

A photograph of construction workers at a site. In the foreground, a man in a yellow hard hat, blue overalls, and a grey t-shirt is smiling and holding a long wooden plank. In the background, another worker in a yellow hard hat and blue overalls is working with a pile of wooden beams. The site is outdoors with mountains and a clear sky in the background.

FISCAL YEAR 2016

# MAIN ACHIEVEMENTS AND MILESTONES

FY16 marked the end of the five year FY12–16 strategy cycle, a period of significant achievement in advancing developing country growth agendas.

**\$1.58  
billion**

investment generated FY12–16,  
exceeding the \$1 billion target  
for strategy cycle

**341  
reforms**

achieved in 83 client countries  
FY12–16, well above reform target  
of 250 for strategy cycle

**\$208  
million**

in direct compliance cost savings  
to private sector, FY12–16, from  
streamlined regulation and lower  
business costs

## MAIN ACHIEVEMENTS AND MILESTONES

At a time of economic uncertainty, FIAS-supported projects aimed at advancing the World Bank Group goals of inclusive economic growth and job creation, robust private sector competition, and sustainable investment in sectors that contribute to poverty reduction are more vital than ever. FY16 marked the end of the five year FY12–16 strategy cycle, a period of significant achievement in advancing developing country growth agendas. In FY16, the Trade & Competitiveness Global Practice (T&C) made a concerted effort to put FIAS support to work across all Bank Group regions. Direct project expenditures were nearly double the FY15 level, and the number of active FIAS-supported projects in FY16 was up sharply, from 69 in FY15 to 112. FIAS has exceeded virtually all of its key targets for reforms and investment generated. The new FIAS FY17–21 strategy, finalized during FY16, is now well under way. It rests on three strategic pillars: improving business environments; expanding market opportunities; and strengthening firm competitiveness. These are further bolstered by the cross-cutting themes of gender and inclusion, transparency and political economy, and targeting high-growth businesses.



### FIAS Strategy Cycle Performance Exceeds Targets for Reforms, Investments

- For the FY12–16 strategy cycle, FIAS helped bring about 341 reforms in 83 countries across all developing regions (strategy cycle target: 250 reforms; see Annex 1.1, p. 97).
- Of the 341 reforms, 248, or 73 percent, were in International Development Association (IDA) countries (strategy cycle target: 60 percent); 225, or 66 percent, were in Sub-Saharan Africa; and 103, or 30 percent, were in countries in fragile or conflict-affected situations (FCS).
- Compliance cost savings (CCS) reached \$208.2 million (strategy cycle target: \$350 million) reflecting lower business costs due to streamlined regulations and permitting processes.
- FIAS is reporting an additional \$219 million in private sector investment generated for the FY12–16 cycle due to an upward revision in the totals from Brazil, and \$7.9 million stemming from a comprehensive investment climate project in Georgia.
- Total confirmed investment generated, FY12–16, was \$1.58 billion (cycle target: \$1 billion).
- Client satisfaction with FIAS-supported projects was 92 percent for the cycle; almost 90 percent of FIAS projects received positive development effectiveness ratings (see Annex 1.2, p. 99).
- Over the five-year cycle, the Bank Group's *Doing Business* report identified 39 countries on its annual top-ten list of reformers (with some countries appearing more than once). Of those, 27, or 69 percent, benefited from FIAS-supported projects and/or implemented FIAS reforms.

FIAS FY16 FINAL REFORM COUNT

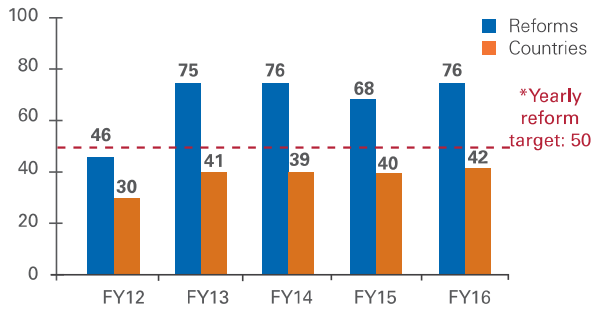
Reforms	76	
<i>of which in FCS</i>	22	29%
<i>of which in IDA</i>	59	78%
<i>of which in EAP</i>	1	1%
<i>of which in ECA</i>	15	20%
<i>of which in LAC</i>	6	8%
<i>of which in MENA</i>		
<i>of which in SA</i>	4	5%
<i>of which in SSA</i>	50	66%
<i>of which validated by DB</i>	66	87%
<i>(of which validated BY DB16)</i>	7	

