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COMMITTEE ON DEVELOPMENT EFFECTIVENESS

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FROM: The Secretary, Committee on Development Effectiveness

October 2, 1998

An Evaluation of the Foreign Investment Advisory Service (FIAS)

Attached is a memorandum dated September 29, 1998 from the Director General, Operations Evaluation, together with the paper entitled *An Evaluation of the Foreign Investment Advisory Service (FIAS)*. The paper, prepared jointly by the Operations Evaluation Group and the Operations Evaluation Department, will be considered at the meeting of the Committee on Development Effectiveness on Wednesday, October 21, 1998.

Questions on this document should be addressed to Mr. Fitzgerald (ext. 37043).

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September 29, 1998

Office of the Director General
Operations Evaluation

MEMORANDUM TO THE BOARD OF DIRECTORS AND THE PRESIDENT

An Evaluation of the Foreign Investment Advisory Service

This evaluation of the Foreign Investment Advisory Service (FIAS) is the first joint product of IFC's Operations Evaluation Group (OEG) and the World Bank's Operations Evaluation Department (OED). OEG led the evaluation, but the team included staff from both units, and the approach, findings, and recommendations benefited from the joint review and approval of the two management teams. It proved to be a productive collaboration that led to a stronger evaluation than either unit could have produced alone.

FIAS, a joint facility of IFC and the World Bank, has been in operation for 13 years, but this is the first independent evaluation of its world-wide activities. It used a variety of techniques, including interviews with 260 people: FIAS's management and staff, World Bank Group staff, clients, donors, investors and business executives, government officials, competitors, and consultants. In rating FIAS's assistance to a sample of 13 countries, the team found that it was *excellent* in four cases, *satisfactory* in eight, *partly unsatisfactory* in one. In no case was it *unsatisfactory*. The evaluation established the relevance, efficacy, and efficiency of FIAS's work, and it provides a solid basis for the principal finding that "FIAS has earned a reputation as a leader in its field with a quality product and a strong brand name."

FIAS, like IFC and the World Bank, is at a critical juncture. FIAS needs to undertake a thorough institutional renewal aligned with changes in the Bank Group and its external environment. Since the establishment of FIAS, the development paradigm has changed, sensitivity to social and environmental concerns has come center stage, and the Bank Group is seen as a facilitator of good development practice by private investors in the developing world. The Bank, IFC and MIGA have equipped themselves with new policies, instruments and partnerships to encourage foreign direct investment and related private sector development initiatives. The current financial crisis highlights the priority of restoring confidence of the international community in emerging markets.

FIAS has unique assets which deserve nurturing and enhancing in the interest of the developing world. But, their effective use depends on an appropriate mandate within the Bank Group, a revised mission statement, a governance structure adapted to this mission, and a reconsideration of its instruments and funding arrangements. There is significant potential for FIAS, working with other members of the Bank Group, to tap synergies, especially with regard to capacity building in developing countries, the construction of alliances with business partners, and the nurturing of partnerships with the civil society.

Attachment

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AN EVALUATION OF THE FOREIGN INVESTMENT ADVISORY SERVICE (FIAS)

Prepared jointly by:

**OPERATIONS EVALUATION GROUP (OEG)
OPERATIONS EVALUATION DEPARTMENT (OED)
SEPTEMBER 1998**

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AN EVALUATION OF THE FOREIGN INVESTMENT ADVISORY SERVICE

ABBREVIATIONS AND ACRONYMS

AID	United States Agency for International Development	IFI	International Financial Institution
APRO	Asia Pacific Regional Office	IMS	MIGA's Investment Marketing Service
AusAID	Australian Agency for International Development	IPA	Investment Promotion Agency
CAS	World Bank Group's Country Assistance Strategy	OED	The World Bank's Operations Evaluation Department
CIDA	Canadian International Development Agency	OEG	IFC's Operations Evaluation Group
DEC	The World Bank's Development Economics Department	PAS	MIGA's Policy Advisory Services
EPZ	Export Processing Zone	UNCTAD	United Nations Conference on Trade and Development
FDI	Foreign Direct Investment	UNDP	United Nations Development Programme
FPSI	The World Bank's Finance, Private Sector, and Infrastructure Network	UNIDO	United Nations Industrial Development Organisation
IAD	The World Bank's Internal Auditing Department	USAID	United States Agency for International Development
ICSID	International Centre for Settlement of Investment Disputes		

AN EVALUATION OF THE FOREIGN INVESTMENT ADVISORY SERVICE

EXECUTIVE SUMMARY

The Foreign Investment Advisory Service (FIAS), a joint facility of IFC and the World Bank, was established by IFC in 1985 "to assist member governments to adjust their policies, regulations, and institutional arrangements in order to attract more foreign direct investment." It has completed 286 advisory assignments in 108 countries. Last year IFC and the World Bank provided 40% of its funding, and the rest came from donors and clients.

This is the first independent evaluation of FIAS's world-wide activities. It is based principally on interviews with 260 people: FIAS's management and staff, World Bank Group staff, clients, donors, investors and business executives, government officials, competitors, and consultants. We supplemented these interviews with a questionnaire that was returned by 33 clients, and phone interviews of others. We interviewed officials in some countries where FIAS has not worked and in others where it worked, but not recently. We have also drawn on FIAS's own impact assessments and on two earlier independent, regionally-focused evaluations.

EVALUATION FINDINGS

These results establish that FIAS has earned a reputation as a leader in its field with a quality product and a strong brand name. The previous independent evaluations, the questionnaires to clients, and interviews overwhelmingly give FIAS a very favorable evaluation. Clients and World Bank and IFC staff generally rate FIAS's reports and advice on a par with World Bank economic and sector work. FIAS's clients have had better and more successful economic policies than other countries, and there are demonstrable results following FIAS's assistance. Nearly two-thirds of clients have had repeat assignments, and that percentage will rise as countries' reform programs mature. The evaluation addressed seven specific questions:

1. *What characteristics distinguish FIAS's clients from other low- and middle-income countries?* FIAS has sought to assist any country reforming its FDI programs and policies. It has assisted those countries that are most likely to benefit from its advice: its clients have lower average GDP than other countries, but its clients have had better economic policies, higher GDP growth rates and, over the last decade, have been more effective in attracting new FDI.
2. *How do FIAS's clients, the World Bank, and IFC rate the quality of its advice?* The consensus is that FIAS provides detached, authoritative advice that is sensible and action-oriented. Its staff is responsive to clients' needs. Most rate FIAS's advice on a par with the World Bank's. Criticisms of FIAS were isolated, but they included: inflexibility, timeliness, uneven quality, or staff salary levels.
3. *Have FIAS's clients accepted its advice and acted on its recommendations? What have been the results?* FIAS's advice has been adopted: 87% of clients who answered our survey said they'd implemented it in whole or in part, and FIAS's self-assessments estimated 69%. Results vary by assignment and country but include new investment laws, new strategies for attracting investors, improved policies and procedures toward foreign investors. Even where the advice is not implemented, it usually serves as a blueprint or "first draft" for local action.

4. *What factors cause clients to accept and act on FIAS's advice? What factors cause them to reject it?* Clients accept the advice because it helps them give form and substance to their reform agendas. Since governments must request advice and, generally, reimburse part of FIAS's costs, they are predisposed to accept it. When governments don't implement FIAS's advice, the principal causes are: political changes; the client agency isn't the decision maker; controversial advice; insufficient resources; or weak technical capabilities. The last two factors could be addressed by coherent Bank Group Country Assistance Strategies.
5. *Is FIAS efficient?* In terms of costs, FIAS staff salaries are high compared to private consultants and accounting firms. However, FIAS uses consultants extensively so its blended cost per assignment is reasonable, and its costs are below the Bank's ESW. Its timeliness is deemed satisfactory, and it is agile in responding to clients demands.
6. *Is there synergy between FIAS and the World Bank? Between FIAS and the IFC?* FIAS's work benefits from interactions with all members of the Bank Group, including MIGA and ICSID. There are synergies with both the Bank and the IFC, but those with the Bank are stronger. The Bank's staff is more engaged with FIAS and more familiar with its work than IFC's staff. However, as with any bureaucratic process, the degree of synergy can be idiosyncratic, varying from country to country, depending on personal relationships between staff within the institutions. There is scope for improvement.
7. *How effectively has FIAS fulfilled its development mandate?* Using evaluation panels for 13 client countries, we rated FIAS's assistance to each on a four-point scale: four were *excellent*; eight, *satisfactory*; one, *partly unsatisfactory*; and none was *unsatisfactory*. These results, combined with the other findings, lead us to conclude that FIAS's assistance has been relevant to its clients' concerns and efficacious in assisting them to improve their prospects for attracting FDI. We also conclude that FIAS has been efficient in managing its resources.

RECOMMENDATIONS

Most people expect that the demand for FIAS's services will grow. FIAS can build on its record by (1) Institutional renewal aligned with changes in IFC and the Bank; (2) Improved evaluation and dissemination; and (3) Selective administrative improvements.

Institutional renewal

When the Bank's and IFC's strategic directions become clear, FIAS's management should develop a complementary institutional renewal. FIAS has unique assets to assist the Bank Group and its clients, but their continued effective use requires an appropriate mandate and mission statement, together with instruments, funding and cost recovery arrangements, and a governance structure aligned with its mission. The renewal should consider these evaluation findings:

- Two of FIAS's strengths are its specialized knowledge of FDI and its client orientation. The World Bank Group's overall approach to private sector development should leverage FIAS's FDI knowledge and should learn from, and seek to emulate, FIAS's client orientation.
- There are concerns that some FIAS work could be performed better within the Bank or by private consultants, as well as concerns that FIAS's mandate was too narrow. The renewal should consider anticipated demands for FIAS's services, by product line, and proposals for

any new products. Where there is substantial expertise elsewhere in the Bank Group or the private sector, FIAS should consider how the Bank Group should use it to deliver client-responsive, high-quality services, cost-effectively, without displacing qualified private providers. This may include a public policy statement such as *IFC's Collaboration with Private International Financial Institutions: Practices and Policies* (November, 1995).

- To improve implementation prospects and Bank Group synergy, , after each advisory assignment FIAS should meet with Bank Group managers to agree on follow-up strategy and actions, to assign responsibility, and to update the Country Assistance Strategy.
- FIAS's should make efficient use of Bank Group advisory panels, partnerships, and networks to ensure that its services convey to clients the thinking of progressive international corporations on the environmental and social impacts of private investment.

Evaluation and Dissemination

- FIAS should implement systematic self evaluation to document its successes and failures, to relate them to its own performance, to draw lessons from its experience, and to serve as an instrument of accountability to its supervisors, Boards, and donors. OEG can assist.
- FIAS should develop a more ambitious publications series to share the knowledge it has accumulated through its advisory assignments and to generate knowledge of FDI-related topics.
- FIAS should disseminate its work more actively over the internet and, within the Bank Group, it should develop additional means to disseminate the results of its advisory assignments and its specialized knowledge of FDI and its contribution to economic development.

Supervision and Administration

- FIAS's Supervisory Committee should be actively engaged in FIAS's program, particularly during the current transition, to secure FIAS's productive future and to ensure responsive, timely management follow-up to the recommendations of this evaluation.
- A number of clients expressed concern at the billing rates for FIAS staff. These rates, which reflect World Bank Group salary levels and full recovery of overhead, are higher than many consultants'. This has created tensions that may be avoidable. FIAS should, in preparing cost statements for clients, make it clear that clients' payments are applied first to assignment-related costs such as external consultants' services, translations, or travel expenses. Clients would only contribute toward FIAS's staff salaries or overhead when their total negotiated payments exceed these other assignment-related costs.
- FIAS should assign a high priority to writing formal policy statements and procedural guidelines describing its basic business processes and ensuring that they are effectively administered. It should review its project files with staff to ensure that all assignment-related documents are preserved in official files.

AN EVALUATION OF THE FOREIGN INVESTMENT ADVISORY SERVICE

CONTENTS

EXECUTIVE SUMMARY	I
CONTENTS	V
1. BACKGROUND.....	1
1.1 FIAS's Evolving Mandate and Structure.....	1
1.1.1 Board Discussions of FIAS	2
1.1.2 Donors' Contributions and Expectations	2
1.2 FIAS's Work.....	3
1.2.1 Advisory Assignments.....	3
1.2.2 Other Activities.....	4
1.3 FIAS's Advisory Process.....	4
1.4 Collaborators, Competitors, and Coordination.....	5
1.5 Staffing, Management, Governance and Accountability	5
2. PREVIOUS EVALUATIONS	6
2.1 FIAS's Impact Assessments	6
2.2 Independent evaluations.....	6
2.2.1 Price Waterhouse Evaluation of FIAS's Sub-Saharan Africa Operations.....	7
2.2.2 World Bank Internal Audit.....	7
2.2.3 Hardin & Associates Evaluation of FIAS's Operations in the Pacific Islands.....	8
2.2.4 Evaluation of MIGA's Investment Marketing Services Department.....	8
3. EVALUATION DESIGN, EXECUTION, AND FINDINGS.....	9
3.1 What characteristics distinguish FIAS's clients from other low- and middle-income countries?	9
3.2 How do FIAS's clients, the World Bank, and IFC rate the quality of its advice?.....	10
3.2.1 Client Survey	10
3.2.2 Evaluation Panels and Sample Selection.....	11
3.3 Have FIAS's clients accepted its advice and acted on its recommendations? What have been the results?	13
3.4 What factors cause clients to accept and act on FIAS's advice? What factors cause them to reject it?.....	14
3.5 Is FIAS efficient?	15
3.5.1 Costs	15
3.5.2 Timeliness.....	15
3.5.3 Agility.....	16
3.6 Is there synergy between FIAS and the World Bank? Between FIAS and the IFC?.....	16
3.7 How effectively has FIAS fulfilled its development mandate?.....	17
4. RECOMMENDATIONS	17
4.1 Institutional renewal.....	18
4.2 Evaluation and Dissemination.....	19
4.3 Supervision and Administration.....	20
Attachment 1: Evaluation Approach Paper.....	21
Attachment 1A: Approach Paper Questions and Evaluation Findings.....	25

Attachment 2: Evaluation Design and Execution.....	26
Attachment 3: FIAS's Sources of Funds, FY88-98.....	32
Attachment 4: FIAS's Advisory Assignments, By Country.....	33
Attachment 4A: FIAS's Advisory Assignments, By Region and Type.....	37
Attachment 4B: Low- and Middle-Income IBRD Members with no FIAS Assignments.....	38
Attachment 5: FIAS's Publications.....	39
Attachment 6: Client Survey Results.....	40
Attachment 7: Evaluation Findings: Country Assistance and Results.....	42
Attachment 7A: Ratings of FIAS Assistance in 13 Countries.....	60
Attachment 8: List of People Interviewed.....	63

AN EVALUATION OF THE FOREIGN INVESTMENT ADVISORY SERVICE

1. BACKGROUND

The Foreign Investment Advisory Service (FIAS) is a joint facility of IFC and the World Bank, established in late 1985 to help governments attract foreign direct investment (FDI). Its existence coincides with a period of explosive and widespread growth in FDI, with net flows to developing countries rising from \$12 billion in 1986 to \$120 billion in 1997.

In the past fiscal year, FIAS's staff of 32 completed 46 advisory assignments, bringing its 13-year total to 286 assignments in 108 countries (Attachments 4, 4A). It spent \$6.6 million, financed by contributions from IFC (27%) and the World Bank (13%); by reimbursements from clients (22%); and by donor support (38%) (Attachment 3). This is the first independent evaluation of FIAS's world-wide activities. It was conducted jointly by IFC's Operations Evaluation Group and the World Bank's Operation Evaluation Department.

1.1 FIAS'S EVOLVING MANDATE AND STRUCTURE

IFC's Articles of Agreement call for it to "seek to stimulate, and to help create conditions conducive to the flow of private capital, domestic and foreign, into productive investment in member countries." In 1985 the Chinese government asked IFC for advice on FDI policies and programs. IFC's management found interest in other countries for similar assistance and it established FIAS in its Development Department. FIAS's objectives, organization and operation were laid out in *Strengthening IFC's Foreign Investment Advisory Assistance* (IFC/R87-120), endorsed by IFC's Board in 1987. FIAS was expected to assist in: formulating a general framework of policies and institutions to promote and regulate FDI; establishing policies to facilitate investment; devising foreign investment strategies; and implementing its recommendations. Advice would be coordinated with the World Bank. IFC's management was given control, reporting annually to the Board and donor countries. Initially, each FIAS assignment was separately funded by contributions from IFC, UNDP, or bilateral aid programs, with client countries defraying some local expenses. Demand for services grew quickly, and to stabilize funding, the Board authorized IFC to establish a trust fund.

After MIGA was created, FIAS was reconstituted as a joint facility of IFC and MIGA in 1988 and given responsibility for much of MIGA's mandate to undertake activities to promote foreign investment and assist countries to improve their investment climates. FIAS reported to Directors in IFC and MIGA, and its staff had appointments in either IFC or MIGA. In 1990 the Boards of IFC and MIGA agreed to continue the arrangement indefinitely.

As the World Bank expanded its work in private sector development, it called on FIAS increasingly to assist with policy-based loans and private sector assessments. FIAS's mandate was modified in early 1992 following recommendations in *Future Organization and Funding of FIAS* (IFC/R91-215). The new elements included a larger role for IFC in management and funding; increased FIAS input into Bank work on private sector development; Bank participation in FIAS's policy-making and funding; and responsibility for day-to-day operations to be vested in a General Manager, who would report to an IFC/Bank/MIGA Supervisory Committee. Subsequently, under budgetary pressure, MIGA withdrew from the joint venture in FY95.

1.1.1 Board Discussions of FIAS

The Boards of IFC, the Bank, and MIGA have generally endorsed management's proposals for FIAS's program, organization, and funding. Four concerns have recurred in Board discussions:

- *Location of FIAS within the Bank Group* — FIAS began within IFC and shifted through joint arrangements between IFC and (1) MIGA; (2) MIGA and the World Bank; and (3) the World Bank. These arrangements reflected shifting institutional priorities and bureaucratic considerations, rather than substantive concerns about the quality or scope of FIAS's work.
- *Coordination of FIAS with other FDI activities* — In 1996 the Board discussed the importance of a concerted strategy for FDI activities and sought clarification of FIAS's comparative advantage within the Bank Group and relative to outside advisors. When the Board recently discussed an evaluation of MIGA's Investment Marketing Service (IMS), speakers endorsed the recommendation for tighter coordination of FDI activities, especially between FIAS and IMS. Some Directors questioned whether separate groups should handle different aspects of FDI.
- *Client charges* — FIAS's mandate called for clients to pay part of the costs of each assignment, with the rest paid by IFC, the Bank, or donors. In 1992, the Board again endorsed user charges, as both revenue measures and tests of demand. In 1996, some Executive Directors reacted to a decline in cost recovery by suggesting higher fees. It was pointed out that FIAS's cost recovery was high relative to other advisory services (the Bank Group provided only 40% of FIAS's funds during FY88-98 — cf. Attachment 3).
- *Implementation of FIAS's advice* — Directors often asked about adoption of FIAS's advice, and FIAS has prepared three reports on implementation. In 1996 the Board discussed whether FIAS should be more involved in implementation, and FIAS has increased its implementation work from three assignments in FY96 to an average of nine in FY97-98 (Attachment 4A).

1.1.2 Donors' Contributions and Expectations

Thirteen countries have donated to FIAS's trust fund and three others, plus the UNDP, have directly supported its activities. During FY88-98 they provided \$22.2 million of FIAS's \$51.9 million funds (Attachment 3). Donors have also provided funds for clients to reimburse FIAS. Donor agencies commissioned two independent evaluations of FIAS's work (in Africa and the South Pacific), and some donors have expressed interest in this evaluation.

During the evaluation, we met with donors' representatives. Their principal motivation in donating to FIAS has been a view that FIAS can realize a large development impact for relatively little aid by focusing governments on investment obstacles within their control. None saw its contribution as a large individual commitment, but they think FIAS, with the Bank Group's imprimatur, can provide high-quality advice distilled from global experience. FIAS's work often reinforced their own bilateral programs. Some mentioned that no other development institution offered comparable services and that it was difficult to find suitable private consultants. Donors report favorable feedback on FIAS's work from their embassies and field staff. They look to this evaluation to provide more systematic analysis of FIAS's work, and their principal questions were how FIAS coordinated its work with other agencies, and how effectively FIAS disseminated the results of its work (reports and "success stories") and the lessons of its experience.

1.2 FIAS's WORK

FIAS and IFC jointly published *Foreign Direct Investment: The Lessons of Experience* to give an overview of FDI and how FIAS helps to promote it through policy advice. FDI is influenced by factors such as natural resources, location, or market size that government policy cannot change. A second set of factors, the general economic and political environment, is instrumental in influencing FDI, but influencing these policies is mainly the purview of the World Bank and the IMF. However, FIAS has been positioned at ground-zero with respect to the policies, laws, regulations and institutions that bear most directly on private investors.

When FIAS began operations, many developing countries had inward-looking policies. Governments controlled investment — especially foreign investment — for a variety of reasons: nationalism; promoting "essential" industries (and discouraging the "nonessential"); scale economies; controlling monopolies; internal regional balance; external regional integration. The systems, controls, and institutions they used to reach these goals proved to be inefficient, costly, susceptible to corruption and, finally, counter-productive. By design or by consequence, in most countries they discouraged foreign investment.

Today, most countries have recognized that sustained development requires investment policies and laws that prospectively reward foreign investors commensurate with their commercial success and investment risks. Countries competing for foreign investment need institutions and programs to make investors aware of their reforms and to provide expeditiously the information and assistance that foreign investors require. FIAS assists governments with all phases of this transition through advisory assignments, conferences, and a publications program.

1.2.1 Advisory Assignments

FIAS's principal instrument is the advisory assignment, of which it has completed 286 in 108 countries through June 30, 1998 (Attachment 4A). Most assignments are in a single country, but a few have been regionally focused. Advisory assignments are tailored to the interests and needs of each client, and may include more than one of the principal themes:

- *Diagnostic assessment* — identify the main problems affecting a country's FDI. (77 assignments through June 30, 1998)
- *Investment policy analysis* — focus on a few specific investment policies, including investment laws or codes, incentives, or administrative barriers. (100)
- *Institution building* — create or structure investment promotion agencies and reorient or dismantle "screening" agencies; improve statistics on FDI. (48)
- *Investment promotion strategies* — recommend the mix between the three main elements of promotion (image building, investor servicing, targeted investment generation), possibly including identification of industries or firms to be targeted. (22)
- *Implementation projects* — assist countries to act on FIAS's advice. (23)
- *Sector studies* — review investment impediments in specific sectors. Early assignments were in agriculture, and recent assignments have been in infrastructure. (8)
- *Backward linkages* — analyze policies and institutions to strengthen local companies as suppliers to multinational enterprises. (8)

Attachment 4A shows the changing mix of advisory assignments. Responding to clients' needs, FIAS sharply increased its implementation work (one fifth of assignments in the last two years), and its advice on investment laws is much in demand (one-third of last year's assignments). FIAS has completed 77 diagnostic studies, and demand remains strong — 15 in the last two years. A new form of investment policy study, the administrative barriers analysis, provides a "roadmap" of the impediments an investor faces and demonstrates visibly the obstacles a government could eliminate. There have only been six, but they are likely to be more popular.

FIAS has had multiple assignments in 71 countries, and as many as 13 assignments in a single country (China), averaging 2.6 assignments per country. Most advisory assignments have been in Asia and the Pacific (33%) or Africa (29%). Other regions (ECA, 16%; LAC, 13%; and MENA, 9%) started using FIAS later and haven't had the intensity of repeat assignments.

FIAS sees its work as applying the policy framework of "the Washington Consensus" to its areas of expertise. Its advice is consistent with the *Guidelines on the Treatment of Foreign Direct Investment* that were developed by the Bank, IFC and MIGA legal departments and endorsed by the Development Committee. They embody the principles of openness, ease of establishment, transparent decision making, and non-discrimination between foreign and domestic investors.

1.2.2 Other Activities

FIAS's publications program has produced 13 FIAS Occasional Papers, one IFC Occasional Paper, and co-authorship of a paper in IFC's Lessons of Experience series (Attachment 5). About 1400 copies have been printed of the most widely circulated paper, *Marketing a Country*. Some papers — *Marketing a Country* and *Suppliers to Multinationals* — describe the intellectual bases for advisory work, and FIAS's papers have been published in *Finance and Development*, outside professional journals, and books of collected readings. Since December 1995, FIAS has published four issues of *FDI News*, a newsletter on FDI activities in Latin America. FIAS has also managed a limited program of multi-country roundtables to exchange experiences among policy makers and international business leaders. FIAS maintains an Internet site that describes its services, lists representative activities, and links to five other internet sites.

1.3 FIAS'S ADVISORY PROCESS

Since FIAS began, its clients have been the governments of developing countries: It works only where it receives a formal request for assistance, and its clients own FIAS's report and control dissemination outside the Bank Group. FIAS's clients may include finance ministries, planning ministries, trade ministries, investment promotion agencies, or justice ministries. Generally, FIAS performs the first assignment in a country without cost to the client, but clients reimburse FIAS a negotiated share of the costs of each subsequent assignment. In FY98, FIAS completed 46 assignments in 38 countries, including initial assignments in Liberia, Rwanda, Bosnia, Slovenia, Kuwait, Nicaragua, and St. Kitts and Nevis.

FIAS's staff has extensive contacts throughout the world, and a network of professionals are familiar with the cost, quality, and timeliness of its work. FIAS receives direct inquiries from potential clients and referrals from the World Bank Group or others. Its staff periodically visits countries where they are not working to keep abreast of local developments and assess the potential for new assignments. This has provided a pipeline of work that exceeds FIAS's capacity.

In accepting assignments, FIAS considers its mandate, expertise, and the clients' situations. It does not seek assignments in countries where the government is ambivalent about FDI or where instability might prevent implementation of its recommendations. In practical terms, FIAS can augment its staff with consultants to respond quickly to meritorious requests for assistance.

An assignment typically begins with a program manager visiting a country to discuss the scope of work. This is formalized in a project brief for review and approval by FIAS's management. After the client agrees to the terms of reference and funding is arranged, a team of FIAS staff and consultants is sent to the field for up to three weeks. When the team returns, there is a meeting of all FIAS staff, with invitations to Bank Group (and, at times, IMF) staff to discuss initial findings and recommendations. Most, but not all, FIAS assignments involve a written report. The report is drafted by the task manager, reviewed by staff in the World Bank Group, and revised for clearance by a FIAS's management. This draft is sent to an outside reader, usually a senior staff or manager in the Bank Group. After they've commented, the report is cleared by the General Manager, submitted to the client, and discussed (often with the entire task team) with an audience and in a forum chosen by the client. FIAS is not required to clear its reports with the Bank or IFC, but FIAS's policy is not to submit a report until it has resolved any major differences of opinion.

1.4 COLLABORATORS, COMPETITORS, AND COORDINATION

FIAS is uniquely positioned to draw on IFC's global transactions experience and the Bank's policy analysis and dialogue, and over the years it has developed an intensive core of general and country-specific expertise on FDI. As FDI has increased, demand for these and related services has grown, and other providers have sprung up: investment promotion agencies; other multilaterals; consulting firms; and individual consultants. Some offer perspectives, expertise, or cost structures that FIAS does not, and they can be collaborators in some assignments and competitors for others. FIAS employs consulting firms and, over the last five years, has used about 200 individuals as consultants in its task teams. Also, the Bank contracts directly with some consultants who work as members of FIAS teams. FIAS has a policy of not entering any competitive bidding for contracts on the grounds that it could displace private consultants, although some private consultants believe that FIAS is getting some business that they would receive if FIAS were not in business.

Besides extensive coordination within the World Bank group (including a collaborative program with MIGA's Investment Marketing Service), FIAS coordinates its work with aid agencies and multilaterals. The coordination is principally informal and through country-level contacts during assignments, but FIAS managers maintain contact with all the regional IFI's, OECD, UNCTAD, and UNIDO. FIAS has engaged in collaborative efforts with these and other multilateral agencies, most recently with the Economic Commission for Europe. FIAS has worked closely with bi-lateral aid agencies where its recommendations have been used to design follow-on programs.

1.5 STAFFING, MANAGEMENT, GOVERNANCE AND ACCOUNTABILITY

FIAS has a staff of 32 (28 in Washington and four in Sydney). Nineteen staff are level 18 or above. The 16 people principally responsible for advising clients have these characteristics: one has a J. S. D., and the others have degrees in economics, international affairs, or business — nine Ph. D.'s, five Masters, and one B. A. They average 14 years of work experience before joining FIAS; seven came from the World Bank or IFC, and most had worked in developing countries

before joining the Bank Group. More than half have worked in the private sector, averaging nine years each (principally in consulting firms); none has worked in an investment promotion agency. Turnover is low, and the General Manager and two Managers have been with FIAS since its inception, while other staff average 4½ years in FIAS.

FIAS's work is managed by two Managers and a General Manager who reports to a three-person Supervisory Committee: IFC's Executive Vice President; its Vice President for Portfolio Management and Advisory Operations, and the World Bank's Vice President for Finance, Private Sector, and Infrastructure. As recently as 1994, FIAS met quarterly with its Supervisory Committee, but it has met only twice in the last two years. FIAS hosts annual conferences with its donors, and submits annual reports to the Boards of Directors of IFC and the World Bank.

2. PREVIOUS EVALUATIONS

2.1 FIAS'S IMPACT ASSESSMENTS

FIAS tracks its work through periodic visits and, often, repeat assignments, but it does not have a formal self-evaluation program and does not systematically compile and analyze feedback on its work from clients or outside observers. It has produced three Board reports on the impacts of its work (*Impact of FIAS on Investment Policies in Developing Countries*, IFC/SecM91-25; *The Impact of the Foreign Investment Advisory Service*, IFC/SecM94-155; *FY96 Annual Report* — IFC/R96-216). The 1991 impact assessment concluded that:

- FIAS's advice has had demonstrable impacts, in many countries, on (1) investment codes; (2) investment institutions and investment promotion activities; (3) access to foreign exchange; and (4) investment incentives.
- FIAS's advice has benefited local, as well as foreign investors.
- Countries changing from socialist to market-oriented economies (China, and African and Eastern European countries) have been responsive to FIAS's recommendations.
- Of its products, FIAS's sector work was least successful because it was focused on agriculture where land ownership and pricing policies were too sensitive.

FIAS attributed its success to three factors: (1) its clients' desire to attract more foreign investment; (2) its practical approach to advising governments; and (3) its coordination with the rest of the Bank Group. FIAS cited four constraints that had limited its success: (1) the need for complementary reforms in macroeconomic or sectoral policies that are outside of FIAS's advisory mandate; (2) political sensitivity of foreign investment; (3) insufficient resources for frequent follow-up; and (4) imperfect knowledge about optimal investment policies.

The first two impact assessments covered 100 advisory assignments, through June, 1993. FIAS compiled the principal recommendations of every assignment and the government's response to each (of 345) recommendation: adopted (49%); partly adopted (20%); accepted but not yet adopted (7%); under consideration (5%); no action (9%); or rejected (9%).

2.2 INDEPENDENT EVALUATIONS

FIAS has been the subject of three earlier independent evaluations, two by donors interested in regional programs in Africa and the Pacific islands, and one by the Bank's Internal Auditing De-

partment. Each was favorable and reflected well on FIAS's activities and products. A recent evaluation of MIGA's Investment Marketing Service also dealt with FIAS.

2.2.1 Price Waterhouse Evaluation of FIAS's Sub-Saharan Africa Operations

Price Waterhouse was retained by USAID in 1992 to evaluate FIAS's work in Sub-Saharan Africa. The evaluation had three themes:

- *Effectiveness of FIAS's Programs* — Price Waterhouse surveyed government officials, AID field staff, and World Bank staff familiar with FIAS's work. They found: 91% saw the quality of FIAS's work as high (62%) or medium (29%); 71% thought the quality to be the same as, or better than, what would be expected from international consultants; 82% would invite FIAS back again; and 85% judged FIAS's services as useful and beneficial.
- *Cost Efficiency of FIAS's Operations* — Price Waterhouse judged the effective daily billing rate of senior FIAS staff (\$1,200 per day) to be relatively high, compared to the corresponding rate for a "Big 6" firm (\$1,000 per day). However, FIAS makes extensive use of outside consultants at \$500 per day so that the blended cost was "fairly reasonable." It noted that FIAS had no hidden subsidies from the World Bank. It was critical of first class travel (since discontinued throughout the Bank Group) and "sloppy accounting and reporting practices."
- *Recommendations* — Price Waterhouse recommended "continued AID funding for FIAS. FIAS's goals fit AID program directions in Africa. FIAS's assistance can be expected to be high quality and responsive." It recommended FIAS concentrate its work in fewer countries where there would be "potential success stories," continue its demand-driven approach, and encourage countries to compete for FIAS's assistance. It also recommended establishing a regionally-based team, selective cost-saving measures, and a better project monitoring system.

In response, FIAS attempted some concentration of its work, but this was not popular with the Board and funding proved difficult. It has maintained a demand-driven approach and improved its cost accounting. It did not adopt the other recommendations.

2.2.2 World Bank Internal Audit

In February, 1995, the Bank's Internal Auditing Department reported on its audit of FIAS. It found that the procedures, systems, and related controls for FIAS's operations were "generally adequate." FIAS's management maintained a high level of quality control over project development and implementation, and the expenses for FIAS's operations were closely monitored by the budget staff and the management. The audit recommended that FIAS should:

- Prepare consolidated written procedures and guidelines and update them regularly.
- Develop a strategy with resource requirements for more effective follow-up.
- Establish a formal policy on impact evaluation.
- Improve its task tracking and expense tracking.

In response, FIAS has dedicated more resources to follow-up and improved its task and expense tracking. It has not yet developed written procedures and guidelines, and it has not adopted a policy on impact evaluation.

2.2.3 *Hardin & Associates Evaluation of FIAS's Operations in the Pacific Islands*

The Australian and New Zealand governments partially fund FIAS's Sydney-based Asia Pacific Regional Office (APRO). These governments contracted Hardin & Associates to prepare a January, 1997 assessment of APRO's effectiveness since April, 1995, with recommendations for future directions. The evaluation considered APRO activities in 11 Pacific countries and, based on visits to three and surveys of the others, it determined that:

- The level and frequency of contacts and follow-up with relevant agencies was *excellent*.
- There was a *high standard* of relevance, clarity, and timeliness of services and assistance.
- Recipients' satisfaction was *generally good*, but the diagnostic process was less well received.
- Coordination with other agencies was *excellent*.
- The number of APRO recommendations adopted was characterized by *a surprising amount of success* in five Pacific island countries.
- The likely reforms stemming from APRO activities were *probable* in four countries.
- APRO's services were thought to offer good "value for money" in eight countries, and were doubtful or questionable in the other three.

Hardin & Associates concluded "On balance, APRO has been effective and has vindicated the support provided by the Australian and New Zealand Governments." They see increased demand for these activities, and recommended continued funding. They recommended that APRO should: (1) continue "flexibility" with regard to the share of costs borne by recipient countries; (2) make the diagnostic process and report more action-oriented; (3) improve distribution of reports and begin presenting draft reports; (4) increase the use of seminars/workshops to stimulate interest and involvement; and (5) focus more on "post-approval procedures and coordination."

In response, FIAS has continued its flexibility on funding and concurs that seminars and workshops are desirable. However, dissemination of reports remains under the control of FIAS's clients. Diagnostic reports have been completed for most countries in the region, so recommendation (2) is moot, and FIAS is moving into work along the lines of recommendation (5).

2.2.4 *Evaluation of MIGA's Investment Marketing Services Department*

When MIGA was established in 1988 its mission included technical assistance to improve investment conditions and remove impediments in member countries. The MIGA Board assigned FIAS the mandate for technical assistance work. It also established the Policy Advisory Services (PAS) which, for its first several years, staged investment promotion events for member countries. Following a 1993 evaluation, PAS was refocused and renamed the Investment Marketing Services (IMS) to describe its work more accurately. Today, IMS disseminates information on investment opportunities, business conditions and business partners; provides investment promotion support (e. g., through conferences); and undertakes capacity-building — primarily training and management information systems.

A 1998 evaluation of MIGA's Investment Marketing Services (IMS) by outside consultants found that relations between MIGA and FIAS are looser than was advocated in a 1993 evaluation, but their work is complementary, with little overlap. The report concluded that there would be no justification for two separate organizations if starting from scratch, but given past Board decisions, full integration would be problematic. Interviews with FIAS and IMS management

confirm the strong cooperation, and there are more joint activities. At an informal meeting of the MIGA Board in February 1998, speakers endorsed the report's recommendation of tighter coordination of FDI activities in the Bank Group, especially between FIAS and IMS, and some speakers called for further discussion of the issue of maintaining them as separate organizations.

3. EVALUATION DESIGN, EXECUTION, AND FINDINGS

This evaluation is based on an approach paper (Attachment 1) that was submitted to the Committee on Development Effectiveness in June, 1997, and approved without discussion. During the study, the approach paper was translated into seven specific evaluative questions (Attachment 1A), and its design, evaluative standards, and execution are detailed in Attachment 2. The evaluation focuses on the largest part of FIAS's work, its advisory assignments: the clients' characteristics, the quality of FIAS's advice, the use that clients make of it, the demonstrable results, efficiency, synergy within the Bank Group, and FIAS's overall effectiveness in meeting its development mandate. We did not evaluate FIAS's publications or conferences. We are concerned with FIAS's work world-wide, but we have not covered the Pacific islands since that was evaluated last year. We did not revisit the issue of FIAS's relations with MIGA's IMS, which the Board discussed last year. The welfare benefits of FDI have been well established in the professional literature, and we have not evaluated the development impacts of investments that may have followed after FIAS's advice was implemented (or ignored). We did not evaluate the scope of FIAS's mandate, nor the desirability of merging it with other units of the Bank Group. We have not formed independent conclusions about any specific "product line" or assignment type, and we have not evaluated FIAS's relationships with the IMF, the International Center for the Settlement of Investment Disputes (ICSID), or providers of services similar to FIAS's.

In evaluating FIAS, we sought three perspectives: FIAS's clients, World Bank staff, and IFC staff. The clients are best able to assess FIAS's contribution to their own policies and actions and to describe the results which followed from FIAS's work. The Bank and IFC staffs are able to draw cross-country comparisons, to compare FIAS's work to their own, and to assess FIAS's special contribution and value-added to the Bank Group's work. Our own, independent judgement of FIAS's effectiveness in fulfilling its development mandate considers each of these perspectives as well as our independent interpretation of the quality of FIAS's work in 13 selected countries for which we formed evaluation panels.

This evaluation is based principally on interviews with 260 people (Attachment 8) familiar with FIAS's work: FIAS's management and staff, IFC and World Bank staff, clients, donors, investors and business executives, government officials, competitors, and consultants. We interviewed in Washington, D. C., and in 13 countries. We supplemented these interviews with a questionnaire that was returned by 33 clients, and phone interviews of others. We interviewed officials in some countries where FIAS has not worked and in some countries where it worked, but not recently. We have drawn from FIAS's impact assessments and the earlier independent evaluations.

3.1 WHAT CHARACTERISTICS DISTINGUISH FIAS'S CLIENTS FROM OTHER LOW- AND MIDDLE-INCOME COUNTRIES?

FIAS seeks to assist any country that is reforming its FDI programs and policies. It has worked in all regions and with all income-levels. It has worked in 23 of IFC's 31 extended reach countries, but it has also worked in Kuwait, Saudi Arabia, and the United Arab Emirates. Nearly

three-tenths of its assignments have been in Sub-Saharan Africa. Table 1 compares FIAS's clients (excluding the three Gulf States) with other countries for selected characteristics.

Table 1: Comparison of FIAS's Clients and Other Developing Countries
(Based on Low & Middle Income Countries, 1998 World Bank WDI)

	FIAS Clients	Other Countries
Low & Middle Income Countries	105	45
GNP per Capita, 1996	\$1627	\$1783
Annual GDP Growth Rate, 1986-96	3.3%	1.3%
DEC Country Performance Rating, 1997	3.2	2.8
FDI as % of GDP, 1994-96	3.0%	2.2%
FDI as % of GDP, 1985-87	0.8%	1.5%

For FIAS's clients, the average GNP was \$1627 per capita versus \$1783 for non-clients. FIAS has provided greater help in poorer countries: The average GNP for countries where FIAS has completed two or more assignments was \$1293 per capita. FIAS's clients also have better economic policies than countries where FIAS hasn't worked. The Bank's Development Economics Department rates country performance annually on scale of 1 to 5. For the past three years, the average rating for FIAS's clients was 3.2, versus 2.8 for other countries.

FIAS's clients attract more FDI than other countries — 3.0% of GDP, compared to 2.2% — and the average for FIAS's clients increased from 0.8% in the mid 1980s to the current 3.0%. The corresponding increase for non-clients was from 1.5% to 2.2%. Thus, over the period FIAS's clients started from a lower FDI base and finished ahead of the other countries. Further, FIAS's clients had higher annual GDP growth (3.3%) than other countries (1.3%) over 1986-96.

There are 45 developing countries that are World Bank members where FIAS hadn't completed advisory assignments (Attachment 4B) as of June, 1998. FIAS expects to work with seven of these in FY99, and it has informally advised three others. Interviews with officials from some of these countries, as well as with FIAS's staff, imply that the most common reason for not requesting FIAS's assistance is that they don't perceive a need. In some cases, repeated visits and contacts by FIAS's staff failed to kindle an interest. In others, sufficient in-country expertise or assistance from other sources was available for some of the initial steps; some of these countries are now considering requests to FIAS.

3.2 HOW DO FIAS'S CLIENTS, THE WORLD BANK, AND IFC RATE THE QUALITY OF ITS ADVICE?

3.2.1 Client Survey

In August 1997 we sent questionnaires (Attachment 6) to 119 people in 73 countries, using a list provided by FIAS that included all current and former clients where FIAS was able to establish a current point of contact. After following up with telephone calls and faxes, we received 33 responses from 29 countries — a rate of 28% of the clients and 40% of the countries surveyed. The responses are compiled in Attachment 6, and their representativeness is analyzed in Table 2-1 of Attachment 2. The only statistically significant difference between the respondents and all

FIAS clients is in the DEC measure of economic policy performance, where the respondents' countries were rated significantly higher than the population of all clients.

