

Fias

2022

ANNUAL REVIEW

THE FACILITY FOR INVESTMENT CLIMATE ADVISORY SERVICES

EXECUTIVE SUMMARY



With support from:



New economic challenges require new approaches, so it is timely that fiscal year 2022 marked the beginning of a new five-year strategy cycle for the Facility for Investment Climate Advisory Services (FIAS) partnership. COVID-19, Russia's invasion of Ukraine, and the devastating earthquake in Türkiye and Syria have delivered a series of economic aftershocks, including inflation, food shortages, and trade disruptions, falling especially hard on emerging markets and developing economies.

Message from the Director

New economic challenges require new approaches, so it is timely that fiscal year 2022 marked the beginning of a new five-year strategy cycle for the Facility for Investment Climate Advisory Services (FIAS) partnership. COVID-19, Russia's invasion of Ukraine, and the devastating earthquake in Türkiye and Syria have delivered a series of economic aftershocks, including inflation, food shortages, and trade disruptions, falling especially hard on emerging markets and developing economies.

This is the arena in which FIAS operates. IFC Advisory and Upstream Services supported by FIAS combine crisis response with strategic vision to help client countries build durable and inclusive private sector growth. The FIAS strategy for F22–26 combines continuity with innovation. FIAS continues to prioritize IDA, Sub-Saharan Africa, and fragile situations while testing and scaling new approaches: helping clients expand promising business sectors, advance opportunities for women, address climate change, and participate in the digital economy.

Much of the project activity detailed in the *FIAS 2022 Annual Review* is new, so the report is inherently forward-looking. Yet the results already achieved in FY22 indicate that the strategy is well-positioned to achieve FIAS results targets.

The need for FIAS-supported work has never been greater. The January 2023 edition of the World Bank Group's *Global Economic Prospects* (GEP) projects a sharp drop-off in global growth—to 1.7 percent, the third weakest pace in nearly three decades. GEP also tracked investment in 60 emerging markets and developing economies from 1984 to 2020 and found a strong correlation between spurts in investment climate reform and investment growth. This is important confirmation of the value of work supported by FIAS.

FIAS is a trust fund and a program, but first and foremost I view it as a partnership, developed with our clients and 12 Development Partner countries (and we expect additions to the roster of FIAS donors soon). Today's economic turbulence underscores the value of a program that not only delivers much-needed services but enables us to pursue thematic work in gender, climate change, and digitalization, track and measure results, and pilot approaches in job creation, affordable housing, smallholder farming, and other areas that can inform longer-term IFC interventions. This is why we are both optimistic and grateful as we move through the five-year strategy cycle.



A handwritten signature in black ink that reads "Anastasia Gekis".

Anastasia Gekis

Director

IFC Operations Management Department

Introduction

Fiscal year 2022 (from July 1, 2021, through June 30, 2022) marked a significant transition for the FIAS development partnership. As the first year of the new five-year FY22–26 strategy cycle, the FIAS portfolio began a process of innovation and renewal.

Roughly half of the IFC Advisory Services (IFC AS) projects supported by FIAS were new to the portfolio in FY22. Through a new allocation process, FIAS began to rapidly expand its roster of projects with activities geared toward improving economic opportunity for women and addressing the economic challenges of climate change. The FIAS Program, part of IFC's Operations Management Department (OMD), is shifting focus to generating concrete and measurable economic benefits, from new domestic and foreign investment to increased investment retention and facilitation of financing. Despite the relative newness of much of the FIAS portfolio, strong results are coming in. Through the end of FY22, FIAS-supported projects generated \$29.7 million in investment and \$22.3 million in value of financing facilitated (VFF).

The new allocation process developed by the FIAS team and fielded at the midpoint of FY22 incentivizes IFC AS teams to include gender and climate change elements in their project proposals. In several cases, proposed projects that lacked these elements were amended to include them following dialogue with the FIAS team. The new process is a key tool helping FIAS deliver on its strategy cycle goal of doubling the percentage of projects with gender and climate change components as compared to IFC corporate-wide targets for Advisory Services.

At the end of the first year of the strategy cycle there are signs the approach is working. Nearly two-thirds of FIAS projects funded through the Core trust fund include gender components as part of

their deliverables; 58 percent have climate components; and nearly one-third of the Core projects have both gender and climate components. The makeup of new projects coming online in FY23 give reason for optimism that FIAS will reach its strategy cycle target of 80 percent of Core projects including gender and 70 percent including climate change.

