BIC Bank Information Center

The Role of International Financial Institutions in the Middle East and North Africa

A brief overview

Bank Information Center

The purpose of this overview is to provide readers with an understanding of the role of international financial institutions (IFIs), such as the World Bank and African Development Bank, in the Middle East and North Africa (MENA). Building off of a quick snapshot of the scope and magnitude of IFI operations in the MENA region, this paper flags some key trends and emerging issues for further inquiry. While it does not provide a comprehensive examination of IFI activities or a political analysis of their intervention in the region, the following information may be useful for civil society actors interested in holding multilateral institutions, governments, and private companies accountable to the public.

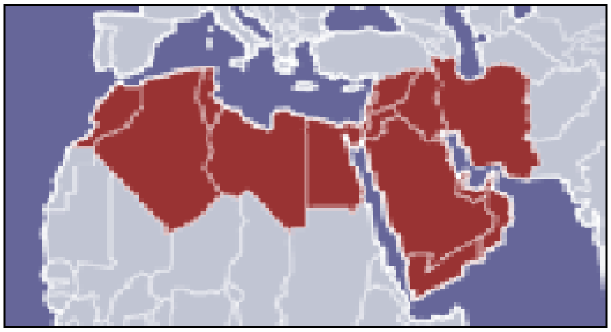
Introduction

The international financial institutions (IFIs), of which the World Bank is the best known, are the largest source of development finance in the world, typically lending between US$30 and $40 billion to low- and middle-income countries in any given year. The IFIs, and in particular the World Bank, are also a primary source of development "knowledge" and policies, and de-facto standard-setters for international finance and investment. Because of their roles as lenders and as knowledge brokers, dominating the discourse on development, the IFIs wield significant influence over policy-making in many countries across Latin America, Asia, Africa, the Middle East, and Central and Eastern Europe. In contrast to private banks, IFIs are public bodies, owned by their member governments, with unique obligations and responsibilities to account for their use of public funds and for the impacts of their operations on people and the environment.

Most IFIs maintain that the objectives of their support for investment projects or policy reforms in developing countries are to reduce poverty and encourage sustainable economic growth. However, much of the money provided in the name of development does not benefit the people most in need. In large part, this is because the public has little say in development decisions. The lack of citizen participation and the unequal balance of power in development decision-making all too often leads to projects and policies that harm communities and the environment, waste public funds, or serve the interests of political and economic elites rather than those of the poor. IFI loans and the policy conditions that frequently accompany them have been responsible for causing environmental, and social damage and economic hardship, adversely affecting millions of people in developing countries. Increasing public awareness about IFI activities is the first step to narrowing the gap between development rhetoric and reality

The principal IFIs active in the MENA region include: the World Bank, the International Finance Corporation (IFC), the European Investment Bank (EIB), the African Development Bank (AfDB), and the Islamic Development Bank (IsDB). Together, they have lent over $100 billion since 1950.

The boundaries of the MENA region are defined differently by each of the above institutions. For the purposes of this paper, we consider North Africa to include: Morocco, Tunisia, Algeria, Libya, Egypt and Djibouti, and the Middle East to comprise: Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates (UAE), the West Bank and Gaza, and Yemen.



While the MENA region has always received only a small proportion of total IFI lending worldwide, its share of global public finance has grown considerably in recent years, in both relative and absolute terms. Of the $22.4 billion that MENA countries have received in financing from the IFIs over the last five years, the European Investment Bank provided the single largest portion, $8.7 billion[1], and plans to make an additional $11.5 billion available over its next six-year lending cycle.[2] Meanwhile, the World Bank increased the volume of its lending to the region threefold in the last five years, raising the region's share of World Bank financing from less than 3 percent of total new approvals in the 2002 fiscal year (FY) to over 7 percent in FY 2006.[3]

<u>Overall trends and key questions</u>

Geographic distribution of IFI operations

While the IFIs have been active over the last five years in countries throughout the MENA region, nearly a quarter of their total lending has gone to Egypt, alone, and North Africa as a whole has accounted for over 60 percent of the total.[4] Although these statistics do not denote a shift from the past – North Africa has always predominated – closer study is needed to understand the political economic drivers and consequences of this geographical distribution of IFI resources. For example, as a result of these lending patterns, do the IFIs wield more leverage