The respondents were well-qualified to evaluate FIAS. They saw their involvement with FIAS's work as high (58%) or medium (33%), and their agencies had an average of 3.6 assignments per country, over an extended period (three or more years, 61%; two years, 21%; one year, 13%).

On the central question, "How would you rate the quality of FIAS's advice?" the responses were:

TABLE 2: CLIENT ASSESSMENT OF FIAS
(based on 33 survey respondents in 29 countries)

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>
Technical competence	45%	55%	—	—
Responsiveness to our needs	36%	55%	6%	3%
Timeliness	38%	44%	19%	—

Where respondents had assistance from other sources, they compared FIAS's advice using the same criteria. Twelve of the 33 respondents had experience with the Bank, and they rated FIAS and the Bank equal in 70% of the comparisons, the Bank higher in 27%, and FIAS higher in 3%. Nineteen had technical assistance from other sources (UNIDO, UNCTAD, private consultants, UNDP, MIGA, AusAID), and they rated FIAS better in 38% of the comparisons, equal in 53%, and worse in 9%.

FIAS's advice was implemented by 87% of the respondents ("in full" 16%; "in large part," 58%; or "in part," 13%). Because the respondents were from countries with higher DEC policy ratings, it is likely that their implementation rate is higher than average, and FIAS's impact assessments estimated that 69% of their recommendations were adopted in full or in part.

Where FIAS's advice was implemented, respondents thought it had produced results: 45% said it had increased foreign investors' interest, or FDI, in the country; 36% said they were not sure; 6% said it was too early to judge, and 13% thought it had no effect.

3.2.2 Evaluation Panels and Sample Selection

These findings of general client satisfaction with FIAS's services were used as the basis for work with evaluation panels to rate FIAS's work in selected countries. FIAS has worked in 108 countries, but we visited only 13, a sample whose selection was guided by several principles: (1) It had to include clients from all regions except the Pacific Islands; (2) It was over-weighted towards clients with multiple FIAS assignments; (3) It had to include FIAS's biggest clients (China, Philippines, Indonesia); (4) It had to be weighted toward recent assignments where clients were still available and had sufficient memory of what was done; (5) The clients had to be willing to meet with us; and (6) Travel schedules and costs had to be considered. In the end, we visited Costa Rica, El Salvador, Jordan, West Bank and Gaza, Estonia, Hungary, China, Philippines, Indonesia, Ghana, Mali, Namibia, and Uganda. This sample is representative of the 108 countries in which FIAS has worked except that it has significantly better economic policies and (by design) more assignments (Attachment 2). We also gathered, by phone and interviews in Washington, data on Bosnia, Czech Republic, Venezuela, and Trinidad and Tobago. These 17 countries account for about a fourth of FIAS's 286 advisory assignments.

For each country, we gathered data in a standard format: what FIAS did, how the country used FIAS's work, and the results. This information is summarized, by country, in Attachment 7. We also asked clients to evaluate their satisfaction with FIAS's work and to compare FIAS with other technical assistance they may have received, and we met with World Bank and IFC staff familiar with FIAS's work in these countries and asked for their assessments. When visiting a country we asked other members of the evaluation panel for their impressions. To preserve confidentiality, these evaluations are explained, without reference to the specific countries, in Attachment 7A.

These results established that FIAS has earned a reputation as a leader in its field with a quality product and a strong brand name. The previous independent evaluations, the questionnaires to clients, and extensive interviews overwhelmingly give FIAS a very favorable evaluation for the quality of its advice. Clients and World Bank and IFC staff generally rate FIAS's reports and advice on a par with World Bank economic and sector work. Nearly two-thirds of FIAS's clients have had repeat assignments, and that percentage will rise as countries' reform programs mature. Among the strong points of FIAS's work:

- *Authoritative, detached advice:* FIAS's advice is based on a broad range of international experience. Its association with the Bank and IFC gives it additional stature in clients' and donors' eyes and adds force to its recommendations. Clients value its independence from the Bank's policy-based lending since they perceive that none of the recommendations will be turned into requirements. Bank staff think that it's helpful for clients to receive complementary advice from independent sources.
- *Service- and client-orientation:* Clients enjoy working with FIAS's staff. They report the staff is agile and quick to respond to requests and in a manner that serves them well. It strives to understand the local situation and tailor its advice to clients' circumstances.
- *Practical, pragmatic advice:* Its advice is seen as sensible and action-oriented.

Criticisms of FIAS included:

- *Inflexible approach:* A few see FIAS as wed to a model and reluctant to recommend "second-best solutions" to accommodate local constraints. In our view, this criticism reflects the flip-side of FIAS's strength of citing the best international experience to help countries solve problems that have already been surmounted elsewhere.
- *"Boiler-plate" or "cookie-cutter" reports:* Bank and IFC staff have criticized reports as being too general or not tailored to a specific country, and it probably reflects the fact that if people read several reports on the same topic, the reports sound similar. A small number of clients made this criticism, but most clients read only one report and say that reports which espouse general, efficacious principles can be helpful in building local support for reform.
- *"Uneven" quality:* A few clients, World Bank staff, and even FIAS staff noted uneven quality of FIAS's staff or products, expressing doubts about newer products (backward linkages, private provision of infrastructure) compared to older ones. We have not evaluated specific products (or staff), but note that other clients and Bank staff have expressed satisfaction with every product type.
- *Too slow:* While FIAS is seen to be relatively quick by World Bank standards, it has been criticized as slow by commercial standards. But, it is not a commercial organization, and its staff are spread thin. Quality assurance and Bank Group consultation takes some time. In

cases of genuine urgency FIAS has responded expeditiously, and the cost of systematically improving its response time would probably require larger budgets and client fees.

- *We can do it better:* A few Bank staff and managers believe FIAS should be disbanded and its staff and budget relocated to the Bank — either to regions or to one of the units in PSD. But others believe FIAS's unique role requires its independence and, anyway, most of FIAS's budget is provided not by the Bank and IFC but by donors and clients.

3.3 HAVE FIAS'S CLIENTS ACCEPTED ITS ADVICE AND ACTED ON ITS RECOMMENDATIONS? WHAT HAVE BEEN THE RESULTS?

FIAS's recommendations have a high rate of acceptance and action. FIAS's impact assessments imply that, through mid-1993, 69% of its recommendations had been adopted in whole or in large part. In response to our questionnaire, 87% of FIAS's clients responded that they had implemented FIAS's advice in full or in large part. Hardin and Associates noted a "surprising amount of success in five Pacific Island countries."

Attachment 7 describes the FIAS's assistance and the acceptance of its recommendations in each of the 17 countries we sampled. In the 17 countries, we found that FIAS had: given wide-ranging, diagnostic advice in 10; helped to structure the investment promotion agency in 12; shaped the promotion strategy in five; shaped the investment law in 10; affected the tax and incentive regime in five; helped streamline screening and approvals in five; helped build foreign investment data systems in three; and advised on privatization, agriculture, export processing zones, or infrastructure in eight.

Where FIAS's recommendations were accepted, they served as a blueprint for action. Even where they were not accepted, they served as a coherent, comprehensive "working draft:" the starting point for deliberations and modifications. In some cases, FIAS's recommendations only confirmed directions or approaches that the countries were already considering, or which had been recommended by others, but the clients still found value in FIAS's confirmation.

FIAS's advice covers wide-ranging areas, and the effects of implementation are difficult to isolate and impossible to quantify. Ideally, they would be measured in terms of increased FDI, but FDI flows are determined by too many factors to isolate the marginal effects of FIAS's advice. Tangible, intermediate results include:

- *Jordan* — USAID funded a large, multi-year program to implement FIAS's recommendations, improving the Investment Promotion Corporation and changing its strategy.
- *Costa Rica* — After attracting a large Intel investment, Costa Rica, acting on FIAS's advice, fine-tuned its strategy and attracted several smaller-scale technology and service investments.
- *Bosnia* — FIAS advised a government working group on an investment law that had been stalled for 1½ years. Using FIAS's advice, Parliament quickly passed a law that generally accords with world standards.
- *Uganda* — USAID is funding a program to implement FIAS's administrative barrier study. The first step, computerized company registration, is complete, and registration time has been reduced from a month to less than a day.

These results immediately benefit prospective investors by lowering investment risks or transactions costs. As risks and costs fall, so too will the prospective returns that investors seek from FDI, thereby increasing FDI flows and the attendant benefits to the host countries.

3.4 WHAT FACTORS CAUSE CLIENTS TO ACCEPT AND ACT ON FIAS'S ADVICE? WHAT FACTORS CAUSE THEM TO REJECT IT?

FIAS's work has come at a propitious time when the benefits of reform and increasing competition for investment are inducing countries to change FDI policies. FIAS's clients accept its advice principally because it helps them design and adopt the necessary outward-oriented reforms. FIAS advises only after a government formally requests assistance and, in most cases, agrees to finance part of the costs. FIAS is not trying to convince governments to undertake unpopular reforms, but is assisting those governments that have a predisposition to act on its advice. As long as FIAS's advice is seen to reflect accurately local conditions and political concerns, there is not an issue of "ownership."

FIAS's advice is also more likely to be accepted and implemented where there is intellectual and financial support. FIAS would prefer that its advice not be "imposed" in the form of conditions for policy-based loans, but it welcomes intellectual support in the form of similar or complementary recommendations from other advisors such as the Bank or USAID. Financial support is necessary because many recommendations involve program- or institution-building and may, in cases, require extensive foreign assistance. Funds can come from a government's own budget or from technical assistance loans or grants from World Bank or bilateral donors.

Most FIAS advice is adopted. The four respondents to our questionnaire who said they hadn't adopted the advice said that it: (1) could not be applied; (2) "was too general and not practical;" (3) "was too liberal and difficult to run," or (4) should have been made "by local experts having experience." Hardin and Associates' evaluation touched on these points in recommending "a more consultative approach" as contrasted to "instant experts who fly in and fly out." These concerns about generalized advice and foreign experts who don't take the time to understand local realities, are at the core of all technical assistance since there is an unavoidable trade-off between time spent in country and cost. But in our meetings with FIAS's clients, FIAS was more often praised for sensitivity to local conditions, and even in the countries that Hardin and Associates evaluated, FIAS has had substantial follow-on work.

There are other reasons advice is not adopted that are largely outside FIAS's control:

- *The client isn't the decision-maker* — FIAS must work for the agency that contracts it, but that agency may not have the authority to act on reforms that FIAS recommends, and action can be blocked by bureaucratic infighting.
- *Political changes* — When governments change, policies change, and this can stall (or, sometimes, accelerate) policy reform.
- *Weak technical capabilities or skills* — Technical assistance for implementation may not be provided or may not deliver the necessary upgrading.
- *Inadequate resources (or other priorities)* — countries may choose not to spend money from their own resources to implement the advice, seeing higher priorities elsewhere.
- *Controversial advice* — In some cases, recommendations clash with powerful beneficiaries of the status quo. For example, FIAS's impact assessments found that its three agricultural sec-

tor assignments were less successful because land ownership and pricing policies were too politically sensitive.

3.5 Is FIAS EFFICIENT?

We looked at three measures of FIAS's efficiency: its cost structure, its timeliness, and its agility in responding to clients' needs.

3.5.1 Costs

A significant minority of clients complained that the billing rates for FIAS staff are too high and questioned whether FIAS's value added justifies the fees. They raised these concerns even where FIAS's expenses were paid out of grants or sources other than the clients' contributions.

- Price Waterhouse compared FIAS's cost structure to accounting firms. It noted that while the billing rates for "Big 6" firms average \$1000 per day, FIAS's staff cost about \$1200. However, FIAS leveraged its staff by using more outside consultants with billing rates of about \$500, making FIAS's costs "reasonable." Essentially the same situation holds today. FIAS's staff manage consultants with fees of \$500 to \$800 per day, offsetting its own rates that have risen, in line with other Bank Group salaries and billing rates, to \$1300 to \$1400 per day.
- Hardin and Associates concluded that "the directly related staff time and consultancy costs associated with the projects, most of which were complex and time-consuming, appear to be very reasonable and would certainly be higher if contracted out to specialist consultants." They also looked at FIAS's "value for money" and concluded that it was clearly established in eight countries and "doubtful" or "questionable" in three others, but that in two of those three it was due to circumstances that were beyond FIAS's control.
- Compared to the Bank's ESW, which produces similar reports, FIAS is relatively inexpensive. Dividing the total FIAS budget, with all overhead plus off-budget expenses, by the number of assignments yields an average cost per assignment of \$150,000 to \$200,000. A comparable estimate for World Bank ESW reports (which may differ in scope and purpose) is between \$400,000 and \$800,000 depending on how overheads are calculated.

3.5.2 Timeliness

We were unable to develop an objective measure of FIAS's timeliness in delivering its services or a comparator. In interviews, clients usually — but not always — expressed satisfaction. They were generally pleased with the timeliness with which FIAS responded to informal requests but in some cases they thought that FIAS reports came too slowly, causing a loss of momentum. However, in other cases, the clients themselves have asked FIAS to delay meetings to discuss reports. Where clients had experience with the Bank, they compared FIAS favorably to the Bank's timeliness, and Bank and IFC staff both thought that FIAS was able to respond quickly.

Hardin and Associates commented that FIAS is quite efficient in providing informal responses to questions or feedback on draft documents, but they were critical of the three months FIAS took to deliver its diagnostic studies. However, they said this was not criticized by any clients.

3.5.3 Agility

FIAS is generally recognized by clients and World Bank staff as able to respond quickly and flexibly to clients' needs and to offer advisory services on short notice, faster than Bank ESW or other multilaterals. FIAS's work is more demand-driven. The Bank's ESW assignments are often planned in advance and executed even where country conditions and client demand may change. Clients observed that the Bank and other multilaterals are more likely to be constrained by administrative protocols, coordination, and scheduling conflicts.

3.6 *IS THERE SYNERGY BETWEEN FIAS AND THE WORLD BANK? BETWEEN FIAS AND THE IFC?*

FIAS's relationships with the Bank and IFC have changed over the years. Originally FIAS was an activity within IFC, drawing on IFC's unique transactions experience to formulate policy advice. As the Bank moved into private sector advisory work, and FIAS developed independent expertise, FIAS relied less exclusively on IFC and worked more closely with the Bank. During the evaluation, we found synergies with both the Bank and the IFC, but those with the Bank are stronger. The Bank's staff is more engaged with FIAS and more familiar with its work than IFC's staff. However, as with any bureaucratic process, synergy can be idiosyncratic depending on personal relationships between staff within the institutions.

For its part, FIAS relies on Bank, IFC, MIGA, and ICSID staff in carrying out its assignments. FIAS rarely uses them formally as consultants, because of high charge-back fees, but staff have worked without charge in FIAS projects directly related to their expertise or when the project is integral to their own program. Moreover, FIAS routinely solicits their substantive insights, draws upon their contacts, invites them to internal discussions during advisory assignments, and formally solicits their help with quality assurance. Bank and IFC staff assist with quality assurance, giving FIAS's advice added force because of its association with the Bank and IFC. FIAS also benefits from the Bank's and IFC's extensive field presence, using field offices as contact points, facilitators, and mission participants.

FIAS and the Bank, as policy advisers, are natural allies with each benefiting from the knowledge and leverage of the other in advancing reforms. FIAS is part of the Bank's FPSI network and has provided training for Bank staff. FIAS gets some advisory assignments by referral from the Bank, but FIAS also contributes uniquely to the Bank's assistance program. In El Salvador, the task manager for the Bank's Competitiveness Program relied on FIAS to design and implement a substantial portion of the program, and at no direct cost to his budget. In West Bank and Gaza, the Resident Mission was able to call FIAS on short notice to advise the Palestinian Authority on its Foreign Investment Law. In some cases, the Bank has used FIAS's recommendations in policy lending, but FIAS prefers that its recommendations not be binding conditions.

Given IFC's transactions orientation, it is seldom formally involved in FIAS's policy work. In some of the advisory assignments we reviewed, we could not find IFC staff familiar with the FIAS report or the government's reactions. Some staff were puzzled why FIAS hadn't contacted them but, in one case, FIAS solicited IFC's comments four times without response. One example illustrates a synergy that is a role reversal since the time when FIAS depended on IFC's staff for country knowledge: The investment officer for one of IFC's "outreach" countries said he had relied extensively on FIAS's report to understand the country he was being assigned.

We also found synergy between FIAS and other donors. Donors have made large contributions to FIAS's trust fund, and they have paid clients' shares of advisory assignments through bilateral aid programs. They have used FIAS's work to inform their staffs and — e. g., in Jordan, Ghana, and Uganda — to design aid programs to facilitate implementation of FIAS's advice.

While there are many cases of strong synergies, they sometimes depend on personal relations between staff of the institutions. The Bank Group could more fully realize potential synergies with FIAS.

- Between July 1996 and December 1997 the Bank prepared 17 Country Assistance Strategies in countries where FIAS had completed assignments during the same period. Each CAS mentioned IFC and MIGA, but only 12 of them mentioned FIAS.
- We found Bank task managers who were managing assignments where FIAS could have assisted in execution or, at the least, provided quality assurance, but they were either unaware of FIAS's existence or convinced they could do it better themselves with no FIAS input.
- In order to improve distribution of FIAS's reports inside the Bank Group, its reports (which are not distributed publicly) should be listed in internal on-line data bases.
- Aside from its small working paper series, FIAS has not shared the lessons of its experience in any systematic fashion with Bank or IFC staff.

Finally, some clients are confused about how FIAS relates to other members of the Bank Group and why FIAS charges user fees and others don't. This is part of a larger problem of incoherent and fragmented country-level private sector strategy and responsibility within the Bank Group.

3.7 HOW EFFECTIVELY HAS FIAS FULFILLED ITS DEVELOPMENT MANDATE?

FIAS's mandate is "to assist member governments to adjust their policies, regulations, and institutional arrangements in order to attract more foreign direct investment." (*Strengthening IFC's Foreign Investment Advisory Assistance*, IFC/R87-120, July 17, 1987, p. 1, ¶ 2) Based on information from the evaluation panels for the 13 countries we visited, we rated FIAS's assistance to each country on a four-point scale (see criteria in Attachment 2, section 3). These 13 countries are not fully representative of the 108 in which FIAS has advised (Attachment 2) since the sample was biased toward countries with better economic policies and more intensive FIAS work, and it is likely that these 13 countries' ratings would be somewhat higher than those of the other countries. The ratings and the rationales are shown in Attachment 7A: *Excellent*, four countries; *Satisfactory*, eight countries; *Partly Unsatisfactory*, one country; *Unsatisfactory*, no countries. These results, together with the preceding findings, lead us to conclude that FIAS's assistance has been relevant to its clients' concerns, efficacious in assisting them to improve their prospects for attracting FDI, and that FIAS has been efficient in managing its resources.

4. RECOMMENDATIONS

This evaluation has found, in line with previous evaluations, that FIAS has compiled an admirable record of client service. It has built upon its relations within the Bank Group and has established its own strong reputation. Its staff are knowledgeable and service-oriented advisors who have assisted reform-minded governments throughout the world. FIAS effectively supplements its staff with expert consultants, and is able to respond with agility when circumstances require. Most people expect that the demand for the type of services FIAS provides will continue to

grow, and we believe that FIAS can build on its record by (1) Institutional renewal aligned with changes in IFC and the Bank; (2) Improved evaluation and dissemination; and (3) Selective administrative improvements.

4.1 INSTITUTIONAL RENEWAL

ISSUE: Over its history, FIAS has responded to changing clients' needs in light of Bank Group priorities and capabilities and, today, FIAS's environment is changing at an unprecedented pace:

- The World Bank and IFC are in the midst of institutional renewals which have not yet involved FIAS. With the Bank Group restructuring its approach to private sector development and two of the three members of FIAS's Supervisory Committee changing, the new Committee should take a fresh look at FIAS.
- The development paradigm has shifted, and environmental and social concerns have received greater attention in the Bank Group's work. The current global financial crisis places priority on restoring confidence in emerging markets.
- While demand for FIAS's services is increasing, there are new, private providers who complain of competition from FIAS.
- The Bank Group is relying more on partnerships with stakeholders to shape its strategic directions and to serve its clients better.
- FIAS has had 13 years of continuous management since its inception and maintained a strong "institutional memory," but it anticipates managerial retirements.

WE RECOMMEND that, as the Bank's and IFC's strategic directions become clear, FIAS's management should develop a complementary institutional renewal with its Supervisory Committee and the Boards of IFC and the Bank. FIAS has unique assets to assist the Bank Group and its clients, but their continued effective use requires an appropriate mandate and mission statement, and instruments, funding and cost recovery arrangements, and a governance structure aligned with its mission. The renewal should consider the implication of these findings:

- This evaluation found that two of FIAS's strengths are its specialized knowledge of FDI and its client orientation. The World Bank Group's overall approach to private sector development should leverage FIAS's FDI knowledge and should learn from, and seek to emulate, FIAS's client orientation.
- The evaluation found concerns that some FIAS work could be performed better within the Bank or by private consultants, as well as concerns that FIAS's mandate was too narrow. The renewal should consider anticipated demands for FIAS's services, by product line, and proposals for any new products. For products where there is substantial expertise elsewhere in the Bank Group or the private sector, FIAS should consider how the Bank Group can best utilize that expertise to deliver client-responsive, high-quality services, cost-effectively, without displacing qualified private providers. This may include a public policy statement such as *IFC's Collaboration with Private International Financial Institutions: Practices and Policies* (November, 1995).
- To improve implementation prospects and Bank Group synergy, FIAS should, after each advisory assignment and in connection with a project completion report, meet with relevant Bank Group managers to agree on follow-up strategy and actions, to assign responsibility, and to update the Country Assistance Strategy.

