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ABBREVIATIONS AND ACRONYMS

ACP African, Caribbean, and Pacific Group of States
BDS business development service
CIIP Competitive Industries and Innovation Program
CRI Competitive Reinforcement Initiative
DFID Department for International Development
DPL Development Policy Loan
EMDE emerging and developing economies
EU European Union
FDI foreign direct investment
FY fiscal year
GDP gross domestic product
GIZ Deutsche Gesellschaft für Internationale Zusammenarbeit
IADB Inter-American Development Bank
IBRD International Bank for Reconstruction and Development
ICT information and communications technology
IDA International Development Association
IFC International Finance Corporation
IMF International Monetary Fund
IP industrial park
IPDC Industrial Parks Development Corporation
IPF Investment Project Financing
IZ industrial zone
MDTF Multi-Donor Trust Fund
MSME micro, small, and medium enterprise
NTL nighttime lights
OECS Organisation of Eastern Caribbean States
PPD public-private dialogue
SECO State Secretariat for Economic Affairs (Switzerland)
SEZ special economic zone
SHTP Saigon Hi Tech Park (Vietnam)
SME small and medium enterprise
WBG World Bank Group

Note: All dollar amounts are U.S. dollars unless otherwise indicated.
FOREWORD

Message from CIIP Partners

Najy Benhassine
Director
Finance, Competitiveness & Innovation Global Practice, The World Bank Group

I am pleased to present the Competitive Industries and Innovation Program Annual Report 2017–18.

The global economy has continued to experience, on the whole, a robust expansion. Our challenge is to ensure that developing economies achieve a large share of growing global prosperity. Despite positive global economic trends, some regions, smaller developing economies, and conflict-affected countries have struggled to create employment and to sustainably reduce poverty. At the same time, new technologies are emerging that change the way markets work and global supply chains function; in turn, this places new and different demands on labor, capital, and product markets. Our joint collaboration through the Competitive Industries and Innovation Programme (CIIP) has proven to be essential in helping countries better understand the challenges and develop new, more appropriate policy options. In its fifth year, CIIP helped design policy solutions in six new countries and provided $0.4 billion of financing. The bulk of this work has financed start-up and high-growth firms, innovation, and competitiveness. CIIP's global footprint has now extended to 30 countries and has deepened in several more countries.

CIIP also continues to support rigorous impact assessments of instruments that are applied to support innovation and industry competitiveness. These impact assessments allow policy makers to better understand the effectiveness, or otherwise, of particular policy initiatives, and this vital information in turn informs new policy design. The CIIP-financed database on special economic zones and innovation platforms is now widely used by several client country governments in the Africa and Latin America regions. Demand for CIIP-supported policy advice continues to increase as our client countries seek more targeted, evidence-based interventions that lead to private investment, competitive markets, private sector jobs, and economic transformation. As we look toward supporting client countries in 2019, we hope to build on our strong partnership to address emerging challenges of inequality and economic transformation.

Marianne Damhaug
Senior Adviser, Section for Multilateral Development Banks
Ministry of Foreign Affairs, Norway

As Norway’s Minister for International Development recently stated, a profitable and responsible private sector that provides jobs and salaries to individuals and generates tax revenues for the public purse is vital for building a sustainable society in developing countries. In developing countries, we need to create new jobs to promote development, growth, and welfare. This is why private sector investment in developing countries is a crucial element of the government’s international development policy.

The private sector is already playing an important role by generating considerable tax revenues for developing countries. The company Equinor alone pays more in tax to Angola than Norway provides in aid to the whole of Africa. Thus, Equinor is not just creating jobs through its investments, it is also helping to mobilize national resources that can be used to finance schools and hospitals.

Africa is a growing market with major opportunities. More and more companies are becoming aware of the value of investing in developing countries, because it is here that growth will take place. It is a need to combine the company’s commercial goals with the international development goals in a positive way.
Norway takes a dual approach to promoting job creation and the associated positive development effects:

• Norway will help make it safer and more attractive for local and international enterprises to invest in developing countries by cooperating with the authorities in those countries to develop legislation, rules, and framework conditions that safeguard both the country’s and the investors’ interests effectively.

• Norway will use its development policy instruments to maximize the impact of the investments made by companies.

Elisabeth Gruber
Director, Department for International Financial Institutions
Federal Ministry of Finance, Austria

Fostering inclusive economic growth, sustainable structural change, and private sector development are key priorities for Austria in its engagement with multilateral development banks. It is against this background that Austria, in the framework of its partnership with the World Bank Group, supports CIIP. On the broad agenda of promoting productive capacity and the private sector in developing countries, CIIP adds an important piece to the puzzle. Its emphasis on sector-level solutions and opportunities for industrialization nicely complements other World Bank programs that focus more on horizontal economic policy issues and the business environment more at large.

CIIP offers valuable instruments in areas that Austria considers crucial in private sector development. Its solutions cover a wide array of important themes, ranging from innovation systems, clusters, competitiveness, and job creation to special economic zones (SEZs), small and medium enterprises (SMEs) development and finance, and global value chain integration. CIIP supports, through the financing of technical assistance, diagnostics, analytics, and brokering of public-private dialogue (PPD), the transfer of global know-how and the buildup of local sectoral knowledge. Those activities also bolster the capacity of public authorities in developing countries for evidence-based policy making to strengthen their local producers and markets. Austria views such capacity building as essential for the longevity and sustainability of development cooperation interventions.

This past year also featured a midterm review of CIIP. We were pleased that this evaluation found CIIP to broadly perform well in terms of the efficiency, effectiveness, and sustainability of its activities. We are happy to see the impact that CIIP has achieved thus far, including the leveraging of public investment, the mobilization of private capital, and the retention and creation of local jobs. Those are important accomplishments against the objectives that Austria and CIIP share, namely to make local economies more dynamic and resilient and to create economic opportunities and perspectives on the ground. We encourage CIIP to keep up its results orientation and to continue delivering solutions that are valuable and beneficial for its clients.
Liliana de Sà Kirchknopf  
Head of the Private Sector Development Division  
Federal Department of Economic Affairs, Education, and Research, Switzerland

While a number of developing and transition countries have experienced significant growth in recent years, the gap between rich and poor has widened in many cases. Since 2010, the average income share held by the highest 10 percent has increased across 28 low-income economies representing more than 870 million people, while the average income share held by the lowest 10 percent has decreased across 20 low-income economies representing more than 480 million people (World Development Indicators 2017). Wide income disparities pose a threat to both social cohesion and political stability and, over time, may also limit economic output. Thus, it is more important than ever to ensure that all sectors of the population benefit from economic growth. This area is where the State Secretariat for Economic Affairs (SECO) applies its core competencies in economic cooperation and development.

With a view to maximizing our impact in 2017–20, SECO will focus its development activities on achieving sustainable and inclusive growth through enabling the private sector to create new jobs and the government to provide adequate public services. In doing so, we aim to contribute to reducing poverty and the impacts of global risks. Our work for 2017–20 is centered on four target outcomes: (1) effective institutions and services that benefit all sectors of the population, (2) more and better jobs that will be as inclusive as possible, (3) enhanced trade and competitiveness in global value chains, and (4) low-emission and climate-resilient economies.

As we continue to strongly support horizontal actions that enable regulatory changes in developing countries, we see CIIP as a more vertical intervention as we focus on the growth of firms in specific industries or sectors. For example, CIIP support to the Bole Lemi Industrial Park in Ethiopia has helped to improve the commercial value proposition of the local textile sector and has so far led to seven business contracts signed between foreign direct investment (FDI) investors and local textiles suppliers. Since CIIP’s founding five years ago, we are pleased to see the results that CIIP has obtained.

Antti Karhunen  
Head of Unit, Private Sector and Trade, International Cooperation and Development  
European Commission

The private sector is a major driver of inclusive growth and job creation and is responsible for 84 percent of gross domestic product (GDP) and 90 percent of jobs in developing countries. Developing the private sector is, therefore, essential to unlock the large socioeconomic potential in our partner countries so they achieve sustainable and inclusive development through increased private sector investments that bring more jobs and growth.

The European Commission supports the efforts to achieve the Sustainable Development Goals. A vibrant private sector will enable governments to generate tax revenues; to pay for infrastructure, education, and health; to improve people’s lives through increased access to goods and services; and to provide the incentive for people to invest in education and skills.

While supporting our partner countries in setting up more effective regulatory and business environment reforms, the CIIP provides multidisciplinary technical assistance to help motivate investment, to enhance firm-level productivity, to enable sustainable value chain integration and cluster growth, and to contribute to job creation.
With increased focus on African, Caribbean, and Pacific countries, CIIP provides a real opportunity to develop practical solutions at the country and regional level, to encourage investments through evidence-based solutions, and to provide technical assistance and increased visibility for investment projects. The implementation of CIIP is, therefore, closely aligned with ongoing European Union initiatives that aim to boost responsible private domestic and foreign investments in Africa, such as the External Investment Plan, and to strengthen the overall business environment and investment climate, such as Sustainable Business for Africa. We look forward to continued engagement.

Viwanou Gnassounou  
Assistant Secretary General, Sustainable Economic Development and Trade  
African, Caribbean, and Pacific Group of States

African, Caribbean, and Pacific countries’ engagement with each other and with the world has undergone considerable transformation and has been driven by significant global developments: the rise of Africa in social and political terms, shifting global economic and power relations, and changes in European Union membership and policy orientation. These countries now engage more in South–South cooperation, investment, and regional integration, as seen with initiatives on customs unions, free trade areas, more regional banking, and regional infrastructure projects.