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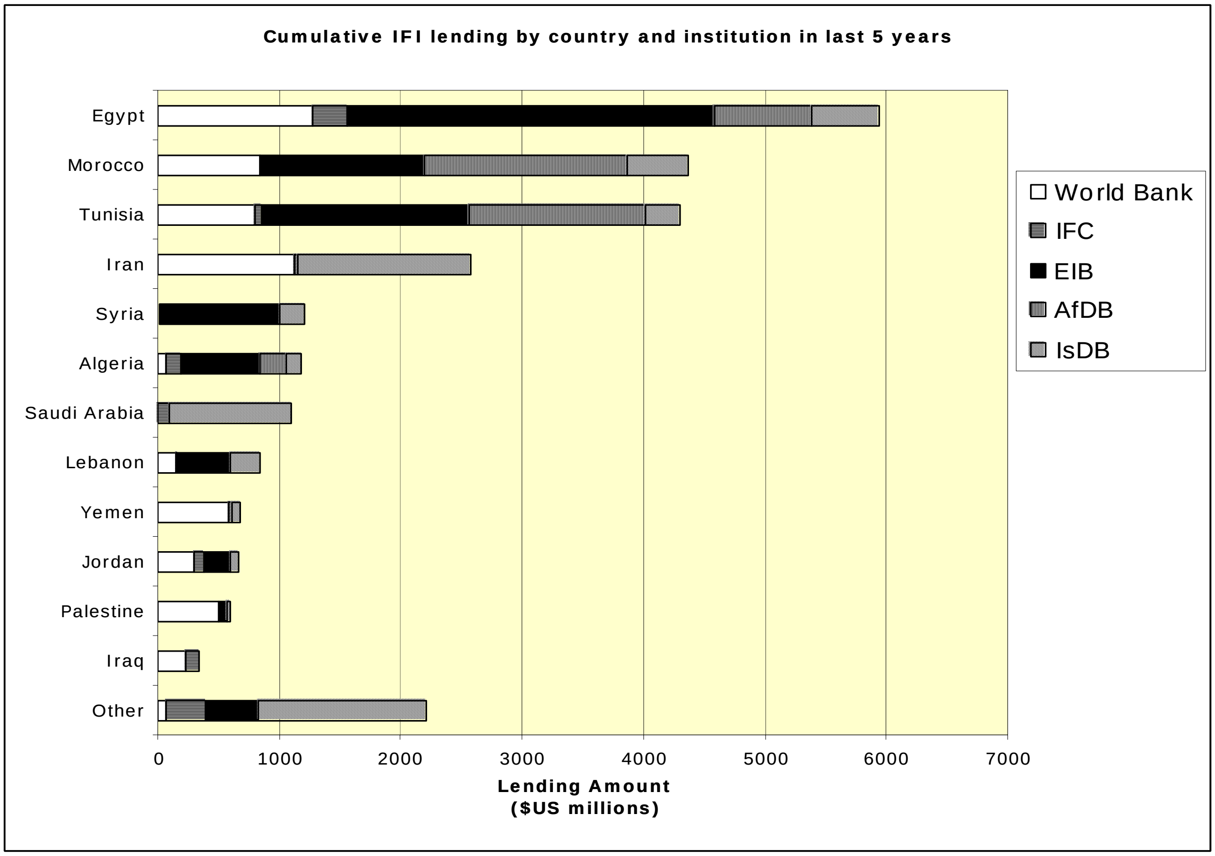
[1] Mediterranean countries, breakdown by country, EIB website. Note that EIB figures are presented in Euros. The conversion rate used throughout this document is €1 = $1.33.
[2] "FEMIP and Mediterranean Partner Countries," EIB website, March 2007
[3] World Bank 2002 Annual Report, World Bank 2006 Annual Report, World Bank website
[4] Figures compiled from: World Bank Annual Reports 2002 to 2006; IFC Annual Reports 2002 to 2006; EIB website; African Development Bank Annual Reports 2003 and 2005; Islamic Development Bank Annual Reports 2002-03 to 2005-06. See individual institution sections for more about how these figures were reached.

with respect to economic policy reforms in North Africa than in other MENA countries where they operate?

Iraq and (post)conflict lending

IFI lending to Iraq will also be interesting to follow in the coming years, particularly since the World Bank recently approved a policy through which it can streamline the approval process for emergency assistance to countries emerging from conflict. Already, the World Bank has approved emergency loans worth around $400 million dollars to the country through its Iraq Trust Fund, and the IFC has committed over $100 million in private sector operations.[5]



Source: Figures compiled from: World Bank Annual Reports 2002 to 2006; IFC Annual Reports 2002 to 2006; EIB website; African Development Bank Annual Reports 2003 and 2005; Islamic Development Bank Annual Reports 2002-03 to 2005-06. See individual institution sections for more about how these figures were reached.

Energy

Over the last five years, the EIB has committed over $1.5 billion dollars to natural gas extraction and processing in North Africa alone, much of it to support European gas companies, which export the resources to markets in Europe. In the past few years, the IFC's oil and gas portfolio in the region has also increased, though it remains small. Still, the IFC's mandate stipulates that it invest only in countries and sectors that would otherwise not be able to access the market, and it would be hard to make that claim for the growing and lucrative oil and gas sectors in North Africa.

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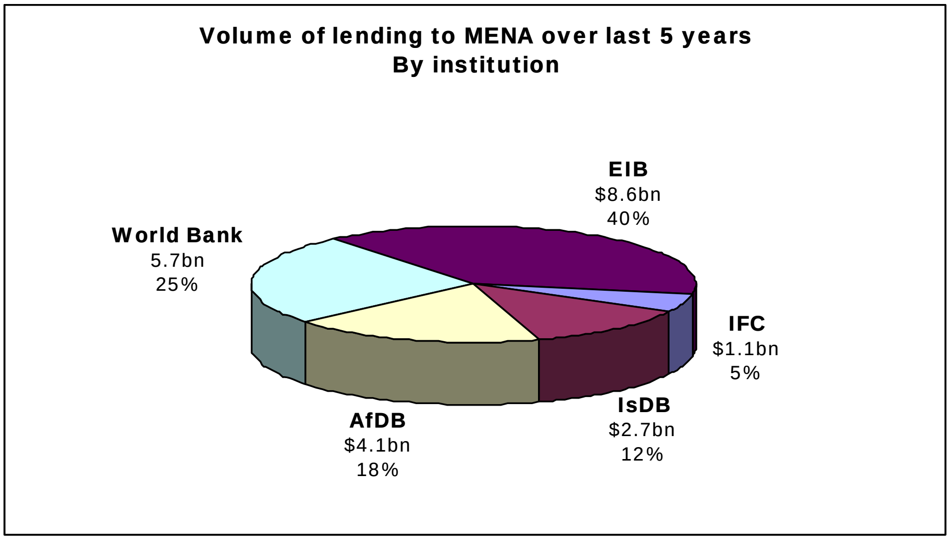
[5] Iraq page, World Bank website; Iraq projects, IFC website

Finance

The finance sector has also become increasingly prominent in the IFIs' lending portfolios in the region. A growing proportion of lending appears to be directed toward "financial intermediary" loans, through which multilateral institutions (such as the EIB or IFC) lend money to banks in the region, which then "on-lend" to private businesses, often, but not necessarily, small and medium-sized enterprises. Civil society observers have raised concerns about the lack of transparency and oversight in FI lending. They argue that when money is channeled through intermediary institutions, it is extremely difficult to trace IFI funds to its end use, and thus difficult to hold IFIs accountable for the impacts of their lending.



