

Fias

2021

ANNUAL REVIEW

THE FACILITY FOR INVESTMENT CLIMATE ADVISORY SERVICES

Executive Summary



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The FIAS 2021 Executive Summary presents the highlights, financial contributions, and expenditures of FIAS-supported client-facing and global project activity. Against severe headwinds of COVID-19 and major economic hurdles, FIAS managed to complete the five-year cycle near, at, or ahead of target in virtually all its key impact areas.

Message from the Director

Two crises in succession—COVID-19 and war in Ukraine—have heightened both the relevance and the urgency of the work the International Finance Corporation does. The Facility for Investment Climate Advisory Services (FIAS), one of the World Bank Group's largest trust funds, plays a key role in that work, supporting IFC Advisory Services that help lay the foundation for inclusive private sector growth and job creation.

Over the last two years of the FY17–21 FIAS strategy cycle, IFC teams continued to deliver positive impacts to clients against the travel restrictions and the global economic downturn brought on by the pandemic. Now, with the tragic outbreak of conflict in Ukraine—a FIAS client country—our teams have continued their work even as they evacuated themselves and their families from harm's way. One of our project team members called into a client meeting from a bomb shelter. Another dialed in to a video conference the morning after he and his family arrived in Warsaw after an escape from the combat zone in Ukraine.

Stories such as these break our hearts but also motivate us and help explain how the FIAS Program managed to come through the five-year cycle with positive results. As described in the *FIAS 2021 Annual Review*, FIAS-supported projects delivered 204 reforms improving conditions for private sector investment and growth, helped generate nearly \$1 billion in new investment, and supported implementation of projects that produced nearly \$200 million in savings to private businesses through reduced regulatory costs and delays.

The Annual Review provides results and financial data for the full strategy cycle and detailed reporting on project activities in FY21. It describes FIAS support for the IFC 3.0 Creating Markets—Mobilizing Private Capital agenda through a continuum of effort, from economy-wide reform to improvements in promising business sectors, aiming ultimately toward specific investment opportunities.

Now in its 37th year, the FIAS partnership holds a key position in the IFC agenda. The FY22–26 FIAS strategy cycle is under way in a global economic environment that remains uncertain. However, the report and stories shared above show that, with resilience, we can continue to achieve great results.



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

Anastasia Gekis

Director

IFC Operations Management Department

Introduction

The Facility for Investment Climate Advisory Services (FIAS) partnership completed the FY17–21 strategy cycle with a roster of client countries struggling to meet the pressures of an unprecedented global health and economic crisis. As it did in virtually every other sphere of endeavor, the COVID-19 pandemic profoundly affected FIAS-supported operations. It disrupted staff travel to clients, delayed implementation of programs and reforms, pressed client governments to change priorities and policies, induced bankruptcies, and halted investment flows. **Still, against these severe headwinds, and working in countries already facing major economic hurdles, FIAS managed to complete the five-year cycle near, at, or ahead of target in virtually all its key impact areas.**

As outlined below in the *FIAS 2021 Annual Review*, FIAS-supported projects and programs generated 204 reforms helping clients improve conditions for inclusive and sustainable private sector growth, against a five-year strategy cycle target of 220 reforms. Private enterprises saved \$196.2 million in compliance costs due to reform work supported by FIAS, against a target of \$200 million. Investment generated by FIAS-supported projects reached \$999 million, exceeding the strategy cycle target of \$800 million, a significant achievement given the almost total halt to cross-border investment flows with the onset of the pandemic in early 2020. Client satisfaction with the IFC Advisory Services delivered with FIAS support was 94 percent, exceeding the 90 percent target.

FIAS fund-raising totaled \$171.7 million for the strategy cycle, or 86 percent of the \$200 million target; less than that total was available during the cycle because some fundraising was for programs whose work continues beyond FY21. FIAS supported a total of 285 projects, 254 of which were client-facing and 31 of which were global knowledge projects. In line with the IFC 3.0 Creating Markets strategy, a larger share of FIAS direct project expenditures went to client-facing work than in the FY12–16 cycle (81 percent vs. 63 percent). FIAS was slightly short of the target for spending in borrowing countries of the International Development Association (IDA) and Sub-Saharan Africa and

ahead of the target for spending on projects in countries in fragile and conflict-affected situations (FCS). Reforms achieved in priority areas reflected the spending trend: on target for FCS; close but somewhat short of target in IDA and Sub-Saharan Africa.

This report provides data on linkages between FIAS-supported advisory and IFC and World Bank investment and lending operations. A review of the 285 projects supported by FIAS during FY17–21 found that 119, or 42 percent, helped inform or enable IFC or World Bank investment operations. Some projects benefited both IFC and World Bank activities.

The Upstream approach recognizes that the key constraint is not lack of capital but a shortage of ready-to-finance deals in countries where significant development gaps exist. This work unfolds along a “continuum” of activity, from enabling environment advisory to sector-specific reform to the development of a pipeline of potential investment projects. The Special Topic chapter focuses on the IFC 3.0 Creating Markets Upstream initiative. With the launch of the new FY22–26 FIAS strategy cycle on July 1, 2021, FIAS is stepping into its role as the donor funding mechanism of choice for Upstream-related advisory. FIAS supports Upstream projects focused on ‘Creating Markets with Sector Interventions.’ These projects provide sectoral or market-wide advice that will facilitate private sector investment for which IFC could be a *potential* financing partner, along with private investors. FIAS funding will not be used in Creating Markets with Project Interventions, where IFC is a *likely* financing partner with private investors.

The increasing emphasis across the FIAS portfolio on sector-specific and Upstream-related work in the FY22–26 cycle began in FY21 as FIAS management shifted from the joint World Bank Group global practices to IFC. Fund-raising for the FY22–26 got off to a strong start in FY21, leaving FIAS well-positioned to help clients meet the continuing challenges of COVID-19 in the new strategy cycle. As always, IFC and the FIAS Program team are deeply grateful for the continuing support of the FIAS Development Partners.