**In FY16,**  
*FIAS-supported programs contributed to 76 reforms in 42 client countries and one region.*

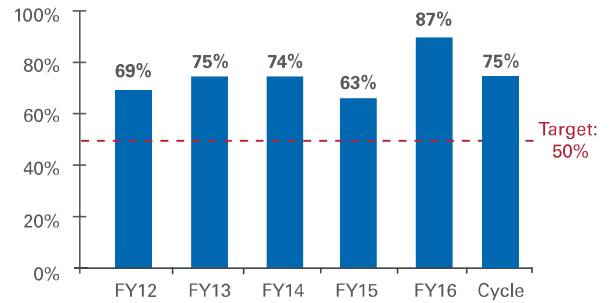
## FIAS Strategy Cycle Metrics, FY12–16

With the completion of the FIAS FY12–16 strategy cycle, the results show that FIAS has exceeded strategy cycle targets<sup>1</sup> for total reforms, implementation of reforms in *Doing Business*, and IDA reforms, while also maintaining focus on the priority areas of Sub-Saharan Africa and conflict-affected states.

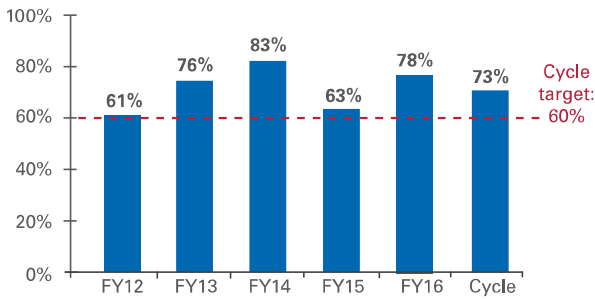
**TOTAL FIAS-SUPPORTED REFORMS**  
(Target yearly average: 50 reforms)



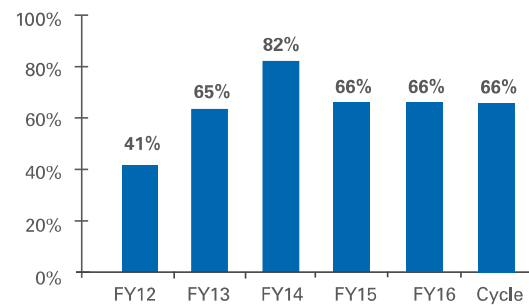
**SHARE OF REFORMS RECORDED IN *DOING BUSINESS***  
(Target: 50%)



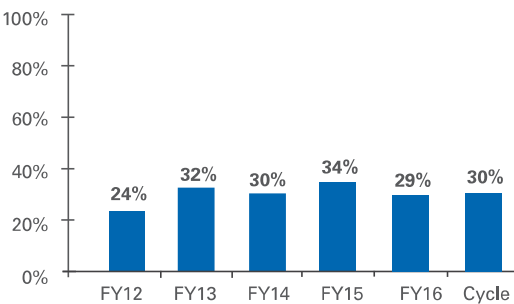
**SHARE OF REFORMS IN IDA COUNTRIES**  
(Target: 60%)



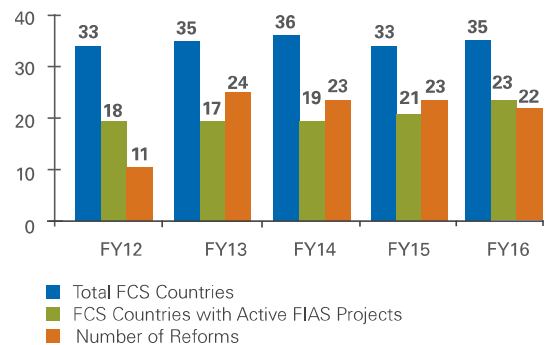
**SHARE OF REFORMS IN SUB-SAHARAN AFRICA**



**SHARE OF REFORMS IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS**



**FIAS-SUPPORTED PROJECTS, REFORMS IN FCS**



<sup>1</sup> Target indicates goal per year for the FY12–16 Strategy Cycle.

