

MTI GLOBAL PRACTICE

Macro, Trade and Investment

Global Business Regulation Unit



MTI GLOBAL BUSINESS REGULATION UNIT

Promoting an efficient, transparent and predictable business environment for growth

MTI's Global Business Regulation Unit supports client governments through analytics, advice and lending operations. We help implement reforms designed to promote investment and trade by making it easier to do business in a country. Our unit works with governments in three primary areas: microeconomic regulatory interventions, systemic regulatory reforms, and reform of regulatory management systems.

Regulations governing the creation, growth and renewal of firms—including registration, licensing, inspections, property rights, and others—are important instruments for achieving macroeconomic outcomes. When done right, these regulations can reduce the costs and risks of doing business in a country, while also protecting consumers, public health and safety. Despite countries making positive changes in past decades, there are many remaining cases where complex and costly requirements stifle innovation, inhibit investments and economic growth, weaken competitiveness, and compromise economic diversification. Striking the right balance is critical.

To help client countries address legal and institutional deficiencies which impact private investments, we use a variety of diagnostic and implementation support tools to provide advice and lending to client governments. These include primary research, benchmarking indicators such as the World Bank Group's *Doing Business Indicators*; the *Global Regulatory Governance Indicators*, among others. We also leverage internal and external partnerships to support our offering.

WHAT WE OFFER

We promote investments and growth by providing advisory and lending support to client governments to help strengthen their overall regulatory frameworks which support businesses throughout all stages of the business lifecycle. We deliver our support through various Bank and IFC instruments – eg. ASA, IFC AS, IPFs, DPLs and RAS instruments.

1 | AN EFFECTIVE AND EFFICIENT REGULATORY FRAMEWORK

Clarifying and strengthening the quality and enforcement of rules and regulations to address market failures

The first pillar of an effective regulatory framework is the quality and enforcement of regulations in a country. This is an important cornerstone of an efficient, transparent, and predictable regulatory framework. The specifics of a law lay down the parameters for regulating businesses and markets, and provide for the range of institutions to implement them. We provide analytics and advice to help clarify the legal provisions governing business entry, growth and exit, and the systems through which these are developed, consulted and enforced.

In addition, we develop and test diagnostic tools to help identify specific regulatory problems, such as implementation gaps, weak citizen engagement and consultation processes, and overall unpredictability of the regulatory system. These can be standalone diagnostics or part of standard WBG or client product offerings, such as the Country Economic Memorandum (CEMs), the Country Private Sector Diagnostic (CPSD), the Country Economic Update (CEU), or part of a policy diagnostic for DPOs and DPLs.

> Regulatory quality and simplification: We help client governments improve the quality of their regulations. Regulation must be efficient, low-risk, and fit-for-purpose so that relevant policy objectives are pursued without unnecessary costs and externalities. We identify regulatory gaps and inconsistencies, and help client governments clarify, simplify and streamline regulatory provisions.

> **In addition, we promote regulatory simplification, transparency and predictability:** We use benchmarks such as *Doing Business Indicators*, the *Global Governance Indicators*, as well as in-depth regulatory reviews to provide advice on regulatory simplification, transparency, and predictability. We support reforms through Reform Memos, Reform Roadmaps, and Business Process Re-engineering to simplify business entry, licensing, permitting, quality infrastructure, inspections procedures. We also promote regulatory compliance through various tools, including compliance incentives, trust building mechanisms, and G2B feedback and consultation loops.

> **We use ICT and other disruptive technologies** across the full spectrum of our offerings to enhance transparency, accountability, accessibility, and predictability of the regulatory system. This includes integration of G2B service delivery to enable sharing of high-quality data across government, and application of disruptive technologies such as Artificial Intelligence to improve regulatory processes.

2 | REGULATORY POLICY AND MANAGEMENT

Strengthening regulatory governance, compliance, and predictability

The second pillar of an effective regulatory environment focuses on the systems and mechanisms through which rules are developed, assessed, consulted, implemented and kept up-to-date. Regulatory uncertainty has become a significant deterrent to investment in developing countries. We support client governments in identifying and addressing sources of regulatory uncertainty, including regulatory capture.

THE TWO AREAS ARE:

> **Review and reform regulatory management systems:** We use a range of tools to identify gaps in the way rules are drawn up, enacted and enforced. These tools include *Regulatory Policy and Delivery Reviews* to assess the health of the regulatory system and identify gaps or inconsistencies in rulemaking processes.

> **Promote good regulatory practices in a country:** We support the design and implementation of Good Regulatory Practices to ensure regulations are issued, enforced and implemented in a transparent and consistent way to facilitate logical investment decisions. These practices can have far-reaching impacts on the competitiveness and productivity of firms, enhance trust in government, strengthen the social contract with citizens, and improve voluntary compliance. Commonly used tools are *Regulatory Impact Assessment systems*, public consultation mechanisms (such as *Notice and Comment*), and institutional oversight to ensure that new and existing rules are developed and updated consistently.

3 | ASSESSING REGULATORY IMPACTS

We support client governments to quantify *ex-ante* and *ex-post* social, environmental and economic impacts of regulations. Through well-established tools such as the *Regulatory Impact Assessment (RIA)*, and the *Standard Cost Model*, we help estimate cost savings for businesses and revenue and other impacts for governments. We also help governments establish regulatory impact monitoring mechanisms at country level.

THOUGHT LEADERSHIP AND NEW KNOWLEDGE

Through analytics, publications, conferences, international partnerships, and internal events, the Global Business Regulation Unit is a thought leader on various regulatory reform issues.

In addition, the GBR offering is regularly updated to reflect recent technological developments, new client demand, research and market innovations. Some recent examples include new thinking on: *regulating the new economies; rethinking informality; creating markets and maximizing finance for development; data analytics, applying behavioral insights to policy making and promoting compliance* etc.

RELEVANT PUBLICATIONS AND DATASETS

Doing Business Report

Policy Framework Paper on Business Licensing Reform & Simplification

Regulatory Governance in Developing Countries

Global Indicators of Regulatory Governance

Reforming Business Registration: A toolkit for Practitioners; How to Reform Business Inspections

Women, Business and the Law

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GLOBAL BUSINESS
REGULATION UNIT

A Guide to Reimbursable Advisory Services (RAS): Case Summaries



OVERVIEW

The Global Business Regulation Unit of the Macroeconomics, Trade, and Investment Global Practice has supported several Reimbursable Advisory Services (RAS) programs during the past 4 years. This guide highlights key information about the RAS projects supported by the team, through a series of nine case studies featuring different types of projects across regions and income levels.

RAS programs are an increasingly important instrument to meet demand for advisory and analytics assistance from middle and high-income countries on how to strengthen the regulatory framework for the private sector, improve operational efficiency in government, and enhance public service delivery to foster firm entry, growth and internationalization. In the context of pressures in commodity prices since 2014, commodity exporting countries have been increasingly turning to the World Bank Group for advice on how to improve performance of their non-commodity based sectors, diversify their economies and integrate into global value chains. Under RAS programs, the Global Business Regulation Unit responds to client demand by providing technical advice, analytical services, and implementation support. RAS assignments are easily customized to meet client needs, can take many forms, and focus on different reform areas, such as the following:

- > Leveraging global benchmarks to improve the business environment;
- > Improving regulatory compliance by reforming the licensing and inspection systems;
- > Enhancing national regulatory policy and management systems with good regulatory practice tools;
- > Strengthening the regulatory framework and government to business service delivery in specific regulatory areas, and
- > Increasing opportunities for trade and investment by strengthening the quality infrastructure ecosystem and services;

RAS programs have proved an effective instrument to also provide capacity building and institutional support to governments, resulting in sustained reform momentum.

CASE SUMMARIES

Under Implementation

- 1 **Angola (P163713):** Business Environment Reform
- 2 **Botswana (P132426, P159532):** Economic Diversification and Competitiveness
- 3 **Dominican Republic (P146165, P155652):** Improving Competitiveness I & II
- 4 **Russia (P126648, P133041, P153383, P159701):** Investment Climate Reform
- 5 **Saudi Arabia (P167078):** Quality Infrastructure
- 6 **Saudi Arabia (P156698, P164292, P165342):** SAGIA Improving the Environment for Investments & Investment Climate Modernization Program

Closed

- 7 **Kazakhstan (P153893):** Strengthening the Regulatory Impact Assessment System
- 8 **Poland (P156600):** Construction Regulation Reform
- 9 **Thailand (P162118):** Improving the Environment for Doing Business

1

ANGOLA (P163713) BUSINESS ENVIRONMENT REFORM

Topic: Business Environment, Indicator-Based Reform	Period: March 2017 – March 2020
Budget: \$3.8M	Lead Global Practice: FCI
TTL: Zeneida Hernandez Uriz	Region: SSA
Stage: Implementation	Income Level: Lower Middle Income

Context – Statement of Problem

Angola has made substantial progress both economically and politically since the end of the armed conflict in 2002. However, the benefits of growth were not broadly shared. Large portions of the population still live in poverty without access to basic services and marked regional disparities persist. The fall in oil prices since 2014 led to a deep economic crisis and exposed the limits of a growth model based on oil and government intervention. Economic diversification through the development of a vibrant private sector has been an urgent priority for the government. Despite recent measures to improve the legal and regulatory framework for businesses, Angola still ranks low in most competitiveness and business environment indices, including Doing Business, where it ranks 175th out of 190 economies (DB 2018).

Project Development Objective

The project objective is to support the Government of Angola in its efforts to create a more conducive business environment by helping identify specific reform actions and providing technical assistance in four areas: creating an online platform for starting a business; streamlining procedures for property registration; simplifying import/export procedures; and improving business taxation.

Result Indicators, Expected Reforms, and Activities

The project team is conducting in-depth reviews of existing procedures and engaging with the relevant public and private stakeholders to identify measures to streamline existing requirements and reduce compliance costs. To support implementation of the business environment reform agenda, the team is assisting the Ministry of Economy and Planning, and other relevant agencies in developing a high-level action plan identifying responsible entities and timelines, using the Doing Business framework.

IMPROVING BUSINESS REGULATIONS AND PROCEDURES IN FOUR REGULATORY AREAS



Highlights to Date

The high-level action plan was delivered to the Angolan authorities in January 2018, and it has become a guiding document for government discussions on priority short-term reforms. Implementation in the four priority areas are underway and are expected to lead to tangible improvements for the private sector by the project completion date.

BOTSWANA (P132426, P159532) ECONOMIC DIVERSIFICATION & COMPETITIVENESS

Topic:	Business Environment, Indicator-Based Reform	Period:	August 2012 – Jan 2019
Budget:	\$2.5M	Lead Global Practice:	FCI
TTL:	John Gabriel Goddard, Chunlin Zhang	Region:	SSA
Stage:	Implementation	Income Level:	Upper Middle Income

Context – Statement of Problem

Botswana's economic model that channeled diamond revenues through the government, with subsequent high public investments in infrastructure and social sectors delivered sustained, high growth over many years. However, as diamond mining is slowing down, reducing inequalities requires a fundamental shift in Botswana's growth model, from one dependent on extractives and the public sector, to one focused on private sector-led growth. To address these challenges, the Government of Botswana (GoB) recognized the fundamental need to enhance public service delivery and the regulatory environment for businesses.

Project Development Objective

The project team has supported Botswana's Economic Diversification and Competitiveness (EDC) agenda since 2012 through three RAS programs. The series is based on four workstreams: i) implementing reforms to improve the business environment, ii) promoting productivity, innovation, and skills development, iii) supporting the development of priority sectors and iv) increasing access to finance for SMEs.

Result Indicators, Expected Reforms, and Activities

Business environment reforms were featured in two out of the three RAS programs. Business regulation activities under the first RAS assignment focused on improving regulations and procedures for business entry and construction permitting as well as embedding regulatory impact assessments in the rulemaking process. Activities under the third RAS built on the previous reforms and expanded the project's scope to new areas such as access to infrastructure and tax administration.

IMPROVING THE BUSINESS ENVIRONMENT

RAS 1

- > Modernizing the one-stop business registration and licensing center
- > Reforming the work and residential permit systems
- > Streamlining environment impact assessment
- > Supporting the Doing Business Committee in doing business reform dialogue and communication
- > Assist the GoB to develop a strategy for introducing RIA in the legislative process, and building capacity in conducting RIA

RAS 3

- > Implementing a Unique Identifier Number for G2B services
- > Expanding e-filing and e-payment system for taxes
- > Supporting implementation of an online OSS system for construction permits
- > Improving construction regulation
- > Simplifying access to electricity
- > Streamlining licensing requirements
- > Supporting G2B services streamlining based on the "One Government Principle"



- > Reviewing regulations on Business Entry and developed Action plan for reform, benchmarked with International Best Practice
- > Improvement of the business environment by streamlining EIA procedures
- > Doing Business Reform Roadmap with a Detailed and Comprehensive Implementation Plan and a package of 46 technical notes and Implementation support materials
- > Communication Strategy on Doing Business Reforms and Beyond
- > Better Regulation Strategy for Botswana and training of government officials on RIA
- > Micro Lending Regulation Pilot Regulatory Impact Assessment

Outcomes and Highlights to Date

The first RAS assignment, which was completed in June 2016, led to substantial improvements in the business entry regime and moderate improvements in the construction permitting system. In addition, a strategy of introducing regulatory impact assessment was adopted by the Ministry of Trade and Industry. Further improvements are expected to be achieved through the third RAS which is underway.

3

DOMINICAN REPUBLIC (P146165, P155652) IMPROVING COMPETITIVENESS IN DR I & II

Topic:	Business Environment, Licensing/Inspections	Period:	June 2013 – Dec 2018
Budget:	\$335K	Lead Global Practice:	FCI
TTL:	Cecile Niang, Alejandro E. Wang, John Anderson	Region:	LAC
Stage:	Implementation	Income Level:	Upper Middle Income

Context – Statement of Problem

Improving regulations for new and existing firms is at the center of the Dominican Republic’s (DR) strategy to attract new investments, move to higher value-added activities, and diversify its economic base. In the 2013 Doing Business report, DR ranked 116th out of 185 economies on the ease of doing business. The report pointed to several opportunities for improvement, as the country’s regulatory procedures were complex and expensive, and its legal institutions were weak, compared to the rest of the region.

Project Development Objective

The development objective is to support the government in fostering private sector growth, by removing impediments to private sector development and competition, and by increasing access to finance for entrepreneurs. The RAS program is well in line with the overall strategic goal of the Country Partnership Strategy (CPS) for FY 15-18, which is to support the Government’s efforts towards sustainable and inclusive growth through five strategic results areas, one of which is focusing in improving the country’s investment climate and fostering private sector development, a key objective of this program.