Although progress has been made, significant challenges facing those countries remain: increased integration of Africa has intensified the need for better cross-border coordination, the vulnerabilities of small open economies in the Caribbean have become more pronounced, and Pacific Island countries continue to battle with development challenges connected to their remoteness and vulnerability to natural shocks. The function of the African, Caribbean, and Pacific Group of States (ACP) as espoused in its policy framework—to improve the living standards of our peoples through South–South and North–South cooperation—has never been more important.

In the post-2020 framework, the ACP will increase its focus on scaling up industrial opportunities, notably through the creation of links and value added activities in the extractive sector and through support to manufacturing activities. This key priority will boost the competitiveness of ACP country products. Some target intervention activities include establishing innovation hubs and industrial development research centers, creating links and value added activities for agriculture and mineral-rich countries, and supporting policies for the development of entrepreneurship among the youth and women.

In this regard, ACP’s partnership through CIIP has been critical in developing and supporting the innovation and dynamism in these countries. We are very pleased to see continued progress under CIIP and look forward to a deeper engagement with the ultimate goal of generating jobs for the poor.

In that respect we want to see a more focused approach to CIIP interventions in terms of the following:

- First, targeting sectors, including agriculture value chains and agro-industry development, digital transformation and entrepreneurship, and infrastructure and logistics services such as renewable energy
- Second, targeting beneficiaries, especially ACP youth, women, and innovators
- Third, deploying modern industrial competitiveness and upgrading tools and techniques in areas such as manufacturing and processing, which include (1) relevant quality, market, and technical standards; (2) technology capability development in both industry-specific and digital technologies; and (3) energy efficiency, industrial maintenance, and overall management of manufacturing firms
• Fourth, focusing on meaningful industrial transformation outcomes and results in terms of (1) generating industrial investment, including in local value added and content development in ACP natural resource value chains; (2) facilitating and creating small and medium industry start-ups; (3) growing ACP small and medium industries; (d) facilitating access to market for ACP small and medium enterprises to access exports and local subcontracting markets.

The ACP is looking forward to further cooperation with CIIP that focuses more on meaningful competitiveness and industrial development outcomes and results.
INTRODUCTION

Implementing the Strategy

This is the fifth Annual Report of the Competitive Industries and Innovation Program, a multi-donor partnership among the World Bank Group (WBG); the European Union (EU); the African, Caribbean, and Pacific Group of States (ACP) Secretariat; and the governments of Austria, Norway, and Switzerland. This report outlines the progress that CIIP has made in implementing the program’s objectives during its fiscal year from July 1, 2017, to June 30, 2018 (FY18).

Since its inception, CIIP has facilitated more than 40 consultations with the private sector, supported the implementation of more than 30 priority reforms, promoted more than 180 investment opportunities, and leveraged more than $700 million in private investment. CIIP financing has been used to streamline business licensing in Suriname’s fruit processing sector, to design a public-private partnership mechanism for infrastructure investment in Mauritania’s fisheries sector, and to link textile SMEs with large, foreign investors in the Bole Lemi Industrial Park in Ethiopia. These types of industry-specific interventions have led to the creation of more than 20,000 jobs, the training of more than 3,000 firms, and more than $30 million in new revenues from the sale of goods and services.

The extent to which CIIP interventions can deliver systemic change relies on a number of assumptions related to the global economic environment, such as political and economic stability, favorable trade agreements, positive investor outlook, and more. Although global economic expansion has remained robust following the decade-long recovery from the financial crisis, the experience of emerging and developing economies (EMDEs) has been complicated. More than 40 percent of low-income countries were in debt distress in 2018, more than twice the share in 2013 (IMF 2018). There were 48 armed conflicts in EMDE countries in 2016, almost twice the number of conflicts in 2006 (GEP 2018). Private investment in EMDEs has been slowing the past several years, and private investment in infrastructure has experienced negative growth (GEP 2018). Recent tariff announcements by the United States and China could reduce global trade flows into EMDEs by as much as 14 percent against a 2020 baseline (GEP 2018). While the trends tend to depress the broader impact of CIIP interventions, they also serve to highlight the importance of CIIP’s objectives and to prioritize the sequencing and direction of CIIP implementation.

During this reporting period, CIIP has contributed to a number of interventions. In Suriname, the diagnostic of business licensing requirements and procedures has informed the development of the new business and professions licensing law that is being implemented by the Ministry of Finance. More than 2,100 firms have received training or support in Nigeria as part of a program that intends to measure the impact of different training interventions on firm productivity. CIIP support in Tunisia’s pharmaceutical space has led to the preparation of a pact in which the government has committed to achieving seven priority reforms and the private sector has committed to creating 2,500 jobs, increasing exports from 13 percent to 24 percent of production, and achieving 35 percent share in Africa’s market for clinical studies.

The global policy experience this year focused on innovation and new technologies and their impact on markets and industrial competitiveness. CIIP’s FY18 publication—The Innovation Paradox—revealed that a low level of technological adoption in developing countries reflects rational behavior by firms in response to a range of market constraints; it described a set of policy measures to unlock critical channels of productivity growth. CIIP hosted a technology symposium, which brought together panels of experts and 189 participants to discuss the impact of disruptive technologies on product and labor markets and what it is that governments can do to ease market adjustments.

CIIP’s global reach now totals 34 countries. The 12 country projects still active in FY18 are profiled in this report, as well as the 5 country projects that closed this year. FY18 CIIP operations leveraged $400 million in public investment. The CIIP grant in Tunisia contributed to the creation of 3,336 jobs and the attraction of 23 new company investments. CIIP operations in Tunisia also contributed to the preparation of seven priority reforms in the pharmaceutical industry. With CIIP’s support, 2,100 firms were trained in Nigeria and 1,800 workers were trained at Bole Lemi Industrial Park in Ethiopia, of whom 80 percent were female.
Austria and Switzerland create Multi-Donor Trust Funds (MDTFs)

European Union joins MDTF

ACP-European Union create Single-Donor Trust Fund

Norway joins MDTF

Planning and operations

1st call for proposals

Selection process completed

1st annual report

2nd call for proposals

Strategy and Interim Business Plan

2nd annual report

3rd call for proposals

3rd annual report
At the outcome and impact level, CIIP reports on results that can be feasibly associated with CIIP-enabled outputs. Reported figures presented by the task teams are scrutinized by the CIIP secretariat and presented to the steering committee only if the information is found to be credibly associated with CIIP’s work. The reported outputs must be attributed to CIIP’s work and inputs (for example, the earmarked public financing will only be attributed to CIIP if it is clearly linked to CIIP-financed inputs). It is important to acknowledge the myriad attribution questions associated with CIIP’s cross-sectoral and policy-based interventions. Therefore, where feasible, country examples are used to inform a narrative of different country trajectories for enhancing competitiveness and creating jobs. Note: All results are preliminary and are pending validation by the project teams.
KNOWLEDGE

The Innovation Paradox
Innovation has recently emerged as central to debates on how to stimulate productivity growth. Innovation in production technique, product design, marketing, and others is driven by the ability to create, manage, and leverage new ideas. To date, we have limited information on the nature of innovation in developing countries. The report uses major data sets to provide easy access to innovation data in developing countries. The report examines a heretofore under-researched “innovation paradox”: Returns on technological adoption are thought to be extremely high, yet countries appear to invest little, implying that this critical channel of productivity growth is underexploited. The study concludes that the observed low level of innovation in developing countries is a rational response of firms to a range of conditions they face: barriers to accumulating physical and human capital, low firm capabilities, and weak government capacity.

SEZ Operational Assessment
Special economic zones (SEZs) have become an increasingly popular instrument to promote economic development in emerging and transition countries. However, no official census of SEZs exists, presenting a barrier to empirical research into SEZ performance and impact. Recent advances in remote sensing and its application to economic research have provided an opportunity to overcome the lack of cross-country data on SEZs. This CIIP-financed operational assessment assembled a database covering 346 SEZs in 22 countries to conduct empirical research using nighttime lights data as a proxy for SEZ performance. The analysis represents the first application of nighttime lights data to SEZs and covers more SEZs in more countries than any previous study. An article summarizing the findings of the assessment was published in the *Journal of Economic Geography*. The assessment has led to research collaborations with Villanova University, London School of Economics, Paris I Pantheon-Sorbonne, Shanghai Academy of Social Sciences, and Oxford University. The assessment also reviews the World Bank’s portfolio of SEZ-related investment lending, which consists of 37 projects with a total commitment of $2.38 billion approved between 1973 and 2015.

Research Note on Africa as a Manufacturing Destination
This short research note explores Africa’s potential as a manufacturing destination. The “footloose” industries that have typically served as the entry point for industrialization generally involve labor-intensive segments of industrial value chains. For the African manufacturing sector to succeed, labor costs need to be competitive. This analysis suggests that industrial labor costs are found to be far higher in Africa than one might expect, given levels of GDP per capita. Also, as firms become larger and more productive, their labor costs increase more in Africa than elsewhere. Even if African labor costs are high relative to GDP per head, the extremely low income levels of most African countries (relative to external comparators) suggests the possibility that some of the countries could be attractive to industries seeking to compete on the basis of low wages. The effect would be to bypass the middle-income countries to settle only in the poorest countries.