Main Achievements and Milestones

FIAS achieved

204 reforms in
73 client countries

during FY17–21; 51 reforms in 22 client countries in FY21

94% client
satisfaction FY17–21;

clients rated 182 of 194 projects positively; 96% client satisfaction FY21

\$999.1 million
investment generated

during FY17–21; \$589.3 million in FY21

Highlights of FIAS-Supported Operations for FY17–21 Strategy Cycle

FIAS-supported projects

Despite the challenges posed by the COVID-19 pandemic, FIAS closed out FY21 near, at, or ahead of target for the FY17–21 strategy cycle in most priority areas: reforms; investment generated; compliance cost savings (CCS) for private businesses; reforms in fragile and conflict-affected situations (FCS); and development effectiveness (DE) ratings.

Results
FY21

FY17–21 cycle

For the completed five-year cycle that ended June 30, 2021, FIAS-supported work implemented by IFC Advisory Services (IFC AS) generated 204 investment climate reforms in 73 client countries, 93% of the way toward the five-year target of 220 reforms.

93%
to five-year target

Reforms
FY17–21

FIAS Results in IDA, SSA, FCS

Results in FIAS priority areas—borrowing countries of the International Development Association (IDA); Sub-Saharan Africa; and countries in fragile and conflict-affected situations (FCS): Of the 204 FY17–21 FIAS reforms,

- 118 reforms (58%) were in IDA (target 70%);
- 88 reforms (43%) were in Sub-Saharan Africa (target 50%);
- 48 reforms (24%) were in FCS (target 25%).

Priorities
FIAS

CCS and new investment

\$999.1
million

FIAS-supported projects generated a total of \$196.2 million in CCS, close to the strategy cycle target of \$200 million, and \$999.1 million in new investment, exceeding the \$800 million by nearly \$200 million. New investment was recorded in **Albania, Bosnia and Herzegovina, Georgia, Haiti, Kyrgyz Republic, Mali, Madagascar, Myanmar, Nepal, and the Philippines.**

IFC and World Bank

The FIAS portfolio included a significant number of projects linked to IFC and World Bank investment and lending operations. A review of the 285 projects in the FIAS FY17–21 portfolio (254 client-facing, 31 global knowledge development) showed that 119 projects, or 42%, had links to specific IFC or World Bank investment and lending operations, in some cases to both.

Prior year reforms

A retrospective review of FY17–21 FIAS results conducted by IFC’s Monitoring & Evaluation (M&E) team identified previously unreported reforms in **Albania, the Democratic Republic of the Congo, Jordan, and Mauritania.** They are reported in the FY21 reform table below. The review also identified additional CCS in FY17 and FY20, and investment generated in FY18–20. Such revisions are common as results are sometimes not confirmed until years after a project closes.

Shortfalls

Three factors contributed to the results in IDA and Sub-Saharan Africa falling short of target: (1) the pandemic led client countries to shift development priorities; (2) delay and then cancelation of the Doing Business Report created uncertainty in projects geared toward DB reforms; and (3) lower contributions to the FIAS core account limited FIAS Program flexibility to target funding to projects in priority areas.

Highlights of FIAS-Supported Operations for FY21

FY21 target was 44 reforms

In FY21, FIAS-supported projects contributed to 51 reforms improving conditions for private investment in 22 client countries (20 reforms in 26 client countries in FY20). Of the 51 FY21 reforms, 26 were in IDA (51%); 22 were in Sub-Saharan Africa (43%), and 8 were in FCS (16%).

51
reforms

FY21
Reforms

Reforms in 22 client countries

FIAS-supported projects delivered reforms in 22 client countries in FY21: Albania, Belarus, Democratic Republic of the Congo, Fiji, Ghana, Guinea-Bissau, Honduras, Indonesia, Jordan, Kenya, Kosovo, Kyrgyz Republic, Lao PDR, Mauritania, Montenegro, Myanmar, North Macedonia, the Philippines, Serbia, South Africa, Timor-Leste, and Vietnam.

FY21
Clients

New investment generated

FIAS-supported projects generated \$2.6 million in CCS to the private sectors in client countries and \$589.3 million in new investment in FY21.

FY21
Projects

FIAS Portfolio, FY21 and Cycle:

Focus on Priority Client Groups

148
projects

The FIAS FY21 portfolio consisted of 148 projects (124 in FY20), with 134 client-facing (110 in FY20) and 14 global knowledge development projects (14 in FY20). Of the client-facing projects in the FY21 portfolio, 59% benefited IDA, 36% benefited Sub-Saharan Africa, and 27% benefited FCS.

↓
FY21 Project
Portfolio

→ Share of FIAS FY21 projects in
IDA, Africa, FCS

59%
IDA

36%
Africa

27%
FCS

- For FY17–21, FIAS supported a total of 285 projects of which 254 were client facing and 31 were global knowledge projects. Sub-Saharan Africa had the most projects with 90 (35 percent), in keeping with the FIAS strategy’s emphasis on the region. The Europe and Central Asia (ECA) region had 41 projects (16 percent). The rest of the regions and the global portfolio had around 30 projects each (12 percent).
- FIAS-supported projects benefited 84 developing countries in FY21 (83 in FY20) of which 44 (52 percent) were IDA, 35 (42 percent) Sub-Saharan Africa, and 21 (25 percent) FCS. There is substantial overlap between those three groups.
- Of the 39 states and territories on the World Bank Group’s FCS list for FY21, 21, or 54 percent, had FIAS-supported country-specific or regional projects (20 countries, or 54 percent in FY20). The 21 are: **Afghanistan, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of Congo, Eritrea, The Gambia, Guinea-Bissau, Haiti, Iraq, Kosovo, Liberia, Mali, Mozambique, Niger, Nigeria, West Bank and Gaza (territory), and Zimbabwe.**
- In FY21 FIAS helped achieve reforms in 6 FCS countries (4 in FY20): **Democratic Republic of the Congo, Guinea-Bissau, Kosovo, Lao PDR, Myanmar, and Timor-Leste.** FIAS supported 36 projects benefiting FCS countries directly or as part of regional projects, or 27 percent of the 134 client-facing projects (in FY20, 33 of 110 projects, or 30 percent).

FIAS Funding for Client-Facing and Global Knowledge Projects, FY21 and Cycle

\$23.72million

FIAS FY21 project expenditures consist of...