## Strong Performance in FY16, Final Year of FY12–16 Strategy Cycle

- FIAS-supported programs implemented by T&C contributed to 76 reforms in 42 client countries and one region in FY16 (68 reforms in 40 countries in FY15).<sup>2</sup>
- *Doing Business 2017* reports that 66 of the 76 FY16 FIAS reforms, or 87 percent, were relevant to DB topics (in FY15: 63 percent; see *FIAS-supported reforms table, p. 11*); 1 out of 4 of the 283 DB reforms recorded in FY16 were achieved with the help of FIAS-funded advisory services.
- FIAS-supported projects accounted for 71 percent of the 107 reforms achieved through the work of T&C teams.
- FIAS support helped achieve \$15.2 million in CCS in FY16, (in FY15: \$20.8 million), bringing the total in savings to the private sector from regulatory reform to \$208.2 million for the cycle.
- *Doing Business 2017* lists 10 countries as most improved in terms of reforms undertaken. Eight of these—Belarus, Brunei Darussalam, Georgia, Indonesia, Kazakhstan, Kenya, Pakistan, and Serbia—benefited from FIAS-supported projects. Georgia and Serbia instituted reforms in FY16.

## FY16 Portfolio Information: Focus on Priority Client Groups

- 78 percent of reforms were achieved in IDA countries (63 percent in FY15).
- 66 percent of reforms were achieved in Sub-Saharan Africa (66 percent in FY15).<sup>3</sup>
- 29 percent of reforms were achieved in countries in fragile or conflict-affected situations (34 percent in FY15).
- FIAS supported active projects in 23 out of the world's 35 FCS countries in FY16 (in FY15, FIAS supported projects in 21 of 33 FCS countries) the highest number and proportion of FCS client countries served of the five-year cycle.
- The 76 FIAS-supported reforms in FY16 exceed the yearly target of 50 reforms.

## FIAS Portfolio: Client-Facing, Knowledge and Product Development, Industry-Specific

- In FY16, FIAS funding was used to co-finance 112 projects implemented by T&C, including 25 non-client facing projects focused on knowledge management and product development.<sup>4</sup>
- Total direct project expenditures were \$35.6 million in FY16, nearly double the previous year's \$18.3 million. Of total direct project expenditures, \$20.9 million went to client-facing projects (\$9.9 million in FY15) and \$14.6 million went to knowledge management and product development projects (\$8.4 million in FY15).
- The share of expenditures on industry-specific activities supported by FIAS totaled \$3.4 million in FY16, or 16 percent of client-facing FIAS expenditures (\$1.57 million in FY15, or 15.9 percent).
- Projects relating to improving the business environment in client countries drew the largest share of client-facing expenditures, with 19 percent, followed by trade facilitation and logistics, industry-specific, indicator based reform, investment policy and promotion, business taxation, and competition policy.
- The region with the highest proportion of spending was Sub-Saharan Africa, accounting for 46 percent in FY16 (50 percent in FY15), in line with the FIAS strategy.
- Funding administered via FIAS contributed to 22 percent of total T&C spending in FY16 (in FY15: 19.8 percent), and FIAS funding was involved in projects that supported the implementation of 71 percent of all advisory area reforms (76 of 107 reforms) brought about through T&C interventions (73 percent in FY15).
- FIAS continued to direct considerable support to knowledge and product development, which accounted for 41 percent of direct project expenditures (45 percent in FY15).

***FIAS** support helped achieve \$15.2 million in CCS in FY16, (in FY15: \$20.8 million), bringing the total in savings to the private sector from regulatory reform to \$208.2 million for the cycle.*

<sup>2</sup> Reform totals are preliminary and may be subject to minor revision.