Position Note on Small Enterprise Finance in Uganda
This short position note elaborates on access to credit as a constraint to doing business in Uganda. As in many countries in Sub-Saharan Africa, banks in Uganda have been reluctant to provide funding to SMEs. In part, banks’ reluctance to lend to smaller enterprises can be explained by the malfunction of the domestic credit market. In addition, in regards to newer enterprises with high growth potential, which are by nature only entering the formal market, banks argue that data about such enterprises is generally weak: they retain incomplete financial records (maybe with a view to understating their revenues so as to avoid tax) and the business plans they produce are insufficient. This note sets out the agenda regarding the dual challenges posed in (1) enhancing the role of banks in servicing the financing needs of SMEs and (2) establishing funding for newer small enterprises with high growth potential to lessen constraints to their growth.
**FEATURE STORY**

Open Source Innovation in Kenya’s Agricultural Sector

Kenyan agriculture could be doing more, according to venture capitalists in Nairobi. “We don’t produce enough, we produce far less than we should given the resources we have available. A lot of that is driven by the inefficiencies with small farmers,” says Niraj Varia, investment director of Novastar Ventures.

One of Kenya’s largest food producers and exporters, owning six proprietary farms in Kenya and managing 1,700 smallholder farmers, Novastar Ventures highlights the following challenges: (1) inability to electronically track the movement of farm inputs and outputs through the supply chain, (2) poor systems for communicating and coordinating with outgrowers, (3) limited capacity to monitor product quality and safety, and (4) lack of systems for analyzing farm productivity. The company’s core business is the production, sourcing, aggregation, transportation, and packaging for commercial purposes of bulk vegetable produce in Kenya, Ethiopia, and Ghana.

Investors have turned to outsourcing platforms to seek ideas on how to improve supply chain efficiency in Kenya’s agriculture sector. “The Agritech Challenge is the very first open innovation initiative of its kind in the region. The program seeks to plug ag-tech innovators with a vertically integrated agribusiness company to build solutions that drive accountability and efficiency in the value chain, while also helping early-stage tech businesses accelerate commercialization and achieve scale,” says Minhaj Adil at Nest, one of Agritech Challenge’s organizers. Out of 230 applicants from Kenya’s start-up space, three ag-tech firms were selected and invited to develop technology solution prototypes for pack house, cold room, and dispatch management. The firms were tasked with work over several months to develop the prototype and then deliver a pitch to the large exporter.

As part of the exercise, the innovators participated in a five-day boot camp to receive mentoring and coaching from key industry leaders and investors. “The mentors give us tremendous knowledge and experience, [including] tailor-made advice to our solution and how best to take it to the next level, and I think that is priceless,” says Michael Ondialla, chief executive officer of Agronomy Plus.

The boot camp also provided investors with an opportunity to identify new solutions for their own companies. “As a corporate investor, [Mitsui] looks for ways of adding value to the companies we are invested in. Agronomy’s presentation stood out to me … this is one area, one innovation that would actually work well with a company we have invested in,” says Jackline Oyoo, business coordinator at Mitsui.

The prototypes are considered a work of joint authorship between innovators and the adopting exporter. The exporter is expected to be actively involved in the prototyping process, to help provide a strategic view of the exercise and live feedback on early iterations of the prototype, and to facilitate the testing of the prototypes.
Virtual City was one successful innovator from the competition: “We track supply chains. We track the whole process, from when the farmer receives the inputs to when the outputs are transferred to the buying sectors,” says John Waibochi, chief executive officer of Virtual City. The company, which began its operations in 2000 and is active in Kenya, Rwanda, Tanzania, and Uganda provides digital tools that accelerate financial inclusion for farmers and de-risk investment decisions for financial service providers.

With CIIP support, the government of Kenya is trying to replicate this approach on a larger scale. A project was designed to improve the survival and growth rates of technology-enabled start-ups in Kenya through cultivating a stronger innovation and entrepreneurship ecosystem and talent base. It intends to achieve this by (1) improving the quality of services provided by outsourced suppliers and (2) supporting links that connect the Kenyan ecosystem with global expertise and investors.
The CIIP Theory of Change

In a number of countries, policy makers have implemented a series of policy interventions designed to attract private investment, to raise firm-level productivity, to produce higher value added goods, and to ultimately create more and better-paid jobs. All of those interventions assume political and macroeconomic stability, peace and security, and the basic rule of law in the partner countries. The policy initiatives include developing SEZs, growth poles, or growth corridors; providing grants to firms to enable innovation, capacity development, and product development; and initiating reforms of the overall regulatory and policy frameworks. The effectiveness of these initiatives has remained debatable largely because of the absence of evidence-based assessments of the interventions.
Vision and Purpose Analytics

In 2012–13, the WBG, the EU, the ACP Secretariat, and the governments of Austria, Norway, and Switzerland set up a partnership under the umbrella of the CIIP, which aims to improve the effectiveness of industry competitiveness and policy formation and enforcement. The purpose of CIIP is to support the creation of private sector employment by enabling and promoting firm-level competitiveness across industries.

Approach

CIIP provides funding at the project preparation stage to shape project design and the early stages of project implementation. CIIP funding is directed at WBG task teams or more broadly government teams that are preparing projects to be financed primarily by the World Bank and often in complementarity with other multilateral development banks or bilateral institutions. As such, CIIP helps leverage a large amount of aid funding. The funding provides project teams with the opportunity to learn from policy initiatives that have already been tested; to conduct analytical work, such as market assessments, enterprise mapping, or feasibility studies (in the case of the International Finance Corporation operations); to develop a public-private dialogue; and to design policy instruments and impact evaluations. In addition, CIIP also conducts operation assessments and learning events to act as a repository or resource hub for related policy interventions, such as SEZs or grants. Also, CIIP aims to trigger more development partner collaboration in the countries where projects have been identified. The level of collaboration can range from involvement in project design to participation in implementing and financing parts of the project.
**Theory of change**

CIIP’s theory of change underpins the program’s overall objectives and, operationally, the causal chain of objectives for each project. CIIP aims to achieve its outcome and impact milestones by supporting the design and early implementation phase of interventions, which support the removal of the systemic constraints hindering firm competitiveness. These interventions aim to deliver systemic changes—for instance, policy reforms that shape the way markets perform and that change the way firms participate in and access those markets. This work, in turn, will lead to better functioning markets (industry output level) and to improved firm performance among target beneficiaries (outcome level), which is measured through improved business practices, sales, and increased productivity and profitability. The result is increased additional net income and employment for poor women and men, ultimately contributing to a reduction in poverty and shared prosperity. The fifth meeting of CIIP’s steering committee sought to further clarify the definition of reported results to ensure that CIIP’s results are being tracked as accurately as possible. At the outcome and impact level, CIIP will report on what can be feasibly associated with CIIP-enabled outputs. Reported figures presented by the task teams will be scrutinized by the CIIP secretariat and reported to the steering committee only if the findings are credibly associated with CIIP’s work. The reported outputs must be attributed to CIIP’s work and inputs. For example, the earmarked public financing will only be attributed to CIIP if it is clearly linked to CIIP-financed inputs. It is important to acknowledge the myriad attribution questions associated with CIIP’s cross-sectoral and policy-based interventions.

Therefore, where feasible, country examples will also be used to inform a narrative of different country trajectories for enhancing competitiveness and for creating jobs. This program logic is depicted in the following figure.

Key assumptions underpinning the theory of change are as follows:

1. That CIIP enables the identification of core constraints in selected markets and industries that are preventing effective private sector engagement.
2. That the firm-level improvements facilitated by CIIP project interventions will encourage additional firms as suppliers, distributors, and competitors, as well as raise their standards and improve their competitiveness.
3. That the network of more productive firms ultimately creates growth in employment and income-generating opportunities for the poor.
4. That CIIP is able to identify project teams and project ideas that effectively address the constraints that have been identified.
5. That the government is willing to take up a project financed by an International Development Association (IDA) or a project financed by any of the donor partners to support the implementation of project design.
6. That there are no external shocks that prevent market players acting as visionaries, including conflict- and environmental-related shocks.
7. That in terms of employment there will be a net crowding of employment by competitive firms.

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**Poverty reduction**

- **Impact**: Improvements in firm performance result in job growth, net income growth, and poverty reduction, which CIIP-enabled operations contribute to.

**Enterprise performance**

- **Outcome**: Improved firm-level performance leading to growth in firm-level productivity and growth in value addition and employment (and eventually to crowding in of suppliers and competitors).

**Systemic change**

- **Outputs**: Sustainable changes in the way the market system operates, such as through improved policies and growth in public and private investment.

**Intervention**

- **Activities**: Program interventions target the underlying systemic constraints within selected markets and industries in a sustainable way.
CHAPTER 1

Global Knowledge, Analysis, and Assessments
**The Innovation Paradox**

Reducing poverty across the globe cannot happen unless poorer countries raise their per capita incomes. Some of this income growth will come from a better allocation of physical and human capital. However, it is estimated that up to half of cross-country differences in income per capita are due to differences in total factor productivity, which suggests that simply investing in labor and capital will not be enough. A significant share of income growth derives from the productivity of physical and human capital.

Innovation has recently emerged as central to debates on how to stimulate productivity growth. Innovation in production technique, product design, marketing method, and much more is driven by the ability to create, manage, and scale new ideas. Researchers find returns to innovation activities (for example, research and development) to be extremely high, and, in some cases, double the return on investments in infrastructure. However, to date there is limited information on the nature of innovation activities in developing countries, and generating measures of innovation has been difficult because of the lack of comparable information.

The CIIP-financed report *The Innovation Paradox* draws on new sources of data to characterize the nature of innovation in developing countries, and it shows that, despite high returns to innovation activities, developing countries invest far less in innovation activities than do rich countries. In terms of investment in research and development as a share of GDP, Scandinavian countries, Japan, and the United States rank the highest, while Africa and parts of Asia rank the lowest. This report further proposes an answer to this paradox by stressing that innovation demands a broad set of complementarities in terms of physical and human capital, managerial capabilities, and government capacity.

