

## PROJECT COMPLETION REPORT (PCR)

### A. PROJECT DATA AND KEY DATES

#### I. BASIC INFORMATION

Project Number: 2000130001930	Project Name: Micro and Small Enterprise Support Project	Country: Egypt	
Lending Instrument(s): Loan US\$ 87,150,000 Million; Grant UA 0.60 Million;		Sector: OSHD	Environmental Classification: 4
Original Commitment Amount: US\$ 87.150 M	Amount Cancelled: 0	Amount Disbursed: Loan: US\$87.150 M; Grant US\$ 279 460.	Percent Disbursed: Loan 100%; Grant 28%
Borrower: Government of Egypt with subsidiary on-lending agreement to the Social Fund for Development			
Executing Agency(ies) Social Fund for Development			
Co-financers and other External Partners [List all other sources and amounts of financing, technical assistance or other resources used in this project] Under the TA component, there will be a co-financing element by GoE/Social Fund for Development for 0.04 million.			

#### II. KEY DATES

Project Concept Note Cleared by Ops. Com.: 16 June 2006	Appraisal Report Cleared: 20 June 2006	Board Approval: 11 October 2006
Restructuring(s): Not applicable		

	Original Date	Actual Date	Difference in months [Actual-Original]
EFFECTIVENESS	01-janv-07	19-juin-07	5 months
MID-TERM REVIEW	2009	not implemented	N/A
CLOSING	31-déc-11	December 31, 2011.	N/A

All summary ratings are auto-generated by the computer from the relevant section in the PCR.

CRITERIA	SUB-CRITERIA	RATING
PROJECT OUTCOME	Achievement of Outputs	3
	Achievement of Outcomes	3
	Timeliness	4
	OVERALL PROJECT OUTCOME	4
BANK PERFORMANCE	Design and Readiness	4
	Supervision	4
	OVERALL BANK PERFORMANCE	4
BORROWER PERFORMANCE	Design and Readiness	4
	Implementation	4
	OVERALL BORROWER PERFORMANCE	4

#### IV. RESPONSIBLE BANK STAFF

POSITIONS	AT APPROVAL	AT COMPLETION
Regional Director	E. Taylor-Lewis	J.Kolster
Sector Director	A.Hammer	T.Hurley
Task Manager	Y.Baldeh	Y.Baldeh
PCR Team Leader		G.El Sökkary
PCR Team Members		A.Sobhi, A.Ayad, Mr. M.Omran (C) Ms. M.Ahmed (C)

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## B. PROJECT CONTEXT

Summarize the rationale for Bank assistance. State:

- what development challenge the project addresses,
- the Borrower's overall strategy for addressing it,
- Bank activities in this country (ies) and sector over the past year and how they performed, and
- ongoing Bank and other externally financed activities that complement, overlap with or relate to this project.

Please cite relevant sources. Comment on the strength and coherence of the rationale.

[250 words maximum. Any additional narrative about the project's origins and history, if needed, must be placed in Annex 6: Project Narrative]

With a substantial annual population growth rate of around 1.8%, leading to 750,000 new entrants to the labour market each year, and an unemployment rate of 11.75 in 2005, job creation is a key development priority for the GoE. Poverty reduction is another element of priority, particularly in the context where, in 2005, 20% of the population lived below US\$1 per day and poverty in Upper Egypt was diagnosed as chronic. The GoE's sixth Five Year Plan 2007-2012 targets a reduction of population living under poverty from 20% to 15%; the provision of 3.8 million jobs (including 1.4 million by the SFD); and an annual GDP growth rate of 8% on average. Within this context, the overall goal of the project is to reduce poverty and promote rapid economic growth, through the development of micro and small enterprises which create jobs and increase income for the active poor. The main challenge the project addresses is availing the poor with access to finance and to non-financial services. GoE efforts to promote MSE development include: (i) decreeing the MSE law 241/2004, defining MSEs, mandating the Social Fund for Development to become the coordinator for MSE development, and allocating 10% of total government procurement to be provided by MSMEs;

(ii) in December 2008, the Central Bank issued a waiver of 14% of provisions for banks active in MSME lending; (iii) a draft law is currently under consideration, allowing the establishment of microfinance institutions to on-lend to micro-entrepreneurs, in addition to NGOs. The Bank is an active donor in the MSME sector in Egypt, working primarily with the SFD in its capacity as the coordinator for MSE development. Having started with the current MSE Support Project which consists of a general line of credit on-lent through partner financial intermediaries and NGOs, the Bank has since then moved towards supporting MSEs in specifically targeted sectors namely, franchising (US\$40 M LoC) and agribusiness development (US\$70 M LoC). Implementation of these sector-specific project is about to start. These three projects are complementary in that together they cater to the needs of a large portion of the population while addressing poverty reduction, economic growth and employment generation challenges. In addition, the Bank's private sector arm is supporting SMEs through a US\$ 200M LoC to the National Bank of Egypt, which is progressing steadily yet at a slow pace largely due to the sector-specific nature of the loan (primarily tourism which has been affected by the crisis). Amongst the most active donors of the MSE sector, supporting the SFD are: the EU, CIDA, JICA, IFAD, the Arab Funds, and more recently the WB, who is currently negotiating a general line of credit to the SFD for USD 300 M. Total current donor funding to SFD is USD 365 M (on-going and signed agreements) while pipeline funding is at USD 380 M.

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## C. PROJECT OBJECTIVES AND LOGICAL FRAMEWORK

<b>1. State the Project Development Objective(s) (as set out in the appraisal report)</b>			
The project sector goal is to promote rapid economic growth and poverty reduction. The project objectives are to: (i) create sustainable jobs; (ii) increase income generating opportunities for the economically active poor, resulting in decreased poverty levels and improved socio-economic indicators in the long term.			
<b>2. Describe the <u>major</u> project components and indicate how each will contribute to achieving the Project Development Objective(s).</b>			
The project consists of two components: (1) An access to finance component (US\$ 87.150 M) for on-lending to end-beneficiaries through financial intermediaries; (2) A capacity building grant (UA 0.6M) to improve the institutional capacity of the SFD and its partner beneficiaries and advocate for MSE Development. The LoC component is divided into two sub-components: (i) small enterprise lending (between USD 1800-180,000) through banks, tripartite agreements for special target audience, and SFD direct lending mechanism (on pilot basis); (ii) lending to micro-entrepreneurs (up to USD 1800) through NGOs. By availing finance to targeted low-income groups who have little or no collateral, the LoC component will facilitate income generating activities for the active poor, directly resulting in job creation and increase in income-levels and subsequently contributing to poverty reduction. The capacity building grant is used to improve the processes and performance of SFD staff and its partners, as well as raise awareness on entrepreneurship culture.			
<b>3. Provide a brief assessment (up to two sentences) of the <u>project objectives</u> along the following 3 dimensions. Insert a working score, using the scoring scale provided in Appendix 1.</b>			
PROJECT OBJECTIVES DIMENSIONS		ASSESSMENT	WORKING SCORE
RELEVANT	a) Relevant to the country's development priorities	The project is aligned with the GoE's 6th National Development Plan targets for poverty reduction, job creation and economic growth.	4
ACHIEVABLE	b) Objectives could in principle be achieved with the project inputs and in the expected timeframe	Most of the project objectives can be achieved by the project inputs; however the indicator "increase in market penetration rate of MSE lending" was hard to obtain and attribute to the project	3
CONSISTENT	c) Consistent with the Bank's country or regional strategy	The project is aligned with both pillars of the Bank's CSP 2007-11 for Egypt and the CSP Mid-term Review 2009: private sector development and promotion of social development and protection. The project is also consistent with the Bank's Strategy on Microfinance.	4
	d) Consistent with the Bank's corporate priorities	The project is consistent with the Bank's corporate priorities, namely poverty reduction, economic growth, private sector development and gender equality.	4