<sup>3</sup> The figures add up to more than 100 percent because of overlap between the FCS, IDA, and Sub-Saharan Africa categories.

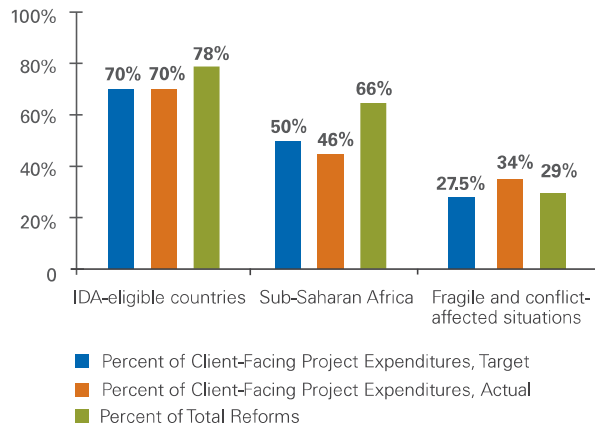
<sup>4</sup> FIAS funding supported an additional 9 projects that had less than \$10,000 in expenditures for the fiscal year.

## Balance in the FIAS Portfolio

As the bar graph below indicates, target spending, actual spending, and distribution of reforms by priority area were in rough alignment in FY16, with the share of reforms in each priority area exceeding the share of funds invested, particularly in Sub-Saharan Africa. The wheel charts show FIAS FY16 spending by thematic priority and product line for client-facing projects.

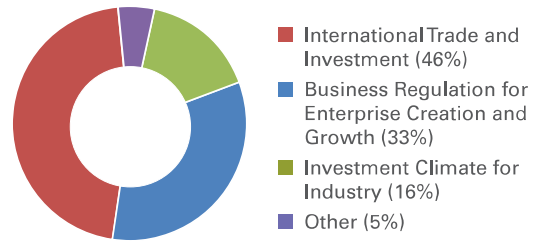
### RESULTS BY PRIORITY CLIENT GROUP, FY16

