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Role of Financial Institutions in Addressing Unemployment in IDB Member Countries

BY

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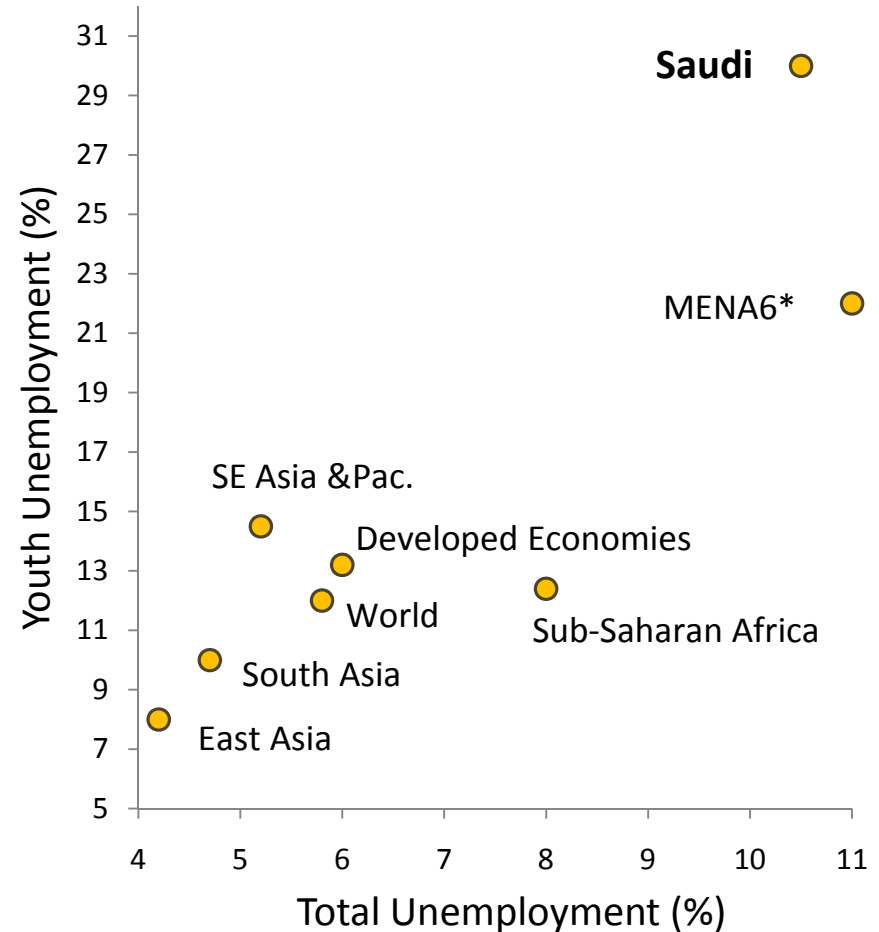
Ongoing unrest in the MENA region has exposed the unemployment (especially among youth) challenges in the region....



Unemployment Rate in MENA Region

	Total Unemploy't Rate (%)	Youth Unemploy't Rate (%)
Algeria	2.9	53
WB Gaza	1.5	43
Jordan	3.6	30
Saudi Arabia	12	28
Egypt	5.9	28
Syria	6.5	26
Bahrain	6.8	20
Iran	3.9	19
Yemen	2.2	19
Morocco	1.7	17
Kuwait	16	13
Qatar	22	11
UAE	5.7	6