Result Indicators, Expected Reforms, and Activities

The RAS program supports the government in its efforts to improve the business climate in five regulatory areas measured by the Doing Business project through several activities. The first RAS assignment provided the Government with an updated Reform Memorandum and Action Plan in an effort to help the authorities and the WBG prioritize reforms. Moreover, the first RAS assignment provided technical assistance in select areas such as business entry and insolvency. The follow-on RAS assignment has expanded on the previous engagement by providing technical assistance in additional regulatory areas.

IMPROVING REGULATIONS IN FIVE PRIORITY AREAS

1 BUSINESS
ENTRY

2 CONSTRUCTION
PERMITS

3 ACCESS
TO CREDIT

4 CONTRACT
ENFORCEMENT

5 INSOLVENCY



- > Diagnostic on Business Regulation with updated Reform Memorandum
- > Prioritization and Action Plans
- > In-depth diagnostic reports in select priority areas, with Short and Medium term reforms recommendations on institutional, legal, ICT, HR and operational aspects
- > Implementation support to Short and Medium Term Reforms
- > Communications Strategy to Support Reforms
- > Capacity building on Monitoring and Evaluation and Service Delivery

Outcomes and Highlights to Date

In January 2016, the team delivered a Reform Memo highlighting short to longer-term reform recommendations for improving the country’s business environment. Based on this reform memo, the Government and the WBG organized public-private focus groups to decide which areas to prioritize. As a result, detailed action plans were drafted for i) starting a business; ii) dealing with construction permits; iii) access to credit; iv) contract enforcement; and v) insolvency. In-depth diagnostics were carried out and working groups were set up to support reform implementation in each of the selected regulatory areas. This RAS engagement led to significant results, including the launch of the Formalízate online one-stop shop for business registration in 2013; and the complete overhaul of the restructuring and liquidation regime through the adoption of a new insolvency law in 2015, which includes measures to safeguard interests of creditors, owners, and employees. The team has also provided extensive feedback on a new secured transaction bill, and a risk-based classification pilot to approve construction permits.

4

RUSSIAN FEDERATION (P126648, P133041, P153383, P159701) INVESTMENT CLIMATE REFORM ADVISORY SERIES I, II, III, AND IV

Topic: Business Environment, Regulatory Reforms	Period: April 2011 – January 2019
Budget: \$1.3M	Lead Global Practice: FCI
TTL: Sylvie Bossoutrot, Christopher David Miller	Region: ECA
Stage: Implementation	Income Level: Upper Middle Income

Context – Statement of Problem

Growth in the Russian Federation since the early 2000s had been fueled primarily by revenues from commodity producers. Despite the abundance of natural resources, the economy had not grown at the same pace as other large emerging markets. The protracted commodity crisis drew attention to the economy’s excessive reliance on natural resources. As a result, promoting SMEs as an engine of growth, employment, and revenue diversification became a focus of government policy.

Project Development Objective

The RAS series aimed at improving Russia’s government service delivery to businesses as well as the quality of regulation by providing technical assistance in select areas measured by the DB report, disseminating good practices identified at the subnational level or overseas, promoting peer-to-peer learning, reducing implementation gaps through increased communications efforts, providing institutional and capacity building support to the relevant agencies, as well as assisting them in developing and implementing their reform programs. Follow-on projects went beyond the Doing Business report and focused on a broader set of activities, including SME development, in-depth work on licensing and inspections, as well as streamlining of regional regulations. Parallel technical assistance work under separate activities on diversification, innovation, and competition complemented these RAS assignments.

Result Indicators, Expected Reforms, and Activities

In line with the President’s objective to improve the country’s investment climate – which was endorsed by his Executive Order on Long-Term State Economic Policy in May 2012– a set of activities were agreed between the WBG, the Ministry of Economic Development (MED) and the Agency for Strategic Initiatives (ASI), to shape the reform agenda at the federal and regional levels. While it is understood that the quality of a country’s investment climate cannot be solely gauged through its performance in the annual Doing Business report, the DB indicators were adopted by the Russian Government as reliable proxies to measure the country’s progress and encourage reforms. To that end, the Subnational Doing Business datasets were leveraged to promote dissemination of good practices between the regions through peer-to-peer learning activities. Lastly, government specific KPIs were developed under the RAS to measure performance beyond the Doing Business indicators.

IMPROVING BUSINESS REGULATIONS AND G2B SERVICE DELIVERY AT THE FEDERAL AND REGIONAL LEVELS

- > RAS 1: Construction regulation • Trade facilitation
- > RAS 2: Business registration • Access to infrastructure • Corporate governance • Business exit • Access to finance
- > RAS 3: Access to infrastructure • Contract enforcement • Access to finance • Corporate governance • Insolvency • Improving licensing and inspections • Streamlining regional regulations
- > RAS 4: Improving licensing and inspections • Formulation of KPIs



- > Technical reports highlighting short term to longer term reform recommendations
- > Review of laws and draft bills
- > Support in developing and implementing reform roadmaps
- > Support in developing a communication strategy
- > P2P learning and capacity building through knowledge-sharing events, study tours

Outcomes and Highlights to Date

This continuous RAS engagement yielded notable results over the past seven years. Technical inputs as well as institutional and capacity building support provided by the WBG helped the Government enact nineteen reforms across nine out of the ten regulatory areas measured by the DB report from 2013 to 2018. Russia improved business start-up and construction permitting procedures by streamlining administrative requirements and enhancing agency performance. A new law that established a modern collateral registry improved access to credit for the private sector. These sustained reform efforts led to a 10-point improvement in the country’s DTF score between 2014-18, and an improved standing in the rankings, as Russia ranks 35th globally in DB 2018, compared to 120th in DB 2012. The country was even recognized as one of the top ten reformers in the 2014 edition of the report.

5

KINGDOM OF SAUDI ARABIA (P167078) QUALITY INFRASTRUCTURE

Topic: Quality Infrastructure	Period: March 2018 – June 2019
Budget: \$420K	Lead Global Practice: FCI
TTL: Andrei Mikhnev, Wafa Aranki	Region: MENA
Stage: Implementation	Income Level: High Income

Context – Statement of Problem

In 2016, the Kingdom of Saudi Arabia (KSA) launched its Vision 2030 aiming to diversify the economy, unleash capabilities in the non-oil economy, and open the country to trade and investment. Strengthening the Kingdom’s Quality Infrastructure (QI) system is an important pillar in attaining the Vision’s objectives as this can help ensure the quality of products and services and enable firms to access and compete in domestic and foreign markets, therefore broadening their trade potential. However, the Kingdom’s QI system needed modernization and institutional reform. To that end, the Saudi Standards, Quality and Metrology Organization (SASO) sought technical assistance from WBG. The main QI challenges relate to: i) the existing mandatory standards regime which is plagued by overly prescriptive regulations that do not necessarily comply with international trade requirements; ii) SASO’s broad mandate – which ranges from conformity assessments, to metrology, and standards development – creates potential risks of conflict of interest ; iii) lack of international recognition in the majority of SASO’s QI services which limits the ability of local firms to export and enter regional and international value chains; iv) and lastly, the lack of a demand-driven assessment of QI services which can result in supply-driven services that do not necessarily meet the needs of the private sector.

Project Development Objective

The objective of this program is to support SASO in developing a modern, efficient and internationally recognized quality infrastructure system, improve the quality of products and services that enable Saudi firms to access new markets, participate in global value chains, and enhance firm competitiveness. The reform program aims at:

- > Maximizing trade opportunities for the Kingdom by integrating into the regional and global economy;
- > Supporting growth of competitive sectors such as non-oil industries to ensure market diversification;
- > Boosting entrepreneurship and small business development;
- > Safeguarding public health and safety, consumer protection, social and environmental protection.

Result Indicators, Expected Reforms, and Activities

The project team is conducting in-depth reviews of existing procedures and engaging with the relevant public and private stakeholders to identify measures to streamline existing requirements and reduce compliance costs. To support implementation of the business environment reform agenda, the team is assisting the Ministry of Economy and Planning, and other relevant agencies in developing a high-level action plan identifying responsible entities and timelines, using the Doing Business framework.

STRENGTHENING QUALITY INFRASTRUCTURE GOVERNANCE AND IMPROVING OPPORTUNITIES FOR LOCAL FIRMS TO ACCESS QI SERVICES

Strengthening Quality Infrastructure governance and improving opportunities for local firms to access QI services



Assessment of QI national strategy



- > Situational analysis, to assess the status quo of the QI ecosystem in the Kingdom of Saudi Arabia
- > Benchmarking the Saudi QI system with international good practices
- > QI reform Recommendations
- > Capacity building by developing and implementing a capacity building roadmap, including a gap analysis on skills and resources

Expected Outcomes

The project started in January 2018 and is currently in the concept stage. The expected outcome of this intervention is a stronger QI ecosystem with improved linkages to international markets. Improving the provision of QI services to the private sector will help local firms access new markets and value chains. In turn, these outcomes will contribute to higher development objectives such as job creation and economic diversification.

6

KINGDOM OF SAUDI ARABIA (P156698, P164292, 165342) IMPROVING ENVIRONMENT FOR INVESTMENTS & INVESTMENT CLIMATE MODERNIZATION

Topic:	Indicator-Based Reform	Period:	July 2015 – June 2019
Budget:	\$3.06M	Lead Global Practice:	FCI
TTL:	Andrei Mikhnev, Mohamed Baider; Ivan A. Nimac	Region:	MENA
Stage:	Implementation	Income Level:	High Income

Context – Statement of Problem

After a decade of prosperity and change, the Saudi economy faces critical challenges that will put its substantial oil and financial resources to a test. The heavy dependency of the Saudi economy on the volatile oil markets along with the rapid growth in the country’s workforce require the Kingdom to accelerate the pace of reform to improve the country’s investment climate, foster private sector growth in the non-oil sector, and provide more and better jobs to its rapidly increasing young population.

Project Development Objective

The objective of this RAS series is to support Kingdom of Saudi Arabia (KSA) – through the Saudi Arabian General Investment Authority (SAGIA) and the Ministry of Commerce and Investment – in improving the country’s investment climate. The program is an integral part of the broader government economic strategy aimed at diversifying the economy by fostering private sector development and promoting the emergence of a dynamic, and entrepreneurial business sector.

Result Indicators, Expected Reforms, and Activities

In March 2016, a reform memo covering all the regulatory areas measured by the DB indicators was delivered under the Indicator Reform Based (IBR) advisory component of the RAS program. Based on these findings, the project team engaged in an intense dialogue with all the relevant KSA government agencies to develop specific action plans in each regulatory area. Thanks to the creation of the high-level Inter-ministerial Committee Tayseer – which meets weekly to monitor reform implementation – the pace of reform has increased considerably since 2017. In this new context, the project team has been providing extensive inputs to assist KSA in designing and implementing regulatory and administrative reforms. Ongoing interventions in FY18 include support with the development of the online business registry; setting up an online construction permitting portal; streamlining electricity connections; and setting up a new compensation mechanism for property transfers.

BUSINESS ENVIRONMENT REFORMS

Improvement of regulations, procedures, and practices across the regulatory areas measured by the DB report



- > DB Reform Memo highlighting short to longer-term reform recommendations
- > Development of specific action plans through an inclusive dialogue
- > Institutional support to SAGIA and the high-level inter-ministerial committee Tayseer
- > In-depth assistance to update framework laws and implementing regulations (Insolvency Law, Company Law, Business Registry Law, Secured Transactions Law)
- > Implementation support and streamlining of administrative procedures
- > Support in developing a communication strategy

Outcomes and Highlights to Date

With the team’s support, KSA has implemented 8 reforms in 6 regulatory areas in the past two years. As a result, Saudi Arabia’s DTF score has increased from 58.4 to 62.5. Many important reforms are still underway and their impact will be more evident in the future. At the same time, tangible outcomes have already been achieved in some areas of business regulation where the WBG team provided technical assistance. On the measures of the protection of minority investors from conflicts of interest and shareholders’ rights in corporate governance, Saudi Arabia’s performance has risen from 99th in DB2016 to 10th globally in DB2018 – with a 23.33-point improvement in the DTF score. Thanks to this reform, minority investor protection in Saudi Arabia can now be compared to that offered by Ireland, Norway, and the United Kingdom.

KAZAKHSTAN (P153893) STRENGTHENING THE REGULATORY IMPACT ASSESSMENT SYSTEM

Topic:	Regulatory Policy and Management	Period:	December 2014 – Jun 2016
Budget:	\$600K	Lead Global Practice:	Governance
TTL:	Jieun Choi, Peter Farup Ladegaard	Region:	ECA
Stage:	Closed	Income Level:	Upper Middle Income

Context – Statement of Problem

Kazakhstan has made progress in several initiatives to simplify and consolidate regulations affecting the private sector. However, there is a discrepancy between laws and regulations and their implementation. This “implementation gap” has many causes, including unclear and insufficient guidance, misaligned incentives, and capacity constraints. Tools such as regulatory impact assessments (RIA) address this issue and aim to ensure the sustainability and implementation of reforms. RIA encompasses a range of methods to systematically assess the impact of proposed and existing regulations. It is widely used in OECD countries and increasingly in developing and transition economies.

Project Development Objective

The RAS assignment, provided under the Joint Economic Research Program with the government of Kazakhstan, was to improve the quality, transparency, and efficiency of regulations in Kazakhstan through a more robust Regulatory Impact Assessment System. The project provided for RIA to be conducted in all draft regulations having an impact on businesses, including laws, presidential decrees, and government resolutions. In developing a comprehensive regulatory impact assessment, significant attention was given to building capacities and awareness and on ensuring consistency in implementation.

Result Indicators, Expected Reforms, and Activities

The program consisted of two main components. The first was focused on the continued development and implementation of a RIA system, including RIA pilot projects. This included producing a summary note on remaining gaps in the RIA system as well as technical manuals for the calculation and assessment of regulatory impacts. The second component focused on capacity building and raising awareness about RIA and other regulatory management tools. Under this component, the Bank Group delivered two training modules for regulators and technical staff, and organized a study tour to Europe to present examples. The Bank Group team also held awareness events for stakeholders and policy makers. These two components provided the basis for a potential third component (through a program to be carried out in the future).

STRENGTHENING THE REGULATORY IMPACT ASSESSMENT SYSTEM

RIA methodologies

Capacity building for RIA



- > Summary note on Kazakhstan’s RIA system took stock of progress to date and identified methodological and procedural gaps
- > Technical manuals were prepared for the calculation and assessment of selected types of regulatory impacts
- > Supported the development of cost-impact methodologies, such as those in the national budget and other economic analysis highlighting impacts on businesses and SMEs
- > Capacity building activities targeting technical and legal staff responsible for drafting regulations

Highlights to Date

The development of a successful RIA system requires long-term efforts. This project only spanned a few months. Although considerable and continued progress is expected, final delivery and establishment of a RIA system in Kazakhstan was not realized from the activities under this assistance and is instead expected to require future engagements.