Share of Client-Facing Project Expenditures and Total Reforms



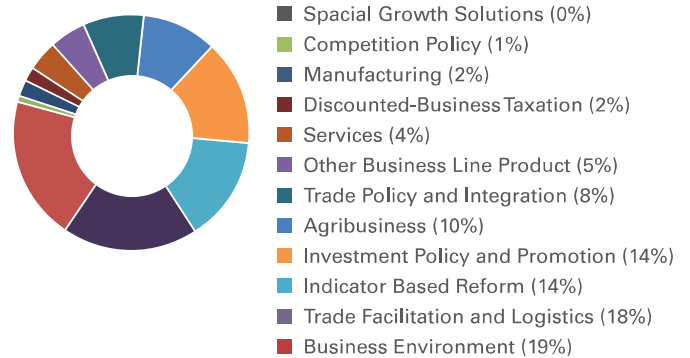
### TOTAL EXPENDITURE BY THEMATIC PRIORITY OF CLIENT-FACING PROJECTS, FY16

100% = \$20,989,587



### TOTAL EXPENDITURES BY PRODUCT LINE OF CLIENT-FACING PROJECTS, FY16

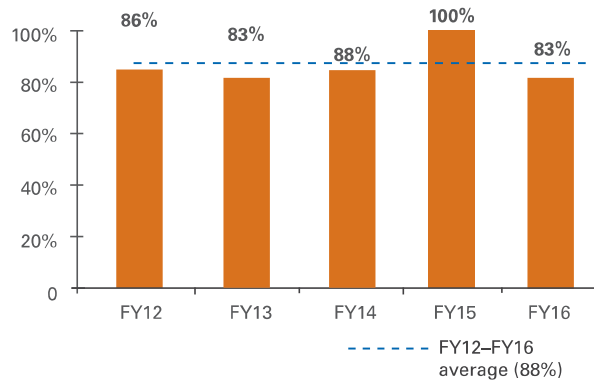
100% = \$20,989,587



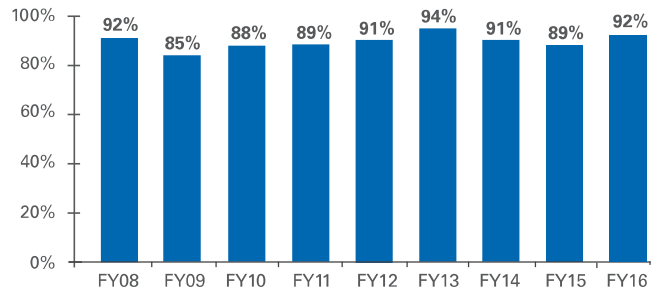
## FIAS, T&C Development Effectiveness and Client Satisfaction

- The development effectiveness rating for FIAS-funded projects that closed in FY16 was 83 percent, slightly below the average for the cycle. One project out of six rated (an investment climate project in Moldova) received a 'mostly unsatisfactory' rating. Development effectiveness for the cycle averaged 88 percent.
- Overall client satisfaction in FY16 with T&C advisory services, through which a majority of FIAS-funded programs are implemented, was 92 percent, up from 89 percent in FY15.
- FIAS-supported projects received a client satisfaction rating of 95 percent (in FY15, 89 percent).

FIAS DEVELOPMENT EFFECTIVENESS RATINGS, FY12-FY16  
(Share of completed projects with positive ratings)

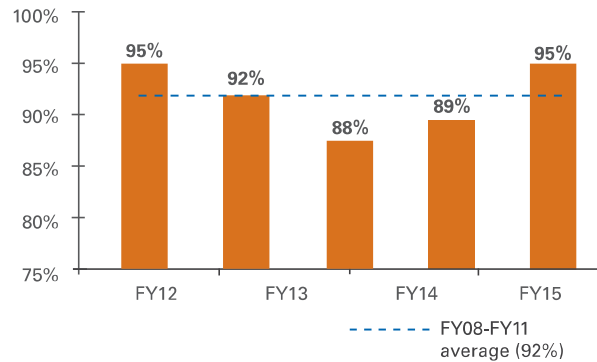


TRADE & COMPETITIVENESS GLOBAL PRACTICE  
CLIENT SATISFACTION, FY08-FY16\*  
(Share of clients satisfied)



\*Client satisfaction ratings for Investment Climate Business Line from FY08-FY14.

FIAS CLIENT SATISFACTION, FY12-FY16  
(Share of positive client responses from FIAS supported projects)



