

# Fias

2019

ANNUAL REVIEW

THE FACILITY FOR INVESTMENT CLIMATE ADVISORY SERVICES

Executive Summary



With support from:



BILL & MELINDA GATES foundation



# Introduction

The Facility for Investment Climate Advisory Services (FIAS) supports projects and programs to improve the business climate and strengthen private sector resilience in emerging and developing economies amid a global economic crisis.

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The COVID-19 pandemic is both a global health emergency and an unprecedented economic crisis that is expected to push the global economy into recession. As the *FIAS 2019 Annual Review* goes to press the World Bank Group estimates that between 2019 and 2020, the global economy will shrink by \$4.2 trillion, a contraction roughly equal to the combined size of the German and Belgian economies. The pandemic and its economic repercussions are likely to push an estimated 40 million to 60 million people into extreme poverty—marking the first increase in global poverty since 1998.

World Bank Group projections indicate that Sub-Saharan Africa, a priority region for the World Bank Group and for FIAS, will be the region hit hardest in terms of increased extreme poverty. Economic growth in Sub-Saharan Africa is projected to decline from 2.4 percent in 2019 to negative 2.1 to 5.1 percent in 2020, the first recession in the region in 25 years. Agricultural production—a priority sector for FIAS-supported advisory

services—is likely to contract between 2.6 percent and 7 percent, raising the risk of growing food insecurity.

Relief, recovery and restructuring, and resilience are the three pillars of the IFC response to the pandemic. As an immediate response to provide relief, IFC is deploying \$8 billion in fast-track financing to help clients weather the impact of COVID-19 and is developing means for disbursing funds rapidly. IFC is also working to prepare the next stage of its response. It will provide restructuring and recovery support as well as accelerate upstream engagement in market-creation activities, including sectoral reform to promote private sector investment to strengthen the resiliency of the private sector and develop the environment for more private sector-led investment projects.

The work FIAS supports will be instrumental in building client country resilience, ensuring that investment climate reforms are sustained and can withstand the pressures imposed by the pandemic. Projects supported by FIAS are particularly active in agribusiness, a sector central to the effort to prevent food insecurity, and tourism, one of the sectors hardest hit by the crisis. And the experience and lessons learned through FIAS-supported projects in countries affected by fragility, conflict, and violence (FCV)—the focus of the Special Topic Chapter—will prove valuable as more client countries grapple with extreme conditions brought on by the pandemic crisis.

FIAS has a strong foundation on which to build during the pandemic. Through three years of the five-year FY17–21 strategy cycle, FIAS-supported projects have helped bring about passage and implementation of 133 investment climate reforms in 55 client countries. Nearly two-thirds of the reforms have benefited borrowing countries of the International Development Association (IDA). The work continues in FY20, the fourth year of the five-year FIAS strategy cycle, thanks to the continued strong support of our Development Partners.

## FIAS Partnership Ever More Relevant Amid Global Crisis

As this report goes to press, the world confronts a global pandemic that is exacting a mounting human toll and causing far-reaching economic disruption. The challenges are particularly severe in the emerging markets and developing countries where IFC and the FIAS partnership have been working together for 35 years. In response to the COVID-19 crisis, IFC is moving quickly on an approach organized around *relief, restructuring, recovery and resilience* that aims to sustain private sector firms so that markets can continue to function and deliver critical goods and services and maintain employment as part of the longer-term recovery. FIAS is a key component of the resilience and recovery focus of IFC's COVID-19 response. FIAS helps clients build the capacity and carry out the investment climate and sector-specific reforms needed to retain companies and attract private investment back to developing countries to repair and restore markets damaged by the pandemic. Our FIAS-supported teams are making full use of the resources at our disposal for working remotely while maintaining contact with and support for our clients and partners. Now more than ever we need to work together, and with FIAS support we can help ensure that emerging and developing economies will be equipped to sustain businesses through the crisis and work to accelerate recovery.

*Karin Finkelston, IFC Vice President for Partnerships, Communication & Outreach*



African construction workers building an office building in Kigali, Rwanda. *Photo: Bigstock*

# Main Achievements and Milestones

FIAS-supported advisory services and capacity building in FY19, benefited the economic progress of the 87 client countries.