\$20.89m	\$2.83m
Client-Facing	Non-Client-Facing

- FIAS FY21 direct project expenditures totaled \$23.72 million (FY20: \$22.2 million), with \$20.89 million, or 88 percent, client-facing (FY20: 87 percent) and \$2.83 million, or 12 percent, for non-client facing global projects (FY20: 12 percent). This leveraged \$44.05 million in total expenditures in FY21 from all sources on projects that received FIAS support.
- Of the \$20.89 million in client-facing FIAS expenditures in FY21, 65 percent supported IDA (target 70 percent); 41 percent supported Sub-Saharan Africa (target 50 percent); 33 percent supported FCS (target 25 percent).
- FIAS contributions to these client-facing projects represented 56 percent of total spending from all sources on those projects for the year, with an average FIAS contribution of \$133,054 per project.
- FIAS FY21 funding of \$2.83 million for the 14 global knowledge projects in the portfolio represented 40 percent of total spending from all sources on those projects for the year, with an average contribution of \$188,465 per project.
- For FY17–21, FIAS direct project expenditures totaled \$115.4 million, with \$93.7 million, or 81 percent, client-facing, and \$21.7 million, or 19 percent for global projects. This marked a significant increase in the share of FIAS spending for client-facing advisory compared to the FY12–16 cycle, where \$73.4 million went to client-facing projects out of \$113.9 in direct project expenditures, or 63 percent.
- For FY17–21, 63 percent of client-facing spend went to IDA (target 70 percent); 46 percent to Sub-Saharan Africa (target 50 percent); 28 percent to FCS (target 25 percent).
- Of the \$93.7 million in client-facing spending for FY17–21, 46 percent went to projects in Sub-Saharan Africa; 17 percent to ECA; 11 percent to the Middle East North Africa region (MENA); 8 percent to Latin America and Caribbean (LAC); 7.3 percent to East Asia Pacific (EAP); 6 percent to South Asia; and 5 percent to client-facing projects designated “World Region.”
- FIAS benefited from the support of 16 Development Partners during FY17–21 in addition to the World Bank and IFC: Australia; Austria; Bill & Melinda Gates Foundation; Canada; European Union; France; Ireland; Republic of Korea; Luxembourg; Netherlands; Norway; Switzerland; Sweden; Trademark East Africa; United Kingdom; United States.

COVID-19 Project Impact and Response

FIAS-supported teams responded with agility to the operational challenges posed by COVID-19. They responded to urgent new client demands, helping countries weather the initial impact and developing strategies to help businesses survive the economic fallout and help economies retain investment and preserve jobs. The work has set the stage for inclusive rebuilding and recovery. Through pandemic-induced disruptions, teams continued to make progress in project implementation despite travel restrictions and other setbacks caused by the pandemic.

The team in **Côte d'Ivoire** worked with a private sector consultative committee to help companies access financing through an online funding locator tool based on a successful

model established in South Africa which assists investors and businesses looking to branch out. IFC is training the consultative committee to update the tool and monitor the progress toward faster relief identification and disbursement.

IFC AS teams also launched the **Creating Investment Opportunities in Haiti** project to help the garment sector navigate the COVID-19 crisis through job retention in the medium term, and support investment generation and job creation in the longer term. It is a three-phase project entailing rapid response to convert production output or expand into PPE production, and strategic engagement with the government to ensure sustained growth of the apparel industry.

FIAS Minimally Impacted by Doing Business Discontinuation

- After the release of the WilmerHale report on the Data Irregularities of Doing Business 2018 and Doing Business 2020, World Bank Group management decided on September 16, 2021, to discontinue the Doing Business report. FIAS remains firmly committed to supporting investment climate advisory services to advance the role of the private sector in development and provide support to governments in implementing economy-wide and sector-specific reforms.
- A full review of DB data for the past five years conducted by the Development Economics (DEC) team found no new data irregularities. All the reforms passed and implemented with FIAS support remain confirmed. IFC Advisory Services (IFC AS) teams are using a wide variety of other data sources and analytical tools to assess the business environment in client countries. Going forward, a new approach to assessing the business and investment climate is under development.

Client Satisfaction and Development Effectiveness

- For the FY17–21 strategy cycle, clients rated 182 of 194 projects positively, or 94 percent (client satisfaction rating for FY12–16 cycle: 92 percent), exceeding the strategy cycle target of 90 percent. FIAS clients rated 54 of 56 projects positively in FY21, or 96 percent (60 of 66 rated positively in FY20, 91 percent).
- For FY17–21, 23 out of 31 completed projects supported by FIAS, or 74 percent, were rated 'successful' or 'mostly successful' for development effectiveness (DE) in internal World Bank Group management reviews. For FY21, 8 out of 11 completed FIAS projects, or 73 percent, received positive development effectiveness ratings against a strategy cycle target of 80 percent.¹

¹ Final development effectiveness (DE) figures will change as more projects are reviewed by the Independent Evaluation Group. DE evaluates completed projects' execution versus original objectives. Fewer DE ratings were reported in FY21 and the FY17–21 Strategy Cycle due to fewer completed projects resulting from extensions related to COVID-19 and the Doing Business Review.

1.1 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%	57%	65%	63%	70%
	% of FIAS client-facing project implementation spend in Sub-Saharan Africa	55%	54%	47%	41%	48%	41%	46%	50%
	% of FIAS client-facing project implementation spend in FCS	29%	29%	30%	23%	23%	33%	28%	25%
2. Delivering Significant Business Results	Number of IC Reforms supported by FIAS	341	62	40	31	20	51	204	220
	% of IC reforms supported by FIAS in IDA countries	73%	58%	65%	58%	60%	51%	58%	70%
	% of IC reforms supported by FIAS in Africa	66%	32%	30%	71%	60%	43%	43%	50%
	% of IC reforms supported by FIAS in FCS countries	30%	21%	25%	35%	30%	16%	24%	25%
3. Client Satisfaction and Development Effectiveness	Client satisfaction: FIAS supported projects (results from IFC Client survey)	92%	90%	100%	97%	91%	96%	94%	90%
	Development Effectiveness: FIAS supported projects (% of projects rated satisfactory in terms of development effectiveness)	88%	100%	50%	60%	100%	73%	74%	80%
4. Measuring Impact	Direct Compliance Cost Savings	\$208M	\$123M	\$13.4M	\$6.9M	\$50.3M	\$2.6M	\$196.2M	\$200M
	Investment Generated via facilitation of FDI in priority sectors	\$1.59B	\$153.2M	\$43M	\$62M	\$151.6M	\$589.3M	\$999.1M	\$800M
5. Leverage	IBRD and IFC investment operations informed and enabled by FIAS**							119	NA

* The FIAS FY17–21 strategy cycle targets were created on an assumption that \$200 million would be raised to finance the program; actual fundraising for the cycle totals \$171.7 million. Accordingly, targets for number of reforms achieved, compliance cost savings (CCS), and investment generated were reduced proportionately: target reform total from 275 to 220; CCS from \$250 million to \$200 million; and investment generated from \$1 billion to \$800 million.