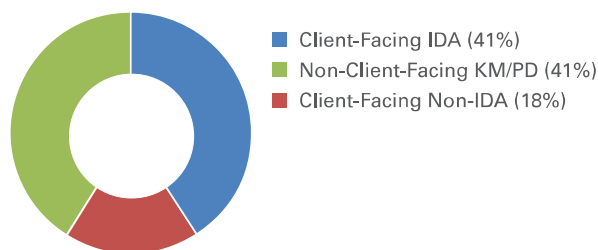
## FY12–16 Funding and Expenditures

Contributions (Sources of Funds)	2012		2013		2014		2015		2016	
	In US\$, Thousands	Share of Total	In US\$, Thousands	Share of Total	In US\$, Thousands	Share of Total	In US\$, Thousands	Share of Total	In US\$, Thousands	Share of Total
<b>WORLD BANK GROUP CONTRIBUTIONS</b>	12,089	36%	11,754	42%	9,917	19%	7,627	21%	9,428	26%
Core	8,188	24%	8,000	28%	7,600	14%	6,700	18%	7,300	20%
IFC <sup>a</sup>	4,088	12%	4,000	14%	4,500	9%	5,100	14%	5,700	16%
MIGA	2,500	8%	1,600	6%	1,500	3%	-	0%	-	0%
World Bank	1,600	5%	2,400	8%	1,600	3%	1,600	4%	1,600	4%
Project Specific/Other Contributions (IFC)	3,901	11%	3,754	13%	2,317	4%	927	3%	2,128	6%
<b>Donor Contributions</b>	21,390	63%	16,435	58%	42,584	81%	29,060	79%	25,011	68%
Core	5,730	17%	5,532	20%	21,241	40%	7,872	21%	7,141	19%
Programmatic	6,678	20%	5,447	19%	15,410	29%	16,522	45%	11,856	32%
Project Specific	8,982	26%	5,456	19%	5,933	11%	4,666	13%	6,014	16%
Client Contributions	484	1%	90	0.3%	75	0.1%	50	0.1%	-	0%
<b>Total Contributions<sup>b</sup></b>	<b>33,963</b>	<b>100%</b>	<b>28,279</b>	<b>100%</b>	<b>52,577</b>	<b>100%</b>	<b>36,737</b>	<b>100%</b>	<b>34,439</b>	<b>94%</b>
Less Trust Fund Administration Fees	1,122		1,021		2,507		1,421		1,080	
<b>Total Net Contributions</b>	<b>32,841</b>		<b>27,258</b>		<b>50,070</b>		<b>35,316</b>		<b>33,359</b>	
Expenditures (Uses of Funds) <sup>a</sup>	In US\$, Thousands	Share of Total	In US\$, Thousands	Share of Total	In US\$, Thousands	Share of Total	In US\$, Thousands	Share of Total	In US\$, Thousands	Share of Total
Staff Costs (including consultants)	19,740	70%	21,855	69%	22,439	81%	22,262	80%	32,465	79%
Operational Travel Costs	5,847	21%	6,099	19%	3,643	13%	4,176	15%	6,360	16%
Indirect Costs (including office and operating costs)	2,455	9%	3,603	11%	1,792	6%	1,673	6%	2,114	5%
<b>Total Expenditures</b>	<b>28,042</b>	<b>100%</b>	<b>31,557</b>	<b>100%</b>	<b>27,875</b>	<b>100%</b>	<b>27,875</b>	<b>100%</b>	<b>40,939</b>	<b>100%</b>

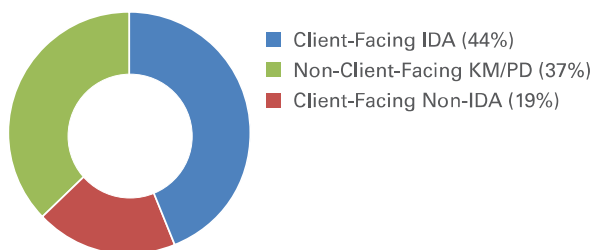
<sup>a</sup> Includes Advisory Services administrative budget and expenditures of approximately \$1.2 million in FY12 and FY13, \$2.3 million in FY14 and \$3.1 million in FY15 provided by IFC to cover staff and travel costs of a number of mainstreamed Advisory Services (AS) positions related to the delivery of the FIAS Program.

<sup>b</sup> FY12 donor contributions amended to correct a typographic error in the FY12 Expenditures table on page 6 of the FIAS 2012 Annual Review.

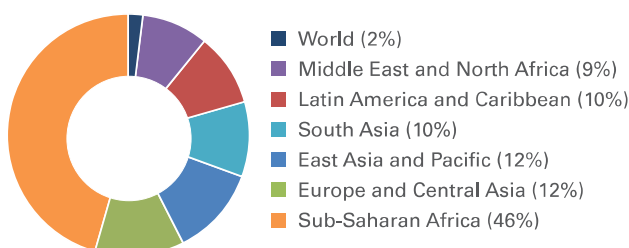
**DIRECT PROJECT EXPENDITURES, FY16**  
(Client-Facing IDA/Non-IDA and Non-Client-Facing)  
100% = \$35,577,999



**DIRECT PROJECT EXPENDITURES, FY12–16**  
(Client-Facing IDA/Non-IDA and Non-Client-Facing)  
100% = \$113,898,894



**CLIENT-FACING EXPENDITURES BY REGION, FY16**  
100% = \$20,989,587



**CLIENT-FACING EXPENDITURES BY REGION, FY12–16**  
100% = \$71,353,301