FIAS is a key part of the IFC 3.0 Creating Markets agenda to mobilize private capital through what IFC calls a “continuum” of effort that includes economy-wide advisory with deep analytics and reform work geared toward the most promising business sectors. The Upstream approach aims to address the shortage of bankable deals in many of the world's emerging markets and developing economies (EMDEs) where IFC works—particularly in the FIAS priority areas of IDA, Sub-Saharan Africa, and fragile conflict-affected situations (FCS). FIAS supports this agenda through projects aimed at “creating markets through sector interventions” that facilitate private sector investment in which IFC is a potential financing partner along with private investors.

The effects of the COVID-19 pandemic continue to buffet the global economy, with added pressures from the Russian invasion of Ukraine, inflation, and the threat of recession. These combined impacts are likely to pose continuing challenges through much of the strategy cycle. As client government priorities shift, this may slow progress in implementing reforms.

As the *FIAS 2022 Annual Review* details, IFC AS and FIAS are determined to meet these shifting challenges with agility, thanks in no small part to the continuing support of the FIAS Development Partners. For this support, IFC and the FIAS Program team are deeply grateful.



Man working at a food cart in Istanbul, Türkiye. Photo: Said/Pexels

Main Achievements and Milestones

\$29.7M
in investment
generated or retained
via FIAS-supported projects

\$22.3M in value
of financing facilitated
via FIAS-supported projects

63% of FIAS Core
projects gender flagged

58% climate flagged;
nearly a third have climate and gender elements



Lima Metro Line 2 station under construction. *Photo: Yayo López/World Bank*

A New Era for FIAS

The FIAS Program for FY22–26 supports the IFC 3.0 Creating Markets agenda while helping developing countries recover from pandemic impacts and guard against new challenges ranging from conflict to climate change. IFC Advisory Services supported by FIAS increasingly combine economy-wide reform work with sector-specific and firm-level advisory that can help move client country economies toward new investment and inclusive job creation. The new strategy cycle began on July 1, 2021—the start of FY22—with the FIAS Program team focused on building a new portfolio emphasizing investment generation and finance facilitation. The new projects will have clearer correlations to measurable economic benefits on the ground, such as new investment benefits in the areas of gender and inclusion and climate change mitigation and adaptation.

FIAS Results at a Glance

Many projects in the FIAS portfolio are too new to have begun producing beneficial impacts. Yet the shift in focus of the FIAS Program is still evident in the results generated in FY22 (July 1, 2021, to June 30, 2022). Investment generated and retained for FY22 represents modest progress toward the five-year FIAS target of \$1 billion but, in combination with more recent results, gives reason for optimism that FIAS-supported projects are delivering:

Emphasis on New Investment, Finance

Investment generated

\$29,733,755 in new investment generated and retained through FIAS-supported projects in **Bosnia and Herzegovina** and **South Africa**

\$29.7 million

Value of financing

\$22.3 million in value of financing facilitated via the Global Housing Advisory Platform project and the Invest West Africa Regional Warehouse Receipts Program

\$22.3 million

World Bank, IFC synergies

35 of 73 FIAS projects had ties to IFC or World Bank policy and investment operations (28 IFC; 5 World Bank; 2 IFC and World Bank)

Business cost savings

Regulatory streamlining in **Bosnia and Herzegovina** generated \$296,707 in direct compliance cost savings to private businesses in FY22

Reforms

Markets and Competition Policy Project in **Peru** generated one investment climate reform in FY22, helping enact first economy-wide merger control law

New Investment

Greater Efforts in Gender and Climate Change

Gender components

63% of FY22 projects funded from FIAS Core (15 of 24 projects) include gender components, solid progress toward the FIAS strategy target of 80 percent

FY22
FIAS Core

47% of all FIAS projects (34 of 73) include gender components, ahead of 40 percent target

All FIAS
Projects

Climate change components

58% of FIAS Core projects (14 of 24) include climate change components, progressing toward the FIAS target of 70 percent

FIAS
Core

26% of all FIAS projects (19 of 73) include climate components; as older projects close and are replaced by new projects, FIAS anticipates meeting the 35 percent target

All FIAS
Projects

Both gender and climate

29% of FIAS Core projects (7 of 24) have both gender and climate components; 11% of all portfolio projects (8 of 73) have both

FIAS
Core

Continuity in FIAS Priorities: IDA, Africa, FCS, Streamlined Business Regulations