** Data for FIAS leverage was compiled from a survey of 285 client-facing projects active during the FIAS FY17 – 21 cycle; 119 of 285 projects (42 percent) had links to IBRD or IFC investment operations.

FIAS Results, FY21 and Cumulative

FIAS RESULTS GENERATED, FY21			
	No. Reforms	Actual %	Target %
Total Reforms (annual target: 44)	51	116%	100%
of which IDA	26	51%	70%
of which SSA	22	43%	50%
of which FCS	8	16%	25%

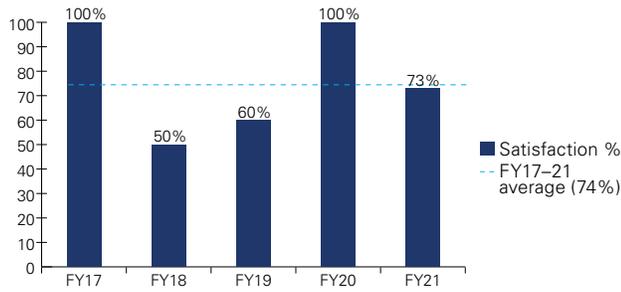
FIAS RESULTS GENERATED, FY17–21			
	No. Reforms	Actual %	Target %
Total Reforms (cycle target: 220)	204	93%	100%
of which IDA	118	58%	70%
of which SSA	88	43%	50%
of which FCS	48	24%	25%

FIAS FY17–22

Strategy Cycle Scorecard—Summary

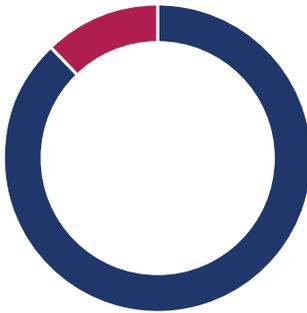
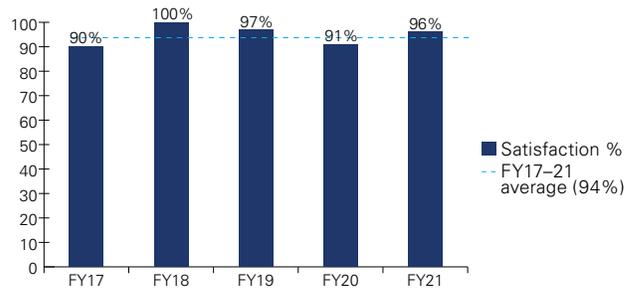
FIAS DEVELOPMENT EFFECTIVENESS, FY17-21

Share of positive client responses from FIAS-supported projects



FIAS CLIENT SATISFACTION, FY17-21

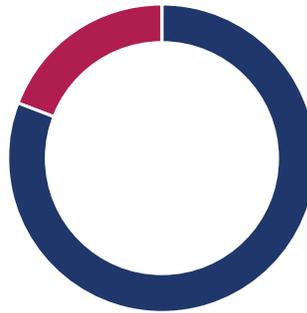
Share of positive client responses from FIAS-supported projects



PERCENT OF FIAS FY21 FIAS DIRECT PROJECT EXPENDITURES

100% = \$23,716,610

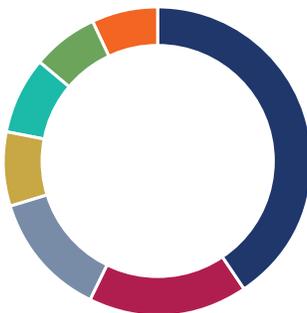
- Client-Facing (88%)
- Non-Client Facing (12%)



PERCENT OF FIAS FY17-21 FIAS DIRECT PROJECT EXPENDITURES

100% = \$115,373,016

- Client-Facing (81%)
- Non-Client Facing (19%)



CLIENT-FACING EXPENDITURE BY REGION, FY21

100% = \$20,889,624

- Sub-Saharan Africa (41%)
- Europe and Central Asia (17%)
- Latin America and Caribbean (13%)
- Middle East and North Africa (8%)
- World (8%)
- South Asia (7%)
- East Asia and Pacific (7%)



CLIENT-FACING EXPENDITURE BY REGION, FY17-21

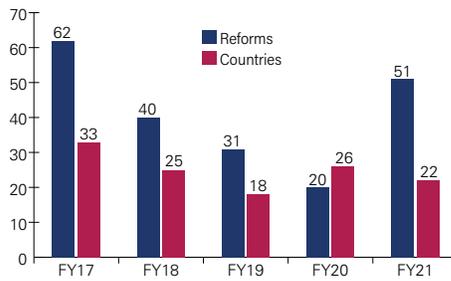
100% = \$93,712,275

- Sub-Saharan Africa (46%)
- Europe and Central Asia (17%)
- South Asia (11%)
- East Asia and Pacific (8%)
- Middle East and North Africa (7%)
- Latin America and Caribbean (6%)
- World (5%)

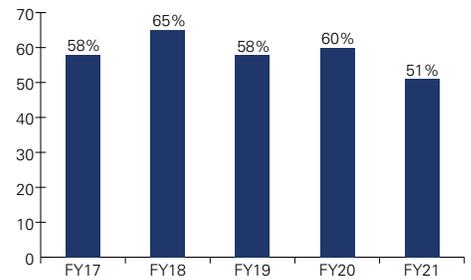
FIAS Strategy Cycle Metrics

The charts below show FIAS FY17–21 results in priority areas (IDA, Sub-Saharan Africa, FCS) as measured against FY17–21 strategy cycle targets.