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FIAS advisory work supported, and carried out by IFC advisory teams achieved

**31** reforms in  
**18** client countries

in FY19; 58% in IDA; 71% in Sub-Saharan Africa; 35% in fragile states

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**97%** client  
satisfaction rating  
FY19

30 of 31 projects receiving positive ratings from clients

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FIAS-supported projects generated

**\$34** million

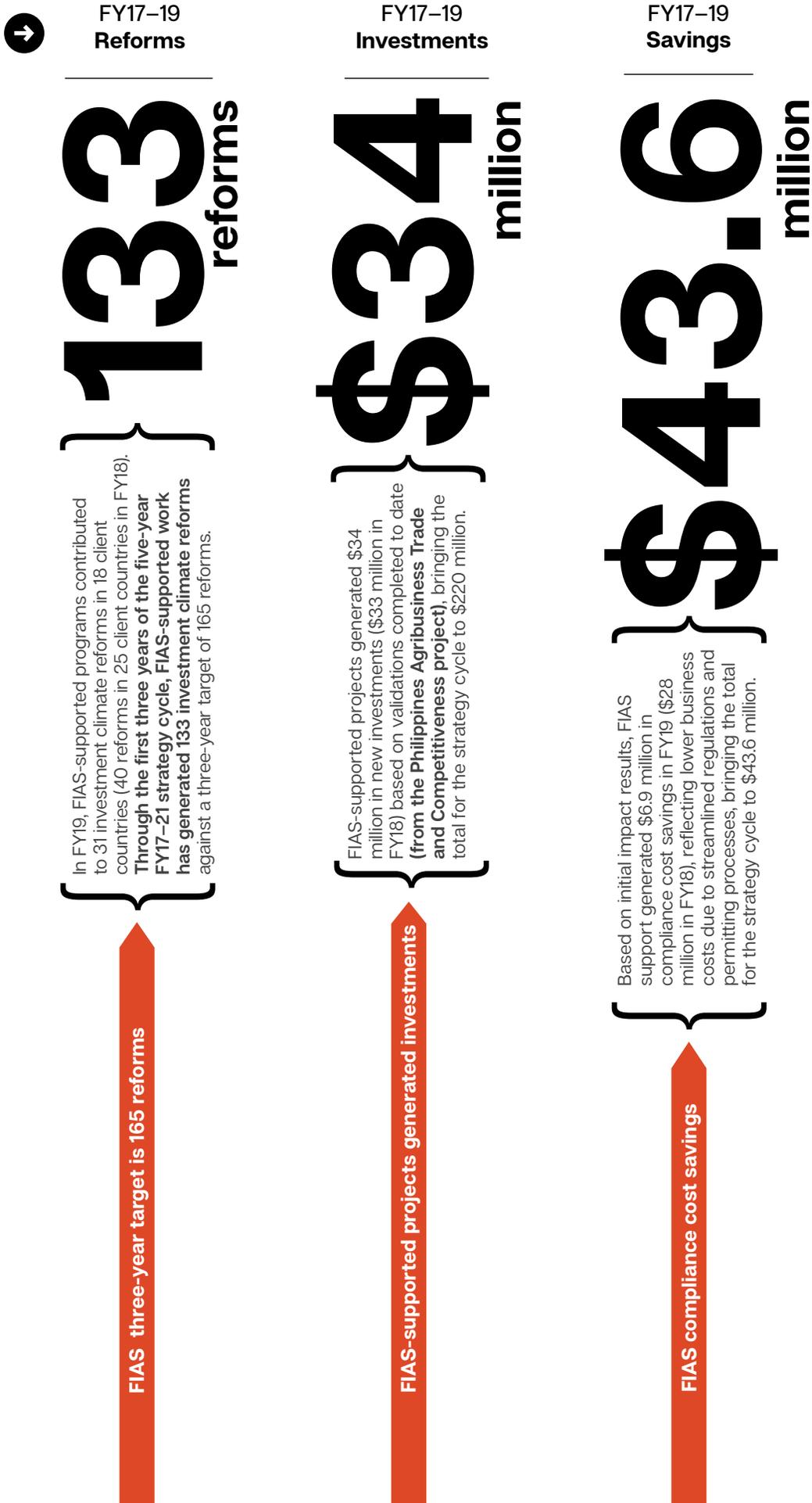
in new investments, bringing the total for the strategy cycle to \$220 million

