INVESTING IN PRIVATE SECTOR GROWTH, JOBS, AND INCLUSION:

HIGHLIGHTS:

FIAS Strategy for FY17–21
Facility for Investment Climate Advisory Services
ABOUT FIAS

The FIAS partnership was established in 1985 to provide advice to governments on reforms needed to improve their investment climates. Today the FIAS program is cofinanced by the World Bank Group and nearly 20 development partners.

The Facility for Investment Climate Advisory Services (FIAS) operates at the intersection of government and private enterprise to ensure that business environments—as reflected by laws, regulations, and other elements—enable private sector growth and are not unnecessarily burdensome. FIAS aims to develop dynamic and resilient economies that promote economic inclusion through investment, innovation, job-creation, and higher productivity. Efforts to increase the competitiveness of developing country economies support their increased participation in international markets, produce better jobs, and contribute to the World Bank Group’s overarching Twin Goals of eliminating extreme poverty and boosting shared prosperity.

The FIAS program is administered and managed by the Trade & Competitiveness Global Practice, a joint IFC-World Bank unit of the World Bank Group. Through FIAS, T&C implements advisory services in developing countries that foster open, productive, and competitive markets and unlock sustainable private investments in sectors that contribute to growth and poverty reduction.
TO DATE:
DURING THE FIRST FOUR YEARS OF THE FY12–16 STRATEGY CYCLE, FIAS HELPED BRING ABOUT ...

265 REFORMS in 75 Client Countries

$1.36 BILLION in private investment generated for the cycle, well above the target of $1 BILLION

72% of FIAS-supported reforms achieved in IDA countries
66% in SSA
31% in FCS

FIAS GOAL:
$600 MILLION in private sector savings achieved by FIAS, FY12-16

FIAS ACHIEVED:
$626 MILLION in private sector savings FY12-15

The FIAS agenda for the next five years continues this progress while expanding into new fields, such as global value chains, and offering a wider array of advisory, technical, and financial options to clients.
THE FIAS FY17-21 STRATEGY
RESTS ON THREE PILLARS DESIGNED TO HELP THE PRIVATE SECTOR REALIZE ITS GROWTH AND DEVELOPMENT POTENTIAL WITHIN CLIENT COUNTRIES

1. **Improve Business Environment**
   - That affects decisions to open and operate a business

2. **Expand Market Opportunities**
   - Delivering sector- and market-specific solutions to allow firms to grow and compete in domestic and international trade

3. **Operationalizing Programs to Increase Firm-Level Competitiveness and Efficiency**

The pillars are supported by four programmatic themes:

- Gender and Inclusion
- Transparency, Political Economy, and Sustainability of Reforms
- Green Competitiveness
- Targeting High-Growth Business
THE FIAS STRATEGIC PILLARS: PROJECT EXAMPLES

PILLAR 1: IMPROVING BUSINESS ENVIRONMENT

In Kenya, FIAS-supported teams have implemented online services for business licensing in the Mombasa and Nyeri counties, as well as an online system for construction permit administration in Mombasa and Nairobi. Architects and developers can submit their building plans and track the review process online through a computer or mobile phone. FIAS support is helping expand deployment of the online system to other countries, including Iraq, Lesotho, Rwanda, and Uganda.

FIAS-supported agribusiness-related reforms and food safety work in the Europe and Central Asia (ECA) Region exemplify the expanding portfolio of sector-related reform work. Efforts begun in Ukraine to streamline complex food safety regimes that provide little consumer protection and impede exports have been expanded to Armenia, Azerbaijan, the Kyrgyz Republic, Moldova, and Uzbekistan. The result has been millions in cost savings, new local and foreign investments, and improved links with the European market.

PILLAR 2: EXPANDING MARKET OPPORTUNITIES

Active engagement with government and the private sector in Rajasthan, India, has led to significant new foreign direct investment in sectors as varied as solar energy, manufacturing, and services. The effort began by identifying the potential for new investment in particular geographic areas and industrial sectors, and then developing an outreach strategy to bring government and private sector parties together in a common framework driven by reforms and a sustainable path to growth.

A market access project has reduced restrictions to investment in Myanmar, helping to open a range of previously prohibited sectors to foreign investment—and leading to a four-fold increase in related FDI.