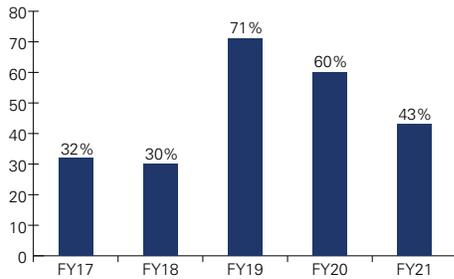
TOTAL FIAS-SUPPORTED REFORMS
FY17–21 yearly reform target = 44



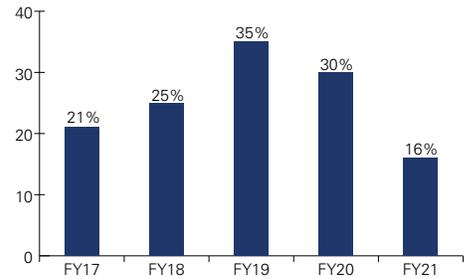
SHARE OF REFORMS IN IDA COUNTRIES
FY17–21 Cycle target = 70%



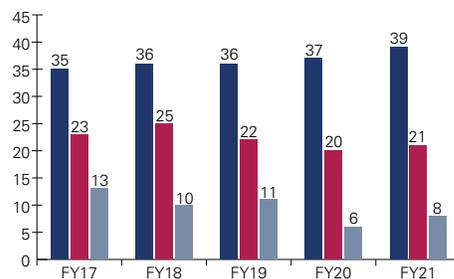
SHARE OF REFORMS IN SUB-SAHARAN AFRICA
FY17–21 Cycle target = 50%



SHARE OF REFORMS IN FRAGILE AND CONFLICT-AFFECTED STATES (FCS)
FY17–21 Cycle target = 25%

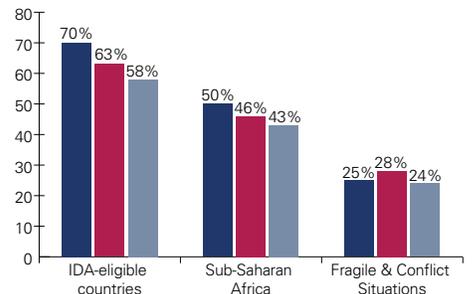


FIAS-SUPPORTED PROJECTS, REFORMS IN FCS



■ Total FCS Countries
■ FCS Countries with Active FIAS Projects
■ Number of Reforms

CUMULATIVE RESULTS BY PRIORITY CLIENT GROUP, FY17–21



■ % Client-facing project expenditures: target
■ % Client-facing project expenditures: actual
■ % Total reforms

FIAS FY12-16 and FY17-21 Funding and Expenditures

Contributions (Sources of Funds) ¹	2012-16		2017		2018		2019		2020		2021		2017-21	
	In US\$, Thousands	Share of Total												
WORLD BANK CONTRIBUTIONS	51,336,475	28%	9,599,341	26%	8,061,770	25%	7,000,000	25%	7,000,000	27%	7,000,000	28%	38,661,111	26%
Core	37,788,000	20%	7,000,000	19%	7,000,000	22%	7,000,000	25%	7,000,000	27%	7,000,000	28%	35,000,000	24%
IFC ¹	23,388,000	13%	5,000,000	13%	5,000,000	16%	5,000,000	18%	5,000,000	20%	5,000,000	20%	25,000,000	17%
MIGA	5,600,000	3%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
World Bank	8,800,000	5%	2,000,000	5%	2,000,000	6%	2,000,000	7%	2,000,000	8%	2,000,000	8%	10,000,000	7%
Project Specific/ Other Contributions (IFC)	13,548,475	7%	2,599,341	7%	1,061,770	3%	-	0%	-	0%	-	0%	3,661,111	2%
Donor Contributions	134,480,300	72%	27,950,198	74%	23,557,629	75%	21,397,458	75%	18,557,640	73%	17,873,942	72%	109,336,868	74%
Core	47,516,000	25%	4,601,820	12%	5,620,842	18%	5,600,853	20%	4,819,350	19%	3,994,680	16%	24,637,545	17%
Programmatic	55,913,000	30%	16,009,590	43%	8,880,887	28%	10,377,169	37%	5,861,827	23%	8,000,000	32%	49,129,473	33%
Project Specific	31,051,300	17%	7,338,788	20%	9,055,900	29%	5,419,436	19%	7,876,463	31%	5,879,262	24%	35,569,849	24%
Client Contributions	699,000	0.4%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
TOTAL CONTRIBUTIONS	186,515,775	100%	37,549,539	100%	31,619,399	100%	28,397,458	100%	25,557,640	100%	24,873,942	100%	147,997,979	100%
Less Trust Fund Administration Fees	7,151,000		1,099,899		834,799		948,598		726,936		1,243,697		4,853,929	
TOTAL NET CONTRIBUTIONS	179,364,775		36,449,640		30,784,600		27,448,860		24,830,704		23,630,245		143,144,049	
Expenditures (Uses of Funds)²														
Staff Costs	80,745,922	50%	15,724,142	48%	14,114,087	52%	12,308,245	50%	10,195,172	45%	10,386,419	43%	62,728,065	48%
Consultants and Temporaries	41,145,014	26%	10,503,071	32%	8,768,926	32%	7,838,159	32%	8,951,262	39%	12,551,203	52%	48,612,622	37%
Operational Travel Costs	26,315,588	16%	5,053,184	15%	3,006,936	11%	3,004,750	12%	2,526,105	11%	153,887	1%	13,744,863	10%
Indirect Costs (inc. office and operating costs)	11,886,379	7%	1,604,318	5%	1,506,396	5%	1,348,287	6%	1,102,123	5%	1,154,575	5%	6,715,699	5%
TOTAL EXPENDITURES	160,092,902	100%	32,884,715	100%	27,396,345	100%	24,499,442	100%	22,774,662	100%	24,246,084	100%	131,801,249	100%

1 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. In FY17 and FY18, FIAS management costs were charged to the FIAS program. Beginning in FY19 management costs were funded by IFC/WB sources. These in-kind contributions from the World Bank Group are not captured in the FIAS financial report.