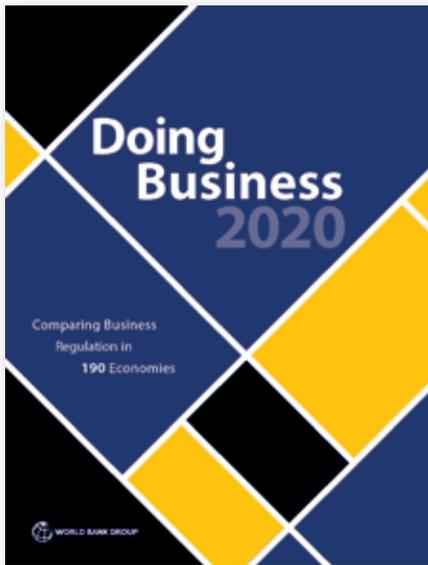


African farmer in her fields. *Photo: Bigstock*

# Highlights

## of FY17–19 FIAS-Supported Operations





Doing Business 2020

# Top 10 countries most improved

Togo, one of the ten countries listed in *Doing Business 2020* as most improved, recorded three reforms in FY19 from FIAS-supported projects.



## 25 reforms

25 of the FY19 reforms, or **81 percent**, involve *Doing Business* indicator reforms that have been independently validated by *Doing Business 2020*.



## 9 percent of DB reforms achieved

Of the **294 DB reforms** recorded in FY19, 9 percent were achieved in FIAS-supported projects.

# Focus on Priority Client Groups

FIAS client-facing expenditures in priority areas were in line with the FIAS FY17–21 strategy targets:



FY19 Project Expenditures

# \$18.3 million

57 percent supported IDA borrowing countries (target: 70 percent).

- 41 percent was spent in Sub-Saharan Africa (target: 50 percent).
- 23 percent was spent in countries affected by fragility, conflict, and violence (target: 25 percent).



Reforms Achieved in FY19 IDA, Africa, FCV

# 58%

58 percent of reforms were achieved in IDA countries (65 percent in FY18).

# 71%

71 percent of reforms were achieved in Sub-Saharan Africa (30 percent in FY18).

# 35%

35 percent of reforms were achieved in FCV (25 percent in FY18).

## → FIAS-supported projects

# 36 states and territories

Of the 36 states and territories on the World Bank Group's FCV list for FY19, 22, or 61 percent, had FIAS-supported country-specific or regional projects (24 countries and one territory, or 69 percent in FY18).

**The 22 are:** Afghanistan, Burundi, Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, The Gambia, Guinea-Bissau, Haiti, Kosovo, Liberia, Mali, Mozambique, Sierra Leone, Somalia, South Sudan, Sudan, Timor-Leste, Togo, and Zimbabwe.

# 106 projects

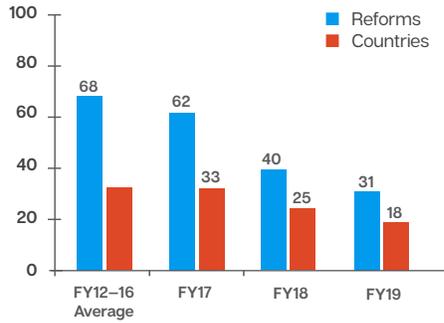
The FIAS portfolio consisted of 106 projects in FY19 (98 in FY18), with 85 client-facing (79 in FY18) and 21 non-client-facing in product development (20 in FY18).