→ Share of FIAS FY22 client-facing spending in IDA, Sub-Saharan Africa, FCS

58%
IDA

↓ below target

44%
Sub-Saharan Africa

↓ below target

33%
FCS

↑ ahead of target

Spending levels will more closely align with targets as the portfolio expands

FIAS Scorecard

STRATEGIC THEME	INDICATOR*	FY17–21 CUMULATIVE	FY22	FY22–26 CUMULATIVE	FY22–26 STRATEGY TARGET
1. Focus on Priority Clients	% FIAS client-facing project implementation spend in IDA countries	63%	58%	58%	70%
	% FIAS client-facing project implementation spend in Sub-Saharan Africa	46%	44%	44%	50%
	% FIAS client-facing project implementation spend in FCS	28%	33%	33%	25%
2. Delivering Significant Business Results	Number of Reforms supported by FIAS	204	1	1	200
	% reforms supported by FIAS in IDA countries	58%	0%	0%	70%
	% reforms supported by FIAS in Sub-Saharan Africa	43%	0%	0%	50%
	% reforms supported by FIAS in FCS countries	24%	0%	0%	25%
3. Client Satisfaction and Development Effectiveness	Overall client satisfaction: FIAS client survey results	94%	96%	96%	90%
	Development Effectiveness: % FIAS-supported projects rated satisfactory for DE	72%	100%	100%	80%
4. Measuring Impact	Direct Compliance Cost Savings (USD)	\$196.2M	\$296,707	\$296,707	\$200M
	Investment Generated/Retained (USD)	\$999.1M	\$29,733,755	\$29,733,755	\$1B
5. Measuring Impact (New Indicator)	Value of financing facilitated (USD)		\$22,300,000	\$22,300,000	TBD
6. Measuring Impact (Jobs)	Number of Jobs Pilot impact assessments		TBD	TBD	10–15
7. Leverage (New Indicators for tracking and reporting)	Number of IFC investment operations informed and enabled by FIAS	106	30	30	
	Number of IBRD Development Policy and Investment operations informed by FIAS	28	7	7	
8. Thematic Impact (New indicators)	% projects gender flagged (FIAS Core)		63%	63%	80%
	% projects gender flagged (FIAS total program portfolio)		47%	47%	40%
	% projects with climate related activities (FIAS Core)		58%	58%	70%
	% projects with climate related activities (FIAS total program portfolio)		26%	26%	35%

Blank boxes in FY17–21 indicate the value was not part of Scorecard for that cycle; in Target column, blank boxes indicate targets are not being calculated for IFC, IBRD linkages.

FIAS Portfolio at a Glance

In January 2022 FIAS launched a new allocation process designed to incentivize IFC project teams to step up their work in gender and climate change and to gear projects toward producing new private investment in client countries and enabling them to retain more investment. As of June 30, 2022, the end of FY22, about half the FIAS portfolio of 73 projects was less than two years old. The FIAS portfolio contains projects carried over from the FY17–21 cycle and new additions geared to the FY22–26 strategy. The share of the portfolio delivering sector-specific advisory will increase. As shown below, 14 projects deliver sector advisory exclusively (19 percent); 28 projects (38 percent) do so with enabling environment advisory. In all, 42 projects (58 percent) include sector-level work.

PROJECT TYPE	ENABLING ENVIRONMENT	SECTOR-LEVEL ADVISORY	ECONOMY-WIDE AND SECTOR-LEVEL ADVISORY	TOTAL
Client-facing Projects	27	14	24	65
Share of Client-facing Projects (%)	42%	22%	37%	100%
Global Knowledge Projects	4	0	4	8
Share of Global Knowledge Projects (%)	50%	0%	50%	100%
Total Projects	31	14	28	73
Share of Total Projects (%)	43%	19%	38%	100%

In FY22–26, FIAS is transitioning to sector-oriented work aimed at helping client countries attract and retain investment leading to inclusive job creation. Sectors covered by FIAS-supported advisory include agriculture and agribusiness, tourism, manufacturing, finance, and infrastructure. As agreed under the new FIAS strategy, any IFC unit, working in areas ranging from manufacturing to finance to infrastructure to enabling environment advisory, is eligible to seek FIAS funding for project activity provided it can demonstrate adherence to the strategy.

While FIAS moves in new directions it maintains its well-established priorities. These include support for projects in borrowing countries of the International Development Association (IDA)—countries that struggle with low per capita income levels (the limit was \$1,255 in FY23) and require concessional funding. FIAS allocation decisions also prioritize countries in the Sub-Saharan Africa region, and countries in fragile and conflict-affected situations (FCS) facing high levels of institutional and social fragility, and violent conflict. Some FIAS client countries fall into all three of these categories.