Source: World Bank Database

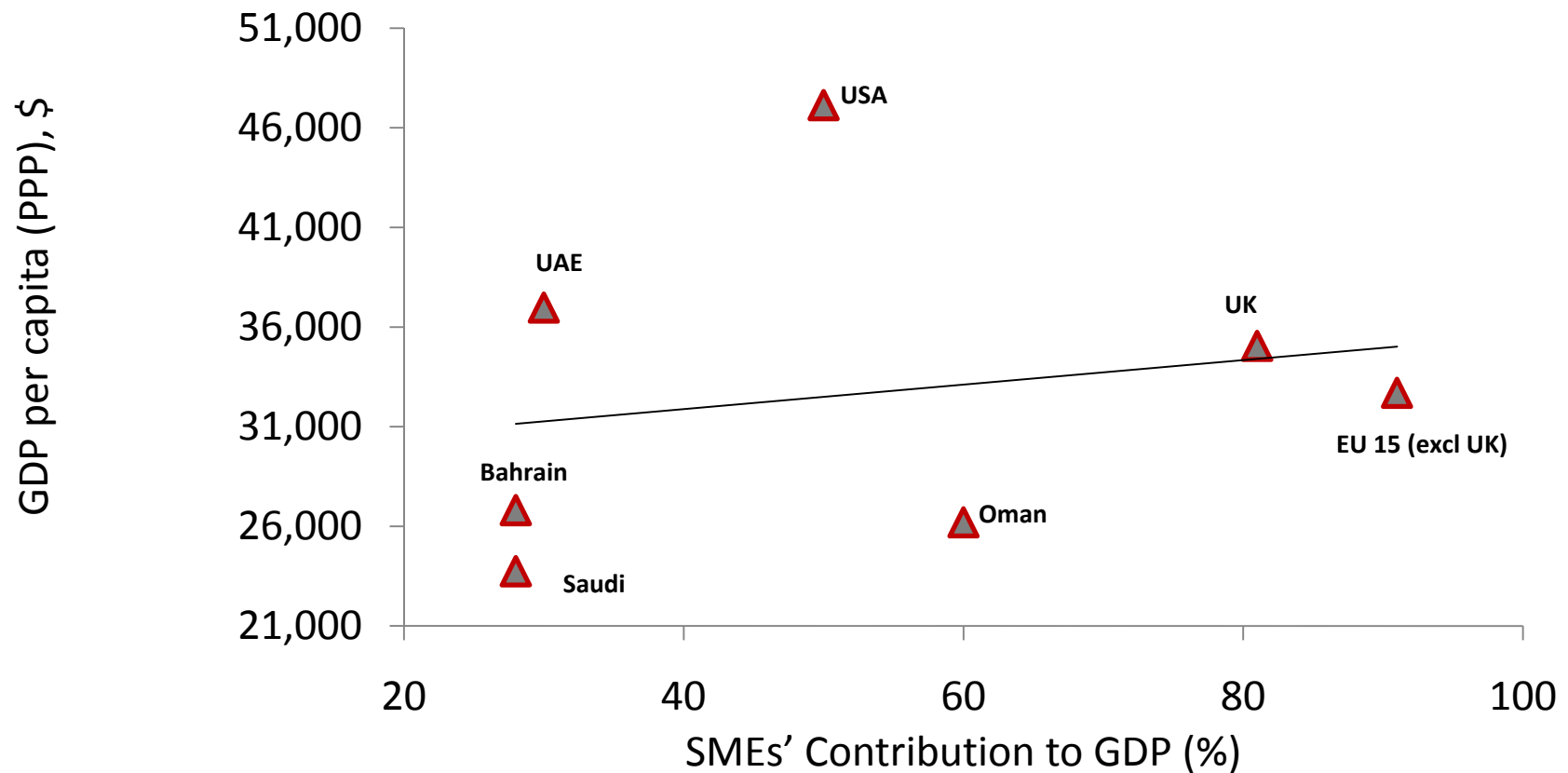


*: Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia
Source: IMF, ILO, Gulf One Bank

Causes of unemployment in the region are multifaceted & solutions must be multi-pronged in nature.....