**Monitoring and Evaluating Performance of Special Economic Zones**

SEZs have been on the policy agenda for a considerable amount of time. However, the reality is that the evidence of economic success and impact of the zones on neighboring areas is, at best, mixed. For every SEZ that has managed to fulfill its initially stated objectives, there is at least one other that has struggled or not made it off the ground. There is still little empirical evidence that systematically analyzes how successful SEZs have been in generating new economic activity—both within the zone and outside it—and, more specifically, how differences in the setup of the zones impact their performance and whether certain types of zones have been more successful in achieving their goals than others.

CIIP financing is being used to close those gaps. One of the primary barriers has been lack of comparable data on SEZs. During FY18, CIIP explored the ability of remote sensing, machine learning, and big data analysis to collect data on SEZs. Daytime satellite imagery from public satellites (Sentinel 2A) and private satellites (Digital Globe family) was analyzed to determine the feasibility and accuracy of measuring the growth of SEZs across different physical dimensions. Four physical dimensions or indicators of SEZs could be remotely monitored and measured using daytime satellite imagery: (1) land surface classification (bare earth vs. vegetation vs. built-up area); (2) total square meters of buildings within SEZ boundaries; (3) total kilometers of roads within SEZ boundaries; and (4) total number of buildings within SEZ boundaries. Nighttime lights (NTL) data from public satellites (NASA Suomi-NPP) were collected to compare the NTL radiance of SEZ locations with the average NTL radiance of a nearby location. CIIP is currently developing a dataset of the indicators across 150 SEZ locations. CIIP is also financing a study on the role of zone internal factors and how they contribute to the zone’s success and ability to drive growth in surrounding areas. The study takes a qualitative case study approach using seven examples of SEZs in developing countries: Zona Franca Santander in Colombia, Kigali Special Economic Zone in Rwanda, Bole Lemi Industrial Park in Ethiopia, Coega Special Economic Zone in South Africa, Lekki Free Zone in Nigeria, Saigon Hi Tech Park in Vietnam, and Kulim Hi Tech Park in Malaysia. The analysis is based on approximately 130–140 interviews conducted with firms and other stakeholders in the seven SEZs throughout May and June 2018.
Exporters Capacity-Building Assessment

In recent years, trade policies have emphasized specific interventions with the objective of reducing trade costs and addressing market failures that limit exports (Cadot et al. 2011). Several studies highlight that, in addition to traditional obstacles to trade (for example, tariffs and technical barriers), companies face another type of obstacle: lack of knowledge about the managerial practices that must be implemented to establish a consistent export business model (Moori and others 2011; Milesi and others 2007; Easterly and Rashef 2010; Artopoulos, Friel, and Hallak 2011 and 2013).

In this context, CIIP financing is being used to pilot an innovative export capability-building program in Argentina called the “Buenas Practicas Exportadoras” program. The program intends to improve the export capabilities of SMEs through specialized technical assistance and to assess the impact of technical assistance on the adoption of export practices and performance. The food and beverages sector was selected because it is one of the driving forces of the Argentine economy. It presents heterogeneity in terms of its activity, size, and export experience, and it spans all regional economies of the country. A total of 183 SMEs were selected to participate: 68 percent are concentrated in five provinces, 66 percent have exported goods at least once since 2012, and the average number of employees is 81.

The program recruited specialized consultants to perform a diagnostic of each participating firm and to implement the technical assistance. A total of 67 consultants were recruited, with professional backgrounds ranging from industrial design/engineering to sales and marketing to brand management. From June 2017 to January 2018, the consultants conducted the diagnostic surveys to assess the state of the export practices of each participating firm in seven areas of managerial capability: (1) strategy, (2) market identification and segmentation, (3) product design and adaptation, (4) production, (5) communication, (6) distribution, and (7) administration. The diagnostic findings are used to develop an export plan for each firm that defines and prioritizes the types of technical assistance needed to improve export capability.

The export plans are currently being reviewed and approved by the supervision and monitoring team. So far, 47 out of the 178 submitted export plans have been approved. After receiving approval, the consultants will work with the SMEs during a period of six months to implement the technical assistance.

Study: Why locate in Saigon Hi Tech Park instead of other SEZs in Vietnam

As part of a collaboration between the London School of Economics and CIIP, a researcher interviewed 12 private investors in Vietnam’s Saigon Hi Tech Park (SHTP) to understand why they chose to locate in the park versus other potential investment locations. The SHTP is an industrial park for high-tech enterprises located 15 kilometers from downtown Ho Chi Minh City and covers an area of 326 hectares. Several world-leading high-tech companies chose to locate in the SHTP, including Japan-based Nidec, United States–based Intel, France-based Air Liquide, and Republic of Korea–based Samsung. The interviews suggest that the following factors appear to shape decisions to invest in the SHTP:

1. **Tax incentives and low rent.** The combination of tax breaks and low rent was mentioned as an important factor. It significantly reduces operating costs for tenant firms. Other industrial parks offer tax incentives, but the SHTP is the most generous. Furthermore, the price of land available for lease in the zone is up to 50 percent cheaper than other industrial parks. Nearly all firms stressed that the low tax rates and cheap land allow operational costs to be far lower when locating at SHTP in comparison to other locations in Ho Chi Minh City.

2. **Infrastructure and proximity to customers.** The location of the SHTP is important, because several firms noted the benefits of being near major highways and ports. In addition, the proximity to major customers was an important factor for several firms. A key example is with Samsung, which generates strong backward links with firms located in SHTP. One firm sells 85 percent of its production directly to Samsung.

3. **Technology corporate identity of the SHTP.** The SHTP allows investments only in high-tech manufacturing and assembly and enforces strict admission criteria: minimum average revenue from high-tech products (60 percent), minimum research and development headcounts (5 percent), proven implementation of quality management systems (ISO 9000/2001), and others. Some firms noted that the associated prestige of locating in the SHTP added value to brand development and marketing efforts.

4. **Access to high-level decision makers.** The SHTP is directly linked to the central government, and it essentially operates a hotline to both local and central leaders. Several firms reported that such direct access to decision makers allowed for opportunities to contribute to legislative reforms, such as in customs clearance and high-tech investment.
Mobilizing Local Knowledge to Improve Competitiveness Strategies

New industrial policy is a term used by development economists to describe a set of policies focused on economic restructuring of the productive base of the economy. There is an important emphasis on a process of “self-discovery” of an economy’s cost structure, whereby firms and the government learn about underlying costs and opportunities and engage in strategic coordination (Hausmann and Rodrik 2004).

Mobilizing Local Knowledge to Improve Competitiveness Strategies, a knowledge activity, was designed in the wake of the 2014 CIIP-sponsored conference, “New Growth Strategies: Delivering on Their Promise?,” which was organized on the margins of the 2014 Annual Meetings of the World Bank and the International Monetary Fund (IMF). The conference was a success in terms of both the level of participants (chief executive officers, economists, professors, and others) and attendance (more than 600 physical attendees plus numerous virtual attendees). A key lesson of the conference was the need to use more locally contextualized knowledge to deepen understanding of what works and what does not work in the space of industrial strategies, with a focus on getting specific lessons on the “how” of failures and successes.

CIIP donors, through the ACP window, validated support for a research program to produce such knowledge by enhancing the capacity of local researchers in the ACP region. This was meant to maximize the potential to capture contextual factors and to ensure sustained production and policy dissemination in-country. A scientific committee comprising Dani Rodrik, Charles Sabel, François Bourguignon, Ha-Joon Chang, and Célestin Monga was created to help advise on the research architecture and the quality of the papers. Three teams of researchers from Côte d’Ivoire, Ghana, and Ethiopia were competitively selected, with studies dealing with critical aspects of new industrial policies in each country: public and private sector coordination to support the cocoa business in Côte d’Ivoire, interactions and knowledge diffusion in the largest wood cluster in Ghana, and export incentives policies in Ethiopia.

Research teams benefited from intense and high-level capacity-building services, supported by Global Development Network, an expert partner in the field. The teams received on-demand guidance from top academic advisers (Antonio Andreoni, Nobuya Haraguchi, John Page, and Abebe Shimeles), received guidance from Charles Sabel on recent thinking and methodologies while examining new industrial strategies at an intense workshop held in Nairobi in June 2017, and interacted heavily with World Bank country teams and an EU representative at a follow-up workshop held in Addis Ababa in March 2018. The teams submitted draft final papers to the scientific committee, with final revisions to be discussed at the country level before World Bank validation in September 2018, submission for publication, and policy dissemination that includes an event organized around the 2018 Annual Meetings.

Women Entrepreneurs and Crossing Over

Female-owned firms in Africa are lagging behind their male counterparts in a number of key measures of enterprise performance. For example, male-owned businesses in Uganda are 3.1 times larger than female-owned enterprises and earn 2.5 times as much (Uganda National Household Survey 2005/06). However, there has been little policy design in this space despite evidence that female entrepreneurs who operate in male-dominated sectors (“cross over”) are more productive than those in traditional sectors.