POLAND (P156600) CONSTRUCTION REGULATION REFORM

Topic:	Construction Regulation and Permits	Period:	July 2015 – April 2016
Budget:	\$76K	Lead Global Practice:	MTI
TTL:	Alejandro Espinosa Wang	Region:	ECA
Stage:	Closed	Income Level:	High Income

Context – Statement of Problem

The Polish construction market has been one of the largest in Central and Eastern Europe (CEE) in terms of value addition and employment generation. At the same time, the regulatory framework for construction has not been conducive to investment. The construction law had been amended 19 times between the mid-nineties and 2015, resulting in a fragmented regime for building control. Information on land planning and zoning had been scarce, the technical requirements for buildings – a legacy of the command and control economy – had been outdated and building control bodies such as permitting agencies and inspectorates did not have the appropriate procedures and skillsets to carry out their tasks. According to the Doing Business report, Poland was one of the five most difficult economies in the European Union in dealing with construction permits.

Project Development Objective

The objective of this RAS was to support the Ministry of Infrastructure and Development (MID) in developing a new framework law on construction and ultimately aligning Poland's regime with good European practices. Additionally, the RAS aimed to inform MID on good regulatory and enforcement practices in building control. These were delivered by assessing the major gaps in Poland's construction regulation system and by comparing Poland's practices to three select construction regulation systems in northern Europe.

Result Indicators, Expected Reforms, and Activities

The Business Regulations team conducted a comprehensive assessment of Poland's construction regulation system and supported its recommendations by benchmarking its findings to good European and international practices. The team carried out in-depth technical research in four core areas of building control and delivered actionable recommendations for reform. The technical report provided a roadmap that covered both upstream aspects, such as regulatory management and the development of technical requirements in building codes, to more downstream aspects, such as plan reviews and inspections.

IMPROVING CONSTRUCTION REGULATION AND PERMITS

Improving regulatory management in building control

Ensuring consistent application of regulations at the subnational level

Improving operational efficiency in building authorities

Improving efficiency and effectiveness in building inspections



- > Technical report identifying international best practices in Europe and providing technical recommendations for reform
- > Knowledge exchange visits on construction permitting systems in Austria and the United Kingdom
- > Implementation support on Short and Medium Term Reforms
- > Dissemination workshop in Warsaw to present the report and the main lessons from the knowledge exchange visits

Outcomes and Highlights to Date

The Ministry of Infrastructure and Development has welcomed the team's technical assistance and has been working on incorporating most of the policy recommendations that were provided in the new framework law on construction. The new law which is 300 pages and 600 articles long will require further amendments in 120 laws. As a result, it will be enacted and implemented through a phased approach starting in mid-2018, potentially concluding in 2020. The new law is expected to provide the construction sector with a more robust regulatory framework, including lower transaction costs, higher predictability on the building terms, and stronger quality control throughout the project lifecycle.

THAILAND (P162118) IMPROVING THE ENVIRONMENT FOR DOING BUSINESS

Topic:	Indicator-Based Reform	Period:	October 2016 – May 2017
Budget:	\$300K	Lead Global Practice:	MTI
TTL:	Iva Hamel, Smita Kuriakose	Region:	EAP
Stage:	Closed	Income Level:	Upper Middle Income

Context – Statement of Problem

The Government of Thailand has taken important steps towards reforming the business environment over the past years in an effort to support private-sector led growth. However, the pace of reform in other countries superseded Thailand's, resulting in a decline in its comparative rankings in global benchmarks on competitiveness. More importantly, Thailand's private sector indicated that there was room for improvement across several regulatory areas. Business executives who were surveyed for the 2015-16 World Economic Forum report listed government instability and inefficient bureaucracy as their second and third most important concerns. These constraints to private sector development were also highlighted by the Systematic Country Diagnostic (SCD) for Thailand which featured enhanced regulatory performance as a development priority area to create more and better jobs.

Project Development Objective

The overarching objective of this project was to promote an enabling climate for business and investment by identifying key measures for reducing the cost and risk of doing business, making the regulatory processes associated with business entry, operation, and exit more efficient, and strengthening the quality of regulations and institutions. The main counterpart of the project was the Public-Sector Development Commission (OPDC).

Result Indicators, Expected Reforms, and Activities

The project team delivered a reform roadmap covering all ten regulatory areas measured by the Doing Business indicators. It included an overview of Thailand's performance in key international investment climate indicators, a description of the country's results in each topic area covered by Doing Business, international best practices, and provided a set of short and medium-to-longer term policy and administrative reform recommendations that could further improve Thailand's business environment. The project team met with private and public-sector officials and held a workshop focused on the Doing Business methodology for 86 participants from 28 Thai government agencies.

BUSINESS ENVIRONMENT REFORMS

Improvement of regulations, procedures and practices across 10 regulatory areas



- > Collected information from public and private stakeholders to identify the most burdensome government regulations and processes for the private sector
- > Held methodology training for officials from 28 agencies
- > Delivered Doing Business Reform Memorandum containing recommendations in all areas of doing business in the short, medium and longer term
- > Presented the recommendations in 10 indicator-specific targeted workshops

Outcomes and Highlights to Date

The Government of Thailand implemented some of the recommendations highlighted in the Doing Business Reform Memo. As a result, Thailand was one of the top 10 reformers in the 2018 Doing Business report with 8 implemented reforms. It streamlined the post-registration process to start a business, adopted a new secured transactions law that strengthened the rights of borrowers and creditors, introduced an automated risk-based system for selecting companies for tax audits, further automated and enhanced efficiency of enforcement processes in Bangkok. In addition, Thailand strengthened its land administration regime by implementing a geographic information system and scanning most of Bangkok's maps. In DB 2018, Thailand ranks 26th globally and improved its Distance to Frontier score by 5.68 points. Furthermore, the Thai authorities are now considering partnering with WBG to receive technical assistance for the implementation of some of the medium-term recommendations that were presented in the Doing Business Reform memo.



For further information:

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GLOBAL BUSINESS
REGULATION UNIT

A Guide to Development Policy Financing and Program for Results Instruments: Case Summaries



OVERVIEW

This guide presents 11 case studies of Developing Policy Financing (DPF) and Program for Results (P4R) projects that included prior actions, triggers, and disbursement linked indicators related to business regulation reforms.

- > **Project objectives:** The development program objectives (DPOs) to which the business regulation reforms contribute focus on enhancing country competitiveness, improving the investment climate, increasing productivity and private sector savings.
- > **Prior actions/disbursement-linked indicators (DLIs):** The most common prior actions / DLIs found across the case studies aim to adopt new legislation for business entry and operations, strengthen regulatory institutions, improve transparency and efficiency in government to business service delivery, streamline regulatory frameworks to ease business, and introduce rules and oversight bodies to control for the quality of new regulations.
- > **Targets:** The most common targets are to improve efficiency in government to business service delivery, reduce compliance costs, increase effectiveness of inspection systems, streamline business entry, and increase the number of formal businesses.
- > **Complementary advisory projects:** To achieve the projects' expected results and targets, many DPFs and P4Rs are complemented with parallel advisory projects with aligned objectives and activities. They are funded by either IFC or Bank.

CASE SUMMARIES

PROGRAM FOR RESULTS (P4R)

Under Implementation

- 2 **Egypt (P157395):** Upper Egypt Local Development Program for Results
- 4 **Jordan (P159522):** Economic Opportunities for Jordanians and Syrian Refugees Program for Results
- 6 **Pakistan (P155963):** Punjab Jobs and Competitiveness Program for Results

DEVELOPMENT POLICY FINANCING (DPF)

Under Implementation

- 8 **Bhutan (P157469):** Fiscal Sustainability & Investment Climate Development Policy Credit
- 10 **Colombia (P158739):** Fiscal Sustainability & Competitiveness Development Policy Loan
- 12 **Egypt (P157704):** First Fiscal Consolidation, Sustainable Energy and Competitiveness Development Policy Financing

Closed

- 14 **Kazakhstan (P154702):** First Macroeconomic Management and Competitiveness Development Policy Loan
- 16 **Sri Lanka (P157804):** Competitiveness Development Policy Loan
- 18 **Bosnia and Herzegovina (P146740):** Business Environment Development Policy Loan
- 20 **Tanzania (P150009):** Business Environment for Jobs Development Policy Operation
- 22 **Albania (P155605):** Competitiveness Development Policy Loan

BOX 1: BUSINESS REGULATION REFORM INDICATORS USED IN COVERED LENDING OPERATIONS

PRIOR ACTIONS

- > Launch one stop shop.
- > Publish complete inventory of all permits and licenses.
- > Start implementation of licensing reform simplifying at least one regulatory area.
- > Cabinet submitted to parliament the package of industrial licensing reforms including setting the principles of the reform.
- > Implement a decision defining the guidelines for a new construction permits process and introducing a new online platform.
- > Adoption of electricity regulation on new connection.
- > Adoption of decision to establish a Market Surveillance Inspectorate and issuance of a PM decision to define its organizational structure.
- > Launch online business registration.
- > Government adoption and submission to Parliament of the final draft of the company law.
- > Enact law amending business registration rules.
- > Adopt regulations reducing notary fees.
- > Establish an online land and property registration system.
- > Introduction of a single window for online business registration.
- > Establish reform committee and regulatory bodies.
- > Implement and strengthen the risk-based inspection system.
- > Enactment of spatial development and construction law and adoption of accompanying rule books.
- > Cabinet has approved the establishment of one stop shop for foreign investors.
- > Adoption of rules on conducting regulatory impact analysis.
- > Establishment of an inter-agency regulatory oversight unit located in the Ministry of Economy with allocated positions reflecting adequate staffing.

TRIGGERS

- > Issuing of an administrative act establishing the single window for registering new companies and creating a new coordination agency to better articulate business simplification initiatives.
- > Industrial licensing reform action plan has been endorsed by the Cabinet.
- > Publish a complete inventory of available investment incentives and eligibility criteria, and all licensing and permits procedures and requirements for all activities and sectors.
- > The Government has started implementation of the industrial licensing reform by simplifying at least one regulatory area.
- > Launch integrated IT platform.
- > Establish information and licensing portal.
- > Launch an online business registration system.
- > Eliminate unnecessary business licenses and permits.
- > Extend one stop shop capabilities beyond registration.
- > The Ministry of National Economy introduced mechanisms to assess the impact of regulations governing businesses.
- > The government improved efficiency and transparency in the regulatory framework for businesses by enacting a law titled "On introducing amendments and additions to some Legislative Acts on the Issues of Reducing Permit Documents and Simplifying Permit Procedures."

DISBURSEMENT-LINKED INDICATORS

- > Establishment and implementation of a predictability framework for rulemaking, vis-à-vis regulations that affect the private sector, including household businesses.
- > Aggregate improvement of performance with regard to business registration, contract enforcement, construction permits and property registration in Doing Business.
- > Number of investment projects benefiting from investment facilitation.

EGYPT (P157395) UPPER EGYPT LOCAL DEVELOPMENT PROGRAM FOR RESULTS

Stage: Implementation

Period: Oct 2016 – Dec 2021

Instrument: PforR

Leading Global Practice: GSURR

Region: MENA

Income Level: Lower Middle Income

Development Challenges

Upper Egypt is a grouping of ten governorates that lag significantly behind the rest of the country in economic growth, employment generation, connectivity, and access to services. The poverty rate in Upper Egypt is estimated at 35.8% compared to 20.5% for the country. The region is home to about 38% of Egypt's population but 67% of its poor. Three key constraints contribute to weak economic activity in the region and relatively low level of private investment:

- (a) limited empowerment, effectiveness, and accountability of subnational governorates;
- (b) continuing low levels of access and quality of infrastructure and services to both citizens and businesses; and
- (c) weak investment climate and weakness of factors supporting value chain development.

The Government of Egypt (GoE) has launched the Inclusive Economic Development Program for Lagging Regions (IEDLR) to promote sustainable local development and create employment opportunities to reduce poverty in targeted governorates including ten Upper Egypt governorates.

Program Objective and Scope

The Upper Egypt Local Development Program (UELDP) is providing a total financing of USD 500 million and is being led by the Social, Urban, Rural and Resilience Global Practice. The program development objective (PDO) is to improve the business environment for private sector development and strengthen local government capacity for quality infrastructure and service delivery in select governorates in Upper Egypt.

The UELDP is aligned with the objectives of the IEDLR, but has a more limited geographic scope (targets two of ten governorates, namely Qena and Sohag) and finances only part of the IEDLR activities. The program comprises two subprograms:

- > **Subprogram 1 – improving the business environment and competitiveness:** to introduce an integrated approach to improving the business climate and competitiveness anchored at the governorate level;
- > **Subprogram 2 – improving access to quality infrastructure and services:** to provide performance grants to finance infrastructure and services investments identified in the Annual Program Investment Plans for two governorates.

The WBG's BR global team is supporting the MENA regional team to implement subprogram 1 through four specific disbursement-linked indicator (DLI) (see figure below). The objectives of the program are consistent with the WBG's twin goals of reducing extreme poverty and boosting shared prosperity, as well as with the new WBG strategy for MENA and its first pillar "Renewing the social contract".

