Fias

2018

ANNUAL REVIEW

THE FACILITY FOR INVESTMENT CLIMATE ADVISORY SERVICES

WORLD BANK GROUP

With support from:

BILL & MELINDA GATES foundation

TRADE MARK EAST AFRICA
Growing Prosperity Through Trade

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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 Equitable Growth, Finance & Institutions Practice Group of the World Bank Group. For more information, visit *www.worldbank.org/fias.*

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Cover photo: Kanchipuram, India. Woman weaving silk sari on loom. *Bigstock Photography*

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Message from the Vice President

The FIAS partnership could not be more important than it is today, as we aim to generate more investment to underpin sustainable job creation and resilient economies in our partner countries. FIAS complements and accelerates our IDA 18 objectives and the IFC 3.0 strategy to achieve the twin goals of ending extreme poverty and boosting shared prosperity.

During fiscal year 2018, the second year of the FY17–21 FIAS strategy cycle, we worked on 98 projects in 86 developing countries: 52 of them are IDA countries; 45 are in Sub-Saharan Africa; and 25 are in fragile and conflict-affected situations, reflecting strong commitment to FIAS priorities. Our partner countries have implemented 102 reforms in the first two years of the cycle. Half of the top 10 reforming countries in *Doing Business 2019* achieved their ease-of-doing-business reforms with FIAS support.

The strong results in the OHADA nations of Sub-Saharan Africa, subject of this year's Special Topic chapter, reflect our emphasis on supporting investment climate reform in a coordinated fashion across multiple countries. An independent evaluation of the project reports significant increases in domestic credit availability and cost savings to businesses. This multi-country approach has leveraged results for FIAS also in East Africa, the Caribbean, Central America, the Western Balkans, and Central Asia. And FIAS support for programs that expand opportunities for women have strengthened global and regional projects supported by the Women Entrepreneurs Financing Initiative. In this year's Annual Review, look for the "FIAS Leverage" tag on feature boxes throughout the report where we describe how FIAS-supported work dovetails with other World Bank Group lending, investment, and advisory initiatives.

The core mission of FIAS remains unchanged: to help client countries institute and implement reforms that foster open, productive, and competitive markets and unlock sustainable private investments in sectors that contribute to equitable growth and poverty reduction. Within this well-established partnership, now in its fourth decade, FIAS enables the World Bank Group to be more agile, flexible, and responsive to partner country demands, while increasing our overall effectiveness in reducing poverty.

With the work of the FY17–21 strategy cycle now well under way, I am pleased to present the *FIAS 2018 Annual Review*, providing data on reforms and expenditures as well as narratives of the work being done by our country and global teams, and I send heartfelt thanks to our FIAS donors and partners for continuing their strong support for the FY17–21 work program.

Ceyla Pazarbasioglu
Vice President
Equitable Growth,
Finance & Institutions

Introduction

The work supported by the Facility for Investment Climate Advisory Services (FIAS) is taking place in increasingly challenging circumstances across emerging and developing economies.

Rising public debt, political uncertainty, trade tensions, and lower-than-expected growth in the major economies are combining to flatten the growth curve of developing countries that have experienced a decade of economic expansion since the global economic crisis of 2008. *Global Economic Prospects—Darkening Skies*, published in January 2019 by the World Bank Group, projects 2.9 percent growth in 2019, a downward revision of its previous forecast stemming from softening international trade and manufacturing, elevated trade tensions, and financial market pressures facing large emerging markets.

Growth is expected to continue but at a slower pace in Sub-Saharan Africa, a priority region for FIAS. In 2018 economic activity in non-resource-intensive countries in Africa was robust, supported by agricultural production and services, household consumption, and public investment. Several countries in the West African Economic and Monetary Union grew at 6 percent or more, including **Benin**, **Burkina Faso**, **Côte d'Ivoire**, and **Senegal**—all of them beneficiaries of FIAS-supported projects. Regional growth is expected to increase to 3.4 percent in 2019 on the strength of improved investment in large economies and continued growth in non-resource-intensive countries. On the downside, per capita growth is forecast to remain well below the long-term average in many countries, yielding little progress in poverty reduction—the overarching mission of the Bank Group.

These circumstances make the advisory work supported by FIAS and carried out by EFI's joint World Bank-IFC teams in more than 80 developing countries all the more relevant and timely. FIAS is supporting work in all six World Bank group regions, with an emphasis on borrowing countries of the International Development Association (IDA), Sub-Saharan African countries, and fragile and conflict-affected situations (FCS). The *FIAS 2018 Annual Review* details 40 investment climate reforms achieved in 25 client countries, nearly two-thirds of them IDA members. Ninety-three percent of FIAS-supported projects received positive ratings from clients. And five of the ten countries listed in *Doing Business 2019* as most improved—**Afghanistan**, **Azerbaijan**, **India**, **Togo**, and **Rwanda**—recorded reforms in FY18 from FIAS-supported projects. The Special Topic chapter in the FY18 report focuses on strong results achieved in the 17 Sub-Saharan African countries of OHADA, where more than a decade of FIAS-supported advisory work has led to the passage and implementation of reforms that have substantially improved business formation and access to finance across a large swath of central and western Africa.

These are but a few highlights of the past year's activity. New in this report is reporting under the tag line **FIAS Leverage**, describing examples from across the developing world of how FIAS-supported projects align with other interventions by the World Bank Group in client countries. The work continues in FY19, the third year of the five-year FIAS strategy cycle, thanks to the continued strong support of our Development Partners.

Summit meeting in Berlin on the Compact with Africa, October 2018. *Photo: World Bank*

New in this report is reporting under the tag line **FIAS Leverage**, describing examples from across the developing world of how FIAS-supported projects align with other interventions by the World Bank Group in client countries.

01

Main Achievements and Milestones

FIAS is supporting implementation of reforms in more fragile states than ever.

FIAS-supported programs contributed to

40 reforms

in 25 client countries in FY18; 65% in IDA

FIAS-supported projects achieved

93% client satisfaction rating FY17–18

38 of 41 projects receiving positive ratings from clients

FIAS-supported projects generated

$28 million

in direct compliance cost savings in FY18 due to streamlined regulation and lower business costs

Vegetable stand owner carries her daughter on her back at an open market in Bamako, Mali. *Photo: Bigstock*

01

The New Strategy Cycle

Highlights of FY18 FIAS-Supported Operations

Reforms Achieved

102 reforms

FIAS-supported programs contributed to 40 investment climate reforms in 25 client countries. Combined with the 62 reforms in FY17, FIAS is on track with 102 reforms achieved in the first two years of the strategy cycle against a two-year target of 110 reforms.

FIAS two-year strategy cycle target is 110 reforms.

FY18 Investments

$33 million

FIAS-supported projects generated $33 million in new investments in FY18 based on validations completed to date in **Albania**, **Bosnia and Herzegovina**, and **the Kyrgyz Republic**, bringing the total for the strategy cycle to $186 million.

Investments in FIAS-supported projects

FY17–18 CCS Savings

$36.7 million

FIAS support generated $28 million in compliance cost savings (CCS) in FY18, reflecting lower business costs due to streamlined regulations and permitting processes, bringing the total for the strategy cycle to $36.7 million.

FY18 compliance cost savings

Doing Business 2019

5 FIAS clients 'most improved' in DB19

Five of the ten countries listed in ***Doing Business 2019*** as most improved, **Afghanistan, Azerbaijan, India, Togo** and **Rwanda**, recorded reforms in FY18 from FIAS-supported projects.

32 reforms

32 of the 40 FIAS reforms in FY18, or **80 percent**, involve *Doing Business* indicator reforms that have been independently validated by ***Doing Business.***

10 percent of *DB* reforms via FIAS

Of the **314 DB reforms** recorded in FY18 by the World Bank Group, 10 percent were achieved in FIAS-supported projects.

01

FY18 Portfolio Information

Focus on Priority Client Groups

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

FY18 Project **Expenditures**

$16.5 million

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

- **47 percent** was spent in Sub-Saharan Africa (target: 50 percent)
- **30 percent** was spent in FCS (target: 25 percent).

Reforms Achieved in FY18

65%

65 percent of reforms were achieved in IDA countries (58 percent in FY17).

30%

30 percent of reforms were achieved in Sub-Saharan Africa (32 percent in FY17).

25%

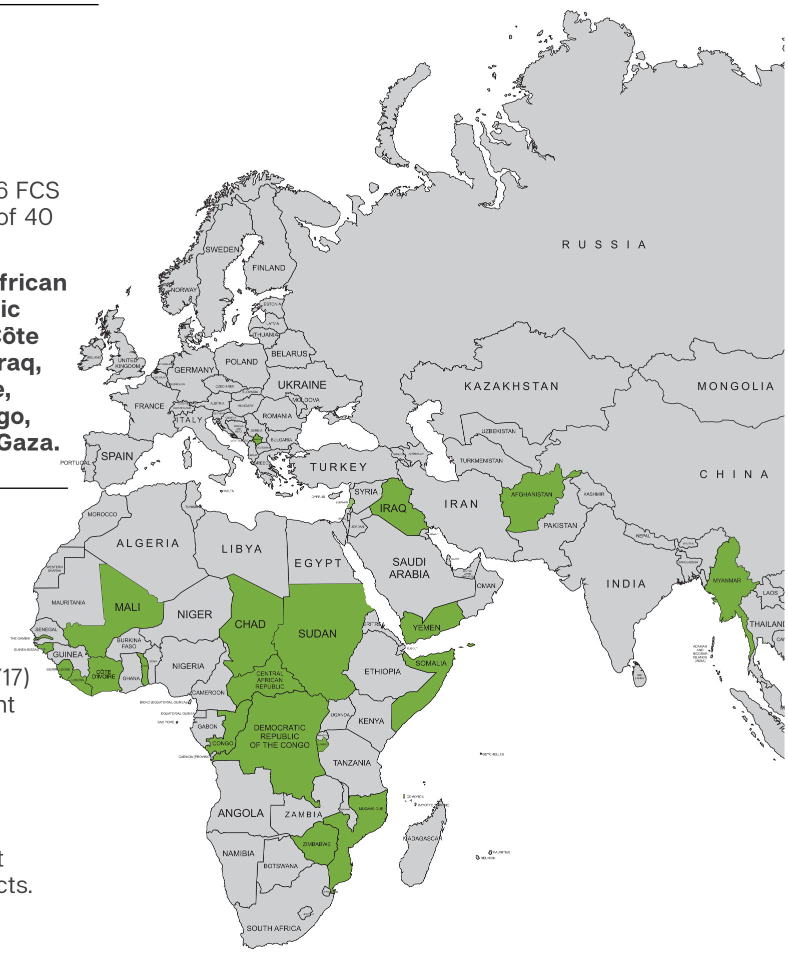
25 percent of reforms were achieved in FCS (21 percent in FY17).

FIAS-supported projects

25 countries

FIAS supported projects in 25 of the world's 36 FCS states or territories in FY18, or 69 percent (23 of 40 countries, or 58 percent, in FY17).

The 25 are: **Afghanistan, Burundi, Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, The Gambia, Guinea-Bissau, Haiti, Iraq, Kosovo, Lebanon, Liberia, Mali, Mozambique, Myanmar, Sierra Leone, Somalia, Sudan, Togo, Yemen, Zimbabwe,** and **the West Bank and Gaza.**



98 projects

The FIAS portfolio consisted of 98 projects in FY18 (99 in FY17), with 79 client-facing (79 in FY17) and 19 non-client-facing in product development (20 in FY17).

- FIAS clients rated 10 projects in FY18, all positively (28 of 31 rated positively in FY17, 90 percent), for a two-year cumulative client satisfaction rating of 93 percent for 41 projects.
- In FY17–18, five of eight completed projects supported by FIAS received positive development effectiveness ratings in internal World Bank Group management reviews. Three projects in FY18 received negative ratings. A major earthquake and political instability interrupted project progress in Nepal; decisions by client governments in Egypt and the East African Community prevented completion of project objectives. All three of these projects reported achievement of some key objectives.
- Total FIAS direct project expenditures in FY18 were $21.5 million ($26 million in FY17), with $16.5 million, or 77 percent, client-facing (72 percent in FY17) and 23 percent non-client facing (28 percent in FY17).

FIAS Program Continues Under Restructured Global Practices

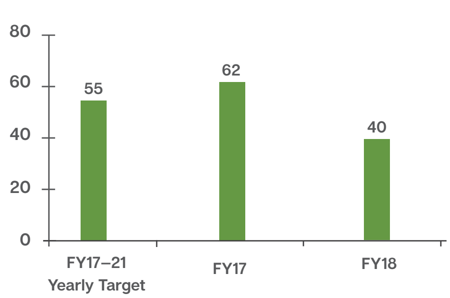
The **Equitable Growth, Finance and Institutions (EFI)** vice presidency comprises four Global Practices that work to promote stable, equitable, efficient, and dynamic markets, institutions and economies. These four Global Practices are: **Finance**, **Competitiveness and Innovation (FCI)**; **Macroeconomics**, **Trade and Investment (MTI)**; **Governance**; and **Poverty**. FCI and MTI, consisting of both World Bank and IFC teams, jointly implement the FIAS-supported portfolio with EFI providing unified management. The work supports the IFC 3.0 objectives of maximizing finance for development and creating markets. EFI will continue to support foundational reforms that help to "de-risk" countries along the macro, business climate, and financing dimensions.

01

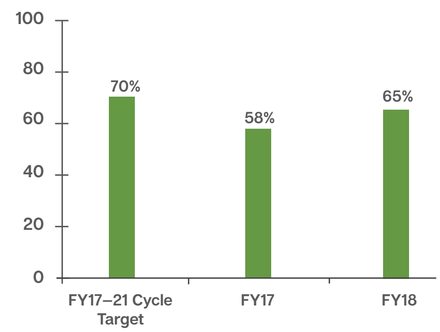
FY17 Portfolio Information
FIAS Strategy Cycle Metrics

The charts below show FIAS FY17 and FY18 results in priority areas as measured against FY17–21 strategy cycle targets.

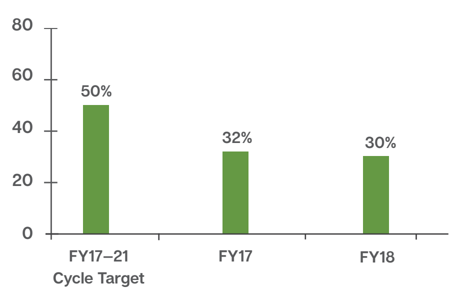
TOTAL FIAS-SUPPORTED REFORMS



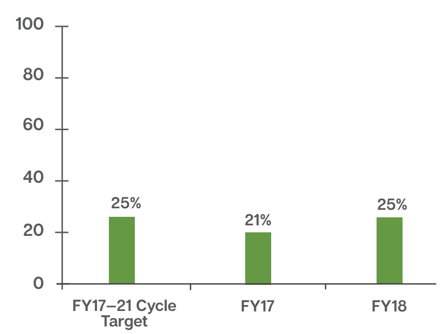
SHARE OF REFORMS IN IDA COUNTRIES



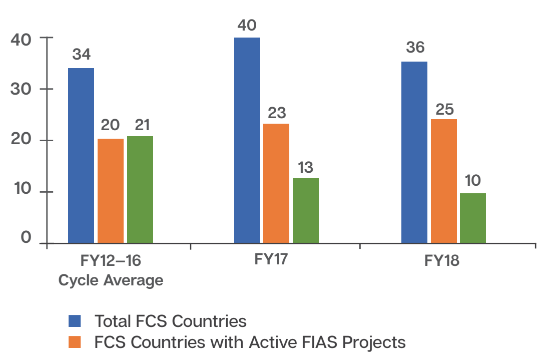
SHARE OF REFORMS IN SUB-SAHARAN AFRICA



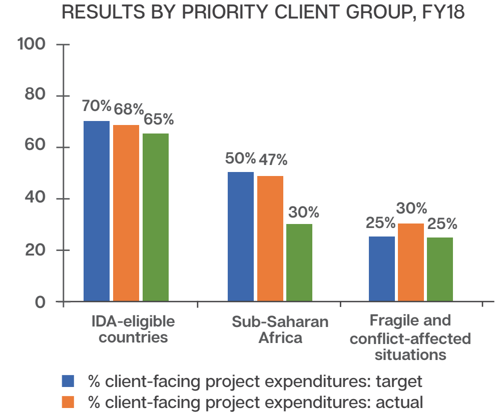
SHARE OF REFORMS IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS



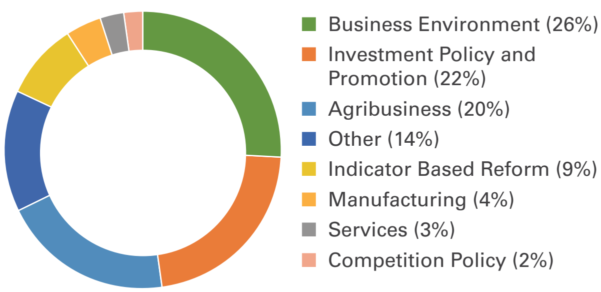
FIAS-SUPPORTED PROJECTS, REFORMS IN FCS



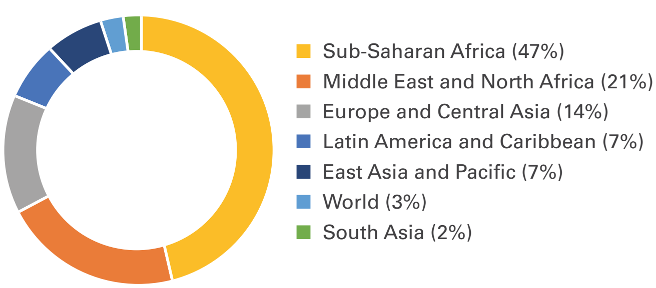
RESULTS BY PRIORITY CLIENT GROUP, FY18



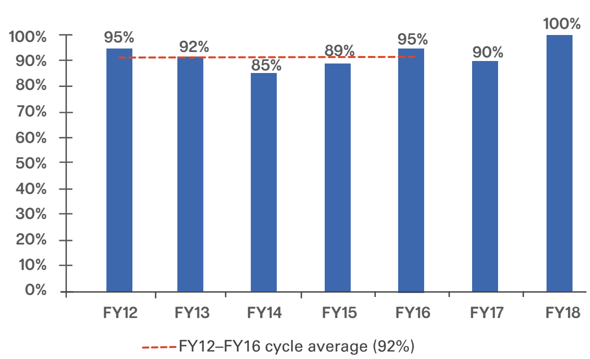
CLIENT FACING EXPENDITURES BY PRODUCT, FY18
100% = $16,530,313



CLIENT-FACING EXPENDITURES BY REGION, FY18
100% = $16,530,313



FIAS CLIENT SATISFACTION, FY12–FY18
(Share of positive client responses from FIAS support projects)



Bakehouse in Johannesburg, South Africa. *Photo: Bigstock*

01

FY12–16 and FY17–18 FIAS Funding and Expenditures

	2012-16		2017		2018	
Contributions (Sources of Funds) [a]	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total
WORLD BANK GROUP CONTRIBUTIONS	51,336,475	28%	9,599,341	26%	8,061,770	25%
Core Contributions	37,788,000	20%	7,000,000	19%	7,000,000	22%
IFC[a]	23,388,000	13%	5,000,000	13%	5,000,000	16%
MIGA	5,600,000	3%	-	0%	-	0%
World Bank	8,800,000	5%	2,000,000	5%	2,000,000	6%
Project Specific/Other Contributions (IFC)	13,548,475	7%	2,599,341	7%	1,061,770	3%
Donor Contributions	134,480,300	72%	27,950,198	74%	23,557,629	75%
Core	47,516,000	25%	4,601,820	12%	5,620,842	18%
Programmatic	55,913,000	30%	16,009,590	43%	8,880,887	28%
Project-Specific	31,051,300	17%	7,338,788	20%	9,055,900	29%
Client Contributions	699,000	0.4%	-	0.0%	-	0.0%
Total Contributions	**186,515,775**	**100%**	**37,549,539**	**100%**	**31,619,399**	100%
Less Trust Fund Administration Fees	7,151,000		1,099,899		834,799	
Total Net Contributions	**179,364,775**		**36,449,640**		**30,784,600**	

Expenditures (Uses of Funds)[b]						
Staff Costs	80,745,922	50%	15,724,142	48%	14,114,087	52%
Consultants and Temporaries	41,145,014	26%	10,503,071	32%	8,768,926	32%
Operational Travel Costs	26,315,588	16%	5,053,184	15%	3,006,936	11%
Indirect Costs (including office and operating costs)	11,886,379	7%	1,604,318	5%	1,506,396	5%
Total Expenditures	**160,092,902**	**100%**	**32,884,715**	**100%**	**27,396,345**	**100%**

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

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

FIAS-Supported Reforms by Region and Country, FY18

Region	Country	Agribusiness	Construction Permits	Enforcing Contracts	Getting Credit	Getting Electricity	Inspections	Investment Policy - Entry	Investment Policy - Incentives	Investment Policy - Promotion	Investment Policy - Protection and Retention	Licenses and Permits	Property Transfers	Protecting Minority Investors	Resolving Insolvency	Starting a Business	Tax Simplification and Compliance	Trade Logistics	Grand Total
AFRICA	Guinea[a]		1*										1*			1*			3
	Mali[a, b]			1*															1
	Mozambique[a, b]					1**													1
	Rwanda[a]						1					1		1**		1*			4
	Togo[a, b]		1*																1
	South Africa				1*											1*			2
AFRICA TOTAL			2	1	1	1	1					1	1	1		3			12
EAST ASIA AND PACIFIC	Myanmar[a, b]							1											1
EAST ASIA AND PACIFIC TOTAL								1											1
EUROPE AND CENTRAL ASIA	Albania			1*															1
	Azerbaijan		1*										1*	1*					3
	Bosnia and Herzegovina									1									1
	Croatia												1*						1
	Kazakhstan			1*												1*			2
	Kosovo[a, b]		1*																1
	Kyrgyz Republic[a]			1*										1*					2
	Uzbekistan[a]													1*				1*	2
EUROPE AND CENTRAL ASIA TOTAL			2	3						1			2	3		1		1	13
LATIN AMERICA AND CARIBBEAN	Central America[a]	1																	1
	Colombia										1								1
LATIN AMERICA AND CARIBBEAN TOTAL		1									1								2
MIDDLE EAST AND NORTH AFRICA	Jordan								1	1									2
MIDDLE EAST AND NORTH AFRICA TOTAL									1	1									2
SOUTH ASIA	Afghanistan[a, b]				1*									1*	1*	1*	1*		5
	India		1*		1*											1*	1*	1*	5
SOUTH ASIA TOTAL			1		2									1	1	2	2	1	10
GRAND TOTAL		1	5	4	3	1	1	1	1	2	1	1	3	5	1	6	2	2	40

FIAS Total of which in IDA	26	65%
FIAS Total of which in FCS	10	25%
FIAS Total of which in SSA	12	30%
Reforms captured by *Doing Business*	32	80%

[a] International Development Association (IDA).

[b] Fragile or conflict-affected situations.

* Of the 40 reforms validated by *Doing Business*, 30 were validated by DB19.

** 2 reforms were reported retroactivley and were validated by DB18.

02

Special Topic: Strong FIAS Results in OHADA

$3.8 billion
in additional domestic credit

in seven OHADA countries between 2011 and 2015[1]

$385
in increased domestic credit

generated for every dollar spent on FIAS-supported projects

$7.8 million
in business cost savings

in six OHADA countries, 2015 through late June 2017— against a target of $7 million

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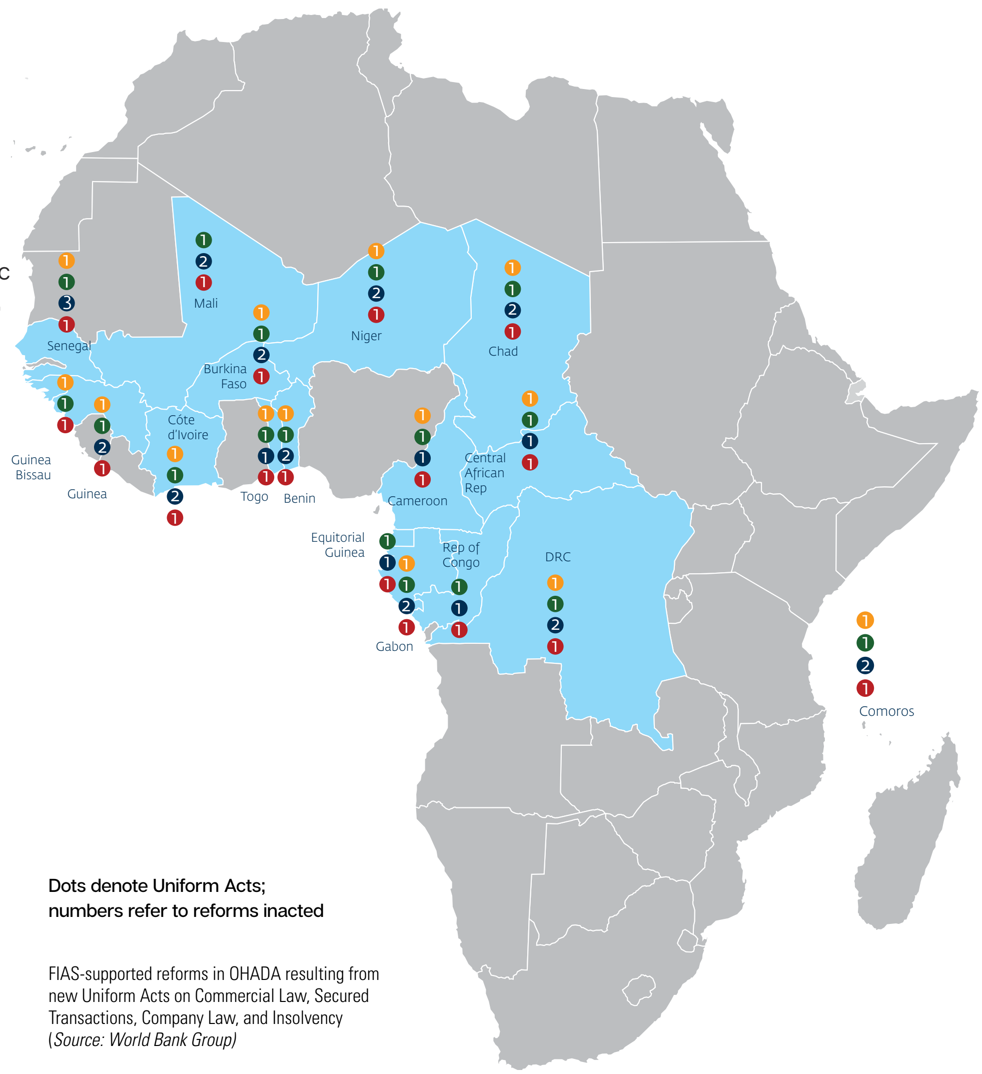
[1] ECOPA and Economisiti Associati, independent evaluators, *An Impact Assessment of OHADA Reforms: Uniform Acts on Commercial, Company, Secured Transactions, and Insolvency*, an impact evaluation of IFC's OHADA Investment Climate Program 2007–2017, (co-publication of the World Bank, IFC, and the East African Community Secretariat, 2018), p 11.