4. Summarize the log. frame. If a log. frame does not exist, complete the table below, indicating the overall project development objective, the major components of the project, the major activities of each component and their expected outputs, outcomes, and indicators for measuring the achievement of outcomes. Add additional rows for components, activities, outputs or outcomes if needed.

Hierarchy of Objectives	Expected Results	Reach (Target Population)	Performance Indicators	Targets and achievements		Assumptions/risks	
				At Project Completion Date (2011)	Achievement at PCR (2009)	At Project Completion Date (2011)	Comments at PCR (2009)
<p><b>Project Objectives:</b></p> <p>Creation of sustainable job opportunities and increasing income generating opportunities for the economically active poor</p>	<p><b>Medium-Term Outcomes</b></p> <p>(1) Conductive business and regulatory framework for SME growth and development.            (2) Improved institutional capacity of SFD and financial intermediaries for MSE financing            (3) Increase in the number of MSEs with access to finance</p>	<p>(1) Government agencies responsible for MSE growth and development            (2) SFD, financial intermediaries and MSEs</p>	<p>(1) Number of jobs created;            (2) Number of MSEs supported;            (3) SFD Financial Performance;            (4) Banking system's MSE penetration rate; and            (5) Survival rate of MSEs</p>	<p><b>By 2011</b></p> <p>(1) About 18,000 small enterprises supported leading to about 60,720 additional job opportunities             (2) SEDO and MFS achieved full operational and financial self-sufficiency</p>	<p><b>By 2009:</b></p> <p>(1) 6,424 SEs supported and 45,725 jobs created, representing 35% and 75% of targets respectively.             (2) Improvements in operational and financial self-sufficiency have been demonstrated, with efficiency ratio improving from 3.31 in 2006 to 4.8 in 2007 and to 5.1 in 2008; while self sufficiency ratio was 94% in 2008 vs 70% in 2005.</p>	<p>(1) Sustained GOE efforts and commitment towards the development of a conducive business and regulatory framework for MSEs            (2) GOE and SFD commitment to use market-based approaches and cost recovery at the optimum (eliminate subsidised interest rates)</p>	<p>(1) CBE decree no 2408 for 2008, exempted banks working with SMEs in setting aside 14% of their profits as provisions.             (2) SFD lending is within the lower range of market-based lending.</p>

<p><b><u>Activities (Inputs)</u></b></p> <p>Line of Credit: Credit facilities provided by SFD to intermediaries for lending to MSEs.</p>	<p><b><u>Short-Term Outputs:</u></b></p> <p>(1) New MSEs established and old ones expanded (2) Improving in the operational and financing performance of SEDO and the intermediaries (3) At least a net of 3.3 jobs created per enterprise supported</p>	<p>(1) Unemployed workers and new entrants into the labour market (2) Economically Active poor, especially women (3) SFD Intermediary Banks, NGO and MSEs</p>	<p><b><u>Source:</u></b> (a) SFD Financial Statements and MIS Reports; (b) National and CBE Accounts and Reports; (c) SFD Annual Accounts; (d) Project Completion Report</p> <p>(1) Number of jobs created (2) Disbursement Rate (3) SFD Loan Portfolio Quality (4) Number of sub-loans to MSEs (5) MSEs survival rate and business performance</p>	<p>(3) Increase in the MSE lending penetration rate of banks from 10% to at least 35% (4) About 50,000 micro enterprises supported leading to about 60,000 additional job opportunities</p> <p><b><u>By 2011</u></b></p> <p>(1) At least USD 87,150,000 disbursement to MSEs</p>	<p><b><u>(3) Penetration rate of banks in the sector increased 10%[1]</u></b></p> <p>(4) 18,244 MEs supported and 20,404 jobs created, representing 34% and 36% of targets respectively.</p> <p><b><u>By 2009</u></b></p> <p>(1) USD 69.4 M disbursed, representing 79.7% of funds. Remaining amount is planned for disbursement by March 2010.</p>	<p>(3) Foreign Exchange Risks</p> <p><b><i>Mitigating Measures:</i></b> (a) Improved liquidity management (b) Policy dialogue initiatives</p>	
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<p>Budget: ADB USD 87.15 million</p> <p>Categories : Miscellaneous USD 87.15 million.</p>			<p><b>Source:</b> (a) Loan disbursement records (b) MIS reports and returns (c) Quarterly progress reports</p>	<p>(2) Repayment Rate of at least 95% achieved</p> <p>(3) Portfolio at risk rate reduced from the current rate of 14% to under 4%</p> <p>(4) At least 35% of SEDO portfolio and 60% of MFS portfolio is lent to women</p> <p>(5) At least 60% of MFS portfolio is allocated to Upper Egypt</p>	<p>(2) Early indications are that repayments are on time. n/a[2]</p> <p>(3) Portfolio at risk has been reduced from 14% to 12%; however the calculations take into account cumulative NPL since the establishment of the SFD. Should SFD instore a write-off policy, this ratio would be lower.</p> <p>(4) 25% of SEDO and 39% of MFS have been on-lent to women.</p> <p>(5) 67% of MFS portfolio has been on-lent in Upper Egypt.</p>		
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[1] According to the CBE announcement, placed in Al Ahram Newspaper, Jan 9, 2010.

[2] Repayments cannot be thoroughly assessed at present time since most of the on-lending contracts are still in the grace period. However, for indicative purposes, the team reviewed the first contract signed, with the NBE in July 27, 2008 for LE 125 M. The first repayment due on the principle for an amount of LE 6.25M was on Dec 1, 2009, and was duly received by SFD. Meanwhile, interest payments started on a quarterly basis as of September 2008, and a total of LE 4.4 M were received by the SFD by Dec 23, 2009. In the case of micro-finance, principle repayments are not yet due, and cannot be assessed; however interest repayments by NGOs as of end of June should have totalled LE 1,863,460. Of this amount 82% was repaid on time; by September 2009, the arrear repayments by NGOs was just 1.22%. Therefore indications are that repayments are generally under control.

