2016 ANNUAL REVIEW

FIAS

THE FACILITY FOR INVESTMENT CLIMATE ADVISORY SERVICES

WORLD BANK GROUP

With support from:

BILL & MELINDA GATES foundation

Ewing Marion KAUFFMAN Foundation

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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 Trade & Competitiveness Global Practice of the World Bank Group. For more information, visit ***www.wbginvestmentclimate.org, www.worldbank.org/trade,*** and ***www.worldbank.org/competitiveness.***

Acknowledgments

This report was written by the staff of the World Bank Group's Trade & Competitiveness Global Practice and edited by John Diamond, with editing and technical support provided by Lorenzo Nelli-Feroci.

Design Partner: Corporate Visions, Inc.

District Creative Printing, Inc.

Cover photo: housing construction, Addis Ababa, Ethiopia *(World Bank Group photo)*.

Inside back cover photo: carpenter in the Kyrgyz Republic *(World Bank Group photo)*.

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Anabel Gonzalez
Senior Director
Trade & Competitiveness
Global Practice
World Bank Group

MESSAGE FROM THE SENIOR DIRECTOR

With an ambitious new strategy and an implementing team that pulls together expertise from across the World Bank Group, the FIAS Trust Funds are moving ahead in helping client countries build stronger, more resilient and inclusive economies. FIAS—the Facility for Investment Climate Advisory Services—is now in its fourth decade supporting advisory, technical support, and knowledge-based projects tailored to help improve struggling and vulnerable economies and help make emerging economies even stronger.

Fiscal year 2016 marked the end of the FY12–16 FIAS strategy cycle, and I am pleased to report that in virtually every benchmark area by which we measure our results and impact, we have exceeded our targets for the five-year period. The Bank Group's Trade & Competitiveness Global Practice (T&C), which implements the FIAS program, brings to bear a formidable array of skills, tools, and experience in working with clients to improve the climate for investment, attract increased domestic and foreign investment, promote competition, and enhance the competitiveness of key business sectors in client economies. As we embark on the new FY17–21 FIAS strategy cycle, including new and enhanced areas of work, I am proud to present the FIAS 2016 Annual Review, outlining our achievements in working with poor and conflict-affected countries as well as emerging economies and middle-income countries as we pursue the Twin Goals of eliminating extreme poverty and boosting shared prosperity.

In FY16, FIAS support helped bring about 76 investment climate reforms in 42 client countries, bringing the total of reforms achieved for the five-year cycle to 341 in 83 countries, well above the target of 250. More than three out of four reforms were in member countries of the International Development Association (IDA); two-thirds were in Sub-Saharan Africa; and nearly one-third were in states in fragile and conflict-affected situations (FCS), all reflecting strong performance in FIAS priority areas. As a result of new sector work in FY16 and revised reporting of earlier work, investment generated on industry-specific projects has reached $1.58 billion for the cycle, well above the $1 billion target. Compliance cost savings to businesses due to streamlined regulations exceeded $200 million for the cycle.

"In virtually every benchmark area by which we measure our results and impact, we have exceeded our targets."

One of the themes that comes across in this year's report is the priority to help client countries achieve rapid results. These "quick win" reforms have been a hallmark of the Indicator-Based Reform (IBR) work featured in the special section chapter of this year's Annual Review. And it is a theme that recurs across the FIAS-supported teams working in our priority areas of IDA countries, the Sub-Saharan Africa region, and FCS. The report also highlights FIAS-supported rapid response in Nepal following the major earthquake, and Jordan, which is struggling with a major influx of refugees from the conflict in Syria.

The strategy for the new five-year cycle was developed and approved during FY16. It focuses on three strategic pillars: improving business environments in client countries; expanding market opportunities; and strengthening firm competitiveness. The thematic areas of gender and inclusion, transparency and political economy, green competitiveness, and a focus on high-growth businesses will cut across the entire FIAS portfolio.

On behalf of the T&C team, I would like to convey our heartfelt thanks to our FIAS donors and partners for continuing their strong support in FY16 and for the confidence they have shown us through their support for the FY17–21 work program.

Anabel González

Anabel Gonzalez
Senior Director
Trade & Competitiveness Global Practice
World Bank Group

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

1

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. 86*).
- 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. 88*).
- 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.

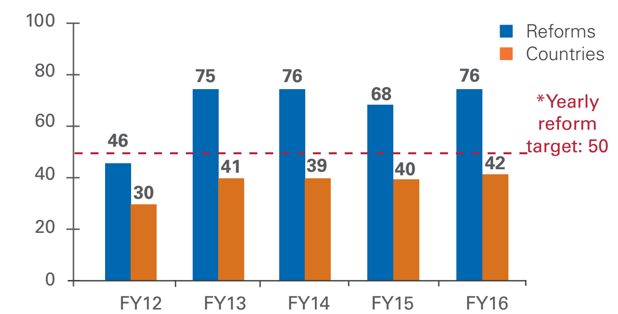
FIAS FY16 FINAL REFORM COUNT		
Reforms	76	
of which in FCS	22	29%
of which in IDA	59	78%
of which in EAP	1	1%
of which in ECA	15	20%
of which in LAC	6	8%
of which in MENA		
of which in SA	4	5%
of which in SSA	50	66%
of which validated by DB	66	87%
(of which validated BY DB16)	7	

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

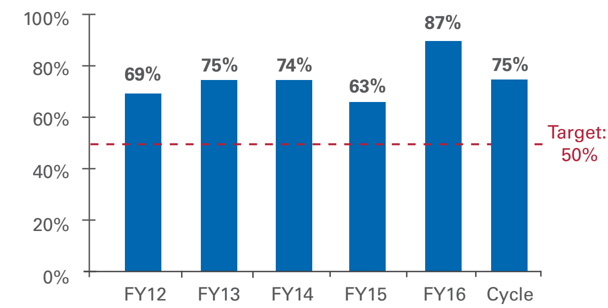
FIAS Strategy Cycle Metrics, FY12–16

With the completion of the FIAS FY12–16 strategy cycle, the results show that FIAS has exceeded strategy cycle targets[1] 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.

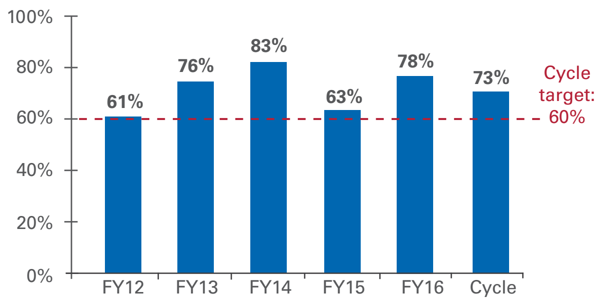
TOTAL FIAS-SUPPORTED REFORMS
(Target yearly average: 50 reforms)



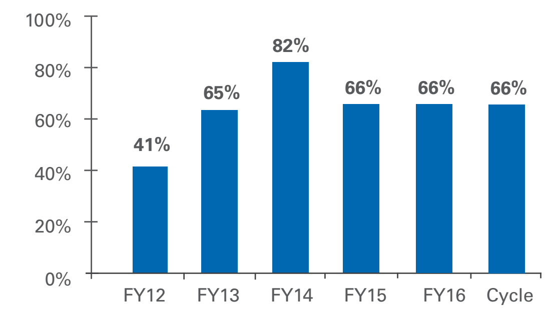
SHARE OF REFORMS RECORDED IN *DOING BUSINESS*
(Target: 50%)



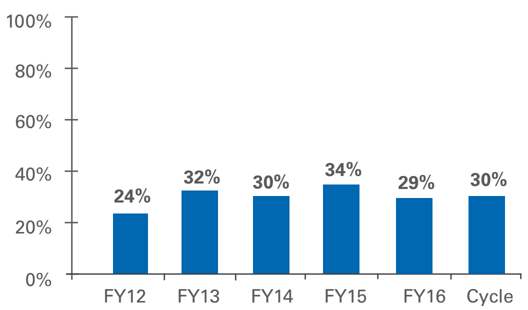
SHARE OF REFORMS IN IDA COUNTRIES
(Target: 60%)



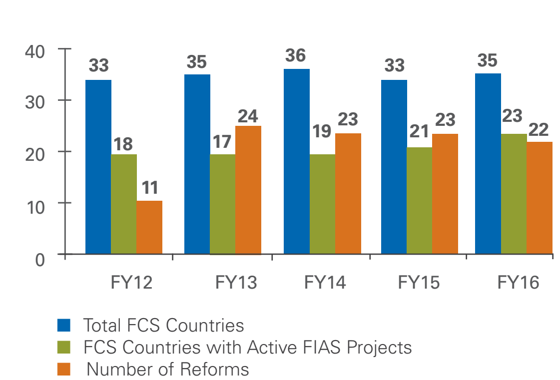
SHARE OF REFORMS IN SUB-SAHARAN AFRICA



SHARE OF REFORMS IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS



FIAS-SUPPORTED PROJECTS, REFORMS IN FCS



[1] 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).[2]
- *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).[3]
- 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.[4]
- 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 FIAS support helped achieve $15.2 million in CCS in FY16, bringing the total in savings to the private sector from regulatory reform to $208.2 million for the cycle.

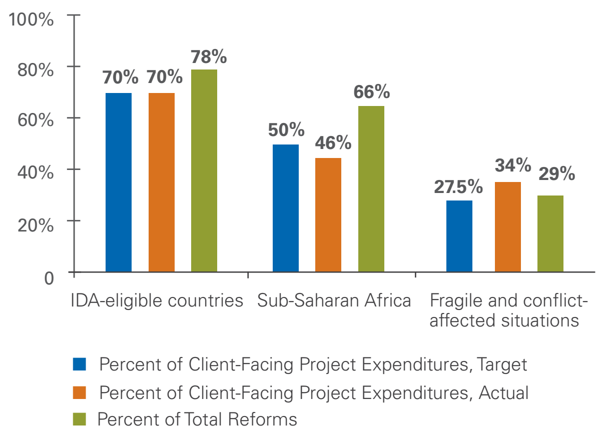
[2] Reform totals are preliminary and may be subject to minor revision.
[3] The figures add up to more than 100 percent because of overlap between the FCS, IDA, and Sub-Saharan Africa categories.
[4] FIAS funding supported an additional 9 projects that had less than $10,000 in expenditures for the fiscal 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.

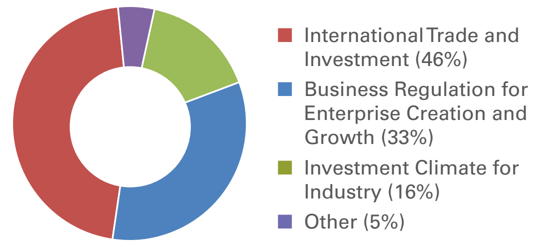
RESULTS BY PRIORITY CLIENT GROUP, FY16

Share of Client-Facing Project Expenditures and Total Reforms



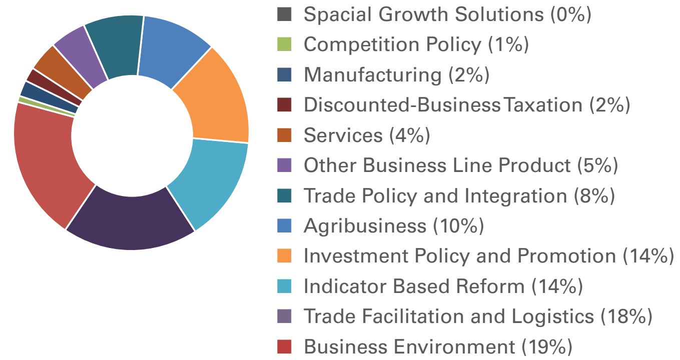
TOTAL EXPENDITURE BY THEMATIC PRIORITY OF CLIENT-FACING PROJECTS, FY16

100% = $20,989,587



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

100% = $20,989,587

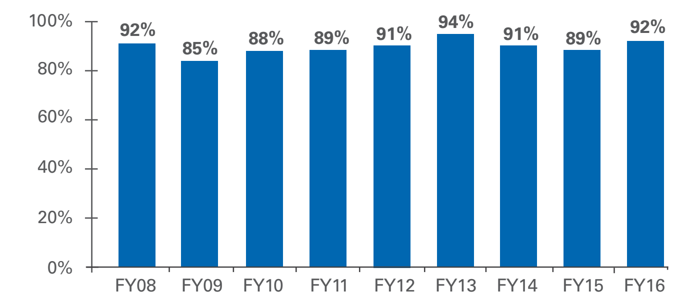


FIAS, T&C Development Effectiveness and Client Satisfaction

- 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).

TRADE & COMPETITIVENESS GLOBAL PRACTICE CLIENT SATISFACTION, FY08-FY16*

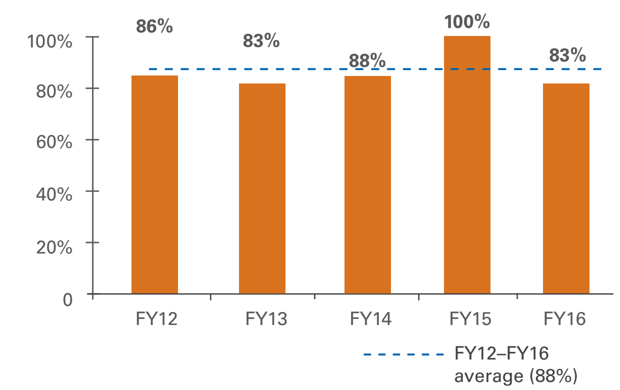
(Share of clients satisfied)



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

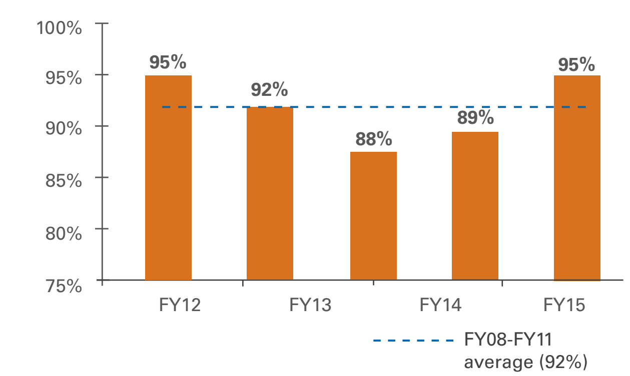
FIAS DEVELOPMENT EFFECTIVENESS RATINGS, FY12–FY16

(Share of completed projects with positive ratings)



FIAS CLIENT SATISFACTION, FY12–FY16

(Share of positive client responses from FIAS supported projects)



FY12–16 Funding and Expenditures

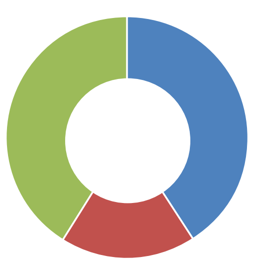
	2012		2013		2014		2015		2016	
Contributions (Sources of Funds)	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total
WORLD BANK GROUP CONTRIBUTIONS	12,089	36%	11,754	42%	9,917	19%	7,627	21%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

[a] 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.

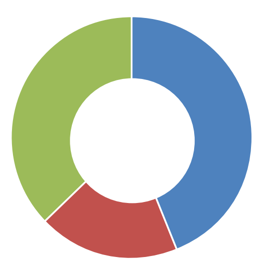
[b] FY12 donor contributions amended to correct a typographic error in the FY12 Expenditures table on page 6 of the FIAS 2012 Annual Review.

FIAS Expenditures, FY16 and FY12–16

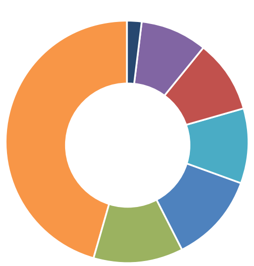
DIRECT PROJECT EXPENDITURES, FY16
(Client-Facing IDA/Non-IDA and Non-Client-Facing)
100% = $35,577,999



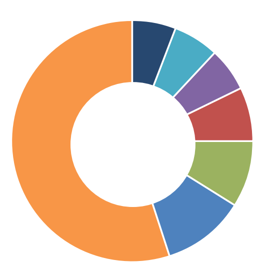
DIRECT PROJECT EXPENDITURES, FY12–16
(Client-Facing IDA/Non-IDA and Non-Client-Facing)
100% = $113,898,894



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



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



FIAS-Supported Reforms by Region and Country, FY16

Region	Country	Competition	Construction Permits	Enforcing Contracts	Getting Credit	Getting Electricity	Investment Policy - Entry	Investment Policy - Protection	Licenses and Permits	Protecting Investors	Registering Property	Resolving Insolvency	Starting a Business	Tax Simplification and Compliance Management	Trading Across Borders	Grand Total
EAST ASIA AND THE PACIFIC	Timor-Leste[a,b]														✓	1
EAST ASIA AND PACIFIC TOTAL															1	1
EUROPE AND CENTRAL ASIA	Albania		✓*			✓*				✓**						3
	Croatia									✓*						1
	Georgia													✓*	✓*✓	3
	Kyrgyz Republic[a]										✓**				✓**	2
	Serbia		✓**								✓*		✓*			3
	Tajikistan[a]														✓**	1
	Uzbekistan[a]									✓*	✓*					2
EUROPE AND CENTRAL ASIA TOTAL			2			1				3	3		1	1	4	15
LATIN AMERICA AND CARIBBEAN	Dominican Republic							✓								1
	Ecuador												✓*			1
	Guatemala														✓**	1
	Guyana[a]										✓*					1
	Paraguay														✓*	1
	St. Kitts														✓	1
LATIN AMERICA AND CARIBBEAN TOTAL								1			1		1		3	6
SOUTH ASIA	India			✓*		✓*								✓*	✓*	4
SOUTH ASIA TOTAL				1		1								1	1	4
SUB-SAHARAN AFRICA	Regional[a]								✓							1
	Angola[a]												✓*	✓*		2
	Benin[a]											✓*	✓*			2
	Burkina Faso[a]											✓*				1
	Burundi[a, b]													✓*		1
	Cameroon[a]		✓*									✓*				2
	Central African Republic[a, b]											✓*				1
	Chad[a, b]											✓*	✓*			2
	Comoros[a, b]										✓*	✓*				2
	Congo, Democratic Republic[a, b]		✓*									✓*				2
	Congo, Republic[a]											✓*				1
	Côte d'Ivoire[a, b]		✓*	✓*	✓*							✓*				4
	Equatorial Guinea											✓*				1
	Gabon											✓*				1
	Guinea[a]						✓	✓				✓*				3
	Guinea Bissau[a, b]											✓*				1
	Madagascar[a, b]		✓*												✓*	2
	Malawi[a]												✓*			1
	Mali[a, b]				✓*							✓*	✓*			3
	Mauritius[a]										✓*					1
	Mozambique[a]				✓*											1
	Niger[a]											✓*	✓**			2
	Nigeria[a]				✓*								✓*			2
	Rwanda[a]								✓							1
	Senegal[a]				✓*			✓				✓*		✓*		4
	Togo[a, b]				✓*							✓*		✓*		3
	Uganda[a]													✓*		1
	Zambia[a]	✓									✓*					2
SUB-SAHARAN AFRICA TOTAL		1	4	1	6		1	2	2		3	17	7	5	1	50
GRAND TOTAL		1	6	2	6	2	1	3	2	3	7	17	9	7	10	76
Reforms captured by *Doing Business*															66	87%
FIAS Total of which in IDA															59	78%
FIAS Total of which in FCS															22	29%
FIAS Total of which in AFR															50	66%

Of the 66 reforms recognized by *Doing Business*, 59 were validated by DB17* and 7 were validated by DB16 ** and reported retroactively.
Three reforms under DB topics do not fall under the standarized *Doing Business* case study.

[a] International Development Association (IDA) country

[b] Fragile or conflict affected situation

SPECIAL TOPIC

BENCHMARKING FOR A BETTER QUALITY BUSINESS ENVIRONMENT

228 reforms
of business regulations achieved in 63 client countries, FY12–16; 207 reforms supported by FIAS[5]

50 countries
have formed high-level committees coordinating business reform agenda

23% of reforms
reported by *Doing Business* since 2008 supported by IBR

SPECIAL TOPIC: BENCHMARKING FOR A BETTER QUALITY BUSINESS ENVIRONMENT

2

Indicator-Based Reform (IBR) effectively leverages data and evidence to help client countries foster a better business environment and deliver results on the ground. Today the emphasis is not just on efficiency but the quality of regulations and institutions governing the business life cycle from start-up to insolvency.

Ask the poor and they will tell you that getting a job or starting a business is the most effective way to get out of poverty. More and better-paid work has been critical to poverty alleviation. Around the world, small- or medium-sized companies contribute significantly to creating business and employment opportunities, accounting for two-thirds of formal jobs in developing countries and 80 percent in low-income countries.

While the majority of job creation happens in the private sector, governments play a crucial role in fostering enterprise creation and growth; they create the regulations and institutions that support—and in some cases inhibit—the ability of firms to start up and grow.

For many years, a country's reputation as a place for doing business stemmed from anecdotes and individual experiences. These shared stories influenced investor perceptions and behavior, but lacked data on which to conduct comparative analysis that could inform policy or investment decisions. Today, a growing suite of global data and benchmarking products, such as the *Doing Business* project, provide periodic factual data and evidence on business regulations and institutions, and allow for benchmarking and peer-to-peer learning. In the spirit of 'what gets measured gets done', *Doing Business* was among the first to introduce measures, supported by factual evidence and comparable data across 189 countries, on the regulations governing local firms and investors and the institutions and agencies that enforce them. The collected and published data follows the life cycle of a firm, covering everything from setting up a business or trading across borders to enforcing a contract through the courts. In subsequent years, other datasets were developed following a similar approach. These, too, were based on objective data (i.e., regulations) and were actionable. These include the *Women, Business and the Law* report, regulations concerning foreign direst investment (FDI) and the *Benchmarking Public Procurement* report.

The Power of Benchmarking

Such benchmarking made reliable, comparable data on business regulatory regimes readily accessible to policymakers and investors around the world. It drew attention to policies impacting local, smaller-sized firms.

Among the first findings in *Doing Business*, for example, was that firms in developing countries face regulatory environments two to three times more difficult and with fewer potential investors than their counterparts in high-income countries. The realization that policy makers as well as local and international investors would use this data as input for decision-making and strategic planning on what to reform or when to invest gave governments a compelling incentive to support investment climate reform.

In the FY12-16 strategy cycle, IBR has supported 228 reforms in 63 countries. Of the total reforms achieved during the cycle, 207, or 91 percent, were FIAS-funded.

[5] Reform count reflects those reforms tracked through the IFC Monitoring & Evaluation (M&E) system; additional IBR reforms have been achieved through World Bank projects.

IBR Created in Response to Client Demand

With this impetus, as many as 30 client countries in a given year have asked the World Bank Group for support in translating *Doing Business* and other data into reform plans and actions to improve their regulatory environment. The FIAS-supported Indicator-Based Reform team (IBR) was created in fiscal year 2008 to respond to this demand, leveraging the Bank Group's growing indicator and knowledge base and supporting clients through what often starts off as a brief window of opportunity for reform. The most significant improvements happen when that brief window evolves into a long-term relationship and a comprehensive approach to investment climate reform. Led by the Bank Group's Trade & Competitiveness Global Practice (T&C), IBR operates under a highly collaborative model pooling expertise from other Global Practices. The team is fully joint, combining both IFC and World Bank staff implementing the full range of Bank Group instruments—lending, technical assistance, and IFC advisory. The name changed from Indicator Based Reform Advisory to Indicator Based Reform to reflect this joint approach. The core global team is based primarily in Washington, D.C., with two based in Europe and regional leads in Peru, Kenya, and Mexico (*see Table 1*).

Strong Reform Results

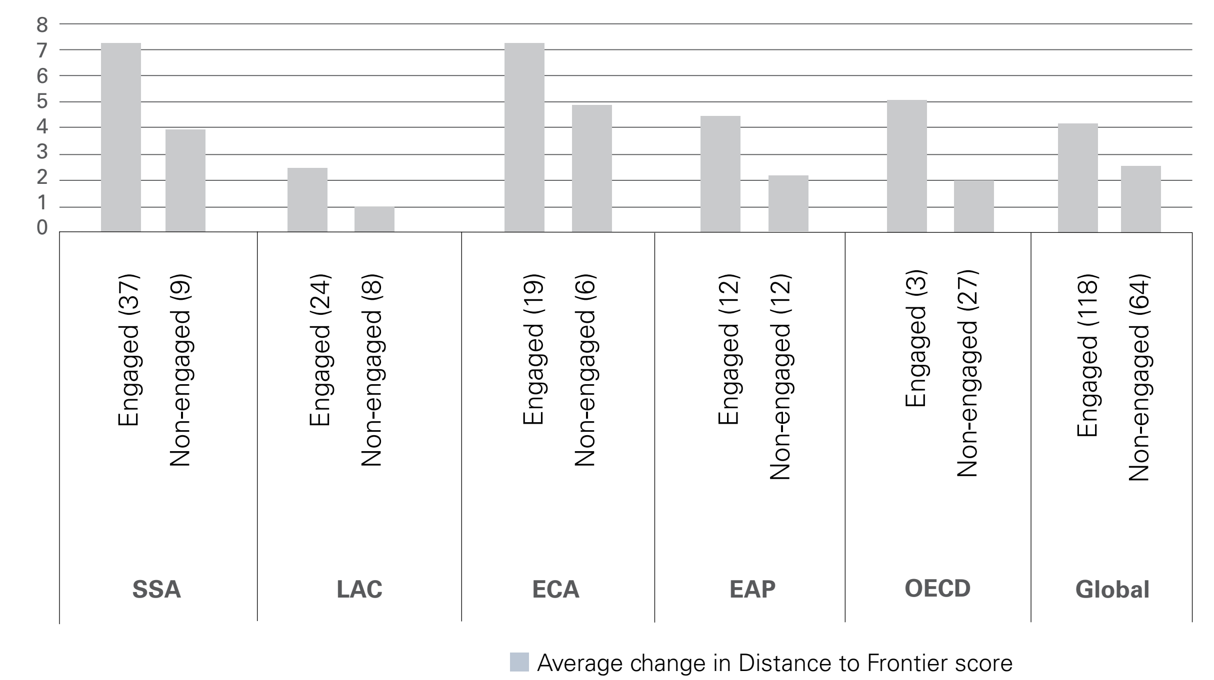
In the FY12–16 strategy cycle, IBR has supported 228 reforms in 63 countries. Of the total reforms achieved during the cycle, 207, or 91 percent, were FIAS-funded. These FIAS-supported IBR reforms, in turn, made up 61 percent of the total of 341 FIAS-supported reforms achieved during the five-year cycle. Across every World Bank Group region, engagement with IBR coincided with better-than-average country improvement as measured by the *Doing Business* "distance to frontier" scale. In about one out of five cases, IBR was the country's first investment climate project (*see Figure 2*).

Table 1: Achieving Results— What Has Worked

Ownership: High-level client demand and ownership (at the ministerial level or higher) generated by *Doing Business* benchmarking.	In countries such as Colombia, India, and Rwanda, the president or prime minister has initiated and closely followed the reform program.
Focus on results: Built-in results frameworks and global visibility given to reformers through annual reform tracking by *Doing Business*.	Of total number of reforms reported by *Doing Business* since 2008, 23% were supported by IBR.
Timeliness: Deliverables drawing on structured sources of data and analysis, and established cross-practice collaboration allow for rapid response to client requests so governments can make use of time-sensitive opportunities for reform.	Engagements can start with first expert-reviewed deliverables in as early as 2–5 months.
Actionable reform advice: Concise reform recommendations delivered in memoranda assessing constraints to businesses using international benchmarks, firm surveys, other sources, and providing roadmap for short- to medium-term reforms based on global good practice.	106 client governments have benefited from *Doing Business* reform memoranda; over 60 countries from programmatic action plans.
Global expertise: Multi-practice collaboration allows IBR to tap into global expertise across a wide range of topics.	IBR works in at least 9 regulatory areas across 5 Global Practices (T&C, Finance & Markets, Governance, Urban, and Development Economics).
Capacity building: Supports clients in designing programs involving multiple agencies in the context of a broader competitiveness agenda, determining priority areas for reform, setting targets with measurable results, and strengthening institutional capacity for managing reform programs across multiple sectors or levels of government.	Close to 50 countries have formed committees—typically at inter-ministerial level or reporting directly to the president or the prime minister—to ensure coordination of effort across agencies and levels of government.
Peer-to-peer learning: IBR leverages its access to global knowledge base on regulatory practices to support peer-to-peer learning events at the technical and political level.	Over 10 peer-to-peer learning events at the ministerial level in 3 regions.
Cost effectiveness: Standardized deliverables build on a vast knowledge base on regulatory practices and reforms allowing for cost-effective technical assistance.	Program cost per IBR-supported reform achieved averages $70,000

Figure 1: Average change in the distance to frontier in countries with vs without IBR engagement

2010-2016*



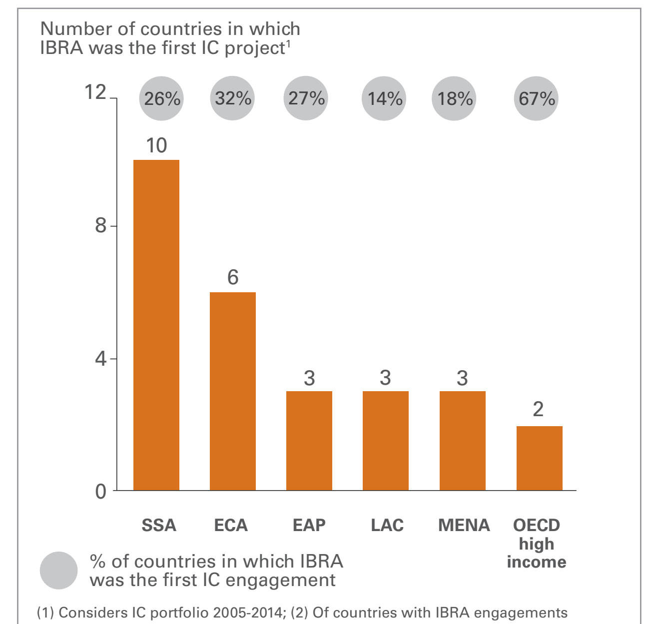
*Engagements that only recently initiated are excluded; MENA and South Asia are not shown due to a lack of non-IBR engagement comparison group.

The majority of client countries reformed in at least three areas, reflecting the team's consistent effort to adopt a programmatic approach with clients that increases likelihood and the scale of positive economic impact. Business entry regulations cannot be viewed or improved in isolation, for example, because encouraging new firm formation depends as well on other factors, such as land and labor regulations and taxation.

Clients Focus on Long-Term Gains

The reform momentum has spread. In addition to the over 60 countries currently supported by IBR, a number of other countries continues to reform under follow-on Bank Group projects. These often continue with longer-term institution building such as the creation of a movable collateral registry in **Costa Rica**, modernizing the business registries in **Croatia**, facilitating access to credit in **Colombia**, supporting the development of a new building permits regime in **Albania**, and strengthening property rights in **Greece**. An independent evaluation found that 50 Bank Group client countries that engaged with the IBR team achieved an increase in their investment climate portfolio size.

Figure 2



"Working with the World Bank's IBR team on business registry reform in Croatia has been one of the best collaborative activities we have had as an agency," said Andrea August, Director of the Agency for Investments and Competitiveness in Croatia's Ministry of Economy. "The IBR team's global experience proved to be an indispensable asset. We worked as a team, and communicated easily and regularly to shape all aspects of the reform program. We especially appreciated the IBR team's fast and precise feedback and look forward to working with them further on reform implementation."

Global Practices Strengthen IBR Delivery

With the creation of the Global Practices at the beginning of fiscal year 2015, new opportunities have arisen to leverage Bank Group expertise and instruments. Reform programs being implemented in 21 client countries are combining advisory and lending instruments for greater impact. While Bank Group lending projects continue to help clients put in place needed hard infrastructure and give a framework to programmatic policy reforms, they can often deliver greater benefits when implemented in parallel with technical assistance projects that support reform implementation. The TA projects can be funded by pooling together donor funds, through client contributions, or some combination of donor and client funding.

Though the IBR program is implemented by T&C, four other Global Practices—Finance & Markets, Governance, Energy & Extractives, and Social, Urban, Rural, and Resilience—support efforts to tap into the full range of Bank Group instruments. The work supports reforms in nine regulatory areas: business entry; construction; property; corporate governance; credit; trade; taxation; contracts; and insolvency. Key offerings include technical advice, capacity building and institutional setup for reform, prioritization, infrastructure (including information technology), peer-to-peer networking, and good regulatory practices particularly with a focus on mitigating and reducing implementation gaps.

The Global Practice structure positions T&C well for supporting reforms that improve the quality of regulation and their implementing institutions, including company and property registries, courts, and credit bureaus. Through collaboration with other Global Practices and Bank Group units, T&C is helping clients design and implement reforms that respond to the shift in *Doing Business* towards a longer-term substantive suite of institutional reforms supported by lending and the new measures included in *Doing Business* reports. The recent expansion of *Doing Business* to include new measures on the quality of regulations and institutions supports a broader reform program. The new data covers such issues as the quality of service relating to land registries and property rights, the level of automation available to businesses and investors, and the case management practices at commercial courts. These and other measures can then be compared against global good practices.

An Expanding IBR Agenda

Longstanding client relationships, combined with expertise translating data into actionable policy advice and reform, have made IBR a natural platform for incubating new offerings based on evolving client demand. In **Morocco**, with FIAS support, IBR has been implementing an innovative project to measure and address potential implementation gaps related to construction permitting and public procurement payment delays. The team worked closely with the public-private National Committee of Business Environment to develop an evidence base for the quality and predictability of services provided by government for the private sector. The resulting evidence not only informed public-private dialogue, it also led the government to incorporate findings and recommendations into a new draft law on public procurement payment delays. The data enabled government to track progress in the implementation of a new building code across different municipalities and to encourage peer-to-peer learning. Based on the experience with the Morocco pilot, a key component of the Good Regulatory Program launched in FY16 focuses on implementation gaps and the ways to mitigate them.

In **Côte d'Ivoire**, a top *Doing Business* reformer, IBR expanded a well-established business regulation program to include reforms aimed at increasing equal opportunity for women. The result was a change in law giving married women equal rights as head of household, a reform featured in the Bank Group's annual *Women, Business and the Law* report. Such work not only speaks to one of the core pillars under the newly launched FIAS FY17–21 strategy cycle—improving the business environment—it also encompasses core themes such as transparency and gender and inclusion. The program is expanding in scope along with the expanding coverage of *Doing Business*. In response to the worldwide decline in prices for extractives and other commodities, the IBR team is working with a number of countries as varied as **Bhutan**, **Lesotho**, and **Saudi Arabia** that are seeking to diversify their economies.

IBR has played a pivotal role in the success of the FIAS FY12–16 strategy cycle, accounting for 60 percent of the reforms achieved and exceeding the strategy targets consistently each year. The experience gained and lessons learned from this work is being actively applied, replicated, and enhanced in the new strategy cycle under way. Beginning with its foundational work in helping client countries improve their investment climate, IBR initiated and incubated work in new areas—particularly gender, transparency, implementation gaps, and good regulatory practice—that have been incorporated into the FY17–21 strategy.

OPERATIONAL HIGHLIGHTS

FIAS is supporting implementation of reforms in more fragile states than ever. T&C demonstrated its ability to respond rapidly with post-quake work in Nepal.

78% of FIAS reforms in IDA countries in FY16

66% reforms in Sub-Saharan Africa

29% of reforms in FCS

3

OPERATIONAL HIGHLIGHTS

FY16 marked the final year of the FIAS FY12–16 strategy cycle during which the mission of FIAS-supported programs was to facilitate 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. Those priorities, which remain central to the FIAS agenda, were visible in FIAS-supported efforts for FY16. By the end of the fiscal year, FIAS funding supported a portfolio of 112 projects—81 IFC; 6 IBRD; and 25 non-client-facing projects in knowledge management and product development. This compares with 69 projects, 17 of them non-client-facing, in FY15. FIAS recorded $15.2 million in additional compliance cost savings to the private sector stemming from the efficiencies and benefits of investment climate reform. For the five-year cycle, compliance cost savings and trade sector savings to private sector firms due to reforms in client countries reached $641 million, surpassing the target of $600 million for the cycle.

FIAS Focus on FCS States

A top priority of FIAS-supported work involves advisory services to states in fragile and conflict-affected situations (FCS). Key to this work is the idea that economic recovery and growth can be a part of conflict resolution, rather than an offshoot of it. In FY16, 22 of the 76 reforms, or 29 percent achieved with the help of FIAS-supported projects occurred in 11 countries on the FY16 Harmonized List of Fragile Situations (in FY15, 23 out of 68 reforms, or 34 percent, in 9 countries).

In FY16, FIAS supported active country-specific or regional projects benefiting 23 of the world's 35 FCS states and territories: **Afghanistan**; **Bosnia and Herzegovina**; **Burundi**; **Central African Republic**; **Chad**; **the Comoros**; **the Democratic Republic of Congo**; **Côte d'Ivoire**; **Guinea-Bissau**; **Haiti**; **Iraq**; **Lebanon**; **Liberia**; **Madagascar**; **Mali**; **Myanmar**; **Solomon Islands**; **Somalia**; **South Sudan**; **Timor-Leste**; **Togo**; **the West Bank and Gaza**; and **Zimbabwe**. (In FY15, FIAS supported projects in 21 out of 33 FCS states.) Project expenditures in FCS countries totaled $6.5 million, or 31 percent of client-facing project spending ($3.06 million, or 31 percent in FY15). In terms of the number of FCS countries with FIAS-supported projects, the results for FY16 are the best for the cycle.

In FY16 T&C formed an FCS Community of Practice to bring together practitioners in a single knowledge-sharing platform supported by a collaborative Spark page, Fragile Business. This practitioner-level collaboration was instrumental in swiftly mobilizing a team of practitioners to contribute to a Damage and Needs Assessment in **Nigeria**. The team proposed a practical approach toward job creation and increased private sector activity in a post-conflict scenario.

Another outcome of this initiative was a regional conference, "Enabling Growth & Increasing Trust—the Impact of Business Regulation Reforms in Fragile and Post-Conflict Countries" held in Abidjan, **Côte d'Ivoire**, in February 2016, in collaboration with the Bank Group's Fragile, Conflict, and Violence Cross-Cutting Solutions Area. Attendees explored the impact of business regulatory reform, particularly in the areas of inspections and licensing. Lessons learned from international efforts in FCS countries were presented to help participating countries strengthen their reform efforts. The event also showcased the Bank Group's expertise in working with FCS states and highlighted Côte d'Ivoire's reform efforts.