PILLAR 3: INCREASING FIRM-LEVEL COMPETITIVENESS

FIAS is supporting improvements in the sustainability and competitiveness of the seafood sector in Mauritania. The government has designated the Nouadhibou Free Zone (NFZ) as a core element of its national growth strategy. Nouadhibou, the country’s main fisheries center, holds 80 percent of the national market. Yet the sector’s competitiveness is suffering due to problems with firm productivity and resource use, resulting in fish product losses and high operational costs.

Support for the sector combines several initiatives including a $47 million program involving the Bank Group’s Environment Global Practice and the Global Environment Facility (GEF) program, supporting sustainability of the fish stock, a T&C-GEF lending operation to develop trade infrastructure and enhance the competitiveness of the NFZ, and a FIAS-supported advisory services initiative which aims to integrate sustainability into the NFZ development strategy, establish a public-private dialogue platform, and generate clean-technology investments.
FIAS is managed by the World Bank Group’s Trade & Competitiveness Global Practice, a joint organization of IFC and the World Bank. T&C has enriched its suite of offerings and organized them under four core competencies:

- Trade and Competition
- Investment Climate
- Competitive Sectors
- Innovation and Entrepreneurship

T&C implements the FIAS strategy with specialized teams that together include close to...

500 staff working in 80 countries
EVOLUTION OF FIAS

Operating principles remain consistent, with new programs, broader impact, and integrated delivery

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<th>Client Facing</th>
<th>Approach to Client Needs</th>
<th>Use of Indicators and Benchmarking</th>
<th>Role of FIAS-Funded Activities</th>
<th>Managing for...</th>
<th>Cross-Cutting Themes</th>
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<td>Economy wide</td>
<td>Product centric</td>
<td>Doing Business centric</td>
<td>Solution design and implementation support</td>
<td>Outcomes</td>
<td>Little Emphasis/Anecdotal Results</td>
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<td>Majority Economy wide; Addition of Agribusiness and Tourism sectors</td>
<td>Increasingly issue-based, programmatic approach</td>
<td>Investment climate indicators and product-level assessments</td>
<td>Innovation, incubation facilitator and catalyst</td>
<td>Development Impact</td>
<td>Cross-cutting themes: Social inclusion; economic governance and transparency; promoting competition; and green growth</td>
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<td>Deepening economy-wide; and expanded sector competitiveness agenda.</td>
<td>Integrated solutions for connectivity and open markets.</td>
<td>Diagnostics that help clients define competitive position and options; and effective feedback loops to assess progress and reach.</td>
<td>Global thought leadership through analytics and pilot activities; sustaining implementation results; and leveraging World Bank Group instruments and private sector.</td>
<td>Impact on jobs and productivity to achieve twin goals.</td>
<td>Mainstream cross-cutting themes into pillars through improved results tracking.</td>
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REFINING THE LOG FRAME OF STANDARD INDICATORS TO BETTER ARTICULATE THE EXPECTED THEORY OF CHANGE;

DEVELOPING AND TRACKING IMPACT INDICATORS AS COMMITTED TO IN THE FIAS STRATEGY; AND

DEVELOPING AN IMPACT PROGRAM TO FILL CRITICAL KNOWLEDGE GAPS AND LEARN FROM OPERATIONAL EXPERIENCE.
The CHALLENGE GOING FORWARD...

90% THE PRIVATE SECTOR WILL BE RESPONSIBLE FOR ABOUT 90 PERCENT OF JOBS IN THE DEVELOPING WORLD.

70% GLOBAL DEMAND FOR FOOD IS EXPECTED TO INCREASE BY 70 PERCENT OVER THE NEXT 35 YEARS, DRIVEN BY RISING POPULATION, INCREASING URBANIZATION, AND AN EXPANDING MIDDLE CLASS.

INCOME INEQUALITY IS ON THE RISE IN MANY COUNTRIES AND THE GAP BETWEEN THE RICHEST AND POOREST COUNTRIES IS WIDENING AS SOME OF THE WORLD’S POOREST COUNTRIES FALL INTO A “POVERTY TRAP.”

With FIAS support, T&C is positioned to provide advisory services, non-lending technical assistance, and global thought leadership via strategic partnerships that include World Bank Group financial instruments, international agencies, development partners, the private sector, and clients.

The World Bank Group and T&C management are grateful for the support during the FY12-16 cycle of 19 FIAS development partners: