wide income and expenditure survey and preparation of the poverty Analysis Report.

Jordan:

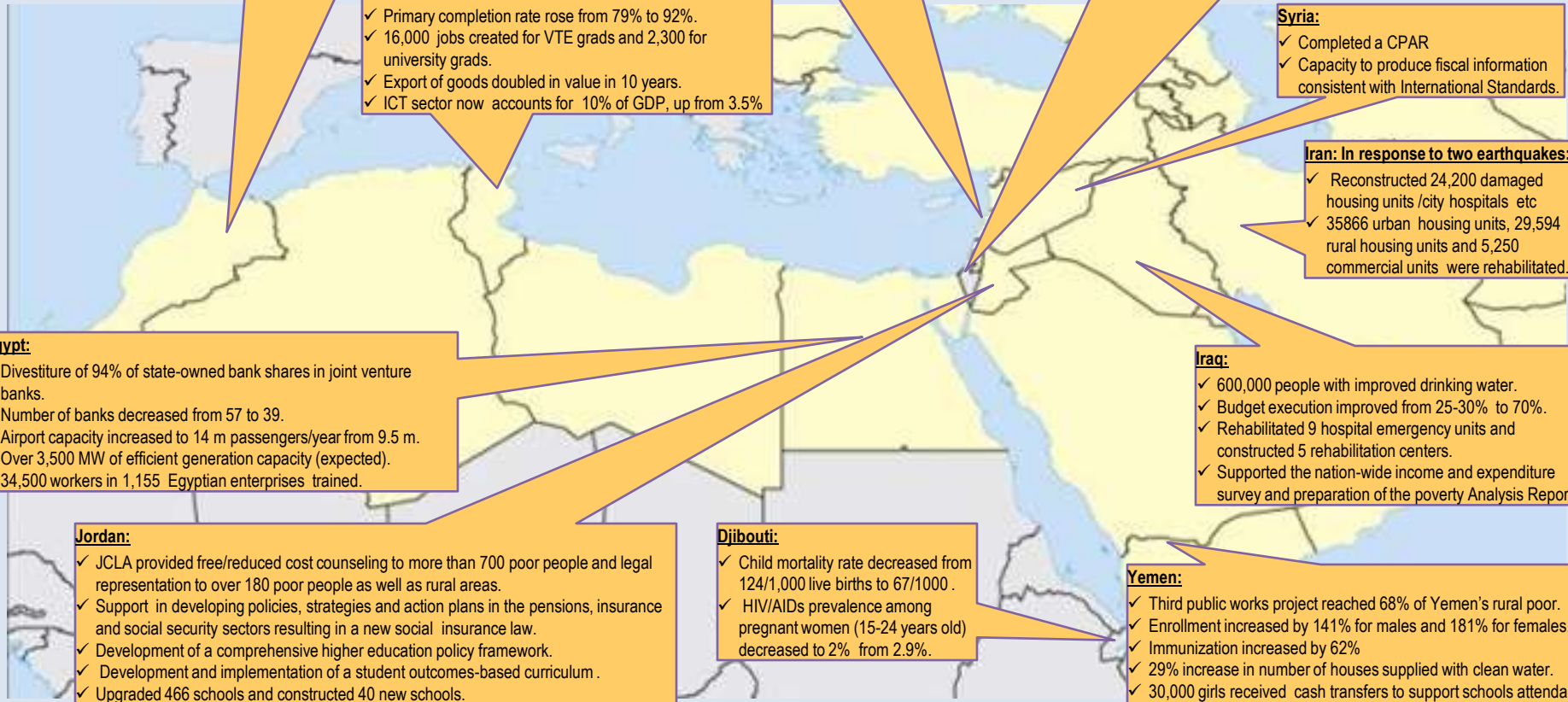
- ✓ JCLA provided free/reduced cost counseling to more than 700 poor people and legal representation to over 180 poor people as well as rural areas.
- ✓ Support in developing policies, strategies and action plans in the pensions, insurance and social security sectors resulting in a new social insurance law.
- ✓ Development of a comprehensive higher education policy framework.
- ✓ Development and implementation of a student outcomes-based curriculum .
- ✓ Upgraded 466 schools and constructed 40 new schools.

Djibouti:

- ✓ Child mortality rate decreased from 124/1,000 live births to 67/1000 .
- ✓ HIV/AIDs prevalence among pregnant women (15-24 years old) decreased to 2% from 2.9%.

Yemen:

- ✓ Third public works project reached 68% of Yemen's rural poor.
- ✓ Enrollment increased by 141% for males and 181% for females.
- ✓ Immunization increased by 62%
- ✓ 29% increase in number of houses supplied with clean water.
- ✓ 30,000 girls received cash transfers to support schools attendance
- ✓ National anti-corruption strategy/executive action plan developed.
- ✓ 2009 budget made available to public to improve transparency
- ✓ 71% of public employees included in biometric database.



Conclusion: The Way Forward

Adapt to changing realities -- deepen dialogue

- Fluidity of situation in Region calls for ongoing analysis and revision to our approach based on country circumstances
- Crisis underscores criticality of long-standing challenges and is opportunity to engage more deeply on some issues
- We will complement & supplement our staffing, drawing on skills base of the Networks to address urgent needs as they arise
- We will form teams to spur thinking around key critical themes, including Employment and Governance

Examine how we can do business differently

- Wake-up call: this is not business as usual
- We will work collectively and move beyond silos, beyond hierarchies, and beyond the Bank as we look for new ideas
- Listen to outside voices, including CSOs, the private sector and think tanks from the Region
- Enhance inter-sectoral cooperation among SMUs (essential for effective work on cross-cutting issues of employment and governance)

Leverage additional resources (donors, regional partners & private sector) for clients

- Complement Bank & IFC financing with resources from Arab funds & other partners (GCC large contributors to IFC initiatives), using WBG's technical expertise & convening power
- Strengthen support to regional cooperation through new department (Regional Strategy & Programs)
- Package WBG products & services to leverage private sector financing of large infrastructure projects

Continue dialogue with the Board

- Engage in fresh dialogue with EDs as situation evolves – propose oral briefing in three to six months, or sooner if called for