Much of this FCS work has been informed by a broader effort by T&C to capture lessons learned from its advisory efforts with client countries. A strategic paper stemming from this initiative proposes a balanced approach between creating conditions for private sector growth and seizing on opportunities for near-term gain in generating inclusive growth and creating jobs.

Protracted conflict in Côte d'Ivoire harmed the country's previously robust economy in many ways, one of which was in the deterioration of the judicial system. By 2011, after years of civil conflict, the country's main tribunal in Abidjan was spending little time on commercial cases. Amid the post-war recovery effort, commercial banks and business community groups identified the dysfunction of the judicial system as among the most difficult problems stemming from the conflict. Enforcement of legislation and contracts was slow and at times non-existent; proceedings lacked transparency; courts and magistrates lacked the human and technical resources to fulfill their responsibilities.

An extended Bank Group project, supported by FIAS, has dramatically improved the situation. The joint effort by T&C and the Finance & Markets Global Practices, begun in 2011, has brought to bear information and communication technologies to help bring the country's court services up to international standards. In 2015, the Ivoirian commercial court system's performance on a regional level was improved, and in FY16, commercial justice services were meeting demand across the full spectrum of business activities. Reforms instituted with Bank Group assistance included establishment of a quick resolution system for small disputes and optional mediation services. While in 2012 it took 395 days to get a judgment, by 2015 the time required was down to about 150 days. The number of judgments issued rose exponentially, from 33 in 2012 (reflecting the moribund post-conflict condition of the court) to 4,445 in 2015.

The commercial court reforms in Côte d'Ivoire have had positive spillover effects across the region, as the improved procedures drew the attention of neighboring countries Benin, Burkina Faso, Mali, and Senegal. Delegations from these countries toured the Ivorian courts, leading to discussions among 17 member countries of the Organization for the Harmonization of Business Law in Africa (OHADA[6]) about establishing a regional commercial court system. In February 2016, a memorandum of understanding was signed by representatives of **Burkina Faso**, **Côte d'Ivoire**, **Mali**, **Niger**, and **Senegal** establishing a regional list of consular judges and commencing work on an OHADA Uniform Act on commercial justice.

Starting Businesses and Fostering their Growth

A core area of FIAS-supported work, T&C's offerings and client services in investment climate lay the foundation for sustainable growth. The Investment Climate team promotes investment competitiveness by helping governments unlock productivity gains from domestic and foreign investments. The Business Environment team analyzes client country performance based on key international benchmarks and designs better business regulations and improved regulatory implementation. The Investment Policy and Promotion team supports countries in attracting, retaining, and maximizing spillovers of FDI for the local economy.

Investment Climate Work in Sub-Saharan Africa

T&C's FIAS-supported business regulation program is helping the government of **Côte d'Ivoire** improve its business inspection systems to enhance corporate governance, transparency, and the quality of services provided by firms in the tourism and health sectors. A workshop in Abidjan in June 2016 provided a forum for the Bank Group and Côte d'Ivoire's Public-Private Consultation Committee to launch a Joint Inspection Management System IT Platform. The online service increases the speed and efficiency of inspections and helps companies comply with norms and standards, thus improving their performance.

"The benefits we have received through the implementation of the Joint Inspection System project are impressive," said Committee Executive Secretary Fadiga Fofana. "Indeed, beyond the strengthening of the current norms, this initiative helps to improve the quality of health services and restaurant performance, helping to improve Côte d'Ivoire's image internally and externally."

Workshop participants included representatives of 49 enterprises from the tourism and health sectors, where the new IT tools were tested in a pilot project. The system has incentivized self-improvement by businesses in areas such as licensing, staff awareness of first aid and fire safety, sanitation, cleaning, housekeeping, food safety, and access to clean water and sanitation systems. Less than half of all enterprises in the pilot districts were in compliance with standards, so the need for improvement was clear. Reaction from the business community has been positive.

"Previously the system was disorganized, based on sanctions rather than providing guidance, with little information to enterprises on check-lists and the dates for inspections," said business owner Brou Jeanette, from Maquis Duval. "Now, I have received advice in hygiene control and food security norms that has helped me to improve the quality of my services. I welcome inspectors to my premises to share good practices and to learn how I can better meet my customers' needs."

Overall, the business regulation program under which the new platform was developed aims to improve the business enabling environment for small and medium enterprises (SMEs), particularly for women-owned businesses. The FIAS-supported team delivers advisory services in construction permitting, property registration, starting a business, cross-border trade, contract enforcement, and taxation. Legal reforms relating to women's rights in doing business are expected to increase newly created or formalized women-owned businesses from 10 percent to 25 percent of all enterprises registered.

Enhancing Integration and Boosting Investment in West Africa

Regional strategies for economic development have the potential to leverage World Bank Group expertise and achieve scale more rapidly than country-specific programs. T&C's FIAS-supported work in West Africa exemplifies this approach as countries in the region step up their efforts to integrate regional economies and improve the investment climate. In June 2016, T&C, with FIAS support, organized

FIAS Helps Conflict-Affected State Address Obstacles to Growth

The Democratic Republic of Congo is recovering from years of conflict, with rebel and criminal groups still active in the country's eastern region. Persistent conflict has made this vast country one of the most challenging business environments in the world. Micro, small, and medium enterprises (MSMEs) and informal businesses dominate the private sector. Serious constraints range from limited access to finance to a dysfunctional judicial system. Infrastructure is poor, the regulatory environment burdensome, and officialdom beset by high levels of corruption. Unemployment is very high, especially among young people. These constraints are exacerbated by fragile and inefficient state institutions at national and provincial levels.

The FIAS-supported Democratic Republic of Congo investment climate project seeks to sustain reform momentum and foster enterprise creation and growth through targeted investment climate reform. In particular, the program encourages business registration and formalization, streamlines and strengthens construction permitting, and improves the effectiveness and transparency of the commercial justice system.

During FY16, two reforms supported by the project team and government relating to starting a business and construction permits were recognized in the *Doing Business 2016* report. As a result of the business registration reform, the time required to create a limited liability company was reduced from 16 days to 11 based on a recommendation formulated by the FIAS-supported project team. This further improved an established one-stop shop in the business registration process. The reform also reduced the minimum capital requirement. For the construction permitting reform, IFC advised the government on key streamlining measures, including a review of the costs associated with construction permits. The resulting reform cut in half the cost of obtaining a building permit. The benefits expected to result from these reforms include an increase in the MSME formalization rate as well as jobs creation in particular in the construction sector.

"This project will enable our region's integration into the global economy, while ensuring the competitiveness of our private sector by improving the business climate."

Kalilou Traore, *ECOWAS Commissioner for Industry and Private Sector Promotion*

[6] OHADA is the French acronym for *Organisation pour l'Harmonisation en Afrique du Droit des Affaires.*

a regional public-private dialogue (PPD) in Dakar, Senegal, to identify regional and national investment constraints, facilitate investment-policy improvements, and enhance integration in the region. The forum was part of a four-year project implemented by T&C and funded by the European Union and FIAS to improve the business and investment climate in the 15 member countries of the **Economic Community of West African States (ECOWAS)**. More than 50 representatives participated in the two-day event from the public and private sector, including ministers from **Liberia**, **Niger**, and **Senegal**. Representatives of the member countries (also including **Benin**, **Burkina Faso**, **Cabo Verde**, **Gambia**, **Ghana**, **Guinea**, **Guinea-Bissau**, **Côte d'Ivoire**, **Mali**, **Nigeria**, **Sierra Leone**, and **Togo**) strongly welcomed the initiative. It was hosted by ECOWAS and the West African Economic and Monetary Union.

"This project will enable our region's integration into the global economy, while ensuring the competitiveness of our private sector by improving the business climate," Kalilou Traore, the ECOWAS Commissioner for Industry and Private Sector Promotion, told the gathering.

ECOWAS is focusing on reforms that target investment entry regulations and investment incentives to help reduce uncertainty for investors, enable governments to attract more and better-quality investments to their countries, and increase the flow of investment across the region. The improvements will be monitored through scorecards, and offering opportunities for member countries to dialogue and learn about best practices. *(For more on FIAS-supported work with ECOWAS, see p. 31.)*

Entreprenant Status in Benin Helps Small Businesses Formalize

With her shop stocked with spare auto parts, Albertine Djoyi is challenging traditional perceptions of female entrepreneurs in **Benin**. Albertine's path into a business typically managed by men came unexpectedly. When her husband died, she was compelled to take over the family business and support her four children.

Initially, she struggled with the basics of running a small business—keeping the place organized, taking stock of the parts, and pricing them. Learning the trade quickly, out of necessity, Albertine travelled to Nigeria to buy quality parts and stock the shop. But she kept no accounting records and so, from month to month, did not know if she was making a profit or taking a loss. One of thousands of individuals operating in the informal sector in Benin, Albertine had insufficient access to credit and financial services, common constraints to business formalization and private sector development in Sub-Saharan Africa.

Under an initiative approved in FY15 and implemented in FY16, Albertine was offered the opportunity to formalize her small business by registering as an *entreprenant*, a new simplified legal regime piloted in Benin and expected to be adopted by all 17 member countries of **OHADA**.

Eloise Bossou took advantage of the same opportunity. Once a market trader, she is now a successful businesswoman. She dreamed of having a job that would bring her closer to home and her four children. Eloise started saving profits from her market sales with the hope of expanding her horizons.

A dozen years ago, she opened a neighborhood bar on the outskirts of Cotonou, Benin's economic capital. It quickly became a local favorite, known for Eloise's impeccable customer service.

"I love my customers and I enjoy serving them," she said. Like Albertine, Eloise also faced serious challenges when she wanted to expand her bar into a two-floor restaurant and catering business.

The *entreprenant* regime is specifically designed to encourage small entrepreneurs to join the formal sector. As beneficiaries of the *entreprenant* concept piloted in Benin, Albertine and Eloise received support to register businesses within 24 hours, at no cost, to obtain a professional *entreprenant* card, and to open a bank account.

In Cotonou, T&C has partnered with the one-stop-shop for business registration, two local business incubators, the tax authority, and two banks to streamline the business registration process, making it easier, faster, and cheaper to register. The project also supports practical training and advisory services in key business areas.

Albertine has benefitted from training in accounting, inventory management and finance. The new skills have transformed the way she runs her business. According to Albertine, the most important benefit was learning how to pay taxes.

"Before I was afraid and avoided paying taxes," she said. "I now understand how to calculate my taxes and accept that I must pay them to contribute to the development of my country, so that my kids and I can benefit."

Through better management, bookkeeping, stock monitoring and pricing, Albertine has been able to establish a standard monthly profit margin which she uses to support her family to pay for school fees, healthcare and living expenses.

A Comprehensive Approach to Growth and Transparency in Mali

FIAS-funded projects achieve scale not only through regionally oriented initiatives in economic leagues such as OHADA and ECOWAS but also by supporting comprehensive investment climate initiatives in single countries that span a range of economic activity from business regulation to taxation, to investment and trade. The **Mali** Investment Climate 3 program seeks to strengthen the role of the private sector in stabilizing the country's economy by initiating improvements in a number of economic spheres.

The project supports the country's national investment promotion agency to improve its ability to promote and facilitate new investments. A national investment strategy developed with the help of the FIAS-supported T&C team has identified three areas—energy, livestock, and agriculture—as sectors that offer a competitive advantage for investment. The government is also receiving support for streamlining and improving its public-private dialogue (PPD) platforms to help improve the business environment and unlock investment constraints in priority sectors.

As a Sub-Saharan nation, a fragile and conflict-affected state, and a member of IDA, Mali falls into all three FIAS priority areas. Working to improve the transparency of existing incentive regimes is one way the FIAS-supported effort seeks to restore and build confidence in governmental institutions. For example, in the commercial court, procedures are being simplified and transparency increased through the development of a website to publish all decisions.

The project provided technical inputs in the drafting of a new competition law—adopted in February 2016—and the respective bylaw. Implementation of the new framework will increase the effectiveness and the transparency of the rules to fight anticompetitive practices, prevent mergers that are likely to harm competition, and control state aid that distorts trade and competition. Ultimately, the result will be to reduce associated cost burdens on the private sector. Technical assistance is helping Mali modernize the commercial and collateral registry in line with OHADA guidelines and international best practice. Establishing a more reliable, secure, accurate and accessible database of existing businesses and movable assets will enable financial institutions to provide better access to credit for SMEs, and help foreign investors find reliable business partners.

As a beneficiary of the entreprenant concept piloted in Benin, Eloise received support to register businesses within 24 hours, at no cost, to obtain a professional entreprenant card, and to open a bank account.

Elouise Bossou in her popular neighborhood bar in Coutonou, Benin. Bossou was surprised with the benefits that came with formalization. *(IFC photo)*

Albertine Dijoyi, left, in her auto parts shop in Benin, has benefitted from a FIAS-supported business formalization initiative. *(IFC photo)*

"My clients like the way I run my business. They no longer think that selling spare parts is only a man's business," said Albertine.

Eloise also benefitted from the same courses and proudly displays her training certificate on the wall of her restaurant.

"With these new qualifications, my clients and the local authorities have more respect for me." Eloise said. "They now consider me a true businesswoman."

Her management skills have greatly improved, and her profits are increasing. With more disposable income, Eloise has hired additional staff, including a cook. She has expanded her offerings from selling beverages only, and now serves local food delicacies.

Since 2012, the World Bank Group has been supporting the government of Benin to implement investment climate reforms that promote trade and competitiveness in the private sector. The Benin Investment Climate Program specifically aims to build a strong business enabling environment by simplifying business entry and operation procedures, while the Competitiveness and Integrated Growth Opportunity Project aims to foster entrepreneurship. Both projects jointly support the implementation of the *entreprenant* legal status, including access to credit and incentives such as a lower tax; formalization assistance; and support with bank, tax mediation and counseling services. The program came to a close in 2016 after a successful four years.

Increasing the Effectiveness of Merger Control in Zambia

In **Zambia**, the FIAS-supported team has assisted the Competition and Consumer Protection Commission in preparing and adopting new merger control guidelines. The effort has generated immediate results. In the first months of implementation in FY16, the new guidelines reduced compliance cost by 44 percent, or about $154,000 per transaction on average, while the time required to assess proposed mergers declined by 14 percent, from 97 to 83 days. The merger control guidelines, issued in August 2015, increase the clarity and predictability of the legal system by explaining what transactions need to be notified, as well as what economic tests would be applied to assess a merger. As a result, the number of mergers subject to notification and review has been reduced by nearly a third, further speeding the processing of transactions that do require review. The guidelines also create a fast-track procedure to handle in a more efficient way mergers that are unlikely to harm competition. Mergers affecting control of parent companies outside of Zambia but involving no change of control among firms in Zambia no longer need to be notified. Likewise, foreign acquisitions of Zambian firms are subject to notification and review but only if the transaction has the potential to affect competition in Zambia. This means, for example, that a foreign firm with no presence in Zambia that buys a Zambian firm does not have to go through the notification and review process. According to the competition law in Zambia, the guidelines are binding. (*For more on FIAS-supported work on competition policy, see p. 47.*)

The experience and results obtained from the advisory competition has enhanced coordination between IFC and the World Bank in Zambia. The design of an investment lending operation on agribusiness now includes a component on competition policy to address policy and regulatory gaps affecting competition in Zambia's agriculture markets. The goal is to identify and implement pro-competition reforms to unlock policy obstacles to free and fair competition in markets along agribusiness value chains, and to enhance the impact of the producer support program funded by the loan. Absent the competition policy component, barriers to competition would remain and threaten the effectiveness of the entire lending operation.

IBR Project Gains Clients in Africa, Leveraging Key Investment Climate Indicators

The objective of the **Indicator Based Reform** (IBR) project is to help client governments and the private sector in implementing reforms in areas measured by a broad set of actionable investment climate indicators. (*For more on FIAS-supported IBR work, see Chapter 2.*) The project goals are well aligned with the strategic priorities for the World Bank Group, focusing on measures to create a level-playing field for businesses while enhancing the regulatory delivery capacity of public institutions. The innovative delivery model emphasizes rapid-response, concrete and measurable investment climate reform recommendations.

FIAS-supported IBR work in **Sub-Saharan Africa** gained new clients in FY16 while continuing to support *Doing Business*-related activities in the region through technical support and advisory services. Six countries in the region—**Cameroon**, **Ethiopia**, **Niger**, **Nigeria**, **Tanzania**, and **Zambia**—joined the roster of client countries seeking to improve their business environment via reforms in *Doing Business* indicators. These new clients joined the five Sub-Saharan Africa client countries already working with the IBR team on FIAS-supported reform efforts: **Benin, Ghana, Mauritania, Senegal,** and **Togo**. The IBR team is also providing technical support to many other countries in the region through existing Bank Group projects implemented by T&C. Among these are **Angola**, **Botswana**, **the Democratic Republic of Congo**, **Kenya**, **Lesotho**, **Madagascar, Mozambique**, **Rwanda**, **Somalia**, and **Zimbabwe**. Assistance under IBR covers a wide range of areas, including overall guidance on the *Doing Business* cycle and methodology—including providing detailed technical input through targeted technical assistance on *Doing Business* indicators—through reform memoranda, action plans, methodology video conferences, and other technical trainings.

The IBR team developed or updated action plans for Nigeria and Tanzania. Training sessions and workshops focused on methodology, and *Doing Business* reform recommendation validation workshops were delivered in Cameroon, Mozambique, Nigeria, and Tanzania. According to the *Doing Business 2017* report, FIAS supported 11 IBR reforms in eight Sub-Saharan African countries in FY16.

As examples, in Angola, the team developed a reform memo and action plan laying out short-, medium- and long-term reform measures designed to improve the country's business environment. In FY16, Angola made starting a business easier by eliminating the paid-in minimum capital requirement. The team worked with **Mauritius** to develop a new digitized land records system and streamlined processes. And the team worked with **Burundi** on a reform memo and action plan, one result of which was a streamlined value added tax (VAT) filing system that reduced the required documents and entries.

The IBR team continued to actively support country teams and regional task team leaders to enhance their understanding of *Doing Business* methodology and their role in the data collection process. As part of these efforts, the project team helped facilitate video conferences among countries in the region. Knowledge products developed on *Doing Business* reform in the region in FY15 included a paper on reform structures and mechanisms for successful reformers from the region and trainings and methodology-specific discussions for task team leaders.

The IBR team is also focusing on communication activities and outreach to the private sector in countries that are implementing reforms. The FIAS-supported project's learning efforts included the annual flagship Ease of Doing Business Peer-to-Peer (P2P) learning event, which took place in Kenya in 2016, bringing together over 350 participants from more than 15 regional economies.

Phase II of the IBR Sub-Saharan Africa project was recognized in FY16 with a World Bank Group Corporate Award. The IBR work being done is making Sub-Saharan Africa the world's leading reform region in terms of pace, accounting for almost a third of all reforms captured globally.

The global visibility of *Doing Business* and its associated country rankings has consistently generated strong client interest in the IBR suite of services. The project's regional approach promoting knowledge sharing enhanced the ability to offer advisory services on a flexible basis, an approach that was at the heart of the project's design.

In the Latin America and Caribbean (LAC) region in FY16, FIAS funding directly supported IBR recommendations in **Guyana** and **St. Lucia**. The team expects that St. Lucia will improve its regulations for secured transactions and insolvency. This work is part of a much larger IBR-focused effort in the LAC region involving FIAS-supported teams. **Bolivia**, **Colombia**, and **Ecuador** implemented reforms to facilitate the process of starting a business, respectively by streamlining registration formalities, decreasing the time necessary to register a company, and eliminating the publication of company charters in local newspapers. **Argentina** introduced a streamlined licensing system for cross-border trade. **Brazil** adopted a new contract enforcement mediation law. And the **Dominican Republic** decreased its mandated corporate income tax rate. Although FIAS funding did not directly support these particular reforms, the expertise developed through FIAS-supported work and implemented with the help of FIAS-supported teams has been instrumental to the passage of *Doing Business*-related reforms across the LAC region.

Following the successful implementation of a commercial registry (CR) reform strategy in **Lebanon**, T&C, with FIAS support, assisted the government in developing the first version of the Lebanese e-Government Interoperability Framework (LGIF), linking all the administrative constituents within the scope of the commercial registry one-stop-shop reform. LGIF provides the framework to support and implement the commercial registry one-stop-shop reform. The framework provides interfaces and data exchanges among the stakeholders. As the government adds more e-government services over time, the system has the flexibility to provide the platform for successive LGIF versions. A prime ministerial decree was issued in November 2015 establishing a steering committee in charge of driving the implementation of LGIF. Represented on the committee are the Office of the Presidency of the Government (Chair), the Ministry of Justice, the Ministry of Economy and Trade, Office of the State Minister for Administrative Development, Ministry of Finance, Central Bank, the Bar Association, the

Ministry of Interior and National Social Security Fund. The LGIF, along with the commercial registry one-stop-shop implementation plan and reform package, was endorsed by all government stakeholders in May 2016. The reform package is currently being reviewed by the council of ministers for final approval to initiate the implementation. The government requested T&C's support in providing overall implementation quality assurance and oversight. The government has pledged a budget of over $2 million to support the implementation effort.

FIAS-supported IBR work in the Europe and Central Asia (ECA) region continued in FY16 to support business environment reforms through technical assistance, advisory services, and implementation support to the client countries. The project provided assistance to nine countries (**Albania**, **Bulgaria**, **Croatia**, **Kazakhstan**, **Kosovo**, **the Kyrgyz Republic**, **Serbia**, **Tajikistan**, and **Uzbekistan**). New requests have been received from **Azerbaijan**, **Poland**, and **Romania**. The work in ECA helped produce eight business environment reforms in FY16, validated by *Doing Business*. The team also delivered 10 technical assistance reports, organized five workshops, and was instrumental in generating three follow-on Bank Group operations.

Albania lifted the longstanding moratorium on construction, introduced streamlined procedures for obtaining construction permits, and piloted a new online permitting platform. Albania also strengthened minority investor protection by introducing legal requirements for immediate disclosure of related-party transactions to the public. Croatia strengthened minority investor protections by requiring detailed internal disclosure of conflicts of interest by directors to their company. The Kyrgyz Republic made transferring property easier by introducing an online procedure for obtaining the non-encumbrance certificates and also instituted improvements that reduced the time and cost of exporting. Serbia made dealing with construction permits cheaper by eliminating the land development tax for warehouses and simplified property transfers by introducing effective time limits. And Tajikistan made trading across borders easier by making it possible to submit customs declarations electronically.

The team supplemented its reform work with a number of technical assistance reports, including Doing Business reform memorandums for Bulgaria and Uzbekistan, a review of Albania's construction permitting system, business environment reform reviews for Albania, the Kyrgyz Republic and Serbia, and a communique on construction permitting for Albania. It also organized workshops on a range of issues, from Doing Business to construction permitting and public registries. Follow-on operations stemming from the IBR work in ECA include development policy loans on jobs and competitiveness in Albania, reimbursable advisory services on improving business registries in Croatia and on construction permitting and business registries in Bulgaria.

Construction site in Bulgaria. *(IFC photo)*

Fostering Efficient Debt Resolution and Business Exit Procedures

In FY16, the FIAS-supported **Debt Resolution and Business Exit** (DRBE) program worked on some 40 client-facing projects across two global practices, T&C and Finance & Markets (F&M).[7] These projects focused on a range of interlinked issues, including insolvency, creditor rights, secured transactions, arbitration, and mediation. In total, the projects led to ten reforms. DRBE assists governments in improving their credit environments through the development of more effective insolvency systems. Business failure occurs in all types of economies; healthier, more robust economies help manage these challenges by following internationally recognized standards which foster increased confidence among lenders and investors. DBRE helps clients with international standard-setting, detailed diagnostics, and technical assistance for implementation. The team's work helps to save viable businesses, while allowing failed businesses to "exit" the market efficiently and effectively. Ultimately, this increases the return to stakeholders (banks and other creditors) from non-performing loans, reduces dependency on the courts for debt recovery, and saves jobs through the preservation of enterprise value via restructuring.

The DRBE team, including elements from both T&C and F&M, assisted the Organization for the Harmonization of Business Laws in Africa (OHADA) in adopting a significantly revised and modernized Uniform Act on Insolvency. This insolvency law came into force on December 24, 2015, with strong international support. It applies to 17 OHADA countries: **Benin**, **Burkina Faso**, **Cameroon**, **Central African Republic**, **Chad**, **Comoros**, **Côte d'Ivoire**, **Democratic Republic of Congo**, **Equatorial Guinea**, **Gabon**, **Guinea**, **Guinea-Bissau**, **Mali**, **Niger**, **Republic of the Congo**, **Senegal**, and **Togo**. The law introduces many innovations in keeping with a best-practice insolvency regime, including:

- More flexible pre-insolvency procedures to encourage saving viable businesses.
- Providing for a "new money" privilege for creditors who provide post-commencement financing.
- Establishing a common regulation for insolvency practitioners across the OHADA region.
- Simplifying regulations for micro, small and medium enterprises to facilitate insolvency proceedings.
- Adopting the UNCITRAL model law on cross-border insolvency.
- Ensuring harmonization with the relatively new regime dealing with secured transactions.

The team provided extensive technical assistance in helping **Malawi** establish a new unified insolvency law, published in the law gazette in January 2016. The law modernizes Malawi's outdated insolvency regime, providing a streamlined set of procedures for individuals, unincorporated businesses (such as sole proprietorships and partnerships), and corporations. A newly established director of insolvency monitors the performance of insolvency practitioners. The law establishes a regime to facilitate the rescue of financially distressed but viable corporations, and provides for the adoption of the UNCITRAL law on cross-border insolvency.

Fiscal 2016 marked a number of milestones in the **Western Balkans** DRBE project, largely focused on **Serbia**. The Serbian government adopted a non-performing loans (NPL) resolution strategy, developed jointly by representatives from the Serbian Ministries of Finance, Justice, and Economy, the Central Bank of Serbia, the International Monetary Fund, the European Bank for Reconstruction and Development, and the Bank Group. The strategy is designed to increase bank lending and reduce systemic risk by removing obstacles for meaningful debt resolution, encouraging debt restructuring, ensuring timely loss recognition, and preventing banks from accumulating distressed debt. A related law enacted as part of the strategy offers a framework for debt restructuring to enable the stabilization and recovery of businesses affected by financial difficulties. An additional reform enacted in law improves the operations of the Serbian Bankruptcy Supervision Agency. The project is also helping Serbia update its 2014 insolvency law to meet IMF requirements regarding the status of secured creditors. Draft amendments finalized prior to the end of FY16 are currently going through a period of public consultation.

Under the Global Product Development Project, the DRBE team led a dialogue on credit infrastructure with the Turkish Presidency of the G20 at the 2015 G20 summit in Antalya, **Turkey**. World leaders endorsed the "G20 Action Plan on SME Financing"[8] in the summit's communiqué. The plan forms part of the G20's goal of promoting economic growth by encouraging G20 and non-G20 countries alike to develop environments that support small and medium enterprises (SMEs). Key to this strategy is increasing the ability of SMEs to access financing and credit. The G20 identified three areas of credit infrastructure as key priority reform measures in financial markets:

- Improvements of the credit reporting framework for SMEs.
- Reforms that allow banks and non-banks to lend to SMEs against movable collateral.
- Debt resolution and insolvency reforms.[9]

The DRBE team is responsible for developing a framework for monitoring progress on reform in financial infrastructure for the countries that adopt the proposed

[7] Beginning in FY15 with the creation of the Global Practices, the DRBE team transitioned from T&C to F&M (which is also a joint World Bank and IFC practice). This transfer is now complete; as of FY17, DRBE work is funded by FMTAAS. For more information, donor partners may contact Lead Financial Sector Specialist Mahesh Uttamchandani at F&M.

[8] http://www.g20.org/English/Documents/PastPresidency/201512/P020151228341855289327.pdf.

[9] http://www.g20.org/English/Documents/PastPresidency/201512/P020151228341855289327.pdf, pages #–#?.

measures, and the team is developing a questionnaire to track implementation of the action plan.

In **Vietnam**, a new insolvency framework implemented with the support of the DRBE team has improved the effectiveness and efficiency of Vietnam's insolvency resolution process. The first year of the framework's implementation saw a nearly fourfold increase in corporate insolvencies filed and resolved. The team supported creation of an ADR chapter in the country's new civil procedure code to improve consistency in recognizing and enforcing arbitration awards. This change contributed to a 50 percent increase in the number of cases that the country's largest arbitration center heard in 2015 as compared to 2013.

In **Jordan** and **Lebanon**, the DRBE team helped the governments launch an out-of-court workout (OCW) framework in an effort to strengthen creditor recovery. The guidelines, based on international best practices, were customized by country and subsequently adopted by each country's central bank. The new mechanisms are fully voluntary and out-of-court; no judicial supervision or validation is required. Although the guidelines have yet to be tested, the first case using the OCW guidelines in Jordan appears to be progressing well.

In FY16, **Bosnia and Herzegovina**, with the help of the FIAS-supported team, took energetic steps to institute investment climate reforms in categories covered by *Doing Business*. The team helped implement a reform eliminating the fee for obtaining a work permit for foreign workers in Sarajevo Canton. The annual fee had been $590 per request and had to be paid each year if work permits were to be renewed. Sarajevo, the only government-level canton to impose this fee, has the highest number of annual requests for a work permits in the country, with 850 requests in 2015. The reform thus has the potential to save businesses a combined half million dollars per year. The reform brought with it an improvement in the general screening procedure. An amendment to the country's company law cut the initial capital requirement for establishing a limited liability corporation (LLC) by half. Court fees for registering an LLC were cut by 80 percent. Annual savings for the private sector are estimated at $277,150 per year. The fees for obtaining land and building registry were also cut by half. Overall, the monitoring and evaluation team (M&E) has confirmed and verified estimated private sector compliance cost savings as a result of the team's work in Bosnia and Herzegovina of $1.6 million per year.

FIAS provided critical bridge funding in FY16 for a technical assistance program in **Bangladesh** intended to maintain reform momentum for investment climate work transitioning between two project phases. The team helped Bangladesh improve two regulatory processes important for agribusiness competitiveness through process simplification and automation, one relating to standards and testing to simplify product quality certification, the other to speed phytosanitary certification of agriculture products for import and export. FIAS funding contributed to project completion and sustainability of the reforms. FIAS support is also helping set the stage for phase II of the Bangladesh Investment Climate Fund, a six-year competiveness advisory program with strongly complementary ties to the T&C lending portfolio. The project seeks to address constraints related to business regulation, industrial infrastructure, and export diversification through sector and trade competiveness.

An important component of investment climate reform involves ensuring that current and potential trading and investment partners know of the effort to improve the climate for doing business. To this end, the team helped organize a high-level investment and policy summit in January 2016 to showcase the investment in Bangladesh and to identify further policy improvements needed to maximize domestic and foreign investment opportunities. The summit, held in Dhaka, helped Bangladesh secure investment pledges totaling $ 15.2 billion for infrastructure—power, energy, trade logistics—and high-growth manufacturing sectors. Some 2,200 participants, including 450 investors, from 11 countries, including Britain, China, India, Japan, the Republic of Korea, Malaysia, Singapore, and the United States attended the event. The T&C team supported the Bangladesh Board of Investment in planning and technical preparations for the summit.

FIAS-Supported Team Carries Out a Comprehensive Effort in the Kyrgyz Republic

The investment climate work under way in the **Kyrgyz Republic** illustrates the comprehensive approach to addressing client needs made possible by enhanced collaboration and the Global Practices architecture. In FY16, the FIAS-supported team helped the government make significant progress in streamlining inspections regulations, improving government-to-business services, and addressing priorities for improving *Doing Business* indicators.

Amendments to the law on inspections enacted in April 2016 corrected some ambiguous clauses and added new progressive norms. The amendments limit inspections of entities with a high level of sanitary and veterinary risk to a maximum of two visits per year, which cut by about half the number of sanitary and veterinary inspections. Inspection reports will now be made publicly available on a regular basis while businesses are obliged to publicize the results of inspections, for example, so that customers can access hygiene reports on restaurants. The new regime lays the groundwork for establishing a hygiene sticker system in the country, similar to systems in place in Britain and Denmark. The government also has the possibility to free low risk businesses from planned inspections.

Beginning in December 2015, the Kyrgyz investment climate project began work that has now extended to three inspection agencies to establish a web-based system to process feedback from businesses. The initiative traces its origins to an in-depth assessment conducted in 2013 that highlighted the need to improve existing business feedback mechanisms. Entrepreneurs in the Kyrgyz Republic did not trust previously existing communications channels due to time-consuming procedures and low confidence that feedback would ever reach the intended addressee and prompt any further action. The new online system responds to these concerns.

Jointly with the IBR team, the Kyrgyz project assisted the government in developing a comprehensive action plan, approved in January 2016, on *Doing Business* reforms for 2016 and 2017, consisting of some 50 actions. In the 'getting electricity' indicator, the government introduced a new way to calculate the costs of providing electricity to new consumers. The new system reduces the risk of exposing consumers to unfair or even corrupt practices in gaining access to the power grid. Another reform makes available online information about energy tariffs. In the 'getting credit' indicator, changes in law allow distribution of data from retailers or utility companies, in addition to banks and other financial institutions, improving the scope and accessibility of credit information available through the credit bureau.

In the Kyrgyz Republic, one of the Toktogul hydro-power cascade plants on the Naryn River. *(IFC photo by Serhiy Osavolyuk)*

Boosting Trade and Investment in Developing Countries

Throughout the FY12–16 strategy cycle FIAS has supported projects geared toward helping clients boost domestic and international trade through work in corridors and zones, trade and customs regulatory reform, business taxation streamlining, and trade logistics. Going forward some of this work, for example tax policy, is moving to other Global Practices, while work in trade facilitation and related spheres will be done by T&C with the support of separate trust funds. FIAS continues to support a wide variety of projects geared toward integrating clients into increasingly complex global markets.

How Warehouse Receipts Can Unlock Financing for Farmers and Traders

Malawi is one of the poorest countries in the world, with roughly three-quarters of the population living in extreme poverty and most working people living in rural areas engaged in smallholder farming. Access to finance remains one of the challenges of agriculture in Malawi, as in most developing countries. The problem stems from an acute shortage of collateral of the kind that banks generally demand when making loans. T&C, with FIAS support, is helping unlocking the collateral value of inventories that farmers, traders, and processors manage by establishing a warehouse receipt system (WRS) that can help ease the credit constraints on smallholder farmers.

In principle, a warehouse receipt is a document issued by a warehouse operator to a named depositor as evidence that specified commodities of stated quantity and quality have been deposited at a particular location. In 2012 the banking sector in Malawi extended 11 percent of its lending portfolio to agriculture focused on large commercial tea, sugar cane, and tobacco farmers, with less than 2 percent going to the smallholder food crop producers who make up the bulk of the country's working population. Lack of land titles and other encumbered fixed assets that could be used as collateral, as well as the lack of indemnity for product quality deterioration and storage losses, were among the underlying reasons for the low levels of lending.

Lusaka farmer woman selects onions for distribution in Zambia and Malawi. (*Bigstock photo*)

To address the problem, T&C, with FIAS support, is working with government ministries to implement the Malawi WRS project, a three-year effort that involves introduction of a new warehouse receipts law, drafting of related regulations and operational guidelines, stakeholder training, and the creation of a warehouse receipts platform. The project exemplifies the Bank Group's emphasis on collaboration across teams—in this case, IFC and World Bank teams bringing to bear expertise in analytics, access to finance, and public-private dialogue, among other specialties.

In 2014, passage of a warehouse receipts bill was followed by training engagements, benchmarking study tours to India and South Africa, and in 2015, stakeholder training workshops. In FY16, rules were promulgated governing the operation and quality control of warehouses and the obligations of the licensed commodity exchanges that oversee them.

The positive impact of the new system has been notable. By FY16, six commercial banks were financing warehouse receipts, up from only one in 2014. Total warehouse financing jumped from about $600,000 as of the end of 2013 to $13.6 million in FY16. At the beginning of the project, fewer than 2,000 farmers operating as cooperatives were benefiting from warehouse receipt financing under an earlier private sector-led pilot project dating back to 2006. By FY16, with the help of the FIAS-supported effort, some 106,500 farmers were participating.

In **Senegal**, FIAS support to the government played a key role in supporting the establishment of a WRS mechanism that allows agricultural commodities to be used as collateral and addresses the critical challenge of access to credit in the agricultural sector. FIAS contributed directly to the drafting of the legal and regulatory framework on WRS. The resulting proposal was recently introduced in parliament for adoption. The effort also included a component involving sensitization to the new provisions aimed at key public and private stakeholders. The measure is expected to benefit some 2,500 farmers, millers, and traders as they are introduced to a new system enabling them to store their goods and access credit within three years of project completion. This support is expected to unlock a minimum of $2.5 million annually in credit to the agricultural sector, and rice has been selected as the pilot commodity.

Streamlining the Flow of Commerce along West African Trade Corridors

As it works to improve the investment climate, West Africa is moving to address transit challenges along key trade corridors and improve regional trade. At an event in Accra, Ghana, in June 2016, cohosted by the Bank Group and ECOWAS, a technical workshop aimed to share best practices in implementing reforms that facilitate trade. Preliminary national reform action plans to improve trade facilitation were developed by five member countries that sit astride the main trade corridors within the region: **Benin**, **Burkina Faso**, **Côte d'Ivoire**, **Ghana**, and **Niger**.

More than 40 participants, including representatives from the ECOWAS and the West Africa Economic Monetary Union (WAEMU) Commissions, the European Union, the Bank Group, and stakeholders from the public and private sectors from the five countries, attended the two-day event. It was co-hosted by ECOWAS and the World Bank Group. Salifou Tiemtore, the ECOWAS Director for Customs, said, "We are committed to implementing programs to facilitate regional integration and make it work for private sector operators and the people of West Africa."

Main themes discussed included: enhancing the flow of transit trade by managing trade corridors, efficient ports and effective border crossings; customs information exchange mechanisms between neighboring countries; increasing transparency of trade procedures; and promoting collaboration between national border agencies. The project, funded by the European Union and FIAS, and implemented by T&C, supports ECOWAS in improving trade in the West African region and, specifically, transit trade along the region's major trade corridors. It focuses on reducing the time and cost to trade, and increasing border agency cooperation and coordination, to encourage a better flow of goods within the region, and with international trading partners.

In an illustration of T&C's work in the FIAS priority area of fragile and conflict-affected situations (FCS), the team worked with the Côte d'Ivoire Customs Service to remove duplicative customs procedures along the trade corridor between Côte d'Ivoire and Burkina Faso. Public-private dialogues, field visits, and a perception survey organized by the team revealed that in the northern region of Côte d'Ivoire, there was serious mistrust within the trade community toward the Ivorian Customs Service and other control agencies. This stemmed from the halt in customs functions during the country's crisis in 2010 and 2011. By 2013, two border checkpoints had been re-instated along the Abidjan-La Leraba route leading to Burkina Faso. One of these, at Ferkessédougou, was considered redundant and had become the root cause of many complaints, adding to the mistrust towards customs clearance officers in the region. The team worked with the government and ultimately helped bring about a decision to remove the Ferkessédougou checkpoint in early 2016. A detailed transition plan was developed to ensure that the reform was properly instituted and well understood by customs staff and the trade community. The removal of this checkpoint sent a strong message to the public and the trading community that the Ivorian Customs Service is serious about facilitating trade.