The longstanding priorities of the FIAS Program—work in IDA, Sub-Saharan Africa, and FCS, and a client-focused approach supported by deep regional and global analytics—remain intact as detailed below:

Client-Facing Engagements

→ Share of FIAS FY22 client-facing projects in **IDA, Sub-Saharan Africa, FCS¹**



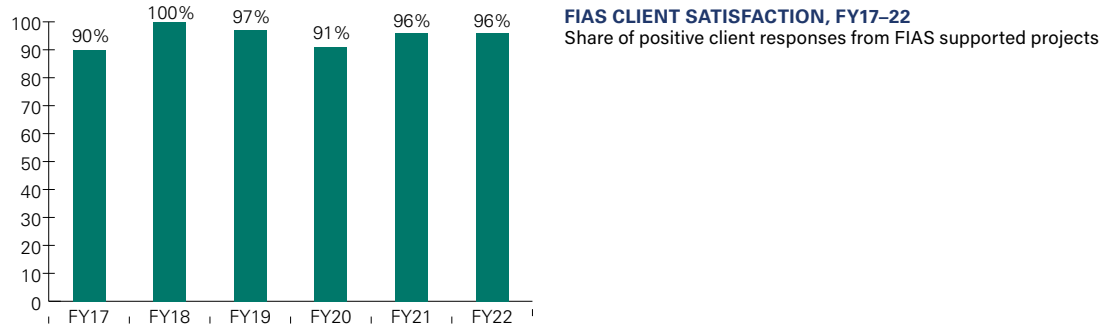
Global Engagements

- Of the 73 FIAS FY22 projects, 59 (81 percent) are specific to a country or set of countries; 14 (19 percent) are global projects
- Of the 14 global projects, 8 are knowledge development products (KDPs) advancing knowledge and expertise in areas relevant to the FIAS agenda and applicable across the portfolio
- 6 of the global projects are considered client-facing because they are developing activities to be rolled out in client countries; all will eventually support projects in Africa, for example:
 - › The Global Food Safety Platform will benefit clients in IDA and Africa
 - › The Sustainable Banking Network Global project will develop clients in IDA, Africa, and FCS
 - › The Global Microfinance Initiative will develop projects in IDA and Africa

Development Effectiveness, Client Satisfaction

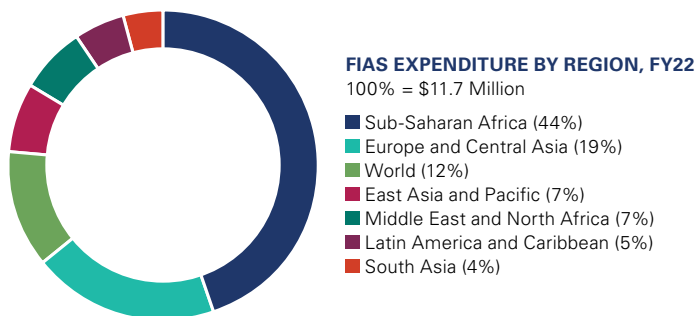
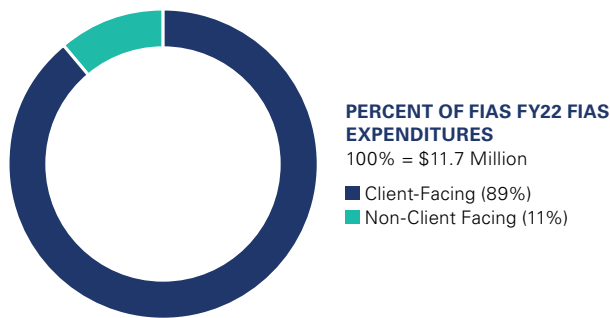
- 45 clients of FIAS-supported projects responded to the client satisfaction survey, 43 positively, or 96 percent (strategy cycle target: 90 percent)
- During FY22, 4 of 4 closed projects received positive ratings for Development Effectiveness, or 100 percent (strategy cycle target: 80 percent):
 - › Europe and Central Asia Agri-Finance Project; closed 2022, DE rating: Successful
 - › Vietnam Private Sector Competitiveness; closed 2022, DE rating: Mostly Successful
 - › Doing Business Mozambique; closed 2020, DE rating: Mostly Successful
 - › ECA Green Banking Academy; closed 2021, DE rating: Mostly Successful

¹ The three FIAS priority categories—IDA, Sub-Saharan Africa, and FCS—include many of the same countries.



FIAS FY22 Expenditures

- FIAS FY22 project expenditures totaled \$11.7 million, with \$10.4 million, or 89 percent, client-facing (FY21: 88 percent), \$1.1 million, or 9 percent, for non-client facing global projects, and \$204,052, or 2 percent, for program management and general and administrative costs
- Of \$10.4 million in FIAS FY22 client-facing expenditures, 58 percent supported IDA (target 70 percent); 44 percent supported Sub-Saharan Africa (target 50 percent); 33 percent supported FCS (target 25 percent)