Throughout its 33-year history, FIAS has sought out opportunities to support advisory services delivered on a regional basis, through organizations that cover multiple client countries.

This approach leverages World Bank Group expertise and enables delivery of beneficial economic impact at scale. FIAS has adopted this approach to support advisory projects in the Common Market for Eastern and Southern Africa, the Council of Ministers for Central American Economic Integration, the East African Community, the Economic Community of West African States, the Eurasian Economic Commission (EEC), the Organization of Eastern Caribbean States (OECS), and the Western Balkans region, among other regional endeavors.

Longstanding FIAS Commitment to OHADA

One of the longest-running advisory engagements on the regional level to benefit from FIAS support has been the legal reform work in the 17 nations of **OHADA**, the Organization for the Harmonization of Business Law in Africa. OHADA falls squarely within the priority areas of the FIAS FY17–21 strategy cycle: all are Sub-Saharan African countries; all but two are IDA borrowing countries; and eight are in fragile and conflict-affected situations. With the completion of a decade of advisory work in this economically challenged region it is possible to step back and assess the impact of OHADA reforms. Both the Bank Group's own analysis and an independent evaluation of the multi-phase project agree: the member nations of OHADA have made significant progress in improving their business climate and substantial strides in increasing the availability of credit and stimulating the formation of new businesses.



Dots denote Uniform Acts; numbers refer to reforms inacted

FIAS-supported reforms in OHADA resulting from new Uniform Acts on Commercial Law, Secured Transactions, Company Law, and Insolvency (*Source: World Bank Group*)

Uniform Act on General Commercial Law
The UA on General Commercial Law introduced the *entreprenant* status and an effort to computerize the RCCM (2011).

Uniform Act on Secured Transactions
The UA on Secured Transactions broadened the range of assets that can be used as collaterals (2011).

Uniform Act on Company Law
The UA on Company Law introduced the SAS and the GIE and simplified the creation of a SARL (2014).

Uniform Act on Insolvency
The UA on Insolvency safeguarded liquidation procedures, facilitating recovery after business discontinuation (2015).

02

Established in 1993, OHADA has provided a forum for the development of innovative legal reform in francophone African countries with the goal of creating a uniform legal and regulatory framework encompassing accounting standards, arbitration, commercial law, collateral, company law, and insolvency. For more than a decade, the World Bank Group, with the support of FIAS and the government of France, has helped develop a consistent and modern set of business codes covering all 17 member nations of OHADA—**Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, the Comoros, Côte d'Ivoire, the Democratic Republic of Congo, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, the Republic of Congo, Senegal,** and **Togo**.

Phase 2 of the FIAS-supported Uniform Acts project focused on revising regional laws or "Uniform Acts," specifically the Company Law and Insolvency Law, and on continuing and strengthening implementation at the country level of earlier reforms to the Commercial Law and Secured Transaction Law. The revised Company Law created a new form of limited liability company, providing greater flexibility for contractual arrangements among shareholders; it modernized corporate governance rules, facilitating the creation and operation of corporations, including the possibility of attending board meetings via videoconference and protections for minority investors; it created new categories of securities, including hybrid securities such as convertible bonds; and it simplified the company registration process for SARL (*société à responsabilité limitée*), a type of limited liability company common in French-speaking regions.

IFC's OHADA investment climate program initiative from 2007 to 2017 had significant impact on access to finance, business registration, and business cost savings for all 17 member nations.

In 2011, when the project's second phase was being planned, OHADA member states collectively were among the lowest performers in the annual *Doing Business* ranking of countries. *Doing Business 2011* showed that out of 183 countries worldwide, **Burkina Faso** ranked the best among OHADA countries at 151st. Six of the bottom ten countries on that year's *Doing Business* ranking were OHADA member nations. *Doing Business 2019* showed that while OHADA countries continued to face significant challenges in terms of ease of doing business, circumstances had improved markedly. Out of 190 countries, **Côte d'Ivoire** had the best ranking among OHADA members, at 122nd (an improvement of 17 places from *Doing Business 2018*). And only three of the bottom ten countries were OHADA nations. Of the global top-ten improvers in *Doing Business 2019*, four are from Sub-Saharan Africa, and two of those—**Côte d'Ivoire** and **Togo**—are OHADA member countries.

Substantial Beneficial Impact of Reforms

Now a newly published independent evaluation is providing a more granular picture of the impact of FIAS-supported work in OHADA. The independent firms ECOPA and Economisiti Associati teamed up in preparing *An Impact Assessment of OHADA Reforms*, analyzing the Bank Group's OHADA investment climate program from 2007 to 2017. The assessment, prepared to coincide with OHADA's 25th anniversary, found that "the OHADA initiative had significant impact on access to finance, business registration, and business cost savings."

The study employed the synthetic control method (SCM) to build control country data to which observed impacts could be compared. It also relied on detailed case studies of **Cameroon**, **Côte d'Ivoire**, and **Niger** involving interviews of more than 150 representatives from government, business, the financial sector, and the legal profession.

Between 2011 and 2015, the analysis determined that the Uniform Act led to additional domestic credit to the private sector of $1.1 billion in **Senegal**, $894 million in **Burkina Faso**, $729 million in **Togo**, $607 million in **Mali**, $417 million in **Cameroon**, $33 million in **Central African Republic**, and $30 million in **Comoros**–a total of more than $3.8 billion. Results were inconclusive for Benin, Côte d'Ivoire, and Gabon, but SCM analysis from the other seven OHADA countries confirmed the positive impact of the legal reform on domestic credit flows to businesses.[2]

The Bank Group's Project Completion Report (PCR) calculated that increases in domestic credit attributable to the reforms resulting from both phases of the Uniform Acts project were achieved with a combined expenditure of $9.9 million. For every dollar expended under the project, domestic credit was increased by $385, according to the PCR. From 2015 through June of 2017, the project also achieved $7.8 million in business cost savings in six countries (**Benin**, **Burkina Faso**, **Côte d'Ivoire**, **Guinea, Niger**, and **Togo**), against a target of $7 million, through reduced business registration time and costs, and reduced notary fees.

The Uniform Act on Secured Transactions went into effect in 2011 and resulted in all 17 OHADA states broadening the range of assets that can be used as collateral and the range of obligations that can be secured. One important result was a marked improvement in the Doing Business indicator for getting credit, as shown here.

$9.9m

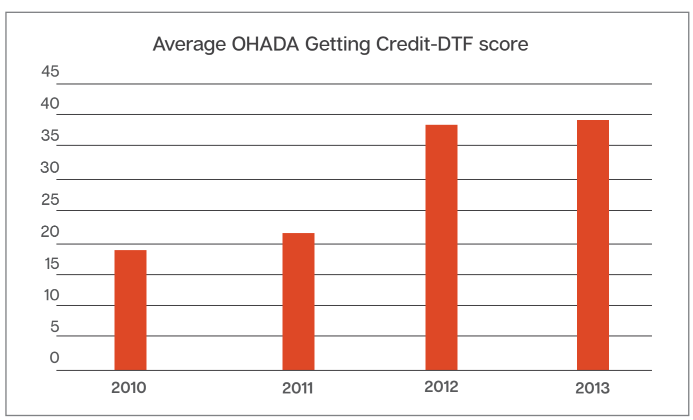
The Bank Group's Project Completion Report calculated that increases in domestic credit attributable to the reforms resulting from both phases of the **Uniform Acts project were achieved with a combined expenditure of $9.9 million.**

$1.1b

In **Senegal,** the Uniform Act led to **$1.1 billion in additional domestic credit** to the private sector.

$7.8m

From 2015 through June of 2017, **the Uniform Acts project also achieved $7.8 million in business cost savings in six countries** (**Benin**, **Burkina Faso**, **Côte d'Ivoire**, **Guinea, Niger**, and **Togo**).



Average OHADA getting credit score roughly doubled over two years following passage of Secured Transactions law. (*Source: World Bank Group)*

[2] ECOPA and Economisiti, *An Impact Assessment of OHADA Reforms*, p 11.

02

OHADA has addressed the costs and administrative obstacles to starting a business. Because of this reform, the average paid-in minimum capital required to open a business across OHADA member countries dropped by almost 50 percent in one year.

Reducing the requirements to open a new business

98%

The Democratic Republic of Congo enacted the most sweeping reform, reducing the requirement by 98 percent—from a one-time high of 500 percent of income per capita to 11 percent.

Accelerated new business start-up times

9 days

In Guinea-Bissau, where it took 260 days to start a business in 2005–06, it now takes only 9 days.

One of OHADA's top priorities has been making it easier to start a business. Sub-Saharan Africa has long compared unfavorably to Organization for Economic Cooperation and Development (OECD) countries in terms of ease of starting a business, and OHADA countries have compared unfavorably to countries in the rest of Sub-Saharan Africa. This is generally attributed to OHADA's inheritance of a set of business laws common to francophone Africa that date back to the colonial era and are generally regarded as antiquated compared to business laws in wide use today. In 2005–06, for example, OHADA countries required 12 steps taking an average of 67 days to start a business, compared to 10 steps and 54 days in the rest of Sub-Saharan Africa. Paid-in minimal capital requirements—the amount that an entrepreneur needs to deposit in a bank or with a notary to legally start a business—was also well above average across OHADA. The capital requirement is measured as a percentage of per capita income in a country. In OHADA, the minimum paid-in capital requirement more than a decade ago was nearly 400 percent of income per capita, versus 94 percent elsewhere in Sub-Saharan Africa.[3]

Through a variety of reform initiatives under the FIAS-supported project, OHADA has addressed the costs and administrative obstacles to starting a business. In January 2014, for example, OHADA economies authorized each member state to adopt national legislation to reduce the paid-in minimum capital requirement to their chosen level for the creation of a private limited liability company. Because of this reform, the average paid-in minimum capital required to open a business across OHADA member countries dropped by almost 50 percent in one year. **The Democratic Republic of Congo** enacted the most sweeping reform, reducing the requirement by 98 percent—from a one-time high of 500 percent of income per capita to 11 percent. **Burkina Faso**, **the Comoros**, **Guinea**, and **Niger** also dramatically reduced their paid-in minimums. OHADA countries also made starting a business easier in 2014–15 by decreasing administrative fees. **Benin** reduced filing fees at its one-stop shop for business registration, reducing the cost of starting a business from 56 percent of income per capita in 2013–14 to 46 percent in 2014–15. **Togo** reduced registration fees with the tax authority, which decreased the cost of starting a business from 95 percent to 84 percent of income per capita.

Significant progress in reducing the time required to open a business across OHADA was achieved by the establishment of the one-stop-shop for business creation in 2010–11. By 2015, the average time required to open a business across OHADA stood at 26 days, down from 67 percent a decade earlier, a 61 percent decrease. **Guinea-Bissau**, **the Democratic Republic of Congo**, and **Senegal** each reduced the number of days by over 90 percent. In Guinea-Bissau, where it took 260 days to start a business in 2005–06, it now takes only 9 days.

Impact of OHADA Reforms on Creating Markets

Across OHADA, the Uniform Acts on General Commercial Law and Company Law lowered the cost of forming companies, thus contributing to reduced entry costs. Forming companies is easier and less costly. The Uniform Act on Secured Transactions has improved collateral mechanisms, which have enhanced access to finance across the

[3] Leah Nosal and Valentina Saltane, "Harmonization Strikes a Chord of Success: *Doing Business* in OHADA Economies," in *SmartLessons*, (IFC, January 2016), p. 2.

region, again contributing to lower entry costs and increased competitive pressure.

The Company Law has supported the emergence of private equity funding, which has increased competitive pressure on the banking industry. In **Cameroon**, **Côte d'Ivoire**, and **Senegal**, private equity funds have been particularly active in providing long-term equity or semi-equity finance.[4] Other factors besides the OHADA reforms have contributed to this development, but the reforms have played a significant role, and the increased availability of private equity financing is lowering entry costs particularly in agroindustry, finance, construction, health, and telecommunications.

Closing the Gap with the Rest of Africa

OHADA member economies have implemented noteworthy reforms to close the gap between OHADA member and non-member countries in Sub-Saharan Africa. In the last 10 years, approximately 25 percent of OHADA reforms (56 of 227) made starting a business easier. Dramatic reductions in the procedures, time, cost, and paid-in minimum capital required to open a business in OHADA member economies add up to a substantial improvement in their ease of starting a business over time. Across all OHADA countries, the average number of procedures required to start a business decreased from 12 procedures in 2005–06 to just over 7 procedures a decade later. **Burkina Faso**, **Côte d'Ivoire**, and **Senegal** implemented the most significant reforms, reducing the number of necessary procedures by an average of about 63 percent each.

As expected, the Uniform Act has led to a surge in the number of SARLs (*société à responsabilité limitée*, a form of limited liability company common in francophone countries). In countries where data are available (**Cameroon**, **Guinea**, **Guinea-Bissau**, **Côte d'Ivoire**, **Mali**, and **Senegal**), the Company Law reform contained in the Uniform Act was followed by a sharp increase in SARL formation after 2014, when capital requirements for SARLs were lowered and the use of notaries was made optional, and some growth in SAS registrations (*société par actions simplifiée*, another form of limited liability company). In **Senegal**, SARL registrations increased by 700, or about 30 percent over the preceding year. Similarly, in **Niger**, the OHADA reforms can be credited with prompting some 400 additional SARL registrations per year. Overall, business registration (of all legal forms) has increased markedly in the 15 countries with available data, except Chad. It should be noted that business registrations do not always lead to new business activity, as many newly established firms go out of business soon after incorporation

Conclusion

Regulatory reforms in OHADA economies in the last 10 years demonstrate the power and potential of collective action against common economic challenges.[5] Where domestic regulatory reform appears politically untenable, working with international partners can cultivate renewed enthusiasm for change. In hopes of encouraging increased foreign investment, OHADA members have established a regional business regime with more streamlined business processes and more robust legal frameworks. The reforms achieved with FIAS support in OHADA member nations appear to have staying power. There has been no incidence of reversal of any reform as of project closure. The program has demonstrated that a regional approach can yield economic impact on the ground by connecting regional and national reforms.

SARL registrations increase:

30%

In Senegal, SARL registrations increased by 700, or about 30 percent after 2014.

400

In Niger, the OHADA reforms can be credited with prompting some 400 additional SARL registrations per year.

Overall, business registration (of all legal forms) has increased markedly in the 15 countries with available data.

[4] ECOPA and Economisiti, *Impact Assessment of OHADA Reforms*, p. 58.

[5] In addition to the World Bank Group and FIAS, other financial supporters of OHADA include the African Development Bank, Canada, the European Union, Switzerland, and the United Nations Development Programme.

03

Operational Highlights

The core concepts underlying the FIAS program are 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.

98 projects

98 FIAS-supported projects in 86 developing countries

47 projects

47 FIAS-supported projects in 52 IDA countries and 24 projects in 25 FCS countries

34 projects

34 FIAS-supported projects in 45 Sub-Saharan Africa countries

These priorities—along with the FIAS focus on IDA countries, Sub-Saharan Africa, and FCS—are reflected in the FIAS portfolio of 98 projects in FY18 (99 projects in FY17). Of these, 79 were client-facing (79 in FY17) and 19 were non-client facing in product development (20 in FY17). Of the 79 client-facing projects, 47, or 59 percent, were entirely or partly aimed at IDA countries. And of the 76 borrowing countries in IDA, 52, or just over two-thirds, had FIAS-supported projects in FY18. Nearly one-third of the client-facing projects benefited FCS countries entirely or in part. And 34 of the client-facing projects—43 percent—were in Sub-Saharan Africa, benefiting nearly every country in that region.

FIAS-supported work generated 40 reforms (62 reforms in FY17). Of those, 26 reforms, or 65 percent, were in IDA countries (36 reforms, or 58 percent in FY17); 12 reforms, or 30 percent, were in Sub-Saharan Africa (20 reforms, or 32 percent in FY17); and 10 reforms, or 25 percent, were in FCS (13 reforms, or 21 percent in FY17). Overall, a record 107 *Doing Business* reforms were recorded for Sub-Saharan Africa in FY18, many of them in countries where FIAS has supported extensive work in past years. FIAS contributes to a significant portion of the reform-oriented advisory work done by the Equitable Growth, Finance and Institutions Practice Group (EFI). The World Bank Group via IBRD and IDA supported 34 investment climate projects in 40 countries in FY18. FIAS is leveraging that portfolio with parallel projects in 32 of those countries; 28 of which are in IDA and 13 FCS.

FIAS Focus on FCS

The World Bank Group's institutional focus on countries in **fragile and conflict-affected situations (FCS)** is strongly reflected in second-year results for the FIAS FY17–21 strategy cycle. Of the 36 states and territories on the World Bank Group's FCS list for FY18, 24 countries and one territory, or 69 percent, had FIAS-supported country-specific or regional projects (23, or 58 percent in FY17). The 25 are: **Afghanistan**, **Burundi**, **Central African Republic**, **Chad**, **the Comoros**, **the Democratic Republic of Congo**, **the Republic of Congo**, **Côte d'Ivoire**, **The Gambia**, **Guinea-Bissau**, **Haiti**, **Iraq**, **Kosovo**, **Lebanon**, **Liberia**, **Mali**, **Mozambique**, **Myanmar**, **Sierra Leone**, **Somalia**, **Sudan**, **Togo**, **Yemen**, **Zimbabwe**, and the **West Bank and Gaza**. FIAS support helped bring about reforms in 5 FCS countries (8 countries in FY17). Of the 40 reforms achieved with FIAS support in FY18, 10, or 25 percent, were in FCS (13 of 62 reforms, or 21 percent, in FY17). FIAS supported a total of 24 projects touching on FCS countries either directly or as part of regional projects, amounting to 30 percent of the 79 client-facing projects.

Togo is one of several countries with FIAS-supported projects that falls into all three priority categories: Sub-Saharan Africa, IDA, and FCS. An initiative in Togo in spring of 2018 supported implementation of a **gender legal reform advisory project** which aims to raise awareness among women, as well as government officials, non-governmental organizations, and Togolese men, of new rights granted to women. These follow recent, significant amendments to the country's Family and Penal Codes. Awareness-raising activities and workshop design and delivery were carried out as planned in FY18 in Togo. Modalities for data collection on reach and quality of post-workshop awareness-raising activities were defined. The Sokodé workshop

FIAS FY18 work generated		
Number of reforms	40	
of which IDA	26	65%
of which FCS	10	25%
of which validated by DB	32	80%
of which SSA	12	30%

produced consistently high participant engagement and lively discussion; learning goals and expectations were met. Action plans were drafted by participants spelling out content, target populations, and delivery modes for post-workshop sensitization activities in six municipalities. Two remaining workshops were delivered in Kpalimé and Lomé in April. Next steps involve monitoring and assessing results of the post-workshop sensitization activities and the drafting of an accompanying report.

In FIAS-supported gender work, as in other global activities, the connections between global and client-facing projects are evident in the work taking place on the ground in client countries. In the FIAS-supported Togo investment climate technical assistance project, for example, one of the explicit project aims is to encourage economic operators in the informal sector, particularly women, to formalize their enterprises and benefit from the advantages of formalization. The project is funding fund awareness-raising campaigns in Lomé and in major cities in the interior of the country, commercials on national television, panels and posters in Lomé and other major cities, and signage on vehicles in urban markets.

03

FIAS Leverage:
How FIAS Projects Align with Other World Bank Group Interventions

As a new feature in the FIAS 2018 Annual Review, look for the "FIAS Leverage" tag in text boxes throughout this chapter. The narratives describe how FIAS-supported projects relate to other World Bank (International Bank for Reconstruction and Development–IBRD) and IFC interventions in client countries, enlarging the impact of FIAS and ensuring that clients benefit from a comprehensive approach to fostering inclusive growth.

FIAS Leverage

Building Private Sector Confidence in Somalia

Following more than two decades of conflict in **Somalia**, a new federal government emerged in Mogadishu in 2012 under a Provisional Constitution. Engagement with the international community over the next six years culminated in launch of the Somali Partnership Forum in Brussels in July 2018. The initiative aligns with Somalia's National Development Plan, identifying priority areas for development. Somalia has continued to struggle economically. More than half the population lives in poverty and the economy, centered on agriculture, is vulnerable to shocks, such as the widespread crop failure and livestock mortality driven by drought in 2017 and record flooding in 2018.

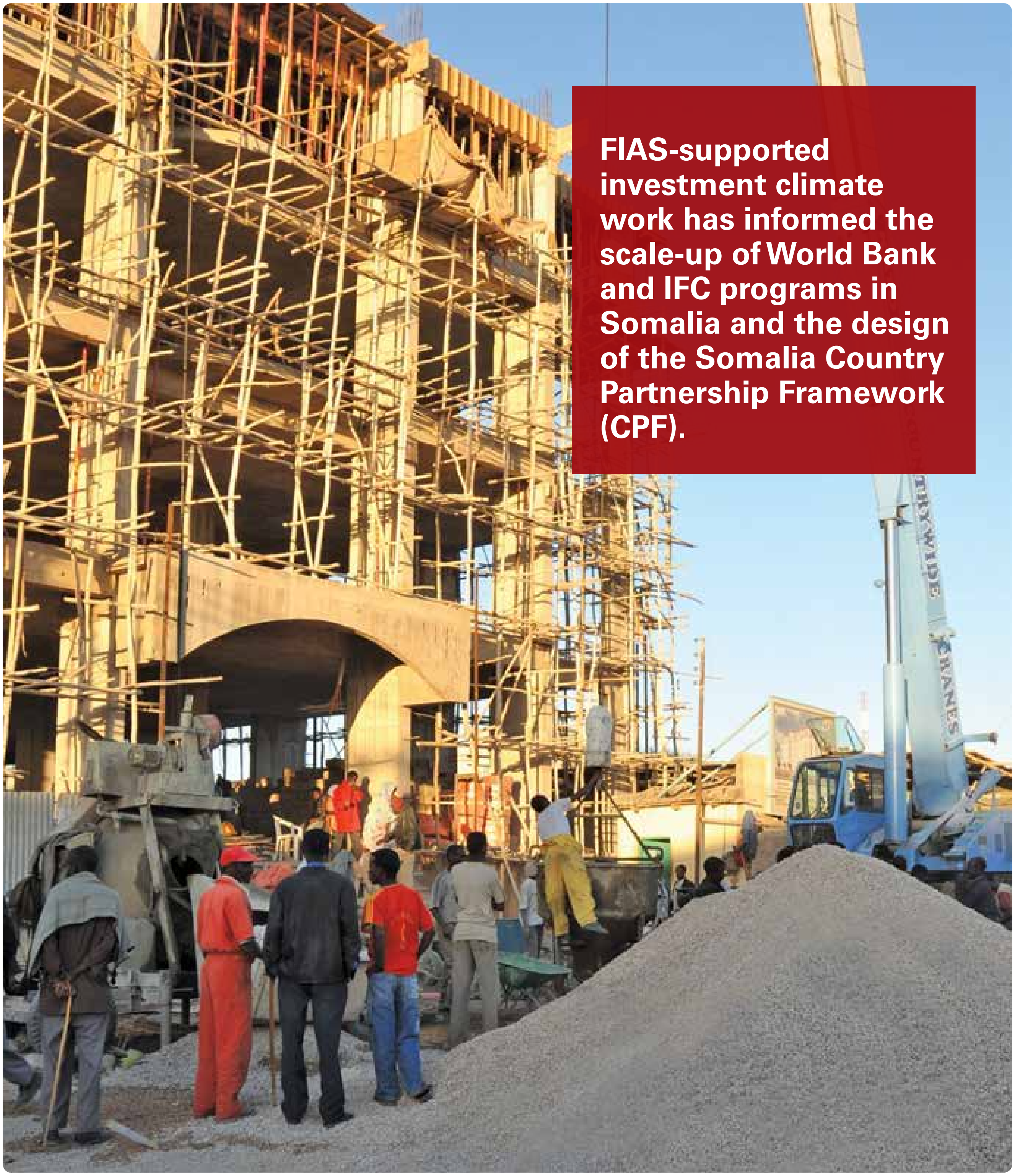
As part of a wide-ranging World Bank Group effort in Somalia, the FIAS-supported **Somalia Investment Climate Reform Program (SICRP)**, launched in 2015 and concluded in December 2018, has sought to unlock and enhance private sector-led economic growth and competitiveness through targeted investment climate reforms. SICRP has laid the foundation for private sector development in this IDA, FCS, and Sub-Saharan African country. Reforms have been achieved in the areas of Doing Business, investment policy and promotion, and trade facilitation. The work is focused in the cities of Hargeisa in Somaliland and Mogadishu, seat of the Somali government.

A public-private dialogue program (PPD) launched in June 2016 helped bring about passage of the Communications Act and Somaliland Company Law in 2017, and the Somaliland Electric Energy Law in 2018. Engagement of the private sector through various PPD working groups was key to addressing a persistent lack of trust between the public and private sectors. Prior to the establishment of the platform, the private sector was missing from high-level meetings on economic development and conflict resolution. This negated the potential beneficial role of the private sector in peace building, security, rebuilding the country, job creation, and connecting Somalis across the peninsula and beyond. The training and support provided by the FIAS-supported project added the private sector's voice to the development of the National Development Plans, passage of the Somalia Information and Communications Technology (ICT) and Somaliland Companies laws, and to the outcome of major international gatherings on Somalia's economic and political future in London in May 2017 and Brussels July 2018.

FIAS-supported investment climate work has informed the scale-up of World Bank and IFC programs in Somalia and the design of the Bank Group's **Somalia Country Partnership Framework (CPF)** for FY19–22. The next phase of the work will help Somalia invest in services and economic opportunities while continuing to address the structural drivers of fragility.

SICRP contributed to the inclusion of Somalia for the first time in the *Doing Business* report beginning in 2017. Despite its ranking—190th out of 190 economies measured—this is a significant achievement given the difficulty of getting data in an a fragile and conflict-affected context. SICRP has also supported the investment policy and promotion (IPP) capacities of the line ministries in Somaliland and the Federal Government of Somalia by providing technical assistance to review the foreign investment law in FGS and drafting an investment policy statement in Somaliland. The PPD, IPP, and business registration processes are complemented by websites supported by the program, such as SomInvest, a business information portal and PPD web site. These have enhanced information transparency in a context where information on business laws and regulations was very difficult to obtain. Diagnostic work in trade facilitation, particularly around the Berbera port and corridor, and other technical assistance have helped Somalia gain acceptance into the World Trade Organization (WTO) and the Common Market for Eastern and Southern Africa (COMESA).

FIAS-supported investment climate work has informed the scale-up of World Bank and IFC programs in Somalia and the design of the Somalia Country Partnership Framework (CPF).



Building under construction in Hargeisa, Somalia. *Photo: Shutterstock*

Pillar 1

Improve the **Business Environment**

The FIAS support for projects under Pillar 1 in the FY17–21 strategy cycle seeks to improve the legal and regulatory environment, reduce the cost of doing business, signal to domestic and foreign investors a welcoming attitude toward business growth, and ease business uncertainty in sometimes volatile political and economic environments.

Regulatory reform can produce quick wins in reducing business costs and saving time spent on licensing and permitting. It can also protect society and stimulate business activity, not only through simplification but through increasing transparency, consistency, and effectiveness of business regulation. FIAS-supported work under Pillar 1 focuses both on the design of regulatory reform and on effective implementation. The FIAS-supported **Business Regulation** and **Indicator-Based Reform** (IBR) programs help client governments take on these challenges by developing laws, policies, and strategies that encourage risk-taking, stimulate business activity, spark private sector growth, create jobs, and spread the benefits across societies.

Sub-Saharan Africa

Despite the intensive investment climate reform activity in Sub-Saharan Africa, businesses across the region struggle in a difficult regulatory environment characterized by weak legal institutions and expensive regulatory processes. These businesses face the world's longest delays and highest costs for business start-up and operation. The region underperforms in the areas of getting electricity and trading across borders, according to *Doing Business 2019*. For example, it costs on average nearly three times as much for a business to get connected to the electrical grid compared to the global average. And it takes 98 hours to comply with documentation requirements to import, compared with 61 hours globally.

In Sub-Saharan Africa the FIAS-supported IBR–Africa project has provided rapid-response technical assistance to client governments in the areas measured by *Doing Business* indicators and helped improve their business environments through simplified, transparent, and low-cost administrative processes. This objective aligns with the Bank Group's efforts to enhance competitiveness and employment in the region, with an emphasis on private sector growth. The most recently completed phase of the project provided support to 35 governments, contributing to implementation of 46 reforms validated by *Doing Business* reports during the implementation period from January 2014 through April of 2017. The results surpassed the objective for the project and accounted for a quarter of Sub-Saharan Africa's reforms during this period.

Since the conclusion of the first two phases of the IBR project, many of the countries have continued to institute *Doing Business* reforms. However, some countries in the region have not yet attained the level of reform intensity necessary to unlock investment opportunities. The purpose of the third phase of the IBR–SSA project is to spur reform activity in these countries, enabling IFC and other financiers to unlock their investment opportunities.

Phase 3 of the project, which was in pre-implementation during FY18 and entered the implementation stage in September 2018, differs from its predecessors in three ways:

- It focuses on countries with no dedicated advisory or lending projects supporting the investment climate and business environment agendas.
- It prioritizes FCS and IDA countries where operating environment and capacity challenges pose significant constraints to starting and sustaining reform agendas.
- And it supports closer day-to-day supervision of reform activities helping them develop and prioritize their reform agendas and supporting establishment and capacity-building of their reform mechanisms.

As with the previous two phases, the project continues to support the peer-to-peer learning agenda for the region by contributing to regional learning platforms that enhance south-to-south knowledge exchange, promoting a healthy competition for reforms across the region. The number of countries and the breadth of interventions will remain flexible to meet client demand. As of the planning stage during FY18, a partial list of the countries expected to receive technical assistance during Phase 3 included **Burkina Faso**, **Cabo Verde**, **Cameroon**, **Guinea**, **Malawi**, **Niger**, **Nigeria**, **Senegal**, **Tanzania**, and **Uganda**.

A sampling of the FIAS-supported work in Sub-Saharan Africa illustrates the focus on IDA and FCS, the commitment to fostering private sector growth, the challenges involved in making progress in strained economic environments, and a commitment to engagement with local private sectors as well as client governments.

In **Guinea**, FIAS-supported work helped strengthen the capacity of the online licensing system and contributed to the establishment of the commercial court. The project has organized a focus group to conduct preparatory work for the launch of the commercial tribunal whose president has been appointed. The project team has helped update the country's Doing Business plan and provided support for implementation of reforms, with a focus on business registration.

In **Togo**, the project provided technical training in the implementation of new decrees for construction permitting. Participants included private sector stakeholders who are seeking construction permits and public-sector stakeholders responsible for managing them in the public agencies. Work is continuing in support of Togo's investment climate objectives.

The investment climate work in **Mali** is supporting development and implementation of economy-wide reforms. These include increasing the effectiveness of the commercial court by reviewing all the relevant texts and missions of commercial judges. The legal text review formed the basis for the reorganization of the commercial court to improve handling of commercial litigation as well as the Court's overall service delivery. This work was supported by the launch of the first training modules for judges covering commercial and OHADA laws and for administrative staff.

In December 2017 FIAS-support helped **Madagascar** gain a commitment of support for a proposal by the college of economic advisers to champion the country's reform agenda and investment climate interventions. The onset of political unrest in the spring of 2018 has shifted the government's attention. Nevertheless, an advisory agreement was signed by the government in March 2018, reflecting continued commitment to engagement with the Bank Group on the reform agenda.

FIAS Leverage

Coordinated Bank Group Interventions in Mozambique

FIAS-supported investment climate work in **Mozambique** sought to improve the country´s business enabling environment and encourage private sector investment. Designed by IFC as an umbrella project, the Mozambique effort responded to a request by the government for continued engagement critical in the aftermath of its "hidden debt" problems that have severely impact investor confidence in the country. In April 2018 a revision to the commercial code simplified the process of starting a business by eliminating the notary requirement, strengthening minority investor protections, and improving corporate transparency. The reform also simplified business licensing through the one-stop shop. The project helped organize a presentation of the *Doing Business 2018* report at a high-level event attended by some 280 representatives of government, donors, and the private sector. The much-anticipated event served as an opportunity for national reflection on the business environment and for discussion of further needed reforms and on shared responsibility for implementing them.

The FIAS-supported work under the **Mozambique Investment Climate Program**, **Phase 2**, aligns with the government's high-level priorities in its five-year plan (2015–2019) by supporting reforms that will help improve the country's *Doing Business* distance to frontier score and reduce barriers to investment.

The project is linked to other ongoing Bank Group operations. For example, the World Bank Mozambique Integrated Growth Poles Project includes components aimed at developing institutional capacity to implement investment climate reforms that are supported by IFC advisory aimed at strengthening the capacity of the one-stop shop and improving management of the Nacala special economic zone. Another Bank Group project is supporting judicial reform in regulatory areas measured by Doing Business and complements the World Bank Mozambique Financial Inclusion Support Framework project to strengthen the country's credit environment for SMEs by supporting implementation of the insolvency law.

Through this integrated approach, Mozambique Investment Climate II and other Bank Group projects will be able to mutually reinforce each other in addressing sector-specific constraints in such areas as agriculture, forestry, tourism, and manufacturing.

Middle East North Africa

Across the MENA region, governments are under pressure to move toward a more inclusive model of growth together with more accountable governing structures. The outcome of this push for economic reform remains highly uncertain. Outdated regulations, high discretionary opportunities, and gaps between laws and their implementation erode investor confidence and increase risk perception. A wide range of available data points to the nature and scale of the challenge. Findings across different indicator sets highlight the persistence of inadequate and cumbersome business regulations. According the Enterprise Surveys, it takes 41 days to obtain an operating license and 95 days for a construction permit in the region (against averages of 30 and 70 globally, respectively). Getting credit is harder in MENA than anywhere else in the world, according to *Doing Business 2019*, partly due to insufficient protections for lenders and borrowers in collateral and bankruptcy laws. The cost to comply with requirements for exporting is $442 on average and takes 58 hours, compared with $139 and 12.5 hours in the OECD.

The three-year **IBR–MENA** project has exceeded its initial goal of supporting at least five client governments in the region and achieving at least 12 *Doing Business* reforms. Since inception, the project has supported reform efforts in 9 countries and one territory: **Afghanistan**, **Algeria**, **the Arab Republic of Egypt**, **Iraq**, **Jordan**, **Kuwait**, **Morocco**, **Pakistan**, **Tunisia**, and **West Bank and Gaza**. The project has provided technical support and advisory services to 57 government agencies across MENA, exceeding the originally planned 45 agencies. The combined effort of IBR–MENA clients has resulted in implementation of 34 reforms validated by *Doing Business* from 2015 to 2018 through either the improvement of needed procedures or the elimination of unnecessary ones. The project recommended the elimination or improvement of 56 policies, exceeding the original target of 30 policies, and delivered 31 reports across the 10 countries, exceeding the originally planned 24 documents. These ranged from reform memos to action plans, mapping assessment reports, and aide-memoires.

Among the reforms achieved: **Afghanistan** improved its procedures for construction permitting; **Egypt** enhanced

Afghan women making flower arrangements. *Photo: World Bank*

FIAS Leverage

Afghanistan Business Enabling Project

Afghanistan has endured more than 35 years of near constant conflict. Violence continues to undermine livelihoods and economic activity. Nearly 1.7 million internally displaced persons have returned to Afghanistan from neighboring countries in the past two years. Over the same time, more than 1.1 million Afghans were internally displaced due to conflict. The World Bank Group holds to the view that economic develop cannot wait for a complete secession of hostilities but should proceed as an integral part of conflict resolution, and that private sector development is vital to Afghanistan's economic future.

With an undiversified product base, Afghanistan's economy remains reliant on aid. Employment in the private sector is concentrated in low-productivity agriculture. Labor force participation is slightly under 50 percent, and domestic credit to the private sector is very low at 3.9 percent of gross domestic product (GDP), well below the 28 percent of GDP average for low-income countries. The continuing conflict has led private sector credit, firm registration, and private investment to contract sharply. Fewer than 10 percent of Afghans use formal banking products. Only 8 percent of the Afghanistan labor force are salaried workers.

The FIAS-supported **Afghanistan Business Enabling Project** launched an effort to address some of these development challenges by delivering a Doing Business Reform Memorandum in March 2018. It highlighted reform recommendations across 10 areas measured by the *Doing Business* report. The memorandum's findings were based on inputs collected through a series of interviews with public officials and entrepreneurs in Kabul.

The project supported the drafting and enactment of two laws to improve in the country's performance on investor protection, access to credit, and insolvency. The new limited liability company law signed on March 8, 2018, strengthens Afghanistan's corporate governance framework and minority investor protections. The new law on insolvency, enacted on March 4, 2018, streamlines and improves insolvency proceedings, promotes reorganization for viable distressed companies and requires that secured creditors be repaid first during business liquidation ahead of other claims such as labor and tax.

In March 2018, the government improved business registration procedures by reducing the combined business license fee from the equivalent of $424 to $1.32 for the business license, $6.62 for printing a hard copy of the license, and $26 for publication of a notice of incorporation, with validity of three years.

FIAS supported two other projects in Afghanistan in FY18 focused on business licensing and investment climate. These combined efforts, along with other Bank Group advisory work, are beginning to pay off for Afghanistan. *Doing Business 2019* ranked Afghanistan among its top 10 global improvers with five reforms in the areas of starting a business, getting credit, protecting minority investors, paying taxes, and resolving insolvency *(see Annex 1.2)*. The country's economy advanced to 167th place from 183rd the previous year in the global ease-of-doing-business rankings. On the measure of absolute progress toward best practice, Afghanistan significantly improved its Doing Business score by more than 10 points to 47.77.

The FIAS-supported investment climate work dovetails with World Bank projects aimed at stimulating inclusive growth.

$100m **The Inclusive Growth Development Policy Grant,** launched in June 2017.

For example, the **Inclusive Growth Development Policy Grant**, launched in June 2017, is **providing $100 million of IDA grants** supporting reforms to expand access to economic opportunities for the vulnerable. Very much in alignment with the FIAS investment climate and business environment agenda, the IDA grant supports strengthening the policy and regulatory framework for private sector development. Resources provided through the stand-alone operation will help the government meet development objectives articulated in the Afghanistan National Peace and Development Framework.

minority investor protections and made it easier to start a business; **Jordan** streamlined procedures for starting a business and registering property; **Pakistan** streamlined cross-border trading; and the **West Bank and Gaza** took steps to make it easier to obtain credit. Additional reforms were achieved in **Algeria** and **Iraq**.

The project adopted a highly flexible approach, responsive to client requests for assistance. Rather than being bound to work in a designated set of countries, the team was open to act upon any request for assistance from any country across the MENA region. This allowed for demand-driven interventions, leading to actionable commitment from clients and ensuring efficient delivery. The flexible approach also allowed for quick disengagement in situations where there was a lack of commitment. Resources could then be repositioned to respond rapidly to other requests for technical assistance.

Latin America and Caribbean

Government regulation in **LAC** is still cumbersome for entrepreneurs despite recent improvements in the investment climate. Entrepreneurs continue to face numerous bureaucratic hurdles and weak legal protections, which can restrict firm creation. The excessive number of procedures for business entry and operations increase the compliance costs for firms to do business. Complex business tax regimes, meanwhile, contribute to lower levels of business creation, formalization and tax revenue. The region's economies perform best in the areas of getting electricity and getting credit. Obtaining an electricity connection in the region takes on average only 66 days, better than the 77-day average in OECD high-income economies. However, the cost to connect to the electricity grid in the region remains high, with an average cost of 946 percent of the income per capita, compared to 64 percent income per capita in OECD economies. Since *Doing Business* began in 2003, LAC has made major strides in ease of starting a business. The average time to start a business in the region has declined by more than half to 32 days from 78 days in 2003, and the cost has been significantly reduced to 49 percent of income per capita, from 75 percent income per capita in 2003.

Over the life of the **IBR–LAC** project, FIAS has supported *Doing Business* reform work in 18 countries in the LAC region, including IDA countries such as **Dominica**, **Haiti**, and **Guyana**, triggering a total of 20 reforms recognized by the *Doing Business* Report. In FY18 the project has been working primarily in **Argentina**, **Guyana**, and **St. Lucia** to advance reforms related to improving the investment climate, particularly in the context of the *Doing Business* indicators. The project has recently responded to additional requests from **Ecuador** and the Eastern Caribbean Central Bank (ECCB).

Main highlights of the advisory services provided by the IBR–LAC project during FY18 include:

- In **Argentina**, the project has been providing advisory services to the government of Buenos Aires on improving the construction permitting process. A workshop to share international best practices in construction permitting was convened in December 2017 and included representatives from the major permitting agencies and the private sector.

- In **Guyana**, the project has been providing focused advisory on registering property flowing from a reform memo produced in 2016 that contained recommendations on improving regulations in five of the *Doing Business* indicators. The Ministry of Business has worked with the Bank Group on the design and launch of websites for the commercial, land, and deed registries to increase transparency on regulation. The websites (at **http://dcra.gov.gy** and **http://landregistry.gov.gy/**) will help increase accountability and transparency within the registries, reducing processing time by improving the completeness of the application and holding the agency accountable for expected timelines.

- The government of **Jamaica** has undertaken a substantial investment climate reform effort and, in FY18, approached the World Bank Group seeking advisory services to support implementation of reforms. The project undertook a comprehensive assessment of 10 *Doing Business* indicators. The project also entails three topic-specific action plans in the areas of paying taxes, construction permits and enforcing contracts. These plans will serve as a road-map to prepare for the implementation of specific activities recommended in the memorandum. The IFC Advisory Services team worked with the Jamaica Promotions Corporation (JAMPRO) in developing the reform memorandum. One of the key goals is to demonstrate to the private sector the government's determination to make Jamaica a destination of choice for doing business.

- In **St. Lucia**, the project supported drafting of improved legislation on secured transactions and insolvency, both of which are to be presented to parliament during FY19. More than 50 public officers, judges, and lawyers have been consulted through dissemination workshops to discuss the new legislation and their supporting regulations. Feedback from these engagements is being incorporated into the draft laws. Once the laws are approved, the project intends to continue supporting the implementation of the new legislation through training workshops and completion of the supporting regulations.

Europe and Central Asia

Countries of the Europe and Central Asia region (ECA) have performed consistently well in the annual *Doing Business* report on reform efforts. ECA economies, along with those of Sub-Saharan Africa, were rated the most active in reform work in the *Doing Business 2019* report. Of the 23 countries in ECA, 19 implemented a total of 54 regulatory reforms improving the business environment. Of these, nine countries—**Albania**, **Azerbaijan**, **Bosnia and Herzegovina**, **Croatia**, **Kazakhstan**, **Kosovo**, **the Kyrgyz Republic**, **Serbia**, and **Uzbekistan**—implemented a total of 18 reforms in FY18 attributable to FIAS-supported projects, most of them in the *Doing Business* areas of work covered by the **IBR–ECA** project.

Despite these achievements, firms in ECA continue to face a complex and uncertain business environment in many countries. Regulatory weaknesses remain that are associated with lower levels of entrepreneurship, firm growth, and formal job creation. Enterprise Surveys have shown that senior managers in ECA spend 10.6 percent of their time dealing with government regulations, more than twice the OECD average. More than one-third of firms identify corruption as a key constraint to operations and identify obtaining electricity as a key obstacle. And 40 percent of firms point to high tax rates as a significant issue.

The **IBR–ECA** project ran for three years and closed in November 2018 with a "highly successful" development effectiveness rating. FIAS-supported programs have helped 12 economies design and implement 42 reforms to date that have been validated by the *Doing Business* report over the past three years. The project has supported one or more of the top *Doing Business* reformers in each of the last four years: **Azerbaijan** with eight reforms in *Doing Business 2019* (three of them FIAS-supported); **Uzbekistan** with five reforms and **Kosovo** with three in *Doing Business 2018*; Kazakhstan with seven reforms and Serbia with three reforms in *Doing Business 2017*; and **Uzbekistan** with three reforms and **Kazakhstan** with seven reforms in *Doing Business 2016*. The project also successfully supported IDA and FCS in ECA, including **Kosovo**, **the Kyrgyz Republic**, and **Tajikistan**.

Countries of the Europe and Central Asia region (ECA) have performed consistently well in the annual *Doing Business* report on reform efforts. ECA economies, along with those of Sub-Saharan Africa, were rated the most active in reform work in the *Doing Business 2019* report.

During FY18 the IBR–ECA project helped **Armenia** amend the law on joint stock companies to strengthen minority investor protections. In **Azerbaijan**, amendments to the law on bankruptcy and insolvency were introduced, improving the insolvency framework by providing for the possibility to invalidate preferential transactions. In **the Kyrgyz Republic**, the project supported improvements in the case management techniques used by the commercial courts and the introduction of a consolidated law on voluntary mediation. And in **Croatia**, the project informed the activities of the parallel integrated land administration system project and supported the digitization of the national land registry, thus leading to increased efficiency and the transparency of the registration, sale, and purchase of real estate property.

The project has not only informed the design and implementation of business environment reforms but has also helped clients set up institutional structures to enable them to sustain the reform momentum after the project is completed. For instance, **Albania** has set up ten Doing Business reform working groups, which initiate reforms and report their progress directly to the prime minister. Similarly, in **Tajikistan**, the project has supported the Investment Council in building capacity and serving as a coordinating committee for all line ministries involved in the Doing Business reform agenda, with progress reported directly to the president. Similar structures have been set up in **Kosovo** and **the Kyrgyz Republic**.

To support innovation, respond to client demand, and replicate its successful reform in Albania, the project has triggered the development of a broader technical assistance offering on construction permitting reform, offering the clients assistance not only related to the *Doing Business* indicator but also to the broader building environment and building permits administration.

Armenia Reform Effort Delivers Strong Results

As an example of the FIAS-supported work **improving business regulations**, the **Armenia** investment climate reform project, which concluded in FY18, focused on improving the country's economy through investment policy changes and improved business inspection procedures. In FY18 the project analyzed the competitiveness of the agribusiness sector in terms of competitiveness for attracting foreign direct investment (FDI). The sector scan considered aquaculture, fruit and vegetable production (both open and greenhouse production), flower production (greenhouses), and dairy. The results pointed to greenhouse-based production of flowers and fruits and vegetables as offering the best proposition to potential investors. These subsectors have a good recent investment track record, a well-established production base, require relatively low levels of imported inputs, entail potential export opportunities for both regional and global markets, and have competitive natural endowments.

To help improve business inspections, the project focused on optimizing inspections to increase efficiency and improve regulatory certainty through reorganization and restructuring of inspection organizations and elimination of duplication. In early FY18, the project conducted a compliance cost savings survey of 600 active private businesses in Armenia. Data collected covered the time and cost to businesses of inspections; and private sector feedback on the administrative burdens imposed by the regulatory framework; the transparency and clarity of rules; and awareness of inspection requirements. Taken together the data pointed to compliance cost savings of about $20 million to Armenian businesses as a result of the reforms. A further perceptions survey found that most companies believed that the inspection system has improved (64 percent) and that inspections are fair (76 percent).

The project achieved all of its outcome targets. Feedback from key stakeholders showed that the project aligned with Armenia's economic development goals and has the potential to lead to substantial beneficial impacts, including additional investment generation and private sector savings. The key stakeholders have validated the two overriding results claimed by the project:

- In investment policy and promotion (IPP): the development of an investment reform map (IRM); revision of the FDI Law of 1994 to introduce protection guarantees to investors; creation of database of incentives for foreign investors and making it public; increased knowledge and skills of investment promotion agencies; increased production volume; and access to new markets in aquaculture, greenhouse production, and the cheese subsectors.
- In inspections: improved access to information on inspections for the private sector; reduction of the number of inspections bodies from 18 to 6; increased knowledge and skills of inspectors through annual mandatory training; improved laws on inspections and inspections bodies.

Local people sell Armenian homemade jams and traditional sweets made from dried fruits at the market near the ancient temple of Garni, Armenia. *Photo: Bigstock*

Bakers making traditional Armenian bread in Yerevan, Armenia. *Photo: Sala Jean/Bigstock*

The Armenia investment climate reform project, which concluded in FY18, focused on improving the country's economy through investment policy changes and improved business inspection procedures.

$20m

compliance cost savings

As a result of the reforms compliance cost savings of about $20 million to Armenian businesses were achieved.

Pillar 2

Expand
Market Opportunities

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

EFI and clients collaborate on projects aimed at reducing or removing barriers to creating or entering markets. The work spans a broad range of economic activity and strategic approaches that help client countries foster growth in their most promising economic sectors. The investment policy work helps economies not only generate investment but retain it. Competition policy work can involve advisory services focused on specific market sectors, or it can involve economy-wide reforms that create level business playing fields for a broad range of market participants.

IPP Work Continues Momentum in Expanding Market Opportunities

During FY18, FIAS continued to support IPP work expanding market opportunities in developing countries. As always with FIAS projects, the emphasis is on IDA, FCS, and Sub-Saharan African countries, as the narratives below indicate. But the IPP work is benefiting a wide variety of countries and economies. For FY18, FIAS-supported work in investment policy and promotion contributed to securing of $33 million in private sector investment in three client countries, **Albania**, **the Kyrgyz Republic** (an IDA borrowing country), and **Bosnia and Herzegovina**.

- **Albania, $9.04 million:** The project is building the capacity of AIDA, the country's investment promotion agency, to provide aftercare services. AIDA helped Albaco Shoes solve issues that were holding up construction permitting for expansion of its factory. With the permitting issue resolved, the expansion was able to proceed.

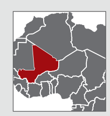
$33m

in private sector investment

For FY18, FIAS-supported work in investment policy and promotion contributed to securing of $33 million in private sector investment in three client countries, **Albania**, **the Kyrgyz Republic** (an IDA borrowing country), and **Bosnia and Herzegovina**.

- **Bosnia and Herzegovina, $23.14 million:** Through support for investment promotion and follow-up, the project supported and tracked several investment initiatives using a bottom-up tracking approach based on firm-level data and applying the Systematic Investment Response Mechanism (SIRM).

- **The Kyrgyz Republic, $882,000:** The project helped develop an investment grievance mechanism through a regulation on out-of-court settlement of disputes and complaints. The resulting savings to investors was documented through investor interviews.



In **Mali** a FIAS-supported project continues to contribute to investment generation. The client—API Mali, the national investment promotion agency—helped 10 new investment projects in FY18 in the agribusiness sector, representing $3.2 million in investment and 287 new jobs, 114 of which were for women, according to project estimates. One of the notable investments to emerge from this intervention is fostering expansion and job creation by SOMABIS SARL, a domestic producer of biscuits and candy. The company, based in Bamako, Mali, became operational in 2014 and now employs 120, including 48 women. The firm is considering expansion of several production lines, aiming at doubling production during the next 18 months. Notably in this fragile economic environment, 7 out of the 10 investments surveyed have plans to expand.

The quality of service provided by API Mali, the national investment promotion agency created with the help of the FIAS-supported project, was rated at an average of 3.8 out of 5 by the 10 investors surveyed; 9 of these companies said that API Mali was the most helpful agency they have dealt with during their establishment process. This shows a significant improvement in the client's capacity and service delivery.

FIAS Leverage

Investments and Reform Work in Mali

Mali is a vast, mostly arid country with a population of almost 18 million and a highly undiversified economy vulnerable to commodity price fluctuations and the consequences of climate change. High population growth and drought have spurred food insecurity. Political instability, marked by a military coup in 2012 and occupation of northern regions by armed groups, has added downward economic pressure on this IDA and FCS country. A presidential election in 2013, local government elections in 2016, and peace negotiations between the government and two rebel factions preceded the establishment in July 2017 of the Sahel Alliance by the European Union, France, Germany, United Nations Development Programme, African Development Bank, and World Bank Group to assist with regional stabilization.

In this context, the FIAS-supported **Mali Investment Climate 3** project has been working to increase the scope for the private sector to play a stabilizing role in the economy through revitalization of reform momentum, removal of barriers to SME creation, and promotion of private investment. Unfavorable investment climate remains a critical constraint for businesses. Before the crisis, the country was one of Sub-Saharan Africa's strongest investment climate reformers, closing the distance to the *Doing Business* frontier by more than 6 percent from 2007–2012. Severe constraints on businesses persist despite these earlier reform efforts.

The investment promotion work has helped in the development of a corporate strategy, training, and coaching for API Mali, the national investment promotion agency and the organization of an investor forum held in December 2017. Much of this work is directly linked to the $30 million World Bank **Mali Support to Agroindustrial Competitiveness** that has an objective to increase the processing of agricultural products for targeted value chains, including expansion of mango processing, rehabilitation of rural roads, and modernization of harvest facilities. The lending project includes an outreach program to generate investments in horticulture and animal feed sectors by improving Mali's image as an agribusiness location and by generating a pipeline of agribusiness investors and converting leads into actual investments.

Mali also participates in the **Invest West Africa** program, supported by FIAS and aimed at generating greater investment and increasing access to finance through such means as a warehouse receipts system of collateral, and the FIAS-supported **OHADA Uniform Acts** legal reform initiatives. An FY18 reform in Mali made enforcing contracts easier through a new law that regulates all aspects of mediation as an alternative dispute resolution mechanism.

Workers at SOMABIS SARL, producer of biscuits and candy based in Bamako, Mali. The firm is expanding with the help of FIAS-supported Investment Policy and Promotion projects. *Photo: World Bank Group*

Strong Support for the G20 Compact with Africa

One of the priority areas of work for the Bank Group in investment generation as well as business regulation reform is the **G20 Compact with Africa (CWA)**, bringing together the G20, the International Monetary Fund (IMF), the African Development Bank (AfDB), and a dozen countries in North and Sub-Saharan Africa. The Compact focuses on promoting private investment on the continent—both domestic and foreign direct investment (FDI). The Bank Group works with Compact countries to identify priority areas for reform and promising sectors for new investment. It then works with them to implement reform and supports key infrastructure investments to improve ports, roads, the power grid, and other vital economic assets.

FIAS support has underpinned CWA-related initiatives in all 12 Compact countries—**Benin**, **Burkina Faso**, **Côte d'Ivoire**, **Egypt**, **Ethiopia**, **Ghana**, **Guinea**, **Morocco**, **Rwanda**, **Senegal**, **Togo**, and **Tunisia**. FIAS-supported advisory services in CWA countries work in tandem with lending and investment instruments. In April 2018, the annual CWA Monitoring Report, prepared by EFI, documented 101 specific reform commitments by Compact countries in furtherance of their reform matrices. The Bank Group provided $31 million in analytical and advisory services and technical assistance—including FIAS-supported programs—in FY18 to support Compact country matrixes.

Between 2017 and 2018, three Compact countries achieved significant improvement in closing the Distance to Frontier, a key measure of the annual *Doing Business* report. **Senegal** moved furthest towards the Frontier (+3.75), followed by **Rwanda** (+3.21), and Ethiopia (+2.08) with reforms in such areas as establishing credit bureaus, eliminating stamp duties, and streamlining construction permitting and business licensing. All nine Sub-Saharan Africa countries in the Compact are IDA members; two (**Côte d'Ivoire** and **Togo**) are FCS countries.

"The Compact with Africa rests on a simple idea: that Africa —from Cape Town to Tunis—is a continent of opportunity," then-Bank Group **President Jim Yong Kim** said at the Berlin summit meeting on the Compact hosted by **German Chancellor Angela Merkel** in October 2018. "To fulfill the continent's potential, we need a significant, urgent shift in policy and funding that puts growth, jobs, and the private sector at the forefront. Trillions of dollars will be required to meet the current development challenges, and traditional aid channels will simply not be enough. It's critical to mobilize the private sector through innovative initiatives like the Compact.

Construction workers on-site at A&C Square, an extension to an office and retail development in which IFC has invested, under construction in Accra, Ghana. *Photo: Nyani Quarmyne (Panos)/IFC.*

Investments and Reform Work in Guinea

Having emerged from the Ebola crisis and a disputed presidential election, **Guinea** achieved robust economic growth of 8.2 percent in 2017 on the strength of increased mining production (particularly bauxite), new construction activity, good agricultural performance, and improvements in electricity service delivery. Guinea's growth potential lies in sectors such as agriculture and natural resources as well as in the processing of goods and other services. Agriculture provides income for 57 percent of rural households and employment for 52 percent of the workforce. To realize its potential and accelerate structural transformation, Guinea needs to improve its overall governance and address its vulnerability to climate change, reflected in increasing average temperatures and a drop in average annual rainfall.

In FY18, pursuant to its CWA agenda, Guinea achieved three investment climate reforms with FIAS help: Guinea made starting a business easier by allowing registration with the labor promotion agency at the one-stop shop; made construction permitting less costly and time consuming; and streamlined property registration by reducing the property transfer fee *(see Annex 1.2)*.

The FIAS-supported **Guinea Investment Climate Mining** project aims to improve the business environment and spur private sector development by improving the legal and regulatory environment for businesses, streamlining licensing and permitting requirements related to mining activities, and improving the policy framework around the promotion of local content in the mining sector by enhancing linkages between multinational and domestic firms. The IPP work entails strong engagement with the client and the private sector and continuing support for policy implementation. An assessment of FDI linkages in the mining sector and a strategic action plan to promote local content were finalized through a public-private dialogue process. The project also helped complete preparatory design work for the development of an online supplier database. The program is helping develop and launch a buyers' supplier marketplace which will host the supplier database and facilitate access to market opportunities for local businesses along the mining value chain.

Among the World Bank initiatives supportive of the CWA development agenda in Guinea, the $25 million **Power Sector Recovery Project**, launched in early 2018, seeks to improve the technical and commercial performance of the country's public utility, *Electricite de Guinee*. Guinea is also receiving World Bank and IMF support in coping with deepening fiscal imbalances, reflecting the broader trend of rising debt globally. World Bank and IMF teams are working closely with the Guinean authorities to ensure that all new loans in 2018 and onward have a high degree of concession and strong development impact.

Miners in Guinea. *Photo: Bigstock*

Investment Climate and IPP Work in Tunisia

An investment climate and investment generation project supported by FIAS in **Tunisia** closed at the end of FY18 having made sufficient progress that the team is confident a follow-on project will be forthcoming. With the help of the project, FIPA, the country's investment promotion agency, revised its strategy to launch a best-practice marketing and outreach investor services program. FIPA established priority target sectors for investment promotion, namely, automotive, aerospace, information technology and business process outsourcing (ITO/BPO), electronics, and agriculture. FIPA also conducted three sector-targeted investor outreach missions to six cities in three countries (Canada, China, and Japan). FIPA increased the number of first-time presentations to investor leads and the number of leads generated by its outreach missions.

This contrasted with circumstances when the project began in July 2012 (the beginning of FY13) when FIPA had limited capacity to provide marketing or outreach services to investors, had not yet identified strategic sectors, and possessed limited experience on proactive outreach to strategic investors. This enabled FIPA to evolve from a generic approach in which engagements were generally limited to large promotion events to a much more targeted strategy benefiting both Tunisia and potential investors. The reform work is aligned with IFC's Creating Markets initiative.

Ghana Investment Climate Project Under Way

The **Ghana** investment climate project went into implementation phase in April of 2018 with the aim of boosting sustainable economic growth and promoting diverse private sector investments by improving the transparency, accessibility, and quality of business regulation and regulatory governance, as well as strengthening of the investment policy and promotion framework.

The project, which is closely aligned with parallel World Bank Development Policy Operations and Economic Transformation projects, is gaining significant visibility as it provides support to deliver Ghana's reform commitments under CWA. The project continues to provide frequent updates to the country's senior leadership, which is championing the CWA reform agenda and investment goals. A particularly exciting early development was the decision of Vice-President of Ghana to assign a person on a full-time basis to oversee the reform effort and provide regular updates to the government's economic management team. The project will be providing hands-on training to ensure this person is well trained and equipped to carry out this important role.

Project activities are fully funded by SECO's Multi-Country Investment Climate Program (MCICP); additionally, the project was successful in gaining supplementary funds from the G20 CWA Facility to supplement and support a new activity on regulatory governance and public-private dialogue. This project proposes a mix of shorter run and medium-term interventions, building on previous reforms and supporting the Government in achieving its high priority policy goals of addressing weaknesses in business environment and seizing sector-specific reform opportunities.

Investment Policy and Promotion in South Asia

The FIAS-supported **South Asia Regional Integration in Trade and Investment Promotion project (SARTI IP)** concluded at the end of FY18 having scored significant positive impacts in removing impediments to cross-border investment entry and operations, improving critical investor services, and building capacity for investment promotion and long-term facilitation of regional FDI. The project, now in post-implementation, required responses tailored to the specific and varying needs of participating countries. In **Bangladesh** and **Nepal**, the focus was on regulatory and process streamlining. Investment promotion was a key focus in Bangladesh and **India**. More recently, work has been under way to establish a one-stop shop for investment facilitation in Nepal, while in Bangladesh, further investor services and sector-specific investment promotion work is being carried out under the Bangladesh Investment Climate Fund program.

A key initiative of the project in India involved stepping up the operational capacity of **Invest India**, the national-level investment promotion agency, and facilitating engagement with state-level investment agencies. Within three years, with the help of the FIAS-supported project, Invest India went from a 10-person agency searching for strategic direction to a robust organization with 115 staff members providing a seamless investment experience for foreign investors. The support produced an institutional IPP reform at the national level this fiscal year. Invest India was highly satisfied with the advice. The organization sent a letter requesting further support for a transition to "Invest India 2.0," and support for development of Subnational IPA capacities. The project is currently designing a new engagement to respond to client needs.

Invest India, the national-level investment promotion agency, increased its operational capacity and facilitated engagement with state-level investment agencies. Within three years, with the help of the FIAS-supported project, Invest India went from a 10-person agency searching for strategic direction to a robust organization with 115 staff members providing a seamless investment experience for foreign investors.

In October 2018, at the World Investment Forum in Geneva, the United Nations Convention on Trade and Development (UNCTAD) awarded Invest India its top UN Investment Promotion Award in recognition of its efforts to boost investments in the renewable energy sector. UNCTAD said the judges conferred the award for Invest India's "excellence in servicing and supporting a major global wind turbines company in the establishment of a blade manufacturing plant in India while committing to train local staff and produce one gigawatt of renewable energy. Implementation of the project is expected to reduce India's wind energy cost significantly." As of fall 2018, Invest India had responded to 120,000 investor queries from 115 countries and 47 business sectors; 92 percent of the queries were answered within 72 hours. The project pipeline is an estimated $96 billion, with $14 billion materialized and credited with creating 108,000 direct jobs.

In **Nepal** and **Bangladesh**, support for legal and policy reform led to establishment of the Bangladesh Industrial Policy and legislation concerning FDI and special economic zones in Nepal. The FIAS-supported effort has helped both governments clarify, streamline, and automate policies and procedures important for investors, including FDI approvals, business visa approval for expatriates, foreign borrowing approvals, and repatriation approvals. The main challenge facing the program was that FDI services are spread over multiple ministries, agencies, and central banks. There were also regional sensitivities and dynamics that needed to be understood and managed. Work assisting Nepal in automating its investor services took additional time in a fragile post-earthquake environment. However, as of September 2018 Nepal's Department of Industry confirmed that the automated system was operational.

Kolkata International Airport, India. *Photo: Bigstock*

A 2014 investor forum in Bangladesh generated 11 advanced leads estimated at $55 million; a follow-up event two years later facilitated a $15 billion investment pledge, of which $11 billion was sourced intra-regionally. By 2018, $3 billion of the investments–originating from India–were fully committed. Reforms implemented via the project have resulted in $400,000 in business cost savings annually in Bangladesh; once automation has been validated, the cost savings in Nepal are expected to reach $362,000 annually.

$3 billion

By 2018, $3 billion of the investments–originating from India–were fully committed

$400k

Annual business cost savings in Bangladesh

$362k

Projected cost savings in Nepal annually

FIAS Leverage

Investments and Reform Work in India

With 1.2 billion people and the world's third-largest economy in purchasing power parity, **India** has achieved significant growth recently and is striving to increase shared prosperity and become a high-middle income country by 2030. India's government has prioritized increasing investment in manufacturing, as reflected in the **Make in India** campaign, which aims to create 70–100 million non-farm jobs in the next decade. India's success will be central to the world's collective ambition of ending extreme poverty and promoting shared prosperity, as well as for achieving the 2030 Sustainable Development Goals (SDGs). Extreme poverty dropped substantially in India, from 46 percent in 1995 to just over 13 percent by 2015. Challenges remain, including the uneven distribution of prosperity across population groups and regions, declining female labor force participation, and lagging levels of private investment and exports.

India's ambitions are reflected in a robust Bank Group portfolio, with nearly $3.5 billion in IFC and IBRD commitments in FY18. India has moved up markedly in the annual *Doing Business* rankings. From 142nd in the 2015 report, *Doing Business 2019* ranks India 77th out of 190 countries. The FIAS-supported **India Ease of Doing Business** project, launched in 2015, has played a role in this dramatic improvement, fueled by the government's keen interest in improving the regulatory environment for business. Through FIAS-supported advisory work, India achieved five investment climate reforms in FY18 in the areas of getting credit, construction permitting, starting a business, tax simplification, and trade logistics *(see Annex 1.2)*. FIAS is also supporting the **Buddhist Circuit** project, aimed at helping India build and implement an integrated strategy for developing the unfulfilled potential of the Buddhist Circuit as a tourism destination.

The Ease of Doing Business project is one component of the government's Make in India strategy, and its effort to increase manufacturing from 16 percent of GDP to 25 percent by 2025. This FIAS-supported work is designed and executed in close coordination with other Bank Group interventions in India, including the $250 million **Skill India Mission Operation** project, scheduled to continue into 2023, seeks to enhance institutional mechanisms for skills development and increase access to quality and market-relevant training for the workforce. Project components include institutional strengthening at the national and state levels, ensuring that training providers have access to the latest technical resources and materials, and improving access to training for women. A parallel World Bank project, **Innovate India for Inclusiveness**, is putting $125 million toward facilitating innovation in biopharmaceutical products and medical devices that address public health priorities in India.

$3.5 billion

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Through FIAS-supported advisory work, India achieved five investment climate reforms in FY18 in the areas of getting credit, construction permitting, starting a business, tax simplification, and trade logistics *(see Annex 1.2).*

Bridge under construction at Ghansoli, Navi Mumbai, India. *Photo: Shutterstock*

FIAS Leverage

Investments and Reform Work in Georgia

The economy of **Georgia** was one of the fastest growing in Europe and Central Asia over the last decade, with an average GDP growth rate of 5.4 percent from 2005–2015. The government has achieved consistent macroeconomic stability and implemented reforms that have raised Georgia's *Doing Business* ranking dramatically, from 112th in 2004 to 6th in the *Doing Business 2019* report—ahead of Norway, the United States, and Great Britain. Poverty declined from 32.5 percent in 2006 to 17.1 percent in 2016. The poor have benefited considerably from the government's social policies, as well as from new economic opportunities. Although inequality remains high by regional standards, it has been declining in recent years thanks to strong improvements in the welfare of households in the bottom 40 percent of the income distribution. Deep reforms in economic management and governance have earned Georgia the reputation of "star reformer."

With FIAS support, the Georgia National Investment Agency has developed and implemented a targeted investor aftercare program. The agency approached existing investors to identify their issues and help them make further investments. According to investor survey results, IPP activities generated investments amounting to an estimated $28.4 million, exceeding the project target of $18.7 million. The FIAS-supported **Georgia Trade**, **Investment**, **and Agricompetitiveness** project seeks to promote sustainable private sector growth through reforms in the agribusiness sector, aligning the country's food safety regulations and standards with EU requirements, and by opening new markets for food export by SMEs and small producers, notably honey exporters.

In May of 2018, a new online business ombudsman portal developed with the help of a FIAS-supported project became operational in Georgia. The portal establishes a systemic investor response mechanism to help solve issues faced by businesses and ensure easy and efficient communication between entrepreneurs and a business ombudsman. The information received via the portal will provide analytical data about the main trends and issues faced by the business sector.

The FIAS project complemented an effort on the World Bank side, a $50 million **Private Sector Competitiveness Development Policy Operation 2** project, which also focused on stimulating investment in high value-added production and creating a fair business environment through second-generation reforms, establishing enabling conditions for financial sector deepening and diversification, and increasing firms' capacity to innovate and export.

5.4%

GDP growth rate from 2005–15

$28.4m

According to investor survey results, IPP activities generated investments amounting to an estimated $28.4 million, exceeding the project target of $18.7 million.

$50m

A $50 million World Bank Private Sector Competitiveness Development Policy Operation 2 project, which focused on stimulating investment in high value-added production through reforms, diversification and innovation.

Georgian small business owner seeking line of credit. *Photo: Flickr World Bank*

Expanding Competition Policy Portfolio Delivers Impact

In FY18 FIAS supported work in **markets and competition policy (MCP)** across a range of activities and products that boost the effectiveness of client-facing work on competition policy in client countries. The global product development project serves to exchange knowledge on design and impact of pro-competition reforms, drawing on experience and lessons learned from competition policy activities in developed and developing countries alike. Experience in Sub-Saharan Africa and in Latin America shows that cartel episodes for products repeat across neighboring countries, and agreements can include provisions to allocate national markets among competitors, leading to significant overcharges to consumers. Seeking to address these issues, the FIAS-supported Promoting Competition program in FY18 piloted new approaches to eliminating barriers to competition and generating and disseminating knowledge on the benefits of more competitive markets for Sub-Saharan Africa.

At the regional level, the Competition Commission of the 19-country **Common Market for Eastern and Southern Africa (COMESA)**, along with national competition authorities, benefited from tools to strengthen regional anticartel enforcement. These are informing their strategy, protocols, advocacy for legal amendments, and enforcement activities. In **Kenya**, the promoting competition program has supported reforms in the professional services to eliminate minimum prices for selected services that are key for affordable housing–a priority sector for the current government. The program has provided technical advice to enhance competition regulatory frameworks. Draft competition rules will address issues in Kenya relating to burdensome merger control, fining, and due process. In the **East Africa Community (EAC)**, a more detailed framework on subsidies control will help countries reduce distortions on competition and trade. The global team has helped regional projects design and implement interventions with competition activities in at least five jurisdictions, contributed to Bank Group strategic documents in selected countries, and co-authored competition knowledge pieces in **Senegal** and **South Africa**. Dissemination of the Bank Group's report on competition in Africa, *Breaking down Barriers: Unlocking Africa's Potential through Vigorous Competition Policy*, brought together private and public stakeholders from East Africa in Kigali, **Rwanda**, at a forum focused on regulatory frameworks that enable competition and boost access in telecommunications, contributing to participation in the digital economy. FIAS support was essential to dialogue with the Rwanda government to achieve a reform of mobile termination rates. The regulatory change will reduce mobile termination rates to level the playing field and allow smaller operators to compete.

Globally, FIAS continued to support the development, piloting, and scaling up of the **Markets and Competition Policy Assessment Tool (MCPAT)** that helps identify and prioritize reforms to open key markets to private investment and build partnerships and advocacy networks to highlight and replicate good practices in promoting open and competitive markets. FIAS-supported MCPAT tools have been able to inform major structural reform programs in countries undergoing deep political reforms:

FIAS Leverage

A project in **Argentina** used MCPAT to produce a flagship report for the new administration that laid out a reform path to better integrate Argentina into the global economy. The report was launched in December 2017 at an event in Buenos Aires in the context of the WTO Ministerial. The event drew a large in-person audience, over 3,000 live viewers on Facebook, and over 48,000 individuals who saw or interacted with the content. Argentina approved a new competition law in May 2018. The country's competition authority, better equipped now with investigative tools, took steps to dismantle three cartels in the health sector. A larger development policy operation by the World Bank is now supporting implementation of the remaining reform program. Reducing regulatory restrictiveness in key input sectors such as telecommunications and transport would translate into an estimated additional 0.1 percent to 0.6 percent growth in annual GDP.

FIAS Leverage

Similarly, in **Uzbekistan**, the MCPAT application informed a policy operation that supports fundamental economic and social reforms that will put the country on a new development trajectory. The government still participates extensively in markets through state-owned enterprises (SOEs) and excessive regulation and influence. In some key sectors, SOEs dominate many of the concentrated markets. Uzbekistan's manufacturing sector has more monopolized markets than any comparator in the region, and unlike other countries, Uzbekistan saw this share increase from 21 percent to 26 percent between 2008 and 2013. Thanks to Bank Group-supported reforms, stricter limits on price controls have already been achieved, and MCP has provided technical assistance through reimbursable advisory services (RAS) and IFC Advisory Services on how to rationalize the participation of the State in the economy and enable private investment in key sectors.

FIAS Leverage

FIAS-support is helping to encourage a policy dialogue with the government of **Armenia**. Structural reforms are needed to promote the entry and expansion of productive firms in tradeable sectors and productive non-tradeable input sectors. MCP had previously identified that prices of certain essential food products such as milk, eggs, bread, and butter were higher than in other Commonwealth of Independent States countries by at least 23 percent even after controlling for proxies of market size and transportation costs. This is consistent with the finding that markets for production and import remain highly concentrated, for example, in granulated sugar, petrol, fruits, and poultry, and that market entry has often not been associated with price reductions. These competition policy analytics have supported parallel work in Armenia, also supported by FIAS, to help attract export-oriented, efficiency-seeking FDI in high value-added segments and increase exports of specific agricultural products.

FIAS Leverage

In **Senegal**, the MCPAT module has supported a series of policy operations that aim at regulatory reform and enabling digital economic development. Internet penetration in Senegal remains relatively low, trailing Côte d'Ivoire, Ghana, and Kenya among others. Fixed broadband subscriptions are below 1 percent of the population. International internet bandwidth per Internet user is less than one tenth of the average for Africa, affecting the quality of connectivity. While 32 African countries have already developed next-generation 4G networks, Senegal is still awaiting the full development of its 4G network. The MCPAT analysis motivated the government to issue 4G licenses and improve spectrum management and pricing. MCP has also provided inputs to the Bank Group's Systematic Country Diagnostics in **Argentina**, **Armenia**, **Djibouti**, **Ecuador**, **Kenya**, **Paraguay**, and **South Africa**. In South Africa, three MCPAT-based analyses identified a lack of competition as one of five key binding constraints. This has led to a four-year program of IFC Advisory Services support for opening markets and boosting competition launched in late 2017.

FIAS Leverage

In **Mexico**, the application of the subnational MCPAT to all 32 states was completed in FY18. The government of Mexico passed a regulatory improvement law that established a permanent program with the Regulatory Improvement Agency to apply MCPAT to all subnational regulation. This experience is informing further reform programs at the national or subnational level in **Colombia**, **Kenya**, and **Peru**. Finally, tools developed with FIAS support and based on the MCPAT are shaping an innovative exercise by IFC to bring about priority reforms that open and create markets in developing countries. IFC is conducting **Country Private Sector Diagnostics** (CPSDs) to derive actionable reform priorities for countries to leverage private sector for development. MCPAT tools are systematically applied in all of these. They include comprehensive terms of reference with detailed guidance material in the annexes, checklists to assess economy-wide and sector-based barriers to competition, and targeted checklists on SOEs and politically connected firms. MCPAT is informing 22 IFC Advisory Services projects with a competition component, nine of which are benefitting IDA countries.

Agribusiness Initiatives Combine Global Expertise with Hands-On Interventions

The FIAS-supported **Global Agribusiness** project works with client governments to deliver public sector reforms that address barriers to private sector investment in the agribusiness sector, thereby providing a foundation for delivery on the upstream reform elements of IFC's Creating Markets agenda. A main pillar of support revolves around country-level diagnostics, called agribusiness deep dives, that help client governments understand their competitive position and inclusive growth options in agribusiness and map out the constraints and opportunities for private sector investment. The rigorous two-phase approach is being adopted across the Bank and has led to an increasing number of collaborative projects, including an initiative launched in FY18 in **the Republic of Congo**. The deep dive methodology has been adapted to meet the specific needs of IFC as part of the new CPSD process. Agribusiness deep dives have been recently carried out in **Ghana**, **Guinea**, **Kenya**, and **Rwanda** in Sub-Saharan Africa, in **Nepal** in South Asia, and in **Nicaragua** in Latin America.

The global agribusiness project also develops, delivers, and disseminates high quality, practical knowledge products that educate and apprise the Bank Group and key stakeholders globally on best practices in agribusiness development. The development of these knowledge products both informs, and is informed, by the work undertaken supporting Bank Group programs and projects. The *Seeds for All Toolkit* aims to establish an improved baseline understanding of seeds policy and regulatory reforms around the world, while seeking to advance the knowledge and understanding of critical subjects under debate within this field. A regional dissemination workshop brought together about a hundred participants drawn from the **Vietnam** Ministry of Agriculture and Rural Development and private sector and agricultural policy makers from **Cambodia**, **Laos**, and **Myanmar**. A holistic and comprehensive set of agribusiness gender guidelines have been disseminated to help incorporate gender elements into Bank Group agribusiness projects. A new gender project launched in **Armenia**, for example, has directly benefited from the guidelines. A new diagnostic toolkit for promoting SME growth in Agribusiness provides a systematic approach for the identification and assessment of opportunities and challenges for growth-oriented agribusiness SMEs, including agro-processing SMEs and related service providers such as SMEs that provide transport, storage, and packaging services. Such high-growth agribusinesses offer the greatest potential for creating jobs in rural areas and adding value to agricultural products. This diagnostic tool has been piloted in **the Democratic Republic of Congo**, **Nepal**, and **Sierra Leone**.

Implementation of the FIAS-supported **Armenia gender** project got under way in September 2017 as an effort to support women entrepreneurs engaged in the wild harvest sector. The scope of the project is now expanding to assist women entrepreneurs regardless of sector to enable women to engage in higher value activities and improve links to producers and new markets, and thus generate better incomes. Through initial analytical work, the project showed that the major constraint that women face has less to do with regulatory obstacles for women than a lack of entrepreneurial experience. The project, therefore, will focus on building the capacity of women entrepreneurs in all phases of business development. The project works with the Armenian Young Women's Association to train women in better business practices. It also has engaged with the government to establish a gender-sensitized public-private dialogue mechanism. The project has conducted three in-depth value-chain analyses using a newly-developed methodology and established collaboration with projects in **Azerbaijan**, **Georgia**, and **the Kyrgyz Republic** to share experiences and tools on integrating gender interventions into sector-based projects. In FY18 a report was published on results of the value-chain analysis. Project activities are expanding and deepening with financing from a variety of other sources. In June 2018, the project piloted new trainings for women in rural areas in four sessions serving about 75 participants from different villages and communities in the Tavush and Lori regions. The training presented the success story of a woman in the Kyrgyz Republic who worked in handcrafts as a hobby but worked with the government to push for development of a sector strategy.

Warehouse Receipts in Africa

The FIAS has supported design and implementation of reforms in Sub-Saharan Africa that have improved access to credit and professional storage services for producers, traders, and processors in agribusiness value chains through implementation of a **warehouse receipts system (WRS)**. The work has generated benefits in **Côte d'Ivoire**, **Ethiopia**, **Ghana**, **Kenya**, **Malawi**, **Niger**, **Senegal**, and **Tanzania**. A new regional project on warehouse receipt financing in West Africa was launched in December 2018 and extends EFI's footprint on warehouse receipts work to countries such as **Burkina Faso** and **Mali**, among others. Warehouse Receipts projects in Kenya and Malawi have already resulted in close to $49 million in loans against receipts, with hundreds of thousands of farmers reached, according to project data. In addition, there is evidence of sharp decreases in post-harvest losses in Kenya—from 30 percent in government-run warehouses to 0.2 percent in WRS-linked warehouses. The WRS law passed in Côte d'Ivoire in 2015 was a first for francophone Africa, while the WRS Law in Senegal closely followed in 2017. Close to $16 million in loans have been facilitated for Ivoirian cashew processors thanks to effective collaboration with the Agriculture Global Practice and with IFC's Financial Institutions Group (FIG) and its Global Warehouse Finance Program (GWFP).