- FIAS's strategy should incorporate the efficient use of Bank Group advisory panels, partnerships, and networks to ensure that its services convey to clients the thinking of progressive international corporations on the environmental and social impacts of private investment.

4.2 EVALUATION AND DISSEMINATION

ISSUE: FIAS does not have an evaluation program. It does not systematically write assignment completion reports, gather feedback on the quality of its work from clients or outside observers, nor compare its clients' experiences and outcomes with others who have not used FIAS's services. We found that its three impact assessments, while helpful, did not apply consistent standards and could have gone further in evaluating FIAS's contribution or effectiveness. In 1995, in its response to the Bank's IAD report, FIAS's management undertook to develop an approach to evaluation, but it has not yet done so.

WE RECOMMEND that FIAS develop and implement a systematic program of self evaluation to document its successes and failures, to relate them to its own activities, to draw lessons from its experience, and to serve as an instrument of accountability to its supervisors, Boards, and donors. The format could be similar to the approach in Attachment 7, supplemented with (1) a compilation of evaluative judgments of FIAS staff, clients, and outside observers; (2) recommended follow-up actions for the client and the Bank Group; and (3) lessons learned from the assignment. OEG can assist.

ISSUE: With upcoming retirements, FIAS faces a loss of institutional memory and intellectual leadership. In 13 years, FIAS has produced only 15 reports for dissemination. In the evaluation, we found that FIAS is recognized as a world leader in its field, but its publication program has not drawn sufficiently on its staff's extensive experience and knowledge to document international successes and failures or to provide new insights that would help developing countries with their FDI policies programs. FIAS, itself, has cited "imperfect knowledge about optimal investment policies" as a constraint to its success.

WE RECOMMEND that FIAS develop a more ambitious publications series. At the least, it should capture the knowledge that FIAS has accumulated through its 286 advisory assignments including cross-country lessons of experience, by product line, in a form that would serve the development community. Beyond this, as intellectual leaders, FIAS should sponsor research that would generate knowledge of FDI-related topics. With a well-designed program, FIAS could approach foreign donors or the World Bank's research budget for funding.

ISSUE: Foreign donors have asked for more information about FIAS's success stories, and officials in developing countries have asked for more information about their counterparts' reform experiences in other countries. The Bank has moved rapidly in the last few years to reconfigure itself as a knowledge bank, disseminating new intellectual resources, through new media, to the development community. FIAS has not kept pace. It has been slow to develop resources, and its products are relatively difficult to access. Its web site does not even include a complete list of its working papers or its advisory assignments.

WE RECOMMEND that FIAS disseminate its work more actively over the internet and, within the Bank Group, it should develop additional means to disseminate the results of its advisory assignments and its specialized knowledge of FDI and its contribution to economic development.

4.3 SUPERVISION AND ADMINISTRATION

ISSUE: FIAS's Supervisory Committee, which met four to five times per year as recently as 1994, has met only once annually in the last two years. FIAS's management requires high-level advice, leadership, operational integration, and support to strengthen and enlarge its contribution to the Bank Group's overall mission. This is important at a time when the Bank Group is changing so dramatically.

WE RECOMMEND that FIAS's Supervisory Committee should be actively engaged in FIAS's program, particularly during the current transition, to secure FIAS's productive future and to ensure responsive, timely management follow-up to the recommendations of this evaluation.

ISSUE: A number of clients expressed concern at the billing rates for FIAS staff. These rates, which reflect World Bank Group salary levels and full recovery of overhead, are higher than many consultants'. This has created tensions that may be avoidable.

WE RECOMMEND that FIAS, in preparing cost statements for clients, make it clear that clients' payments are applied first to assignment-related costs such as external consultants' services, translations, or travel expenses. Clients would only contribute toward FIAS's staff salaries or overhead when their total negotiated payments exceed these other assignment-related costs.

ISSUE: FIAS, as a small, client-oriented group, has not acted on the Internal Auditor's 1995 recommendations that it formalize its internal processes. This will be more of a problem as managers retire or if FIAS continues to grow. Further, during this evaluation we had difficulty in locating many assignment-related documents in FIAS's files.

WE RECOMMEND that FIAS assign a high priority to writing policy statements and formal procedural guidelines governing its basic business processes and ensuring that they are effectively administered. It should review its project files with staff to ensure that all assignment-related documents are recovered and preserved in official files.

Attachment 1: Evaluation Approach Paper**AN EVALUATION OF
THE FOREIGN INVESTMENT ADVISORY SERVICE (FIAS)****Background**

1. FIAS helps developing countries attract foreign direct investment (FDI), which is a key element for private sector development.¹ FIAS's operations, which began in 1986, have grown substantially in significance and scope over the years. Through FY96, it has received funding support totaling \$44.4 million of which \$23.1 million (52%) was provided by donors, \$14.7 million (33%) by IFC, the World Bank and MIGA, and \$6.6 million (15%) by clients in the form of cost reimbursements. While FIAS has carried out periodic self-assessments of its work² and some donors have examined its impact (usually with a regional focus), no independent evaluation of its operations has been done in the Bank Group to-date. At the same time, FIAS management has been requested by its trust fund donors to provide independent accountability for its results and effectiveness. Thus FIAS welcomes OEG's proposal to carry out an independent evaluation of its operations. Such a study was included in OEG's FY97 work program, which was approved by IFC Management and CODE.

Objective

2. The study would evaluate the effectiveness and results of FIAS's efforts to assist developing-country governments attract FDI. In particular, it would look at whether the advice provided was appropriate and whether it has been implemented by the governments, and if so, what the impact has been on the countries concerned. The study will also attempt to draw lessons to assist FIAS in its future operations.

Method

3. Since FIAS is a joint-venture between IFC and the Bank, this study will be carried out by staff from OEG and OED (the evaluation team). Because IFC provides twice the Bank's contribution to FIAS's budget, and considering the nature of its mandate, the two departments have agreed that OEG will take the lead, and will draw on the expertise/experience of OED, particularly in the areas of country strategies and programs, judgments of countries' economic policies, and dealing with government agencies.

4. The study will be based on (a) a questionnaire survey of a cross section of FIAS's clients; (b) in-depth reviews of a sample comprising a broad range of FIAS assignments. The sample

¹ The Attachment provides a summary overview of FIAS's mission and operations.

² For example, *Impact of FIAS on Investment Policies in Developing Countries*(IFC/SecM91-25), March 7, 1991, or the chapter "Impact of Past Operations" in FIAS's *Annual Report for FY96 and Business Plan for FY97-99* (IFC/R96-216), November 19, 1996.

(expected to include 20-25 completed assignments) will be distributed across geographic regions, with due regard to their continuing relevance and whether sufficient time has elapsed for their impact to be discernible. The evaluation team would review FIAS's files and discuss the advisory operations with staff involved, and visit with some of the clients, donors, and others (including private investors) to seek their views on the impact of FIAS's work. The evaluation team will also draw on the self-evaluation work being done by IFC/FIAS on lessons of experience in promoting FDI.

5. In its work, the evaluation team will review:
 - a) The functional scope and geographical distribution of FIAS's activities and their linkages to Bank Group strategies, policy advice and operations;
 - b) The extent to which FIAS has been able to achieve its mission (in this regard, the usefulness and relevance of FIAS's work to its clients would be the key considerations);
 - c) FIAS's operational effectiveness in carrying out its work; and
 - d) Whether there is consistency of advice from other development agencies.

6. In carrying out this work, the evaluation team would seek, inter alia, to answer questions such as:
 - a) How do clients come to seek FIAS's advice? Is FIAS's promotion strategy effective in reaching all the countries that would likely benefit from it?
 - b) Has FIAS's advice been appropriate? In examining this question, the evaluation team would look at: the consistency of advice among assignments; adaptation of advice to specific situations and to reflect learning by FIAS; and whether the advice has been consistent with the experience of the Bank, IFC and private investors in investing in the relevant countries and in general;
 - c) Have FIAS's clients accepted its advice? Beyond accepting it, have the clients acted to implement the recommendations?
 - d) Why do clients accept or not accept FIAS's advice? Where they have accepted it, why have they acted on it or failed to do so? In examining this question, the evaluation team would look at: FIAS's selection of clients and assignments; the importance of clients' contribution (if any) to costs; the nature of the issues addressed; and impediments to client acceptance or implementation of the advice;
 - e) To what extent has the impact of FIAS's operations been affected by the general environment for private sector development in the country? and
 - f) Has acceptance of FIAS advice resulted in an improved environment for foreign direct investment? As noted in FIAS's 1991 self-evaluation (footnote 2), the link between policy reform and investment flows is hard to isolate because many intervening variables come into play and policies alone may not promote FDI. Still, some evidence may be available, which may be supplemented by interviews with clients and foreign investors for anecdotal evidence to gain some sense of the relative impact and influence of FIAS's operations.

Timing and Budget

7. The study is expected to be completed by July 1998 at a cost of about US\$270,000, including staff salaries, travel expenses and overheads.

**Operations Evaluation Group
June 6, 1997**

ATTACHMENT

**THE FOREIGN INVESTMENT ADVISORY SERVICE (FIAS)
Mission and Operations Summary**

FIAS's mission is to help developing-country governments design initiatives to attract beneficial foreign direct investment (FDI). By advising on laws, policies, institutions and strategies, FIAS assists countries to increase the amount of investment they receive, as well as to increase the national benefits this investment produces.

FIAS's mission has remained substantially unchanged since it was established in 1985 in response to a renewed interest shown, at the time, by many developing countries in stimulating more FDI. That mission was a direct extension of an important mandate of IFC's, which is to "seek to stimulate, and to help create conditions conducive to the flow of private capital, domestic and foreign, into productive investment in member countries." Subsequently, MIGA and the World Bank became co-sponsors of FIAS and provided both financial and technical support to FIAS's programs.³

FIAS's work is broadly divided into two categories, viz.: (a) policy advice, including diagnostic studies to identify impediments to the flow of FDI, and analyses of investment policies, incentives, etc.; and (b) advice on institution building (e.g., investment promotion agencies) and strategies of these institutions to attract and promote increasing flows of FDI.

To-date, FIAS has undertaken over 200 advisory projects and assisted about 100 countries worldwide. FIAS has also provided assistance to groups of governments. In FY96 alone, FIAS completed 31 advisory projects for 26 countries and two regional groups. These assignments included, *inter alia*: assisting countries to implement earlier FIAS recommendations (e.g., on improving the investment code, and creation of a new investment promotion institution); diagnostic reviews of the investment climate of countries and barriers to private investment; holding roundtable discussions on foreign investment in infrastructure; helping to draft investment laws; and helping to improve the collection of data on foreign direct investment.

The IFC and the World Bank jointly contribute roughly 40% of the funding necessary to cover FIAS's annual costs. The balance comes through donations from developed-country governments, grants from the UNDP, and fees paid by the governments for which FIAS works. For example, in FY95, FIAS's administrative costs, including costs of special projects, totaled \$5.75 million. This was funded as follows: 28% by IFC; 13% by the World Bank; 21% by the UNDP, USAID, CIDA, the Australian/New Zealand Trust Fund; 19% by drawings from the FIAS Trust Fund contributed by the governments of Belgium, France, Italy, Japan, Luxembourg and Switzerland; and 19% by clients reimbursements.

³ In FY95, MIGA withdrew as a FIAS sponsor.

Attachment 1A: Approach Paper Questions and Evaluation Findings

Approach Paper	Evaluation Findings	Rationale
1. How do clients come to seek FIAS's advice? Is FIAS promotion strategy effective in reaching all the countries that would likely benefit from it?	1. What characteristics distinguish FIAS's clients from other low- and middle-income countries?	FIAS has visited all countries in which it is eligible to work and has worked in most of them. The evaluation focuses on selected indicative differences between countries where it's worked and countries where it's not worked.
2. Has FIAS's advice been appropriate?	2. How do FIAS's clients, the World Bank, and the IFC rate the quality of its advice?	FIAS's advice may be seen differently from at least three perspectives, and those perspectives are analyzed and reported separately.
3. Have FIAS's clients accepted its advice? Beyond accepting it have the clients acted to implement the recommendations?	3. Have FIAS's clients accepted its advice and acted on its recommendations? What have been the results?	Combines questions 3 and 6.
4. Why do clients accept or not accept FIAS's advice? Where they have accepted it, why have they acted on it or failed to do so?	4. What factors cause clients to accept and act on FIAS's advice? What factors cause them to reject it?	Combines two questions.
5. To what extent has the impact of FIAS's operations been affected by the general environment for private sector development in the country?		Combined into question 3.
6. Has acceptance of FIAS advice resulted in an improved environment for foreign direct investment?	5. Is FIAS efficient?	
	6. Is there synergy between FIAS and the World Bank? between FIAS and the IFC?	These two questions are important in light of current Bank group priorities.
	7. How effectively has FIAS fulfilled its development mandate?	This constitutes the OED/OEG's independent judgement of FIAS's effectiveness in 13 sampled countries and, in light of all evaluative material, its overall effectiveness in meeting its development mandate.

Attachment 2: Evaluation Design and Execution

The purpose of this evaluation is to determine how well FIAS is meeting its development mission⁴ and to make recommendations for its future directions. The evaluation is based on an approach paper (Attachment 1) that was approved by the World Bank Group's Committee on Development Effectiveness without objection. The approach paper listed five questions that the evaluation was to address. During the evaluation, we combined two questions and we added new questions on (1) FIAS's efficiency, (2) its synergy with the World Bank and IFC, and (3) its overall effectiveness in fulfilling its development mandate (Attachment 1A).

The evaluation consisted of four phases: (1) *evaluation design* featured first a compilation and analysis of FIAS's activities and, second, intensive interviews with staff from FIAS, the World Bank, IFC, and MIGA, donors, consultants, academicians, and competitors in order to understand FIAS's work and to develop evaluation criteria and standards; (2) a *survey* to gather summary assessments from current and former FIAS clients in 73 countries and to provide an early reading on FIAS's effectiveness and to provide the basis for sample selection and field visits; (3) review of FIAS reports and project files for assignments in 17 selected countries and interviews with *country assistance panels* composed of clients, donors, World Bank and IFC staff, and private investors to evaluate FIAS's work in 17 countries (including field visits to 13 where we assigned ratings to the FIAS's country assistance) and to gather recommendations for future directions; (4) using all material from the earlier phases, and drawing on findings in two earlier independent evaluations, a report of the World Bank's Internal Auditing Department, and FIAS's impact assessments, we rated FIAS's overall effectiveness and derived recommendations for future directions.

The study was a joint activity of IFC's Operations Evaluation Group (OEG) and the World Bank's Operations Evaluation Department (OED). It began in July, 1997, under the leadership of Mun Fui Wong (OEG). In February, 1998, Bruce Fitzgerald (OEG) succeeded Mr. Wong, and he led a team comprising Alice Galenson (OED), Laurie Ekstrand (OED), Kyle Kelhofer (OEG), and Rafael Dominguez (OEG). The OEG team members visited 13 of FIAS's clients in May through July, 1998, and completed the draft report in July, 1998. The estimated cost of the evaluation was \$353,000.

1. EVALUATION STANDARDS

The evaluation criteria derive from FIAS's development mission and the questions in the approach paper. They center around judgments of: (1) whether FIAS is working in the right countries, based on a comparison of the characteristics of the countries in which it has worked relative to those where it has not; (2) the quality of FIAS's advice and the manner in which it is provided in its advisory assignments; (3) the extent of adoption and implementation of FIAS's advice; and, (4) to the extent they can be identified, the results of implementation.

⁴ "to assist member governments to adjust their policies, regulations, and institutional arrangements in order to attract more foreign direct investment." (*Strengthening IFC's Foreign Investment Advisory Assistance*, IFC/R87-120, July 17, 1987, p. 1, ¶ 2)

1.1 Country Characteristics

We used four measures to compare FIAS's clients to other countries that have not used FIAS's services: (1) GNP per capita in 1996, (2) GDP growth rates over 1986-96, (3) a rating of country economic policies developed by the World Bank's Vice Presidency for Development Economics (DEC), and (4) FDI as a percentage of GDP — both recently and a decade earlier. Table 2-1 shows these measures for all IBRD lower- and middle-income measures (column 1); for FIAS's clients (column 2); and for the countries that have not been FIAS's clients (column 3).

TABLE 2-1: REPRESENTATIVENESS OF FIAS'S ASSISTANCE AND EVALUATION SAMPLES

	All IBRD Low & Middle Income Countries (1)	FIAS Assistance		Client Survey		Survey Respondents		Country Panels (8)
		Client Countries *** (2)	Other Countries (3)	Clients in Survey (4)	Clients Not in Survey (5)	Survey Responses (6)	No Responses (7)	
Number of countries	150	105	45	69	36	29	40	13
Number of Assignments		275		221	54	105	116	68
Assignments per Country		2.6		3.2	1.5	3.6*	2.9	5.4*
Per Capita GDP, 1996	\$1667	\$1627	\$1783	\$1642	\$1596	\$1944	\$1404	\$1629
GDP Growth Rate, 1986-96	2.7%	3.3%	1.3%	2.9%	4.2%	2.8%	2.9%	4.0%
DEC Econ. Policy Rating**	3.1	3.1	2.8	3.3	2.9	3.3*	3.2	3.6*
FDI as % of GDP, 1985	1.0%	0.8%	1.5%	0.8%	0.9%	0.5%	1.0%	0.4%
FDI as % of GDP, 1994	2.8%	3.0%	2.2%	3.4%	2.1%	2.4%	4.2%	2.9%
Regional Distribution								
Asia & Pacific	27 18%	24 23%	3 7%	20 29%	4 11%	9 31%	11 28%	3 23%
Europe & Central Asia	28 19%	20 19%	8 18%	11 16%	9 25%	5 17%	6 15%	2 15%
Latin America & Caribbean	31 21%	19 18%	12 27%	13 19%	6 17%	6 21%	7 18%	2 15%
Middle East & North Africa	17 11%	10 10%	7 16%	6 9%	4 11%	1 3%	5 13%	2 15%
Sub-Saharan Africa	47 31%	32 30%	15 33%	19 28%	13 36%	8 28%	11 28%	4 31%

* Denotes statistically significant difference from population of all FIAS clients (Column 2).

** The DEC economic policy rating measures country economic policies on a scale of 1.0 – 5.0, where higher numbers represent more progressive policies.

*** Omits FIAS clients Kuwait, Saudi Arabia, and United Arab Emirates which are not lower- or middle-income countries, as well as eight regional advisory assignments.

Source: World Bank data bases.

In comparing clients to non-clients, we rate FIAS's performance more highly: (1) if its clients have lower average incomes than other countries; (2) if its clients have higher GDP growth rates, indicating the effectiveness of reforms; (3) if its clients have better overall policy regimes so that FIAS's advice is more likely to bear fruit; and (4) if its clients' FDI (as a percent of GDP) has grown — relative to other countries — over the decade, indicating their increased attractiveness as hosts for FDI.

1.2 Quality of Advice

The quality of FIAS's advice is judged relative to FIAS's development mission of helping clients to attract FDI. Judgement is based on both the intrinsic appropriateness of the advice to a client's specific situation and goals, as well as the manner in which the advice was delivered: promptness, cost, responsiveness to clients' needs, coordination with the World Bank Group and other experts, the quality of FIAS's consultants, and clients' perceptions of FIAS's general professionalism and competence.

One standard we applied to this criterion is the comparison of FIAS's work to World Bank economic and sector work. This is a "product" which most development professionals are familiar with and which is widely recognized as an authoritative source of country-level information and analysis. Most people were able to make this comparison, although many prefaced it by pointing out differences between the two in terms of their purpose, scope, audience, or style.

1.3 Adoption and Implementation of FIAS's Advice

FIAS's advice is generally delivered in a series of specific recommendations. In assessing its adoption, we chose not to determine the extent to which each individual recommendation was adopted but, instead, tried to reach a bottom-line judgment: yes or no. We took this approach because most of the people we interviewed would have difficulty, unless they'd recently read FIAS's report, in recalling the specifics of the recommendation, the action they took in response, and the reasons. However, it was relatively straightforward to answer a series of questions focussing on their own reforms in general: "What reforms did you undertake?" "Were they based on FIAS's advice?" "Do you recall specific points that were controversial?" etc.

In evaluating this question, we are *not* trying to attribute causation. In some cases FIAS actually changes the way that its clients think about FDI and investment promotion, and in others FIAS reassures clients that an action they were planning is correct. Both of these are valuable services, and we did not attempt to determine whether actions were *consistent with* or *caused by* FIAS.

There is no clear standard for the "right" level of adopting and implementing FIAS's advice. We do not have well-defined comparisons from other, comparable Bank Group advisory services to use as a standard. To a point, more is better than less. But, much lies beyond FIAS's control and, sometimes, beyond the control of its clients. Further, if all of FIAS's advice were implemented, there would be questions as to whether their advice were not sufficiently demanding or whether they were possibly avoiding "difficult" assignments.