2 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, FY21

Region	Country	Competition	Construction Permits	Enforcing contracts	Getting Credit	Licenses and Permits	Property Transfers	Registering Property	Resolving Insolvency	Starting a Business	Trade Logistics	Agribusiness	Investment Policy - Entry	Protecting Minority Investors	Investment Policy - Promotion	Investment Policy - Protection, Retention	Investment Policy - Incentives	Tax Simplification, Compliance Mgt	Grand Total
East Asia and the Pacific	Fiji				1					1									2
	Indonesia								1	1									2
	Lao PDR		1							1									2
	Myanmar		1																1
	Philippines											1							1
	Timor Leste					1					1								2
	Vietnam			1	1				1										3
EAST ASIA AND THE PACIFIC TOTAL			2	1	2	1			2	3	1	1							13
Europe and Central Asia	Albania										1		2						3
	Kosovo					1													1
	Kyrgyz Republic													1	1				2
	Montenegro										1						1		2
	North Macedonia													1		1			2
	Serbia					1					1								2
	Albania					1													1
	Belarus					1													1
EUROPE AND CENTRAL ASIA TOTAL						4					3		2		2	1	2		14
Sub-Saharan Africa	DRC*									1									1
	Guinea-Bissau									1									1
	Kenya		1		1			1	1	1				1					6
	Mauritania*		1	2			2		1	2	1								9
	South Africa	1								1	1							1	4
	Ghana								1										1
SUB-SAHARAN AFRICA TOTAL		1	2	2	1		2	1	3	6	2			1				1	22
Latin America and the Caribbean	Honduras											1							1
LATIN AMERICA AND THE CARIBBEAN TOTAL												1							1
Middle East and North Africa	Jordan*					1													1
MIDDLE EAST AND NORTH AFRICA TOTAL						1													1
GRAND TOTAL		1	4	3	3	6	2	1	5	9	6	2	2	1	2	1	2	1	51

Total number of reforms in FY21: 51
of which in IDA: 26 51%
of which in SSA: 22 43%
of which in FCS: 8 16%

Operational Highlights

The core concepts underlying the FIAS program are (1) to facilitate reforms in developing countries to foster open, productive, and competitive markets, and (2) to unlock sustainable private investments in sectors that contribute to growth and poverty reduction.

In FY21:

134 projects

in 84 Client Countries

79 projects

in 44 IDA Countries

48 projects

in 35 Sub-Saharan Africa Countries

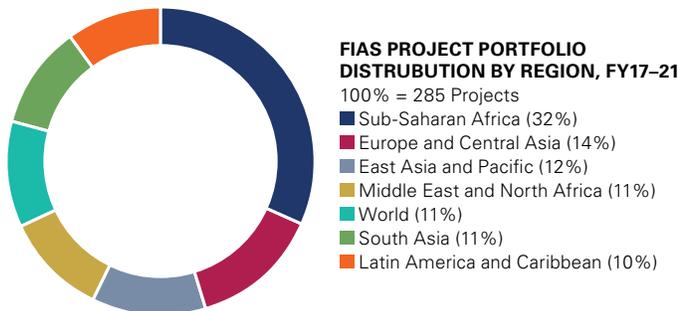
36 projects

in 21 FCS Countries

These priorities—along with the FIAS focus on IDA countries, Sub-Saharan Africa, and FCS—are reflected in the FIAS portfolio of 148 projects in FY21 (124 projects in FY20). Of these, 134 were client-facing (110 in FY20), and 14 were non-client facing in product development (14 in FY20).

FIAS-supported projects in FY21 served 84 client countries either individually or regionally. Of the 134 client-facing projects, 79, or 59 percent, were entirely or partly aimed at IDA countries; 48, or 36 percent, served countries in Sub-Saharan Africa; and 36, or 27 percent, were entirely or partly aimed at FCS countries. Of the 74 borrowing countries in IDA, 44, or 59 percent, had FIAS-supported projects in FY21. Nearly all the countries in Sub-Saharan Africa benefited from either country-specific or regional projects supported by FIAS.

FIAS-supported work generated 51 investment climate reforms in FY21 (20 reforms in FY20). Of those, 26 reforms, or 51 percent, were in IDA countries (12 reforms, or 60 percent in FY20); 22 reforms, or 43 percent, were in Sub-Saharan Africa (12 reforms, or 60 percent in FY20); and 8 reforms, or 16 percent, were in FCS (6 reforms, or 30 percent in FY20). Due to the discontinuation of the Doing Business report by the Development Economics (DEC) team, the FIAS reforms have been validated by the Monitoring & Evaluation (M&E) team but not by Doing Business. (See below for more on *Doing Business*.)



For FY17–21, FIAS supported 285 projects, 254 of which were client facing and 31 global knowledge projects. Sub-Saharan Africa had the most projects with 90, in keeping with the FIAS strategy’s emphasis on the region. The Europe and Central Asia (ECA) region had 41 projects. The rest of the regions had around 30 projects each.

FIAS Reform Totals Approach Target for Strategy Cycle

FIAS-supported projects recorded 204 reforms improving the enabling environment for inclusive private sector growth during FY17–21, nearly meeting the five-year target of 220 reforms. Considering the interruption of many client-facing interventions caused by the COVID-19 pandemic in the last 18 months of the cycle—normally the busiest time for logging reforms—as well as the disruption created by the pause and eventual discontinuation of Doing Business reporting, these are impressive results. India and South Africa were the top two FIAS reformers, with 11 reforms each. This reflects the commitment of emerging market economies to becoming more competitive with developed economies through regulatory

streamlining and modernization and through improvements in their business sectors with the greatest growth potential. South Africa developed a database to systematize previously arbitrary merger reviews by the Competition Commission of South Africa and is applying new approaches to assessing and recording economic factors to all merger review cases. India recorded several reforms in the first two years of the strategy cycle. These included simplifications in the tax code to replace many indirect taxes with a single direct tax, changes in the insolvency law to make it easier to get credit, and reducing the time involved in importing and exporting goods. **Mauritania**, an IDA borrowing country, achieved nine reforms, including measures making it easier to trade across borders, revising the tax code to reduce business start-up costs, strengthening the laws around enforcement of contracts, and adopting the country’s first-ever property law. Other leading FIAS reformers included **Albania, Kyrgyz Republic, Togo, and Zimbabwe** with seven reforms each, **Kenya, Kosovo, Serbia, and Uzbekistan** with six each, and **Afghanistan, Azerbaijan, Kazakhstan, Malawi, and Mauritius** with five each.

FIAS-supported projects recorded 204 reforms improving the enabling environment for inclusive private sector growth during FY17–21, nearly meeting the five-year target of 220 reforms.

FIAS Project Distribution by Strategic Pillar, FY21

PILLARS	PILLAR 1	PILLAR 2	PILLAR 3	PILLARS 1 & 2	PILLARS 2 & 3	PILLARS 1 & 3	PILLARS 1, 2 & 3
Client-Facing Projects (134)	34	31	22	31	8	7	1
Client-Facing %	25%	23%	16%	23%	6%	5%	1%
Global Projects (14)	8	1	1	1	3	0	0
Global %	57%	7%	7%	7%	21%	0%	0%
Total Projects (148)	42	32	23	32	11	7	1
Total Projects %	28%	22%	16%	22%	7%	5%	1%

Pillar 1: Improve the Business Environment (economy-wide)

Pillar 2: Expand Market Opportunities (sector-specific)

Pillar 3: Increase Firm-Level Competitiveness



Women mending fishing nets in Vinh Hy Bay, Ninh Thuan Province, Vietnam *Photo: Quang Nguyen Vinh/Pexels*

Pillar 1

Improve the **Business Environment**

FIAS-supported work under Pillar 1, to improve the business environment, focuses both on the design of regulatory reform and on effective implementation.

Agile RegTech Builds Portfolio

This FIAS-supported project aims to develop and pilot agile regulation approaches to unlock investments and enable regulatory service delivery while safeguarding public policy concerns and mitigating risks. The project

focuses on facilitating access to regulatory requirements, online public consultation and feedback mechanisms in rulemaking, integrated business registration, licensing, and inspection systems. The portfolio of advisory and lending operations has grown rapidly in ECA, MENA, and Africa through a new solution area and workstream within the Bank Group: RegTech. In addition, the work prioritized Agile Regulation (component 1) and Integrated Service Delivery (component 3), and less of component 2 (Integrated GRP Platforms) due to changed World Bank Group priorities.

Pillar 2

Expand **Market Opportunities**

Pillar 2 in the FIAS strategy encompasses advisory work in **investment policy and promotion (IPP)** and **markets and competition policy (MCP)**, as well as sector work in **industry solutions** in manufacturing, tourism, and agribusiness.

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 OHADA member states: 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. It 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.

Pillar 3

Increase Firm-Level Competitiveness

Under Strategic Pillar 3, FIAS supports work with clients to develop more productive and competitive firms that can seize opportunities in local, regional, and global markets, and drive economic growth.

ECA Green Banking Academy (GBAC)

The FIAS-supported regional project in **Armenia, Croatia, Georgia, Poland, Romania, Serbia, Turkey, Ukraine, and Uzbekistan** seeks to help build the knowledge base to

unlock the region's substantial climate finance potential. IFC AS teams will create the Green Banking Academy to support financial institutions with specialized advice and training. ECA GBAC will play a key role in generating investment and advisory opportunities for IFC and in mobilizing opportunities for other international investors to support the development of climate finance markets in ECA. The project has two objectives: first, capacity building to increase technical and commercial skills on climate-related opportunities; and second, market awareness aimed at understanding climate finance demand from clients and developing market studies that will demonstrate the green business case.



Students at Catholic University of Peru gather during class break in Lima, Peru. *Photo: Dominic Chavez/World Bank*

FIAS-Supported Work In Programmatic Themes

FIAS-funded work under the three strategic pillars supports global, regional, and country-specific initiatives under **programmatic themes**.

FIAS-funded work under the three strategic pillars supports global, regional, and country-specific initiatives under programmatic themes. The FIAS FY17–21 strategy identifies these as **Gender and Inclusion**; **Green Competitiveness**; **Targeting High-Growth Business**; and **Digitalization**. This chapter outlines the overarching approach to this thematic work.



Gender & Inclusion



Gender & Inclusion

Gender equality is not only a social and moral imperative but also an economic need and instrumental for sustainable development. Strategic priorities of the IFC gender strategy include enhancing female access to assets and services through increased participation by women in business leadership and the labor force, and by increasing women's access to health, finance, insurance, housing, and technology. FIAS has a strong record of support for removing legal barriers for women, as demonstrated by the Women, Business, and the Law (WBL) program.



Green Competitiveness

The Business Regulations (BR) for Gender Equity program of the World Bank Group supports governments in introducing greater equality in women's participation in the economy. The program works through IFC and the FIAS-funded WBL Advisory Initiative to support the design, implementation, and dissemination of legislation that reduces gender inequalities in Africa. The project also supports peer-learning through the Bank Group's convening power, global presence, and in-depth technical expertise.



Targeting High-Growth Business

In client countries, BR for Gender Equity assistance tackles cross-cutting gender constraints in critical areas such as access to finance, employment, and entrepreneurship, with country engagement based on criteria including client demand and commitment to reform, the degree of gender discrimination in the country's legislation, and the likelihood of achieving results on the ground.

The WBL Advisory Initiative for Africa aligns with IFC's 3.0 Creating Markets Upstream agenda through its core development priorities of improving gender diversity in current investees and future investments, and opening markets to women through an enhanced enabling environment. In-

depth technical assistance is under way for piloting reform implementation in **Côte d'Ivoire** and **Rwanda**, and preparatory client engagement is ongoing in a broader portfolio of countries, including **Gabon, Mauritania, Senegal, Sierra Leone, Somalia, and Togo**. Additional countries that have expressed interest and are under consideration are **Chad, Cameroon, Eswatini, and Uganda**.