Female entrepreneurs in Guinea are typically concentrated in less profitable sectors colloquially referred to as “les trois Cs”: couture (sewing), coiffure (hairdressing), and cuisine (cooking). They are also less likely than their African peers to participate in formal business: only 5.9 percent of firms in Guinea have a female top manager, compared with 14.3 percent in Cote d’Ivoire, 16.3 percent in Zimbabwe, and 22.9 percent in Cameroon (Enterprise Survey 2016).
<table>
<thead>
<tr>
<th>Sectors</th>
<th>Potential occupations in Guinea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan Handicrafts</td>
<td>Leatherworker (bags, belts, and others), shoemaker, jewelry producer, crafts shop owner</td>
</tr>
<tr>
<td>Baking</td>
<td>Bakery owner, bread shop owner, baked goods services, baked goods distribution</td>
</tr>
<tr>
<td>Brickmaking</td>
<td>Construction, brick manufacturer or retailer</td>
</tr>
<tr>
<td>Painting</td>
<td>Residential painter, commercial painter</td>
</tr>
<tr>
<td>Barbershop</td>
<td>Barbershop owner, barbershop services</td>
</tr>
<tr>
<td>Aquaponics</td>
<td>Fish farmer, wholesaler, aquaculture services</td>
</tr>
</tbody>
</table>

A second group of 400 female entrepreneurs will participate but not receive the interventions, thereby forming the comparison group. The evaluation seeks to measure the impact of increased access to information, skills, and exposure in male-dominated sectors on the performance of female entrepreneurs in Guinea.

A story of a successful female entrepreneur in Kenya

CIIP conducted an interview with Roseanne Wanjiku (chief operating officer) and Irene Wanjiru Mwangi (founder and chief executive officer) of Gaeo Foods. Gaeo Foods is a family business engaged in potato processing that sources potatoes from smallholder farmers and then processes the potatoes by peeling, cutting, washing, and packaging them for large retailers, such as Chick-inn and Galitoes.

CIIP: What are some of the challenges you faced in running your business as a woman?

GF (Mwang): I faced a big problem in the early stages of the business. I took this step of partnering with some people and allowed them to run operations. Nine months down the line I realized they wanted to take over the business and were planning to replace me. These people were more financially knowledgeable than I was and had done a lot of paperwork—they almost succeeded in taking over the business. They took away my customers and my equipment, and I was left with little to build on. I remember times when I have carried potatoes on my back and sold to customers door to door. Over time, I managed to gain it back. I have built scratch by scratch everything you see today. Paperwork and financial knowledge is what I and many SMEs run by women lack—and are often taken advantage of in our business community. Today, I regularly engage in trainings on financial management and also participate in donor programs like SNV’s farmer loyalty program, Technoserve’s smallholder farmer program, and now in the World Bank’s Kenya Industry and Entrepreneurship Project. The right exposure is very important for small businesses.

CIIP: What are some of the challenges women-run businesses face and how would you recommend solving those?

GF: In this male-dominated community, whenever we as women go for investor meetings or supplier negotiations, we are always asked, “Is this your team? Is this all?” as if to indicate that something is missing or not ordinary because we have an all-women leadership team. This is one problem we believe women face around us as well—social perceptions. This can change with more and more women businesses being supported.

The other issue we face is a natural lack of confidence on dealing with client situations and a lack of adequate presentation skills. We also feel we, and other women businesses we have met, lack financial management skills.

Trainings and mentorship programs on corporate governance, mergers, and acquisitions—growth and expansion plans are crucial for women-run businesses specifically. Trainings on soft skills on confidence building and presentation skills are also very important.

CIIP: What would be your advice to other women-run SMEs wanting to start businesses in Kenya?

GF: We would advise SMEs to do what they are passionate about. It is not always easy starting a business; it is going to be a mixed bag of hardships and rewards. It will not be instantaneous money; it will be hard times—but perseverance is important. The key to being successful in a business is dedication. If anything came crumbling down, be ready to build it up again. Whenever you follow your passion, the money follows. We would advise [women-run] SMEs to have confidence in their abilities and to actively seek support from social investing funds and donors in this space—they offer support and great exposure.

CIIP: How was engaging with the CIIP on this pilot been useful for you?

GF: It has been helpful for us to understand our own business goals better. In fact, our meeting with you encouraged us to think of some of our initiatives in depth and to start planning for them. For example, on the waste management unit, after our discussion with you, we met with ICIPE [International Center for Insect Physiology and Ecology] to discuss the technology behind setting up the waste management unit and got details of the market and numbers from them, which we have recorded to create a small business plan on this initiative. We believe this process of creating a performance improvement plan now will be useful for us when we participate in the program later, for we will know the exact points and priorities as well.
The discussion focused on the need to prepare an agricultural finance policy; to provide targeted training to financial institutions and agricultural entrepreneurs; and to identify risks and to propose measures to address the risks.

The workshop produced a policy note that summarized the key findings and recommendations with regard to small enterprise finance in Uganda. The note was produced in the context of a banking environment in Uganda that is reluctant to provide funding to SMEs. The note intended to set out the agenda about the dual challenges posed in (1) enhancing the role of banks in servicing the financing needs of SMEs and (2) establishing funding for newer small enterprises with high-growth potential to lessen constraints to their growth. Key recommendations included the demand to review possible interventions that could enhance credit provision from outside the banking system, with a focus to extend the market for traditional private equity to encompass smaller enterprises. Further, it recommended exploring a desired market structure for possible future engagement in the private equity sector.

Symposium on New Technologies
In September 2017, CIIP organized and sponsored a symposium titled “New Technologies, Jobs, Growth, and Development.” The discussions focused on the impact of disruptive technologies on developing economies. Disruptive implies that the methods of production are changed so substantially that it affects production, employment, and capital flow in a fundamental way. The symposium was organized in collaboration with the Growth Dialogue at George Washington University; the development partners in Austria, Norway, Switzerland, and the European Commission; and the Center on Global Economic Governance at Columbia University.

Roundtable on Competitive Industries
CIIP organized a workshop in Uganda to share ideas of what a new industrial policy agenda could look like, the key indicators of success, and the theory of change. The scope of the workshop covered the following main topics: (1) diversification and firm-level growth, (2) access to start-up and equity finance, and (3) current state of agriculture finance in Uganda and how it can be improved.

First, diversification and firm-level growth provided inputs to current sector development and diversification discussions in Uganda. This topic was structured into two parts: it discussed the relevance of the stages of development model in Uganda’s present context, especially against a product space background and then the workshop used the most recent Enterprise Survey data available to sketch productivity, innovation, and links to diversification. Second, the presentation focused on easing access to start-up finance for SMEs, building on experiences in setting up subordinated debt funds in other countries in Sub-Saharan Africa. The presentation discussed potential strengths and weaknesses in the design of such funds and suggested a fund structure that could be adapted and tested in Uganda. Last, the workshop discussed the lack of adequate tailored funding for agriculture. The funds available are short term and do not relate to the agricultural seasons. There is no agricultural finance policy, and there is lack of capacity in financial institutions to assess risks of farming and agribusiness projects.
The notion that new and potentially disruptive technologies can be very productive but also cause significant dislocations to both product and labor markets is fairly well accepted. What is less clear is the magnitude of the effects and what it is that governments can do, if anything, to ease adjustments to markets that are already undergoing significant change, as seen in worsening income inequality and high local unemployment in many countries. The symposium brought together experts from the public and private sector and from academia to shed light on some of the following issues. David Autor, a leading labor economist and associate department head of the Department of Economics at Massachusetts Institute of Technology, spoke about the impact of automation on employment and productivity. Eduardo Bitran, chief executive officer of the Economic Development Agency in Chile, discussed the Chilean Smart Specialisation and the implications of new technologies for public policies. Susan Lund, partner at McKinsey & Company and leader of McKinsey Global Institute, highlighted the different types of workforce transitions that will occur as a result of disruptive technologies.

The symposium was attended by 189 participants, including 82 live-stream participants. The presentations delivered during the symposium are available on the CIIP website.
CHAPTER 2

Country Operations
CONGO, DEM. REP. Small and Medium Enterprise Development and Growth

Leverage Democratic Republic of Congo SME Development and Growth Project ($100 million)
Partner coordination European Commission
Grant amount $472,500

Background
The Democratic Republic of Congo is emerging from a long period of conflicts and mismanagement, which has had devastating impacts on the economy, institutions, and society. Despite abundant resources, it remains one of the poorest countries in the world. The private sector is dominated by largely informal micro, small, and medium enterprises (MSMEs). The long-term economic growth and resilience of Democratic Republic of Congo depends on economic diversification and competitiveness of productive sectors.

The CIIP's Small and Medium Enterprise Development and Growth Project supports a $100 million IDA grant recently approved by the WBG board of directors. The objective of the IDA grant is to support the growth of MSMEs and to increase employment and entrepreneurship opportunities for youth and women in select areas. The CIIP project will inform the preparation and support of the implementation of the IDA project during its first year through the following activities:

- **Data collection and analysis on MSMEs in the target locations.** This activity includes MSME ecosystem analysis, capacity building, and technical support to the government of Democratic Republic of Congo, as well as to the counterpart private sector institutions. It will establish the baseline for the project and strengthen capacity of local stakeholders for evidence-based project management and public-private collaboration.
- **Market study for the establishment of SME hubs.** These hubs would alleviate information and communication technology (ICT), logistics, electricity, and related constraints, which are consistently among the top barriers to business operations as reported by firms (Democratic Republic of Congo Enterprise Surveys 2013 and 2018). Enabling location-based hubs will increase sales and create employment growth for participating SMEs by lowering costs that would otherwise have to be internalized.