Sources: Figures compiled from: World Bank Annual Reports 2002 to 2006; IFC Annual Reports 2002 to 2006; EIB website; African Development Bank Annual Reports 2003 and 2005; Islamic Development Bank Annual Reports 2002-03 to 2005-06. See individual institution sections for more about how these figures were reached.

As noted earlier, the EIB has become the most significant source of IFI financing in the region since the establishment of its FEMIP lending program in October 2002, and has indicated that its lending will increase by 10 percent over the next six years.[6] A review of recent lending trends shows that the World Bank and its private sector lending arm the IFC are also stepping up their involvement in the region.

These recent increases in IFI operations in MENA countries and projections of further growth call for greater scrutiny. Civil society organizations concerned about environmental, social and economic justice may want to better understand the drivers and consequences of these financing flows in the region. How might the involvement of IFIs affect governance in the region? What implications might increased funding for energy, infrastructure and commercial banks have for local communities and the environment, particularly in contexts where there may be limited political space to discuss these issues?

Facts and figures

What follows below is a brief look at the size and scope of the operations of each of the principal IFIs active in the MENA region:

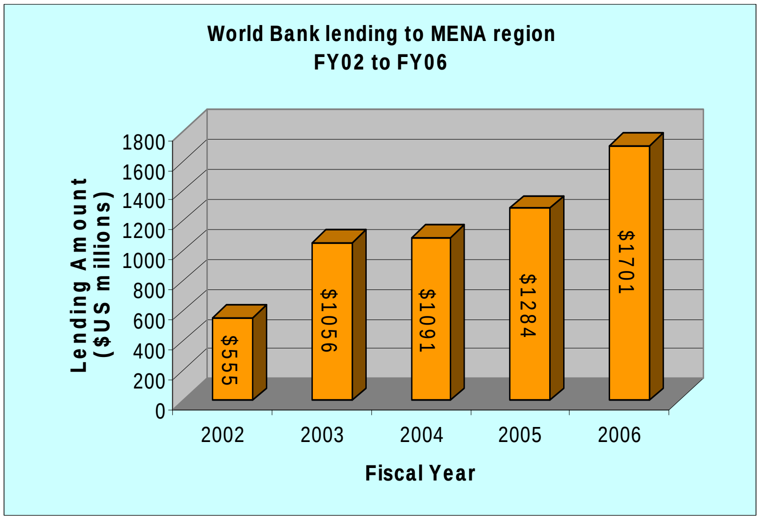
[6] Figures compiled from "FEMIP and Mediterranean Partner Countries," EIB website, March 2007

- The World Bank
- The International Finance Corporation (IFC)
- The European Investment Bank (EIB)
- The African Development Bank (AfDB)
- The Islamic Development Bank (IsDB)

The World Bank[7]

Iraq, Iran, and Egypt were among the original signatories to the Articles of Agreement of the International Bank for Reconstruction and Development (IBRD), when the World Bank lending window was established in 1945, and Djibouti was the latest member to join in 1980. The West Bank/Gaza is the only borrower that has not signed onto the Articles, as the Bank does not classify it as a sovereign state.[8]

While EIB financing in MENA has surpassed the Bank's in recent years, historically, the World Bank has been the region's largest multilateral lender. Since it approved its first loan to the region in 1950 – a flood control project on the Tigris River in Iraq[9] – the World Bank has provided over $38 billion in financing for MENA.[10]



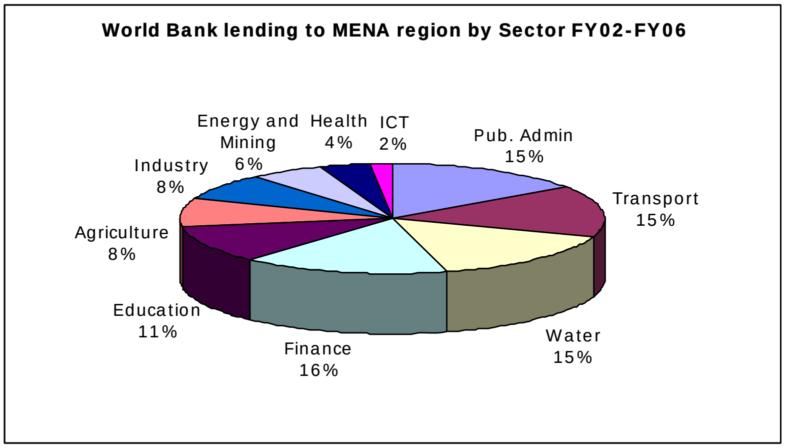
Source: World Bank Annual Reports 2002 to 2006

While the World Bank's geographic definition of the MENA region incorporates over 20 different countries[11], only twelve are currently active or eligible borrowers. Of these, only Yemen and Djibouti qualify for the Bank's concessional lending window for low-income countries, the International Development Association (IDA). The majority of borrowing countries are considered "middle income," and access loans at near-market terms from the IBRD. These IBRD-eligible countries include: Algeria, Egypt, Morocco, Tunisia, Iran, Iraq, Jordan, Lebanon, and Syria. The West Bank and Gaza is not eligible for loans from either IDA or IBRD since the Bank does not consider it a sovereign country; instead, it receives financing from the World Bank's Trust Fund for Gaza and the West Bank.[12]