Elsewhere, a project is working toward improving the economic outcomes of women entrepreneurs in **Armenia** by providing essential advantages. In particular, the project supports emerging female entrepreneurs and established women-owned SMEs by addressing constraints such as a lack of entrepreneurial mindset and limited access to business development services and financing. And in the **Togo-Burkina Faso** trade corridor, an IFC project aims to reduce the time and cost borne by small-scale women traders and address the specific challenges that inhibit their fair and effective representation in the trade-facilitation space.



Green Competitiveness

The consequences of a rapidly warming planet are now expected to push more than 130 million people into poverty in the next decade. The World Bank Group's Climate Change Action Plan has therefore committed to increasing climate finance, with a target of one-third of finance to be earmarked for climate change activities. While climate change work got under way in FY21 (the final year of the FIAS FY17–21 cycle), we are now prioritizing it in the FY22–26 strategy cycle. Several Environmental, Social, and Governance (ESG) standards projects are getting off the ground, namely in **Bangladesh** and **Indonesia**. Ongoing FIAS projects include greening agribusiness, by reducing emissions and making production economically and environmentally sustainable. A sustainable pepper production project in **Vietnam** is applying an IFC investment-linked approach, over a period of up to two years, which aims to enable clients, farmers, and local suppliers to develop more productive, efficient, and sustainable enterprises, partly through in-person trainings and an e-learning app. In addition, sustainable construction projects are progressing well in **Pakistan** and in **Africa**.



Targeting High-Growth Business

The targeting high-growth business initiative helped governments boost the competitiveness of growth-oriented businesses. The FIAS-supported Supporting

High-Growth Firms product development project concluded successfully in FY19, having achieved its objectives. It supported client-facing projects and built knowledge leadership in support of World Bank and IFC efforts to help clients identify and foster developing country businesses that contribute the most to job growth. Alongside new initiatives, FIAS has aligned the existing portfolio with the FIAS FY22–26 strategy, in some cases, by dropping, closing, or restructuring projects. To that end, there are no longer many projects under this thematic area. For instance, the focus on high-growth sectors is now central to climate resilience investments and is labeled as such. And in the COVID context, the challenge has shifted from growth to survival, but the issue is the same: country relief, rebuilding, and resilient recovery strategies must include initiatives to identify and ensure the survival of the strongest firms that can become the anchors of longer-term recovery and growth. Remaining initiatives from this category may fall under the COVID-19 thematic area, with others marked as gender and digitalization projects as appropriate.

Digitalization

Digital technologies are at the forefront of development and provide a unique opportunity for countries to accelerate economic growth and connect citizens to services and jobs. They have also helped keep people, governments, and businesses connected through the pandemic, and will play an increasing role in the recovery period. FIAS supports advisory services that help clients unlock innovative solutions to complex development challenges and help countries accelerate their pace of development in areas from digital banking to blockchain and telemedicine. FIAS characterizes digitalization projects as those that foster digital transformation in a particular focus area, and that result in lasting change. Examples include: projects involved in legal and regulatory reforms to enable government-to-business (G2B), government-to-citizen (G2C), business-to-business (B2B), and business-to-citizen (B2C) services and transactions, such as digital payments, e-signatures, and regulations; projects implementing systems to enable G2B, G2C, B2B, and B2C services, such as online business registrations, online FDI registration systems, and information portals to increase transparency; and projects that set a vision and improve the capacity of private businesses to inbuild online operations, such as online banking and payment services.

Special Topic: FIAS and Upstream

FIAS is a key supporter of Upstream through **creating markets** with sector interventions

Upstream work is **ramping up** in the FY22–26 **strategy cycle**

Pipeline and portfolio precedent-setting is well under way in FY21



Upstream is IFC’s innovative initiative focused on generating investment opportunities to grow a pipeline of projects in which IFC and private sector partners can invest.

Upstream shifts IFC from searching for viable investments in emerging markets and developing economies (EMDEs) to developing investment opportunities where they do not yet exist. The work entails a significant increase in commitments in IDA and FCS, as well as gender- and climate-related initiatives. All these are priority areas in the FIAS strategy. IFC focused on Upstream as a key to its development strategy prior to the COVID-19 outbreak, however, the pandemic only increased the urgent need to address the shortage of bankable projects required to build the private sectors of IFC client countries.

The Upstream agenda recognizes that today’s market and the role of IFC is not as it once was. Development capital can come from multiple public and private sources; it no longer must be provided by a single large multilateral development bank. Proactively identifying and eradicating barriers is the modality through which capital can flow into private sector investments in these countries. Upstream activities create a significant developmental impact but do take time to convert into investment.

In the World Bank Group development context, **the Continuum** is the stream of linked activities beginning with diagnostics and analytics, continuing through reform of the environment for investment in client countries, and culminating in specific investment opportunities, some of which may involve IFC participation. Upstream fits in a

Continuum that seeks to harness World Bank Group-wide engagement to create markets and mobilize private capital. As depicted in this schematic, it involves both World Bank and IFC analytics, advisory, and operations. Though the Continuum can be a linear progression of activities, the fact is that our work is rarely linear. A specific project rarely follows the neat sequencing of the Continuum and can jump around. A portfolio client can become an AS advisory client while benefiting from enabling environment analytics and interventions in the sector while co-developing an Upstream project with the IFC.

In FY21, from July 1, 2020, to June 30, 2021, the Upstream pipeline grew rapidly with opportunities developing in **Central America, Pakistan, Indonesia, and Vietnam**. FY21 ended with a five-year projection promising the potential for \$16.4 billion own account volume—tripled from \$4.9 billion in FY20—with \$22.3 billion of core mobilization. Only a portion of Upstream investment potential will be realized, but the pipeline offers exciting potential, particularly in low-income and FCS countries. One of the reasons why FIAS emerged as a key funding source for Creating Markets with Sector Interventions advisory is the alignment between FIAS priority areas—IDA, Sub-Saharan Africa, and FCS—and those of Upstream. The Continuum supports an iterative journey that allows for candid debate to continuously prioritize and reallocate resources. FIAS is very much part of this approach.

Only one-third of **EMDEs** are expected to regain their **pre-pandemic per capita income levels by 2022**

About the Facility for Investment Climate Advisory Services (FIAS): 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 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>.

