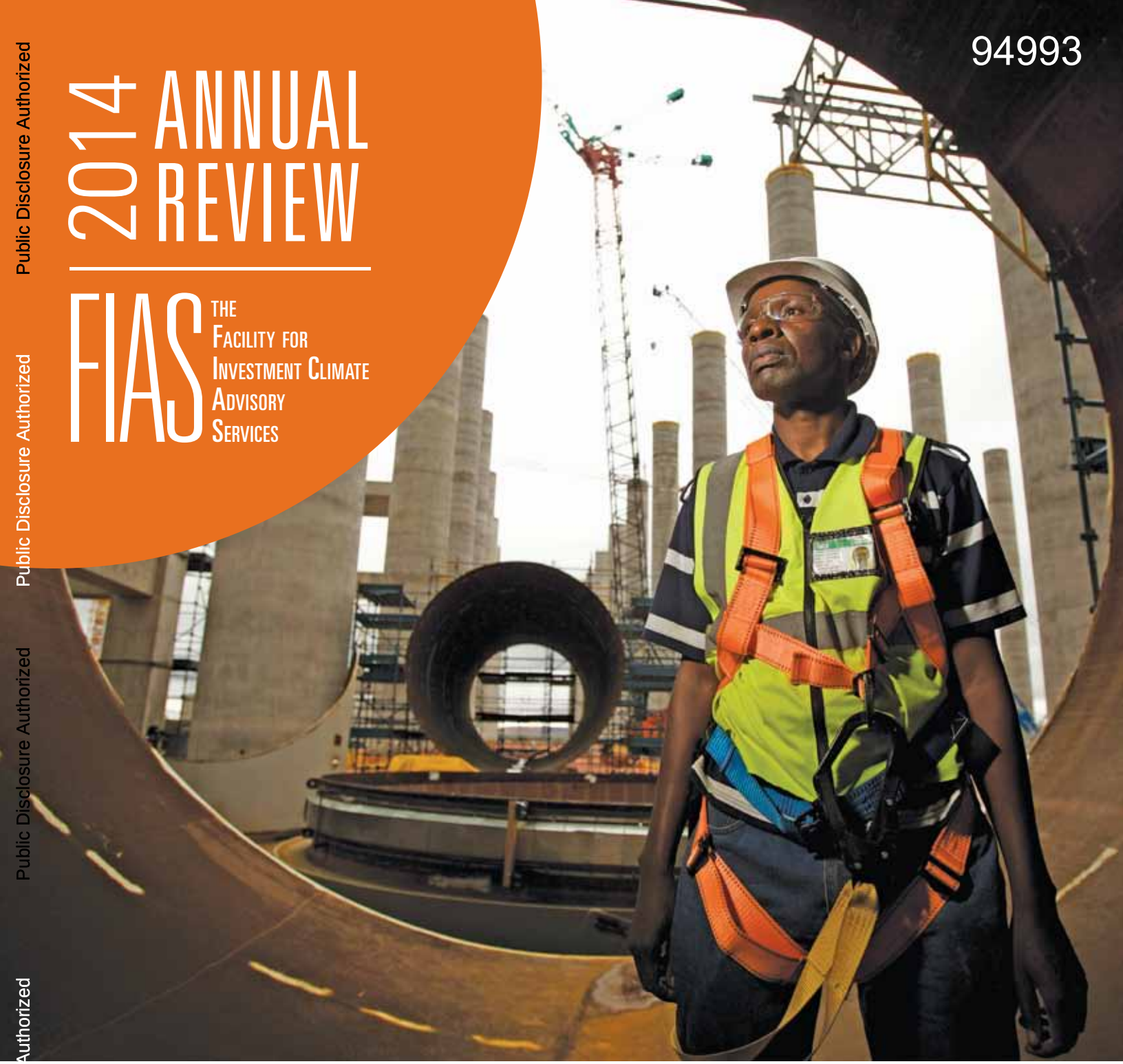
2014 ANNUAL REVIEW

FIAS

THE FACILITY FOR INVESTMENT CLIMATE ADVISORY SERVICES



WORLD BANK GROUP

With support from:

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

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Contents

$750m generated

in new investment through FAIS-supported projects that created thousands of jobs in underdeveloped regions.

76 reforms

FIAS-supported work by the World Bank Group contributed to 76 reforms in 39 client countries.

MESSAGE FROM THE SENIOR DIRECTOR

It gives me great pleasure as head of the World Bank Group's new Trade and Competitiveness Global Practice (T&C) to present the *FIAS 2014 Annual Review*, outlining our achievements in some of the most challenging economic environments in the world. The Facility for Investment Climate Advisory Services (FIAS) once again achieved strong results in fiscal 2014, providing crucial support for delivering policy advice and technical assistance to client governments. FIAS-funded activities generated 76 reforms benefiting the business environment and private sector activity in 39 client countries and four regions, making it easier to start a business, opening pathways to greater international trade, and stimulating investment in key sectors.

It was during the period covered by this review that the World Bank Group built the Global Practices concept and assembled the T&C team. FIAS plays a vitally important role in this new structure, articulated in the T&C Prospectus. T&C enhances the FIAS agenda by allowing for more systematic and strategic embedding of FIAS projects into an expanded portfolio that includes work in global value chains, green competitiveness, productivity-led growth, and connectivity. Linkages across the global practices lead to a collaborative focus on results in a broad range

> *“Linkages across the global practices lead to a collaborative focus on results in a broad range of client countries, from low- to middle-income and conflict-affected states and, notably, the West African countries whose economies are suffering major shocks due to the Ebola crisis.”*

of client countries, from low- to middle-income and conflict-affected states and, notably, the West African countries whose economies are suffering major shocks due to the Ebola crisis.

We are profoundly grateful to our FIAS donors and partners for providing a record level of support in FY14. Their active engagement will continue to generate substantial benefits in developing countries that are seeking to break through economic obstacles and realize their extraordinary potential. I would also like to personally thank my colleague Pierre Guislain, who for many years led the World Bank Group’s Investment Climate Department and who continues to collaborate with us on projects in his new role as the senior director of the Transport and ICT Global Practice. We greatly value our partnership with donors and our strong collaboration across the Bank Group, with client countries, and with other key stakeholders, and we look forward to working together to help countries develop dynamic and resilient economies, expand market opportunities, and encourage private initiative.

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

FISCAL YEAR 2014

MAIN ACHIEVEMENTS AND MILESTONES

In fiscal year 2014, the pace of FIAS-supported investment and reform accelerated, yielding tangible results and increased client satisfaction.

$750 million

in new investment generated, more than double the FY13 total

83% of reforms

in IDA countries

76 reforms

in 39 client countries

MAIN ACHIEVEMENTS AND MILESTONES

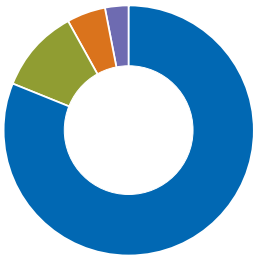
1

At a time of significant change in the global economy, FIAS-funded work in FY14 maintained strong momentum across a broad range of activities, from promoting trade and competitive markets to streamlining business regulation to encouraging major new investment in specific industries. FIAS-supported teams launched a new Trade Facilitation Support Program that will serve as a centerpiece of an increasing focus on trade as an engine of sustainable growth in developing countries. The portfolio has achieved results in the world's poorest countries, nations in fragile and conflict-affected situations (FCS), and Sub-Saharan Africa. FIAS support helped achieve a substantial jump in investment generated for industry-specific sectors, continuing a strong trend of growth in this field. These achievements took place amid a major Bank Group reorganization that resulted in the creation of a new Trade and Competitiveness (T&C) Global Practice, which is expanding the reach of the FIAS program in FY15 and beyond.

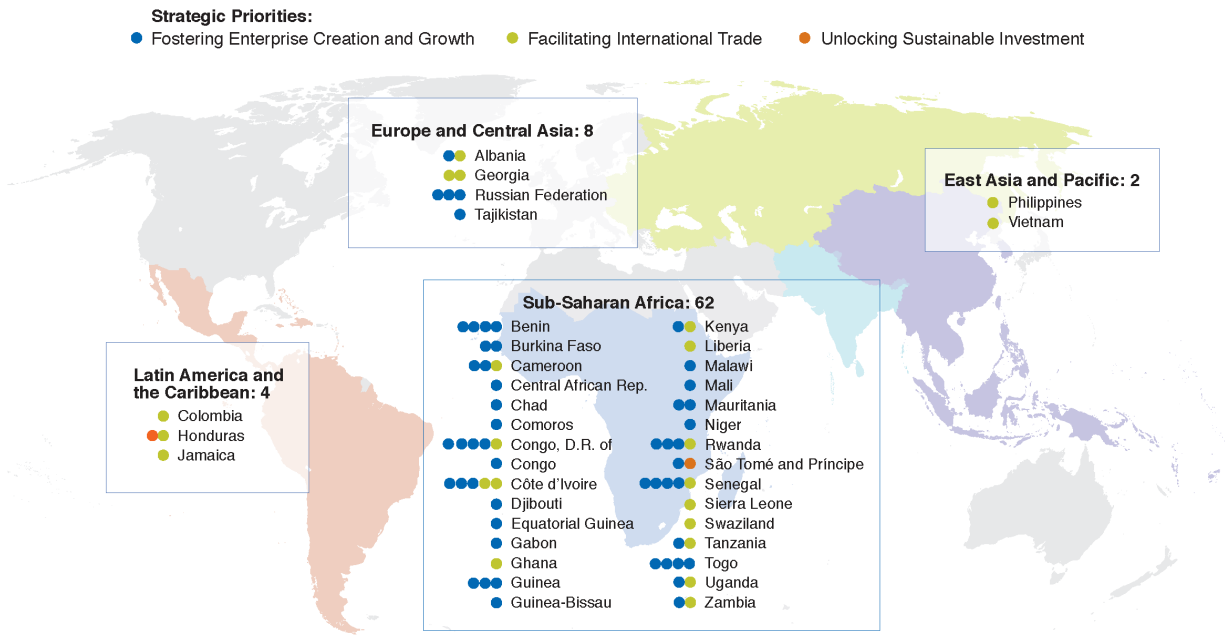
Impact and Reform

- The FIAS-supported work by the World Bank Group contributed to 76 reforms in 39 client countries (75 reforms in 41 countries in FY13).
- The World Bank Group's *Doing Business 2015* report records 56 of these reforms, or 74 percent (in FY13: 75 percent; see FIAS-supported reforms table on p. 10).
- FIAS helped generate $750 million in new investments by specific industries in Haiti and Brazil, creating an estimated 5,839 jobs in specific projects in FY14, up sharply from the $329 million in new investments in FY13 and $108 million in FY12. Regional distribution of reforms showed the emphasis the FIAS-supported program has placed on Sub-Saharan Africa.
- The 197 reforms achieved in the FY12–14 period averages 66 reforms per year, putting FIAS on track to exceed its target goal of 250 investment climate reforms for the five-year FY12–16 strategy cycle.

REGIONAL DISTRIBUTION OF REFORMS
100% = 76 Reforms



FIAS-Supported Reforms by Region and Strategic Priority, FY14

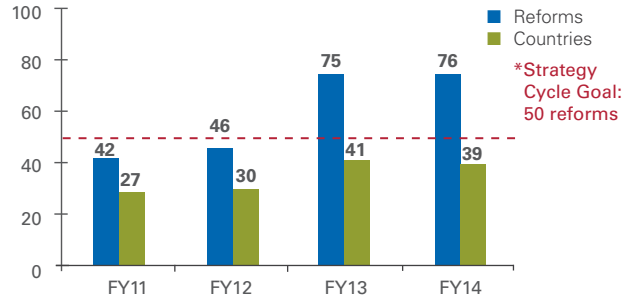


- FIAS is well ahead of its target of achieving 60 percent of FIAS reforms in International Development Association (IDA) countries. For FY14, 63 reforms, or 83 percent, were in IDA countries (57 reforms or 76 percent in FY13). For the strategy cycle to date, 75 percent of reforms have been in IDA countries and 73 percent have been recorded in *Doing Business*.
- In FY14, FIAS raised over $50 million, putting the Facility on track to reach or exceed the funding target for the FY12-16 cycle of $155 million.
- Expertise and knowledge from FIAS-supported teams contributed to 26 additional reforms achieved by IFC's Investment Climate Business Line (ICBL) but not directly funded by FIAS.[1]
- The World Bank Group's *Doing Business 2015* report lists 10 countries as showing the most improvement across three or more areas measured in the report. Of these, seven countries— Azerbaijan, Benin, Côte d'Ivoire, the Democratic Republic of Congo, Senegal, Tajikistan, and Togo—benefited from FIAS-funded projects in FY14, and all but Azerbaijan implemented FIAS-supported reforms.

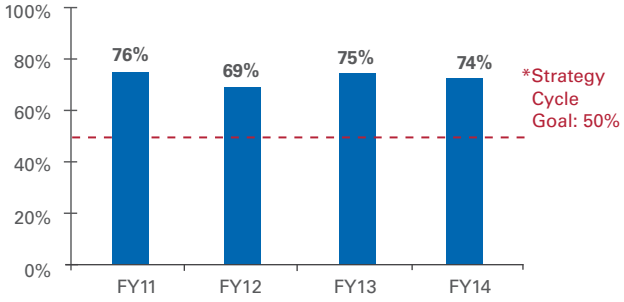
FIAS Strategy Cycle Metrics, FY11–14

With three years of the strategy cycle completed, the numbers indicate that steady-state expenditures are yielding more projects and reforms. FIAS-supported teams are now working in more than half the FCS states and generating more reforms in more countries. (Figures for FY11 are shown to provide a pre-strategy cycle baseline.)

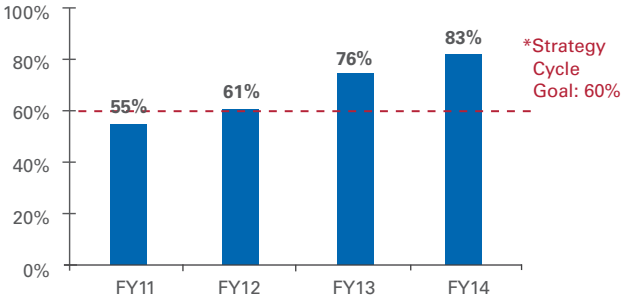
TOTAL FIAS-SUPPORTED REFORMS



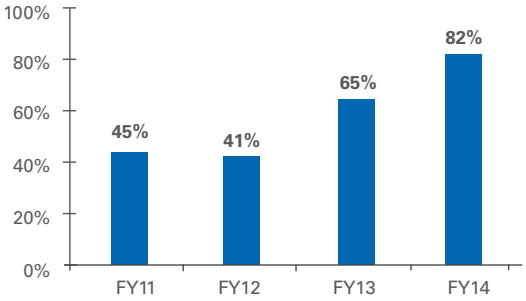
SHARE OF REFORMS RECORDED IN *DOING BUSINESS*



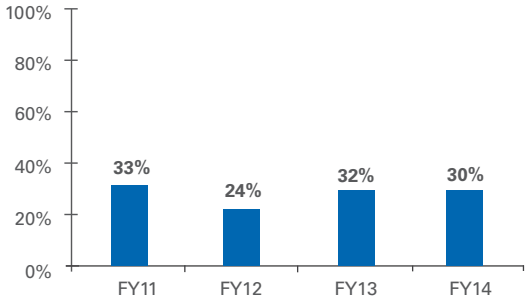
SHARE OF REFORMS IN IDA COUNTRIES



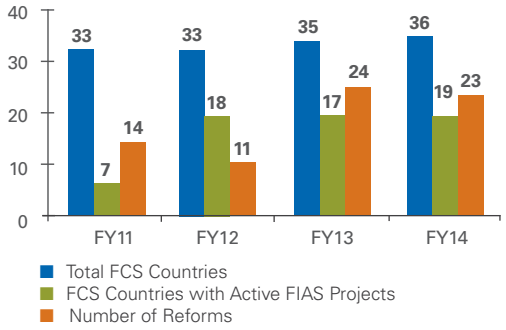
SHARE OF REFORMS IN SUB-SAHARAN AFRICA



SHARE OF REFORMS IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS



FIAS-SUPPORTED REFORMS IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS



*Note: Goal indicates goal per year for the FY12-16 Strategy Cycle.

[1] As of FY15, ICBL has been reorganized and its functions taken over by the T&C Global Practice.

Growth in Industry-Specific Portfolio

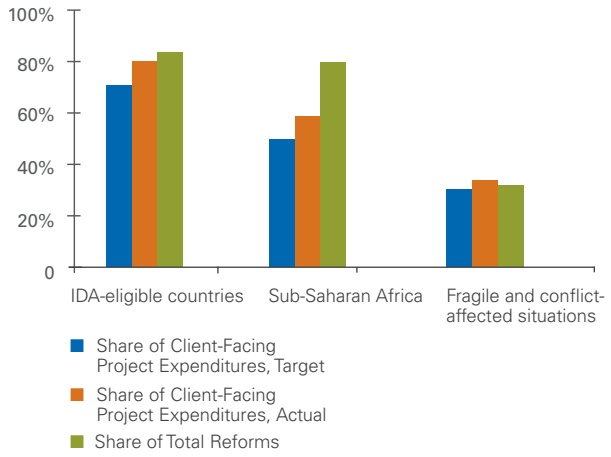
- The FIAS-supported portfolio of agriculture projects in industry-specific work jumped significantly, with 30 projects in FY14 (up from 21 projects in FY13), helping client countries realize more of the value of their agricultural output. The number of tourism projects also increased, from 8 in FY13 to 12 in FY14, leading to greater privatization and consumer choice.

Focus on Priority Client Groups: Fragile and Conflict-Affected Situations, Low-Income Countries, Sub-Saharan Africa

- As the figure below indicates, target spending, actual spending, and distribution of reforms by priority area are in rough alignment in FY14.[2]

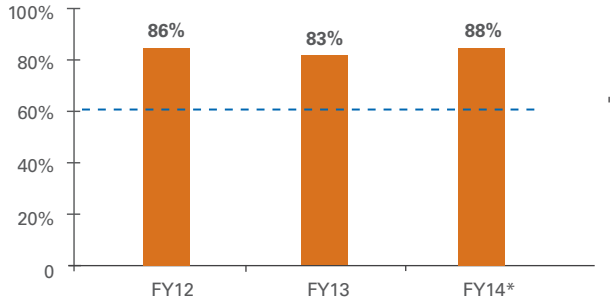
RESULTS BY PRIORITY CLIENT GROUP, FY14

Share of Client-Facing Project Expenditures and Total Reforms



FIAS DEVELOPMENT EFFECTIVENESS RATINGS, FY08-FY14

(Share of completed projects with positive ratings)



*7 out of 8 Investment Climate projects validated as of Sept. 2014 were rated positively. An additional project which received a negative rating was excluded because it was managed by PPP and included only a minority investment Climate component.

FY08-FY11 average (61%)

FIAS and Investment Climate Evaluations

FY14 marked the midpoint of the five-year FIAS strategy cycle and provided an opportunity for stepping back and reviewing results to date. Several independent evaluations were completed in FY14, and more are in the pipeline. Four key evaluations either completed or under review have confirmed the soundness of the FIAS approach to addressing investment climate issues in client countries and the quality of results on the ground. The evaluations are providing valuable input that helps FIAS-supported teams continuously refine their approaches and strive to improve. The T&C Global Practice is incorporating findings and recommendations into the work to be done through the remainder of the strategy cycle and in the design of the strategy for the next cycle (see p. 21). The complete reports will be available online; among the key evaluations:

- The Midterm Independent Evaluation of FIAS 2012–2016 Strategy and Program, conducted by the consulting firm Ecorys, commended FIAS for strong results that are likely to exceed strategy cycle targets and for a high efficiency rate compared with other technical assistance and advisory programs. T&C committed to fulfilling the evaluation's recommendation for increased focus on the role of gender in supporting economic growth.
- The World Bank Group's Independent Evaluation Group assessed investment climate work dating back to FY07, including FIAS-supported work, concluding that the Bank Group has been successful in improving the investment climate in client countries.
- Dalberg Global Development Advisors found that the Indicator-Based Reform Advisory product (IBRA) effectively supports the enactment of Doing Business reforms and represents a model for collaboration across the Bank Group.
- An evaluation of the Business Taxation product by the consulting firm Economisti Associati found that the program performs well, delivering important results across a range of relevant themes with both analytical rigor and practical feasibility that is appreciated by clients.

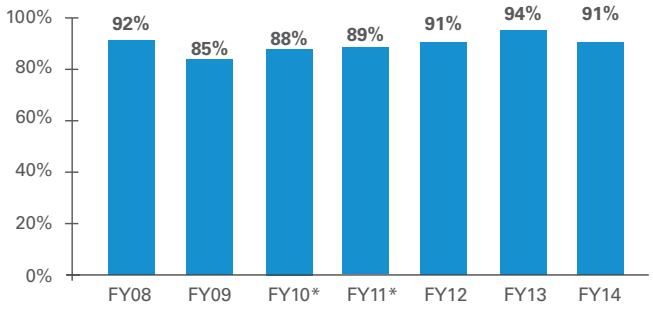
Development Effectiveness and Client Satisfaction

- The Development Effectiveness rating for FIAS-funded projects increased 5 percentage points to 88 percent in FY14, up significantly from the rating for FY08–11 of 61 percent.
- Nine client-facing FIAS-funded projects closed in FY14.
- Client satisfaction with advisory services provided by ICBL in FY14, through which a majority of FIAS-funded programs are implemented, was 91 percent (94 percent in FY13).
- FIAS-supported projects received a client satisfaction rating of 88 percent (92 percent in FY13), in line with overall ICBL client satisfaction ratings.

[2] The larger percentage of reforms from Sub-Saharan Africa relative to expenditures stems from the 17 West African countries of OHADA (the Organisation pour l'Harmonisation en Afrique du Droit des Affaires) each achieving a reform based on the revised business law.

- For the ICBL survey, of 103 clients surveyed, only 2 responded negatively; for the client satisfaction survey of FIAS-supported projects, only 1 negative response was received from the 42 clients surveyed. The slight decline in overall satisfaction in these two surveys stemmed from a slight increase in responses that were neither positive nor negative.

Investment Climate Business Line
Client Satisfaction, FY08-FY14
(Share of clients satisfied)



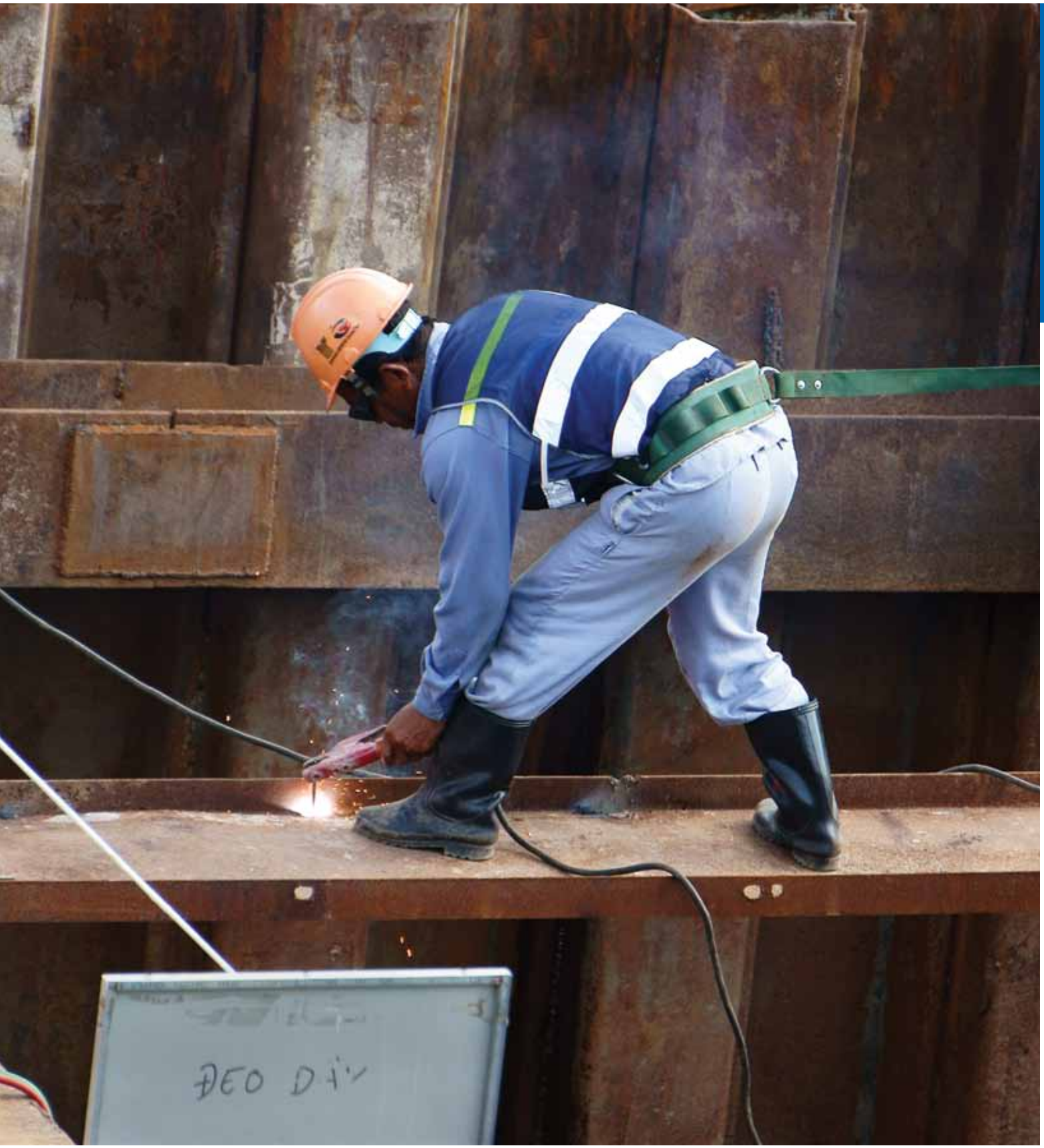
Strong Results in FY14 across the FIAS Portfolio

- Of the 69 client-facing projects, 31 were implemented by the World Bank Group's Investment Climate Department; the remaining 38 were managed by regional IFC units.[3]
- Total project expenditures reached $18 million ($22.9 million in FY13), $10.8 million to client-facing projects ($15.7 million in FY13), and $7.2 million to knowledge management and product development projects ($7.2 million in FY13).
- The decline in client-facing spending FY13–14 stemmed in part from delays in flows of funding from counterpart donors which constrained expenditure of FIAS funds for a number of pipeline projects. Expenditures in FY13 were unusually high due to additional FIAS funds added to regional projects in order to fill funding gaps. Overall, however, planned and actual spending for the strategy cycle are aligned.
- The share of expenditures on industry-specific activities supported by FIAS totaled $1.45 million in FY14, 13.4 percent of client-facing FIAS expenditures. This compares with 19 percent in FY13 and 13 percent in FY12.[4] As was the case for overall client-facing spending, some industry-specific pipeline projects that were to have started in FY14 were held up by delays in flows of funding from counterpart donors.
- FIAS funding was used to co-finance 57 projects directly managed by the Investment Climate Department (including 26 non-client-facing projects focused on knowledge management and product development), and 38 projects managed by regional IFC Advisory Services units.[5]
- FIAS-funded project spending for non-client-facing activities related to knowledge management and product development projects remained steady at $7.2 million.
- Funding administered through FIAS made up 18.3 percent of total ICBL spending in FY14, and FIAS funding was involved in projects that supported the implementation of 76 of 102 ICBL reforms, or 75 percent (74 percent in FY13).

[3] As of FY15, the Investment Climate Department has been reorganized and its functions taken over by the T&C Global Practice.

[4] For comparison purposes, the FY14 industry-specific figure includes funding for special economic zone projects. Excluding those projects, the share of expenditures on industry-specific activities in FY14 was 11 percent.