SUBPROGRAM 1: IMPROVING THE BUSINESS ENVIRONMENT AND COMPETITIVENESS

DLI 1

Occupancy rate in industrial zones

DLI 2

Number of industrial zones implementing the respective industrial zone modernization plan

DLI 3

Number of Cluster Competitiveness initiatives launched and implemented

DLI 4

Number of district service centers that reduced their average processing times for issuing operating licenses and construction permits, by at least 25 per cent



TARGETS

Qena:
6 district service centers
Sohag:
8 district service centers

EGYPT (P157395)
UPPER EGYPT LOCAL DEVELOPMENT PROGRAM FOR RESULTS

Stage: Implementation

Period: Oct 2016 – Dec 2021

Instrument: PforR

Leading Global Practice: GSURR

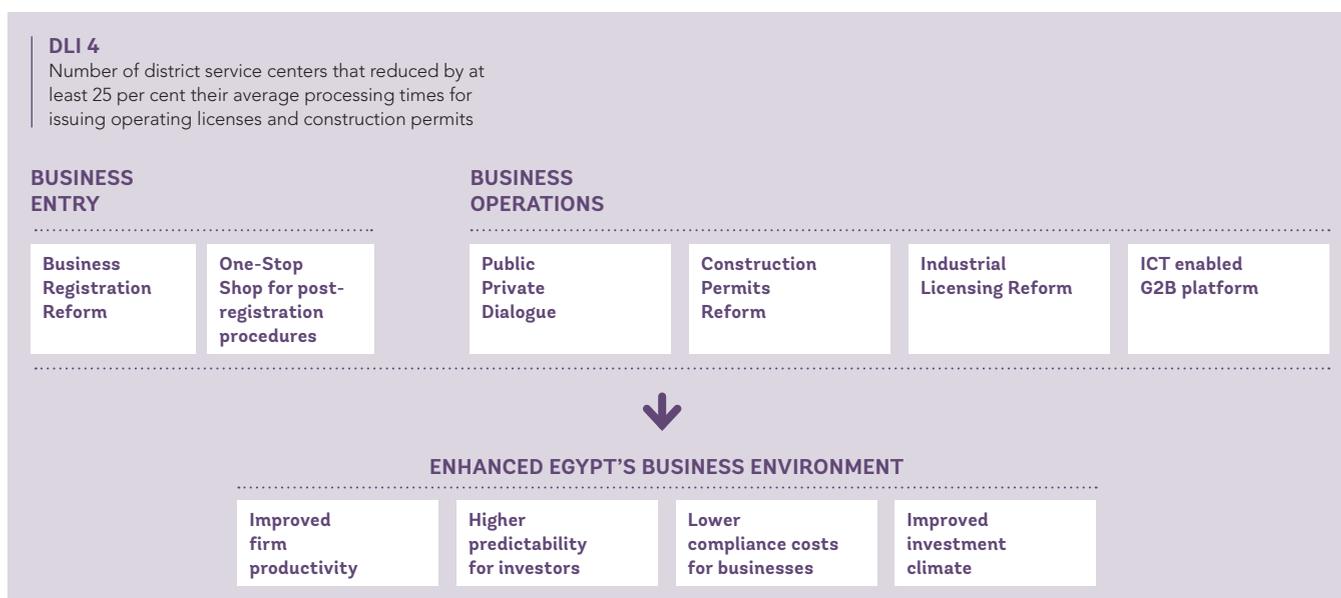
Region: MENA

Income Level: Lower Middle Income

Result Indicators, Expected Reforms and Activities

To achieve the targets set for DLI #4, the BR global team is supporting implementation of key activities including the business environment reforms, particularly in the areas of registration, industrial licensing, and issuance of construction permits. The ongoing reform of industrial licensing is supported by the Fiscal Consolidation, Sustainable Energy, and Competitiveness DPF (P157704, P161228). Processes for obtaining an operating license, construction permit, electricity connection and other services will be simplified with TA provided by the Subnational Doing Business program.

These reformed processes will be rolled out in the district service centers of the two governorates through the introduction of an ICT-enabled G2B service delivery platform that will improve efficiency and transparency in service delivery. The General Authority for Investment and Free Zones' (GAFI) strategy will roll out One Stop Shops in order to fast-track business registration and post-registration procedures (for limited liability companies) in each governorate.



2

JORDAN (P159522) ECONOMIC OPPORTUNITIES FOR JORDANIANS AND SYRIAN REFUGEES PROGRAM FOR RESULTS

Stage: Implementation
 Period: Apr 2016 – Jan 2021
 Instrument: PforR

Leading Global Practice: FCI
 Region: MENA
 Income Level: Lower Middle Income

Development Challenges

Jordan is a small middle-income country facing severe challenges brought by insecurity in neighboring Syria and Iraq. The total closure of land trade routes with these countries, in addition to other security-related challenges within and around Jordan adversely affected trade, tourism, investment, and construction. The crisis in Syria has led to a massive influx of refugees over the past five years. As of December 2017, Jordan hosts 655,624 Syrian refugees registered with United Nations High Commissioner for Refugees (UNHCR). The Government of Jordan (GoJ) and the international community requested WBG support for a holistic approach to the Syrian refugees' influx, targeting both the Jordanian host and refugee communities in Jordan.

Jordan has a population of 9.5 million (of which about a third are non-Jordanian) and suffers from a high unemployment rate of 13% for Jordanians and an estimated 61% for Syrian refugees. Real gross domestic product (GDP) growth is estimated to have contracted to 2.4% in 2015 from 3.1% in 2014. GDP growth is forecasted to rebound slightly over 3.0% on average from 2016 to 2018. This low growth rate is insufficient to provide enough jobs to the growing population in Jordan.

Program Objective and Scope

Representing a coordinated response by the World Bank Group (WBG), the USD 300 million Program for Results (PforR) intervention, led by the Finance Competitiveness and Innovation (FCI) GP, MENA team, seeks to improve Jordan's competitiveness and attractiveness to investments, fostering job creation.

The program development objective (PDO) is to improve economic opportunities for Jordanians and Syrian refugees in Jordan, and is designed around three core themes:

- (a) **Improving the labor market:** Reforming Jordan's labor market regulations to grant Syrian refugee workers access to Jordan's formal sector;
- (b) **Improving investment climate:** Strengthening Jordan's investment climate by improving predictability of regulations, reducing red tape, supporting small businesses and trade facilitation; and,
- (c) **Improving investment promotion:** Attracting and retaining investments—both domestic and foreign—especially in manufacturing, in special economic zones that will benefit from preferential access to the European Union (EU).

THEME 2: IMPROVING INVESTMENT CLIMATE

DLI 3

Establishment and implementation of selected simplified and predictable regulations for the private sector, including household businesses



Enabling home-based entrepreneurship



Reducing regulatory burden on businesses



Reducing regulatory unpredictability



TARGET

- > Reform establishing predictability process by 2017 and 70 percent of business regulations issued by 2020
- > Business regulatory reform accepted by 2018 and burden on businesses decreased by 30 percent by 2020
- > 1000 officially established household enterprises, of which 100 are Syrian refugee owned and 100 female owned by 2019

JORDAN (P159522) ECONOMIC OPPORTUNITIES FOR JORDANIANS AND SYRIAN REFUGEES PROGRAM FOR RESULTS

Stage: Implementation
 Period: Apr 2016 – Jan 2021
 Instrument: PforR

Leading Global Practice: FCI
 Region: MENA
 Income Level: Lower Middle Income

The above program for results will lead to key development impacts of a better business environment, lower compliance costs for firms, and increased firm productivity as well as higher investment and job creation. The program directly supports the first pillar of the WBG Country Partnership Framework (CPF) for Jordan, which is to catalyze the private sector’s role as an engine for growth. It is fully aligned with Jordan’s Vision 2025, which calls for a transformation of Jordan’s development model to increase competitiveness and provide more private sector employment opportunities.

The WBG’s Business Regulation (BR) global team is supporting the MENA regional team in implementing the second theme through the disbursement-linked indicators (DLI) #3 (see figure above).

Result Indicators, Expected Reforms and Activities

To achieve the targets set for DLI #3, the BR global team is supporting implementation of key activities that will attain the reforms set out in the PforR, specifically improving regulations for businesses, while additionally increasing access for Jordanians and Syrian refugees to the market. The BR activities set out below are facilitated through existing engagements: Jordan Inspection Reform II Project (#574387), Jordan Economic Legislation Reform Project (#P157739), Business Entry, Operations & Licensing (#P157739), and Doing Business Reform Advisory.



PAKISTAN (P155963) PUNJAB JOBS AND COMPETITIVENESS PROGRAM FOR RESULTS

Stage: Implementation
Period: Jun 2015 – Dec 2021
Instrument: PforR

Leading Global Practice: FCI
Region: South Asia
Income Level: Lower Middle Income

Development Challenges

Pakistan is the world's sixth most populous country, with a per capita income placing it in the lower middle-income bracket. The country's rebound from the 2008 global financial crisis has been fragile due to volatile macroeconomic, political and security conditions, natural disasters, as well as unreliable energy. Pakistan's performance on the Doing Business (DB) index has been consistently deteriorating (ranked 144th out of 190 countries in the 2017 report, down from 76th in 2008), and the country suffers from other competitiveness challenges including barriers to trade and a skills deficit. As a result, private investments and exports have been stagnating at a low level. Although pro-growth reform actions were initiated at the federal level, progress on reforms will depend significantly on a provincial-level response. The province of Punjab accounts for more than half of Pakistan's gross domestic product (GDP) and population. The business climate and potential for economic growth in the province has a direct impact on national development.

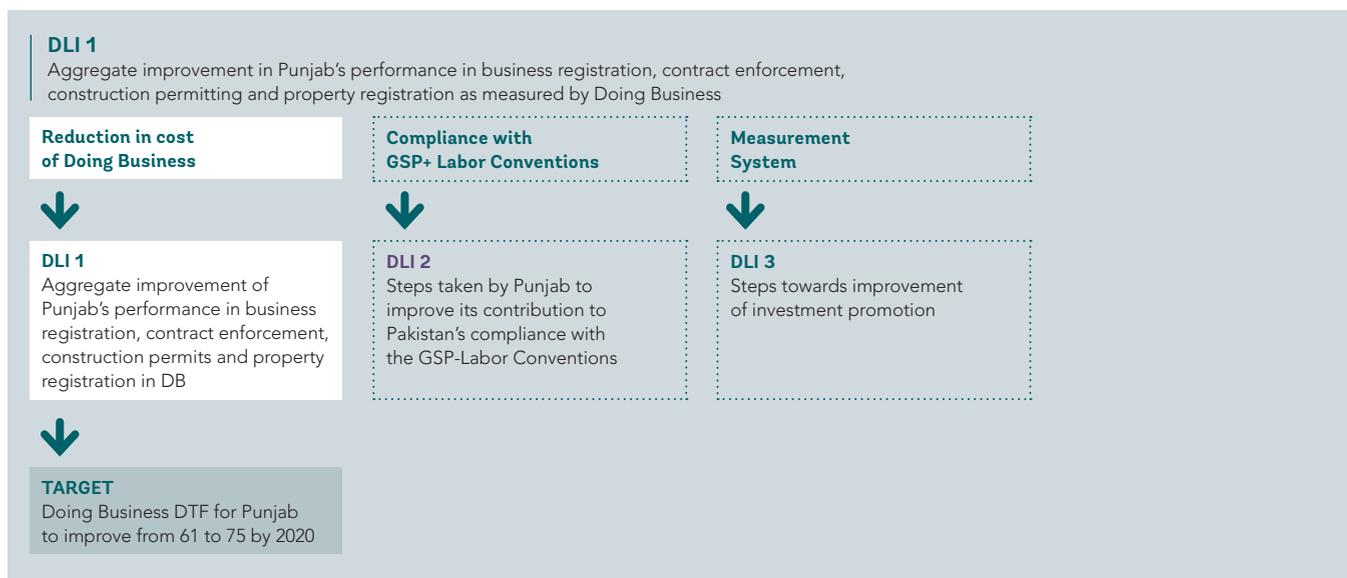
Program Objective and Scope

The Pakistan Punjab Jobs and Competitiveness Program for Results (PforR), led by the FCI GP, South Asia team is providing a total financing of USD 100 million to support the Government of Punjab in achieving increased investments and jobs, in particular for women (i.e. inclusion).

The Program Development Objectives (PDO) are to improve the investment climate and promote investments and jobs in more inclusive and sustainable industrial estates in Punjab. The program consists of two results areas:

- (a) **Investment Climate Reforms:** Improve the regulations and capacity of the Government of Punjab to reduce the cost and risk of doing business, increase workers' safety, reduce child labor and facilitate women's employment as well as attract foreign investors; and,
- (b) **Spatial Development:** Help prioritize and coordinate public investment projects in support of productive industrial and urban development. In particular, it will promote well-located and well-served industrial estates within and around major industrial growth centers. This will be done through a new private sector-led and competitive approach leveraging Public Private Partnerships (PPPs).

The WBG's Business Regulation (BR) global team is supporting the South Asia regional team in implementing the IC objective through specific disbursement-linked indicators (DLI) #1 (see figure). The program directly supports the WBG's Country Partnership Strategy (CPS) for Pakistan 2015–19, in particular the objective of promoting private sector development (CPS Results Area 2). It is fully aligned with Pakistan's Punjab Growth Strategy (2015), which is focused on increasing growth and job creation.



**PAKISTAN (P155963)
PUNJAB JOBS AND COMPETITIVENESS PROGRAM FOR RESULTS**

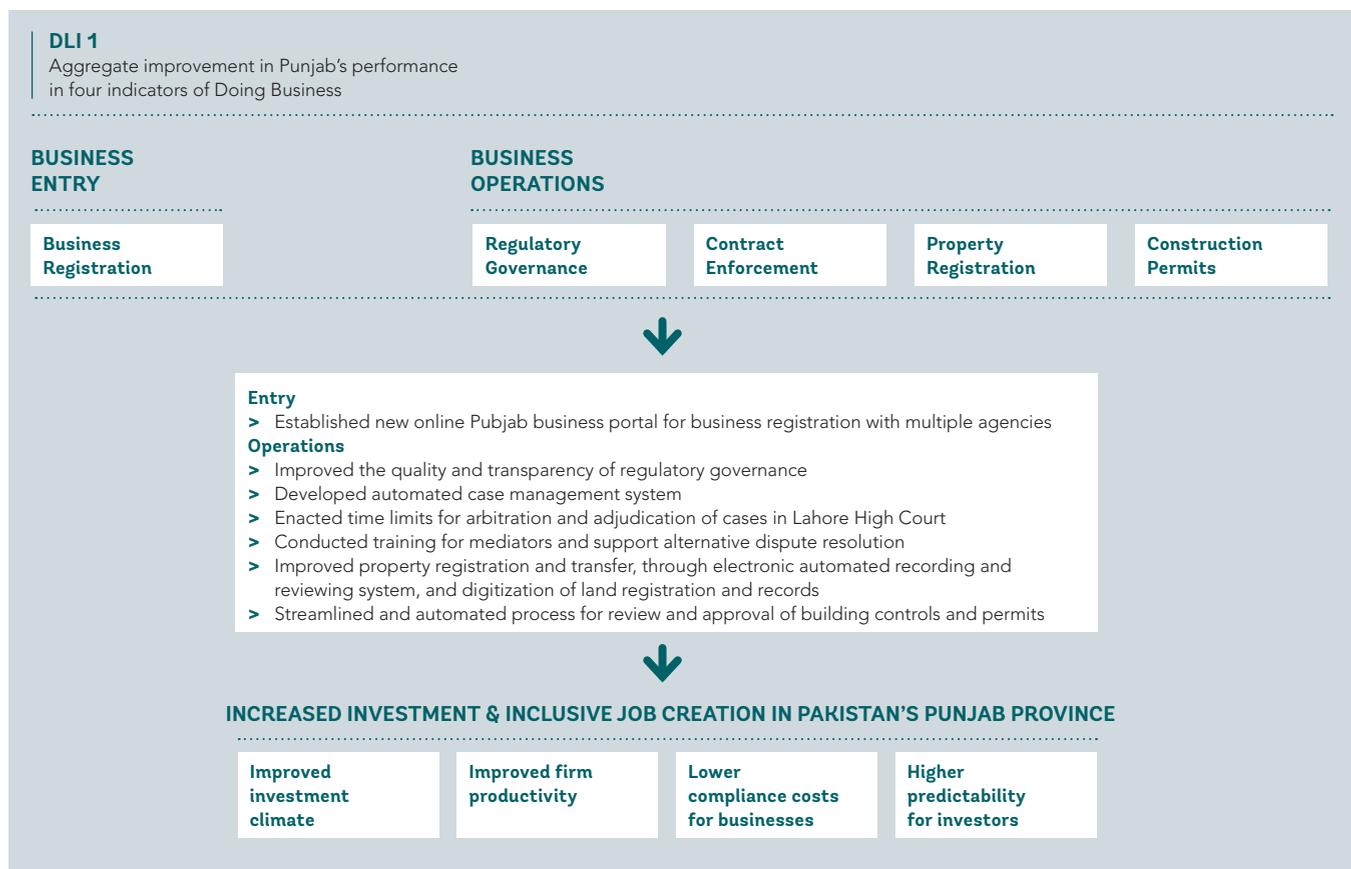
Stage: Implementation
Period: Jun 2015 – Dec 2021
Instrument: PforR

Leading Global Practice: FCI
Region: South Asia
Income Level: Lower Middle Income

Result Indicators, Expected Reforms and Activities

To achieve the targets set for DLI #1, the BR global team is supporting implementation of key activities, including the improvement of government services for businesses in Punjab through improved systems for business registration, contract enforcement, issuance of construction permits, and property registration. Beyond the DB indicators, the program is supporting the Government’s Investment Climate Reform Unit (ICRU), which seeks to more systematically tackle the provincial stock and flow of business regulations.