5. For each dimension of the log. frame, provide a brief assessment (up to two sentences) of the extent to which the log. frame achieved the following. Insert a working score, using the scoring scale provided in Appendix 1. If no log. frame exists, score this section as a 1 (one).

LOG. FRAME DIMENSIONS		ASSESSMENT	WORKING SCORE
LOGICAL	a) Presents a logical causal chain for achieving the project development objectives	Logical causal chain is adequately established in the log frame.	4
MEASURABLE	b) Expresses objectives and outcomes in a way that is measurable and quantifiable	While all objectives could be quantifiable, lack of baseline information, weak national MSE statistics, and the application of different definitions for MSEs, poses concern with regards to measuring certain objectives such as the MSE bank penetration rate, the survival rate of MSEs, etc. Furthermore, the fact that the PCR was undertaken in just under 2 years of first disbursement renders it impossible to assess medium term impact as well as project indicators such as repayment rates, which can only be assessed after an adequate lapse of time. Similarly, some of the output and impact indicators were linked to the grant capacity building activities, however since the grant implementation did not follow the same pace as the loan implementation, activities, these indicators could not be adequately assessed. It would have been more appropriate to conduct the PCR after the 5 year project life-cycle.	3
THOROUGH	c) States the risks and key assumptions	Risks and assumptions are adequately stated.	4

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## D. OUTPUTS AND OUTCOMES

### I. ACHIEVEMENT OF OUTPUTS

In the table below, assess the achievement of actual vs. expected outputs for each major activity. Import the expected outputs from the log. frame in Section C. Score the extent to which the expected outputs were achieved. Weight the scores by the activities' approximate share of project costs. Weighted scores are auto-calculated by the computer. The overall output score will be auto-calculated as the sum of the weighted scores. Override the auto-calculated score, if desired, and provide justification.

MAJOR ACTIVITIES		Working Score	Share of Project Costs in percentage (as stated in Appraisal Report)	Weighted Score (auto-calculated)
Expected Outputs (by 2011 - in 5 years)	Actual Outputs (end 2009 - in 2 years)			
1. At least US\$ 87.150 M disbursed to MSEs.	1. Within 20 months of first disbursement, the Bank had disbursed the full loan amount (US\$ 87.150M) to SFD. In turn, by December 2009, SFD had committed 88% and transferred 80% of this amount to financial intermediaries for on-lending. At the level of the financial intermediaries, 100% of the amount received from the SFD (US\$ 62,014,425 for small enterprise lending and US\$ 7.446 M for micro-lending) had been on-lent to end-beneficiaries at the time of PCR. In the case of microfinance an additional sum of US\$ 4.8M had revolved at the NGO level, and was also on-lent. The remaining funds with the SFD (US\$ 10,068,578) are being planned for disbursement throughout first half of 2010. An updated disbursement plan will be submitted to the Bank for approval.	4	50	2

<p>2. Repayment rate of at least 95% achieved.</p>	<p>2. Since the project was fully disbursed much in advance of the project completion date, and following bank rules, a PCR was scheduled, this resulted in a situation where information such as loan repayments cannot be accurately assessed because most loans issued are still in the grace period. Therefore the findings should be considered purely indicative at present time. Repayments by financial intermediaries consist of interest repayments and principle repayments, which follow different schedules. At this stage of the project, only interest repayments have been due for banks and NGOs alike and of these, 100% have been paid by banks as of Dec 2009, and 99.3% has been repaid by NGOs as of Nov 2009. Concerning principle repayments, only one bank contract has had one tranche payment due on December 1, 2009 which has been fully paid, while two NGOs have made advance payments. In terms of payments by end-beneficiaries to financial intermediaries, up to Sept 2009, small enterprises arrear ratio registered 0.7%. while micro-enterprises arrear ratio registered 0.8%.</p>	<p>3</p>	<p>20</p>	<p>0,6</p>
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<p>3. SEDO portfolio at Risk rate reduced from the current rate of 14% to under 4%.</p>	<p>3. During appraisal, the SEDO portfolio at risk was calculated as a percentage of overall arrears over the outstanding portfolio amount, resulting in a rate of 14%. This method did not take into consideration that the outstanding portfolio amount is cumulative since the establishment of the SFD (1991) and as such includes arrears which were largely registered in the first few years of implementation of the SFD, and which normally qualify for write-off. For the record and for consistency purposes, the PAR was calculated using the same methodology and for figures up till Sept 2009; the PAR was 12%, which is an improvement. However should this ratio be obtained as of a specific cut-off date, such as 2001 representing the beginning of the third operational phase of the SFD, the PAR ratio would be much lower. The PCR team notes that this indicator should have been identified as a grant activity indicator since the grant includes activities to enhance the performance of SEDO and MFS.</p>	<p>3</p>	<p>0</p>	<p>0,003</p>
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<p>4. At least 35% of SEDO portfolio and 60% of the MFS portfolio is lent to women.</p>	<p>4. Lending to women reached 25% under the small enterprise component and 39% under the micro-finance component. Compared with the ratio of female borrowers in the overall SFD portfolio (around 29% under SEDO and 50% under MFS) the project ratios are below target. More thorough analysis of the project portfolio indicates that factors such as geographical location, nature of projects, loan amounts and awareness are all factors which influence lending to women. For increased lending to women, additional efforts are required as well as specially targeted programs based on actual needs. Gender sensitization programs should be provided to NGOs and SFD officers; loan assessment forms and monitoring forms should include gender-related elements such as number of women employed, nature of employment (administrative, labour, etc); dissemination of success stories of women micro-entrepreneurs; increased outreach to rural communities.</p>	2	10	0,2
<p>5. At least 60% of the MFS portfolio is allocated to Upper Egypt.</p>	<p>Under the project, the MFS lending portfolio was implemented through 46 NGOs operating in 11 Governorates of which 6 are in Upper Egypt. Committed loans to Upper Egypt total LE 30.85 M, representing 69% of the MFS lending portfolio at PCR.</p>	4	10	0,4
<p><b>OVERAL OUTPUT SCORE</b> [Score is calculated as the sum of weighted scores]</p>				3,203



Check here to override the auto-calculated score

<p><b>Provide justification for over-riding the auto-calculated score</b></p>	
<p> </p>	
<p>Insert the new score or re-enter the autocalculated score</p>	3,203

## II. ACHIEVEMENT OF OUTCOMES

1. Using available monitoring data, assess the achievement of expected outcomes. Import the expected outcomes from the log. frame in Section C. Score the extent to which the expected outcomes were achieved. The overall outcome score will be auto-calculated as an average of the working scores. Override the auto-calculated score, if desired, and provide justification.