[5] FIAS funding supported an additional 14 projects managed by regional IFC Advisory Services units that had less than $10,000 in expenditures for the fiscal year.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FIAS-Supported Reforms by Region and Country, FY14

Region	Country	Competition	Construction Permits	Enforcing Contracts	Getting Credit	Getting Electricity	Industry	Investor Protections	Licenses and Permits	Property Transfers	Resolving Insolvency	Starting a Business	Tax Simplification and Compliance Management	Tax Transparency	Trade Logistics	Grand Total
EAST ASIA AND THE PACIFIC	Philippines													✓		1
	Vietnam [1]													✓		1
EAST ASIA AND PACIFIC TOTAL														2		2
EUROPE AND CENTRAL ASIA	Albania		✓												✓*	2
	Georgia													✓	✓	2
	Russian Federation		✓**							✓**		✓**				3
	Tajikistan [1]		✓													1
EUROPE AND CENTRAL ASIA TOTAL			3							1		1		1	2	8
LATIN AMERICA AND CARIBBEAN	Colombia													✓		1
	Honduras [1]						✓								✓*	2
	Jamaica													✓		1
LATIN AMERICA AND CARIBBEAN TOTAL							1							2	1	4
SUB-SAHARAN AFRICA	Benin [1]			✓				✓				✓			✓	4
	Burkina Faso [1]							✓	✓							2
	Cameroon [1]				✓			✓					✓*			3
	Central African Republic [1, 2]							✓								1
	Chad [1, 2]							✓								1
	Comoros [1, 2]							✓								1
	Congo, Dem. Rep. [1, 2]				✓	✓		✓				✓	✓			5
	Congo, Rep. [1, 2]							✓								1
	Côte d'Ivoire [1, 2]							✓		✓		✓	✓*		✓	5
	Djibouti [1]		✓													1
	Equatorial Guinea							✓								1
	Gabon							✓								1
	Ghana [1]													✓		1
	Guinea [1]							✓		✓		✓**				3
	Guinea-Bissau [1, 2]							✓								1
	Kenya [1]	✓												✓		2
	Liberia [1, 2]														✓*	1
	Malawi [1, 2]											✓				1
	Mali [1, 2]							✓								1
	Mauritania [1]				✓							✓				2
	Niger [1]							✓								1
	Rwanda [1]		✓		✓	✓							✓*			4
	São Tomé and Príncipe [1]						✓					✓				2
	Senegal [1]		✓					✓		✓		✓	✓			5
	Sierra Leone [1, 2]												✓*			1
	Swaziland											✓				1
	Tanzania [1]										✓**				✓*	2
	Togo [1, 2]			✓**				✓		✓		✓				4
	Uganda [1]										✓				✓	2
	Zambia [1]				✓								✓			2
SUB-SAHARAN AFRICA TOTAL		1	3	2	5	2	1	17	1	3	2	10	7	2	5	62
GRAND TOTAL		1	6	2	5	2	2	17	1	6	2	11	7	7	8	76
Reforms captured by *Doing Business*																56
Percentage validated by DB																*74%*
FIAS Total of which in IDA																63
Percentage in IDA																*83%*
FIAS Total of which in FCS																23
Percentage in FCS																*30%*
FIAS TOTAL of which in AFR																62
Percentage in AFR																*82%*

✓ Reforms from FIAS-cofinanced projects mapped to regional IFC Advisory Services units.

* Of the 64 reforms under *Doing Business* topics, 50 were validated by *Doing Business 2015* and 6 by *Doing Business 2014*. Eight reforms reported under *Doing Business* topics do not fall under the standardized *Doing Business* case study.

** These reforms are recognized retroactively; they were validated by *Doing Business 2014*, but were not reported in FY13.

[1] International Development Association (IDA) country.

[2] Fragile or conflict-affected situation.

FY12–14 Funding and Expenditures

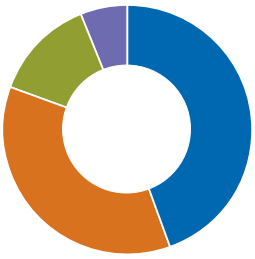
	FY12		FY13		FY14	
Contributions (Sources of Funds)	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total
WORLD BANK GROUP CONTRIBUTIONS	12,089	36%	11,754	42%	9,917	19%
Core	8,188	24%	8,000	28%	7,600	14%
IFC [1]	4,088	12%	4,000	14%	4,500	9%
MIGA	2,500	8%	2,400	8%	1,500	3%
World Bank	1,600	5%	1,600	6%	1,600	3%
Project Specific/Other Contributions (IFC) [2]	3,901	11%	3,754	13%	2,317	4%
Donor Contributions	21,390	63%	16,435	58%	42,584	81%
Core	5,730	17%	5,532	20%	21,241	40%
Programmatic	6,678	20%	5,447	19%	15,410	29%
Project Specific	8,982	26%	5,456	19%	5,933	11%
Client Contributions	484	1%	90	0.3%	75	0.1%
Total Contributions [3]	**33,963[3]**	**100%**	**28,279**	**100%**	**52,577**	**100%**
Less Trust Fund Administration Fees	1,122		1,021		2,507	
Total Net Contributions	**32,841**		**27,258**		**50,070**	
Expenditures (Uses of Funds) [1]	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total	In US$, Thousands	Share of Total
Staff Costs (including consultants)	19,740	70%	21,855	69%	22,439	81%
Operational Travel Costs	5,847	21%	6,099	19%	3,643	13%
Indirect Costs (including office and operating costs)	2,455	9%	3,603	11%	1,792	6%
Total Expenditures	**28,042**	**100%**	**31,557**	**100%**	**27,875**	**100%**

[1] Includes FY12 and FY13 Advisory Services adminstrative budget and expenditures of approximately $1.2 million and FY14 Advisory Services administrative budget and expenditures of approximately $2.3 million provided by IFC to cover a number of Investment Climate Business Line positions and their related staff and travel costs.

[2] Includes IFC project-specific contributions ($2,968,000 in FY12, $3,084,000 in FY13, $1,759,475 in FY14) to support a range of global knowledge management and product design initiatives and other IFC contributions ($934,000 in FY12, $670,000 in FY13, $558,144 in FY14) to support activities indirectly related to projects, including initial project designs, portfolio management, monitoring and evaluation, and knowledge sharing associated with the global portfolio.

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

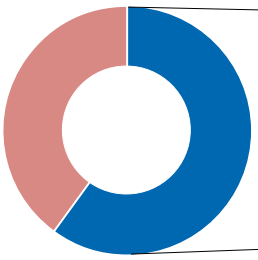
TOTAL EXPENDITURE BY THEMATIC PRIORITY OF CLIENT-FACING PROJECTS, FY14
100% = $10.8 Million



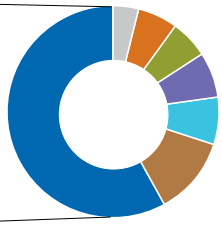
PROJECT EXPENDITURES BY PRODUCT, FY14
100% = $10.8 Million

TOTAL PROJECT IMPLEMENTATION EXPENDITURES, FY14 100% = $18 Million

TOTAL EXPENDITURE BY TYPE



CLIENT-FACING EXPENDITURE BY REGION



SPECIAL TOPIC

TRADE LOGISTICS FOR GROWTH

The FIAS-funded Global Trade Logistics Advisory Program helps developing countries build efficient trade logistics systems and services that enhance competitiveness and stimulate job creation.

$2.6 trillion

estimated global GDP increase through modest improvement in trade best practices

44 projects

for trade logistics in 68 developing countries

40 IDA & FCS countries

participating in trade logistics program

TRADE LOGISTICS FOR GROWTH

Facilitating international trade in developing countries is key to fostering sustainable economic growth. The underlying idea is that to grow their economies and create jobs, developing countries must engage in trade; to do that, they must have robust business sectors able to compete in the international arena. Trade logistics is an important pillar of the FIAS strategy and includes both the physical transit and port facilities used to move goods as well as the administrative laws and regulations that govern trade. The technical assistance program has evolved over the years since its launch in 2007 and was scaled up substantially during the FY12–16 strategy cycle.

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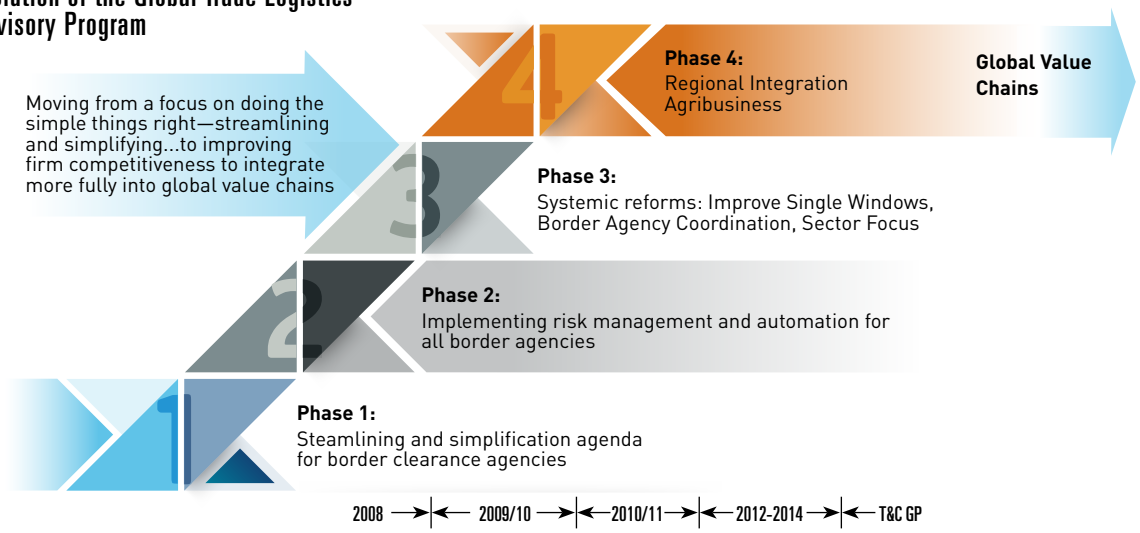
Evolution of the Global Trade Logistics Advisory Program



Addressing Binding Constraints: Pilot Years

The program has benefited from partnerships with a multitude of developing countries and international institutions. Support has been provided by the Canadian Department of Foreign Affairs, Trade and Development (DFATD); the Netherlands Ministry of Foreign Affairs; the Norwegian Agency for Development Cooperation; the Swedish International Development Agency (SIDA), the Swiss State Secretariat for Economic Development (SECO), the United Kingdom Department for International Development (DFID), and the U.S. Agency for International Development (USAID), among others. International institutions supporting the program include the European Union, the Organisation for Economic Cooperation and Development, the UN Conference on Trade and Development (UNCTAD), the World Customs Organization, and the World Trade Organization (WTO). Leveraging these partnerships has not only strengthened the FIAS product offerings but also enabled a coordinated and focused dialogue to provide targeted assistance to countries.

To compete and survive in the global economy, traders in developing countries require lean, rapid, and responsive supply chains. However, due to inefficient trade facilitation systems and trade logistics practices, firms in the developing world face greater barriers to trade, making it difficult to get their goods to market. Research shows that in many countries, administrative barriers such as the processing of trade-related documents and fulfilling of clearance requirements by customs and other technical control agencies account for 50 to 60 percent of the total time to export and import. Firms in developing countries incur higher trading costs due to long clearance-processing times, excessive controls from technical agencies, and corruption. For traders dealing in perishables, such as Honduran tomato exporter Ricardo Melgar, delays in clearance times can result in spoilage and damage of their goods (see box, p.14).

The World Economic Forum estimated that if every country improved just two key trade functions—border administration and transport, and communications infrastructure and related services—halfway toward the world's best practices, global GDP could increase by $2.6 trillion (4.7 percent) and exports by $1.6 trillion (14.5 percent).

Recognizing the importance of addressing these binding constraints, the FIAS-funded **Global Trade Logistics Advisory Program** was established to help developing countries build efficient trade logistics systems and services that enhance private sector competitiveness. These improvements, in turn, open the door to potential investments, increased trade, and job creation. The program was launched in 2007 with the goal of developing and rolling out a scalable advisory service across all regions, beginning with pilot projects in **Rwanda**, **Colombia**, and **Liberia**. Key components included simplifying and harmonizing trade procedures and documentation, integrating risk management systems in border clearance and inspections, and supporting the implementation of trade-related automation and single window systems. Notable results were achieved in these pilot projects *(see box at the bottom)*.

Leveraging an implementation-focused, rapid response-based approach to delivering technical assistance, the program was able to quickly scale up and deploy the

Rotting Tomatoes at the Border

Stuck on the border between **Honduras** and **El Salvador** in sweltering heat, all Ricardo Melgar could think about was his slowly rotting tomatoes. One of his trucks, carrying eight tons of tomatoes from Comayagua to markets in San Salvador, could not proceed. The holdup stemmed from a simple mistake in the handwritten export documents, and it was costing Mr. Melgar time and money. He, and his tomatoes, would have to spend the night at the border, waiting for the customs office to reopen in the morning to straighten out the problem.

"One single mistake would cost us eight to ten hours. This meant having to pay the driver an extra night and would often make the whole shipment go to waste," says Mr. Melgar, who coordinates paperwork for 17 Honduran small exporters and has spent countless sleepless nights camped out on the border due to bureaucratic delays.

FIAS support helped Honduras link three government agencies to streamline export and import procedures for agribusiness products. More than 700 Honduran companies selling abroad can now obtain export permits in one day, compared with the three days it took previously, and the chances of problems like the one that held up Mr. Melgar's tomatoes have been reduced. Phytosanitary permits—which cover plant products—have been automated. By helping government agencies connect more efficiently, the new system is reducing bottlenecks and excessive delays that limit trade flows. Improving trade logistics and facilitating economic integration means a great deal in Honduras, where 39 percent of the labor force works in agriculture and more than 59 percent of the population lives below the poverty line.[6]

Notable Results from Trade Logistics Pilot Projects

- **Rwanda:** Reduced the time to import and export by 55 percent and 25 percent, respectively, and enhanced the risk-based inspections process to allow 60 percent of cargo shipments to be routed through low- or medium-risk channels. These reforms are expected to save the private sector $1.4 million annually.
- **Colombia:** Generated an estimated $200 million in private sector savings by designing a national cargo risk-management policy for Colombian ports and improving the single window for foreign trade (VUCE).
- **Liberia:** Supported the implementation of a customs automated system, which reduced customs clearance from three weeks to three to four days. The resulting elimination or reduction of fees saves the private sector $4.6 million per year.

[6] http://www.ifc.org/wps/wcm/connect/region__ext_content/regions/latin+america+and+the+caribbean/news/honduras+it+takes+a+computer+to+export+fresh+tomatoes.

resources needed to meet increasing client demands and tight delivery schedules. Eight years after launching operations, the program manages 44 projects in all six World Bank Group regions and 68 countries, including 40 IDA countries, 17 Sub-Saharan Africa countries, and 10 states in fragile and conflict-affected situations.

Evolving Program and Expanding Portfolio

The FIAS-supported Global Trade Logistics Advisory Program has adopted a flexible strategy, able to respond to emerging trends, global shifts, and client demands. In the first few years, reform projects focused on reducing barriers for firms, rationalizing and simplifying trade logistics systems and services, improving the performance of customs and technical control agencies, reducing time and cost for border clearance processes, and fostering transparency and predictability. These improvements were aimed at making cross-border trade faster and more cost-effective, thus helping attract private investment in export industries and infrastructure, as well as logistics and ancillary services.

To respond effectively to growing client needs and demands, the program further evolved to help developing countries remove barriers to trade for key sectors, such as agribusiness and logistics services, and to boost trade within regions.

In many client countries, this new set of priorities focused on reducing the time and cost to import and export agricultural products, and improving the efficiency of agribusiness supply chains, with the overarching objectives of ensuring food security and enhancing food safety. The trade logistics team ramped up work in the agribusiness sector in alignment with strategic corporate priorities and increasing client demand. Already the trade logistics portfolio of agribusiness projects in **Armenia**, **Honduras**, **the Philippines**, **Rwanda**, **Zambia**, **Central America**, and **South East Europe** is generating positive results for traders.

Building on the success of reform results in Rwanda, the government requested FIAS support in transforming the country's trade logistics system. Rwanda's goal was to become a trading logistics hub for itself and its neighbors. The starting point was a supply route serving a landlocked country heavily dependent on imports and offering limited value-adding logistics. A number of challenges stood in the way of this ambition. Rwanda has limited capacity to attract imports or generate exports. Inefficient sea-land supply chains and a nascent air cargo service hampered the country's connectivity.

The FIAS-supported team provided Rwanda with a strategy to turn these challenges into a new opportunity to achieve the country's goal. The strategy and action plan incorporated logistics services with value added activities that would support the export of high-value products destined for regional and international markets.

The strategy included concrete options to develop logistics and distribution facilities strategically aligned with existing production centers to yield the competitive advantages necessary for exports to succeed. Should the strategy be implemented by the private sector and government, Rwanda could transform itself from a net importer of logistics services to an exporter of those services to neighboring countries.

Promoting regional integration through cross-border product certification and standards, and greater harmonization of cross-border clearance processes and inspections also became an integral part of the Global Trade Logistics Advisory Program's offering. Currently, the trade logistics team is working on several projects aimed at enhancing regional integration in the Caribbean, Central

America, South Asia, South East Europe, West Africa, and the Pacific Islands. These regional integration projects have the potential to generate significant economies of scale, and notable results are already being achieved.

In **South Asia**, for example, a FIAS-funded project harmonized the customs working hours of Nepal with those of India and China, which prompted banks in the major customs offices to follow suit. This resulted in a 14 percent increase in the number of active trading days. The South Asia project was an example of true coordination and sequencing between IFC and the World Bank's transport team, with each bringing their strengths to solve complex problems faced by Nepal. While the World Bank team focused doing the heavy lifting on the infrastructure side, IFC improved the soft infrastructure. The Bank has been helping to rehabilitate the critical road infrastructure linking Nepal with India. IFC is complementing this initiative by focusing on trade facilitation reform measures at the border that will reap the benefits gained from the new infrastructure. Such collaboration is continuing in an even more seamless fashion under the T&C Global Practice, which places World Bank and IFC experts under a single organizational umbrella.

By focusing technical assistance on implementation and rapid response, as in South Asia, the Global Trade Logistics Advisory Program has been able to quickly scale up and deploy the resources needed to meet increasing client demands and tight delivery schedules.

Launch of the Trade Facilitation Support Program in Alignment with WTO

During FY14, as negotiations on a new global trade agreement proceeded, the FIAS-funded Trade Logistics Program focused on supporting countries in their efforts to implement global best practices and global agreements. In parallel with this effort, and in partnership with Australia, Canada, the European Union, Norway, Switzerland, and the United States, the Bank Group developed the **Trade Facilitation Support Program**, a multidonor platform and rapid-response mechanism. The aim of this FIAS-supported effort is to help countries reform their trade facilitation practices in alignment with the main components of the new Trade Facilitation Agreement (TFA) reached at the 9th WTO Ministerial Conference in Bali, Indonesia, in December 2013.

> Canada's support will help a large number of developing countries undertake targeted reforms to help more businesses get off the ground and ultimately thrive in a competitive marketplace.
>
> This includes providing early support to implement the World Trade Organization's new Trade Facilitation Agreement, which could add $1 trillion to the global economy through lowered costs for doing business and expanded private sector activity.
>
> **Christian Paradis**
> Canada's Minister of International Development
> Conference of Montreal, June 11, 2014

As part of the Bank Group response to the Bali agreement, the Trade Facilitation Support Program was formally launched in July 2014 at the G-20 Trade Ministerial Meeting in Sydney by Anabel Gonzalez, senior director of the T&C Global Practice. The program responds to developing country demands for technical assistance to fulfill commitments under the TFA. Under the Trade Facilitation Support Program, the Bank Group is helping developing countries reform their trade facilitation laws, procedures, processes, and systems in a manner consistent with the WTO TFA. More specifically, the program will provide support in the design and implementation of policy, regulatory, legal, and institutional aspects, taking into account countries' schedules of commitments, identified gaps in procedures and systems related to trade, and implementation capacity. The program will help countries create a reform map for prioritizing reform activities and support enhancement of their national trade facilitation committees. The Bank Group is working closely with stakeholders to implement reform actions and support deeper systemic reforms through delivery models tailored to country needs. Since its launch, more than 30 countries have requested support through the program.

The Trade Facilitation Support Program also complements and underpins project interventions with the development of knowledge, learning, and measurement toolkits and initiatives, in collaboration with the Bank Group's Trade and International Integration Team of the Development Economics Research Group. Such activities may include benchmarking of progress in TFA implementation, impact assessments and evaluations, piloting of best practices in trade facilitation and border management, and development of project-level monitoring and result measurement indicators. Peer-to-peer learning and experience-sharing events within and across regions are also being organized to help encourage dissemination of best practices between developing countries.

The Trade Facilitation Support Program builds on the global practice structure to provide a continuum of support to developing countries to suit their development needs and priorities. The T&C Global Practice will be able to offer a variety of assistance, from learning to rapid response and additional long-term institutional projects.

OPERATIONAL HIGHLIGHTS

To achieve the Twin Goals of eliminating extreme poverty and boosting shared prosperity, the World Bank Group helps low-income and conflict-affected countries improve trade, business regulation, and industry sectors.

83%
of FIAS reforms in IDA countries

82%
of reforms in Sub-Saharan Africa

30%
of reforms in FCS

OPERATIONAL HIGHLIGHTS

3

With FIAS support, the World Bank Group is working with highly motivated government and private sector representatives on a broad portfolio of projects and programs to improve the climate for investment, entrepreneurship, trade, and economic growth. At the end of FY14, FIAS funding had delivered on a portfolio that totaled 57 projects mapped to the World Bank Group's Investment Climate Department (49 in FY13). In addition, there were 38 projects mapped to regional IFC Advisory Services units (40 in FY13, 19 in FY12), for a total of 95 projects (69 of them client-facing).[7] Two industry-specific projects generated $750 million in new investment in FY14, a 128 percent increase from the $329 million generated in FY13 and a nearly sevenfold increase over the $108 million investment generated in FY12. The Investment Climate and IFC Advisory projects reflect the continuing emphasis on collaboration across the Bank Group, a trend solidified by the launch in FY15 of the global practices, including T&C, which inherited the Investment Climate portfolio.

This chapter surveys FIAS-funded work across three major thematic areas—business regulation and reform, programs to promote investment and trade, and industry-specific work. But we begin with a look at the FIAS portfolio through a geographic lens, at Sub-Saharan Africa, the locus of so much of the work that FIAS supports, particularly in IDA and FCS states such as Côte d'Ivoire *(see box below)*.

FIAS Focus on FCS States

Achieving the World Bank Group's Twin Goals of eliminating extreme poverty and promoting shared prosperity requires taking on development challenges in economies beset by protracted conflict and political instability. Sub-Saharan Africa, a region rich in human and natural capital, lies at the center of this effort. More

The Côte d'Ivoire Turnaround

These days, the banging Nagolo Soro hears from his cement factory in Abidjan is likely to be construction work on the long-awaited Third Bridge, a six-lane, 1.9-kilometer roadway spanning Ebrie Lagoon in Côte d'Ivoire's fast-growing capital city. A few years ago, the banging noises were more likely to be gunfire.

"We heard bullets outside the building but kept working until the last hour," said Soro, director of Ciment Cuirasse, as he recalled daily life during the protracted period of instability and violence that followed the military coup in 1999.

With the easing of political tensions, **Côte d'Ivoire** is one of a number of countries that have been able to turn their focus from war and survival to growth and prosperity. Collaborative efforts in Côte d'Ivoire exemplify the way FIAS support, World Bank Group expertise, and focused strategies by client countries can bring about dramatic economic change. Côte d'Ivoire's ambitious reform agenda has reversed an economic slide that had reached negative 4.7 percent GDP growth annually in 2011. Within two years, growth had rebounded to an annual rate of 8.7 percent. The government has now set its sights on moving off the list of countries in FCS and joining the ranks of emerging market economies by 2020.

As orders for his cement pour in, Mr. Soro has opened a new plant to meet demand driven by housing construction and infrastructure improvements such as the Third Bridge, a project going forward with the help of a risk guarantee from the Bank Group's Multilateral Investment Guarantee Agency (MIGA).

Key to the turnaround has been the implementation of a new set of policies and procedures designed to promote rather than hinder private sector investment and growth. From making it easier to start a business to empowering women entrepreneurs to streamlining the construction permitting process, Côte d'Ivoire, with FIAS support, has spurred domestic business growth and attracted substantial new foreign investment.

[7] FIAS funding supported an additional 14 projects managed by regional IFC Advisory Services units that had less than $10,000 in expenditures for the fiscal year.

than half of the 36 countries on the World Bank Group's list of FCS states are in Sub-Saharan Africa and eligible for IDA loans. FIAS support is at work in most of these countries, helping in their effort to match the robust economic growth achieved by other countries in Africa. The development challenges are greater and the path to progress more arduous in IDA and FCS states. But the results show a clear correlation between embracing business reform and attracting domestic and foreign investment. In this chapter we tell the stories of some of these efforts.

In FY14, FIAS funded active investment climate reform projects in 19[8] of the 36 countries or territories on the FY14 Harmonized List of Fragile Situations in the following regions and countries:

- East Asia and Pacific: Myanmar, Timor-Leste.
- Europe and Central Asia: Kosovo.
- Latin America and Caribbean: Haiti.
- Middle East and North Africa: Afghanistan.
- Sub-Saharan Africa: Burundi, Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Togo, and Zimbabwe.

FIAS support helped bring about 23 reforms in 12 countries (compared with 24 reforms in 12 countries in FY13), representing 30 percent of all FIAS-funded reforms: 5 in Côte d'Ivoire and the Democratic Republic of Congo; 4 in Togo; and one each in the Central African Republic, Chad, the Comoros, Guinea-Bissau, the Republic of Congo, Liberia, Malawi, Mali, and Sierra Leone. Project expenditures in FCS countries totaled $3.3 million, or 31 percent of total client-facing project spending ($4.4 million, or 28 percent of client-facing project spending in FY13).

OHADA Regional Initiative to Attract and Retain Investment

Conflict has been a major drag on sustainable development in several countries in West and Central Africa. But this is not the only source of economic stagnation. Disjointed trade, customs, and investment laws have thwarted opportunities for countries in the region to work together for growth. In FY14, with FIAS support, the World Bank Group helped 17 African countries enact groundbreaking reforms that streamline the structuring of equity investments and the process of establishing limited liability firms. In January 2014, the Organization for the Harmonization of Business Law in Africa, known by its French acronym **OHADA**, adopted a new Company Law, or *Acte Uniforme*, applicable in the organization's 17 member states stretching from West Africa to the Indian Ocean.[9] It includes measures that are applicable on a voluntary basis but consists mainly of mandatory provisions which became law in all 17 countries immediately upon passage by OHADA in January. As a result, all 17 member states have been credited with a Doing Business reform.

The OHADA countries aim to harmonize the business laws and implementing institutions encompassing a market of about 230 million consumers. The Company Law authorizes each member state to adopt national legislation making it optional rather than mandatory to

Working to Avert "Catastrophic" Economic Impact of Ebola Crisis

As this report was going to press, the Ebola epidemic in West Africa was not yet contained. FIAS supports investment climate reform projects in all three of the West African countries most directly impacted by the Ebola crisis, **Guinea**, **Liberia**, and **Sierra Leone**. The economic progress made over the past several years in this region is at risk of being overwhelmed by the economic repercussions of a health crisis with profound implications for commerce and international trade. A World Bank Group analysis released in September 2014 found that the already serious economic impact of the epidemic could grow eightfold, inflicting a potentially catastrophic blow to already fragile economies.

In one of her early initiatives as senior director of the T&C Global Practice, Anabel Gonzalez convened key staff to discuss ways that T&C can collaborate in a Bank Group-wide effort to respond to the crisis. Small and medium enterprises in the affected countries will be particularly vulnerable, as the Ebola epidemic erodes labor force participation, closes places of employment, and disrupts transportation and trade patterns. The potential closure of one large mining concern in Sierra Leone, for example, could impact some 60 small and medium enterprises. As part of the coordinated Bank Group response, T&C is reconfiguring existing activities in the affected countries to (i) support firms' resilience throughout the crisis, (ii) encourage demand, and (iii) work on issues relating to the cost of doing business. T&C will explore the possibility of utilizing a proposed multidonor trust fund for activities that cannot be directly funded as a result of the reconfiguration.

[8] Country total includes regional projects.