Program implementation is being supported by a parallel USD 4 million IFC Technical Assistance (#600423) contribution by the United Kingdom’s Department for International Development (DFID).



BHUTAN (P157469) FISCAL SUSTAINABILITY & INVESTMENT CLIMATE DEVELOPMENT POLICY CREDIT

Stage: Implementation

Period: May 2016 – Jun 2018

Instrument: DPC

Leading Global Practice: MTI

Region: South Asia

Income Level: Lower Middle Income

Development Challenges

Over the past decade, Bhutan has made significant socioeconomic progress supported by a solid development management system. However, it still faces high current account deficits, the result of elevated imports associated with the construction of hydropower projects, and a difficult investment climate, as operating a business remains a challenging endeavor. In addition, while the overall unemployment rate stands at about 2.5%, the youth unemployment rate exceeds 10%. Under these circumstances, achieving rapid, sustainable and inclusive growth requires maintaining macroeconomic stability and transitioning to private sector-led economic development, which depends on further improving the investment climate.

Program Objective and Scope

Bhutan's Second Development Policy Credit (DPC2) of USD 24 million, is being led by the Macro, Trade and Investment GP, South Asia region, and is the second of two operations in a programmatic series aimed at supporting Bhutan's 11th Five-Year Plan (FYP) objectives of green socioeconomic development and self-reliance.

The program development objective (PDO) is to support policy and institutional reforms based on three pillars:

- (a) Strengthening fiscal sustainability and self-reliance;
- (b) Increasing access to finance;
- (c) Improving the investment climate, and increasing domestic and foreign investment.

PILLAR 3: IMPROVING THE INVESTMENT CLIMATE

PRIOR ACTIONS

- 1 The Recipient, through a letter from its National Land Commission dated October 25, 2016, has certified the establishment of an online property and land registration system in Thimphu
- 2 The Recipient, through a letter from its MoEA dated October 26, 2016, has certified the introduction of a single window for online business registration
- 3 The Recipient: (a) through its Cabinet, has approved a PPP Policy; and (b) through the MoF, approved PPP rules and regulations at its 54th policy planning and coordination meeting in 2016



TARGETS

- > Registering Property reduced from 92 to 47 days
- > Starting a business reduced from 32 to 10 days

The reforms are expected to reduce non-hydropower debt from 27% in FY2014/15 to below 25% of gross domestic product (GDP) in FY2017/18, according to the Government fiscal cycle, increase the share of adult population having bank accounts from 34% in 2014 to 40% in 2017, and reduce the number of days required to start a business and transfer a property title to approximately 10 and 45 days, respectively, by 2017/18.

The WBG's Business Regulation (BR) global team is supporting the South Asia regional team in implementing pillar #3 (see figure above). The DPC2 underpins specific objectives included in the Country Partnership Strategy (CPS) FY2015-19, which sets out activities under three results areas: (i) improving fiscal and spending efficiency, (ii) increasing private sector growth and competitiveness, and (iii) supporting green development. The DPC2 is also fully aligned with supporting progress towards the WBG's twin goals in Bhutan. The government recognizes that a predictable business environment that minimizes the cost of doing business, expedites business start-ups, facilitates domestic and foreign investment, and makes it easier to access credit, is vital to achieving the objectives envisaged in the 11th FYP.

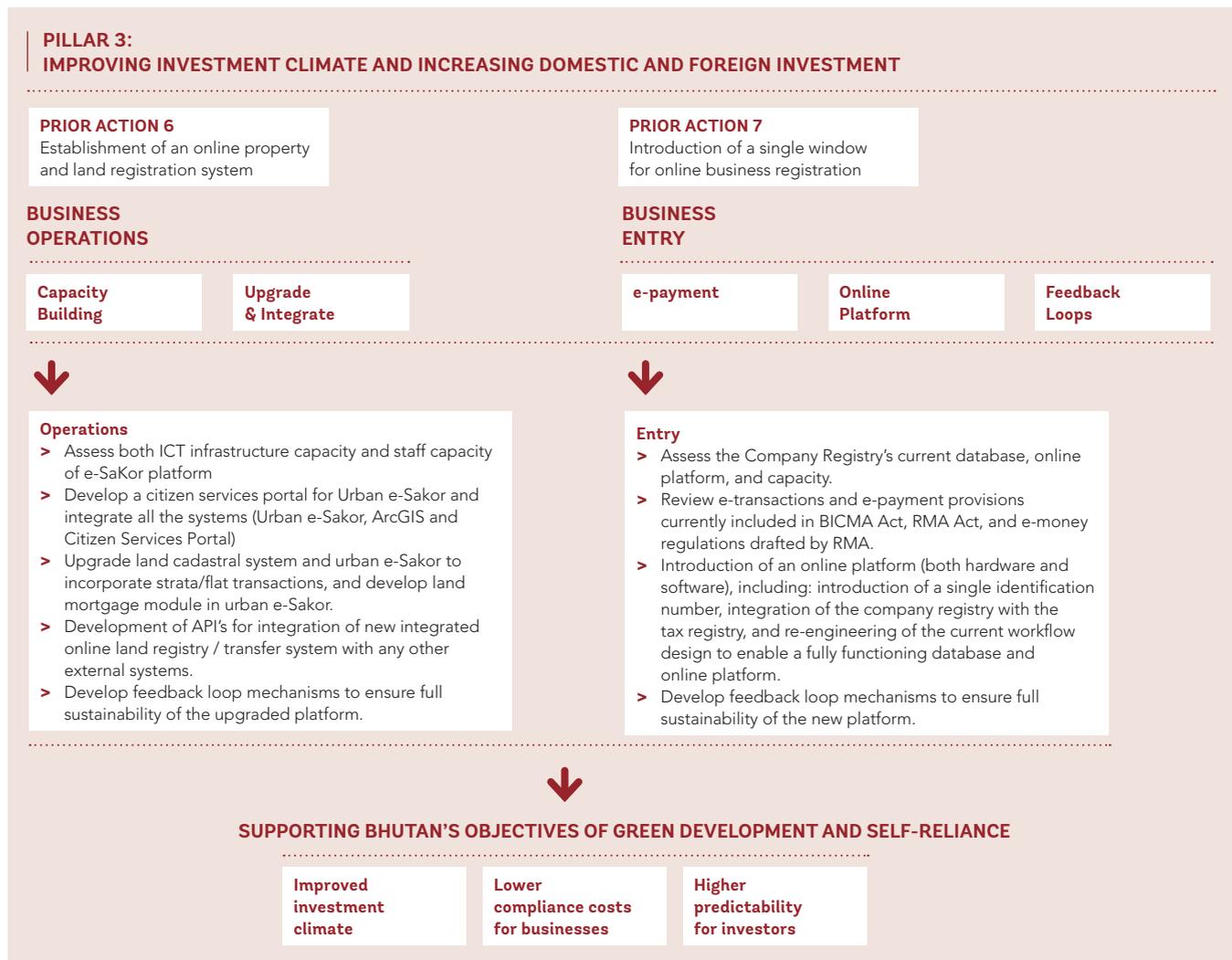
**BHUTAN (P157469) FISCAL SUSTAINABILITY
& INVESTMENT CLIMATE DEVELOPMENT POLICY CREDIT**

Stage: Implementation
 Period: May 2016 – Jun 2018
 Instrument: DPC

Leading Global Practice: MTI
 Region: South Asia
 Income Level: Lower Middle Income

Result Indicators, Expected Reforms and Activities

The BR global team has directly supported the Royal Government of Bhutan in meeting the DPC2’s prior actions #6 and #7 through a programmatic technical assistance (TA), Improving Bhutan Investment Climate (P153221) under former T&C GP. This explicit pairing has been a powerful way of strengthening client commitment to reform, efficiently using funding provided by the World Bank and the International Finance Corporation (IFC), and fostering cooperation among development agencies, including the Asian Development Bank (ADB) and the International Monetary Fund (IMF).



COLOMBIA (P158739) FISCAL SUSTAINABILITY & COMPETITIVENESS DEVELOPMENT POLICY LOAN

Stage: Implementation

Period: Jun 2016 – Dec 2018

Instrument: DPL

Leading Global Practice: MTI

Region: LAC

Income Level: Upper Middle Income

Development Challenges

Colombia has made impressive strides in reducing poverty and promoting shared prosperity during the last decade. Extreme poverty fell from 17.7% in 2002 to 8.1% in 2014, while total poverty (including moderate poverty) fell from 49.7% in 2002 to 29.5% in 2014. Economic growth that led to job creation has been the main driver of poverty reduction and shared prosperity gains. Colombia's relative high growth during the last decade was supported by sound macro policies and favorable external conditions. However, important challenges remain and the country needs to step up its efforts to build on these successes. Its poverty rate is still higher than the Latin American average, and its inequality – as measured by the Gini coefficient (0.539 in 2013) – is the second highest in the region, one of the highest in the world.

Colombia has three defining characteristics that have deep historical roots and will condition the achievement of poverty eradication and shared prosperity in a sustainable manner: first, an uneven territorial development; second, the presence of a protracted armed conflict; and third, almost two decades of extractives-based economic growth. While prudent macroeconomic management has shown resilience in the face of the recent reversal of the commodity boom, the future growth path of the economy faces considerable uncertainty in the medium/long term.

Program Objective and Scope

The World Bank Group's (WBG) USD 600 million Fiscal Sustainability and Competitiveness Development Policy Loan (DPL) series, led by the Macro, Trade and Investment GP, Latin America & Caribbean region, seeks to help Colombia maintain fiscal sustainability and accelerate productivity growth, particularly in the non-extractive sector.

Under a less favorable external environment and upon the current peace and post-conflict agenda, the Program Development Objectives (PDOs) of the operation are to: (i) support fiscal consolidation measures and improved contingent liabilities management; and (ii) foster productivity in non-extractive sectors by strengthening the policy framework for trade facilitation, investment, competition, business regulation and innovation. Accordingly, the DPL series consists of two pillars:

- (a) Support fiscal consolidation measures and improved contingent liabilities management; and,
- (b) Foster productivity in non-extractive sectors by strengthening the policy framework for trade facilitation, investment, competition, business regulation and innovation.

The WBG's BR global team is supporting the LAC regional team to implement Pillar 2 through policy reforms that aim to (i) improve regulations to increase and facilitate trade and Foreign Direct Investment (FDI), especially in non-commodity sectors; and (ii) increase firm productivity, during the second phase of the DPL through two specific triggers, one on business regulation and one investment attraction, respectively (see figure below).