Project Results (mid-term at implementation)
Both the implementation and achievement of the grant objectives are on track, with all the project’s milestones completed. An SME hubs market study was initiated in December 2017 to identify existing SME hubs and to determine gaps where new hubs could be implemented. The study’s strategy was based on discussions with local institutions and an individual SME survey. First, the team met with a set of pre-identified large firms in relevant sectors (such as cement, mining, telecommunications, agribusiness, manufacturing, construction, tourism, and hospitality) to assess needs and to further discuss the outcomes with SME focus groups operating within the same value chains or areas. The team also met and discussed the needs and possibilities of new SME hubs, as well as funding strategies, with government institutions, business development service (BDS) providers, and SME-oriented banks. Last, the team conducted an individual SME survey in which parts of the questionnaire helped the group assess existing and potential demands of services SME hubs can render.

In March–April 2018, the CIIP team conducted a mapping of MSMEs in Goma, Matadi, Kinshasa, and Lubumbashi, which are the target locations of the project.
A vendor (the consortium of Deloitte Afrique and Target Democratic Republic of Congo) was identified and hired in February to conduct the field data collection.

The outcome includes a database of 2,641 MSMEs from the targeted locations with basic information, such as name, sector, owner name and gender, contact information, and main constraints. The SME mapping exercise was completed through deskwork, collaboration through meetings, outreach through social networks such as Facebook, and workshops and continuous exchanges with SME associations, large firms, banks, donor-funded programs, government SME initiatives, BDS providers, public institutions, and a representative sample of selected SMEs and individual entrepreneurs.

By May 2018, a survey of 141 MSMEs was conducted through face-to-face interviews, as well as of 456 MSMEs online and of three focus groups with the target MSME populations (growth-oriented MSME, women, and youth). The data collection instrument was specifically developed to address the challenges of MSMEs working in fragile settings. The findings of the survey were shared with key stakeholders (government, private sector, academia, think tanks, BDS providers, and international donors) through follow-up meetings, consultations, and workshops. The government counterparts participated in the development of both the methodology and the survey tools, joined key meetings and consultations, and provided feedback on the MSME database and findings of the survey.

An analysis of the entrepreneurship and MSME ecosystem at the target locations was concluded by May 2018. The analysis included a desk study of the enabling environment, such as regulatory, financing, information, technology, and human capital, that constrains or supports entrepreneurs and MSMEs in their efforts to link demand with supply solutions. The study also targeted how communities of actors, such as businesses, financial institutions, governments, and other organizations, affect entrepreneurs and MSMEs and their activities. The analysis of the ecosystem was completed with the findings from the MSME interviews and survey data, as well as from semistructured interviews with key stakeholders of the ecosystem.

In June 2018, a joint CIIP mission (European Commission, World Bank, government of Democratic Republic of Congo, and Deloitte-Target consortium) conducted a dissemination mission to Lubumbashi, Kinshasa, and Goma to jointly present the findings of the MSME mapping, survey, and ecosystem analysis to various stakeholders and to conduct the codesign workshops for the SME hubs. As part of the mission, the CIIP team also visited three large companies (mining and cement) to advance the market study for the SME hubs. Finally, the team conducted two case studies of the existing private organizations that have developed SME support systems similar to the concept of the SME hubs. The team prepared a note with lessons learned, which will be part of the SME hubs toolkit.

Results Chain

<table>
<thead>
<tr>
<th>Input</th>
<th>Instruments</th>
<th>Integrated Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Elements</td>
<td>Data collection</td>
<td>Firm innovation and capability</td>
</tr>
<tr>
<td>SME links and capabilities</td>
<td>Analytics</td>
<td></td>
</tr>
<tr>
<td>Institutional strengthening</td>
<td>Public-private dialogue</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial skills</td>
<td>External trainings</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected Output</th>
<th>Expected Outcome</th>
<th>Expected Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 strategies/reforms designed</td>
<td>Time and cost to comply with regulations</td>
<td>1,500 jobs created</td>
</tr>
<tr>
<td>$ committed for infrastructure investment</td>
<td>5 reforms enacted through PPD mechanism</td>
<td>$60 million private investment leveraged</td>
</tr>
<tr>
<td>5 cross-institutional coordination mechanisms created</td>
<td>20 SMEs trained</td>
<td>1,000 new firms</td>
</tr>
<tr>
<td>5,000 people trained/certified</td>
<td>$ for financing innovative activities</td>
<td></td>
</tr>
<tr>
<td>$37 million committed for innovative finance instruments</td>
<td></td>
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</tbody>
</table>
SURINAME Investment Climate and Sector Competitiveness Support

**Leverage** $30 million public investment in agribusiness and extractives  
**Partner coordination** Government of Suriname (Ministry of Trade, Industry, and Tourism) and an EU-funded agricultural market access program in Suriname implemented with the Food and Agriculture Organization and the Ministry of Agriculture, Livestock, and Fisheries  
**Grant amount** $695,000

**Background**
Suriname’s economy is dependent on natural resource extraction with a large public sector and a private sector that is undeveloped outside of mining and nontradable services. This issue creates a high vulnerability to shocks, and the government recognizes the need to pursue private sector–led economic diversification.

In April 2017, the Investment Climate and Sector Competitiveness Support began with the development objective of informing the design of investment climate, as well as cross-cutting and sector-specific, reforms implemented by the government of Suriname to attract investment, especially in the agribusiness sector. This objective would be achieved through project activities that include agroindustry prioritization, planning, and promotion; in-depth agribusiness value chain analysis; inventory analysis of business licensing requirements with an agribusiness industry focus; an enterprise survey to update baseline information on the private sector; analysis of access to land for agribusiness; and investment policy and law diagnostic work to inform legal reform.

The project was initially intended to inform a Development Policy Loan (DPL), which was under preparation in 2016 following Suriname’s economic crisis in 2015 and 2016. This DPL became delayed and was ultimately dropped when a concurrent IMF program was canceled, but CIIP engagement kept competitiveness issues at the front of the WBG’s policy dialogue with the government. This engagement contributed to a request from the government to switch to the World Bank’s Investment Project Financing (IPF), and the CIIP-funded project will now achieve its results primarily through a Facilitating Private Investment and Sector Diversification IPF project with the government of Suriname.

**Project Results**
Project implementation has proceeded well. The execution of the inventory of business licenses was completed, along with a diagnosis of reforms to streamline business licensing and to inform implementation of the new business and professions licensing law that was passed with support from the DPL already under preparation. During the past year, the project built on that horizontal analysis and took an industry approach to map all licensing requirements across the various stages of the business life cycle for a fruit processing manufacturer, including detailed process maps of different individual licenses or certification procedures required to obtain the requisite fruit processing license. This diagnosis is further helping the development of implementing regulations by the Ministry of Trade under the business and professions licensing law. The diagnosis also reviewed the licensing regime for the tourism sector to make higher-level recommendations about new sector development planning.

Support activities for agroindustry prioritization, planning, and promotion have continued in full and are nearing completion. On December 6, 2017, a public dissemination event was held to present the findings of a sector competitiveness analysis on prioritization. Approximately 80 people attended the event from both the private and public sectors, with key participants from the government, including the minister of finance, governor of the central bank, and several permanent secretaries. The project continued to support the multiministerial Suriname Agribusiness Investment Task Force in its PPD and the development of a promotion campaign. Also delivered was an analysis and the technical design of an investor value proposition for the horticulture subsector that will be used to inform future investment promotion campaigns. The activities also helped
develop a go-to-market plan that is now being discussed between the task force and the newly established InvestSur investment promotion agency that will officially lead promotion efforts going forward. Under the framework of the task force, the project has also mapped the access to land procedures and tenure options that will be published to increase transparency for future investors.

Implementation of the enterprise survey is advancing well. In August 2017, a planning mission was conducted to discuss government priorities for the survey, to access data for a sample, and to identify potential data collection partners. The sample has been obtained and includes near-universal coverage of the agroprocessing subsector to enable a more in-depth analysis across agroindustries. A modified survey has been developed for Suriname that reflects the focus on agroindustries and policy interest on issues of labor availability and management practices. On March 2018, the procurement process was initiated with the Request for Expressions of Interest. The selection of consultants to implement the survey is now under way, and outcomes will be reported during the next year’s cycle.

In-depth value chain analysis of the fruits and vegetables and fisheries industries has also been completed. This analysis identified constraints and opportunities along the full value chain of agroindustries, with particular focus on access to finance and export logistics constraints. This value chain analysis is providing the basis for design discussions with the government of Suriname for the Facilitating Private Investment and Sector Diversification IPF, which will include a component on strengthening agribusiness value chains that is expected to include financing for public investments in agribusiness investment and export facilitation; enabling access to commercial finance for agribusinesses; and strengthening firm capacity to engage in export value chains and to access finance. The project will also include a component for investing in the public provision of geodata and strengthened regulatory capacity to facilitate future private investment in extractive industries with sustainable impact.

### Results Chain

**Input**

**Basic Elements**

- SME links and capabilities
- Institutional strengthening
- Infrastructure
- Access to finance

**Instruments**

- Analytics
- Technical assistance
- Public-private dialogue
- Evaluation feedback

**Integrated Solutions**

- 2 sector competitiveness analyses
- Economic diversification

**Expected Output**

- # of firms benefiting from licensing reform
- 1 licensing law adopted
- PPD impact on reform process mechanism

**Expected Outcome**

- Effectiveness of institutions

**Expected Impact**

- Private investments leveraged
- # of private land leases

**Industries**

Agribusiness
**ETHIOPIA Competitiveness and Job Creation**

**Leverage** Competitiveness and Job Creation Project ($250 million) and World Bank Group additional financing ($175 million)

**Partner coordination** Department for International Development (DFID), U.S. Agency for International Development, European Commission

**Grant amount** $1,365,000

**Background**

CIIP engagement in Ethiopia started in 2013 in response to the government’s request that the WBG support its efforts to attract domestic and foreign direct investment through industrial parks or economic zones. The project development objective is to contribute to job creation by attracting investments and by improving enterprise competitiveness in targeted industrial parks. This objective will be achieved (1) by strengthening the institutional and regulatory framework for industrial zone development and capacity building in related institutions, (2) by supporting industrial infrastructure development of two industrial parks, and (3) by enhancing industrial park links to SMEs through targeted interventions.