To further build trust towards the Ivorian government authorities, the team also supported a sensitization program in the wider ECOWAS region. According to ECOWAS guidelines, member states were encouraged to operate three or fewer customs checkpoints and simplify and streamline the documents and procedures to increase regional trade.

In **Somalia**, T&C is supporting the federal government and private sector to address constraints to investment and competitiveness as the country slowly emerges from decades of fragility and conflict. In its initial engagement, the program supported a *Doing Business* data collection initiative, enabling Somalia to join the more than 190 economies measured in the *Doing Business* report. This landmark initiative not only provides an objective basis for understanding and improving the regulatory environment for business, it also enables the government to signal to the outside world that 'Somalia is open for business.' The survey results pointed up priority reform areas for the Somalia Investment Climate Reform Program, an important initial step following the establishment of a fully recognized federal government and related security gains. The team has helped the government achieve quick-win reforms identified by the government in the areas of enhancing transparency and efficiency in public service delivery. Follow-up efforts are under way to ensure effective implementation, with T&C working closely with the government, a revived private sector, and the active Somali diaspora community.

In June 2016, the program supported the launch of Somalia's economy-wide public-private dialogue (PPD) platform. While setting up a PPD is a standard move in T&C client countries, in Somalia it represents a ground-breaking development. Until recently, state and non-state actors have been largely disengaged, a legacy of the protracted civil conflict. The Somali private sector, which is recognized for its business savvy and solidarity, and provision of essential services, has not effectively influenced the regulatory regime and has therefore often borne the burden of gaps in public service delivery. The new PPD platform will collaboratively identify private sector priorities, public sector interventions and international community technical support in strategic sectors capable of spurring the country's economic growth. In Hargeisa, a city in the autonomous Somaliland region, the program supports the government in implementing *Doing Business* activities and the establishment of its own PPD process.

In **Belarus**, FIAS funding supported efforts to increase the country's international trade and transit role in the region. Belarus occupies a strategic position as a member of the Eurasia Economic Union (EEU), and bordering three European Union countries (Latvia, Lithuania, and Poland) as well as Ukraine and Russia. A tailor-made study conducted in the spring of 2015 examining cargo crossing at three border points in Belarus generated important insights into the border crossing process and enabled the T&C team to identify opportunities for improvements in physical infrastructure, customs risk management systems, and relevant business processes. Based on the study findings, in FY16 Belarus Customs and the FIAS-supported project team signed a joint action plan focusing on improvements in risk management, including post-customs control, and inter-agency information sharing—all of which will reduce cost of trade for exporters and importers. The study will be repeated to evaluate the impact of the upgrades.

Responding to the Refugee Crisis: FIAS Supports World Bank Group Effort in Jordan

As a result of the tragic civil war in Syria, neighboring **Jordan**, a country of 9.5 million people, has become home to more than 1 million refugees, according to the latest census of December 2015. In a Bank Group-wide collaborative effort, T&C is playing a leading role in support of an initiative to boost the Jordanian economy and provide economic opportunity for the refugee population. FIAS is contributing support for advisory services geared toward helping Jordan approve and implement reforms relating to investment entry, promotion, and aftercare. The overall program, developed during FY16 in response to a request from Jordan and the international community, is structured as a Program for Results Operation in which disbursement of some of the development funds is contingent on Jordan implementing certain investment climate reforms.

The advisory work, funded jointly by FIAS and other sources, focuses on investment climate, investment promotion and related services to investors. The Jordan project is expected to generate economic benefits by supporting much-needed improvements in the country's investment climate and supporting investment promotion, attraction, and retention initiatives to stimulate the establishment and expansion of firms in Jordan. It consists of three major prongs: first, to afford easier market access for Jordanian exports in the European Union; second, the imperative to reform the country's investment climate; and third, agreement by the government to provide work permits to refugees.

The Jordan project marks a number of firsts and significant milestones. It is the first Bank Group loan to a host country focused on refugees in decades, going back to the post-World War II era. It is one of only two projects using a special International Development Association (IDA) window for middle-income countries under stress from the refugee crisis. And it is the first Program for Results Operation in Jordan. The effort has combined Bank Group resources and expertise, including the Office of the Chief Economist, T&C and other Global Practices, IFC, the World Bank, and the Middle East North Africa (MENA) region, as well as external partners, including Better Work Jordan, the European Union, the International Labour Organization, the UN Refugee Agency, UKAID, and USAID.

Supporting Trade Logistics, Investment Policy and Promotion, and Agribusiness in LAC

In the Latin America and Caribbean region, with support from FIAS, the Trade Logistics Caribbean Project continued to support trade facilitation reforms in the Caribbean region during FY16. The program expanded its trade advisory services to include **Jamaica** and **Suriname**, in addition to existing activities in the **Organization of Eastern Caribbean States (OECS)**. In Jamaica, the Bank Group's Latin America and Caibbean (LAC) team helped the customs agency and other border agencies improve risk management, increase use of the harmonized system for product classification, and modernize the legislative framework. As part of the Trade Logistics Caribbean Project funded by FIAS, the Bank Group organized two workshops on trade portals and electronic single windows for trade and an assessment report of the use of risk management in all border agencies.

In Suriname, the FIAS-supported team initiated a new advisory support relationship related to trade facilitation and customs reform. One reform completed in FY16 involved establishment of a National Trade Facilitation Committee to prioritize and coordinate trade facilitation reforms across government agencies and with the private sector, in line with commitments under the World Trade Organization's (WTO) Bali Trade Facilitation Agreement (TFA). The initiative is expected to contribute to a Bank Group program of fiscal and competitiveness development policy loans in Suriname, one example of many in which T&C has been able to synchronize advisory and lending services.

In the OECS, T&C completed an assessment of the implementation of TFA in **St. Kitts and Nevis** and the rollout of an ICT system in **Grenada**. The system facilitates the electronic exchange of information between the Bureau of Standards and the Customs & Excise Division, eliminating the need for traders to submit paper documents to the bureau.

Preliminary analysis was undertaken in FY16 by the FIAS-supported LAC team in support of investment policy and promotion in **Colombia**. Implementation of the diagnostic work and advisory support is underway in FY17.

The preliminary analysis identified several existing deterrents to investment in Colombia, notably, the lack of a comprehensive and articulated investment policy. Various institutions at the national and subnational levels engage in investment promotion, policy, and retention efforts but with little if any coordination among them. At the subnational level, there are more than 15 different investment promotion agencies, while at the national level, coordination across four relevant ministries and agencies is ill-defined. The government is drafting a decree to improve the legal investment regime. The team's analysis also identified cross-cutting barriers to investment relating to infrastructure and taxation. Lack of highways and railways systems that could effectively connect industrial and commercial poles in the interior of the country with its main ports in the Caribbean and the Pacific are imposing significant costs for investors. An ambitious highway construction program should contribute to reducing the gap in this area. High effective tax rates and uncertainty due to frequently changing tax regulations was another area identified by the private sector as a drag on the investment climate. Amid these challenges, the decline in oil prices and currency volatility have slowed growth. Two pending investor-state disputes involving telecommunications and mining companies have pointed up the need to strengthen the government's strategy for dispute prevention. Based on these key findings, an Investment Reform Map (IRM) process will be conducted under the project to gather inputs for a national investment policy framework and an action plan.

With FIAS support, the **Central America Regional Agribusiness Trade Logistics Project** launched a regional IT system for the recognition of sanitary registration of processed food and beverages in Central America. This initiative is a strategic alliance with USAID in **Costa Rica**, **El Salvador**, **Guatemala**, **Honduras**, and **Nicaragua**. The goal is to streamline, harmonize, and automate sanitary registration procedures for processed food and beverages to enhance the potential for trade in these products and contribute to regional integration in Central America.

Companies that wanted to trade products in Central America went through the hassle of sanitary registration procedures in each country. The Bank Group embarked on a pilot project focused on improving sanitary registration by simplifying, streamlining, and automating procedures for sanitary registration of processed food and beverages in Central America. The new regional ICT system—launched in the context of a presidential summit in Roatán, Honduras, in June 2016—facilitates recognition of sanitary registration of Central America products within the region, reducing the number of days needed to complete the recognition process considerably, while also reducing the costs by 25 percent. The Bank Group has provided technical assistance to improve and develop national systems of **El Salvador**, **Honduras**, and **Nicaragua**, as well as the interconnectivity of all five countries with the regional system. The project includes technical assistance to support the implementation of national reforms, such as reduction of legal requirements and interinstitutional coordination, to improve and facilitate sanitary procedures. Success to date in applying the ICT system to processed food and beverages has generated interest in expanding it to cover other categories of products, such as medications, cosmetics, and fertilizers.

This complex program was developed in FY14 and implementation will run through FY18. Total project costs for the program are in the range of $2.5 million, with about 10 percent of total project costs covered by IFC's Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS) funds, with the remainder from client and donor funds (FIAS, Norway, and USAID).

Peru OECD Standards Project

With FIAS support, T&C in FY16 began coordinating a Bank Group program to support **Peru** in adopting OECD standards as part of a long-term strategy to improve the country's investment climate. This is a pilot program that the Bank Group plans to replicate in other countries interested in engaging with the OECD. The pilot aims to assist the government in applying OECD standards to improve priority policy areas, with the overarching goal of promoting a conducive environment for private sector growth and preparing Peru to become an OECD member. Adopting OECD standards helps countries improve growth, jobs, and productivity. The standards cover a wide range of issues, including corporate governance, financial transactions, quality of public governance, and the environment. They help governments and economies find appropriate solutions to common challenges and are built on the exchange of experiences and good practices between member countries, which include some of the most successful examples in sustained growth and development in history. In this way, OECD standards help disseminating policies that foster economic growth, productivity and living standards. For instance, Eicher & Schreiber (2010) found that a 10 percent increase in the quality of structural policies towards OECD standards raises annual subsequent growth by about 2.7 percent.[10]

The pilot project in Peru has yielded several positive concrete results. In the area of integrity, the project provided inputs to strengthen the role of the High Level Commission against Corruption as the leading institution to develop an effective anti-corruption policy and legal framework. The FIAS-supported team provided advice on preparing a regulation needed to enforce an anti-bribery law covering international transactions. The Peruvian congress approved the regulation in April 2016. In the area of innovation, the Peru pilot included the development of a methodology to assess public spending on science, technology, and innovation in the context of an OECD standard. A related workshop served to create capacities among key institutions supporting innovation in the use the new methodology. The Bank Group team participated in an environmental performance review, including contributing to an action plan to adopt the review's 66 recommendations with a particular focus on identifying links with OECD Acts and the Sustainable Development Goals. The team is helping Peru plan for the scale-up of a pollutant release and transfer register, which is a tool to monitor impact of businesses on the environment and a best practice flagship in OECD countries.

Boosting Investment Climate and Competitiveness in LAC

FIAS funds have supported development of complex programs to improve the investment climate and boost competitiveness in the LAC region. Taking a regional approach requires investing additional time in coordination and program structuring. The payoff is that scope and impact can be leveraged for scale. The Central America Regional Agribusiness Trade Logistics Project, described above, and the CANAMBER program are two examples of how the scope of programs can be leveraged to include a combination of low- and middle-income countries, as well as covering a broader program of reforms, reinforced by peer-to-peer learning and knowledge exchange.

CANAMBER—the **Canada Americas Business Environment Reforms Program**—is a regional initiative developed in FY13 in partnership between the World Bank Group and the Canadian International Development Association (CIDA) and now in the final phase of implementation. The program seeks to foster firm creation and growth and facilitate integration and investments across LAC through investment climate reforms, elimination of barriers to competition in key markets that affect private sector competitiveness and cross border trade, and simplification of tax systems to reduce compliance burdens. The program has already achieved all targets agreed at inception, and critical reforms have been supported. For instance, **Colombia** lowered the payroll tax and introduced exemptions for health care contributions paid by employers. **Costa Rica** improved its system for getting credit by adopting a new secured transactions law that establishes a functional secured transactions system and a modern, centralized, notice-based collateral registry. **Guatemala** made paying taxes less costly for companies by reducing the corporate income tax rate, as well as improved trading across borders by reducing the documentary and border compliance time for importing.

Peru has approved and implemented several national and subnational business regulation and competition reforms based on recommendations by the FIAS-supported T&C team. In September 2015, Peru passed a cutting-edge business safety inspections (BSI) reform that not only classifies businesses according to risk but also—for the first time in Latin America—mandates outsourcing of BSI to the private sector. The reform would improve safety and could save the private sector up to $11.8 million within four years of project completion.* Along with the BSI reform, Peru also passed the most important revision to the country's legal framework for competition in 10 years during FY16. As a result, Peru now has an internationally recognized competition policy framework, a strengthened tool to prevent government actions from violating competition principles, and a roadmap for developing a regulatory mandate on competition in payment systems. Government agencies have already removed some 900 unnecessary bureaucratic barriers in major economic sectors that were increasing the cost of doing business and limiting competition.

[10] Theo S. Eicher and Till Schreiber (2006): "Structural Policies and Growth: Time Series Evidence from a Natural Experiment," *Journal of Development Economics*, Vo. 91, Issue 1, January 2010, pp. 169–179.

* Post-publication note: At time of publication, Peru had passed a BSI law as described, but not yet associated bylaw to regulate the inspections; the bylaw is required to improve safety and achieve the estimated $11.8 million in savings.

Streamlining Trade in Myanmar

The Ministry of Commerce of **Myanmar** instituted an investment climate reform in FY16 with the help of the FIAS-supported team that stands to benefit more than 4,000 importers and greatly streamline the country's engagement in international trade. On July 27, 2015, the ministry issued a notification establishing for the first time a "negative list" concerning imports that require a license from the ministry. Any item not covered on the list can be assumed to no longer require a license. The T&C team assessed that the reform resulting from the adoption of a negative list will benefit some 4,198 importing firms and reduce the number of licensing transactions required by 80,251 over the course of one year. The dollar value of those transactions no longer requiring a license comes to about $3.4 billion in imported goods. The time saved processing transactions and the money saved in licenses no longer required add up to an estimated compliance cost savings to the private sector of $3.75 million.

Promoting Foreign Investment in Armenia

A FIAS-supported investment climate project in **Armenia** assists the government in developing a conducive investment policy framework for foreign investors. Activities include developing an investment reform map (IRM) for the attraction and retention of FDI, and improving FDI law and related implementing regulations. The IRM, approved by the government in 2015, analyzes Armenia's FDI data, its legal, regulatory and institutional framework, and identifies a reform plan, including a timeline. The comprehensive analysis of FDI law and regulations as compared to international good practice was completed in FY16 and has informed the development of a detailed inventory of provisions proposed for amendment, elimination, or inclusion in the law. The project helped government establish a new market surveillance inspection agency and conduct training courses for inspectors. In FY16, the project completed 11 reports, conducted 17 workshops and training events for 569 participants (216 of them women), and assisted in adoption of two changes in law or regulation and improvement of six procedures.

Supporting Trade Facilitation in Pakistan

In FY16, FIAS supported work with **Pakistan** customs to improve the flow of trade and promote greater regional economic integration. A time release study (TRS) was conducted in FY16 at the Torkham border crossing between Pakistan and Afghanistan, following on an earlier TRS supported by FIAS funding, of the Wagah border crossing between Pakistan and India. The objective is to map the entire cargo clearance process at the border crossing points in Pakistan and develop for customs authorities an action plan to improve the quality of trade facilitation for greater economic integration with the neighboring economies, Afghanistan and India in particular. The study complemented the government's flagship trade facilitation program. Pakistan Customs in FY16 implemented key recommendations of the Wagah TRS including: development of a dedicated gate for trucks; enhanced coverage of the online customs clearance system; creation of a single window for the collection of port charges; and the addition of another scanner and a weighbridge to reduce clearance time. The Torkham TRS is expected to result in similar improvements and improve the quality of trade facilitation at the border between Pakistan and Afghanistan.

Central Asia Trade Logistics Project Helps Advance TFA Agenda

The **Central Asia Trade Logistics** project provides technical support to the **Kyrgyz Republic** and **Tajikistan** to streamline the clearance process and enable traders to get their goods to market faster and at a lower cost. The FIAS-supported project involves work with customs, sanitary and phytosanitary agencies, and standards agencies on reducing the number of documents required to trade and simplifying the procedures for clearing goods. Solutions include improving business processes, rigorous application of risk management strategies, development of a 'trusted traders' program, as well as initiatives that support alignment with the WTO Trade Facilitation Agreement (TFA). In both countries, several missions have been carried out and good relationships have been developed with the ministries of economy and the national customs administrations.

In Tajikistan, the team has assisted the Customs Administration in developing the country's first National Commodity Nomenclature, compliant with the World Customs Organization (WCO) Harmonized System nomenclature, covering a broad array of products—everything from agriculture and live animals to chemicals, minerals, and metals to textiles, vehicles, and other manufactured goods. This marks a seminal achievement for Tajikistan. Tariff classification is among the most important and complex areas of customs work. The project supported three workshops led by WCO experts to educate customs officers, officials from other agencies involved in goods clearance, and private sector stakeholders about the new nomenclature and the principles of the Harmonized System. A new Coordinating Committee for Trade Facilitation, established with the help of the project, will support Tajikistan's alignment with the TFA. Working jointly with the Asian Development Bank and WCO, T&C is helping Tajikistan prepare for a time release study (TRS) of border crossings with Afghanistan and the Kyrgyz Republic. TRS is a benchmark for the efficiency of cargo processing at border crossings and inland. As part of its transparency drive, TFA requires members to make public the results of time release studies. The team is also collaborating with USAID on helping Tajikistan build capacity and apply risk management techniques to trade facilitation through launch of a pilot program for authorized economic operators. Companies that qualify as AEOs would enjoy a range of benefits, including reduced inspection rates and simplified procedures, while customs and other inspections agencies would be able to operate more efficiently.

In the Kyrgyz Republic, the project reached tentative agreement in FY16 for supporting the establishment and operation of a National Trade Facilitation Committee charged with improving the availability of trade-related information, building capacity of customs via risk management approaches, and supporting greater efficiency and transparency for the process of importing and exporting commercial cargo—all areas covered by the TFA. FIAS was one of several donors that supported the participation of representatives of ministries of economy (responsible for WTO issues) and customs of the Kyrgyz Republic, Tajikistan and other countries from the region in the Bank Group's peer-to-peer learning conference on "The Journey towards implementing an Authorized Economic Operators Program" for Europe and Central Asia, held in Batumi, **Georgia** (*see box p. 37*).

Comprehensive Investment Climate Effort Helps Georgia on Multiple Fronts

With the help of a FIAs-funded project, T&C is working with **Georgia** on trade facilitation, investment policy, taxation, and business sector perceptions of government. The Georgia Revenue Service adopted a new customs risk management policy in December 2015 that will reduce the number of inspections and increase trade revenue. An investment policy initiative developed with T&C support by the Georgian National Investment Agency sets up a targeted investor aftercare program to increase retention and expansion of existing investors. The initiative is expected to yield about $18 million in new investment generated, nearly half of which has already been confirmed. The Ministry of Economy and Sustainable Development has drafted a new investment law, incorporating several IFC recommendations. The draft law was reviewed and approved by the Ministry of Justice. In June 2016, the investment policy and promotion (IPP) team and Georgia's Ministry of Economy held a two-day P2P learning conference on IPP issues in Batumi, Georgia. The conference, also sponsored by the Austrian Federal Ministry of Finance and BP, brought together leading global experts to discuss reform options for attracting, retaining, and expanding FDI.

T&C worked with Georgia's business ombudsman's office to develop a new website, introduce a systemic investor response mechanism (SIRM), and develop a tracking tool for proper results measurement. The SIRM aims to improve coordination among government agencies to catch investor grievances at an early stage and prevent their escalation into formal disputes. The project has been supporting the Revenue Service in streamlining the value-added tax (VAT) refund process for businesses. With the help of a new risk-based VAT refund system introduced based on project recommendations, the change to the tax code reduced the VAT refund period from three months to one month. In addition to the trade facilitation conference described above, Georgia also hosted a two day conference on investment policy and promotion in June 2016, organized jointly with T&C's global investment policy team. Participants from around 20 states from the Europe and Central Asia and Africa regions discussed how countries can stimulate investment by removing barriers, leveraging international legal frameworks, protecting and retaining current investors, and promoting opportunities in promising sectors. The FIAS-supported project also analyzed and published results of an IFC business perception survey. It found that there is virtually no perception of corruption in Georgia and that the vast majority of firms are satisfied with the business environment. More than 800 business, large, medium, and small, participated. The government plans to use the survey results to identify next steps in improving the investment climate and boosting growth.

With FIAS support, T&C is working with **Timor-Leste** on preliminary planning for an industrial park in Tibar Bay, including identification of two possible sites and a market assessment and demand forecast for the industrial park at each site. The market assessment has helped the government focus on next steps to ensure the plan spurs growth in tenants in the industrial park. These include investment climate reforms to remove bureaucratic obstacles to doing business and significant investment in vocational training to build the skilled workforce needed to compete with other countries in Southeast Asia.

In the second half of FY16, a project focused on improving the competitiveness of the private sector in **Vietnam** received FIAS funding for scoping and developing a new advisory services project to reduce the burden of

P2P Learning Event in Georgia Helps Central Asia Countries Streamline Trade

T&C convened 70 delegates from 16 European and Central Asian countries in the Black Sea resort of Batumi, Georgia, for a two-day peer-to-peer (P2P) learning conference on authorized economic operator (AEO) programs and their role in facilitating trade in June 2016. Representatives of customs administrations, ministries of economy, and private sector stakeholders from **Albania**, **Armenia**, **Azerbaijan**, **Belarus**, **Bosnia and Herzegovina**, **Georgia** (which co-hosted the event), **Kazakhstan**, **the Kyrgyz Republic**, **Macedonia**, **Moldova**, **Montenegro**, **Serbia**, **Tajikistan**, **Turkmenistan**, **Ukraine**, and **Uzbekistan** attended the event to exchange knowledge, learn and share. The focus was on learning the basics of implementing an AEO program, the practical challenges involved, and the implications for internal governance, customs controls and international trade priorities. The P2P covered the pros and cons of these programs and shared lessons learned in countries that have established AEO programs.

The program included a roster of speakers from the European Community, Italian Customs, WCO, WTO, and the private sector. The program included site visits to a border crossing with Turkey and a customs clearance center for a demonstration of how Georgia processes consignments both physically and electronically.

The following key messages emerged from the two-day discussions:

- The TFA agenda is important in the region, setting a common direction toward simplification, transparency, and predictability, with benefits from businesses to countries and the global economy.
- AEO programs are challenging to put in place but important to businesses.
- AEOs work best when developed and implemented in partnership with the private sector. Traders stand to gain from faster and easier clearance processes; the public sector benefits from more efficient, risk-based and effective controls.
- The key is to change the mindset from one of compliance to one of trust. It helps to discuss with the private sector early what they would see as tangible benefits to determine what should be included.
- Mutual recognition of AEOs can make these programs very beneficial, especially if recognition covers multiple countries and involves businesses with value chains covering several countries. The private sector can also play a role in facilitating mutual recognition through associations and chambers that support businesses in navigating trade requirements and providing input on questions of mutual recognition.

Most of the countries in the Europe and Central Asia (ECA) region have tried to launch AEO programs, but with limited success so far. Continued sharing of experience among countries and across public and private sectors can lead to better results. Many clients expressed their interest in deepening their AEO experience. Some expressed skepticism that it can be done.

government regulations and foster linkages between FDI and domestic firms, particularly SMEs. A number of scoping activities were conducted to explore possible support to the government in the areas of economy-wide investment policy and regulatory measures to enhance implementation on the ground and targeted sectoral interventions to improve linkages between domestic firms and FDI in global value chains. Consultations and focus group discussions with private sector and government stakeholders as well as research institutes and development partners helped define the challenges and opportunities related to FDI-SME linkages in Vietnam. The consultations identified competitiveness and enabling environment issues faced by the private sector, particularly domestic firms, and issues that hamper firm productivity and innovation, and FDI-SME linkages in selected value chains. Possible partners are under consideration, and initial design of the project has been worked out.

Sustainable Investment in Key Industries

T&C has steadily ramped up its work in industry sectors during the strategy cycle, culminating in FY16 with the launch of a manufacturing initiative and the expansion of project work in agribusiness and tourism, sectors particularly important to women's economic advancement.

T&C's Manufacturing Initiative off to Strong Start in FY16

In FY16, T&C's FIAS-supported Competitive Sectors team launched an initiative to help client countries develop their manufacturing sectors. The effort draws on T&C's diverse tools and experience in sector work to arrive at solutions. The initiative represents a rapid response to client demand—stemming from the sharp downturn in commodities—for help in growing manufacturing sectors and diversifying economies and, in the process, deepening value addition and creating more skills-intensive jobs.

The process begins by codifying solutions, which involves building a business case and strategy for a manufacturing focus, and developing a set of tools to ensure that T&C country teams are able to respond quickly and effectively to client demand for manufacturing-focused initiatives. The objective of T&C's offer is to support the growth of manufacturing eco-systems that attract investment, capture increased value, and serve as a source of high-productivity jobs. The effort focuses on four specific but interrelated products that respond to challenges confronting many developing and emerging market economies in terms of manufacturing competitiveness: investment generation; industrial infrastructure and linkages; market access; and technology adoption.

T&C support under the manufacturing initiative seeks to ensure that manufacturing firms have access to the capital, technology and ideas they need to grow. The initiative advances policies designed to leverage foreign direct investment (FDI) for economic development by supporting local sourcing, so as to increase domestic value addition, technology transfer and employment. Policy rationalization, logistics efficiency, and enhanced market intelligence can improve manufacturer access to input, intermediate, and final goods markets. The project also seeks to encourage and incentivize manufacturing firms to invest in new technologies and undertake the business changes required to capture the productivity and quality advantages that technological change can deliver. These solutions draw on all of T&C's practices, channeling expertise and experience towards the specific challenges of manufacturing sectors. Many also leverage IFC MAS's firm-level support through access to investment and operating capital.

T&C's manufacturing strategy and solutions initiative was publicly presented at a number of regional and global World Bank and IFC events, testing its robustness and confirming its relevance. Based on feedback generated, the team advanced deployment in support of T&C country programs. Among the initial steps, the team undertook sector analysis to support country teams by assessing manufacturing sector opportunities in **Ethiopia**, **Kenya**, **the Philippines**, and **Vietnam**. In Kenya, the team focused on supporting investment generation and retention in the textile apparel sector, as well as exploring opportunities for cleaner production techniques to target green apparel market opportunities. Also in Kenya, the team launched a new supplier development project focused on local manufacturing and service delivery linked to Kenya's newly developing oil and gas sector. This initiative will build firm-level capacity to support product development, increase productivity, and open new business opportunities.

Together with T&C's Investment Climate team, the Competitive Sectors team scoped and started the design of a project to support the government of Vietnam in addressing concerns about 'enclave manufacturing' in its special economic zones. In partnership with the IFC's Cross-cutting Advisory Services, the team scoped automotive sector linkages in **Macedonia**, **Romania**, and **Serbia**, designing a regional project to broaden automotive component manufacturing opportunities. In **Egypt**, the project provided strategic support to the country team in defining the scope and focus of clean technology manufacturing opportunities, collaborating with the Bank Group's Energy Global Practice to help the government understand how it can support the growth of a local photovoltaic manufacturing sector.

Finally, in **Bangladesh**, the team is supporting the design and implementation of a large manufacturing diversification project, supporting the process of targeting sectors and developing strategies to guide multi-year interventions.

Investment-Generated Efforts Exceed Strategy Cycle Target

In addition to its investment policy and promotion work, T&C continued to work with client countries in FY16 to generate investment in specific projects. Over the course of the strategy cycle, this work has helped client countries identify and attract major investors in a variety of sector-specific projects in **Bangladesh**, **Brazil**, **Georgia**, **Haiti**, **Mali**, and **Rwanda**, among other countries. The FIAS supported team continues to work with regional and national governments to identify and attract investments globally from firms investing in light and heavy industry, renewable energy, agribusiness, and services.

Throughout the cycle, the team has been rigorous in reporting only those investments actually committed by firms for specific projects, not just projections or promises. The rollout of a new, even more conservative methodology for the new strategy cycle has delayed confirmation and certification of some FY16 results. But analysis of investment generated earlier in the cycle has revealed a significantly larger influx of investment generated in the northern frontier states of Brazil, the largest of the investment generated initiatives over the last five years. The Brazil investment generated effort is focused on the **northern frontier states of Para and Pernambuco**, which have levels of poverty that match those of the world's poorest countries. Follow-up information gathered from the government and investors in Brazil has identified an additional $219 million in investment generated in FY13, bringing the total for Brazil for the five-year cycle to $1.3 billion.

In FY16, the team recorded $7.9 million in investment generated in Georgia as a result of work with four firms in fields ranging from services to construction supplies to textiles. FIAS support helped remove administrative obstacles that unlocked the new investment. As a result of the revision in the totals from Brazil and the $7.9 million investment generated in Georgia, total investment generated for specific projects for the FY12–16 cycle reached $1.58 billion, easily exceeding the cycle target of $1 billion.

Pipeline investment generated initiatives include a joint World Bank and IFC effort in **Guinea** that has helped several investment projects move forward, a poultry project in **Mali**, and a solar energy initiative in **Senegal** described below. The team continues to work on investment generated projects in Brazil, Haiti, and **Kenya**, among other countries.

Unlocking Solar Power Investment in Senegal

A $300 million solar energy project in **Senegal** set to receive IFC financing was stalled for several months in 2015 due to an impasse over technical legal language concerning third party indemnification. Senegalese law followed French civil law principles which held that the national government would be liable to a third-party plaintiff if a court or tribunal ruled that its actions had constituted "negligence or gross negligence;" IFC and other international lenders follow long-established principles which require a finding of "gross negligence or willful misconduct." The differing application of liability principles was enough to hold up execution of the investment transaction for eight months. To address the issue, T&C's investment policy and promotion (IPP) team worked with the Bank Group's public-private partnership team to craft compromise language that satisfied both

FIAS-Supported Investment Generated Totals for the FY12–16 Strategy Cycle

FY12
Brazil: $33.5 million
Haiti: $49 million
Mali: $25 million
FY12 Total: $107.5 million

FY13
Bangladesh: $4.6 million
Brazil: $525 million
Haiti: $9.5 million
Rwanda: $9 million
FY13 Total: $548.1 million

FY14
Brazil: $743 million
Haiti: $6.7 million
FY14 Total: $749.7 million

FY15
Bangladesh: $170 million

FY16
Georgia: $7.9 million

FY12–16
Strategy Cycle Total: $1.58 billion (Target: $1 billion)

Senegal and IFC on the all-important liability language.

In February 2016, the government of Senegal accepted the proposed hybrid approach, which adapted elements from both legal traditions. Subsequently, Senegal signed the agreement to develop public- and privately-financed solar energy facilities that could produce up to 200 megawatts of electricity, with a total project value of about $300 million. The project has claimed $150 million in investment generated (still to be verified by the monitoring and evaluation team). The overall effort exemplifies the collaborative approach that increasingly characterizes joint advisory and investment initiatives. In this case, participating parties included T&C and the Bank Group's PPP team, IFC, MIGA, and IDA. The IPP team brought to bear particularly relevant expertise through the work its legal experts have been doing in ECOWAS and their familiarity with French civil law, which applies in many ECOWAS member countries. The project is part of a broader Bank Group clean energy initiative called Scaling Solar, which seeks to support the development of public- and privately-financed utility-scale solar power projects across Sub-Saharan Africa. Similarly, T&C's support in the investment policy context is part of a larger investment climate effort that has made Senegal one of the top *Doing Business* reformers in Africa over the last several years. Overall, FIAS-supported T&C engagement in Senegal has generated 11 reforms during the FY12–16 strategy cycle in a number of areas, including investor protections, investment policy, getting credit, starting a business, construction permitting, tax simplification, property transfers, and resolving insolvency.

Investment Climate Reforms in Agribusiness

Improving the commercialization of the agricultural sector by creating efficient market channels is elemental to sustainably reducing poverty and enhancing economy-wide growth. With more than 60 percent of the world's poor largely dependent on agriculture for their livelihoods,[11] agribusiness competitiveness interventions go hand in hand with poverty reduction. Competitive agribusiness firms can drive improvements in farm productivity by providing incentives, upgrading technologies and processes, building markets, and enhancing cooperation and value chain coordination. The growth of agro-processing firms has been associated with job creation, with some estimates attributing the creation of 25 indirect jobs for every job created within an agro-processing firm.[12]

FIAS Helps Achieve Momentum in Haiti Investment Generation Program

FIAS-supported work in the area of investment policy and promotion (IPP) and spatial solutions—special encompassing economic zones (SEZs) and trade corridors—continues to make strides in **Haiti**. In addition to the $65.2 million in investment generated during the FY12–16 cycle, significant additional new investment is in the pipeline for FY17 still to be certified. The T&C-led advisory program, aimed at generating investment and jobs in the apparel industry, has generated more than 13,700 new direct jobs and contributed to an increase in textile exports from $400 million in 2008 to more than $800 million by 2014. Rated successful at completion, the program is expected to surpass an aggressive investment generated target of $150 million, and has already exceeded the targets of 5,750 jobs created and $460 million in exports.

The T&C team helped public and private stakeholders in Haiti overcome the two biggest barriers to FDI attraction and job creation, namely, the lack of industrial space and poor promotion capacity. IFC Advisory Services in the areas of IPP and SEZs provided integrated support focused on five areas: (1) developing investment promotion capacity to reach out to foreign investors in target source markets and manage the information and site-visit logistics for prospective investors; (2) promoting Haiti's apparel industry internationally following the 2010 earthquake to retain and expand buying contracts and attract new investment; (3) providing technical support to the quake repair effort, including expansion of the government's Parc Industrial Metropolitain; (4) producing and disseminating a full suite of technical SEZ reports that became Haiti's SEZ strategy; and (5) drafting and advocating for laws and regulations, including the Free Zones Implementing Regulations enacted in 2012.

The new legal and SEZ provisions generated private sector interest and involvement in expanding industrial space. The regulatory framework has facilitated the creation of new free zones and associated investment—from one zone in 2012 to ten now operating or under development. Industrial space was expanded both by public and private sectors, while apparel investors established and expanded their operations. Apparel maker Hansae Co. Ltd., the latest to commit, expects to create 7,000 jobs, helping bring the total for the project to more than 20,000.

[11] World Bank (2008). World Development Report: Agriculture for Development. Washington, D.C.: World Bank.

FIAS-supported agribusiness interventions help countries develop competitive agribusiness sectors that reduce poverty and promote inclusive growth. Agribusiness development delivers other benefits, among them, empowering women, improving efficiency of resource use, and improving public health outcomes (for example, by ensuring food safety). Such collateral impacts have been particularly enhanced by the integration of IFC and World Bank teams within T&C. The resulting collaboration has strengthened the capacity of the FIAS-supported agribusiness portfolio to deliver integrated solutions ranging from input reforms to competitiveness interventions. With the new FIAS strategy cycle under way, the agribusiness work has a time-tested, consolidated approach that can help expand market opportunities and enable a country's private sector to develop them all along the value chain for inclusive economic growth. During FY16, a number of country level projects have contributed to some remarkable achievements towards these objectives

A number of FIAS-supported interventions have aimed to **expand market opportunities** by reducing barriers, developing market linkages and mobilizing investments through interventions involving trade policy, food safety, investment promotion and spatial approaches. It is important to note that many of these projects have not only achieved the development of new market opportunities that broaden the economic growth, but they have also had corollary impacts which improve public health.

The Kyrgyz Republic has struggled to attract investment and capitalize on competitive endowments in agriculture due to a number of impediments that have weakened export competitiveness of tradeable products. A fragmented inspection system has posed a particularly formidable obstacle for businesses. Previous attempts at reform and investment have been inconsistent and yielded limited benefit. As a result of deficiencies in the food safety framework, the Kyrgyz agriculture sector is cut off from potentially lucrative international markets that could grow and attract new investment. Linking Kyrgyz agribusinesses to these markets will require significant work improving the governance of food safety, liability for food producers, and traceability, all de facto requirements of food processors, wholesalers and retailers. The FIAS-supported project has initiated a comprehensive set of food safety reforms that have prepared the country to access markets in the Eurasia Economic Union. These efforts have led to reforms which increase transparency for agribusiness firms and improve food safety outcomes for public health and anticipated impacts are estimated to reach over 300,000 farmers directly and indirectly by 2017.

At the national level in **Vietnam**, T&C agribusiness work has supported the Ministry of Agriculture in developing a strategy for attracting FDI in agriculture, forestry, and fisheries by 2030. Project support has motivated the government to establish and enforce standards, reform state owned enterprises, and promote price sharing to enhance linkages between FDI and local agribusinesses. At the subnational level, IFC has signed a memorandum of understanding with the provincial Government of Dong Thap for much-needed investment promotion support. The province has already established contact with potential Japanese and Taiwanese investors, opening markets for agribusiness value chains such as mangos, rice derivative products, and agro-tourism.

FIAS support is helping client countries **seize growth opportunities through improved competitiveness** through interventions involving trade facilitation and logistics, SME support, and improvements in the business environment which can reduce compliance costs and registration procedures and increase competition in input and output markets

The Philippines faces a particularly challenging environment when it comes to securing its borders and ensuring that both biological and security risks do not materialize. As an archipelago nation, there are many points of entry, a situation that caused government to establishment of an exhaustive set of government controls to manage them. This control often came at the expense of doing business, which posed a major challenge to competitiveness of agribusinesses, farmers, and particularly the fishing industry. A FIAS supported project set out to reduce the time and expense of transporting agricultural goods between the nation's islands by catalyzing a risk-based redesign of the border inspection process to enable safe trade outcomes at-the-border, behind-the-border, and between the country's own islands. To date three major regulatory reforms have been achieved, benefiting 2,684 firms through improved customs and border control services. The average number of days to comply with business regulations for sanitary and phytosanitary (SPS) export clearance has decreased nearly 30 percent. As the project continues its implementation, it will build off the Bank Group's global experience by seeking to further improve inspections, laboratory systems, and legislation that will take a balanced approach to the management of associated risks to SPS controls and trade.