- FIAS helped bring about reforms in 3 FCV countries (5 in FY18). Of the 31 reforms achieved with FIAS support in FY19, 11 or 35 percent, were in FCV (10 of 40 reforms, or 25 percent, in FY18). FIAS supported 31 projects benefiting FCV countries either directly or as part of regional projects, or 36 percent of 85 client-facing projects (in FY18, 24 of 79, or 30 percent).
- For the 85 client-facing projects supported by FIAS in FY19, FIAS funding represented 64 percent of total spending, with an average contribution of \$215,538 per project. For the 21 the global knowledge projects that received FIAS support, FIAS funding represented 54 percent of total FY19 spending, with an average contribution of \$179,317 per project.
- FIAS clients rated 31 projects in FY19, 30 of them positively, or 97 percent (10 of 10 rated positively in FY18, 100 percent; 28 of 31 in FY17, 90 percent).
- For the first three years of the FY17–21 strategy cycle, clients have rated 68 of 72 projects positively, or 94 percent (client satisfaction rating for FY12–16 cycle: 92 percent).
- For the FY17–21 strategy cycle to date, 12 out of 18 completed projects supported by FIAS received positive development effectiveness ratings in internal World Bank Group management reviews. For FY19, 3 projects out of 5 were rated successful or mostly successful; development effectiveness ratings for 4 projects have come in so far during FY20; all 4 were rated successful or mostly successful. (See the *Monitoring & Evaluation* section in Chapter 4 for details).
- FIAS FY19 direct project expenditures totaled \$21.9 million (FY18: \$21.5 million), with \$18.3 million, or 84 percent, client-facing (FY18: 77 percent) and 16 percent non-client facing (FY18: 23 percent). The \$21.9 million in FIAS expenditures leveraged \$33.5 million in total expenditures from all sources on projects that received FIAS support.

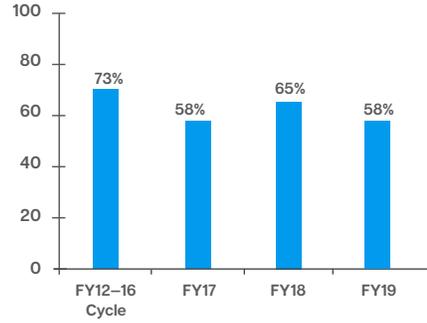
# FIAS Strategy Cycle Metrics

The FIAS FY17–19 results in priority areas as measured against strategy cycle targets

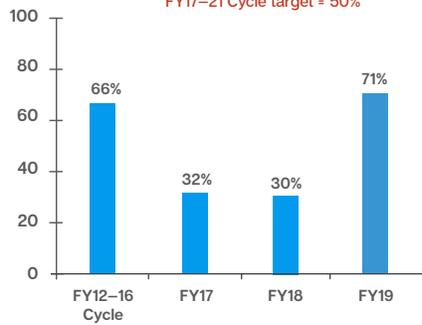
**TOTAL FIAS-SUPPORTED REFORMS**  
FY17–21 yearly reform target = 55



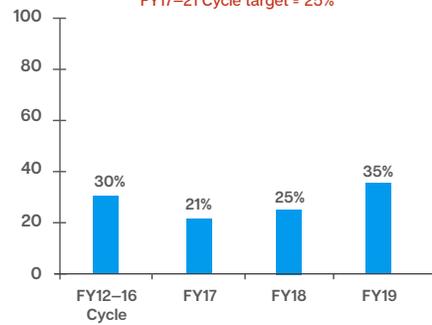
**SHARE OF REFORMS IN IDA COUNTRIES**  
FY17–21 Cycle target = 70%



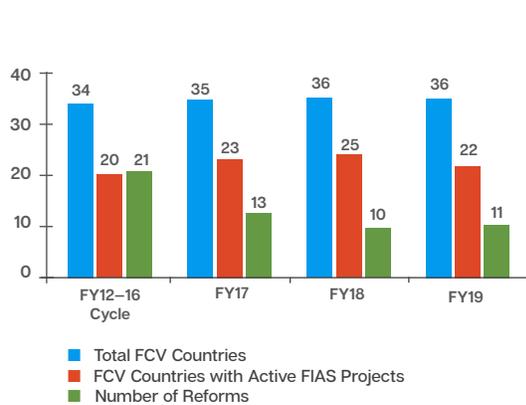
**SHARE OF REFORMS IN SUB-SAHARAN AFRICA**  
FY17–21 Cycle target = 50%



