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World Bank–International Finance Corporation Collaboration in IDA Countries: A Progress Report

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Acknowledgements

The report was prepared by a team led by Nigel Twose. The core team comprised Vjyayanti Desai, Chaoying Liu, Gloria Orraca-Atayi, and Rupa Ranganathan.

Contributions towards progress over the last year from numerous Bank and IFC staff are acknowledged; this is not only a progress report on the work of the IDA/IFC Secretariat but a report on the work that has been undertaken by many Bank and IFC staff to address constraints to Bank-IFC collaboration in IDA countries.

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List of Abbreviations

BEE	Business Enabling Environment
CAO	Compliance Advisor Ombudsman
CAS	Country Assistance Strategy
CBI	Corporate Business Informatics
CD	Country Director
COI	Conflicts of Interest
COMPAS	Common Performance Assessment Systems
FIAS	Foreign Investment Advisory Service
FY	Fiscal Year
GDP	Gross Domestic Product
GPG	Global Products Group
GICT	Global Information and Communication Technologies
IBRD	International Bank for Reconstruction and Development
ICA	Investment Climate Assessment
IDA	International Development Association
IFC	International Finance Corporation
ISG	Information Solutions Group
OBA	Output-Based Aid
ODA	Official Development Assistance
OPCS	Operational Policy and Country Services
OPCPR	Operational Policy and Country Services, Procurement Policy & Services
OPE	Overall Performance Evaluation
MDG	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small and Medium Enterprises
PCG	Partial Credit Guarantees
PEP	Performance Evaluation Plan
PPI	Private Participation in Infrastructure
PPIAF	Public Private Infrastructure Advisory Facility
PPPs	Public-Private Partnerships
PRG	Partial Risk Guarantee
SMEs	Small and Medium Enterprises
TA	Technical Assistance
WBG	World Bank Group

Cover Note

The IDA/IFC Secretariat was established in February 2008 for a two-year period to help improve and increase collaboration between the World Bank and IFC in IDA countries. This report provides a baseline of past collaboration, describes areas of collaboration, summarizes key constraints, and details progress over the last 12 months.

Joint teams of Bank and IFC staff had been working together for many years before the creation of this Secretariat. During the entire decade FY99–FY08, only 17 investment projects in IDA countries were jointly financed, mostly complex infrastructure transactions in challenging environments. We see greater opportunities for improved collaboration between IDA and IFC in many sectors and regions. Progress has been made in tackling the constraints that staff had identified as the main impediments to improved collaboration. A first level of coordination between regional teams is now occurring more frequently in all the regions.

The report documents the increase in the number of projects that combine Bank and IFC instruments: an estimated 10 joint investment projects to be committed in IDA countries in FY09 and an additional 35 in the pipeline. Alongside these investment projects, the report documents 71 active joint advisory projects in IDA countries this year, combining our instruments in ways that deliver better outcomes for member countries. This initial progress is encouraging, but much more could be done.

In particular, infrastructure public-private partnerships make the most compelling case for collaboration. Improved infrastructure services are associated with poverty reduction; however, the financing gaps are extremely challenging, and private participation is a logical vehicle for bridging such gaps. The current crisis makes the challenge even greater and reinforces the case for an urgent assessment of the best combinations of instruments from across the World Bank Group through which public-private partnership can be significantly scaled up in IDA countries.

This report presents a range of good practice from across all the regions to help inform teams' choices. The report also includes the joint priorities and targets that Bank and IFC regional teams have agreed on for the next 12 months. This is the first time that the two institutions have made such commitments, an important step in the institutionalization of our collaboration.

We both want to thank the Secretariat for the important catalytic role it has played over the last year. Now, more than ever, the challenges of the crisis require us to function more successfully as one World Bank Group. We look forward to the discussion with the Executive Directors, including ideas about how best to deepen and sustain the progress recorded in this report.

Vincenzo La Via
Chief Financial Officer, World Bank Group

Lars H. Thunell
Executive Vice President, IFC

Executive Summary

Progress in achieving growth and poverty reduction in International Development Association (IDA) countries has been good, but large challenges remain. The current financial crisis is exacerbating these challenges: the slowdown in growth might mean that 50 million more people will become poor in 2009, along with a reversal in poverty reduction gains and a slowdown in progress toward the Millennium Development Goals.

The World Bank and the International Finance Corporation (IFC) have been contributing increasing resources to support IDA countries. Over the last decade, the World Bank increased its investments in IDA countries by 52 percent, to US$12.8 billion in FY08. IFC committed 45 percent of its FY08 investment projects to IDA countries, totaling US$3.5 billion, and 55 percent of new FY08 advisory projects. This increase in resources creates an opportunity for a more coordinated response at this challenging time.

Improved collaboration between the two institutions can often add value in IDA countries by leveraging the range of World Bank Group (WBG) instruments and strengths. Typically any decision to collaborate depends on a cost-benefit analysis of whether the anticipated value added of a joint approach is greater than the additional time and costs that will inevitably be incurred. Until recently, this cost-benefit analysis has generally been unattractive: for the entire decade ending in FY08, IFC and the Bank undertook only 17 joint investment projects in all IDA countries.

A year ago, staff identified the main constraints to joint activity. These were apparent at three levels: the institutional policy and systems level, the strategy formulation level, and the project level. Joint teams have worked to address these constraints, and progress on all three levels has been encouraging and systematic. The following list summarizes the constraints and progress made to date:

Policy and systems level:

- *Application of two sets of environmental and social safeguards in a jointly financed project.* New guidelines clarify how the two systems should be applied together.
- *Information asymmetry with respect to organizational structures, products, and projects*. Joint training for country directors and country managers is increasing understanding of the two institutions' structures and products. The Bank's Information Systems Group and IFC's Corporate Business Informatics are working on a WBG Web interface that will present publically available project information in a single interface.
- *Lack of clarity on business conflicts of interest.* Based on recommendations from a joint Bank, IFC, and MIGA task force, during the last year the three WBG institutions have agreed to expand the mandate of the WBG Conflicts of Interest Office to cover all inter-institutional WBG business conflicts. Interim staff guidelines for managing non-global product group business conflicts of interest will soon be issued. A working group of lawyers from the Bank, IFC, and MIGA will prepare final guidelines and consider possible enhancements to the structure of the WBG Conflicts of Interest Office.
- *Inadequate incentives*. IFC's corporate scorecard now tracks the number of joint projects. In some regions, Bank and IFC directors and managers include collaboration within their

work plans and results agreements. Finally, the Bank's new award program for vice presidential units should enable Bank team awards to include IFC team members, mirroring IFC practice.

Strategy level:

- *Pilot joint country assistance strategies.* A pilot joint approach to country assistance strategies in six countries identifies key sectors for collaboration and develops joint sector approaches. IFC is also participating in the results framework and review meetings are co-chaired. On completion of the pilot, a review will assess how to institutionalize good practice.
- *Sector and subsector strategy*. Joint sector approaches have now been developed in a number of countries, for example, agribusiness in Cambodia and the hydropower and financial sectors in the Laos People's Democratic Republic. Information on common themes, for example, business enabling environments and public private participation in infrastructure, has been exchanged, and areas with underused potential for collaboration have been explored, for instance, health and forestry. Periodic joint pipeline reviews have been initiated in such key sectors as infrastructure.

Project level:

- *Joint financing models*. Six standardized joint financing models have been documented for investment projects and comparable joint models are being developed for advisory projects.
- *Output-based aid*. A team has assessed experience with output-based aid to date and examined how it can be better mainstreamed within joint IDA and IFC projects.
- *Guarantees*. A working group is finalizing recommendations for scaling up the use of guarantees and a task force is assessing experience to date with using a blend of IDA and IFC guarantees for risk-sharing facilities and partial credit guarantees to improve access to finance for small and medium enterprises. A review of the enclave product has recommended scaling up its use.
- *Standardized results measurement framework*. Bank teams are developing core sector-specific indicators taking IFC's standardized indicators into account wherever relevant. This will enable aggregation of results of joint projects. A baseline of joint investment and advisory projects has enabled regions to adopt targets for joint projects.

Alongside this progress in addressing constraints to collaboration, staff are now increasing the number of projects that combine Bank and IFC instruments. Compared with just 17 joint projects during FY99–FY08, an estimated 10 joint investment projects will be committed in IDA countries in FY09 alone, with an additional 35 in the pipeline. In addition to these investment projects, staff will have collaborated on 88 joint advisory projects in IDA countries in FY09 compared to 71 in FY08.

Many challenges remain, however, and the following priorities have been established for the next 12 months:

- *Policy and systems level*: agree on permanent institutional arrangements for WBG's Conflicts of Interests Office, implement further incentive reforms, and make further progress on access to project information.

- *Strategy level:* institutionalize recommendations from the pilot joint country assistance strategy approach, better align IFC's annual Lots strategy and the Bank's country strategy processes, agree on additional joint sector strategies, hold additional joint pipeline review meetings, and implement joint regional leadership team meetings.
- *Project level:* explore options for scaling up of infrastructure public-private partnerships in IDA countries, scale up guarantees and output-based aid based on the recommendations of the reviews, and implement FY10 regional targets for joint projects.

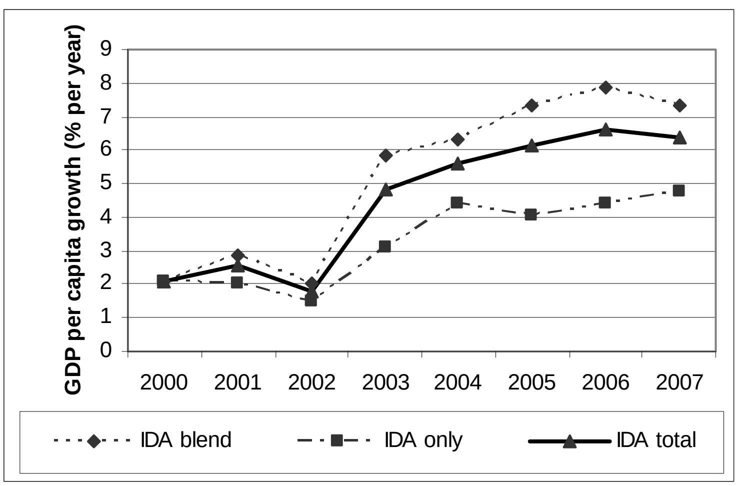
I. The World Bank and the International Finance Corporation in International Development Association (IDA) Countries

The current global financial crisis is threatening recent progress in IDA countries. Net World Bank lending to IDA countries increased 52 percent over the last decade, reaching US$12.8 billion in FY08. Similarly, activities by the International Finance Corporation (IFC) have also increased, with 45 percent of all FY08 investment projects and 55 percent of new advisory projects being in IDA countries. Improved World Bank Group (WBG) collaboration is not a novel proposition, but the decade that ended in FY08 saw only 17 joint investment projects. The rapidly increased resources targeted to IDA countries during the current crisis create an opportunity for a more coordinated response that would leverage the range of WBG instruments and strengths.

A. Trends in IDA Countries

1. Real gross domestic product (GDP) per capita in IDA countries grew by 5.5 percent per year during 2003–6, which was more than twice the average growth rate between 1990 and 2003 (IDA 2008). During 2003 - 7, GDP in almost 30 IDA countries grew at more than 5 percent a year (IDA 2007).[1] Some disparity was apparent between IDA-only countries and IDA blends, with growth in the blend countries being more robust (figure 1). This growth was accompanied by poverty reduction: the poverty headcount ratio in IDA countries decreased from 52 percent in 1990 to 42 percent in 2005 (IDA 2008a).[2] They also made progress in relation to other Millennium Development Goals (MDGs).

Figure 1. Growth in IDA Countries



Source: World Bank various years.

2. Aggregate growth numbers mask regional variations. Between 2004-7, annual GDP growth per capita was around 4 percent for low-income countries in Sub-Saharan Africa. (IDA).

[1] As of 2009, there are 64 IDA-only countries and 14 blends. The data for 2003–4 are based on 65 IDA countries.
[2] Poverty headcount ratio at US$1.25 per day (2005 purchasing power parity)

Trends in South Asia were more impressive: between 2004-7, growth averaged 7.2 percent per year compared with less than 3.5 percent per year between 1990 and 2004.

3. Despite positive growth in IDA countries, aggregates for GDP per capita and poverty are much higher than in other developing countries. Even within Africa, macroeconomic trends are uneven: 12 rapidly growing African countries experienced growth of more than 4 percent during 1990–2006, others experienced peaks and valleys, and some did not grow at all (Lopez, Thomas, and Wang 2008).

4. Improvements in infrastructure services are associated with poverty reduction (World Bank 2008a). The MDGs that single out targets for access to water and sanitation to be achieved by 2015 recognize the catalytic role of infrastructure in poverty reduction. Although not explicitly stated as goals, access to other infrastructure services, such as electricity, transport, and telecommunications, is indispensable for achieving the health, education, gender, and income poverty goals spelled out by the other MDGs (World Bank 2009c). Gaps in infrastructure services in Africa demonstrate huge inequities compared with infrastructure services in other low-income countries (table 1).

Table 1. Infrastructure Deficits in Low-Income Countries in Sub-Saharan Africa and in Other Regions

Category	Low-income countries in Sub-Saharan Africa	Other low-income countries
Paved road density (kilometers/square kilometer)	31	134
Total road density (kilometers/square kilometer)	137	211
Mainline telephone density (lines/1,000 population)	10	78
Mobile telephone density (lines/1,000 population)	55	76
Generation capacity (megawatts/million population)	37	326
Electricity coverage (percentage of the population)	16	41
Improved water (percentage of the population)	60	72
Improved sanitation (percentage of the population)	34	51

Source: Foster 2008.

5. The financing gaps in relation to infrastructure are extremely challenging. Total demand for infrastructure financing for all developing countries is US$900 billion per year (World Bank 2008d). Infrastructure investment needs for Africa alone amount to US$75 billion (Briceno-Garmendia and Foster 2008). The financial viability of many African utilities as currently structured is questionable given their aggregate losses of up to US$8 billion per year. The power sector is by far the biggest challenge in Africa. To date, independent power producers have added a total of only 1,000 megawatts of power per annum. Independent power producers (IPPs) have installed a total of to 3,000 megawatts of capacity. These estimates are far below the 8,000 megawatts that need to be added each year. A financing gap of US$35 billion pertains to energy and fragile states. The challenges in the power sector continue not only in relation to closing on new investments, but also in relation to the operations and maintenance of existing utilities (Briceno-Garmendia and Foster 2008). Private participation in infrastructure (PPIs) are a logical vehicle for bridging

the infrastructure financing gap, but have not been scaled up in IDA countries: non-IDA countries have invested 4.4 times as much per capita in infrastructure using PPI-type arrangements than IDA countries (World Bank 2008c).

6. Access to and affordability of financial services remains a severe challenge in IDA countries. For example, opening a bank account in Cameroon costs US$700, which is higher than the country's per capita GDP; almost half the firms surveyed in Sub-Saharan Africa report problems with access to finance; and only 20 percent of African households have an account with a financial institution, compared with 40 to 60 percent of households in East and South Asia (World Bank 2007). Improving access to financial services is critical for reducing poverty: a 10.0 percentage point increase in the private credit to GDP ratio reduces poverty ratios by 2.5 to 3.0 percentage points (World Bank 2009b).[3]

7. Private investment—an engine for growth and poverty reduction has grown faster in countries that have a better investment climate (World Bank 2005b). The landmark *Voices of the Poor* study (World Bank 2000) found that the poor pin their hopes for escaping from poverty on self-employment in their own businesses (more than 60 percent of the 60,000 people interviewed for the study) or on paid employment. Poverty reduction outcomes in China and India trace their roots to investment climate improvements (World Bank 2005b). Many countries have seen improvements in their Doing Business indicators over time: 126 of the 178 economies for which at least two years of data are available have registered an improvement of 10 percent or more in at least one indicator. Three of the 10 top reformers for 2007–8 were in Sub-Saharan Africa (Botswana, Burkina Faso, and Senegal), but overall the region has registered relatively small increases over time. This is consistent with data gathered from enterprise surveys, with firms in low-income countries reporting significantly higher constraints to doing business than firms in middle-income countries (World Bank 2009b).

8. Pre-existing challenges have been exacerbated over the last 12 months, first as a result of the food and fuel crises and now because of the global financial crisis. The outlook for private capital flows to emerging markets has worsened significantly: lower-middle to low-income economies may be the most affected, and financing will likely be tight and scarce. The onslaught of the crisis is affecting the poorest people, making them more vulnerable to sudden shocks. Growth slowdown means that the number of those living in poverty increases by 50 million compared to poverty estimates before the crisis, with a reversal in poverty reduction gains and reversal in progress towards the MDGs (World Bank 2009b). Box 1 presents some of the other anticipated effects of the crisis.

[3] World Bank 2009b cites Beck, Demirgüç-Kunt and Levine Ross (2007) and Honohan (2004) for this reference.

Box 1. The Effects of the Financial Crisis on IDA and Other Developing Countries

The financial crisis is expected to have deleterious impacts on growth, trade and fiscal balance, foreign investment, and the financial sector and infrastructure.

Growth

Global GDP is expected to contract by 1.7 percent in 2009, the first decline in output on record. Economic growth in developing countries is expected to slow sharply to 2.1 percent in 2009 from 5.8 last year (World Bank 2009a). Africa's GDP growth is expected to fall to 2.4 percent from the initially expected 4.9 percent, a 3 percentage decline in growth (2009d). Prospects for South Asia have been marked down to 3.7 percent growth for 2009 from earlier forecasts of 5.4 percent for 2009—and down from 5.6 percent growth in 2008 (World Bank 2009a).

Trade, Fiscal Balance and External Financing

Global trade in goods and services is predicted to drop 6.1 percent in 2009. Oil prices at $47/bbl in 2009 are projected at 50 percent below their 2008 prices. Commodity prices have halved, triggering sizable shifts in terms of trade and current account positions, while reducing inflation across the world. Developing countries have already demonstrated sharply deteriorating fiscal balances in response to weaker revenues, higher borrowing costs and larger transfers to maintain social safety nets. The need for external financing is likely to increase to $1.3 trillion (including current account deficits and principal repayments on private debt). With declining capital flows to developing countries, a financing gap between $270- $700 is expected depending on the roll over risks and capital flight. Europe and Central Asia, Latin America and Sub-Saharan Africa are facing the largest financing gaps, the gaps too large to be covered by reserves alone (World Bank 2009a)

Foreign Direct Investment and Remittances

The tightening credit conditions and slowing markets are affecting spending for pro-poor sectors. UNCTAD estimates that worldwide inflows of foreign direct investment (FDI) fell by 21% in 2008 to an estimated $1.4 trillion and is expected to decline even further in 2009 (UNCTAD 2009a).Worldwide inflows of foreign direct investment contracted by over 20 percent in 2008, and are projected to contract by a further 12 to 15 percent in 2009 (UNCTAD 2009b, FDI Magazine 2008). Private flows to emerging markets and developing countries declined to US$467 billion in 2008, half their 2007 level. An even sharper decline to US$165 billion is forecast for 2009, with 75 percent of the decline being due to the deterioration of net flows to commercial banks (World Bank 2009f). Remittances will fall from $305 billion to around $290 billion in 2009. A drop ranging from 5-8 percent in expected for 2009 (World Bank 2009e). The steepest deceleration in remittances for 2008 were in Sub-Saharan Africa and Europe and Central Asia (World Bank 2009f).

Financial Sector and Infrastructure

The crisis is affecting financial institutions because of the lack of short-term liquidity. Tight credit markets in developing countries are rapidly affecting the real sector, that is, those reliant on working capital (World Bank 2008b). Financing for infrastructure is expected to decline, and where financing is still available, the cost of capital has increased, and tenures have dropped. New private activity in developing countries between August and November 2008 was about 40 percent lower than the same period reflecting the impact of the financial crisis on availability of financing (World Bank 2009f). Estimates indicate that developing countries could face an infrastructure financing gap as high as large as 7 to 9 percent of GDP in low-income countries, twice what is often spent (World Bank 2009b).

B. Scope of World Bank and IFC Activities in IDA Countries

9. Both the Bank and IFC have increased the resources devoted to supporting the development objectives of IDA countries. Net World Bank lending to IDA countries increased 52 percent over the last decade, from US$8.4 billion in FY98 to US$12.8 billion in FY08 (World Bank 2009i). (Table 2- figures calculated for this review). In addition, the share of IDA as a percentage of total official development assistance (ODA) is significant. Between 2001 and 2005, IDA's cumulative net ODA for core development programs

exceeded US$33 billion (at 2004 prices), or about 20 percent of total core development ODA for IDA-eligible countries. IDA's share of ODA increased as a consequence of the 15th replenishment of IDA (IDA15), which was completed in December 2007.

Table 2. World Bank and IFC Commitments to IDA Countries, FY06–FY08

	World Bank				IFC			
Fiscal year	**Number of IDA/ IBRD projects**	**IBRD financing (US$ millions)**	**IDA financing (US$ millions)**	**Total IDA/ IBRD grants (US$ millions)**	**Number of IFC investments**	**IFC investment commitments (US$ millions)**	**Number of IFC advisory projects**	**IFC advisory expenditures (US$ millions)**
2006	161	1,431	8,378	9,809	99	1,661	387	34
2007	183	1,860	10,396	12,255	141	3,172	444	51
2008	199	2,635	10,140	12,774	169	3,529	431	65

Source: World Bank: Business Warehouse data; IFC: IFC Strategy Department
Note: IBRD = International Bank for Reconstruction and Development.

10. In recent years IFC has made a targeted effort to increase its investment commitments in IDA countries and frontier regions. Between FY06 and FY08, the number of IFC investment commitments in IDA countries grew 71 percent, with 45 percent of all FY08 projects being in IDA countries. The volume of commitments in IDA countries increased 112 percent during the same period. When volume targets for departments were suspended in early FY09 as a result of the crisis, IFC nonetheless maintained the targets for IDA countries, to ensure that the poorest markets remained the focus of new activity (IFC 2009a). IFC forecasts that in FY09, 52 percent of total investment projects (222 projects) will be in IDA countries. IFC's advisory services in IDA countries have also grown rapidly: in FY08, 43 percent of spending and 55 percent of new advisory projects were in IDA countries (IFC 2009a).

11. The potential synergies of IDA and IFC are evident in the similarity of their objectives as stated in their respective Articles. The IDA Articles stipulate that "the purposes of the Association are to promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world included within the Association's membership." IFC's Articles declare its objective to be "to further economic development by encouraging the growth of productive private enterprise in member countries."

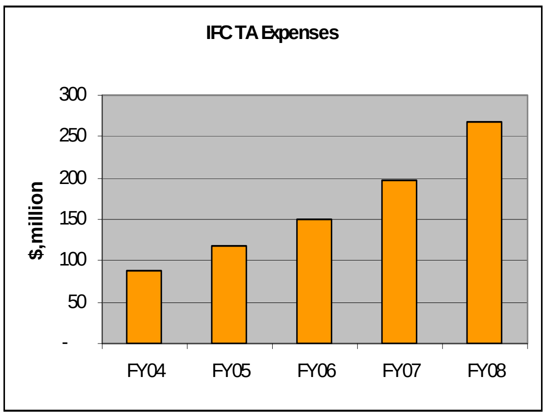
12. Improved WBG collaboration is not a novel proposition. Based on the principle that a thriving private sector is the engine of sustainable growth in developing countries, the World Bank and IFC have made concerted efforts to coordinate their activities and collaborate in the past. During the decade ending in FY08, the Bank and IFC worked together in 48 IDA and blend countries (over 60% of total IDA and blend countries). However, they had jointly financed only 17 investment projects in 15 IDA countries

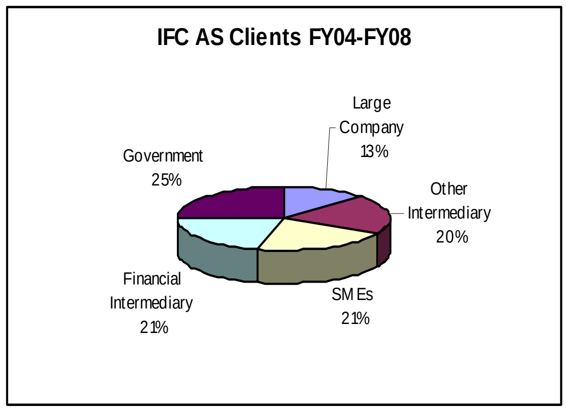
totaling approximately US$900 million in IDA commitments and US$700 million in IFC commitments.[4] Of these projects, most were concentrated in Africa.