- Changing the mindset and introducing appropriate vocational training to prepare citizens for work in relevant sector
- Sustainable job creation in knowledge-based sectors and sectors in which the region has potential competitive advantage
- Increasing access to finance for SMEs
- Encouraging Ethical Investments

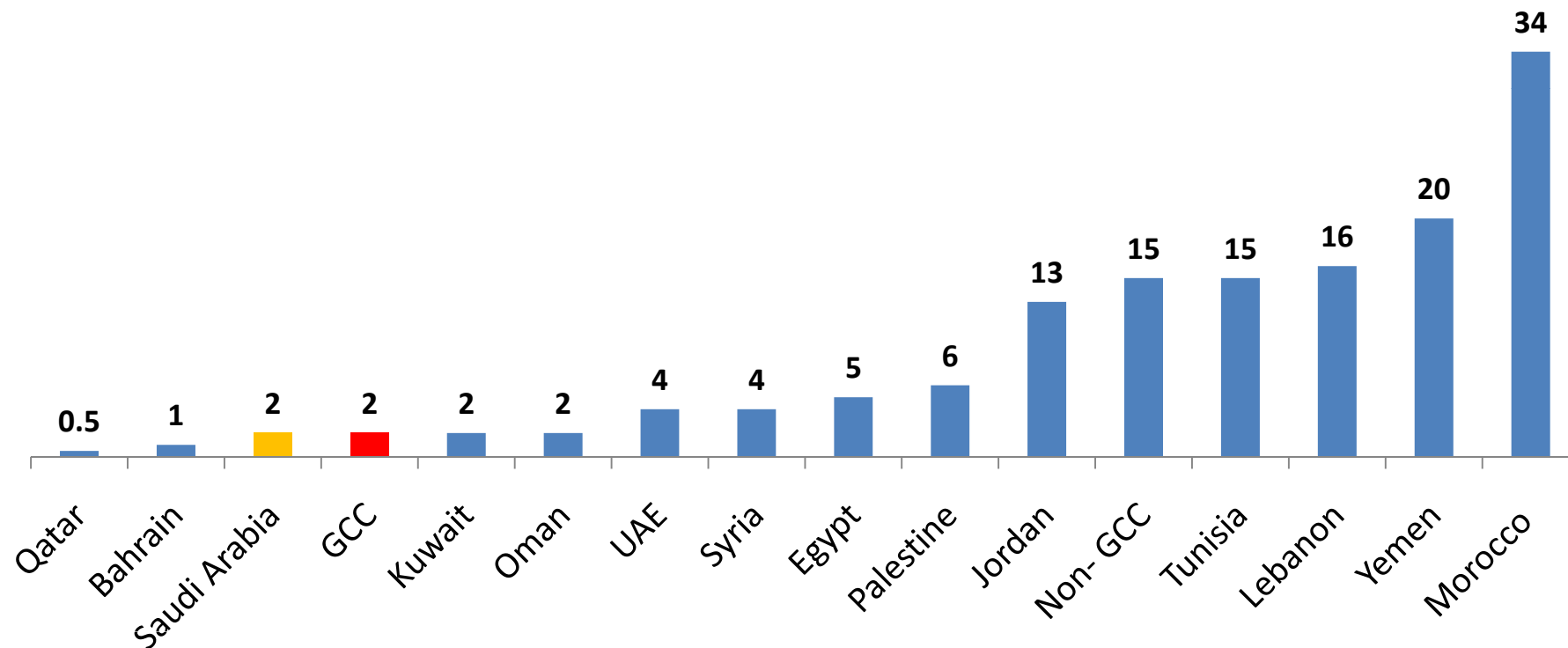
Creating Jobs especially in the SME sector could boost economic growth & prosperity.....



Source: Tresvista and IMF, WEO October 2010

The Financing Gap is More Acute in GCC Countries than in the rest of the MENA region....