OUTCOMES		Working Score
Expected	Actual	
1. About 18,000 small enterprises supported leading to 60,720 additional jobs	1. Within 2 years, the total number of small enterprises assisted was 6,424 (representing 36% of the 5-year project target) and 45,725 jobs were created (representing 75% of the 5-year project target). With over a third of the target of enterprises assisted and three quarters of the jobs created in 2 years of project implementation, it is realistic to assume that the project targets will be completed, and exceeded, over the life-time of the project.	3
2. About 50,000 micro-entrepreneurs supported leading to 60,000 jobs	2. Within 2 years, the total number of micro-entrepreneurs supported was 18,244 (representing 36% of the 5-year project target) and the number of jobs created was 20,404 jobs (representing 34% of the project 5-year target.) With over a third of the targets achieved within 2 years, it is realistic to expect the project to achieve the full target, and perhaps more, over the project life-time.	3
3. Increase in MSE lending penetration rate of banks from 10% to 35%	3. This outcome cannot be completely attributable to the project. On a macro-level, as per the Central Bank of Egypt, penetration rate of banks in the SME sector has increased by 10% during 2009. On the project level, SFD contracted two new banks during this project, working for the first time in SME sector (Audi Bank and Faisal Islamic Bank). According to NBE officials, the NBE MSE portfolio was LE12.7 Billion in 2007, and had increased to LE 15.9 Billion in 2009, increasing by approximately 25% over 2 years.	3

4. SEDO and MFS achieve full operational efficiency and financial self-sufficiency	4. This indicator had no baseline for comparison. An analysis over 2006-2008 time span demonstrates that there has been an increase in portfolio size (14% between 2006 and 2007; and 7% between 2007 and 2008); an increase in revenue (59% between 2006 and 2007; and 37% between 2008 and 2007); and an increase in operating expenses (10% between 2006 and 2007; and 28% between 2008 and 2007). The substantial increase in operating expenses in 2008 was due to the investment costs related to the setting up of 17 one-stop-shops, and expansion of staff. The <b>efficiency ratio</b> (calculated as: revenues over expenses) improved from 3.31 in 2006, to 4.8 in 2007, and to 5.1 in 2008. Another indicator selected was amount of loans received/amount of loans disbursed, which remained above the 100% threshold, registering 468% in 2005, 1141% in 2006, 227% in 2007 and 113% in 2008. In terms of <b>self-sufficiency</b> , calculated as [1-(total grants/total revenues)] registered 70% in 2005, 63% in 2006, 80% in 2007 and <b>94% in 2008</b> , reflecting a noticeable improvement.	3
<b>OVERALL OUTCOME SCORE</b> [Score is calculated as an average of the working scores]		3



Check here to override the auto-calculated score

<b>Provide justification for over-riding the auto-calculated score</b>		
Insert the new score or re-enter the autocalculated score		4
<b>2. <u>Additional outcomes.</u> Comment on the project's additional outcomes not captured in the log. frame, including cross-cutting issues (e.g., gender).</b>		
<p>1. SFD provides beneficiaries with non-financial business development services, in addition to lending, in the form of assistance in the preparation of project pre-feasibility studies, basic management and book-keeping training, participation in marketing exhibitions, etc. These services are very valuable to beneficiaries as acknowledged by the project beneficiaries interviewed.</p> <p>2. SFD's direct lending arm has provided small enterprises deemed 'unbankable' by banks with a source of finance. Small enterprises who lack sufficient collateral, or operate in sectors unfavored by banks (such as the poultry sector which has associated avian flu risk, but is nonetheless important for food security reasons) but otherwise have sound business proposals are served by SFD direct lending arm. Under the project direct lending was allocated a funding of around 4.5% of the loan amount, out of which 601 loans were issued in a period of 4 months.</p> <p>3. SEDO expanded its outreach with bank partners by working on this project with two new banks, Audi Bank and Faisal Islamic Bank. An induction workshop introduced Audi Bank staff with specialized information on the SME sector and its operational modalities.</p> <p>4. SEDO operated a diversified lending program, utilizing commercial and specialized banks, tripartite agreements targeting special groups (eg youth between 21-45 years who have never held a job and who live outside Metropolitan Cairo) as well as direct lending. This has allowed the project funds to be disbursed to a larger and more diverse audience, catering to different socio-economic backgrounds and circumstances.</p> <p>5. The MF sector diversified its outreach by working with individual as well as "umbrella" NGOs who operate through a second tier of locally-based associations.</p>		

6. SEDO updated its contract with the banks so as to provide partner banks and the end-beneficiary with flexibility in deciding on and choosing a loan risk insurance company, rather than obligate them to use only the Cooperative Insurance Society.

7. Under the grant activities, 28 workshops were conducted, in partnership with CIDA-funded project, to raise awareness and train SMEs on ways to activate their legal right to become suppliers to the government and provide government entities with up to 10% of all procured items. 476 participants attended, comprising beneficiaries, SFD staff and procurement managers for public sector entities. As a result, 68 beneficiaries have received government tenders.

8. Under the grant component, a series of trainings on entrepreneurship development were conducted by universities in various governorates, targeting graduating and post-graduate students.

9. The Bank's intervention and successful project implementation encouraged other donors to support the SFD in promoting MSE development, particularly JICA, the WB and currently the AFD.

**3. Risks to sustained achievement of outcomes. State the factors that affect, or could affect, the long-run or sustained achievement of project outcomes. Indicate if any new activity or institutional change is recommended to help sustain outcomes. The analysis should draw upon the sensitivity analysis in Annex 3, where appropriate.**

1. Lending through MFS: under the project, disbursements to the 46 NGOs was completed by June 2009, in accordance to the planned disbursement and contracts. However, for the next 6 months, there were no new NGOs contracted despite the fact that funds were available. NGO funding proposals had been submitted, but seem to have been too weak to be considered for funding. This implies that intensive training for NGOs is an urgent requirement to be undertaken and should become a regular activity undertaken by the SFD. Discussions with MFS management confirmed that this is being addressed simultaneously by short-to-medium term actions consisting of (i) training planned for January 2010; (ii) the establishment of a dedicated MFS credit risk unit to validate decisions taken for on-lending; (iii) increase in the lending ceiling for NGOs by 40% for those with certain eligibility criteria; and (iv) establishing agreements with the postal services and Banque Misr for micro-finance lending.

2. New bank-partners: to minimize implementation delays, SEDO should provide new partners with intensive training on the cooperation modalities, highlighting best Practices and Lessons Learnt from earlier experiences.

3. SFD to set-up a solid beneficiary database, with baseline data that is continuously updated. This would allow the SFD to continuously monitor the performance of the MSEs assisted, and as needed, provide them with additional services until they graduate to a MSME segment. This will ensure that MSEs established and jobs created are sustainable.

4. The rationale behind the direct lending concept is viable, however as currently piloted, there are concerns which need to be addressed related to: (i) credit assessment capacity of officers within regional offices; (ii) monitoring and follow-up of enterprises assisted; (iii) direct lending should not be positioned as competition to bank lending, but rather as a channel for special cases; (iv) there should be a strong graduating policy to ensure that those who benefit from direct lending once, should be 'bankable' and graduate to receive loans from regulated sources such as banks; (v) there should be an exist strategy for this operation, as relevant.