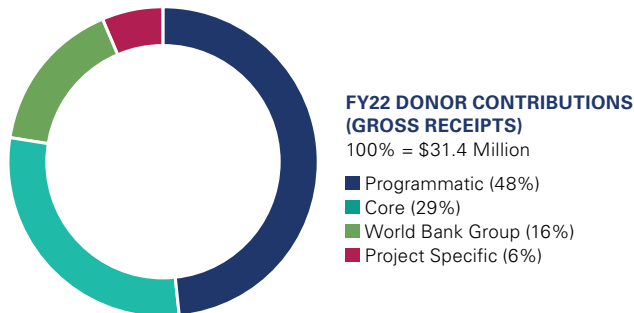


FIAS Fundraising

FIAS FY22–26 Fundraising (as of November 2022)

- Through the first quarter of FY23 FIAS secured contributions of \$137 million for FY22–26, 69 percent of the way to the five-year \$200 million FIAS fundraising goal
- \$56.3 million (41 percent) was for FIAS Core, the trust fund account that enables the FIAS Program team to direct funding to priority areas (IDA, Sub-Saharan Africa, FCS, gender, climate change)
- \$80.9 million (59 percent) was raised for programmatic activity in which a donor or donors set priorities within the framework of the FIAS strategy
- The ratio of about \$4 out of every \$10 going to FIAS Core is in line with the FY17–21 cycle
- For FY22, FIAS gross receipts from donor contributions and the World Bank Group totaled \$31.4 million, with just under half representing donor support for programmatic programs and 45 percent in combined donor and World Bank Group support for FIAS Core
- The \$11.7 million in direct project expenditures out of \$31.4 million in gross receipts reflects the early stage of many of the projects in the developing FIAS FY22 portfolio

FIAS Core Contributions	\$56,266,507
FIAS Programmatic Contributions	\$80,879,017
Total Combined Contributions	\$137,145,524
Funding Gap	(\$62,854,476)



FIAS FY17–21 and FY22 Funding and Expenditure

CONTRIBUTIONS (SOURCES OF FUNDS)	IN US\$ (FY 2017-21)	SHARE OF TOTAL (FY 2017-21)	IN US\$ (FY 2022)	SHARE OF TOTAL (FY 2022)
WORLD BANK CONTRIBUTIONS	38,661,111	26%	5,000,000	16%
Core	35,000,000	24%	5,000,000	16%
IFC ⁽¹⁾	28,661,111	19%	5,000,000	16%
World Bank	10,000,000	7%	-	0%
DONOR CONTRIBUTIONS	109,336,867	74%	26,395,751	84%
Core	24,640,465	17%	9,181,888	29%
Programmatic	54,665,942	37%	15,219,839	48%
Project Specific	30,030,459	20%	1,994,024	6%
TOTAL CONTRIBUTIONS	147,997,978	100%	31,395,751	100%
Less Trust Fund Administration Fees	4,853,929		1,220,086	
TOTAL NET CONTRIBUTIONS	143,144,049		30,175,664	

EXPENDITURES (USES OF FUNDS) ⁽²⁾				
Staff Costs	62,728,065	48%	4,831,751	41%
Consultants /Temporaries & Contractual services	48,612,622	37%	6,053,773	52%
Operational Travel Costs	13,744,863	10%	474,982	4%
Other expenses	6,715,699	5%	329,517	3%
TOTAL EXPENDITURES	131,801,249	100%	11,690,024	100%

- 1 IFC's annual contribution to the FIAS FY22-26 funding cycle is \$5.0 million each year. FY2017-21 IFC contributions includes \$3.6 Million in project specific contributions.
- 2 Includes contributions from all sources of funds that support the FIAS FY22-26 strategic agenda. FIAS FY22-26 funding cycle contributions and expenses (previously reported) have been adjusted for comparative purposes.

Special Topic: FIAS Support for Climate Change-Related Advisory

**19 Projects in the
FIAS FY22 Portfolio
Include Climate
Change Components,
8 of which also Deliver
Gender Advisory**

Most of the FIAS Projects
Offering **Climate-Related
Advisory** are **New as of FY22**

FIAS Allocation Process
Incentivizes Teams to
**Include Climate & Gender
in Project Design**

Most of the projects in the **FIAS FY22** portfolio that include **climate change**-related work are **new** to **IFC and FIAS**

FIAS Supporting Climate Change Projects

IFC Advisory Services (IFC AS) help client countries manage economic transformation while meeting climate change adaptation and mitigation challenges. IFC aims to include climate-related components in 35 percent of its projects. The FIAS FY22–26 strategy seeks to double this to 70 percent in the FIAS Core project portfolio. Launched in FY22, the FIAS allocation process prioritizes projects with gender- and climate-related components. When gender and climate are not part of an initial project concept, the FIAS Program team engages with client-facing teams at the pipeline stage to add gender or climate elements, or both. Through FY22, 63 percent of FIAS Core projects (15 of 24) include gender components; 58 percent (14 of 24) have climate components. Nearly one-third (7 of 24) contain both gender and climate components.