[9] OHADA member states are Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, Comoros, the Democratic Republic of the Congo, the Republic of Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

use a public notary when establishing a limited liability company (LLC) and to reduce the minimum capital requirement for creating an LLC. The mandatory investor provisions protect the interests of minority shareholders and improve corporate governance. Specific positive impacts expected to flow from the Company Law include the following:

- A potential increase in the number of companies created, particularly small and medium enterprises.
- A reduction in the informal economic sector. This is important because unregistered or unlicensed businesses avoid taxes, and their growth is stunted for lack of access to finance and large-scale trade.
- Strengthening of the capital base of businesses to finance their growth.
- Diversifying the source of funding through private equity and hedge funds, opening opportunities for the development of financial markets with new financial instruments.

Shearman & Sterling, a leading U.S. corporate law firm, commented that the Company Law "adds tailwind to a fast-developing market and further incentivizes investors, including private equity investors, to enter the dynamic African markets."[10]

FIAS-Supported Work Endorsed by Independent Evaluations

At the midpoint of the FIAS FY12–16 strategy cycle, several detailed evaluations of FIAS-supported work have confirmed the soundness of the FIAS approach to addressing investment climate issues in client countries and the quality of results on the ground. The T&C Global Practice is incorporating the findings of the evaluations completed during FY14 of FIAS-supported work. Four evaluations cover work relating to the FIAS FY12-16 strategy cycle; the World Bank Group's investment climate services; the Indicator-Based Reform Advisory product; and the Business Taxation program. All the evaluations found these activities to be relevant and effective in delivering important benefits to client countries. T&C is committed to applying lessons learned and proposals for further improving quality to the work done through the remainder of the strategy cycle and the design for the next cycle. In particular, this commitment includes working to identify and implement the most effective ways to measure the positive economic impact of T&C's technical assistance and advisory services in such areas as job creation, income, exports, and wealth. Following are summaries of four of the evaluations completed as of fall 2014.

The **Midterm Independent Evaluation of FIAS 2012–2016 Strategy and Program**, conducted by the consulting firm Ecorys, found that FIAS is fulfilling its mission of facilitating reforms in developing countries and that the focus on private sector development ties directly to the World Bank Group's twin goals of boosting shared prosperity and eliminating extreme poverty. On the basis of reforms achieved to date, the evaluation found that FIAS-supported programs will likely meet or exceed reform targets.

"Ecorys sees integration of CIC (Investment Climate Department) and the FIAS program into the Trade and Competitiveness Global Practice from a position of strength, with a well-honed product range—impressive results pipeline—strong brand equity—deep-rooted M&E impact oriented culture," the evaluation found. A vast majority of FIAS-supported programs are "optimally placed to make a direct and significant contribution to the WBG twin goals."[11]

The FIAS evaluation recommended greater focus on measuring impact at higher aggregate levels to help donor and client countries understand the impact of FIAS-supported programs on income, jobs, and wealth creation, among other metrics. The evaluation found that among cross-cutting issues, gender has not reached the level of prominence envisioned in the FIAS strategy, and public-private dialogue should receive more focused attention. T&C has indicated that both these areas will feature prominently in the second half of the strategy cycle.

The World Bank Group's Independent Evaluation Group (IEG) reported on **Investment Climate Reforms**, covering work dating back to FY07, including FIAS-supported work, concluding that the Bank Group has been successful in improving the investment climate in client countries. "These reforms were generally supported in the right countries and generally addressed the right areas of the regulatory environment," the IEG found.[12] The assessment covered 819 projects with investment climate interventions in 119 countries for a total estimated value of $3.7 billion.

The IEG evaluation concluded that the Bank Group:

- Has supported a comprehensive menu of investment climate reforms focused on reducing costs to businesses that has improved the investment climate in client countries.
- In the design and assessment of reforms, should include an examination of their effect on investment, jobs, business formation, and growth.
- Contends with political instability and lack of political commitment in some client countries as factors limiting the effectiveness of reforms.

[10] Shearman & Sterling LLP, Client Publication, "A Revised Uniform Companies Code for the 17 African Countries of Ohada," *Project Development & Finance* newsletter, February 9, 2014.

[11] Quoted from *Midterm Independent Evaluation of FIAS 2012–2016 Strategy and Program*, October 2014, Ecorys, not yet published when the *Annual Review* went to print.

[12] World Bank Group, Independent Evaluation Group, *Investment Climate Reforms: An Independent Evaluation of World Bank Group Support to Reforms of Business Regulations*, 2014, p. ix. Available at: https://ieg.worldbankgroup.org/evaluations/investment-climate-reforms.

The **Evaluation of Indicator-Based Reform Advisory Product (IBRA)**, conducted by Dalberg Global Development Advisors, found that IBRA not only is responsible for a significant share of Doing Business reforms achieved but plays an important catalytic role. Nearly half the client countries engaged on IBRA issues went on to expand their investment climate portfolios. In several ways, IBRA serves as a model for collaboration across the Bank Group.[13] The success of the IBRA model appears to be due to several unique elements: the team's ability to build off of significant client country interest generated by the *Doing Business* rankings; the rapid-response nature of the IBRA Reform Memo; and the collaboration that allows IBRA to tap into expertise from across a wide range of relevant topics. Taken together, these elements have contributed to IBRA's ability to support a substantial portion—nearly 20 percent—of the Doing Business reforms since 2008. The impact is also sustainable. More than 95 percent of reforms take hold and are not reversed. About 45 percent of client countries have seen their investment climate portfolio increase following their initial IBRA engagements.

The **Business Taxation Product Evaluation**, conducted by the consulting firm Economisti Associati, found that the program performs well, delivering important results across a range of relevant themes with both analytical rigor and practical feasibility that is appreciated by clients. The program, begun in FY07 and greatly expanded in recent years, exhibits a broad diversity of client countries ranging from highly dysfunctional to business friendly but with weaknesses. In a common theme among the evaluations, the Business Taxation evaluation found that a comprehensive assessment of impacts was difficult to compile because of a scarcity of solid evidence. More than two-thirds of Business Taxation projects were joint IFC–World Bank operations and were well coordinated with other donor-supported projects in the tax field. "It is quite remarkable that, over a relatively short period of time, the BT Program has become an important player in the area of taxation reform, covering a range of very relevant themes and achieving some important results," the evaluation found.[14] The assistance effectively balances analytical rigor and practical feasibility that is appreciated by client countries and institutions.

Starting Businesses and Fostering their Growth

In FY14, FIAS support under the strategic theme of **fostering enterprise creation and growth** continued to drive economy-wide reforms across client countries. FIAS supported a range of activities focused on unlocking firms' productivity, fostering competition, and reducing barriers to entry, expansion, and exit, thus generating broad productivity gains for client countries.

Targeted Advice on Key Investment Climate Indicators

The FIAS-supported **IBRA** helps client governments improve their regulatory environment for business to encourage investment, spur economic growth, and create jobs. The product serves as an entry point for investment climate programs by responding to client demand generated by the World Bank Group's *Doing Business* report and other datasets. IBRA provides rapid-response technical assistance in at least nine key areas: business start-up, construction permitting, property registration, access to credit, investor protections, tax administration, trade logistics, contract enforcement, and resolution of insolvency.

Over the past year, IBRA has received eight new requests for technical assistance and four countries renewed their agreements. Responding to demand generated by the Women, Business, and the Law Project to improve women's economic opportunities, IBRA has organized two high-level peer-to-peer events on the topic in Belgrade and in Togo. As noted above, the independent evaluation by the consulting firm Dalberg Global Development Advisors found that IBRA effectively supports the enactment of Doing Business reforms and represents a model for collaboration across the Bank Group.

The government of **Tajikistan** identified investment climate improvements as a priority but lacked a clear plan for reform. At the request of the Tajikistan Investment Council, a FIAS-supported World Bank Group team helped develop an Investment Climate Action Plan covering a broad range of business environment reforms. Approved by the Tajik cabinet at the end of FY14, the plan will shape the reform agenda for the next two years. "I am grateful to the team for helping us define the reform agenda, prioritize based on global good practice, and identify the key ingredients we need to make the implementation possible," said Manuchehra Madjonova, economic consultant at the Tajikistan Investment Council.

The effort, part of the FIAS-funded IBRA Project in East Europe and Central Asia also helped Tajikistan address a long-standing concern about obstacles to obtaining construction permits. Working jointly with the Bank Group's Project on Private Sector Competitiveness, the FIAS-supported team delivered a plan to streamline construction permitting and shorten the overall time required for obtaining construction permits by 20 percent. The project supports the Tajik Construction Agency in modernizing its services and improving capacity.

For three years, the Tirana Municipality in **Albania** had stopped issuing construction permits. During that time, many buildings in Tirana were built illegally, earning Albania a last-place ranking worldwide on the *Doing Business* indicator dealing with construction permits. Through the IBRA project, FIAS helped Albania carry out a detailed assessment of the construction permitting process in Tirana that led to a package of legislative and administrative changes. The World Bank team provided feedback on a draft law on territorial planning and ensured

[13] The report *(Evaluation of Indicator Based Reform Advisory Product (IBRA) Summary of Findings*, June 13, 2014, Dalberg Global Development Advisors) was not yet published when the *Annual Review* went to print.

[14] Quoted from *Business Taxation Product Evaluation Final Report*, 2014, Economisti Associati, not yet published when the *Annual Review* went to print.

it was in compliance with global good practice. Enacted in April 2013 and implemented in February 2014, the law has enabled the Municipality of Tirana to resume issuing construction permits. The law increases transparency and streamlines procedures, combining the development and construction permits into a single permit, reducing the number of procedures, and eliminating the fee for obtaining an extract of the master plan.

The Comoros, listed among countries in fragile and conflict-affected situations, is an island nation off the east coast of Africa with a history of political and institutional instability. Until a few years ago, the country had little interaction with international financial institutions and even less with major investors.

In 2011, the government of the Comoros asked the World Bank Group for help in addressing the weaknesses of its legal and regulatory framework in two areas: investment climate and access to finance. With support from FIAS, the Bank Group has been providing technical assistance for three years, resulting in passage of new leasing, urban development, and tax codes, and creation of a new Chamber of Arbitration and Meditation. The country also became a member of the MIGA in 2013 and is now discussing accession to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, also known as the New York Convention. FIAS support helped bring about improvements in the country's business environment, particularly in relation to starting a business. The number of new companies created has increased three-fold since 2012. As a result of its ambitious reform agenda, the Comoros has become more visible to investors and to the international donor community.

Support to Subnational Doing Business Reports

FIAS-supported subnational *Doing Business* reports capture differences in business regulations and their enforcement across locations in a single country or across various small countries in a region with a shared legal and regulatory framework. The reports recommend reforms to improve performance in each of the indicator areas. In FY14, the subnational *Doing Business* project continued to expand its geographic coverage with studies in the Middle East and North Africa (**Egypt)**, Latin America (**Colombia** and **Mexico** and a regional Central America project), Sub-Saharan Africa (**Nigeria**, **South Africa**), Eastern Europe (**Poland**), and Southern Europe (**Spain**).

In **Central America** and the **Caribbean**, the project benchmarked 22 cities and 10 ports in **Costa Rica**, the **Dominican Republic**, **El Salvador**, **Guatemala**, **Honduras**, **Nicaragua**, and **Panama**. The project is piloting a new set of research questions to provide insights into the region's trading across borders indicator (a measure of the time, cost, and number of documents associated with exporting and importing, and one of the 11 indicators measured by *Doing Business*). The report will provide original information on good practices to facilitate trade and regional integration, including single windows, customs practices (risk-based and information exchange systems), and port operations.

Drawing upon funding from multiple donors, including FIAS, USAID, and DFATD, this project is a component of a joint World Bank–IFC programmatic approach to strengthen the investment climate in Latin America and the Caribbean. Quality is ensured by rigorous review mechanisms and

regular progress reports. The strong monitoring and evaluation framework was designed jointly with DFATD.

Another highlight supported by funding from FIAS is the ***Doing Business in Egypt 2014*** report. The report marks a first-of-its-kind effort to benchmark the business and regulatory environment at the subnational level in post-revolutionary Egypt. Overcoming a number of data collection challenges posed by social unrest during and after the Arab Spring, the project successfully collected new micro-level data across 15 cities and 5 strategic ports. The report also includes a pilot study on the availability of information in the construction permitting system. The project has been recognized with an award by the Development Economics Vice-Presidency of the World Bank Group.

Regulations Enabling the Ease of Business Entry and Operations

The FIAS-supported Business Regulation Program works with client governments to improve and streamline the regulatory environment for doing business, with the ultimate aim of fostering enterprise creation and sustaining growth. The program supports legal, institutional, and regulatory reforms aimed at reducing the burden of starting and operating a business and improving the overall quality and effectiveness of regulations affecting businesses. While the focus is on government reform, the program involves extensive engagement with a wide variety of private sector interests (see box below).

Mongolia engaged with technical experts of the World Bank Group seeking to cut in half the number of permits—more than 900—imposed on businesses. A "guillotine team" was established, headed by the cabinet secretary and composed of members of parliament and senior officials from various ministries. The team was tasked to assess whether existing permits were legal, necessary, and supportive of business activity. Those that did not meet the criteria were removed or modified.

The ongoing reform process will be bolstered by parliamentary action, including passage of legislative reforms to ensure the sustainability of the permitting reforms. At the same time, the government has been engaged in a fundamental reform of its supervision and inspections system.

With the government and parliament taking the overall lead, the World Bank Group was instrumental in supporting the initial steps by providing detailed training to government technocrats, state secretaries, business representatives, and members of parliament, earning the FIAS-supported team a long-term role as trusted adviser to the client. The success of the project to date stems from the collaborative nature of the engagement, involving the participation of government leaders, Mongolian and Bank Group technical experts, and a broad coalition of political parties and business representatives.

To promote sustainable private sector investments in the state of Rajasthan, **India**, the World Bank Group partnered with the Rajasthan government on a three-year cooperation agreement, signed in September 2010, with the client covering half the cost. FIAS funded a streamlining business regulations (SBR) component of the project, which aimed to reduce and simplify the regulatory requirements for businesses in the region. Working groups and consultations with government officials and with private sector organizations and associations led to more than 100 recommendations affecting three-quarters of administrative procedures. A significant result of this effort was the adoption of the "Rajasthan Factory Rules 2013," providing for self-certification for annual inspections, extending the expiration of business licenses from five to ten years, eliminating mandatory annual license renewals, and specifying times for approvals. It now takes less time to set up industrial electrical connections and to apply for new solar, wind, and biomass projects, and applications can be accepted online.

A Comprehensive Business Reform Effort in Bosnia and Herzegovina

Severe floods, civil unrest, and political instability are among the forces dragging on the economy of **Bosnia and Herzegovina** over the past year. Working in close collaboration with the World Bank Group, the government nevertheless managed to implement critical business reforms benefiting more than 17,000 companies, entrepreneurs, and sole traders. The effort has generated an estimated $9.2 million in new investments and resulted in verified direct savings of over $6 million.

The FIAS-funded project team collaborated with five ministries and multiple agencies at the national and subnational levels as well as several municipalities, achieving a number of reforms in agribusiness, construction law, business registration, and regulatory reform. For example, some 112 agribusiness-related procedures were streamlined, with a particular focus on export and import of agriculture-related products. The team also supported the Ministry of Foreign Trade and Economic Relations in establishing the country's first online electronic register of licenses and permits. Simplified documentation and information requirements led to significant cost and time savings, and increased transparency. Assisting with the drafting of a strategy for regulatory reform, the team in FY14 conducted rigorous capacity assessments and training sessions with government agencies as well as extensive stakeholder engagement with donors and private sector parties.

Efficient Debt Resolution and Business Exit Procedures

The FIAS-supported Debt Resolution and Business Exit Program provides technical assistance to countries around the world in achieving reforms of their legal, regulatory, and institutional frameworks for commercial dispute resolution, nonperforming loans, business exit and reorganization, and the collection of debts. This work is crucial because the orderly restructuring or liquidation of troubled businesses encourages entrepreneurs, investors, and lenders to take risks in new ventures. Growing appreciation of the importance of debt resolution and business exit procedures explains the increase in the number of insolvency reforms worldwide.[15]

In **Samoa**, FIAS funding supported the drafting of new mediation rules, finalized in August 2013, that establish a framework for implementing court-referred mediation. They include provisions mandating mediation, confidentiality, admissibility of mediation evidence in court, and enforceability of mediated settlements. They also establish a mediator accreditation system, which includes an accreditation board and a complaints handling mechanism, in accordance with international best practices. Rules and fee guidelines for mediators implemented at the same time address stakeholder concerns about fees and the administrative processes related to mediation. Implemented in December 2013, the rules make mediation the default procedure, thus making it effectively mandatory before any litigation can take place.

Access to credit for businesses in **Trinidad and Tobago** has been a particular challenge. Domestic credit represents only 30.7 percent of GDP, as compared with the regional average of 46.8 percent and the global average of 131 percent.[16] Concern that banks and other investors may not be able to recoup loans to struggling or failing businesses has led to a reluctance to lend, particularly to smaller enterprises. FIAS support enabled the World Bank Group to assist in drafting a new insolvency law passed in May 2014. The law includes a full set of implementing regulations and establishes the Office of the Supervisor of Insolvency. The new law is expected to affect over $536 million in nonperforming loans and to result in higher creditor recoveries. Access to credit for businesses in Trinidad and Tobago is expected to expand significantly over the next few years.

In **Vietnam**, only 250 cases had been filed under the country's bankruptcy law in the nearly 10 years since it took effect in 2004, with only about a third of those cases proceeding to completion. Vietnam lacked a systemic release valve for the country's rising nonperforming loan ratio.[17] Increasing numbers of foreign businesses fled the country as the implications of this systemic flaw became clear. With the help of FIAS support, the World Bank Group partnered with Vietnam's National Assembly and Supreme Court in drafting new insolvency legislation. This technical assistance was delivered as part of a collaborative effort of Bank Group teams. In June 2014, the National Assembly passed the new bankruptcy law that brings Vietnam's code into line with international practice. The law introduces a number of modernizing elements to Vietnam's insolvency system. FIAS is supporting continued collaboration, ensuring that the law can be put in practice effectively.

Many Sub-Saharan African countries lack a mindset of rescuing troubled businesses, a circumstance both caused by and reflected in weak legal, regulatory, and institutional frameworks. To improve insolvency regimes in the region and foster public-private dialogue on this topic, FIAS funding supported the fourth Africa Round Table in Lusaka, **Zambia**, in October 2013. The event, organized by the Debt Resolution and Business Exit team, in partnership with INSOL International, attracted over 90 participants, including delegations from Burundi, the Democratic Republic of the Congo, Ghana, Kenya, Lesotho, Liberia, Malawi, Mauritius, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Uganda, and Zambia. The Africa Round Table has seen the number of participating countries increase from 6 in 2010 to 15 in 2013. So far, the gathering has contributed directly to the implementation of five distinct insolvency reforms, all of which have helped improve countries' credit environments. The fifth round table event took place in Kampala, Uganda, in October 2014.

Boosting Trade and Investment in Developing Countries

In FY14, FIAS funding continued to help provide support to client countries to catalyze investment and trade for advancing the overall competitiveness agenda, creating jobs, and increased growth. This work in **facilitating international trade and investment** ties directly to the FIAS FY12–16 strategy cycle. The key goals of the effort are to:

- Remove impediments to stimulating and retaining investment.
- Streamline and harmonize trade logistics systems and services.
- Support more effective and transparent business taxation.

Effective and Transparent Business Taxation Mechanisms

FIAS is supporting efforts to help developing countries introduce reforms that expand the tax base, improve the efficacy and transparency of tax administrations, and reduce the private sector tax burden. In FY14, the FIAS-supported business taxation product provided expertise to World Bank Group tax simplification projects in 36 countries across the globe, including 7 considered fragile or affected by conflict.

[15] World Bank Group, *Doing Business* (2013).

[16] World Bank Development Indicators, http://data.worldbank.org/data-catalog/world-development-indicators.

[17] Moody's.

In **Uganda**, the investment climate team advised the government on improving transparency in the awarding of tax incentives. Uganda's Ministry of Finance began listing these tax expenditures on its website. This transparency had the beneficial effect of reducing the granting of discretionary incentives and resulted in the repeal of some that had been previously granted. Training in tax policy and administration provided by the project team emphasized the importance of maintaining transparency by the continuous publication of tax expenditures.

In the **East African Community** (EAC) Common Market, FIAS support for reducing tax compliance costs led to a directive harmonizing tax procedures. The FIAS-supported tax team completed a tax incentives study to ensure that fiscal policies supporting a common market exist in EAC. These initiatives helped identify specific incentives for harmonization and led to the adoption of a regional incentives policy. In **Kenya**, legislation removed the discretionary power of the minister to grant value added tax (VAT) remissions, improving transparency, leveling the playing field for investors, and aligning the country's policy with proposed regional incentives guidelines.

Through continued FIAS support in FY14, the **Rwanda** Revenue Authority successfully implemented a number of tax-filing innovations that enable taxpayers to make self-declarations and pay tax liabilities. Regulatory changes now allow small and medium enterprises to file and pay VAT returns on a quarterly basis, submit declarations and pay taxes by mobile phone, and electronically file and submit returns. The effort combined technical advice on the tax program with communications support for a public awareness campaign to boost participation and raise sensitivity to the importance of paying taxes. More than 10,000 entrepreneurs have registered for and used the free application. A further enhancement—the capability to submit payments online using a traditional bank account or mobile money network—is being implemented. Launch of the M-Declaration platform in Rwanda is providing a learning ground for refining the mobile application model as a channel for government-to-business service delivery and sharing lessons learned with other tax authorities in Africa.

In **Burundi**, a FIAS-supported program has helped greatly increase the tax base by enacting two new tax laws in early FY14, affecting the VAT and tax procedures. Burundi now recognizes various forms for making the date of a communication official, beyond the use of post office stamps or notifications which caused delays for taxpayers. Taxpayers now have better access to information as a result of the new tax procedure law, which makes mandatory the publication of various legal and regulatory texts as well as documentation with information on taxpayer rights and obligations.

The FIAS-supported tax work in Burundi is part of a broader investment climate program in that country recognized in October 2014 with an IFC Corporate Award. The program, launched in the aftermath of a 13-year civil war, has helped make Burundi one of the world's most improved economies in terms of enhancing its business environment.

Transfer Pricing Program

Since 2011, in partnership with the Organisation for Economic Cooperation and Development and the European Union, FIAS has supported World Bank Group assistance to **Colombia**, **Ghana**, **Kenya**, and **Vietnam** in strengthening their legislative and regulatory frameworks and their capacity for enforcement and implementation in the transfer pricing area.

In **Colombia**, FIAS has supported the delivery of significant input on the drafting of legislation on primary and secondary transfer pricing. Following transfer pricing adjustments made as a result of audits of multinational enterprises, the Colombian tax administration has increased its revenues by 76 percent, from $3.3 million in 2011 to $5.83 million in 2012.

In **Ghana**, FIAS support has helped the revenue authority build an effective transfer pricing regime with significant input on the drafting of the new transfer pricing legislation, supporting guidance, and return schedule. The team has also undertaken a comprehensive skills-building program with the newly established group of specialist auditors.

The FIAS-supported tax team has helped **Kenya** develop and deliver an intensive training program on advanced transfer pricing issues for government auditors. The program has resulted in more efficient work by the tax administration and contributed to an increase in the number of audit cases completed and the number of cases going to dispute resolution. Revenue collections have increased by 63 percent, from $52 million in FY12 to $85 million for FY13. In two recent cases, Kenya's revenue authority has successfully negotiated transfer pricing adjustments, resulting in additional tax revenues of $12.9 million and $8 million.

Technical and policy support to the tax administration of **Vietnam** has aided reform of transfer pricing procedures. Bank Group collaboration has also resulted in a series of skills-building workshops for specialist auditors, significantly improving their capacity to enforce transfer pricing rules. The number of transfer pricing audits conducted by the tax administration has grown from a single case in 2012 to 40 cases in 2013, and the adjustments from transfer pricing amounted to $110 million by the end of 2013. Voluntary compliance has significantly improved, with fewer taxpayers reporting losses.

Global Tax Transparency Program

Under the FIAS-funded Global Tax Transparency Program, the World Bank Group assisted **Botswana**, **Ghana**, **Jamaica**, **Kenya**, the **Philippines**, and **Uruguay** in meeting international tax transparency standards. These efforts included providing information countries can use to improve tax enforcement, as verified by externally prepared reports published by the Global Forum on Transparency and Exchange of Information for Tax Purposes. Meeting the standards has helped these countries improve rules related to corporate transparency, accounting requirements, full disclosure of ownership of entities, and greater access to

information by the tax authority. Enhancing the quality and effectiveness of the tax audit process, in turn, increases revenue potential.

Efficient Trade Logistics Systems

FIAS-supported activities demonstrated a strong track record in helping client countries enhance their trade logistics systems and services, leading to significant decreases in the time and cost to import and export for traders and putting these countries in a more competitive position in international trade markets. During FY14, the trade logistics program consolidated its border management interventions and aligned the work with the articles of the new WTO Trade Facilitation Agreement (TFA). These adjustments placed the work in a more coherent, broader context. In FY14, trade logistics work spanned 54 countries, including 40 IDA countries, of which 17 were in Sub-Saharan Africa and 10 on the list of states in FCS. The trade logistics work included a comprehensive effort in the Western Balkans (see box below).

With FIAS help, **Colombia** has achieved significant reforms in streamlining trade-related procedures and automation development of the single window system for foreign trade. The single window connects the 17 public agencies involved in foreign trade—primarily the ministries and health and safety entities—and two private companies, namely a provider of e-signature certificates and a provider of legal information on registered traders. The single window seamlessly links traders, customs agents, and brokers through an online platform that allows users to request procedures, approvals, authorizations, and other certifications needed to import and export goods. In two of Colombia's major ports of entry, the project successfully established a risk management program comprising the use of risk profiles and risk management committee meetings. Following the technical guidance of the trade team, the Ministry of Finance passed a decree mandating the introduction of health clearances at the first port of arrival, thereby eliminating the need for additional checks at subsequent domestic ports. This reduced berth time for ships by 50 percent on average.

In **São Tomé and Príncipe**, a FIAS-funded trade logistics project has helped implement sustained reforms aimed at simplifying and reducing the time and cost to complete import and export transactions. The country's customs administration implemented ASYCUDA World—the Automated Systems for Customs Data established by the United Nations Conference on Trade and Development. Efficiency and transparency in customs operations has been enhanced by setting up a link that enables the real-time verification of tax identification numbers for traders involved in import and export. Shippers can electronically log manifests through ASYCUDA World, eliminating the need for paper-based manifests and release orders. During FY14, technical assistance has also enabled São Tomé and Príncipe's customs administration to tackle transparency issues. With customs officers now automatically assigned to a specific customs declaration, traders benefit from increased transparency and automation of international trade procedures.

Easing Trade Flows in the Western Balkans Region

A FIAS-funded regional trade logistics project helped implement key initiatives in a number of countries in the Western Balkans, including **Albania**, **Bosnia and Herzegovina**, **Kosovo**, the **Former Yugoslav Republic of Macedonia**, and **Montenegro**. The project team organized joint technical meetings between Customs and Food Safety Agencies, which culminated in the prime ministers of Albania and Kosovo signing a bilateral agreement on transit facilitation in January 2014. The agreement aims to ease the transport of goods destined for Kosovo that enter through the port of Durres in Albania by simplifying transit procedures and streamlining the exchange of data and information between the countries' border agencies. In FYR Macedonia, the FIAS-supported team helped the food and veterinary agency and the state sanitary and health inspectorate introduce a risk-based approach to import control by developing an inspections methodology consisting of risk scores and rankings. This systematic, risk-based approach is expected to reduce inspection rates at border and inland terminals by as much as 40 percent. Traders benefit, as goods can be released to market faster, reducing handling, warehousing, and transport costs.

Following the success of the FYR Macedonia effort, the project team agreed to assist the Veterinary Office of Bosnia and Herzegovina along the same lines. Additional reforms in Bosnia included extending the working hours of the federal border inspectorates and aligning them with those of Croatia's customs agency at the three most frequented border-crossing posts, responsible for more than 70 percent of Bosnia's trade volume. This reform shortened the lead time for clearing goods by the agencies responsible for the safety of agricultural imports and exports by 13 percent. In Montenegro, incoming import declarations had been assigned to a customs officer by the shift manager. Applicants had to either wait in the customs office or make repeated visits to obtain updated information about their declaration. This inefficient process has been replaced with an automated system that quickly assigns cases to customs officers and provides traders with online updates on the progress of their declarations. Implementation of this system has led to a 45 percent reduction in the time needed for clearances without physical inspections.