MENA's share of the World Bank's total annual lending has more than doubled since 2002, to 7 percent of overall commitments in FY06[13] – a trend reminiscent of the early 1990s, when MENA countries were borrowing considerable amounts from the Bank.[14] In 2001, the World

[7] For more information on the structure, operations and governance of the World Bank Group, please see BIC's website, www.bicusa.org/wb
[8] IBRD Members, Overview of West Bank and Gaza, World Bank website
[9] World Bank Historical Chronology, World Bank website
[10] Figures compiled from World Bank Cumulative Lending Data, World Bank website
[11] MENA countries page, World Bank website
[12] World Bank Country Groups, Overview of West Bank and Gaza, World Bank website
[13] World Bank 2002 Annual Report, World Bank 2006 Annual Report, World Bank website
[14] World Bank 1998 Annual Report, p 57, World Bank website

Bank provided only $507 million to MENA – only 2.9 percent of the total Bank lending that year.[15]



Source: World Bank Annual Reports 2002 to 2006

In FY 2006, over half of the $1.7 billion approved by the Bank for the MENA region was earmarked for finance and energy projects, after several years of relatively minimal allocations to these sectors. Conversely, lending for projects in the water and sanitation, health and agriculture sectors dropped off almost entirely. Of the 83 projects approved in FY06, 44 were project loans and 39 were for technical assistance.[16]

In the last five years, Egypt has borrowed more from the World Bank than any other MENA country, receiving over $1.2 billion, followed closely by Iran, which has received $1.1 billion from the Bank over the same period.[17] At of the end of FY 2006, Morocco, Egypt, Algeria and Tunisia - all in North Africa – were the largest cumulative borrowers in the region; since 1955, the four have collectively borrowed over $28.5 billion from the World Bank.[18]

World Bank
Top borrowers in last 5 years

Country	Lending Amt (US$ mn)
Egypt	1,272
Iran	1,123
Morocco	838
Tunisia	803

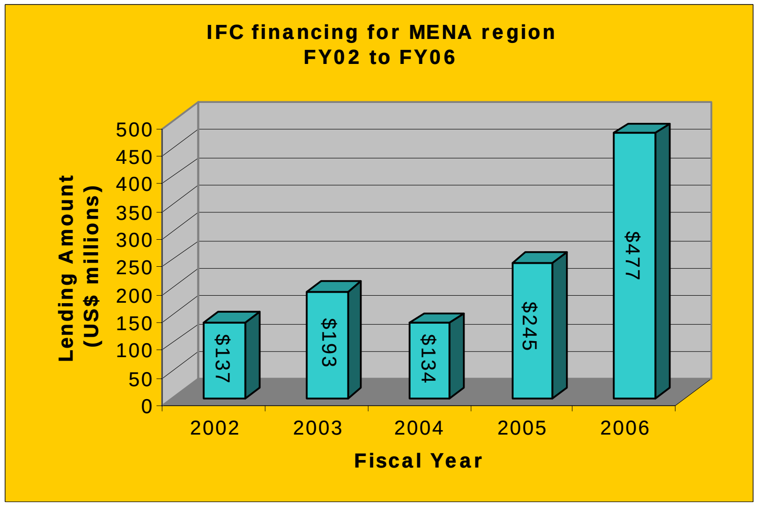
Source: World Bank Annual Reports 2002 to 2006

According to its 2006 Annual Report, the World Bank's focus in the MENA region is on instituting "comprehensive structural reform" to facilitate job creation. It notes the need for greater liberalization measures such as the elimination of trade barriers to open up the region for increased investment and economic integration.[19]

[15] World Bank 2002 Annual Report, World Bank website
[16] World Bank 2006 Annual Report, World Bank website
[17] Figures calculated comparing cumulative lending data in World Bank Annual Reports from 2001 and 2006, World Bank website
[18] World Bank 2006 Annual Report, World Bank website
[19] World Bank 2006 Annual Report, World Bank website

The International Finance Corporation

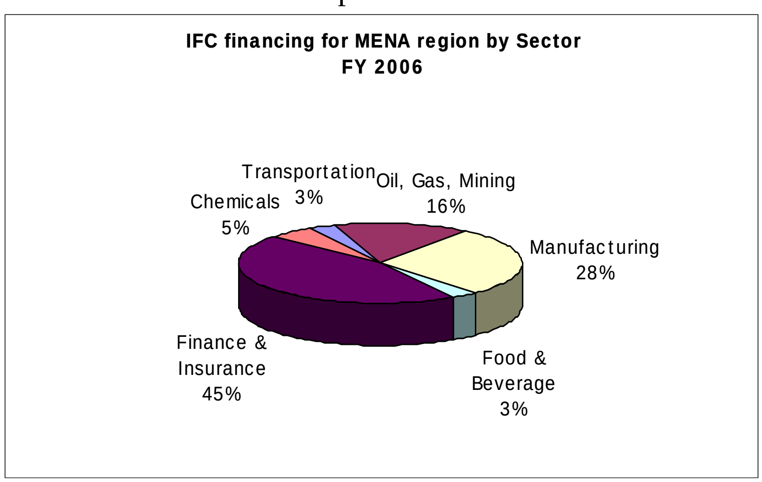
The International Finance Corporation (IFC) is the private sector lending arm of the World Bank Group. IFC does not lend money to governments; instead, it provides loans and equity financing, advice, and technical assistance to private sector companies investing in developing, transition and emerging economies.



Source: IFC Project Commitments, IFC Annual Reports for 2002, 2003, 2004, 2005, 2006.
Note: For the purposes of the above graph, financing to Afghanistan and Pakistan was not included in the totals for the MENA region.