Most of the projects in the FIAS FY22 portfolio that include climate change-related work are new to IFC and FIAS. This reflects both the intensified prioritization of climate-related work across all IFC AS and the new FIAS FY22–26 strategy for gender and climate. Here are some project examples:

The **Sustainable Banking and Finance Network** engages with banking regulators and industry associations to increase use of international environmental, social, and governance (ESG) standards and international best practices across emerging market financial markets.

The **ECA Green Banking** project is providing a one-stop-shop platform with materials, training, and information on integrating climate into development and growing investment in climate business lines.

The **Egypt Green Building** project aims to increase in EDGE-certified green buildings to improve resource utilization and reduce carbon footprints. Solid progress was achieved with the first two EDGE (Excellence in Design for Greater Efficiencies) certifications in Egypt.

The **Central Europe Agricultural Finance Digital Platform** project intends to de-risk agri-finance, reduce transaction costs in agricultural lending, increase financial institution participation in the sector, and enhance outreach to under-banked agri-MSMEs and farmers.

The **UPSEZWA Nigeria (Upstream Special Economic Zone West Africa)** project aims to eliminate market and government-regulatory failures in Nigeria through the implementation of competitive special economic-social zone (SEZ) legal, regulatory, and institutional frameworks.

The **Circular Economy Knowledge Development Product** project plans to develop an evidence-based approach to the circular economy that can leverage policy, regulatory, and other Upstream enablers for industries and improve the competitiveness of circular economy options.

The **Scaling Biodiversity Finance** project assesses options and partnerships for IFC and/or IFC clients to invest in opportunities that directly contribute to biodiversity co-benefits at a landscape level, thereby significantly scaling IFC's potential biodiversity-positive impacts.

The **Global Housing Advisory** Upstream project seeks to increase clients' business and design capacity to develop quality projects with a view to creating affordable, quality, inclusive, secure, sustainable, and healthy residential communities.



A project in Luxor, Egypt, creating short-term employment opportunities for unskilled and semi-skilled workers and providing access to basic infrastructure services. Photo: Dominic Chavez/World Bank

FIAS FY22 Portfolio: Gender/Climate Summary

	# GENDER	% GENDER	TARGET	# CLIMATE	% CLIMATE	TARGET	# GENDER/CLIMATE	% GENDER/CLIMATE
Core (24 projects)	15	63%	80%	14	58%	70%	7	29%
All (73 projects)	34	47%	40%	19	26%	35%	8	11%

FIAS FY22 Climate-Tagged Projects

Responsible Financial Inclusion and Innovation *

Global Housing Advisory Platform

Implementation (Child) *

Sustainable Banking Network Global *

Scaling Biodiversity Finance *

Colombia Productivity and Jobs

SOE and State in the Economy *

Gender-Inclusive Infrastructure

& Natural Resources *

UPSEZWA Nigeria *

Colombia Productivity

Projects listed in orange text with * are funded through FIAS Core

Central-America Sustainable Banking Initiative *

Housing for Pakistan Initiative *

Global Housing Microfinance Initiative *

Egypt Textile Value Chain Project

CEU Agriculture Finance Digital Platform

Egypt Green Building

SL Climate Smart Agri Finance *

Circular Economy Knowledge

Development Product *

Sustainable Infrastructure of the Future Platform *

Advisory to Axis Bank on Climate and ESG *

Operational Highlights

As the FIAS partnership enters a new five-year strategy cycle, the focus is on recovering and rebuilding from the economic devastation caused by the COVID-19 pandemic.

FIAS FY22 Portfolio

73 projects

of which...

65 projects

are client-facing and...

31 projects

benefit IDA

Overview of the Portfolio

As of June 30, 2022, the end of FY22, the FIAS portfolio consisted of 73 projects, of which 65 were client-facing (59 country- and region-specific; 6 global platforms with client-facing components); 8 were global projects spanning knowledge, product, and program development.

Among the 59 projects focused on country and regions, 27 benefit IDA countries, 26 prioritize the Sub-Saharan Africa countries, while 23 are concentrated in FCS.

More than half of the projects in priority areas help single countries; the others work in regions which include IDA, FCS, and/or Africa countries, such as FIAS-supported work in the Organization for the Harmonization of Business Law in Africa (OHADA) and the Women, Business and the Law – Africa Initiative.

The table below provides a breakdown of the 73 FIAS-supported projects across the full spectrum of Advisory Services: Enabling environment advisory, sector-level advisory, and interventions targeting both.