Share of SMEs in Total Loans in MENA Countries (%)

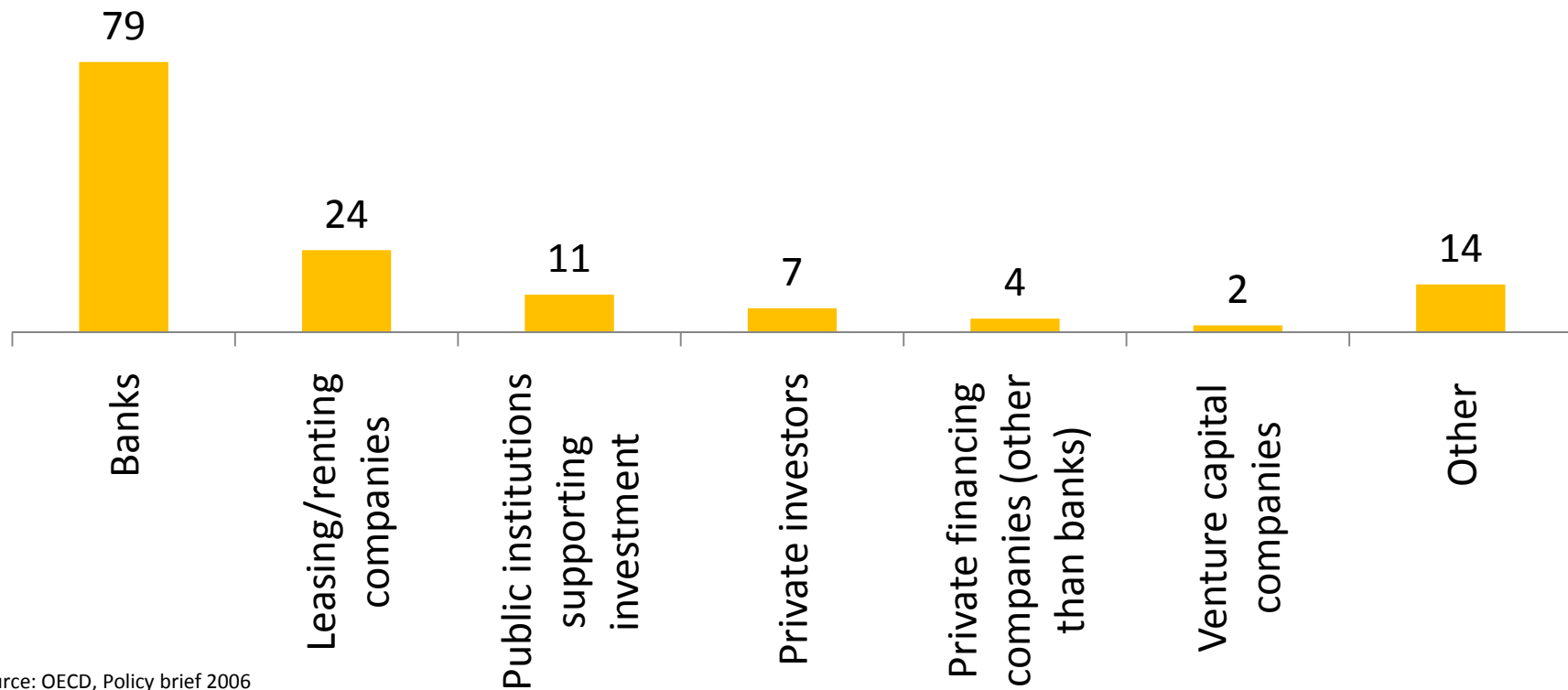


Source: World Bank survey June 2010

In the EU countries, banks are the most important source of external finance for SMEs.....



Sources of financing for EU-based SMEs (%)



Source: OECD, Policy brief 2006

Ethical Investment should be the focus of financing for job creation in IDB member countries

Ethical Investment Strategies:

- Incorporation of environmental, social and governance (ESG) factors into investment analysis and portfolio construction.
- The filing of shareholder resolutions on ESG issues.
- Deposits or investments in banks, credit unions, venture capital funds that have a specific mission of community investing.