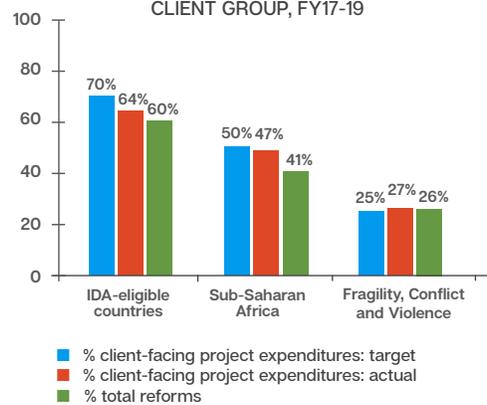
**SHARE OF REFORMS IN STATES AFFECTED BY FRAGILITY, CONFLICT, AND VIOLENCE**  
FY17–21 Cycle target = 25%



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

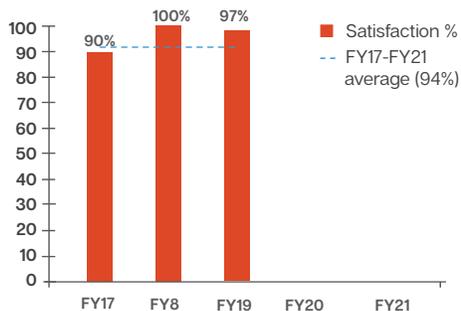


**CUMULATIVE RESULTS BY PRIORITY CLIENT GROUP, FY17-19**



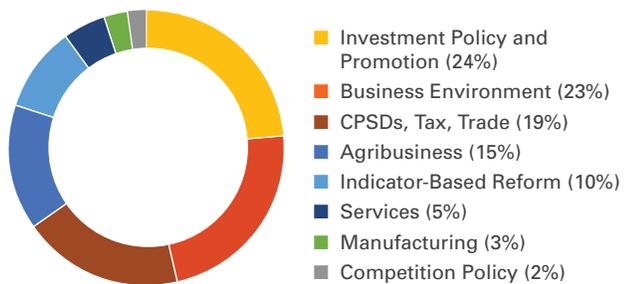
**FIAS CLIENT SATISFACTION, FY17-FY21**

Share of positive client responses from FIAS-supported projects



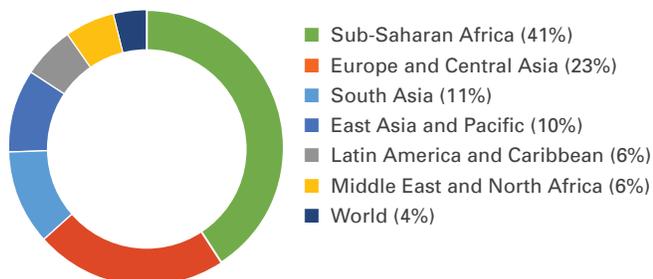
**CLIENT-FACING EXPENDITURES BY PRODUCT, FY19**