Beyond country-specific support, clients need assistance engaging at the regional level, where the Bank Group is better positioned to play a coordinating role between a diverse set of actors. FIAS support to the **East African Community (EAC)** exemplifies how coordinated interventions have enabled a regional entity to drive integration among constituent members and enable competition in domestic markets. While the five EAC countries (**Burundi**, **Kenya**, **Tanzania**, **Rwanda**, and **Uganda**) have committed to the promulgation of the Common Market Protocol, several market, policy, and capacity failures had constrained the potential of the EAC Common Market. A reluctance to adhere to integration programs and the persistence of legal

[12] International Finance Corporation (IFC) (2013). IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction.

and regulatory barriers that limit cross-border trade have dampened the EAC's ability to catalyze trade and investment. The FIAS-supported project was designed to address these challenges by building strong institutional processes within the EAC Secretariat and the five member states. The project has led to the introduction of five seed standards—for maize, sorghum, sunflower, groundnuts, and soybeans—thus reducing impediments to competition in input markets and allowing greater efficiency in primary production and trade in agricultural outputs. A parallel national engagement in Uganda led to development of a national seed policy and strategy following consultations with a broad spectrum of stakeholders. By being able to work at the national and supra-national level, the Bank Group is able to enhance its impacts and coordinate its inputs to ensure a coherent and strong agri-trade system.

In the agribusiness sphere, FIAS-supported work **improving integration for inclusive economic growth** involves the integration of agribusiness stakeholders into value chains by developing new approaches that connect agribusiness entrepreneurs to enabling knowledge, markets, networks and capital. The effort ensures public-private dialogue (PPD) and gender-sensitive agribusiness design. FIAS support to these objectives has utilized a number of instruments and approaches, such as structured PPD, alternative dispute resolution for contract farming, warehouse receipt financing reform, SME innovation support, and the launch of work on Gender in Agribusiness Guidelines.

Some of the most successful work in FY16 involved reforms of the warehouse receipt system. WRS reform work supported by FIAS in **Kenya** aimed to address key constraints to greater commercialization of the agricultural sector, namely, access to professional storage and access to finance. Reforms in Kenya sparked a swift uptake by some 1,200 farmers, generating an additional $5.4 million in value chain financing over a very short period. A FIAS-supported WRS project in **Malawi** has managed to release $9 million in financing, exceeding the project target several-fold. In **Côte d'Ivoire**, this work has led to the introduction of the first ever WRS legislation in francophone Africa. FIAS support to agribusiness has also allowed for the development of pilots to further the inclusion agenda, including supporting innovative and robust PPD platforms, initiating contract farming pilots (for example, in **Vietnam)** and developing tools for SME linkages and gender inclusion.

Throughout all of these country examples, intervening to improve the impacts of Bank Group interventions has necessitated the generation of knowledge through the garnering, codification, and operationalization of **global best practices**. FIAS funds have crucially supported the production of a set of widely-used toolkits, notably: *The Guide to Investor Targeting in Agribusiness* (being translated into French due to high client demand); a *Food Safety Toolkit*, and the newly released *Reformer's Guide to Warehouse Receipt Financing*. The latter was instrumental during FY16 in developing a robust portfolio of projects as well as in enabling IFC investment in WRS financing programs through its Global Warehouse Finance Program, which supported about $6 billion of trade volume and reached some 750,000 farmers. The WTO's *Trade Finance and SMEs* report cited the IFC program as an example of best practice in this warehouse finance field. Additional reports are underway to develop guidance on *Leveraging Lead Firms to Promote the Growth of Agro-processing SMEs*, and, critically, on *Improving Gender Outcomes through Agribusiness*.

Enabling Investment Opportunities in Tourism

Demand for tourism-related support from across the Bank Group continued to expand during FY16. The global team provided assistance to other Bank Group units for projects in over 30 countries, providing technical advice in program design and implementation as well as specialized inputs to knowledge and economic sector work. The FIAS-supported team leads the World Bank Sustainable Tourism Global Solutions Group, drawing on expertise from across the entire Bank Group. The proposal to establish the tourism group received Presidential support and is now operational.
In December 2015, the tourism group organized the **2015 World Bank Group Tourism Forum** (December 8–9), which drew 400 attendees and more than 16,000 unique viewers on World Bank Group Live, a record-breaking achievement for an event of this category. Opened with a speech by Bank Group President Jim Yong Kim, the plenary sessions that followed focused on tourism's contribution to reducing poverty and inequality and how the Bank Group and global leaders can work together to deliver on an agenda important to helping developing countries foster sustainable economic growth in a labor-intensive industry with a long-established record of generating jobs for the poor and disadvantaged. Participants in the forum included Bank Group clients, the CEOs of Hilton Hotels and AirAsia, and a range of tourism leaders from business, international organizations, and non-governmental organizations from around the world.

The Global team also produced three important knowledge products in FY16. ***"Getting Financed—9 Tips for Community Joint Ventures in Tourism,"*** was prepared in partnership with the World Wildlife Fund to assist community tourism operators in raising much needed capital. ***"An Introduction to Tourism Concessioning: 14 Characteristics of Successful Programs"*** is the first of a two-part series aimed at assisting clients design and manage successful tourism concession programs in protected areas. The second publication will be released in FY17. In partnership with IFC investment research, the FIAS-supported team prepared ***"An Evaluation of the Development Impact of IFC Hotel Investments"*** in association with Oxford Economics and Dalberg Global Development Advisors. This work measured the development impact of a selection of IFC investee hotels. In addition to the report, the global team prepared a series of learning notes and two videos showing the wide range of economic benefits deriving from investments in the tourism sector.

The FIAS-supported portfolio of industry-specific projects in tourism **included 12 active projects** during FY16 with the addition of **Madagascar**. New projects are expected to be approved in FY17 in **Myanmar**, **Peru** and **Tanzania**.

In **India**, the Buddhist Circuit project completed Phase I. The capital investment plan was launched by the Ministry of Tourism and three state governments (Bihar, India, and Uttar Pradesh) with recommendations aiming to increase the presence of private investors and operators in the state-owned hotels of the circuit. Preparatory work on investment generation in the sector has already highlighted investment in hotels valued at $40 million and tourism-linked services across the circuit, including IFC investment projects in hotels. The team completed the mapping of regulatory steps for simplification, focusing on hospitality-linked licenses. In parallel, lobbying efforts of the project, alongside private sector and tourism ministry pressure, resulted in the successful establishment of visa-on-arrival. Phase II of the project is expected to support the implementation of the reform and the investment projects recommended in the capital investment plan.

FIAS-supported work continued in **Nepal** in FY16 as part of a Bank Group rapid response to the devastating earthquake of 2015. The tourism team worked with the government and private sector to help restore the economically vital tourism trade disrupted by the quake. In particular, the effort supported steps to address challenges relating to the country's popular trekking routes *(see box on following page)*.

Despite the political unrest in **Lebanon** the team continues to support a client initiative to reform the tourism sector and prepare the way for additional investment and job-creation. While the legal reforms, in particular the tourism decree, is delayed until the Council of Minister resumes its sessions, work continued on the preparation for implementation with the new system for automating the licensing process initiated in early 2016. In **Odisha** the total number of advanced investment leads has reached six for the tourism sector and further announcements are expected soon. In line with the recommendations of the team, the state government has issued an order to create a state-owned special purpose vehicle for development of Shamuka, a key destination to be developed by the project.

Following the highly successful reform project in Cusco, gateway to world famous Machu Picchu, the global tourism team has been working to identify options for replicating the project elsewhere in **Peru** and extend its scope in post-implementation to measure and capture not just cost-savings but the investment and jobs generated as a results of the reform efforts. Moreover, after the completion of the project, four additional municipalities in Cusco have confirmed that they will carry-on the reform-push showing that the team was

The World Bank team consults with villagers in Par Kun, Kanpetlet Township for the Myanmar National Community Development Project. *(IFC photo)* able to increase the capacity of the client enabling it to execute similar projects without Bank Group assistance. The FIAS-funded T&C-implemented project closed successfully in December 2015 having improved scores of procedures relating to operating licenses, security inspections, and regulations concerning lodging and restaurants. The duration and cost of procedures relating to starting and operating a tourism business were reduced by a total of 1,130 days, 150 requirements, and $1,656. For example, Hilton Garden Inn recently obtained all required licenses and permits in six months to operate in Cusco, compared to wait times of more than eight years prior to the reforms. Training events and activities improved the skills and performance of some 750 public officers, 46 percent of them women. T&C helped Cusco develop and deploy ICT systems for record management of tourism businesses.

The team commenced a review of draft ministerial orders to streamline regulations in the tourism sector of **Rwanda** and produced a market assessment strategy that laid out investment opportunities. This strategy will be the foundation for tourism investment promotion work around secondary cities to be executed by the Rwanda Development Board in the near future.

The team supported the **Uganda** Wildlife Authority and the project implementation unit for a competitive enterprise development project in finalizing the stakeholder mapping exercise that will provide a basis for development of safeguard principles that will guide the sustainable development of the tourism sector. An upcoming market analysis for Nature Based Tourism in Uganda as well as a manual to facilitate and guide concessions in conservation areas in the country will set the stage for higher levels of investment.

In the **Pacific** region the work of the team to open new source markets, develop new products in the cruise sector, and develop capacity for the public and private stakeholders has been coupled with support for a broad regional study. This study, entitled ***"Pacific Possible – Tourism"*** was discussed at the 2015 World Bank Group Annual Meetings and launched in the region in May 2016.

T&C Rapid Response to Nepal Post-Quake Tourism Recovery Effort Yields Results

T&C's FIAS-supported work helping **Nepal** recover its vital tourism industry following the devastating earthquake of April 2015 continued into FY16. The rapid-response plan provided critical support in a country where tourism plays a key role in creating jobs and attracting investments in remote areas. About one in ten of Nepal's workers have emigrated due to lack of economic opportunity, a trend that has been growing year by year. The industry-specific project assisted Nepal in resuming tourism operations along the highly popular trekking routes during high season in the fall of 2015. The post-earthquake response had three components: immediate response; six to eight months of quick recovery activities in the tourism sector through a media campaign focusing on a major market; and delivering on the pre-earthquake work program for continuity.

The immediate component responded to a request by the Ministry of Tourism for support for a detailed assessment of the Everest and Annapurna trekking areas regarding their safety for a resumption of trekking tourism. An international geotechnical engineering firm assessed trekking infrastructure in 15 villages, including 710 residential and accommodation structures, and nine bridges. Based on the results, the government assessed that 83 percent of surveyed building and all bridges were "safe," and the information was widely disseminated by tourism industry. The findings were quickly accepted by the global tourism industry and associated sectors, resulting in a reduction in the warnings for travel to Nepal issued by major countries that are sources of much of the trekking trade. This was important for enabling tourists to obtain travel insurance and for trekking organizers and service providers to obtain liability insurance coverage for tourism. Trekking traffic was still down by more than two-thirds from the previous year, but the rapid response averted an almost total loss of the fall season. T&C has helped Nepal develop a concept note for repairing and rebuilding damaged areas of the trekking trails.

Between September 2015 and June 2016, T&C worked with the Nepal Tourism Board on bringing back tourists from China, the highest growth market for Nepal. T&C provided strategic input through a sustained media campaign during Nepal's participation in international tourism events in Kunming and Gunagzhou, China. Visits to Nepal by Chinese media representatives and key opinion leaders' were organized to provide firsthand information on post-earthquake recovery and safety status issues. The campaign generated extensive and positive media coverage in China and Nepal about the Nepalese trekking routes, with coverage and mentions in both print and social media. FIAS support to the T&C effort helped the government of Nepal to reach out to at least 78 Chinese media outlets through interviews and media briefings.

The effort to resume pre-quake work streams in Nepal focused on preparation of three tourism destination development plans in three tourism hubs: Pokhara, Eastern Nepal, and Western Nepal. The destination plans are part of a first-ever 10-year National Tourism Strategic Plan for Nepal to attract quality tourists to particular destinations and to diversify tourism products. Not only the quake but also a disruption of trade with India and changing leadership in key ministries and agencies has delayed implementation of the tourism strategic plan. Investments in the pipeline for hotels and other tourism-related infrastructure have reached an estimated $120 million.

The effort to resume pre-quake work streams in Nepal focused on preparation of three tourism destination development plans in three tourism hubs: Pokhara, Eastern Nepal, and Western Nepal. The destination plans are part of a first-ever 10-year National Tourism Strategic Plan for Nepal to attract quality tourists to particular destinations and to diversify tourism products.

Handcrafts, Bhaktapur, Nepal.
(IFC photo, Natalia Juanco Corral)

Wood carving, part of temple restoration work in Nepal. *(IFC photo, Natalia Juanco Corral)*

CORE THEMATIC AREAS

FIAS support for thematic approaches is helping T&C step up efforts to close the gender gap in economic participation and expand its work in competition policy.

CORE THEMATIC AREAS

The FIAS-supported work in the three priority areas of fragile and conflict-affected situations, IDA, and Sub-Saharan Africa focuses at the project level on addressing bottlenecks in business regulation, spurring trade and investment, and working with clients in industry-specific sectors. These efforts are bolstered by cross-cutting work in a number of thematic areas that influence FIAS-supported project planning and implementation. Eight thematic areas are outlined below: competition policy; the integration of information and communication technology (ICT) into reform work; transparency; gender; green reforms; public-private dialogue; applied research; and national quality infrastructure (NQI). These themes are increasingly being integrated into FIAS-supported projects at the design phase, sometimes as one element of a multi-pronged project, other times as the leading element. The thematic approach brings into play T&C's commitment to moving knowledge seamlessly across Bank Group units.

Unlocking Market Potential through Vigorous Competition

Open and fair business competition, supported by enabling competition policies, is central to expanding market opportunities and unlocking the dynamic potential of markets to boost productivity and welfare and develop economic sectors that can compete for international trade. The trends toward deepening regional integration, participation in global value chains, and the advance of digital technology bring with them opportunities for businesses to invest, create jobs, and provide consumers with better deals. Whether these opportunities can be realized depends on how domestic and international markets function; government policies that enable competition advance economies toward these goals. In a global low-growth environment, competition policy can help boost productivity and innovation. T&C, with FIAS support, is working to ensure that these opportunities reach economies, firms, and citizens in developing as well as developed countries.

The problem is that developing countries often set up rules that restrict competition in various ways, for example, by perpetuating the dominant market power of a particular firm, or allowing harmful price-fixing between competitors. Such barriers to competition artificially raise prices, erode the quality of services, and reduce the quality and availability of products. Government-imposed rules that close markets and unjustifiably protect incumbents or certain types of firms thwart the development of innovative solutions, new and improved products, and more efficient investments. Similar effects are caused by the absence of effective rules and institutions to deter anti-competitive business practices. These problems affect other businesses, consumers, and entire national economies.

T&C's thematic work in competition policy involves technical advisory services to help design, implement, and advocate for a comprehensive set of rules, regulations, guidelines, and laws to ensure healthy competition in the marketplace and contribute to economic growth and shared prosperity. Research has established a direct connection between appropriate competition policy and economic wellbeing. Simulations conducted by the FIAS-supported team in **Kenya**, **South Africa**, and seven other African countries, as well as **Brazil** and **Peru**, have demonstrated that improving or eliminating anti-competitive regulations in service sectors contribute measurably to GDP growth. The South Africa study showed that by eliminating the anti-competitive price overcharges for key products generated by four cartels, effective competition policy could increase welfare to an extent equivalent to lifting 200,000 people out of poverty.

FIAS supports the delivery of advisory services to client countries to make competition policy more effective by reforming the way governments intervene in markets and improving the way they enforce existing competition laws. Since the beginning of the FY12–16 strategy cycle, the team of competition experts has achieved over 60 pro-competition reforms through World Bank Group operations, including lending and technical assistance, knowledge generation, and advisory services.

A new aviation policy in **Armenia** allows for competition with the incumbent airline and is expected to increase welfare by an amount equivalent to 1.4 percent of GDP. In **the Philippines**, certain shipping firms exercised veto power over the ability of competing shippers to vie for inter-island business. The FIAS supported team helped remove that veto power, allowing shippers to compete for business along key routes. The reform is expected to increase investment in the transport sector by 40 percent. In Kenya, competition policy reform lifted a ban on private investment in a high-potential crop market.

Increased competition in public procurement processes may save **El Salvador's** government up to $14 million. **Mexico** and **Moldova** have introduced programmatic competition policy agendas that have generated 11 critical reforms in such key areas as subnational regulations and state aid. These have been implemented directly through FIAS-funded advisory services. For Mexico, success could mean closing a 1 percent gap in annual GDP growth associated with lack of competition.

Several other T&C client countries have improved the way their competition authorities tackle cartel agreements, ensure firms are not inhibited by competitors or suppliers from operating in a market, and review merger and acquisition proposals to act on those that could potentially restrict competition. The team has worked with the Philippines and **Kuwait** to set up competition frameworks and authorities, opening the way to substantial transformation in the way their economies function.

While competition policy often empowers governments to impose fines and other penalties on members of cartels that restrict competition, the T&C team has worked with clients to develop more flexible, results-oriented approaches to fight cartels. **Honduras**, Kenya, Peru, and **Romania**, for example, have instituted leniency provisions that allow authorities to exempt a cartel member from the fine in exchange for inside information on how the cartel operates. In Honduras, the competition authority launched user-friendly guidelines for business and trade associations to better understand when coordination and interaction among competitors may violate competition law and harm the country's competitiveness. In **Kenya,** through a special compliance program, 11 financial services and 7 agribusiness associations have come forward to openly align their conduct to competition law and stop information exchange that could facilitate collusion.

In **Colombia**, Kenya, **Panama**, **Peru**, and **Zambia**, the FIAS-supported team is helping competition authorities improve the way they tackle and deter price-fixing and market-sharing agreements among competitors. Such cartels can increase prices by as much as 50 percent for key goods and services. Reforms supported over the past two years in these countries boosted investigative capacities and technical independence in the authorities, leading to more consistent application of the law and of leniency programs. Colombia has increased the number of sanctions for cartel behavior from one in FY14 to six in FY16. Twelve sugar mills were fined for obstructing sugar imports and artificially raising domestic sugar prices over the course of a decade, a practice that had made Colombian food and beverage processors less competitive in international markets. Complaints by the affected processors led to the enforcement actions. In Peru, authorities have opened an investigation into alleged cartel behavior against 17 maritime agencies in the container traffic segment, potentially affecting half of all goods exported via sea.

The competition principles advanced by the FIAS-supported team have shaped Bank Group interventions that promote entry and investment in key sectors. In Honduras, smaller, younger agribusiness input providers had been blocked by overly complex procedures and unequal enforcement from registering their products as quickly as more established incumbents. T&C's intervention provided a more consistent and transparent process through manuals and electronic databases. Without the resulting improvement in competition, agribusiness input prices would have been 4 percent higher on average for pesticides and 7 percent higher for fertilizers, and between 9 and 22 percent for individual products, such as urea, one of the most-consumed agrochemical inputs in Honduras.

Mexico's Oaxaca municipality relies on a high-performing tourism sector to generate jobs and business opportunities for its poor population but, until recently, restricted commercial operating hours, limiting the ability of entrepreneurs to explore innovative models and adapt their offering to late-night customer demand. Through the intervention of the FIAS-supported team, Oaxaca lifted restrictions on the operating hours of convenience stores in December 2015, allowing them to stay open around the clock. Almost immediately, a national convenience store chain announced plans to open 24 new outlets in Oaxaca, and 26 existing establishments in this municipality have already extended their shop hours. The team estimates that the reform may increase in the annual average rate of retail sales growth in Oaxaca by 6.8 percent. This pilot reform is being replicated in all 32 states of Mexico as part of a high-priority presidential initiative.

The Competition Authority of Kenya (CAK) is rolling out FIAS-supported guidelines for assessing the impact of regulation on competition and to screen regulations for potentially anti-competitive provisions. CAK has a mandate from the highest levels of government to propose alternative designs to achieve policy objectives while minimizing anti-competitive impacts. These steps were motivated by a comprehensive competition assessment by the FIAS-supported team showing that $218 million—equivalent to a 0.39 percentage point increase in Kenya's GDP—could be unlocked by removing anti-competitive regulations in Kenya's professional services alone. The report provides sector-specific recommendations, in telecommunications, for example, to develop pro-competition policies for spectrum allocation, reduce or eliminating porting fees, and reduce consumer switching costs. A strong consensus has built up around the goal of free and healthy competition with the help of FIAS-supported public-private dialogue initiatives and training for journalists and editors on the topic.

Elsewhere in Latin America, El Salvador, Colombia, Honduras, Mexico, and Panama passed competition policy reforms that promote market competition economy-wide and in key sectors, such as retail, health and transport. In Honduras, the reforms are generating at least $30 million in annual private sector savings and a price reduction in pharmaceuticals of between 5 and 10 percent.

Massimo Mazzone, President and CEO of Farmacias del Ahorro, said that under previous rules that set minimum distances between pharmacies, "The Association of Pharmacists acted like a private monopoly, obstructing competition through the process of issuing permits and other types of barriers in favor of some association members. [The reform] has strengthened competition and we are now able to open new outlets at more strategic location for our customer base, such as in the vicinity of one large hospital where there's been only one pharmacy for 10 years."

Since FY13, FIAS-supported work has been helping Moldova minimize market distortions caused by incentives and state aid directed at few specific firms. Moldova established an innovative state aid portal that shows the level of support to firms granted by 170 public entities and the total support granted decreased to 4 percent of GDP in 2013 from 5.2 percent in 2011. In FY16, the Competition Council of Moldova helped the government ensure greater transparency into allocations of materials by the Agency of Material Reserves to various beneficiaries, reducing discretion—and potential unfairness—in granting advantages to certain beneficiary companies. Lessons learned from this work has informed FIAS-supported advisory services in **Kazakhstan**, where authorities are now analyzing when and how operations of state owned enterprises, including the support they receive from central government, may tilt the playing field against the private sector.

Building on lessons learned from pilot reforms and knowledge projects supported by FIAS, the competition policy team developed a **Markets and Competition Policy Assessment Tool (MCPAT)** with FIAS funds to systematically inform reforms and their implementation in the developing world. A version of the tool adapted to Mexico's subnational context has helped identify more than 50 priority reforms across three states. Several of these in the retail sector were implemented in the states of Oaxaca and Mexico over the last two years. The T&C team is training 40 additional staff at Mexico's Better Regulation Authority in the application of the subnational MCPAT, as the government brings a sector-oriented competition policy reform agenda nationwide to all 32 states. In Kenya, dissemination and training on guidelines for assessing the impact of regulations on competition has triggered requests for the competition authority's opinion on pro-competition sectoral regulations in sectors such as agriculture, professional services, air transportation, maritime transportation, and taxi services, among others.

In Zambia and Kenya, FIAS funds are supporting the design of a public-private dialogue platform on competition and trained journalists and editors on competition policy according to the political economy

Since FY13, FIAS-supported work has been helping Moldova minimize market distortions caused by incentives and state aid directed at few specific firms.

module of the MCPAT. In Zambia, within a week of the training session in February 2016, news reports discussed recent cartel investigations in maize milling and frozen fish as well as concerns about lack of competition in domestic air transport. Increased media understanding of market competition issues will be key to accurate reporting on the competition authority inquiries into abuse-of-dominance cases in sugar and cement. The MCPAT was leveraged to analyze key sectors in Brazil, Kenya, **Rwanda**, and South Africa as well as to provide guidance on antitrust enforcement in **Egypt**, **Mali**, Panama, and Peru.

Flagship reports stemming from MCPAT for **Haiti**, Kenya, and Peru were recognized in FY16 with Bank Group Vice Presidential Unit (VPU) awards. The subsequent reforms promoted in Peru in FY16 prompted three firms to break cartel agreements and report the infringement to authorities. The results were honored with an IFC Team Award.

The MCPAT was applied at the regional level, providing an assessment tool to help **Asia-Pacific Economic Cooperation (APEC)** economies achieve their objectives to improve the performance of supply chains, and in **Africa**, through a flagship report examining competition issues in several sectors. The Africa report, ***Breaking Down Barriers: Unlocking Africa's Potential through Vigorous Competition Policy***, was produced jointly with the African Competition Forum, a network of 33 competition agencies and ministries across Africa, including North Africa. This report, the first comprehensive regional competition assessment, contributes to the understanding of how key markets for competitiveness work, and raises the importance of promoting competition and setting proper market regulations to deliver the best deals to African families and firms. It also provides an overview of competition policy issues across countries that can inform practitioners across the region. The report focuses on cement, fertilizers, and telecommunications. Building on the findings, the FIAS-supported team will roll out a series of capacity-building workshops to advise public officials and other stakeholders on how to implement the recommendations.

A sampling of the publications issued by the competition policy team in FY16 appears below. Additional publications, blogs, and events in competition policy are listed in Chapter 5.

- *Unlocking Growth Potential in Kenya: Dismantling Regulatory Obstacles in Kenya*, published by the Competition Authority of Kenya, describes Kenya's efforts to boost economic growth by strengthening pro-competition policies and dismantling regulatory obstacles to growth.
- An article, "Transforming Romania's competition architecture to make markets work" in *Business Digest*
- *A Step Ahead: Competition policy For Shared Prosperity and Inclusive Growth* presents an analytical framework to study the effects of competition on poverty and shared prosperity, and compiles empirical studies presented at the first global conference on Competition Policy for Shared Prosperity and Inclusive Growth, jointly held with the OECD
- *Mitigating political economy issues and strengthening competition policy reforms through dialogue platforms: Approach and lessons for implementation*, builds on the lessons learned in the implementation of pilots in Kenya and Zambia in setting up competition Public Private Dialogue platforms

Blog-Publications:

- How advocacy strategies can help boost competition and transform markets: http://blogs.worldbank.org/psd/how-advocacy-strategies-can-help-boost-competition-and-transform-markets
- Breaking down barriers to competition: Unlocking Africa's potential through a regional platform for cooperation: http://blogs.worldbank.org/psd/economic-success-requires-strong-competition-policy-new-evidence-africa
- Competition and poverty: How far have we come in understanding the connections: http://blogs.worldbank.org/psd/competition-and-poverty-what-do-we-know-so-far
- Disruptive innovations and new business models: The role of competition policy advocacy: http://blogs.worldbank.org/psd/disruptive-innovations-and-new-business-models-role-competition-policy-advocacy

Women in the CERNAFA cooperative in Niger joined forces to build up their income by growing market crops. *(IFC photo)*

Leveraging Technology to Deepen Reform Impact

FY16 saw continuing growth in demand for FIAS-funded technology expertise to support the deployment of web and mobile applications to improve government-to-business service delivery under World Bank Group reform programs. The FIAS-supported technology team engaged in 65 ICT project components within 53 country programs and one regional initiative, including advisory, lending and reimbursable advisory services.

Today about 48 percent of investment climate advisory projects include a technology component, with over 98 different software applications being deployed to support a variety of government-to-business (G2B) services such as business registration and licensing, construction permit administration, investor dispute resolution, and the provision of business-to-government feedback on quality of public service delivery. A number of these projects are described in Chapter 3 and below.

FIAS Supporting Thought Leadership in Competition Policy Advocacy

The FIAS-supported competition policy team is working on a number of fronts to disseminate knowledge and awareness of the important linkages between competition policy and sustainable development—particularly the Bank Group's Twin Goals of eliminating extreme poverty and boosting shared prosperity. Competition is defined as the process of rivalry between firms seeking to win customers' business. While it might appear to be an entirely private sector dynamic, government policy profoundly impacts whether and how competition takes place. As awareness of the benefits of competition grows, public policy relating to competition is increasingly recognized as a critical driver of performance and innovation in national economies and therefore of economic growth and consumer welfare. At times, enforcement of pro-competition laws and regulations can be controversial when powerful vested interests are affected. In part for that reason, T&C has placed a high priority on broadening understanding of competition policy across governments, the private sector, and among consumers. A number of events and initiatives in FY16 advanced T&C's effort to spread this awareness.

To recognize the work of competition authorities worldwide, the Bank Group has joined with the International Competition Network in sponsoring an annual Competition Advocacy Contest aimed at recognizing innovative public policies that promote free and fair competition. In April 2016, the Bank Group and ICN launched a new publication, *Transforming Markets through Competition*, recognizing the 2015 winners selected from entries submitted by competition authorities around the world, and assessing new developments and recent trends in competition advocacy. Among the initiatives recognized in the contest: Kenya pro-actively prevented an association of healthcare providers from increasing charges, saving consumers around $1.7 million a year; prices for domestic flights came down by 70 percent in Indonesia following the removal of restrictive air fare regulation; and Israel's advocacy for changes in the area of debit card payments will help reduce inefficiencies in the payment market estimated to be costing the economy $100 million a year.

The report, *"A Step Ahead: Competition policy For Shared Prosperity and Inclusive Growth,"* prepared jointly by the Bank Group and the Organisation for Economic Cooperation and Development (OECD), was launched at the Bank Group Spring Meetings in Washington, D.C., in April 2016, with a high-level panel discussion on competition policy moderated by T&C Senior Director Anabel Gonzalez and attended by senior officials from Brazil, Egypt, Peru, and the Common Market for Eastern and Southern Africa (COMESA).

"Pro-competition reforms are very important not only to transforming individual markets but furthermore to promote growth and shared prosperity," Gonzalez said. "But we have also heard that attacking some of these challenges is very difficult; it is very painful. That is why it is important that institutions like the World Bank Group, like OECD, working jointly, can provide tools to policymakers who are interested in pursuing these reforms."

As noted above, the *Breaking Down Barriers* report on competition issues affecting Africa was produced jointly by the Bank Group and the African Competition Forum. It estimates the gains that could be achieved by tackling anti-competitive practices and reforming policies to enable competition. For instance, reducing the prices of food staples by just 10 percent through tackling cartels and improving regulations that limit competition in food markets could lift half a million people in Kenya, South Africa, and Zambia out of poverty and save consumers more than $700 million a year.

FIAS funding also continues to support the development and deployment of Bank Group-owned entry level software applications for many of the abovementioned G2B services. These software solutions have been developed using open source technologies and are provided license-free to client governments, consistent with the "Principles for Digital Development" adopted by the Bank Group and much of the donor and NGO community. Such web and mobile applications have now been deployed in over 20 jurisdictions throughout the developing world under Bank Group projects. This has also contributed to increased capacity to service government clients among the local technology firms involved their deployment.

To illustrate the nature and outcomes of these technology initiatives, in FY16 a FIAS-supported team continued to deploy and upgrade software applications for business licensing and construction permitting within several county governments in Kenya. These online services have contributed to decreased processing time and compliance costs, reduced revenue leakages through the use of online payments, and increased transparency and accountability within these regulatory processes.

FIAS funding supported a pilot effort in **Côte d'Ivoire** to deploy an online system to manage and coordinate business inspections, one of the first such initiatives in the sub-region. This system will contribute to reducing the compliance burden on businesses through risk-based targeting of inspection activities as well as improving the transparency and accountability of inspection processes. In **Guinea**, Bank Group-owned software was deployed to establish an information portal which provides one-stop access to information on licenses and permits required in the mining sector, which is a key priority for the government. In **Nepal**, a FIAS-supported team assisted the government to implement a framework for enabling digital signatures as well as new web-based services enabling investors to apply online for FDI permits and visas. Regulatory reforms undertaken with the help of the project team are expected to reduce the time and cost of compliance by 25 percent on average, and to increase by 10 percent the number of formally registered businesses.

ICT-related research and knowledge efforts in FY16 have been focused on the integration of G2B service delivery, both through full service online platforms as well as physical one-stop shops (OSS) where integrated back office technology solutions support a business-centric "single window" approach to service delivery. This is an important departure from the traditional "one roof OSS" paradigm, where each relevant government agency staffs a separate desk which registers businesses or accepts license applications. A guidance note and set of nine country cases studies on implementing a unique business identifier in government—a key enabler of integrated service delivery—was published in FY16. Further research already underway will identify good practices in the institutional design of integrated approaches to G2B service delivery, including the development of client-facing service organizations which offer business registration and licensing services on behalf of government.

Using Smart Data Exchange to Improve Sanitary Registration and Boost Regional Trade

Imagine a fictitious entrepreneur named Laura, owner of an innovative small business in Central America. Her company makes the tastiest cookies in the country. Recently, Laura's company created a new variety of cookies, with real fruit. Before she could begin selling them, Laura requested a sanitary registry to sell them in her country. The cookies were such a success that consumers from other Central American countries wanted them on their grocery shelves as well. Laura thought the opportunity to export her cookies would be a great boost to her business. However, to register her cookies for export in the region, she would have to travel to each Central American country and request recognition in person. The travel expenses and time involved made exporting her cookies a much less attractive idea.

Such business roadblocks were becoming a frequent occurrence in the region, sometimes stymying small firms such as Laura's, sometimes major corporations employing hundreds or thousands of people. To address the sanitary registry problem, the World Bank Group, with the support of FIAS and USAID, provided technical assistance to help create a regional information and communications technology (ICT) system to speed and simplify the process of obtaining sanitary registrations in **Costa Rica**, **El Salvador**, **Guatemala**, **Honduras**, and **Nicaragua**. The Council of Ministers for Central American Economic Integration (COMIECO), the Secretariat for Central American Economic Integration, and the ministries of health in each country also contributed to this effort. The new ICT system, launched in FY16, reduces the number of days needed to complete the recognition process considerably, while also reducing the costs by 25 percent.

Testimonials praising the new system have come from both the private and public sectors. Unilever called the system "user-friendly, and the process is simple and easy to understand." Arnaldo Castillo, Economic Development Minister of Honduras, and President-pro-tempore of COMIECO, called the system, "a concrete tool to increase competitiveness, and impact productivity in the Central American region."

Currently, the ICT system only acknowledges processed food and beverages from Central America. However, in the future, medication, cosmetics, and fertilizers can also be included, as well as products from other regions. If Laura and her company did exist, soon enough all Central American countries would enjoy her delicious cookies, with real fruit.

Enhancing Governance and Transparency in Client Countries

In 2015, the Bank Group, with FIAS support, launched a major program aimed at increasing transparency in the area of business regulations. The **Good Regulatory Practices** program aims to help governments enhance the quality of regulatory regimes and the outcomes they produce through effective, transparent, accountable, and consultative reform processes. The program, a collaboration between the T&C and Governance Global Practices and the Development Economics vice presidential unit (VPU), consists of operational pilots in a number of areas related to good regulatory practices, including:

- Notice and comment systems through which businesses are provided opportunity to comment on draft laws and regulations.
- Business-to-government feedback mechanisms on the quality of regulatory reform implementation.
- Systematic investor grievance mechanisms to capture and address investor grievances and systems to identify and address discretionary behavior by regulators and thereby reduce uncertainty of service delivery.

Lessons from the operational pilots will help refine approaches for subsequent mainstreaming across the Bank Group and other donor-funded projects. Seventeen such pilots initiated in FY16 are in various stages of implementation, many through FIAS-supported IFC advisory projects. FIAS also supports the overall management of the GRP program.

The diverse set of operational pilots spans four Bank Group regions: Europe and Central Asia; Latin America

Small grocery shop in Shinyanga, Zambia. (*Bigstock photo*) and the Caribbean; South Asia; and Sub-Saharan Africa. Participating countries vary widely, from **India** and **Brazil**, among emerging economies, to **Bhutan** and **Jamaica** among smaller economies, to conflict-affected Sub-Saharan African countries such as **Somalia** and **Togo**. The topics covered are equally wide ranging, for example, construction permitting (Jamaica, Togo); competition policy (**Zambia**); trade logistics (**Belarus**); business inspections (**the Kyrgyz Republic**); business registration (Bhutan); investment protection (**Colombia, the Dominican Republic**); and regulatory governance diagnostic (**Ethiopia, Mongolia**). The pilots involve a number of innovative themes, including: competition among subnational governments (India, **Sri Lanka**); stakeholder awareness of and support for new agendas and institutions such as competition policy and competition agencies (Zambia); service reform and delivery at the subnational level (Kenya); crowd sourcing (in Belarus, gathering data from truck drivers on wait times and regulatory hassles at border crossings); and a hackathon to develop applications for feedback (Sri Lanka). In the area of G2B service delivery, several pilots are exploring alternative ways of soliciting feedback, including the use of ICT systems, to learn about the cost-effectiveness and appropriateness of alternative approaches in different country contexts. (*For more on one of these pilots, in the Kyrgyz Republic, see box below.*)

FIAS Supports Significant Bank Group Developments in Gender Strategy

To ensure inclusive, resilient, and dynamic private sector growth, T&C strives to increase the equal participation of women in developing economies. A wide and persistent gender gap in economic participation and equal treatment in the workplace prevents countries from achieving their full economic potential. There are fewer women than men in the global labor market, and women in every economy are paid less than men for their work. Globally, women own fewer businesses; and the businesses they do own have fewer employees, lower sales, and lower invested capital. The economic benefits of gender equality are compelling. A survey of private sector leaders found that 34 percent of companies polled reported increased profits as a result of efforts to empower women in emerging markets.[13]

FIAS-supported gender activities in FY16 were influenced and underpinned by several broader strategic developments. In its recently released Gender Strategy for FY16–21, the Bank Group has charted an ambitious path toward gender equality by focusing on four interconnected objectives:

- Improving human endowments.
- Removing constraints to more and better jobs.
- Removing barriers to women's ownership of and control over assets.
- Enhancing women's voice and agency, and engaging men and boys.

In support of the strategy, T&C in 2016 reviewed its gender work and set out new priorities in a ***Gender Practice Note*** which identifies demand drivers within T&C's portfolio for gender-targeted and gender-informed solutions. The note assesses T&C's existing project portfolio and establishes operational priorities for the next four years based around two main objectives: improving the business environment for women and expanding their trade and market opportunities. Underpinning these two objectives, T&C will seek to strengthen the productivity and competitiveness of female workers and women-led businesses by enhancing their skills and capacity and improving women's ability to exercise voice and influence in the business environment.

T&C's interventions will seek to achieve direct benefits for women in terms of access to land, labor, capital, technology, knowledge, skills and services, labor market participation, and control over economic resources. And by seeking to increase participation by women in enterprises and firms as employees, managers, owners, leaders, and members of corporate boards, T&C interventions will yield both direct and indirect benefits.