PILLAR 2: FOSTER PRODUCTIVITY IN NON-EXTRACTIVE SECTORS BY STRENGTHENING THE POLICY FRAMEWORK FOR TRADE FACILITATION, INVESTMENT, COMPETITION, BUSINESS REGULATION AND INNOVATION

Business
Regulation



TRIGGER 9 (DPF 2)

Issuing of an administrative act establishing the single window for registering new companies and creating a new coordination agency to better articulate business simplification initiatives among 57 chambers



TARGET

Increase the number of companies registered online in Bogota by the new single window from 0 in 2015 to 5000 by 2018

COLOMBIA (P158739) FISCAL SUSTAINABILITY & COMPETITIVENESS DEVELOPMENT POLICY LOAN

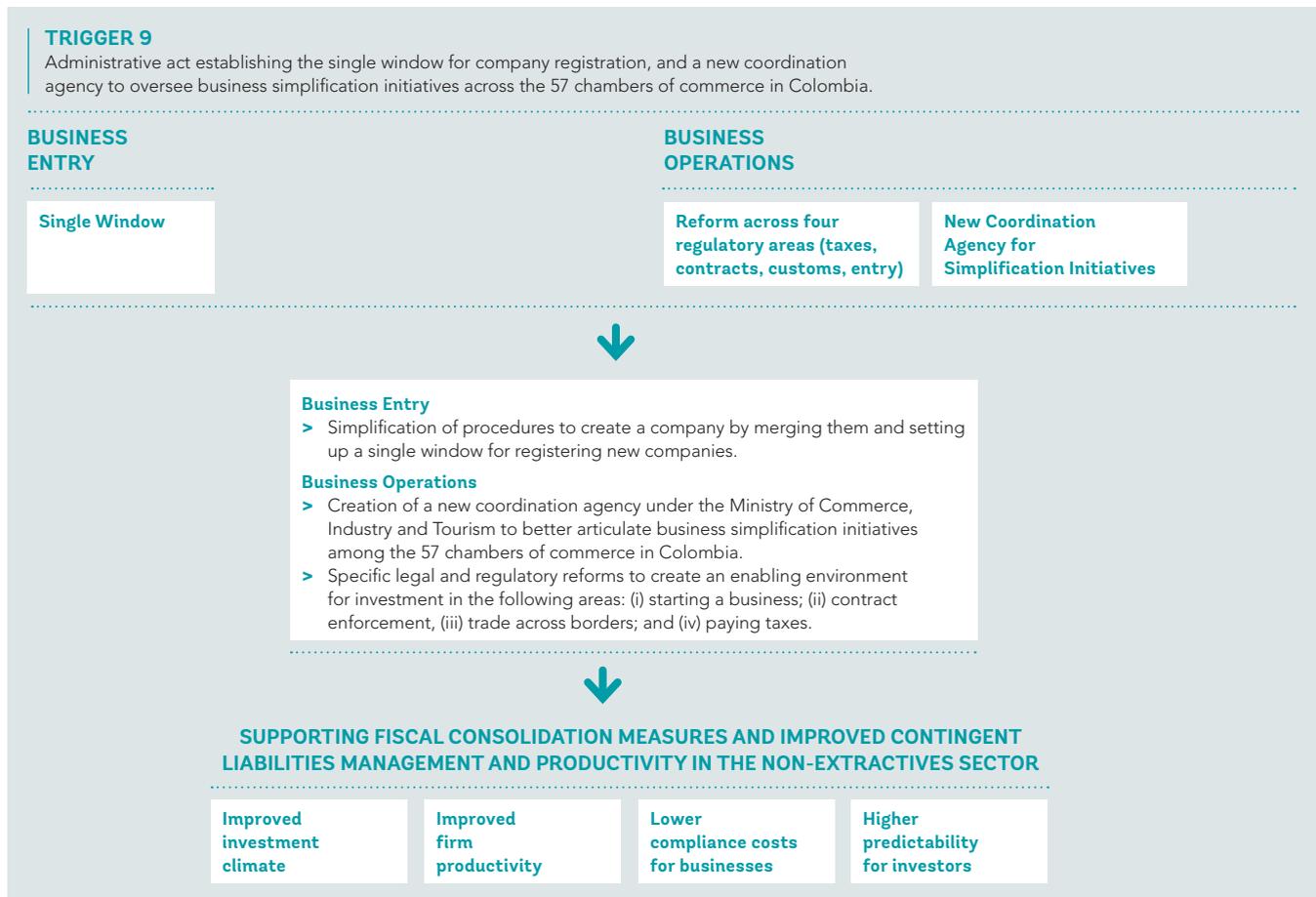
Stage: Implementation
 Period: Jun 2016 – Dec 2018
 Instrument: DPL

Leading Global Practice: MTI
 Region: LAC
 Income Level: Upper Middle Income

The operation is fully aligned with the objectives of the WBG’s Colombia Country Partnership Framework (CPF) FY2016-2021. It supports Pillar 3 of the CPF and two of its four objectives: improved fiscal management in support of fiscal consolidation; and improved business environment and innovation to boost productivity. It also contributes to the crosscutting theme of peace building considering that maintaining fiscal sustainability in the face of increased spending pressures will be critical. It complements a parallel DPL series on territorial development and subnational financial management and investment prioritization, as well as the DPL series on green growth, both of which support the first pillar of the CPF.

Result Indicators, Expected Reforms and Activities

To achieve the expected results for trigger #9, the BR global team is supporting implementation of key activities that will attain the reform objectives set out in the DPL, specifically improving the investment climate through business regulation reform. The BR activities set out below under the categories of “Entry and Operation” are facilitated through existing engagements by the LAC region: Regulatory Business Environment in Colombia (P158863), and Business Entry LAC (#600103).



EGYPT (P161228) SECOND FISCAL CONSOLIDATION, SUSTAINABLE ENERGY & COMPETITIVENESS DEVELOPMENT POLICY FINANCING

Stage: Implementation
 Period: Jun 2016 – Dec 2018
 Instrument: DPF

Leading Global Practice: E&E and MTI GPs
 Region: MENA
 Income Level: Lower Middle Income

Development Challenges

Egypt, the largest country in the Middle East & North Africa (MENA) region with a population of 89 million, and the fourth largest economy with a gross domestic product (GDP) of USD 320 billion in 2015, is at a turning point within a region laden with instability and conflict. The 2011 Arab Spring – generated by the long-standing weaknesses in public service delivery, incapacity of growth to produce positive social outcomes, and weak competition and transparency – ushered in a new era. However, the economic dividends of post-2011 have not fully materialized in Egypt, with economic growth picking up only in fiscal year 2015.

The Government has taken important initial steps in implementing key reforms that, if sustained, are likely to put the economy on a growth track and increase the chances that future growth will be more inclusive than in the past. This programmatic Development Policy Financing (DPF) aims to support and strengthen these reforms, and will play a key role in supporting structural reforms.

Program Objective and Scope

The DPF is the World Bank Group's (WBG) second program in a programmatic series of three single-tranche DPF operations with a total loan amount of USD 3 billion. The program is implemented by two WBG Global Practices including Energy and Extractives Global Practice (E&E GP), and the Macro, Trade and Investment GP, MENA region. The DPF is built around three pillars:

- (a) **Advancing Fiscal Consolidation** through higher revenue collection, greater moderation of the wage bill growth, and stronger debt management;
- (b) **Ensuring Sustainable Energy Supply** through private sector engagement; and,
- (c) **Enhancing the Business Environment** through investment laws, industrial license requirements, as well as stronger competition.

The WBG's BR global team is supporting pillar #3 with prior actions and triggers (see figure). The program agenda is aligned with the Egypt Country Partnership Framework (CPF) (2015-2019), which along with the WBG MENA strategy, seek to achieve the twin goals of eradicating extreme poverty and boosting shared prosperity in a sustainable manner. The program contributes across the four major themes of Egypt's development strategy: macro-fiscal stabilization, private sector-led growth, transparency and accountability, and social and economic inclusion.

PILLAR 3: ENHANCING THE BUSINESS ENVIRONMENT

Improving the investment regime and its transparency, particularly for MSMEs and reforming industrial licensing

PRIOR ACTION DPF 1

- > The Decree to launch the reform of the industrial licensing regime, including setting the principles for the reform, has been issued

PRIOR ACTION DPF 2

- > The bill streamlining the procedures of granting licenses for industrial establishments has been issued and submitted to the borrower's Parliament for consideration
- > The Decree to approve the implementation plan of the Borrower's industrial licensing reform program has been issued

TRIGGERS For DPF 3

- > Executive regulations of the Single-Person Company law to be issued
- > Issuance of the executive regulations of the law on streamlining the procedures of granting licenses for industrial establishments
- > The Licensing Prerequisites Committee makes available online all requirements related to establishment, operation and termination of industrial activities



TARGET

- > Increase the number of one-stop shops with full business start-up and licensing facilitation systems: from 0 in FY15 to 4 by the end of FY18
- > Average number of days to issue license by notification for low-risk industrial activities not to exceed 7 days by the end of FY18
- > Average number of days to comply with all industrial licensing requirements: from 634 days in FY15 to 160 days by the end of FY18
- > Increase in business entry, including small business, as measured by the number of single-person companies from 0 in FY15 to 4 by the end of FY18

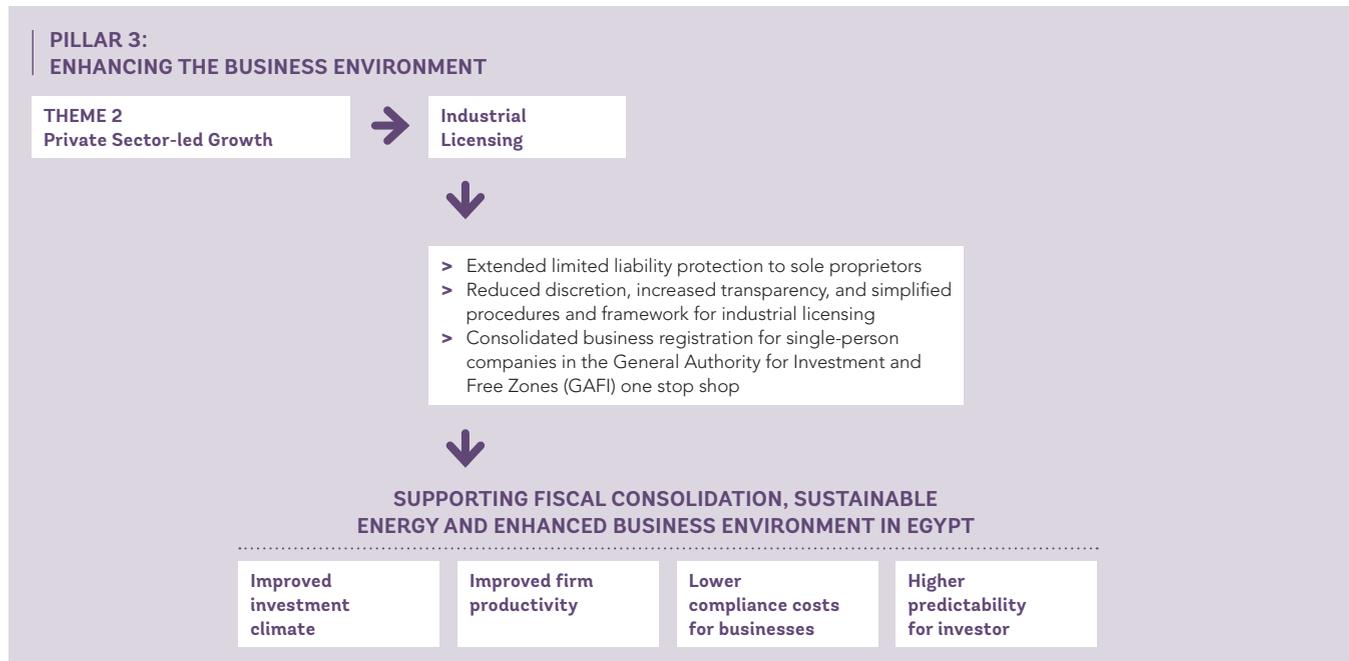
EGYPT (P161228) SECOND FISCAL CONSOLIDATION, SUSTAINABLE ENERGY & COMPETITIVENESS DEVELOPMENT POLICY FINANCING

Stage: Implementation
Period: Jun 2016 – Dec 2018
Instrument: DPF

Leading Global Practice: Energy & Extractives
Region: MENA
Income Level: Lower Middle Income

Result Indicators, Expected Reforms and Activities

To achieve the targets set for pillar #3, the BR global team is supporting implementation of activities to simplify industrial licensing. These activities are paired with the completion of previous related reforms, and are proposed as prior action for DPF1 and DPF2 and associated triggers for DPF3.



KAZAKHSTAN (P154702) FIRST MACROECONOMIC MANAGEMENT AND COMPETITIVENESS DEVELOPMENT POLICY LOAN

Stage: Closed

Period: Nov 2015 – Dec 2016

Instrument: DPL

Leading Global Practice: former Macro & Fiscal

Region: ECA

Income Level: Upper Middle Income

Development Challenges

Over the past fifteen years, Kazakhstan has made impressive progress in reducing poverty and building a middle class, following two economic booms which were fueled by oil extraction and rising oil prices. The poverty rate dropped by 35% between 2006-2015 and the middle class grew from 10 to 25% of the population in the same period.

However, the decline in oil prices in 2014 revealed weaknesses in the country's growth model, and reversed some of the poverty gains of the previous decade. The external shock threatened the country's economic sustainability when combined with the country's large fiscal imbalances and the expectation for protracted depressed oil prices. In response to the external shock the Government of Kazakhstan (GoK) acted swiftly by initiating reforms that would support macroeconomic adjustment and help the economy diversify from the oil sector. These actions were expected to help Kazakhstan adjust quickly to the new reality of lower income but with good jobs relying on a more competitive economy overall.

Program Objective and Scope

The World Bank Group's USD 1 billion DPL was led by the former Macroeconomic and Fiscal Management GP, Europe and Central Asia Region, and sought to support the government in a programmatic approach as this was the first out of two operations. The objective of the DPL was to support the Government of Kazakhstan (GoK) implement reforms around two pillars:

- (a) strengthening the sustainability of the macroeconomic framework while protecting the vulnerable; and
- (b) helping improve competitiveness of the non-oil economy.

The WBG's Business Regulation (BR) global team supported the ECA regional team to implement pillar #2 through a specific prior action on the introduction of a mechanism to assess the impact of regulations governing businesses, and a trigger on the enactment of a law simplifying the licensing framework (see figure below). The first activity aimed to establish a systematic approach to critically assess the positive and negative effects of proposed and existing regulations, by introducing rules on conducting regulatory impact analysis, as well as by embedding an interagency regulatory oversight unit in the Ministry of National Economy. The second activity aimed to directly reduce barriers to business.

The activities were fully aligned with the FY2012-2017 Country Partnership Strategy (CPS) which prioritized improving governance and public services.

PILLAR 2: HELPING IMPROVE COMPETITIVENESS OF THE NON-OIL ECONOMY

PRIOR ACTION 7

- > Adoption of rules on conducting regulatory impact analysis
- > Enactment of legislation to establish an inter-agency regulatory oversight unit located in the Ministry of National Economy with allocated positions reflecting adequate staffing

TRIGGER 9

- > Draft law titled "On Introducing Amendments and Additions to Some Legislative Acts on the Issues of Reducing Permit Documents and Simplifying Permit Procedures" to reduce barriers for business has been submitted to the Parliament



TARGET

Improved performance on the Citizen Engagement in Rulemaking indicators by the end of 2017

KAZAKHSTAN (P154702) FIRST MACROECONOMIC MANAGEMENT AND COMPETITIVENESS DEVELOPMENT POLICY LOAN

Stage: Closed
 Period: Nov 2015 – Dec 2016
 Instrument: DPL

Leading Global Practice: former Macro & Fiscal
 Region: ECA
 Income Level: Upper Middle Income

Result Indicators, Expected Reforms and Activities

Achievement of the prior actions, triggers and targeted results was facilitated by prior and parallel technical assistance provided by the BR team in support of licensing reform, the establishment of a regulatory oversight unit, and the efforts to introduce a Regulatory Impact Assessment (RIA) system. The relevant program target (improved performance on the Citizen Engagement in Rulemaking indicators, now called the Global Indicators of Regulatory Governance) was achieved.