100% = \$18,320,721



**CLIENT-FACING EXPENDITURES BY REGION, FY19**

100% = \$18,320,721



Farmer harvesting wheat in South Africa. Photo: Bigstock

## FY17–21 FIAS Funding and Expenditures

Fiscal Year	2017		2018		2019		2020		2021		2017-21	
Contributions (Sources of Funds) <sup>a</sup>	In US\$	Share of Total	In US\$	Share of Total	In US\$	Share of Total	In US\$	Share of Total	In US\$	Share of Total	In US\$	Share of Total
<b>WORLD BANK GROUP CONTRIBUTIONS</b>	9,599,341	26%	8,061,770	25%	7,000,000	25%	-	0%	-	0%	24,661,111	25%
Core Contributions	7,000,000	19%	7,000,000	22%	7,000,000	25%	-	0%	-	0%	21,000,000	22%
IFC <sup>a</sup>	5,000,000	13%	5,000,000	16%	5,000,000	18%	-	0%	-	0%	15,000,000	15%
MIGA	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
World Bank	2,000,000	5%	2,000,000	6%	2,000,000	7%	-	0%	-	0%	6,000,000	6%
Project Specific/Other Contributions (IFC)	2,599,341	7%	1,061,770	3%	-	0%	-	0%	-	0%	3,661,111	4%
Donor Contributions	27,950,198	74%	23,557,629	75%	21,397,458	75%	-	0%	-	0%	72,905,285	75%
Core	4,601,820	12%	5,620,842	18%	5,600,853	20%	-	0%	-	0%	15,823,515	16%
Programmatic	16,009,590	43%	8,880,887	28%	10,377,169	37%	-	0%	-	0%	35,267,646	36%
Project-Specific	7,338,788	20%	9,055,900	29%	5,419,436	19%	-	0%	-	0%	21,814,124	22%
Client Contributions	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Contributions</b>	<b>37,549,539</b>	<b>100%</b>	<b>31,619,399</b>	<b>100%</b>	<b>28,397,458</b>	<b>100%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>97,566,396</b>	<b>100%</b>
<i>Less Trust Fund Administration Fees</i>	1,099,899		834,799		-		-		-		1,934,696	
<b>Total Net Contributions</b>	<b>36,449,640</b>		<b>30,784,600</b>		<b>28,397,458</b>		<b>-</b>		<b>-</b>		<b>95,631,698</b>	

Expenditures (Uses of Funds) <sup>b</sup>	2017	Share of Total	2018	Share of Total	2019	Share of Total	2020	Share of Total	2021	Share of Total	2017-21	Share of Total
Staff Costs	15,724,142	48%	14,114,087	52%	12,308,245	50%	-	0%	-	0%	42,146,474	50%
Consultants and Temporaries	10,503,071	32%	8,768,926	32%	7,838,159	32%	-	0%	-	0%	27,110,156	32%
Operational Travel Costs	5,053,184	15%	3,006,936	11%	3,004,750	12%	-	0%	-	0%	11,064,870	13%
Indirect Costs (including office and operating costs)	1,604,318	5%	1,506,396	5%	1,348,287	6%	-	0%	-	0%	4,459,001	5%
<b>Total Expenditures</b>	<b>32,884,715</b>	<b>100%</b>	<b>27,396,345</b>	<b>100%</b>	<b>24,499,442</b>	<b>100%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>84,780,502</b>	<b>100%</b>

<sup>a</sup> Includes contributions from all sources of funds that support the FIAS FY17–21 strategic agenda. FIAS FY12–16 funding cycle contributions (previously reported) have been adjusted for comparative purposes.

<sup>b</sup> Includes expenditures from all sources of funds that support the FIAS FY17–21 strategic agenda. FIAS FY12–16 funding cycle expenditures (previously reported) have been adjusted for comparative purposes.

### FIAS-Supported Reforms by Region and Country, FY19

Region	Country	Agribusiness	Construction Permits	Enforcing Contracts	Getting Credit	Getting Electricity	Investment Policy - Incentives	Investment Policy - Protection and Retention	Licenses and Permits	Property Transfers	Starting a Business	Grand Total
EUROPE AND CENTRAL ASIA	Georgia							✓				1
EUROPE AND CENTRAL ASIA								1				1
LATIN AMERICA AND THE CARIBBEAN	Argentina		✓*									1
	Dominican Republic			✓*							✓*	2
	Ecuador									✓*		1
	El Salvador	✓										1
	Jamaica			✓*						✓*		2
	Paraguay			✓*								1
LATIN AMERICA AND CARIBBEAN		1	1	3						2	1	8
AFRICA	Eswatini <sup>a</sup>									✓**		1
	Ethiopia <sup>a</sup>							✓				1
	Ghana <sup>a</sup>		✓**				✓					2
	Malawi <sup>a</sup>		✓**							✓**		2
	Mauritius									✓*	✓**	2
	Mozambique <sup>ab</sup>					✓**			✓			2
	Senegal <sup>a</sup>	✓										1
	Seychelles		✓**									1
	South Africa										✓**	1
	Togo <sup>ab</sup>		✓**							✓**	✓**	3
	Zimbabwe <sup>ab</sup>		✓** ✓*	✓**	✓**					✓** ✓*		6
AFRICA TOTAL		1	6	1	1	1	1	1	1	4	5	22
GRAND TOTAL		2	7	4	1	1	1	2	1	6	6	31
FIAS Total of which in IDA											18	58%
FIAS Total of which in FCV											11	35%
FIAS Total of which in SSA											22	71%
Reforms captured by <i>Doing Business</i>											25	81%

<sup>a</sup>International Development Association (IDA).