13. As concerns advisory projects, in 2008 active joint projects across 36 IDA countries accounted for 71 of IFC's total of 390 active advisory projects in IDA countries (18 percent).[5] The largest concentration of joint advisory projects was in South Asia, with 35 percent; Africa, with 24 percent; and East Asia, with 17 percent.

14. Given the rapid increase in IFC's advisory services in recent years (figure 2) and that governments accounted for the largest client group (25 percent) in the last five years (figure 3), efficient product delivery to clients calls for improved coordination between the Bank and IFC.

Figure 2. Technical Assistance Expenditure by IFC, FY04–FY08 (in millions); Figure 3. IFC Advisory Services Clients, FY04–FY08





Source: Based on data provided by the IFC Partnerships and Advisory Services Portfolio Management Unit.

15. Despite the consensus that a combination of public and private financing can offer solutions to challenges in IDA countries and help meet poverty reduction goals, potential synergies between the Bank and IFC have not yet been fully exploited. Despite increased collaboration in recent years, the extent of collaboration remains limited and the outcomes of joint activities are not yet fully evaluable. Using evidence from past activities, the next chapter establishes the business case for a systematic increase in WBG coordination and for selective increases in operational collaboration. It also explores the drivers and approaches of collaboration to date.

[4] A joint project is defined by at least one of the following scenarios: (i) a joint project co-financed by IFC and Bank through a loan, equity investment, trust fund, budget, and/or grant; (ii) a shared objective that is agreed by Bank and IFC, resulting in two independent/parallel projects; a shared objective that is agreed by IFC and Bank, resulting in two independent projects which are sequenced one after the other

[5] Only IFC distinguishes between advisory services and investment services. In the Bank, investment lending encompasses both advisory and investment activities.

II. Collaboration as a Means to an End

Improved leverage of IFC and World Bank instruments and expertise can often add value in IDA countries; this is being increasingly shown in practice. There is a need for more consistent coordination through which the two teams can identify the best opportunities for selective increases in operational collaboration. Collaboration works when there is a win-win opportunity for both the Bank and IFC.

16. President Zoellick consistently emphasizes the need to exploit "the range of World Bank Group products, services, intellectual capital, and synergies" (World Bank 2008f). This call coincides with IFC's sharply increased focus on IDA countries, IFC's US $1.75 billion contribution to the IDA 15 replenishment, the rapid growth of its Advisory Services, and realization that its standard business model needs adaptation to the environments in low-income IDA countries. Typically, these countries rank poorly in the annual Doing Business index of the administrative obstacles facing the private sector, require more collaboration by the public and private sectors in key economic sectors, and offer most opportunities for enhanced WBG collaboration.

17. Selective collaboration allows the WBG to have a greater impact on the obstacles to development in IDA countries. In these countries in particular, the success of IFC's private sector clients depends in part on the success of World Bank efforts to support sector reform, to initiate and sustain policy dialogue, and to invest in public and institutional infrastructure. At the same time, reform efforts supported by the World Bank and its client countries are more likely to be realized with IFC's help in opening new markets for private sponsors and the consequent creation of demonstration effects and in moving private operators out of the informal sector into more formal, regulated markets. Both theory and, increasingly, practice support the notion that increased leverage of the two institutions' expertise, experience, instruments, and resources can add value to the WBG's actions in member countries, contribute to growth, and lead to better development outcomes for the world's poor.

18. In this report, coordination is defined as the necessary baseline of shared information that helps teams determine whether collaboration is an appropriate operational response; collaboration is defined as joint work by staff from the Bank and IFC who operationally integrate their strategies and resources to achieve common objectives more effectively. Table 3 presents the scope of coordination and collaboration.

Table 3. Bank and IFC Inputs for Coordination and Collaboration

<table>
<tr><th>Activity</th><th>Bank inputs</th><th>IFC inputs</th></tr>
<tr><td>Coordination</td><td colspan="2">Co-location of country offices
Jointly financed, joint reporting staff
Joint pipeline review meetings
Joint staff meetings
Joint missions, including joint presentations to governments
Peer review inputs</td></tr>
<tr><td rowspan="2">Collaboration: Joint financing</td><td>IDA credits and guarantees</td><td>IFC investment; IFC advisory services</td></tr>
<tr><td>IDA advisory support; policy dialogue</td><td>IFC investment; IFC advisory services</td></tr>
<tr><td rowspan="3">Collaboration: Joint design and strategy</td><td>Contemporaneous Bank project</td><td>Contemporaneous IFC project</td></tr>
<tr><td>Non-contemporaneous Bank project</td><td>Non-contemporaneous IFC project</td></tr>
<tr><td colspan="2">Joint country assistance strategies; Joint sector strategies</td></tr>
</table>

A. The Business Case for Improved World Bank Group Collaboration

19. Bank and IFC staff who have worked on joint efforts attest to the business case for improved coordination. In some cases, collaboration is essential for a project to succeed, but more typically, a choice is involved. The business case often depends on a cost-benefit analysis that calculates whether the anticipated value added of a joint approach is greater than the additional time and costs inevitably incurred by collaboration. It is generally not advisable for one side to take entire responsibility for a sector on behalf of the rest of the group, with the other side completely withdrawing from the sector. To do so will minimize opportunities for the potential application of the full range of WBG products that might be needed. The business case outlined in table 4 is applicable to all WBG client countries, but is particularly relevant to the economic and political contexts prevailing in IDA countries.

Table 4. Business Case for Bank-IFC Collaboration

Additionality	Bank strengths	IFC strengths
More flexible public-private financing mix	Concessional funds, targeted subsidies, and/or government-related risk mitigation	Range of IFC products (for example, structured finance, local currency finance, small and medium enterprise risk capital, subsovereign funds)
	Mobilization of government and donor financing and private financing	Mobilization of private investment and trust funds
Nonfinancial institutional assets	Convening power with governments	Convening power with domestic and international private sectors
	Policy leverage and sector knowledge	Practical knowledge of private sector responses to regulatory signals
Skills-based comparative advantage	Comprehensive approach to sector reform; cross-sectoral synergies Ability to assess government-related risks	Nimble and flexible, with practical knowledge of project structuring and project bankability
	Global reach and range of expertise coupled with specific sector knowledge	Global reach and range of expertise coupled with advisory services that complement investments
	Standard-setting role in governance, environmental, and social safeguards in the public sector	Standard-setting role in governance, environmental, and social safeguards in the private sector

More Flexible Public-Private Financing Mix

20. World Bank concessional funds, targeted subsidies, risk mitigation and risk-sharing instruments have leveraged a range of IFC products and private investments. Innovative joint financing models have been used for a range of infrastructure projects and for financial sector projects designed to increase access to finance for micro, small, and medium enterprises (MSMEs). Examples of such activities include the following and appendix 2 provides a detailed description of these joint financing models:

- Infrastructure projects:
  - IDA, through a partial risk guarantee, covers political and government-related risks faced by commercial lenders, for example, the Bujagali Hydropower Project (in this particular case with involvement by the Multilateral Investment Guarantee Agency), or by the project company, for instance, Kenya-Uganda Railways, coupled with an IFC investment in the project and upstream IFC advisory work.
  - IDA/ IBRD funds a line of credit facility to increase the availability of long-term financing for infrastructure public-private partnership (PPP) projects, for example, the India Infrastructure Finance Company Limited, together with IFC cofinancing for selected subprojects.

- IDA supports an output-based aid (OBA) approach, for example, the Pamir Private Power Project, complemented by IFC equity in the project.
- IBRD provides enclave guarantees, for example, the Southern Africa Regional Gas Project.
- IBRD provides enclave loans to support the government's equity position, for example, the Chad-Cameroon Pipeline, together with an IFC investment.

- Financial sector projects:
  - IDA and IFC provide funds for a risk-sharing arrangement with commercial banks to mobilize liquidity for MSMEs in local currency and increase access to finance for borrowers, for instance, in Madagascar and Mali.
  - IDA-funds performance-based grants that have been bundled with IFC financial instruments to establish greenfield microfinance institutions, for example, in Nigeria.
  - IFC invests in a risk capital fund for small and medium enterprises that uses a mix of debt, equity, and quasi-equity instruments tailored for MSMEs, coupled with IDA funds for an associated technical assistance facility, for instance, in Kenya MSME.

Nonfinancial Institutional Assets

21. IDA and IFC collaboration has facilitated the pooling of public and private resources, allowing the mobilization of resources from other donors to private investors. Small amounts of IDA and public financing have leveraged sizable IFC and other private financing. Past investment projects indicate that every US$1 of IDA/IBRD credits, guarantees, and government financing can leverage US$7 from IFC, other private investors, and sponsors. For example, as part of the Madagascar Growth Poles Project, IDA and IFC established a risk-sharing facility to mobilize domestic liquidity to increase access to finance. In this example, every US$1 of IDA financing, leveraged US$9 of IFC and other private financing. Over three years, two participating commercial banks approved more than 1,200 new loans, valued at US$30 million, to MSMEs in Madagascar. In another example, the Azito Power Project in Côte d'Ivoire (FY99)[6] was designed to meet the expected growth in demand for power and to improve service delivery. Azito was the first commercially financed power plant in Sub-Saharan Africa, undertaken when financial markets were severely constrained. In this project, each US$1 in the form of an IDA partial risk guarantee leveraged US$7 of private financing from IFC and other sponsors.

22. Beyond financing, a coordinated IDA and IFC approach enables the Bank and IFC to jointly convene various public and private actors with the objective of initiating reform. The 2005 joint Investment Climate Assessment and investor forum in Cambodia demonstrates this convening power. The Bank's diagnostic work and strategy helped bring together the government and other donors, while IFC brought private actors to the table and used its expertise to facilitate dialogue between the public and private sectors. IFC's participation enabled an unbundling of the key constraints to doing business, while the Bank ensured that the discussions were linked to policy dialogue at the highest level and to

[6] The fiscal year indicated for investment projects refers to the IFC commitment year

potential reform activities that went beyond reform of the investment climate (World Bank 2005a). Another example is the WBG Regional Connectivity Infrastructure Program (FY08) in Africa, where IFC investments supported submarine cable connectivity and the IDA program supported PPPs for terrestrial communications infrastructure. The program builds on the joint demand and connectivity assessments in East and Southern Africa and infoDev's promotion of open access. IFC advisory services financed the East Africa feasibility study and Bank and IFC cooperation was integral to stakeholder ownership where the joint teams demonstrated the need for open access infrastructure platforms. The Board has since encouraged staff to look for replication opportunities in West and Central Africa.

23. The Bank's policy leverage and sector expertise coupled with IFC's practical knowledge of the private sector presents a strong business case for collaboration. In Cameroon, a coordinated approach between the Bank and IFC in FY06 led to successful privatization of AES Sonel, the country's integrated power utility. The Bank was actively involved in providing technical assistance to the government by supporting the Ministry of Energy's and the Electricity Regulatory Agency's capacity-building program. This sector reform was coupled with an IFC advisory services mandate to help the government implement the privatization transaction. Downstream, IFC investment services led a syndicate of development finance institutions to finance AES Sonel's postprivatization investment program, estimated at more than US$500 million. When a government accepts such a comprehensive approach, it signals that the country is receptive to further private sector activity. Similarly in the telecommunications sector, IFC advisory staff and staff from the joint Global Information and Communication Technology Unit are building on past collaboration in relation to privatization in Mauritania and Uganda and supporting restructuring and privatization in Kenya.

24. In 2007, IFC initiated a health strategy for Sub-Saharan Africa that laid the foundation for a more structured approach to supporting the private health sector for Africa. It was also intended to leverage and complement ongoing health-related work in other parts of the Bank and by other donors. Implementation of the strategy is ongoing through a joint program that includes the following components: equity investments, long-term debt investments through local financial intermediaries, and policy support in relation to the operating environment in Africa. IFC's comparative strengths are the program's equity, debt, and policy advisory components, while the joint IFC-Bank Investment Climate Department and the Africa Human Development Department focus on health policy and service delivery.

Skills-Based Comparative Advantage

25. Coordination and collaboration activities have capitalized on the Bank's comprehensive approach to a sector and IFC's comparative nimbleness and project structuring expertise. The aim of the Kenya-Uganda Railways Project was to privatize, as a single entity, the two countries' railways to increase the market share of rail versus road services in the Kenya-Uganda corridor and realize the cost savings inherent in long distance rail transport. Although the transaction is currently facing some difficulties, the Bank's assistance in

addressing the political and social costs of privatization, made privatization a probable notion. The IDA credit financed railway staff retrenchment and pension arrears payments and IDA took the lead in resettling those living within the railway safety corridor of the existing railway from Mombasa to Kampala that goes through the Kibera and Mukuru slums near Nairobi. In addition, IDA Partial Risk Guarantees were provided to the private sector investor in support of commitments of the concession obligations of the governments of Kenya and Uganda; these enabled the mobilization of private sector finance for the project. IFC helped the government**s** implement the project and generate interest among potential investors. In other joint projects in Nigeria and Sudan, IFC's agility in using Foreign Investment Advisory Service (FIAS) and IFC trust funds was instrumental in kick-starting the investment reform process and keeping the client engaged while allowing space for the more comprehensive sector reform under the IDA project to evolve. Pilot reforms have been initiated and the two countries have made progress in relation to tax and land administration and investor information (IFC 2008).

26. Joint activities have benefited from the Bank's and IFC's extensive knowledge and expertise. In the Republic of Yemen, a joint Bank and IFC team developed a programmatic approach to improving the country's investment climate. The Bank's 2005 Investment Climate Assessment provided an in-depth picture of the country's investment climate challenges. Joint follow-up teams then developed a framework for eliminating identified obstacles to business development. IFC launched a business start-up simplification project that enabled the Republic of Yemen to move from a ranking of 128 in the "starting a Business" category of the Doing Business indicators to 50th in the world, placing it among the top reformers. Closely linked to this simplification project is the Bank-funded Port Cities Development Project. To promote economic diversification, the Bank and IFC jointly initiated a mining sector reform project to attract private investment to the country's mining industry. The mining project established a new mining policy framework, supported the promulgation of a pertinent law by Parliament, and promoted the first investor promotion conference. FIAS, IFC's Investment Climate Advisory Facility, and Bank teams partnered to support investment legislation and business promotion initiatives. The joint team also led policy discussions on tax reforms, which then opened up the opportunity for further reform through a FIAS and IFC tax administration project.

27. Bank and IFC collaborative efforts can help ensure that best practices are established in relation to governance, fiduciary, and social safeguards in both the public and private sectors. A high-profile joint activity, the Baku-Tbilisi-Ceyhan Pipeline Project, is a dedicated crude oil pipeline system that extends from the Azeri-Chirag-Guneshli field through Azerbaijan and Georgia to a terminal at Ceyhan in Turkey. The project garnered attention because of concerns about corruption in the region and the project's extensive social and environmental repercussions. The greatest advantages of the collaboration were both entities' experience with cross-border deals, their standard setting role with regards to social and environmental safeguards, and their convening power with the sponsors. Sponsors' and civil society's concerns were assuaged by implementation of stringent social and environmental safeguard standards. The joint team supported private sector development by crowding in other investments and establishing transparent revenue management mechanisms to help ensure transparent management of oil revenues. The team

convened key stakeholders to obtain their buy-in to the project by means of discussing the project's environmental and fiduciary costs and initiating and managing a plan to mitigate them.

28. Evidence indicates that joint activities have positive development impacts. The case for more systematic WBG coordination is strong, but the evidence to assess whether and when improved development outcomes can be attributed to WBG collaboration is still insufficient. Nevertheless, some clear examples are available that indicate that outcomes were better than would have been the case in the absence of coordination and collaboration, for instance:
    - *Kenya Licensing Reform Program.* A joint analytical report of growth and competitiveness identified legal and administrative impediments to investment that included excessive, out-of-date, and inefficient licenses. The Bank policy loan included a prior condition: a more radical approach to overhaul the licensing regime. The Bank and IFC jointly helped the government develop and implement comprehensive business license reforms. As a result, some two-thirds of the 1,325 original business licenses were either eliminated or streamlined.
    - *Nigeria MSME Program (FY05)*. Five microfinance institutions were established as part of a joint Bank and IFC effort. In less than three years, these new institutions have together reached more than 127,000 new customers, raised more than US$25 million in additional private sector capital, and disbursed 13,200 loans valued at US$15.2 million to MSMEs. The IDA project supported the development of a microfinance policy that produced a viable commercial microfinance industry in Nigeria and provided performance-based grants. The IFC investment in Accion and other microfinance institutions demonstrated that microfinance providers could attract commercial capital and be profitable. The program proved that the poor are willing to borrow at high rates of interest and to pay back their loans quickly.

29. The complex economic and political environments in postconflict and fragile states present a clear business case for WBG collaboration (box 2).

30. Lessons from the Independent Evaluation Group's evaluations demonstrate that effective cooperation can translate into improved results for WBG clients in a variety of circumstances—from the financial sector to forestry, from sanitation to risk mitigation—especially in areas where policy transaction synergies are strong. A lack of cooperation can reduce the potential benefits to clients from engagement with the WBG, and through duplication can add to operating costs. At the same time, cooperation is not always worthwhile to clients and the institution— it entails costs and in some instances the benefits of collaboration do not outweigh those costs—thus the merits of collaboration need to be judged on a case-by-case basis (IEG 2009a).

31. Future insights from joint activities and evaluations will shed light on the specifics of when the costs of collaboration exceed its benefits and when and how collaboration adds value

Box 2. Postconflict and Fragile States: A Strong Business Case for Collaboration

Economic recovery is essential to sustaining peace and starting the rebuilding process in the wake of conflict. Restarting private sector investment is a key component of recovery. Chronic public sector constraints, rudimentary regulatory and legal frameworks, governance shortcomings, security concerns, and political instability all deter private sector activity. Addressing the complexity of the political and economic situation in postconflict and fragile states calls for a WBG approach.

Pooling Resources
Combining public and private resources with a risk-sharing mechanism is helping support development outcomes. Public sectors in postconflict and fragile states are strapped for resources. In Liberia, for example, the Poverty Reduction Strategy Paper (identified roads destroyed by years of civil war as a barrier to development, and the government asked IDA to prioritize assistance for rebuilding roads. However, the power situation in the country needed improvement as an election promise and peace dividend. The limited IDA envelope was insufficient to meet the needs of all the priority sectors, The Bank and IFC approached the needs collaboratively; IDA focused on assistance for roads, while IFC infrastructure advisory services, along with other donors, are facilitating an international tender to bring private investors into the power sector with the assistance of an IDA partial risk guarantee.

Leveraging the Global Range and Reach of Knowledge
In Afghanistan, the WBG strategy focused on high-priority, high-impact reconstruction programs that would help start economic activity and facilitate private sector development. The Bank engaged in a large regulatory reform program while IFC developed a high-impact, comprehensive, capacity-building project which relied on the Bank's, country and political economy knowledge, contributing to the opening of the country's first microfinance bank. The World Bank's local presence, contacts, and relationship with the government were beneficial in facilitating implementation of the project. As a result of the project businesses benefitted from higher monthly revenues, higher profits, and more employees and the Bank's client households benefitted from increased household incomes (Banyan Global 2008).

Achieving Rapid Results
The particularly narrow window of opportunity and the need to demonstrate quick results require WBG collaboration. To improve the business environment in southern Sudan, IFC was able to use existing trust funds and specialized expertise to kick-start the reform process, while the Bank, together with IFC and other donors, built a longer-term umbrella reform program financed under the Multidonor Trust Fund. The project re-established the Company Registry, which by the end of 2008 had registered more than 4,000 businesses. In addition, the Investment Law was enacted in November 2008, an investment authority was established, and a number of commercial laws were enacted (IFC 2008).

Sending Consistent Signals
A unified WBG position and team is crucial in postconflict environments because clients are unfamiliar with the different WBG entities and to provide consistent messages. The experience from FIAS in Nigeria and Sudan highlights that "the strength of the primary brand, the World Bank Group, is as strong as the strength of the individual instruments and products" (IFC 2008).

B. Drivers of Collaboration

32. A number of factors have motivated WBG coordination and collaboration. These factors have been at the institutional, country, and individual levels (table 5).

Table 5. Drivers of Collaboration

Level	Driver	Examples
Institutional	**Strategic vision through signals from management and the Board**	Bank-IFC teams in Lao PDR established a joint vision for the financial and hydropower sectors that could yield large returns in terms of impact to the client. Through two-day meetings, joint Bank and IFC teams identified a set of interventions that would help realize the shared vision.
		IDA deputies and the WBG Board encouraged further collaboration to support small and medium enterprises in Africa, which catalyzed the seven-country IDA-IFC Africa MSME Program.
Country	**Country demand**	The Nigerian government expressed strong interest in exploring PPP options in the power and gas sectors.
		Governments' strong interest in improving their rankings on the Doing Business index has led to joint technical assistance activities to reform countries' business environments.
	Policy environment	The Ugandan government had collaborated closely with the Bank to work out a reform agenda in the power sector. A principal conclusion of the process was that more private participation was needed in the sector. When the conditions were right for private investment, the WBG and IFC were jointly involved in the Bujagali Hydropower Project.
Individual	**Dynamic personalities**	Joint activity has resulted from dynamic individuals who have crossed individual boundaries to provide the best options for clients.

33. The examples cited present a strong case for more consistent WBG coordination and for a selective increase in collaboration at the country and sector levels in IDA countries. While coordination and collaboration have been improving over the last decade, the reality is that structured, planned collaboration remains marginal in both institutions' portfolios and pipelines. Given that Bank task managers and IFC investment officers are smart, rational people who on the whole understand and accept this analysis, what are the constraints that hinder or prevent the improvements WBG clients both want and need? The next chapter analyzes these internal constraints and summarizes progress in addressing them over the last 12 months.

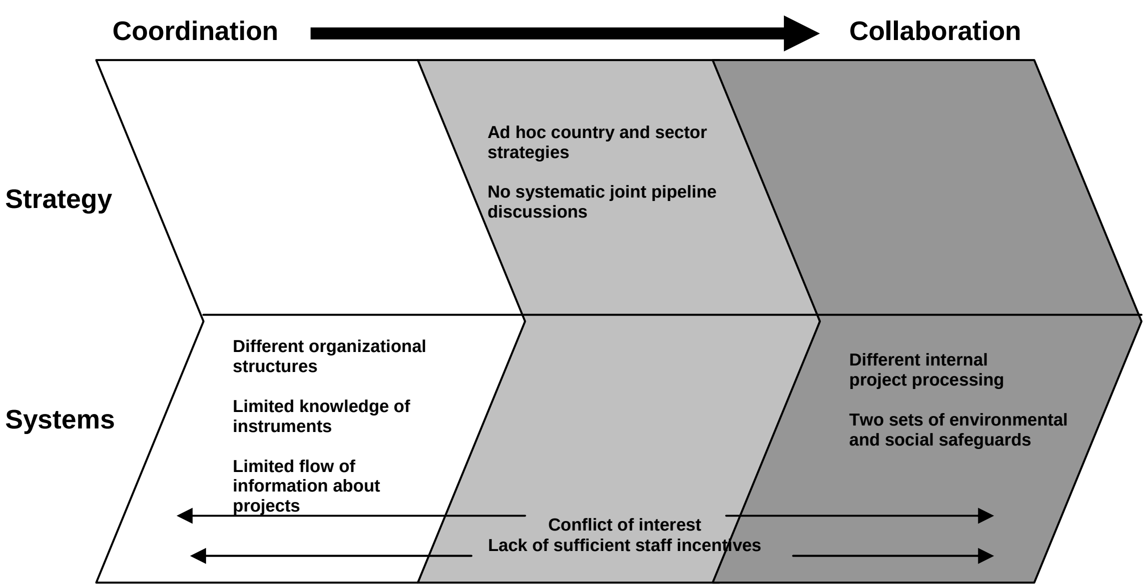
III. Progress in IDA and IFC Collaboration in the Last 12 Months

Bank and IFC staff have identified key constraints to coordination and collaboration at three levels: institutional policies and systems, strategy formulation, and projects. Over the past 12 months joint teams have worked to address these constraints and encouraging, systematic progress has been achieved at all three levels.

34. Interviews with WBG staff who have worked on joint tasks have revealed that coordination and collaboration between the Bank and IFC has often been ad hoc and driven by dynamic individuals who reach across institutional boundaries, rather than being based on a deliberate, strategic approach at the country level. In addition, internal system constraints have posed obstacles to both coordination and collaboration and have increased transaction costs. As a result, despite the strong business case for coordination and collaboration, teams across the Bank and IFC are hindered from taking full advantage of the potential synergies and comparative strengths of each institution.

35. Chapter 2 defined coordination as the necessary baseline of shared information that helps teams determine whether collaboration is an appropriate operational response. Collaboration was defined as joint work by staff from the Bank and IFC, operationally integrating their strategies and resources to better accomplish common objectives. Constraints exist at many points across the spectrum of coordination and collaboration (figure 4).

Figure 4. Coordination to Collaboration: The Spectrum of Constraints



36. Bank and IFC staff who have worked on joint activities and WBG management agree that the constraints to coordination and collaboration can be categorized at the (a) policies and systems level, (b) strategy level, and (c) project level. The two-year action plan of the IDA/IFC Secretariat, which was approved by IFC's Management Group in April 2008 and

by the Bank's Operational Vice Presidents in May 2008, summarized these constraints for the first time. Over the past 12 months, departments across the Bank and IFC have worked together to address these constraints. This chapter provides a snapshot of the progress made to date.

A. The Policies and Systems Level

37. Limited information flow, different processing procedures, lack of clarity on business conflicts of interest, two distinct sets of environmental and social safeguards, and inadequate staff incentives are among the chief hindrances to greater cooperation between the Bank and the IFC (table 6).

Table 6. Constraints and Progress at the Systems and Policy Level

Constraints	Progress
Limited information flow on organizational structure, projects, and instruments	WBG dashboard; Secretariat Web site; country manager and country director training; Smart Lessons
Different processing procedures	Mapping of differences in processing procedures
Two distinct sets of environment and social safeguards create confusion and delay jointly financed projects	Development of guidance on safeguards for jointly financed projects
Lack of clarity on business conflicts of interest	WBG Conflict of Interest Office mandate; inter-institutional conflict of interest guidelines
Inadequate staff incentives	WBG collaboration included in some overall performance evaluations (OPEs) and performance evaluation plans (PEPs); IFC corporate scorecard; IFC country managers' terms of reference
Insufficiently harmonized Bank-IFC trust fund policy	Increased alignment of trust fund policy

Limited Information Flows

38. Surprisingly few staff fully understand the organizational structures and decision-making processes of the other institution. No single, unified repository of Bank and IFC basic project information exists and the lessons of joint projects are not shared. This contributes to the limited understanding of the range of instruments available across the WBG. Because of client confidentiality issues, Bank staff do not have access to IFC's iDesk (project database). In addition, neither the Bank's nor IFC's systems possess a comprehensive method for classifying joint projects, which adds to the difficulties of tracking and monitoring project progress. Finally, the Bank and IFC have often employed separate communication strategies, hindering the development of a unified WBG communications system.

39. In recent years, efforts such as the Business Environment (BE) snapshot Web site,[7] a one-stop guide to business environment laws and indicators, and WBG project information in

[7] http://rru.worldbank.org/BESnapshots/.

private sector development for 151 countries have enhanced the flow of information. The last year has seen additional momentum to increase information sharing. The Information Systems Group (ISG) and IFC Corporate Business Informatics (CBI) are working on a new WBG Web interface called the WBG dashboard that will present publically available project information for all Bank and IFC projects in a single location along with the names of the relevant task managers. This will provide a snapshot of WBG activities in a given country and will facilitate collaboration. Phase one of the WBG dashboard is expected to be launched by September 2009. The Secretariat established an internal Web site to serve as a depository of knowledge on joint tasks. WBG launched a Smart Lessons competition to stimulate reflection on good practices for joint activities. The recruitment of a WBG information officer to enhance WBG information flows is ongoing. In addition, a new flag has been created in IFC's iDesk to track joint projects and work is underway within the Bank's SAP system to do the same.

40. Anecdotal evidence suggests a high correlation between country teams' physical co-location and subsequent improvements in operational collaboration. IFC now has 112 regional offices, half of which are co-located with Bank offices. Twenty-four of the total 43 IFC offices in IDA countries are co-located.

41. A new policy on co-location was approved in the last year, requiring the Bank and IFC to co-locate their offices whenever possible. The Bank's country director and IFC's regional director are responsible for office co-location unless a compelling business reason not to do so exists. If they decide not to co-locate, a written memorandum explaining the rationale for such a decision has to be submitted to the Bank and IFC's regional vice presidents and will become part of the funding approval process.

42. Considerable progress has been made in knowledge sharing. Over the last year, to improve the understanding of organizational structures, approaches, and instruments, country manager and director inductions, and peer learning events have been joint and have included presentations and discussions on WBG operational collaboration, including joint financing models that are not yet well understood. In FY07, IFC launched a procedure for IFC advisory staff that laid out expectations for WBG cooperation, including steps such as using peer reviewers from the World Bank.[8]

Different Processing Procedures

43. Members of joint investment teams refer to the high transaction costs involved in familiarizing themselves with the divergent Bank and IFC processing procedures. WBG team discussions with governments or the private sector on consensus building or on specific policies or implementation arrangements have been numerous and time-consuming. The large number of decision makers, the detailed clearance processes, and the extensive legal, procurement, and financial arrangements have added significantly to joint project preparation time, deterring the scaling up of joint investments. For example, in the IDA-IFC MSME Program in Africa, more than 10 different internal groups (3 in IFC and 7 in the Bank) were involved in program preparation. For the Bujagali project, the team

[8] http://advisoryservices.ifc.org/go/page.aspx?mde=t&mid=4 (see the last item).

documented a total of at least 611 processing steps and meetings from June 2005 to the first disbursement in January 2008.

44. As a step toward clarifying procedural differences, the Bank's and IFC's project cycles and procedures have now been mapped and disseminated along with a diagrammatic comparison of project cycles. Operational Policy Services, Procurement Policy, and Services (OPCPR), IFC and the General Services Department—Corporate Procurement (GSDPR) have agreed on a new operational procurement policy, AMS 15.00, that is applicable to all WBG staff for their internal processes and business purposes. In addition, IFC and the GSDPR have signed a three-year service-level agreement whereby the latter will provide IFC with ongoing procurement support. Other efforts include the initiative led by OPCPR with input by IFC, to prepare a draft guidance note for procurement of World Bank-financed PPP options in infrastructure.

Two Sets of Environmental and Social Safeguards

45. Two distinct environment and social safeguard systems can create confusion and delay in jointly financed projects. Staff cited the application of two different sets of standards and processing requirements as one of the most troublesome aspects of joint projects. In addition to the difficulties created for staff, private sponsors and governments have often been exasperated and confused by two different WBG requirements for jointly financed projects. While IFC and Bank standards in relation to environmental and social safeguards are equivalent in scope, they are realized differently in practice, that is, the differences relate primarily to form and process, not policy content.

46. In recognition of the difficulties caused by two distinct environmental and social safeguard systems, a WBG working group has developed guidelines on how to apply these two sets of policies and procedures together in jointly financed projects. Management is considering additional ways to seek efficiency gains, to be later discussed with the Board when developed.

Lack of Clarity on Business Conflicts of Interest

47. The approach taken towards mitigating business conflicts of interest has lacked clarity, and projects jointly financed by the World Bank and IFC can raise conflict of interest concerns. The WBG Conflicts of Interest Office has developed effective conflict mitigation tools for managing inter-institutional business conflicts, but only had jurisdiction over the Global Product Groups, which means that guidance for staff working on jointly financed projects has been limited. In addition, because of this jurisdictional uncertainty, staff, in particular Bank staff, have been confused about where to seek advice on inter-institutional business conflicts of interest. As a result, some teams have chosen not to collaborate because of concerns about perceived or potential conflict of interest issues.

48. Based on recommendations from a joint Bank, IFC, and MIGA task force, during the last year the three WBG institutions have agreed to expand the mandate of the WBG Conflicts of Interest Office to cover all inter-institutional WBG business conflicts. The Office has

provided consultation advice to the Bank and IFC teams working in the Pacific Islands and planning to increase their collaboration. The objective was to give comfort to joint teams, provide information on good practices and identify in advance where the limits lie**.** Interim staff guidelines for managing non-global product group business conflicts of interest will soon be issued. A working group of lawyers from the Bank, IFC, and MIGA will prepare final guidelines and consider possible enhancements to the structure of the WBG Conflicts of Interest Office.

Inadequate Staff Incentives

49. Inadequate staff incentives have limited WBG collaboration. The perception that collaborative work is a poorly funded or unfunded mandate without adequate resources, recognition, or rewards have been a large obstacle to collaboration. Furthermore, the additional time, complexity, and uncertainty of outcomes associated with joint projects are significant disincentives, particularly to IFC staff, who are more used to focusing on and being judged by private sector-dictated timelines. In addition, while Bank staff working on joint projects with IFC teams are eligible for IFC team performance awards, which can be significant, IFC staff have not been eligible for equivalent Bank team performance awards.

50. Over the last year a working group was formed to assess how to address the incentive obstacles to greater WBG collaboration. The group recommended a three-pronged approach, providing incentives through (a) objectives, (b) promotion criteria and job assignments, and (c) recognition and awards. The group provided detailed recommendations for each area, some of which have now been implemented. IFC's corporate scorecard now includes WBG collaboration as an objective, measured by the number of joint investments and advisory projects. This tracking and oversight by senior management will encourage regions to track year-to-year increases. In addition, select Bank and IFC directors and managers have agreed to include collaboration in their individual work plans and results agreements. For example, the Bank's vice president for the East Asia Region and IFC's director for East Asia use the same language for collaboration in their respective objectives, providing parallel signals for improved coordination and collaboration within the Region. A committee to reform the Bank's vice presidential unit award program has been formed, with IFC participation, and should enable new Bank team awards to include IFC team members in the future.

Insufficiently Harmonized Trust Fund Policies

51. The existence of two distinct trust fund policies has sometimes made coordination on trust-funded activities challenging, particularly with respect to procurement policies. During the last year IFC took steps to increase the alignment of its policies with the Bank's trust fund policies. The harmonization of procurement policies and procedures is expected to significantly reduce staff confusion when working on joint activities funded by trust funds. In addition, IFC has formulated its trust fund policy directive, which has been in effect since January 1, 2009, and is in line with the Bank's trust fund policy. IFC now allows similar types of trust funds as the Bank, has a minimum threshold policy to set up a trust fund, and imposes an administration fee. IFC is adapting the World Bank's Trust Fund Accreditation Program (TFLAP) to enable IFC staff to be accredited along the same trust fund principles. Once IFC staff becomes accredited, they will be well versed in both Bank and IFC policy and be able to undertake trust fund-related work for both organizations. Finally, work is under way on adapting donor agreements to ensure that IFC staff can access Bank-administered trust funds and vice versa. This has already been accomplished in the case of FIAS.

Joint Departments

52. One option for resolving the system-level constraints is to create additional joint departments of Bank and IFC staff that report to a single director. Box 3 summarizes the history of joint departments over the last decade. The current joint departments were set up in sectors where management thought that coordinating policy and investment work was particularly important. For example, the Sub-National Development Program responds to a long-felt need among clients and in the WBG to lend to municipal and regional governments, development finance institutions, and selected public enterprises in client countries without requiring that the country's national government issue a sovereign guarantee on the loan. While the joint departments have contributed to the closer integration that now prevails, additional joint structural solutions do not seem appropriate at this time: there does not appear to be a compelling business need for such joint departments and their costs are likely to outweigh their benefits.

Box 3: Structural Solutions- Joint World Bank and IFC Units

From 1985 to 1995, the flow of private capital to emerging markets surged. Many concluded that a fundamental shift in development finance had occurred. This view faded after 1997 following cascading financial crises starting in East Asia, disappointingly low levels of private investment and privatization in IDA countries, and the cancellation or renegotiation of a significant number of infrastructure investments in both low- and middle-income countries. Private flows dipped sharply. These events testified to the importance of policy and institutional preparation for reaping the benefits of private sector financing and management.

In response, in 1999 the joint IFC/World Bank Private Sector Department was created in the East Asia Region, as well as the first global product groups (GPGs)—joint IFC and World Bank teams that combined investment officers and policy advisers—in information and communications technology and oil, gas, and mining. GPGs were aimed at areas where private investors, supported by IFC, were thought to be able to lead, but where World Bank involvement could help ensure the existence of a proper legal, regulatory, and policy framework so that private and IFC investments could contribute to growth and poverty reduction.

The East Asian Private Sector Department was the most ambitious of the joint ventures and did result in improved collaboration. The first jointly produced Private Sector Department country strategy was developed in Indonesia and joint teams adopted an innovative approach toward monitoring Indonesia's and Thailand's investment climates. These actions set the scene for what later became well-established joint business lines. Nevertheless, positive outcomes were few and far between. Most IFC staff in the department continued to work in their traditional manner with little involvement with the Bank team. The department's Bank staff found it difficult to integrate with, and obtain funding from, regional country departments, which regarded them as IFC's responsibility. After two years, the joint venture ended and staff returned to their traditional units.

In contrast, the more thematically focused GPGs have endured and multiplied. GPG-like units, including the Investment Climate Department, the Capital Markets Development Department, and the Global Indicators and Analysis Department, were created in the joint Financial and Private Sector Development Vice Presidential Unit. In 2006, the Sub-National Development Program was formed, which lends to subnational governments or public entities without a sovereign guarantee.

GPGs have benefited country clients. They provide a one-stop shop for a range of expertise and contacts to bring all actors to the transaction table: investors, politicians, civil servants, and civil society. Innovations such as the Extractive Industries Transparency Initiative have improved the social quality and sustainability of IFC investments, reduced investors' political and reputational risks, improved governmental accountability, and greatly diffused criticism of the WBG. GPGs facilitate instant dissemination of best practice from one country or region to another. For example, a global product group study showing the unusual degree of effectiveness of regulatory initiatives in India's telecommunications sector led to rapid replication of the regulatory initiatives in Nigeria as a result of the team's global perspective.

Nonetheless, a number of problems need to be addressed to better tap the potential of the GPG approach in particular, and to improve cooperation between IFC and the World Bank in general. For example, the Sub-National Finance Department faced obstacles because its operations were not made part of any regional strategic compact (except in the Europe and Central Asia Region, where suspension of all lending requiring a sovereign guarantee forced staff to find nontraditional approaches to stay involved). Other problems include the following:

- *Missed opportunities:* The decentralized, regional focus of those who strategize and allocate resources in the World Bank often trumps the global perspective of the GPGs. Some GPG staff believe that attending all the many regional or sectoral strategy, planning, and budget sessions is physically impossible, with the result that they end up missing opportunities.
- *Budgeting problems:* IFC staff in the GPGs benefit from the proximity of Bank sector specialists, but IFC staff largely work, and are funded, according to established practices. Bank staff in some of the GPGs are one-third funded from the operating budget of their supervising vice presidential unit and two-thirds funded through cross-support or work program agreements. The transaction costs of chasing resources is high, particularly as the GPGs claim that the current formula for calculating cross-support does not fully cover costs. According to some staff, the result is the crowding out of necessary analytical and advisory services and reduced agility in responding to clients' needs.

Source: Staff interviews.

B. The Strategy Level

53. Most staff and managers agree that until the Bank and IFC achieve a more effective process for developing joint sector or country strategies, operational collaboration will remain

episodic, ad hoc, and often dependent on individual initiatives by motivated staff from the two institutions who perceive opportunities and develop a rapport. These preliminary forms of coordination are emerging in all the regions, with strong examples of project-level dialogue leading to operational collaboration where the two teams agree that it makes sense. Sector teams in most regions now need to progress to a second, more formal level of coordination involving mechanisms such as joint sector strategies, periodic joint pipeline review meetings, identification of challenging subsectors where increased collaboration might break a current impasse, or identification of the small number of potential multiyear joint projects where prioritizing for joint action makes sense. The objective of all such second-level coordination mechanisms is to identify those projects, subsectors, and countries where collaboration is likely to achieve the highest payoffs, but constraints at the strategy process level and the WBG management level have impeded this kind of joint strategy making (table 7). Efforts to improve joint strategy formulation have focused on addressing the following two levels of constraints: (a) strategy process improvements focused on the joint country assistance strategy (CAS) process and joint sector strategy; and (b) existing structure of Bank and IFC leadership team meetings, whether by region or by sector.

Table 7. Constraints and Progress at the Strategy Level

Constraints	Progress
Strategy process level	
Lack of genuine joint strategy despite the growing number of joint CASs	Operational Policy and Country Services and IFC's Strategy Department are piloting an enhanced joint CAS
Lack of joint Bank and IFC strategy for key sectors except at the global level	Joint strategies are being developed at the sector or subsector level
Insufficient coordination during times of crisis	WBG joint strategies: ➢ coordination around a crisis (for example, the current financial crisis and the food crisis) ➢ WBG infrastructure response that includes pipeline reviews in Africa, East Asia, and South Asia IFC approach to fragile and conflict countries
Management level	
Existing structure of Bank and IFC leadership team meetings, whether by region or by sector, has not resulted in greater coordination or collaboration	Progress in convening joint annual leadership team meetings in the East Asia and Pacific Region Progress in inviting IFC staff to make presentations about their portfolios and activities at annual strategic Sector Board Meetings

Lack of a Genuine Joint Strategy

54. A first-level solution involves process improvements focused on joint CASs. The CAS serves as the platform for the World Bank's programming process and forms the basis of the Bank's dialogue with clients and the Board. A CAS covers a four-year planning cycle and proposes the pipeline of lending and analytical products that will support the four-year

strategy. Based on the CASs, the country director allocates a work program budget by tasks to each sector department. A results framework forms an important part of each CAS and lays out the development outcome indicators, government actions, and Bank interventions for each defined pillar over the four-year planning horizon. As IFC has grown over the last few years, it is in the process of establishing a system to develop country strategies. Strategies are usually prepared over a comparatively shorter period by the IFC country teams and reviewed by regional management. They may be discussed and agreed on in principle, but this takes place outside the strategy and budget process and agreement does not constitute an approval of resources.

55. About 50 percent of CASs are produced jointly by Bank and IFC. However, most Bank and IFC directors and staff agree that to date the joint CAS process has typically not catalyzed a genuinely integrated WBG strategy for individual countries. Most joint CASs have included a summary description of IFC activities, but have not have considered how each organization can contribute to country goals individually and jointly. IFC teams have typically not contributed to the CAS results framework, which tracks progress.

56. Operational Policy and Country Services (OPCS) and IFC's Strategy Department have initiated a joint CAS pilot that aims to improve the existing joint CAS process. Six countries are participating in the pilot: Albania, Burkina Faso, Nepal, the Philippines, Sierra Leone, and the Republic of Yemen. The pilot focuses on IDA countries, but includes two non-IDA countries, as well as two Interim Strategy Notes, to ensure that the team acquires relevant learning. The pilot has three components: (a) identifying a small number of priority sectors for potential collaboration and organizing joint team sector strategy workshops, (b) having IFC participate in the results framework, and (c) having the Bank's regional vice president and IFC's regional director co-chair review meetings. The early results are promising. On completion of the pilot, a review will be undertaken to recommend how conclusions might be mainstreamed, and assess how IFC might gradually implement a more formal country strategy process that could be linked to both the joint CAS and to the IFC's annual Lots strategy process.

Lack of a Joint Strategy for Key Sectors

57. The second-level solution focuses on improvements in the sector strategy formulation process. Joint Bank and IFC teams now routinely collaborate on most global sector strategies. For example, the joint WBG Sustainable Infrastructure Action Plan for FY08 responded to the growing global infrastructure deficits by developing a strategy based on a joint approach that leveraged financial resources from a number of sources and maximized the WBG's nonfinancial synergies. WBG collaboration to deal with the challenges of the financial crisis is another example: in those sectors that are not a priority for IFC but where some activity is ongoing, senior IFC staff are systematically consulted when Bank staff are preparing a new global response.

58. However, this routine collaboration on sector strategy formulation at the global level has not yet led to systematic collaboration in that sector at the country level. Sectoral collaboration at the country level has typically taken place when a strong business need to

collaborate exists, for example, in fragile states and postconflict areas, or when clients have explicitly requested advice or investments that require combined expertise, for example, India and Nigeria in the area of PPPs. In only a few cases have inputs from the Bank and IFC been anchored in a joint sector approach at the country level, beyond the minimal agreement reached in a typical joint CAS.

59. Findings by the Independent Evaluation Group demonstrate that failure to collaborate has led to conflicting WBG approaches toward strategies. Evaluation findings cite the example of the Brazilian Amazon, where the Bank and IFC differed on the desirability of expanding soybean production and ranching in light of the market development potential on the one hand and accelerated deforestation on the other. In Azerbaijan, the Bank and IFC worked independently on corporate governance, duplicating similar agendas (IEG 2009a).

60. The WBG subsequently worked towards addressing the inconsistencies in both Azerbaijan and Brazil through cooperation around a comprehensive strategy for the Brazilian Amazon and a coordinated approach to corporate governance in Azerbaijan.

61. Over the last 12 months, joint sector strategies and approaches have been developed for a number of countries, for example, the hydropower and financial sectors in the Lao People's Democratic Republic (PDR) (box 4), agribusinesses in Cambodia, power in Central America, and infrastructure in southern Europe. A number of steps have been initiated to promote exchanges about themes of mutual interest at the country-level, such as business enabling environment and PPPs, and to explore opportunities in subsectors that have not fully exploited WBG synergies, for instance, health and forestry.

Box 4. Joint Sector Strategy Workshop for Lao PDR

Joint sector teams met for one day to develop a joint strategy for sustainable development of Lao PDR's hydropower sector. The goal was to maximize the considerable development opportunities in the country's hydropower sector, fine-tune collaboration at the country and sector levels to minimize duplications and overlaps, make better use of skills, tap synergies, and assure the competitiveness of WBG products and services in meeting the increasingly complex needs of many client countries. The teams developed a shared assessment of the sector, a common understanding of the roles of both organizations in Lao PDR, a shared strategy, and a joint action plan.

The WBG had been deeply engaged in the sector through the Nam Theunh 2 Dam Project. Thus the broader question facing the meeting was whether by working as an integrated Bank and IFC team, the WBG could support Lao PDR in maintaining some of the gains achieved by the project through a process that was more efficient and replicable in the private sector. The participants agreed that the WBG should deploy its combined resources to have a maximum impact on development of the sector along with existing and planned individual Bank and IFC transactions.

The joint strategy workshop helped the WBG decide on a higher-level framework for development of the hydropower sector, something which had gained the keen interest of the government. The participants agreed that the joint WBG strategy would focus on policy (structuring and managing project finance and promoting the sector's environmental and social sustainability), and environmental and social safeguards (mapping the sector, focusing on government capacity, including sectoral regulations and laws) and on specific transactions. The joint action plan agreed at the workshop is now being tracked by both teams.

Insufficient Coordination during Crises

62. IEG's lessons on WBG's response to past financial crisis indicate that collaboration across sectors and among the WBG and its partners has proven crucial, not only to maximize synergies, but also to avoid unproductive tensions (IEG 2009b). The current global crisis threatens to reverse years of progress in poverty reduction. Greater coordination within the WBG is clearly needed to ensure that it is assessing all available options and, when necessary, providing a platform for subsequent operational collaboration and communicating the response within the WBG and externally as a consolidated WBG response.

63. Over the past year, starting with the food and fuel crises and followed by the financial crisis, the WBG has offered a joint response. WBG responded to the fuel and food crises with the US$1.2 billion Global Food Crisis Response Program and the Energy for the Poor Initiative. The WBG stepped up its efforts to respond to the financial crisis in IDA and IBRD countries through commitments of US$100 billion in IBRD countries and US$42 billion in IDA countries over three years. In addition, coordination mechanisms have been agreed on for Bank and IFC advisory support to infrastructure clients. IFC has launched or expanded five new facilities. Among the efforts underway are- Expansion of the Global Trade Finance Program, Creation of a Global Trade Liquidity Pool, Bank Recapitalization Fund, Microfinance Liquidity Facility. IFC approved US$3 billion for the bank recapitalization fund, which provides capital to distressed banks in emerging markets that lack alternative sources of financing (World Bank 2009f). It will also provide advisory services to strengthen private sector development and improve economic and financial performance. WBG's INFRA platform supports governments in maintaining a focus on infrastructure investments. Specifically, the platform promotes stabilization of existing infrastructure assets, ensures the delivery of projects that governments view as priorities, supports PPPs in infrastructure, and expands new project development. The INFRA platform includes the Energy for the Poor Initiative, which was launched in 2008 to expand energy services to the poor and reduce their vulnerability to changing the global environment. It leverages WBG energy infrastructure resources with parallel financing from the donor community. IFC is supporting INFRA through an infrastructure facility that is expected to invest a minimum of US$300 million and mobilize between US$1.5 billion and US$10.0 billion from other sources over three years. This facility will temporarily substitute for commercial financing for new infrastructure projects if such funding is unavailable (World Bank 2009c).

64. A working group at corporate level has been established to oversee and manage crisis requests with active senior management engagement. Lessons from IEG's evaluation on the WBG's response to past crises are being considered. Other joint crisis-related efforts include the provision of information for a Web site that offers up-to-date information to teams across the Bank and IFC by a number of vice presidential units.

65. The crisis is placing stress on many infrastructure PPPs in IDA countries. To assess the impact of the crisis on specific projects, Bank and IFC infrastructure managers and their teams met region by region, and reviewed pipeline and portfolio infrastructure projects to

determine which projects were under stress and agree how the Bank and IFC teams would together deal with any emerging resource gaps related to the drying up of private capital or its increasing cost.

Insufficient Joint Leadership Team Meetings

66. The existing structure of Bank and IFC leadership team meetings, whether by region or by sector, has not resulted in greater collaboration. Every year, whenever a Bank regional leadership team holds its annual strategy session, it invites a senior IFC colleague to participate, and IFC does the same. On these occasions, the invited senior individual from the other institution typically makes a general statement of goodwill and willingness to coordinate, but the discussion rarely goes further. Emerging evidence from the past year, particularly from the East Asia and Pacific Region, indicates that joint regional leadership meetings may be a more effective approach, particularly if they result in specific action plans that are monitored and if each organization names focal points for collaboration. Similarly, the VPU of Finance and Private Sector Development (FPD) has convened joint meetings with relevant Bank and IFC staff on a joint strategy for the sector at the regional-level. These meetings have been conducted with managers in the Africa, Middle East and North Africa, and South Asia regions and will also be organized for managers in other regions this year.

C. The Project Level

67. The pipeline of joint investments has grown, with 35 joint investment projects in the pipeline, compared with a total of 17 over the entire decade ending in FY08. As concerns advisory services, FY09 is expected to see an estimated 88 active joint advisory projects in IDA countries, compared with 71 in FY08. However, despite this growth, challenges at the project level remain (table 8).

Table 8. Constraints and Progress at the Project Level

Constraints	Progress
Insufficient understanding by Bank staff of the range of IFC products and vice versa	WBG Working Group on Guarantees is reviewing internal obstacles to scaling up guarantees and has provided recommendations IBRD enclave review and recommendations. Task Force on Partial Credit Guarantees. OBA review and recommendations
Lack of standardized approaches for monitoring and evaluation and for reporting indicators makes it difficult to aggregate results in jointly financed projects or in jointly designed programs	Identification and adoption of Bank–wide, standard and comparable core sector indicators (output and outcome) IFC is an active member of the World Bank's Results Steering Group and was involved in developing the Bank's results platform showcasing IFC's Development Outcome Tracking System Initiative to integrate private sector indicators into the COMPAS assessment tool Support to joint pipeline projects in applying one monitoring and evaluation framework and one set of indicators Monitored and aggregated common Bank-IFC indicators for the Africa MSME Program and aggregated the results for input into the IDA 14 report
Lack of access by regional teams to data on joint investment and advisory projects	Baseline data now available; IFC's Africa Region pioneered the use of targets

Insufficient Understanding of Range of Products

68. WBG staff have insufficient knowledge of the joint financing models that can be used for joint activities. Questions have often surfaced about the various instruments or approaches that can be deployed to crowd in private financing through the use of IDA resources, guarantees, or targeted subsidies for poverty reduction. Concerns have also been raised about replicability and the challenges to scaling up these approaches. In almost any country, staff teams typically report that they do not understand how the other institution functions or the range of products it can offer.

69. Over the last 12 months, progress has been made in three areas: PPPs, OBA approaches, and guarantee instruments. The Public Private Infrastructure Advisory Facility (PPIAF) has prepared a preliminary assessment of the use of PPPs in IDA countries over the last decade and how the Bank and IFC might best collaborate (World Bank 2008c). The Global Partnership on Output-Based Aid (GPOBA) has analyzed lessons learned and best practices of OBA projects in information and communication technology, roads, water, education, health, and energy, offered insights for scaling up and the use of OBA in joint projects. As concerns guarantees, a WBG working group is assessing the experience with the range of Bank guarantees and another review has made recommendations about use of the IBRD enclave guarantee in IDA countries. A third WBG task force is assessing experience to date

with using a blend of IDA and IFC guarantees for risk-sharing facilities and partial credit guarantees to increase access to finance for small and medium enterprises. The WBG's Working Group on Innovative Finance is taking stock of experience with innovative development finance initiatives and argues for solutions to catalyze private sector entry into markets and market development in IDA countries, including, in the short term, sustaining PPPs in infrastructure, growing PPP schemes in the social and insurance sectors, and strengthening the WBG's guarantee instruments. More can be done to support IDA countries in accessing the global reinsurance market so they are better able to manage sovereign catastrophe risk.

70. There is scope to scale up and mainstream a WBG approach, most acutely reflected in PPP projects in IDA countries. PPIs offer a solution promising sustainability and viability that could be used more widely in IDA countries. Those PPIs that have come to fruition have been associated with prior IDA and/or ODA support and have been attempted when modest efficiency improvements have offered opportunities for rapid gains. There is potential for the WBG to increasingly fund debt and equity and to emphasize knowledge assistance in support of PPIs in IDA countries. Enhanced WBG attention to upstream work through adequate financing of pre-investment activities, including IFC inputs during the early stages of project appraisal, could support the scaling up of PPPs.

71. Steps to better leveraging of the range of WBG services for PPPs are already taking place. Increasingly IFC's infrastructure advisory services and the World Bank's advisory services through PPIAF are coordinated systematically; PPIAF finances assistance with non-transaction, upstream activities such as feasibility and option studies, contingent liability diagnostics, legal and regulatory reform, and policy change, while IFC infrastructure advisory services provide the downstream transaction assistance needed to close or restructure deals (World Bank 2009h). The establishment of the IFC Infraventures fund has provided an additional tool for developing PPPs and private infrastructure projects in IDA countries. By providing early-stage risk capital and by active participation in the project development phase, Infraventures helps fill a void in existing WBG instruments for making projects bankable (IFC 2009b).

72. The analysis of OBA products found that OBA offers a strong platform for scaling up targeted infrastructure and social services in IDA countries. OBA reduces risk by combining subsidies and concession contracts, thereby making PPPs possible in cases where tariffs are below full cost recovery levels. By providing a structured and accountable way to top up below cost tariffs, OBA can increase a government's ability to respond to politically and socially sensitive issues and reduce the political and regulatory risks of a conventional concession. OBA provides a revenue stream to help address the financial viability problem of infrastructure PPPs in IDA countries. The success of OBA occurs in part because a relatively small amount in subsidies mobilizes the private sector to expand service provision to poor areas. The subsidy inherent in the OBA design has therefore provided incentives to mobilize the private sector, and create business opportunities in nonrevenue generating public services, bringing with it efficiency and market discipline while serving poor areas. While IDA financing is needed for the subsidy payment, IFC advisory services can take the lead in designing the business transactions and selecting the

contractors to run the businesses for governments in IDA countries. IFC investments can also play a large role by supporting the businesses with capital. Overall, OBA offers a promising platform for WBG collaboration in improving service delivery (World Bank 2009g).

73. One of the greatest challenges to scaling up OBA, which has been exacerbated by the current financial crisis, is access to finance (World Bank 2009g). Since the private sponsor is required to pre-finance the cost that will be reimbursed after independent verification that the specified outputs have been provided. WBG collaboration can help catalyze bank lending to service providers for both prefinancing of outputs and for longer-term finance. Furthermore, capacity limitations within central and local governments have impeded effective transaction design as well as OBA implementation and monitoring. Technical assistance and other forms of support for capacity building, transaction support, and tariff design can be provided through a joint WBG effort.

74. IDA guarantees have proven useful for crowding in private funds through judicious use of IDA financing. They are highly valued by the market as being instrumental in helping to leverage private financing, mitigate risks beyond the private sector's control, and improve project sustainability. IDA guarantees were intended by design to catalyze private financial flows to poor and high-risk countries by mitigating the sovereign, regulatory, and policy risks that private investors are unwilling to assume.

75. Limited use of IDA guarantees is attributed to the lack of bankable projects in IDA countries and a perception that guarantees are instruments of last resort to be used only for risky transactions. In addition, there was a disinclination within the WBG to take up the associated transactional support. The ongoing IDA guarantee review has found that product innovations had been achieved in recent years, that a large pipeline of projects is under preparation, and that the extent of use of IDA guarantees is likely to increase in the near future.

76. A review of the IBRD enclave product found that the limited knowledge of the product, the limited number of projects that met the enclave criteria, the underlying complexity of the structure, the need for specialized expertise in evaluating risks, and the pricing of the IBRD enclave loans and guarantees had hindered the scaling up of the instrument in the past. The review endorsed the product's potential to provide additional flexibility and resources beyond what IDA can normally provide. The IBRD enclave instrument has served as a deciding factor in relation to a project's viability and funding without which investors would not have participated. Well-structured and well-implemented projects are critical to the success of enclave transactions. Based on project proposals through the IBRD enclave over the next five years, the use of US$2 billion in IBRD resources could mobilize US$25 billion worth of investments in IDA countries (World Bank 2008e).[9]

[9] The portfolio of 15 enclave operations funded by the IBRD over the past 40 years amounts to US$800 million and has leveraged about US$10 billion (World Bank 2008e).

Absence of Standardized Approaches

77. The lack of standardized approaches toward monitoring and evaluation and reporting indicators had led to difficulties in aggregating the results of jointly financed and jointly designed programs. This lack of a set of standard indicators has implications at both the project and program levels. Within a single jointly financed project, two sets of results frameworks are produced, one for the Bank and one for IFC making it difficult to assess the WBG’s net contributions to a single project. At the program level, the results of a program that has been jointly designed or financed cannot be aggregated, and when teams have agreed on a shared strategy for a sector and want to monitor progress against that strategy, they are unable to do so given the lack of standardized indicators to measure results. The IDA-IFC Africa MSME Program was unusual in this regard: a set of standardized indicators was developed and continues to be aggregated across the seven pilot countries.

78. Over the last three years, IFC has developed a core, mandatory set of indicators that enables aggregation and comparison across projects. The Bank’s regional and sectoral teams, led by the OPCS Results Secretariat, are currently developing a set of standard sector-specific indicators with outputs and outcomes. IFC is an active member of the Bank’s Results Steering Group and is contributing to the development of the Bank’s results platform. IFC’s development outcome tracking system has served as a useful illustration of knowledge capture and has helped integrate private sector indicators into the COMPAS assessment tool. The Africa Region has taken the lead in this effort through the Results Management System Initiative and has already developed a set of core indicators for a few sectors. Rollout to other sectors and regions is under way. The FPD Anchor and Sector Board are leading an effort to develop standard results indicators as a part of the WBG PSD strategy update. The teams undertaking this work are aspiring to harmonize their indicators with IFC’s core indicators to the extent possible. For example, the recently approved MSME finance indicators were established with inputs from IFC and the upcoming private sector development indicators are building on those already established by IFC.

Lack of Data

79. Until recently, given regional teams’ lack of access to data on joint investment and advisory projects, quantifying joint investment and advisory tasks, let alone by region and sector, was not possible. Progress has now been made in identifying joint activities across regions and sectors, and teams are pioneering the use of targets to monitor changes from the baseline. For the first time, IFC’s Africa region has pioneered the use of targets for joint investment projects. Similarly on the IFC advisory side, the BEE business line has proposed joint advisory targets whereby at least 50 percent of new IDA approvals should be for joint projects.

80. This chapter addressed progress that has been made over the last 12 months in relation to constraints to coordination and collaboration. Nevertheless, challenges remain. The next chapter details priorities for further progress over the next 12 months as agreed on by senior Bank and IFC management teams.

IV. Priorities for the Next Year

Despite the progress made to date, key challenges to improved collaboration remain and priorities have been established for the next 12 months. The role of the secretariat will switch to one of providing support in relation to the priorities and targets established by joint regional teams. Continued improvements in simple coordination mechanisms between Bank and IFC regional teams are needed.

81. In the second and final year of the secretariat, it will focus more tightly on the core issues that are likely to have the highest payoffs in enhancing WBG collaboration. Joint regional teams have agreed on the FY10 priorities and targets they consider feasible, and these are documented in appendix 1. The IDA/IFC Secretariat will provide support to regions as requested and monitor their progress against their agreed priorities and targets, and will establish a senior-level Bank/IFC oversight committee to deepen the work on key central system and policy constraints. This shift in tactics for year two is the best way to ensure that the gains achieved during year one are sustained at the end of the planned term of the IDA/IFC Secretariat. Tables 9–11 present the priorities for the next 12 months. Beyond these major areas of focus, the secretariat will explore the following three additional constraints: the commercial confidentiality requirements of IFC and the options for improved information sharing when undertaking joint tasks, the challenges arising from different budget processes and processing procedures within the Bank and IFC, and the business models for joint advisory activities.

Table 9. Key Priorities at the Policy and Systems Levels

Progress over the last 12 months	Priorities for the next 12 months
Information Sharing and Knowledge Management: WBG dashboard design; Secretariat Web site; Country Manager and Country director training; Smart lessons	ISG and IFC CBI to launch phase one and further expand the scope of the WBG dashboard- a depository of information on Bank and IFC projects and WBG contacts Increased training efforts in relation to joint financing approaches and joint advisory models
Conflict of Interest: WBG Conflicts of Interest Office mandate, Inter-institutional conflict of interest guidelines.	WB senior management and new WBG General Counsel to agree permanent institutional arrangement for inter-institutional business conflicts of interest issues, as IFC and MIGA have already done The WBG's Conflicts of Interest Office to make further progress on guidelines and staff training
Incentives: WBG collaboration included in some OPEs and PEPs, IFC's corporate scorecard, and IFC country managers' terms of reference	Human resources departments in IFC and the Bank to consider and implement further reforms pertaining to incentive issues

Table 10. Key Priorities at the Strategy Level

Progress over the last 12 months	Priorities for the next 12 months
Country Strategy: OPCS and IFC's Strategy Department are piloting an enhanced joint CAS	OPCS and the IFC Strategy Department to consider how conclusions from joint pilot CASs might best be institutionalized. OPCS and the IFC Strategy Department to consider improved alignment of IFC's annual Lots strategy process and the Bank's country strategy process
Sector Strategy and Crisis Response: WBG joint strategies: ➢ Coordination around a crisis (eg. the current financial crisis and the food crisis) ➢ WBG infrastructure response that includes pipeline reviews in Africa, East Asia, and South Asia IFC approach to fragile and conflict countries	Regional and sectoral teams to identify sectors that could benefit from collaboration and develop additional joint strategies in key sectors, for example, agribusiness, forestry, health, and climate change Regional sector teams to establish periodic joint pipeline review meetings to identify subsectors where collaboration might break an impasse and to identify high priority, high-impact projects for multiyear collaboration
Leadership Structure: Progress in convening joint annual leadership team meetings in the East Asia and Pacific Region; Progress in inviting IFC staff to make presentations at annual strategic sector board meetings	Joint regional teams to implement annual leadership team meetings

Table 11. Key Priorities at the Project Level

Progress	Priorities for the next 12 months
Clarity on Range of Products: WBG Working Group on Guarantees is reviewing internal obstacles to scaling up guarantees and has provided recommendations IBRD enclave review and recommendations; Task Force on Partial Credit Guarantees; OBA review and recommendations	Secretariat to explore options within the Bank, IFC, and MIGA for further scale-up of infrastructure PPPs in IDA countries Secretariat to work with regional and sectoral teams to scale up guarantees and OBA in IDA countries Secretariat to clarify conditions for government use of IDA funds to finance consultants involved with IFC advisory services
Results Measurement: Identification and adoption of Bank-wide, standard, and comparable core sector indicators(output and outcome); IFC is an active member of the World Bank's Results Steering Group Support to joint pipeline projects in applying one monitoring and evaluation framework and one set of indicators	Secretariat to encourage consistency between planned Bank standardized indicators and IFC's development outcome tracking system
Baseline data established for jointly financed investment and advisory projects	Each region to implement agreed priorities for FY10 Each IFC business line to consider targets for joint projects

82. Looking forward, if all the major constraints identified in the report had been successfully addressed, internally imposed transactions costs had been minimized, and if agreed priorities and targets had been met, the remaining question concerns the desirable quantity and quality of Bank-IFC collaboration in IDA countries. The report notes that collaboration between the Bank and IFC is not always worthwhile, but that it can translate into improved development outcomes for WBG clients in a range of sectors. Maximizing the quantity of collaboration should not be the goal: we need greater insight into the specifics of when collaboration is likely to add value and how much. The increase in systematic coordination that is planned between Bank and IFC regional teams should enable them to identify more specific opportunities where they judge that operational collaboration will be worthwhile. Over the next few months, the Secretariat will consult with regions and relevant sectors to get a clearer understanding of the optimal levels of joint activity, and an understanding of what improved development outcomes can be reasonably expected.

Appendix 1: Regional Priorities and Targets

East Asia and Pacific

1. The Bank's Regional Vice President and IFC's Regional Director will include language in their annual objectives about continuing to improve coordination and collaboration; both will then cascade this through their management teams.
2. There will be an annual meeting of the two regional management teams to review progress in coordination and collaboration and agree on priorities.
3. Target for joint investment projects in IDA countries: at least as many as the previous year.
4. (FY08 joint investments committed: 1. FY09 joint investments committed (estimate): 5).
5. Target for joint advisory projects in IDA countries: at least as many as the previous year. (FY08 active joint advisory projects (= new projects + ongoing): 9. FY09 active joint advisory projects (estimate): 12).
6. Infrastructure: agreement to periodic joint pipeline review meetings; a shared strategy for infrastructure in at least one IDA country.
7. Agriculture/agribusiness: agreement to implement a shared strategy in at least one IDA country.
8. Financial markets: agreement to implement a shared strategy in at least one IDA country.
9. Pacific: continue to develop and implement a shared strategy.

Sub-Saharan Africa

1. The Bank's Regional Vice President and IFC's Regional Directors will include language in their annual objectives about continuing to improve coordination and collaboration; both will then cascade this through their management teams.
2. There will be an annual meeting of the two regional management teams to review progress in coordination and collaboration and agree on priorities.
3. Target for joint investment projects in IDA countries: at least as many as the previous year. (FY08 joint investments committed: 3. FY09 joint investments committed (estimate): 5).
4. Target for joint advisory projects in IDA countries: at least as many as the previous year. FY08 active joint advisory projects (= new projects + ongoing): 21. FY09 active joint advisory projects (estimate): 23.
5. Infrastructure: agreement to periodic joint pipeline review meetings. This will include identification of a very small number of large, multiyear, complex projects that the Bank and IFC agree to pursue and implement jointly.
6. Agriculture/agribusiness: agreement to implement a shared strategy in at least one IDA country.
7. Financial markets: agreement to implement a shared strategy in at least one IDA country, building on the MSME program.
8. Identify a small section of FPD projects that can be developed by a team drawn from the Bank and IFC with oversight from the FPD sector manager at the Bank and relevant IFC managers

ECA Region Priorities (to be finalized)

SECA Priorities

1) Triannual joint discussions and development of respective Country Assistance Strategies.
2) Development of a shared strategy in a country priority sectors (e.g., agriculture, social infrastructure, water resources, energy, power, financial markets etc.)
3) Annual meeting of the two regional management teams to review progress in coordination and collaboration and agree on priorities.
4) Joint design and implementation of infrastructure projects/PPPs in the region (transport, social infrastructure, energy/power).

Priorities in AZB/CA Region:

1) Co-Location with WB regional and country offices.
2) Joint design and implementation of advisory/investment in agribusiness/agrifinance.
3) Formalization of roles and responsibilities between IFC and Bank PSD in select countries (Tajikistan, Kyrgyzstan).

Priorities in Western Balkan Region:

1) Joint design and implementation of infrastructure PPPs in the region (energy/power).
2) Full integration of IFC BEE program with FIAS (one suite of products under one management), resulting in a greater coordination with the World Bank.

Georgia/Armenia

1) IFC is creating a mini-hub in Tbilisi to support an increasing focus on the Caucasus and to facilitate better cooperation with the World Bank, which is also decentralizing to Tbilisi.
In Armenia, IFC and IDA are identifying targets on improvements to the business climate that IFC will address in its advisory work, and the Bank will include in its Development Policy Operations.

South Asia Region Priorities (to be finalized)

1. Explore avenues for collaboration at the onset of all infrastructure advisory and infrastructure projects to identify policy, regulatory and sector strategy related issues; explore the possibility of collaboration, where relevant. Cross-support for transaction structuring; explore the potential use of the full range of World Bank Group products such as OBA, PRGs, co-financing of PPPs.
2. Target for joint investment projects in IDA countries (all of SA) - match or exceed last years performance
3. Target for joint advisory projects: Match or exceed last years performance
4. Infrastructure: Joint sector meetings to map strategies and areas of collaboration (e.g hydro power in Nepal)
5. Lagging/Low income states: Develop roadmap for collaboration based on comparative strengths in 3 lagging additional states in India

LCR Region Priorities

The IDA eligible countries in LAC are:
Haiti, Honduras, Guyana, Nicaragua, Bolivia (Blend). Four Caribbean Countries are eligible for IDA under the small country exception - Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines

1. There will be an annual meeting of the two regional management teams, to review progress in coordination and collaboration, and agree priorities.
2. Target for joint investment projects in IDA countries: at least as many as the previous year.
3. Target for joint advisory projects in IDA countries: at least as many as the previous year.
4. Infrastructure (including Energy): agreement to periodic joint pipeline review meetings; a shared strategy for infrastructure in at least one IDA country.
5. Financial Markets: agreement to implement a shared strategy in at least one IDA country.
6. Explore 2 additional areas of cooperation in FY10.
7. In addition the teams have agreed specific targets for individual programs in the Region.