A New Policy Approach to Attract and Retain Investments

During FY14, a refocused investment policy product was developed and introduced in more than 30 countries, with planning under way to apply the program in more than 10 countries in every region. The new product promotes reforms to help developing economies better integrate their private sectors with local and global value chains. These reforms address the legal, regulatory, and administrative impediments to attracting, establishing, retaining, and linking the different types of foreign direct investment (FDI) and non-equity modes of investment (NEMs) with the domestic private sector.[18] Reforms also promote steps toward maximizing the potential benefits of FDI and NEMs through regional integration and collaboration.

Increasingly, more goods and services reach consumers through sales by foreign affiliates than by trade alone. A global network of over 80,000 multinational enterprises and their 800,000 foreign affiliates generates a quarter of the world's GDP, selling more than $25 trillion worth of goods and services with an added value of more than $6 trillion. Within this context, most countries seek investments, both foreign and domestic, to help advance their socioeconomic objectives. However, paradoxically, a wide array of legal, regulatory, and administrative barriers commonly prevents countries from maximizing the potential of investments. These barriers tend to affect different dimensions of the investment life cycle, such as strategy formulation, investment attraction, investment entry, investment protection and retention, investment linkages, and regional integration and investment.

To respond to these new realities and to enhance the effectiveness of FIAS-supported interventions, the team prepared online toolkits to serve as reference guides for implementing investment policy reforms. Each toolkit provides access to a range of practical tools, relevant case studies on reforms, and best practices, with links to further reading materials and resources. The toolkits address the following areas:

Investment Reform Map (IRM)—IRM provides client governments with a logical framework for (i) visualizing the types of investment flowing into their economies and the policy mixes required to maximize the potential benefits of each type; (ii) designing coherent and concrete reform agendas that can be implemented in the short term and lead to results that can be measured on an objective basis; and (iii) enabling a reform champion within a government to coordinate the implementation of the reform agenda with other government agencies.

Investment Entry—Protectionism has regained momentum in the recent years. One of four new investment policy changes that countries make every year tends to obstruct, rather than, liberalize FDI flows. The intervention on investment entry enables client countries

[18] The NEMs are contractual relationships between foreign and local enterprises to coordinate international production of goods and services. Through NEMs, foreign firms tend to participate by providing intangible assets (such as branding, knowhow, and technology) while local firms provide the capital needed to undertake the productive activity. Services outsourcing, franchising, licensing, and contract management are examples of NEMs.

to enhance investment entry regimes by (i) reducing or eliminating discriminatory barriers to the establishment of FDI, in particular in services sectors; and (ii) streamlining and improving the transparency of procedures affecting the establishment of investment.

Investment Incentives—While many policy makers believe that investment incentives play a key role in attracting and retaining all types of FDI, evidence suggests that in many cases they can be redundant or may not meet the intended or targeted public objectives. In many countries, nearly four of five companies state that incentives did not play a significant role in their decision to invest. FIAS-supported work on investment incentives assists clients in rationalizing the use of investment incentives by (i) taking stock of existing investment incentives; (ii) mapping and improving procedures for allocation of investment incentives; (iii) conducting cost-benefit analysis to assess the effectiveness of incentives; and (iv) reducing the degree of potential distortion of incentives by increasing their compatibility with applicable international rules and disciplines on subsidies and performance requirements.

Investor Protection and Confidence —One in four investors in developing countries either withdraws from an existing investment or cancels planned investment projects because of concerns related to government actions such as expropriations, arbitrary regulatory changes, transfer restrictions, or breaches of contracts. The investment protection toolkit enables governments to improve investor confidence and retain greater levels of investment by (i) eliminating gaps between international and domestic legal frameworks on key investment protection guarantees (such as transfers, expropriation, and fair and equitable treatment); (ii) streamlined implementation of investment protection guarantees; and (iii) establishing investment retention and confidence mechanisms to improve effective implementation of key investment protection guarantees, thereby increasing the retention of investment, preventing investor-government disputes, and boosting investors' confidence in the host state. After undergoing the peer review process, the toolkits will be publicly available online in FY15.

The EAC Common Market Scorecard

In 2010, the **EAC** partner states signed the EAC Common Market Protocol, an ambitious agreement that aims to allow the free movement of goods, services, and capital between **Burundi**, **Kenya**, **Rwanda**, **Tanzania**, and **Uganda**. So far, results among the five signatories have varied in terms of eliminating trade restrictions. Many non-tariff barriers have remained in place and in some cases new restrictions have been introduced. At the EAC Secretariat's request, IFC developed a set of interventions to address barriers to full implementation of the protocol. One of the key initiatives to emerge from this effort was the FIAS-supported **EAC Common Market Scorecard**, a transparent, rigorous, and easily understandable monitoring mechanism to guide the trade liberalization process. In putting together the first scorecard, the team reviewed more than 680 laws, regulations, and procedures to identify nonconforming measures and other restrictions that impede the common market. Using a simple scoring mechanism, the team ranked partner states based on their performance, creating healthy peer pressure to accelerate reform. The first scorecard was published in February 2014 using data from the previous year. It identified more than 60 nonconforming measures related to trade in services and about 50 non-tariff barriers affecting trade in goods. The scorecard showed that with regard to capital, only 2 of the 20 operations covered by the protocol are free of restrictions in all five EAC partner states.

National implementation committees, which bring together different government agencies, have already started using the scorecard findings to target key implementation areas, while the private sector is using the information to urge governments to speed up reforms. Donor partners in the region are targeting their development resources toward implementing the scorecard's recommendations, and some countries have already started recording scorecard reforms. For instance, Tanzania has relaxed discriminatory fees levied on trucks from Burundi and Rwanda that use the Tanzanian central corridor route, from $500 to $152. Tanzania has also relaxed rules that restricted its residents and citizens from investing in the securities markets of

Mongolia Reverses FDI Slide

Investor concerns in **Mongolia** reached a critical level with the adoption of the Law on the Regulation of Foreign Investment in Strategic Sectors, which allowed for discretionary approval and takeover of any existing foreign investment in mining, the financial sector, and the media. FDI inflows began to decline at an average rate of $32 million per month.

A new law enacted during FY14 with the help of FIAS-supported teams halted the sharp decline in Mongolia's FDI. During the first three months after enactment of the new law, FDI inflows started to show a positive balance (with a positive average of $67 million per month). With continued funding from FIAS and advisory support from the investment policy team, the government started to design a mechanism to manage investor grievances before they become legal disputes. This mechanism, which is expected to be concluded in FY15, will alert a responsible agency at the early stages of a potential dispute and help the government assess the situation and identify solutions. In addition to avoiding the direct costs of arbitration claims, the mechanism will address the long-term costs of investor-state conflicts in terms of lost foreign investment.

other EAC partner states and widened opportunities for foreign participation in its securities market.

Sustainable Investment in Key Industries

Some of the most immediate and tangible results from the World Bank Group's FIAS-supported work in investment climate stem from efforts to **unlock sustainable and climate-friendly investments in key industries, particularly agribusiness, tourism, and light manufacturing**. Again in FY14, FIAS support helped the Bank Group work proactively to bring together private sector firms and client countries on projects that generate significant investment and job creation.

Investment Generated: A Key Goal of Industry-Specific Work

Investment generated by FIAS-supported World Bank Group teams increased significantly in FY14, totaling $750 million in new investments by specific industries, more than double the total for FY13.[19] These investments created an estimated 5,839 jobs in specific projects in FY14:

- $6.7 million in garment sector investment in **Haiti**, producing 2,789 jobs
- $743 million in light and heavy manufacturing, renewable energy, agribusiness, and services in **Brazil**, creating 3,050 jobs, with the vast majority of investment and job creation occurring in the frontier states of Para and Pernambuco, in the north and northeast of the country

As these numbers indicate, the ratio of capital to jobs varies widely from sector to sector. For example, Haiti's

World Bank Group's Strong Value Proposition in Generating Investment

Much of the investment climate work supported by FIAS and undertaken by the World Bank Group's T&C Global Practice entails advisory services geared toward helping client countries modernize and streamline their business regulatory structures. The results can be hugely important in helping generate sustainable growth, but the impact is necessarily indirect and longer term because of the time lag between an improved business climate in a country and an uptick in business activity. T&C's investment promotion work, coordinated closely with its policy and regulatory reform teams, aims to help win investment in the shorter term by directly supporting client governments in reaching out to firms and attracting new investments in targeted sectors of the economy.

Direct investment promotion support by the Bank Group has led to hundreds of millions of dollars in investment generated in industry-specific projects in recent years. FIAS-supported investment promotion projects employ specialist market and sector expertise in the specific context of client country needs. The aim is to identify viable opportunities for investment that the private sector and governments by themselves may not be aware of or may have overlooked. Key to this work is an understanding of sectors with the most promise for new investment based on a range of factors, including markets, value chains, production processes, cost drivers, industry players, relevant public policy, innovations, and trends. The Bank Group helps clients assess whether the business environment would be conducive to promoting investment in key sectors and helps structure effective investor outreach activities to attract the attention of potential investors, for example, in the tea and horticulture sectors in Rwanda.

The search for prospective investors and the exact outreach mechanisms used will often depend on the prevalent modes of investment in the targeted sectors. These are usually chosen by the investor, but they are also influenced by the legislative and policy framework in a country. A decisive factor in attracting new investment is a business case that links investors' needs with what the country has to offer as a competitive location. A highly targeted investment promotion strategy concentrates efforts on sectors where countries have a clear competitive advantage and a strong value proposition. Experience has shown that Bank Group investment promotion efforts that are tailored to the needs of investors operating in a particular sector are far more effective than broad attempts to target all potential investors.

The sweet spot for this work is in investments that would not have taken place without the assistance and involvement offered by T&C teams and that show a strong promise for sustained success. FIAS-supported teams are conservative in how they calculate investment generated, using a rigorous methodology which both articulates the specific role played by our assistance and calculates impact based only on those private sector investment projects where actual funds have been committed, as opposed to being merely pledged or announced. The global team carefully assesses each project's claim of investment generated against these criteria and examines evidence presented before confirming a dollar figure for investment generated.

[19] The dramatic increase in investment generated reflects the considerable forward momentum of individual projects as well as the increasing focus on this kind of work by the team working in industry-specific fields. Year-to-year fluctuations are to be expected due to a variety of factors, such as incomplete reporting from client countries, wide variations in project size, the closing down of mature and completed investment-generated programs, and the variable timing of new investment decisions.

garment sector is labor intensive and jobs rich, whereas the bulk of the investment generated in Brazil in FY14 was in much more capital-intensive industries. The dramatic increase reflects particularly strong momentum in the Brazil Frontier States effort and a growing realization on the part of investors—thanks in part to the work of the FIAS-supported team—of the growth potential in these underdeveloped regions. It also reflects more thorough tracking of investments generated in client countries with the help of FIAS-supported interventions. T&C plans to expand the investment-generated portfolio, capitalizing on deep knowledge of client country priorities and industry-specific opportunities for investors.

Teams are working closely with investors and countries to attract new private sector investments into client countries—investments which would not have happened without the Bank Group's involvement. The resulting investment and job figures are calculated conservatively and certified by the investors themselves in accordance with the approved Results Measurement methodology (see box, p. 30).

An Investment Path to Recovery in Post-Quake Haiti

More than four years after the devastating earthquake in **Haiti**, the nation is moving from post-disaster reconstruction to economic development. Haiti has embraced investment climate reform as a path to job growth, focusing particular attention on integrated economic zones (IEZs) and investment generation as part of its work on economic growth and employment—one of Haiti's five strategic pillars for reconstruction, growth, and development. FIAS funding has helped the World Bank Group maintain its support for Haiti's efforts to spur investment and job creation through sector-focused investment promotion and economic zones. These initiatives have attracted some $65 million in new investment and helped create more than 5,000 jobs, particularly in **light manufacturing**. Of these cumulative numbers, $6.7 million and 2,789 jobs were reported during FY14.

Much of the FIAS-supported industry-specific work in Haiti has focused on the garment industry—a mainstay of the country's economy and a significant employer of women. This sector has high job-growth potential, leveraging its comparative advantages. Like other investors, however, garment companies face a complex, overlapping regulatory framework and limited suitable places to establish operations. In response, the Bank Group brought the IEZ concept to the forefront of Haiti's sustainable reconstruction agenda. A study by IFC showed that the zones have the potential to create more than 380,000 jobs in Haiti over 20 years through the implementation of further significant regulatory reform.

To ensure that investment promotion is sustained, the FIAS-supported team delivered training and coaching in investment promotion to staff at the Centre for Facilitation of Investments, Haiti's national investment promotion agency. The goal was to raise the Centre's capacity, equip it to meet the growing needs and demands of international investors, and help it become the preferred point of entry in Haiti for investors. The program benefited from the Bank Group's collaboration with the Inter-American Development Bank, which is executing a $17 million project that will strengthen the Centre and Haiti's capability to attract more investment.

The Bank Group effort unfolded as part of the Haiti Investment Generation project, which closed successfully in December 2013. This four-year program won recognition in 2014 with the annual IFC Corporate Award for its significant contribution to sustainable job creation and investment in Haiti.

Investment Promotion in Brazil's Frontier

Working in frontier states of non-IDA countries is a high priority of IFC and of FIAS support in the industry-specific field. Though they lie within the borders of wealthier developing countries, these regions can have rates of poverty that match those of the world's poorest countries. In the northern and northeastern frontier states of **Brazil**, the FIAS-supported effort is generating substantial results. A significant influx of investment has been achieved as a result of a FIAS-supported Bank Group program that has helped Brazil's federal investment promotion (IP) agency, ApexBrasil, and state investment promotion agencies in **Para** and **Pernambuco**, attract and retain investment.

In FY14 the Bank Group effort in Brazil took a quantum leap, recording $743 million in new investment, exceeding the already considerable half-billion dollars in investment generated over the previous four years and creating 3,050 jobs nationwide. Of the total invested in FY14, the vast majority went to projects in Para and Pernambuco in light and heavy industry, renewable energy, agribusiness, and services. This achievement has translated into about 2,600 new jobs in Para and Pernambuco, regions beset by chronic unemployment (see box, p. 33).

Since project inception in 2009, $1.33 billion in investment has been generated and more than 7,000 jobs created throughout Brazil, with about 70 percent of that occurring in those two frontier states. Some $924 million in foreign investment and about 5,300 jobs have been generated in Pernambuco and nearby Para. This is an important shift, as FDI has historically favored the country's south and southeastern regions which, as recently as 2008, held 95 percent of the country's FDI stock.

Pernambuco has been able to attract major investment in the renewable energy sector, an industry that the southern regions of the country have historically dominated. The program supported exploration of renewable energy possibilities along the value chain and uncovered Pernambuco's great potential for solar energy generation and wind energy equipment manufacturing.

In Para, the program worked closely with the Brazilian Amazon Basin Initiative to determine areas of collaboration for sustainable development and investment promotion. The Dutch company Var established a $10 million biomass brick plant, employing 60 direct workers and recycling sawdust and acai seeds. It will soon begin exporting to Europe. Brazilian manufacturer Natura recently inaugurated a 295-worker soap plant, while developing production chains that protect socio-biodiversity. By engaging the community and encouraging entrepreneurship, Natura now has over 1,200 families in the Amazon sourcing exotic ingredients such as acai and generating higher shared value in the process.

Other Brazilian states have since requested similar investment promotion support. And the investment promotion framework, training materials, tools, and delivery methods are being used by Bank Group teams working on similar projects in Bosnia and Herzegovina, Haiti, India, Indonesia, Kenya, and the Russian Federation.

In FY14 the Bank Group effort in Brazil took a quantum leap, recording

$743 million

in new investment...

...and creating 3,050 jobs nationwide.

Investment Generation Opening Paths to Opportunity in Brazil

Raquel Maria Da Silva's first job in her hometown of Gloria do Goita, a small city in Brazil's northeastern frontier state of Pernambuco, was as a stock and register clerk at the local supermarket. The position provided limited growth opportunity for the 28-year-old, but employment was scarce and Ms. Da Silva had to support herself and her mother. Larger, nearby cities like Recife offered the promise of better jobs, and many had already left Gloria do Goita, leaving high rates of unemployment in their wake.

Things changed in October 2012 when Ms. Da Silva was hired by Nissin, a Japanese food maker that had recently invested $46 million in Pernambuco. She had never worked for a foreign company before, but she quickly moved from cleaning to working on the production line. After 10 months, she was offered a position as a quality control assistant. She is now able to fully support her mother and even study logistics at nearby university, thanks to a corporate program that covers 40 percent of the cost.

Edna Aldermia de Silva Amorim, a 31-year-old woman also from Gloria do Goita, has been able to improve her standard of living through Nissin as well. Before joining the company, Ms. Amorim worked as a housekeeper and supermarket clerk. After being chosen as one of only six women to join Nissin São Paolo, she went on to become a production line leader and now manages 40 staff members. She has since been able to fulfill many aspirations, from building a house to buying her first car, and she is taking a management course in Vitoria de Santo Antão. All six women are in leadership positions at Nissin today.

Investment Climate Reforms in Agribusiness

FIAS funding was used in FY14 to implement 30 agribusiness projects across all regions. Thirteen of the projects—43 percent of the total—are in Sub-Saharan Africa. The agribusiness work continues growing at double-digit rates, with the jump from 21 projects in FY13 to 30 in FY14 representing a 43 percent increase in the portfolio. An additional 10 projects were in the pipeline for development globally at the close of FY14.

In responding to client needs in agribusiness, the portfolio continues to identify project interventions that maximize the combined expertise of different parts of the Bank Group and leverage public investments and policies to engage the private sector for agribusiness growth. For example, in **Uganda**, FIAS funding is helping develop the regulatory frameworks for agri-leasing. This is a necessary precursor for lending institutions and farmers to benefit from the government's planned policy and investment in an agricultural mechanization strategy. Similar work is under way in a quarter of the portfolio and pipeline projects as a result of the consistent application of this approach over the last two fiscal years. In addition, a focus on a few core themes is yielding results in warehouse receipts

Helping Restore Ukraine as an Agricultural Powerhouse

As a result of FIAS-supported efforts in FY14, Ukraine has moved a step closer to regaining its place as a global agriculture powerhouse. As of April 2014, Ukrainian agribusinesses no longer needed to obtain quality or storage compliance certificates for grain and grain products. With the help of the World Bank Group's IFC advisory team in agribusiness, certificates for producers of Ukraine's more than 60 million tons of annual grain output can be obtained from private sector providers rather than the State Agriculture Inspectorate. This conforms to procedures used in most developed countries.

"Abolishing certificates on grain and grain products is a watershed moment for Ukraine's agriculture sector," said Mykola Stryzhak, first vice-president of the Association of Farmers and Private Land Owners of Ukraine. "Getting those certificates was a hurdle that delayed and overburdened grain logistics. More importantly, the procedure was an artificially created burden, the necessity and value of which was hugely questionable; quality certification enabled corruption."

The new regulation has been welcomed by agribusinesses whose annual compliance cost savings amount to $37.7 million from grain silo certification and $25.6 million from grain quality certification, according to IFC. Mandatory certification was often accompanied by artificially created delays and a range of transportation and logistical roadblocks, resulting in poor conditions for grain storage and processing. This increased costs for agribusinesses and weakened their competitiveness in international markets.

and in regulations on primary production and postharvest activities. FIAS-supported work on warehouse receipt systems is helping the governments of Senegal and Côte d'Ivoire introduce and scale up those systems through appropriate legislation and regulation.

In **Ukraine**, food safety reform work led to the passage of a law aligning Ukrainian regulations with European Union requirements, a move expected to help attract greater foreign investment in Ukrainian agribusiness (see box p. 33, bottom). "This law is a real breakthrough for Ukraine, effectively opening up EU markets for Ukrainian producers," said Vitaliy Bashynskyi, deputy head of the State Veterinary and Phytosanitary Inspection. "We worked hand-in-hand with IFC on this and are really looking forward for the Ukrainian goods to appear on many new markets."

Measurement of these results and thought leadership on these themes saw considerable development during FY14. A survey for an impact evaluation of the **Rwanda** tea sector conducted in FY14 confirmed the increase in farmer income that resulted from the FIAS-supported reform of the green leaf price regulation by the government that was reported in FY13. A joint literature review on food safety and the launch and adoption of the food safety toolkit by global food safety fora has helped inform best practices for increased competitiveness and market access in agri-food supply chains. Such partnerships are critical to knowledge generation, and they have been developed with international research bodies such as the International Food Policy Research Institute, Michigan State University, and the University of Sussex, along with operational partners.

Côte d'Ivoire is the world's second largest cashew producer after India and the top exporter of cashews worldwide. Some 1.5 million people earn their living in the cashew sector, including 250,000 producers. Côte d'Ivoire is closer to final markets in Europe and North America than other cashew-producing countries. Still, the country misses out on substantial income because, prior to export, only 5 percent of the crop undergoes processing that adds any meaningful value. The rest is processed in other countries. Through a FIAS-supported program, the World Bank Group is helping Côte d'Ivoire change that equation.

The development objective is to unlock inclusive, sustainable investment and value addition along the entire cashew supply chain. Post-implementation goals include the following: $5 million in credit released to the cashew sector, benefiting at least 10,000 users; investment generation of $20 million; and 5,000 jobs created in the cashew processing sector. A five-year IDA loan supports efforts to raise the on-farm competitiveness of farmers in multiple value chains. (For more, see p. 43.)

Post-conflict **Burundi** has a predominantly agricultural economy, with coffee as the biggest source of foreign exchange and jobs. More than half of the population depends on coffee for a significant part of its income. The constraints to realizing this potential are rooted in a lack of investment on all levels and, importantly, in the misalignment of incentives to make those investments.

In FY14 FIAS support helped the Bank Group coordinate a joint effort to aid Burundi in meeting challenges in the coffee sector. A multiphase privatization initiative is under way focused on Burundi's coffee washing stations. These facilities, which are critical to producing higher-quality coffee that will fetch a better price in international markets, use water to sort the best beans from those that are unripe and to remove the skin and pulp covering the beans before they are dried. The complex effort involves highly delicate negotiations among government officials, farmers, and private washing station operators. It also entails working directly with farmers with a goal of improving productivity. The project seeks to support increased private investment along the coffee value chain through enhanced public-private dialogue and privatization support, leading to more sustainable income opportunities for the country's 750,000 coffee farmers.

Enhancing the Tourist Experience Along the Silk Road

The ancient Silk Road trade route, a popular niche "destination" for adventure tourists, passes through landlocked **Uzbekistan**. With its rich natural, cultural, and historical assets, the country has a well-established tourist trade, but one that is underperforming due to a number of barriers to growth. Among these are the government's dual role as tourism *regulator* and tourism *operator*, costly administrative processes for tourism businesses, poor internal transport and utility infrastructure, a lack of diversity in product and services offerings, a restrictive visa regime, and a challenging international image.

After conducting a detailed scoping report to identify barriers and opportunities, the Bank Group in FY14 held a high-level workshop to present the findings to Uzbek officials. The Ministry of Economy strongly endorsed the findings and ordered various line ministries to take immediate action to implement reforms. With strong leadership and cross-ministerial recognition of this new strategic road map, a fast-paced process was launched that, within a few months, produced and implemented four reforms in tourism procedures. An online tourist registration system was created; the cost of accommodation licenses and the minimum capital requirements for family-run tourist enterprises were reduced; the amount of charter capital required to open a tour agency was reduced; and privatization and the leasing of cultural heritage sites were allowed. Hotels had been required to report tourist registrations to the police daily; reform reduced that reporting requirement to weekly.

Enabling Investment Opportunities in Tourism

The FIAS-supported portfolio of industry-specific projects in tourism expanded in FY14 from 8 active projects to 12 with the addition of projects in Uganda, Odisha State in India, São Tomé and Príncipe, and Sri Lanka. Projects in the pipeline at the close of FY14 include Ethiopia (now active as of mid-FY15), Kenya, Senegal, Tanzania, and Zambia. The FIAS-supported team continued to deliver cross-support to other World Bank Group units in Armenia, Azerbaijan, Bolivia, Georgia, Haiti, India, Iraq, the Kyrgyz Republic, Morocco, Russia, Sri Lanka, Tajikistan, Uganda, Pacific Island states, and the nine member countries of the Organization of Eastern Caribbean States.

Collaboration and coordination are key themes of investment climate and industry-specific work in the tourism sector. FIAS-supported teams collaborate to ensure that reforms yield investment outcomes, and they continue to build strong links to IFC Investment Services teams working on tourism, for example by sharing market intelligence, participating in joint missions, and undertaking impact evaluations on a joint basis.

During FY14, the FIAS-supported tourism team initiated a process of developing an integrated approach to tourism across the entire World Bank Group in preparation for the introduction of the global practices on July 1, 2014, the beginning of FY15. The team convened a "Tourism Meeting of the Minds" event, bringing together senior technical experts in tourism from across the Bank Group to design a more structured approach to serving the rapidly increasing demand from clients in this sector. Under the T&C Global Practice and in coordination with other units, this approach is enabling the Bank Group to approach tourism in a more coordinated way and to mobilize the full range of services to help clients manage tourism to deliver on development goals.

In early 2013 the FIAS-supported tourism team responded to a direct request from the **Uganda** tourism ministry to address the issue of investment generation in one of Uganda's core tourism assets: its protected areas. A longstanding contractual agreement between the country's wildlife authority and one investor made it almost impossible for any other investor to enter the market or operate accommodation facilities within the parks. The Bank Group worked with Uganda to gather extensive data and evidence to build a powerful case for change. Particularly persuasive was a clear delineation of the cost of this exclusivity agreement to the Uganda Wildlife Authority and the Ugandan tourism economy as a whole. The lack of competition for game park tourism was severely impeding the growth of one of Uganda's core tourism assets. The Bank Group delivered the findings to the government in May 2013 in a presentation that outlined a series of options for renegotiation of the contracts and provided various positions and counter-positions for the negotiating team. In FY14, Ugandan officials reported the successful renegotiation of the contracts—significantly reducing the exclusion zones and thereby allowing for competition from other tourism firms. The new agreement imposed more competitive concession terms covering such issues as fees and the duration of the contract.

Acting on Climate Change through Climate-Efficient Industries

Under a FIAS-funded project, the World Bank Group has helped **Bangladesh** become the first low-income country to adopt a road map for reducing carbon emissions from export processing zones (EPZs). The FIAS-supported effort focused on one such zone, in Chittagong, and is now poised to be replicated throughout all of the country's export zones. At the beginning of FY14, Bangladesh began implementing the low-carbon zone guidelines contained in the road map, helping companies in Chittagong improve energy efficiency while remaining competitive. Short-term steps have already generated savings of $844,000 and have reduced carbon emissions by 9,000 metric tons per year, the equivalent of the annual emissions that would be produced by fuel in 119 gasoline tanker trucks.

"By promoting a low-carbon green EPZ, we can reduce our operation cost," said Mahbubur Rahman, the Bangladesh EPZ Authority's Member of Finance. "The introduction of new technology will not only help face climate change but also promote business growth."

The guidelines implemented in Chittagong are now poised to be replicated across the country's EPZs. To date, the project, with support from FIAS, IFC, Korea, the European Union, and the United Kingdom, has generated more than $170 million in private investments in energy efficiency.

Welcoming the green drive, Nasir Uddin, chairman of Pacific Jeans, an exporter of blue jeans and denim from Bangladesh, said: "At Pacific, we have already started environment-friendly production procedures. Once the green production idea is adopted by all, we hope Bangladesh can stand as an example."

Recognition of Industry Achievements through World Bank Group Awards

The FIAS-supported team working in the tourism sector was recognized twice this year with awards. In the Europe and Central Asia Region, the team was included in a Vice-Presidential Team Award for the "Regional Development Program in **Georgia** Improving Infrastructure" project. This project applies an integrated approach to municipal infrastructure, cultural heritage, and tourism to promote local economic development in lagging regions. The tourism team was recognized for its work in designing and implementing the private sector development dimensions of the tourism components. In the Latin America and Caribbean Region, the team received a National Tourism Award from the **Peru** National Chamber of Tourism. IFC was recognized as the "lead institution supporting tourism in Peru in 2013" for its work in Cuzco to help design and implement investment climate reforms in the tourism sector that are lowering regulatory barriers and improving the prospects of investments. Both of these awards reflect the scale-up in tourism activities in the past year. This work recognizes tourism as a key sector driving economic growth, job creation, and inclusion.