PROJECT TYPE	ENABLING ENVIRONMENT	SECTOR-LEVEL ADVISORY	ECONOMY-WIDE AND SECTOR-LEVEL ADVISORY	TOTAL
Client-facing Projects	27	14	24	65
Share of Client-facing Projects (%)	42%	22%	37%	100%
Global Projects	4	0	4	8
Share of Global Projects (%)	50%	0%	50%	100%
Total Projects	31	14	28	73
Share of Total Projects (%)	43%	19%	38%	100%

FIAS Strategy Emphasizing Investment Generation, Retention

As a key financial source for IFC AS and the IFC 3.0 Creating Markets agenda, FIAS is emphasizing projects with the potential to help clients attract and retain greater private sector investment. The IFC Monitoring & Evaluation (M&E) team helps evaluate project proposals seeking FIAS funding support, analyzing their potential to make good on their targeted results for investment generation. M&E also plays a key post-factor role in validating the results claimed by project teams, applying a rigorous methodology that determines how much new and retained investment can be reliably attributed to the FIAS-supported work. As a result of this conservative approach, FIAS is reporting significantly less investment generated and retained for FY22 than the Program team anticipates will eventually be validated. Even so, the results to date are considerable:

- The Subnational Investment Climate project in **Bosnia and Herzegovina** generated \$3,587,651 in new investment in FY22.
- The **South Africa** Private Sector Competitiveness project generated \$26,146,104, bringing the total investment generated in FY22 by FIAS-supported projects to \$29,733,755.
- The Global Housing Advisory Platform Implementation project recorded \$20,400,000 in value of financing facilitated (VFF); Invest West Africa Regional Warehouse Receipts recorded \$1,900,000 VFF.
- FIAS-supported regulatory streamlining in **Bosnia and Herzegovina** and **Kosovo** generated \$296,707 in direct compliance cost savings to private businesses in FY22.

FIAS Reform Activity Lagged in FY22

Over the previous two strategy cycles, FIAS-supported projects generated an average of 55 reforms per year; in FY22, the FIAS

portfolio produced 1 reform. The Markets and Competition Policy project in **Peru** helped the government enact the country's first economy-wide merger control law and related regulations.

Several factors contributed to the disappointing reform results in FY22. Significant turnover in the FIAS portfolio meant that about half the portfolio is less than two years old; close to half is new as of FY22; these projects were too new to be producing reforms, which generally involve drafting and passage of legislation and follow-up evaluation to ensure adequate reform implementation. Two years of pandemic-related business closures and travel restrictions, as well as changes in policy priorities in client governments, brought reform activity in older FIAS projects to a temporary halt. Still other projects in the portfolio are closing in on completion and have already been credited with the reforms they set out to achieve. In addition to these factors, two months into FY22 the World Bank Group decided to discontinue the Doing Business report following the discovery of irregularities in the DB reports for 2018 and 2020. This decision, and the uncertainty that had hovered over Doing Business for the two years leading up to it, constrained IFC-supported reform work geared toward the Doing Business indicators in areas such as starting a business, getting electricity, and taxation.

The M&E team continues to work with client-facing teams on new or revised reform categories to replace the indicator-based reforms linked to Doing Business.

Amid New Initiatives, FIAS Maintains Focus on IDA, Africa, FCS

The FIAS FY22–26 strategy combines innovation with continuity. The shift toward more sector-focused advisory, support for IFC 3.0 Creating Markets Advisory, emphasis on investment generation and retention, and procedures to ensure strategic alignment to the FIAS Scorecard results, including gender and climate, are among the innovations in the new strategy cycle. FIAS

continues to maintain its prioritization of IFC AS geared toward IDA borrowing countries, Sub-Saharan Africa, and FCS. This work proceeds amid highly volatile political and security circumstances and in economies that faced serious obstacles to attracting new investment even before the onset of the COVID-19 pandemic. Below are some examples of this highly challenging—and potentially rewarding—FIAS-supported work.

OHADA Strengthening Credit Infrastructure for MSME Growth Program

This is a five-year advisory services markets and enabling regional environment program to promote access to credit for MSMEs and women-owned businesses in four member states of **OHADA: Burkina Faso, Côte d'Ivoire, the Democratic Republic of the Congo, and Gabon**. The program focuses on responding to economic pressures created by the COVID-19 pandemic. The project is expected to trigger significant market movement by introducing and scaling movable asset-based lending and implementing the provisions of the recently adopted OHADA Insolvency Law to help counteract COVID-19-induced bankruptcies and unemployment. It seeks to enhance the business enabling environment, optimize usage of the digital credit infrastructure (credit reporting systems, secured transaction and collateral registry, and insolvency regimes), and encourage product innovation. In June 2022, the scope of the project was expanded to include 17 other OHADA member states.