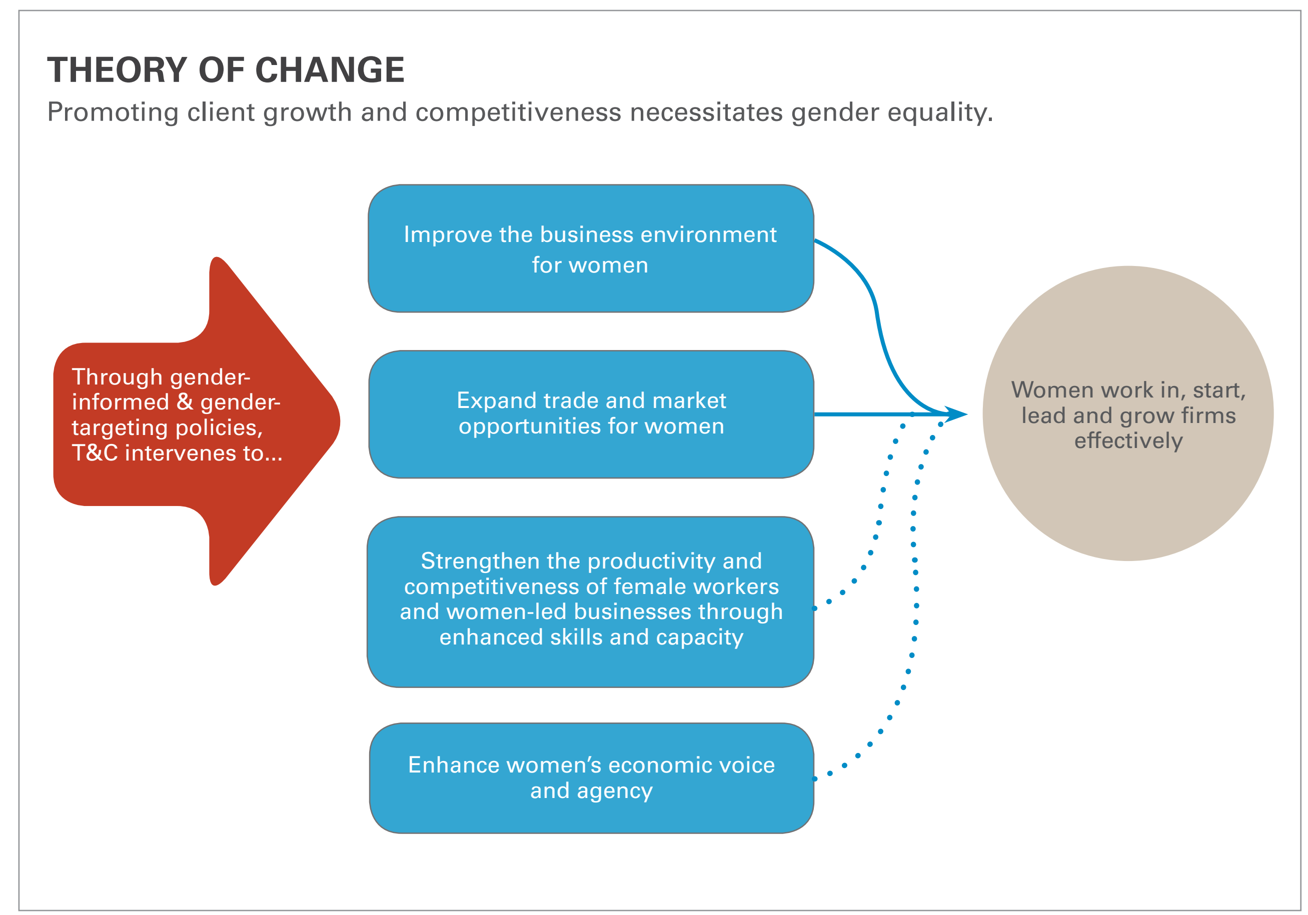
With FIAS support, T&C will work to achieve its goals through gender-informed design of gender-neutral policies, and through an increase in gender-targeted interventions. Gender-informed design ensures that policies and programs developed with no explicit gender differences will not inadvertently disadvantage women, and that women can fully access the benefits that arise from them. Gender-targeted approaches address situations where inequity in access to economic resources or in productive capacities exist, making it necessary to remove explicit gender-based legal or regulatory barriers to women's economic equality and address discriminatory enforcement of rights. Based on

Improving Transparency and G2B Service Delivery in the Kyrgyz Republic

Businesses in the Kyrgyz Republic have labored for years under an overly intrusive inspections regime. In some years and sectors, 90 percent of businesses—including small firms as well as large—had to undergo inspections. T&C, through a FIAS-funded IFC investment climate project, has helped the government pass and implement risk-based inspections legislation that reduced the inspections burden to 70 percent. However, transparency of the inspections process and poor government-to-business (G2B) service delivery have remained constraints. To address these issues, the Ministry of Economy, with the help of the T&C team, launched a web portal—www.proverka.kg—that digitizes and manages risk-based inspections and also serves as an information portal. The software enables officials to plan, approve, conduct, and monitor business inspections based on risk assessments. For officials, the system provides a database of entrepreneurs subject to inspections and assigns risk profiles for each company. For entrepreneurs, the portal not only informs businesses about relevant legislation, but also provides access to information about inspections plans, approvals, process, checklists.

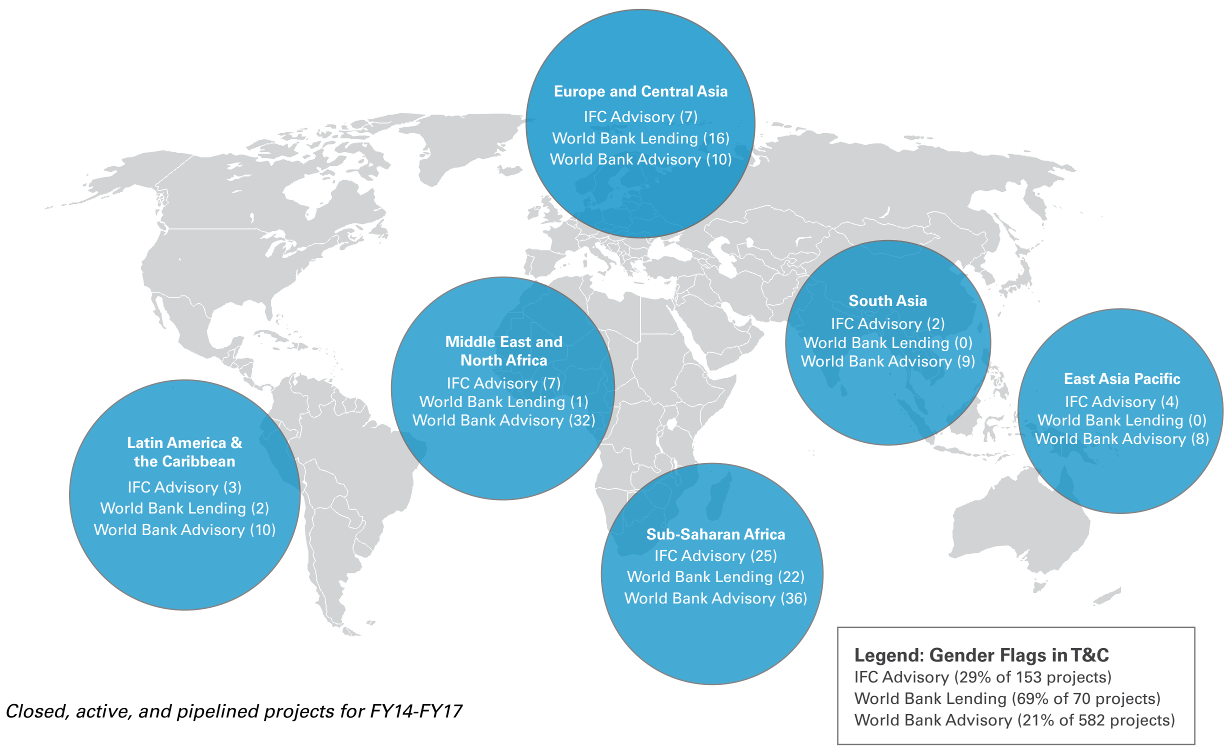
The effort involves establishing a mechanism for collecting feedback on inspections processes that will be available to the three largest inspectorates in the country. Taalaibek Asylbekov, State Secretary of the State Inspectorate of Ecology and Technical Safety, said the mechanism "not only helps us to build trustful relationship with entrepreneurs, but also helps us to see a real picture of overall work of the Inspectorate, especially in regional offices. This instrument allows us to see how inspectors perform and understand what should be done to improve our work." A feedback hotline had fallen out of frequent use because calls rarely prompted government response. Under the new system, inspectors are instructed to collect emails of businesses and register them on the portal when reporting on inspection. After each inspection an automatic email is sent to entrepreneurs inviting them to fill in a short survey. Each link sent to entrepreneurs is unique and the answers are confidential. The results of the survey are immediately processed and added to charts available online. The web portal is continuously updated to introduce additional features and correct glitches that occur during implementation.

Figure 1: T&C Gender Program Theory of Change



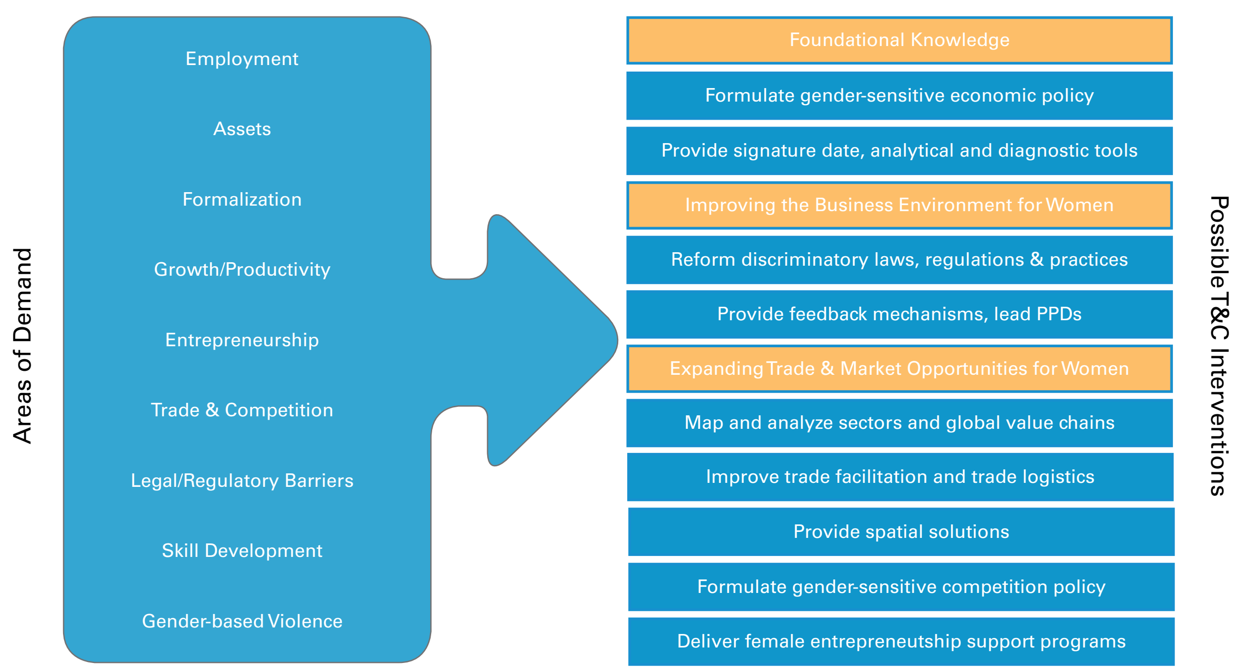
[13] Dalberg Global Investment Advisors (October 2014). The Business Case for Women's Economic Empowerment: An Integrated Approach.

Figure 2: Where is T&C Working on Gender?



Closed, active, and pipelined projects for FY14-FY17

Figure 3: Spectrum of T&C Gender Interventions



a portfolio analysis that examined what is working and what could be improved, T&C decided to place priority on testing and scaling innovative approaches to learn more about what works, encourage more uptake of gender-related work, gather appropriate data, and disseminate knowledge more widely and effectively.

FIAS-supported Gender Activities

Consistent with the FIAS FY17–21 strategy, all FIAS-funded interventions will support broader Bank group and T&C goals. FIAS-funded activities work to:

- Reduce business environment disparities for male and female entrepreneurs through reforms that eliminate explicit discrimination in laws and regulations.
- Ensure implementation of laws and policies in a manner that advances equal opportunities for female businesses.
- Improve the economic participation of and working environment for female employees in competitive industries such as agribusiness, tourism and light manufacturing.
- Disseminate and mainstream knowledge and lessons learned.

T&C shares with its partners the goal of widening and deepening the integration of gender considerations into operational project work and to share knowledge more effectively and deepen data collection and analysis. To move toward that goal, T&C in FY16 issued its first Gender Request for Proposals to encourage demand for operational solutions. The RFP generated 26 proposals, 14 of which were selected to receive funding totaling $1.2 million over FY16–18, roughly half of which came from FIAS. The FY16 allocation for gender totaled $359,000, and almost all of those funds were committed over the course of the year, one indication of the strong demand for workable solutions in the gender space. The breakdown of funding by region for the three years of the gender initiative reflects the FIAS emphasis on Sub-Saharan Africa, which garnered 48 percent of the funding granted. Further regional breakdown of the allocation is as follows: Europe and Central Asia, 17 percent; Latin America and the Caribbean, 10 percent; East Asia and Pacific, 8 percent; global initiatives, 8 percent; Middle East North Africa, 5 percent; and South Asia, 4 percent.

As the regional allocations indicate, the gender RFP generated project proposals in each of the Bank Group's regions at the regional, national, and subnational levels. The gender initiative also includes global projects. Global data projects with ***Women, Business and the Law*** and ***Doing Business*** will provide opportunities to analyze trends effectively. Subnationally, two projects are working to address economic outcomes for women. In the Punjab province of **Pakistan**, following a regulatory mapping of discriminatory laws, the government requested help to reform local laws to provide for gender quotas on corporate boards, display penalties for workplace harassment, and regulate the creation of one-stop-shop business centers for female entrepreneurs and small and medium enterprise (SME) owners. And in **Bosnia and Herzegovina**, technical assistance is being provided to 20 municipalities to reduce regulatory burdens for women business owners. Support for enhancing outcomes for women in fragile and conflict-affected situations—a FIAS priority area—was achieved by financing projects in **Myanmar**, **Sierra Leone**, **Togo**, and the **West Bank**. Additional national level projects, further underscoring the FIAS priorities of Sub-Saharan Africa, FCS, and IDA—are described below.

In the area of **improving the business environment for women**, T&C continued its longstanding work in addressing legal and regulatory discrimination which inhibits the ability of women to formalize businesses, earn a fair wage, and enter and compete in new markets. In **Togo**, following a successful reform of its family code to allow women to claim "head of household" status, T&C worked to raise awareness of these reforms among Togolese men, women, and officials through a well-established paralegal network. As the government of **Sierra Leone** works to revise its core minerals policy with the help of Bank Group technical assistance, T&C supported these efforts by designing dialogue forums around removing restrictive labor laws that forbid women from working in the mining sector.

T&C also worked during FY16 for more gender-informed application of laws and regulations. A project in **Uganda** undertook a joint land titling exercise. Uganda's statutory property laws already provide for equal land rights for men and women, but customary law often prevents the exercise of these rights. In **Pakistan**, a business facilitation hub for female entrepreneurs will provide gender-informed services for business registration, skills development, and linkages to financing.

T&C worked to **expand trade and market opportunities for women** during FY16 by linking them to value chains, addressing sex segregation in key sectors, and supporting skills development for female entrepreneurs. This area of work seeks to help women identify market access opportunities, develop entrepreneurial resilience, and gain access to networks, funding, and technology. **Moldova's** national SME support organization launched a National Women's Platform, with T&C advisory support, to address the unique needs of female entrepreneurs. The data collected via the platform will be used to guide the design of a government incentive program for female entrepreneurs. A T&C policy note on such incentives programs, undertaken in FY16, will help other client countries.

T&C is working to develop specific methodologies for sectors where women already predominate but nevertheless suffer certain disadvantages. A T&C

methodology for gender-informed agribusiness projects is now being finalized. FIAS funded a regional project in the **Organization of Eastern Caribbean States** (OECS) to comparatively analyze **Grenada** and **St. Lucia**, where tourism disproportionately employs women. In this project, enterprise-level gender-disaggregated data is being collected to understand women's labor force participation, earnings, and levels of formality in tourism value chains. The Abraham Path Initiative, an experiential tourism trail in the **West Bank** is examining the involvement of female workers and entrepreneurs along similar lines. To better understand how women could feature more prominently in global value chains, T&C launched an analysis of the wild harvesting sector in **Armenia** and **Kosovo**, and the honey value chain in **Moldova**.

In sectors that have not traditionally employed women, T&C is addressing issues of occupational segregation by gender. In **Guinea**, T&C launched a project to encourage women to enter the lucrative metalworking sector through greater resource allocation, training, and access to professional networks.

A key part of the FIAS-supported T&C gender initiative revolves around **impact evaluations** to ensure that projects deliver the results and impact in the gender field as intended, and promised. In FY16 T&C invested heavily in a number of impact evaluations, several in collaboration with the Bank Group's Africa Gender Innovation Lab, to understand the impact and effectiveness of its gender-informed and gender-targeted interventions and to disseminate knowledge more dynamically. Five impact evaluations were financed via the Gender RFP in **Mexico**, **Myanmar**, **Rwanda**, **Uganda**, and **the West Bank**. For example, in **Mexico**, the impact of a government entrepreneurship training program on women is being assessed.

Effective gender projects and informative impact evaluations of the results depend on **gender-based data** and diagnostics. In FY16, T&C sought to widen and deepen its collection and analysis of data and its diagnostics capabilities through 11 projects financed via the RFP that have begun collecting gender-disaggregated data. In some cases, this will provide first-of-its-kind baseline data for the Global Practice. Projects in **Armenia**, **Bosnia and Herzegovina**, **Grenada**, **Kosovo**, **Moldova**, **Pakistan**, and **St. Lucia** include data collection at the enterprise level. In **Mexico** and **the West Bank**, data is being collected from individual female entrepreneurs. In **Togo**, where citizens and officials around the country will be sensitized to recent family code reforms, and in **Uganda**, where land is being jointly registered in both husbands' and wives' names, data is being collected at the household level to understand the effects of these reforms.

Joint data analysis in collaboration with the Bank Group's annual report on ***Women, Business and the Law*** was also launched in FY16. Regional heat maps will be created to identify where economic legal discrimination still exists in areas such as in women's ability to start a business, sign a contract, obtain national identity cards, leave the home, and work in the same sectors and professions as men. T&C will also collaborate with ***Doing Business*** to collect and analyze gender-disaggregated data from business registries in 120 countries, a project getting under way in FY17. This collaborative data gathering and analysis will help project leaders identify new intervention opportunities.

T&C supported a number of innovative PPDs, business-to-government (B2G) feedback loops, and notice and comment system projects during FY16 all intended to **strengthen women's voice and influence** in economic matters. In **Rwanda**, an existing PPD program will evaluate whether the introduction of an SMS (short message service) feedback platform increases the participation of women. T&C financed projects to support technical capacity building for women's business associations in **Armenia**, **Kosovo**, and **Moldova**. In **Bosnia and Herzegovina**, focus groups with women-led businesses were launched to share knowledge and provide transparency around complex regulatory regimes.

T&C has begun to develop a holistic approach to integrating gender considerations in several of its signature country projects, some of which receive FIAS funding. A five-year investment climate advisory program in Tanzania will integrate gender dimensions from the design stage so that proposed policy changes consider impact on women and youth, and so that data collection can be standardized throughout the life of the program. The regional project in Punjab, Pakistan, includes a range of gender-informed lending operations, analytics, and advisory services designed to support women's participation in the country's growth, development, and competitiveness. The Bangladesh Investment Climate Fund Phase 2 program embeds gender analysis in all forthcoming diagnostics and includes gender as a dimension for identifying reform opportunities. Potential initiatives include value chain analysis in targeted sectors, addressing regulatory implementation gaps for women in business, improving incentives for women entrepreneurs and skills for female workers, and addressing wage gaps.

Green Reforms: The FIAS Link to the Climate Change Agenda

In FY16, FIAS continued to support T&C's efforts in furthering the climate change agenda, the Bank Group's leading global environmental priority. T&C's work in this area seeks to increase industry and sector competitiveness by advancing climate-efficient technologies and strategies, encouraging the application of energy efficiency goals in economic zones, and expanding the adoption and implementation of green building codes. FIAS support is helping client countries close the knowledge gap on energy efficiency and green growth. This thematic approach, which will be a priority area in the FY17–21 strategy cycle, engages clients in a number of sectors, including agribusiness, tourism, manufacturing, and economic zones, advancing innovations and regulatory improvements that advance green growth and help clients build resiliency and adapt to the negative impacts already evident from global warming.

In FY16, with the help of FIAS funding, institutional capacity building and training was conducted in Lahore, **Pakistan**, and Korea for the Punjab Energy Efficiency and Conservation Agency (PEECA), established by the Punjab Energy Department as part of the project to implement Pakistan's first subnational five-year energy efficiency and conservation strategy. With the help of the T&C project team and the **Korea Energy Agency**, Punjab has taken the lead in establishing PEECA as the designated agency for climate change strategies under the country's 2016 national energy efficiency and conservation law. The capacity building exercise focused on benchmarking the provincial energy efficiency and conservation program and its planning, implementation, and monitoring. It contributed to the institutional readiness of PEECA for implementing the 2016 conservation law at the provincial level. The activity also helped prepare PEECA to support the implementation of energy efficiency standards and labeling in Punjab, supported by a communication strategy and awareness campaign, complementing the objectives of the national energy efficiency and conservation law. Both the law and the PEECA Strategy complement the spirit of the Paris Agreement on Climate Change in terms of encouraging needed domestic mitigation measures based on conservations and efficiency in the energy use.

Fostering Public-Private Dialogue to Catalyze Reform

The beginning of FY16 saw the launch of a new public-private dialogue (PPD) strategy that builds on and integrates learning from previous efforts and responds to steadily increasing regional demand. The approach to PPD as a versatile 'tool' to be deployed flexibly depending on country and project needs and circumstances has remained at the center of our interventions—and continuing strong client demand has validated this approach. In FY16, FIAS contributions thus continued to support stakeholder engagement through a variety of PPD mechanisms across projects in activities ranging from advisory to lending to analytical exercises, both economy-wide and sector-specific. FIAS-supported teams delivered tailored PPD activities to governments and the private sector with the aim of improving the efficiency and effectiveness of private sector reforms. A total of 17 active PPD-focused projects make up the portfolio of the FIAS-supported PPD team. The number of T&C projects integrating PPD elements was 54 at the beginning of FY16 and continues to grow. Most projects (58 percent) were being implemented in Sub-Saharan Africa, while a significant portion (35 percent) contained a strong focus on sectors, particularly tourism and agribusiness. Key projects were supported in **Bangladesh**, **Cameroon**, **the Caribbean**, **Côte d'Ivoire, Kenya**, **Madagascar**, **Tanzania**, and **Zambia**. New projects were launched towards the end of FY16 in **Ghana** and **Macedonia**.

The **Caribbean Growth Forum** provides a platform for private sector and civil society to give feedback on national reforms and help track the implementation of actions needed to spur sustainable growth and opportunities for all in the Caribbean. The initiative, facilitated by the Bank Group in partnership with the Inter-American Development Bank and the Caribbean Development Bank, advises stakeholders on how to improve the coordination and operationalization of reform delivery. The project received a Bank Group VPU Award in FY16.

In Côte d'Ivoire, the team provided support in two areas: technical strengthening; and advice on the elaboration of the national PPD strategy with a focus on sectoral (particularly agriculture) working groups. These improvements will support parallel efforts to develop lending operations in which PPD will play an important role at the regional and sectoral levels.

In Kenya and Zambia, PPD is being integrated into competition policy work as a pilot to strengthen the mandate of the country competition agencies and address political economy concerns. Diagnostics undertaken during FY16 resulted in several reports to guide the design and development of PPDs managed by the competition agencies. Among these, a knowledge product drawing on experiences and lessons learned in Kenya and Zambia about dealing with political economy issues in competition policy work was completed recently. The continuing work is expected to yield early results by the end of FY17.

T&C's PPD work in FY16 prioritized innovation and the piloting of new ideas, reflecting the interest from other Bank Group units and external partners covering issues such as jobs and competition policy. The team designed and organized a highly visible and successful flagship event "Dialogue for Climate Action," on PPD and climate change in cooperation with the government of Austria. The two-day forum was attended by more than 200 participants from government, civil society, international institutions, and the private sector from more than 25 countries. The discussions, including presentations by high-profile speakers, were followed via live-streaming by more than 1,700 people. Participants endorsed and launched six Principles on Dialogue for Climate Action—a set of tenets aimed at guiding businesses and governments as they embark on productive conversations on how to cooperate effectively to fight climate change. Using the principles and its contributing members as a starting point, the Dialogue for Climate Action forum kicked off a community of practice that will carry out action on the climate change agenda and build on the momentum from COP21 and other global events.

Furthermore, this year saw the production, contribution to and dissemination of a number of analytical pieces and knowledge-management publications—a Stakeholder Mapping Toolkit, a variety of project briefs showcasing PPD interventions, an introductory "What is PPD?" overview, PPD implementation guides for competition policy projects, a Jobs guidance note, as well as a publication on PPD for Competitive Cities.

The Elements of Public-Private Dialogue

PPD is a **structured engagement** among an inclusive set of *relevant and local stakeholders* that seeks to identify, prioritize, and recommend consensus as well as fact-based solutions to a specific need, challenge, or problem. PPDs go well beyond standard stakeholder consultation or simple exchange of opinion. PPDs establish an ongoing, sustained engagement rather than a one-time conversation. They are designed to be as inclusive as possible, and use tools such as traditional focus groups, surveys, redress mechanisms, "notice and comment" periods, and ICT tools deployed for surveying stakeholders.

Critically, PPDs go beyond information gathering to seek and reach agreement on a set of challenges and a roster of possible solutions to those challenges that are based on data and research. To be effective, PPDs should leverage a strong stakeholder communication strategy to sensitize interested parties, officials, and potential beneficiaries to the key issues. Effective communication helps disseminate key knowledge and facts, increases ownership of the agenda by local stakeholders, multiplies the voices advocating for change, and improves transparency in decision making.

The Stakeholder Engagement Process: Key Actors

Through its extensive implementation experience, the team has developed a sequence of events that can guide clients in developing effective PPDs. The key elements include: fact gathering and data analysis; mapping of potential linkages between a new PPD and existing initiatives, projects or dialogues; understanding the prevailing political economy and decision-making history; identifying the stakeholders and influencers; engaging in strategic communications to engage, inform, persuade, and gain the support of key audiences; design a PPD process, including membership, leadership, steering committee and working groups; launch the dialogue platforms; and monitor the results.

Enhanced Investment Climate Diagnostics and Applied Research

T&C's FIAS-supported Investment Climate team relies on a well-developed set of diagnostic instruments and strong knowledge of good practices and reform experiences, allowing the team to develop integrated multi-instrument solutions tailored to the needs and demands of clients. The ability to mobilize expertise on a wide-range of policy and regulatory issues across and beyond the Bank Group is key to the effectiveness of the diagnostics initiatives.

On this foundation of experience, the IC team has been expanding its array of analytical tools for analyzing various policy areas affecting the quality of a country's investment climate. For example, multiple investment reform memos (IRMs) have assessed key investment policy barriers to attracting FDI in the quantity and variety client countries need to meet their development objectives.

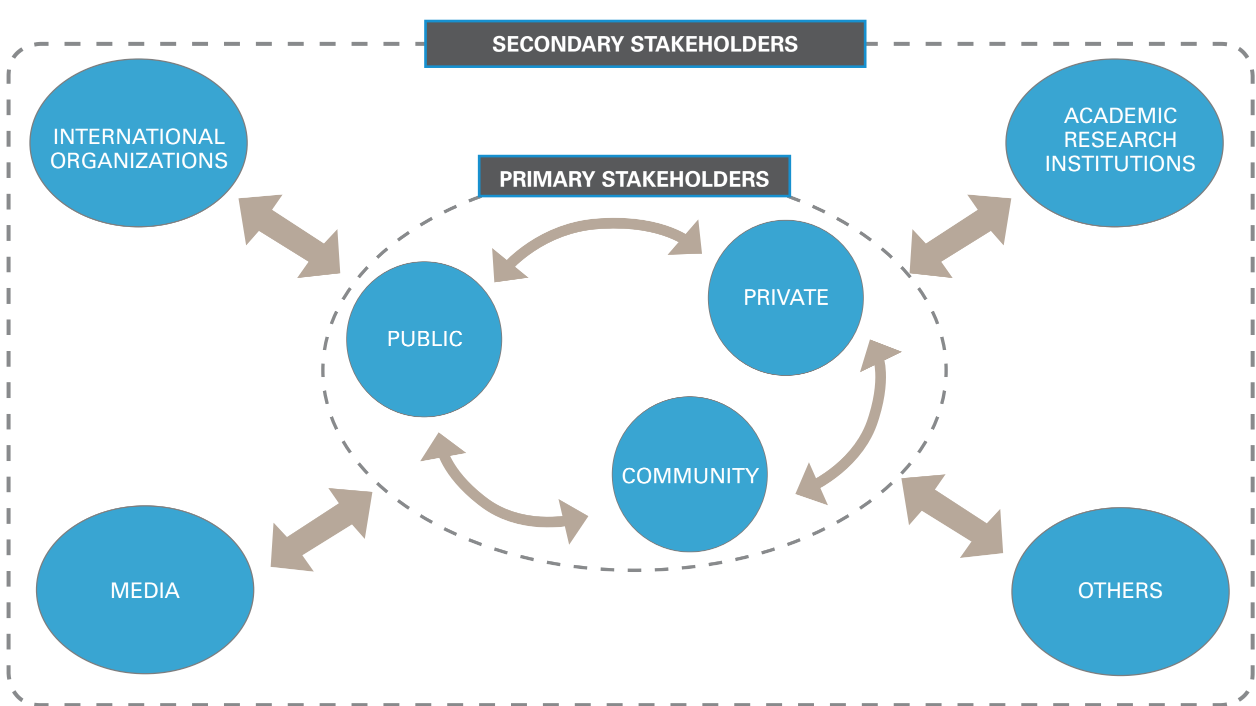
New methodologies are being developed to assess binding constraints in terms of a country's competitiveness that affect the development of specific economic sectors or activities. These methodologies may be used for identifying and removing binding investment climate constraints affecting a country's priority sectors. They also help to identify the sectors in a client country (such as agriculture, tourism, or manufacturing) where the removal of particular investment climate barriers would generate the greatest potential for economic growth.

In FY16, a joint World Bank-IFC team met with government and private sector representatives in **Lao People's Democratic Republic** to assess the current system of investment incentives against international best practices and provide recommendations for improvement. The mission identified a number of concerns among private sector representatives to the effect that the existing investment incentives regime is discretionary and lacking in transparency, that legislation regarding incentives is confusing and constantly changing, and that the process for receiving incentives is overly cumbersome. The mission identified areas where more data is needed and led to the development of a number of reform proposals which the government has taken on board.

At the beginning of FY16, the team provided the government of **Armenia** with a detailed set of policy recommendations aimed at assisting in the country's efforts to generate greater FDI. Despite continuous reform efforts, the global financial crisis slowed Armenia's economy significantly. Sustained growth, ambitious reforms, as well as inflows of capital and remittances, have helped create and sustain a market-oriented environment, but important challenges remain in generating sufficient new jobs to stem emigration and reduce poverty. More recently these problems have been accentuated by the deterioration of Russia's economy, negatively affecting exports and remittances from migrant workers. The government recognizes the importance of FDI and non-equity modes of investment (NEMs). T&C's analytical report provided a framework for Armenia to develop its vision for investment and facilitate its implementation through investment policy reforms. Through an interactive process that included government and private sector representatives, the report recommended that Armenia craft a well-define vision for investment and FDI generation, adopt (and publicize) visible investment attraction policies, improve investor protection laws, increase inter-agency coordination, and establish sound representation of the country on the Eurasian Economic Commission.

A result of an interactive process engaging key high-level and technical representatives from the Armenian government and the private sector, the report serves as the starting point for targeted and development-oriented investment policy reforms and offers policy-makers a set of tools to consider when examining investment policy reform options and setting priorities.

Figure 4: The Stakeholder Engagement Process



Armenian women selling their traditional Armenian bread in the bazaar of Yerevan market Armenia. *(Bigstock photo)*

CORE THEMATIC AREAS

In the first half of FY16, T&C's Investment Climate team established the **Investment Climate Applied Research** (IC AR) program focused on a three-pillar agenda to: (1) develop analytical tools to better target, design, and measure investment climate policy intervention; (2) fill gaps in data and knowledge through research and analysis; and (3) foster outreach and partnerships with analytics teams across the Bank Group, international organizations, development partners, think tanks, and academia. The strategic context for the IC AR program is provided by several foundational T&C documents, in particular the T&C Roadmap and the FIAS FY17–21 strategy cycle document, *Investing in Private Sector Growth, Jobs, and Inclusion*. These strategies call for thought leadership, global advocacy, advancing the T&C knowledge agenda, and developing an analytical and empirical strategy for T&C operational engagements. The IC AR program seeks to deliver on these objectives from the Investment Climate perspective.

Under the analytical tools pillar, new sector-focused diagnostic tools will be employed to help clients identify new sectors with a strong potential for investment and job creation by considering such questions as: Where does a country stand in terms of economic diversification: Is sector transformation feasible given the country's available resources? Can cross-border investment play a role in transforming a sector? And what benefits can a host country expect to gain should its strategy succeed. Planned pilot countries include **Colombia**, **Ethiopia**, and **Pakistan**.

The knowledge pillar of the IC AR program revolves around a new planned global report and associated global investor survey aimed to provide new research, empirical evidence, and perspectives on the key dimensions of countries' investment climates. The report will add to the existing literature on investment climate by juxtaposing private and public sector perspectives on the drivers and benefits of private investment, and by leveraging new data for cutting-edge research and analysis. The report will also blend global perspectives with regional insights and country-specific experiences. The report will rely on three core sources of new data and insight: the global investor survey of investor perceptions concerning issues relating to investment climate; policy research papers showcasing new research of the T&C team; and case studies examining key issues at the country and company level.

In its outreach and partnerships work, IC AR has engaged with IFC and the United Nations Development Programme (UNDP) on a new G20 initiative to advance the understanding and application of inclusive business approaches in developing countries. In 2015, the G20 Leaders adopted the **Inclusive Business Framework**, and earlier this year, the G20 launched **the Global Platform on Inclusive Business**—a global partnership to support policymakers and accelerate the adoption of inclusive business policies and programs globally. Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid (BOP) making them part of the value chain of companies´ core business as suppliers, distributors, retailers, or customers. Yet many inclusive businesses face external and internal constraints, both at the BOP market level and at the company level. Constraints at both these levels have been identified along four broad dimensions: information, rules and regulations, financial resources, and capacity. Where these can be reduced, inclusive businesses can grow and achieve greater impact. IC AR has been contributing policy research and analysis aimed at identifying the needs and challenges of inclusive businesses and steps governments can take to address them.

NQI: Helping Clients Participate in Increasingly Competitive Markets

As competition in global markets increases, a growing number of T&C clients face challenges accessing new markets and competing with higher quality products. In response, governments are initiating reforms aimed at setting up a well-functioning **National Quality Infrastructure (NQI)**, aimed at assuring the quality of products demanded by consumers both domestically and internationally. NQI encompasses the complete ecosystem of public and private institutions as well as the legal and regulatory framework required to establish and implement standardization, accreditation, metrology, conformity assessment (primarily testing and certification), and market surveillance. Responding to a rising number of client requests to support these reforms, T&C in FY16 began developing new approaches and tools to strengthen existing knowledge on the design and implementation of NQI reforms. The ensuing work has included deepening our analysis and providing clear evidence of NQI's linkages with participation in global value chains (GVCs), improvements in investment climate, and other development objectives. T&C analyzed the current practices in designing and implementing NQI reforms to ensure that the Bank Group delivers the best available solutions to clients. Such knowledge has helped operational teams start the preparation of lending operations supporting NQI reforms in **Bosnia and Herzegovina**, **Ethiopia**, **Kosovo**, **Tanzania**, and **Ukraine**.

The NQI initiative works with clients to implement both economy-wide and sector-specific reforms and also supports knowledge sharing from partners and from other client country experiences. Economy-wide solutions include diagnosis of issues relating to the institutional and legal framework, infrastructure, and capacity to perform needed services. It also includes the development of legislation to bring clients in line with international best practices, including the elimination of unnecessary technical regulations, application of modern ICT solutions, and establishment of impartial and credible NQI institutions. Sector-specific work can include assessment of priority sectors, products, and markets, and the streamlining and harmonization of specific technical regulations. The knowledge-sharing work promotes good practices, such as openness, transparency, impartiality, effectiveness, and relevance of NQI-related functions and oversight. Knowledge sharing also involves motivating the private sector to adhere to quality standards, peer-to-peer learning events and workshops, and networking with key regional and international counterparts.

In the fruit and vegetables market in the Marrakech Medina. (*Bigstock photo)*

To make the reform experience available to development practitioners, T&C has developed a number of comprehensive reform case studies and practical guidance for assessing a client's NQI and designing the most needed reforms. **The Kyrgyz Republic**, for example, has embarked on an ambitious plan of reforming and modernizing its NQI to reap the benefits of accession and integration into the World Trade Organization. Working with the Bank Group, the government tackled complex regulatory, institutional, and infrastructure challenges that helped reduce technical barriers to trade and significantly improve its capacity to deliver higher quality NQI services. **Peru** has made important advances in fostering a better export-oriented market. In partnership with the Bank Group, the country's NQI reform has contributed to a four-fold increase in total exports, doubling of non-traditional exports, and a 50 percent increase in the number of exporting SMEs.

The FIAS-supported team has established partnerships with international partners that bring extensive expertise in NQI-related fields: the International Organization for Standardization (ISO); the National Metrology Institute of Germany (PTB); the United Kingdom's Regulatory Delivery Directorate; and the United Nations Industrial Development Organization (UNIDO).

COLLABORATION, KNOWLEDGE, AND LEARNING

With FIAS support, T&C is focusing on knowledge leadership in trade and competition policy and industry-specific work, and on effective communications of lessons learned.

22,432
Twitter followers of T&C; 2 million impressions; 3,638 retweens

70
Key publications released in FY16

8,188
participants in 132 investment climate-related events in 4 countries

COLLABORATION, KNOWLEDGE, AND LEARNING

5

The World Bank Group deploys a full range of knowledge and communications tools to encourage the creation and deployment of project- and staff-generated learning and expertise across sectors and regions, and to communicate the priorities, initiatives, and accomplishments of FIAS-supported projects to key audiences, including donor partners, clients, potential clients, other international institutions, and the private sector. Blogs, research publications, workshops, boot-camp training sessions, videos, high-level events, periodicals, and social media are but some of the tools T&C uses to disseminate knowledge, results, challenges, and goals. As the project narratives in this report show, communications and knowledge dissemination are not add-ons enhancing FIAS-supported activities. Rather they are integral parts of what T&C does in delivering technical support and advisory services to clients.