CORE THEMATIC AREAS IN INVESTMENT CLIMATE INTERVENTIONS

FIAS funding and the work of Investment Climate teams (now the T&C Global Practice) operate through a variety of thematic channels on issues that are priorities for many developing countries.

- COMPETITION
- INFORMATION COMMUNICATIONS TECHNOLOGIES
- TRANSPARENCY
- GENDER
- GREEN REFORMS
- PUBLIC-PRIVATE DIALOGUE

CORE THEMATIC AREAS IN INVESTMENT CLIMATE INTERVENTIONS

4

As outlined in the previous chapter, much of FIAS-supported work flows to projects in the core service areas relating to business regulation, trade and investment, and industry-specific sectors. There is also a strong geographic theme running through the work supported by FIAS, with a substantial portion of FIAS funding applied in Sub-Saharan Africa, a region heavily represented by IDA member countries and states in FCS. This chapter covers another major organizing theme of FIAS-supported work, having to do with the six core thematic areas that cut across the full spectrum of investment climate projects. FIAS supports innovation-driven projects in competition policy, information and communication technologies, green growth, gender inclusion, transparency, and public-private dialogue. Two other cross-cutting programs, in impact measurement and monitoring and evaluation, play an important role in consistently and accurately measuring results, creating data and knowledge that lead to better project design. These programs are critical to the deep commitment to quality in the T&C Global Practice.

Fostering Competition and Well-Functioning Markets

T&C's agenda is closely tied to the work being done in the competition policy field. Firms typically buy their inputs, such as transportation, energy, financial services, telecommunications, and construction services, from domestic suppliers. When a country's upstream markets lack competition and are dominated by one or two favored firms, the cost of supplies goes up, the competitiveness of the firms in the international marketplace declines, and GDP growth in the country suffers. Firms facing vigorous competition have strong incentives to reduce their costs, innovate, and become more efficient and productive than their rivals. Competitive domestic markets enable more productive and efficient exporters which, in turn, boost trade and international competitiveness. This positive impact is the aim of the FIAS-supported Competition Policy Thematic Group within T&C, working with teams from regions and departments in more than 20 countries. FIAS supports the delivery of technical advice, assistance to client countries in reforming their competition laws and policies, and analytical reports on identifying and removing anticompetitive regulations and practices.

Major operational achievements during FY14 include the removal of competition restrictions that affect inter-island shipping transport in **the Philippines**. The reform eliminated the possibility that incumbent operators might prevent new companies from serving certain routes, thus cutting dramatically the time needed to register new vessels. Increased competition in shipping transport may translate into a 5 percent savings in transport-logistics costs and is expected to yield an additional investment in the shipping industry of $18 million over four years.

In **Honduras**, the team helped the country's competition agency prepare and adopt a new regulatory approach to increase the effectiveness of merger control. These new regulations have reduced unnecessary regulatory burdens on businesses that decide to engage in corporate restructuring, mergers, or acquisitions to improve their performance in Honduran markets. The new approach allows the competition agency to focus on those mergers that are more likely to have an effect on competition and free up resources to deal with anticompetitive practices that are particularly harmful for consumers. As a result of the reform, the duration of the review process declined considerably, from an average of 170 days in 2011 to 15 days in 2013. In **Kenya**, FIAS-funded work focused on increasing deterrence of anticompetitive practices through a more transparent fine and settlement system. The government applied the new policy to punish a price-fixing cartel among supermarkets, generating consumer savings estimated at $1.2 million per year. The lack of competition in **Mexico** has been estimated to cost 1 percentage point of GDP growth each year. FIAS-supported work in Mexico focused on tackling anticompetitive regulations at the subnational level. The team developed an innovative methodology that enabled the government to identify, prioritize, and eventually remove state and municipal regulations that unduly restrict competition in key economic sectors. The first pilot project took place in Oaxaca, the third poorest state in Mexico, and as a result, reforms in the retail sector will be implemented.

The FIAS-supported team is also contributing to the generation of frontier knowledge to shape nascent markets pro-competitively. For instance, in **Peru**, the team responded to a request by the Central Bank to provide clear policy recommendations that are expected to improve competition in electronic payment systems. The average Peruvian makes 15 electronic payments per year, compared with 27 in Mexico and 110 in Brazil. By curbing anticompetitive self-regulation and increasing transparency for consumers, the cost for use of electronic payments is expected to decline from as much

as 5 percent of total sales in some cases, promoting economic activity and efficiency across all sectors of the economy.

In an initiative that came to fruition in FY14, the FIAS-supported team announced winners of a global Competition Policy Advocacy Contest, recognizing notable efforts by countries in advancing successful competition advocacy initiatives. The contest showcased the positive results for consumers, businesses, and overall economic growth generated by forward-leaning policies aimed at thwarting anticompetitive behaviors. In particular, the contest focused on advocacy-based efforts, as opposed to the more typical but also time-consuming and cumbersome antitrust enforcement method. In early 2014, the World Bank Group announced the winners of the first contest. They were chosen from among a strong—and highly competitive—field of contenders. Efforts by competition promotion agencies in **Egypt**, **Chile**, **Colombia**, and **Pakistan** were selected as winners in categories emphasizing various aspects of competition policy. Honorable mentions went to competition agencies in **El Salvador**, **Mexico**, **Moldova**, **South Africa**, and **Turkey**.

Harnessing Modern Information and Communication Technologies

World Bank Group reform programs supported by FIAS-funded expertise in ICT in FY14 included 50 active and pipeline project components in 32 countries and two regional projects, roughly the same as in FY13, although the list of client countries changes continually. FIAS funding continues to support successful deployment of ICT solutions in client countries to improve the transparency, accessibility, and accountability of government-to-business service delivery. These ICT solutions reduce compliance costs and opportunities for corruption by enabling the replacement of face-to-face visits to government offices with online interactions.

The use of mobile technologies continues to be an increasing area of focus for information and service delivery, as mobile phone penetration in most developing countries has now far outstripped the level of traditional Internet access through personal computers. FIAS-supported work includes pilot projects as well as the development of knowledge products aimed at enabling clients and staff to effectively adapt these technologies to their local situations.

The **Rwanda** M-Tax project, launched at the end of FY13 and deployed in FY14, is a prime example of the power of leveraging modern ICT as part of reform strategies (see box, p. 46). Deployment of the mobile application in Rwanda, which allows micro and small enterprises to declare and pay their taxes by mobile phone, is one example of applying ICT to solve investment climate problems. Another pilot project in **Jordan**, funded by USAID, involves the deployment of a mobile application which allows businesses to provide direct feedback on the quality of business inspections to the management of the four participating inspectorates. This feedback is collected in an online database equipped with a management dashboard that summarizes information and tailors reports for each agency's management. Evaluation of these pilots will lead to guidance notes and software documentation that will facilitate the deployment of such ICT tools in other settings.

Enhancing Governance and Transparency in Client Countries

A FIAS-supported initiative is developing approaches and knowledge products to help introduce transparency principles in the investment climate work of client governments. Transparency builds confidence in economic, legal, and regulatory regimes and helps instill a sense of fairness and a level playing field among private sector participants in economic activity. Innovative approaches are being piloted in a number of investment climate projects. The experience with the pilot projects will help refine the approaches and tools prior to mainstreaming in the practice.

Predictability and transparency in the way regulations are applied is important for businesses when dealing with governments. To address this issue, the FIAS-supported Public Service Delivery Quality project in **Morocco** has been piloting an innovative approach to measure the predictability of public services rendered to businesses. Morocco's public-private dialogue mechanism, the National Committee for Business Climate, has been a key partner in this work, beginning with the identification of the first areas to be addressed and the definition of the indicators, and extending to the organization of public-private workshops to develop solutions.

Three problem areas were identified as drags on business, particularly small and medium enterprises, due to a lack of predictability and unnecessarily complex procedures: public procurement payment delays, VAT reimbursement delays, and the time and cost to obtain construction permits. Not only was there significant variation in the application of regulations among cities (for example, construction permitting could require anywhere from 6 to 11 procedures depending on location), but even within the same city. Some builders were obtaining all approvals in three weeks while others in the same city could spend three months getting the same permits.

For a business to get paid by a municipality after finishing contract work, it could take as few as 10 days or as many as three years, according to data gathered in the four pilot cities. Due to the number of actors involved and the lack of systematic case management systems, officials themselves were surprised by these results. Following discussion of the findings and reform options at several thematic workshops, the indicators will now be used to support and track implementation on the ground of a new construction law, and a new extended integrated expenditure management system, among others.

In **Jordan**, ICT is aiding the establishment of feedback mechanisms. A new mobile-based application called *Tawasol* (Arabic for "reach" or "communicate") gives Jordanian businesses an opportunity to provide feedback

about their experiences with the inspection functions. This is an attempt to increase the transparency, efficiency, and effectiveness of the inspection functions and encourage regulators to identify and prioritize key areas for reform and act upon them.

The application is flexible and can easily be customized to develop other types of feedback for other government authorities. The reporting engine of the tool can aggregate data by inspectorate, question, group of questions, and time interval. The app was officially launched in an event in Amman in April 2014 and can be downloaded from Google Play, the Apple Store, SMS, and the website www.tawasol.gov.jo. The project team has finalized a communications plan to encourage the private sector to use it. A measurement framework has been developed to ensure the effectiveness and usefulness of the tool. Next steps will include analyzing responses based on the measurement framework and hiring a local marketing consultant to oversee the implementation of Tawasol, assist in marketing the tool to the private sector, and support the inspectorates in implementing it effectively.

Feedback pilots are now being considered in the context of investment climate projects in **Bangladesh**, **Mongolia**, **Myanmar**, **Nepal**, **Rwanda**, and **Uganda**. Another transparency-related initiative involving the establishment of an investor grievance mechanism is being developed for Mongolia in the context of an investment policy project.

As part of the knowledge product work, transparency checklists are being prepared to help assess the degree of transparency in specific regulatory regimes. Two checklists prepared in FY14 cover construction regulations and investment policy. Work has been initiated on transparency checklists for three other areas: investment incentives, business entry, and business inspections. These checklists are being piloted in a number of countries in FY15.

Addressing Gender Disparities in the Business Environment

Despite gains in women's employment and labor force participation in most developing countries, numerous gender disparities remain—a situation that deprives countries of significant potential economic benefits and opportunities for transformational growth. According to estimates by the World Bank Group, emerging markets miss out on roughly $1 trillion in GDP as a result of the gap in male and female labor participation rates. Many of the barriers, including access to credit and other productive inputs such as land titles and machinery, as well as restrictive business and property regulations, present impediments in the business enabling environment to women's economic participation. The elimination of labor market segregation and gender discrimination could increase worker productivity by 25 to 40 percent, depending on the type and degree of exclusion.

FIAS funding has been instrumental in supporting reforms to address gender disparities in the business environment. In **Côte d'Ivoire**, implementation in FY14 of the recent amendment of the family law has marked a victory for working women. Previously, women were subject to a higher income tax rates than men. Today, men and women pay the same level of taxes, freeing up money for families and children's education and eliminating a disincentive for women to enter the formalized work force. An initial estimate shows the reform has resulted in a 3 percent increase in revenue to women-led businesses. Bank Group teams, with FIAS support, helped set up a series of consultation and training events in Côte d'Ivoire in June 2014 to disseminate and promote adaptation of the family law amendment. The training, which convened about 100 participants, including representatives from civil society, religious leaders, and journalists, was critical to clarifying the law, addressing concerns, and getting buy-in from stakeholders.

FIAS supported a regional conference in Belgrade, **Serbia**, in May 2014 to share knowledge and best practices on women's employment with a focus on the findings of the most recent *Women, Business, and the Law 2014* report. The conference, part of the FIAS-funded IBRA project in Europe and Central Asia (ECA), brought together more than 70 participants from the seven Western Balkan countries. (For more on this IBRA project (see p. 27).

A high-level regional workshop on the World Bank Group's Women, Business, and the Law project convened in Lomé, **Togo**, in February 2014. Representatives of 11 African economies—Benin, Burkina Faso, Burundi, the Republic of Congo, the Democratic Republic of Congo, Côte d'Ivoire, Guinea, Mali, Niger, Senegal, and Togo—discussed the relevant role of women by sharing their experiences and reporting on the challenges in their efforts to promote gender equality. The discussions revealed important similarities in the challenges facing economies on the ground which may pave the way for future collaboration.

FIAS-supported work in generating private sector investment in **Haiti** (see p. 31) included the implementation of high international environmental and social standards in Haitian IEZs, with a particular focus on the working conditions of the employees and the maintenance of gender-balanced employment policies. As a result of this work, new zones in Haiti are adopting measures such as gender-sensitive training, health, and family support programs. The garment sector and the IEZs, in particular, provide an entry point for women into formal sector employment. Improving working conditions and creating sustainable economic opportunities for women in the economic zones present a unique way to empower women in Haiti.

The work FIAS is supporting to help entrepreneurs in client countries, while gender neutral on paper, can prove particularly beneficial to women because they have been disproportionately disadvantaged in terms of economic participation. A clear understanding of the progress these programs have achieved in reducing gender disparities has been limited by the lack of gender-disaggregated data. Better measurement and evaluation of reforms aimed at reducing gender discrimination, use of diagnostic tools to identify gender-biased institutions, and assessment of the impact of laws and regulations on women's economic activities are necessary to monitor results and identify best practices. Stronger quality control of project components pertaining to gender, as well as capacity building and knowledge sharing of clients and project leads will help strengthen the sustainability of reforms.

FIAS funding has made possible a regional analysis of the role of gender, specifically a study of restrictions and incentives in the law and in practice that either constrain or encourage women's participation in labor markets and entrepreneurial activities across Central America and the Dominican Republic.

T&C is committed to scaling up solutions for greater impact by leveraging existing FIAS-funded projects aimed at improving the business climate and clearly identifying the gender component within them. Integrating or retrofitting a gender focus into existing investment climate products will reduce duplicative efforts, help identify barriers to women's economic participation and to overall growth and competitiveness, and thus maximize the impact of proposed reforms.

Finally, funding allocated to gender projects must be revised. Twenty percent of investment climate projects in FY14 were flagged as having a gender focus. But the budget allocated for this work amounts to less than 3 percent. Additional funding is needed to establish the integrated gender program outlined above in order to target issues that directly or disproportionately affect women's economic participation. This will help create a level playing field for both men and women, which will increase private investment and generate inclusive growth. The T&C Prospectus document under preparation in FY15 will commit the Global Practice to mainstreaming gender issues across its knowledge and country work. To this end, T&C plans to deepen its collaboration with the Bank Group's newly established Gender Cross Cutting Solutions Area.

Green Reforms: The FIAS Link to the Climate Change Agenda

T&C's work in climate change includes extensive engagement with the push to expand construction of green buildings. The built environment accounts for 19 percent of global greenhouse gas emissions. Projected population growth combined with continuing energy inefficiencies in homes and buildings will increase the built environment's share of global emissions to 30 percent by 2030. Building stocks are projected to double in the next 15 to 20 years, and 80 percent of that growth will occur in developing countries, particularly India, China, and Indonesia.

FIAS contributes expertise and advisory inputs in the regulatory and legal fields to IFC's **EDGE** program. EDGE seeks to reduce energy and water consumption in buildings and CO_2 emissions from buildings by at least one-fifth from current practices in large cities in emerging countries. The global EDGE team has been engaged for the past four years in **India** and **China**, encouraging leaders to establish a mix of regulatory tools and green building codes, and a certification system for buildings. Energy efficiency in buildings is the cheapest way to reduce greenhouse gases; it reduces the need to develop costly additional power infrastructure; and it increases the disposable incomes of households.

EDGE is creating a common understanding of what a green building is, long a poorly defined category. IFC applies tools to define the concept, including the EDGE rating system, which provides precise and simple criteria that widely varied markets can understand. The emphasis on simplicity contrasts with the current complex and costly instruments in use in high-income countries, providing builders in developing economies with

simpler and cheaper ways to apply green methods and technologies. One basic tenet used by EDGE holds that if a certain green approach cannot pay for itself in fewer than two to three years, simpler alternative approaches will be used to deliver more immediate savings. The team measures success primarily by the rate of compliance with green codes of new building construction.

Among the highlights of the FIAS-supported green building work in FY14:

- A new green building code was developed and formally adopted in **Vietnam** in September 2013. The program now focuses on educating building enforcement agencies and implementation guidelines. For regulations, there are six client countries: **Bangladesh**, **Colombia**, **Indonesia**, **Iraq** (Kurdistan region), **the Philippines,** and **Vietnam**. More are being signed on in FY15.

- A new green building ordinance was approved for the district of Mandalayung in Manila, **the Philippines**, in February 2014. The code establishes requirements for construction in line with green building standards for water and energy efficiency. A green building referral code is under development to enable all other cities in the Philippines to adopt robust green building standards.

- Strong synergies with the EDGE certification program have been established in these client countries. The program is on track to meet its goal of affecting 20 percent of the new construction after seven years of engagement in a client country.

- FIAS-supported teams contributed to the launch of a $7 million green buildings program in **India** in partnership with key states in that country.

In FY14, FIAS support has contributed to the development of knowledge and information tools to help clients enforce green building codes. The FIAS-supported team engaged in partnership and dialogue discussion with think tank experts in energy efficiency, climate change, and green building technology, and with the International Code Council, an organization that works to develop a uniform set of construction codes applicable across multiple jurisdictions. FIAS support has also been instrumental in developing a consistent framework for impact measurement across all regions.

Fostering Public-Private Dialogue to Catalyze Reform

In FY14, FIAS contributed to taking stakeholder engagement through public-private dialogue (PPD) to another level. FIAS-supported teams have optimized integrated solutions to client countries by refining and tailoring PPD offerings to governments and the private sector with the aim of improving the investment climate. The volume of work has increased markedly, with 63 PPD projects in the portfolio, up from 35 in FY13. An additional eight projects were completed and closed during FY14. Total portfolio value as of the end of FY14 was approximately $17 million.

The innovative and flexible PPD mechanisms resulting from this work better fit the needs of particular sectors and regions. Sector-specific PPDs have increased dramatically over the last year, with a focus on extractive industries and agribusiness. Indeed, **industry-centered PPDs** have been shown to improve competitiveness by providing structured platforms for collaboration along the value chain for governments, firms, and communities.

Likewise, the number of projects integrating PPD approaches in fragile states has grown by more than a third. Of 63 projects from the PPD portfolio in 45 countries, 18 projects, or 29 percent, are now in states in **fragile and conflict-affected situations** (FCS), up from 11 such projects in FY13. This trend confirms the importance of PPD in fragile countries in filling the gap resulting from the lack of stable, legitimate institutions. In countries beset by conflict and instability, PPD is a challenging undertaking, but it can help create transparency and trust among stakeholders and can point the way to reforms and interventions that will improve the business environment and attract investment (see box below). In FY14, FIAS funding supported the production of a quick guide and a report on PPD in fragile states. Similarly, knowledge pieces on PPD for specific sectors on extractives and agribusiness have been written and distributed widely.

Guinea is a post-conflict country looking for sources of inclusive growth. The country is rich in mineral resources but struggles to put in place a policy framework that could maximize the benefit of mining investment, diversify the economy, and create sustainable economic opportunities for the broader population. The political economy of the country and deep societal rifts hamper constructive policy dialogue within the private sector and between the private sector and the government. FIAS has helped in the development of the Guinea Business Forum, a PPD platform that has been recently designed

Keys to PPD Success in Fragile and Conflict-Affected Situations

The World Bank Group conducted a survey and interviews that captured the knowledge of 27 professionals with experience implementing PPD projects in more than 30 FCS countries. The main conclusions from the study were as follows:

- Project design should be conflict-sensitive and based on stakeholder mapping and political economy analysis.
- Communicating commitments publicly, including in the media, is effective in creating transparency and accountability.
- Inclusiveness, although elusive in FCS, can be achieved over the long term and is crucial for success.
- Finding people available to serve as champions of the PPD process can be difficult, and those who can be found may lack sufficient capacity to implement PPD initiatives. PPD projects need strategies to work effectively with the champions who are available, while mitigating the risk of depending too heavily on a few individuals.
- Engaging stakeholders in PPD requires an understanding of the values and culture of the client country. A viable PPD platform requires a politically savvy staff with a deep understanding of political and social networks and how those networks relate to drivers of conflict or tensions.
- PPD in FCS may achieve better results by focusing on a key sector, such as extractives or agribusiness.
- Successful PPD platforms take into account the particular risks of working in FCS and develop mitigation plans to address them.
- The timeline for successful implementation and transition to local ownership in FCS is often much slower than in other countries. It needs to be extended to ensure a sustainable outcome of the project supported by the PPD.
- The results of PPD are embodied in the reforms it initiates and also the process it implements. In FCS, the peacebuilding and conflict-mitigating results are difficult to capture. However, the stakeholders who benefit from the results value them highly.

For more information, see https://www.wbginvestmentclimate.org/advisory-services/cross-cutting-issues/public-private-dialogue/resources.cfm.

to advance structured dialogue in the private sector and with the government of Guinea. It will help define and advocate for policy and regulatory-related reform for local content in extractive industries.

In **Côte d'Ivoire**, another FCS state, agriculture drives economic development, accounting for 24.3 percent of GDP. A major market failure underlying the underperformance in the cashew industry is the lack of coordination among stakeholders in the value chain. Despite its importance to the economy, cashew production is the only supply chain in the country not to have an industry association to encourage coordination among private sector stakeholders and structured policy dialogue with government. To fill this gap, FIAS-supported teams helped develop a sector-specific PPD mechanism, a technical committee for the cashew nut supply chain. Designed with the help of stakeholders, the PPD aims to create an industry association and put in place thematic working groups that will focus on regulatory constraints affecting pricing, access to finance, tax, and product traceability systems. This agribusiness-specific PPD approach, embedded in the overall Bank Group project, aligns with the government's vision to increase the percentage of raw cashew processing in the country and ultimately unlock inclusive sustainable investment and value addition along the cashew supply chain. (For more, see p. 34.)

Impact of Compliance Cost Savings

The goal of the work supported by FIAS is not simply to rack up a long list of reforms, but to help client governments foster more vibrant and sustainable economies by removing or streamlining obstacles to doing business. Thus what matters most is the impact of reform, not the quantity of new laws or regulations. One of the ways this impact is measured is through the **direct compliance cost savings** indicator. Compliance cost savings measures the impact of reforms on the cost of doing business for investors, entrepreneurs, and private sector firms in developing countries. The indicator focuses on the savings derived from reforms and revised regulations aimed at improving administrative and institutional procedures so as to reduce the time and costs associated with the procedures required of private businesses. Estimated private sector savings are arrived at by calculating the difference in the annual costs before and after reforms (adjusted for taxes and discounted to the baseline year). The tally is based on a rigorous formula that measures both direct costs—the fee for licensing a new business, for example—and the indirect cost involved when cumbersome regulations impose lengthy delays before a new business is licensed to operate.

For FY14, FIAS support yielded $22 million in validated compliance cost savings in four countries in the East Europe and Central Asia region—**Armenia**, **Bosnia and Herzegovina**, **Kosovo**, and **Moldova**—and two Sub-Saharan Africa countries—**Burundi** and **Côte d'Ivoire**. Additional compliance cost savings for FY14 has been reported but not yet validated. Through three years of the FIAS FY12–16 strategy cycle, a total of $172 million in compliance cost savings have been validated. These savings usually occur late in a project cycle or at the end, after the benefit from all the legal and regulatory reform work done in a client country can be assessed for its impact on new and existing businesses. For that reason, FIAS support is expected to generate significantly more compliance cost savings in the two years remaining in the strategy cycle.

In FY14, FIAS support yielded

$22 million

in validated compliance cost savings in four countries in the East Europe and Central Asia region.

COLLABORATION, KNOWLEDGE AND LEARNING

FIAS pulls togther examples of best practices from the public and private sectors to stimulate discussion, peer-to-peer learning, and investment climate innovation in client countries.

260k

Facebook followers of FIAS-supported activities

78k

unique visitors to investment climate website

2,705

participants in 56 investment climate-related events in 13 countries

COLLABORATION, KNOWLEDGE AND LEARNING

5

Knowledge management and strategic communications are not adjuncts but an essential element of the work supported by FIAS and implemented by the World Bank Group's Trade and Competitiveness (T&C) Global Practice. Throughout the preceding project descriptions in fields ranging from business regulation to trade and investment strategy to industry-specific work, and in the challenging realm of conflict-affected states, the importance of knowledge dissemination and effective communications emerges as a recurring theme. Improving the investment climate of client countries happens on the basis of the expertise and knowledge gained in past projects, through long experience in a wide array of countries, cultures, and regions, and through the deep subject-area expertise the World Bank Group brings to bear. The willingness of a developing country to commit to a program of reform, meanwhile, often hinges on effective communication of the benefits that will result or of the negative consequences that will ensue if outdated systems remain in place.

Communications help the Bank Group engage donor partners, client country governments, policy makers, private sector stakeholders, and the general public in the agenda for sustainable growth. All of these elements were present in the work done in knowledge management and communications in FY14, along with the added challenges of preparing for the T&C Global Practice structure now up and running.

Shaping and Sharing Knowledge

FIAS funding continued to support the production and dissemination of knowledge in key areas of client demand. This strategic priority was addressed through a robust program to capture knowledge and channel technical expertise, experiences, and lessons into published resources and events. More than 30 external knowledge resources were published in FY14 (see box, p. 48), offering technical guidance, best practices, and empirical evidence to support the design and implementation of investment climate reforms.

In FY14, knowledge sharing and learning events engaged practitioners, government and private sector clients, donor partners, and other stakeholders. FIAS funding was used to support 56 investment climate-related events in 13 countries that attracted 2,705 clients, private sector representatives, staff members, and other participants. These seminars and conferences, including "deep dive" and other learning events, earned an average quality rating of 4.5 of 5 in participant evaluations.

Through a full roster of peer-to-peer events, FIAS supported the World Bank Group in providing opportunities for governments to exchange knowledge, share experiences, and collectively develop best practices (see FY14 highlights, p. 50). For example, the Pre-ICN Forum, which preceded the annual conference of the International Competition Network, has become an important vehicle for sharing replicable success stories. As a platform for knowledge exchange, the forum is useful in addressing competition issues that cross borders and demonstrating the losses created by barriers to competition that stem from trade, agriculture, and industrial policies. The forum also supported the Competition Policy Advocacy Contest, which recognizes exemplary efforts by the competition authorities in developing countries to go beyond enforcement actions against cartels and monopolies and develop advocacy efforts to broaden support for vibrant competition across in market sectors (see p. 38).

Identifying and Disseminating Solutions

Several publications and knowledge events in FY14 introduced widely applicable solutions relevant for a range of investment climate interventions. For instance, FIAS funding supported the development of an integrated package of knowledge resources, including a toolkit and two sector-specific technical notes, to help practitioners engage stakeholders by embedding mechanisms for PPD in their private sector development projects. A complementary seminar helped participants understand how to employ PPD in FCS, based on a survey of the experiences of Bank Group program leaders working in these situations. This seminar, along with one on trade logistics in FCS, was presented at the FCS Knowledge Forum, a Bank Group-wide learning event.

The capture and organization of knowledge is an important driver in the World Bank Group's new model for improved client service delivery. With the Bank Group reorganization and the creation of the global practices, the Investment Climate Department in FY14 migrated thousands of documents to centralize knowledge and tools in a new T&C Global Practice portal. Similar one-stop-shop intranet portals have been created for all 19 of the new global practices in the new integrated Bank Group-wide platform. As part of the Bank Group's commitment to more effective collaboration across the organization, work has begun on the portal's system for organizing project knowledge, a system that enables in-house practitioners to post and search for simple, practical solutions to specific development challenges

their clients often face. A portal function to help match staff skills to projects, also launched in FY14, is designed to help teams deploy staff fluidly and better leverage expertise within the T&C Global Practice.

Communicating Results Effectively

Strong communications on FIAS-supported projects and knowledge solutions help expand the reach and strengthen the impact of investment climate work in client countries. Communications initiatives also helped raise the profile of FIAS-supported activities among staff, development, and donor partners amid the World Bank Group reorganization in FY14.

A key goal of this communications effort is to ensure donor country policy makers and their constituents understand the economic development goals of our joint work. In client countries, effective communications ensure that reform achievements do not exist merely as laws or regulations but also as priorities well understood by government, the private sector, consumers, and other key stakeholders. Ensuring public buy-in to FIAS-supported reform work is critical to effective implementation of reforms. Increasingly, the wider availability of mobile Internet access means that communications can be an integral part of FIAS-supported reform programs, as was the case in **Rwanda** in FY14 through a program enabling businesses to pay taxes online (see box below).