1.4 Effects of Implementation

The ultimate goal of FIAS's advice — and its development mandate — is to increase the flow of FDI. However, even where the advice is implemented, it would be impossible to relate FDI flows to specific actions in response to FIAS. There is an econometric literature on the economic determinants of FDI (summarized in H. Singh and K. Jun, *Some New Evidence on Determinants of Foreign Direct Investment in Developing Countries*, World Bank Policy Research Working Paper 1531, November 1995.) This literature has variously found significant determinants to include: per capita GDP, GDP growth rates, economic integration, urbanization, inflation, trade deficits, wages, credit ratings, political instability, market size, infrastructure, industrial disputes, and export orientation. FIAS's advice has touched on policies related to these determinants, but

most of FIAS's work is directed at more narrowly focused investment policy, strategy, and program issues. These policies fall principally within the mandates and policy dialogues of the World Bank and the IMF.

In this evaluation we look only at the direct and demonstrable results of implementing FIAS's advice: improved laws, policies, regulations, or institutions. The evaluative standard that we apply is based on the views of various parties to reforms — government officials, investors, lawyers — and outside observers such as World Bank and IFC staff and other development specialists such as bilateral foreign aid officials.

2. CLIENT SURVEY

In August 1997 we sent questionnaires to 119 current and former FIAS clients in 73 countries. The list was intended to include all clients where FIAS was able to establish a current point of contact. After following up with telephone calls and faxes, we received 33 responses from 29 countries — a response rate of 28% of the 119 clients and 40% of the 73 countries surveyed. The questionnaire, with the responses tabulated, is shown in Attachment 6.

Table 2-1 analyzes the representativeness of the questionnaire sample (column 4) and the survey respondents (column 6) relative to countries that have been FIAS's clients (column 2). The clients surveyed, and the respondents, were from countries that had higher average income and growth rates than the population of all FIAS clients. However, there was no *statistically significant* difference between the clients surveyed and the overall population. The clients who responded to the survey had a statistically significant difference both in the DEC rating of economic policies and in the number of FIAS assignments: better policies and more assignments. As a result, it is likely that they reported a higher level of implementation of FIAS's advice than would have been reported by a more representative group.

3. COUNTRY EVALUATION PANELS

The purpose of this phase of the evaluation was to interview panels of experts to reach independent evaluations of the overall quality of FIAS's work in a sample of countries. The panels differed by country but generally consisted of Bank Group and IFC staff familiar with the countries, clients within the countries, and other outside observers such as lawyers, investors, or officials of other aid agencies. The evaluation panels for these thirteen countries consisted of between seven (Costa Rica) and 22 (China) experts, and the members of all evaluation panels are listed in Attachment 8. In four other countries, we reviewed FIAS's work in detail by telephone, but we did not assign an independent rating.

The sample selection for the countries to be visited was judgmental, guided by several principles: (1) It had to include FIAS's biggest clients (China, Philippines, Indonesia); (2) It had to include clients from all regions except the Pacific Islands; (3) It had to be weighted toward recent assignments where clients were still available and had sufficient memory of what was done; (4) The clients had to be willing to meet with us; and (5) Travel schedules and costs had to be economized. In the end, we visited Costa Rica, El Salvador, Jordan, West Bank and Gaza, Estonia, Hungary, China, Philippines, Indonesia, Ghana, Mali, Namibia, and Uganda. Table 2-1 shows the representativeness of these countries (Column 8), relative to all FIAS clients (Column 2). These 13 countries are unrepresentative in two dimensions: they had a *statistically sig-*

nificant greater number of assignments (by design) and *statistically significant* better DEC policy ratings. As a consequence it is likely that we would find, as in the case of the client survey, a higher level of implementation of FIAS's advice than would have been reported by a more representative sample.

We also gathered, by phone and interviews in Washington, data on four other FIAS clients: Bosnia, Czech Republic, Trinidad and Tobago, and Venezuela. Together, these 17 countries account for about a fourth of FIAS's advisory assignments.

For each of the 17 countries, we reviewed the reports which FIAS had prepared and we gathered data in a standard format: what FIAS did, how the country used FIAS's work, and what results followed. This information is shown, by country, in Attachment 7. We asked clients and others within the countries to rate their satisfaction with FIAS's work and to compare FIAS with other technical assistance they may have received, and we met with World Bank and IFC staff familiar with FIAS's work in these countries and asked their assessment and recommendations for FIAS's future directions. To preserve confidentiality, these evaluations are not reported by country in Attachment 7.

For each of the 13 countries where we made field visits, we analyzed the data that we developed from the evaluation panels to reach independent overall ratings of FIAS's effectiveness, judged against its development mandate, on a four point scale. These judgments reflected all views of the quality of FIAS's advice, throughout all assignments within the country, the degree of adoption and implementation, and its likely effects in improving the countries' prospects for attracting FDI. This overall rating requires some simplifications in reducing a multi-dimensional performance to a single scale, but the standards we used in making these judgments were:

Excellent — FIAS's assignments in the country were highly relevant to the clients' needs and efficacious in solving significant developmental problems related to FDI. Service was timely and responsive, and FIAS's outputs and delivery exceeded clients' or others' expectations on multiple dimensions.

Satisfactory — FIAS provided good advice, on the agreed schedule, which, if implemented, achieved the clients' objectives. Client may be dissatisfied in some regards but, on balance, weighs the relationship an overall success.

Partly unsatisfactory — While the quality of advice is deemed to be adequate, the client is significantly dissatisfied with some aspect of FIAS's work and either regrets having employed FIAS or would not use FIAS in future assignments.

Unsatisfactory — FIAS failed to address the right problem, provided bad advice that was either rejected or left the client worse off, or did not complete the assignment.

Using these standards as general guides, we rated FIAS's assistance in each of the 13 countries we visited. These overall ratings and reasons are described in Attachment 7A. However, to protect the confidentiality of members of the evaluation panels, the countries receiving each rating are not identified.

4. EFFICIENCY

In evaluating FIAS's efficiency, we looked at three measures: costs, timeliness, and agility in responding to clients' needs. As a standard, we compared FIAS to the World Bank's ESW, relying principally on clients' and World Bank's staff perceptions.

5. SYNERGY WITH THE WORLD BANK AND IFC

FIAS enjoys a unique status as a joint facility of IFC and the World Bank with 60% of its funding provided by clients and outside donors. In evaluating synergy within the Bank Group, one measure is in the development of Country Assistance Strategies and the role they assign to FIAS. We relied principally on the views of management and staff from FIAS, the Bank, and IFC on how their work was affected by the others.

6. OVERALL EFFECTIVENESS AND RECOMMENDATIONS

Our overall evaluation of FIAS is based on our 13 independent ratings of country assistance results, the client questionnaire, interviews with 260 people familiar with FIAS's work (Attachment 8), the previous independent evaluations, and FIAS's impact assessments. Based on the evaluative findings, we have derived recommendations designed to strengthen FIAS's future work.

Attachment 3: FIAS's Sources of Funds, FY88-98
(\$, Thousand)

	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98E	Total		
BANK GROUP CONTRIBUTIONS													<i>\$, Thou.</i>	<i>%</i>
IFC	696	400	400	400	800	1,438	1,589	1,600	1,651	1,691	1,742	12,407	24%	
IBRD	66	—	—	93	400	719	752	803	820	846	873	5,372	11%	
MIGA	—	200	400	400	400	719	794	—	—	—	—	2,913	6%	
SUBTOTAL	762	600	800	893	1,600	2,876	3,135	2,403	2,471	2,537	2,615	20,692	41%	
REIMBURSEMENTS FROM CLIENTS														
SUBTOTAL	72	203	376	556	982	1,016	1,242	1,080	947	1,085	1,349	8,908	18%	
DIRECT DONOR SUPPORT														
UNDP	437	1,040	1,415	922	599	1,186	915	459	427	12	141	7,553		
BILATERAL	—	—	379	760	961	—	—	—	—	—	—	2,100		
USAID	—	—	—	—	—	610	634	418	(13)	(7)	(2)	1,640		
CIDA	—	—	—	—	—	48	169	175	1	—	2	395		
AUS./N.Z. TRUST Fd.	—	—	—	—	—	—	—	149	417	551	639	1,756		
SUBTOTAL	437	1,040	1,794	1,682	1,560	1,844	1,718	1,201	832	556	780	13,444	26%	
DRAWN FROM TRUST FUND	10	339	390	1,108	276	(192)	(320)	1,066	1,368	2,155	1,696	7,896	15%	
TOTAL FUNDING	1,280	2,182	3,360	4,239	4,418	5,544	5,775	5,750	5,618	6,333	6,544	51,044	100%	
CONTRIBUTIONS TO TRUST FUND														
<i>(TRUST FUND WAS CREATED IN FY88)</i>														
BELGIUM	—	—	—	—	—	—	—	166	—	—	—	166		
CANADA	—	—	—	—	—	—	268	—	439	—	217	924		
FINLAND	—	469	—	—	—	—	—	—	—	—	—	469		
FRANCE	—	—	521	—	—	—	—	—	—	—	—	521		
ITALY	—	—	—	—	—	—	—	170	—	—	—	170		
JAPAN	—	—	400	400	400	400	400	400	400	400	363	3,563		
LUXEMBOURG	—	—	—	—	—	—	—	95	—	102	48	245		
NETHERLANDS	—	195	78	327	138	136	139	—	—	278	—	1,290		
NORWAY	—	—	—	—	—	—	—	—	—	—	149	149		
PORTUGAL	—	—	—	—	—	—	—	—	—	100	150	250		
SPAIN	—	—	—	—	—	—	—	—	—	50	—	50		
SWEDEN	500	—	—	—	—	500	—	—	350	—	252	1,602		
SWITZERLAND	—	250	—	250	—	—	—	350	—	674	—	1,524		
UNITED KINGDOM	—	—	343	322	—	150	—	—	385	—	139	1,339		
TOTAL CONTRIBUTIONS	500	914	1,342	1,299	538	1,186	806	1,180	1,574	1,604	1,318	12,263		

Attachment 4: FIAS's Advisory Assignments, By Country
(Fiscal Year of Completion)

REGION AND COUNTRY	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98
AFRICA													
ANGOLA							Diag						
BENIN							Diag						
BURKINA FASO							Diag						
CAMEROON					IP; Diag					Diag			
CAPE VERDE										Ins			
CONGO						Diag							
COTE D'IVOIRE								Ins					
EQUATORIAL GUINEA							L	L					
ETHIOPIA												Diag	
GAMBIA										Diag			
GHANA		Ins						L	Ins	AB	Pro		
GUINEA				Diag							IP		Diag
GUINEA BISSAU						IP						L*	L*
KENYA			Diag		IP	Pro; IP	Link						
LESOTHO					Diag	Pro						AB	
LIBERIA													Diag*
MADAGASCAR				Diag	IP		Pro						
MALAWI						Diag	L		Ins	Pro			
MALI							Diag					Ins	Inc
MAURITANIA								Diag			AB		
MOZAMBIQUE						Swap		Diag	Ins		AB	Imp*	
NAMIBIA							L	Diag			Inc; AB	Inc; Imp*	Imp
RWANDA													L*
SENEGAL				Ag					Inc		IP		
SIERRA LEONE												L	
SUDAN								Diag/ Ins					
SWAZILAND									Diag			AB; L*	
TANZANIA								Swap					
TOGO				IP	Pro								
UGANDA					Diag					Ins		AB	Inc; L*

* denotes small advisory projects that were not counted before FY97.

Assignment Types:

Diag - Diagnostic

Ins - Institutions

Imp - Implementation

Pro - Promotion Strategy

Ag - Sector (Agriculture)

Inf - Sector (Infrastructure)

Link - Backward Linkages;

Sem - Seminar

Investment Policy:

IP - General

Inc - Incentives

Swap - Swaps

EPZ - Export Processing Zones

L - Investment Law or Code

AB - Administrative Barriers

REGION AND COUNTRY	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98
ZAMBIA								Diag; L					
ZIMBABWE					Diag			Diag	Ins; Ins	Pro		Inf	
REGIONAL												L*	
ASEAN			IP		Inc								
BANGLADESH			Diag		Diag; Ins			Diag; Ins					
CAMBODIA									L			Ins	
CHINA	Sem	IP; Diag		IP			IP		IP	Inf	Pro; Imp	IP; Ins.	IP; L
GREATER MEKONG											Ins/ Pro		
INDIA								Diag					
INDONESIA			Diag	Ag	Pro	Ins				Link; IP	Link; Ins		IP
FIJI									Inc; IP/Ins				Ins*; Inc; L
KIRIBATI												Diag	
LAO PDR							EPZ						
MALAYSIA			Ins				Ins; Inc		Ins				
MALDIVES								Diag					
MARSHALL ISLANDS											Diag		L; Inc
MICRONESIA										IP		Imp	
MONGOLIA								Diag				Pro; Imp	L*; Imp
NEPAL								Diag				Inc	
PAKISTAN					Diag		Diag	Ins	Ins; Pro				
PAPUA NEW GUINEA				L									
PHILIPPINES			Ag	Swap	Ins	Pro	Ins; Link			Link	Ins	Inf	
SAMOA							Diag			Inc			Imp
SOLOMON ISLANDS												L	
SRI LANKA						Ins; Diag		IP/ Ins					
THAILAND			Inc		IP		Link			Pro			Imp
TONGA											Diag		
VANUATU											IP	Imp*	Ins
VIETNAM						IP		L	IP	IP	Inf		Inf*
REGIONAL												IP*	Ins:

* denotes small advisory projects that were not counted before FY97.

Assignment Types:

Diag - Diagnostic

Ins - Institutions

Imp - Implementation

Pro - Promotion Strategy

Ag - Sector (Agriculture)

Inf - Sector (Infrastructure)

Link - Backward Linkages;

Sem - Seminar

Investment Policy:

IP - General

Inc - Incentives

Swap - Swaps

EPZ - Export Processing Zones

L - Investment Law or Code

AB - Administrative Barriers

REGION AND COUNTRY	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98
BELARUS											Diag		
BOSNIA HERZEGOVINA													L
BULGARIA									Diag		IP		
CROATIA										Diag	IP	Imp	Imp
CZECHOSLOVAKIA						Diag; IP/Ins							
EASTERN/CENTRAL EUROPE							Inc						
ESTONIA								Diag				Diag	Ins
GEORGIA											Diag	L; Ins	Imp
GEORGIA												Imp	
HUNGARY					Diag	L							Link
KAZAKHSTAN										Diag			Diag
KYRGYZ REPUBLIC										Diag		Diag	L
LATVIA								Diag			IP		
LITHUANIA								Diag					
POLAND					Diag/ Ins								
ROMANIA						Diag							L; Diag
RUSSIA								Diag; Ins	L			Diag; Ins*	L*
SLOVAK REPUBLIC									Diag				
SLOVENIA													Inf
UKRAINE									Diag				L*
UZBEKISTAN												Diag	
YUGOSLAVIA				IP	Swap								
ALGERIA							Diag						
EGYPT						Diag			Link				IP
JORDAN								IP/ Diag		Imp			Diag/ Pro
KUWAIT													L*
LEBANON									Diag				Diag/ Pro
MOROCCO						IP/ Pro				Ins/ Pro			
OMAN									Ins				
SAUDI ARABIA						Diag							
TUNISIA							Pro			Ins/ Pro	Imp		Imp
UMA											Inc		

* denotes small advisory projects that were not counted before FY97.

Assignment Types:

Diag - Diagnostic

Ins - Institutions

Imp - Implementation

Pro - Promotion Strategy

Ag - Sector (Agriculture)

Inf - Sector (Infrastructure)

Link - Backward Linkages;

Sem - Seminar

Investment Policy:

IP - General

Inc - Incentives

Swap - Swaps

EPZ - Export Processing Zones

L - Investment Law or Code

AB - Administrative Barriers

REGION AND COUNTRY	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98
UNITED ARAB EMIRATES								Diag					
WEST BANK & GAZA										Diag	L	Imp	
YEMEN							Ins					Diag	
LATIN AMERICA AND CARIBBEAN													
ARGENTINA									Ins				
THE BAHAMAS							IP/Ins	IP					
BOLIVIA										Ins	Imp		
BRAZIL											Ins		
COSTA RICA												Pro	L*
DOMINICAN REP.									IP				L/ Ins
EL SALVADOR								IP/ Ins	L			Imp; Ins/ Pro	Ins
GUYANA										Diag			
JAMAICA													Ins
HONDURAS							IP						
MEXICO											IP	Imp*	
NICARAGUA													Diag/ Pro
PANAMA											Ins		
PARAGUAY								Diag	Pro	IP	Ins/ Pro		
PERU										Ins			
SAINT KITTS & NEVIS													Diag
SAINT LUCIA												Ins	
TRINIDAD & TOBAGO									Diag	IP	IP		
URUGUAY							Diag						
VENEZUELA							Pro		Pro		Imp		
TOTAL ASSIGNMENTS	1	3	7	9	18	21	24	30	28	28	31	40	46

* denotes small advisory projects that were not counted before FY97.

Assignment Types:

Diag - Diagnostic

Ins - Institutions

Imp - Implementation

Pro - Promotion Strategy

Ag - Sector (Agriculture)

Inf - Sector (Infrastructure)

Link - Backward Linkages;

Sem - Seminar

Investment Policy:

IP - General

Inc - Incentives

Swap - Swaps

EPZ - Export Processing Zones

L - Investment Law or Code

AB - Administrative Barriers

Attachment 4A: FIAS's Advisory Assignments, By Region and Type
(Fiscal Year of Completion)

	Total	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98
Total Advisory Assignments	286	1	3	7	9	18	21	24	30	28	28	31	40*	46*
Advisory Assignments by Region.														
Asia and Pacific	96	1	2	6	4	7	5	9	8	9	8	10	12	15
Sub-Saharan Africa	83		1	1	4	8	7	9	11	7	7	7	13	8
Latin America and Caribbean	36						2	2	4	5	6	6	5	6
Middle East and North Africa	25						3	3	2	3	4	3	2	5
Eastern Europe and Central Asia	46				1	3	4	1	5	4	3	5	8	12
Advisory Assignments by Type														
Diagnostic	77		1	3	2	8	8	7	16	7	7	3	7	8
Institutions	48		1	1		2	2	3	4	9	6	9	6	5
Investment policy (all types)	100	1	1	2	5	6	7	9	8	8	7	13	12	21
General	40	1	1	1	3	4	5	4	3	4	6	4	2	2
Investment code or law	36				1		1	3	4	3		4	5	15
Incentives	14			1		1		2		1	1	2	2	4
Barriers	6											3	3	
Swaps	4				1	1	1		1					
Implementation	23										2	3	11	7
Promotion strategy	22					2	4	2	2	3	3	2	2	2
Sector	8			1	2						1		2	2
Backward linkages	8							3		1	2	1		1

* Includes short advisory assignments that were not counted before FY 97.

Attachment 4B: Low- and Middle-Income IBRD Members with no FIAS Assignments
(Through July 1, 1998)

Afghanistan	
Albania *	Guatemala *
Antigua and Barbuda	Haiti **
Armenia *	Iran, Islamic Rep.
Azerbaijan	Iraq
Bahrain	Libya
Barbados	Macedonia, FYR *
Belize	Malta
Bhutan	Mauritius
Botswana	Moldova *
Burundi	Myanmar
Central African Republic	Niger
Chad	Nigeria
Chile **	Sao Tome and Principe
Colombia *	Seychelles
Comoros	Somalia
Congo, Dem. Rep.	South Africa
Djibouti	St. Vincent and the Grenadines
Dominica	Suriname
Ecuador	Syrian Arab Republic
Eritrea	Tajikistan
Gabon *	Turkey **
Grenada	Turkmenistan

* Assignment expected in FY99.

** No advisory assignment, but FIAS has given informal advice.

Attachment 5: FIAS's Publications

1. *Marketing a Country: Promotion as a Tool for Attracting Foreign Investment*
— L. Wells and A. Wint — 1990
 2. *Facilitating Foreign Investment*
— L. Wells and A. Wint — 1991
Foreign Direct Investment in Developing Economies in Asia and the Pacific in the 1990s
— E. Ramstetter — No date (1991)
 3. *Progress in Industrial Countries to Promote Foreign Direct Investment in Developing Countries*
— T. Belot and D. Weigel — 1992
 4. *Corporate Income Tax and Foreign Direct Investment in Central and Eastern Europe*
— J. Mintz and T. Tsiopoulos — 1992
The Policy Environment for Foreign Direct Investment in Infrastructure
— P. Spiller — No date (1994)
 5. *Privatizing Public Enterprises and Foreign Investment in Developing Countries 1988-93*
— F. Sader — 1995
 6. *Suppliers to Multinationals*
— J. Battat, I. Frank and X. Shen — 1996
 7. *Foreign Direct Investment in Central and Eastern European Infrastructure*
— L. Carter, F. Sader, P. Høltedahl — 1996
 8. *Facilitating Foreign Participation in Privatization*
— K. Megyery and F. Sader — 1996
 9. *Foreign Direct Investment in Infrastructure: The Challenge of Southern and Eastern Africa*
— D. Donaldson, F. Sader, D. Wagle
 10. *Investment Strategies of Multinational Corporations and the Attractiveness of Host Countries*
— Charles-Albert Michalet
 11. *Attracting High Technology Investment: Intel's Costa Rican Plant*
— Debora Spar — 1998
- IFC OCCASIONAL PAPER NUMBER 2:**
- Debt Equity Swaps and Foreign Direct Investment in Latin America*
— J. Bergsman and W. Edisis — 1988
- IFC LESSONS OF EXPERIENCE SERIES**
- Foreign Direct Investment: The Lessons of Experience*
— D. Weigel, D. Wagle, N. Gregory — 1997

Attachment 6: Client Survey Results

(Based on 33 responses to questionnaires sent to 119 current and former FIAS clients)

A Client Survey of FIAS's Advisory Work

The respondent:

Name and Title	_____
Government Department/Agency	_____
Country	_____
Phone	_____ Fax _____

(Please a box or comment as appropriate)

I. General

- How many years has your department/agency been working with FIAS?
 4 or more 3 2 1 or less Don't know
 15 6 7 4 1
- How many advisory assignments has FIAS done for your department/agency?
 4 or more 3 2 1 Don't know
 8 8 7 9 1
- What is the year of the most recent FIAS assignment?
 1992: 1 1993: 1 1994: 4 1995: 4 1996: 10 1997: 12
- What has been the level of your personal involvement with FIAS?
 High Medium Low None
 19 11 2 1

II. Quality of Advice

- How would you rate the quality of FIAS's advice?