Country Private Sector Diagnostics (CPSDs) conducted by IFC and utilizing deep dive methodologies have recently been carried out in the Agribusiness sector in Kenya, as well as other countries in SSA, in LAC and South Asia.

Coffee production in Kenya. *Photo: World Bank Group*

$49m

Warehouse Receipts projects in Kenya and Malawi have already resulted in close to $49 million in loans against receipts, with hundreds of thousands of farmers reached, according to project data.

Only 0.2%

There were sharp decreases in post-harvest losses in Kenya—from 30 percent in government-run warehouses to 0.2 percent in WRS-linked warehouses.

Food Safety in Ukraine

Since 2012, the FIAS-supported **Global Agribusiness** project has helped advise the government of **Ukraine** on legal and regulatory reforms to food safety systems, creating new markets for poultry and dairy producers in Ukraine, and enabling them to access European Union markets for the first time. In the poultry sector, the first round of reforms led to an 80 percent annual increase in Ukrainian poultry exports and opened new investment opportunities, including a $250 million commitment by an IFC client to expand poultry production, according to project estimates. In the dairy sector, the work has generated an estimated $160 million in annual compliance cost savings for Ukraine's dairy producers, as well as creating new export markets for Ukraine to both the EU and China. Ukraine was also able to export frozen beef to China. In December 2017, Saudi Arabia opened its market to over eighty types of Ukrainian food products, both processed and non-processed, while Turkey started to accept Ukrainian beef in 2018. Less than a year after opening, agri-food exports to Saudi Arabia yielded additional $46 million to the Ukrainian economy. The work delivered much-needed expertise in collaboration with the Food Safety Agency and private sector to diversify markets by providing guidance on issues related to sanitary and phytosanitary requirements of relevant trading partners and by facilitating trainings of potential beef exporters and food safety agency inspections employees by competent authorities of potential importers.

Streamlining Regulations for Agribusiness in Central America

Although trade projects are now supported by other trust funds, some trade projects that date back to the previous strategy cycle continue to produce strong results. The FIAS-supported **Central America Regional Agribusiness Trade Logistics** project, launched in 2013 and concluding in June 2019, aims to streamline, harmonize, and automate procedures for sanitary registration for processed food beverages in **Costa Rica**, **El Salvador**, **Guatemala**, **Honduras**, **Nicaragua**, and **Panama**. Lengthy registration procedures for processed food and beverages in Central America hampers regional trade. Streamlining these procedures, for example, in the processed food and beverages sector, could boost entrepreneurship and productivity, create jobs, enlarge the regional market, and make the region a more attractive investment destination.

Tourism Sector Important to Shared Prosperity

The FIAS-funded research on tourism in **India** marks the first time the World Bank Group has developed a country-wide strategy document for tourism in the country. It provides the India country office with a strategic and private sector-driven framework on which to build state-level actions. The strategy identified the huge and growing demand for tourism in India and measures India's performance against four global benchmarks—China, Indonesia, Mexico, and Thailand. The comparative analysis highlights three pillars critical to the future success of tourism in India: institutional coordination and focus, business environment and firm capabilities, and sustainable and inclusive destination management.

Support from FIAS enabled the implementation of four innovative pilot projects designed to examine the potential of digital platforms such as **Airbnb** to empower women in marginalized communities through tourism. The pilots built upon analytical work undertaken by EFI on tourism and the sharing economy and aimed to improve access to markets for women entrepreneurs in specific communities. They took place through existing IFC and World Bank operations in **India**, **Jamaica**, and **Peru**, and an Airbnb pilot in Cape Town, **South Africa**. Key findings and areas for future work include the need to assist clients on the regulatory framework, upskilling of co-hosts to assist those without digital skills, and the ability of the platforms to assist with rural and product diversification.

FIAS-supported Global Agribusiness

80% increase

in Ukrainian poultry exports annually

In **Ukraine**, legal and regulatory reforms created new markets for poultry and dairy producers, enabling them to access European Union markets for the first time. In the poultry sector, **the first round of reforms led to an 80 percent annual increase in Ukrainian poultry exports.**

$160 million

in annual compliance cost savings in the Ukrainian dairy sector

In the **Ukraine dairy sector**, the work has generated an estimated **$160 million in annual compliance cost savings for Ukraine's dairy producers**, as well as creating new export markets for Ukraine to both the EU and China.

Brihadishvara Temple, a Hindu temple in Thanjavur, Tamil Nadu, India. *Photo: World Bank Group*

Pillar 3

Increase
Firm-Level Competitiveness

Under Strategic Pillar 3, FIAS supports work with clients to develop more productive and competitive firms that can seize opportunities in local, regional and global markets, and drive economic growth. The work in this area supports economy-wide and market-level reforms by helping clients develop policies that help businesses invest in improved products, use climate-efficient technologies, modernize production processes, and enhance worker skills. Like much of the work of the global practices, initiatives that advance Pillar 3 touch on multiple themes and regions.

Skills for Competitiveness

A skills assessment piloted in **Moldova** has yielded results used to design an IFC Advisory Services project and provide critical input into a Work Bank lending project. *(See Publications list for more on the report and findings of the assessment.)* The Skills Diagnostic also includes practical applications of intervention modalities in the form of case studies and covers interventions by the World Bank Group and other organizations in both developing and developed economies. In partnership with DFID's Business Environment Reform Facility (BERF), a set of Evidence and Learning Notes is being produced to illustrate what works and what does not work in Skills for Competitiveness and why. The notes will look specifically at evidence developed from skills projects as stand-alone programs or program components, which might include support to a wider business environment reform, investment climate, or growth program; as part of a program to enhance SMEs; or skills as a catalyst to boost value chain linkages.

FDI Linkages: Fostering Technology Transfer and Value Addition

Foreign direct investment (FDI) can be a powerful tool for host countries and their firms to integrate to new markets, foster diversification of production, and increase productivity. **The Multinational Enterprises Linkages Product Development Project (MNE Linkages PDP)** is developing an actionable set of tools that helps clients increase the volume and value of linkages established between FDI and local firms and maximize technology and knowledge transfers from FDI. This is one of the important ways in which greater domestic value-added is generated.

The approach is strongly demand-driven and grounded in a realistic understanding of the opportunities and market constraints that often limit beneficial spillover effects arising from FDI in developing countries. During FY18 the project focused on relevant research, designing analytical tools, and rolling out a growing portfolio of FDI linkages pilot projects around the world, for example, in **Cambodia**, **Jordan**, **the Philippines**, **Turkey**, and **Vietnam**. These pilots combine a diagnostic assessment of the gap between demand and supply with investor and stakeholder consultations to create a strong fact base for intervention design and action planning. Considering mediating factors and addressing specific market failures, country-specific action plans typically entail four fields of action: (1) creating an enabling policy environment that minimizes distortions; (2) developing a strategy to attract FDI to fill supply chain gaps; (3) deploying information and matchmaking services for linkages; and (4) upgrading the local capabilities of firms and workforce to meet the standards necessary to compete internationally.

Customers dining at a restaurant in Amman, Jordan.
Photo: Bigstock

FIAS Leverage

Investments and Reform Work in Jordan

Despite recent reforms in **Jordan**, the institutional and legal framework for investment attraction and retention remains weak, destabilizing FDI flows into the country. The **Jordan Investment Policy and Promotion** project seeks to improve investment attractiveness, competitiveness, and sustainability of the Jordanian economy by assisting the Jordan Investment Commission (JIC) in improving its capacity and ability to attract and support investors. The FIAS-supported **Jordan Inspection Reform II** project supports the government in developing an efficient and effective inspection system that will enhance the competitiveness of the private sector while safeguarding the public interest. Among other objectives, the project seeks to minimize uncertainty and risk for businesses; provide online feedback mechanisms to gather feedback from the private sector on service delivery by inspectorates; deliver cost savings to the private sector through streamlined procedures and improved service delivery; and increase private sector compliance with relevant regulations.

In FY18, Jordan achieved two reforms with the help of FIAS-supported projects. The Joint Global Practices conducted a detailed legal analysis of investment incentives and created an online portal with information on all existing investment incentives in Jordan, responsible agencies, and references to relevant laws. The publicly available database increased the transparency of the incentives regime, reduced the possibility for discretionary decisions by government agencies, and provided the government with an instrument for investment promotion and subsequent cost-benefit analysis. The investment policy and promotion reform stemmed from assistance provided to the JIC. The Commission was established as the sole agency for investment policy and promotion, replacing an ad hoc system in which different entities had authority over free zones and industrial estates. The project supported development of JIC's capacity as lead investment promotion agency and equipped it with the tools and resources to attract, retain, and support investors.

These two FIAS-supported projects are designed to supplement and support the World Bank Group lending program **Economic Opportunities for Jordanians and Syrian Refugees Program for Results**, for which the technical advisory was delivered. The $249 million project is helping Jordan address the severe challenges stemming from the war in neighboring Syria and the resulting refugee flows into Jordan. The holistic approach seeks to help improve the livelihoods of refugees in Jordan while also improving the economic prospects of host communities. Stimulating greater private investment in Jordan and enabling greater export of goods from Jordan—goals directly supported by the FIAS initiatives—are key components of the Program for Results. A parallel initiative, the **Jordan First Equitable Growth & Job Creation Programmatic Development Policy Financing**, is designed to help Jordan lay the foundation for higher and more sustainable economic growth and job creation. The $500 million initiative is part of the comprehensive Bank Group response to the economic and social pressures imposed on Jordan by the Syrian conflict.

FIAS is supporting the comprehensive Bank Group response to the economic and social pressures imposed on Jordan by the Syrian conflict, and Jordan achieved two reforms with the help of FIAS-supported projects.

$249m

The World Bank's lending program **Economic Opportunities for Jordanians and Syrian Refugees Program for Results**, for which the technical advisory was delivered by FIAS, is helping Jordan address the severe challenges stemming from the war in neighboring Syria and the resulting refugee flows into Jordan.

$500m

This $500 million World Bank initiative, **Jordan First Equitable Growth & Job Creation Programmatic Development Policy Financing**, is designed to help Jordan lay the foundation for higher and more sustainable economic growth and job creation.

Creating a Market for Energy-Efficient Fans in Punjab

Electric fans in **Pakistan** account for one–third of the country's domestic electricity consumption in a power sector stressed by high demand and frequent outages. Virtually all the fans produced in Pakistan are made in Punjab, the country's most populous province, and with more than four million fans sold annually, the electric fan manufacturing market represents a significant part of the manufacturing sector. A FIAS-supported project that closed in December 2017 has helped local manufacturers adopt standards for more efficient fans and raised consumer awareness of the quality and value of energy-efficient fans. The project, winner of an **EFI FY18 Vice Presidential Unit Award**, engaged with manufacturers and regulators to help leverage public financing in a standards and labeling program. This was coupled with a government-sponsored and coordinated awareness-raising campaign and a program to replace old fans with energy-efficient ones in public buildings to kick-start manufacture of more efficient fans.

Quick action by the Bank Group and the regional government led to a procurement initiative to install 90,000 energy-efficient fans in schools and public buildings. This sparked interest in the private sector and helped convince manufacturers of the wisdom of shifting production to fans that would qualify for the energy efficiency label. The public procurement campaign led to sales of an additional 60,000 fans on the private market. In this single project, the FIAS-supported effort touched on several priority themes for the World Bank Group:

- Climate change and energy efficiency
- Access to reliable power
- Enhancement of important manufacturing sectors
- Development projects that engage regional as well as national governments
- Creating markets for new and improved products
- Public-private dialogue and engagement with the private sector

Critically, the project has catalyzed interest in developing similar programs in Sindh and other Pakistani provinces. By 2020, wider use of energy efficient fans is expected to save 300,000 MWh—a 60 MW reduction in peak load—and $150 million in energy costs. A recently launched Bank Group video highlights the significance of this intervention. The project was recognized with an EFI **FY18 Vice Presidential Unit Award**.

Workers building energy efficient fans at a small factory in Punjab, Pakistan. *Photo: World Bank Group*

Investments and Reform Work in Vietnam

Vietnam needs a private sector that is more competitive, innovative, and capable of joining and moving up global value chains (GVCs). The country's strategy of outward-oriented development has resulted in large gains from external trade and a surge in FDI, all contributing to substantial economic growth. In recent years, however, growth has slowed and challenges are emerging. Sustaining high growth will require increased productivity. New measures are needed to enhance private sector competitiveness and create an enabling environment that eases the cost of doing business and strengthens the linkages between foreign and domestic firms to benefit from technology transfer.

The FIAS-supported **Vietnam Private Sector Competitiveness** project seeks to improve the regulatory and business environment and enhance the ability of domestic suppliers to participate in value chains in targeted sectors. This is to be achieved by development of next-generation FDI policies, investment policy and business regulatory measures. Ultimately, the project seeks to help Vietnam expand the integration of local small and medium enterprises into GVCs and increase overall domestic value addition. The project includes a pilot Supplier Development Program helping suppliers in the automotive, electronics, and household appliances sectors meet the production requirements of multinational enterprises. Eight major MNEs—Bosch, Canon, Datalogic, Denso, Ford, General Electric, Panasonic, and Toyota—volunteered to guide an upgrading process for 45 Vietnamese suppliers that have demonstrated ambition and complied with a set of selection criteria. If the upgrading is successful, MNEs are expected to provide business opportunities to participating suppliers. As part of the program, local business consultants and staff of the newly established Vietnam Industry Agency are being trained to replicate this approach in other sectors.

A young lady working in a rice paper factory in Can Tho, Vietnam. *Photo: Bigstock*

Creative Industries in the Digital Era

The FIAS-funded Managing for Growth and Inclusion Report, scheduled for publication in FY19, demonstrates how small firms in the fashion and home accessories export industries in **Cambodia**, **Kenya**, **Morocco**, **Peru**, and **Sri Lanka** achieved moderate to high levels of growth. This report, part of the FIAS-supported **Creative Industries Product Development Project**, now completed, points to the importance of export aggregator firms**.** These firms, which network anywhere from 150 to 2,500 micro-entrepreneurs in one country, are taking on many more value chain functions than conventional fashion and home accessories firms. They can fulfill management functions smartly and take advantage of the digital and business environment and the innovation ecosystem. Exposure to international markets through aggregator firms allows artisan micro-entrepreneurs to build their human capital, keep up with trends in design, business management, and IT, and benefit from aggregator financing. They can focus on these tasks while the aggregator firms handle organizational, logistical, and customer service functions.

Quality Infrastructure

FIAS support for **Quality Infrastructure (QI)** helps countries and business sectors develop the technical and administrative infrastructure to assure the quality of products and services. This is particularly important in meeting international standards. In **Nigeria**, among other countries, the Bank Group is jointly helping implement QI reforms through projects aimed at easing access for domestic producers to external markets. This is accomplished by enabling the needed supply of quality services as well as by building institutional capacity and introducing modern regulations. The objective of QI is to develop a consistent World Bank Group offering based on in-depth analysis of existing knowledge and expertise in the field. Client countries that apply the QI reform toolkit are better positioned to accomplish several key development objectives:

- Enhanced trade opportunities through the removal of unnecessary non-tariff technical barriers.
- Harmonization of technical regulations and recognition of conformity assessments of trade partners.
- Better integration into global value chains.
- Greater incentive to encourage innovative products for market entry.

Artisan painting ceramics in Cambodia. *Photo: Artisans d'Angkor*

Belarus National Quality Infrastructure

A recently-completed project in **Belarus**, with FIAS support from Austria, addressed regulatory constraints hindering growth of the country's micro, small, and medium enterprises (MSMEs) and worked to increase the international competitiveness of the private sector. The project helped in the development and implementation of the country's MSME strategy and worked to reduce the administrative burden of regulations and the unequal treatment of private businesses as compared to the state-owned enterprises. A key part of the effort involved improving effectiveness of the **national quality infrastructure (NQI)**, which entails the technical and administrative infrastructure countries and business sectors need to assure the quality of their products and services. The project also sought to address the implementation gap between the good intentions of reforms and their implementation on the ground.

In the final months of 2017, the President signed a series of decrees that effectively implemented the key liberalization provisions. These included a notification mechanism covering 19 types of economic activity. Through a one-stop-shop or electronic services portal, a business entity can notify the relevant local executive body and obtain the right to begin operations the following day. The decrees also simplified fire safety and sanitary rules, environmental protections, and veterinary requirements. A huge body of rules in these four areas—some dating back to the Soviet era—has been reduced to documents ranging in length from 5 to 11 pages. Belarus's strategy for SME development through 2030 is going forward under the slogan, "Belarus is a country of successful entrepreneurship."

ComPEL Advances Bank Group Work on High-Growth Firms Agenda

The FIAS-supported Competitiveness Policy Evaluation Lab (ComPEL), successor to the Impact Program, is conducting ongoing impact evaluations in **Georgia** and **Mexico** on targeting firms with high growth potential. In FY18 the project completed collection of baseline survey data and conducted analyses of administrative data. In Mexico, the objective is to assess the value-added of government and private sector scoring methods for allocating innovation grants to SMEs. In Georgia, the objective is to assess the effects of providing SME support for technology adoption based on performance benchmarks.

Understanding the effects of technology adoption can be key to informing business support programs. A systematic review on interventions that promote technology adoption in firms was advanced by ComPEL with outcomes published in a **protocol**. The effort is complemented by the World Bank's development of a firm-level questionnaire to measure technology adoption that will be piloted in three countries and lead to a flagship report. Together, these diagnostics and tools are expected to inform projects and a new cluster of impact evaluations in this topic.

Related to the efficiency of inspection systems, ComPEL's ongoing impact evaluations in **Kenya** and **Peru** advanced considerably during FY18. In Kenya, the implementation of the interventions to be evaluated concluded in December 2017, and the field work to collect follow-up survey data for the impact evaluation is near completion. In Peru, the government passed a new regulation for inspections in January 2018, and impact evaluation activities were resumed. Research shared with the government included an analysis of administrative data showing that about 60 percent of businesses in the sample do not comply with minimum building safety standards against the risks of fire or collapse. Also, they are advancing in the establishment of electronic inspections within the information and monitoring system being developed, to bring transparency, improve the efficiency of the governance arrangements, and generate administrative data.

Loan officer, Kenya. *Photo: Flore de Preneuf/World Bank*

04

FIAS-supported Work in Programmatic Themes

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

The FIAS FY17–21 strategy identifies these as **Gender**; **Transparency, Political Economy, and Sustainability of Reforms; Green Competitiveness; and Targeting High-Growth Business**. This chapter outlines the overarching approach to this thematic work while country-specific narratives touching on these themes are found in Chapter 3. This chapter also summarizes work in **monitoring and evaluation** (M&E), **knowledge management** (KM), and communications and provides a partial listing of **team awards**.

Gender

Transparency, Political Economy, Sustainability of Reforms

Green Competitiveness

Targeting High-Growth Business

Gender

The FIAS-supported Gender Team continued to advance progress on gender-related issues within private sector development in FY18. As of FY19, its reach has expanded to encompass the entire EFI Practice Group. To prioritize and focus deliverables, the FIAS-supported Gender Team developed a Gender note guiding team structure and activities. The Gender Team now provides support across EFI's four Global Practices, ensuring that progress is made on women's access to jobs and assets and that there are improvements with respect to women's voice and agency. The Gender Team worked to strengthen and enhance the emphasis on tracking the range and quality of gender-related project activities. As one key result of this effort, EFI met and exceeded its primary gender-related corporate target for percentage of projects that are gender tagged. As of June 30, 2018, 40 percent of projects were gender tagged as compared to the target of 33 percent.

Substantively, the team primarily focused on two main objectives: 1) supporting staff across EFI in improving gender outcomes in projects and analytical work; and 2) supporting the set-up and design of projects for which the World Bank received funding from the **Women Entrepreneurs Finance Initiative (We-Fi)**. This effort benefited from prior analytical and project-implementation expertise developed and disseminated among staff.

The team continued to peer review a range of analytical pieces and project documents with a view to including or enhancing gender angles; realigned gender guidance notes of various Global Practices to best fit into the EFI organizational structure; and served as the EFI gender focal point to the World

Bank Gender Group and IFC's Gender Secretariat. Through these activities, all the GPs gained access to critical information and input on gender, disseminated through an expanded Gender Community of Practice (CoP). The team organized learning events and conducted personalized outreach to support individual projects and continued hosting gender events with relevance across multiple Global Practices. These included a session on **Designing for Impact and Results in Gender Projects**, and a series of CoP learning lunches. Finally, the team contributed to producing country-level data and analysis related to women's entrepreneurship in two analytical reports in Bangladesh and Moldova.

Transparency, Political Economy, and Sustainability of Reforms

The FIAS FY17–21 strategy pulls together three programmatic themes that are integrally related: transparency, realized through simplified regulations and higher degrees of public disclosure, relates directly to the importance of recognizing the political economies of client countries when undertaking reform programs. Due attention to these concepts, in turn, contributes significantly to whether reforms undertaken will be thoroughly implemented and sustained over time. Public-private partnerships, public-private dialogue, the set-up of online portals with property, tax, regulatory, and other business-related information, business and consumer surveys, and training and information workshops are among the tools applied in this thematic area, as seen in many projects described in the preceding chapter.

Green Competitiveness

The second phase of the **Climate Competitive Industries** global project continues through FY19 with a strong track record to date and a focus on helping to mainstream climate action and green competitiveness in the product offerings supported by EFI and other Bank Group units. The project is part of the Bank Group's overall prioritization of climate change mitigation and adaptation, including the goal of having 28 percent of all Bank Group activities include climate change elements by 2020. Climate competitive industries work seeks to integrate climate action into the competitiveness agenda in the policy areas of industrial resource efficiency, eco-industrial parks, and energy efficiency standards and labeling. Several important tools and knowledge products developed under the previous product development project (PDP), such as the Green Incentive Toolkit, the Greener Path to Competitiveness Report, and the Standards and Labeling Toolkit, are being disseminated to

Seamstresses working in Georgia clothing factory. *Photo: Leonid Mujiri/World Bank*

Bank Group teams and clients under the current project. The project worked with the Global Facility for Disaster Risk and Recovery group to develop a joint proposal on resilient industries that has gained grant support and is preparing pilots in two countries.

Climate Competitive Industries PDP Helps Define Eco-Industrial Parks

An International Framework for Eco-Industrial Parks, jointly published in December 2017 by the Bank Group, UNIDO, and the German Development Cooperation, GIZ, *(Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH)* brings a unified and joint approach to more sustainable and eco-friendly industrial parks. Produced as part of the FIAS-supported Climate Competitive Industries Product Development Project, the report offers a guide to policymakers and practitioners on the critical elements that will help governments and the private sector work together in establishing economically, socially, and environmentally sustainable eco-industrial parks (EIPs).

Targeting High-Growth Business

The overall objective of the **Supporting High Growth Businesses (SHGB)** program is to help governments boost the competitiveness of growth-oriented businesses. Solutions are provided at key stages of the business lifecycle: at inception, by facilitating start-up or formalization; during operational upgrading, by strengthening internal capabilities through enhanced management skills; and in the business scale-up phase, by connecting these businesses to lead firms in value chains. The program will offer an array of policy interventions designed to either explicitly target high-growth businesses or to increase their uptake of economy-wide reforms, hence enhancing the reforms amplification effect.

While the private sector is the main engine of economic growth, few firms achieve high-growth and have a disproportionately significant impact on competitiveness. The development of such firms is frequently hindered by factors in the external environment and limitations of their own internal capabilities. SHGB reform therefore lies at the core of fostering business competitiveness, connecting them to global markets and generating more and better jobs in client countries. The PDP aims to fill knowledge gaps in identifying and scaling up successful policy interventions to support high growth businesses. Through analysis and research, the PDP is contributing to the design of policy solutions that will allow for productive collaboration within the Bank Group and with other developmental partners.

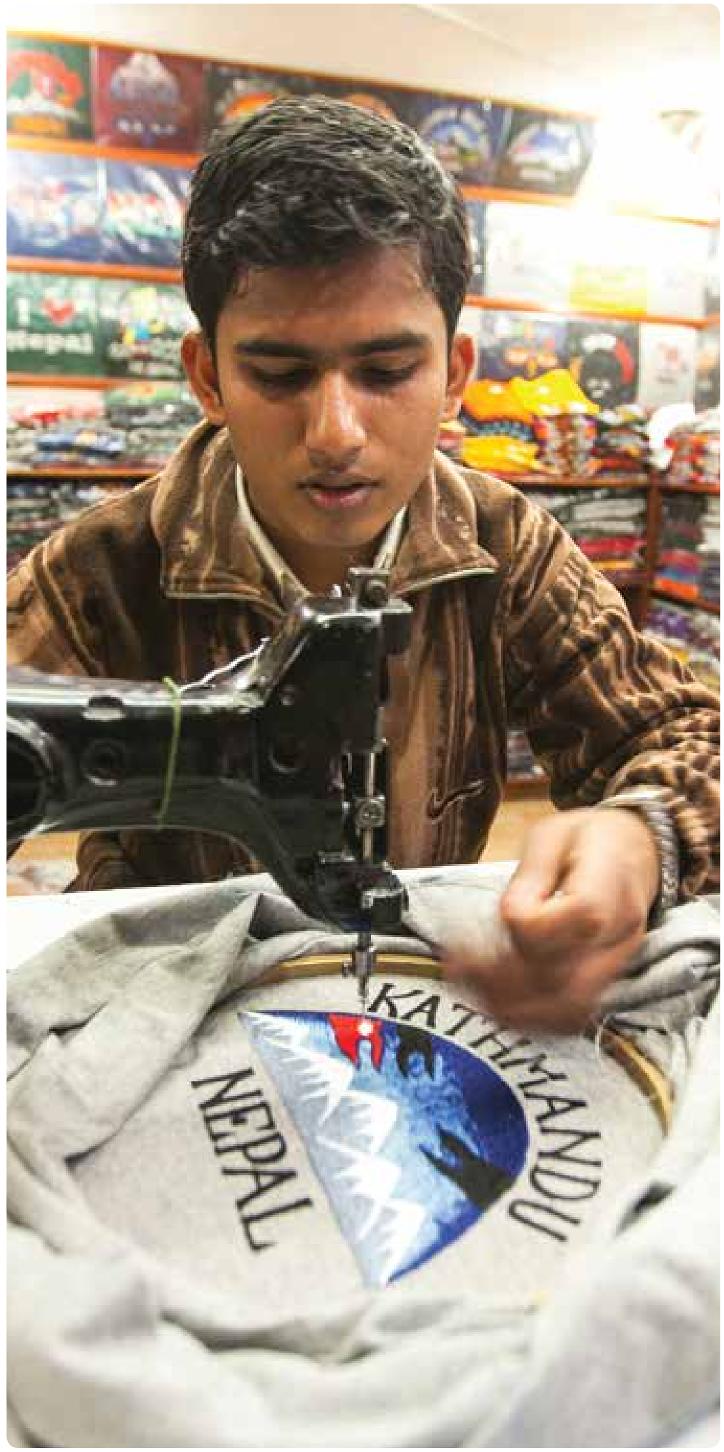
One of SHGB's key objectives is to identify the impact of regulatory reforms that seek to facilitate firm entry (formalization) and growth. A Bank Group paper, Courts and Business Registration: Evidence from Serbia, examines the effects of a reform in **Serbia** that transferred business registration from regional courts to a centralized agency. Using administrative data, the analysis employed a difference-in-difference strategy to compare new firms before and after the reform across districts based on the level of distrust in regional courts. The results suggest that the reform increased the number of new firms to a greater degree in regions with higher initial levels of distrust, by up to 34 percent. The reform also increased the survival rate of new firms. These effects are large compared to those of other types of registration reforms, suggesting that courts can pose significant barriers to new firm creation.

Monitoring & Evaluation, Impact

Client Satisfaction and Development Effectiveness

FIAS-supported projects received a 100 percent **client satisfaction** rating for FY18 (90 percent in FY17), with all 10 of the projects rated positively by clients. Over the first two years of the strategy cycle, 38 out of 41 projects, or 93 percent, received positive ratings. This is a strong measure of support from client governments.

Development effectiveness is an internal Bank Group rating which measures project execution in the field against project objectives at the outset. For FY18, six completed projects were rated for development effectiveness: Competition Policy for Investment Climate and OHADA Uniform Acts Reform Phase 2 were rated "successful"; Investment Climate Rapid Response III was rated "mostly successful". Two projects were rated "mostly unsuccessful": East African Community Investment Climate Phase 2 and Nepal Investment Climate for Industry. E4E ICT Sector Egypt was rated "unsuccessful." The EAC project succeeded in developing the **East African Community Common Market Scorecard** but other objectives were only partially achieved due to slower-than-anticipated uptake by the EAC Secretariat and partner states. The Scorecard has been highly influential in operationalizing the Common Market Protocol contributing to cross-border investments, harmonization of tax policies, and elimination of high regulatory costs and barriers to competition. The **Nepal** project helped the government implement a National Tourism Strategic Plan, streamlined licensing procedures and formalization for tourism-related businesses, and achieved business cost savings of an estimated $474,379. The mostly unsuccessful rating stemmed from the aftereffects of a major earthquake in 2015 and a blockade of the border with India which effectively shut down the economy for nearly a year. These events prevented achievement of key project goals on the original timeline. Nevertheless, following the earthquake the project helped expedite a structural survey showing that 80 percent of buildings along the popular Mount Everest trekking route were structurally sound, contributing to the rebound of the country's crucial tourism industry. The **Egypt** project succeeded in supporting the design and development of a National Competence Framework for the ICT sector in Egypt and rolled it out on a pilot basis in two private universities and six private companies. The second component of the project–adoption and scale up of the NCF–was dropped due to changing government priorities.



Nepali man does embroidery on clothes in a small workshop, in KTM, Nepal.
Photo: Bigstock

04

Knowledge Management, Publications and Learning Highlights

FIAS support is building knowledge, lessons learned, and valuable experience from global research and from the field across the full range of activities covered by the FY17–21 strategy, from investment climate reform and improvements in business environment to investment policy and promotion and sector-specific work. The benefits accrue not only to FIAS-supported client-facing projects but to World Bank and IFC activities across the project spectrum; in some cases, lessons and knowledge gained through this work benefit developed country economies. A list of selected EFI publications on a wide range of topics related to FIAS-supported work appears in Annex 3.

Global Knowledge Fostered by Competition Policy Work

In FY18, FIAS-supported work in **markets and competition policy (MCP)** leveraged strategic partnerships to generate and exchange knowledge, and to provide coaching support for stakeholders to advocate for competition reforms. For the fifth year in a row, the FIAS-supported **Competition Advocacy Contest** showcased successful competition advocacy strategies across countries and sectors. The contest is hosted jointly by the Bank Group and the International Competition Network (ICN), a global network of competition authorities from more than 100 jurisdictions. This year the contest called for submissions of stories from micro-reforms that mattered for macro-variables and that had spillover effects across the economy. The contest selected successful cases of pro-competition reforms from among 50 applications from developed and developing countries. Winning authorities from **Argentina**, **Brazil**, **Chile**, **Kenya**, **Malawi**, **Mexico**, **Serbia**, and **Russia** tackled constraints to competition and expanded market opportunities in key sectors such as telecommunications, financial markets, cements, automotive and lotteries.

In partnership with the OECD, a Bank Group effort supported by FIAS has developed new data on **product market regulation (PMR)** in Latin America. PMR indicators assess the extent to which public policies promote or inhibit markets and cover a wide range of topics, including electricity, gas, telecommunications, transport, water, retail distribution, and professional services. The indicators are publicly available for 10 LAC countries (**Brazil**, **Costa Rica**, **Chile**, **Colombia**, **the Dominican Republic**, **El Salvador**, **Honduras**, **Jamaica**, **Mexico**, **Nicaragua**, **Peru**, and **Uruguay**). With PMR data, the MCP project has been able to estimate the additional GDP growth that can be expected from structural reforms that expand market opportunities and help reform champions advocate in favor of more effective competition policy. New PMR data and the MCPAT tools developed with support of FIAS also informed the **1st Joint IMF-OECD-World Bank Conference on Structural Reforms** in June 2018 in Paris. The event, focused on product market competition, regulation, and inclusive growth, marked the first time the three institutions have collaborated to raise awareness among their member and client countries about the role of market-specific reforms for macroeconomic performance.

In the fall of 2017 EFI launched the *Global Investment Competitiveness Report 2018/2018: Foreign Investor Perspectives and Policy Perspectives.* The launch included extensive external content, including blogs, a feature article, video, and major launch event in Vienna. The report provided analytical insights and empirical evidence on foreign direct investment drivers and contributions to economic transformation and included a survey of 750 executives of multinational corporations investing in developing countries, extensive analysis of available data and evidence, and a thorough review of international best practices in investment policy design and implementation.

TCdata360, the external data aggregation web site developed with FIAS support and promoted with the help of EFI communications, is an example of how thorough data collection and accessible information presentation can benefit develop and developing countries alike. TCdata360 achieved continued growth in users and visits during FY18. Through the end of the fiscal year, TCdata360 had attracted 182,726 page-views and 56,653 unique visitors; 20 percent of users came from the United States, followed by United Kingdom, India, Spain, and Germany. In total, these countries represent 40 percent of the total users during this period.

Bharatpur, India. *Photo: Bigstock*

05

Financial Results and Resource Use

Activities covered in the *FIAS 2018 Annual Review* were co-financed via a set of FIAS trust funds.

$31.6m

total contributions from all sources in FY18

$21.5m

total direct project expenditures in FY18

$16.5m

total client-facing project expenditures in FY18

Financial results reported in this section cover the funds managed under the FIAS trust fund structure as well as supplemental funds earmarked for the implementation of the FIAS strategy. These funds are provided by IFC and the World Bank for FIAS-related activities and to cover sustaining costs associated with the management of FIAS. FIAS financial reports use cash-based reporting in alignment with the quarterly financial reports on IFC's donor-funded operations.

Funding

Core, Programmatic and Project-Specific Contributions

In FY18 FIAS donors, clients, and the World Bank Group contributed a **total of $31.6 million** (including trust fund administration fees of **$0.835 million)** to the various FIAS trust funds, supporting the implementation of a broad-based investment climate reform effort under the FIAS Program. 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 and are included in the total FY18 FIAS contributions of $31.6 million *(see details in Table 1: Sources and Uses of Funds)*.

World Bank Group core contributions totaled **$7.0 million** in FY18, including $5.0 million from IFC and $2.0 million from the World Bank. In addition, IFC contributed **$1.1 million** from **FMTAAS** to support a range of global knowledge management and product design and development projects implemented under the FIAS umbrella. FIAS core funds supplement these global product activities. Aggregate FY18 World Bank Group contribution to FIAS is $8.1 million, or 25.6 percent of total FY18 FIAS contributions.[6]

Core contributions received from donors amounted to **$5.6 million** in FY18 ($4.6 million in FY17). While most donors who supported FIAS during the FY12–16 strategy cycle provided consent to roll over the unused portions (i.e., fund balances) of their FY12–16 contributions to the new FY17–21 funding cycle, core donor contributions are below expected fundraising targets. The total amount of core funding received in FY18 from the World Bank Group and donors amounted to approximately **$12.6 million,** consisting of $5.6 million in contributions from donors and $7.0 million from the World Bank Group (or 56 percent of total core contributions).

Programmatic contributions from donors made available through thematic and regional FIAS Trust Funds totaled approximately **$8.9 million** in FY18. This significant decrease (55 percent) in FY18 programmatic contributions as compared to FY17 ($16.0 million) is due in large part to the transfer of large programs such as tax and trade to other implementing Global Practices.

In FY18, **project-specific contributions** from donor partners amounted to **$9.0 million**, compared to $7.3 million in FY17, reflecting strong donor interest in specific client-facing investment climate reform interventions as well as the trend among some donors to decentralize aid budgets to their local delegations or embassies.

The ability to generate client contributions remains a challenge that FIAS is seeking to address.

In-Kind Support Via Staff Exchanges and Secondments

Throughout the previous strategy cycles the FIAS program has benefited from in-kind resources that several donors have made available in the form of secondments and staff exchanges. In FY18, 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 a way for FIAS partners to be directly involved in the program and establish direct connections between their respective private sector development programs and FIAS.

FIAS expenditures in priority areas were in line with the FIAS FY17–21 strategy targets. Of $16.5 million in client-facing project expenditures in FY18, 68 percent supported IDA borrowing countries, in line with the strategy target of 70 percent; 47 percent was spent in Sub-Saharan Africa, in line with the target of 50 percent; and 31 percent was spent in FCS, exceeding the target of 25 percent (these figures add up to more than 100 percent because of the significant overlap between IDA, FCS, and Sub-Saharan Africa). Among regions, the Middle East North Africa received the next largest share of client-facing expenditures with 21 percent, followed by Europe and Central Asia at 14 percent; East Asia and Pacific and Latin America and Caribbean with 7 percent each; and South Asia at 2 percent.

Use of Funds

In FY18, FIAS expenditures for investment climate reform activities reached **$27.4 million**. This represents a 77 percent rate of spend against the FY18 strategic spending target of $35.7 million in the second year of the FY17–21 funding cycle, and an 89 percent rate of spend against cash receipts of $30.8 million for the year. While staff and consultant costs represent the largest share of total FY18 FIAS expenditures (52 and 32 percent, respectively), indirect costs (infrastructure, office occupancy, and other miscellaneous costs) remain relatively low at 5 percent *(see Table 1, Sources and Uses of Funds)*.

$9.0m

In FY18, project-specific contributions from donor partners amounted to $9.0 million

[6] Annual contributions from 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. Annual contributions from IFC are received as a direct contribution to a FIAS-dedicated trust fund and in the form of regular administrative budget to cover sustaining costs associated with the management of FIAS. Together they comprise IFC's annual contribution to the FIAS FY17–21 strategy cycle. Contributions received 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.

05 Financial Results **2018**

Direct project expenditures for FY18, including client-facing projects and global programs, were $21.5 million, or 79 percent of total FY18 expenditures of $27.4 million. Of the $21.5 million in direct project expenditures, $16.5 million, or 77 percent, went to client-facing projects. In FY18, $5.7 million, or 21 percent of total FIAS expenditures, covered indirect project costs such as program management and operational support, including product development, M&E, knowledge sharing, donor relations, and other non-overhead costs; only 1 percent of total FIAS expenditures went toward general and administration costs. In accordance with IFC Advisory Services policy, general and administration costs such as office occupancy, communications and IT, equipment, etc. are accounted for as a direct cost to capture total project cost.

In FY18 FIAS expenditures in priority areas were consistent with and, in the case of FCS, exceeded the strategic spending targets outlined in the FIAS FY17–21 strategy. Of the $16.5 million in client-facing project expenditures, 68 percent supported IDA borrowing countries; 47 percent went to projects in Sub-Saharan Africa; and 31 percent supported projects in FCS. Among regions, the Middle East North Africa received the next largest share of client-facing expenditures with 21 percent, followed by Europe and Central Asia at 14 percent; East Asia and Pacific and Latin America and Caribbean with 7 percent each; and South Asia at 2 percent.

Administration fees are collected by IFC to cover trust fund administration costs and are deducted from donor contributions at the time of receipt. In FY18, IFC collected trust fund administration fees of $0.835 million from FIAS donor contributions.[7]

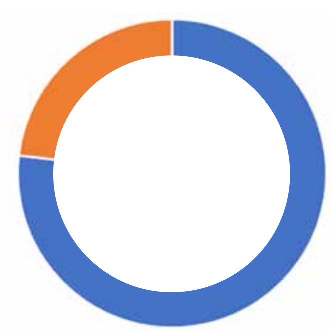
In FY18 FIAS received $30.8 million in cash receipts (net of administration fees) and expended $27.4 million for the same period, or 89 percent of total cash receipts. Similarly, in FY17 FIAS received $36.4 million and expended $32.9 million or 90 percent of total cash receipts. This reflects an annual rate of spend for the first two years of the cycle commensurate with annual donor contributions for the same two-year period.

FY18 DONOR CONTRIBUTIONS (Gross Receipts)
100% = $31,619,399

- World Bank Group (25%)
- Core (18%)
- Programmatic (28%)
- Project Specific (29%)

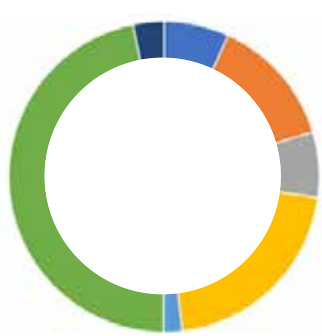
FY18 FIAS EXPENDITURES
100% = $27,396,345

- Client Facing (60%)
- Non-Client Facing (18%)
- General & Administrative (1%)
- Program Management & Support (21%)



PERCENT OF FY18 FIAS DIRECT PROJECT EXPENDITURES
100% = $21,506,948

- Client Facing (77%)
- Non-Client Facing (23%)



CLIENT-FACING EXPENDITURES BY REGION, FY18
100% = $16,530,313

- East Asia and Pacific (7%)
- Europe and Central Asia (14%)
- Latin America and Caribbean (7%)
- Middle East and North Africa (21%)
- South Asia (2%)
- Sub-Saharan Africa (47%)
- World (3%)

[7] 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.

Fundraising Update

Total secured contributions for the FY17-21 Strategy Cycle are at $152.5 million. This includes total signed contributions as well as very high probability pipeline, of which $65.5 million were received in FY17 and FY18 *(see Table 1)*, and the remaining $87 will be disbursed by donors in the next years of the cycle. Fundraising results represents 76.1 percent of the $200 million fundraising target for the five-year strategy cycle. Out of this result:

1. $38.3 million are commitments from the World Bank Group and $114.2 million from donors, representing a 25/75 ratio, aligned with the previous cycle.

2. $68.7 million are commitments to the Core TF and $83.8 are commitments to Programs and Project-specific TFs, representing a 45/55 ratio against the 53/47 ratio in the past cycle.

3. Average annual donor core contribution are $6.1 million. In the FY12–16 cycle, the average annual donor contribution was $9.5 million.

Key Fundraising Messages

EFI Management remains committed to consolidating trust funds and once again encourages donors to make a portion of their contribution to FIAS available as core funding in support of the overall strategy, with the aim to reach a 50/50 ratio by the end of the Cycle. Development partners are increasingly pledging resources toward a specific set of activities covered in the FIAS agenda. FIAS core donor support provides the needed flexibility to allocate FIAS funds to support the implementation of FIAS strategic priorities in the regions, including the ability to provide rapid response to emerging challenges faced by clients. In addition, core funding supports the design and development of global knowledge products which inform and facilitate the development of innovative client-facing solutions. EFI management welcomes a continued engagement with development partners on this matter.

While overall fundraising results for the strategy cycle are strong, the pace of contributions for the first two years of the cycle as past FIAS supporters direct funding to other programs may make it difficult to achieve the $200 million fundraising target on which FIAS project-related targets (reforms and compliance cost savings) are based. Among the reasons for this are the overwhelming Bank Group emphasis throughout FY18 in the Capital Increase and IDA18 campaigns, which superseded fundraising activities at the level of individual trust funds.

$152.5m

total secured contributions for the FY17-21 Strategy Cycle

$38.3m

in commitments from the World Bank Group and $114.2 million from donors

$21.5m

direct project expenditures for FY18 for client-facing projects and global programs

05

Financial Results **2018**

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

	FY12–16 CYCLE	FY17–21 CYCLE		
SOURCES OF FUNDS		FY12–16 FUND BALANCE	FY17 RECEIPTS	FY18 RECEIPTS
WORLD BANK GROUP CONTRIBUTIONS				
Core Contributions				
IFC [1]	23,388,000	2,003,875	5,000,000	5,000,000
IBRD	8,000,000	1,221,162	2,000,000	2,000,000
MIGA	6,400,000			
Subtotal Core Contributions	**37,788,000**	**3,225,037**	**7,000,000**	**7,000,000**
Project-Specific and Other Contributions [2]				
IFC AS - Other Contributions - Project-Specific	9,939,000		1,882,864	267,657
IFC AS - Other Contributions - Business Development	478,000			
IFC AS - Other Contributions - Administration	3,132,000		716,477	794,113
Subtotal Project Specific and Other Contributions	**13,549,000**	**-**	**2,599,341**	**1,061,770**
Subtotal World Bank Group Contributions	51,337,000	3,225,037	9,599,341	8,061,770
CORE DONOR CONTRIBUTIONS				
Austria	3,205,000	463,349	1,045,800	
Canada	17,377,000	2,354,970		
Ireland	1,186,000	224,319	632,130	716,940
Luxembourg	2,250,000	355,090	673,890	1,453,422
Netherlands (Global Program)	2,620,000	-	1,000,000	1,000,000
Norway	3,843,000	576,550		
Sweden	7,063,000	988,405		1,200,480
Switzerland	1,500,000	1,316,406	1,250,000	1,250,000
United Kingdom	8,472,000	-		
Subtotal Core Donor Contributions	**47,516,000**	**6,279,089**	**4,601,820**	**5,620,842**
PROGRAMMATIC DONOR CONTRIBUTIONS				
Austria (IC Cooperation Program)	11,368,000	2,783,512	3,137,400	1,779,900
Australia (Investment Policy and Promotion)	1,449,000	681,147	712,073	
EU (ECOWAS Investment Policy)	5,330,000	1,543,029	3,457,608	
EU (Western Balkans Investment Policy and Promotion)				1,426,813
EU (Investment Policy and Promotion)			209,080	595,095
Ireland (Africa)	2,876,835	-		
Korea (Industry)	125,000	-		
Switzerland (Industry)	2,000,000	-	-	
Switzerland (MCICP)			6,000,000	3,100,000
United Kingdom (BEED)		1,212,355	2,493,429	669,829
United Kingdom (SIRMs)				1,309.250
United States (Doing Business)	2,160,000	-	-	
Subtotal Programmatic Donor Contributions	**25,308,835**	**6,220,043**	**16,009,590**	**8,880,887**
EXITED/EXITING PRODUCT LINES				
Australia (Trade Facilitation)	3,217,000			
Canada (Trade Facilitation)	1,821,000			
EU (ECOWAS Trade Logistics)	2,423,000			
EU (Trade Facilitation)	4,338,000			
Korea (Trade Logistics)	550,000			
Luxembourg (Tax Transparency)	989,000			
Netherlands (Investing Across Borders)	200,000			
Netherlands (Tax Transparency)	300,000			
Norway (Trade Facilitation)	5,504,000			
Norway (Trade Logistics)	1,000,000			
Switzerland (Tax Transparency)	3,100,000			
Switzerland (Tax)	2,500,000			
Switzerland (Trade Facilitation)	1,300,000			
United Kingdom (Tax Transparency)	2,133,000			
United Kingdom (Trade Facilitation)	754,000			
Subtotal Exiting Product Lines	**30,129,000**	**-**	**-**	**-**

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

SOURCES OF FUNDS	FY12–16 CYCLE	FY17–21 CYCLE FY12–16 FUND BALANCE	FY17 RECEIPTS	FY18 RECEIPTS
PROJECT SPECIFIC DONOR CONTRIBUTIONS				
European Commission	2,318,000	-	-	
France	4,960,000	1,246,430	1,044,950	1,185,650
Gates Foundation	2,742,000	2,069,253	-	900,000
Kauffman Foundation	211,000	-		
Korea	200,000	-		
Trade MDTF	225,000	-		
Trademark East Africa	10,665,000	673,943		
USAID Legacy	10,205,000	1,334,850	1,424,353	
USAID New		2,505,804	4,869,485	6,970,250
Subtotal Project Specific Donor Contributions	**31,526,000**	**7,830,280**	**7,338,788**	**9,055,900**
TOTAL WBG AND DONOR CONTRIBUTIONS	**185,816,835**	**23,554,449**	**37,549,539**	**31,619,399**
CLIENT CONTRIBUTIONS	**699,000**			
TOTAL RECEIPTS	**186,515,835**	**23,554,449**	**37,549,539**	**31,619,399**
Trust Fund Administrative Fees[3]	7,151,000		1,099,899	834,799
TOTAL (NET) RECEIPTS	**179,364,835**	**23,554,449**	**36,449,640**	**30,784,600**

USES OF FUNDS[4]	FY12–16 $	FY12–16 %	FY17 $	FY17 %	FY18 $	FY18 %
Staff	80,745,922	50%	15,724,142	48%	14,114,087	52%
Consultants and Temporaries	41,145,014	26%	10,503,071	32%	8,768,926	32%
Travel	26,315,588	16%	5,053,184	15%	3,006,936	11%
Indirect Costs	11,886,379	7%	1,604,318	5%	1,506,396	5%
TOTAL USES OF FUNDS	**160,092,902**	**100%**	**32,884,715**	**100%**	**27,396,345**	100%

1 Annual contributions from IFC are received as a direct contribution to a FIAS-dedicated trust fund account and in the form of Advisory Services (AS) administrative budget to cover staff costs of a number of mainstreamed positions related to FIAS. In FY17 and FY18 IFC's annual contribution to the FIAS FY17-21 funding cycle is $5.0 million, $2.0 million as a direct trust fund contribution and $3.0 million as AS administrative budget.
2 Contributions received 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.
3 Administration fees collected by IFC to cover the cost of trust fund administration.
4 Uses of Funds table includes expenditures from all sources of funds that support the FIAS FY17-21 strategic agenda. FIAS FY12-16 funding cycle expenditures (previously reported) have been adjusted for comparative purposes.

Table 2: Expenditures by Advisory Services (AS) Activity

STANDARD AS ACTIVITY EXPENDITURES	FY12–16 ACTUAL	% FY12–16 ACTUAL	FY17 ACTUAL	% FY17 ACTUAL	FY18 ACTUAL	% FY18 ACTUAL
PROJECT RELATED EXPENDITURES						
of which: Direct Project Expenditures[1]	113,898,894	71%	26,055,015	79%	21,506,948	79%
of which: Indirect Project Expenditures[2]	38,121,978	24%	6,398,555	19%	5,748,206	19%
TOTAL PROJECT RELATED EXPENDITURES	**152,020,872**	**95%**	**32,453,570**	**99%**	**27,255,154**	**99%**
GENERAL & ADMINISTRATION COSTS[3]	8,072,031	5%	431,145	1%	141,191	1%
TOTAL STANDARD AS ACTIVITY EXPENDITURES	**160,092,902**	**100%**	**32,884,715**	**100%**	**27,396,345**	**100%**

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

06 Annex 1: FIAS REFORM TOTALS AND DESCRIPTIONS

1.1 FIAS FY17–21 Strategy Cycle Scorecard—Summary

STRATEGIC THEME	INDICATOR	Cumulative FY12–16	FY17	FY18	FY19	FY20	FY21	CUMULATIVE FY17–21	FY17–21 STRATEGY TARGET
1. Focus on Priority Clients	% of FIAS client-facing project implementation spend in IDA countries	75%	70%	68%				69%	70%
	% of FIAS client-facing project implementation spend in Sub-Saharan Africa	55%	54%	47%				51%	50%
	% of FIAS client-facing project implementation spend in FCS	29%	28%	30%				29%	25%
2. Delivering Significant Business Results	Number of IC reforms supported by FIAS	341	62	40				102	275
	% of IC reforms supported by FIAS in IDA countries	73%	58%	65%				61%	70%
	% of IC reforms supported by FIAS in FCS countries	30%	21%	25%				23%	25%
	% of IC reforms supported by FIAS in Africa	66%	32%	30%				31%	50%
3. Client Satisfaction and Development Effectiveness	Client satisfaction: FIAS-supported projects (results from IFC client survey)	92%	90%	100%				93%	90%
	Development effectiveness: FIAS supported projects (% of projects rated satisfactory in terms of development effectiveness)	88%	100%	50%				63%	80%
4. Measuring Impact	Direct Compliance Cost Savings	$208M	$8.7M	$28M				$36.7M	$250M
	Investment generated via facilitation of FDI in priority sectors*	$1.59B	$153.2M	$33M				$186.2M	$1B
	Productivity**								TBD
	Jobs**								TBD
5. Leverage	IBRD and IFC investment operations informed and enabled by FIAS**								TBD

11/15/18

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

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

Annex 1: FIAS REFORM TOTALS AND DESCRIPTIONS

1.2 Reforms and Results from FIAS-Funded Projects

COUNTRY	REFORM TOPIC	REFORM DESCRIPTION	NUMBER OF REFORMS	DB VALIDATED
AFRICA			12	
Guinea	Construction Permits	Guinea made dealing with construction permits less expensive and time consuming by reducing the cost and the time needed to obtain a building permit. A decree promulgated in March 2018 amended the fee schedule for building permits to reduce the cost and time required. The basic rate of a building permit for a building with a ground floor between 201 and 300 square meters is down slightly, to approximately $143, and the increase for each additional level has been reduced from 20 percent to 15 percent while the basic rate for each square meter has been reduced from 1 percent to 0.5 percent.	1	DB19
Guinea	Starting a Business	Guinea made starting a business easier by allowing registration with the labor promotion agency at the one-stop shop. The project team helped develop a single form for business registration at the single window of the Private Investment Promotion Agency, making it possible to register to the Guinean Agency for the Promotion of Employment while registering to other entities and obtaining a tax registration number from the National Tax Directorate in one streamlined procedure. Employee registrations can now be completed directly at the one-stop shop using the single form and without having to go to the labor promotion agency to notify the hiring of employees. This has reduced the time and number of procedures needed to start a business. The form is available online.	1	DB19
Guinea	Registering Property	Guinea made property registration easier by reducing the property transfer fee. The project team has helped update the country's Doing Business plan and provided support for implementation of reforms, with a focus on business registration.	1	DB19
Mali	Enforcing Contracts	Mali made enforcing contracts easier by adopting a law that regulates all aspects of mediation as an alternative dispute resolution mechanism. A legal text review formed the basis for reorganization of the Commercial Court to improve handling of commercial litigation as well as the Court's overall service delivery.	1	DB19
Mozambique	Getting Electricity	Mozambique reduced the time to get an electricity connection by streamlining procedures through the utility instead of different agencies. It also reduced costs by eliminating the security deposit for large commercial clients. Revisions to rules governing the establishment and licensing of new electrical connections to the national power grid translate into an optimized, simplified, and streamlined connection process. Customer service is now organized as a one-stop shop for meeting requirements, making payments, receiving permits and licenses, and arranging inspections and connections. A rule requiring prior inspection and authorization of a connection application by the Ministry of Energy has been eliminated.	1	DB18
Rwanda	Protecting Minority Investors	Rwanda strengthened minority investor protections by making it easier to sue directors, clarifying ownership and control structures and requiring greater corporate transparency. The new law incorporates best practices for the protection of minority investors. It introduces and reinforces provisions that enhance corporate governance and transparency by clarifying shareholder rights and establishing director duties and liabilities. The law provides for disclosure of related party transactions and significant ownership stakes. It includes provisions that strengthen and protect the rights of minority shareholders. The new law has boosted investor confidence by strengthening the rights of minority shareholders, increasing their access to information, and providing for their participation in shareholder meetings.	1	DB18
Rwanda	Inspections	Rwanda made trading across borders easier by removing the mandatory pre-shipment inspection for imported products.	1	
Rwanda	Licenses and Permits	Beginning in September 2017, Rwanda began reducing mobile termination rates (MTR)—the fees that one telecommunications operator charges another for terminating calls and texts on its network. As of 2019, the MTR has been cut by 90 percent to just over two-tenths of a cent per minute. The revised MTR rates allow operators to reduce consumer prices, leveling the playing field and encouraging investment by current operators in the telecommunications sector. Already one operator, TIGO, has reduced rates on mobile networks in response to the reduction. Previously, Rwandan consumers were paying higher tariffs for calls and text messages than consumers elsewhere in the region.	1	
Rwanda	Starting a Business	Rwanda made starting a business less costly by replacing electronic billing machines with free software for value-added tax invoices. A revised ministerial order now makes clear business entities are required to use an electronic billing machine (EBM). The previous requirement that all businesses and start-ups purchase an EBM has now been limited to only VAT-registered taxpayers. This means that the majority of businesses in Rwanda which are SMEs and which fall under the Doing Business case study, are not required to comply with the EBM requirement, translating into a savings for these small firms of approximately $170.	1	DB19
South Africa	Starting a Business	South Africa made starting a business easier by reducing the time for online business registration. The time involved to start a business was reduced from 45 days to 40 days. The project team contributed to the reform through preparation of an updated Doing Business Reform Memo, which was submitted to InvestSA and the Office of the President. It included simulated post-reform scores on the Distance to Frontier, enabling the government to see how the reform would enhance the country's Doing Business ranking.	1	DB19

Annex 1: FIAS REFORM TOTALS AND DESCRIPTIONS

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

COUNTRY	REFORM TOPIC	REFORM DESCRIPTION	NUMBER OF REFORMS	DB VALIDATED
AFRICA				
South Africa	Getting Electricity	South Africa improved the monitoring and regulation of power outages by beginning to record data for the annual system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI). The effort was centered on the City of Johannesburg with the aim of improving the reliability of power supply monitoring. The city started calculating the total duration and frequency of outages per customer using the SAIDI and SAIFI methodology, making them eligible to score on the reliability of supply and transparency of tariffs index. Measuring the number and duration of power interruptions is a critical step to improving the process of getting electricity. Without such information, electricity companies cannot monitor and measure their performance. The availability of the data makes it possible to introduce necessary improvements to ensure more reliable service and access to electricity.	1	DB19
Togo	Construction Permits	Togo made dealing with construction permits safer by implementing decennial liability and insurance and strengthening quality control before construction. Togo also reduced the cost to obtain a building permit.	1	DB19
EAST ASIA AND THE PACIFIC			1	
Myanmar	Investment Policy - Entry	Cumbersome procedures for registering new investments contributed to an average of 90 days for the Myanmar Investment Commission (MIC) to process an investment proposal. Where previously all foreign investment proposals had to be approved by MIC, the new Myanmar Investment Law allows investments of less than $5 million to be processed by a newly established State-Region Investment Committee which is required to issue investment endorsements within 30 days. With simplified procedures and fewer applications to process, MIC is able to handle larger investment proposals more quickly than before.	1	
EUROPE AND CENTRAL ASIA			13	
Albania	Enforcing Contracts	Albania made enforcing contracts easier by amending the code of civil procedure to establish a simplified procedure for small claims and introduce time standards for certain court events. A new law that entered into force in November 2017 amends the civil procedure code to require judges to reform and guide parties about the possibility of resolving disputes through mediation; require defendants to file a statement of defense within 30 days of the notification of a lawsuit; simplifies procedures for handling small claims; and establishes reasonable time limits for court proceedings and decisions.	1	DB19
Azerbaijan	Property Transfers	Azerbaijan made registering property easier by increasing the transparency of the land administration system. During the second half of 2017, the State Committee updated its website to publish statistics on the number of property transactions. The Ministry of Justice upgraded its website to include statistics on the number of land disputes in the First Instance Court. The reforms stem from a Doing Business Action Plan delivered in 2016 by the IFC project team.	1	DB19
Azerbaijan	Investor Protections	Azerbaijan strengthened minority investor protections by increasing shareholder rights and their role in major corporate decisions, clarifying ownership and control structures and requiring greater corporate transparency. A new law passed by the National Assembly in April 2018 addresses shareholder rights, ownership and control structures, and corporate transparency. Members of limited liability companies wishing to sell shares are required to first offer the shares to existing members of the company before transferring them to a third party. LLCs are required to pay dividends within 30 days of the declaration date. Joint-stock companies must now disclose the compensation of directors on an individual basis in their annual reports.	1	DB19
Azerbaijan	Construction Permits	Azerbaijan made dealing with construction permits easier by streamlining its construction permitting process. Construction permits are now issued only by the Baku City Executive Office single window. Low-risk construction sites along with their construction designs no longer need to pass a comprehensive project review; passing a project review with the Ministry of Emergency Situations is no longer required. Investors are only required to use the single window to obtain a construction permit. The number of procedures and days needed to deal with construction permits has declined from 21 procedures and 242 days to 18 procedures and 116 days.	1	DB19
Bosnia and Herzegovina	Investment Policy - Promotion	The Local Investment-Friendly Environment (LIFE) project assisted 21 local governments in development, programming, and implementation of a targeted investor aftercare program through multi-level government collaboration. Local governments proactively approached 103 companies—both foreign and domestic investors doing business in the country—to discuss unresolved issues and either resolve them or propose reforms where changes in the legal framework were required. The targeted aftercare program resulted in an increased percentage of investors' open issues resolved (19 percent) and number of firms investing (eight), and generated new investments of $25.4 million. These outcomes were confirmed by the project's investor survey. Investors acknowledged the value of the services provided under the aftercare program, including fast tracking of permits and licenses, assistance in identifying investment location, connecting to infrastructure, and provision of investment incentives.	1	

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Annex 1: FIAS REFORM TOTALS AND DESCRIPTIONS

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

COUNTRY	REFORM TOPIC	REFORM DESCRIPTION	NUMBER OF REFORMS	DB VALIDATED
Croatia	Registering Property	Croatia made transferring property more efficient by digitizing its land registry.	1	DB19
Kazakhstan	Enforcing Contracts	Kazakhstan made enforcing contracts easier by making judgments rendered at all levels in commercial cases publicly available and publishing performance measurement reports on local commercial courts. A database of judicial acts, was launched on the official website of the Supreme Court of Kazakhstan. After some initial technical difficulties, it was modernized and enhanced so that as of May 2018, judgments rendered in commercial cases in trial courts, courts of appeal, and the Supreme Court were available to the public via the website, along with statistics on the performance of courts. For example, data was provided for the Almaty Inter-District Commercial Court on the time required to resolve cases, the number of received cases during a specific reporting period, and the cases and applications under consideration at the beginning of a reporting period	1	DB19
Kazakhstan	Starting a Business	Kazakhstan made starting a business easier by reducing the time required for value-added tax registration.	1	DB19
Kosovo	Construction Permits	Kosovo made dealing with construction permits easier by streamlining the inspection system using an in-house engineer. The Pristina Municipality in Kosovo eliminated the practice of conducting inspections during construction. A location inspection and final inspection are conducted by the municipality; for inspections during constructions, the owner must use an in-house qualified engineering professional. The number of procedures for dealing with construction permits has been reduced from 15 to 12.	1	DB19
Kyrgyz Republic	Enforcing Contracts	The Kyrgyz Republic made enforcing contracts easier by introducing a pre-trial conference as part of the case management techniques in court and adopting a consolidated law on voluntary mediation. Among other innovations, the new law introduced a pre-trial conference as part of the case management techniques used in court. Pre-trial conferences are now conducted in practice in all courts, including the Bishkek Inter-District Court. Another new law that also took effect in July 2017 introduced a consolidated set of rules regulating voluntary of virtually all aspects of mediation, including the enforceability of mediated settlement agreements.	1	DB19
Kyrgyz Republic	Investor Protections	The Kyrgyz Republic strengthened minority investor protections by increasing shareholders' rights and role in major corporate decisions, strengthening the independence of boards of directors and barring subsidiaries from acquiring shares issued by their parent companies. Amendments to the law on joint stock companies entered into force in August 2017 with new provisions on shareholder rights and ownership and control structures of listed companies. The amendments require that no less than 30 percent of the board of directors be independent, meaning they are unaffiliated with the company, unrelated to anyone in the company, not government officials, and not auditors or shareholder representatives of the company. The new provisions allow shareholders representing 10 percent of share capital to call extraordinary meetings of shareholders and prohibit a subsidiary from acquiring shares issued by the parent company.	1	DB19
Uzbekistan	Trade Facilitation	Uzbekistan made trading across borders faster by introducing an electronic application and payment system for several export certificates, reducing the time for export documentary compliance. A new version of Uzbekistan's single-window website introduced in July 2017 allowed for electronic requests and payment of various certificates required for export, such as certificates of origin and phytosanitary certificates. With the implementation of these new features, the overall time of documentary compliance for export has decreased from more than seven days to four days.	1	DB19
Uzbekistan	Investor Protections	Uzbekistan strengthened minority investor protections by clarifying the ownership and control structures of listed companies. In December 2017, Uzbekistan amended the law on joint stock companies and protection of shareholder rights. Specifically, the amendments prohibit subsidiary companies from owning voting shares of their parent company. Companies that acquired voting shares of their main or parent companies before the entry into force of the prohibition are not entitled to vote at the general meeting of shareholders of the respective company.	1	DB19

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Annex 1: FIAS REFORM TOTALS AND DESCRIPTIONS

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

COUNTRY	REFORM TOPIC	REFORM DESCRIPTION	NUMBER OF REFORMS	DB VALIDATED
LATIN AMERICA AND CARIBBEAN			2	
Central America Region	Agribusiness	The six countries of the Council of Ministers of Economic Integration of Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) streamlined trade procedures for processed food and beverages in the region. Prior to this project, companies needed to go to each country to request a certificate of free sale of each product that they wanted to trade, a timely and costly process. The reform streamlined, harmonized, and automated procedures for sanitary registration for processed food beverages with the ultimate aim of boosting entrepreneurship and productivity, creating jobs, enlarging the regional market, and making the region a more attractive investment destination. The reform, which took effect in July 2017, reduced the number of documents required to recognize registries from four to two.	1	
Colombia	Investment Policy - Protection and Retention	Colombia established an effective investor grievance mechanism (IGM) to enable governments to effectively address political risk grievances. IGM includes a monitoring and tracking system providing information on the number of investor grievances and the associated investment at risk.	1	
MIDDLE EAST AND NORTH AMERICA			2	
Jordan	Investment Policy - Incentives	Jordan improved its investment incentives regime through the launch of an online database providing investors and stakeholders with comprehensive and up-to-date information about all types of incentives available to investors. The reform increased transparency of the incentives regime, enabling investors to make better informed decisions. By making the parameters for providing incentives publicly available, the reform reduced possibility for discretionary decisions by government agencies. It gave government, through the Jordan Investment Commission (JIC), an instrument for investment promotion and subsequent cost-benefit analysis of all incentives, and a better way to ensure that the investment incentives aligned with national priorities for investment.	1	
Jordan	Investment Policy - Promotion	IFC helped Jordan develop the capacity of the new Jordan Investment Commission (JIC) as a lead investment promotion agency and equipped it with the tools and resources to attract, retain and support investors. Investment promotion reform in Jordan was a core pillar in the World Bank lending program, "Economic Opportunities for Jordanians and Syrian Refugees, Program for Results," for which the technical advisory was delivered through this project. IFC helped develop the Investment Promotion Directorate (IPD) structure, its operation manuals and instructions, and staff jobs description. Numerous trainings and capacity building events were conducted, and the IPD staff were specifically trained on the investment promotion technique, including lead generation. Prior to the reform, JIC had struggled with a lack of knowledge and experience of working with investors, high turnover and low training levels of staff, and poor coordination internally and with other government agencies.	1	
SOUTH ASIA			10	
Afghanistan	Resolving Insolvency	Afghanistan made resolving insolvency easier by improving the continuation of a debtor's business during insolvency proceedings, introducing the reorganization procedure, and granting creditors greater participation in the proceedings. The revised Insolvency Law clearly defines procedures for solving private sector problems in cases of insolvency. Enactment of the law provides clarifies issues for the private sector relating to resolving insolvency, eligibility of debtors, appointment, qualification, and remuneration of the receiver, auditors, and other stakeholders.	1	DB19
Afghanistan	Getting Credit	Afghanistan strengthened access to credit by enacting a new insolvency law. Secured creditors are now given absolute priority over other claims within insolvency proceedings. The project supported the Afghan Presidential Office, Senior Economic Advisory Unit, providing feedback on drafts and the final version which clearly defines procedures for solving private sector problems in case of insolvency and gives an absolute priority to secured creditors within insolvency proceedings.	1	DB19
Afghanistan	Tax Simplification and Compliance Management	Afghanistan made paying taxes easier by adopting a new tax administration and law manual with clear rules and guidelines on tax audit, and by automating the submission of tax returns. The project provided recommendations on paying taxes in Afghanistan to government counterparts. Discussions with the private sector led to recommendations which included e-filing and risk management techniques. Based on recommendations, the government adopted a new tax administration and law manual with clear rules and guidelines on tax audit and automated the submission of tax returns resulting in streamlined processes for paying taxes.	1	DB19

Annex 1: FIAS REFORM TOTALS AND DESCRIPTIONS

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

COUNTRY	REFORM TOPIC	REFORM DESCRIPTION	NUMBER OF REFORMS	DB VALIDATED
SOUTH ASIA			2	
Afghanistan	Protecting Minority Investors	Afghanistan strengthened minority investor protections by requiring greater disclosure of transactions with interested parties, easing shareholder suits by extending access to documents and evidence during trial, increasing shareholders' rights and role in major corporate decisions, clarifying ownership and control structures, and requiring greater corporate transparency. The Presidential Office, Senior Economic Advisory Unit, led in the drafting of a limited liability companies law that incorporated inputs from the project team. The law requires greater disclosure of transactions with interested parties, streamlines shareholder suits by extending access to documents and evidence during trial, increases shareholders' rights and role in major corporate decisions, clarifies ownership and control structures, and requires greater corporate transparency.	1	DB19
Afghanistan	Starting a Business	Afghanistan made starting a business less costly by reducing the fees for business incorporation. The project entailed extensive discussions with various actors on the lowering of the fees and engagement with the Ministry of Industry and Commerce with the aim of simplifying and streamlining procedures, reducing the cost of incorporation, updating the Ministry's operational manual, and reducing the cost of publishing company information in official gazette. The cost of new company license was reduced from the equivalent of about $400 to under $1.50, and of a new individual license from about $240 to under $1.50.	1	DB19
India	Tax Simplification and Compliance Management	India made paying taxes easier by replacing many indirect taxes with a single indirect tax, the Goods and Services Tax (GST), for the entire country. India also made paying taxes less costly by reducing the corporate income tax rate and the employees' provident funds scheme rate paid by the employer. This reform applies to both Delhi and Mumbai. The GST, which went into effect in mid-2017, applies to all goods other than five petroleum products and alcoholic beverages. Under the new law, the previous sales taxes, including the central sales tax, state value-added tax, and the service tax have been merged into the GST. The Finance Act, which went into effect in Spring 2017, reduced the corporate income tax rate from 30 percent to 25 percent and the annual depreciation rates for office equipment from 60 percent to 40 percent.	1	DB19
India	Trade Logistics	India reduced the time and cost to export and import through various initiatives, including the implementation of electronic sealing of containers, the upgrading of port infrastructure, and allowing the electronic submission of supporting documents with digital signatures. This reform applies to both Delhi and Mumbai. India also changed regulations pertaining to weekly holiday work, overtime hours, and paid annual leave. These reforms were part of a broad effort by India to make trade processes more efficient as part of the National Trade Facilitation Plan 2017-2020. For Mumbai exports, border compliance time and cost decreased from 85 hours and $348 to 54 hours and $250, while documentary compliance time and cost decreased from 58 hours and $94 to 24 hours and $80. For Mumbai imports, border compliance time and cost decreased from 267 hours and $536 to 102 hours and $340, while documentary compliance time and cost decreased from 65 hours and $129 to 35 hours and $100. For Delhi exports, border compliance time and cost decreased from 125 hours and $413 to 77 hours and $253, while documentary compliance time and cost decreased from 21 hours and $90 to 6 hours and $80. For Delhi imports, border compliance time and cost decreased from 262 hours and $550 to 92 hours and $323, while documentary compliance time and cost decreased from 58 hours and $140 to 25 hours and $100.	1	DB19
India	Getting Credit	India strengthened access to credit by amending its insolvency law. Secured creditors are now given absolute priority over other claims within insolvency proceedings. This reform applies to both Delhi and Mumbai. Under the new law, which took effect in November 2017, secured creditors are repaid first during business liquidation, and hence have priority over other claims such as labor and tax. The work of the FIAS-supported team included technical assistance through the design of the Doing Business Reform Memo, preparation of Reform Action Plans, completion of feedback surveys and periodic diagnostics, and dialogue with users and implementers.	1	DB19

Annex 1: FIAS REFORM TOTALS AND DESCRIPTIONS

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

COUNTRY	REFORM TOPIC	REFORM DESCRIPTION	NUMBER OF REFORMS	DB VALIDATED
SOUTH ASIA			2	
India	Starting a Business	India made starting a business easier by fully integrating multiple application forms into a general incorporation form. Replacement of the value-added tax with the Goods and Services Tax (GST) streamlined the registration process. These reforms apply to both Delhi and Mumbai. At the same time, Mumbai abolished the practice of site inspections for registering companies under the Shops and Establishments Act. Under the revised Companies Rules which took effect in January 2018, companies no longer submit separate forms for registering a Permanent Account Number and Tax Deduction and Collection Account Number (PAN and TAN). Under a new registration procedure in Mumbai, a site visit is no longer required for registering a new company. The number of procedures to start a business in Delhi and Mumbai has been reduced from 11 and 12 respectively to 10 in both cities. The time has decreased from 30 days in Delhi and 29.6 days in Mumbai to 16 and 17 days respectively.	1	DB19
India	Construction Permits	India streamlined the process of obtaining a building permit and made it faster and less expensive to obtain a construction permit. It also improved building quality control by introducing decennial liability and insurance. This reform applies to both Delhi and Mumbai. The reform, implemented in the second half of 2017, put in place a new Single Window Clearance System in Delhi, and an Online Building Permit Approval System in Mumbai. Implementation of these online platforms centralized approvals from various agencies. The reform also amended regulations on water and sewer connections, reducing the cost to obtain water connections in both cities. In Delhi, the number of procedures was reduced from 24 to 16; the time involved reduced from 157.5 days to 91 days; and the cost reduced from 23.9 percent to 4.2 percent. In Mumbai, the number of procedures was reduced from 37 to 20; the time decreased from 128.5 days to 99 days; and the cost declined from 22.5 percent to 6.6 percent. Both cities also amended their liability and insurance regimes for all categories of buildings over 750 square meters, making architects, structural engineers, site supervisors and engineers, and construction companies liable for structural flaws and defects.	1	DB19
Grand Total			40	

Annex 2: PORTFOLIO OF FIAS-FUNDED PROJECTS IN FY18

2.1 FIAS-Funded Client-Facing Projects*

REGION CODE	COUNTRY	PROJECT NAME	TOTAL FUNDING	TOTAL FYTD EXPENDITURES	FIAS EXPENDITURES	PROJECT STATUS
EAST ASIA AND THE PACIFIC						
EAP	China	China Green Inds	$1,700,000	$169,213	$169,212	TERMINATED
EAP	Indonesia	Indo ICCC MCICP	$3,740,000	$102,635	$102,708	ACTIVE
EAP	Lao PDR	LS-INVT Climate	$1,584,918	$185,418	$79,029	ACTIVE
EAP	Mongolia	IPAIP	$2,050,467	$325,889	$82,109	ACTIVE
EAP	Myanmar	Invest. Policy	$2,265,115	$404,336	$34,656	ACTIVE
EAP	Timor-Leste	Timor-Leste IPP	$1,174,099	$86,522	$17,243	ACTIVE
EAP	Vietnam	VN PSC	$4,638,082	$604,608	$616,599	ACTIVE
EUROPE AND CENTRAL ASIA						
ECA	Albania	Albania IC Comp	$2,185,641	$371,604	$342,805	ACTIVE
ECA	Albania	W. Balkans IPP	$2,766,000	$440,161	$440,161	ACTIVE
ECA	Armenia	Armenia Gender	$564,013	$79,412	$22,190	ACTIVE
ECA	Armenia	Armenia IPP/Agri	$1,350,000	$148,214	$148,580	ACTIVE
ECA	Azerbaijan	Az IC Agri Comp	$3,154,410	$200,636	$200,636	ACTIVE
ECA	Belarus	Belarus NQI&BR	$3,381,041	$372,564	$342,202	ACTIVE
ECA	Europe	IBRA in ECA	$1,464,523	$155,514	$146,695	ACTIVE
ECA	Georgia	Geo tr/inv/agr.	$1,850,000	$326,443	$319,347	ACTIVE
ECA	Kosovo	Kosovo IC II	$2,564,045	$204,527	$188,695	ACTIVE
ECA	Kyrgyz Republic	Kyrgyz IC	$2,928,374	$250,959	$13,336	ACTIVE
ECA	Macedonia, FYR	BR4C	$1,850,000	$16,156	$16,156	ACTIVE
ECA	Ukraine	ECA Agri-Finance	$5,720,000	$1,571,867	$49,525	ACTIVE
LATIN AMERICA AND THE CARIBBEAN						
LAC	Colombia	IPP Colombia	$195,123	$20,787	$10,787	ACTIVE
LAC	Colombia	Prod&Job Colombia	$2,700,000	$165,854	$165,856	ACTIVE
LAC	Latin America	CA Regional Trade	$3,558,954	$682,256	$537,680	ACTIVE
LAC	Latin America	LAC IBRA	$3,215,037	$616,757	$106,558	ACTIVE
LAC	Latin America	LAC Competition	$335,000	$84,302	$84,302	TERMINATED
LAC	Latin America	Investment in PA	$182,872	$98,538	$98,541	ACTIVE
LAC	Latin America	Services in PA	$132,176	$75,049	$75,049	ACTIVE
LAC	Peru	Peru OECD	$623,443	$105,715	$36,266	ACTIVE
MIDDLE EAST AND NORTH AFRICA						
MENA	Afghanistan	AF- Bus Lic II	$2,749,288	$1,299,978	$1,299,978	ACTIVE
MENA	Afghanistan	AF- Inv. Climate	$1,331,650	$1,029,278	$1,029,278	ACTIVE
MENA	Egypt, Arab Rep.	E4E - ICT EG	$1,436,304	$296,990	$87,629	ACTIVE
MENA	Egypt, Arab Rep.	ECProgram	$1,325,189	$460,049	$460,049	ACTIVE
MENA	Jordan	JOR Insp Ref II	$4,867,001	$753,818	$24,736	ACTIVE
MENA	Jordan	Jordan IPP	$732,094	$77,183	$77,183	ACTIVE
MENA	Jordan	Jordan NQI	$1,100,000	$76,923	$76,922	ACTIVE
MENA	Lebanon	TSEZ Regulatory	$1,156,985	$155,777	$94,220	ACTIVE
MENA	Middle East and North Africa	IBRA in MENA	$1,434,205	$103,547	$103,547	ACTIVE
MENA	Tunisia	Tunisia IC RP	$3,555,862	$516,405	$74,476	ACTIVE
MENA	Tunisia	ICT E4E Tunisia	$1,139,502	$176,195	$71,948	ACTIVE
MENA	Tunisia	VCforGrowth&Jobs	$2,125,003	$73,107	$73,108	ACTIVE
SOUTH ASIA						
SA	Afghanistan	AF Bus Enabling	$2,616,672	$51,743	$38,235	ACTIVE
SA	Bhutan	FI Bhutan	$1,602,737	$411,060	$43,363	ACTIVE
SA	India	Buddhist Circuit	$2,377,748	$158,726	$64,622	ACTIVE

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Annex 2: PORTFOLIO OF FIAS-SUPPORTED PROJECTS IN FY18