Environmentally Responsible Lending is backed by the 'Equator Principles'

Equator Principles

- Initiated by World Bank and International Financial Corporation (IFC).

- Signatories agree to integrate social & environmental risks in their lending decisions.

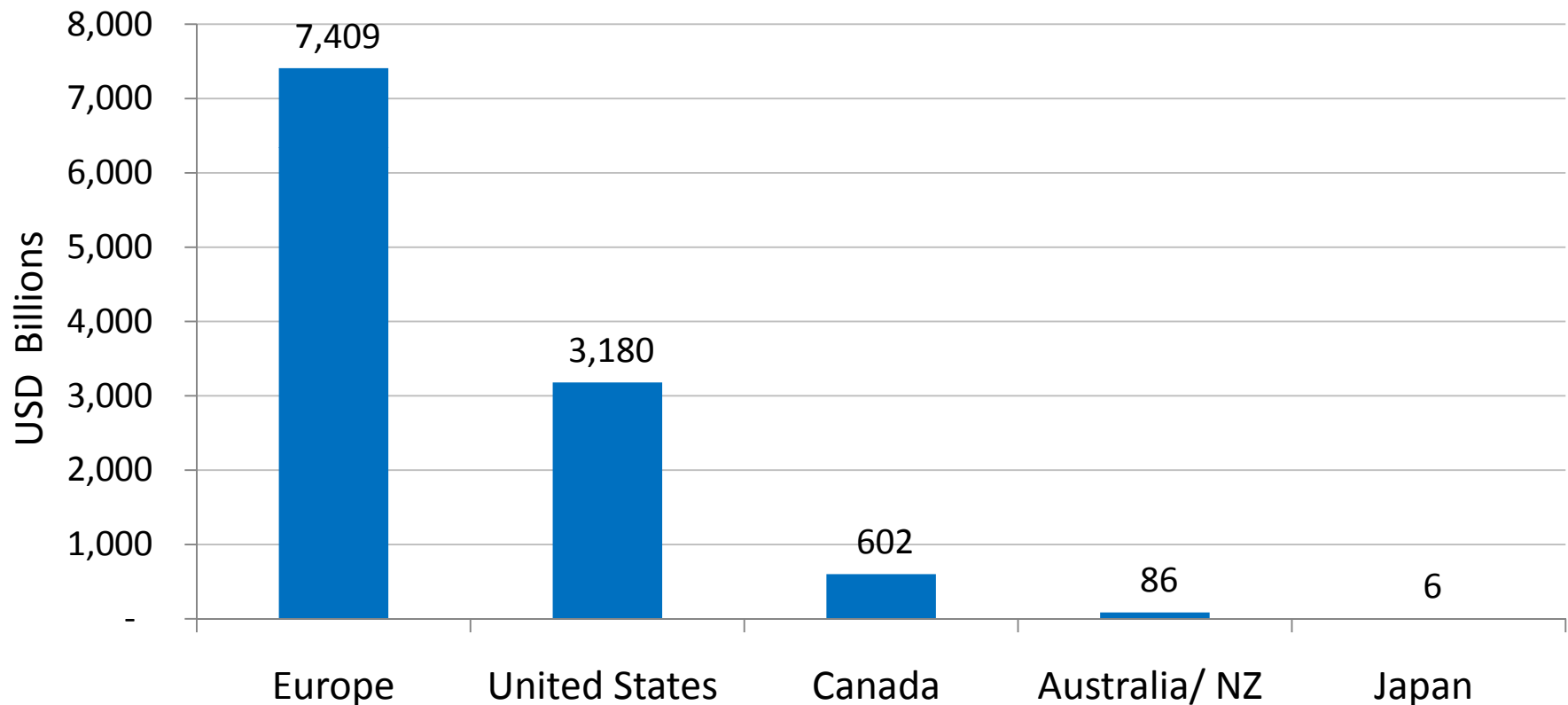
- Signatories represent approximately 80% of global lending volume.