5. SFD should strengthen and develop its BDS to run as a separate cost-center, based on a solid business rationale that allows the service to cover its cost and become sustainable. That will only happen if the service provided addresses the actual needs of the end-borrowers, is of a certain quality, is correctly promoted and priced. It should also establish MoUs with more specialized training agencies such as the Industrial Modernisation Center and the Agricultural Extension Services, to which it can refer beneficiaries depending on their needs.

6. SEDO should consider raising funds for a guarantee facility to apply to specific projects deemed unbankable by banks, rather than focus on providing them with lending through the SFD direct lending window.

7. SFD needs to clean up its aging portfolio so that figures for Non-Performing Loans and Projects At Risk reflect accurate performance and not be burdened by aging problems which need to be written off.

8. The TA grant, geared largely towards institutional capacity building for SFD, faced implementation delays which have affected progress of the project in the sense that SFD staff capacities improved in areas such as monitoring and evaluation, training, and business plan development would have benefited the overall implementation and progress of the project. Delays encountered were mainly due to long tender process, limited capacities for ToR development, weak database of consultants and limited responsive offers. Ownership of the grant agreement by a particular department/unit was also lacking, which may have also affected progress in grant implementation.

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## E. PROJECT DESIGN AND READINESS FOR IMPLEMENTATION

1. State the extent to which the Bank and the Borrower ensured the project was commensurate with the Borrower's capacity to implement by designing the project appropriately and by putting in place the necessary implementation arrangements. Consider all major design aspects, such as extent to which project design took into account lessons learned from previous PCRs in the sector or the country (please cite key PCRs); whether the project was informed by robust analytical work (please cite key documents); how well Bank and Borrower assessed the capacity of the implementing agencies and/or Project Implementation Unit; scope of consultations and partnerships; economic rationale of project; and provisions made for technical assistance.

**[200 words maximum. Any additional narrative about implementation should be included at Annex 6: Project Narrative]**

With reference to the project appraisal document, the **project design** was overall comprehensive and well-informed, with a thorough contextual analysis, identifying the regulatory context, the MSE practices within the financial sector and the microfinance sub-sector, the sector challenges, as well as the main stakeholders and donors active in the sector. The appraisal report also reflected an in-depth analysis of the Social Fund for Development reflecting its organizational structure, funding sources, financial management, and implementation modalities. The project was informed by the former "ADF-Supported SFD Phase II" for UA 15 million, which was part of a larger multidonor program for US\$ 564 M, as well as by the Multidonor Mid-Term Review of the SFD. Amongst the **Lessons Learnt** used from earlier projects were:

(i) use of market-based interest rates for all credit facilities; (ii) use of participatory demand-driven intervention strategy; (iii) use of targeting tools based on poverty indicators; (iv) strengthened supervisory arrangements. Furthermore, based on recommendations from earlier LoC extended to 3 commercial banks in Egypt, including the ongoing NBE LoC, a TA component was included as an integral component of the project, with activities geared towards strengthening the institutional capacity of the SFD and its Partner Financial Intermediaries.

In terms of capacity review, in preparation for project management, a rapid review of the SFD structures, processes and capacity was undertaken following which the following was agreed upon: (i) a project coordinator from within the SFD staff would be designated to coordinate the implementation and report to the Bank; (ii) the SFD credit policy was deemed appropriate to be used for the selection, contracting and disbursement of the financial intermediaries; (iii) the SFD Management Information System was reviewed and accepted in principle as a source for portfolio monitoring; however it was agreed that the MIS system needed upgrading and that was catered for under the grant component; (iv) the project provided SFD with flexibility in terms of internal allocation of funds between small enterprise lending and micro-lending.

During project design stage, intensive donor consultations took place with donors active in the MSE sector, and particularly those working with the SFD. This was also facilitated by the fact that the Bank had participated with other donors in the Mid-term Multidonor Stakeholder Review of the SFD. Linkages with other donor-funded activities, such as the Business Development Services project funded by CIDA, were explored. Similarly, in identifying the institutional capacity needs of the SFD to be addressed by the grant sub-components, feedback from KfW and the EU was obtained.

2. For each dimension of project design and readiness for implementation, provide a brief assessment (up to two sentences). Insert a working score, using the scoring scale provided in Appendix 1.

PROJECT DESIGN AND READINESS FOR IMPLEMENTATION DIMENSIONS		ASSESSMENT	WORKING SCORE	
REALISM	a) Project complexity is matched with country capacity and political commitment.	The project design took into consideration SFD's capacity to manage a general LoC that would be availed to MSEs nationwide, through a network of partner financial intermediaries. The project also took into consideration the political commitment to support and enhance MSE development in Egypt.	4	
RISK ASSESSMENT AND MITIGATION	b) Project design includes adequate risk analysis.	The project appraisal report reviewed the credit and exchange rate risks involved, and in the project design recommendations were included, such as the need to use prudent criteria and procedures and review the guarantee scheme in place.	4	
USE OF COUNTRY SYSTEMS	c) Project procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners.	The project used the SFD credit policy which had been reviewed and deemed adequate by the Bank. It also used its own monitoring and financial management system. In terms of reporting, the project developed a reporting format which was later replicated for other donor-supported projects. Procurement of services was only required under the MIC grant; the national country procurement system was not used as it is yet to be assessed and endorsed by the Bank.	3	
For the following dimensions, provide separate working scores for Bank performance and Borrower performance:			WORKING SCORE	
			Bank	Borrower
CLARITY	d) Responsibilities for project implementation were clearly defined.	The appraisal report identified the need for an in-house project coordinator to enhance and facilitate project management, and during project launch, the Deputy Director for International Cooperation Group was selected to fill that role. Other implementation responsibilities and procedures, such as reporting, internal budget allocations between the small and micro-enterprise sectors, were also clarified and agreed upon.	4	4
PROCUREMENT READINESS	e) Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at appraisal.	Procurement under this project was limited to the grant component. A procurement plan was agreed upon following the launching of the project; however documents such as ToRs experienced some delays in development, which had an impact on the implementation of the grant component.	3	2

MONITORING READINESS	f) Monitoring indicators and monitoring plan were agreed upon before project launch.	Monitoring indicators were included in the project appraisal and agreed upon; these were further fine-tuned during project launch. However, the consultancy for the collection of baseline information experienced several delays which affected its implementation. As a result, baseline data was not available throughout the project, and proxy indicators had to be used to in some circumstances.	3	2
BASELINE DATA	h) Baseline data were available or are were collected during project design.	Baseline data was not available upon project implementation, and was included within the grant activities to be undertaken during the early stages of project implementation. However, due to delays in procurement process, the consultancy did not start ahead of time as planned. Furthermore, the consultant selected declined the assignment later, which further delayed the process. As another alternative, the SFD developed a questionnaire to be circulated to end-beneficiaries through the financial intermediaries, to collect beneficiary socio-economic data to be used as baseline. A total of 4800 questionnaires were collected, but upon their analysis, the questionnaires were found to have been inadequately answered, presumably because they were not given priority by the NGOs officer who handed them out to end-beneficiary, and perhaps the questions were too long. In any case, upon thorough analysis of the collected questionnaires, they were considered obsolete. Therefore the two initiatives undertaken to collect baseline data had failed.	2	1

# PROJECT COMPLETION REPORT (PCR)

## F. IMPLEMENTATION

1. State the major characteristics of project implementation with reference to: adherence to schedules, quality of construction or other work, performance of consultants, effectiveness of Bank supervision, and effectiveness of Borrower oversight. Assess how well the Bank and the Borrower ensured compliance with safeguards.