A diverse set of communications products highlighted the impact of FIAS-supported investment climate reforms on local beneficiaries, including small businesses and women entrepreneurs. Results stories from the ground were featured on the investment climate thematic website, www.wbginvestmentclimate.org. The website recorded 78,016 unique visitors in FY14.[20] FIAS-supported activities reached and were shared by nearly 11,700 Twitter and 260,000 Facebook followers across a wide range of corporate and regional World Bank Group channels. Monthly e-newsletters delivered the latest news on FIAS-supported activities to internal and external audiences. More than 36 project briefs presented the achievements of FIAS-supported work in client countries in a concise and easy-to-digest format.

Multimedia projects in client countries captured the sights and sounds of private sector activity boosted by investment climate reforms. FIAS-supported staff shared their perspectives from the field for the World Bank Group's Private Sector Development blog and the Trade Post blog. FIAS-supported activities were showcased in other corporate products, such as newsletters, marketing products, and flagship publications such as the *IFC Annual Report*.

These targeted and results-driven communications efforts promoted the key role of FIAS-supported investment climate work in fostering growth and job creation as the Investment Climate Department transitioned into the T&C Global Practice. Moving ahead, FIAS-supported projects

Communications, Tax Teams Collaborate on Rwanda Tax Reform

Some **Rwanda** business owners did not fail to pay taxes for lack of trying. An overly complicated tax system was partly responsible for the low proportion—only 11.2 percent—of Rwanda's 123,256 business establishments that were registered with the Rwanda Revenue Authority. The World Bank Group response was an example of collaboration across teams to deliver an effective solution. FIAS-supported investment climate tax experts helped Rwanda simplify the tax code and deploy a new mobile platform called M-Declaration that makes it easier for businesses to declare their taxes. With M-Declaration, taxpayers simply dial an access number and follow basic steps to declare their taxes by reporting the previous year's turnover, calculating the profit tax, and submitting the information electronically to the Rwanda Revenue Authority.

Helping Rwanda improve the tax system was the tax team's specialty. Getting the word out was where the Africa communications team came in. With a modest budget, the team helped Rwanda launch a public awareness campaign targeting small and medium enterprises and firms that had not registered with the Authority. Under the marketing banner "SME development for better taxation," the communications effort alerted businesses to the tools available to help them declare their taxes and, more broadly, sensitized citizens to the importance of paying taxes. The campaign consisted of training events, brochures in English and Kinyarwanda, community radio programming, newspaper and radio ads, and the engagement of local artists. The mobile tax tool has attracted considerable use by SMEs, with more than 10,000 entrepreneurs having registered and used the application. A further enhancement—the capability to submit payments online using a traditional bank account or mobile money network—is being implemented.

David Nduwimana, a motorcycle taxi driver in the Rwandan capital, Kigali, is already seeing the value of M-Declaration. "The system is a great relief to my colleagues and me. Too much paperwork really made it difficult for us to comply," he said.

[20] FY13 data for unique visitors is not available, making a year-to-year comparison impossible.

will receive even stronger coverage as communications units across the organization merge to collaborate on the World Bank Group's wide array of results stories. Along with the creation of the global practices, the Bank Group reorganization also restructured communications through a revamped External and Corporate Relations department. Just as the global practice structure is designed to promote collaboration across Bank Group units, so will the new communications structure better serve FIAS-supported programs by seamlessly bringing together the full range of communications products, functions, social media channels, and formats to extend the reach of T&C's work to donors, client countries, and potential new clients alike.

The communications and knowledge management teams strive to provide visibility to FIAS donor partners in the full range of print and online publications, blogs, video materials, and other products at every opportunity so that client countries and other key stakeholders are aware of this critical support.

Key Publications Released in FY13

FIAS funding supported the development of a wide range of published resources to help government policy makers and practitioners (within client governments and inside the World Bank Group) design and implement reforms to improve the investment climate and build competitiveness in client countries. In FY14 these resources were produced primarily to disseminate research and benchmarking data for application in the field, provide practical guidance and hands-on diagnostic tools, and examine the literature to determine reform impact and gaps in analysis. All publications are available at www.wbginvestmentclimate.org unless otherwise indicated.

Toolkits

Food Safety Toolkit, also available in Russian, offers reformers a set of tools and helps them assess the market potential, build capacity, and assist in mitigating barriers to development in food safety.

Low-Carbon Zones: A Practitioner's Handbook, draws heavily on lessons learned from an innovative Bangladesh project that inspired an approach for transforming EPZs into more environmentally friendly low-carbon zones.

Quick Guides to Integrating Public-Private Dialogue, a set of four modules on scoping, stakeholder mapping, communications, and PPD in FCS, provide an overview and necessary tools to integrate PPD into private sector development projects.

Reports

Arbitrating and Mediating Disputes assesses the legal and institutional framework for commercial arbitration, mediation, and conciliation regimes in 100 economies, identifying several opportunities for improvement, such as greater flexibility for domestic arbitration regimes, faster arbitration proceedings, and better domestic court capabilities.

Converting and Transferring Currency benchmarks foreign exchange restrictions to FDI across 98 economies and notes areas for regulatory reform that could be considered across economies, depending on country-specific conditions and the macroeconomic context of potential foreign exchange reforms.

East African Community Common Market Scorecard 2014 assesses progress toward the development of a common market in capital, services, and goods across the partner states of the EAC—Burundi, Kenya, Rwanda, Tanzania, and Uganda.

Employing Skilled Expatriates analyzes the skilled immigration regime relevant for FDI across 93 economies to provide comparable information about this regulatory space.

Global Investment Promotion Best Practices: Winning Tourism Investment provides guidance on how investment promotion agencies can improve their investment facilitation services to tourism investors with a focus on attracting long-term growth businesses in the sector.

Little Data Book on Private Sector Development 2014 provides data for key indicators on business environment and private sector development in a single page for each of the World Bank member countries and other economies with populations of more than 30,000.

The Potential for Alternative Private Supply of Power in Developing Countries assesses the value and financial viability of the most common forms of alternative private supply in developing countries through a series of case studies in South and East Asia and in Africa, and it examines whether such models have potential for scaling and replication similar to that of the mobile phone industry.

Public-Private Dialogue in Fragile and Conflict-Affected Situations: Experiences and Lessons Learned discusses the findings of a survey and interviews of World Bank Group project leaders with experience implementing PPD projects in more than 30 countries.

Starting a Foreign Investment across Sectors analyzes 103 economies to identify which countries pose the greatest barriers to foreign companies trying to enter their markets, such as equity ownership restrictions on foreign investors and procedural barriers to establishing foreign-owned subsidiaries.

Technical Papers and Notes

World Bank Policy Research Working Paper

Can e-filing reduce tax compliance costs for small businesses in developing countries? investigates the association between electronic filing and the total tax compliance costs incurred by small and medium-size businesses in developing countries, based on survey data from Nepal, South Africa and Ukraine.

Viewpoint Series

Debt Resolution and Business Exit: Insolvency Reform for Credit, Entrepreneurship, and Growth examines literature that quantifies the impact of effective insolvency regimes and reforms and identifies associated benefits: lower cost of credit, increased availability of credit, increased returns to creditors, job preservation, entrepreneurship, and other benefits for small firms.

Distributed Private Energy Projects: Supporting Electrification Goals in Low-Income Countries rdiscusses models for the alternative private supply of power, the conditions when each is appropriate, and the financial and regulatory support that can attract investment for these projects.

Food Safety Standards: Economic and Market Impacts in Developing Countries discusses evidence of the economic impacts of private firms and public agencies complying with food safety standards and also of the impact of technical assistance in achieving compliance.

Investment Climate In Practice series

Does e-filing reduce tax compliance costs for small businesses in developing countries? offers a cautiously positive assessment of e-filing reforms in developing countries but recommends that countries not rush to push e-filing on all taxpayers until the revenue authorities, infrastructure, and taxpayers are ready.

Promoting Foreign Investment in Fragile and Conflict-Affected Situations provides guidance for policy makers and promoters in recovering economies on how to bring investment opportunities to fruition and highlights recent sector data on foreign investment in these situations.

Nuts & Bolts: Technical Guidance for Reform Implementation series

Does Specialized Software Reduce Tax Compliance Costs in Developing Countries? examines the association between the use of specialized tax software and total tax compliance costs for businesses based on data from surveys of businesses in developing countries.

Enabling Private Sector Feedback on Public Services through Mobile Devices outlines considerations for governments in implementing mobile data collection as a means for citizens to provide immediate feedback on public services, thus allowing public agencies to quickly identify and respond to issues, obtain suggestions, and communicate their reform progress.

Public-Private Dialogue for Specific Sectors: Agribusiness focuses on PPD as an engagement mechanism to support agribusiness and help ensure that issues such as governance, transparency, inclusiveness, and supply chain linkages are addressed to benefit investors, governments, and local communities.

Public-Private Dialogue for Specific Sectors: Extractive Industries focuses on PPD to support the extractive industries and help ensure that natural resources can contribute positively to economic development by engaging stakeholders along the industries' value chain.

SmartLessons

From Monologue to Dialogue: How IFC Worked with the Private Sector to Encourage Reform through Advocacy
http://smartlessons.ifc.org/smartlessons/lesson.html?id=1777

It's No Illusion: You Can Pay Taxes with a Smile: The Rwanda Case
http://smartlessons.ifc.org/smartlessons/lesson.html?id=1809

More than Just Words: How the Africa Round Table Is Enabling Meaningful Reforms across Africa
http://smartlessons.ifc.org/smartlessons/lesson.html?id=1745

Winning the Peace and Building Confidence in Burundi: IFC's Efforts to Strengthen Burundi's Private Sector
http://www.wbginvestmentclimate.org/advisory-services/regulatory-simplification/business-taxation/upload/Winning-the-Peace-and-Building-Confidence-in-Burundi.pdf.

Journal articles

Competition Policy International (September 2013)
"Cartel Exemptions in Developing Countries"

Competition Policy International (September 2013)
"Combating Cartels in Developing Countries"

fDi Intelligence (February/March 2014)
"Empty Promises?"

Handshake (IFC quarterly journal, July 2013)
"Have PPP Will Travel: The tourism industry's not-so-secret weapon"
"Forecast Bright: Tourism's Investment Climate"

International Transfer Pricing Journal (May 2014)
"Georgia: Comprehensive Decree on Transfer Pricing Signed"
http://www.ibfd.org/IBFD-Products/Journal-Articles/International-Transfer-Pricing-Journal/collections/itpj/html/itpj_2014_03_ge_1.html

Peer-to Peer Learning: Transforming Knowledge into Best-Practice Results

In FY14, FIAS funding continued to support World Bank Group staff in organizing numerous peer-to-peer events, such as those highlighted here, that brought together government practitioners to share lessons and solutions drawn from their reform experiences.

A number of peer-to-peer learning events focused on regional integration and building competitiveness and trade. The 2014 Pre-ICN Forum in Marrakech, **Morocco**, ahead of the International Competition Network's annual conference, was co-sponsored by the Morocco Competition Council, the African Competition Forum, and the Regional Center of Competition for Latin America. Pre-ICN emphasized the role of competition in achieving regional integration and developing trade. The forum was attended by 150 participants from 50 competition agencies, several international organizations, donor institutions, and the private sector; an additional 200 people followed the conference panels online.

In Seoul, **Korea**, the World Bank Group, in partnership with the Korean Ministry of Strategy and Finance; the Ministry of Trade, Industry and Energy; the Korea Customs Service; and the Korea International Trade Association, hosted a regional event on enhancing trade logistics connectivity with over 40 experts from regional and multilateral organizations, private sector representatives, and policy makers discussing trends and priority areas in trade logistics.

Also in Seoul, **Korea**, the Ministry of Trade, Industry, and Energy of Korea; Korea Energy Management Corporation (KEMCO); and the Investment Climate Department co-hosted a conference to discuss public and private sector experiences in promoting climate-efficient industries. The program included a presentation of the findings of three country studies conducted by the World Bank Group and KEMCO to identify opportunities and improve competitiveness through resource efficiency.

Several regional events addressed the unique challenges of Sub-Saharan Africa. The fourth Africa Round Table convened in Lusaka, **Zambia**, under the theme, "Building Africa's Credit Environment for Growth." This annual event, jointly organized by the World Bank Group and INSOL International, the largest global association for national insolvency associations and professionals, brought together delegates from 15 countries across the region, including policy makers, judges, bankers, and private practitioners. Discussions focused on the importance of developing effective insolvency regimes to mitigate bank exposure and strengthen counties' credit environments (see also, *SmartLessons*, p. 49).

In Lomé, **Togo**, 11 representatives of 11 African economies participated in a high-level workshop on

the World Bank Group's Women, Business, and the Law Project. The discussions, centering on the role of women and challenges in promoting gender equality, explored important common issues facing economies on the ground and opportunities for collaboration.

At the fifth session of the Network of Reformers for East and Southern Africa, held in Lusaka, **Zambia**, 80 to 100 regional officials, policy makers, and private sector stakeholders convened to share best practices in reforming countries' business environments. The network relies on peer-to-peer learning as a catalyst for improved regulatory quality and effectiveness among participating countries. On a related theme, the fifth annual Ease of Doing Business conference attracted 150 delegates from 17 African countries to Maputo, **Mozambique**, in July 2014 to share their reform experiences on the Doing Business topics of registering property, dealing with construction permits, getting credit, and conducting cross-border trade. The event featured presentations from the region's best performers as reported in *Doing Business* (such as Mauritius), and recent reformers (Burundi, Côte d'Ivoire, and Madagascar), as well as global best practices presented by representatives from Colombia, Portugal, and the United Kingdom.

Investment climate teams continued to support their advisory work with client governments through peer-to-peer events offering practical approaches to designing and implementing reforms. For example, a conference in Bishkek, the **Kyrgyz Republic**, facilitated peer-to-peer learning on the design and use of fiscal and non-fiscal incentives to encourage investments in Central Asia in such sectors as agriculture, energy, and mining. The event brought together policy makers from Tajikistan, Uzbekistan, and the Kyrgyz Republic, academics, and a range of multi- and bilateral providers of technical assistance.

The biannual International Tax Dialogue global conference, in Marrakech, **Morocco**, focused on tax decentralization and how to design intergovernmental tax and fiscal frameworks. World Bank Group tax experts discussed trends in tax and intergovernmental relations, regional integration, subnational taxation, and tax administration challenges in subnational governments. The program attracted over 350 participants from more than 90 countries (including 100 from the host country).

In Amman, **Jordan**, a workshop organized in cooperation with USAID brought together delegations of Yemeni and Jordanian tax officials in support of the relaunched tax simplification project in **Yemen**, which had been on hold since 2011. The event was designed to help familiarize Yemeni tax officials with regional experiences and to foster regular interaction and knowledge sharing between the two tax authorities.

As part of the FIAS-funded Western Balkans Trade Logistics project, customs officials from Albania, FYR Macedonia, Montenegro, and Serbia met in Belgrade, **Serbia**, for a week-long regional training session on best international practices in organizing, managing, and performing post-clearance audits in customs. Supported by the World Customs Organization and led by a former deputy director of that organization and a trainer from Japan Customs, the program emphasized the benefits of moving from border-focused controls to post-clearance audits as the prime basis for customs controls. As part of the same project, two workshops on the WTO TFA were held in **Serbia** (co-organized with SECO and UNCTAD) and **Montenegro** (with USAID). Government and private sector participants reviewed the gaps in the national legislation and implementation compared with the requirements of the agreement and identified steps to achieve compliance.

Workshops in Lima, **Peru**, and Bucharest, **Romania**, tackled specific legal and practical issues related to the employment of dawn-raid tactics by competition agencies as a key instrument in sanctioning and deterring cartels that are particularly harmful to consumers. In Lima, four experts from top enforcement agencies shared best practices with 20 staff of the Peruvian Competition Authority, which led to 13 surprise investigations conducted by the authority, as reported in the Peruvian media, and five new sanctioning processes. At the workshop in Bucharest, a team from the United States Department of Justice, including both an expert litigator and an FBI agent, carried out a series of practical exercises on how to conduct dawn raids with 32 staff of the Romanian Competition Council.

FINANCIAL RESULTS AND RESOURCE USE

The financial results reported in this section cover only the funds managed by the Investment Climate Department under the FIAS trust fund structure as well as supplemental funds earmarked for the implementation of the FIAS strategy.

95%

of expenditures are project related

$50.3 million

in total contributions from FIAS donors, clients, World Bank Group, well above $33.1 million target

$21.2 million

received from donors in core contributions, up from $5.5 million in FY13

FINANCIAL RESULTS AND RESOURCE USE

6

FIAS-supported activities covered in the *FIAS 2014 Annual Review* were cofinanced through a set of FIAS trust funds managed by the World Bank Group's Investment Climate Department. Beginning July 1, 2014, the start of FY15, FIAS has been fully embedded in the T&C Global Practice. Through the end of FY14, the Investment Climate Department managed, in addition to FIAS trust funds, additional funds received from the World Bank and IFC for operational and administrative tasks related to FIAS as well as the department's anchor, or backbone, function in the investment climate space supporting both IFC and World Bank advisory services. The Investment Climate Department administered donor funds for activities managed outside the scope of the FIAS program (not covered in this report), such as the following:

- The policy and advisory component of IFC's Health in Africa initiative and work related to policies and regulations affecting private participation in infrastructure.
- The Water Resources Group, funded by IFC and other public and private partners to help governments set up multi-stakeholder platforms to address water resource issues.
- IFC's coordination team for FCS.

These initiatives were remapped either to a Bank Group global practice or cross-cutting solutions area, or to IFC's Cross-Cutting Advisory Solutions Department. The financial results reported in this section cover only the funds managed by the Investment Climate Department under the FIAS trust fund structure as well as supplemental funds earmarked for the implementation of the FIAS strategy.

The Investment Climate Department followed IFC's standard accounting policies and procedures, as noted below.[21] FIAS financial reports use cash-based reporting in alignment with the quarterly financial reports on IFC's donor-funded operations.

Funding

New FIAS-related contributions received in FY14 from the following donors, World Bank Group partners, and clients are gratefully acknowledged:

- Direct contributions to FIAS trust funds:[22]
  - Austria (C)
  - Canada (C)
  - European Union
  - France
  - International Bank for Reconstruction and Development (C)
  - International Finance Corporation (C)
  - Ireland (C)
  - Luxembourg (C)
  - Multilateral Investment Guarantee Agency (C)
  - Sweden (C)
  - Switzerland (C)
  - Trademark East Africa
  - United Kingdom (C)
  - United States

Most donors who supported FIAS during the FY08–11 cycle also provided consent to roll over the unused portions (fund balances) of their FY08–11 contributions to the FY12–16 strategy cycle. In addition to the core donors listed above, rollover consents were provided by Australia and France.

- Contributions for FIAS projects made available through IFC's Technical Assistance Trust Funds program:
  - Korea
- Client contributions:
  - Costa Rica

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

[21] Annual contributions from IFC, the MIGA, and the World Bank are treated in the same manner as core donor funds and are comingled with other donor funds in the FIAS Parent Trust Fund account, as terms and conditions allow. Contributions from the IFC ICBL are treated as an additional source of project-specific funding. Contributions received from IFC in the form of regular administrative budget and as part of the mainstreaming of contributions from the Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS) are treated as off-balance contributions. The total of IFC's contribution to the FIAS Core Trust Fund and its contribution to FIAS in the form of regular administrative budget reflect IFC's core contribution in line with the funding targets in the FIAS FY12–16 strategy.

[22] Donors contributing some or all of their funding in the form of core contributions are marked with a "C."

Core and Programmatic Funding

In FY14, FIAS donors, clients, and the World Bank Group contributed a **total of $50.3 million** (before trust fund administration fees of $2.5 million) to the various FIAS trust funds, supporting the implementation of a broad-based investment climate reform program under the FIAS umbrella (see details in Tables 1 and 2, pp. 56–58). An additional $2.3 million was made available by IFC in the form of regular administrative budget to cover salaries and related costs of a small number of staff working mostly on FIAS-related projects. Total FY14 contributions were well above the FY14 funding target of $33.1 million. Core funding raised in FY14 increased significantly to $26.5 million (FY13: $12.3 million), as did program- and project-specific donor contributions to $21.3 million (FY13: $10.9 million).

World Bank Group core contributions totaled $5.3 million in FY14, including $2.2 million from IFC, $1.6 million from the World Bank, and $1.5 million from the MIGA. It should be noted that IFC's total contribution to FIAS in FY14 was approximately $4.5 million; $2.2 million as direct contributions to the FIAS core trust fund and $2.3 million as administrative budget to cover sustaining costs associated with the management of FIAS and IFC's ICBL. Including the $2.3 million of administrative budget from IFC, the World Bank Group's core contribution to FIAS was $7.6 million.

Core contributions received from donors amounted to $21.2 million in FY14, a dramatic increase over the FY13 core contributions of $5.5 million, thanks largely to a significant donation from Canada of $16.4 million. Overall, the total amount of core funding received from the World Bank Group and donors amounted to $28.8 million, consisting of the $26.5 million in contributions from donors and $2.3 million from IFC's regular administrative budget.

Programmatic contributions from donors, made available through thematic and regional FIAS Trust Funds, totaled $15.4 million in FY14 versus $5.4 million in FY13.

Project-Specific Funding

In FY14, **project-specific contributions** from donor partners, clients, and IFC amounted to $7.8 million, including $5.9 million from donor partners, $0.1 million from clients, and $1.8 million from ICBL. Project-specific contributions decreased slightly in FY14 from the $8.6 million recorded in FY13.

Project-specific contributions from donors totaled $5.9 million in FY14, up from $5.5 million the previous year.

Client contributions received in FY14 totaled $0.1 million, similar to the previous year and below the funding target set forth in the FIAS FY12–16 strategy. The potential to generate significant cash contributions from clients remains modest due to the high concentration of FIAS activities in IDA as well as FCS countries. Also, for FIAS-cofinanced projects managed by IFC regional units, client contributions typically are accounted for under the regional programs. Efforts to increase client contributions are ongoing.

Project-specific contributions from IFC, received in the form of project-specific **FMTAAS allocations,** amounted to $1.8 million in FY14. These allocations primarily supported a range of global knowledge management and product design and development initiatives implemented under the FIAS umbrella (see Table 2, Project-Specific Donor and Client Contributions, p. 58). **Other contributions from IFC**, amounting to $0.6 million in FY14, supported activities indirectly related to projects, including initial product design and development, portfolio management, monitoring and evaluation, and knowledge sharing associated with the global portfolio implemented under the FIAS umbrella.

Contributions outside FIAS' Regular Financial Structure

Indirect contributions for FIAS-related advisory activities were made available to the Investment Climate Department through non-FIAS specific funding mechanisms (see Table 3, Other Funding, p. 59). Administrative budget ($2.3 million) was provided by IFC to cover the staff costs of certain "mainstreamed" ICBL positions associated with the management of FIAS and ICBL. As noted above, IFC's total FY14 contribution to FIAS is $4.5 million, including $2.2 million as direct contributions to the FIAS core trust fund and $2.3 million as administrative budget.

In-Kind Support Via Staff Exchanges and Secondments

The FIAS program continues to benefit from in-kind resources that several donors make available in the form of secondees and staff exchanges. Throughout FY14, the FIAS program benefited from secondments to the Investment Climate Department under the World Bank Group's Donor-Funded Staffing Program: one staff member funded by the government of Spain, a second staff member by the government of Denmark, and a third by the government of the United States. In addition, a direct secondment was supported by the Korean Ministry of Trade, Investment, and Energy. Such staff exchanges and secondments offer an attractive way for FIAS partners to be directly involved in the program and establish direct connections between their private sector development programs and FIAS.

Use of Funds

In FY14, FIAS trust fund expenditures for investment climate reform activities reached $25.6 million (see Table 1, Sources and Uses of Funds, p. 56), a decrease in FIAS expenditures from FY13 ($30.4 million). In addition, $2.3 million of expenditures were incurred against the administrative budget provided by IFC, bringing the total expenditures to $27.9 million.

Administration fees are collected by IFC to cover trust fund administration costs and are deducted from donor contributions at the time of receipt. In FY14, IFC collected trust fund administration fees of $2.5 million from FIAS donor contributions.[23]

At the end of FY14, fund balances in the various FIAS trust funds totaled $40.2 million,[24] including $23.9 million of core funds and about $16.3 million of program and project-specific funds received under multiyear donor agreements. This reflects about 140 percent of the average annual budget for FIAS (up significantly from 63 percent in FY13). Fund balances are expected to fall throughout the rest of the FY12–16 FIAS cycle.

In FY14, project-related expenditures (both direct and indirect) accounted for 95 percent of total FIAS expenditures, with the remaining 5 percent for general and administration (rent, communications, equipment, and other non-overhead costs such as administrative and back-office support staff; see Table 4, Expenditures by Advisory Services Activity). Direct project implementation expenditures fell 22 percent in FY14. This decrease is due in large part to a substitution effect, as costs have been redirected to the IFC administrative budget, as well as to lower project spending. In comparison, average project-related expenditures for the FY08–11 cycle accounted for 83 percent of total FIAS expenditures with the remaining 17 percent for general and administration.[25]

[23] FIAS trust funds established after July 1, 2009, 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.

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

[25] In July 2010, IFC implemented a new cost allocation methodology for Advisory Services which resulted in a redistribution between direct and indirect project costs. As a result of this change, some figures in table 4 are not consistent with figures reported in FIAS Annual Reports/Reviews, FY08–10. General and administration expenditures, however, are not affected by this change in methodology (see Table 4).