<sup>b</sup>Fragile or conflict-affected situations.

\* Of the 25 reforms validated by *Doing Business*, 10 were validated by DB20.

\*\* 15 reforms were reported retroactively and were validated by DB19 (13) and DB18 (2).

## FIAS FY17–21 Strategy Cycle Scorecard—Summary

STRATEGIC THEME	INDICATOR	Cumulative FY12–16	FY17	FY18	FY19	FY20	FY21	CUMULATIVE FY17–21	FY17–21 STRATEGY TARGET
1. Focus on Priority Clients	% of FIAS client-facing project implementation spend in IDA countries	75%	69%	68%	57%			64%	70%
	% of FIAS client-facing project implementation spend in Sub-Saharan Africa	55%	54%	47%	41%			47%	50%
	% of FIAS client-facing project implementation spend in FCV	29%	29%	30%	23%			27%	25%
2. Delivering Significant Business Results	Number of IC reforms supported by FIAS	341	62	40	31			133	275
	% of IC reforms supported by FIAS in IDA countries	73%	58%	65%	58%			60%	70%
	% of IC reforms supported by FIAS in Sub-Saharan Africa	66%	32%	30%	71%			41%	50%
	% of IC reforms supported by FIAS in FCV countries	30%	21%	25%	35%			26%	25%
3. Client Satisfaction and Development Effectiveness	Client satisfaction: FIAS-supported projects (results from IFC client survey)	92%	90%	100%	97%			94%	90%
	Development effectiveness: FIAS-supported projects (% of projects rated satisfactory in terms of development effectiveness)	88%	100%	50%	60%	100%		66%	80%
4. Measuring Impact	Direct Compliance Cost Savings	\$208M	\$8.7M	\$28M	\$6.9M			\$43.6M	\$250M
	Investment generated via facilitation of FDI in priority sectors*	\$1.59B	\$153.2M	\$33M	\$34M			\$220.2M	\$1B
	Productivity**								TBD
	Jobs**								TBD
5. Leverage	IBRD and IFC investment operations informed and enabled by FIAS**								TBD

\* The \$1 billion target for investment generated is derived using an improved methodology. Using the previous methodology, the comparable investment generated target would be \$2 billion for FY17–21, or double the target of the previous cycle.

\*\* Methodology for setting targets for these indicators to be developed during FY17–21 cycle.