**PILLAR 2:
 HELPING IMPROVE COMPETITIVENESS OF THE NON-OIL ECONOMY**

PRIOR ACTION 7

- > Adoption of rules on conducting regulatory impact analysis
- > Enactment of legislation to establish an inter-agency regulatory oversight unit located in the Ministry of National Economy with allocated positions reflecting adequate staffing

TRIGGER 9

- > Draft law titled “On Introducing Amendments and Additions to Some Legislative Acts on the Issues of Reducing Permit Documents and Simplifying Permit Procedures” to reduce barriers for business has been submitted to the Parliament



STRENGTHENING REGULATIONS FOR KAZAKHSTAN'S NON-OIL ECONOMY



SRI LANKA (P157804) COMPETITIVENESS DEVELOPMENT POLICY LOAN

Stage: Closed

Period: Mar 2016 – Sep 2017

Instrument: DPL

Leading Global Practice: former T&C

Region: South Asia

Income Level: Lower Middle Income

Development Challenges

Following the end of a three decade long civil war in 2009, Sri Lanka's economy grew at an average 6.4% during 2010-2015. The growth reflected a peace dividend and a determined policy thrust towards reconstruction and development, stimulating growth in non-tradable sectors. Sri Lanka continues to transition from a predominantly rural-based economy towards a more urbanized one, oriented around manufacturing and services. Per capita gross domestic product (GDP) increased by roughly 50% since 2010. Sri Lanka's growth, however, has largely been in construction and other non-tradable sectors, while foreign direct investment (FDI) continues to be very low relative to GDP, and the economy has lost ground on international trade. The obstacles to attract and retain FDI are manifold – ranging from deficiencies in the legal and regulatory framework and policy uncertainty to institutional shortcomings. While addressing such obstacles requires a medium-term reform program, the Government has initially mandated the inception of a One Stop Shop (OSS) for FDI – to be used as a mechanism to address regulatory deficiencies and interagency coordination obstacles for investors interested in establishing operations in Sri Lanka. Setting up and strengthening government capacity to operate this OSS is, therefore, a key trigger of this Development Policy Loan (DPL).

As an emerging middle-income country, Sri Lanka is facing new human development challenges, spanning from changing healthcare needs to skills provision needs to match a middle-income country market. Government capacity to address these challenges is constrained, above all by severely limited fiscal space caused largely by poor revenue collection and inefficiencies in some public expenditures, notably on capital investments. There is also a cross-cutting governance challenge: Sri Lanka has consistently scored below its South Asia region peers on international measures of accountability, and transparency over the past decade, and recent years saw a relative decline in its control of corruption and other features of poor governance.

Program Objective and Scope

The World Bank Group's (WBG) USD 100 million Competitiveness DPL, was led by the former T&C GP South Asia region, as a stand-alone single tranche operation, and sought to support the long-term competitiveness of the Sri Lankan economy.

The Program Development Objectives (PDO) of the operation were to: (i) support reforms to eliminate obstacles to private sector competitiveness, (ii) enhance transparency and public sector management, and (iii) improve fiscal sustainability. The DPL consisted of three pillars:

- (a) Enabling private sector competitiveness;
- (b) Enhancing transparency and public sector management; and,
- (c) Improving fiscal sustainability.

The WBG's Business Regulation (BR) global team supported the South Asia regional team to implement Pillar #1 through a specific trigger for investment approval procedures (see figure below). The prior actions supported by the DPL were in line with the Country Partnership Framework (CPF), which recommended reforms to increase attraction of efficiency-seeking FDI. Leveraging the Systematic Country Diagnostic (SCD) and ongoing policy dialogue with the authorities, the DPL was at the core of the government's structural reform agenda needed in order to achieve Sri Lanka's development objectives – namely the creation of more and better jobs through sustainable and equitable private sector-led growth and a more effective public sector.

PILLAR I: ENABLING PRIVATE SECTOR COMPETITIVENESS

PRIOR ACTION 2

The Cabinet has approved the establishment of a one-stop-shop (OSS) for foreign investors aimed at reducing the processing time for investment approval



One Stop Shop for foreign Investment



TARGET

> Reduced time required for foreign investment approval by at least 20 per cent across all line agencies

SRI LANKA (P157804) COMPETITIVENESS DEVELOPMENT POLICY LOAN

Stage: Closed

Period: Mar 2016 – Sep 2017

Instrument: DPL

Leading Global Practice: former T&C

Region: South Asia

Income Level: Lower Middle Income

Result Indicators, Expected Reforms and Activities

The first phase of the OSS reform is complete, however streamlining activities with the line agencies are still underway. To achieve the targets set for Pillar #1, the BR global team is supporting implementation by providing advisory services that will attain the reforms set out in the DPL. The BR activities were facilitated through Technical Assistance engagements by FCI South Asia: Enhancing Sri Lanka's Competitiveness (#162796) and Sri Lanka IPP (#601462).

PRIOR ACTION 2

The Cabinet has approved the establishment of a one-stop-shop (OSS) for foreign investors aimed at reducing the processing time for investment approval

One Stop Shop for foreign Investment



- > Assistance in the preparation of terms of reference for OSS
- > Conduct workshops on best practices on implementation of OSS
- > Map existing procedures
- > Develop to-be maps of applicable procedures cutting the cost of approvals and enhancing transparency
- > Propose recommendations on improvement of Board of Investment's OSS functions and institutional framework to provide oversight of OSS



REMOVING OBSTACLES TO FOREIGN INVESTMENT ENTRY AND ESTABLISHMENT IN SRI LANKA

Improved
investment
climate

Higher predictability
for foreign investors

BOSNIA AND HERZEGOVINA (P146740) COMPETITIVENESS DEVELOPMENT POLICY LOAN

Stage: Closed

Period: Oct 2013 – Dec 2015

Instrument: DPL

Leading Global Practice: former T&C

Region: ECA

Income Level: Upper Middle Income

Development Challenges

Bosnia and Herzegovina (BiH) has been at peace for the past twenty years, and has achieved significant results despite a complex political setup. These range from post-war recovery and establishment of institutions at all levels of government to establishing a framework for economic and fiscal management to bring lasting macroeconomic stability. Additionally, progress has been achieved in creating a better environment for private sector development and job creation.

BiH comprises the national (federal) level authority, and two government entities – the Federation BiH (FBiH) – with 10 sub-national levels (Cantons), Republika Srpska (RS), and Brcko District, each having legislative powers affecting day-to-day business operations. Both the FBiH and RS are further subdivided into 143 cities/municipalities, each with their own municipal councils. Such a complex structure gives rise to overlapping competencies, conflicting legislative provisions, and added complexity for the private sector. The focus on improving the business environment provided a platform for job creation and economic growth.

Program Development Objective and Scope

The Business Environment Development Policy Loan (BE DPL) was a single Development Policy Operation (DPO) to BiH in the amount of Euro 37.4 million (equivalent of USD 50 million). It was implemented by the former T&C GP Europe and Central Asia (ECA) region. The program development objective (PDO) sought to improve BiH's business environment by focusing on three pillars:

- (a) **Facilitating Business Start-up:** by simplifying procedures and reducing costs related for business registration, and reducing notary tariffs;
- (b) **Streamlining Procedures in Inspections and Construction:** by simplifying the inspections regime and streamlining the process to obtain construction permits; and,
- (c) **Simplifying processes of cross-border trading:** by simplifying cross-border trading, reducing the number of documents, timeline and costs for licensing, permits and approvals related to import/export procedures in select sectors in both government entities.

PILLAR 1: FACILITATING BUSINESS START-UP

PRIOR ACTIONS

FBiH

- > Government adoption and submission to Parliament of the final draft of the Company Law
- > Enactment of Law on Changes and Amendments to the Business Registration Law and adoption of regulation to reduce notary tariffs

RS

- > Enactment of the Business Registration Reform legislative package and adoption of notary fees regulation



TARGETS

FBiH

- > Business registration cost and time reduced by up to 20 percent
- > Specific notary tariffs for start-up businesses reduced by 15 percent

RS

- > Incorporation capital for newly established Limited Liability Company is 1 Bam
- > Tariffs on notary reward reduced by 30 percent
- > Business registration procedures reduced to 5 steps (from 11)
- > Business registration time reduced to 3 days (from 23)

PILLAR 2: STREAMLINING PROCEDURES IN INSPECTIONS & CONSTRUCTION

PRIOR ACTIONS

FBiH

- > Enactment of the new Inspection Law

RS

- > Enactment of the Spatial Development and Construction Law and adoption of three accompanying rulebooks



TARGETS

FBiH

- > Increased effectiveness of inspections by 15 percent
- > Reduced cost for businesses by at least 10 percent following introduction of risk based inspections

RS

- > Time required to obtain individual permits reduced to a maximum 15 days
- > Direct and indirect cost savings resulting from the new law established at 17 million BAM annually

**BOSNIA AND HERZEGOVINA (P146740)
COMPETITIVENESS DEVELOPMENT POLICY LOAN**

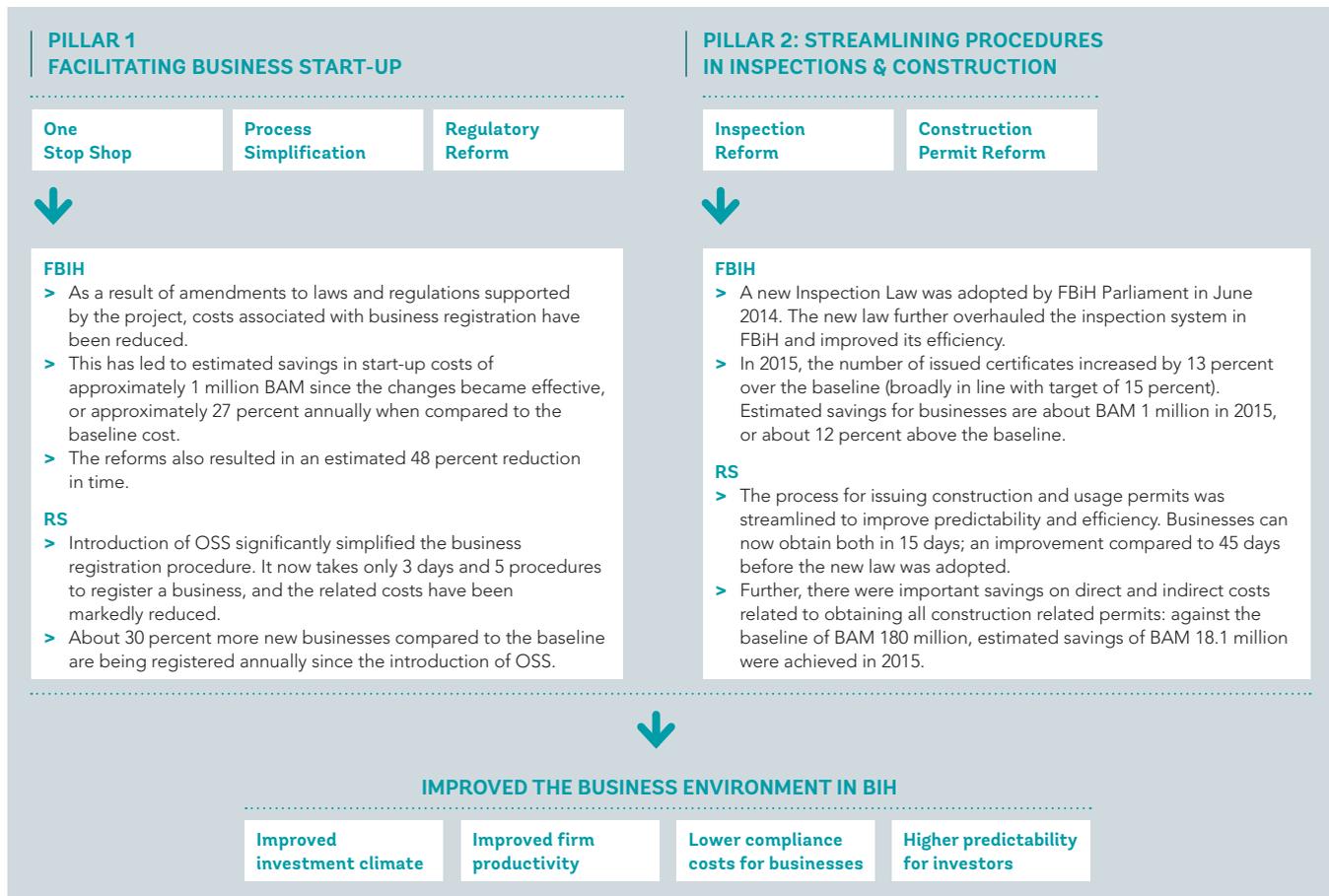
Stage: Closed
Period: Oct 2013 – Dec 2015
Instrument: DPL

Leading Global Practice: former T&C
Region: ECA
Income Level: Upper Middle Income

The WBG’s Business Regulation (BR) global team supported the ECA regional team with project implementation across all three pillars through specific key indicators in the form of prior actions (see figure above). The program was fully aligned with BiH’s development and EU accession priorities and has contributed to the priorities outlined in the draft Strategy for Development 2010-2020 and BiH Social Inclusion Strategy.¹ The strategic focus on competitiveness was confirmed by the Country Partnership Strategy Progress Report of June 2014, as well as the latest Country Partnership Framework for FY16–20.

Result Indicators, Expected Reforms and Activities

To achieve the targets set for Prior Actions and in coordination with the WBG in-country technical assistance the BR global team supported implementation of key activities in the FBiH and RS that attained the reforms set out in the DPO. The BR activities were supported through previous WBG engagements such as the Regulatory Impact Assessment Report on Business Registration process in the RS (completed in September 2012), the Regulatory Impact Assessment Report on the FBiH Company Law (completed in March 2013), and other related technical assistance interventions. The program PDOs were largely accomplished: nine out of eleven indicators were achieved (in most cases exceeding expectation) and two were partially achieved (narrowly missing the targets).



¹ These two strategic documents, though prepared in a consultative ‘bottom up’ approach have only been endorsed by the Federation BiH and Brcko District.