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

	FY08	FY09	FY10	FY11	FY12	FY13	FY14
SOURCES OF FUNDS							
WORLD BANK GROUP CORE CONTRIBUTIONS							
IFC[b]	8,000	2,000	2,000	4,000	2,863	2,800	2,200
IBRD	2,000	1,600	1,600	1,600	1,600	1,600	1,600
MIGA	4,000	3,500	3,000	2,700	2,500	2,400	1,500
Subtotal World Bank Group Core Contributions	14,000	7,100	6,600	8,300	6,963	6,800	5,300
WORLD BANK GROUP PROJECT-SPECIFIC AND OTHER CONTRIBUTIONS							
IFC IC Business Line - Project Specific	3,800	2,672	1,862	1,915	2,968	3,084	1,759
IFC IC Business Line - Administration	-	-	-	1,687	934	670	558
IFC AS Contingency	-	-	-	880	-		-
IFC Global Fund	-	150	400	-	-		-
Total World Bank Group Contributions	17,800	9,922	8,862	12,782	10,865	10,554	7,617
CORE DONOR CONTRIBUTIONS							
Australia[c]	800	676	1,502	-	-	-	-
Austria	368	373	355	331	708	621	660
Canada		-	-	-	-	985	16,392
France[c]	-	1,281	1,403	-	-	-	-
Iceland	45	-	-	-	-	-	-
Ireland	735	-	-	-	205	186	428
Italy	-	1,414	-	-	-	-	-
Luxembourg[c]	273	539	-	829	-	1,033	548
Netherlands (Global Program)[d]	559	2,350	1,950	1,550	1,870	750	-
New Zealand	399	276	384	-	-	-	-
Norway	475	475	475	1,138	-	-	-
Spain	-	-		-	-	-	-
Sweden	406	285	345	396	1,448	1,494	1,528
Switzerland	250	240	-	-	400	300	300
United Kingdom	-	494	332	309	1,099	163	1,385
Subtotal Core Donor Contributions	4,310	8,401	6,746	4,552	5,730	5,532	21,241
PROGRAMMATIC DONOR CONTRIBUTIONS							-
Austria (Investment Climate Cooperation Program)	-	-	-	-	2,010	1,841	2,036
Austria (Investment Generation)	2,571	2,608	2,489	2,287	-	-	-
Austria (Crisis Response)	-	280	307	-	-	-	-
Canada (Trade Facilitation)	-	-	-	-	-	-	1,821
EU (ECOWAS Trade Logistics)	-	-	-	-	-	-	2,423
EU (ECOWAS Investment Policy)	-	-	-	-	-	-	5,330
Ireland (Africa)	735	-	724	531	615	559	601
Italy (Africa)	508	-	-	-	-	-	-
Korea (Trade Logistics)	-	-	-	-	-	200	350
Luxembourg (Crisis Response)	-	750	-	263	-	-	-
Luxembourg (Tax Transparency)	-	-	-	-	-	646	343
Netherlands (Investing Across Borders)	-	-	-	-	200	-	-
Netherlands (Tax Transparency)	-	-	-	-	300	-	-
Netherlands (Trade Logistics)	503	400	400	-	-	-	-
Netherlands (Secured Lending)	-	450	-	600	-	-	400
Norway (Business Entry)	-	-	154	428	-	-	-
Norway (Trade Logistics)	300	340	150	500	500	500	-
Sweden (Africa)	628	630	1,122	-	-	-	-
Switzerland (Industry)	-	-	-	-	600	400	400
Switzerland (Secured Lending)	-	500	400	400	-	-	-
Switzerland (Tax)	-	500	300	200	700	500	-
Switzerland (Tax Transparency)	-	-	-	-	300	300	-
Switzerland (Western Balkans)	820	600	600	500	-	-	-
United Kingdom (Western Balkans)	497	440	-	-	-	-	-
United Kingdom (Tax)	1,426	183	96	-	-	-	-
United Kingdom (Tax Transparency)	-	-	-	-	-	-	1,150
United States (*Doing Business*)	632	1,150	724	1,704	978	501	456
Subtotal Programmatic Donor Contributions	8,620	8,830	7,466	7,413	6,203	5,447	15,410
DONOR CONTRIBUTIONS (PROJECT SPECIFIC)[e]	5,525	4,436	8,868	8,267	9,457	5,456	5,933
Total Donor Contributions	18,455	21,667	23,080	20,231	21,390	16,435	42,584
TOTAL WORLD BANK GROUP AND DONOR CONTRIBUTIONS	36,255	31,589	31,942	33,013	32,255	26,989	50,202
CLIENT CONTRIBUTIONS	129	1,093	1,830	283	484	90	75
TOTAL RECEIPTS	36,384	32,682	33,772	33,296	32,739	27,079	50,277
Trust Fund Administrative Fees [f]	1,099	973	1,140	1,212	1,122	1,021	2,507
TOTAL (NET) RECEIPTS	35,285	31,709	32,632	32,084	31,617	26,058	47,770

Continued on next page

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

	FY08	FY09	FY10	FY11	FY12	FY13	FY14
USES OF FUNDS[g]							
STAFF COSTS							
Staff	9,961	11,636	11,181	13,128	12,036	14,934	13,512
Consultants and Temporaries	9,322	10,268	7,634	8,101	6,570	5,939	6,807
Total Staff Costs	19,283	21,905	18,815	21,229	18,606	20,873	20,319
TRAVEL							
Total Travel	6,217	6,488	5,229	5,678	5,618	5,893	3,477
INDIRECT COSTS							
Office Occupancy	683	1,071	1,018	1,073	102	274	119
Office Equipment	116	53	57	47	84	114	321
Other Operating Costs	214	863	242	528	635	711	817
Other Costs	108	1,693	2,256	1,718	1,634	2,491	530
Total Indirect Costs	1,122	3,681	3,573	3,366	2,455	3,590	1,786
TOTAL USES OF FUNDS	26,622	32,073	27,616	30,273	26,679	30,356	25,583

a. The FIAS Annual Review is prepared as a reporting tool for FIAS donors and management, utilizing management accounting principles.
b. IFC contributions during the FY08–11 strategy cycle amounted to $4.0 milllion per anum ($16 million over the duration of the cycle), with disbursements frontloaded in FY08 (by $4.0 million) and FY09 (by $2.0 million). IFC contributions during the FY12–16 strategy cycle include direct contributions to the FIAS core trust fund ($2.9 million in FY12, $2.8 million in FY13, and $2.2 million in FY14), and IFC Advisory Services administrative budget ($1.2 million each in FY12 and FY13 and $2.3 million in FY14) to cover staff costs of a number of mainstreamed Investment Climate Business Line positions related to FIAS. As a result, total IFC core contributions to FIAS amounted to $4.1 million in FY12, $4.0 million in FY13, and $4.5 million in FY14.
c. While Australia and France did not make fresh core contributions to FIAS in FY12 and FY13, they provided consent to roll over their remaining shares in core funding from the FY08-11 cycle to the new FIAS cycle that started in FY12. Luxembourg signed a new Agreement with IFC in September 2012 to contribute core and other funding; Luxembourg contribution for FY12 and FY13 were received andrecorded in FY13.
d. Netherlands core contributions are earmarked for activities in IDA countries.
e. For details of FY14 project specific contributions, see Table 2.
f. Administration fees collected by IFC to cover cost of trust fund administration.
g. The Uses of Funds table does not include the use of $2.3 million of regular administrative budget received from IFC in FY14 or the $1.2 million received in each of FY13 and FY12 under the FMTAAS mainstreaming (see note b).

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

PROJECT	DONOR	2014 AMOUNT
WORLD BANK GROUP CONTRIBUTIONS [IFC INVESTMENT CLIMATE BUSINESS LINE (IC BL)]		
Business Regulation	IFC IC BL	145
Debt Resolution and Business Exit	IFC IC BL	96
Investment Policy - Product Development	IFC IC BL	148
Impact Measurement	IFC IC BL	193
Trade Logistics	IFC IC BL	149
Business Taxation	IFC IC BL	95
Agribusiness	IFC IC BL	180
Tourism	IFC IC BL	7
Public-Private Dialogue	IFC IC BL	185
Competition Policy	IFC IC BL	200
ICT Theme	IFC IC BL	75
Green Building	IFC IC BL	50
Social Sectors	IFC IC BL	50
Industrial Efficiency	IFC IC BL	100
IC Transparency	IFC IC BL	88
Subtotal World Bank Group Contributions		1,759
DONOR CONTRIBUTIONS		
OHADA Business Law Reform	France	1,318
Investment Climate Reform in East Africa	Trademark East Africa	2,310
Impact and Knowledge Management	USAID	689
LAC: Doing Business Reform	USAID	309
Competition Policy	USAID	119
Trade Facilitation	USAID	950
Morocco: Doing Business Reform	USAID	238
Subtotal Donor Contributions		5,933
CLIENT CONTRIBUTIONS		
LAC: Doing Business Reform	Costa Rica	75
Subtotal Client Contributions		75
TOTAL FY14 PROJECT-SPECIFIC DONOR AND CLIENT CONTRIBUTIONS		7,768

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

OTHER FUNDING – INDIRECT SUPPORT TO FIAS PROGRAM	DONOR	AMOUNT
IFC ADVISORY SERVICES ADMINISTRATIVE BUDGET ALLOCATION		
AS administrative budget - staff-related costs[a]	IFC	2,300
TOTAL FY14 OTHER FUNDING		2,300

a. Advisory Services administrative budget is provided by IFC for certain mainstreamed Investment Climate Business Line positions associated with the management of FIAS and the ICBL. IFC's FY14 total contribution to FIAS: $4.5 million, consisting of $2.2 million as direct contribution to the FIAS core trust fund and $2.3 million as administrative budget. IFC's direct contribution to FIAS ($2.2 million) is included in Table 1: Sources of Funds.

Table 4: Expenditures by Advisory Services Activity

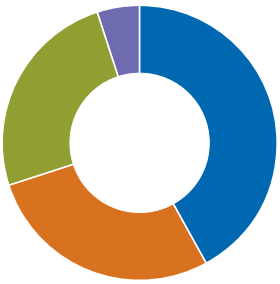
STANDARD ADVISORY SERVICES ACTIVITY EXPENDITURES[d]	FY10 ACTUAL	% FY10 ACTUAL	FY11 ACTUAL	% FY11 ACTUAL	FY12 ACTUAL	% FY12 ACTUAL	FY13 ACTUAL	% FY13 ACTUAL	FY14 ACTUAL	% FY14 ACTUAL
PROJECT-RELATED EXPENDITURES										
Direct Project Expenditures[a]	18,988,606	69%	19,057,472	63%	19,116,172	72%	22,943,307	76%	17,930,234	70%
Indirect Project Expenditures[b]	3,322,980	12%	7,679,623	25%	5,252,790	20%	5,282,040	17%	6,383,990	25%
TOTAL PROJECT-RELATED EXPENDITURES	22,311,586	81%	26,737,095	88%	24,368,962	91%	28,225,347	93%	24,314,224	95%
GENERAL & ADMINISTRATION COSTS[c]	5,304,256	19%	3,535,986	12%	2,310,393	9%	2,130,521	7%	1,268,306	5%
TOTAL STANDARD ADVISORY SERVICES ACTIVITY EXPENDITURES	27,615,842	100%	30,273,081	100%	26,679,355	100%	30,355,868	100%	25,582,530	100%

a. Direct Project Expenditures include project preparation, implementation, and supervision costs.
b. Indirect Project Expenditures include program management and operational support costs (product development, monitoring and evaluation, knowledge sharing and staff development, donor relations, and public relations) previously reported separately and consolidated under the new IFC cost allocation methodology introduced in July 2010.
c. General & Administration includes overheads (rent, communications, equipment, and so on) and other non-overhead costs such administrative and back-office support staff.
d. Due to the change in IFC's cost allocation methodology, some figures in table 4 are not consistent with figures reported in FIAS Annual Reports/Reviews, FY08–10. The new cost allocation methodology redistributes expenditures between direct and indirect project costs. Although General & Administration expenditures are not affected by the change in the cost allocation methodology, FY08–FY10 G&A expenditures restated to exclude trust fund administration fees previously reported as expenditures. FY08–FY12 trust fund administration fees are reported in table 1 (Sources and Uses of Funds) as a reduction to receipts.

Total FIAS FY14 Expenditures

PERCENT OF FIAS FY14
DIRECT PROJECT EXPENDITURES
(Client-Facing and Non-Client-Facing)
100% = $17,930,234

PERCENT OF FIAS FY14
TOTAL EXPENDITURES
100% = $25,582,500



Total FIAS FY14 Donor Contributions

Percent of FY14 Source of Funding (Gross) Receipts*
100% = $52,577,000

*Includes administrative fees of $2.5 million and $2.3 million IFC Advisory Services administrative budget to cover staff costs of certain "mainstreamed" Investment Climate Business Line positions.

ANNEXES

7

- Reforms and Other Results Supported by FIAS in FY14
- Portfolio of FIAS-Funded Projects in FY14
- Abbreviations

Reforms funded by FIAS

REFORM COUNT

REFORMS BY REGION

REFORM DESCRIPTION

Portfolio of FIAS funded Projects

PROJECTS IN PORTFOLIO

FUNDING RECEIVED PER PROJECT

SPENDING PER PROJECT

ANNEX 1: REFORMS AND OTHER RESULTS SUPPORTED BY FIAS IN FY14

1.1 FIAS-Supported Reforms by Region and Country, FY14

Region	Country	Competition	Construction Permits	Enforcing Contracts	Getting Credit	Getting Electricity	Industry	Investor Protections	Licenses and Permits	Property Transfers	Resolving Insolvency	Starting a Business	Tax Simplification and Compliance Management	Tax Transparency	Trade Logistics	Grand Total
EAST ASIA AND THE PACIFIC	Philippines													✓		1
	Vietnam [1]													✓		1
EAST ASIA AND PACIFIC TOTAL														2		2
EUROPE AND CENTRAL ASIA	Albania		✓												✓*	2
	Georgia													✓	✓	2
	Russian Federation		✓**							✓**		✓**				3
	Tajikistan [1]		✓													1
EUROPE AND CENTRAL ASIA TOTAL			3							1		1		1	2	8
LATIN AMERICA AND CARIBBEAN	Colombia													✓		1
	Honduras [1]						✓								✓*	2
	Jamaica													✓		1
LATIN AMERICA AND CARIBBEAN TOTAL							1							2	1	4
SUB-SAHARAN AFRICA	Benin [1]			✓				✓				✓			✓	4
	Burkina Faso [1]							✓	✓							2
	Cameroon [1]				✓			✓					✓*			3
	Central African Republic [1, 2]							✓								1
	Chad [1, 2]							✓								1
	Comoros [1, 2]							✓								1
	Congo, Dem. Rep. [1, 2]				✓	✓		✓				✓	✓			5
	Congo, Rep. [1, 2]							✓								1
	Côte d'Ivoire [1, 2]							✓		✓		✓	✓*		✓	5
	Djibouti [1]		✓													1
	Equatorial Guinea							✓								1
	Gabon							✓								1
	Ghana [1]													✓		1
	Guinea [1]							✓		✓		✓**				3
	Guinea-Bissau [1, 2]							✓								1
	Kenya [1]	✓												✓		2
	Liberia [1, 2]														✓*	1
	Malawi [1, 2]											✓				1
	Mali [1, 2]							✓								1
	Mauritania [1]				✓							✓				2
	Niger [1]							✓								1
	Rwanda [1]		✓		✓	✓							✓*			4
	São Tomé and Príncipe [1]						✓					✓				2
	Senegal [1]		✓					✓		✓		✓	✓			5
	Sierra Leone [1, 2]												✓*			1
	Swaziland											✓				1
	Tanzania [1]										✓**				✓*	2
	Togo [1, 2]			✓**				✓		✓		✓				4
	Uganda [1]										✓				✓	2
	Zambia [1]				✓								✓			2
SUB-SAHARAN AFRICA TOTAL		1	3	2	5	2	1	17	1	3	2	10	7	2	5	62
GRAND TOTAL		1	6	2	5	2	2	17	1	6	2	11	7	7	8	76
Reforms captured by *Doing Business*																56
Percentage validated by DB																*74%*
FIAS Total of which in IDA																63
Percentage in IDA																*83%*
FIAS Total of which in FCS																23
Percentage in FCS																*30%*
FIAS TOTAL of which in AFR																62
Percentage in AFR																*82%*

✓ Reforms from FIAS-cofinanced projects mapped to regional IFC Advisory Services units.

* Of the 64 reforms under *Doing Business* topics, 50 were validated by *Doing Business 2015* and 6 by *Doing Business 2014*. Eight reforms reported under *Doing Business* topics do not fall under the standardized *Doing Business* case study.

** These reforms are recognized retroactively; they were validated by *Doing Business 2014*, but were not reported in FY13.

[1] International Development Association (IDA) country.

[2] Fragile or conflict-affected situation.

ANNEX 1: REFORMS AND OTHER RESULTS SUPPORTED BY FIAS IN FY14

1.2 Reforms and Results from FIAS-Funded Projects Mapped to the World Bank Group Investment Climate Department

Country	Reform Topic	Reform Description	Number of Reforms	*Doing Business* Validated
EAST ASIA AND THE PACIFIC				
Philippines	Tax Transparency	The team provided assistance to the Philippines to meet the Global Forum on Tax Transparency and Exchange of Information standards. In November 2013, the country successfully passed Phase 2, confirming its readiness to exchange information under existing legal and regulatory frameworks. The team provided in-country assistance to help the tax admininistration develop exchange of information procedures and followed up with remote consultations. It also provided tax authorities with training on how to independently request information from other tax jurisdictions to improve the effectiveness of auditing and enforcement activities.	1	
Vietnam	Tax Transparency	Since 2011, the team has been providing technical assistance to Vietnam's General Department of Taxation (GDT) on transfer pricing legislation, organizational issues, and skills training for auditors to improve the efficiency and effectiveness of multinational enterprise (MNE) audits. The team assisted Vietnam in the introduction of the Advance Pricing Agreement (APA) program. Since the program's inception, the GDT has reported significant improvement in voluntary compliance among taxpayers and fewer losses reported by MNEs. The assistance has resulted in a more efficient tax administration, which has translated into an increase in revenue collected. For the GDT and Provincial Tax Offices combined, the number of audit cases has increased from 1in 2012 to 40 in 2013.	1	
EUROPE AND CENTRAL ASIA				
Albania	Construction Permits	Following in-depth advisory assistance, Albania resumed issuance of construction permits in February 2014 and implemented the Regulatory Plan of Tirana Municipality. A law adopted in April 2013 by parliament and implemented in FY14 has eliminated the concept of two separate development and construction permits in favor of a single construction development permit for simple projects. The law provides for a range of permits, from construction to infrastructure to complex projects. The fee for obtaining a master plan extract from the Plot from the Urban Planning Department was abolished.	1	1
Russia	Construction Permits	In 2011, the mayor of Moscow repealed the city's construction regulations and declared that the Urban Planning Code of the Russian Federation of 1997 now applies to the construction process. Prior to this decision, Moscow's construction process was regulated by Moscow City government resolutions and various mayoral decisions. The 1997 Urban Planning Code does not require multiple project approvals from government agencies. However, this change has not always been implemented in practice. In March 2013, the Moscow City government further clarified construction regulations, with the result that several project approvals are now no longer required. The number of procedures has decreased by four, wait time by 16 days, and permitting costs by 22 percent.	1	1
Russia	Property Transfers	Russia has made it easier to transfer property by streamlining procedures and implementing effective time limits for processing transfer applications. New provisions in federal law introduce time limits for the state to register a property. Through an improved website, private businesses and individuals can perform multiple procedures online, such as obtaining information on ownership rights and encumbrances, conducting title searches for a property, and applying for the state registration of title transfer. As a result, one procedure was eliminated, which led to a reduction in total time of 10 days and total cost of 3.1 percent.	1	1
Russia	Starting a Business	In March 2013, a Russian government decree simplified the state registration process for limited liability companies. As a result, banks no longer require the notarization of a bank signature card in order to open a company bank account. Two procedures were merged into one, the wait time decreased by three days, and cost fell by 25 percent.	1	1
Tajikistan	Construction Permits	The Town Planning Code of the Republic of Tajikistan and a resolution on licensing were approved by the government in March 2014 and have been fully implemented. They eliminated three procedures and cut the overall registration time by 45 days. A requirement to request and obtain approval of project design drawings from the state construction approval agency was eliminated. Requests to obtain a project design permit can now be completed in 15 days, the time to request and obtain project clearance has been reduced from 45 days to 20 days, and time to establish connections with engineering systems and utilities has been reduced from 30 to 10 days.	1	1
LATIN AMERICA AND THE CARIBBEAN				
Colombia	Tax Transparency	The team helped the government establish a comprehensive transfer pricing legislative framework, providing inputs and advice on the legislation, which took effect in January 2014. The team undertook a comprehensive skills building program with the tax administration's transfer pricing team. The capacity-building training resulted in more efficient and effective work and an increase in revenue collected, from $3.3 million to $5.83 million from 2011 to 2012, as a result of transfer pricing adjustments following audits of multinational enterprises.	1	
Honduras	Agribusiness	The Investment Climate team helped the government improve the transparency of the pesticide registration process, level the playing field, and eliminate the discriminatory treatment of applicants. On the basis of the team's advice, the government optimized registration procedures and enforced new process manuals to ensure consistency and equal treatment across applications. Approximately 40,000 farmers benefitted from a reform aimed at increasing competition in the pesticides and fertilizers markets. Product availability increased, with 400 products registered in one year. Prices of some pesticides dropped by as much as 9 percent, and firms now benefit from a more expedited and standardized process for registering their products. In select cases, processes that took three years now take fewer than 90 days.	1	

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1.2 Reforms and Results from FIAS-Funded Projects Mapped to the World Bank Group Investment Climate Department *(continued)*

Country	Reform Topic	Reform Description	Number of Reforms	*Doing Business* Validated
Jamaica	Tax Transparency	The team assisted Jamaica's tax administration in implementing administrative procedures to operationalize the exchange of information to meet the Global Forum on Tax Transparency and Exchange of Information standards. In November 2013, the country successfully passed Phase 2, confirming its readiness to exchange information under the existing legal and regulatory framework.	1	
SUB-SAHARAN AFRICA				
Benin	Enforcing Contracts	Benin made enforcing contracts easier by creating a commercial section within the Court of First Instance. The newly established commercial section has four judges that hear only commercial cases and six additional judges that hear such cases whenever a decision by a judicial panel is required. The court has jurisdiction over all cases involving companies, as well as cases involving competition, securities, initial public offerings, and intellectual property rights. The project team recommended the reform and supported the Cotonou court in establishing the commercial section.	1	1
Benin	Investor Protections	The OHADA Company Law, approved by the 17 West African member nations of the Organisation for the Harmonization of Business Law in Africa (known by its French acronym), strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Benin	Starting a Business	Benin made starting a business easier by abolishing the minimum capital requirement of $2,000. A new decree allows shareholders to freely set the amount of capital needed to incorporate limited liability companies. The project supported the presidential investment council by recruiting a legal expert to review the draft decree. The team shared examples of good practice in the region and supported the dissemination of the decree.	1	1
Benin	Trade Logistics	Benin made trading across borders easier by reducing the import document list. In February 2014, importers were notified that the health certificate was no longer required for imports other than food items. Customs can directly collect information electronically from the National Shippers Council of Benin. The amount of paperwork for traders wishing to import has decreased, as has as the associated document preparation time. The project team undertook a follow-up mission and recommended the elimination of the cargo tracking note, the phytosanitary certificate, and the pay slip. The team also provided support in disseminating the reform.	1	1
Burkina Faso	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Cameroon	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Central African Republic	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Chad	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Comoros	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Congo, Dem. Rep.	Getting Credit	The team helped the government establish a credit registry, improving access to credit information.	1	1
Congo, Dem. Rep.	Getting Electricity	The cost to get electricity fell by about 30 percent following a reduction in the number of approvals required for new connections and a reduction in the required security deposit.	1	1
Congo, Dem. Rep.	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Congo, Dem. Rep.	Starting a Business	The creation of a one-stop shop reduced the steps required to start a business from 11 to 7, the time needed from 31 to 16 days, and the cost from 200 percent to 30 percent of income per capita.	1	1

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1.2 Reforms and Results from FIAS-Funded Projects Mapped to the World Bank Group Investment Climate Department *(continued)*

Country	Reform Topic	Reform Description	Number of Reforms	*Doing Business* Validated
Congo, Dem. Rep.	Tax Simplification and Compliance Management	The simplification of coporate income tax returns reduced the time required to file and pay taxes from 348 hours to 316 hours. Depending on the company's size, elimination of the minimum tax payable reduced the total tax rate by more than half.	1	1
Congo, Rep.	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Côte d'Ivoire	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Djibouti	Construction Permits	Djibouti made dealing with construction permits less time-consuming by streamlining the review process for building permits. The time to issue a permit was reduced from 167 to 117 days.	1	1
Equatorial Guinea	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Gabon	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Ghana	Tax Transparency	Since 2011, the project team has helped the Ghana Revenue Authority (GRA) build a comprehensive transfer pricing regime. Prior to the intervention, Ghana had no legislative or administrative framework for transfer pricing enforcement. The team advised on a comprehensive legislative package, the development of practical guidelines for taxpayers, and the creation of a "disclosure schedule." It also helped strengthen the GRA's administrative capacity and undertook a comprehensive skills-building program with a newly established team of specialist auditors. In FY14, the GRA conducted a preliminary analysis of the large taxpayer base, identifying 209 companies for audit. It sent detailed questionnaires to these companies and received responses that have allowed for in-depth audits of 35 to 40 companies.	1	
Guinea	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Guinea	Property Transfers	Responding to advice from the project team, land property rights and property transfer statistics have been digitized. Scanning ownership titles has made eliminated time-consuming searches through paper archives. The reform has helped reduce the time needed to confirm the identity of a landowner and a clear title at the land registry from 14 days to 1 day. It has reduced the time to transfer the final ownership with the land registry from 15 days to 3 days.	1	1
Guinea	Starting a Business	Thanks to the launch of a one-stop shop, the time needed to register a business was reduced from 40 to 12 days. Approximately 750 businesses registered between July and December 2013. Since the launch of the investment promotion agency's website, legal notices have been published daily. A representative of the country's labor agency was posted to the investment promotion agency offices, a move which will reduce the time required to start a business by five days. With online registration, the time to register a business was reduced from 35 days to 12 days.	1	1
Guinea-Bissau	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Kenya	Competition	A transparent fining and settlement system has helped deter anticompetitive practices. The team assisted the Competition Authority of Kenya in the preparation, adoption, and implementation of a fining and settlement policy that is in line with international best practices. The policy increases and clarifies the penalties for infringements to the Competition Act of 2010. It also gives guidance on when settlements can be used as an alternative to pursuing an investigation. Settlements allow firms to recognize that they committed an infringement while enabling competition agencies to resolve cases quickly.	1	
Kenya	Tax Transparency	Over the past 18 months, the team has made recommendations and provided implementation assistance to help Kenya meet the Global Forum on Tax Transparency and Exchange of Information standards. In November 2013, the country successfully passed Phase 1, confirming that its legal and regulatory framework for tax information exchange meets international standards.	1	

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1.2 Reforms and Results from FIAS-Funded Projects Mapped to the World Bank Group Investment Climate Department *(continued)*

Country	Reform Topic	Reform Description	Number of Reforms	*Doing Business* Validated
Liberia	Trade Logistics	As a direct result of risk management workshops and recent on-the-job training, the Liberian Customs Administration adopted and began utilizing the ASYCUDA World risk management module. This reform resulted in an extensive reduction in the level of physical inspections required, from 97 percent in February 2014 to 57 percent in June 2014. A risk management committee meets twice a month to review compliance and enforcement, further facilitate trade, and ensure proper revenue collection. During the last committee meeting, a decision was passed to add 36 companies to the list of compliant traders, representing a third of Liberia's total trade.	1	
Malawi	Starting a Business	Malawi made starting a business easier by streamlining the company name search and registration process. It also eliminated mandatory inspections of company premises before issuance of a business license. Accordingly, the number of procedures required to start a business was reduced from ten to eight, and the time needed was reduced by two hours.	1	1
Mali	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Mauritania	Getting Credit	Mauritania improved the depth of credit information provided by lowering the minimum threshold for loans to be included in the credit registry's database.	1	1
Mauritania	Starting a Business	Mauritania's one-stop shop has made starting a business easier by eliminating two procedures and shortening the time need by nine days. The government eliminated the publication requirement and the fee to obtain a tax identification number. The cost was reduced by 19 percent.	1	1
Niger	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Rwanda	Construction Permits	Rwanda made dealing with construction permits easier by eliminating three steps and reducing the time needed from 104 to 77 days. It simplified the process for obtaining an occupancy title. The fee to obtain a freehold title has been eliminated.	1	1
Rwanda	Getting Credit	Rwanda established clear priority rules outside bankruptcy for secured creditors and clear grounds for relief from stay-of-enforcement actions by secured creditors during reorganization procedures.	1	1
Rwanda	Getting Electricity	As a result of several fee reductions, Rwanda reduced the cost to get an electrical connection by about 25 percent.	1	1
Rwanda	Tax Simplification and Compliance Management	A small and medium entreprise (SME) tax simplification bill was adopted, making it easier for SMEs to comply. The project team supported the development of the first mobile solution in Africa that allows people to file and pay their taxes using their mobile phones. This solution has eased compliance for small and micro enterprises in the three lowest tax brackets, as the mobile system eliminates the need to visit a tax office or have a fixed Internet connection. As of May 14, 2014, more than 10,000 firms filed and payed taxes using their phones.	1	
Senegal	Construction Permits	Senegal reduced the time involved in processing building permit applications. One step was eliminated, and the time to issue a permit was reduced from 245 to 200 days by shortening the processing time for building permit applications.	1	1
Senegal	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Senegal	Property Transfers	Senegal made transferring property easier by replacing the authorization requirement from the tax authority with a notification requirement. It also created a single step for property transfers at the land registry. One step was eliminated and the total time required to transfer property was reduced from 122 to 71 days.	1	1
Senegal	Starting a Business	Senegal made starting a business easier by reducing the minimum capital requirement. The minimum capital requirement was reduced from 192 percent to 19 percent of income per capita.	1	1
Senegal	Tax Simplification and Compliance Management	Senegal eliminated one payment and reduced the total tax rate from 48.5 percent to 45.1 percent of profit by abolishing the vehicle tax. It also reduced the time required to file and pay taxes from 644 to 620 hours by making it possible to download the declaration forms for value added taxes online.	1	1
Sierra Leone	Tax Simplification and Compliance Management	The Finance Act of 2013 improved the tax system for small and medium enterprises (SMEs) by giving businesses the option of replacing the regressive and arbitrary fixed tax system with a new turnover tax system. The fixed tax system imposed fixed amounts set across 50 business activities and two regional categories. The Finance Law introduced an optional turnover tax system for businesses earning between $2,000 and $80,000 per year. The turnover tax system is more progressive and simpler in terms of its structure as it can be applied equally to all businesses within the turnover band. It also encourages businesses to keep a simple record of accounts.	1	