# Summary



Reform Totals  
FY19



Reforms By  
Region



Publications,  
Events



Funding Received  
Per Project



Spending  
Per Project

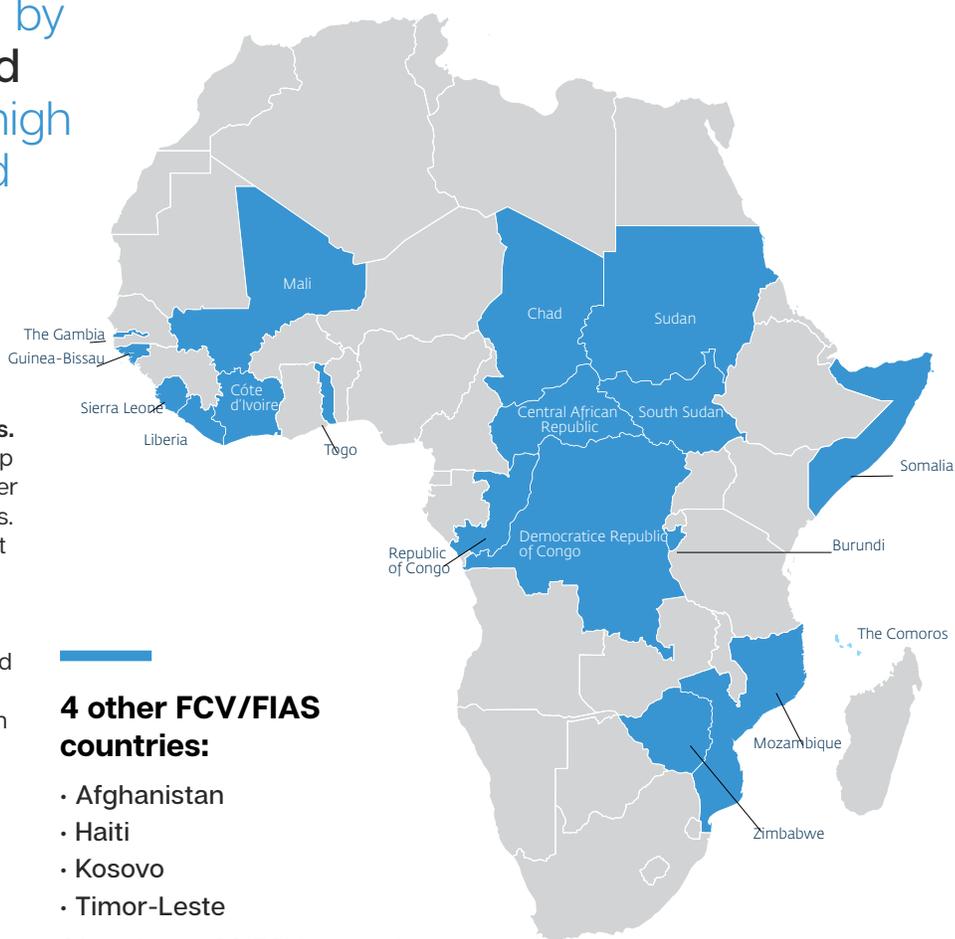
### FIAS Supported Projects in 22 FCV Countries in FY19

Supporting development in countries affected by fragility, conflict, and violence (FCV) is a high priority for the World Bank Group.

World Bank lending, IFC advisory services, capacity building, and investment projects, and MIGA risk mitigation in these countries have higher risk factors for obvious reasons. But for those same reasons, Bank Group interventions have the potential to deliver more immediate and significant benefits. The idea is that development should not wait for a total cessation of unrest and instability before commencing. To the contrary, economic reform, sustainable and inclusive development, and targeted investment and private sector growth can be key ingredients in tamping down instability and political violence and stabilizing countries in fragile situations.

The World Bank Group's institutional focus on FCV is strongly reflected in third-year results for the FIAS FY17–21 strategy cycle. FCV is one of the three areas of targeted focus in the FIAS strategy, along with IDA countries and the Sub-Saharan Africa region. Of the 36 states and territories on the World Bank Group's FCV list for FY19, 22, or 61 percent, had FIAS-supported country-specific or regional projects (24 countries and one territory, or 69 percent in FY18).

**The 22 are:** Afghanistan, Burundi, Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, The Gambia, Guinea-Bissau, Haiti, Kosovo, Liberia, Mali, Mozambique, Sierra Leone, Somalia, South Sudan, Sudan, Timor-Leste, Togo, and Zimbabwe.



#### 4 other FCV/FIAS countries:

- Afghanistan
- Haiti
- Kosovo
- Timor-Leste

**31 projects, 22 FCV countries, all IDA FCV = 36% of FIAS portfolio**  
**11 FY19 reforms in FCV (35%)**

FIAS support helped bring about reforms in 3 FCV countries—Mozambique, Togo and Zimbabwe—in FY19 (5 countries in FY18). Of the 31 reforms achieved with FIAS support in FY19, 11, or 35 percent, were in FCV (10 of 40 reforms, or 25

percent, in FY18). FIAS supported 31 projects touching on FCV countries either directly or as part of regional projects, amounting to 36 percent of the 85 client-facing projects (24 of 79, or 30 percent in FY18).

Through the FIAS program, the World Bank Group and donor partners facilitate investment climate reforms in developing countries 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 Equitable Growth, Finance & Institutions Practice Group of the World Bank Group and implemented by IFC Advisory teams. For more information, visit [www.worldbank.org/fias](http://www.worldbank.org/fias)