[200 words maximum. [Any additional narrative about implementation should be included at Annex 6: Project Narrative.]

Overall, project implementation was smooth and was conducted at a faster pace than expected. This was largely due to the fact that on-lending to small enterprises was allocated 80% of the LoC funds, and that about 78% of those funds were channelled through one of the largest bank's in Egypt (NBE) with substantial experience in SME lending, a wide network, and a good working relationship with the SFD. Micro-credit lending also followed a satisfactory pace, having on-lent 45% of the total funds availed within 2 years of disbursement. More importantly, these funds were fully on-lent by the FIs to the end-beneficiaries reflecting efficiency and smooth implementation at all levels, and achievement of the main project targets. The remaining unutilized balance of US\$ 10.2 M is being planned for disbursement by the SFD within the first 6 months of 2010. During implementation, the SFD requested a re-allocation of funds from one financial intermediary to another, due to changes in circumstances, which reflected ownership, initiative taking, sound judgement and timely management by the implementing agency. Intensive project management coordination and follow up between EGFO, the TM and the SFD ensured that bottlenecks encountered were immediately addressed and alternative options were explored.

A case in point was the weak performance of the Cooperative Insurance Society, following which new model contracts were developed opening up the use of other insurance service providers. The project was compliant with the safeguards identified such as the use of market-based lending approach- the interest rate difference between SFD loans through banks and the commercial bank loans is between 0.1%-2.5%; and conducting policy dialogue initiatives towards an increase in MSE development, such as the workshops to operationalize the 10% portion of public procurement to be restricted to MSE service providers. In addition to the launching mission, the Bank conducted 3 supervision/review missions in 2 years of implementation, all with satisfactory ratings. The main delay experienced by the project was related to the procurement of consultants under the grant component. Delays were either TOR-related and required revisions; or occurred due to circumstances beyond the control of the SFD such as weak responses to bids or consultants apologizing after being contracted. During PCR, the two shortcomings noted included:

(i) the early timing of the PCR which did not allow for an accurate assessment of certain dimensions such as regularity of repayment rates, socio-economic impact of the project, and impact of the grant sub-components; (ii) the lack of baseline data which made it difficult to assess some indicators, despite the effort to use proxy indicators instead.

Otherwise, in 2 years of implementation, the project has fully achieved its on-lending and geographical outputs and has partially achieved its project outcomes, with measurable indications that the remaining outputs and outcomes would be fully achieved within the project's 5 year life-span. Additional efforts should be exerted however, to meet the gender indicator requirements of the project.

**2. Comment on the role of other partners (e.g. donors, NGOs, contractors, etc.). Assess the effectiveness of co-financing arrangements and of donor coordination, if applicable.**

**Donor coordination** was undertaken during project appraisal, launching, and implementation. This was facilitated through one-on-one meetings as well as through the Development Partner Sub-group on MSE Development. This coordination resulted in a joint implementation, under the policy advocacy grant sub-component, of workshops in close collaboration with CIDA-funded project. The project implementation is based on SFD collaboration with Financial Intermediaries - banks, NGOs, Car Gas Company, Mobile Distribution Outlet in collaboration with the Ministry of Social Solidarity, etc. The PCR team noted the excellent working relationship between the SFD staff, both at HQ level as well as within the regional offices, with the SFD partner financial intermediaries. This has allowed issues to be raised and addressed before they become bottlenecks (eg. discussions between SEDO and NBE on the need to modify SFD bank contracts to allow for more flexibility regarding the use of a loan insurer)

**3. Harmonization. State whether the Bank made explicit efforts to harmonize instruments, systems and/or approaches with other partners.**

The Bank reviewed many of the working documents provided by the SFD, and as appropriate approved their use. During the project launching mission, the Bank requested a donor-round table discussion with all donors supporting SFD (EU, IFAD, JICA, CIDA and others) to present the project, discuss plans and address common challenges. The Bank also requested the SFD to hold these meetings on a regular basis. Donor reporting presented a challenge to the SFD; the Bank worked closely with the relevant staff to come up with a reporting format that was later used for other donor-funded projects.

**4. For each dimension of project implementation, assess the extent to which the project achieved the following. Provide a brief assessment (up to two sentences) and insert a working score, using the scoring scale provided in Appendix 1.**

PROJECT IMPLEMENTATION DIMENSIONS		ASSESSMENT		WORKING SCORE
TIMELINESS	a) Extent of project adherence to the original closing date. If the number on the right is: below 12, score 4 between 12.1 to 24, score 3 between 24.1 to 36, score 2 beyond 36.1, score 1	Difference in months between original closing date and actual closing date or date of 98% disb. rate.		4
		N/A		

<b>BANK PERFORMANCE</b>	b) Bank complied with:		
	Environmental Safeguards	The project was classified category 4	4
	Fiduciary Requirements	Disbursement requests were expedited, and flow of funds was adequate	4
	Project Covenants	Project covenants were followed up during implementation.	4
	c) Bank provided quality supervision in the form of skills mix and practicality of solutions	Bank supervision missions were of adequate quality.	3
	d) Bank provided quality management oversight	Bank demonstrated flexibility during implementation, facilitated by the solid and regular day-to-day coordination at the local level between the two institutions. This oversight was further enhanced by the fact that EGFO staff work with the SFD on several projects simultaneously, providing them with a solid overview and understanding of the capacities and the needs at hand, and allowing for greater synergies.	4
<b>BORROWER PERFORMANCE</b>	e) Borrower complied with:		
	Environmental Safeguards	The SFD has an Environmental and Social Management Plan which is mainstreamed in all its activities. Environmental screening of the sub-projects is undertaken by the SFD during loan application, and this is conducted in close collaboration with the EEAA and the Environmental agency focal points at the regional level.	4
	Fiduciary Requirements	The SFD submits audit reports on a regular basis, with no delays. The Bank Audit Review Mission to Egypt in January 2009 included the SFD. Some recommendations were made to improve the SFD systems and staff capacity, and a management plan was agreed upon, which is being followed up on regularly. Many items in the plan have been implemented or are in the process.	4
	Project Covenants	The Borrower complied with all the conditions.	4

	f) Borrower was responsive to Bank supervision findings and recommendations	The Borrower was responsive to the recommendations and supervision findings made.	4
	g) Borrower collected and used monitoring information for decision making	The Borrower used the poverty map in selecting project targeted areas, particularly to meet the target of 60% on-lending through NGOs to be in Upper Egypt. However, there is a dire need for the SFD to upgrade its poverty map using the most recent census; as well as to establish a comprehensive database of beneficiaries including socio-economic indicators to follow up on their progress. The lack of baseline database for the project was a challenge.	3