MENA Region Priorities

1. The Bank's Regional Vice President and IFC's Regional Director will include language in their annual objectives about continuing to improve coordination and collaboration; both will then cascade this through their management teams.
2. There will be an annual meeting of the two departmental management teams in charge of IDA countries (and quarterly meetings of the corresponding sectoral teams) to review progress in coordination and collaboration and agree on priorities.
3. Private sector development: agreement to implement a coordinated program of advisory services.
4. Mining: agreement to implement a coordinated program of advisory services.
5. Health: agreement to develop complementary instruments for delivery of health services by public and private providers.
6. Energy: agreement to develop complementary instruments for delivery of energy services by public and private providers.

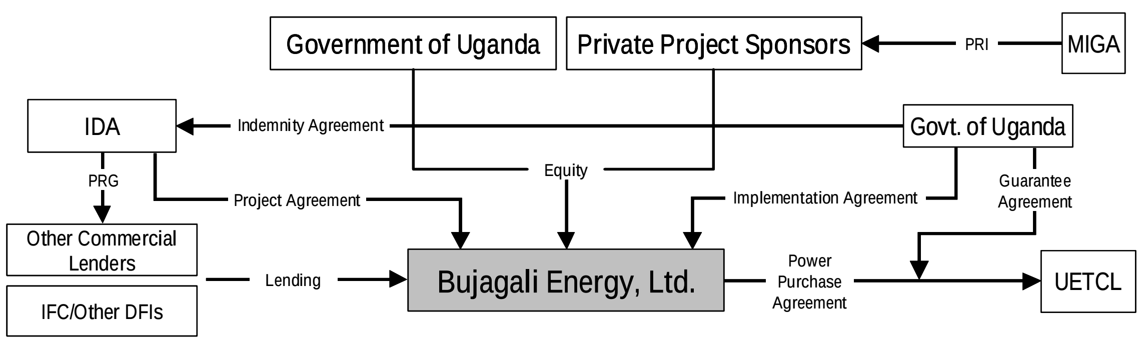
Appendix 2: Joint WBG Financing Approaches (Investment Projects)

Based on the experience of the 17 joint investment project from 1998 to 2008, Bank-IFC collaboration has yielded innovation within WBG instruments to finance activities in IDA countries, with 6 identifiable financing models for investment activities.

1. *The use of IDA funds for a Partial Risk Guarantee complemented with an IFC loan (for example, the Bujagali Private Power Project) has been the most common joint financing model that has applied.* This WBG financing structure combines IFC loans with an IDA PRG. IDA PRGs cover private lenders against the risk of a government-owned entity failing to perform its obligations with respect to a private project. The structure of an IFC loan, coupled with an IDA PRG has also been used in the following projects: Kounoune Power Project in Senegal, Azito project in Côte d'Ivoire, Uch Power Project in Pakistan, and Kenya-Uganda Railways[10] (see figure A.1).

Figure A2.1

IFC Loan + IDA PRG: Bujagali Private Power Project Example

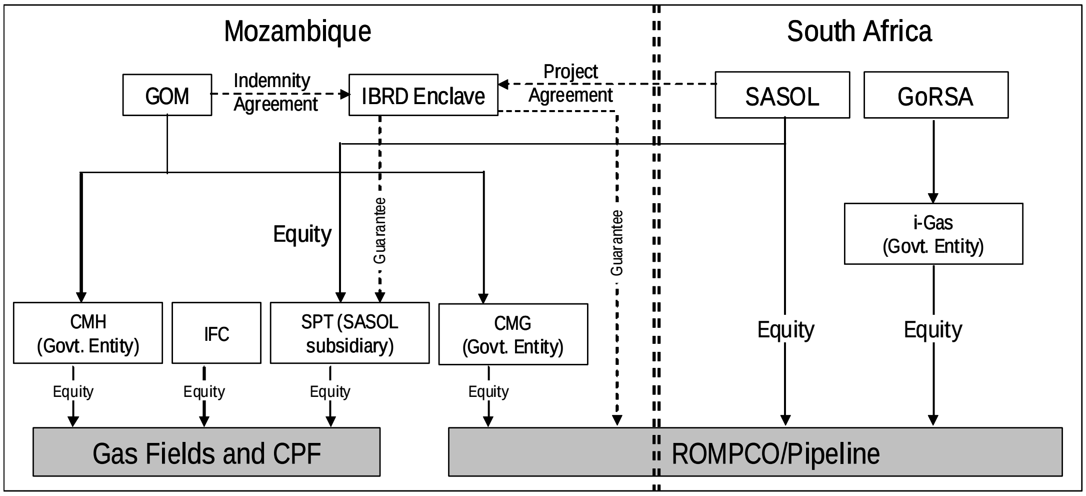


2. *IBRD Enclave Loans/Guarantees and IFC Equity have been used to finance projects (for example, Southern Africa Regional Gas (SARG or SASOL).* This WBG financing structure combines an IFC equity stake with and IBRD enclave guarantees to private commercial lenders. The project was jointly undertaken by the WBG in support of the project sponsor, Sasol LTD of South Africa and the government of Mozambique. It involved equity participation by IFC in the Mozambican entity, CMH, a joint partner in the upstream development and processing of gas. In addition, IBRD Enclave Partial Risk Guarantees in local currency and MIGA Guarantees were provided to commercial lenders (figure A.2).

[10] In the Kenya-Uganda Railway project structure, IFC was an indirect beneficiary of the IDA PRG. In the case of the other transactions mentioned above, the IDA PRG guaranteed a parallel commercial loan to the IFC loan and, therefore, IFC was not a beneficiary of the IDA PRG.

Figure A2.2

IBRD Enclave Guarantee + IFC Equity: SASOL Project Example



3. *The MSME projects have blended IDA funds and IFC guarantee into a risk-sharing facility (for example, Madagascar, Ghana, Mali, and Senegal MSME Project).*The risk-sharing facility (which blends IDA credit and IFC investments) has provided local currency risk sharing to the participating banks, thus facilitating partial risk coverage for revolving portfolios of new local currency MSME loans. The risk-sharing facility, provided by IFC as the facility agent on its own and the government's behalf, covers 50 percent of realized losses of the covered portfolio of new loans originated by local participating banks, on a pari-passu basis with those banks. As small and medium enterprise are perceived to be higher-risk borrowers and usually lack cash collateral needed to obtain bank loans, the PCG will provide banks with the credit protection needed to mitigate the perceived high risk of SME lending (figure A.3).

Figure A2.3

IDA/IFC Risk Sharing Facility/PCG: Madagascar Example

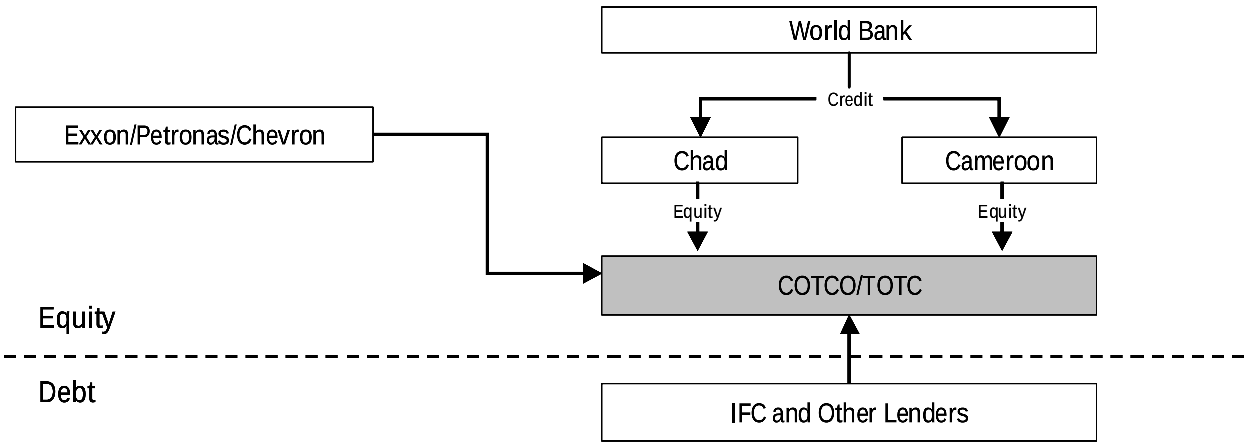
Not Guaranteed	Guaranteed	
Participating Bank: [45-35]%	IFC: [45-35]%	2nd loss
Participating Bank: [5-15]%	IDA credit: [5-15]%	1st loss

\+ IDA TA to Banks + IDA TA to SME borrowers

4. *Another innovation in the joint financing approach combined an IBRD enclave loan (it could have also applied to IDA funds) to finance the government's equity position with an IFC loan.* IFC complemented the Bank resources with an A and B loan. This was the model that was used in the Chad-Cameroon pipeline (figure A2.4.)

Figure A2.4

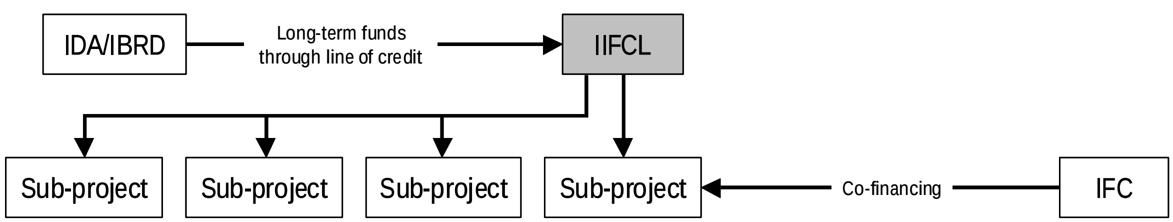
Govt. Equity Finance through IDA or IDRD Enclave Loan + IFC Loan:
Chad-Cameroon Pipeline Example



5. *IDA/IBRD lines of credit coupled with an IFC loan have been used together to finance joint activities (for example, the IIFCL project, India).* This WBG financing structure involved an IBRD loan (financial intermediary loan), an IDA credit, and an IFC loan to subprojects (figure A.5).

Figure A2.5

IDA Line of Credit + IFC Loan: India Infrastructure Finance Co. Ltd. Example

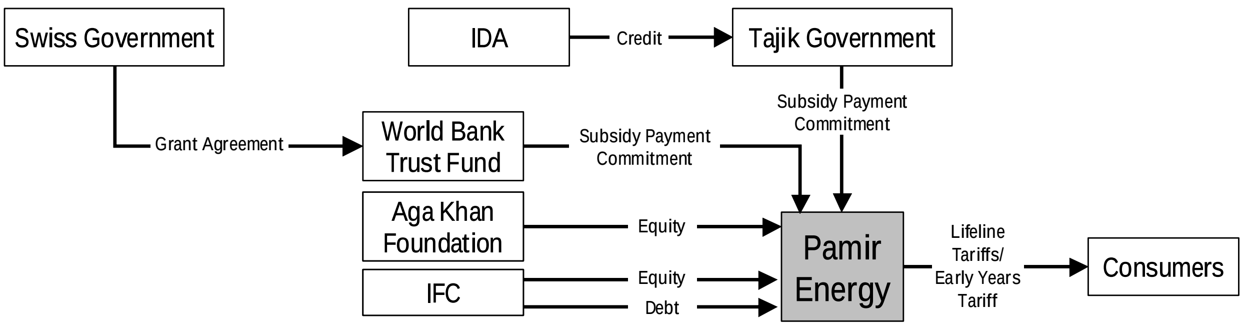


6. *IDA funds supported an OBA approach and IFC provided equity (for example, Pamir Power).* This WBG financing structure used an IDA loan, channeled to the project company through the government, together with IFC equity and debt in a special purpose company, to provide a cost of capital low enough to deliver affordable power in an extremely poor region. The spread earned by the government in onlending the IDA loan to the project company is

captured in a fund to which the government of Switzerland also contributed a lump sum grant, creating a source of funding to cover consumption up to a minimum (“lifeline”) level of provision for all, with the consumer left to pay only a small fraction of the cost of these lifeline amounts (figure A.6).

Figure A2.6

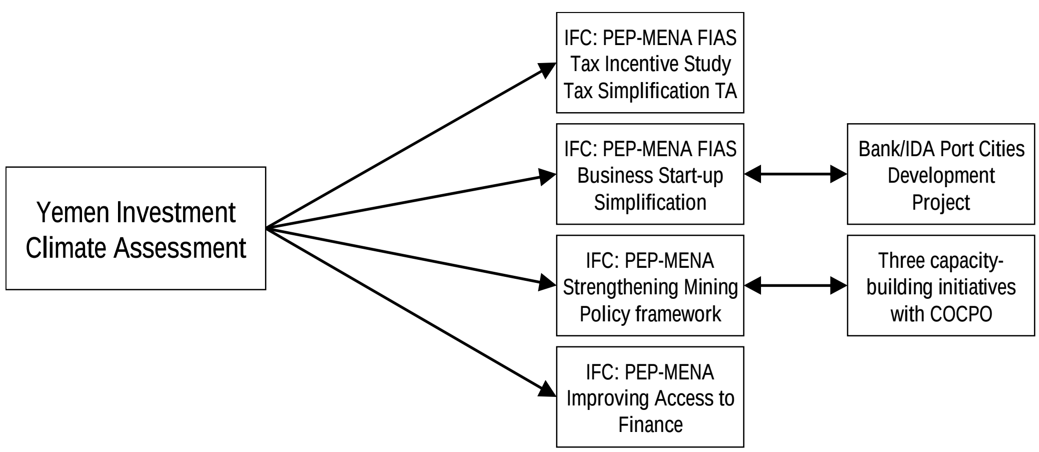
IFC Equity and Loan + IDA using OBA: Pamir Power Project Example



Appendix 3: Joint Advisory Models

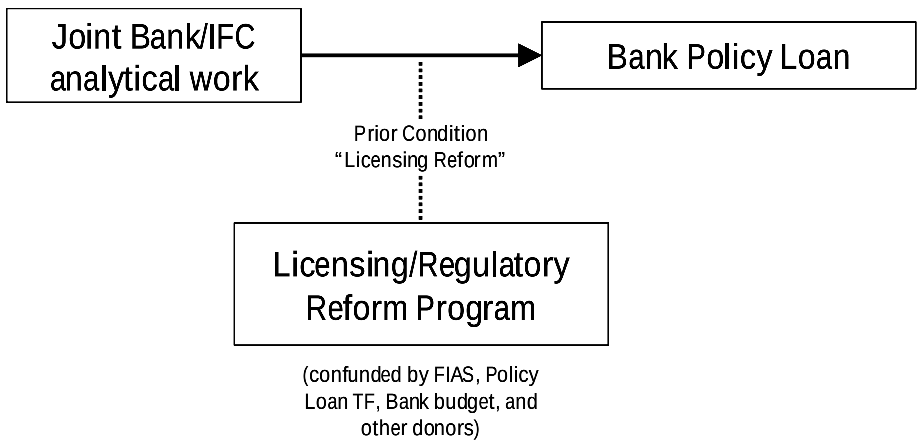
The following are illustrative of a wide range of models to be applied for joint advisory projects:

1. *Joint analytic work leading to a Bank investment loan and IFC advisory project:* In Yemen, WBG teams developed a programmatic approach to improving the country's investment climate. The Bank's ICA (2005) provided a deeper understanding of the investment climate challenges for Yemen. Joint follow-up teams then developed a framework for the elimination of identified obstacles to business development. The IFC launched a business start-up simplification project that enabled Yemen to move from a ranking of 128 in the "Starting a Business" category of the Doing Business indicators to 50th in the world – a top reformer. Closely linked with the simplification program is the Bank-funded Port Cities Development Project. To promote economic diversification, the Bank and IFC jointly initiated a reform project to attract private investment to the country's mining industry. The mining project established a new regulatory framework for mining investments, supported the promulgation of a law to be adopted by Parliament and promoted the first investor promotion conference. FIAS, the IFC Investment Climate Advisory Facility, and Bank teams partnered to support investment legislation and business promotion initiatives. The joint team also led policy discussions on tax reforms, which then opened up the opportunity for further reform in Yemen through a FIAS/IFC project on tax administration.

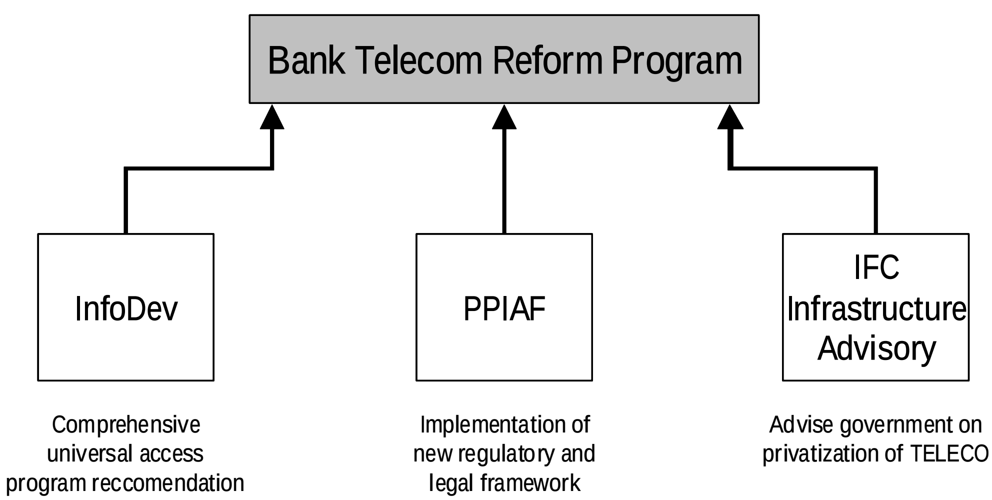


2. *Joint analytic work linked to a Bank Development Policy Loan condition, leading to an advisory project*: In the case of Kenya licensing reform, a joint analytical report on Growth and Competitiveness identified key legal and administrative impediments to investment, including the excessive, out-of-date, and inefficient licenses. The Bank policy loan included the following milestone: a "more radical approach to overhaul the licensing regime" as a prior condition. As a result, the Bank and IFC jointly assisted the GoK in developing and implementing comprehensive business license reforms, which resulted in around two-thirds of the 1,325 original business licenses being either eliminated or streamlined. IFC and the

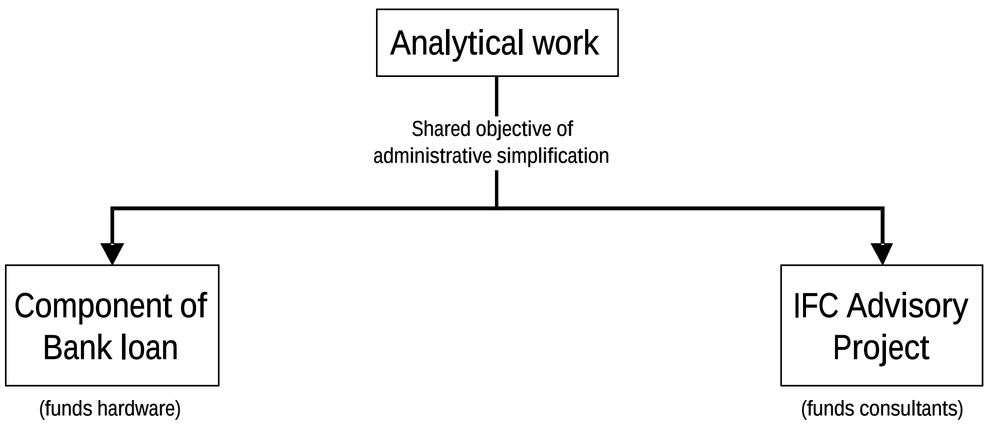
Bank jointly designed and worked as a joint team during implementation. The project was co-funded by FIAS, Bank PHRD grant, and Bank budget



3. *A package of sequenced advisory services, together with a Bank reform program***.** For the Haiti Telecommunications Regulations and Rural Access Implementation, the World Bank is working with the Haitian government on a telecommunications regulation reform package program. Under this program, the World Bank is providing assistance to implement the recommendations from an infoDev-funded study on a comprehensive universal access program, as well as to continue to provide guidance on the implementation of the new legal and regulatory framework for the telecommunications sector (developed under the Public Private Infrastructure Advisory Facility grant). IFC is advising the government of Haiti on privatization of TELECO i.e. the transfer of the majority of its shares to the private sector. During the first phase, IFC will complete the necessary studies for taking the Project to the market (legal/regulatory, demand/competition, network/operations, financial audit, financial modeling) and present recommendations to the GoH about the appropriate structure and privatization process (the "Privatization Strategy"). Once the GoH has agreed to IFC recommendations, IFC would market the Project to international investors, prepare the bidding documents and assist the GoH until closing.



4. *Doing Business creates a momentum for reform, leading to a Bank project to finance hardware and IFC advisory for technical assistance.* In Honduras, the Bank's Trade Facilitation and Productivity Improvements project aims to increase the productivity of the Honduran private sector, reinforce and strengthen administrative simplification reforms, and to lower the transaction costs of formality for firms by reducing the cost, time and number of requirements for the registration and operation of new businesses in certain municipalities. Motivated by the poor ratings on the *Doing Business* indicators, the Bank and IFC decided to collaborate further on administrative simplification in Honduras. As part of the ongoing Bank Honduras Trade Facilitation and Productivity Improvements Project, two municipalities - Tegucigalpa and San Pedro Sula – were selected for more specific IFC advisory work on administrative simplification. While the IFC provided advisory services to municipalities to reduce transaction costs of firms through reducing the time and procedures involved for registration and operations, the Bank supported this component through providing hardware and software equipment to the municipalities. The teams supported each other through the process and coordinated messages to the client.