In 2018, Ethiopia received additional financing of $175 million for the Ethiopia Competitiveness and Job Creation Project. Additional financing will cover project scale-up, restructuring, and cost overruns. This funding is essential because of recent increases in the scale of activities for the construction of Kilinto industrial park (IP), quality enhancements in features of the two project-supported IPs, a reduction in the construction period, and a decrease in project funds due to currency depreciation and inflation of prices.

**Project Status**

The construction of Bole Lemi II and Kilinto Industrial Parks was completed in December 2018. During the construction period, the CIIP team supported extensive and close technical support to the project implementing agency by monitoring the construction progress and quality of the IPs, ensuring they were completed on time to meet the increasing demand from investors, and by monitoring the sourcing of the workers and the quality of soft skills training provided under the project. CIIP also coordinated with the IFC Ethiopia Green Industry Project to ensure that the growth of the textile and footwear sector is environmentally sustainable and competitive through improvements in policy and regulations that promote cleaner manufacturing.

In addition to construction, a branding strategy and a value proposition were developed to attract potential investors. The sectors targeted are garments and textiles for Bole Lemi II and pharmaceutical manufacturing for Kilinto. When the two industrial parks become fully operational, they are expected to create at least 46,000 jobs, $28 million of private investments from firms located within the industrial parks, and $100 million from the total sales value of goods and services linked to the industrial parks.

The Ethiopian government has identified Kilinto as a pharmaceutical manufacturing hub to promote import substitution over the short term, to grow exports in the medium term, and to improve access to medicines in the long term. Other benefits of a local pharmaceuticals hub in Kilinto will include quality pharmaceutical products at more affordable prices for local consumption. The additional financing will be used to provide technical assistance to ensure appropriate regulatory measures are in place for the pharmaceutical industry. In Kilinto, the CIIP team helped to coordinate preparatory activities between the project team and the Health, Nutrition, and Population Global Practice. These activities are expected to improve the commercial viability of pharmaceutical manufacturing.
and to attract FDI, contributing to improved standards of the local industries through joint ventures and enhanced regulation and saving scarce foreign currencies through import substitution.

In Bole Lemi II the team provided technical assistance to inform the government’s strategy of increasing local sourcing by local firms and firms operating in the IP. The CIIP has been instrumental in supporting the Industrial Parks Development Corporation (IPDC) to identify potential products that firms in the IPs will source locally and to link potential local suppliers to the IPs. As a result of this CIIP support, at least seven business transactions between FDI firms and local companies are being negotiated, and the grant has helped to identify policy and regulatory issues that are impeding increased local sourcing from the FDI firms.

The project continues to be of strategic importance for Ethiopia’s economy and has enabled the government to reassure investors that the IP plan has the highest level of government ownership and commitment. Implementation progress of the project has been rated moderately satisfactory since April 2017, and the economic analysis indicates that the economic project rate of return of the Competitiveness and Job Creation Project is 10.2 percent, with a net present value of $17.2 million, encouraging further involvement with the project.
CONGO, REPUBLIC OF  Diversification and Competitiveness Program

Leverage  Enterprise Development and Competitiveness Project ($25 million)
Partner coordination  European Union, European Commission
Grant amount  $225,000

Background

With a population of 4.6 million inhabitants, the Republic of Congo is a lower-middle-income country with its population primarily concentrated in urban areas. The country possesses several favorable natural assets in hydrocarbons, minerals, and forestry, including a strategic location with access to a significant regional market and the only deep-sea port in the region—Port Autonome dePointe-Noire. The Republic of Congo is the fourth-largest oil producer in Sub-Saharan Africa, with an output of more than 100 million barrels per year. However, the overall performance of the economy remains insufficient to reduce high structural levels of poverty, inequality, and unemployment, with the unemployment rate estimated around 25 percent and increasing to 42 percent among the youth.

The government through the Ministry of Planning has requested renewed assistance to provide the technical expertise and resources required to further the diversification agenda envisioned under the National Development Plan. The plan (2012–16) has designed detailed action plans, including two pillars dedicated to diversification based on exploiting the country’s natural endowments and on developing sectors with an identified comparative advantage, such as in agriculture and agribusiness, transport/ICT, and tourism. A new plan for 2018–22 is currently under preparation with a renewed focus on diversification—placing the private sector at the heart of the country’s economic transformation.

The recently approved International Bank for Reconstruction and Development (IBRD) loan ($25 million) for the Enterprise Development and Competitiveness Project will provide an enabling platform to strengthen the investment climate, leverage public investments, and crowd in the private sector. The project aims to foster MSME competitiveness in targeted sectors and geographic areas of the Republic of Congo’s territory. The CIIP project goal is to support the identification and prioritization of high potential agribusiness, tourism, and light manufacturing value chains. In addition, the project contributes to the identification of opportunities and links in selected value chains and strengthens knowledge of spatial development opportunities and the logistics sector.

Project Results

As part of the project preparation, the CIIP team supported a deep dive on industrial infrastructure along the Pointe Noire-Brazzaville-Ouesso corridor. Improved performance on trade-related and industrial infrastructure would enable the Republic of
Congo to leverage its strategic location in the south Atlantic and its access to the regional markets of the hinterland and to improve the country’s competitiveness and attractiveness for non-oil investments.

The results of the deep dive were organized and presented to stakeholders through two dedicated workshops. The first focused on the competitiveness and strategic development of the Pointe Noire-Brazzaville-Ouesso infrastructure and logistics platform, including the port, roads, and rail transport. The workshop was held in Pointe Noire in October 2017 and gathered main stakeholders from the public sphere: customs, the Ministry of Transports, and the Ministry of Works.

With support from CIIP, a second workshop was organized in Brazzaville in April 2018, under the aegis of the Minister of Special Economic Zones (with the participation of other ministries and agencies involved in infrastructure, planning, and private sector development) to discuss the government’s plans regarding the development of SEZs, to build capacity and to share international practices, and to develop industrial infrastructure. The workshop focused on dissemination of knowledge and international best practices in the area of industrial infrastructure management links with value chains and competitiveness.

Last, the team conducted a sector prioritization and analysis to support value chain competitiveness. Stakeholder consultations enabled the team to refine target sector prioritization and to support instruments to foster value chain and firm-level competitiveness, which included the diagnostic on the design of an MSME technical and financial grant facility. The team is currently launching an MSME baseline diagnostic, including industrial mapping of stakeholders in the identified value chains and mapping the private and public actors in the target sectors.

### Results Chain

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<th>Instruments</th>
<th>Integrated Solutions</th>
<th>Expected Output</th>
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<th>Expected Impact</th>
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<tr>
<td>Basic Elements</td>
<td>- Infrastructure</td>
<td>- Analytics</td>
<td>- Economic corridor</td>
<td>3 SME support programs developed</td>
<td>12 tourism leads developed</td>
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<td></td>
<td>- Institutional strengthening</td>
<td>- Technical assistance</td>
<td></td>
<td>8 innovative technologies and processes identified</td>
<td>50 firms adopting new/clean technologies</td>
</tr>
<tr>
<td></td>
<td>- Business environment</td>
<td>- Public-private dialogue</td>
<td></td>
<td>10 strategies/reforms designed</td>
<td>30 SMEs trained or supported</td>
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</table>
Kenya Diversification and Competitiveness Program

Leverage: Kenya Industry and Entrepreneurship Project ($50 million)
Partner coordination: NEST, VP Group
Grant amount: $400,000

Project Overview
Kenya’s economic growth has been constrained by low investment and firm-level productivity, particularly in labor-intensive sectors. Services, including financial intermediation and mobile communications, have grown remarkably, representing 72 percent of the GDP increase between 2006 and 2013. However, major employment-generating sectors, such as agriculture and manufacturing, have been stagnating, with a retracting share in GDP between 2009 and 2013. This divergent growth underlines the two-track nature of the economy, in which the sectors with the highest growth create few and mostly high-skilled jobs.

Kenya’s Vision 2030 and its Second (2013–17) and Third (2018–22) Medium-Term Plan, together with the Big Four Agenda, set ambitious development targets that will require significant growth in private sector employment, generation, and productivity.

CIIP is supporting Kenya’s industrialization agenda by strengthening the existing start-up ecosystem through the Kenya Industry and Entrepreneurship Project. The project’s objective is to increase innovation and productivity in select private sector firms. The project contains three main components: (1) strengthening of the innovation and entrepreneurship ecosystem, (2) SME links and upgrading; and (3) project implementation support that includes monitoring and evaluation.

The project will build the capacity of intermediaries, such as incubators, accelerators, and boot camp providers, to offer better quality services to strengthen the innovation and entrepreneurship ecosystem in Kenya. It seeks to connect the ecosystem to international talent networks and to foster links between start-ups and traditional industry to help the latter innovatively address productivity and competitiveness challenges. In addition, it will bridge the technical skills gaps by linking young talent to the private sector and academia. CIIP will support firms to improve their managerial and technical skills, as well as their access to technology, to achieve increased productivity and innovation at the firm level. The CIIP team will provide communications, monitoring, and evaluation services, as well as provide support to the implementation and management of the project.