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1.2 Reforms and Results from FIAS-Funded Projects Mapped to the World Bank Group Investment Climate Department *(continued)*

Country	Reform Topic	Reform Description	Number of Reforms	*Doing Business* Validated
Swaziland	Starting a Business	Swaziland reduced the total time required to start a business from 38 to 30 days by shortening the notice and objection period for obtaining a new trade license.	1	1
Togo	Investor Protections	The OHADA Company Law strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions to the board of directors and by making it possible for shareholders to inspect the documents pertaining to related-party transactions and to appoint auditors to conduct an inspection of such transactions.	1	1
Uganda	Resolving Insolvency	Uganda improved the recovery rate on the dollar from 36 percent to 37.9 percent by consolidating all provisions related to corporate insolvency into one law, establishing provisions for the administration of companies that are or are about to become insolvent, clarifying professional qualification standards for insolvency practitioners, and introducing provisions that prevent undervalued transactions.	1	1
Uganda	Trade Logistics	Uganda reduced the total time required to export from 30 to 28 days and the total time required to import from 33 to 31 days by implementing the ASYCUDA World electronic system for the submission of export and import documents.	1	1
Zambia	Getting Credit	A reform implemented with the help of the project team has enhanced the depth of credit information available by enabling the credit reference bureau to exchange credit information with retailers and utilities.	1	1
Grand Total			57	46

ANNEX 1: REFORMS AND OTHER RESULTS SUPPORTED BY FIAS IN FY14

1.3 Reforms and Results from FIAS-Cofinanced Projects Mapped to Regional IFC Advisory Services Unit

Country	Reform Topic	Reform Description	Number of Reforms	*Doing Business* Validated
EUROPE AND CENTRAL ASIA				
Albania	Trade Logistics	Customs clearance in Albania required traders to pay customs duties at a bank and wait 24 hours for payment confirmation from Albanian Customs. The project initiated round-table discussions between the Albanian Customs Agency, commercial banks, and Albania's Association of Banks. As a result, Albania Customs commissioned the United Nations Conference on Trade and Development (UNCTAD) to build a real-time link between banks, the Treasury, and Customs. This new system was inaugurated on May 30, 2013, in a formal ceremony presided over by the prime minister of Albania. The new e-payment system, rolled out in June 2013, electronically transmits information from commercial banks to Customs. Customs immediately releases the goods upon receipt of payment, a time savings of up to one business day. The time and cost savings constitute a significant efficiency gain for Albania's commercial payment system and for the country's traders. The general director of Customs, Mr. Flamur Gjymishka, stated, "Online electronic payment of customs duties reduces business costs, reduces the time of goods staying at Customs, enhances safety and consumer protection, and minimizes corruption."	1	
Georgia	Tax Transparency	With IFC support, Georgia's Ministry of Finance issued a transfer pricing decree that introduces an advance pricing arrangement framework that affords the private sector with near certainty on transfer pricing matters. The frameworreduces transfer pricing compliance obligations for small and medium enterprises. It is consistent with the international best practice of the Organization for Economic Cooperation and Development (OECD) and provides unprecedented guidance on specific issues of concern to developing countries. This results in a high level of certainty for investors regarding transfer pricing obligations in Georgia. The framework also allows greater transparency for foreign investors and submission of documentation in several languages other than Georgian, helping to reduce compliance costs for multinational enterprises in fulfilling their transfer pricing documentation obligations.	1	
Georgia	Trade Logistics	The implementation of an upgraded version of the Automated System for Customs Data (ASYCUDA) World has enabled the Georgian Revenue Service (GRS) to improve the functionality and performance of the system. Selected modules have been enhanced, allowing the GRS more online functionality, such as electronic cargo control manifests and periodic declarations. The improved system will benefit the private sector by speeding customers procedures. Authorized economic operators can now lodge simplified customs declarations with 50 percent less data required. Importers and exporters benefit from the integration of e-payments and e-certification. Freight forwarders benefit from enhanced Customs transit procedures.	1	
LATIN AMERICA AND THE CARIBBEAN				
Honduras	Trade Logistics	Procedures to obtain certificates for export and imports were streamlined, automated, and made available online. Before the reform, processes to obtain agriculture export permits were performed manually and exporters from all parts of the country had to visit the Center of Exports office at least three times to obtain a certificate of export, requiring at least three days to complete the process. The team helped Honduras interconnect the export system with the systems of both the Agriculture and the Customs agencies. The interconnection has improved the procedures for all products entered into the export system, not just for agriculture. Import certificates can now be obtained online and the cargo released with an online certificate. Clients reported a reduction of time to obtain the export certificates from three days to just minutes.	1	
SUB-SAHARAN AFRICA				
Burkina Faso	Licenses and Permits	The requirements for obtaining technical permits for housing construction, public works, and other government contracting work resulted in a time-consuming and costly process, particularly for small and medium enterprises and led to complaints from private sector firms. The project team helped the Ministry of Housing reduce the time needed to obtain a license from six to three months and simplified the required documentation. For 63 types of licenses, the government adopted a "silence agreement principle," meaning that once a certain maximum time has passed (varying with the type of license) with no government action, the license is deemed to have been granted.	1	
Cameroon	Getting Credit	Cameroon improved its credit information system by passing regulations that provide for the establishment and operation of a credit registry database. The team helped Cameroon put in place the Fibane Platform Database of positive and negative credit information.	1	1
Cameroon	Tax Simplification and Compliance Management	The procedures for paying taxes have been reduced by more than 10 percent as a result of project efforts. Taxpayers had been required to file separate tax forms declaring for each tax: VAT, corporation taxes, salaries, capital income, and special taxes (petroleum) at different times during each month of the year. Through the introduction of the new unified tax declaration, each taxpayer now fills out one form only once a month, amounting to 13 tax payments annually, including the payment of income tax.	1	
Côte d'Ivoire	Property Transfers	Based on a recommendation from the project team, the government adopted a regulation combining registration of a sale agreement with the local authority and registration at the land authority. This reform has reduced the time required to register property by 10 days, from 42 to 32 days.	1	1
Côte d'Ivoire	Starting a Business	Côte d'Ivoire made starting a business easier by reducing the minimum capital requirement, lowering registration fees, and enabling the one-stop shop to publish notices of incorporation.	1	1

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1.3 Reforms and Results from FIAS-Cofinanced Projects Mapped to Regional IFC Advisory Services Unit *(continued)*

Country	Reform Topic	Reform Description	Number of Reforms	*Doing Business* Validated
Côte d'Ivoire	Tax Simplification and Compliance Management	In Côte d'Ivoire, women lacked some of the legal rights available to men, a factor that limited the economic development of women in the country. With the help of the project team, the government enacted regulations addressing the problem. The new fiscal law allows women to pay the same level of tax as men. An amendment to the family code gives married men and women the same rights in terms of the selection of residence and job. A married woman can now accept any job without the approval of her husband, has the same right to choose the family residence as the husband, and has equal status under the law in terms of being in charge of the household. This latter provision replaced a law that gave husbands responsibility for children, thereby allowing husbands, but not wives, to reduce their taxes. Results of an impact assessment survey found that the reform is increasing family revenue by between 3 and 10 percent.	1	
Côte d'Ivoire	Trade Logistics	Côte d'Ivoire made trading across borders easier by simplifying the processes for producing inspection reports and by reducing port and terminal handling charges at the port of Abidjan. Among other improvements, two required import documents were merged into one.	1	1
São Tomé and Príncipe	Starting a Business	São Tomé and Príncipe made starting a business easier by eliminating the minimum capital requirement for business entities to obtain a commercial license.	1	1
São Tomé and Príncipe	Tourism	The government successfully introduced an online visa system enabling a much faster, simpler, and cheaper access into the country for foreign tourists requiring visas. The system is in the pilot phase, and it receives over 400 applications per month on average. In the testing phase, 50 percent are receiving automated approval; the rest require additional verification. IFC is advising the government on the application of the system and its ongoing improvements. The online system itself is fully funded and implemented by the government. Prior to the reform, applicants had to send their passport to one of five embassies of São Tomé and Príncipe worldwide, with handling times varying depending on where the applications came from. Under the automated system, visa applications are handled in a maximum of seven days. The visa fee at the embassies was €80, whereas the online fee is €20, plus shipping costs. Prior to the reform, no online visas were issued in São Tomé and Príncipe.	1	
Tanzania	Resolving Insolvency	Tanzania made resolving insolvency easier by clearly defining the professional qualifications required of individuals or firms appointed to handle insolvency cases, as well as their remuneration. The new insolvency rules supplement the Companies Act of 2002, establishing key features for corporate insolvency proceedings. Among other provisions, the rules (i) establish a process for implementing voluntary insolvency arrangements either for debt resolution or reorganization, (ii) outline the duties of appointed administrative receivers charged with ensuring that a financially troubled but viable company survives as a going concern, and (iii) streamline insolvency proceedings by establishing time limits on various procedural steps.	1	1
Tanzania	Trade Logistics	Tanzania was imposing nontariff barriers on the transport sector, affecting partner states of the East African Community (EAC). For example, a discriminatory road toll charges Burundian trucks $500 instead of the $152 toll paid by Tanzanian trucks. The differential was contrary to Tanzania's commitments on the implementation of the EAC Common Market Protocol and was negatively affecting trade, particularly the cost of goods in Burundi, as well as the profitability of transporter businesses registered in Burundi. On the basis of the team's advice, Tanzania reduced the toll fees charged to Burundian trucks by 70 percent, to a level equal to the toll charged to trucks registered in EAC partner states. The reform has lowered the cost of imported consumer goods trucked to Burundi through Tanzania and reduced the cost of doing business for Burundian-registered transporters by $696 per round trip.	1	
Togo	Enforcing Contracts	Togo made enforcing contracts easier by creating specialized commercial divisions within the court of first instance. The project team supported the government in creating three specialized commercial chambers within the Lomé Tribunal. Judges and clerks in these chambers deal exclusively with commercial cases. Previously, civil and commercial cases were judged by the same magistrates, with no procedural distinction between civil, commercial, or family matters. The IFC team initiated discussions among various stakeholders in the judicial system, resulting in several recommendations. The team assisted in drafting the regulation establishing the commercial chambers. The number of hearings of commercial cases has increased from one a week to four per week. Reform work has continued with the adoption in 2014 of a commercial procedure agreement between the court and the bar association, setting clear steps for commercial cases and assigning time limits to each step.	1	1
Togo	Property Transfers	The IFC team helped bring about the adoption of the 2013 finance law reducing the property registration tax rate from 8 percent to 6 percent of the property value and reducing the land conservation tax rate from 1.2 percent to 1 percent.	1	1
Togo	Starting a Business	Togo made starting a business easier by enabling the one-stop shop to publish notices of incorporation and eliminating the requirement to obtain an economic operator card. The reform also reduced the minimum capital requirement from $2,000 to $200.	1	1
Zambia	Tax Simplification and Compliance Management	The team helped the Zambia Revenue Authority introduce a new system called "Tax Online" in July 2013. It is designed to ease the cost of tax compliance and administration and consequently the cost of doing business.	1	1
Grand Total			19	10

ANNEX 2: PORTFOLIO OF FIAS-SUPPORTED PROJECTS IN FY14

2.1 FIAS-Funded Client-Facing Projects Mapped to the World Bank Group Investment Climate Department

Region	Country	Project Name	Total Funding	FYTD Expenditures	FY14 FIAS Expenditures	Stage
EUROPE AND CENTRAL ASIA	Eastern Europe Region	Indicator Based Reform Advisoty in ECA	$778,500	$179,758	$146,729	PORTFOLIO
LATIN AMERICA AND CARIBBEAN	Colombia	Trade Logistics Advisory Program in Colombia	$1,912,030	$483,794	$397,720	PORTFOLIO
MIDDLE EAST AND NORTH AFRICA	MENA Region	DB Reform MENA	$1,276,247	$65,480	$65,247	PORTFOLIO
	Morocco	Morocco quality of public service delivery and transparency to improve the investment climate	$525,000	$238,372	$238,372	PORTFOLIO
SUB-SAHARAN AFRICA	Africa Region	Indicator-Based Reform in Sub-Saharan Africa	$1,275,470	$400,718	$400,718	PORTFOLIO
	Benin	Benin Investment Climate Reform Program	$1,177,825	$131,379	$114,393	PORTFOLIO
	Burkina Faso	Trade Logistics Burkina Faso	$923,592	$112,710	$53	PORTFOLIO
	Burundi	Burundi Investment Climate Reform Program	$2,413,207	$420,248	$326,144	PORTFOLIO
	Comoros	Comoros Investment Climate and Leasing Reform Program	$1,200,000	$131,074	$44,592	PORTFOLIO
	Eastern Africa Region	East African Community IC Phase 2	$8,080,035	$1,615,778	$1,545,804	PORTFOLIO
	Guinea	Guinea Business Regulation	$1,840,000	$468,322	$127,449	PORTFOLIO
	Kenya	Kenya Investment Generation Program	$1,493,350	$244,141	$171,850	PORTFOLIO
	Kenya	Trade Logistics Kenya	$2,532,939	$497,143	$2,800	PORTFOLIO
	Liberia	Liberia Trade 2	$945,000	$169,152	$34,399	PORTFOLIO
	Uganda	Uganda Investment Climate Program	$1,981,600	$453,860	$453,860	PORTFOLIO
	Western Africa Region	West Africa Trade Logistics	$436,000	$273,332	$273,332	PORTFOLIO
	Western Africa Region	OHADA Uniform Acts Reform phase 2	$3,660,118	$956,520	$767,417	PORTFOLIO
	Western Africa Region	Investment Policy Reform for West Africa Regional Organizations	$10,350,000	$504,099	$504,099	PORTFOLIO
WORLD	World Region	Tax Transparency Technical Assistance Program	$2,286,129	$271,199	$271,199	PORTFOLIO
	World Region	Competition Policy for Investment Climate	$1,542,951	$434,907	$434,907	PORTFOLIO
	World Region	Tax Transparency Exchange of Information - Client Facing	$1,500,000	$-	$-	PORTFOLIO
LATIN AMERICA AND CARIBBEAN	Latin America Region	Doing Business Reform Latin America and the Caribbean	$1,336,235	$424	$256	COMPLETED
SOUTH ASIA	Bangladesh	Low-Carbon Industry Initiative in Bangladesh	$834,744	$186,718	$107,276	COMPLETED
SUB-SAHARAN AFRICA	Africa Region	OHADA: Building the Capacity to Improve the Quality of the Legislation	$4,690,056	$1,047	$1,047	COMPLETED
	Africa Region	DB Reform Sub-Saharan Africa	$1,632,614	$-	$-	COMPLETED
	Eastern Africa Region	EAC Investment Climate Reform Program	$1,977,312	$(5)	$(5)	COMPLETED
	Kenya	Kenya: Improving Regulatory Performance and Capacities	$4,925,000	$-	$-	COMPLETED
	Rwanda	Rwanda Investment Climate Reform Program	$4,564,730	$430,532	$112,355	COMPLETED
WORLD	World Region	Global Investment Promotion Benchmarking 2012	$1,993,835	$74,109	$74,109	COMPLETED
MIDDLE EAST AND NORTH AFRICA	MENA Region	IBRA Project in the MENA Region	$1,632,614	$159,913	$159,913	PIPELINE
SUB-SAHARAN AFRICA	Mali	Mali Investment Climate Program - Phase 3	$1,890,000	$-	$-	PIPELINE
Grand Total					$6,776,055	

ANNEX 2: PORTFOLIO OF FIAS-SUPPORTED PROJECTS IN FY14

2.2 FIAS-Cofinanced Client-Facing Projects Mapped to Regional IFC Advisory Services Units

Region	Country	Project Name	Total Funding	FYTD Total Expenditures	FY14 FIAS Expenditures	Stage
EAST ASIA AND PACIFIC	Mongolia	Mongolia Business Inspection Reform	$2,624,993	$446,407	$90,655	PORTFOLIO
	Philippines	Philippines Agribusiness Trade Competitiveness	$3,594,817	$519,222	$91,056	PORTFOLIO
	Timor-Leste	Timor-Leste Business Registration and Licensing Reform Project	$1,954,679	$357,858	$227,693	PORTFOLIO
	Vietnam	Viet Nam Debt Resolution	$2,380,168	$247,224	$75,701	PORTFOLIO
EUROPE AND CENTRAL ASIA	Albania	ECA DR AI	$237,500	$112,013	$112,013	PORTFOLIO
	Armenia	Armenia Investment Climate Reform Project	$1,605,567	$436,515	$143,272	PORTFOLIO
	Armenia	Armenia Investment Climate II	$1,500,000	$22,443	$22,443	PORTFOLIO
	Georgia	Georgia IC Project	$1,784,000	$475,370	$306,564	PORTFOLIO
	Kyrgyz Republic	Central Asia Tax Project	$3,377,931	$1,050,872	$120,225	PORTFOLIO
	Macedonia, Former Yugoslav Republic of	Renewable Energy Macedonia Small Hydro Power	$1,522,580	$352,346	$63,258	PORTFOLIO
	Moldova	Investment Climate Reform Moldova	$3,341,641	$1,026,161	$17,142	PORTFOLIO
	Serbia	Trade Logistics South East Europe	$2,577,457	$862,493	$299,088	PORTFOLIO
LATIN AMERICA AND CARIBBEAN	Caribbean Region	Trade Logistics in the Caribbean	$1,814,447	$843,897	$55,000	PORTFOLIO
	Latin America Region	Taxation Knowledge Management in LAC	$500,000	$57,186	$27,302	PORTFOLIO
	Latin America Region	Indicator Based Reform Advisory in LAC	$2,607,245	$424,850	$40,434	PORTFOLIO
MIDDLE EAST AND NORTH AFRICA	Egypt, Arab Republic of	Egypt SubNational Doing Business 2013	$1,307,474	$175,512	$121,258	PORTFOLIO
	Pakistan	Pakistan Punjab GSTS Reform Project	$2,236,265	$187,990	$25,636	PORTFOLIO
SOUTH ASIA	India	Odisha Inclusive Growth Partnership	$2,698,000	$572,053	$134,652	PORTFOLIO
	India	India Rajasthan Investment Climate Reform	$3,369,600	$537,479	$153,702	PORTFOLIO
SUB-SAHARAN AFRICA	Africa Region	IC Rapid Response III	$1,801,700	$401,402	$86,741	PORTFOLIO
	Burkina Faso	Burkina Faso Investment Climate Reform Program	$2,194,587	$529,257	$66,905	PORTFOLIO
	Cameroon	Cameroon Investment Climate Reform Program	$1,400,000	$242,632	$50,000	PORTFOLIO
	Côte d'Ivoire	Côte d'Ivoire Investment Climate Reform Program - Business Regulation	$2,307,725	$544,554	$351,726	PORTFOLIO
	Guinea	Investment Climate Reform in Guinea Investment Policy and Taxation	$1,600,000	$522,689	$105,044	PORTFOLIO
	Liberia	Liberia Investment Climate AS Phase 3	$3,784,175	$686,142	$40,964	PORTFOLIO
	São Tomé and Príncipe	São Tomé and Príncipe Investment Climate Project	$1,206,786	$246,581	$115,686	PORTFOLIO
	Tanzania	Tanzania IC Program	$920,000	$140,003	$130,521	PORTFOLIO
	Togo	Togo Investment Climate Reform Program	$772,071	$145,179	$100,906	PORTFOLIO
	Uganda	Uganda IC Industry Program	$1,140,000	$52,517	$52,517	PORTFOLIO
	Zambia	Zambia Investment Climate Program II	$3,040,000	$397,970	$52,134	PORTFOLIO
LATIN AMERICA AND CARIBBEAN	Haiti	Haiti Investment Generation Strategy	$3,209,366	$439,637	$196,177	COMPLETED
	Honduras	Honduras Agribussines Trade Logistics	$774,156	$72,663	$35,359	COMPLETED
SUB-SAHARAN AFRICA	Lesotho	Lesotho Tourism PPPs	$1,304,174	$330,661	$46,427	COMPLETED
EAST ASIA AND PACIFIC	Mongolia	Mongolia Investment policy and investor protection confidence	$1,855,008	$46,316	$46,316	PIPELINE
	Myanmar	Myanmar Investment Climate Project	$5,522,500	$482,710	$102,085	PIPELINE
	Southern Europe Region	ECA Debt Resolution and Business Exit #UMB	$250,284	$97,875	$65,595	PIPELINE
SUB-SAHARAN AFRICA	Burkina Faso	Burkina Faso IC for Agribusiness	$950,000	$108,079	$108,079	PIPELINE
	Côte d'Ivoire	Côte d'Ivoire - Agribusiness Program	$2,015,000	$124,089	$84,354	PIPELINE
SUBTOTAL					$3,964,627	

2.2 FIAS-Cofinanced Client-Facing Projects Mapped to Regional IFC Advisory Services Units *(continued)*

Region	Country	Project Name	Total Funding	FYTD Total Expenditures	FY14 FIAS Expenditures	Stage
Non-CIC Client Facing projects < $10k spending (Expenditures to be captured but projects not included in project listing)						
Region	Country	Project Name	Total Funding	FYTD Total Expenditures	FY14 FIAS Expenditures	Stage
EUROPE AND CENTRAL ASIA	Azerbaijan	Azerbaijan Investment Climate - Phase II	$1,490,000	$811,787	$3,861	PORTFOLIO
	Belarus	Belarus: Regulatory Simplification and Investment Generation 2010 - 2013	$3,037,454	$588,236	$665	PORTFOLIO
	Bosnia and Herzegovina	Bosnia and Herzegovina Investment Climate Project (ISCRA)	$2,960,360	$899,472	$0	PORTFOLIO
	Georgia	Georgia Tax Simplification Project	$1,081,003	$-	$-	PORTFOLIO
	Kosovo	Kosovo Investment Climate	$2,511,479	$730,993	$-	PORTFOLIO
LATIN AMERICA AND CARIBBEAN	Latin America Region	Central America Regional Agribusiness Trade Logistics Project	$2,433,000	$355,507	$3,205	PORTFOLIO
MIDDLE EAST AND NORTH AFRICA	Pakistan	Pakistan/Punjab Energy	$494,475	$180,056	$840	PORTFOLIO
SOUTH ASIA	India	Bihar IC Tax Simplification Program	$783,075	$2,788	$-	PORTFOLIO
	Nepal	Nepal Investment Climate for Industry	$2,053,881	$617,929	$8,659	PORTFOLIO
	Southern Asia Region	SA Regional Trade	$4,178,000	$1,368,938	$-	PORTFOLIO
SUB-SAHARAN AFRICA	Ethiopia	Ethiopia Business Forum	$1,144,800	$358,991	$(110)	PORTFOLIO
	Mozambique	Mozambique Investment Climate Program	$1,018,000	$124,571	$85	PORTFOLIO
	Zambia	Investment Climate Rapid Response	$2,285,000	$215,123	$5,940	COMPLETED
	Rwanda	Rwanda Tea PPP	$70,000	$753	$-	PIPELINE
Subtotal					$23,146	
Grand total					$3,987,773	

ANNEX 2: PORTFOLIO OF FIAS-SUPPORTED PROJECTS IN FY14

2.3 FIAS-Funded Knowledge Management and Product Development Projects Mapped to the World Bank Group Investment Climate Department

Region Name	Project Name	Total Funding	Total FY Expenditure US$	Total FY FIAS Expenditure Share	% FIAS Expenditures	Project Stage
WORLD	Gender in Investment Climate	$500,000	$193,660	$131,527	68%	PORTFOLIO
	Cross Business Line PDP Initiative on Green Buildings	$4,307,000	$405,986	$162,344	40%	PORTFOLIO
	Investment Climate Agribusiness Global Product Development Project	$1,712,500	$40,790	$40,790	100%	PORTFOLIO
	Global Trade Logistics Advisory Program	$1,855,008	$61,460	$61,460	100%	PORTFOLIO
	Investment Services and Advisory Services Knowledge Management Phase 2	$783,075	$102,660	$102,660	100%	PORTFOLIO
	Debt Resolution	$468,885	$415,058	$414,167	100%	PORTFOLIO
	Business Regulation Product Development and Knowledge Management	$704,500	$177,857	$177,857	100%	PORTFOLIO
	Tourism Global Phase 2	$473,776	$1,147	$1,147	0%	PORTFOLIO
	Investment Climate Indicator Based Reform Advisory Global	$1,029,204	$8,088	$1,423	18%	PORTFOLIO
	Public Private Dialogue Global Product Development and Knowledge Management	$436,000	$-	$-	0%	PORTFOLIO
	Investment Climate for Private Participation in Power	$1,450,000	$345,363	$-	0%	PORTFOLIO
	ICT-enabled Investment Climate Reform Theme Project	$1,276,247	$103,439	$103,439	100%	PORTFOLIO
	Transparency and Access to Information in Investment Climate Operations	$1,336,235	$94,958	$94,958	100%	PORTFOLIO
	Climate Efficient Industries Product Development Project	$1,500,000	$214,480	$214,480	100%	PORTFOLIO
	Public Private Dialogue Global Knowledge Management	$700,000	$382,691	$382,691	100%	PORTFOLIO
	Promoting Competition	$1,000,000	$445,906	$445,906	100%	PORTFOLIO
	Investment Climate Indicator Based Reform Advisory Global	$1,033,091	$324,511	$324,511	100%	PORTFOLIO
	Investment Climate Agribusiness Supply Chain PDP	$2,575,000	$662,758	$662,758	100%	PORTFOLIO
	Trade Logistics PDP (FY13-FY17)	$1,950,000	$628,656	$628,656	100%	PORTFOLIO
	Business Taxation Product Design	$2,722,000	$904,434	$889,134	98%	PORTFOLIO
	Joint Donor/World Bank Group Program on Impact and Value for Money	$4,453,649	$1,258,554	$1,102,931	88%	PORTFOLIO
	Investment Policy Product Development and Roll Out	$1,780,000	$547,949	$500,166	91%	PORTFOLIO
	Investment Climate-Business Taxation (Tax Transparency)	$600,000	$161,423	$161,423	100%	PORTFOLIO
	Investment Climate for Tourism - Global	$2,030,000	$399,700	$399,700	100%	PORTFOLIO
	Special Economic Zones Product Development Knowledge Management Phase 2	$474,132	$(128)	$(128)	100%	COMPLETED
	Investing Across Borders Indicators	$3,389,209	$57,026	$57,026	100%	COMPLETED
Subtotal				$7,061,025		

Projects Closed and continued in Follow-On project (Expenses to be captured but projects not included in project listing)						
Region Name	Project Name	Total Funding	Total FY Expenditure US$	Total FY FIAS Expenditure Share	% FIAS Expenditures	Project Stage
WORLD	Debt Resolution and Business Exit	$1,712,500	$891	$891	100%	UNKNOWN
	Tax Product Program Design	$1,029,204	$15,300	$15,300	100%	UNKNOWN
	Investment Policy Product Development and Roll Out	$1,977,312	$46,970	$46,970	100%	UNKNOWN
	Investment Climate-Business Line Impact Estimations & Evaluations	$4,925,000	$77,812	$77,812	100%	UNKNOWN
Subtotal				$140,972		
Grand Total				$7,201,997		

ANNEX 3: ABBREVIATIONS

ASYCUDA	Automated Systems for Customs Data
DB	World Bank Group's Doing Business report
DFATD	Canadian Department of Foreign Affairs, Trade and Development
DFID	United Kingdom Department for International Development
EAC	East African Community
FCS	states in fragile and conflict-affected situations
FDI	Foreign Direct Investment
FIAS	Facility for Investment Climate Advisory Services
FMTAAS	Funding Mechanism for Technical Assistance and Advisory Services
IBRA	Indicator-Based Reform Advisory
IBRD	International Bank for Reconstruction and Development
ICBL	Investment Climate Business Line
ICT	information and communication technologies
IDA	International Development Association
M&E	monitoring and evaluation
MIGA	Multilateral Investment Guarantee Agency
NORAD	Norwegian Agency for Development Cooperation
OECD	Organization for Economic Cooperation and Development
OHADA	Organization for the Harmonization of Business Law in Africa
PPD	public-private dialogue
SECO	Swiss State Secretariat for Economic Development
SIDA	Swedish International Development Agency
T&C	Trade and Competitiveness Global Practice
USAID	U.S. Agency for International Development
WTO	World Trade Organization

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