Jordan and Egypt are the only MENA countries that joined the IFC at its establishment in 1956; all other countries in the region have since become members.[20] Unlike the other IFIs discussed in this paper, the IFC considers both Afghanistan and Pakistan as part of MENA, and Pakistan ranks as the top recipient of IFC projects in the region.[21] Also unlike the World Bank, the IFC is active in Oman and Saudi Arabia, which it classifies as upper middle- and high- income countries respectively.[22] (Note: For the purposes of this overview, BIC has not included Afghanistan and Pakistan as part of MENA, and thus they are not included in our calculations of regional financing statistics.)

IFC has traditionally played a limited role in MENA, though the significant increase in the size of the IFC's MENA portfolio in the past several years suggests a growing interest and influence in the region. IFC investments in MENA still constitute a small portion of the institution's overall portfolio; according to IFC's own statistics, which include Pakistan and Afghanistan in MENA figures, the region still only constitutes 8 percent of total investment as of FY 06. Over the last five years, new IFC commitments to the region totaled $1.18 billion, out of the $28.88 billion committed globally during that same period.[23]



Source: IFC Project Commitments, IFC Annual Reports for 2006.
Note: For the purposes of the above graph, financing to Afghanistan and Pakistan was not included in the totals for the MENA region.

In FY 06, IFC processed and signed almost $500 million worth

[20] IFC Member Countries, IFC website
[21] MENA page, IFC website
[22] IFC Project Commitments, 2006, IFC website; Country Groups, World Bank website
[23] These figures were compiled from data taken from Project Commitment tables in IFC Annual Reports from the following years: 2002, 2003, 2004, 2005, and 2006, IFC website

of new investments – nearly double the volume of commitments signed in the previous year.

IFC's recent investments in MENA have been heavily concentrated in the finance and insurance sector, with over $200 million committed for twelve new projects in FY06. The IFC's oil and gas portfolio has also grown over the last three years, investing nearly $150 million – almost 17 percent of its regional portfolio - in oil and gas companies, predominantly in North Africa. In contrast, during FY 2002 and 2003, the IFC did not invest in any extractive industry projects in the region.[24]

In the last five years, Egypt accounted for the largest volume of new IFC commitments in the region at $283 million, followed by Oman, Algeria, and Iraq respectively.[25]

International Finance Corporation
Top recipients in last 5 years

Country	Amount (US$ mn)
Egypt	283
Oman	195
Algeria	125
Iraq	108

Source: These figures were compiled from data taken from Project Commitment tables in IFC Annual Reports from the following years: 2002, 2003, 2004, 2005, and 2006, IFC website

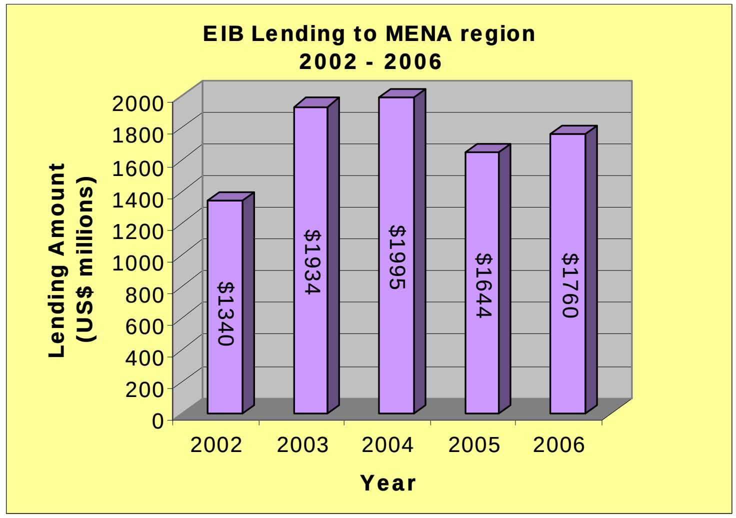
In the infrastructure sector, the IFC has expressed its intent to become more involved in power generation, particularly in Egypt, Morocco and Jordan.[26] The IFC has also become more deeply involved in the region through the Private Enterprise Partnership for the MENA region (PEP-MENA), to which it contributed $20 million in start-up funds. Established in 2004, PEP-MENA is a multi-donor facility designed to provide technical assistance on privatization, financial markets and business-enabling reforms.[27]

The European Investment Bank

Based in Luxembourg, the EIB is a public bank (owned by its 25 European Union government shareholders) that was established in 1958 by the European Community, originally to provide financing for capital investment in Europe and to encourage European integration. It has since expanded its operations throughout the world. While the EIB is often referred to as the "development bank of the European Union," the Bank does not have an explicit development mandate.

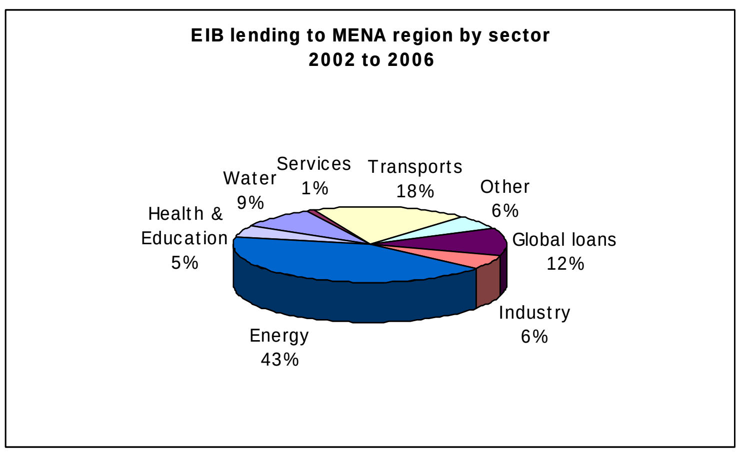
[24] ibid
[25] ibid
[26] Strategy for the MENA region, IFC website
[27] PEP-MENA page, IFC website

The EIB began lending to MENA countries in 1978, and has since lent over $20.8 billion cumulatively in private sector investments,[28] and maintains three external offices in the region, in Morocco, Tunisia and Egypt.[29]. Today, the EIB lends more annually in the region than does the World Bank. In fact, over the last five years, the EIB has lent nearly $8.8 billion to MENA countries, higher than any other multilateral donor active in the region during this period. While only 3 percent of the bank's overall portfolio in the last five years has gone to MENA (most EIB funding is for investments within the EU), this represents over 40 percent of the EIB's lending outside Europe, demonstrating the high priority that the bank gives to the region.[30]



Source: List of Loans for Mediterranean countries in last five years, EIB website.
Note: For the purposes of the above graph, financing to Turkey was not included in the totals for the region.