	Excellent	Good	Fair	Poor
Technical competence	<input checked="" type="checkbox"/> 15	<input checked="" type="checkbox"/> 18	<input type="checkbox"/>	<input type="checkbox"/>
Responsive to our needs	<input checked="" type="checkbox"/> 12	<input checked="" type="checkbox"/> 18	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Timely	<input checked="" type="checkbox"/> 12	<input checked="" type="checkbox"/> 14	<input type="checkbox"/> 6	<input type="checkbox"/>

- Has your department/agency sought advice on issues related to foreign direct investment (FDI) from other organizations/consultants?

World Bank Other (e.g. UNIDO: 5; UNCTAD: 1; private consultants: 2), please specify: Commonwealth IEDB of Singapore IPS: 11; PHARE (SQW,TDI): 1; France: 1; ADB: 1; CARANA: 1; MIGA: 1; AUSAID: 1

- If applicable, how did the quality of advice rate relative to that of FIAS?

	Better than (FIAS)	Same as	Worse than
World Bank			
Technical competence	<input type="checkbox"/> 4	<input type="checkbox"/> 8	<input type="checkbox"/>
Responsive to our needs	<input type="checkbox"/> 3	<input type="checkbox"/> 7	<input type="checkbox"/> 1
Timely	<input type="checkbox"/> 2	<input type="checkbox"/> 9	<input type="checkbox"/>
Other _____			
Technical competence	<input type="checkbox"/> 1	<input type="checkbox"/> 10	<input type="checkbox"/> 8
Responsive to our needs	<input type="checkbox"/> 2	<input type="checkbox"/> 10	<input type="checkbox"/> 7
Timely	<input type="checkbox"/> 2	<input type="checkbox"/> 10	<input type="checkbox"/> 7



Operations Evaluation Group

8. If applicable, was the FIAS advice consistent with that provided by the World Bank and/or International Monetary Fund?

18 Yes 1 No 15 n/a

III. Implementation of FIAS's Advice

9. Did your department or another department implement, or are planning to implement, FIAS's advice/recommendations?

27 Yes 4 No

3 n/a

If "Yes," to what extent have the advice/recommendations been or are expected to be implemented?

5 in full 18 in large part 4 in small part

IV. Results of FIAS's Advice

10. In your opinion, has implementation of FIAS's advice/recommendations led to increased foreign investor interest or FDI in your country?

14 Yes 4 No 11 Not sure 3 No answer 2 Too early to say

If "Yes," the increase in FDI was

1 Significant? 4 Some? Little? None?

Attachment 7: Evaluation Findings: Country Assistance and Results

BOSNIA	ASSIGNMENTS: 1
WHAT FIAS DID: <p>Drafted a compromise Foreign Investment Law in 1998 (mandated by the High Representative under the Dayton Peace Agreement). Government working group had been unable to agree on a draft law for a period of 1½ years.</p>	
WHAT THE COUNTRY DID IN RESPONSE: <p>The working group accepted the FIAS's draft with minor changes. Parliament passed the law (one of first laws to be passed).</p>	
RESULTS/EXPLANATION: <p>There is a new investment law that generally accords with world standards, and authorities are now considering requesting FIAS to help establish an IPA.</p>	

CHINA	ASSIGNMENTS: 13
<p>WHAT FIAS DID:</p> <p>FIAS's first assignment was in China in 1985 and it has had more assignments here than in any other country. Nine projects concerned policies; the others were on institutions, procedures and promotions, including an assignment for Sichuan province. Among the major recommendations are:</p> <ul style="list-style-type: none"> ▪ Liberalize foreign exchange regulations. This was discussed in at least eight of the assignments and was the key subject of advisory work in 1989. ▪ Promote FDI in infrastructure. This was covered in three assignments. An assignment in 1995 focused exclusively on infrastructure and a follow-up in 1996 addressed the BOT framework. ▪ Streamline FDI screening and approvals. This came out in five assignments. This was covered in large part in the first assignment in 1985 and was the full subject of a 1993 assignment. ▪ Enhance FDI data management. This was the subject of a 1997 assignment. 	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>There are two main reasons why China seeks FIAS's advice: (i) to add perspective to an on-going debate; and (ii) to obtain inputs on a specific undertaking. Generally, China welcomed FIAS's views on on-going debates in the same manner it welcomed opinions of other consultants.</p> <p>China addressed the foreign exchange issue through relaxing the foreign exchange balancing requirement, linking foreign exchange swap markets, developing an interbank market, and making the Renminbi convertible in the current account in 1996. These are consistent with FIAS's recommendations.</p> <p>China had implemented on a pilot basis a BOT framework for infrastructure projects along the lines of FIAS's recommendations. However, the draft regulation for this framework is still under review. UNIDO is also advising the Chinese on this issue.</p> <p>The screening and approval issues in many assignments are virtually unchanged at the national level. FIAS recommended that some ministries relinquish authority, but this was resisted by the affected agencies, even though others in government support FIAS's recommendations. China is currently re-visiting this issue following a FIAS presentation on a related subject in April 1998.</p> <p>Management of FDI data base is being upgraded in line with FIAS's recommendations. Implementation is expected to be slow due to inadequate technical capability and debates on institutional roles.</p> <p>In Sichuan, the provincial government has adopted many of FIAS's suggestions, including transforming its investment service center into a one stop shop, streamlining its screening and approval process, and promoting FDI in the infrastructure sector.</p>	
<p>RESULTS/EXPLANATION:</p> <p>Following the convertibility of the Renminbi, foreign exchange availability became a non-issue. This is a welcome change considering that forex availability used to be one of the bigger concerns of foreign investors. Three infrastructure projects (two in power and one in water) have attracted foreign investors and are in structuring and negotiation under the pilot BOT framework. Given that screening and approval issues remain unresolved at the national level, foreign investors have been concentrating on projects that under \$30 million that don't require central government approval. Some investors have chosen to break projects into \$30 million phases.</p> <p>FIAS's recommendations concerning FDI data dissemination have not yet been implemented.</p> <p>Sichuan's investment service center is attracting more clients and can now charge for its services. The province is host to a BOT water project and is considering BOT proposals in power.</p>	

COSTA RICA	ASSIGNMENTS: 2
<p>WHAT FIAS DID:</p> <ul style="list-style-type: none"> ▪ FIAS's first advisory assignment was in 1997 when it helped to develop a strategy to attract investment in the electronics industry. Intel was in the late stages of deciding on building a large assembly and test facility at the time of the FIAS study, and the government thought that it could attract other large-scale electronics plants. FIAS advised that the investment promotion agency (CINDE) should target specific niches with small production runs. ▪ FIAS hired a consultant to produce a case study, <i>Attracting High Technology Investment: Intel's Costa Rican Plant</i>. ▪ This past year (after the field visit), FIAS completed a small assignment commenting on a draft proposal for the Public Works Concession Law to facilitate foreign investment in infrastructure. 	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>CINDE saw the study as providing a strategic vision that confirmed many of its own suppositions and fine-tuned them. They've implemented FIAS's recommendations to the extent that CINDE is capable, but other recommendations, outside CINDE's purview have not been implemented. Some CINDE Board members "carry the study under their arm like a bible."</p> <p>The case study of the Intel plant has proven to be a valuable promotional tool for CINDE as it gives favorable, independent views of Costa Rica to potential investors. It is also widely studied elsewhere in Central America.</p>	
<p>RESULTS/EXPLANATION:</p> <p>The study came at a time when CINDE management was changing, and the study had the effect of rejuvenating the agency. CINDE had been too dispersed, promoting everything, with too little resources to be effective. "Everyone wanted to change, but they didn't know how" until FIAS laid out a strategy which helped them to redesign CINDE's structure. They "stopped attending trade shows in the garment industry" and, instead, with a better targeted approach — sub-sectors and specific firms — CINDE can point to specific successes of firms that they've attracted.</p>	

CZECH REPUBLIC (Czechoslovakia, at the time)	ASSIGNMENTS: 1
<p>WHAT FIAS DID:</p> <p>1990: Participated in World Bank economic mission to Czechoslovakia, covering FDI (diagnostic).</p> <p>1991: Responded to request from the soon-to-be Executive Director (and former Bank staff) of a new foreign investment agency to look at laws being drafted to regulate FDI, FDI participation in privatization, and the role and structure of the foreign investment agency. Recommended reforms to legal framework for FDI (institutional, commercial, regulatory, tax, foreign exchange, privatization).</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>Adopted most of FIAS' recommendations, except:</p> <ul style="list-style-type: none"> ▪ Organizational structure: this was just prior to the split between the Czech and Slovak Republics, and the relationship between federal and sub-national agencies was a politically charged issue. ▪ Privatization: this probably had to do with the question of which agency would handle privatization and was also a political issue. 	
<p>RESULTS/EXPLANATION:</p> <p>Subsequently the country turned to the European Union for assistance, because the E. U. offered strong incentives, including non-reimbursable T. A. funding, to do so. But, FIAS has returned in FY99 for a second diagnostic, collaborating with a World Bank CEM, and is discussing future work on backward linkages with the new government.</p>	

EL SALVADOR	ASSIGNMENTS: 5 — Investment policy & institutions (FY93); Investment policy & law (FY94); Institutions & promotion strategy (FY97); Investment policy (FY97); and FDI data system (FY98)
<p>WHAT FIAS DID:</p> <p>FIAS has been involved in El Salvador since FY93, but its work intensified in the last two years when, in conjunction with the World Bank's Competitiveness Program, the government assigned a higher priority to attracting FDI. Early work focused on the investment approvals procedure and reforms in the bureaucracy in order to establish a one-stop shop approach. It documented legal obstacles in lending to private firms in FY94. In FY97 it helped to strengthen the investment agency, develop a national promotion strategy, and draft a new investment law. This past year it worked with the Central Bank to improve data on FDI.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>Based on analysis and recommendations in FIAS's first report, the country realized that its problem was not with the approvals procedure but with the law. Today, the country has sent a draft investment law to the assembly, has reformed the approvals procedure, and has the one-stop shop running. It has not gone as far as it would like in investment promotion because of budgetary constraints. It expects to resolve these soon when the telephone company is privatized and part of the receipts will be earmarked for investment promotion.</p>	
<p>RESULTS/EXPLANATION:</p> <p>El Salvador was slow to act on FIAS's recommendations. At the time of the first study, it was just coming out of the civil war and the work "did not receive the priority it deserved." There was some trade liberalization in 1992-94, but the benefits took a while to be felt. Further there were not enough resources. Government officials say that "delays were due to us, not FIAS."</p> <p>With a new Government and with the Bank-supported Competitiveness Program, FIAS's work has become more important and the pace of reform is picking up. When funds become available from the privatization of the phone company, momentum will accelerate. The government credits FIAS with helping to create a more nimble, problem-solving approach to dealing with foreign investors and believes this is attracting investors to El Salvador.</p> <p>Many government officials are energized by the example of Costa Rica and most of them had read FIAS's case study, <i>Attracting High Technology Investment: Intel's Costa Rican Plant</i>.</p>	

ESTONIA	ASSIGNMENTS: 3: Investment Promotion Strategy (FY98), Diagnostic (FY97), Diagnostic (FY93)
<p>WHAT FIAS DID:</p> <ol style="list-style-type: none"> (1) Investment Promotion Strategy (FY98) reviewed the different export markets—Baltics, Western Russia, Nordic, EU Heartland, and World—facing Estonia. Analyzed common issues for each—including factors affecting market successes and the differing product markets available. FIAS recommended a Baltic markets focus, concentrating on a variety of technology-based industries. (2) Diagnostic (FY97) provided an overview of the investment climate, including a diagnosis regarding current impediments to FDI. Included series of substantial recommendations regarding specific bottlenecks including the working visas for non-citizens, problems with customs delays, delays in establishing property ownership prior to land transfers, and other impediments. (3) Diagnostic (FY93) recommended that Estonia: reorganize and buttress the legal framework for a market economy, develop appropriate laws for a market economy, remove export tariffs, develop IPA capabilities, and obtain technical assistance to address fiscal problems. 	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <ol style="list-style-type: none"> (1) Promotion Strategy (FY98): recent and delayed delivery has not brought about any formal country response. There are few plans for specific responses. (2) Based on FY97 Diagnostic, Estonia implemented the business visa, abolished investment licensing fees, and modified ownership laws. No action on customs and land tenure impediments. (3) Diagnostic (FY93): Ministry of Justice, with assistance from EU-PHARE, coordinated the preparation of appropriate laws. Legislative outcome unclear with some laws—bankruptcy, privatization, estate, and securities markets—being passed. Most tariffs removed; IPA implemented in early 94; and IMF provided technical assistance for fiscal problems. 	
<p>RESULTS/EXPLANATION:</p> <ol style="list-style-type: none"> (1) Influence of Promotion Strategy (FY98) will be difficult to gauge. This report has less substantive recommendations; has encountered a less favorable reception due to delay in report delivery; and will have to follow in the steps of the extremely successful FY97 Diagnostic study. Client expectations may have been too high to be met. (2) Regarding FY97 Diagnostic, Estonia explicitly changed laws to the benefit of FDI environment (General consensus of government, business community, other donors/policymakers, and FIAS). However, new business visa program does have pitfalls, as learning new system versus evading old system is more difficult for some. Also, with the establishment of any new procedures in Estonia, consistency of application remains an issue. Land tenure and customs problems still remain daunting. All-in-all, this report was a very influential, pragmatically candid report, favorably received by the government, investors, the policy-advising community, and the World Bank. (3) For FY93 Diagnostic report, there was much reform momentum in Estonia at the time. Would reforms have taken place without FIAS? Probably. Would reforms have taken place as expeditiously without FIAS? Maybe. Some in Bank would argue that wave of privatizations buttressed reforms at this time; that the FIAS intervention was the last 10 percent. 	

GHANA	ASSIGNMENTS: 5 — Institutions (87); Investment Code (93); Institutions (94); Investment Policy: Barriers (95); Promotion Strategy (96)
<p>WHAT FIAS DID:</p> <p>87) Advised on legal guidelines regarding new investment code; recommended a reorganization of the investment promotion center (IPC), and suggested a revision to the tax system.</p> <p>93) Advised government on proposed investment act, including taxes and incentives.</p> <p>94) FIAS advised the government on the transformation of an interventionist, investment regulatory (restricting) administrative agency to a market-oriented, investment promotion center. Included was advice on the organizational structure, and training to reorient the personnel and change the "culture" of the organization. With MIGA, advised, trained, and installed Investor Tracking System.</p> <p>95) Catalogued and analyzed all the steps confronting a foreign investor in Ghana. Included a workshop with all relevant government agencies in an attempt to eradicate some of the barriers.</p> <p>96) Advised on the investment promotion center with regard to Ghana's strengths and weaknesses, which sectors provide the greatest promise for foreign investment, and how to facilitate investment in these sectors.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>87) Adopted suggestions relating to investment code; began a reorganization of the investment center; reduced tax rates, but deferred other reforms pending the Bank's financial sector reform program.</p> <p>93) Proposals accepted and incorporated into legislation.</p> <p>94) The government successfully reconstructed the investment promotion center, although not in complete accordance with FIAS recommendations, particularly with regard to staffing. Doubts remain whether there has been complete transformation of the investment culture (particularly of senior personnel) at the IPC. The investor tracking system was implemented. However, the value of the system is debatable, with current operating procedures too cumbersome.</p> <p>95) The administrative barriers study was favorably received by both the client and the co-funder, USAID, although there is a lack of substantial change to point to with regard to this assignment. However, most were satisfied simply by the heightened focus on this issue. Currently the government and USAID are planning a follow-up report in an effort to revive the reform momentum. At issue here is whether true reform momentum exists, and whether the client has the policy-making clout necessary for reform.</p> <p>96) Government received advice, but did not completely concur with the choice among the sectors. Nonetheless, the client uses the report as part of its investment promotion strategy.</p>	
<p>RESULTS/EXPLANATION:</p> <p>Reform momentum exists in Ghana, but it may not be sufficient to concretely implement changes. The governmental client may not have been sufficiently influential to facilitate FIAS assignments. The investment promotion agency is slow to change orientation; hence its ability to both adapt—and promote—FIAS market-oriented reforms may not be sufficient. However, on a comparative basis, the client, other donors, and the World Bank group are satisfied with the FIAS program.</p>	

HUNGARY	ASSIGNMENTS: 3 — FY90 Diagnostic; FY91 Laws Study; FY98 Backward Linkages
<p>WHAT FIAS DID:</p> <ol style="list-style-type: none"> 1) The FY90 Diagnostic study provided numerous recommendations with regard to the privatization process, taxation and incentives, and policies with regard to FDI screening. Much of the advice mirrored a similar study presented to Czechoslovakia at the same time 2) The FY91 Laws study culminated in a workshop exploring three main recommendations derived from the earlier Diagnostic study. These recommendations concerned tax holidays, privatization loopholes, and the screening process for FDI. 3) Prior to FY98 Backward Linkages, the government was considering an institution and policy to require foreign-owned firms to use some percentage of locally-produced inputs. FIAS, based on experiences in similar countries, successfully advised a less interventionist approach. Instead of forcing companies to buy domestic inputs, the Hungarians should improve the quality of domestically produced inputs, whereby to become more attractive for FDI operations. FIAS advised creating an institution to "target" and assist potential suppliers of quality inputs, as well as establishing regional centers to advise potential suppliers of FDI. Much of this work was based on past FIAS experiences.. 	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <ol style="list-style-type: none"> 1) For the FY90 Diagnostic study, much of the privatization advice was adopted. The policy and incentive advice was partially adopted. The investment screening advice was deferred but was accepted less than a year later (see the FY91 Laws study). 2) For the FY91 Laws study, the workshop (held in Budapest) resulted in partial adoption of the tax holiday advice, complete adoption of the privatization advice, and the elimination of FDI screening program, as recommended. 3) Our visit occurred after the government had read the FY98 Backward Linkages report, but before the FIAS team had returned to discuss it. FIAS's advice had persuaded the government to pursue a less interventionist focus-on-domestic-suppliers approach. 	
<p>RESULTS/EXPLANATION:</p> <p>For the FY98 Backward Linkages, the recent change in government may affect the final outcome.</p>	

INDONESIA	ASSIGNMENTS: 11
<p>WHAT FIAS DID:</p> <p>FIAS has completed 11 assignments; nine are interrelated and five resulting from 1990 work which identified five important areas: (i) ownership & sectoral restrictions; (ii) FDI data base; (iii) approvals and licenses; (iv) backward linkages; and (v) the Investment Coordinating Board (BKPM) investment promotion function.</p> <p>One unrelated assignment (Impediments to Foreign Investments) was undertaken at the regional level, i. e., Eastern Indonesia, and was completed in early 1998. An advisory assignment in 1989 dealt with impediments in the agricultural sector.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>Many of FIAS's recommendations laid the foundation for a structured FDI regulatory and institutional framework. The 1990 diagnostic served as a basis of a 1993 Indonesian FDI promotions project which implemented FIAS's major recommendations. The 1993 project's objectives were to: (i) revise FDI policy framework starting with ownership and sectoral restrictions; (ii) strengthen FDI data collection, measurement and dissemination; (iii) simplify FDI approval/licensing; (iv) develop backward linkages; and (v) enhance FDI promotion capability of BKPM. FIAS's inputs for this project were sought through five subsequent advisory assignments from 1995 to 1996.</p> <p>Indonesia deviated from the FIAS recommendation of further work on approval and licensing issues since it felt these were covered in other studies, including those conducted by FIAS. Instead, it requested FIAS to advise on a pilot project to promote backward linkages.</p> <p>FIAS's recommendations to encourage FDI in the agricultural sector were initially rejected, largely due to the political sensitivity of foreign control of land. They were finally implemented much later, but probably not as a result of FIAS's work, and foreigners can now own land in Indonesia.</p> <p>The Eastern Indonesia assignment appears to have been well received. However, there are rivalries among provinces and institutions on their respective roles, and implementation is likely to be delayed.</p>	
<p>RESULTS/EXPLANATION:</p> <ul style="list-style-type: none"> ▪ <i>FDI policy framework/ownership and sectoral restrictions.</i> An FDI reform package was released in 1994 reflecting some of FIAS's recommendations. However, there are still unresolved issues such as restrictions on direct product distribution by manufacturers. ▪ <i>FDI data base.</i> Work has started consistent with FIAS's 1996 recommendations. The FDI survey form has been revised and the Central Bank has planned a pilot program for late-1998. There is some reluctance from other agencies to acknowledge the Central Bank's lead role. Further training and technical upgrade is necessary to improve institutional technical capability. The IMF has also provided technical assistance in relation to a project on Balance of Payments accounting. ▪ <i>FDI approval/licensing.</i> Tangible improvements have been seen on approval/licensing by way of shorter application form, enhanced one-stop shop, and project monitoring/guidance during implementation. Given that this issue is far from complete at the local level, many investors have chosen to locate in industrial estates where approvals are not difficult to obtain. This translates to missed opportunities for provinces with no industrial estates. ▪ <i>Backward linkages.</i> This was not implemented for a number of reasons, including insufficient funding and inadequate basic infrastructure of support services. The political will necessary to implement this program also appears to be weak. 	