Appendix 4: Past Joint IDA-IFC Investment Projects (FY99-FY08)[11]

Region/ Country	Sector	Project Name and Description	Approval/ FY
Africa/ Uganda	**Energy**	**Private Power Generation (Bujagali) Project** The project's main objective is to provide least-cost power generation capacity that will eliminate power shortages at the time of its commissioning, expected in early 2011. The project would represent an increase of 250 MW of least-cost installed power generation capacity. The project is being constructed on the Nile River, approximately 8 kilometers north of the existing Nalubaale and Kiira power plants in Uganda. The project is structured as an Independent Power Producer (IPP) which will sell electricity to UETCL (Uganda's national transmission company) under a 30-year Power Purchase Agreement (PPA). The IFC loan was to Bujagali Energy Limited. The IDA PRG provided a guarantee to commercial lenders (Standard Chartered of the UK and Absa Capital, of South Africa) against debt service payment defaults resulting from political force majeure events; changes in law and events making the project contractual agreements unenforceable or void; government imposed restrictions on the ability of BEL to be paid or to receive foreign currency or transfer funds abroad; and failure by the Government to fulfill its payment obligations relating to UETCL's purchase of power and termination payments due by UETCL. MIGA offered World Power Holdings Luxembourg SarL (WPH or the Guarantee Holder, a Luxembourg incorporated company and a wholly-owned subsidiary of Sithe Global Power	**WB: FY07** **IFC: FY07**

[11] Based on IFC commitment date
A joint project is defined by at least one of the following scenarios: (i) a joint project co-financed by IFC and Bank through a loan, equity investment, trust fund, budget, and/or grant; (ii) a shared objective that is agreed by Bank and IFC, resulting in two independent/parallel projects; (iii) a shared objective that is agreed by IFC and Bank, resulting in two independent projects which are sequenced one after the other

Region/ Country	Sector	Project Name and Description	Approval/ FY
		LLC), a guarantee partially covering its equity investment of up to US$127.8 million in BEL via SG Bujagali Holdings Ltd. (Mauritius), a wholly-owned subsidiary of WPH incorporated in Mauritius. The coverage was offered for a period of up to 20 years against the risk of Breach of Contract by UETCL and the Government of certain obligations under the PPA, the Implementation Agreement, and the Government Guarantee.	
Africa/ Senegal	**Energy**	**Bank: Electricity Sector Efficiency Enhancement** **IFC: Kounoune Power Project** The Kounoune project consists of the development, construction, operation, and maintenance of a 67.5 MW heavy-fuel oil (HFO)-fired diesel power generation plant, located at Kounoune in the eastern suburbs of Dakar in Senegal. Kounoune was jointly undertaken by IDA and IFC. IDA provided a US$7.2 million Partial Risk Guarantee in support of the Project for the benefit of CBAO (a Senegalese Bank) while IFC provided an A loan for an amount of Euro 17 million. Simultaneously, IDA presented to the Board a US$15.7million sector loan to (i) increase the electricity supply and the reliability/efficiency of electricity services and (ii) enhance the performance of key energy sector institutions. The Kounoune project is structured as an Independent Power Producer (IPP) selling power to Senelec (Senegal's electric utility) under a 15-year Power Purchase Agreement (PPA). Senelec's obligations under the PPA are backed by a Government Guarantee. The project sponsors are Matelec S.A.L. from Lebanon, the electrical business group part of the Doumet group, a diversified industrial and services group operating in the Middle East and North America; and MHI Equipment Europe B.V. from the Netherlands, a wholly-owned subsidiary of Mitsubishi Heavy Industries Ltd. of Japan. The Kounoune project is the result of sustained efforts over several years of IFC and IDA operating jointly in support of the Government of Senegal (GOS)’s power sector reform agenda. IFC and IDA actively participated in the implementation of the project from the early design phase to the project completion. IFC undertook a market sounding with reputable developers of power projects and confirmed that there was enough appetite to develop a privately-owned power plant under the modality of an IPP selling its output to	**WB:FY05** **IFC:FY05**

Region/ Country	Sector	Project Name and Description	Approval/ FY
		Senelec. Market feedback indicated that private sponsors' interest was conditional upon the participation of IFC and the Bank and on the transparency of the selection process. To support this project, IFC and the Bank indicated to GOS and Senelec their willingness to assist in raising the required debt financing. IFC, IDA, and MIGA prepared a joint communication to the pre-qualified bidders stating their interest in offering IFC debt financing, an IDA PRG and a MIGA guarantee for the winning bidder, if required. This communication, which also provided the indicative terms and conditions of the financing package, was included in the bidding documents. After the selection of the preferred bidder, the Bank and IFC have remained actively involved in the project by providing feedback to the parties, in their capacity as prospective lenders to Senelec and the Kounoune Project to ensure the bankability of the PPA. This project represents a good example where IFC and IDA have played a key catalytic role as a quasi "project developer". At present, IFC and the Bank continue to work closely in addressing Senegal's power needs and are implementing a similar approach in the development of a new IPP, the Tobene project.	
Africa/ Cote d'Ivoire	**Energy**	**Bank: Azito Partial Risk Guarantee** **IFC: Azito Power Project** The project addresses the critical shortage of power supply. It is a 300MW gas-fired power station and a 225 kV transmission line project which involves a consortium of_ABB Energy Ventures of Switzerland, Electricite de France, and the Industrial Promotion Services of Cote d'Ivoire. This was the second IPP in Cote d'Ivoire. The total financing cost was US$223million for the power plant and transmission components combined. The project was financed through a combination of equity, subordinated debt, and senior debt. The equity component consists of US$45 million of shareholders' contribution. The subordinated debt of US$20 million came from IFC and CDC. The $140 million senior debt came from IFC (A and B loans), a commercial loan supported by an IDA guarantee and DCD. The IDA PRG was critical to the completion of	**WB: FY99** **IFC: FY98 (Board); FY99(Commitme nt**

Region/ Country	Sector	Project Name and Description	Approval/ FY
		the financing for the Project and to obtaining the longest tenure at that time for a commercial financing for Cote d'Ivoire. The IDA PRG was used against defaults in scheduled debt service payments of both principle and interest resulting from State failure to meet its payment obligations. This was the first major privately financed power project in Africa.	
Africa/ Cameroon	**Energy**	**AES Sonel** Collaboration between IFC and IDA to the power sector has been underway for several years. These efforts have led to a successful implementation of the privatization of Cameroon's integrated power utility (AES Sonel). The Government of Cameroon (GOC) was advised by IFC's Advisory Services Department. IFC also led a syndicate of Development Financial Institutions which provided a EUR250m-loan to finance the 5-year post-privatization investment program of AES Sonel (54% AES, 46% GOC). Financial closure was achieved in December 2006. IDA was actively involved in providing technical assistance to the GOC in particular with respect to supporting the Ministry of Energy's and the Electricity Regulatory Agency's capacity building program.	**WB: n/a** **IFC: FY06**
Africa/ Mozambique	**Oil and Gas**	**Southern Africa Regional Gas Project (SASOL)** The Southern Africa Regional Gas Project (2005) catalyzes financing for development, processing, and transportation of gas from Mozambique to South Africa. The project was jointly undertaken by IDA, MIGA and IFC in support of the project sponsor, Sasol LTD of South Africa and the Government of Mozambique. It involved equity participation by IFC in the Mozambican entity, CMH, a joint partner in upstream development and processing of gas. IBRD Enclave Partial Risk Guarantees of Rand 200 million and Rand 100 million and MIGA Guarantees of US$137 million was made. The objective of the project is to generate and export Mozambique's substantial natural gas in an environmentally sustainable manner. This project is Mozambique's first substantial energy export project in the gas sub-sector and provides a framework for other future private sector projects. The project components consist of (i) development of the Pande and Temane gas fields in Mozambique's Inhambane Province; (ii) construction of a Central Processing	**WB: FY04** **IFC: FY04**

Region/ Country	Sector	Project Name and Description	Approval/ FY
		Facility (CPF) at Temane gas field for cleaning, drying and compressing the gas prior to its delivery into the pipeline; and (iii) construction of a pipeline between the gas fields and SASOL's petrochemical complex at Secunda in South Africa. The project also includes associated infrastructure such as roads, utilities, workshops, accommodation units and offices. This project has paved a path for joint projects in the future. IBRD provided a partial risk guarantee (US$ 30 million) which helped the private sponsors to raise commercial debt on reasonable terms; MIGA provided equity and debt insurance cover (totaling US$137 million); and IFC participated in the form of a equity contribution (US$18.5 million) to the upstream joint venture and facilitated the raising of any required debt financing. This was the first IBRD enclave guarantee - where IBRD resources are used for an IDA only country. It was the first time a local currency denominated loan was used (denominated in Rand and capped in USD). Finally, it was a regional project between Mozambique and South Africa with important spillover effects in other countries in the SADC region.	
Africa/ Chad and Cameroon	**Oil and Gas**	**Chad-Cameroon Pipeline** The Chad Cameroon Pipeline Project (2000) involved the construction of a pipeline from the oilfield of Chad to transport oil from the Doba oilfield to the Cameroon's Atlantic Coast of Kribi. The Project was jointly undertaken by IDA and IFC, with IDA providing a credit of US$ 39.5 million to Chad and a credit of US$ 53.4 million to Cameroon. IFC provided an A loan of US$ 100 million and a B loan of US$ 300 million to the Private Sponsors of the Project.	**WB: FY00** **IFC: FY00**
Africa/ Kenya and Uganda	**Transport**	**Bank: East Africa Trade and Transport Facilitation Project** **IFC: Kenya-Uganda Railway** This Project was undertaken jointly in 2006 by IDA and the IFC in support of the Rift Valley Railway Consortium of South Africa. IFC provided upstream advisory work to the Government of Kenya in addition to about US$32 million in debt financing to the investor in the form of IFC A and C loans. In addition, IDA provided Partial Risk Guarantees to the investor for termination risks related to a breach of the Concession Agreements of an amount of US$45 million for the Government of Kenya and US$10 million for the	**WB: FY06** **IFC: FY08 (Board),** **FY08 committed**

Region/ Country	Sector	Project Name and Description	Approval/ FY
		Government of Uganda. In parallel, the IDA financed East Africa Trade and Transport Facilitation Project paid for severance costs associated with the restructuring of the Kenya Railways Corporation and the concession. The project won the Euromoney Award for 2007 for the "Africa Infrastructure Deal of the Year".	
Africa/ Tanzania	**Transport**	**Bank: Central Transport Corridor Project** **IFC: Tanzania Railways** After the Government's first failed attempt to privatize the railways in 2001 (no bidders responded), the Bank conducted an analysis and found that the projected traffic volumes could not justify the investments required to replace the necessary sections of the track. For the second privatization bid, IDA responded by giving a grant to the railway for US$33 million to replace 197 km of priority sections of the track. IFC responded to winning bidder's request for financing.	**WB: FY04** **IFC: FY08 committed**
Africa/ Regional	**ICT**	**Bank: Africa Regional Communications Infrastructure Program (RCIP)/** **IFC: EASSy** The objective of this joint initiative is to increase accessibility of countries in the region to the world's global backbone communications network by providing high speed broadband connectivity. This will significantly reduce the current prohibitive cost of telephone and internet services in Eastern and Southern Africa. The Bank team led the RCIP (IDA/IBRD terrestrial connectivity program) while IFC led the co-financing with the African Development Bank and other development partners of EASSy (private sector submarine cable connectivity). IFC Advisory Services provided advisory services to 14 East African telecommunications operators in 2005/2006 and this support was key to identify priority links (and areas) where public resources were needed. This was one of the foundations of the IDA/IBRD RCIP Program. The Bank remains involved on submarine cable connectivity issues as follows: a Bank team member is part of the IFC EASSy team (to bring in the policy dimension into the IFC transaction) while a different	**WB: FY07** **IFC: FY08 committed**

Region/ Country	Sector	Project Name and Description	Approval/ FY
		Bank team advises Governments about submarine cable initiatives (not limited to EASSy). The initiative should lead to lower prices for telephone services and better access to the Internet that will significantly improve foreign and local private investment opportunities in the region, decrease the cost of doing business and increase the prospects for job creation and wealth generation while enabling countries to reap the benefits of ICT as a platform to deliver services to their citizens.	
Africa/ Nigeria	**Finance**	**Nigeria MSME Project** The MSME project aims to increase the performance and employment levels of MSMEs in selected non-oil industry sub-sectors and in three targeted states of the country. The project has the following components: (i) access to finance; (ii) business development services; (iii) investment climate; and (iv) public/private partnership development. Under the access to finance component, the MSME project facilitated the establishment of a microfinance policy framework, which resulted in establishment of several microfinance institutions (MFIs), some supported by IDA-funded performance-based grants. IFC co-founded one of these greenfield MFIs, Accion Nigeria, in which IFC committed US$1.89 million for a 13% equity stake.	**WB: FY04** **IFC: FY05**

Region/ Country	Sector	Project Name and Description	Approval/ FY
Africa/ Madagascar	**Finance**	**Madagascar Growth Poles Project** This project intends to be a strong catalyst for broad economic growth for three focused geographical areas of Madagascar: Antananarivo/Antsirabe, Nosy Be and Fort Dauphin. The overall IG2P includes the following components: Transportation/Roads/Port Development; Export Processing Zones; Tourism/Parks; Telecommunications; Investment Climate; and MSME Development. For the access to finance components, IFC and IDA invested in a risk sharing facility with two commercial banks to cover 50% of up to $25 million portfolio of new local currency SME loans. IDA is also funding technical advisory services for participating banks and SMEs. IFC made an investment in an SME equity fund (Business Partners International-Madagascar) that provides innovative solutions to overcome the difficulties associated with funding SME investments in the range of $50,000 to $250,000. $7.2 million was raised from other partners. The fund is complemented by $2 million IDA-funded advisory services for the investee SMEs.	**WB: FY05** **IFC: FY06**
Africa/ Kenya	**Finance**	**Kenya MSME Competitiveness Project** The MSME Competitiveness project includes strengthening financial and non-financial markets to meet the demand of MSMEs, strengthening institutional support for employable skills and business management, and reducing critical investment climate constraints on MSMEs. As such, the project has three main pillars of assistance -- Access to Finance, Strengthening Enterprise Skills and Market Linkages, and Business Environment. For one of the Access to Finance subcomponents, IFC made an investment in an SME equity fund (Business Partners International-Kenya) that provides innovative solutions to overcome the difficulties associated with funding SME investments in the range of $50,000 to $250,000. $10 million was raised from other partners. The fund is complemented by $2.5	**WB: FY05** **IFC: FY04**

Region/ Country	Sector	Project Name and Description	Approval/ FY
		million IDA-funded advisory services for the investee SMEs.	
ECA/ Tajikistan	**Energy**	**Pamir Private Power Project** The objective of the Pamir Private Power Project is to improve the reliability and enhance the quality of the electricity supply in GBAO region through private sector involvement in an environmentally and socially sustainable way. The project components include: 1) taking over and operating, by a private concessionaire, Pamir Energy Corporation, all of the existing power facilities in GBAO under a 25-year Concession Agreement; 2) expanding and completing the Soviet-era Pamir One hydro-power Plant from 14MW to 28MW and constructing a river regulating structure at the upstream Yashikul Lake to ensure adequate flow in winter; and 3) rehabilitating other assets including other small hydroelectric stations, substations, transmission, and distribution lines. IFC contributed equity and debt to Pamir Energy. IDA funded a loan to the Tajik government that is then on-lent to Pamir Energy at a slight margin. This lending margin, together with a grant from Swiss Government, was used to create a fund that will ensure minimum monthly supply of electricity at a low "lifeline" rate.	**WB:FY02** **IFC: FY02**
MENA/ West Bank and Gaza	**Finance**	**Bank: Housing Finance** **IFC: Palestine Mortgage and Housing Corporation (PMHC)** Housing is one of the most acute needs in the West Bank and Gaza, with highly overcrowded conditions. The development of a housing finance system was key to mobilizing resources to start to address the housing problem. In order to address this latent demand, the Board of the World Bank approved in April 1997 a US$25 million IDA loan for the World Bank Housing Project, US$17 million of which were allocated to the Housing Finance Component of the project to stimulate development of the local mortgage market. The two major constraints to mortgage lending in the WBG were liquidity and credit risks. The project addressed these constraints by providing long	**WB: FY97** **IFC: FY98** **(Board) FY99** **Commitment**

Region/ Country	**Sector**	**Project Name and Description**	**Approval/ FY**
		term loans to banks and primary market lenders (PMLs) and absorbing a portion of the credit (mortgage default) risk. PMHC was structured as a holding company with two subsidiaries to ensure isolation of the activities and risks of the operations and will be capitalized at US$20 million. The Liquidity Facility subsidiary (the "LF", which is functionally the "SMF" under the World Bank original project) provided long term funds to banks and other PMLs while the Mortgage Insurance Fund subsidiary (the "MIF", which was referred to as the Mortgage Indemnity Fund under the World Bank's original project) will provide mortgage loan insurance for long term loans initiated by commercial lenders. The LF will be capitalized at US$15 million and the MIF at US$5 million. The LF provided long term finance to PMLs in order to reduce the liquidity and interest rate risk incurred in the provision of long term loans for housing. Access to long term funds allowed PMLs to offer longer-term mortgage loans to households. As the payment stream will be spread over a number of years, affordability will be improved, thus allowing the Palestinians of limited means to buy their homes. PMHC will also contribute to attracting longer-term loans into the Palestinian mortgage market through the mortgage loan insurance operations of the MIF. By providing PMLs with mortgage loan insurance thus reducing the credit risk, it will encourage the PMLs to use their cash reserves and invest in the mortgage market.	
Middle East & North Africa	**Health**	**Queen of Sheba Safe Motherhood Program, Yemen** IFC is providing debt financing to support an expansion project for a local private sector university and hospital in Yemen (University of Science and Technology). Along with the investment is a Safe Motherhood initiative called The *Queen of Sheba Safe Motherhood Program***,** which was awarded to UST Hospital and the Saudi German Hospital in Yemen (the second is an existing IFC client)**.** The objective of the Safe Motherhood Project is to provide sustainable maternal health services to women in Yemen. The project will provide a 'Mother-Baby package' of services as defined by the WHO, including antenatal care, birth attendance by skilled professionals, postnatal and complicated care services.	**WB: n/a** **IFC: FY08** **Committed**

Region/ Country	Sector	Project Name and Description	Approval/ FY
		A third implementing agency, a national NGO called SOUL for Development of Women and Children, has been included and is responsible for enrollment of poor women into the project. This initiative is sponsored by the IFC and implemented jointly with the WB as a four-year community based program.	
EAP	**Telecom**	**Digicel PNG** The project consists of the construction and operation of a nationwide Greenfield GSM digital cellular network in Papua New Guinea ("PNG") by Digicel (PNG) Limited ("Digicel PNG" or the "Company"). Digicel PNG is a subsidiary of Digicel Pacific Limited ("DPL" or the "Sponsor"), a sister company of Digicel Limited ("Digicel"), the leading Caribbean mobile phone operator, and long time IFC client. Total project cost is estimated at US$162 million equivalent and should provide capacity for approximately 850,000 subscribers. Digicel PNG was awarded a ten year license in March of 2007 through an open application and award process. The license authorizes Digicel PNG to provide domestic telephony services and utilize its own international gateway until such time as adequate interconnect arrangements can be made with the incumbent, Telikom PNG. Digicel launched initial service in July 2007 and already has over 367,000 subscribers.	**WB: n/a** **IFC: FY08 (Board); FY08 Committed**

Appendix 5: Joint IDA-IFC Investment Projects (FY09 Expected Commitments and in the Pipeline) [12]

Region	Sector	Project Name	Project Description
Africa	Finance	Bank: Ghana MSME Project IFC: Ecobank Ghana	The project aims to enhance the competitive and employment levels of Ghanaian MSMEs. This will be achieved by: (i) building an integrated market access and trade facilitation infrastructure; (ii)proactively supporting entrepreneurship development; (iii) developing and strengthening, on a sustainable basis, the capacity of local intermediaries to deliver financial and non-financial services to MSMEs, and MSMEs to make productive use of these services; (iv) reducing selected business constraints, including technical barriers to trade, faced by MSMEs; (v) providing an enabling environment (access to finance, trade promotion, and trade facilitation infrastructure) to boost increased investments in the MSME sector; and (vi) enhancing the facilitation, project development, and implementation roles of the Government. An IFC investment in a risk sharing facility with Ecobank Ghana will cover 50% of up to $6.25 million portfolio of new local currency SME loans. IDA is providing first loss for the risk sharing facility and also funding technical advisory services for the bank and SMEs. In parallel, there is a proposed investment in a line of credit with Merchant Bank of Ghana, complemented by a $1 million IDA-funded performance-based grant.
Africa	Finance	Bank: Mali Sources of Growth IFC: Bank of Africa Mali and Ecobank	The Mali Growth Support project aims to accelerate growth, as reflected by increased value-added, employment creation and income generation, by: (i) improving the performance of the micro, small and medium enterprise sector through better business environment and direct support services; (ii) strengthening investment and export promotion activities; (iii) enhancing the socio-economic impact of the mining sector; (iii) increasing access to, and efficiency of telecommunications and postal services; and (iv) increasing economic opportunities in tourism and handicrafts.

[12] A joint project is defined by at least one of the following scenarios: (i) a joint project co-financed by IFC and Bank through a loan, equity investment, trust fund, budget, and/or grant; (ii) a shared objective that is agreed by Bank and IFC, resulting in two independent/parallel projects; (iii) a shared objective that is agreed by IFC and Bank, resulting in two independent projects which are sequenced one after the other

Region	Sector	Project Name	Project Description
			The IFC investment is in a risk-sharing facility with two commercial banks to cover 50% of new local currency SME loans. IDA is providing first loss for the risk sharing facility and also funding technical advisory services for the bank and SMEs.
Africa	Energy	Lake Kivu Methane-to Power, Rwanda	Lake Kivu contains high concentrations of methane gas at depths below 300 meters. The government has entered into MOUs with 3 sets of investors who are interested in developing a power project, using an untested technology to extract the methane and selling all its output to the state-owned power company, Electrogaz, under a long term Power Purchase Agreement. Expected to cost about €45 million; Expected power price around € 5 cents 5 per kWh.
Africa	Energy	Tobene Power, Senegal	Development, construction, operation and maintenance of a 70MW heavy-fuel oil (HFO)-fired diesel power generation plant, located at Tobene 90km from Dakar. Project would be structured as an Independent Power Producer selling power to Senelec under a 20-year Power Purchase Agreement. Senelec obligations under the PPA would be backed by a government guarantee. IFC financing together with Bank PRG likely.
Africa	Energy	Kafue Lower Gorge, Zambia	IFC's Advisory Services Department mandate for a 750 MW hydro project may require both Bank and IFC financing. The Bank has been involved in sector reform and may involved in PRG coverage.
Africa	Energy	Inga I and Inga II, Congo	An existing dam with an installed capacity of 1424 MW has been in place since 1982, and is deteriorating in reliability so that current production capability is around 475 MW or 33% of nameplate. It supplies power to Kinshasa and to Mining companies in Katanga via a long transmission line, also in need of rehabilitation. Rehabilitation costs of dam turbines roughly $800million.
Africa	Energy	Kribi Gas to Power, Cameroun	IPP project. This project seeks to address the growing generation demand. The Bank's role is to address the sector and policy aspects, project structuring and facilitating finance through the partial risk guarantee program, whilst IFC is working with the project developer to structure the engineering financial and commercial aspects of the project.
Africa	Energy	Ruhudji Hydropower Project Tanzania	The Government has entered into a Memorandum of Understanding with the "Nordic Group" led by UK-based private developer for this 358 MW hydropower project with an estimated project cost (incl. financing costs) of over US$ 700 million. The project developer has approached the Bank group for support. Currently the Bank has secured PPIAF funding to support the initial

Region	Sector	Project Name	Project Description
			development for the project, specifically the development of a legal framework (PPA and CA) under which project financing can be obtained.
Africa	Energy	Umeme Electricity Distribution, Uganda	Umeme has approached IFC to consider providing debt and equity financing. Related to this investment, Umeme would like to access limited amounts of funds structured in an output based aid approach to subsidize connections to the poor (which could be financed from a Bank project). Subject to IFC engaging to provide finance, Bank could assist in mobilizing this OBA. The amount of OBA available is likely to be relatively limited, no more than US$10 million. In addition, Actis has discussed with IFC the possibility of expanding the Umeme concession area beyond its current agreed footprint (subject to GOU agreement), in order to connect customers who currently have no access to electricity. The financing of such an expansion could be through a blended Actis/DFI/concessional funding facility, with the blended financing cost reducing the cost to the consumers who would pay for it through the tariff. Such a facility could potentially access up to US$20 million of an IDA credit that is currently under preparation.
Africa	Energy	Togo-Contour Global	IPP gas to power.
Africa	Energy	Azito Expansion, Cote d’Ivoire-	
Africa	Energy	Gabon	Financing investments with ongoing concession.
Africa	Transport	Nairobi Toll Road, Kenya	A PRG of US$120 million together with IFC is being considered in support of a proposed concession for the Nairobi urban toll road project.
Africa	Transport	Dakar Diamniadio Toll Road, Senegal	The Dakar Diamniadio toll road is a new (greenfield) toll road from Dakar to Diamniadio. It has four sections. Three of those sections are being built with public sector funds. The last section is envisaged as a public private project (the "Project"). The Project is the construction, management and operation of a 24-km section of the Dakar Diamniadio toll toad from Pikine to Diamniadio. The government is concessioning this Project out, and bundled in the concession is an additional five-km section of the DD Toll Road from Patte d’Oie to Pikine (to be built by the Government of Senegal) which will also be given to the concessionaire for operation and management. IDA is supporting this project through a US$ 80 million credit and a potential