Creating and Deploying Knowledge

FIAS funding continued to support a robust publishing program, which illustrated—through its volume and breadth of topics—the essential role of knowledge creation in how T&C delivers for its clients. In FY16, T&C's published resources reflected the practice's emphasis on analytics, empirical evidence, and the application of research toward innovative solutions, as illustrated by numerous studies released as *World Bank Policy Research* working papers and country-specific trade and sector reports, and a new book, *Making Global Value Chains Work for Development*, a comprehensive resource for policy makers and practitioners featuring a strategic framework, analytical tools, and policy options *(see page 68 for list of more than 70 key publications released in FY16)*.

FIAS support contributed to an expanded roster of events to encourage knowledge sharing, peer-to-peer learning, and the exchange of best practices and lessons learned. A total of 132 events in 14 countries attracted 8,188 participants (in-person and online)—nearly three times the tracked attendance of FY15 events—including government officials and practitioners, private sector representatives, development partners, researchers and technical experts, Bank Group staff, and other stakeholders. These seminars and conferences earned an average quality rating of 4.4 out of 5 in participant evaluations *(see Sharing Best Practices, Seizing Opportunities: FY16 Event Highlights, p. 73)*.

Developing a Data Platform and Community

In FY16, T&C created the test version of TCdata360, a data-driven website (formally launched in FY17) that makes it easy to access, use, and share trade and competitiveness information drawn from a large number of sources. This website is designed to foster a community around this data and its potential to enhance development decision making, project design, and outcomes. TCdata360 provides simple and accessible tools to help a broad range of users— including policy makers and practitioners in government, researchers, executives and analysts at private sector groups and firms, and media representatives—to analyze, visualize, download, and craft their own data experiences and stories.

The TCdata360 platform will draw data from a large and growing number of public sources (the first version will feature over 2,000 indicators pulled from about 25 different sources). Developers and technical users will be able to access all data through an application programming interface. The tools and data on the site will make it easier to gather and analyze data for projects, compare and reuse information, and establish a collaborative culture of knowledge sharing.

Communicating for Impact and Results

Since its formation in FY15, T&C has placed a high priority on strategic communications to leverage awareness of the FIAS-supported mission, and T&C's role in furthering the Bank Group's agenda of eliminating extreme poverty and boosting shared prosperity. During FY16 the communications team supported flagship events on tourism, competitive cities, competition policy, and trade, among other topics. The team participated in drafting and publishing the new FIAS strategy cycle document, ***Investing in Private Sector Growth, Jobs, and Inclusion: FIAS Strategy for FY17–21***, released in June 2016.

In the project sphere, media engagement has been a key part of the competition policy team's efforts, as FIAS-supported projects seek to widen public understanding—through media channels—of the importance of free and fair competition to economic growth, increased trade, and reasonable consumer prices. T&C's rapid response to the post-earthquake recovery in Nepal included media engagement in China and elsewhere to convey information about safety assessments along Nepal's highly popular trekking routes. And media engagement has been part of T&C's FIAS-supported efforts in the trade facilitation sphere, including training and briefings for Central American journalists at a Washington, D.C., Bank Group conference during FY16.

The T&C newsletter as of the end of FY16 was reaching 22,037 unique subscribers. T&C also amassed 22,432 Twitter followers, a 10 percent increase over FY15. They generated more than 2 million impressions, 3,638 retweets, and 15,792 total engagements during the year. The Investment Climate web site, which is transitioning to a WorldBank.org platform in FY17, drew 144,645 page views and 46,461 visitors. This was down from FY15 due to the transition to T&C's two external web platforms, **www.worldbank.org/trade** and **www.worldbank.org/competitiveness**. The latter web page will be the new home of investment climate content, enabling it to be better integrated with other T&C materials, easier to find, easier to promote, and more visible to a larger audience.

A key goal of the communications team is to make T&C's external messaging relevant and insightful to specialists and practitioners while keeping it accessible to general audiences. T&C senior leadership kept up a steady stream of communications in this sphere. During FY16, Senior Director Anabel Gonzalez published blog articles on competition policy advocacy, economic opportunity for women, global trade governance, and bridging the global innovation divide. Director Cecile Fruman blogged on the debate over the relative merits of FDI versus domestic investment in developing countries, the vital importance of public-private dialogue, women entrepreneurs, and making economic development zones work in Africa. Director Klaus Tilmes blogged on the WTO Trade Facilitation Agreement, the role of increased competition in creating jobs, and the importance of maximizing opportunities for small and medium enterprises in order to reach the Bank Group's global job creation goals. These and other articles can be found on the trade and competitiveness web pages referenced above.

The T&C communications team works closely with Bank Group communications officers worldwide in support of major public presentations, report roll-outs, and public engagement aspects of project work. In **Nepal**, for example, communications support for a rapid-response effort to assess damage to the country's trekking tourism industry following the April 2015 earthquake included a significant public outreach component. A FIAS-supported engineering survey of structures and bridges along trekking routes showed that 83 percent of the surveyed buildings were structurally sound and that none of the major suspension bridges along the route appeared to have been affected by the quake. The assessment report was widely disseminated by the Tourism Recovery Committee (TRC) of the government and received positive media coverage, with at least 34 media mentions. As trekking bookings began to recover, the government and the tourism industry expressed appreciation for the timely support provided by T&C. *(For more on the project, see pages 33–35.)*

In Nepal, communications support for a rapid-response effort to assess damage to the country's trekking tourism industry following the April 2015 earthquake included a significant public outreach component.

Porters with heavy loads trekking up mountain ranges in Nepal. *(Bigstock photo)*

Key Publications Released in FY16

FIAS funding supported T&C's development of a wide range of published resources to guide government policy makers and practitioners (within client governments and inside the World Bank Group) in designing and implementing reforms. In FY15, these resources were produced primarily to disseminate research and benchmarking data for application in the field, provide practical guidance and hands-on diagnostic tools, and determine reform impact and gaps in analysis. All publications are available at www.worldbank.org/publications unless otherwise indicated.

Global and Regional Reports, Toolkits, and Guidance

A Step Ahead: Competition policy For Shared Prosperity and Inclusive Growth presents an analytical framework to study the effects of competition on poverty and shared prosperity, and compiles empirical studies presented at the first global conference on Competition Policy for Shared Prosperity and Inclusive Growth, jointly held with the OECD.

Breaking Down Barriers: Unlocking Africa's Potential through Vigorous Competition Policy, prepared by the World Bank Group in partnership with the African Competition Forum, shows how competition policy can help African countries boost inclusive and sustainable development.

Breaking Out of Enclaves: Leveraging Opportunities from Regional Integration in Africa to Promote Resource-Driven Diversification looks at how regional approaches can increase the local employment and production effects of extractive resources projects. http://ccsi.columbia.edu/files/2015/03/Breaking-out-of-Enclaves-2-17-16-web.pdf

Connecting Green Technology Entrepreneurs: Implications for Public Program Design, based on a series of public and private sector case studies, argues that innovation by green technology entrepreneurs in developing countries may best be fostered by "open innovation" and "technology brokering" strategies. https://www.infodev.org/infodev-files/connecting-green-technology-entrepreneurs-full.pdf.

Competitive Cities for Jobs and Growth: What, Who, and How analyzes what makes a city competitive and how more cities can become more competitive as a pathway to eliminating extreme poverty and promoting shared prosperity.

Dialogue for Climate Action, collaboratively drafted to reflect a community of practice involving the private sector, civil society, and the public sector, features a set of principles that will serve as good-practice guidelines in structuring stakeholder dialogues to inform the design and implementation of policies and initiatives to tackle climate change.

G20 Inclusive Business Framework, endorsed by the G20 nations in November 2015, presents policy options for governments, companies, and international financial institutions in developed and developing countries to promote and support inclusive business. This document was developed through a partnership of IFC, the United Nations Development Programme, and T&C's investment climate team. https://ifcwcm.ifc.org/wps/wcm/connect/f0784d004a9b1f2ea5f0ed9c54e94b00/Attachment+G+-+G20+Inclusive+Business+Framework_Final.pdf?MOD=AJPERES

Global Trade Watch: Trade Developments in 2015 reviews recent trade developments and suggests they reflect old and new cyclical factors as well as enduring structural determinants, such as the maturation of global value chains and the slower pace of trade liberalization.

The Little Data Book on Private Sector Development 2016 provides reliable cross-country data on aspects of private sector development, including indicators on the economic and social context, the investment climate, private sector investment, finance and banking, and infrastructure.

Low-Income Developing Countries and G-20 Trade and Investment Policy, a background paper on the G-20 study, focuses on the role that trade and investment policies of G-20 countries play in creating an enabling environment for low-income developing countries.

Implementing a Unique Business Identifier in Government: Guidance Note for Practitioners and Nine Country Case Studies summarizes the experience to date and emerging good practices in implementing unique identifiers of legal entities in various transactions and regulatory interactions. This note includes organizational, technological, governance, and financial considerations.

Inclusive Global Value Chains: Policy Options in Trade and Complementary Areas for GVC Integration by Small and Medium Enterprises and Low-income Developing Countries focuses on making global value chains more inclusive through policies that address constraints faced by smaller firms and access for low-income developing countries.

Internationalizing Sub-Saharan Africa's Education and Health Services calls for policy action in the areas of education, domestic regulation, trade policy, labor mobility, and information and communication technologies (ICT) at the national and international levels to improve trade in the two sectors in Eastern and Southern African countries.

An Introduction to Tourism Concessioning: 14 Characteristics of Successful Programs offers a brief overview of key messages to consider when starting work in this area for protected area managers, tourism authorities, and their advisors in the international development and non-governmental organization community.

Investing in Private Sector Growth, Jobs, and Inclusion: FIAS FY17–21 Strategy elaborates the FIAS core mission of helping developing countries strengthen their economies while innovating in a number of new areas related to impact measurement, services, and themes.

Making Global Value Chains Work for Development provides a framework, analytical tools, and policy options. It presents a methodology for quantifying the extent of a country's participation in GVCs and proposes a strategic framework to guide policymakers in identifying the key objectives of GVC participation and development and in selecting suitable economic strategies to achieve them.

Public-Private Dialogue for City Competitiveness explores how traditional PPD approaches and techniques should be adjusted for application at the city level.

Transforming Markets through Competition: New Developments and Recent Trends in Competition Advocacy provides an assessment of new developments and recent trends in competition advocacy based on an innovative and comprehensive conceptual framework that builds on practical implementation across jurisdictions.

Country-Specific Reports, Policy Notes, and Case Studies

Bangladesh: *Toward New Sources of Competitiveness in Bangladesh: Key Insights of the Diagnostic Trade Integration Study* lays out a path for Bangladesh to benefit fully from international demand and emerging opportunities for export-based job creation, including trade policy and institutions, logistics and infrastructure, and finance and foreign direct investment.

Bosnia and Herzegovina: *Closing the Licensing and Permit Regulatory Implementation Gap at the Subnational Level in Bosnia and Herzegovina* details how the authoring team identified the existence of a regulatory implementation gap and its causes, analyzes and describes the process of addressing the gap, details the regulatory simplification process used to address the gap across jurisdictions, and distills lessons learned during this process.

Ethiopia: *Unlocking Firm Level Productivity and Promoting More Inclusive Growth: The Role of Innovation in Ethiopia* presents a study designed to empirically analyze the extent of innovative activities that formal firms are undertaking in Ethiopia, conduct a review of the existing innovation landscape, and identify opportunities to foster innovations at the base of the pyramid.

Haiti: *Haiti—Let's Talk Competition: A Brief Review of Market Conditions* presents an analysis of competition conditions and market concentration in Haiti. Based on available import data and available information on economic group connections, it also presents a limited analysis of the economic groups and companies that operate in Haiti, with a focus on highly concentrated markets.

Kenya: *Shifting Kenya's Private Sector into Higher Gear: A Trade and Competitiveness Agenda* originated with T&C's recent stocktaking of its work in Kenya and is part of a programmatic approach that aimed to organize the knowledge, advisory, and convening services to address Kenya's development challenges in the private sector space.

Informal Enterprises in Kenya aims to assess the main constraints facing informal firms, identify patterns of productivity and firm dynamics, and better understand drivers for formalization. Three sector strategies for Kenya were published: ***Furniture Industry in Kenya: Situational Analysis and Strategy; Kenya Apparel and Textile Industry: Diagnosis, Strategy, and Action Plan; Kenya Leather Industry: Diagnosis, Strategy, and Action Plan. Unlocking Growth Potential in Kenya: Dismantling Regulatory Obstacles in Kenya,*** prepared by the T&C FIAS-supported competition team and published by the Competition Authority of Kenya, describes Kenya's efforts to boost economic growth by strengthening pro-competition policies and dismantling regulatory obstacles to growth.

Kyrgyz Republic: *Competitiveness of the Kyrgyz Economy in the Wake of Accession to the Eurasian Customs Union: Selected Issues and Opportunities* explores the sectors that will be instrumental for positive Customs Union impact and competitiveness in the medium term, including an in-depth look at three high-growth sectors—agriculture, services, garments—most likely to be transformed by accession to the Customs Union and increased tariffs to countries outside the Eurasia Economic Union.

Investment Climate in the Kyrgyz Republic—Views of Foreign Investors presents an analysis of the results of a survey of foreign investors (those currently operating and those that have terminated their operations) to assess aspects of the investment policy and legal environment and help determine whether the current regulations are investment-conducive or otherwise.

SmartLessons: Disrupting the Status Quo to Improve Transparency and Service Delivery: Business-to-Government Feedback in the Kyrgyz Republic describes a FIAS-funded T&C and IFC initiative to support establishment of a user-friendly email-based system for soliciting and publishing feedback from businesses concerning government inspections with a goal of improving government response to private sector concerns.

Maldives: *Maldives: Identifying Opportunities and Constraints to Ending Poverty and Promoting Shared Prosperity* discusses the findings of a systematic country diagnostic that aimed to identify the most critical constraints and opportunities facing the country as it works towards promoting sustainable growth, reducing poverty, and boosting shared prosperity.

Moldova: A series of publications discuss the findings of the Moldova Trade Study, which was designed to contribute to a better understanding of the factors and challenges underlying Moldova's foreign trade performance and to identify policy interventions that can enhance the competitiveness of Moldova's exporting firms and the value added of their exports. In addition to the *Moldova Trade Study: Overview,* the series includes *Note 1: Analysis of Trade Competitiveness; Note 2: Is the DCFTA Good for Moldova? Analysis of Moldova's Trade Options Using a Dynamic Computable General Equilibrium Model; Note 3: Competitiveness in Moldova's Agricultural Sector; Note 4: The Performance of Free Economic Zones in Moldova*.

Nepal: *From Evidence to Policy: Supporting Nepal's Trade Integration Strategy* attempts to determine the extent to which obstacles resulting from slow growth and job creation that hinder the country's export competitiveness can be alleviated by policy decisions, as well as exactly which policy decisions should be prioritized. A series of complementary policy notes support Nepal's National Trade and Integration Strategy through an evidence-based approach: *Trade Imbalances and Remittances: Ensuring Macro Stability; Nepal's Integration into Value Chains: Stylized Facts and Policy Options; Diversifying Nepal's Economy through a Dynamic Services Sector; Assessment of the Impact of the Cash Incentive to Promote Export Diversification in Nepal; Designing Institutions to Promote Trade and Investment in Nepal*.

Peru: *Productividad, Competitividad, y Diversificación Productiva* argues that increases in Peru's productivity levels will become increasingly important in a less favorable external environment. To increase productivity, more efficient companies must have greater capacity and greater incentives to grow, absorbing workers and resources currently used with low productivity.

Poland: *Toward an Innovative Poland: The Entrepreneurial Discovery Process and Business Needs Analysis* presents a new approach to innovation policy-making designed and tested to help Polish authorities shift from a top-down to a bottom-up innovation policy approach that engages the private sector, science, and public administration.

Romania: *Building Landmarks, Smoothing Out Markets: An Enhanced Competition Framework in Romania* presents the results of the World Bank's Advisory Services designed to provide solutions in key reform areas during 2012–15 following a comprehensive functional review of the Romanian Competition Council carried out by the World Bank in 2010. The article, "Transforming Romania's competition architecture to make markets work," published in *Business Digest*, explains pro-competition reforms carried out through T&C technical assistance on competition policy.

South Africa: *South Africa Economic Update: Promoting Faster Growth and Poverty Alleviation through Competition*, examines the potential for competition policy— including competition law enforcement and pro-competition regulations—to spur gains in productivity, enhance competitiveness, and promote faster economic growth, all the while contributing to poverty reduction in South Africa.

Uruguay: *Uruguay—Trade Competitiveness Diagnostic* analyzes the country's export dynamics over the period 2000–2013, benchmarking them against relevant comparator countries.

Technical Research Papers and Briefs

Competition and Poverty: How Competition Affects the Distribution of Welfare summarizes findings of a literature review, showing that competition policy reforms can deliver benefits for the poorest households and improve income distribution and a lack of competition in food markets hurts the poorest households the most (World Bank Group's *Viewpoint* series, no. 350)

Mind the skills gap! Regional and industry patterns in emerging economies analyzes the lack of adequate skills needed by firms to improve productivity, comparing regions and sectors (OECD Working Paper series, no. 329). http://www.oecd-ilibrary.org/development/mind-the-skills-gap-regional-and-industry-patterns-in-emerging-economies_5jm5hkp7v145-en;jsessionid=21uw8blr0l63h.x-oecd-live-03

Organizing Knowledge to Compete: Impacts of Capacity Building Programs on Firm Organization shows how a capacity-building program for small and medium enterprises in Brazil impacts firm production hierarchy and discusses how changes in firms' organization may interact with firms' export performance. The paper was a winner in the 2015 Research Academy Competition for best new research across the Bank Group. http://lacer.lacea.org/handle/123456789/53141

Small Business Tax Regimes: What Surveys Reveal about Tax System Use and Abuse presents survey evidence from six developing countries suggesting that small business taxation based on simplified bookkeeping or turnover is sometimes perceived as too complex for microenterprises in countries with high illiteracy levels; and very simple, fixed tax regimes not requiring any books or records tend to be overly popular but prone to abuse (World Bank Group's *Viewpoint* series, no. 349).

The Security and Trade Facilitation Nexus: Options for South Asian Countries outlines key strategic reforms considered fundamental to achieving improved levels of trade facilitation and security in South Asian countries (World Bank Group's *SARConnect* series, issue 4).

World Bank ***Policy Research Working Paper*** Series

Building a Competitive City through Innovation and Global Knowledge: The Case of Sino-Singapore Suzhou Industrial Park examines the success factors and key lessons of one of the great special economic zone success stories in China, which can be useful for other developing countries.

China's Slowdown and Rebalancing: Potential Growth and Poverty Impacts on Sub-Saharan Africa explores the economic impacts of two related tracks of China's expected transformation—economic slowdown and rebalancing away from investment toward consumption—and estimates the spillovers for the rest of the world, with a special focus on Sub-Saharan African countries.

The Core-Competency Model of Multi-Product Exporters reviews the implications of the 'core-competence' model of multi-product firms and what firms could do to export more of their core products to foreign markets.

Deep Trade Agreements and Vertical FDI: The Devil Is in the Details analyzes how deep trade agreements affect the international organization of production, finding evidence that the depth of trade agreements is correlated with vertical foreign direct investment, and that this is driven by the provisions that improve the contractibility of inputs provided by suppliers, such as regulatory provisions.

Depreciations without Exports? Global Value Chains and the Exchange Rate Elasticity of Exports analyzes how the exchange rate elasticity of exports has changed over time and across countries and sectors and how the formation of global value chains has affected this relationship.

Finding a Path to Formalization in Benin: Early Results after the Introduction of the Entreprenant Legal Status presents the short-term results of a randomized impact evaluation testing three different versions of the entreprenant status on business registration decisions, each version including incremental incentives to registration.

ICT Use, Competitive Pressures and Firm Performance in Mexico, a study which employs a novel firm-level data set on ICT use for Mexico, presents a set of stylized facts on the relation between ICT use, firm performance, and competition, finding that firms facing higher competition appear to have more incentives to increase their ICT use.

The Impact of Business Support Services for Small and Medium Enterprises on Firm Performance in Low and Middle-Income Countries: A Meta-Analysis systematically reviews and summarizes 40 rigorous evaluations of small and medium enterprise support services in low- and middle-income countries, and it presents evidence to help inform policy debates.

The Impact of Investment Policy in a Changing Global Economy: A Review of the Literature presents an overview of the literature on the impact of foreign direct investment.

Market Integration and Poverty: Evidence from South Sudan examines the effects of market integration on household consumption using data on seven food and two energy markets across South Sudan.

Measuring Firm-Level Innovation Using Short Questionnaires: Evidence from an Experiment contributes to the literature by presenting the results of an experiment aiming to identify the survey instrument that better captures firm-level innovation in developing countries.

MSME Taxation in Transition Economies: Country Experience on the Costs and Benefits of Introducing Special Tax Regimes analyzes the design of simplified small business tax regimes in Eastern Europe and Central Asia and the impact of such regimes on small business tax compliance.

Opportunity versus Necessity: Understanding the Heterogeneity of Female Micro-Entrepreneurs exploits a unique data set covering a wide array of characteristics for a large sample of female entrepreneurs in Mexico to provide evidence on differences between entrepreneurs that voluntarily choose to start a business because they are able to identify and act on a good business opportunity and those forced to become entrepreneurs because they lack other alternatives.

Poverty and Shared Prosperity Implications of Deep Integration in Eastern and Southern Africa decomposes trade costs into trade facilitation, non-tariff barriers, and the costs of business services, and it assesses the poverty and shared prosperity impacts of deep integration to reduce these trade costs.

Rwanda's New Companies: An Overview of Registrations, Taxes, Employment, and Exports sheds light on the effects of the introduction of the one-stop shop on company registrations, taxes, employment, and exports between 2008 and 2012, finding sizable benefits to Rwanda's efforts.

Journal Articles and Publication Chapters

"Connecting the dots between international trade and investment regulation, investment climate reform and development: The World Bank's investment reform map," a chapter in *Current Issues in Asia Pacific Foreign Direct Investment* (Australian APEC Study Centre). http://mams.rmit.edu.au/cwgz1keqt2r8.pdf

"Emerging Investment Rules in Mega Trading Blocs: Implications for Developing Countries," an article in *Commonwealth Trade Hot Topics* (The Commonwealth iLibrary). http://www.oecd-ilibrary.org/commonwealth/trade/emerging-investment-rules-in-mega-trading-blocs_5js6b23l2g9r-en

"Poverty Reduction through Regional Integration: Technical Measures to Trade in Central America," an article for the *Journal of Economic Integration.* http://econpapers.repec.org/article/risintegr/0672.htm

Sharing Best Practices, Seizing Opportunities: FY16 Event Highlights

The dissemination of knowledge acquired through research studies, field experiences, partnerships, and collaboration with technical experts was a key priority in FY16, fully embraced by T&C staff as reflected in numerous **knowledge-sharing and peer-to-peer events** that attracted increased numbers of participants. FIAS funding supported World Bank Group staff in organizing conferences, workshops, and seminars which brought together diverse audiences to share experiences and lessons, explain new approaches, build expertise, and delve into the issues and complexities of reform implementation. Many of these events were characterized by their substantive technical content and practical applications. Several FY16 events are highlighted here, organized under key areas of focus.

Africa's growth and market potential

Several events focused on Africa's challenges and opportunities, including two that targeted **African diaspora** communities. An all-day forum, "Sierra Leone Diaspora Investment and Trade Study" (September 30, 2015 in Washington, D.C.), presented key findings from a survey of more than 600 Sierra Leoneans in the diaspora. More than 150 participants, representing donors, financial institutions, business entrepreneurs, and other key stakeholders, explored actionable areas and discussed successful cases in engaging diaspora communities for development. The African Diaspora Business Dialogue, "Convening Stakeholders for Entrepreneurship, Investments, SME and Skills Development in Africa" (May 3, 2016 in Washington, D.C.), attracted 417 participants (including more than 200 online) to discuss opportunities presented by Africa's growth, showcase the work of donors, investors, and entrepreneurs, facilitate partnerships among the continent's diaspora, and envision paths toward sustainable, inclusive growth that reaches all sectors of society.

OHADA Day, "Incentivizing Investors to Enter the Dynamic African Markets" (September 17, 2015 in Washington, D.C.), showcased examples of **regional integration through legal harmonization** in Africa and attracted nearly 100 participants including investors, lawyers, ambassadors of OHADA countries accredited in the United States, and Bank Group staff.

T&C continued to provide advisory on **promoting competition** through tools developed under the FIAS-supported Global Competition Policy Program across several countries including **Ethiopia**, **Kenya, Mali**, and **Zambia**. At a training workshop (December 10, 2015 in Nairobi, Kenya), 22 representatives from 10 agencies, three regional economic communities, and two consumer protection organizations in Africa received training on analytical and operational tools to identify and address anti-competitive provisions in regulations and enhance the effectiveness of anti-cartel policy. Participants benefited from peer-to-peer learning from representatives of the Israel, Colombia, and Pakistan competition agencies.

Trade policy and facilitation

Two panel discussions hosted at the Peterson Institute of International Economics featured commentary on trends in **global trade policy and negotiations**. At "The New Global Trade Agenda" (November 2, 2015 in Washington, D.C.) former WTO Director-General Pascal Lamy, former World Bank President Robert B. Zoellick, and T&C Senior Director Anabel Gonzalez presented recent work on the Trans-Pacific Partnership (TPP), the Transatlantic Trade and Investment Partnership (TTIP), and the prospects of multilateral trade negotiations. A lively and topical discussion of "The **Global Value Chain** Revolution and Trade Policy" (June 14, 2016 in Washington, D.C.) featured an analysis by Professor Richard Baldwin of the Graduate Institute in Geneva, and perspectives from Anabel Gonzalez and J. Bradford Jensen, a senior fellow at the Peterson Institute.

The P2P learning conference, "Trade Facilitation: The Journey towards Implementing an Authorized Economic Operators Program" (June 21–22, 2016 in Batumi, **Georgia**), facilitated knowledge exchange among countries implementing the Authorized Operator Program (AOP) contained within the WTO Trade Facilitation Agreement. The conference brought together an audience of representatives of national customs administrations, veterinary and phytosanitary agencies, and national ministries of trade and the economy to discuss how countries can move from implementation of an AOP to full implementation of an Authorized Economic Operator Program (AEO) consistent with the World Customs Organization's Framework on Safe and Secure Trade.

Two workshops, both in Guatemala, were organized around regional projects in **Central America**: "Validation of trade facilitation support recommendations to align with the TFA and the discussion of technical assistance priorities in the region" (September 29–30, 2015) and "Scenarios of the architecture of the regional system to facilitate sanitary registration and regional reforms" (October 1, 2015). More than 90 representatives from the public and private sectors in all Central American countries participated, including some ministers and vice ministers of trade, and 15 Central American media channels covered the workshops.

Attracting and retaining investment

The second in a series of three technical workshops on tax incentives analysis, "Overview of Classification and Estimation of Associated Costs" (September 22–25, 2015 in St. Lucia), was organized jointly with the Ministry of Finance. The discussion focused on developing detailed country-specific models for tax expenditure analysis for an audience of specialists at finance ministries and revenue departments.

As part of a week of **investment policy and promotion** (IPP) learning events, T&C hosted a peer-to-peer event, "Investment Policy and Promotion Reforms in Practice: Lessons from the Field and Bilateral Consultations with Clients and Partners" (October 15–16, 2015, in Vienna, Austria) for government officials at investment authorities. T&C organized an IPP learning conference that highlighted actions countries can undertake to leverage FDI in emerging markets in Europe and Central Asia and Africa (June 14 – 15, 2016, in Batumi, **Georgia**). Some 60 high-level representatives of ministries, agencies, and the private sector attended, representing 16 nations: **Albania**, **Armenia**, **Austria**, **Azerbaijan**, **Bosnia and Herzegovina**, **Côte d'Ivoire**, **Georgia**, **Guinea**, **Kosovo**, **the Kyrgyz Republic**, **Mali**, **Moldova**, **Russia**, **Tajikistan**, **Turkmenistan**, and **Ukraine**.

A T&C team conducted a training workshop on the "Fundamentals of Investment Policy and Promotion" over a two-week period (March 2–16, 2016, in Ankara, **Turkey**), attracting more than 160 investment experts from 26 regional development agencies, 81 investment support offices and representatives from the Ministry of Development, Investment Support and Promotion Agency, and the Coordination Council for the Improvement of Investment Environment. The activities took place under the Regional Investment Climate Assessment project, which aims to reduce regional disparities in Turkey and contribute to its sustainable development by improving the investment climate at both the regional and national levels.

Representatives from 23 states in **Mexico** gathered for a workshop on "New Policy Trends to Attract, Retain and Maximize Investment Benefits at the Subnational Level" (April 28, 2016, in Puebla, Mexico). Co-organized by the Bank Group, Mexico's Ministry of Economy, the National Conference of Governors, and the Mexican Association of Secretaries of Economic Development, the forum introduced Mexican authorities to the latest trends in good practices for attracting, retaining, and linking cross-border and domestic investment to the local economy.

T&C teams conducted a high-level workshop, "Assisting Saudi Arabia during Times of Change: Working Towards Economic Diversification" (May 15, 2016, in Riyadh, **Saudi Arabia**) and a three-day, capacity-building program on investment policy and promotion, for 80 Saudi government representatives, including leaders of the Saudi Arabia General Investment Authority. The workshop culminated a six-month, intensive advisory effort as the Kingdom ramps up efforts to adopt bespoke reforms to encourage FDI-led economic diversification.

Green growth and competitiveness

"Eco-Industrial Parks and Climate Efficient Industries" (October 26–28, 2015, in Seoul, **Republic of Korea**), a peer-to-peer event co-hosted by T&C and the Korea Industrial Complex Corporation shared global knowledge and lessons from different country experiences using the eco-industrial park and low-carbon zone concepts to promote competitiveness. Participants included policy makers, zone authority representatives and developers, and practitioners.

The Bank Group, in partnership with the Austrian Ministry of Finance and several private sector stakeholders, hosted the "Dialogue for Climate Action" (May 24–25, 2016, in Vienna, **Austria**). This global event convened governments, academics, and the private sector to discuss the conclusion of the Paris Agreement and its implications for growth and competitiveness. A set of stakeholder guidelines, "Dialogue for Climate Action," was launched (*see publication listing, p. 68*). A two-day workshop on "Energy Efficiency Standards and Labeling Program Design and Implementation" (May 26–27, 2016, in Vienna, Austria) outlined key programmatic and analytical steps to formulate and implement a successful program. The workshop included a comprehensive overview on the use of analytical tools and case studies on the standards-setting process for residential, commercial, and industrial appliances and equipment.

Business environment reform

A peer-to-peer learning event about **Ethiopia**, "Business Environment & Regulatory Governance—Connecting the Dots" (November 18–20, 2015, in Addis Ababa, Ethiopia) covered themes such as better diagnostics for better solutions, linking business environment reforms to institutional and governance reforms, regulatory delivery, data, and transparency. The agenda included separate meetings to plan concrete next steps between country representatives and staff from the Bank Group and the United Kingdom's Better Regulation Delivery Office.

A knowledge-sharing and capacity-building event, "A Technical Workshop on International Good Practices in Improving the Business Environment" (December 7–10, 2015, in Rabat, Morocco), attracted more than 40 key public and private sector representatives with a stake in investment climate reforms. Participants from **Malaysia**, **Montenegro**, **Morocco**, **Turkey**, and the **United Kingdom** discussed key constraints to entrepreneurship, private sector growth, and investment. The conference, "Impact of Business Regulation Reforms in Fragile and Post-Conflict Countries" (February 3–4, 2016, in Abidjan, Côte d'Ivoire), drew 86 participants from 11 countries (**Bosnia and Herzegovina**, **Côte d'Ivoire**, **Kosovo**, **Georgia**, **Guinea**, **Sierra Leone**, **Liberia**, **Lithuania**, **Mali**, **Mongolia**, and **Tajikistan**) to share experiences and lessons learned in implementing regulatory reforms.

At the APEC Peru Meetings (February 26–27, 2016, in Lima, Peru), T&C teams shared their expertise and moderated interactive peer-to-peer workshop sessions on implementing one-stop shops in the areas of business registration, construction permitting, and trade facilitation. Participants, including numerous delegations (**Brunei Darussalam**; **China**; **Chile**; **Hong Kong SAR**, **China**; **Indonesia**; **Malaysia**; **Mexico**; **Papua New Guinea**; **Peru**; **the Philippines**; **Taiwan**, **China**; **Thailand**; and **Vietnam**) discussed best practices, challenges, lessons learned, and future reform actions.

T&C's **National Quality Infrastructure** (NQI) working group organized a workshop (March 29, 2016, in Washington, D.C.) to officially launch the dialogue around the Bank Group's NQI offering and future interventions. High-level representatives from the United Nations Industrial Development Organization, the International Organization for Standardization, the United Kingdom's National Measurement and Regulation Office, and Germany's national metrology institute, *Physikalisch Technische Bundesanstalt* (PTB), delved into the fundamentals of NQI reforms and explored how quality upgrading is linked to innovation, exports, productivity, and competitiveness. NQI reform case studies—from Bank Group programs in Belarus, the Kyrgyz Republic, and Peru—inspired discussions on international best practices, challenges, lessons learned, and ingredients for success.

Shepherd in rural Morocco. *(Photo: Scott Wallace/World Bank)*

A workshop (April 25–29, 2016, in Washington, D.C.) focused on pioneering investment climate work to develop a new approach for measuring and improving the quality of **Morocco's public services to firms**. In partnership with the Commercial Law Development Program of the U.S. Department of Commerce, T&C organized a training workshop for its partner in developing the approach, the Moroccan National Committee for the Business Environment. The agenda featured sessions, led by T&C technical experts, on how to identify key constraints to competitiveness, develop a strong results measurement system, and ensure that reforms have traction on the ground. Other sessions were led by representatives from the U.S. Office of Management and Budget, the Small Business Administration, the American Bar Association, and the Global Federation of Competitiveness Councils.

The Business Environment Forum (May 17–19, 2016, in Washington, D.C.), brought together over 120 of the BE Community of Practice members and other colleagues. The forum featured guest speakers and more than 50 speakers from across the Bank Group. The program covered the fundamentals as well as cutting-edge developments in business environment reforms, featuring sessions with experts on topics ranging from drones, Uber, and high-growth businesses to more traditional topics such as informality. The sessions were organized across three main themes: informality, entry, and operations; growth and market access; and organizing government to improve service delivery.

Building competitive sectors

Two conferences focused on the priority sectors of **tourism** and **agribusiness**. "The World Bank Group Tourism Forum 2015: Driving Development through Tourism" (December 8–9, 2015, in Washington, D.C.) brought together global thought leaders and proven achievers to identify new ways to channel growth while addressing the challenges and opportunities of developing the tourism sector in emerging economies. The "Ukraine Agribusiness Conference" (June 21, 2016, in Washington, D.C.) discussed Ukraine's potential as an agribusiness exporter. The conference targeted Ukrainian government officials, international donors, agribusinesses, Bank Group government clients, and investors.

FINANCIAL RESULTS AND RESOURCE USE

Strong donor support continues to characterize FIAS trust fund activities administered by T&C and bodes well for the next five-year strategy cycle.

$175.1 million
total contributions FY12–16, exceeding $155 million target for FY12–16 cycle

$40.9 million
in FIAS investment climate project expenditures for FY16; up significantly from FY15

$32 million
per year in FIAS expenditures over FY12–16 cycle, in line with pre-cycle target of $31 million per year

FINANCIAL RESULTS AND RESOURCE USE

6

FIAS-supported activities covered in the *FIAS 2016 Annual Review* were co-financed via a set of FIAS trust funds managed by the World Bank Group's Trade & Competitiveness Global Practice (T&C). Beginning July 1, 2014, the start of FY15, FIAS was fully embedded in T&C as part of the overall World Bank Group reorganization. In addition to FIAS trust funds, T&C manages other World Bank and IFC global trust-funds such as infoDev and the Competitive Industries and Innovation Program, as well as a number of regional trust funds. The Trade Facilitation Support Program is an initiative launched under the FIAS FY12–16 cycle (TFSP will continue in the FY17–21 cycle under its own dedicated funding stream, separate from FIAS). T&C also manages funds received from IFC for operational and administrative tasks directly related to the delivery of the FIAS program. The financial results reported in this section cover the funds managed by T&C under the FIAS trust fund structure as well as supplemental funds earmarked for the implementation of the FIAS strategy.

In administering the FIAS program, T&C followed IFC's standard accounting policies and procedures, as noted below.[14] FIAS financial reports use cash-based reporting in alignment with the quarterly financial reports on IFC's donor-funded operations.

Funding

Since the start of the FY12–16 strategy cycle, FIAS-related contributions were received from the following donors, World Bank Group entities, and clients and are gratefully acknowledged:

- Direct contributions to FIAS trust funds:*
    - Australia
    - Austria (C)
    - Canada (C)
    - European Union
    - France
    - Bill & Melinda Gates Foundation
    - International Bank for Reconstruction and Development (C)
    - International Finance Corporation (C)
    - Ireland (C)
    - Japan
    - Ewing Marion Kauffman Foundation
    - Republic of Korea
    - Luxembourg (C)
    - Multilateral Investment Guarantee Agency (C)
    - The Netherlands
    - Norway (C)
    - Spain
    - Sweden (C)
    - Switzerland (C)
    - Trademark East Africa
    - United Kingdom (C)
    - United States

Most donors who supported FIAS during the FY08–11 cycle also provided consent to roll over the unused portions (fund balances) of their FY08–11 contributions to the FY12–16 strategy cycle.

- Client contributions:

Client contributions were received by IFC regions for IFC region-managed projects receiving cofinancing from FIAS trust funds. Such client contributions are accounted for at the regional program level.

Core and Programmatic Funding

In FY16, FIAS donors, clients, and the World Bank Group contributed a total of **$31.3 million** (including trust fund administration fees of $1.1million) to the various FIAS trust funds, supporting the implementation of a broad-based investment climate reform program under the FIAS umbrella

[14] Annual contributions from IFC and the World Bank are treated in the same manner as core donor funds and are co-mingled with other donor funds in the FIAS Parent Trust Fund account, as terms and conditions allow. Contributions from IFC in the form of allocations from the Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS) are treated as an additional source of funding for FIAS-related activities. Contributions received from IFC in the form of regular administrative budget for Advisory Services mainstreamed positions are treated as separate from the trust fund contributions. The total of IFC's contribution to the FIAS Core Trust Fund and its contribution to FIAS in the form of regular administrative budget reflect IFC's core contribution in line with the funding targets in the FIAS FY12–16 strategy.

* Donors contributing some or all of their funding in the form of core contributions are marked with "C".