2.1 FIAS-Funded Client-Facing Projects *(continued)*

REGION CODE	COUNTRY	PROJECT NAME	TOTAL FUNDING	TOTAL FYTD EXPENDITURES	FIAS EXPENDITURES	PROJECT STATUS
SOUTH ASIA						
SA	India	IEODB	$2,574,163	$854,837	$59,857	ACTIVE
SA	South Asia	SARTI IP	$3,545,964	$489,492	$116,400	ACTIVE
SUB-SAHARAN AFRICA						
SSA	Africa	ICRR III	$2,628,598	$12,785	$12,786	CLOSED
SSA	Africa	AFR Competition	$1,309,252	$107,584	$97,573	ACTIVE
SSA	Africa	SSA IBRA 3	$1,833,172	$176,845	$164,251	ACTIVE
SSA	Angola	Angola IC	$650,000	$35,783	$35,783	TERMINATED
SSA	Benin	Invest Benin	$500,000	$76,949	$76,948	ACTIVE
SSA	Cameroon	CMR CRP	$320,000	$26,970	$26,970	ACTIVE
SSA	Central African Rep.	CEMAC IC	$568,550	$171,648	$165,981	ACTIVE
SSA	Congo, Dem. Rep.	DRC Inv Climate	$1,497,254	$138,922	$27,921	ACTIVE
SSA	Eswatini	Swaziland TC	$967,852	$213,569	$38,192	ACTIVE
SSA	Ethiopia	Ethiopia Lv Stock	$2,100,000	$501,906	$501,905	ACTIVE
SSA	Ethiopia	East Africa SIRM	$1,710,000	$90,769	$90,769	ACTIVE
SSA	Ghana	Ghana ICP	$4,073,048	$453,839	$453,839	ACTIVE
SSA	Ghana	Invest Ghana	$1,500,000	$104,139	$104,138	ACTIVE
SSA	Guinea	Guinea IC Mining	$2,167,140	$648,913	$107,040	ACTIVE
SSA	Liberia	Liberia SL TFA	$1,010,000	$49,682	$11,081	ACTIVE
SSA	Madagascar	Madagascar ICRP	$2,649,373	$521,364	$30,165	ACTIVE
SSA	Mali	Mali IC3 - E W	$2,187,590	$579,913	$551,245	ACTIVE
SSA	Mozambique	Moz IC Program 2	$4,173,458	$87,184	$87,184	ACTIVE
SSA	Mozambique	Moz IC Project 2	$2,400,000	$48,943	$44,806	ACTIVE
SSA	Nigeria	Nigeria LV Stock	$2,042,352	$320,454	$320,455	ACTIVE
SSA	Rwanda	Rwanda SIRM	$534,710	$28,390	$28,390	ACTIVE
SSA	Senegal	Senegal WHR	$1,379,925	$172,383	$21,760	ACTIVE
SSA	Senegal	Invest Senegal	$1,750,000	$376,715	$381,316	ACTIVE
SSA	Somalia	Somalia ICRP	$4,172,013	$1,743,887	$73,882	ACTIVE
SSA	South Africa	South Africa T&C	$7,007,300	$258,980	$190,614	ACTIVE
SSA	South Africa	SA PSCP	$3,000,001	$270,778	$219,133	ACTIVE
SSA	Tanzania	Tanzania Lv Stock	$2,100,000	$621,621	$621,621	ACTIVE
SSA	Tanzania	EAC Phase III	$4,635,000	$156,560	$45,947	ACTIVE
SSA	Togo	Togo ICTA	$500,000	$187,573	$187,573	ACTIVE
SSA	Western Africa	OHADA UA 2	$5,268,269	$458,236	$458,236	ACTIVE
SSA	Western Africa	West Africa IPIC	$10,342,972	$1,650,881	$1,634,141	ACTIVE
SSA	Western Africa	Invest W Africa	$3,026,477	$935,375	$827,127	ACTIVE
SSA	Western Africa	Invest W Africa Tourism	$1,900,000	$38,556	$38,556	ACTIVE
SSA	Zambia	Zambia IC III	$3,275,845	$696,544	$31,439	ACTIVE
WORLD						
WLD	World	GRP Joint Pilots	$2,476,779	$537,374	$528,169	ACTIVE

**Projects with less than $10,000 FIAS spend have been removed from the list.*

Annex 2: PORTFOLIO OF FIAS-SUPPORTED PROJECTS IN FY18

2.2 FIAS-Funded Knowledge Management and Product Development Projects

REGION	PROJECT NAME	TOTAL FUNDING	TOTAL FYTD EXPENDITURES	FIAS EXPENDITURE	PROJECT STAGE
World	Manufg Prod Devt	$393,587	$44,219	$44,219	ACTIVE
World	GRP - GGP	$535,000	$33,033	$33,033	ACTIVE
World	GRP T&C	$814,431	$200,303	$201,810	ACTIVE
World	IC App. Research	$2,266,250	$786,715	$271,379	ACTIVE
World	T&C S4C PDP	$889,856	$257,294	$318,585	ACTIVE
World	QI PDP	$721,862	$318,179	$218,521	ACTIVE
World	High-Growth firm	$461,717	$147,471	$126,924	ACTIVE
World	PDP Creative Ind	$294,711	$79,991	$79,991	ACTIVE
World	MNE Linkages	$575,060	$168,337	$168,337	ACTIVE
World	IPP PDP	$1,265,919	$645,743	$528,055	ACTIVE
World	COMPEL 1	$1,786,263	$619,892	$619,892	ACTIVE
World	CCI 2	$483,072	$138,083	$74,254	ACTIVE
World	Agribusiness PDP	$2,997,038	$760,840	$752,341	ACTIVE
World	IC IBR	$749,184	$293,211	$237,262	ACTIVE
World	Biz Env 3	$1,162,322	$520,795	$346,492	ACTIVE
World	Global CP PDP II	$751,551	$262,489	$262,489	ACTIVE
World	Gender T&C	$1,119,677	$335,968	$335,969	ACTIVE
World	Spatial Solution	$435,222	$95,266	$95,266	ACTIVE
World	Tourism PDP	$734,608	$262,108	$262,108	ACTIVE

Annex 3: KEY FY18 PUBLICATIONS, EVENTS

3.1 Publication Highlights

During FY18, FIAS-supported teams produced and disseminated knowledge on a wide range of topics related to the business environment, markets, and competitiveness. Highlights include:

Flagship Publications, Toolkits, and Guidance

Internet of Things: The New Government-to-Business Platform, explores the IoT phenomenon, examines evidence to see how the theoretical potential of IoT implementation matches up with the reality on the ground, and offers lessons from government agencies at the forefront of IoT implementation. (November 2017)

Dialogue for Climate Action: Designing Dialogue for Climate Change, developed by a group of public and private sector partners, provides guidance for countries as they implement the Paris Agreement. The paper proposes six fundamental principles to support the establishment and enhancement of dialogue at the global, regional, national, and local levels. These principles are focused on bringing the public and private sectors together as a single, well-structured platform from which challenges can be identified and solutions implemented. (November 2017)

The *Global Investment Competitiveness Report 2017/2018: Foreign Investor Perspectives and Policy Implications* presents novel analytical insights and empirical evidence on foreign direct investment's drivers and contributions to economic transformation. The report provides insights from a variety of sources, including a new survey of 750 executives of multinational corporations investing in developing countries, extensive analysis of available data and evidence, and a thorough review of international best practices in investment policy design and implementation. (October 2017)

Women and Tourism: Designing for Inclusion explains the rationale for integrating a gender lens into tourism development projects, and it includes a set of resources designed to help development professionals and project managers get started and find necessary data. This publication paves the way for more in-depth operational research and data collection on what works for empowering women in the tourism sector. (October 2017)

The Innovation Paradox: Developing-Country Capabilities and the Unrealized Promise of Technological Catch-Up, the first volume of the World Bank Productivity Project, seeks to bring frontier thinking on the measurement and determinants of productivity to global policy makers. This report brings new data sources to explore the innovation "paradox": despite the potential for very high returns, developing countries invest far less in adopting and inventing new processes and products than advanced countries. (October 2017)

Trouble in the Making? The Future of Manufacturing-Led Development highlights the ways technology and globalization are changing how goods will be manufactured in the future and what developing countries can do to ensure they remain competitive. The report looks at advances in technology – automation, advanced robotics, artificial intelligence, 3-D printing – to determine how they will impact jobs in developed and developing countries. (September 2017)

Coding Bootcamps: Building Future-Proof Skills through Rapid Skills Training examines a new kind of rapid skills training program for the digital age that aims at low entry-level tech employability (for example, junior developer), providing a tool for entry into the new world of digital jobs. This report studies the characteristics, methodologies, business models, and impact of five coding bootcamps operating directly or through partners in developing countries. (August 2017)

A Step Ahead: Competition Policy for Shared Prosperity and Inclusive Growth, published in partnership with OECD, puts forward a research agenda that advocates the importance of market competition, effective market regulation, and competition policies for achieving inclusive growth and shared prosperity in emerging and developing economies. (June 2017)

Research Studies (published as World Bank *Policy Research Working Papers*)

What Investors Want: Perceptions and Experiences of Multinational Corporations in Developing Countries discusses the results of a survey of multinational corporations with affiliates in developing countries. The paper explores corporate perspectives and decision making across the stages of the investment cycle: attraction, entry and establishment, operations and expansion, linkages with the local economy, and, in some cases, divestment and exit. (March 2018)

Annex 3: KEY FY18 PUBLICATIONS, EVENTS

Giving Sisyphus a Helping Hand: Pathways for Sustainable RIA Systems in Developing Countries contributes to the debate on regulatory impact assessment in developing countries by addressing the lack of a systematic account of reforms, and the lack of a comprehensive explanatory account of reform outcomes. (March 2018)

Labor Adjustment Costs across Sectors and Regions estimates the mobility costs of workers across sectors and regions in a large sample of developing countries. (November 2017)

A BIT Far? Geography, International Economic Agreements, and Foreign Direct Investment: Evidence from Emerging Markets studies the ways in which bilateral investment treaties and preferential trade agreements interact with geographic and cultural distance to influence firms' investment patterns. (September 2017)

The Heterogeneous Growth Effects of the Business Environment: Firm-Level Evidence for a Global Sample of Cities uses firm-level data covering 709 cities in 128 countries to examine the role of a comprehensive list of business environment variables at the subnational level in explaining firm employment and productivity growth. (June 2017)

Country-Specific Reports and Case Studies

*Strengthening **Argentina's** Integration into the Global Economy: Policy Proposals for Trade, Investment, and Competition* presents a set of robust empirical analyses, drawing from both general and partial equilibrium exercises, to assess the potential impacts from trade, competition, and investment policy reforms. It offers a new comparative review of international experience with structural microeconomic reform programs to bring insights for Argentina's design and sequencing of such reforms. (April 2018)

***Tajikistan:** Improving the Inspections Regime by Addressing Regulatory Implementation Gaps* details the process of identifying and addressing gaps in the implementation of inspection regulations. It describes the tools used to assess implementation gaps, how those assessments helped narrow the implementation gap of the Law on Inspections, and lessons learned. (December 2017)

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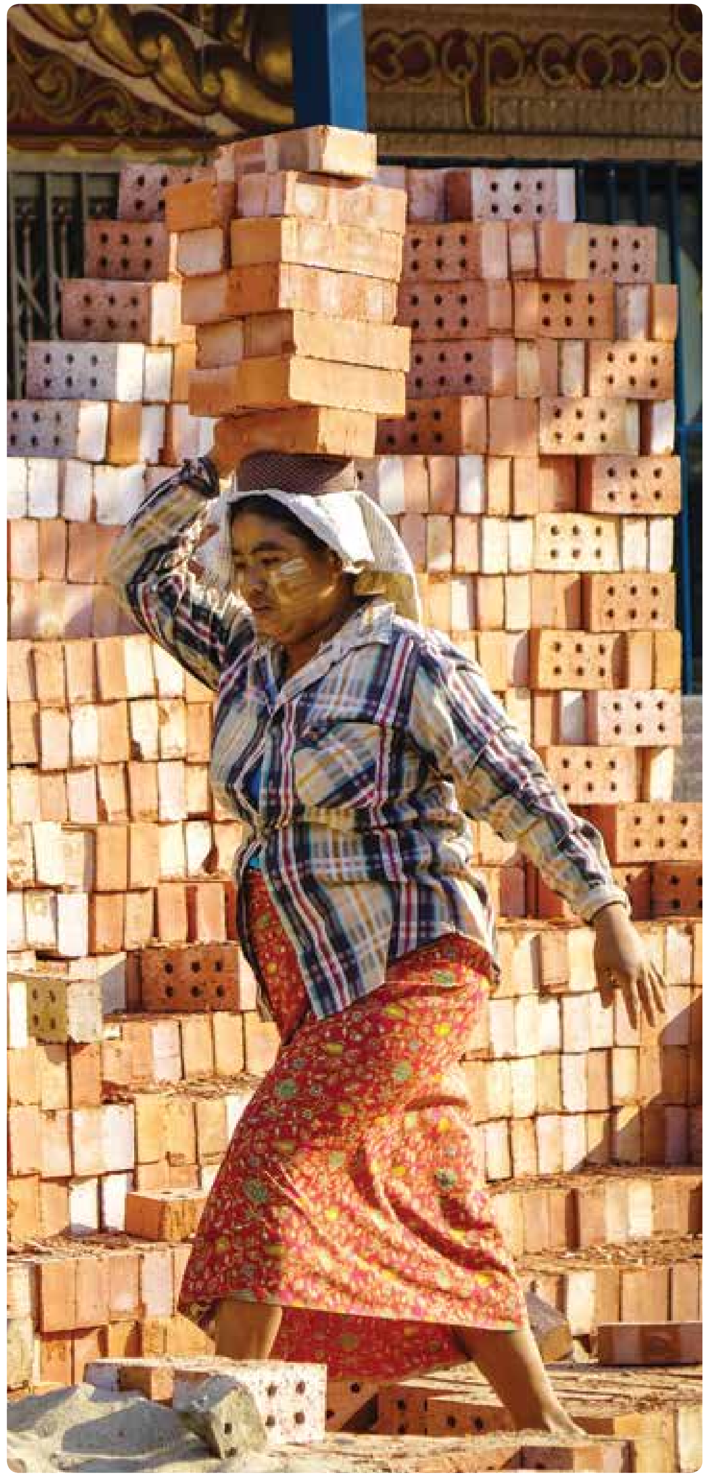

A Burmese woman carrying brick at construction site in Mandalay Myanmar. *Photo: Bigstock*

Annex 3: KEY FY18 PUBLICATIONS, EVENTS

3.1 Publication Highlights *(continued)*

*Implementing a Business-to-Government Feedback Mechanism in the **Kyrgyz Republic** to Improve Public-Private Dialogue and Regulatory Service Delivery*, a case study, discusses key approaches and lessons learned during implementation of the online mechanism, which included public sector involvement in the design and implementation and capacity building of personnel. (December 2017)

*Assessment of Firm-level Skills Demand and Engagement in Skills Development: Creating a Demand-led Skills Ecosystem in **Moldova*** analyzes the current skills ecosystem across six sectors. Based on interviews with private sector and government representatives and training providers, as well as desk research, the report highlights skills demand and mismatches, the current practices for human resource development within firms, and engagement with training providers and education institutions. The report is intended to provide ideas for demand-led and demand-responsive skills development initiatives. (November 2017)

*Promoting Investment Policy Reforms Amid Political Turbulence and Transition: The Case of **Tunisia** and the Arab Spring* shows that, even during long transitions marked by political and social tensions, investment policy reforms can be achieved. This brief note documents Tunisia's investment policy reform approach and its significant parallels with seven guiding principles considered good practice for countries undertaking investment policy reforms. (October 2017)

*Investment Climate Assessment of **Bhutan:** Removing Constraints to Private Sector Development to Enable the Creation of More and Better Jobs* provides a detailed assessment of firm performance and constraints as firms enter, operate, and exit domestic and international markets. It offers policy recommendations that will support Bhutan in achieving an investment climate conducive to private sector growth and the creation of productive and gainful employment. (September 2017)

***Ukraine** National Quality Infrastructure Gap Assessment* evaluates market gaps between supply of and demand for quality assurance services. It includes analyses of the status and capabilities of facilities providing quality assurance services in Ukraine and of producers' demand for these services, particularly related to European Union market access. (August 2017)

*Looking Beyond the Horizon: A Case Study of PVH's Commitment to **Ethiopia's** Hawassa Industrial Park* discusses the decision of the world's second largest apparel company to move production to Africa, with Ethiopia as the base for its new business model. This case study also highlights the Ethiopian government's strategy to attract and expand export-oriented investments, including efforts to bolster the country's competitiveness. (June 2017)

Brief Notes

Leveraging Technology to Support Construction Regulation and Permitting Reform: Insights from Recent Country Experience examines findings from a recent Bank Group survey of 27 national and local authorities that have deployed ICT solutions to support more effective building control.

3.2 FY18 Event Highlights

EFI teams organized or were involved in numerous conferences, seminars, and knowledge-sharing events held in FY18. Many of these events focused on topics related to the FIAS strategic pillars—improving the business environment, expanding market opportunities, and strengthening firm competitiveness. Highlights include:

Good regulatory practices

Four deep-dive sessions, organized as part of the event, "Good Regulatory Practices for Transparency, Predictability, and Efficiency: Results and Lessons Learned from New Knowledge Products and Pilots under the Good Regulatory Practice Program" (May 3–4), delved into regulatory reforms in several countries and featured tools developed and supported by the program. Tools included online public consultation (Notice & Comment) in **Malaysia**, evidence-based rulemaking (Regulatory Impact Assessment) in **Armenia,** comprehensive regulatory governance diagnostics (Regulatory Policy and Delivery Review) in **Ethiopia**, and leveraging data to address implementation gaps in **Belarus**, **Brazil**, and **India**. Participants included clients, donors, technical specialists, and Bank Group staff, with senior government officials from the project countries sharing their insights and experiences.

Competition advocacy

At the International Competition Network (ICN) Annual Conference in New Delhi, India (March 21–23), representatives from competition authorities

Annex 3: KEY FY18 PUBLICATIONS, EVENTS

chosen as winners and honorable mentions in the 5th Competition Advocacy Contest discussed lessons learned as part of the awards presentation and panel discussion. The contest, sponsored by ICN and the Bank Group, showcases successful competition advocacy strategies across countries and sectors.

Anti-cartel enforcement

At the workshop, "Promoting Effectiveness in Anti-Cartel Enforcement: Investigative Methods, Interrogation Techniques, and Dawn Raids" in **Kuwait** (March), officials of the country's Competition Protection Agency learned how to gather direct evidence of antitrust violations through both theoretical and practical sessions.

Competition principles in government

The workshop, "Competition and Public Procurement," held in Manila, **the Philippines** (January 30, 2018), focused on how to embed competition principles in public procurement policies and how to identify bid rigging cartels through market screens and other analytical tools. The audience included representatives from key Philippine procurement bodies and the Philippine Competition Commission. At a peer-to-peer learning event focused on merger analysis, also in Manila (January 28, 2018), representatives from Canada and Spain shared practical aspects of merger policy—and how to adapt them to the Philippine context— with enforcement officials of the Philippine Competition Commission in charge of merger control. The workshop included case simulations to hone participants' knowledge and skills.

Additive manufacturing

"Additive Manufacturing: How 3D Printing Can Change Trade and Disrupt Industrial Models for Emerging and Developing Countries" (November 16, 2017), a seminar organized by EFI and the IFC Global MAS-Manufacturing Sector, brought together industry players, civil society actors, and Bank Group experts to consider additive manufacturing's potential and its impact on trade flows and industrial development in developing countries.

Manufacturing in Africa

At the seminar, "Can Africa Be a Manufacturing Destination?" (November 16), Bank Group staff and experts from the Center for Global Development discussed findings of a study of labor costs in a range of low and middle-income countries in Africa and elsewhere, identifying a few African countries (**Ethiopia**, in particular) that, on a labor cost basis, may be potential candidates for manufacturing.

Agribusiness in Africa

At the knowledge-sharing session, "Do Geographical Indications Have a Role in Creating Markets for Sustainable Agricultural Development in Sub-Saharan Africa?" (November 8), a panel discussed considerations in using geographical indications (as exemplified in products such as Kobe beef, Darjeeling tea, and Parmesan cheese) as a development tool.

Special economic zones

At the eighth seminar in the Investment Climate Applied Research series (October 31), researchers presented findings from an International Growth Centre paper analyzing the impact of the Kigali, **Rwanda** special economic zone on firm outcomes. The analysis revealed that for firms, moving into the zone was not only associated with greater increases in sales, value added, and permanent employment numbers, but also direct benefits over other Kigali locations, as well as indirect benefits from lower import costs. Event participants discussed types and uses of zones, the importance of creating linkages and facilitating skills transfer, and the role of zones as vehicles for dialogue with policymakers.

Investment competitiveness

At the three-day, inaugural Investment Competitiveness Forum, in Vienna, Austria (October 24–27, 2017), senior policy makers, executives of multinational corporations, donor partners, academia, and World Bank Group staff experts delved into the fundamentals of foreign direct investment: What drives FDI, and how does it contribute to development? What can governments do to maximize FDI's benefits in developing countries? The Bank Group launched the flagship *Investment Competitiveness Report* and the Investment Reformers Network. The agenda also included a development partner round table; bilateral meetings with delegations from 15 countries to assess progress in their investment policy reform agendas and discuss next steps; and the first working meeting of the U.K. Prosperity Fund-financed Program on Improving Business Environment for Prosperity.

Inclusion strategies

The 2017 World Bank Annual Meetings event, "Achieving Inclusive Economic Development," co-hosted by the World Economic Forum (WEF) and the Bank Group (October 13, 2017), focused on policies and tools that further long-term competitiveness while advancing broad-based progress in living standards. The session explored the nexus of growth–inclusion–technology as a new compass for defining better

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Annex 3: KEY FY18 PUBLICATIONS, EVENTS

3.2 FY18 Event Highlights *(continued)*

economic policies for development. A panel of experts drawn from WEF, global think tanks and institutes, and including H.E. Dr. Sahar Nasr, Egypt's Minister of International Cooperation and Investment, discussed economic development strategies for the future and concrete examples of implemented strategies that can inspire others.

Female employment

A seminar, "Do Multinationals Transfer Culture? Evidence on Female Employment in China" (October 4, 2017), highlighted results of a study that used data on Chinese manufacturing firms to examine gender norms and the global diffusion of culture. Findings indicate that foreign affiliates from countries with a more gender-equal culture tend to employ proportionally more women and appoint female managers. They also generate cultural spillovers, increasing domestic firms' female labor shares in the same industry or city.

Disruptive technologies for development

The Symposium on New Technologies, Jobs, Growth, and Development (September 22, 2017) brought together a distinguished group of thought leaders and nearly 200 participants (including 82 online) to explore the disruptive technologies phenomenon, its implications, and how policy can react to it. The agenda focused on how to use the experiences of more advanced economies to help shape better policies affecting emerging market and developing economies. The symposium was organized by the Bank Group in collaboration with The Growth Dialogue, George Washington University, the development partners of Austria, Norway, Switzerland, and the European Union, the Center on Global Economic Governance, and Columbia University.

Trends in manufacturing

An event showcasing the Bank Group flagship publication, *Trouble in the Making? The Future of Manufacturing-Led Development* (September 21, 2017), featured a panel discussion about changes in the global manufacturing landscape and new opportunities for less industrialized countries.

Subnational business reforms in India

A one-day, peer-to-peer conference, "Business Reforms in States and Union Territories: Sharing Global and Local Best Practices," brought together Indian state-level officials in New Delhi (July 29, 2017). The agenda featured a panel discussion on the importance of regulatory reforms for India's growth aspirations and presentations by nine Indian states on their reform achievements in areas such as construction permitting, labor regulations, single window systems, and environmental regulations. The conference was organized by the Bank Group in collaboration with India's Department of Industrial Policy and Promotion.

Annex 4: ABBREVIATIONS

AfDB	African Development Bank
API Mali	*Agence pour la Promotion des Investissements au Mali* (Mali Investment Promotion)
AS	advisory services
BERF	Business Environment Reform Facility (DFID)
CCS	compliance cost savings
COMESA	Common Market for Eastern and Southern Africa
ComPEL	Competitiveness Policy Evaluation Lab
CPF	country partnership framework
CPSD	Country Private Sector Diagnostics
CWA	Compact with Africa
DB	Doing Business, World Bank Group
DFID	Department for International Development (United Kingdom)
DLI	disbursement-linked indicator
EAC	East African Community
ECA	Europe and Central Asia Region, World Bank Group
ECCB	Eastern Caribbean Central Bank
EEC	Eurasian Economic Commission
EFI	Equitable Growth, Finance and Institutions Vice Presidency, World Bank Group
EIP	eco-industrial park
FCI	Finance, Competitiveness and Innovation Global Practice, World Bank Group
FCS	states in fragile and conflict-affected situations
FDI	foreign direct investment
FIAS	Facility for Investment Climate Advisory Services
FIG	Financial Institutions Group (IFC)
FMTAAS	Funding Mechanism for Technical Assistance and Advisory Services, IFC
FY	fiscal year
G20	Group of 20 leading economies
GDP	gross domestic product
GIZ	*Gesellschaft für Internationale Zusammenarbeit* (German Development Corporation)
GVC	global value chain
GWFP	Global Warehouse Finance Program (IFC)
IBR	Indicator-Based Reform
IBRD	International Bank for Reconstruction and Development
ICN	International Competition Network
ICT	information and communication technologies
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
IPP	Investment Policy and Promotion
IRM	investment reform map; investment reform memo
ITO/BPO	information technology and business process outsourcing
JAMPRO	Jamaica Promotions Corporation
JIC	Jordan Investment Commission
KM	knowledge management
LAC	Latin America and Caribbean Region, World Bank Group
M&E	monitoring and evaluation
MCICP	Multi-Country Investment Climate Program
MCP	Markets and Competition Policy

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Annex 4: ABBREVIATIONS

(continued)

MCPAT	Markets and Competition Policy Assessment Tool
MIGA	Multilateral Investment Guarantee Agency
MNE	multinational enterprise
MSE; MSME	micro and small enterprises; micro, small, and medium enterprises
MTI	Macroeconomics, Trade and Investment Global Practice, World Bank Group
NCC	National Competitiveness Council
NQI	National Quality Infrastructure
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean States
OHADA	Organisation for the Harmonization of Business Law in Africa
P4R	Program for Results
PCR	Project Completion Report
PDP	product development project
PMR	product market regulation
PPD	public-private dialogue
QI	quality infrastructure
RAS	Reimbursable Advisory Services
SARL	*société à responsabilité limitée* (type of limited liability company)
SARTI IP	South Asia Regional Integration in Trade and Investment Promotion project
SAS	*société par actions simplifiée* (type of limited liability company)
SCM	synthetic control method
SDGs	Sustainable Development Goals
SHGB	Supporting High-Growth Business program
SICRP	Somalia Investment Climate Reform Program
SIRM	systemic investor response mechanism
SME	small and medium enterprises
SOE	state-owned enterprise
SURP	Somali Urban Resilience Project
UNCTAD	United Nations Conference on Trade and Development
We-Fi	Women Entrepreneurs Finance Initiative
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 Equitable Growth, Finance & Institutions Practice Group of the World Bank Group. For more information, visit *www.worldbank.org/fias*

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