Region	Sector	Project Name	Project Description
			PRG; AFD is contributing $30million. The remaining financing will come from the Government and private sources (builder and operator). IFC will explore the possibility of assisting the consortium through a loan or equity.
Africa	Transport	Tanzania Rail	After the Government's first failed attempt to privatize the railways in 2001 (no bidders responded), the Bank conducted an analysis and found that the projected traffic volumes could not justify the investments required to replace the necessary sections of the track. For the second privatization bid, IDA responded by giving a grant to the railway for US$33 million to replace 197 km of priority sections of the track. IFC responded to winning bidder's request for financing.
Africa	Transport	Beira Rail, Mozambique	IFC and WB are collaborating to finance (i) the upgrading of the Beira railway line to accommodate transport of coal from Moatize coal mine (12 mT/annum); (ii) a coal handling terminal at Beira; and (iii) a participation in the coal mine concession with CVRD (Brazil).
Africa	Transport	Transport Project APL3 - Madarail rail concession, Madagascar	Madarail is facing the financial negative impact that the suspension of chromite exports will have on its business plan for 2009 and 2010. In 2008, Chromite represented 35% of its transport volume and 20% of its revenues. While Madarail expect to boost its share of the lucrative fuel and container transport markets in 2009 and 2010 following delivery of 40 new wagons, it needs to continue to invest in rolling stock. EIB, its main lenders, has agreed to restructure drastically its Euros- denominated commercial debt, including transforming a portion into equity, reducing its value and freezing its equivalent value in local currency. Madarail needs further support, however, in financing an additional 95 wagons and 5 locomotives between 2010 and 2013 (estimated value US$ 15 million).
Africa	Transport	Sitarail Railway concession, DRC	IDA is supporting this project through a US$80 million credit and a potential PRG and AFD is contributing $30million. The remaining financing will come from the Government and private sources (builder and operator). IFC will explore the possibility of assisting the consortium through a loan or equity.
Africa	Transport	Restructuring of the Bamako-Dakar Railway Concession (Transrail)	

Region	Sector	Project Name	Project Description
Africa	Transport	Restructuring of Kenya-Uganda Railway Concession	The concession is in danger of failing because of lack of investment. IFC-WB need to work together to develop a plausible strategy and invest/financing plan to rescue and sustain the concession. PPIAF has expressed willingness to assist with study if required.
Africa	Urban & Water	Urban & Water Supply Sanitation Project, Ethiopia	There has been a good cooperation under the new Urban Water Supply & Sanitation Project. IFC has provided a US$150,000 grant for a private sector options study.
Africa	Water	Madagascar-Sandrandrano Water	PPP whereby the GoM and the local municipalities would grant a concession to the project company providing it with the right to develop, build and operate the water treatment and distribution system in the relevant municipalities. Committed
Africa	Power	Restructuring / Private Sector Participation for SONABEL Burkina Faso	
Africa	ICT	East Africa connectivity IFC: EASSy IDA: RCIP Kenya, Burundi Madagascar Rwanda, Malawi Tanzania	The IFC investment focuses on the submarine cable connectivity (East Africa Submarine System or EASSy) and the IDA support focuses on PPPs for terrestrial communications infrastructure (Regional Communications Infrastructure Program or RCIP). Both Programs build on the joint IFC/Bank GICT demand and connectivity assessments in East & Southern Africa, funded by IFC Trust fund FMTAAS and on infoDev work promoting Open Access. The IDA Program also leveraged IFC Advisory Services-funded East Africa Backbone feasibility study. IFC-Bank cooperation has been crucial to successfully convince all stakeholders about the necessity to build open-access infrastructure platforms.

Region	Sector	Project Name	Project Description
		Mozambique	
Africa	ICT	Central Africa Backbone/ Broadband on West Africa Power Pool Transmission Lines	The project will finance the establishment of a regional telecommunications broadband backbone connecting up to ten countries in Central Africa. A Public-Private Partnership model has been indentified for the financing, supply, installation and maintenance of the system/backbone. Replication of the "EASSy/RCIP" program in West and Central Africa with potential for IFC investment.
Africa	Financial Markets	Housing Burkina Faso	With a new and reformist Minister in charge of Urban Development and Housing, there is a great window of opportunity to address housing issues in Burkina and both IFC and the Bank are eager to deepen their collaboration. Ongoing discussions with IFC are looking at supporting microfinance institutions, land and housing developers, tapping on remittances and shifting the role of the Housing Bank from a financier to a regulator in the housing sector.
Africa	Health	HMO, Nigeria	The objective of this project is to increase access to quality basic health care in Nigeria. The project will utilize the structure established by the Health Insurance Fund (“HIF”) – a Dutch non-governmental organization – in poorer parts of Nigeria to expand the provision of pre-paid health services to additional groups of beneficiaries.
Africa	Health	Africa Health Program	In 2007, IFC initiated a Health Strategy for Sub-Saharan Africa. The strategy laid the foundation for a more structured approach to supporting the private health sector in Africa. It also aimed to leverage and complement the ongoing health-related work in other parts of the Bank and donors. Implementation of the strategy is ongoing through a joint program that includes the following components: Equity Vehicle for Health in Africa (EVHA) which will aim to make equity investments for private health care businesses, long-term debt investments through local financial intermediaries, and policy support on the operating environment in Africa. IFC's comparative strengths focus on equity, debt, investment climate policy work and structuring (eg: of PPPs) whilst the Bank is focused on research, analysis and health policy work. The advisory and policy work are in implementation; the equity vehicle (EVHA) is expected to be committed in FY09 Q4

Region	Sector	Project Name	Project Description
			and the debt facilities are in pipeline.
South Asia	Infrastructure	Financing Public Private Partnerships for Infrastructure Project, India	Support to India Infrastructure Finance Co Ltd (IIFCL) by providing long-term (US$ 1.195 billion IBRD and US$5mm IDA) finance to IIFCL to enable it to on-lend longer tenure resources to infrastructure PPP sub projects. IFC and IIFCL have agreed to co-finance infrastructure projects on a case by case basis
South Asia	Infrastructure	Maharashtra State Electricity Transmission Company	The Bank began its engagement with MSETCL in 2007 when the Govt. of Maharashtra requested WB support for capacity building of MSETCL, to help it improve its implementation capacity for large scale transmission investments required in the state. The World Bank responded by arranging grant resources for capacity building initiatives and develops an implementation strategy for the large scale investments required in electricity transmission in the state. A joint team from IFC's sub-national group and IBRD's South Asia energy group was formed to process a loan to MSETCL bringing together strengths of both groups and leveraging the strong relationship developed by the IBRD team preceding this transaction.
South Asia	Energy	Rural Electrification, India	The Ministry of Power in India has launched an aggressive program, Rajiv Ghandhi Grameen Vidyutikaran Yojana (RGGVY) to create distribution infrastructure for access to electricity in all villages by 2012. However, given that high demand will likely outpace generation capacity, the Govt of India is exploring other avenues to improve the quality of electricity supply in rural areas and increase rural household access. GoI has expressed interest to the Bank in implementing distributed generation and supply (DGS) projects based on renewable energy sources to augment generation and ensure better quality and access of supply in grid-connected and off-grid rural areas. IFC is in parallel engaging in off-grid distributed generation projects with private sector players. The objective is to put pilot projects to test the Business Model including technology, operations, revenue model, etc and then develop a scalable (perhaps franchise) model.

Region	Sector	Project Name	Project Description
South Asia	Urban	Joint support to PPPs for Govt of Maharashtra	IFC Advisory preparing a Business Plan for Maharashtra Urban Infrastructure Development Company (MUIDCL); Bank providing TA on the feasibility of a Viability Gap Fund for PPPs.
South Asia	Transport	Padma Bridge, Bangladesh	The proposed Bridge will be 5.6 Kilometer long, 25-meter wide with four-lane roadway and a railway track, gas pipeline and electricity power transmission line on it. A two-lane dual carriageway approach road 12 km long and 25 m wide and bank protection works along 16.3 km of river are both part of the project. The estimated cost during the JICA feasibility study done in 2004 was US$ 1.2 billion, revised in 2006 by the Bangladesh Bridge Authority to US$ 1.6 billion and is estimated to cross US$ 2 billion by the time of construction. The economic internal rate of return of the main investment is estimated at 14.8% by the feasibility study.
East Asia	Telecom	Digicel Projects Fiji	The overall project (with a total cost of US$282.5 million) consists of the construction, expansion and operation of six discrete 900MHz GSM cellular networks by Digicel Pacific Finance Limited ("DPFL" or "Holdco") and its six operating subsidiaries ("Pocus" or "Vanuatu, Tonga, Samoa, Fiji, Kiribati and Cook Islands") throughout the South Pacific Islands region (the "Facility" or the "Project"). The Company is 100% owned by DPL, which is a sister company of Digicel Limited ("DL"), the largest cellular operator in the Caribbean. DL, along with its other sister company, Digicel Central America Holdings Limited ("DCAL") provides cellular services across 23 markets for over 6.5 million subscribers in the Caribbean and Central America. Digicel is seeking to replicate the success of its Caribbean operations in the Pacific Islands with the successful launch of its operations in Samoa and Papua New Guinea. DPL plans to continue expanding into other countries of the South Pacific islands in the next few years.
East Asia	Telecom	Digicel Samoa	Same as above
East Asia	Telecom	Digicel , Tonga	Same as above
East Asia	Telecom	Digicel, Vanuatu	Same as above

Region	Sector	Project Name	Project Description
East Asia	Telecom	Digicel, Kiribati	Same as above
East Asia	Finance	Acleda, Laos	This Project entails an IFC equity investment of LAK17.5 billion, approximately US$1.83 million equivalent (or 17.5%) in ACLEDA Bank Lao Ltd ("ABL"), a green-field banking/microfinance operation to be capitalized at LAK100 billion (approximately US$10.4 million). ABL will be formed to operate as a commercial bank under the Commercial Banking Law in the Lao PDR with its head office in Vientiane and branches through out the country, and its main focus on the low-end segments of the market, leveraging on expertise in MFI management and operation of its parent company - ALCEDA Bank plc. ("ACLEDA").
East Asia	Mining	Goldridge, Solomon Islands	Rehabilitation and restart of an existing gold mine with a projected annual output on completion of 350,000 oz/pa. Project cost is estimated at US$120 million.
East Asia	Off-grid rural electrification	Lao PDR	
Central Asia	Energy	Pamir Project, Tajikistan	The objective of the Pamir Private Power Project is to improve the reliability and enhance the quality of the electricity supply in GBAO region through private sector involvement in an environmentally and socially sustainable way. New IDA credit approved by the Board. Existing IDA loan restructured to provide additional grace period on principal, and deferment of all interest. IFC and AKFED to soon sign restructuring of their respective investments. Existing subsidy support expected to last to end 2011.
ECA - South Asia (Regional)	Energy	CASA 1000	The CASA 1000 Project would comprise: (a) 750 km High Voltage Direct Current (DC) transmission system between Tajikistan and Pakistan via Afghanistan; (b) DC to Alternate Current (AC) converter station in Kabul to supply Kabul area; (c) an AC transmission link between Kyrgyz Republic and Tajikistan to supply Kyrgyz electricity to South Asia via Tajikistan; and (d) institutional and legal framework to enable such electricity trade.

Region	Sector	Project Name	Project Description
Middle East & North Africa	Housing	World Bank & Gaza Housing Project	IFC is taking an equity stake in the new housing finance company to be created, and both IFC and the World Bank will provide advisory services. The effort is expected to finance affordable housing for 30,000 middle- and low-income families.

Appendix 6: Joint IDA-IFC Advisory Projects in the Pipeline

Region	Business Line	Project Name	Description	Approval FY
AFR	BEE	WB: Private Sector Development and Competitiveness Project and Additional Financing IFC: Business Enabling Environment IFC: Special Economic Zones, (Ghana)	In DRC, FIAS, the Doing Business Reform Team, and Bank Africa PSD have been working in close collaboration in the following areas: - Restructuring the investment promotion agency - Review of tax incentives (funded under a WB funded project and supervised by FIAS) - Pre-feasibility study for Special Economic Zones - Doing Business reforms	FY08
AFR	Education	Africa Schools Program Ghana Schools (Ghana)	The overarching objective of the advisory services intervention [in parallel with the investment project] is to improve the quality and availability of private education, to support the need for improvement and expansion of the education sector. Specifically, it will involve direct technical assistance and financing support to private sector education institutions to expand their facilities and improve their skills in education management. The impact expected is a more vibrant private schools sector capable of meeting the growing gap between public sector supply of primary schools and the demand for quality enrolment places.	FY08
AFR	BEE	IFC: Improving Regulatory Performance and Capacities (Kenya)	The objective of this project is to improve the investment climate in Kenya by assisting the GoK implement its Regulatory Reform Strategy (including streamlining of high priority regulatory areas, promoting regulatory reform at the subnational level, assuring the quality of new regulations, Doing Business reforms, strengthening institutional drivers of reform). This project builds upon and extends the Kenya Licensing Reform Project, a joint advisory service. This	FY08

Region	Business Line	Project Name	Description	Approval FY
			project is supported by a joint FIAS-IFC/WB staff member, and activities are closely coordinated among WB and IFC staff.	
AFR	BEE	WB: Kenya PSD Dialogue IFC: Kenya Licensing Reform (Kenya)	The objective of the project is to assist the GoK in developing and implementing comprehensive business license reforms, which consists of a critical evaluation and reform of the existing stock of licenses and the design of a regulatory impact assessment unit/process for all future licenses. The intended impact of the project is to provide Kenya with a modern business licensing framework that enables the public sector to regulate private enterprises in a cost-effective manner without burdening enterprises unduly with procedures and costs. FIAS and the Bank Africa PSD department jointly designed and worked as a joint team during implementation. The project was co-funded by FIAS, Bank PHRD grant, and Bank budget.	FY06
AFR	Education	Africa Schools Program Kenya Schools (Kenya)	The overarching objective of the advisory services intervention [in parallel with the investment project] is to improve the quality and availability of private education, to support the need for improvement and expansion of the education sector. Specifically, it will involve direct technical assistance and financing support to private sector education institutions to expand their facilities and improve their skills in education management. The impact expected is a more vibrant private schools sector capable of meeting the growing gap between public sector supply of primary schools and the demand for quality enrollment places.	FY08
AFR	Infrastructure	TKL/Safaricom (Kenya)	The World Bank was engaged in discussions with the Government on telecom reforms for several years and was included as a conditionality in the Economic Recovery Strategy and Support Credit. When the Government decided to proceed with the transaction, IFC CAS was engaged to design and implement the partial divestment (at least 9%) of Telkom Kenya Limited's (TKL) and 60% stake in its GSM cellular mobile subsidiary, Safaricom, to fund the necessary restructuring at TKL ahead of privatization. Bank staff continued providing advice to the Government.	FY07

Region	Business Line	Project Name	Description	Approval FY
AFR	A2F, BEE	Micro, Small, and Medium Enterprise Competitiveness (Kenya)	The Project aims to increase productivity and employment in MSMEs through strengthening the financial and non-financial markets to meet the demand of MSMEs, strengthening support for employable skills and business management, and reducing critical investment climate constraints in MSMEs. In the joint IDA/IFC Kenya Micro, Small, and Medium Enterprise Competitiveness Project (IDA $22mm), IFC, as part of a joint team, helped in the design of the following components: Access to Finance TA facility, Business Plan Competition, Global Business Schools support to 3 Kenyan business schools, and Business Environment. In addition, during supervision/implementation IFC SME Solutions Center is implementing the component related to the TA for local risk capital fund managers; FIAS has provided short-term advice for the business environment component; and GBSN supervised the business schools component.	FY05
AFR	BEE	Private Sector Competitiveness and Economic Diversification (Lesotho)	The key objective of the project is to facilitate increased private sector investment by improving the business environment and diversifying sources of growth. This goal will be achieved by reducing the costs of doing business; strengthening the linkages and integration of the Lesotho economy with the regional economy, especially with South Africa; strengthening support for technical and business management skills thereby improving productivity at the firm level; and improving access to finance for MSMEs. FIAS is supervising the Business Registration and Licensing component of the Lesotho Competitiveness and Private Sector Development IDA credit. FIAS is responsible for follow up and supervision of this sub-component of the project.	FY07
AFR	Infrastructure	WB: GPOBA W3 - Liberia Power IFC: Monrovia Power (Liberia)	IFC CAS has a mandate for a 45 MW hydro project (up from the existing 2 MW) in order to increase the number of consumers from 1,000 to 22,000 in five years. An IDA PRG of $20 mm is being considered, along with IDA funded TA for capacity building.	FY07

Region	Business Line	Project Name	Description	Approval FY
AFR	Education	Africa Schools Program Liberia Schools (Liberia)	The overarching objective of the advisory services intervention [in parallel with the investment project] is to improve the quality and availability of private education, to support the need for improvement and expansion of the education sector. Specifically, it will involve direct technical assistance and financing support to private sector education institutions to expand their facilities and improve their skills in education management. The impact expected is a more vibrant private schools sector capable of meeting the growing gap between public sector supply of primary schools and the demand for quality enrolment places.	FY09
AFR	A2F	WB: Integrated Growth Poles IFC: Madagascar Leasing Development Program (Madagascar)	The Bank project provides a platform for hard and soft infrastructure delivery in a coordinated and integrated manner. The main activities developed in cooperation with IFC include: (i) improving MSMEs' access to finance; (ii) MSME capacity building to develop value chains; (iii) tourism capacity building; (iv) supporting the JIRAMA operation restructuring; and (v) improving the business environment including monitoring of policy and regulatory changes to be taken by the GOM, strengthening of the investment promotion agency and creation of registries. IFC participated in the design of some of the MSME related components. IFC's PEP-Africa has developed a two year technical assistance initiative to develop the leasing and factoring industry in Madagascar. The objective of the Program is to increase the volume of lease and factoring transactions in Madagascar. The project funding from IFC SME Solutions Centre (SSC) is leveraged by the IDA MSME project's capacity building funds (the latter for direct TA to leasing and/or factoring companies). This program will complement the IDA MSME program operating in Madagascar by allowing the SSC to provide local legal and tax support and full on-the-ground implementation resources to the consultants that will be providing technical assistance to the local financial institutions as part of the IDA MSME program.	FY06

Region	Business Line	Project Name	Description	Approval FY
AFR	BEE	WB: Private Sector Development Project 2 IFC/FIAS: Business licensing reform (Madagascar)	The development objective of the PSDP2 project is to improve the quality and coverage of essential economic and infrastructure services through increased private investment and better performing regulatory authorities. The FIAS/IFC Business Licensing reform project also aims at improving the regulatory environment for business and investment. The projects have panned joint activities, such as a review of regulatory capacity, elaboration of a medium-term regulatory reform strategy, and joint work on improving Doing Business indicators.	WB: FY02 IFC: FY08
AFR		Mali Growth Support Project (Mali)	The World Bank Group has developed a program to provide support for micro, small and medium enterprises development in collaboration with the Government of Mali. This project, Sources of Growth, has been undertaken through a loan to the Government of Mali to support sources of economic growth in the period 2004 to 2009. The overall Project will cover activities to support growth in the MSME sector, the mining sector and the telecommunications sector. Mali is one of the eight pilot countries under the IDA/IFC MSME Initiative Program.	FY05
AFR	BEE	WB: Mozambique Competitiveness and Private Sector Development IDA credit IFC: Mozambique Business Environment Reform (Mozambique)	The World Bank's proposed Competitiveness and PSD IDA project has an overall objective to improve the business environment and enhance the competitiveness of targeted SMEs. This will be achieved by: (i) reducing the cost of doing business (ii) developing and strengthening the capacity of local intermediaries to deliver business services in targeted sectors; (iii) establishing forward and backward linkages for SMEs to existing and new local and foreign buyers and investors; and (iv) enhancing access to finance for business expansion and investment. The BEE component was jointly designed with FIAS. The proposed independent FIAS project will deal with two broad areas: (i) regulatory simplification with an initial focus on streamlining licensing procedures; and (ii) improving the Doing Business indicators.	FY09

Region	Business Line	Project Name	Description	Approval FY
AFR	A2F	ESMID - SIDA (n/a)	Sida, the World Bank, IFC and OMX (the "Founding Partners") will establish ESMID, a program to develop well functioning securities markets in emerging markets countries. ESMID will aim to be a global program and engage public and private partners. ESMID will begin as a three-year program in Sub-Saharan Africa, called ESMID Africa. ESMID-Africa will be governed by a Steering Committee and implemented through IFC's PEP Africa.	FY06
AFR	ESS	Lighting Africa Program	Lighting Africa will scale up the delivery of affordable non-fossil fuel lighting services in six sub-Saharan countries and contribute to the scale up of access in two to four additional countries by the MDG year, 2015. Light-Up Africa contributes to the provision of modern affordable lighting services to about 50% of the 500 million people in sub-Saharan Africa who will not gain access to electricity by 2030. The IFC Project is the launching pad for a broader World Bank Group (WBG) program on off-grid lighting across Sub-Saharan Africa as part of the WBG commitments under the Clean Energy Investment Framework. This WBG program, currently being refined, will build on the market-based approach of this Project, and leverage IFC and IBRD strengths and resources towards a broader program reaching additional countries in Sub-Saharan Africa. The WBG program will be implemented by a joint IFC-IBRD team. Note: Ghana and Kenya currently in the pipeline.	FY07
AFR	BEE	WB: State Level Investment Climate and Growth in Nigeria IFC: NGIA Subnational Investment Climate program	This is a five year program jointly funded by IFC and the WBG/DFID Sub-national Investment Climate Program for Nigeria (SICP), which aims to promote sustainable and measureable improvements in the investment climate at state level: establish state level benchmarks through a Doing Business assessment; consolidate and simplify state level taxes; simplify property registration and reduce land administration costs; improve investor access to information; improve public-private dialogue. This is an Bank activity funded by a $13 million DFID Trust Fund and co-financing from IFC FIAS Trust Fund. The joint teams have shared objectives and a shared program, with IFC being responsible for delivery of a number of	FY06

Region	Business Line	Project Name	Description	Approval FY
		(Nigeria)	components agreed with Bank Africa PSD.	
AFR	A2F, BEE	Micro, Small and Medium Enterprise Project (Nigeria)	The Project was developed as a joint IDA-IFC project which was designed to accelerate private sector growth in Africa by leveraging World Bank Group instruments and international best practices. To achieve this, the project in Nigeria aims to: (i) develop and strengthen the capacity of local intermediaries to deliver financial and non-financial services to MSMEs; (ii) reduce selected investment climate barriers that constrain MSME performance; (iii) mobilize, via (i) and (ii), increased private investments in MSMEs and intermediaries. Bank and IFC jointly participated as one team in the design and supervision.	FY04
AFR	A2F	WB: Competitivenes s Enterprise Development Project IFC: Rwanda Leasing Program (Rwanda)	The IFC Rwanda Leasing Program will support the development of the leasing market in Rwanda by: creating a progressive legal, regulatory and tax framework; building the capacity of local lessors; developing awareness of leasing among SMEs; and promoting investment in leasing. All of these interventions when implemented concurrently will catalyze the leasing market in Rwanda. The project includes $500,000 co-funding provided by WB/IDA Competitiveness Enterprise Development Project which has an overall objective to establish an enabling environment for private sector-led economic growth and poverty reduction in Rwanda. The project will focus on promoting a competitive climate by (i) streamlining the business environment; (ii) reducing the costs and increasing the efficiency of telecommunications, water and electricity utilities, and the tea industry; and (iii) improving access to financial services and provide support services to local entrepreneurs.	WB:FY01 IFC:FY06