Mali IC4 Project Proceeds Amid Political Turmoil

The **Mali** Investment Climate Phase 4 Economy-Wide project aims to support government institutions in attracting private investment that will create jobs. Through studies, workshops, and advisory services to API Mali, the investment promotion agency, the project is working to build a pipeline of 27 new private investment commitments in priority sectors, including agribusiness and energy. An operational single window for women will help in the creation of women-

owned businesses and provide advice to women-led businesses. Despite political instability and project activity delays during FY22, the project team completed studies examining potential in the textile sector and the cotton and meat value chains and developed marketing plans relating to these and other products for use by API Mali, the country's investment promotion agency.

Africa Leasing Seeks to Build New Leasing Market

The project aims to build the foundation for a future viable leasing market by enhancing the legal and regulatory framework in **Burkina Faso, Cameroon, Côte d'Ivoire, and Gabon**. The project will introduce knowledge-based market tools in collaboration with business associations and leasing stakeholders to train and improve skills and product expertise. At the policy/macro level, the program will support improvements in the national legal and regulatory environment for leasing in two of the four program countries to support future Upstream potential. At the industry level, the program team will engage with relevant leasing stakeholders on the ground (business associations, government officials) to educate leasing practitioners and introduce transaction related market tools. A kick-off mission took place in each country, and the team delivered country-specific national leasing market studies, serving as the basis for the national leasing action plan.

Strengthening the Mango Supply Chain and Advancing in Senegal's Agribusiness Sector

Mangos are emblematic of Senegal and contribute to 15 percent of the country's expanding horticultural exports, employing 20,000 people and generating about \$6.6 million (4 billion CFA) annually. During eight weeks of the year, Senegal is the lone country producing mangos, and its relative proximity to Europe makes Senegalese mangos an attractive option for European buyers. However, fruit fly infestation poses a major challenge, rendering the mangos inedible and leading European phytosanitary inspectors to reject entire container loads of the fruit. IFC Advisory

Services, with FIAS support, has worked with counterparts in Senegal to address this persistent problem. To date, the project has recommended seven procedures, standards, or practices that have helped 52 agricultural-related businesses and organizations make changes which improved their competitiveness and efficiency. Through FY22, the project reached 6,265 farmers, helped secure and improve their revenue, and provided 16 investor or private partnership leads to IFC Upstream and Investment Services teams. The Upstream-tagged project is well on its way to meeting and exceeding its \$19 million investment generated target. An investor survey organized by the project team received responses from 17 firms that benefited from IFC technical assistance. The survey found that total investment realized by these companies since 2018 was more than \$12 million. Access to the EU market was essential to securing additional investment commitments in industrial mango plantations. Additionally, a digital application called Commango, set up in 2018 with IFC support, continues to contribute to the growth in Senegal's mango sector.

Zimbabwe Warehouse Receipt System Opening Doors to Agricultural Credit

In **Zimbabwe** the agricultural sector is the largest economic sector. Thus, the success of the sector is vital. Unfortunately, productivity growth is constrained by several financial factors. The overall

objective of the FIAS-supported project is to expand access to finance in the agricultural sector in Zimbabwe by supporting the development of a regulated warehouse receipt system (WRS). In FY22, the team supported the launch of the Zimbabwe Mercantile Exchange to facilitate the trading of warehouse receipts of agricultural commodities. However, the COVID-19 pandemic continued to have negative impacts on project implementation, namely: delaying stakeholder awareness creation on WRS through regional workshops, delaying capacity building/training of stakeholders, and delaying a benchmarking tour of stakeholders to selected countries.

Women, Business and the Law Advisory Initiative for Africa Piloting Gender Reform Implementation

The Women, Business and the Law (WBL) Advisory Initiative is expanding the support for gender equality throughout Africa by increasing the participation of women in the economy. The project aims to achieve this goal by co-designing gender-neutral laws with the governments. The FIAS-supported projects for piloting reform implementation are ongoing in **Côte d'Ivoire** and **Rwanda**, whereas preparatory client engagement is in progress in **Gabon, Mauritania, Senegal, Sierra Leone, Somalia, and Togo**. The work through World Bank lending operations is ongoing in **Cameroon, Chad, Senegal, Sierra Leone, and Uganda**.

About the Facility for Investment Climate Advisory Services (FIAS): Through the FIAS program, the World Bank Group and Development Partners facilitate investment climate and sector reforms in emerging markets and development economies (EMDEs) to foster open, productive, and competitive markets and to unlock sustainable private investments in sectors that contribute to growth and poverty reduction. The FIAS Program is managed by the International Finance Corporation (IFC), a member of the World Bank Group, and implemented by IFC Advisory Services teams. For more information, visit <https://www.thefias.info>.