**TANZANIA (P150009)
COMPETITIVENESS DEVELOPMENT POLICY FINANCING**

Stage: Closed
Period: Dec 2014 – Aug 2016
Instrument: DPL

Leading Global Practice: former T&C
Region: SSA
Income Level: Low Income

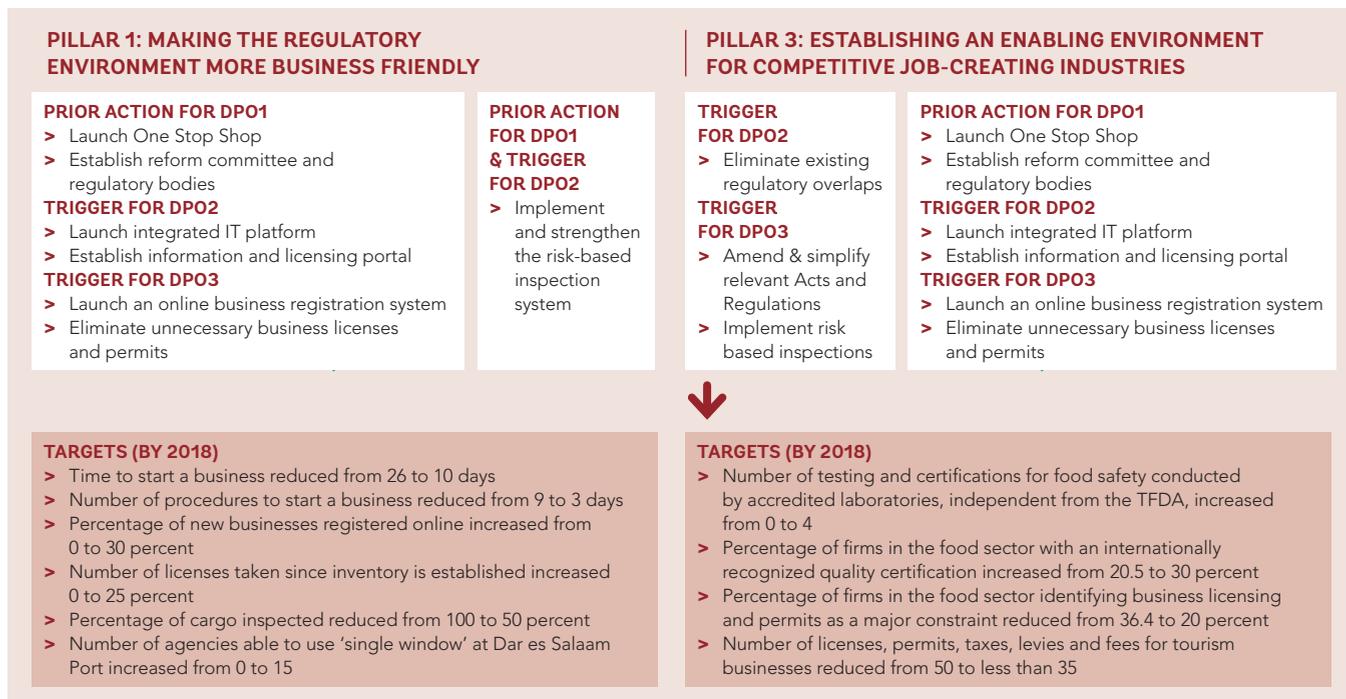
Development Challenges

Although Gross Domestic Product (GDP) growth has been relatively high and stable over the past decade, the private sector has continued to lag and played a limited role in Tanzania. As a result, bolstering private sector performance has been central to the goal of achieving shared prosperity and eradicating extreme poverty in Tanzania. As of 2012, 28% of Tanzanians (12 million people) lived below the poverty line, with 83% of the poor located in rural areas. Job creation by the private sector is critical to the broader poverty reduction effort. Any strategy to support employment creation by the private sector in Tanzania should be anchored on the need to eliminate or reduce barriers to growth for small/informal businesses, which represent approximately 90% of existing operators, and on fostering investments in labor-intensive sectors.

Program Objective and Scope

Led by the former T&C GP Africa region, the USD 80 million program is the first of a programmatic series of Development Policy Operations (DPOs) in Tanzania focused on enhancing the development potential of the country's private sector. The program development objective (PDO) was to increase the job creation potential of the Tanzanian private sector by reducing the overall cost of doing business and creating an enabling environment for selected labor-intensive industries. The program supported policies in two crosscutting pillars and one sector-specific pillar:

- (a) Making the regulatory environment more business friendly (business registration, licensing, trade and taxation);
- (b) Improving the functioning of factor markets (labor, land and capital); and,
- (c) Establishing an enabling environment for competitive job-creating industries, (agribusiness and tourism).



There are 10 key objectives under the three pillars, and the Business Regulation (BR) global team supported 4 out of 10 objectives, including (i) simplify process for starting a business and eliminate unnecessary, duplicative and overlapping licenses and permits; (ii) increase efficiency of trade facilitation institutions and infrastructure to improve competitiveness of Tanzanian industries; (iii) strengthen standards regime consistent with EAC and international good practice to facilitate agribusiness exports and imports; and (iv) streamline the uncertain tourism business environment (see previous figure).

**TANZANIA (P150009)
COMPETITIVENESS DEVELOPMENT POLICY FINANCING**

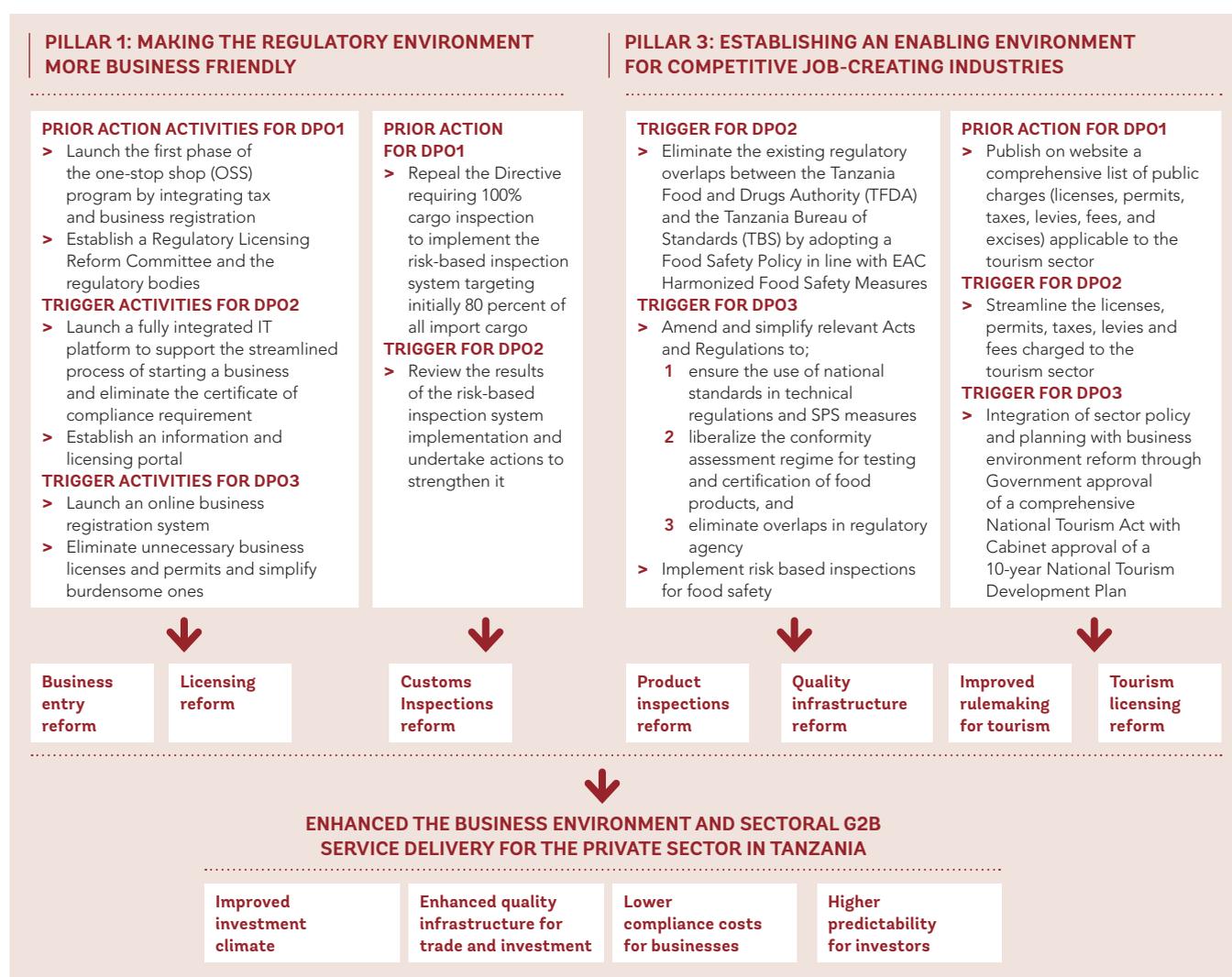
Stage: Closed
Period: Dec 2014 – Aug 2016
Instrument: DPL

Leading Global Practice: former T&C
Region: SSA
Income Level: Low Income

The program agenda was well aligned with the Government of Tanzania’s Five-Year Development Plan and the Big Results Now (BRN) initiative, and fully congruent with the Country Assistance Strategy (CAS) as well as the African Regional Strategy. Promoting private sector development by improving the business environment is one of the objectives of the Government’s National Growth and Poverty Reduction Strategy (MKUKUTA II) and the Five-Year Development Plan.

Result Indicators, Expected Reforms and Activities

To achieve the targets set for the prior actions and triggers, the BR global team supported the implementation of key activities that attained the reforms set by the DPO. The BR activities were facilitated through existing engagements by T&C Africa.



ALBANIA (P155605) COMPETITIVENESS DEVELOPMENT POLICY LOAN

Stage: Closed

Period: Nov 2015 – Jan 2018

Instrument: DPL

Leading Global Practice: former T&C

Region: ECA

Income Level: Upper Middle Income

Development Challenges

Since the end of 2013, the Government of Albania has undertaken several extensive reforms which enabled the country to attain candidate status for European Union (EU) accession. After stabilizing the economy through decisive fiscal reforms, it is now critical to accelerate growth and create jobs, especially in the private sector, in order to achieve the twin goals of reducing poverty and boosting shared prosperity. Since the global crisis, poverty has stagnated at around 14% and unemployment among women and youth is a particular problem. Major constraints for businesses include a heavy regulatory burden, inadequate framework for private investment, high informality and weak trade logistics and facilitation. Business environment bottlenecks include a cumbersome construction process, a complex business licensing framework and ineffective market surveillance.

As a small open economy, Albania needs to integrate more into regional and global value chains and change its growth model in two ways: from the state to the private sector; and from inward-orientation to outward orientation. To achieve this, an effective regime for attracting and retaining investment, facilitating trade and making it easier to do business needs to be put in place, and is therefore at the core of this operation.

Program Objective and Scope

Representing a coordinated response by the World Bank Group (WBG), the USD 70 million Development Policy Lending (DPL) intervention, led by the former T&C Europe & Central Asia team, supported the government's efforts to enact a series of reforms, with the goal to integrate internationally and increase productivity.

The program development objective (PDO) was to enhance Albania's competitiveness by improving the investment regime, making it easier to do business, and facilitating trade. The DPL supported critical reforms in three pillars:

- (a) Attracting and retaining investment:** Strengthening Albania's investment policy framework through critical reforms will help attract and retain foreign investors, harness spill-overs from foreign direct investment (FDI), and spur local business;
- (b) Making it easier to do business:** Upgrading Albania's systems and processes, making it easier to do business; and
- (c) Facilitating trade:** Improving trade facilitation and logistics will streamline and simplify clearance procedures, improve risk management for food products, and reduce congestion at the port of Durres.

The WBG's Business Regulation global team supported the ECA regional team to implement prior actions #3-6 covered under pillar #2 (see figure below).

PILLAR 2: MAKING IT EASIER TO DO BUSINESS

- 1 Construction permitting:** Adoption of an implementation decision on Territorial Planning and Development outlining the guidelines for the new construction permits process, and introducing the new online platform for issuing construction permits
- 2 Doing business:** Adoption of electricity regulation on New Connections on the Distribution Network
- 3 Institutional reform:** Enactment of law to merge the National Registration Center and the National Licensing Center
- 4 Quality Infrastructure:** Adoption of decision to establish a Market Surveillance Inspectorate and issuance of an order by the Prime Minister to approve the organizational structure of the Market Surveillance Inspectorate



- #### TARGETS
- ##### OVERALL INVESTMENT CLIMATE IMPROVEMENTS
- > Overall Doing Business – Distance to Frontier (DTF): 70
 - > Dealing with Construction Permits DTF: 66
 - > Getting Electricity DTF: 48
 - > Inspection of non-food consumer product groups: 2

ALBANIA (P155605)
COMPETITIVENESS DEVELOPMENT POLICY LOAN

Stage: Closed
 Period: Nov 2015 – Jan 2018
 Instrument: DPL

Leading Global Practice: former T&C
 Region: ECA
 Income Level: Upper Middle Income

The reform areas supported by the DPL contributed directly to the second focus area of the WBG Country Partnership Framework (CPF) 2015–2019, creating conditions for accelerated private sector growth. Improving the business environment was a CPF objective within this focus area. The operation supported the achievement of Albania’s national competitiveness goals, which was integrated at the regional level in the South-East Europe (SEE) 2020 strategy and further developed in the Strategy for Business and Investment 2014–2020.

Result Indicators, Expected Reforms and Activities

To achieve the targets set for prior actions #1 and #2, the BR team directly supported implementation of key activities that attained the reforms set out in the DPL. The activities set out below were facilitated through two complementary advisory projects to the DPL: Albania Investment Climate advisory project (#600476), a USD 2.5 million technical assistance project complementing pillar #1 from 2015 to 2019; and an Indicator Based Reform Advisory project, which supported the creation of an Inter-Ministerial Working Group on the implementation of DB-related reforms under pillar #2 of the DPL.







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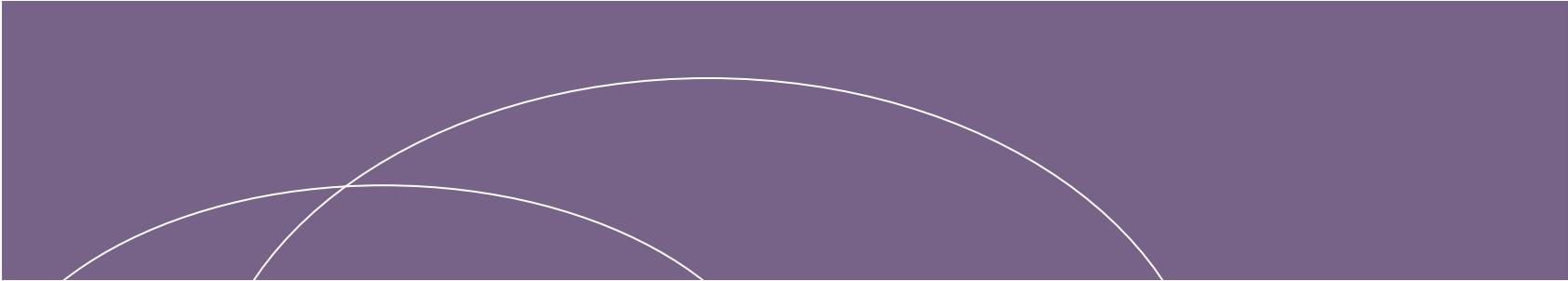
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