In October 2002, EIB lending to the MENA region increased significantly after the establishment of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), a financing facility for Algeria, Egypt, West Bank/Gaza, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, and until recently, Turkey.[31] While lending levels to MENA have fluctuated slightly in recent years, the region has experienced a notable overall increase in EIB funding since the creation of FEMIP and this trend is expected to continue. According to EIB documents, "the sum of €8.7 billion is to be made available to the nine Mediterranean partner countries for the period 2007-2013."[32]



Source: List of Loans for Mediterranean countries in last five years, EIB website.
Note: For the purposes of the above graph, financing to Turkey was not included in the totals for the region.

Over the past five years, the EIB has placed a heavy emphasis on lending for the energy sector. Within the energy designation, natural gas pipelines, extraction, and processing constituted 44 percent of this investment, another 40 percent for fossil fuel-based power generation, and the remaining 16 percent was for

[28] These figures were compiled from data taken from the EIB's List of Loans for Mediterranean countries, EIB website. Please note that figures for Turkey are not included in the calculations of lending data for the EIB in this document.
[29] "FEMIP and Mediterranean Partner Countries," EIB website, March 2007
[30] Breakdown of EIB lending by region in last five years, EIB website
[31] "FEMIP and Mediterranean Partner Countries," EIB website, March 2007
[32] ibid

electrification. The vast majority of the $3.8 billion spent on energy was for projects in North Africa.[33] It should also be noted that the EIB is currently considering a $1.53 billion investment in a liquid natural gas (LNG) pipeline in Algeria for export to Spain.[34]

As is the case for the IFC and World Bank, over the last five years, the largest portion of EIB financing in MENA went to Egypt, where the EIB supported projects totaling $3 billion. Notably, the four MENA countries in which the EIB has invested most heavily are all in North Africa - Egypt, Morocco, Tunisia and Algeria. Lending in these countries accounts for 78 percent of the EIB's total cumulative investment in the region.[35]

European Investment Bank
Top Borrowers in Last 5 Years

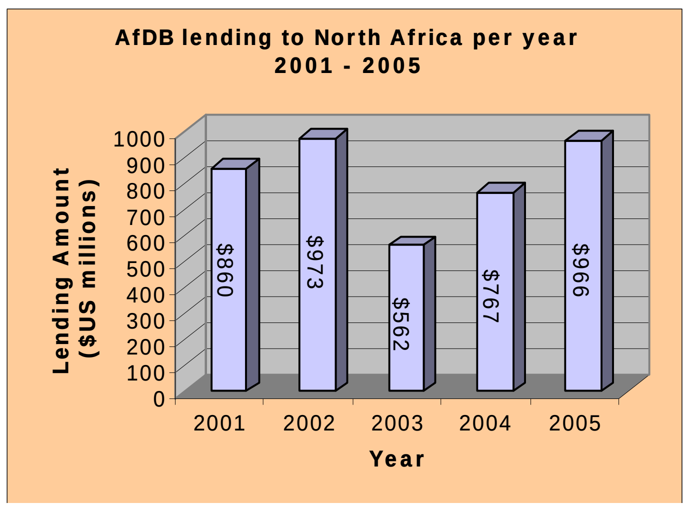
Country	Amount (US$ mn)
Egypt	3035
Tunisia	1706
Morocco	1363
Syria	978

Source: List of Loans for Mediterranean countries in last five years, EIB website.

According to the EIB website, lending under FEMIP is aimed at opening up the economies of the Mediterranean countries, fostering greater private sector activities, and facilitating regional economic integration before the establishment of a customs union with the EU planned for 2010.[36] While most FEMIP financing is provided as loans to private investors, FEMIP also provides technical assistance grants to governments, to support privatization and economic reform.

The African Development Bank[37]

As its name suggests, the African Development Bank (AfDB) lends only in African countries. Presently headquartered in Tunis, Tunisia, the AfDB lends to five countries in North Africa: Morocco, Tunisia, Egypt, Algeria, and Djibouti. Of these, only Djibouti borrows under the African Development Fund (ADF), the AfDB's concessional lending window that is roughly equivalent to the World Bank's International Development Association (IDA). The other countries are considered middle-income and

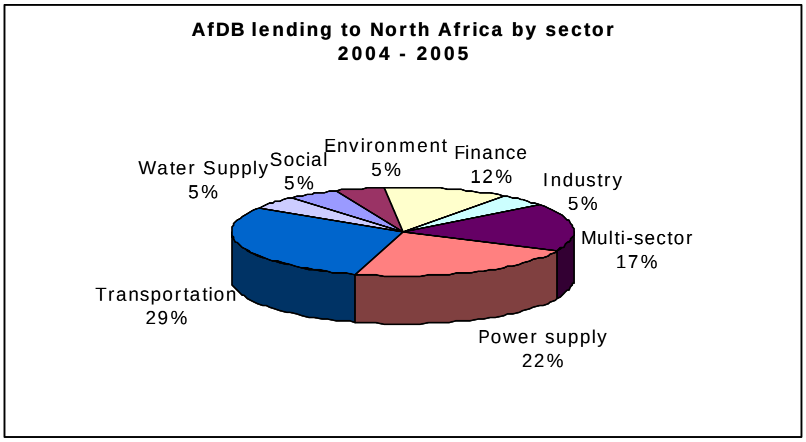


Source: North Africa Approvals by Country, Annual Reports for 2003 and 2005, AfDB website.
Note: For the purposes of the above graph, financing to Sudan and Mauritania was not included in the totals for the region.

[33] These figures were compiled from data taken from the EIB's List of Loans for Mediterranean countries in last five years, EIB website
[34] EIB project pipeline, EIB website
[35] List of Loans for Mediterranean countries in last five years, EIB website
[36] FEMIP page, EIB website
[37] Note that the African Development Bank generally presents lending figures in Units of Account (UA). Figures provided in this document are based on a conversion of UA 1 = $1.50472.

borrow on near-market terms from the ADB window.[38]

Since it began lending to the region in 1968, the African Development Bank has provided over $16 billion to its North African members, or 30.6 percent of its total cumulative lending. Between 2001 and 2005, the AfDB lent an average of $825.4 million per year, reaching $966 million in 2005.[39]



Source: Project Data tables, AfDB website

In 2004 and 2005, over half of the $1.7 billion lent to North Africa was directed toward infrastructure, particularly in the transportation and power supply sectors. Only 5 percent of the regional total was earmarked for projects in the social sectors, and those were almost entirely for education projects and emergency assistance.[40]

Morocco is the AfDB's largest North African borrower, both within the last five years and cumulatively since 1967. It is followed closely by Tunisia, which borrowed 35 percent of the $4.1 billion allocated to North Africa in the last five years. Egypt and Algeria borrowed significantly less during that same period, together amounting to slightly over $1 billion.[41]

African Development Bank
Top borrowers in last 5 years

Country	Lending Amt (US$ mn)
Morocco	1657
Tunisia	1455
Egypt	791
Algeria	225

Source: North Africa Approvals by Country, Annual Reports for 2003 and 2005, AfDB website.

According to its 2005 Annual Report, "nearly all of the Bank Group's allocations to North Africa were in support of financial sector reforms and private sector development." The report also describes the AfDB's plans to collaborate with the European Investment Bank in supporting small- and medium-sized enterprises (SMEs), finance and water investments in North Africa, citing the AfDB's comparative advantage in these sectors.[42]

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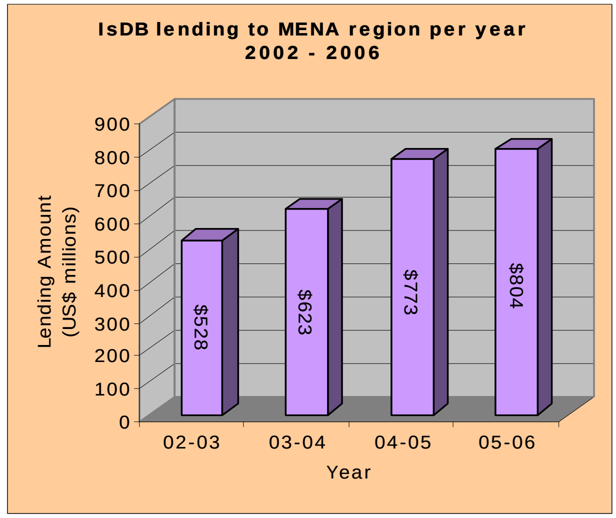
[38] AfDB countries page, AfDB website
[39] These figures were compiled from data taken from the AfDB's 2005 Annual Report, AfDB website. Please note that figures for Sudan and Mauritania are not included in the calculations of lending data for the AfDB in this document.
[40] Compiled from Project Data tables, AfDB website
[41] These figures were compiled from data taken from the 2005 Annual Report, AfDB website
[42] 2005 Annual Report, AfDB website

The Islamic Development Bank

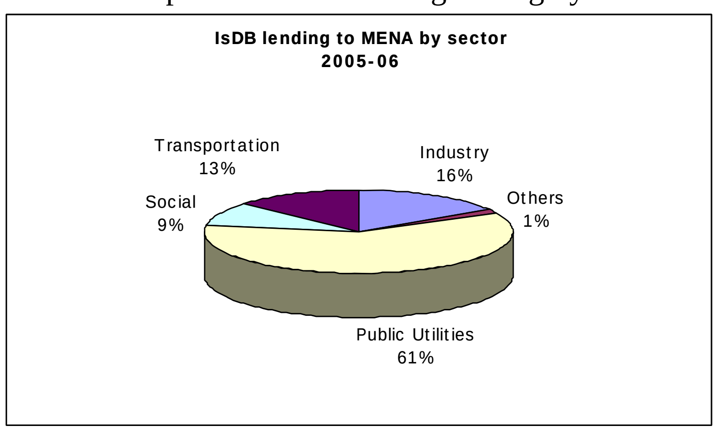


Source: Project Profile tables in IsDB Annual Reports from the following years: 2002-03, 2003-04, 2004-05 and 2005-06.

The Islamic Development Bank (IsDB) has played a limited yet growing role in the MENA region compared to other IFIs active in the region since it was established in 1976. The IsDB maintains its headquarters in Jeddah, Saudi Arabia, and operates according to Shari'ah (Islamic) law, which prohibits charging interest on loans. Borrowers are instead charged a service fee to cover administration costs, which cannot exceed 2.5 percent of the loan amount.[43] The IsDB also operates on the traditional Islamic lunar calendar year of roughly 354 days, and therefore the fiscal year shifts by about 11 days each year in the Gregorian calendar. The current lunar year is 1428H (Hijra).[44]

Membership at the IsDB is very diverse geographically, covering the Middle East, North and sub-Saharan Africa, Asia, and parts of Europe. Over 78 percent of voting power and subscriptions, however, belong to countries within the MENA region. The largest shareholders are Saudi Arabia (27.3%), Libya (11%), Iran (9.6%) and Egypt (9.5%).[45]

Of the $41 billion that the IsDB has lent during its 31 year history, over $20 billion has been allocated to MENA countries. In the last four years, over half of the IsDB's overall lending has gone to finance projects within the MENA region. The IsDB's total lending has increased by over 50 percent over the past four years, and its MENA portfolio is increasing at roughly the same rate.[46]



Source: Project Profile table, 2005-06 Annual Report

The scope of the Islamic Development Bank's six sector classifications is quite broad. "Public utilities" incorporates anything from sewer systems to power plants to the construction of port facilities. A look at the IsDB's 2005-06 lending to the MENA region reveals a strong emphasis on infrastructure projects. Over a quarter of the nearly $800 million in project financing was provided for the construction of two fossil fuel-based power projects in Syria. The largest investment was a $125 loan (comprising nearly 16 percent of IsDB's annual lending to MENA for that year) to upgrade a Saudi crude oil

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[43] Islamic Development Bank Group in Brief, 2006; FAQ page, IsDB website
[44] Islamic Calendar, Wikipedia
[45] Member Countries, IsDB website
[46] These figures were compiled from data taken from Project Profile tables in IsDB Annual Reports from the following years: 2002-03, 2003-04, 2004-05 and 2005-06, IsDB website

refinery and install a new petrochemicals complex. Nine percent of loans during the year were aimed at the social sectors, predominantly for the construction of hospitals.[47]

Of all MENA countries, Iran and Saudi Arabia have borrowed the most in the last three years. Iran, now the IsDB's top cumulative borrower in the MENA region, has borrowed more in the past three years than it has during the previous 25 years, combined. (Worldwide, Pakistan has received the highest volume of IsDB lending of any country, at more than $5.4 billion.[48])

Islamic Development Bank
Top borrowers in last 3 years[49]

Country	Lending Amt (US$ mn)
Iran	1425
Saudi Arabia	1000
Egypt	567
Morocco	513

Source: Cumulative lending data in IsDB Annual Reports from 2002-03 and 2005-06

Aside from its adherence to Islamic lending principles, the IsDB operates very much like the other IFIs that are active in the region. Like other institutions, the Islamic Development Bank is geared toward facilitating private sector investment, and its operations reflect the private sector-led development model propounded by the World Bank and others. In its 2004-2005 Annual Report, the IsDB writes that it is "participating in the ongoing harmonization programme of policies, procedures and practices among the multilateral development banks (MDBs) and OECD member (donor) countries, which is intended to improve aid effectiveness through reduced transactional costs and better coordination and delivery of donor assistance to developing countries."[50]

The Islamic Corporation for the Development of the Private Sector (ICD) is the private sector lending arm of the Islamic Development Bank Group. Roughly equivalent to the World Bank Group's IFC, and in fact established with the IFC's support in 1999, the ICD lends solely to the private sector. According to its 2005-2006 Annual Report, about three quarters of the investments in ICD's portfolio are in MENA countries. Although the ICD's portfolio remains quite modest, it does appear to be growing; IDC invested only $176 million during the 2005-06 fiscal year, but this was a 67 percent increase over the previous year.[51]

For more information

In order to facilitate further research, we have listed below the resources cited in the text, as well as contact information for each of the institutions discussed above and a list of useful websites.

Please address questions and comments to: Nikki Reisch (nreisch@bicusa.org) and Joshua Klemm (jklemm@bicusa.org) at the Bank Information Center. www.bicusa.org.

[47] IsDB 2005-06 Annual Report, IsDB website
[48] Figures calculated comparing cumulative lending data in IsDB Annual Reports from 2002-03 and 2005-06, IsDB website
[49] Note that figures are unavailable for the last five years, and the figures presented here are for the last three years in the Islamic calendar.
[50] 2004-05 Annual Report, IsDB website
[51] Islamic Corporation for the Development of the Private Sector (ICD) 2005-2006 Annual Report, ICD website

Bank Resources

World Bank MENA webpage
www.worldbank.org/mena

World Bank Annual Report
www.worldbank.org/annualreport

IFC MENA webpage
www.ifc.org/mena

IFC Annual Report
www.ifc.org/ifcext/annualreport.nsf

EIB FEMIP webpage
www.eib.org/femip

FEMIP Annual Report
eib.eu.int/publications/publication.asp?publ=257

African Development Bank
www.afdb.org

Islamic Development Bank
www.isdb.org

Civil Society Resources

Bank Information Center
www.bicusa.org

IFI watchnet
www.ifiwatchnet.org

Bretton Woods Project
www.brettonwoodsproject.org

European Network on Debt and Development (Eurodad)
www.eurodad.org

Jubilee South
www.jubileesouth.org

World Development Movement
www.wdm.org.uk

50 Years Is Enough
www.50years.org

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Useful websites

World Bank
- World Bank MENA page
- World Bank Strategy Paper for MENA (2004)
- World Bank 2006 Annual Report
- Pipeline and active World Bank projects in the MENA region

IFC
- IFC's MENA page
- IFC Strategy for the MENA region
- IFC 2006 Annual Report
- Pipeline and active IFC projects in the MENA region

EIB
- EIB's FEMIP page
- "FEMIP and the Mediterranean countries" brochure
- FEMIP 2005 Annual Report
- EIB project list for MENA

AfDB
- AfDB website
- AfDB 2005 Annual Report

IsDB
- IsDB website
- IsDB briefing
- IsDB 2005-2006 Annual Report
- ICD website
- ICD 2005-2006 Annual Report