- Signatories include Bank of America, Citibank, J.P. Morgan Chase, etc.

Size of Global Ethical Investment Funds Exceeds USD 11 Trillion; largely concentrated in Europe



Global Ethical Investment Funds

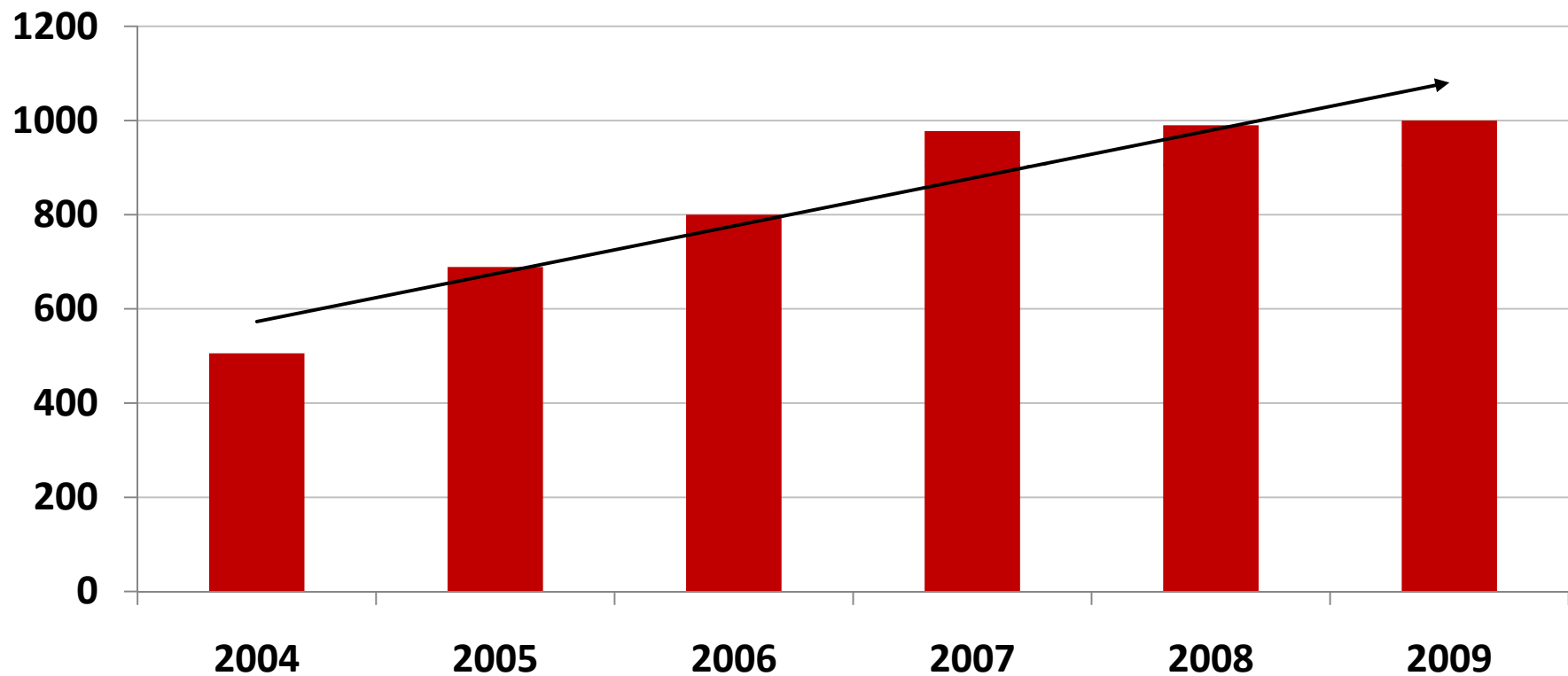


Source: European SRI study 2010

Number of Global Ethical Investment Funds has grown rapidly.....