- *BKPM investment promotion function.* In line with FIAS's previous recommendations, BKPM was reengineered to focus more on investment promotion than on regulatory functions. Investment promotion functions are now more organized. They have been divided between domestic and overseas operations and are now headed by a senior official directly under the Vice Chairman. BKPM undertook a training program which FIAS found to be insufficient in an ex-post evaluation. In addition, skills and investment promotions at the provincial BKPMs can still be improved.

JORDAN	ASSIGNMENTS: 3
<p>WHAT FIAS DID:</p> <p>In 1993 FIAS did a diagnostic review of the investment climate, and in 1995 it assisted in implementing earlier advice on the structure of the Investment Promotion Corporation (IPC) and the investment law. Its third assignment, an investment promotion strategy for the IPC was completed in 1997 and presented at a workshop and to the Cabinet. An investor roadmap/administrative barriers study is planned for the current fiscal year.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>The government accepted the recommendations of the first two studies, including modifying the foreign investment law, but there was little movement because there was not an overall impetus toward reform. The third study came at a time when the government is more strongly committed to reform. The government is working with the World Bank and with USAID, and FIAS recommendations have been included in USAID balance-of-payment-support lending. The Investment Promotion Corporation is being improved with extensive technical assistance. FIAS's recent recommendations have been given high visibility in Government debates and its findings have been used in speeches by government officials.</p>	
<p>RESULTS/EXPLANATION:</p> <p>Government officials think that the recent study has been more effective than the earlier two because of fundamental changes in government policies toward private-sector-led growth and foreign investment. Foreign investors are now buying shares on the Amman stock exchange and the privatization program, involving some 20 companies, has helped attract interest.</p>	

MALI	ASSIGNMENTS: 3 — Diagnostic/Institutions (FY92); Institutions (FY97a); Incentives (FY97b)
<p>WHAT FIAS DID:</p> <p>92) Providing background for a revision of the Investment Code, FIAS identified a number of obstacles affecting investment including: the lack of stable and transparent legal and regulatory environment, the shortage of industrial land, the lack of "risk capital" for SME development, the high tariffs and exchange rate on imported capital goods, and the overly complex taxation and tariff systems.</p> <p>97a) Advised on the restructuring of the investment promotion agency (IPA). Formerly, this institution was a more interventionist, investment regulatory agency. The current government wished to alter the mandate of this institution, while keeping the much of the same personnel.</p> <p>97b) Compared the investment tax system to other West African countries, providing recommendations for Mali.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>92) Tariffs on imported capital goods and inputs reduced, coupled with CFA devaluation are the sole components adopted.</p> <p>97a) Government adopted recommendations creating a service-oriented investment promotion agency. Followed FIAS's recommendations to the letter, particularly with regard to the number and quality of people transferred to the IPA.</p> <p>97b) Assignment was well-received by client but came under scrutiny by others (Finance Ministry) in Government. Similar work was prepared in the Finance Ministry; an amalgam of the two is currently being considered.</p>	
<p>RESULTS/EXPLANATION:</p> <p>92) FIAS intervention took place without government reform momentum.</p> <p>97a) Difficult to change staff culture at pre-existing, dirigiste investment agency. However, reform momentum has been leveraged to make progress. Number of investment contacts has increased, with previous institution no longer a hindrance for investors. Leveraged well—to the World Bank's pleasure—the existing WB PSD project</p> <p>97b) Client happy, but better coordination by the client prior to the onset of the work may have improved impact. Consultations with other, more influential policy-makers prior to assignment may have facilitated better results. In the end, the advice is still being utilized.</p> <p>(Currently an administrative barrier study is being prepared, in cooperation with the WB.)</p>	

NAMIBIA	ASSIGNMENTS: 7 — Investment Code (92); Diagnostic (93); Administrative Barriers (96a); Incentives (96b); Incentives II (97a); Implementation (97b); Incentives III (98)
<p>WHAT FIAS DID:</p> <p>92) Proposed new performance-based investment incentives, a reduction in the corporate tax rate, and investigated possible EPZs.</p> <p>93) Reviewed investment climate and suggested improvements to administrative system.</p> <p>The FY96-98 work is of two types: 1) the administrative barriers study and implementation and 2) advisory work regarding the investment taxes and incentives.</p> <p>96a-97b) With The Services Group, FIAS documented and analyzed the barriers and impediments facing foreign investors. A conference was held with all relevant parties, shedding light on duplicative regulations and delays, and motivating parties to help resolve the impediments.</p> <p>96b-98) FIAS providing a series of analytic briefings detailing the tax and incentive structure for foreign investors in Namibia, and compared them to similar countries. FIAS repeatedly tried to convince the government to simplify the tax structure and reduce the levels of taxation to comparable countries.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>92) Corporate taxes were reduced and a possible EPZ defined; incentives not adopted.</p> <p>93) Some streamlining in investment screening activities.</p> <p>96a-97b) The investment climate has improved dramatically. The EU provided a complementary project with the mandate to implement the FIAS report. Concrete achievements include streamlining procedures at the investment center, significant reductions in delays for work/resident permits, automation and ensuing reduction in delays in company and trademark registration; improved access to land via industrial parks; substantial reduction in the delay for mining permits; and increased transparency of investment rules for key sectors including agriculture, fishing, mining and tourism.</p> <p>96b-98) While all in government agree on the need for reduced and simplified taxes, the current fiscal situation in Namibia has forced the government to (temporarily?) raise the level of taxation. Recently the President's Economic Advisory Council utilized the FIAS study as the basis for its report on the macro enabling environment—implying access to key policy-makers—but there is still no time-frame for actual implementation.</p>	
<p>RESULTS/EXPLANATION:</p> <p>Namibia is a newly independent country confronting substantial change. The FIAS administrative barrier study dovetailed well with the EU Transitional Trade and Investment Development Program. The EU assigned a field presence with the mandate to implement FIAS's recommendations; an excellent use of complementary donor resources. Strong, well-connected leadership at the investment promotion agency also facilitated action on the FIAS recommendations. Regarding the tax study program, Namibia is under fiscal pressure, hence alterations to the tax code (and possible revenue fluctuations) are less of a priority.</p>	

PHILIPPINES	ASSIGNMENTS: 10
<p>WHAT FIAS DID:</p> <p>Of 10 assignments, six were related to investment promotion and institutions, and four dealt more narrowly with policies. An ongoing assignment is on regional promotion in less-developed Mindanao. Among the major recommendations:</p> <ul style="list-style-type: none"> ▪ <i>Liberalize FDI policies through less restrictions, transparent regulations and simplified incentives program.</i> This was presented in two 1991 advisory assignments. ▪ <i>Refocus the Board of Investments (BOI) from a regulatory to a promotional agency.</i> This was recommended in the two 1991 and in the 1996 investment promotion advisory work. ▪ <i>Streamline investment approval and incentives processing.</i> This was covered in five projects. ▪ <i>Establish a coherent investment promotion strategy.</i> FIAS completed three assignments on this subject, including providing inputs to the National Investment Promotion Program (NIPP). ▪ <i>Promote backward linkages programs (BLPs).</i> This was covered in two assignments. ▪ <i>Develop capability to assess BOT proposals.</i> This was the subject of a 1997 advisory assignment. 	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>Many of FIAS's recommendations are incorporated in current policies and promotion strategies. The Foreign Investment Act (FIA) of 1992 liberalized the regulatory framework, including opening additional sectors, creating a "negative list" and relaxing land ownership restrictions. The BOI was reoriented in 1993 to rationalize its investment promotion activities, i. e., investor services, image building and investment generation, and move from regulation. Investment approval was transferred to the SEC where "express lanes" were established. The BOI's One Stop Action Center (OSAC) was enhanced to improve investment services and investment incentives processing. Two backward-linkages programs were implemented in 1995 and 1996 roughly along the lines of FIAS's recommendations. Sponsored separately by Japanese and Taiwanese manufacturers, these programs extend beyond the electrical appliance and electronic sectors recommended by FIAS for the pilot phase.</p>	
<p>RESULTS/EXPLANATION:</p> <p>The FIA, first presented to Congress in 1989, is seen as landmark legislation that liberalized the FDI environment. Many policy changes mirror FIAS's recommendations, and Congressional drafters got assistance from FIAS in the summer of 1989. Following the enactment, foreign investors felt that regulations became more transparent. Investments and incentives approvals were processed faster and, for straightforward cases, on "no-objection" basis. The BOI is now viewed as a major source of assistance. The NIPP, drafted by another consultant, includes many FIAS recommendations.</p> <p>The two BLPs appear to be functioning well. The Taiwanese consortium advised its supplier network to lower costs, upgrade quality and improve delivery performance. The Japanese did the same and are following up with semi-annual technical visits to suppliers.</p> <p>The work is far from over. Investment promotion efforts of five institutions are fragmented because of their refusal to be under BOI's oversight as recommended by FIAS. Plans to convert the BOI to the National Investment Promotion Agency are being discussed to further BOI's investment promotion functions. The "negative list" which was initially a valuable reference has become less clear due to recent controversial court rulings on specific investments.</p> <p>Many adopted recommendations were seen as confirmation of existing, but less structured, practices and strategies. Principal reasons for unaccepted recommendations include differences in opinions, unclear expectations and political sensitivity of removing price support and consumer subsidies.</p>	

TRINIDAD & TOBAGO	ASSIGNMENTS: 3 — Diagnostic, 1994; Tax Reform, Investment and Economic Growth, 1994; Implementing Investment Reforms, 1996
<p>WHAT FIAS DID:</p> <p>The three assignments were closely linked to a Bank project, whose task manager had recommended bringing in FIAS to undertake the investment incentives component of the project.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>Although the Cabinet agreed to follow most of FIAS' recommendations on implementing investment reforms, implementation has not been smooth. The government produced draft legislation for a new foreign investment law, but used local consultants, not someone with international experience as FIAS had recommended. The first draft was not adequate, and they are now working on second draft.</p> <p>Tax reform lowered the marginal corporate tax rate.</p>	
<p>RESULTS/EXPLANATION:</p> <p>The government did not pay enough attention to the terms of reference for the diagnostic, so the design was inadequate to start with.</p> <p>The previous government wanted a transparent, simple investment environment; the present government is less clear on its policy directions (and tends to favor discretionary controls). The government was reluctant to use a foreign consultant, as recommended by FIAS, because it wanted someone with local knowledge.</p>	

UGANDA	ASSIGNMENTS: 5 — Diagnostic (90), Investor Tracking System (95); Administrative Barriers (97); Investment Law (98a); Investment Policy EPZ (98b)
<p>WHAT FIAS DID:</p> <p>90) Identified numerous legal, regulatory, incentive and institutional improvements; proposed new investment code.</p> <p>95) With advisors, trained and installed an Investor Tracking System at the Investment Promotion agency (IPA).</p> <p>97) With The Services Group, provided a completed analysis and compendium of the impediments confronting a foreign investor in Uganda. Included a workshop with all relevant government agencies, in an attempt to reform some procedures.</p> <p>98a) Provided advice on a draft investment law.</p> <p>98b) Delivered a desk study of experiences with Export Promotion Zones.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>90) Adopted suggestions relating to the organization of new IPA; other suggestions rejected.</p> <p>95) The Investor Tracking System never functioned to expectations due to network limitations of the software. A billing dispute delayed — until the past year — the delivery and installation of a network compatible version.</p> <p>97) Government initially reacted quite favorably to the assignment. However, regulatory agencies with vested interests blocked reforms affecting foreign — and local — investors. A USAID project (PRESTO) is using the FIAS study as its "manual" for improving the private sector environment, with concrete changes having taken place at the company registrar's office.</p> <p>98a) Advice received and utilized in draft law.</p> <p>98b) Assignment favorably received by some ministries; other ministries dismissed study as a "totally useless" regurgitation of the Washington consensus—particularly the neutral outlook regarding EPZs.</p>	
<p>RESULTS/EXPLANATION:</p> <p>90) Early in the reform process; laid the groundwork for future, more constructive interventions.</p> <p>95) The benefits of a computerized investor tracking system, compared to the costs of implementing, training and retaining necessary staff, need to be reconsidered. Such systems are a low priority for all parties, resulting in questionable value.</p> <p>97) A very successful assignment, as it brought focus to the vast and complex regulations facing investors and businesses in Uganda. Study provided excellent "quality at entry" for USAID project, with USAID field presence providing effective means of implementation.</p> <p>98a) Small, low profile, advisory assignment.</p> <p>98b) The EPZ program is a divisive issue within the government which FIAS soft-pedaled. Neutral outlook was in concordance with overall Bank and IMF policy; no results from study yet.</p>	

VENEZUELA	ASSIGNMENTS: 3
<p>WHAT FIAS DID:</p> <p>1989-91: Helped set up Consejo Nacional de Promocion de Inversiones (CONAPRI, a national investment promotion agency) and establish a three-year business plan; proposed a specialized, public/private agency outside of the Ministry of the Economy.</p> <p>1993: Developed Investors Tracking System to follow up on inquiries from foreign investors.</p> <p>1995: Evaluation of CONAPRI's investment promotion strategy; advice on improving internal investment environment at a time of foreign exchange controls.</p>	
<p>WHAT THE COUNTRY DID IN RESPONSE:</p> <p>Adopted FIAS's proposals for setting up CONAPRI and promotion strategy.</p>	
<p>RESULTS/EXPLANATION:</p> <p>CONAPRI spends more time on promoting investment by improving the investment climate, less on traveling abroad.</p> <p>CONAPRI gained an understanding of how to be more effective in dealing with foreign investors as a result of experience with Investors Tracking System.</p>	

<p>While not affecting the overall program, one assignment was unsuccessful.</p>
<p>◆ FIAS has had a positive influence on FDI policy in this country. FIAS is well liked but less than adored. It has earned the support and respect of key government officials. Many clients believe that FIAS's advice confirmed existing but less-structured practices and strategies. Institutions saw an opportunity to push their reform agenda given the support of a high-profile global FDI authority like FIAS. Policy changes following the enactment of a major FDI law reflect many FIAS's recommendations. Foreign investors have noted improvements in approval and incentives processing, and have welcomed more transparent regulations. However, some clients have expressed disappointment FIAS largely due to differences of opinions and unclear expectations. Some of FIAS's recommendations were rejected because of allegedly inaccurate country assumptions. While country teams from the World Bank Group feel that FIAS has done relatively well in the country, some think that FIAS could still improve the scope of its advisory work and focus on the implementation of its advice.</p>
<p>◆ In an economically and politically controversial area, FIAS sensibly advised the client on an alternative means of achieving the client's goals. Much of FIAS success can be credited to its convincing the client not to implement a flawed, short-term oriented, program. Instead, comparing successful efforts in other countries, FIAS advised on a less restrictive, more FDI receptive approach.</p>
<p>◆ FIAS worked synergistically with the World Bank, at a propitious time, and launched a program which has drawn support from other donors. FIAS has been influential at high levels of government in promoting reforms. The client is concerned by the "high costs" of FIAS staff and does not have high regard for all the FIAS staff members who have been given multiple assignments in the country but is otherwise quite pleased with the progress that's been made with FIAS's assistance.</p>
<p>◆ FIAS has put its mark on the FDI regulations in this country. A number of related FIAS assignments served a basis for a major FDI promotion program designed to revise the policy framework, strengthen FDI data management, streamline approval process, develop backward linkages, and enhance institutional FDI promotion capability. While FIAS's work is generally appreciated, there is a feeling that FIAS could do more with respect to implementation assistance and crafting more innovative advice. There are those who believe that much of FIAS's advice on investment promotion simply confirmed current practices and plans. Some clients prefer joint WB/FIAS projects whereby the Bank can provide funding for the implementation of FIAS's recommendations. World Bank Group country team members have mixed opinions of FIAS's advice, from highly satisfied to complete disagreement. Third parties, e. g., donors and investors, appreciate FIAS's contribution to FDI regulatory reforms. They also believe FIAS can do more in the country, especially in assisting in the implementation of FIAS's advice.</p>
<p>◆ FIAS has only recently returned to this country, with few significant results to date. Quickly responding to changing country conditions, FIAS has aided the transformation of the country's approach to FDI. The client is generally satisfied, but disagreements between the client and other ministries plagued one assignment. Within the Bank, FIAS is credited for timely and pragmatic advice, aiding a Bank project. The client expressed displeasure with FIAS billing rates; but this did not influence the outcome. A contributing donor, aware of past FIAS successes, was somewhat disappointed with the level of implementation; however the current series of assignments is not complete.</p>
<p>◆ On balance, FIAS's overall program can be rated a success in this country. One of two recent assignments can be considered a model assignment—with a motivated client, broad based private sector consultations, and an active awareness within the donor community—all culminating in a comprehensive report complete with detailed recommendations, some of which have been implemented as prescribed by FIAS. The report has been distributed widely within and by the donor</p>

<p>community. The later assignment has been less well-received, with less influential recommendations, but it may be too early for judgement.</p>
<p>◆ FIAS completed a series of assignments, with all but one considered successful. The client, other donors, and the private sector hold FIAS and their work program in high regard. While fewer than desired results can be identified, FIAS is credited with influencing the FDI environment. Much of FIAS's work program is being leveraged by a donor, with this resource-intensive activity aiding implementation. FIAS and the Bank have coordinated well; the Bank is grateful, aware that it could not have achieved similar cost-effective results.</p>
<p>Partly Unsatisfactory — <i>While the quality of advice is deemed to be adequate, the client is significantly dissatisfied with some aspect of FIAS's work and either regrets having employed FIAS or would not use FIAS in future assignments.</i></p>
<p>◆ Clients credit FIAS with a report that is "excellent, professional, and clear," but were generally dissatisfied with working with FIAS. They thought FIAS salaries were too high and questioned their value added, thinking that they stood between the client and FIAS's consultants. They needed more interaction, facilitation, and follow-up work than FIAS would provide. Outside observers saw FIAS as "good technicians but not politically sophisticated enough to be effective." Clients have an unfavorable impression of FIAS compared to most other consultants they've used.</p>
<p>Unsatisfactory— <i>FIAS failed to address the right problem, provided bad advice that was either rejected or left the client worse off, or did not complete the assignment.</i></p>
<p>◆ None.</p>

WEST BANK & GAZA	ASSIGNMENTS: 3
<p>WHAT FIAS DID:</p> <p>FIAS advised the Palestinian National Authority in June 1995 — at the request of the World Bank — on a diagnostic study of the policy and legal framework for FDI. (This is the only case where FIAS has advised without a request from the Government.) In April 1996, it assisted in revising the Law on the Encouragement of Investment, based on earlier recommendations. In February, 1997 it advised on the basic regulatory and institutional framework for private sector activities, and held a workshop for local business executives and government officials.</p>	
<p>WHAT THE PALESTINIAN NATIONAL AUTHORITY DID IN RESPONSE:</p> <p>After a long, politically-charged process, the Palestinian National Authority recently adopted a new investment law, using FIAS's draft as the first, working draft but adapted to local needs. The final law incorporated many of FIAS's recommendations.</p>	
<p>RESULTS/EXPLANATION:</p> <p>"Foreign investment" in West Bank and Gaza is intertwined with issues of citizenship and sovereignty. The first investment law had too much discretion and too many controls. FIAS brought to WBG the lessons from international and regional experience and was somewhat helpful in facilitating local discussion and debate. In the end, contrary to FIAS's recommendation, the new investment law has large incentives built into it to compensate for high corporate tax rates. Other reforms have not moved because of fundamental political uncertainties.</p>	

Attachment 7A: Ratings of FIAS Assistance in 13 Countries

These ratings are based on evaluation panels' comprehensive assessments of FIAS's work in 13 countries that were visited during the evaluation. Ratings are judged against FIAS's development mandate, "to assist member governments to adjust their policies, regulations, and institutional arrangements in order to attract more foreign direct investment." The country ratings are listed in random order, to preserve respondents' confidentiality.

