

ECONOMIC ANALYSIS

1. The program reforms will help develop and implement sound policies and strategies to create investment and employment opportunities for sustainable economic growth.
2. Noncash payments will help reduce the stock of currency held outside the banking system and make it available for credit expansion. Allowing tracking of transactions will reduce the informal economy and minimize tax leakage.¹ Corruption will be reduced because of the increased traceability and accountability of payments. E-payments will support financial deepening and financial inclusion by reducing the transaction costs of providing credit, insurance, and other financial services.
3. Small and medium-sized enterprises (SMEs) owned and managed by women in developing countries have much more limited access to finance compared to firms owned by men. Women cite lack of access to finance as the number one or number two barrier to growing their businesses. Risk-sharing facilities will help overcome the interest rates and/or collateral requirements faced by SMEs owned and managed by women. Failure to promote empowerment of women, including through rights to access credit, could reduce per capita income growth rates by 0.1%–0.3%.² Supply chain financing, such as warehouse receipts systems backed by a commodity exchange, will improve farmer access to credit, especially for smallholder farmers. This improvement can have immediate impacts on household incomes.
4. The full life cycle costing approach adopted in public–private partnership projects will improve fiscal programming and increase the efficiency of public expenditure. Soundly structured public–private partnership projects will also deliver nonfinancial benefits through accelerated delivery of services, higher levels of service quality, and wider social impacts, including transparency in procurement.
5. Effective implementation of trade and investment policies, including through appropriate institutional support, will help diversify the economic base, create more and diversified job opportunities, and, hence, more avenues for revenue generation. Tax administration reforms will increase transparency and reduce corruption by reducing rent seeking opportunities.
6. The reforms will mobilize public and private resources, creating investment and employment opportunities while maintaining fiscal resources available to support economic growth. The program beneficiaries will include small and medium-sized businesses, women entrepreneurs, and industry. The general population will benefit from improved infrastructure and services, improved access to finance and financial services, and more and diversified economic opportunities.

¹ McKinsey & Company. 2013. *McKinsey on Payments*. The cost of cash to countries with a high rate of cash use can exceed 1% of gross domestic product, and the annual cost per household may total as much as 2% of income.

² International Finance Corporation. 2011. *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*. Washington, DC.