# PROJECT COMPLETION REPORT (PCR)

## G. COMPLETION

1. IS THE PCR DELIVERED ON A TIMELY BASIS, IN COMPLIANCE WITH BANK POLICY?			
Date project reached 98% disb. Rate (or closing date if applicable)	Date PCR was sent to pcr@afdb.org	Difference in months	WORKING SCORE (auto-calculated) if the difference is 6 months or less, a 4 is scored. If the difference is 6.1 or more, a 1 is scored
17-sept-09		6	4

**2. Briefly describe the PCR Process. Describe the Borrower's and co-financers' involvement in producing the document. Highlight any major differences of opinion concerning the assessments made in this PCR. Describe the team composition and confirm whether a site visit was undertaken. Mention any major collaboration from other development partners. State the extent of field office involvement in producing the report. Indicate whether comments from Peer Reviewers were received on time (provide names and positions of Peer Reviewers).**

**[100 words maximum]**

The PCR was a joint-process between the Bank and the SFD. Two consultants were hired, a financial analyst and a development expert, in addition to 3 EGFO staff (socio-economist - task leader-, disbursement assistant and the procurement assistant) and 3 SFD staff (monitoring and evaluation senior manager, SEDO officer and Microfinance officer). A 4 day field visit was conducted in Minya and Fayoum governorates, which were selected because of the following factors: (i) good disbursement flows with large numbers of borrowers for SEDO and Microfinance Sector; (ii) amongst the poorest governorates; (iii) includes a substantial direct lending component. At the field level in both governorates the joint PCR team followed the same pattern: discussions with SFD regional office staff; group discussions with 6 end-beneficiaries (2 from MFS, 2 from SEDO and 2 from direct-lending including women); one-on-one meetings with 2 beneficiaries at their project sites; discussions with 1-2 NGOs and with one Bank at their premises. The report was compiled mainly by the two consultants and EGFO staff, with some inputs from the SFD staff as necessary. The PCR was peer reviewed by 5 Bank staffmembers who provided pertinent comments: A. Amine (EGFO); G. Geisler (Gender Expert, OSUS); A. Yahie (KEFO); J. Cunha (OSHD); and A. Nyong (OSUS).

## H. LESSONS LEARNED

Summarize key lessons for the Bank and the Borrower suggested by the project's outcomes [250 words maximum. Any additional narrative about lessons learned, if needed, must be placed in Annex 6: Project Narrative]

### Policy Level:

1. SFD should seek to standardize definition of MSMEs amongst the various stakeholders, which is currently a major challenge within the sector. If all stakeholders adopt the same definitions, this will ensure better targeting, increased accuracy and improved coordination.
2. SFD should continue advocacy work in favour of MSE development, such as the excellent conclusions of the advocacy workshops on the procurement of government goods by MSEs, which resulted in MSEs bidding and obtaining tenders for government tenders.
3. SEDO bank contracts should align their interest rate terminology with that used by banks (simple rate) so as not to create confusion at the level of the end-beneficiary and the wrong (and harmful) impression that SFD loans are subsidized.
4. SEDO should exert more efforts with its lending partners to ensuring that lending is provided on the basis of sound projects and not on collateral. In the case where some collateral may be required, there should not be one single insurance company involved, but rather it should be left up to the discretion of the bank and client.
5. SFD should focus on improving its Business Development Services, expanding agreements with other specialized institutions, and promoting them. These services should become a self-sustainable business model that is well promoted and offered to both end-beneficiaries as well financial partners. If they are perceived to offer value for money, the end-beneficiaries will be encouraged to use these services since they are in dire demand.
6. SFD should consider re-instating a gender unit to ensure sufficient attention to gender issues are given at the project implementation level. Cultural factors, low educational levels, lack of assets and of information are amongst the many challenges that impede women's access to finance. Within this context, there is a need to have a dedicated unit for gender issues and to explore mechanisms which would attract more women end-beneficiaries such as more training, better information, sensitization of communities and families, specially targeted products, etc.
7. SEDO partner financial intermediaries, and particularly banks, should be better sensitized on the need to attract more women end-beneficiaries. Some banks such as the CIB have created "credit cards for women" - similarly SFD bank partners should consider specifically targeted products for women entrepreneurs.
8. SFD must immediately upgrade its database of beneficiaries with baseline and socio-economic information which will allow the SFD to better report on the impact and outcome of their projects. Furthermore, the SFD Poverty Map should be updated according to the 2006 census.
9. SFD Direct lending mechanism should be reviewed and fine-tuned with special consideration to the rationale, applicability, durability and eligibility of beneficiaries and should include a mandatory graduation policy so that beneficiaries become 'bankable' for banks.
10. Environmental screening of all sub-projects should be implemented, particularly since small scale sub-projects may be very harmful to the environment. Continuous upgrading of the skills of the environmental focal points is recommended as well as strengthening of the environmental unit.

### Project Implementation level:

11. Funding partners should provide SFD with flexibility in deciding on issues such as internal allocation of funds between SEDO and MFS. This proved to be successful, allowing for expedited disbursement of funds based on needs and demands, as well as emphasising ownership, and improving portfolio management at the SFD level.
12. SFD should develop a set of intensive induction courses targeting new partner financial intermediaries it works with. These courses should clarify the relationship between the two entities, the rules and regulations to be observed, the reporting requirements, etc. This will facilitate project implementation and should be done on a systematic basis with all PFI for both SEDO and NGOs, both at the HQ and RO basis.
13. SEDO should consider expanding funding allocations to projects such as the Car Gas Company and the Mobile Distribution Outlets, which are simple, fast, and demonstrate tangible and immediate socio-economic impact.
14. The pace of contracting by MFCS needs to be reviewed to ensure that any procedures liable to create bottlenecks at the contracting level are resolved.