Region	Business Line	Project Name	Description	Approval FY
AFR	Education	Africa Schools Program Sierra Leone Schools (Sierra Leone)	The overarching objective of the advisory services intervention [in parallel with the investment project] is to improve the quality and availability of private education, to support the need for improvement and expansion of the education sector. Specifically, it will involve direct technical assistance and financing support to private sector education institutions to expand their facilities and improve their skills in education management. The impact expected is a more vibrant private schools sector capable of meeting the growing gap between public sector supply of primary schools and the demand for quality enrolment places.	FY09
AFR	BEE	WB: Southern Sudan Private Sector Development (MDTF-S) IFC: Removing Barriers to Investment in Southern Sudan (Sudan)	The World Bank-managed Southern Sudan PSD Project ($20.2 million, $12 million Phase I) helps the new Government of Southern Sudan support the private sector through four components: Policy Development, Microfinance, Industrial Capacity building, and Market Development. The IFC project complements this effort by helping reduce the cost of doing business, and increase the number of new businesses in Southern Sudan by implementing a program to re-establish company registration, support revision of relevant laws, and establish an investment promotion and facilitation framework for Southern Sudan. IFC was invited into the project preparation activity by the Bank, who was managing the Multi-donor Trust Fund for Sudan. A number of activities, such as the launch of the Government-Private Sector Forum to support development of the policy framework, are shared. While there is not a single monitoring framework, the team collaborated frequently in the design phases, and have continued to collaborate - e.g. at the recent Sudan Donor Consortium in Oslo, all of the PSD outputs and outcomes from the WBG were presented as one. Given the longer lead times for government-executed WB projects, the IFC-executed TA provides useful interim support while the government builds its project execution capacity.	FY07

Region	Business Line	Project Name	Description	Approval FY
AFR	A2F	WB: Private Sector Competitiveness II IFC: Uganda Primary Mortgage Market Initiative (Uganda)	The project, which will reduce the cost of doing business and encourage investment, will enable the private sector to be better positioned to respond to opportunities in specific categories of the market. The project will increase the number of formal enterprises, the number of people employed and the number of skilled employees leading to an increase in output per worker. The project is working closely with the IFC Primary Mortgage Market Initiative. The IFC program is providing capacity building on mortgage finance to banks that are also getting financing from IFC. The IDA project is supporting similar training for other banks, providing support to the mortgage association, and also working on the policy issues and improving the land registry.	WB: FY05 IFC: FY07
AFR	BEE	WB: Support for Economic Expansion and Diversification Project IFC: Regulatory Simplification (Zambia)	The development objective of the ongoing Bank PSD support is to improve the Zambia's competitiveness, with strong emphasis on investment climate reforms. This work is supported by several donors and cuts across BEE areas. An IDA credit focuses on improving the business environment for the tourism and gemstone sectors - specifically as relates to business licensing. The FIAS/IFC Business Licensing reform project aims at improving the regulatory environment for business and investment. The projects have coordinated activities and shared on-the-ground resources.	FY09
EAP	BEE	Cambodia CIB Strategy Implementation & Capacity Building (Cambodia)	The project is designed to support the Cambodia Investment Board (CIB) in meeting its new, clearly articulated mandate as the lead government body responsible for investment promotion. The technical assistance will take the form of the recruitment of two long term Khmer speaking advisors and inputs from FIAS and MIGA staff plus specialist international advisors aimed at refining the existing strategy and developing and delivering a detailed Action Plan. In addition, the project will include specialist training plus the design and purchase of IT systems - hardware and software - for investment promotion. Over an elapsed time of two years, the total budget for this project will be $398,000. It will be funded from three sources: FIAS, MIGA and through a pre-identified line item in a the World Bank Trade Facilitation and Competitiveness Grant to the Government of Cambodia.	FY06

Region	Business Line	Project Name	Description	Approval FY
EAP	BEE	2008 Cambodia Investment Climate Assessment (ICA) (Cambodia)	The planned 2008 ICA will be done jointly with the Bank focusing on the business survey and analytical work and the IFC focusing on drawing lessons for implementation, especially on capacity building issues. The ICA survey will also complement the IFC/MPDF survey which is the basis of the "Provincial Business Environment Scorecard". The ICA will also build on the IFC-supported Government - Private Sector Forum (and its eight working groups), which brings issues the private sector face to a forum for dialogue with the Government.	n/a
EAP	A2F	WB: LA Financial Sector Reform and Financial Sector Strategy IFC: Financial Institutions Law (Lao PDR)	Both the IFC and WB are providing TA and collaborating on what ultimately will feed into a Financial Sector Reform project.	WB: FY08 IFC: FY06
EAP	BEE	WB: Lao Poverty Reduction Support Operation 5 (PRSO5) IFC: BEE - Investment Law (Lao PDR)	This project aims at creating a new legislation that provides a secure legal framework for investment and a level playing field for all investors. IFC MPDF, in partnership with FIAS, is supporting the government to prepare a new Law on Investment Promotion that unifies existing domestic and foreign investment laws and incorporates best international practices by providing technical assistance to the law drafting committee and support in consultation process with relevant stakeholders from the government and private sector. In addition, IFC MPDF is also assisting the Ministry of Planning and Investment (MPI) to build the capacity of the Investment Promotion Department (IPD) with regards to investor support and inquiry handling. The project team of IFC MPDF has regularly consulted with the team from the World Bank, particularly PSD specialist, and the Bank also incorporated the drafting of new investment law as a trigger in PRSO5, which requires the government to submit to the National Assembly a unified investment law that is consistent with the Enterprise Law and other relevant laws.	FY08

Region	Business Line	Project Name	Description	Approval FY
EAP	BEE	WB: Capacity Building Project for Mining and Hydro sectors IFC: Lao Business Forum (Lao PDR)	In response to feedback and comments raised in the Lao Business Forum (LBF), for which IFC MPDF has played the secretariat role since 2006, the Lao government requested IFC MPDF to support in review of existing Mining Law to formulate a new legislation based on international best practices to regulate mining activities in the country. IFC MPDF is supporting the Ministry of Energy and Mines in the law drafting process by providing international and national technical advisors to work with the drafting team and has facilitated several dialogue sessions on the draft law with relevant line ministries and the private sector. IFC support to the drafting process of the Mining Law has been conducted with a close collaboration with the World Bank who has been active in assisting the development of Lao mining sector since early 2000s, particularly in the area of building capacity at relevant government agencies. Recently, a team of sector specialists from the Bank has been working on preparation for the Capacity Building Project for mining and hydro Sectors and the team has coordinated with IFC on current support to the drafting process of the Mining Law as well as on possible support to the government in preparing related regulations at a later stage.	FY05
EAP	A2F	Pacific Financial Markets Infrastructure (Pacific)	IFC and Bank have been collaborating in the delivery of the Pacific Regional Financial Infrastructure Program and Simplification and Investment Policy and Promotion Program. Company/business registries; secured transactions registries; and a review of payment and remittance systems are considered critical interdependent and supportive pillars of access to finance. The Bank and IFC are providing a coordinated solution to many Pacific jurisdictions plus Timor-Leste, some of which have urgent needs. In addition, IFC has received in principle support for such a regional initiative from the New Zealand Ministry of Economic Development and NZAid.	FY08

Region	Business Line	Project Name	Description	Approval FY
EAP	ESS	WB: Sustainable Energy Finance Project IFC: SEGE SP Vanuatu (Pacific)	The proposed Sustainable Energy Finance Project (SEFP) in Vanuatu is a stand-alone GEF financed project to be implemented over 10 years. SEFP is a regional project that will start with Marshall Islands and other Pacific Islands, and might expand to include other countries in the region over time. The project is to be jointly implemented by the World Bank and IFC through their Sydney offices. The Bank will take primary responsibilities for Fiji, Papua New Guinea, and Solomon Islands. IFC will take primary responsibility for Marshall Islands and Vanuatu.	FY07
EAP	A2F	WB: PNG Productive Partnerships in Agriculture IFC: in development (PNG)	IFC is assisting in the design of this WB-led project.	FY10
EAP	BEE	WB: Regulatory Simplification and Policy Reform for Private Sector Development IFC: Regulatory Simplification and Investment Policy and Promotion (Tonga)	Project co-funded with the following objectives: (i) To improve Tonga's investment climate and increase private sector activity by implementing a program of reforms to streamline regulatory and administrative processes and foster investment policy and promotion. The project seeks to improve Tonga's performance against the Doing Business indicators for three selected topics: Starting a business; Dealing with Licenses; and Enforcing Contracts. (ii) To continue to strengthen Tonga's ability to address its own regulatory/private sector issues through a sustainable process of engaging the private sector in public policy formulation.	FY08

Region	Business Line	Project Name	Description	Approval FY
EAP	BEE	WB: Regulatory Simplification and Policy Reform for PSD IFC: Regulatory Simplification (Vanuatu)	Project co-funded with the following objectives: (i) To improve Vanuatu's investment climate and increase private sector activity by implementing a program of reforms to streamline regulatory and administrative processes and foster investment policy and promotion. The project seeks to improve Vanuatu's performance against the Doing Business indicators within selected topics. (ii) To continue to strengthen Vanuatu's ability to address its own regulatory/private sector issues through a sustainable process of engaging the private sector in public policy formulation.	FY08
EAP	A2F	ATF-VN Capital Market (Vanuatu)	This will be a WBG program that combines IFC advisory services and World Bank initiatives and is complemented by IFC investment operations (e.g. housing finance). The scope of the WB project is to be narrowed to avoid overlaps with MOF's internal project to upgrade HCM Stock exchange. The latter now covers upgrading of HaSTC and VSD. IFC project (FMID) will likely focus mainly on the upgrading of the SSC and the SCIC. One exception to this may be the bond trading platform to be built in HaSTC. IFC is still waiting for MOF's confirmation as to whether to include the bond trading market in FMID. To develop a capital market, there tend to be a fairly extensive set of issues that need to be addressed. The Bank and IFC will collaborate in such a way to provide coordinated support for the Government and the market. For example, Bank will finance the upgrading of the SSC and the market infrastructure while IFC can support the capacity building of the market participants as well as their association as a trade association (and potential self-regulatory organization).	FY08
EAP	BEE	WB: Tax Policy Reform IFC: BEE-VN Business Tax Simplification (Vietnam)	The IFC project is reviewing the existing regulatory framework of business taxation and implementing reforms through simplification of procedures and forms for assessing, filing, and paying taxes. The WB TA project support the MOF and the General Department of Taxation in developing relevant tax administration policies and adjusting the current tax administration legal framework.	FY09

Region	Business Line	Project Name	Description	Approval FY
ECA	A2F	WB: Land Administration and Management Project (LAMP) IFC: Housing Finance - Support to Registration Office (Albania)	The IFC Housing Finance team coordinated with WB on the work with Registrar Office. IFC will concentrate their work with the Registrars office to present private sectors point of view and also focusing only on Mortgage Loans. The overall goal of the WB long term land administration and management program is to facilitate the development of an efficient land and property markets through enhancing tenure security and improving land administration and management services.	FY07
ECA	BEE	IFC: Azerbaijan BEE Project (Azerbaijan)	IFC AS is actively cooperating with the WB country team in the field of promoting development of the non-oil sector. IFC provided inputs into the IFC BEE survey questionnaire at the request of the WB team for ongoing project/policy discussions with the Azeri authorities. Overall IFC AS strategy in business enabling environment is in line with the non-oil sector development strategy of the country.	FY08
ECA	A2F	WB: IFC: CA FM Infrastructure (Azerbaijan/ Central Asia)	The project has the following objectives and activities: 1) Improvement of legal and regulatory framework for credit bureaus. 2) Institutional capacity building for financial institutions on the interface between credit bureaus that includes review of current underwriting policies and processes with special focus on measurement methodologies and interaction with credit bureaus. 3) Enhancement of professional certification for staff in financial intermediaries. 4) Work with local credit bureaus to build their capacity to better serve financial institutions - technical assistance in establishment and professionalization of credit bureaus; and - improving communication flow between credit bureaus, regulator and financial institutions.	FY09

Region	Business Line	Project Name	Description	Approval FY
			5) Outreach and public awareness on role of credit bureaus. The project will be joining efforts with the WB in developing necessary recommendations to the government and policy reform actions.	
ECA	BEE	WB: Business Enabling Environment Structural Adjustment Credit IFC: Sub-national Competitiveness (Bosnia and Herzegovina)	In 2001, FIAS conducted an Administrative Barriers report on Bosnia and Herzegovina. This report subsequently yielded several donor projects in Bosnia and Herzegovina subsequently. One of the projects resulting from this work was World Bank, Business Enabling Environment Credit (BAC). FIAS staff also assisted WB staff to design baseline methodology and M&E that was followed throughout the Project. FIAS also subsequently completed a survey to monitor implementation of BAC reforms. In parallel, FIAS/IFC has continued to work extensively on business environment and regulatory reform at the municipal, entity and national levels. FIAS completed a guillotine review of business formalities and inspections-related measures in the Republika Srpska. The baseline estimate for savings in compliance costs for firms is 12 million euros annually. FIAS is in the process of launching a similar exercise in the Federation Entity and under the FIAS/IFC Advisory Services joint venture we have completed the first phase of business environment reforms in the municipalities of Novo Sarajevo, Mostar and Banja Luka.	WB: FY02 IFC: FY07
ECA	BEE	WB: Preparation of Country Partnership Strategy IFC: Georgia BEE Project (Georgia)	Based on joint Country Partnership Strategy, IFC and Bank are cooperating with the Government on improvements in targeted areas, such as licenses, permits, and inspections.	FY08
ECA	Infrastructure	IFC: PPP in Health and Infrastructure (Moldova)	Joint advisory to assess how the role of the private sector can be increased in the health sector and advisory to the municipality of Chisinau on PPP for infrastructure improvement (water and waste management)	FY09

Region	Business Line	Project Name	Description	Approval FY
ECA		Russia Insurance Contractual Law (Russia)	Joint project design, exchange of expertise; joint response to crisis situation.	
ECA	BEE	WB: Tax Service Capacity Strengthening IFC: Tajikistan BEE Project (Tajikistan)	IFC is cooperating with the WB Project by providing information and expertise before the project approval. IFC is planning to further cooperate with the WB project by conducting appropriate seminars and trainings on tax administration. The objective of the Project is to create capacity for tax service reforms. The Project consists of the following parts: -Building Capacity for Modern Tax Collection, provision of technical assistance in: (i) development of software systems and systems for an automated taxpayer register and taxpayer ID number (TIN); and (ii) review of the tax code and its consistency with the Civil Code; -Strengthening Human Capital and Institutional Capacity -Building Capacity for Strategic Reform	FY08
LCR	Infrastructure	WB: Haiti Telecoms Regulations and Rural Access Implementation Assistance - infoDev & PPIAF complement IFC: Haiti Telecom (Haiti)	This task is aimed at providing direct assistance to the Haitian government with the implementation of the recommendations emanating from the infoDev grant on a comprehensive universal access program, as well as to continue to provide guidance on the implementation of the new legal and regulatory framework for the telecommunications sector being developed under the PPIAF grant. IFC is advising the government of Haiti on privatization of TELECO i.e. the transfer of the majority of its shares to the private sector. During the first phase, IFC will complete the necessary studies for taking the Project to the market (legal/regulatory, demand/competition, network/operations, financial audit, financial modeling) and present recommendations to the GoH about the appropriate structure and privatization process (the “Privatization Strategy”). Once the GoH has agreed to IFC recommendations, IFC would market the Project to international investors, prepare the bidding documents and assist the GoH until closing.The Word Bank is working on the telecom regulation reform package, and IFC/World Bank team are jointly working on the issuance of wireless (WiMax) frequencies through a competitive transparent process.	FY08

Region	Business Line	Project Name	Description	Approval FY
LCR	BEE	WB: Enhancing Competitiveness: Trade Facilitation and Productivity Improvement Project IFC: National Plan for Municipal Simplification in Honduras	The objectives of the program are to increase the productivity of the Honduran private sector, reinforce and strengthen administrative simplification reforms, and to lower the transaction costs of formality for firms by reducing the cost, time and number of requirements for the registration and operation of new businesses in certain municipalities. There is current collaboration on administrative simplification. For example, in some municipalities, IFC is providing consultants and the WB project is providing the hardware for the municipalities to improve their scores on Doing Business indicators (such as time to open a business or time to obtain licenses).	WB:FY04 IFC: FY07 IFC:FY06 IFC:FY07
LCR	BEE	WB: Micro, Small and Medium Enterprise development IFC: National Plan for Nicaragua (Nicaragua)	The IFC and the Bank have agreed to have a single strategic statement on private sector development in Nicaragua, which will be shared with Government representatives, private sector business associations, and donors active in this field. This strategy incorporates inputs from IFC and Bank experts in the areas of municipal simplification, access to financial services and country-level competitiveness issues. Specifically, the joint strategy covers three areas: (i) business simplification (at the national and municipal levels), (ii) access to financial services for micro, small and medium enterprises (MSMEs), and (iii) sectoral development efforts (ranging from specific sectoral investments to more general matching grants facilities to support MSME efficiency, certification and innovation). As part of this strategy, this project will capitalize on the IFC's expertise in these three areas. The IFC will be an active participant in this project by jointly supervising its implementation.	FY08
LCR	Infrastructure	WB: Water Sector Reform Technical Assistance Project	The decision to involve the private sector in the provision of water services in Saint Lucia is the result of the work done under the Saint Lucia Water Sector Reform Technical Assistance Project of the World Bank. The objectives of the project were to establish a sound legal and regulatory framework for the water sector and to transfer the country's water company to private sector	WB: FY02 IFC:FY08

Region	Business Line	Project Name	Description	Approval FY
		IFC: St. Lucia Water (St. Lucia)	management. Between 2005 and 2006, the World Bank financed investments that alleviated the water shortages that plagued the north of Saint Lucia. The Government of Saint Lucia has requested IFC's assistance in the implementation of a Public Private Partnership ("PPP") transaction in the Water and Sewerage Company of Saint Lucia (WASCO), with the objective of re-capitalizing the water company, improve overall operating efficiency, and level of service.	
MNA	A2F	Yemen: Financial Sector Reform (Yemen)	The Yemen Financial Sector Reform would assist Yemeni authorities to develop a financial system that contributes more to growth and access to finance. The proposed action plan, done in collaboration with Bank and IFC, aims at providing support to policy makers in their choice of the most appropriate sequence of reform measures and the areas that would be of initial priority. It provides analytical support to the Yemeni government in terms of reviewing and assessing the performance and soundness of the financial sector in Yemen with the ultimate objective to influence policy reform in the financial sector, as well as continuing dialogue with the Government on improvements to the financial sector environment, focusing on the restructuring of the public sector bank and developing non bank financial institutions. This project is a joint ESW, which will be used as a basis to develop a lending operation, aiming at reforming the financial sector with a focus on banks.	FY08
MNA	BEE	WB: Institutional Reform Credit IFC: Yemen Tax Simplification (Yemen)	WB provided cofinancing and conducted joint missions. FIAS TA is being reinforced by a combination of prior Bank analytic work and simultaneous policy support to the Government through the tax component of the Institutional Reform Development Policy Grant (IRDPG).	FY08

Region	Business Line	Project Name	Description	Approval FY
MNA	Infrastructure	WB: Power Sector IFC: Yemen IPP (Yemen)	CAS provided comprehensive diagnostic review of the location and size of the proposed new IPP plant, and the power sector in general, and is in the process of implementing the transaction. IDA has been involved in the Yemeni electricity sector for many years and is currently supporting the reform and rehabilitation of parts of the power sector under a Power Sector Project approved in 2006. The main objective of the Bank credit is to relieve critical power supply constraints and enhance the overall technical efficiency and quantity of electricity supply. The Bank is also working with the Yemeni Government in determining an appropriate pricing regime for its energy products, including gas.	WB: FY06 IFC: FY08
SAR		Afghanistan Financial Sector Strengthening Project, Afghanistan	IFC and the World Bank jointly working on the Financial Sector Support Project (FSSP), executed by Da Afghanistan Bank (Central Bank). IFC is working on two components of the projects, which include: (i) credit information bureau (CIB); and (ii) collateral registration. Technical appraisal of these components have been completed. While WB and IFC are now under discussion to finalize the costs sharing and implementation arrangement on these two components the project will be designed in a way that WB supports physical investment in the financial infrastructure which will be complemented by the IFC technical assistance.	FY09
SAR	A2F	WB: Housing Finance Development IFC: Housing Finance, Bangladesh	IFC, SEDF, BICF and the World Bank have been coordinating on a joint operation (currently in preparation), whereby IFC will invest in a mortgage refinancing facility, SEDF will provide TA to same, BICF and the World Bank will focus on the regulatory issues, and IDA will further tackle the state housing bank and some poverty aspects. This study will explore specific strategies and avenues to create a modern and restructured HBFC (House Building Finance Corporation), with overhauled pricing and product mix, risk management, staffing, corporate governance strategies, and legal status, efficient financial, business, and recapitalization plans and an optimal capital structure. The ultimate goal of this work is to explore the government's professed commitment to HBFC restructuring, and take the discussion to specifics as to HBFC restructuring.	FY08

Region	Business Line	Project Name	Description	Approval FY
SAR		National Innovation Project, India	The Bank and IFC have agreed on a joint objective. There is interest in potential IFC participation in the innovation finance component, where a Fund of Funds is being contemplated. A decision for possible joint financing will be taken as project preparation advances.	FY10
SAR		Debt Management Advisory, India	The TA Loan that is currently under discussion with the MoF has a debt management TA program; synergies exist between this program and the proposed TA from IFC linked with GEMLOC	n/a
SAR		Nepal Hydropower, Nepal	Bank and IFC teams are exploring potential joint financing for medium or large-scale investments. The IFC and WB have existing investments, and both are planning new investments.	n/a
SAR	VA2F	Tourism Sector, Sri Lanka	Tourism projects undertaken by IFC include Rain Forest Ecology development, World Hotel Link website to promote SME hotels in Sri Lanka, tourism linkage program in one city in the South (Hikkaduwa). The proposed IDA Tourism Development Project is currently in design and discussion with IFC on collaboration	WB: FY09 IFC: FY06
SAR	BEE	WB: Orissa Development Policy Loan (investment Climate component) IFC: Orissa Business Environment Reform Project , India	The WBG operation provides assistance to the state to develop and implement business regulation and investment facilitation reforms. The investment climate issues are a core component of the proposed World Bank Development Policy Loan (DPL) in Orissa. The IFC advisory project complements the ongoing WBG efforts to promote private sector development in Orissa. The project will be scoped in Feb 2009 and details of this program are expected to be firmed up by June 2009.	FY10

Region	Business Line	Project Name	Description	Approval FY
SAR	A2F	Low Income Housing Project, India	In Phase I, the purpose of the project is to prepare the housing finance delivery mechanism through capacity building for MFIs and other companies interested in providing housing finance for low-income households. This capacity building would include delivery of IFC's Global Mortgage Toolkit, customized for India. In Phase II of the project, the team would work with the World Bank and the National Housing Bank to demonstrate a viable model to finance low income housing with industry, commercial banks and financial institutions. In addition, subsequent phases of this project would include partnering with the National Housing Bank and the World Bank to assist the Government to ease impediments to promote a robust low cost housing and low income housing finance system in the country.	IFC: FY09 (PDS-ER in workflow)
SAR	BEE	DB Reform, Sri Lanka	Out of 4 areas identified in the DB reform memoire IFC is exploring potential to undertake the reform in the Construction permits project under the second cycle of SEDF SL.	IFC: FY09
SAR	A2F	WB NEA Energy Efficiency Nepal: IFC: Energy Efficiency Nepal	The WB is looking at macro energy efficiency issues from the state owned utility company (demand and supply side) considerations whereas IFC is looking at demand side reform through use of new technology in partnership with financial institutions and industry associations.	FY09

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