<p>Excellent — <i>FIAS's assignments in the country were highly relevant to the clients' needs and efficacious in solving significant developmental problems related to FDI. Service was timely and responsive, and FIAS's outputs and delivery exceeded clients' or others' expectations on multiple dimensions.</i></p>
<ul style="list-style-type: none"> ◆ Clients credit FIAS with completely re-inventing their investment promotion strategy, and providing a "new vision." They see their new strategy as having achieved demonstrable successes. They credit FIAS with providing exceptionally responsive service and complimented the staff's "maturity, experience, and wisdom" in considering all stake-holders.
<ul style="list-style-type: none"> ◆ FIAS has had a long and diverse relationship with this country. Aided by a strong and influential client, FIAS services were well received and, over time, effectively implemented. Implementation results have been substantial; with in-the-field coordinated support provided by another donor. While more recent assignments could be considered "ahead of their time", they are still, several years later, effectively being used at senior policy-advising governmental levels. In a country with few Bank efforts, FIAS provided effective, responsive assistance.
<ul style="list-style-type: none"> ◆ FIAS has been effective in this country. It is highly regarded as competent, objective and authoritative. Clients value FIAS's inputs in on-going policy discussions and institutional reforms. They appreciate that FIAS is an advisor and not a lender that imposes recommendations as loan conditions. They continue to look forward for increased FIAS activities in the country. FIAS's association with the World Bank Group is viewed as adding stature and credibility to its advice. Overall, FIAS's recommendations were adopted except for a few which were deemed right but thought to be slightly ahead of the current political thinking, skills availability and technical capability. No indications of major disagreements with FIAS's recommendations have been noted. Advice received from other consultants generally confirmed FIAS's recommendations. Foreign investors appreciate the on-going FDI reform program that the country has launched along the lines of FIAS's advice. Members of the World Bank Group country teams see a synergistic fit between its lending/investment activities and FIAS's advisory services.
<ul style="list-style-type: none"> ◆ The FIAS work in this country helped cabinet ministers to give concrete substance to what had only been vague ideas and to instill a "nimble, problem-solving approach to dealing with foreign investors." FIAS helped to improve the investment law through advice and consensus-building, and they give FIAS high marks for responsiveness and for understanding both local problems and local customs, increasing their effectiveness. FIAS worked very well with the World Bank to increase the combined effects of their separate activities.
<p>Satisfactory — <i>FIAS provided good advice, on the agreed schedule, which, if implemented, achieved the clients' objectives. Client may be dissatisfied in some regards but, on balance, weighs the relationship an overall success.</i></p>
<ul style="list-style-type: none"> ◆ FIAS provided a varying series of intensive assignments during a challenging period in this country. The cofunding donor praised the FIAS program and is providing extensive follow-up. The client, while not agreeing with all recommendations, regrets that FIAS could not have provided more assistance. Tangible results are difficult to pinpoint, although FIAS has contributed to a shift in attitudes concerning FDI. Private investors point to a positive change in the investment climate.

Attachment 8: List of People Interviewed

FIAS Staff

Joe Battat	FIAS Program Manager
Rafael Benvenisti	FIAS Consultant
Joel Bergsman	FIAS Manager
Jackie Coolidge	FIAS (Estonia, Yemen)
Jim Emery	FIAS (Africa)
Martin Hartigan	Ex-FIAS staff
Jacques Morrisset	FIAS (Africa—Mali, Namibia)
Andrew Proctor	FIAS Regional Mgr., Asia (Sydney Office)
Robb Smith	FIAS Senior Policy Analyst
Xiaofeng Shen	FIAS Policy Analyst (Jordan, Ethiopia, EAP)
Margo Thomas	FIAS (Mongolia)
Boris Velic	FIAS Manager
Dale Weigel	General Manager, FIAS

World Bank Staff

Iradj Alikhanj	AFTP1 (Uganda, Ghana)
Tom Allen	Africa PSD Coordinator
Bob Armstrong	Ex-Bank cons.; evaluated Ethiopia ESW
Aldo Baietti	Sr. Private Sector Development Specialist
Paul Ballard	Africa PSD (Tanzania, Ethiopia)
Natasha Beschorner	IBRD, Country Program Coordinator (Mongolia)
Pieter Botelier	Former WB Resident Rep. (China)
Carlos Calvacanti	Country Economist, Estonia
Bruce Carlson	Res. Rep., Venezuela
Elkyn Chaparro	Sr. Adviser, FPDVP
Iain Christie	AFTP1, (Ghana, others)
Mariluz Cortes	Sr. Operations Officer, outside reader
Tony Daza	IBRD, Consultant (Mongolia)
Sanjay Dhar	WB Country Economist (Philippines)
Mark Dutz	Economist, IBRD (El Salvador)
Egbert Gerken	WB staff, seconded to HR, Bosnia, 1 year
Hongjoo Hahm	IBRD, Economist, (Mongolia)
Nagy Hanna	IBRD Staff in WB&G Mission
Hung He Um	Auditor, IAD, World Bank
Zlatko Hurtic	Asst. to ED (Bosnia)
Barbara Kafka	Director, AF (Zimbabwe); outside reader
Shamima Khan	WB Country Officer. Philippines
Zafar Khan	Principal Financial Specialist, EASPS (China)
Shyam Khemani	Manager, PSDBE
Odin Knudsen	Former Res. Rep., WB&G
Michael Lewin	Former IBRD Country Economist, Trinidad
Manjula Luthria	Consultant, PSDBE
Frank Lysy	Sector Leader, ECA (Venezuela)
John MacGregor	WB Country Officer, Jordan
Hoon Mok Chung	EAP PSD Coordinator
John Nellis	Manager, Enterprise Unit, PSD

Bayo Oyewole	Assistant to ED14 (English-speaking Sub-Saharan Africa)
Gerhard Pohl	ECA PSD coordinator
Rosalinda Quintanilla	Former Cntry Econ.; LAC-Centr. Amer.
Thyra Riley	AFTP1 (Lesotho, Swaziland, Namibia)
Dan Ritchie	Former Department Director, Tunisia/Morocco
Neil Roger	Acting Manager, PPI Unit, PSD
Jayanta Roy	Principal Economist (Jordan, Yemen)
Peter Scherer	Former WB Division Chief (Indonesia)
Nemat Shafik	MENA Private Sector Dept. Manager
Anwar Shah	OED; outside reader
Arnold Sowa	AFTP1, PSD cluster leader, Moz. +
Andrew Stone	PSDBE
Marilou Uy	SAS PSD Coordinator
Eleftheria Williams	AFTP1 (Ghana)
Grace Yabrudy	WB Resident Representative, Mali
Kevin Young	Manager, PSD & Privatization; outside reviewer
Ulrich Zachau	Former Country Economist; Russia & ECA

IFC Staff

Ravi Bugga	IFC Country Manager (China)
Antonio David	IFC Resident Representative, Indonesia
Neil Gregory	Policy Analyst, IFC Corporate Planning
Sami Haddad	IFC Manager, CA2G1 (Indonesia)
Kirk Ifill	IFC I/O; was 1st CEO TIDCO, Trinidad and Tobago
Rashad Kaldany	IFC Director (Indonesia)
Tamara Lansky	WB&G Country Manager, IFC
David Mackenzie	IFC Res. Rep., China
Khanh Nguyen	IFC Country Manager (Philippines)
Guy Pfefferman	Chief Economist, IFC
Vipul Prakash	Res. Rep., Philippines
Harold Rosen	Former Country Manager, Indonesia
Bernie Sheahan	Manager, CLASC
Kip Thompson	Former IFC Resident Rep., Philippines
Dileep Wagle	Manager, IFC Corporate Planning
Long Zhang	IFC Regional Economist (China)

MIGA Staff

Anita Bhatia	MIGA (ex-Bank, AF)
Beat Heggli	MIGA (Mongolia)
Paid McMenamin	Consultant (evaluator of IMS)
Karin Millett	Manager, IMS

Bilateral Donors

Wiebe de Boer	Commercial Attache, Dutch Embassy
Gerry Duffy	DFID, UK
Jan Engstrom	Swedish Int. Dev. Agency
Matthias Meyer	Swiss Executive Director
Warren Weinstein	IFC Trust Funds (ex. USAID)

Other Experts

Hugh P. Doyle
Ray Vernon
Lou Wells

Vice President, The Services Group
Kennedy School
Prof., Harvard Business School

China Evaluation panel

Pieter Botelier
Zafar Khan
Ravi Bugga
Long Zhang
Richard Scurfield
Austin Hu
Davin MacKenzie
Melissa Thomas
Benby Chan
Liu Gang
Stephen Harder
Kong Yue
Gu Jie
Lai Ren Yu
Zhang Ziao Qiang
Cornelis Keur
Koen KL Dong
Wang Liaoping
Wu Shangzhi
Lois Tretiak
Zhang Xu
Victor Yang

Former WB Resident Rep. (China)
Principal Financial Specialist, EASPS (China)
IFC Country Manager (China)
IFC Regional Economist (China)
World Bank Lead Specialist, Beijing
WB Deputy Chief of Mission, Beijing
IFC Resident Representative, China
Lawyer, Freshfields
Chief Representative, ING Barings (Beijing)
Sichuan Foreign Investment Office
Clifford Chance, Hong Kong
Deputy Division Chief, MOFTEC
Division Chief, MOFTEC,
Director, Sichuan Service Center for Enterprises with Foreign Inv.
Director General, State Development. Planning. Commission.
Consul General, US Embassy, Chengdu
Rabobank, Beijing
Xinhua News Agency (China) and Former Director of MOFTEC
China Int'l Cap. Corp., China
Economist Conferences, China
Sichuan Foreign Investment Office
Power Pacific, China and former IFC Res Rep in China

Costa Rica Evaluation panel

Danilo Arias
Jose Ignacio Alfaro
Ricardo Monge
Jose Rossi
Eduardo Sibaja
Carlos Wong
Rodrigo Zapata

Intel (ex-CINDE)
CINDE
Director, CINDE
CORMAR (ex Min. of Foreign Trade)
DEPOMAK (ex. Min. of Science, Technology)
VP, Investment Promotion, CINDE
General Electric (ex- CINDE)

El Salvador Evaluation panel

Ian Bannon
Elkyn Chaparro
Mark Dutz
Miguel Angel Figueroa
Yolanda de Gavidia
Jeanette de Herrera
Manuel Hinds
Blanca Imelda de Magana
Eduardo Zableh-Touche

Lead Economist, LCC2C
Sr. Adviser, FPDVP
Economist, IBRD (El Salvador)
Central Bank, El Salvador
Advisor, MOE, El Salvador
National Investment Office, MOE, El Salvador
Finance Minister, El Salvador
Commerce and Investment Department, MOE, El Salvador
Minister of the Economy, El Salvador

Estonia Evaluation panel

Armand Andres Pajuste	Ministry of Economy, Estonia
John Hallows	Partner, Coopers and Lybrand, Estonia
Bo Henriksson	President, ABB Estonia
Mikko Hietanen	Elcoteq, Estonia
Mr. Jaak Leimann	Minister of Economy, Estonia
David Katz	First Secretary, U.S. Embassy, Estonia
Jorn Koch	EU PHARE, Estonia
Marge Laast	Ministry of Economy, Estonia
Ruut Magi	Managing Partner, Coopers and Lybrand, Estonia
H.E. Mr. Svend Roed Nielson	Ambassador of Denmark; Estonia
Ilmar Petersen	Managing Director, Elcoteq, Estonia
Agu Rummelg	Estonian Trade & Investment Board
Holly Rothrock	American Chamber of Commerce, Estonia
K.S. Tripathi	President, Baltex 2000, Estonia
Andrus Viirg	WB Resident Office, Estonia

Ghana Evaluation panel

Eric Adjei	Social Security & Nat'l Trust, Ghana
E.Y. Bonso	Director, Promotions; Ghana Investment Promotion Centre
Jesse Clottery	Private Enterprise Foundation, Ghana
Edusei Derkyi	Deputy Managing Director, Home Finance Company Ltd., Ghana
Peter Harold	WB Country Director, Ghana
M.R. Mohar	Engen Petroleum Ltd., Ghana
Veronica Obiri	Director, Finance & Administration; GIPC
Ken Ofori-Atta	Databank Financial Services Ltd., Ghana
Harry Owusu	Private Enterprise Foundation, Ghana
Senton Sands	Economist, USAID, Ghana
J.B. Siriboe	Special Assistant, Ministry of Finance, Ghana
Cleveland Thomas	Project Officer, USAID, Ghana
George Yankey	Director, Legal, Private Sector & Financial Institutions Division, Ministry of Finance, Ghana

Hungary Evaluation panel

Borbola Czako	IFC Resident Rep., Hungary
Roger Grawe	WB Country Director, Hungary
Karoly Okolicsanyi	USAID Project Officer, Hungary
Roberto Rocha	WB Economist, Hungary
Ferenc Simon	Consultant, Hungary
Sandor Szabo	Advisor, Cabinet of the Prime Minister, Hungary
Levente Szekely	Hungarian Foundation for Enterprise Promotion
John Tracy	Eastern Europe Operations, Procter & Gamble
Jozsef Versz	Deputy Chief of the Cabinet of the Prime Minister, Hungary

Indonesia Evaluation panel

Akil Abduljalil	Project Officer, IFC
Antonio David	IFC Res. Rep., Indonesia
Dennis de Tray	World Bank Country Director, Indonesia

Ratna Djuwita	Assistant Minister for Export Promotion, Bappenas, Indonesia
Jack Garrity	Vice Chairman, Gajah Tunggal Group (Indonesia)
Mr. Handoko	Assistant Re. Rep, UNDP (Indonesia)
Mr. Hartadi	Deputy Dir., Econ. Res. & Monetary Policy, Bank of Indonesia
Sugihono Kadarisman	Deputy Chairman for Promotion, BKPM
Achmad Kurnadi	BKPM, Indonesia
John Marshall	President Director, ING Barings, Indonesia
Llyod McKay	World Bank, Indonesia
Christian Mol	President Director, Rabobank, Indonesia
Eelko Pronkhorst	Corp. Banking, ABN Amro Bank, Indonesia
Harold Rosen	Former IFC Country Manager, Indonesia
Hidayatulah Suralaga	Head, Bureau for Promotion and Foreign Investment Cooperation

Jordan Evaluation panel

Dr. Nabil Amari	Deputy Planning Minister, Jordan
Mihir Desai	Senior Consultant, The Services Group
Jon Lindborg	USAID
John MacGregor	WB Country Officer, Jordan
Monica McKnight	USAID
Sam Morris	USAID; Consultant to IPC
Dr. Montaser Oklah	Director, Investment Promotion Corporation
Harold Pohorsky	Long-Term Consultant, The Services Group
Jayanta Roy	Principal Economist (Jordan, Yemen)

Mali Evaluation panel

Alhassane Ag	DNAE, Mali
Diallo Aminata Malle	Tribunal du Commerce, Mali
Roger Bloom	Project Officer, USAID, Mali
Yann Burtin	WB Finance & PSD, Mali
Emmanuel Dakono	Vice-President, Tribunal du Commerce, Mali
George Glod	Economist, UNDP, Mali
Fatou Haidara	MICA, Mali
Makanguile Ibrahima	Deguessi Groupe, Mali
Modibo Kana N'Diaya	Tribunal du Commerce, Mali
Mahamet Keita	APCAM, Mali
Adama Konate	Direction Nationale Des Industries, Mali
Mohamed Moussa	DNAE, Mali
Theodore Mpatswenumugabo	Senior Economist, UNDP, Mali
Salif Nambala Keita	Director, Banque Malienne de Credit, Mali
Harouna Niang	Secretary General, Ministry of Industry, Mali
Haidara Niania Cisse	Direction Nationale Des Impots, Mali
Mohamed Simpara	Directeur General, Center for Investment Promotion, Mali
Karamoko Soumounou	President, Assemblée Permanente Des Chambres d'Agriculture, Mali
Amidou Sy	Banking Association, Mali
Modibo Tolo	Economist, FNEM, Mali
Mr. Traore	Chamber of Commerce, Mali
Lassine Traore	Federation Nat. Des Employeurs, Mali
Diame Youssouf Thiam	WB Economist, Mali

Namibia Evaluation panel

A.S. Aboobaker	Director, Offshore Development Company Ltd., Namibia; Former Acting Director, Namibia Investment Centre
F. Cameron Kotze	Tax Consultant, Ernst & Young, Namibia
Steve Galloway	Former Director, Namibia Investment Centre
M.G. Kuyonisa	Ministry of Trade and Industry, Namibia
Frank Lohmert	Namibia Investment Centre
David Nuyoma	Director, Namibia Investment Centre
Tim Parkhouse	Windhoek Chamber of Commerce & Industries, Namibia
J.J. Roberts	Deputy Permanent Secretary, Ministry of Finance, Namibia
Else Schimming-Chase	Offshore Development Company Ltd., Namibia
Amanda Timotheus	Namibia Investment Centre
Freddie U. !Gaoseb	Namibia Investment Centre
P.B. van Nieuwenhuizen	Deputy Director: Taxation, Ministry of Finance, Namibia

Philippines Evaluation panel

Aloysius Ordu	World Bank, Philippines
Aldo Baietti	WB Private Sector Dept.
Vipul Prakash	Current IFC Resident Rep., Philippines
Shamima Khan	WB Country Officer, Philippines
Sanjay Dhar	WB Country Economist, Philippines
Khanh Nguyen	IFC Country Manager (Philippines)
Kip Thompson	Former IFC Resident Rep., Philippines
Tomas Africa	Administrator, Nat. Stat. Office (Philippines)
Ernie Bautista	Asst. Res. Rep., UNDP (Philippines)
Lindsey Chan	Development Counsellor, AUSAID (Phil.)
Merly Cruz	Director, Dept. of Trade & Industry (Phil)
Paul Dominguez	Former Presidential Asst. for Mindanao
Eugenio Inocentes	Asst. Director, NEDA, Philippines
Marita Jimenez	Ex. Director-Invest. Promot., Board of Inves
Mabel Lim	VP, ING Barings, Philippines
Ramon Lopez	AVP, RFM (Philippines)
Atio Maramba	Consultant & former IFC staff, Philippines
Dennis Miralles	Director, Entrepreneurial Dev. Services Dept. BOI (Philippines)
Merly Cruz	Mindanao Investment Promotion Board
Cesar Purisima	Vice Chairman, SGV & CO (Philippines)
Melito Salazar	Undersecretary of Trade & Industry, Philippines
Gary Teves	Congressman, Philippines
Loy Tolosa	Partner, Sycip Salazar Hernandez & Gatmaitan (Philippines)

Uganda Evaluation panel

Lawrence Byensi	Ugandan Investment Authority
Paul D'Silva	Financial Director, Nile Breweries, Uganda
Jim Gohary	USAID, Uganda
Richard Kaijuka	Minister of Energy and Mining, Uganda
William Kalema	Investor, Chairman, Ugandan Investment Authority
Angela Katama	Private Sector Foundation, Uganda
Bruce Mazzie	PRESTO Project Coordinator, USAID, Uganda

Geoffry Nbang	Ugandan Investment Authority
Patrick Nyai	Forming Director, Ugandan Investment Authority
Hilary Obonyo	Uganda Manufacturers Association
Mr. Ralph Ochan	Permanent Secretary, Ministry of Trade and Industry, Uganda
Gaive Tata	WB Senior Operations Officer, Uganda
E. Tumusiime Mutebile	Permanent Secretary, Ministry of Finance and Economic Planning
Emmanuel Wampa-Mwandha	Project Officer, IFC, Uganda
Nimrod Waniala	Ministry of Trade and Industry, Uganda
Michael Wong	Development Officer, Embassy of Austria, Uganda
Okello Yob Yobe	Ugandan Investment Authority

West Bank & Gaza Evaluation panel

Dr. Samir Abdullah	Genl. Manager, Arab Palestinian Inv. Bank
Dr. Atef Alawneh	Deputy Minister of Finance, PA
Wafa Dajani	Culligan International
Dr. Amin Haddad	General Manager, PIEDCO
Nagy Hanna	IBRD Staff in WB&G Mission
Hiba Husseini	Legal Adviser to the Palestinian Authority
Steven Karam	Private Sector Specialist, Resident Mission
Odin Knudsen	Former Res. Rep., WB&G
Maher al-Masri	Minister of Economy and Trade, PA
Khaled Qutob	Culligan International
Wael Sa'adi	Culligan International
Joe Saba	Director, IBRD Resident Mission
Raja Shehadeh	Lawyer, Consultant to FIAS

Venezuela Evaluation panel

Roberto Bottome	VenEconomy Magazine, Venezuela
Luis Soto	Director, CONAPRI, Venezuela
Adolfo Taylhardart	1st Director, CONAPRI, Venezuela

Other Countries

Sandra Babic	Croatian IPA
Branko Vukmir	Croatian IPA
Juan Banderas	Exec. VP, Foreign Inv. Committee, Chile
Roberto Mayorga	Former Pres., Foreign I Committee, Chile
Zdenek Drabek	Former Exec. Dir., Czech Foreign I Agency
Enrique Umana	Pres., Fundacion Coinvertir, Colombia
Woldai Futur	Advisor to Eritrea Min. of Finance, Bank of E., P.M.; seconded IFC Staff
Ahmed Tahir Baduri	Gen. Dir., Eritrea Investment Center
Leslie Delatour	Banque de Promotion Commerciale et Industrielle; Former Minister of Finance, Gov. of Central Bank, Haiti
Aubrey Garcia	Cons. to TIDCO, Trinidad & Tobago