15. The MFCS should provide its partner NGOs with continuous and regular training to improve their capacities in terms of proposal writing, sub-project assessments, financial management of portfolio, use and installation of adequate MIS systems, skills and capacity-building of NGO credit and extension officers as well as accountants. An annual plan of training should be established to ensure the NGOs working with SFD get at least one training session per year.
16. Monitoring and follow up of sub-projects by the CIS needs to be dramatically improved. SFD should explore possibilities of contracting more than one supplier for this assignment so as to create competition and force CIS to improve its service. Meanwhile, CIS should improve their reporting and follow up skills, and SFD should be more rigorous in its follow up of the CIS.
17. SFD staff capacity needs to be continuously upgraded at both HQ and regional office level. Special consideration is to be given to credit loan officers, internal audit officers, procurement staff, environmental focal points, direct lending staff, and monitoring and evaluation staff.
18. SFD procurement need to improve ToRs and identification methods of consultants. They should focus on building a database of consultants, that is to be continuously upgraded. In the contracting process, the availability of the consultant needs to be confirmed before their inclusion in the short-list.
- For the Bank:**
19. Launching missions should include a strengthened procurement component, where all details of the procurement requirements will be identified and agreed upon in advance.
20. The Bank, through its Field Offices, should continue providing the SFD with day-to-day guidance in portfolio management.
21. PCRs guidelines should be reviewed and for similar projects, PCRs should be undertaken when over 50% of the repayments by end-beneficiares has started.
22. The different pace of implementation between the project and the grant impacted the assessment of the project.
23. The Bank should ensure the availability of baseline information, if not at appraisal time, then at the start of implementation.

# BANK PERFORMANCE

## I. PROJECT RATINGS SUMMARY

All working scores and ratings are auto-generated by the computer from the relevant section in the PCR.

CRITERIA	SUB-CRITERIA	WORKING SCORE
PROJECT OUTCOME	Achievement of outputs	3,203
	Achievement of outcomes	4
	Timeliness	4
	<b>OVERALL PROJECT OUTCOME SCORE</b>	<b>4</b>
BANK PERFORMANCE	<b>Design and Readiness</b>	
	Project Objectives were relevant to country development priorities.	4
	Project Objectives could in principle be achieved with the project inputs and in the expected time frame.	3
	Project Objectives were consistent with the Bank's country or regional strategy	4
	Project Objectives were consistent with the Bank's corporate priorities	4
	The log frame presents a logical causal chain for achieving the project development objectives.	4
	The log frame expresses objectives and outcomes in a way that is measurable and quantifiable.	3
	The log frame states the risks and key assumptions.	4
	Project complexity was matched with country capacity and political commitment.	4
	Project design includes adequate risk analysis.	4
	Project procurement, financial management, monitoring and/or other systems were based on those already in use by government and/or other partners.	3
	Responsibilities for project implementation were clearly defined.	4
	Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at appraisal.	3
	Monitoring indicators and monitoring plan were agreed upon during design.	3
	Baseline data were available or were collected during design.	2
	<b>PROJECT DESIGN AND READINESS SUB-SCORE</b>	<b>4</b>
	<b>Supervision:</b>	
	Bank complied with:	
	Environmental Safeguards	4
	Fiduciary Requirements	4
	Project Covenants	4
	Bank provided quality supervision in the form of skills mix provided and practicality of solutions.	3
	Bank provided quality management oversight.	4
	PCR was delivered on a timely basis	4
	<b>SUPERVISION SUB-SCORE</b>	<b>4</b>
	<b>OVERALL BANK PERFORMANCE SCORE</b>	<b>4</b>

<b>BORROWER PERFORMANCE</b>	<b>Design and Readiness</b>	
	Responsibilities for project implementation are clearly defined.	4
	Necessary implementation documents (e.g. specifications, design, procurement documents) are ready at appraisal.	2
	Monitoring indicators and monitoring plan are agreed upon and baseline data are available or are being collected	2
	<b>PROJECT DESIGN AND READINESS SCORE</b>	<b>3</b>
	<b>Implementation</b>	
	Borrower complied with:	
	Environmental Safeguards	4
	Fiduciary Requirements	4
	Project Covenants	4
	Borrower was responsive to Bank supervision findings and recommendations.	4
	Borrower collected and used of monitoring information for decision-making.	3
	<b>IMPLEMENTATION SUB-SCORE</b>	<b>4</b>
	<b>OVERALL BORROWER PERFORMANCE SCORE</b>	<b>4</b>

## J. PROCESSING

STEP	SIGNATURE AND COMMENTS	DATE
Sector Manager Clearance		
Regional Director Clearance		
Sector Director Approval		

## Annex 1: Project Costs and Financing

Project cost:

The total cost of the project is USD 88,079,600 (UA 60.64 million), of which USD

87,150,000 (UA 60 million) is the Line of Credit component and USD 929,600 (UA0.64 million) is the Technical Assistance component.

Source of Finance:

The Line of Credit is fully financed by an ADB Loan of USD 87,150,000 (UA 60 million) –representing 100% of the cost. The Technical Assistance is financed by a MIC Grant of USD 871,500 (UA 0.60 million) and an SFD counterpart contribution of USD 58,100 (UA 0.04 million) representing 93.8% and 6.2% respectively, of the TA cost.

### Sources of Finance (UA million)

Source	F.E.	%	L.C.	%	Total	%
MIC Trust Fund	0.15	100.0%	0.45	91.8%	0.60	93.8%
Government (SFD)	0.00	0.0%	0.04	8.2%	0.04	6.2%
<b>Total</b>	<b>0.15</b>	<b>23.4%</b>	<b>0.49</b>	<b>76.6%</b>	<b>0.64</b>	<b>100.0%</b>

The detailed breakdown of the TA Program cost is shown below:

### TA Program Costs (UA million)

Source of Funds	MIC TRUST FUND			GOE	Total				%	%
Category of expenditure	FE	LC	Total	LC	FE	LC	Total	%	Bank	GOE
<b>SERVICES</b>										
<b>COMPONENT II</b>										
2.1 Business Development Services	0.000	0.145	0.145	0.000	0.000	0.145	0.145	22.8%	100.0%	0.0%
2.2 Consultancy / Facilitation Services	0.055	0.120	0.175	0.015	0.055	0.135	0.190	29.9%	92.1%	7.9%
2.3 Training and workshops	0.090	0.190	0.280	0.021	0.090	0.211	0.301	47.3%	93.8%	7.0%
<b>Total Services</b>	<b>0.145</b>	<b>0.455</b>	<b>0.600</b>	<b>0.036</b>	<b>0.145</b>	<b>0.491</b>	<b>0.636</b>	<b>100.0%</b>	<b>93.8%</b>	<b>6.2%</b>
<b>TA Program Total Cost</b>	<b>0.145</b>	<b>0.455</b>	<b>0.600</b>	<b>0.036</b>	<b>0.145</b>	<b>0.491</b>	<b>0.636</b>			

## Scale for Working Scores and Ratings

SCORE	EXPLANATION
4	<b>Very Good</b> - Fully achieved with no shortcomings
3	<b>Good</b> - Mostly achieved despite a few shortcomings
2	<b>Fair</b> - Partially achieved. Shortcomings and achievements are roughly balanced
1	<b>Poor</b> - Very limited achievement with extensive shortcomings
NA	Non Applicable

**Note: The formulas round up or down for decimal points. Only whole numbers are computed.**