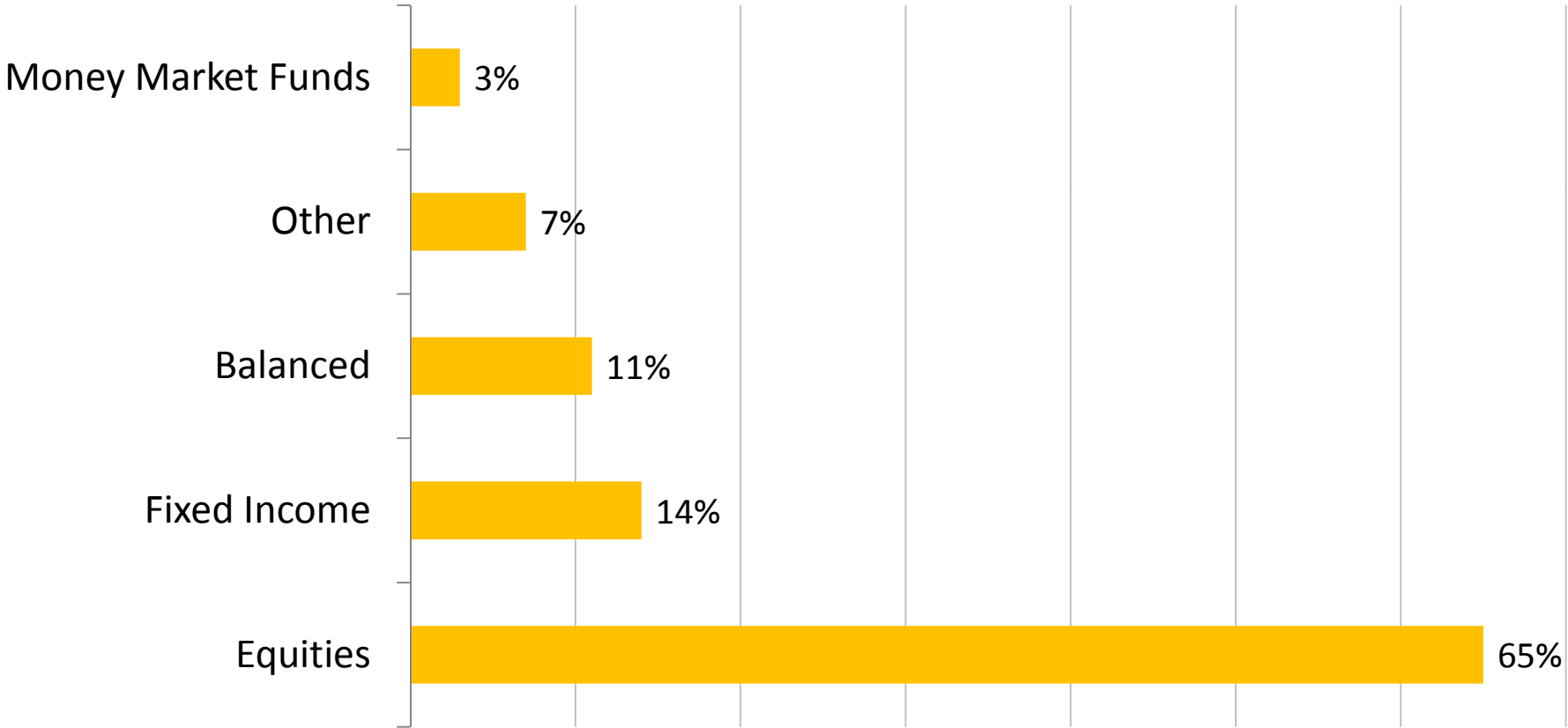
Number of Ethical Investment Funds



Global Ethical Investment Funds dominated by Equities

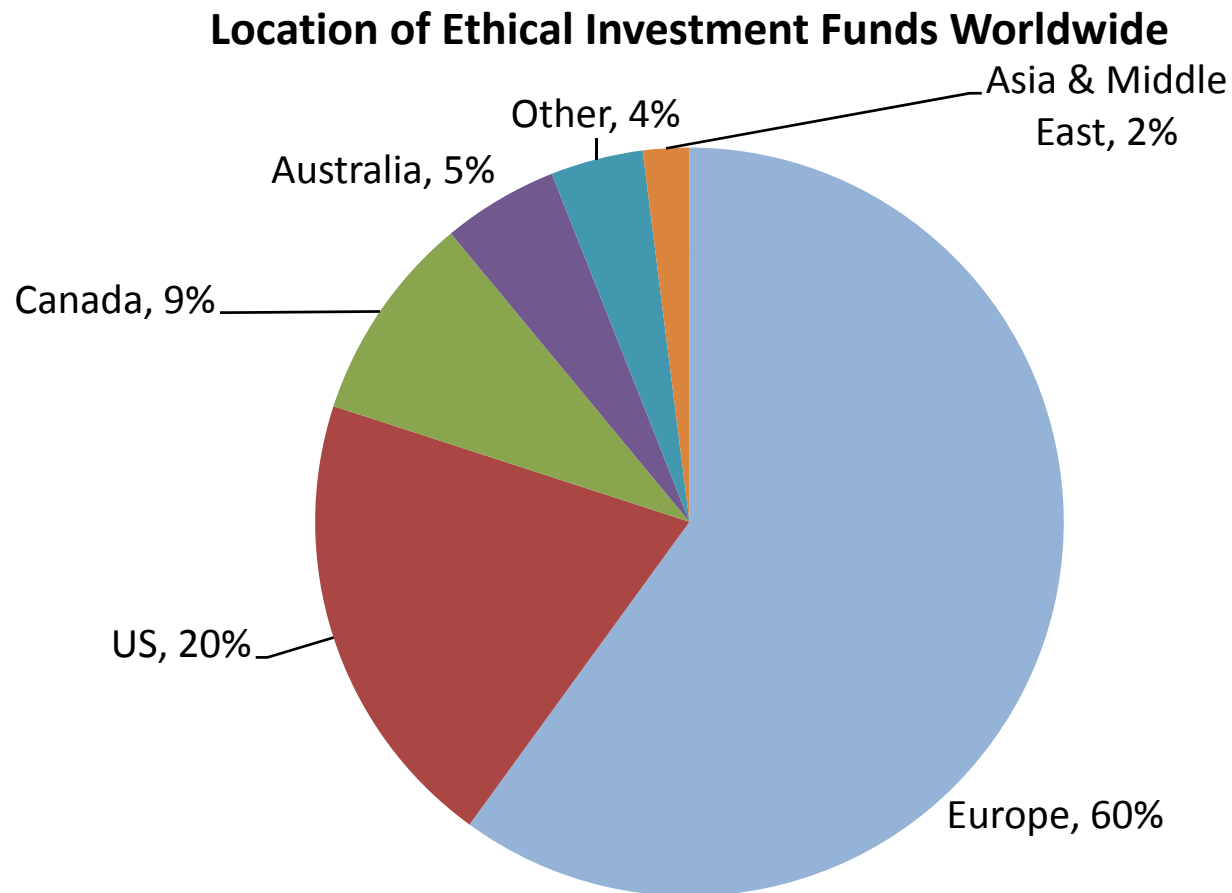


Breakdown of Ethical Investment Funds by Asset Class



Source: PriceWaterHouseCoopers report 2009

Greater awareness of ethical investments needed in the Middle East.....



Note: Asia & Middle East group include Bahrain, China, Hong Kong, India, Japan, Malaysia and Singapore

Source: PriceWaterHouseCoopers report 2009

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Thank you