(*see details in Tables 1 and 2, pp. 80-82*). An additional $3.7 million was made available by IFC in the form of regular administrative budget to cover salaries and related costs of a small number of staff working mostly on FIAS-related projects. Total FY16 contributions were below the FY16 funding target of $36.2 million (as set in the FY12–16 strategy) mainly due to the reduced need for fresh funding at the closure of the strategy cycle and on fundraising for the new cycle. Despite lower FY16 mobilization figures, FIAS total cycle contributions reached $175.1 million for the cycle, far exceeding the $155 million fundraising target for the FY12–16 FIAS strategy cycle. The FIAS FY17–21 strategy document, published before the end of FY16, estimated a $180 million fundraising results for the cycle now completed.

World Bank Group core contributions totaled $3.6 million in FY16, including $2.0 million from IFC, and $1.6 million from the World Bank. It should be noted that IFC's total contribution to FIAS in FY16 was approximately $5.7 million; $2.0 million as a direct contribution to the FIAS core trust fund and $3.7 million as administrative budget to cover sustaining costs associated with the management of FIAS and IFC's advisory services global business. The inclusion of IFC's administrative budget, brings the World Bank Group's core total FY16 contribution to FIAS to $7.3 million.

Core contributions received from donors amounted to $7.1 million in FY16. While this is below FY15 core contributions of $7.9 million, contributions received from core donors over the life of the FY12–16 strategy cycle (approximately $47.5 million) far exceeded the $26 million fundraising target outlined in the FIAS FY12–16 strategy. This significant increase in FIAS core donor support provided the needed flexibility to allocate FIAS funds to support the implementation of FIAS strategic priorities in the regions and design and develop global knowledge products. Overall, the total amount of core funding received in FY16 from the World Bank Group and donors amounted to $14.4 million, consisting of $7.1 million in contributions from donors and $7.3 million from the World Bank Group. As noted above, the World Bank Group's core contribution includes $3.7 million of IFC regular administrative budget.

Programmatic contributions from donors, made available through thematic and regional FIAS Trust Funds, totaled approximately $12.0 million in FY16 compared to $16.5 million in FY15. This decline in programmatic contributions from donors in the last year of the strategy cycle is not unprecedented, particularly as large programs such as tax and trade were prepared to be transferred to other implementing Global Practices.

Project-Specific Funding

In FY16, **project-specific contributions** from donor partners and IFC amounted to approximately $8.1 million, including $6.0 million from donor partners and $2.1 million from project-specific allocations from the **Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS)** provided by IFC (*see Table 2, Project-Specific Donor Contributions, p. 82*). The project-specific contributions from IFC supported a range of global knowledge management and product design and development initiatives implemented under the FIAS umbrella. In addition to IFC's FMTAAS allocation, T&C uses FIAS core funds to supplement these global product activities.

The potential to generate significant **client contributions** remains modest due to the high concentration of FIAS activities in International Development Association (IDA) countries as well as countries in fragile and conflict-affected situations (FCS). In the case of FIAS-cofinanced projects managed by IFC regional units, client contributions typically are accounted for under the regional programs, and are therefore not included as part of the financial results reported in the *FIAS Annual Review*.

Other contributions from IFC, received in the form of **FMTAAS allocations**, amounted to $0.5 million in FY16 for administrative activities indirectly related to projects, including initial product design and development, portfolio management, monitoring and evaluation, and knowledge sharing associated with the global portfolio implemented under the FIAS umbrella.

Contributions outside FIAS' Regular Financial Structure

Indirect contributions for FIAS-related advisory activities were made available to T&C via non-FIAS specific funding mechanisms (*see Table 3, Other Funding, p. 82*). Administrative budget ($3.7 million) was provided by IFC to cover the staff costs of mainstreamed Advisory Services positions associated with the management of FIAS and IFC's advisory services global business. As noted above, IFC's total FY16 contribution to FIAS was $5.7 million, including $2.0 million as direct contribution to the FIAS core trust fund and $3.7 million as regular administrative budget.

In-Kind Support Via Staff Exchanges and Secondments

Throughout the FY12–16 strategy cycle the FIAS program has benefited from in-kind resources that several donors have made available in the form of secondments and staff exchanges. In FY16, a senior staff member from the Korean Ministry of Trade, Investment, and Energy was seconded to work on FIAS-funded activities. Such staff exchanges and secondments offer an attractive way for FIAS partners to be directly involved in the program and establish direct connections between their respective private sector development programs and FIAS.

Use of Funds and Fund Balance

In FY16, FIAS trust fund expenditures for investment climate reform activities reached $40.9 million, a significant increase in expenditures (approximately 63 percent) from FY15 expenditures of $25.0 million (*see Table 1, Sources and Uses of Funds, p. 80*). This increase is due to a conscious effort on the part of T&C Management to use donor funds to the fullest extent possible to close the FIAS FY12–16 funding cycle and bring overall cycle spending more in line with strategic spending targets (on average $31 million per year). This goal has been achieved: At the close of the FIAS funding cycle, FIAS expenditures reached $160 million, $148.5 million in trust fund expenditures and $11.5 million incurred against annual administrative budgets provided by IFC, an average of approximately $32 million per year over the life of the cycle.

In FY16, project-related expenditures (both direct and indirect) accounted for 97 percent of total FIAS expenditures with the remaining 3 percent for general and administration including rent, communications, information technology, equipment, and other non-overhead costs such as back-office support staff (*see Table 4, Expenditures by Advisory Services Activity, p. 83*). With the significant increase in expenditures overall, direct project implementation expenditures increased 14 percent in FY16. Overall, project-related expenditures accounted for 95 percent of total FIAS cycle expenditures with the remaining 5 percent for general administration.

Administration fees are collected by IFC to cover trust fund administration costs and are deducted from donor contributions at the time of receipt. In FY16, IFC collected trust fund administration fees of $1.1 million from FIAS donor contributions.[15]

At the end of FY16 fund balances in the various FIAS trust funds totaled $37.2 million,[16] including $10.8 million of core funds and about $26.4 million of program- and project-specific funds received under multi-year donor agreements. While this amount is relatively large, it is significantly lower than the fund balances in the various FIAS trust funds ($47.8 million) reported at the end of FY15. After two years of lower-than-expected project spending, FY16 saw a concerted effort by T&C management to maximize the use of donor funds in the last year of the FIAS strategy cycle. This, along with the consolidation of the Bank Group restructuring, resulted in a significant increase in expenditures in FY16 (63 percent over FY15) and a corresponding reduction in the trust fund balance that had accumulated over the life of the cycle. In line with prudent financial management principles, T&C strategically manages FIAS resources with a view to successfully transition into the new FIAS FY17–21 strategy cycle with sufficient carry-over funds to ensure FIAS operations going forward.

FY12–16 Cycle: Summing Up the T&C Partnership with Donors

The significant fundraising results and donor commitment to support investment climate reforms demonstrate the development partners' strong and continuing interest in the FIAS agenda. The support also represents a vote of confidence in T&C, a reliable partner of choice for growth-oriented strategies at the subnational, national, regional, and global levels. FIAS turned 30 in 2015 and celebrated its record of success, strong partnership with donors, and commitment to evolving and adjusting its offering. FIAS remained relevant through its first 30 years as its mandate evolved from a narrow focus on FDI-related policy advice toward becoming an advisory facility that provides a comprehensive range of support on business environment reform and private sector development.

Throughout the FY12–16 strategy cycle and on into the FY17–21 cycle, FIAS development partners are part of an important journey supporting and shaping a fast-paced and evolving agenda. In FY12–16, FIAS welcomed the following new donors: the Bill and Melinda Gates Foundation, Canada, the Korea Energy Agency, and the Norwegian Agency for Development Cooperation. The expansion of the FIAS donor base confirms the overall facility's success and robust endorsement from the donor community.

In the cycle just ended, FIAS played an instrumental role supporting the launch of a new initiative, the Trade Facilitation Support Program (TFSP) to help countries reform their trade facilitation practices in a manner consistent with the main components of the World Trade Organization's Trade Facilitation Agreement. Building on earlier FIAS-funded work in the trade logistics area, this partnership has gained momentum and received strong support from seven development partners (Australia, Canada, the European Union, Norway, Sweden, Switzerland, and the United Kingdom). The TFSP trust fund now stands on its own, independent of FIAS.

In FY16, donors were actively involved in the drafting of the strategy for the FY17–21 cycle and subsequently endorsed it at the November 2015 donor meeting. The strong financial support from donors in FY12–16 was used as a baseline for setting the FY17–21 cycle fundraising target of $200 million. T&C management appreciates that many FIAS donors embrace the core funding model and avoid earmarking funds for specific project activities, an approach that provides the necessary flexibility for FIAS to support innovative approaches and products under development and respond to changing client demands. T&C is looking at ways to streamline its trust fund architecture in a way that ensures that donor priorities continue to be met.

FIAS will continue to be a trusted participant in the investment climate reform space, and together with its partners, will substantially contribute to achieving the World Bank Group's Twin Goals, the Sustainable Development Goals, and the Financing for Development agenda.

[15] FIAS trust funds are subject to the standard IFC trust fund administration fee of 5 percent. Trust fund administration fees collected by IFC are included in Table 1, Sources of Funds.

[16] FIAS trust fund cash balances less outstanding consultant commitments.

Table 1: Sources and Uses of Funds[a] – In US$ Thousands

	FY12	FY13	FY14	FY15	FY16	FY12–16
SOURCES OF FUNDS						
WORLD BANK GROUP CORE CONTRIBUTIONS						
IFC[b]	2,863	2,800	2,200	2,000	2,000	11,863
IBRD	1,600	1,600	1,600	1,600	1,600	8,000
MIGA	2,500	2,400	1,500	-	-	6,400
Subtotal World Bank Group Core Contributions	6,963	6,800	5,300	3,600	3,600	26,263
WORLD BANK GROUP PROJECT-SPECIFIC AND OTHER CONTRIBUTIONS						
IFC IC Business Line - Project-Specific	2,968	3,084	1,759	-	2,128	9,939
IFC IC Business Line - Administration	934	670	558	-	-	2,162
IFC AS - Other Contributions - Business Development	-	-	-	478	-	478
IFC AS - Other Contributions - Administration	-	-	-	449	521	970
Subtotal World Bank Group Contributions	10,865	10,554	7,617	4,527	6,249	39,812
CORE DONOR CONTRIBUTIONS						
Australia[c]	-	-	-	-	-	-
Austria	708	621	660	667	549	3,205
Canada	-	985	16,392	-	-	17,377
France[c]	-	-	-	-	-	-
Ireland	205	186	428	199	168	1,186
Luxembourg[c]	-	1,033	548	-	669	2,250
Netherlands (Global Program)[d]	1,870	750	-	-	-	2,620
Norway	-	-	-	3,843	-	3,843
Sweden	1,448	1,494	1,528	1,389	1,204	7,063
Switzerland	400	300	300	300	200	1,500
United Kingdom	1,099	163	1,385	1,474	4,351	8,472
Subtotal Core Donor Contributions	5,730	5,532	21,241	7,872	7,141	47,516
PROGRAMMATIC DONOR CONTRIBUTIONS						
Australia (Investment Policy and Promotion)	-	-	-	-	1,449	1,449
Australia (Trade Facilitation)	-	-	-	1,745	1,472	3,217
Austria (IC Cooperation Program)	2,010	1,841	2,036	3,843	1,638	11,368
Canada (Trade Facilitation)	-	-	1,821	-	-	1,821
EU (ECOWAS Trade Logistics)	-	-	2,423	-	-	2,423
EU (ECOWAS Investment Policy)	-	-	5,330	-	-	5,330
EU (Trade Facilitation)	-	-	-	-	4,338	4,338
Ireland (Africa)	615	559	601	597	505	2,877
Korea (Industry)	-	-	-	125	-	125
Korea (Trade Logistics)	-	200	350	-	-	550
Luxembourg (Crisis Response)	-	-	-	-	-	-
Luxembourg (Tax Transparency)	-	646	343	-	-	989
Netherlands (Investing Across Borders)	200	-	-	-	-	200
Netherlands (Tax Transparency)	300	-	-	-	-	300
Norway (Trade Logistics)	500	500	-	-	-	1,000
Norway (Trade Facilitation)	-	-	-	5,504	-	5,504
Switzerland (Industry)	600	400	400	300	300	2,000
Switzerland (Secured Lending)	-	-	-	-	-	-
Switzerland (Tax)	700	500	500	400	400	2,500
Switzerland (Tax Transparency)	300	300	-	2,500	-	3,100
Switzerland (Trade Facilitation)	-	-	-	300	1,000	1,300
United Kingdom (Tax Transparency)	-	-	1,150	983	-	2,133
United Kingdom (Trade Facilitation)	-	-	-	-	754	754
United States (*Doing Business*)	978	501	456	225	-	2,160
Subtotal Programmatic Donor Contributions	6,203	5,447	15,410	16,522	11,856	55,438
DONOR CONTRIBUTIONS (PROJECT SPECIFIC)[e]	9,457	5,456	5,933	4,666	6,014	31,526
Total Donor Contributions	21,390	16,435	42,584	29,060	25,011	134,480

Continued on next page

Table 1: Sources and Uses of Funds[a] – In US$ Thousands *(continued)*

	FY12	FY13	FY14	FY15	FY16	FY12–16
TOTAL WBG AND DONOR CONTRIBUTIONS	32,255	26,989	50,201	33,587	31,260	174,292
CLIENT CONTRIBUTIONS	484	90	75	50	-	699
TOTAL RECEIPTS	32,739	27,079	50,276	33,637	31,260	174,991
Trust Fund Administrative Fees[f]	1,122	1,021	2,507	1,421	1,080	7,151
TOTAL (NET) RECEIPTS	31,617	26,058	47,769	32,216	30,180	167,840
USES OF FUNDS[g]						
STAFF COSTS						
Staff	12,036	14,934	13,512	11,976	18,205	70,663
Consultants and Temporaries	6,570	5,939	6,807	7,186	14,260	40,762
Total Staff Costs	18,606	20,873	20,319	19,162	32,465	111,425
TRAVEL						
Total Travel	5,618	5,893	3,477	4,176	6,360	25,524
INDIRECT COSTS						
Office Occupancy	102	274	119	105	97	697
Office Equipment	84	114	321	559	745	1,823
Other Operating Costs	635	711	817	539	556	3,258
Other Costs	1,634	2,491	530	470	716	5,841
Total Indirect Costs	2,455	3,590	1,786	1,673	2,114	11,618
TOTAL USES OF FUNDS	26,679	30,356	25,583	25,011	40,939	148,568

a. The FIAS Annual Review is prepared as a reporting tool for FIAS donors and management, utilizing management accounting principles.
b. IFC contributions during the FY12–16 strategy cycle include direct contributions to the FIAS core trust fund ($2.9 million in FY12, $2.8 million in FY13, $2.2 million in FY14 and $2.0 million in FY15 and FY16), and IFC Advisory Services administrative budget ($1.2 million each in FY12 and FY13, $2.3 million in FY14, $3.1 million in FY15 and $3.7 million in FY16) to cover staff costs of a number of mainstreamed Advisory Services (AS) positions related to FIAS. As a result, total IFC core contributions to FIAS amounted to $4.1 million in FY12, $4.0 million in FY13, $4.5 million in FY14, $5.1 million in FY15 and $5.7 million in FY16. Total IFC contribution to FIAS FY12-16 strategy cycle is $23.4 million.
c. While Australia and France did not make fresh core contributions to FIAS, they provided consent to roll over their remaining shares in core funding from the FY08-11 cycle to the new FIAS cycle that started in FY12. Luxembourg signed a new Agreement with IFC in September 2012 to contribute core and other funding; Luxembourg contribution for FY12 and FY13 were received and recorded in FY13.
d. Netherlands core contributions are earmarked for activities in IDA countries.
e. For details of FY16 project specific contributions, see Table 2.
f. Administration fees collected by IFC to cover cost of trust fund administration.
g. Uses of Funds table does not include the use of regular administrative budget received from IFC to cover the costs of Advisory Services positions related to FIAS; $3.7 million in FY16; $3.1 million in FY15; $2.3 million in FY14 and $1.2 million in both FY12 and FY13 *(see note b)*.

Table 2: Project-specific Donor and Client Contributions – In US$ Thousands

PROJECT	DONOR	AMOUNT
WORLD BANK GROUP CONTRIBUTIONS (IFC FMTAAS ALLOCATION)		
Business Regulations	IFC	288
Promoting Competition	IFC	287
Climate Competitive Industries	IFC	336
Trade Logistics	IFC	184
Tourism	IFC	312
Agribusiness Supply Chain	IFC	328
Public-Private Dialogue	IFC	193
Competitive Cities	IFC	200
Subtotal World Bank Group Contributions		2,128
DONOR CONTRIBUTIONS		
OHADA Business Law Reform	France	1,103
East Africa: Investment Climate Reform	Trademark East Africa	1,000
Afghanistan: Investment Climate	USAID	2,065
Belarus: Business Regulation	USAID	495
Central America Region: Investment Climate	USAID	300
Central America Region: Trade Logistics	USAID	48
Impact Program	USAID	139
Mali: Advisory Work	USAID	315
Mali: Improving Investment Climate (Phase 3)	USAID	549
Subtotal Donor Contributions		6,014
TOTAL FY16 PROJECT-SPECIFIC DONOR CONTRIBUTIONS		8,142

Table 3: Other Funding – Indirect Support to FIAS Program – in US$ Thousands

OTHER FUNDING - INDIRECT SUPPORT TO FIAS PROGRAM	DONOR	FY12	FY13	FY14	FY15	FY16	FY12–16
PROJECT-SPECIFIC DONOR FUNDING APPROVED UNDER IFC'S TECHNICAL ASSISTANCE TRUST FUNDS							
Tax Product Design Program	Japan	320	-	-	-	-	320
Tax Transparency Technical Assistance Program	Spain	320	-	-	-	-	320
Trade Logistics[a]	Korea	-	See Table 1	-	-	-	-
IFC ADVISORY SERVICES ADMINISTRATIVE BUDGET ALLOCATION							
AS Administrative Budget—staff-related cost[b]	IFC	1,225	1,200	2,300	3,100	3,700	11,525
TOTAL OTHER FUNDING		1,865	1,200	2,300	3,100	3,700	12,165

a. $200,000 provided by IFC's Technical Assistance Trust Fund Program through "delegated" authority to the Investment Climate Department and included in Table 1: Sources of Funds.
b. Advisory Services administrative budget is provided by IFC for certain mainstreamed IFC Advisory Service positions associated with the management of Advisory Services and FIAS-related activities. IFC's FY16 total contribution to FIAS: $5.7 million, consisting of $2.0 million as direct contribution to the FIAS core trust fund and $3.7 million as administrative budget. IFC's FY16 contribution to FIAS core trust fund ($2.0 million) is included in Table 1: Sources of Fund.

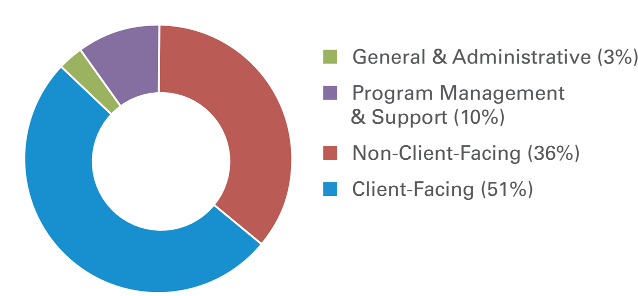
Table 4: Expenditures by Advisory Services Activity

STANDARD AS ACTIVITY EXPENDITURES	FY12 Actual	FY12 Actual %	FY13 Actual	FY13 Actual %	FY14 Actual	FY14 Actual %	FY15 Actual	FY15 Actual %	FY16 Actual	FY16 Actual %	FY12–16 Actual	FY12–16 Actual %
PROJECT RELATED EXPENDITURES												
of which: Direct Project Expenditures[a]	19,116,172	72	22,943,307	76	17,930,234	70	18,331,183	73	35,577,999	87	113,898,894	77
of which: Indirect Project Expenditures[b]	5,252,790	20	5,282,040	17	6,383,990	25	5,523,341	22	4,154,817	10	26,596,978	18
Total Project Related Expenditures	24,368,962	91	28,225,347	93	24,314,224	95	23,854,523	95	39,732,816	97	140,495,872	95
General & Administration Costs[c]	2,310,393	9	2,130,521	7	1,268,306	5	1,156,603	5	1,206,207	3	8,072,031	5
TOTAL STANDARD AS ACTIVITY EXPENDITURES	26,679,355	100	30,355,868	100	25,582,530	100	25,011,126	100	40,939,023	100	148,567,902	100

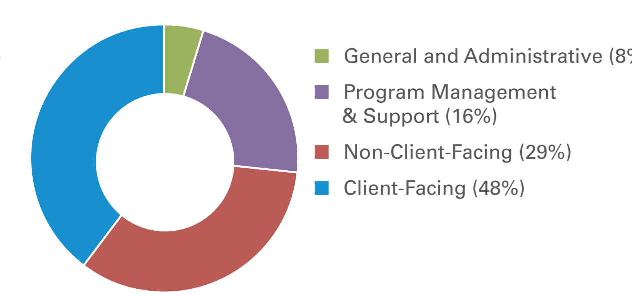
a. Direct Project Expenditures include project preparation, implementation and supervision costs.
b. Indirect Project Expenditures include program management and operational support costs i.e., product development, M&E, knowledge sharing & staff development, donor relations, and public relations.
c. General & Administration includes overheads (rent, communications, equipment, etc.) and other non-overhead costs such administrative and back-office support staff.

Total FIAS FY16 and FY12–16 Expenditures and Receipts

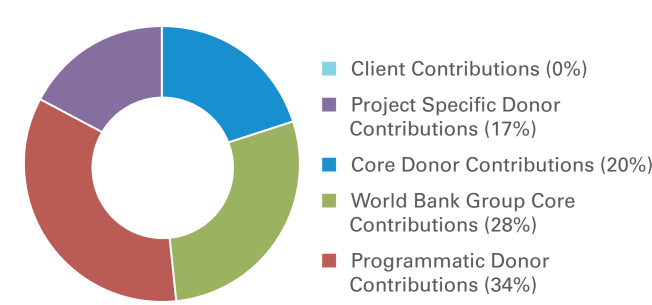
TOTAL FY16 FIAS EXPENDITURES
100% = $40,939,023



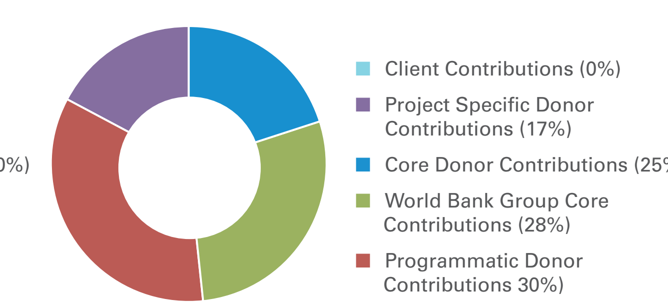
TOTAL FIAS EXPENDITURES, FY12–16
100% = $148,567,902



PERCENT OF FY16 SOURCE OF FUNDING (GROSS) RECEIPTS*
100% = $34,960,000



PERCENT OF FY12–16 SOURCE OF FUNDING (GROSS) RECEIPTS*
100% = $186,515,840



*Includes administrative fees of $1,080,000 and $3,700,000 IFC Advisory Services administrative budget to cover staff costs of certain "mainstreamed" Investment Climate Business Line positions.

ANNEXES

- Reform totals and descriptions
- Portfolio of FIAS-Funded Projects, FY16
- Abbreviations

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ANNEX 1: FIAS REFORM TOTALS AND DESCRIPTIONS

1.1 FIAS FY12–16 Reform Totals

	FY12	FY13	FY14	FY15	FY16	TOTAL
GRAND TOTAL	46	75	76	68	76	341
EAST ASIA AND THE PACIFIC	0	1	2	1	1	5
Philippines	0	0	1	1	0	2
Timor-Leste	0	1	0	0	1	2
Vietnam	0	0	1	0	0	1
EUROPE AND CENTRAL ASIA	13	10	8	14	15	60
Albania	1	0	2	3	3	9
Armenia	1	3	0	1	0	5
Belarus	1	1	0	0	0	2
Bosnia and Herzegovina	0	0	0	3	0	3
Croatia	0	0	0	0	1	1
Georgia	1	0	2	0	3	6
Kazakhstan	1	0	0	0	0	1
Kosovo	2	3	0	1	0	6
Kyrgyz Republic	0	0	0	2	2	4
Macedonia FYR	0	0	0	1	0	1
Moldova	3	2	0	0	0	5
Montenegro	1	0	0	1	0	2
Russian Federation	1	0	3	0	0	4
Serbia	0	0	0	0	3	3
Tajikistan	1	0	1	1	1	4
Ukraine	0	1	0	1	0	2
Uzbekistan	0	0	0	0	2	2
LATIN AMERICA AND CARIBBEAN	11	14	4	7	6	42
Colombia	1	2	1	1	0	5
Costa Rica	3	2	0	1	0	6
Dominican Republic	0	0	0	1	1	2
Ecuador	0	0	0	0	1	1
El Salvador	0	1	0	0	0	1
Guyana	0	0	0	0	1	1
Guatemala	1	2	0	1	1	5
Haiti	0	1	0	0	0	1
Honduras	0	1	2	1	0	4
Jamaica	0	1	1	1	0	3
Mexico	1	0	0	0	0	1
Nicaragua	0	1	0	0	0	1
Panama	2	2	0	0	0	4
Paraguay	0	0	0	0	1	1
Peru	2	0	0	1	0	3
St. Kitts and Nevis	0	0	0	0	1	1
Trinidad and Tobago	0	1	0	0	0	1
Uruguay	1	0	0	0	0	1
MIDDLE EAST AND NORTH AFRICA	2	0	0	0	0	2
Algeria	1	0	0	0	0	1
Morocco	1	0	0	0	0	1
SOUTH ASIA	1	1	0	1	4	7
Bangladesh	1	1	0	1	0	3
India	0	0	0	0	4	4

Continued on next page

ANNEX 1: FIAS REFORM TOTALS AND DESCRIPTIONS

1.1 FIAS FY12–16 Reform Totals *(continued)*

	FY12	FY13	FY14	FY15	FY16	TOTAL
SUB-SAHARAN AFRICA	19	49	62	45	50	225
Africa Region (COMESA, ECA)	0	0	0	1	1	2
Angola	0	0	0	2	2	4
Benin	0	2	4	3	2	11
Burkina Faso	0	2	2	0	1	5
Burundi	3	6	0	0	1	10
Cameroon	0	1	3	0	2	6
Central African Republic	0	0	1	0	1	2
Chad	0	1	1	0	2	4
Comoros	0	2	1	0	2	5
Congo, Dem. Rep.	0	1	5	3	2	11
Congo, Rep.	2	0	1	0	1	4
Côte d'Ivoire	0	4	5	4	4	17
Djibouti	0	1	1	0	0	2
Equatorial Guinea	0	0	1	0	1	2
Gabon	0	2	1	1	1	5
Ghana	0	0	1	0	0	1
Guinea	0	2	3	1	3	9
Guinea-Bissau	0	1	1	0	1	3
Kenya	0	0	2	1	0	3
Lesotho	2	0	0	0	0	2
Liberia	0	1	1	0	0	2
Madagascar	0	0	0	4	2	6
Malawi	1	1	1	1	1	5
Mali	3	0	1	2	3	9
Mauritania	0	1	2	0	0	3
Mauritius	0	0	0	1	1	2
Mozambique	0	3	0	0	1	4
Namibia	0	0	0	1	0	1
Niger	0	2	1	0	2	5
Nigeria	0	0	0	0	2	2
Rwanda	3	7	4	5	1	20
São Tomé and Príncipe	0	1	2	0	0	3
Senegal	0	1	5	1	4	11
Seychelles	0	0	0	1	0	1
Sierra Leone	2	0	1	0	0	3
Sudan	0	0	0	1	0	1
Swaziland	0	2	1	1	0	4
Tanzania	1	0	2	1	0	4
Togo	1	1	4	2	3	11
Uganda	1	2	2	2	1	8
Zambia	0	2	2	3	2	9
Zimbabwe	0	0	0	3	0	3

1.2 FIAS / T&C FY12–16 Strategy Cycle Scorecard - Summary

STRATEGIC THEME	INDICATOR	BASELINE FY08–11 CYCLE[a]	FY12	FY13	FY14	FY15	FY16[d]	CUMULATIVE FY12–16	FY12–16 STRATEGY TARGET
1. Focus on delivering significant business environment reforms	Number of IC Reforms supported by FIAS	51	46	75	76	68	76	341	250
	- of which reforms validated by *Doing Business* report	47	36	56	56	43	66	257	125
	- of which other reforms (i.e., not captured by *Doing Business* report)	4	10	19	20	25	10	84	125
	Number of IC Reforms supported by IC Business Line (including FIAS supported IC Reforms)	68.5	68	102	102	89	107	468	n/a
	- of which reforms validated by *Doing Business* report	48	51	59	59	56	85	310	n/a
	- of which other reforms (i.e., not validated by *Doing Business* report)	20.5	17	43	43	33	22	158	n/a
	For comparison: Number of reforms reported in DB report	*247*	*201*	*238*	*230*	*231*	*283*	*1183*	*n/a*
	% of IC reforms supported by FIAS in IDA countries	59%	61%	76%	83%	63%	78%	73%	60%
	% of IC reforms supported by FIAS in FCS countries	n/a	24%	32%	30%	34%	29%	30%	n/a
	% of IC reforms supported by FIAS in Africa	n/a	41%	65%	82%	66%	66%	66%	n/a
2. Focus on strategic priorities[b]	% of FIAS client-facing project implementation spend in Fostering Enterprise Creation and Growth	n/a	49%	47%	45%	37%	33%	42%	n/a
	% of FIAS client-facing project implementation spend in Facilitating International Trade and Investment	n/a	30%	30%	36%	45%	46%	37%	n/a
	% of FIAS client-facing project implementation spend in Unlocking Sustainable Investment in Key Sectors	n/a	18%	19%	13%	16%	16%	16%	n/a
3. Focus on priority clients	% of FIAS client-facing project implementation spend in IDA countries	70%	77%	78%	78%	77%	70%	75%	70%
	% of FIAS client-facing project implementation spend in Sub-Saharan Africa	52%	69%	57%	58%	50%	46%	55%	50%
	% of FIAS client-facing project implementation spend in FCS	29%	20%	28%	31%	31%	34%	29%	25-30%
4. Client satisfaction and development effectiveness	Client satisfaction: FIAS supported projects (results from IFC Client survey)	n/a	95%	92%	88%	89%	95%	92%	n/a
	Development Effectiveness: FIAS supported projects (% of projects rated satisfactory in terms of development effectiveness)	61%	86%	83%	88%	100%	75%	87%	n/a
	Client satisfaction: T&C GP (results from IFC Client survey)	89%	91%	94%	91%	89%	92%	91%	
	Development Effectiveness (% of BL projects rated satisfactory in terms of development effectiveness)	60%	71%	82%	80%	89%	79%	80%	n/a
5. Focus on industry-specific vs. economy-wide	% Economy Wide	92-93%	87%	82%	84%	79%	81%	83%	60-70%
	% Industry-Specific	**7-8%**[c]	13%	17%	17%	21%	19%	17%	30-40%
6. Measuring impact	Direct Compliance Cost Savings		$118	$32M	$22M	$21M	$15M	$208M	$350M
	Investment Generated via facilitation of FDI in priority sectors		$108	$548M	$750M	$170M	$8M	$1.59B	$1B[e]

Indicators in light brown: directly attributed to or linked with FIAS program.

a. Yearly average based on years for which data is available.
b. Data based on product classification.
c. Value is an approximation.
d. Pending validation, particularly reforms data.
e. $1 billion is the target for FDI impact via FIAS activities. The target for overall investment generated is $3 billion.

1.3 Reforms and Results from FIAS-Funded Projects

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
EAST ASIA AND PACIFIC					
Timor-Leste	Trade	Trading across borders	A survey of firms based at the country's ports showed that the time required to clear cargo has been cut in half, to an average of 8 days from FY15. The project supported the establishment of a new risk management unit and provided technical support and training for the new cargo cleanance process. The risk management unit and a new self-assessment process at the customs office led to private sector reports of imported goods being released in as little as four hours. The capacity of customs officers has also improved. As a result of the project-supported customs brokers certification training, 26 customs brokers are fully licensed to operate in Timor-Leste. Three certification courses supported by the project have been implemented, substantially contributing to the reduction in time to import. The director-general of customs and brokers has requested support for a fourth training course to certify another 15-20 brokers by mid-FY17. The new system speeds clearance times in part by reducing the overall number of examinations and scans and more efficient document processing.	1	
EUROPE AND CENTRAL ASIA					
Albania	Investment Climate	Construction permits	In February 2016, a government decree ended a moratorium on the issuance of construction permits, allowing the implementation of new streamlined procedures and the piloting of a new online permitting system. Albania was listed as a 'no practice country' by the *Doing Business 2016* report, ranking 189th out of 189 economies because of the moratorium. The *Doing Business 2017* report no longer counts Albania as 'no practice.'	1	1
Albania	Investment Climate	Protecting investors	In October 2014, Albania amended its law on entrepreneurs and commercial companies. Among other things, the new law directly addresses disclosure requirements of transactions between interested parties, requiring immediate public disclosure by companies of the terms of transactions and the nature of any potential conflict of interest. The amendment is highly relevant to the Doing Business indicator concerning protecting minority investors.	1	1
Albania	Investment Climate	Getting electricity	Albania made getting electricity easier by speeding up the process for obtaining a new connection.	1	1
Croatia	Investment Climate	Protecting investors	In October 2015, Croatia amended its Companies Act, requiring that directors disclose to the management and supervisory boards all relevant facts about the nature, relationship, and existence of any conflict of interest. The amendment is highly relevant to the Doing Business indicator on protecting minority investors, as it directly addresses the disclosure requirements of transactions between interested parties.	1	1
Georgia	Trade	Trading across borders	Responding to recommendations by the project team, the government adopted a new, streamlined customs risk management policy in December 2015, improving the management of risk profiles. Beginning in January 2016, only 2 percent of cargo went through risk inspection. During the first half of calendar 2016, at least 6,162 companies (which submitted more than 3 customs import declarations during this period) benefited from the improved procedures. Based on estimates from the first half of 2016, revenue generated through one of the country's main trade corridors has roughly doubled from 2013.	1	
Georgia	Trade	Trading across borders	FIAS-supported implementation of the upgraded version of the Automated System for Customs Data World (ASYCUDA) has enabled the government to improve the functionality and performance of the system. Selected modules have been enhanced enhancing the online functionality of the Georgia Revenue Service in areas such as electronic cargo control and periodic declarations. The private sector will benefit from acceleration of customs procedures through the faster processing tools with simplified declarations and automatic processing through the use of barcodes, among other improvements. Authorized Economic Operators (AEOs) can now lodge simplified customs declarations with 50 percent less data requirements. Importers and exporters benefit from the integration of e-payments and e-certification as a basis for a paperless environment. Freight forwarders will benefit from enhanced customs transit procedures such as pre-arrival information and risk-management on transit transactions.	1	1
Georgia	Investment Climate	Tax simplification and compliance management	Georgia made paying taxes easier by abolishing the additional annex to corporate income tax returns and by improving the efficiency of the online system used for filing value-added tax returns.	1	1
Kyrgyz Republic	Investment Climate	Registering property	In October 2014, the government amended its law on entrepreneurs and commercial companies. Among other things, the new law directly addresses disclosure requirements of transactions between interested parties, requiring immediate public disclosure by companies of the terms of transactions and the nature of any potential conflict of interest. The amendment is highly relevant to the *Doing Business* indicator concerning protecting minority investors.	1	1
Kyrgyz Republic	Investment Climate	Trading across borders	In October 2015, the government amended its Companies Act, requiring that directors disclose to the management and supervisory boards all relevant facts about the nature, relationship, and existence of any conflict of interest. The amendment is highly relevant to the Doing Business indicator on protecting minority investors, as it directly addresses the disclosure requirements of transactions between interested parties.	1	1

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1.3 Reforms and Results from FIAS-Funded Projects *(continued)*

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
Serbia	Investment Climate	Construction permits	Serbia made dealing with construction permits less costly by eliminating the land development tax for warehouses.	1	1
Serbia	Investment Climate	Registering property	The government amended the law on state survey and cadastre, effective from December 2015, to introduce effective time limits for the registration of the property rights at the Real Estate Cadastre. Under the revised law, the Real Estate Cadaster is required to issue a final decision on the registration of a property title within 15 calendar days.	1	1
Serbia	Investment Climate	Starting a business	Serbia simplified the process of starting a business by reducing the time to register a company.	1	1
Tajikistan	Investment Climate	Trading across borders	The project team supported a reform enabling customs declarations to be submitted eletronically beginning in January 2015 thanks to development and modernization of the customs service's infrastructure. The reform is part of a broader project to develop a unified automated information system connecting relevant government agencies. The reform reduced the time for processing of customs declarations from three days to three hours. Customs brokers use an electronic key to access the system and submit declarations electronically.	1	1
Uzbekistan	Investment Climate	Protecting investors	Uzbekistan strengthened minority investor protections by clarifying ownership and control structures.	1	1
Uzbekistan	Investment Climate	Registering property	Uzbekistan made transferring a property easier by increasing the transparency of information.	1	1
LATIN AMERICA AND CARIBBEAN					
Ecuador	Investment Climate	Starting a business	Ecuador made starting a business easier by eliminating the publication of company charters in local newspapers	1	1
Guatemala	Investment Climate	Trading across borders	Guatemala improved cross-border trading by reducing the documentary and border compliance time for importing by making electronic submission of documents compulsory and eliminating the need for many hardcopy documents.	1	1
Guyana	Investment Climate	Registering property	Guyana made registering property easier by increasing the transparency of the Lands & Survey Commission: In May 2016, the Ministry of Business added to its website a section with public information for companies concerning property transfer and registration. Information provided includes the list of documents necessary for a transfer of private land by deed or title, and for a transfer of public lands or leases. Also included is a list of fees levied by the Land Registry for its services. This supplements information, published online since July 2015 by the Guyana Lands & Survey Commission, listing the fee schedule for obtaining certified copies and prints of updated plans and surveys. This reform was a direct result of recommendations provided during the team's mission to Guyana in 2015.	1	1
Paraguay	Investment Climate	Trading across borders	Paraguay made trading across borders easier by introducing a single window for exporting, which reduced the time required for border and documentary compliance.	1	1
St. Kitts and Nevis	Trade	Trading across borders	The St. Kitts and Nevis customs department introduced risk-based inspections to reduce the number of physical inspections of cargo. Under the trade logistics project, the FIAS-supported team helped build capacity for conducting risk-based inspections including the use of a inter-agency risk management review group. The customs department has reported processing 78-80 percent of cargo through its 'green lane,' meaning that it is authorized for immediate release.	1	
Dominican Republic	Investment Climate	Investment policy - Protection	"A government decree issued in October 2015 established the Directorate of Foreign Trade and International Trade Agreements Administration (DICOEX) as the lead agency for preventing investor-government disputes. The decree puts in place the system for dispute prevention under WTO agreements, free trade agreements or international investment treaties. Under the decree, DICOEX is the lead agency for preventing international arbitrations pursuant to investment treaties, free trade agreements, and the WTO agreements, and defending the Dominican Republic when such arbitrations take place. It also requires other government agencies to share information with DICOEX regarding possible disputes. The project team provided advice in the drafting of the decree as well as technical assistance in a number of areas relating to implementation of the dispute prevention mechanism. As a result of the decree, two investor-state disputes were prevented, resulting in an estimated $8 million in cost savings.	1	
SOUTH ASIA					
India	Investment Climate	Getting electricity	India made getting electricity faster and cheaper by streamlining the process of getting a new commercial electricity connection. This reform impacts the city of Delhi.	1	1
India	Investment Climate	Paying taxes	India made paying taxes easier by introducing an electronic system for paying employee state insurance contributions. This reform applies to both to Delhi and Mumbai.	1	1

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1.3 Reforms and Results from FIAS-Funded Projects *(continued)*

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
India	Investment Climate	Trading across borders	India made exporting and importing easier by launching the ICEGATE portal and simplifying border and documentary procedures. This reform applies to both Delhi and Mumbai.	1	1
India	Investment Climate	Enforcing contracts	India made enforcing contracts easier by creating dedicated divisions to resolve commercial cases. This reform applies to both Delhi and Mumbai.	1	1
SUB-SAHARAN AFRICA					
Angola	Investment Climate	Starting a business	The project developed a reform memo and action plan recommending short-, medium-, and long-term reform measures aiming to improve the country's business environment. The team engaged closely and frequently with government officials, sensitizing them to Doing Business methodology and the report cycle, and supporting government officials in attending a regional peer-to-peer learning event in Nairobi. As a result of this process, Angola made starting a business easier by eliminating the paid-in minimum capital requirement.	1	1
Angola	Investment Climate	Tax simplification and compliance management	The project developed a. reform memo and action plan recommending short-, medium-, and long-term reform measures aiming to improve the country's business environment. The team engaged closely and frequently with government officials, sensitizing them to Doing Business methodology and the report cycle, and supporting government officials in attending a regional peer-to-peer learning event in Nairobi. As a result of this process, Angola made paying taxes easier and less costly by reducing the frequency of advance payments of corporate income tax and increasing the allowable deductions for bad debt. At the same time, Angola made interest income tax a final tax that is not deductible for the calculation of corporate income tax.	1	1
Benin	Investment Climate	Resolving insolvency	"The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Benin made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Benin	Investment Climate	Starting a business	The investment climate project supported the President's Investment Council in implementing reforms to improve country's Doing Business ranking. In addition to developing reform memos, the project provided training and shared knowhow. Benin made starting a business easier by eliminating the need to notarize company bylaws to activate a bank account following incorporation. The number of required procedures was reduced from seven to five and the average time involved was cut from 12 days to 8 days.	1	1
Burkina Faso	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Burkina Faso made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Burundi	Investment Climate	Tax simplification and compliance management	The project developed Doing Business reform memo and implementation action plan. The team has continuously supervised and guided the client throughout the implementation process. The Burundi investment climate program supported the country in simplifying the value-added tax filing process by reducing the number of documents to be annexed as well as the number of entries that must be captured in the monthly form, as detailed in the new regulation. The average time required to pay tax was reduced from 274 hours to 232 hours.	1	1

Continued on next page

1.3 Reforms and Results from FIAS-Funded Projects *(continued)*

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
Cameroon	Investment Climate	Construction permits	A 2013 decree in which Cameroon established a time limit for issuing building permits was not effectively implemented due to a lack of monitoring regarding the completeness of applications in the city of Douala. In April 2016, the Douala City Council put in place a reception desk in charge of verifying that building permit applications have all the required forms properly filled out and accompanied by the relevant supporting documents. The reform made the process more efficient. In February 2016, the Douala City Council updated its website to include the legal basis, forms, and procedural information related to obtaining a building permit.	1	1
Cameroon	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Cameroon made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Central African Republic	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. The Central African Republic made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Chad	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Chad made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Chad	Investment Climate	Starting a business	Chad made starting a business easier by reducing the minimum capital requirement from about $1,600 to about $160. The reform became fully operational in January 2016.	1	1
Comoros	Investment Climate	Registering property	The Comoros adopted legislation making it easier, less expensive, and more transparent to register property. The reform process started more than three years ago with delivery of a diagnostic report recommending a reduction of property taxes and implementation of other important reforms relating to property. Implementation of this recommendation was immediate on Moheli and Anjuan islands, but not on Grande Comore. Over the past two years, the Comoros investment climate Team engaged in private sector sensitization and worked closely with the Lands Ministry to share international best practices, including support for conference participation in Nairobi and Maputo. As a result of these efforts, the Grande Comore finally implemented the reduction in the property transfer tax and made transferring a property less expensive. The transfer rate was reduced from 10.5 percent to 4.6 percent pf property value.	1	1
Comoros	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. The Comoros made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1

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1.3 Reforms and Results from FIAS-Funded Projects *(continued)*

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
Congo, Dem. Rep.	Investment Climate	Construction permits	The project produced a reform memo and action plan that led to a reform streamlining construction permiting, improving building quality control, and reducing the time required to obtain a building permit. Further, the project supported a country deligation to attend a peer-to-peer learning event in Nairobi. The time to obtain a construction permit was reduced from 150 days to 122 days.	1	1
Congo, Dem. Rep.	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. The Democratic Republic of Congo made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Congo, Rep.	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. The Republic of Congo made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Côte d'Ivoire	Investment Climate	Construction permits	"The Côte d'Ivoire investment climate project, in collaboration with the World Bank's revitalization and corporate governance project (PARE/PME), helped create and strengthen a dedicated Doing Business reform unit within the Center for the Promotion of Investment in Côte d'Ivoire (CEPICI) under the sponsorship of the Prime Minister. The team coordinated the implementation of an annual Doing Business reform agenda in collaboration with multiple public and private stakeholders. The project contributed to the drafting of a building classification regulation and helped develop a manual of procedures for issuance of construction permits. The government has uploaded the relevant regulations to the website.	1	1
Côte d'Ivoire	Investment Climate	Getting credit	The project team supported the implementation of the OHADA Uniform Act on Movable Collateral and helped in the drafting of a national legal framework that includes implementation of a credit bureau. Further, the project advised on how to maximize registration coverage.	1	1
Côte d'Ivoire	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Côte d'Ivoire made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Côte d'Ivoire	Investment Climate	Enforcing contracts	The project supported an amendment to the commercial court law in order to incorporate a simplified fast-track procedure for small disputes that allows for self-representation by parties. The reform resulted in an improvement in the judicial processes index from 7 to 9 on a scale of 0 to 18, as per the Doing Business 2017 report.	1	1
Equatorial Guinea	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Equatorial Guinea made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1

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1.3 Reforms and Results from FIAS-Funded Projects *(continued)*

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
Gabon	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Gabon made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Guinea	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Guinea made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Guinea	Investment Climate	Investment policy - Entry	A new investment law approved in May 2015 increased the number of sectors allowing foreign investment and decreased the number of sectors that prohibit foreign investment. Under the previous investment law, senior government officials had the power and discretion to issue a list of priority sectors and restrictions by decree, creating confusion and uncertainty as to where and in what sectors investors could actually invest. The government agreed to the project team's recommendation that this provision be eliminated. The revised law concerning "reserved sectors" lists activities where foreign participation is allowed but subject to a ceiling or cap. The restrictions are few in number within the norms of international practice, as they cover sectors regulated by more specialized laws, including media (television, radio and print), utilities (power generation and distribution, water distribution), banking and finance, telecommunications, and pharmaceuticals. In all other sectors, 100 percent foreign ownership is permitted. The project has already resulted in a threefold increase in announced investment, from roughly $185 million in 2014 to $530 million in 2015. Realized investment generated data will be available soon.	1	
Guinea	Investment Climate	Investment policy - Protection	As of June 2015, investment policy changes have unlocked some $2 million in stalled investment projects. Legislative changes approved in March 2013 have brought the country's domestic legal frameworks more in line with international standards governing expropriation, currency transfer, publication, administrative transparency, non-discrimination, and dispute settlement. The new policies prohibit discrimination among foreign versus domestic investors. Expropriation or nationalization of property must be justified by the government beforehand and be fairly compensated. Investment income may be converted to foreign currency and transferred abroad. And arbitration and other dispute resolution mechanisms will adhere to international standards.	1	
Guinea Bissau	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Guinea Bissau made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Madagascar	Investment Climate	Construction permits	The team worked closely with Antananrivo Municipality, providing training to staff as well as to private sector clients, including architects and engineers, to increase transparency and compliance with municipal rules. The project organized a validation workshop for delivering the results of a construction permit mapping report. Following recommendations of the report, Madagascar increased the transparency of dealing with construction permits by publishing construction-related regulations online where they are available free of charge.	1	1
Madagascar	Investment Climate	Trading across borders	The project undertook a diagnostic study to identify redundancies in export and import processes. The team then presented reform recommendations, including implementation of the TRADENET system. The effort involved frequent engagement with customs officials and private sector stakeholders to sensitize them to the value of best practices. As a result, Madagascar simplified cross-border trading processes, streamlined customs procedures, and implemented an electronic data interchange system that has reduced the time required for preparation and submission of trade documents from 59 to 49 hours for exports and from 68 to 58 hours for imports.	1	1

ANNEX 1: FIAS REFORM TOTALS AND DESCRIPTIONS

1.3 Reforms and Results from FIAS-Funded Projects *(continued)*

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
Malawi	Investment Climate	Starting a business	Malawi made starting a business easier by eliminating the legal requirement to use a company seal. This recommendation was part of the Indicator Based Reform team's memorandum, delivered to the client two years ago. Since then, the team supported the government in effectively implementing this measure.	1	1
Mali	Investment Climate	Getting credit	The project produced a Doing Business reform memo, action plan, and training which led to the government implementing a number of recommendations. Mali improved access to credit information by establishing a new credit bureau.	1	1
Mali	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Mali made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Mali	Investment Climate	Starting a business	Mali made starting a business less expensive by reducing the paid-in minimum capital requirement. A law approved in May 2015 has facilitated the start-up of limited liability companies (LLCs) by revoking the minimum capital requirement of $2,000. Shareholders can now freely set the capital of their company, with the minimum capital requirement set at $10. More than 400 new enterprises have been created taking advantage of the reduced capital requirement.	1	1
Mauritius	Investment Climate	Registering property	The project developed reform a memo and action plan to support simplification of property transfers. Deeds registry officials, with project support, attended regional peer-to-peer learning events in Dubai and Nairobi. The Indicator-Based Reform team also supported the Registry in communicating ongoing reform efforts in Mauritius to the Doing Business property registration team through several face-to-face meetings in Washington, D.C., and Nairobi. As a result of these interactions, the Doing Business 2017 report has recognized the country's newly digitized land records system and streamlined processes.	1	1
Mozambique	Investment Climate	Getting credit	The project delivered a Doing Business reform memo in December 2015 that included a short-term recommendation that the government implement a law allowing the establishment of a private credit bureau. Based on the memo, the government approved a Doing Business action plan in February 2016. Establishment of regulations concerning a private credit bureau was a priority under the plan. Through the World Bank Growth Poles Project, the team funded a reform advisor to help follow up on implementation of the reform. The regulations passed in March 2016 and Mozambique established a new credit bureau.	1	1
Niger	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Niger made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1

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1.3 Reforms and Results from FIAS-Funded Projects *(continued)*

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
Niger	Investment Climate	Starting a business	Following passage of the uniform OHADA Company Act, Niger made starting a business easier by reducing the minimum capital requirement. The project supported the OHADA Secretariat in achieving enactment of a uniform company law for member countries.	1	1
Nigeria	Investment Climate	Getting credit	Nigeria strengthened access to credit by creating a centralized collateral registry. The registry was developed as a result of efforts by the IFC Finance & Markets Global Practice (F&M) to create a secured transactions regime. The Indicator-Based Reform team worked closely with the Office of the Vice President of Nigeria as well as the F&M practice to ensure operationalization of the registry, overcoming many technical glitches. The registry is now live. This reform applies to both Kano and Lagos.	1	1
Nigeria	Investment Climate	Starting a business	The Indicator-Based Reform project has been working with the government for nearly four years. In this process, the team has closely engaged with the Corporate Affairs Commission of Nigeria and recommended them to automate their services. This reform has been supported and overseen over several years. The IBR team engaged with the newgovernment in December 2015, an engagement that resulted in the identification of this reform measure as a quick win. The Corporate Affairs Commission was thus authorized to operationalize it. The reform has subsequently been implemented both in Kano and Lagos, with the average time for starting a business reduced from 28 days to 24 days in Lagos.	1	1
Regional	Investment Climate	Licenses and permits	The East African Community Scorecard identified restrictions in telecommunication services in EAC partner sates which were not compliant with the EAC Common Market Protocol. Beginning in January 2015, three EAC Partner States (Kenya, Rwanda, and Uganda) have moved ahead on a directive to operationalize the One Network Area (ONA) for voice in the region. Regional calls made by users in the member states are exempted from surcharges applied on international incoming calls, and any additional charges to subscribers stemming from roaming within the region have been removed. All calls in the three partner states now incur the same charges, resulting in a reduction in telephone calling costs of more than 50 percent within the region.	1	
Rwanda	Investment Climate	Licenses and permits	The East African Community Scorecard identified restrictions in the professional services in the EAC partner sates which conflicted with the EAC Common Market Protocol signed by the EAC partner states in 2010. Rwanda recognizes accounting professionals from the other EAC Partner States.	1	
Senegal	Investment Climate	Getting credit	Senegal improved access to credit information by establishing a new credit bureau. The Indicator-Based Reform project helped communicate this reform effort to the Doing Business team and sponsored a data collection mission by the team which resulted in positive recognition of the reform in the Doing Business report.	1	1
Senegal	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Senegal made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Senegal	Investment Climate	Tax simplification and compliance management	Senegal made paying taxes less costly by reducing the maximum cap for corporate income tax and implementing more efficient accounting systems and software. The Indicator-Based Reform project helped communicate this reform effort to the DB team and spnsored a data collection mission by the team which resulted in positive recognition of the reform in the Doing Business report.	1	1
Senegal	Investment Climate	Investment policy - Protection	In an example of synergistic cooperation between T&C and IFC, the project team has reported $150 million in investment generated (still being verified) resulting from the team's resuscitation of a $300 million solar energy transaction, supported by IFC, that had been stalled due to technical legal issues. The project team helped resolve the impasse by working with the government to modify an administrative practice in Senegal. The issue had to do with differences in investor protection provisions used by most international lenders (including IFC) and those used by Senegal, which are based on French civil law.	1	
Togo	Investment Climate	Getting credit	The project shared a reform memo and helpd develop an action plan to undertake this reform in the getting credit sphere. Togo improved access to credit information by introducing regulations that govern the licensing and functioning of credit bureaus in the West African Economic and Monetary Union (UEMOA) member states	1	1

1.3 Reforms and Results from FIAS-Funded Projects *(continued)*

COUNTRY	PRACTICE	TOPIC	REFORM DESCRIPTION	REFORM	DB VALIDATED
Togo	Investment Climate	Resolving insolvency	The council of ministers approved the new OHADA Insolvency Law in September 2015, and the law went into effect in December 2015 for all member countries. The new law introduces the following reforms: (i) new conciliation procedure to encourage saving viable companies; (ii) simplified regulations for small enterprises; (iii) new cross-border insolvency regime based on the United Nations International Commission on Trade Law (UNCITRAL) Model Law; (iv) clarified order of priority of creditors; (v) incentives to creditors who provide fresh money to troubled companies to facilitate their restructuring and recovery; and, (vi) a common legal framework to oversee the activities of insolvency practitioners as well as trustees. Togo made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.	1	1
Togo	Investment Climate	Tax simplification and compliance management	The project developed a reform memo and action plan to improve the county's Doing Business ranking. The project team conducted a diagnostics exercise and provided training. Togo made paying taxes easier by streamlining the administrative process of complying with tax obligations. Togo eliminated one administrative procedure required to pay taxes. Within one year, the the average time involved in paying taxes was reduced from 270 hours to 216 hours.	1	1
Uganda	Investment Climate	Tax simplification and compliance management	The project supported the Uganda Revenue Authority in introducing an online tax return filing system as part of a broader effort by the team to help the government simplify the return filing process. The country made paying taxes easier by eliminating a requirement for tax returns to be submitted in paper copy following online submission, reducing the average time required to file returns from 209 hours to 195 hours.	1	1
Zambia	Trade	Competition	The Zambia Investment Climate Program II has assisted the Competition and Consumer Protection Commission in the preparation and adoption of merger control guidelines. In the first months of implementation, compliance cost savings of approximately $154 thousand per transaction have been generated; the average number of mergers subject to notification has been reduced; and the time for assessing mergers has been trimmed by 14 percent, from 97 to 83 days. The merger control guidelines, issued in August 2015, increased the clarity and predictability of the legal system by explaining what transactions need to be notified as well as what economic tests would be applied to assess a merger. The guidelines also create a fast-track procedure to handle in a more efficient way mergers that are not likely to harm competition. According to the competition law in Zambia, the guidelines are binding.	1	
Zambia	Investment Climate	Registering property	The project developed reform memo and action plan followed by hands-on technical assistance aiming to simplifiy the property transfer system and reduce transaction costs. The country made it more affordable to transfer property by decreasing the property transfer tax from 13.5 percent of property value to 9.9 percent.	1	1
GRAND TOTAL				76	66

ANNEX 2: PORTFOLIO OF FIAS-FUNDED PROJECTS IN FY16

2.1 FIAS-Funded Client-Facing Projects Mapped to the World Bank Group Trade and Competitiveness Global Practice

REGION	COUNTRY	PROJECT NAME	TOTAL FUNDING	TOTAL FYTD EXPENDITURES	FIAS EXPENDITURES	PROJECT STAGE
East Asia and Pacific	Cambodia	Cambodia IC Agribusiness	$2,870,078	$91,878	$91,878	PIPELINE
East Asia and Pacific	Cambodia	Cambodia Investment Policy	$1,227,751	$237,536	$158,978	PIPELINE
East Asia and Pacific	Lao People's Democratic Republic	Lao PDR Investment Climate Reform	$2,000,000	$126,601	$126,601	PIPELINE
East Asia and Pacific	Mongolia	Mongolia Investment Policy and Investor Protection Confidence	$870,000	$38,181	$376	PIPELINE
East Asia and Pacific	Myanmar	Myanmar Investment Policy	$2,082,133	$503,319	$12,263	PORTFOLIO
East Asia and Pacific	Philippines	Philippines Agribusiness Trade Competitiveness	$3,311,655	$575,900	$175,430	PORTFOLIO
East Asia and Pacific	Solomon Islands	Pacific Investment Climate Rapid Response	$2,088,528	$961,043	$933,512	PORTFOLIO
East Asia and Pacific	Timor-Leste	Timor-Leste Investment Policy and Promotion	$150,000	$66,576	$66,576	PIPELINE
East Asia and Pacific	Timor-Leste	Timor-Leste Trade Logistic	$1,889,271	$706,926	$127,491	PORTFOLIO
East Asia and Pacific	Timor-Leste	Timor-Leste Tibar Bay Investment Plan (TBIP) - Spatial and GVC Cluster Development	$1,075,383	$395,261	$395,513	PIPELINE
East Asia and Pacific	Vietnam	Vietnam Private Sector Competitiveness	$4,150,000	$138,081	$138,08	PIPELINE
Europe and Central Asia	Albania	Western Balkan Investment Climate Agribusiness	$10,125,000	$296,399	$239,428	PORTFOLIO
Europe and Central Asia	Armenia	ECA Gender Project	$275,000	$20,013	$20,0131	PIPELINE
Europe and Central Asia	Armenia	Armenia Investment Climate II	$1,482,991	$494,601	$324,399	PORTFOLIO
Europe and Central Asia	Azerbaijan	Azerbaijan Agribusiness Competitiveness	$2,400,000	$106,193	$106,193	PIPELINE
Europe and Central Asia	Belarus	Belarus: National Quality Infrastructure and Business Regulatory Reform Program 2014 - 2016	$3,330,174	$838,151	$444,111	PORTFOLIO
Europe and Central Asia	Bosnia and Herzegovina	Bosnia and Herzegovina Local Investment-Friendly Environment (LIFE)	$8,052,361	$366,349	$108,589	PORTFOLIO
Europe and Central Asia	Central Asia Region	Trade Facilitation Support Program Europe and Central Asia	$1,000,000	$91,749	$91,749	PIPELINE
Europe and Central Asia	Eastern Europe Region	Indicator Based Reform Advisory in ECA	$971,835	$303,180	$303,180	PORTFOLIO
Europe and Central Asia	Georgia	Georgia IC Project	$1,894,000	$517,448	$484,288	PORTFOLIO
Europe and Central Asia	Kyrgyz Republic	Central Asia Tax Project	$5,133,159	$771,405	$114,807	PORTFOLIO
Europe and Central Asia	Kyrgyz Republic	Central Asia Trade Logistics Project	$4,397,082	$251,818	$249,605	PIPELINE
Europe and Central Asia	Kyrgyz Republic	Kyrgyz Republic Investment Climate	$2,834,334	$748,648	$8,770	PORTFOLIO
Europe and Central Asia	Moldova	Investment Cliamte Reform Moldova	$3,499,265	$2,054	$847	COMPLETED
Europe and Central Asia	Serbia	Trade Logistics South East Europe	$2,731,924	$21,540	$1	COMPLETED
Latin America and Caribbean	Caribbean Region	Trade Logistics in the Caribbean	$2,435,233	$518,787	$481,810	PORTFOLIO
Latin America and Caribbean	Colombia	Investment Policy Colombia	$855,000	$126,622	$126,622	PORTFOLIO
Latin America and Caribbean	Latin America Region	Indicator Based Reform Advisory in LAC	$2,035,933	$311,272	$312,854	PORTFOLIO
Latin America and Caribbean	Latin America Region	Central America Regional Agribusiness Trade Logistics Project	$2,617,038	$909,276	$475,837	PORTFOLIO
Latin America and Caribbean	Peru	Supporting Peru Raise to OECD Stabdards	$954,000	$419,443	$419,443	PORTFOLIO
Middle East and North Africa	Afghanistan	Afghanistan Investment Climate Program	$12,711,000	$44,469	$44,469	PIPELINE
Middle East and North Africa	Afghanistan	Afghanistan Business Registration and Licensing Reform Phase II Project	$2,000,000	$358,823	$358,823	PORTFOLIO
Middle East and North Africa	Egypt, Arab Republic of	Egypt SubNational Doing Business 2013	$1,367,474	$96,599	$83,187	PORTFOLIO
Middle East and North Africa	Egypt, Arab Republic of	Egypt Fast Track Investment Policy Technical Assistance	$400,000	$160,501	$160,501	PIPELINE
Middle East and North Africa	Egypt, Arab Republic of	ICT Investment Policy in Egypt	$2,514,126	$221,080	$221,080	PORTFOLIO
Middle East and North Africa	Egypt, Arab Republic of	Egypt Energy Efficient Industries	$2,300,000	$391,115	$246,080	PORTFOLIO
Middle East and North Africa	Jordan	JOR Inspection Reform Project Phase II	$4,842,520	$859,778	$28,137	PORTFOLIO
Middle East and North Africa	Jordan	Jordan Investment Reform Project	$400,000	$57,514	$57,514	PORTFOLIO
Middle East and North Africa	Lebanon	Lebanon Simplification and Automation Phase 2	$1,733,910	$224,114	$98,461	PIPELINE

ANNEX 2: PORTFOLIO OF FIAS-SUPPORTED PROJECTS IN FY15

2.1 FIAS-Funded Client-Facing Projects Mapped to the World Bank Group Trade and Competitiveness Global Practice

REGION	COUNTRY	PROJECT NAME	TOTAL FUNDING	TOTAL FYTD EXPENDITURES	FIAS EXPENDITURES	PROJECT STAGE
Middle East and North Africa	MENA Region	IBRA Project in the MENA Region	$1,033,091	$384,446	$247,279	PORTFOLIO
Middle East and North Africa	Morocco	Morocco Quality of Public Service Delivery and Transparency to Improve the Investment Climate	$525,000	$61,178	$61,178	PORTFOLIO
Middle East and North Africa	Morocco	E4E Logistics/ Tourism Morocco	$1,094,980	$383,140	$137,293	PORTFOLIO
Middle East and North Africa	Pakistan	Punjab Energy	$1,541,568	$515,341	$62,997	PORTFOLIO
Middle East and North Africa	Pakistan	Pakistan Trade Facilitation Project	$1,332,505	$268,482	$78,854	PORTFOLIO
South Asia	Bangladesh	TAC Programmatic TA in Bangladesh	$20,260,000	$202,560	$202,560	PIPELINE
South Asia	Bangladesh	Low-Carbon Industry Initiative in Bangladesh	$859,744	$1,124	$1,124	COMPLETED
South Asia	Bhutan	Financial Infrastructure Project Bhutan	$972,911	$252,004	$173,896	PORTFOLIO
South Asia	India	Odisha Inclusive Growth Partnership	$2,706,384	$409,005	$87,199	PORTFOLIO
South Asia	India	Buddhist Circuit Tourism: Facilitating Growth Corridors in UP and Bihar	$3,797,378	$121,548	$93,761	PORTFOLIO
South Asia	India	India Ease of Doing Business	$2,742,638	$441,943	$336,314	PORTFOLIO
South Asia	Nepal	Nepal ICRP Regulatory Reform	$3,652,721	$390,540	$390,427	PORTFOLIO
South Asia	Nepal	Nepal Investment Climate for Industry	$2,485,158	$678,774	$483,544	PORTFOLIO
South Asia	Southern Asia Region	SA Regional Trade	$4,878,000	$865,364	$296,742	PORTFOLIO
South Asia	Sri Lanka	Sri Lanka Investment Policy and Promotion Project	$450,000	$58,294	$58,294	PIPELINE
Sub-Saharan Africa	Africa Region	Indicator-Based Reform in Sub-Saharan Africa	$1,887,970	$759,721	$428,812	PORTFOLIO
Sub-Saharan Africa	Africa Region	IC Rapid Response III	$2,041,397	$622,741	$469,243	PORTFOLIO
Sub-Saharan Africa	Benin	Benin Investment Climate Reform Program	$1,554,982	$277,615	$255,081	PORTFOLIO
Sub-Saharan Africa	Burundi	Burundi Investment Climate Reform Program 2	$507,496	$137,482	$127,203	PIPELINE
Sub-Saharan Africa	Cameroon	Cameroon Investment Climate Reform Program	$1,698,379	$488,788	$9,635	PORTFOLIO
Sub-Saharan Africa	Chad	Chad Investment Climate Program	$650,000	$213,764	$208,076	PORTFOLIO
Sub-Saharan Africa	Congo, Democratic Republic of	Improving DRC's Investment Climate at National and Provincial Levels	$875,000	$448,895	$100,803	PORTFOLIO
Sub-Saharan Africa	Cote D'Ivoire	Cote d'Ivoire Investment Climate Reform Program - Business Regulation	$2,433,987	$536,438	$194,094	PORTFOLIO
Sub-Saharan Africa	Eastern Africa Region	East African Community IC Phase 2	$8,080,035	$580,502	$580,502	PORTFOLIO
Sub-Saharan Africa	Ethiopia	Ethiopia - Livestock - MIRA	$2,100,000	$54,684	$54,684	PORTFOLIO
Sub-Saharan Africa	Ethiopia	Livestock Micro Reforms for African Agribusiness	$4,575,000	$308,291	$308,291	PIPELINE
Sub-Saharan Africa	Guinea	Guinea Business Regulation	$1,900,520	$719,439	$49,715	PORTFOLIO
Sub-Saharan Africa	Guinea-Bissau	Guinea-Bissau Cashew Sector Development Project	$1,175,000	$90,402	$90,402	PIPELINE
Sub-Saharan Africa	Liberia	Liberia Trade 2	$1,045,000	$133,014	$126,294	PORTFOLIO
Sub-Saharan Africa	Madagascar	Madagascar Investment Climate Reform Program	$2,121,000	$685,869	$277,359	PORTFOLIO
Sub-Saharan Africa	Malawi	Promoting competition in SSA	$1,300,000	$73,602	$73,602	PIPELINE
Sub-Saharan Africa	Mali	Mali Investment Climate Program - Phase 3	$244,779	$30,254	$30,254	PIPELINE
Sub-Saharan Africa	Mali	Mali investment Climate Program Economy Wide	$1,740,000	$824,998	$824,998	PORTFOLIO
Sub-Saharan Africa	Mozambique	Mozambique Investment Climate Program	$1,024,229	$147,530	$125,458	PORTFOLIO
Sub-Saharan Africa	Sao Tome and Principe	Sao Tome and Principe Investment Climate Project	$1,247,191	$183,676	$163,869	PORTFOLIO
Sub-Saharan Africa	Senegal	Warehouse Receipts System Development in Senegal	$1,100,721	$226,115	$199,925	PORTFOLIO
Sub-Saharan Africa	Somalia	Somalia Invesment Climate Reform Program	$2,516,603	$795,246	$419,259	PORTFOLIO
Sub-Saharan Africa	South Sudan	South Sudan Phase 3 (Client Engagement)	$941,000	$477,360	$266,393	PORTFOLIO
Sub-Saharan Africa	Tanzania	Tanzania Livestock MIRA	$2,100,000	$83,854	$79,000	PORTFOLIO
Sub-Saharan Africa	Togo	Togo Investment Climate Reform Program	$716,098	$52,654	$52,654	COMPLETED
Sub-Saharan Africa	Togo	Togo Trade Facilitation project	$1,900,000	$104,204	$100,720	PIPELINE
Sub-Saharan Africa	Uganda	Uganda IC Industry Program	$951,156	$170,898	$49,299	PORTFOLIO
Sub-Saharan Africa	Uganda	Uganda Investment Climate Program	$1,988,797	-	$0	COMPLETED
Sub-Saharan Africa	Western Africa Region	OHADA Uniform Acts Reform phase 2	$3,769,027	$464,203	$464,203	PORTFOLIO
Sub-Saharan Africa	Western Africa Region	West Africa Trade Logistics	$4,788,847	$838,051	$738,590	PORTFOLIO
Sub-Saharan Africa	Western Africa Region	Investment Policy Reform for West Africa Regional Organizations	$10,350,000	$1,368,873	$1,368,873	PORTFOLIO
Sub-Saharan Africa	Zambia	Zambia Iinvestment Climate Program II	$3,090,504	$543,596	$215,856	PORTFOLIO
World	World Region	Tax Transparency Exchange of Information - Client Facing	$7,309	$13,295	$13,295	OTHER
World	World Region	Competition Policy for Investment Climate	$2,007,900	$311,046	$311,046	PORTFOLIO
Grand Total						

ANNEX 2: PORTFOLIO OF FIAS-SUPPORTED PROJECTS IN FY16

2.2 FIAS-Funded Knowledge Management and Product Development Projects Mapped to the World Bank Group Trade and Competitiveness Global Practice

REGION	PROJECT NAME	TOTAL FUNDING	TOTAL FYTD EXPENDITURES	FIAS EXPENDITURE	% FIAS EXPENDITURES	PROJECT STAGE
World	Business Regulation Product Development and KM	$1,153,109	$457,835	$457,835	100%	PORTFOLIO
World	Gender in Investment Climate	$1,161,120	$733,734	$733,734	100%	PORTFOLIO
World	Promoting Competition	$2,195,108	$1,165,310	$980,154	84%	PORTFOLIO
World	ICT-enabled Investment Climate Reform Theme Project	$877,577	$355,772	$355,772	100%	PORTFOLIO
World	Joint Donor/World Bank Group Program on Impact and Value for Money	$4,006,979	$931,094	$879,941	95%	PORTFOLIO
World	Investment Policy Product Development and Roll Out	$2,220,895	$975,147	$953,181	98%	PORTFOLIO
World	Business Taxation Product Design	$1,490,868	$67,560	$67,560	100%	PORTFOLIO
World	Climate Competitive Industries Product Development Project	$1,553,929	$972,514	$759,901	78%	PORTFOLIO
World	Trade Logistics PDP (FY13-FY17)	$6,500,000	$2,082,744	$2,082,744	100%	PORTFOLIO
World	IC Indicator Based Reform Advisory Global	$1,233,091	$505,030	$503,761	100%	PORTFOLIO
World	Debt Resolution	$1,164,605	$421,007	$392,414	93%	PORTFOLIO
World	IC-Business Taxation (Tax Transparency)	$3,063,944	$1,618,730	$1,618,730	100%	PORTFOLIO
World	Investment Climate for Tourism - Global	$1,291,155	$496,467	$496,467	100%	PORTFOLIO
World	IC Agribusiness Supply Chain PDP	$2,890,000	$1,378,282	$1,378,282	100%	PORTFOLIO
World	T&C Manufacturing Product Development Project	$860,000	$220,148	$220,148	100%	PORTFOLIO
World	Good Regulatory Practice Program -- Governance GP components	$1,689,000	$287,967	$253,956	88%	PORTFOLIO
World	Good Regulatory Practices Program in T&C GP	$1,440,000	$276,047	$276,047	100%	PORTFOLIO
World	Public-Private Dialogue 3.0	$400,000	$426,768	$426,768	100%	PORTFOLIO
World	Investment Climate Applied Research PDP	$480,000	$480,112	$480,112	100%	PORTFOLIO
World	T&C Skills for Competitiveness PDP	$350,000	$331,245	$331,245	100%	PORTFOLIO
World	IT Enabled Services PDP	$100,000	$48,254	$48,254	100%	PORTFOLIO
World	Competitive Cities Product Development Project	$220,000	$199,567	$199,567	100%	PORTFOLIO
World	National Quality Infrastructure	$575,000	$196,862	$196,862	100%	PORTFOLIO
World	Supporting High-Growth Businesses	$100,000	$73,295	$73,295	100%	PORTFOLIO
World	Creative Industries PDP	$100,000	$91,368	$91,368	100%	PORTFOLIO
Grand Total						

2.3 FIAS-Funded Client-Facing IBRD Projects

REGION	COUNTRY	PROJECT NAME	TOTAL FYTD EXPENDITURES	FIAS EXPENDITURES	PROJECT STAGE
East Asia and Pacific	Vietnam	Vietnam Trade Facilitation	$439,784	$271,758	PORTFOLIO
Latin America and Caribbean	Latin America Region	Regional CA project to support TFA	$346,098	$74,415	PORTFOLIO
Latin America and Caribbean	Latin America Region	Identification of reform areas	$84,757	$84,757	PORTFOLIO
Latin America and Caribbean	Latin America Region	Technical assistance to align with TFA	$117,309	$117,309	PORTFOLIO
Latin America and Caribbean	Latin America Region	Tracking of reform implementation	-	-	PORTFOLIO
Sub-Saharan Africa	Botswana	Botswana Trade Facilitation	$699,357	$652,081	PORTFOLIO
Sub-Saharan Africa	Malawi	Malawi Growth and Competiveness ESW	$638,569	$462,817	PORTFOLIO

ANNEX 3: ABBREVIATIONS

ADR	alternative dispute resolution
AEO	authorized economic operator
AOP	authorized operator program
APEC	Asia-Pacific Economic Cooperation
AS	advisory services
B2G	business to government
BOP	base of the economic pyramid
BSI	business safety inspections
CAK	Competition Authority of Kenya
CCS	compliance cost savings
CIDA	Canadian International Development Association
COMESA	Common Market for Eastern and Southern Africa
COMIECO	Council of Ministers for Central American Economic Integration
DEC	Development Economics Group, World Bank Group
DFID	United Kingdom Department for International Development
DRBE	Debt Resolution and Business Exit
EAC	East African Community
ECA	Europe and Central Asia Region, World Bank Group
ECOWAS	Economic Community of West African States
EEC	Eurasian Economic Commission
EEU	Eurasia Economic Union
FCS	states in fragile and conflict-affected situations
FDI	foreign direct investment
FIAS	Facility for Investment Climate Advisory Services
F&M	Finance & Markets Global Practice
FMTAAS	Funding Mechanism for Technical Assistance and Advisory Services (IFC)
FY	fiscal year
G2B	government to business
GDP	gross domestic product
GVCs	global value chains
IBR	Indicator-Based Reform
IBRD	International Bank for Reconstruction and Development
IC3	Mali Investment Climate 3 project
IC AR	Investment Climate Applied Research
ICR	implementation of commercial registry
ICT	information and communication technologies
IDA	International Development Association
IFC	International Finance Corporation
INSOL	International Association of Restructuring, Insolvency & Bankruptcy Professionals
IPP	Investment Policy and Promotion
IRM	investment reform map; investment reform memo
ISO	International Organization for Standardization
KEA	Korea Energy Agency
LAC	Latin America and Caribbean Region, World Bank Group
LGIF	Lebanese e-Government Interoperability Framework
LLC	limited liability corporation
M&E	monitoring and evaluation
MCPAT	Markets and Competition Policy Assessment Tool
MIGA	Multilateral Investment Guarantee Agency
MSE; MSME	micro and small enterprises; micro, small, and medium enterprises

ANNEX 3: ABBREVIATIONS *(continued)*

NEM	non-equity modes of investment
NPL	non-performing loan
NQI	national quality infrastructure
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States
OHADA	Organization for the Harmonization of Business Law in Africa
OSS	one-stop shop
P2P	peer to peer
PEECA	Punjab Energy Efficiency and Conservation Agency
PPD	public-private dialogue
PTB	National Metrology Institute of Germany
SEZ	special economic zone
SIECA	Secretariat for Central American Economic Integration
SIRM	systemic investor response mechanism
SME	small and medium enterprises
SPS	sanitary and phytosanitary sphere
T&C	Trade & Competitiveness Global Practice
TFA	Trade Facilitation Agreement
TFSP	Trade Facilitation Support Program
TPP	Trans-Pacific Partnership
TRS	time-release study
TTIP	Transatlantic Trade and Investment Partnership
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VAT	value-added tax
VPU	vice presidential unit (World Bank Group
WAEMU	West African Economic Monetary Union
WCO	World Customs Organization
WEF	World Economic Forum
WRS	warehouse receipt system
WTO	World Trade Organization

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 Trade & Competitiveness Global Practice of the World Bank Group. For more information, visit *www.worldbank.org/trade, www.worldbank.org/competitiveness,* or Google 'the Facility for Investment Climate Advisory Services'.

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