Project Status
The World Bank approved the Kenya Industry and Entrepreneurship Project in June 2018. Before approval, CIIP had supported project preparation and implementation readiness. The team prepared the project’s operations manual, terms of reference, and evaluation criteria. CIIP members also organized meetings, workshops, and preliminary discussions with project donors and the government of Kenya.

During implementation, CIIP will design a diagnostic tool for the assessment of incubators, adjust the methodology to the Kenyan market, and test it with a small group of Kenyan incubators (private, university, or country-based entities). In addition to funding incubator self-improvement plans, an initial diagnostic and a series of management training will help incubators identify operational priorities.

The team will also assess various industry start-up and industry academia platforms in Kenya, organize workshops with key stakeholders, and develop a design for a model that complements such interventions. As a result, individuals will be able to improve the efficiency of their
businesses and increase profits. There will also be a report detailing the process, lessons learned, and design recommendations. The report will contribute to building stakeholder engagement and ownership and will be applied to future World Bank projects.

This project will implement an SME link and upgrading program through performance-based contracts to SMEs. The project also includes a strong focus on supporting women in technology and female entrepreneurs, including those who own SMEs. For example, a tiered subsidy system linked to women’s participation will be implemented to incentivize the increased participation of women in technology boot camps. The system will aim to catalyze the marketing outreach of relevant providers to ensure greater participation and retention of women.

CIIP anticipates that the majority of investments supported in this project will be in the services or technology sphere. The specific location of all project-related activities was not yet determined at the time of project preparation but is expected to target major towns of Kenya where beneficiaries are located. Expected social impacts include creating employment opportunities, focusing on better quality jobs, improving productivity, enhancing professional and ICT skills and competencies, and empowering women in technology and female entrepreneurs.

Strengthening Kenya’s entrepreneurship ecosystem will aid the creation of start-ups in Kenya by increasing the services provided, enhancing management capacity, and supporting longer-term operational strategy. Activities implemented under this project may also lead to a decrease in the start-up failure rate, and enhanced job creation and boot camps are expected to increase salary earnings and employment rates among graduates.

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**Results Chain**

<table>
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<tr>
<th>Basic Elements</th>
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<tr>
<td>Innovation</td>
<td>Analytics</td>
<td>Firm innovation and capability</td>
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<tr>
<td>Institutional strengthening</td>
<td>Technical assistance</td>
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<td>Entrepreneurial skills</td>
<td>Public-private dialogue</td>
<td></td>
</tr>
<tr>
<td>Business dev. services</td>
<td>External trainings</td>
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</tbody>
</table>

**Expected Output**

- 3 cross-institution coordination mechanisms created
- 4 strategies/reforms designed

**Expected Outcome**

- 100 students/trainees employed
- 250 SMEs trained or supported technologies

**Expected Impact**

- Firms benefiting from private sector initiatives
- # of firms upgrading/developing innovative products
- $ value of public investment leveraged
**NIGERIA Competitiveness Support**

**Leverage** Growth and Employment ($160 million, IDA)

**Partner coordination** DFID

**Grant amount** $1,400,000

**Background**

The overall objective of CIIP support to the government of Nigeria is to improve the competitiveness of selected sectors, to diversify the economy, and to create jobs in the north of Nigeria. These issues are addressed by improving the investment climate, by strengthening industry competitiveness and job creation in selected states, and by leveraging impact beyond immediate stakeholders and target areas. The program aims to deliver the following two outcomes: (1) creating an improved investment climate that reduces the cost and risk of doing business to provide a greater incentive to invest, which is measured by improvements in the ease of doing business (especially the time taken to start up and register a company), and (2) increasing job creation in key sectors and growth in key states driven by increased foreign and domestic investment.

**Project Results**

CIIP has facilitated the preparation of the $350 million Kaduna State Economic Transformation Program-for-Results Project (approved in June 2017), which focuses on sustainable land management. Procedures for property acquisition and title registration in Nigeria are among the most cumbersome, expensive, and lengthy in the world. Only about 3 percent of the land in Nigeria is believed to be covered by a certificate of occupancy, which results in the vast majority of land being informally settled. CIIP financing was used to conduct an assessment of the Systematic Property Registration Program, which is a mass land registration system operating since early 2017. The assessment made recommendations on how to strengthen operational components of the program, as well as recommendations on land use regulations implemented by the Kaduna Geographic Information Service, the program’s implementing agency.

CIIP financing is being used to develop the 2018 Sub-National Doing Business Report, which is implemented by the Enabling Business Environment Secretariat, a working arm of the Presidential Enabling Business Environment Council set up by the president of Nigeria in 2016. The secretariat works to implement reforms for the ease of doing business that will move Nigeria upward in the World Bank Doing Business Index. It is important to note that Nigeria moved 24 places in the 2018 ranking—four points above the target for 2018. The expectation is that by 2019, Nigeria will be in the top 100. Following extensive research and engagement with private sector stakeholders, the secretariat has prioritized seven reform areas in line with improving the countries ranking in the index: (1) starting a business, (2) getting credit, (3) trading across borders, (4) obtaining electricity, (5) dealing with construction permits, (6) paying taxes, and (7) registering property.

The CIIP is helping to finance a rigorous impact evaluation of interventions aimed at improving firm performance in five economic sectors: light manufacturing, construction, hospitality, ICT, and entertainment. A randomized controlled trial has been designed to compare the effectiveness of different approaches to building skills in SMEs. The project works with batches of firms that attend induction workshops at the same time and are then assigned to the following different programs:

1. **Business training** The objective is to strengthen the capacity of SMEs by providing them with a mix of online and in-class training. Firms must complete a minimum of 12 days in class along with online courses. The business owners can choose the dates and locations for the modules.

2. **Business consulting** Firms receive 88 hours (11 full days) of business consulting services provided by consultants over 6–9 months, meeting at least once a month.

3. **Insourcing** Firms in this group access an online marketplace to choose a human resource specialist from a list of vetted companies. The firm will receive a wage subsidy that fully pays the cost of such a worker in the first few months but then gradually declines over 9 months (by which time the firm covers the whole wage).

4. **Outsourcing** Firms in this group access an online marketplace to choose an accounting or marketing company from a list of vetted companies. The companies will then outsource their accounting or marketing activities to a firm in the group. As with insourcing, a subsidy initially will cover the cost of the services and will be phased out over time.
The impact evaluation program began the first round of interventions in April 2017, with 2,137 firms randomly assigned in equal proportions to the four different interventions and to a control group.

Preliminary results indicate the following take-up rates for the different interventions:
- Business training—approximately 93 percent started the online training, 74 percent completed at least five online classes, and 58 percent completed 12 days of in-class training
- Business consulting—reporting still in-progress
- Insourcing—approximately 90 percent of firms hired a worker
- Outsourcing—approximately 96 percent of firms hired a company
SIERRA LEONE  Agro-Processing Competitive Project Support

**Leverage**  Agro-Processing Competitiveness Project Support ($10 million)

**Partner coordination**  n/a

**Grant amount**  $300,000

**Background**

Sierra Leone—a fragile, low-income country situated on the West Africa Atlantic coast and bordering Guinea to the west and north and Liberia to the east—has a population of 7.1 million people. The country has made good progress toward political stability and economic growth after more than a decade-long civil war that ended in 2002. Since then, the country has had three relatively peaceful national elections and recorded average annual growth of 7.8 percent from 2003 to 2014.

There is a strong commitment from the government to strengthen the agriculture sector by leveraging private sector investment. The promotion of private sector–led growth and value added agriculture products is essential to achieve the vision and goal of the former government’s Agenda for Prosperity (notably Pillar 1 on economic diversification and Pillar 4 on improving Sierra Leone’s international competitiveness), which aims to develop a supportive business environment, to improve private sector coordination within government, and to address binding constraints to competitiveness. The recently formed government also seeks to prioritize private sector–led growth and to promote value added agricultural products as key channels for job creation, poverty reduction, and economic diversification.

CIIP contributes to the Agro-Processing Competitiveness Project, which is comprised of three components that are geared toward addressing market failures and are meant to complement other World Bank–supported initiatives in Sierra Leone. The components are (1) focusing on strengthening the environment for agro-processing sector competitiveness and growth of agribusiness firms; (2) providing firm-level support to increase productivity and to strengthen competitiveness in agro-processing SMEs through the establishment of an SME technical assistance facility; and (3) implementing, coordinating, monitoring, and evaluating the project. The goals of this project align with the higher-level objectives of the Sierra Leone government to strengthen the agricultural sector by leveraging private sector investment.

**Project Results**

CIIP activities included support for two diagnostic and scoping missions that convened stakeholders and interviewed SMEs, industry associations, business development service providers, suppliers, wholesalers, distributors, government officials, and investors.

The CIIP-supported diagnostic and analytical studies have created a strong evidence base that informs the design of integrated solutions and action plans to promote a competitive, inclusive, and sustainable agro-processing industry in Sierra Leone. CIIP supported additional data collection, including focus group discussions, key informant interviews, and a workshop to validate findings from the SME Agribusiness Diagnostic that looked at constraints to market access, finance, infrastructure, SME capacity, entrepreneurial capacity, regulatory constraints, production potential, and ready champions.

The results from the SME Agribusiness Diagnostic were presented and discussed at a CIIP stakeholder workshop in Freetown on February 20, 2018, which involved about 30 participants from the government, including the Ministry of Trade and Industry and Ministry of Agriculture, Forestry, and Food Security. The workshop brought together public and private actors in a constructive dialogue that allowed for honest discussion of specific policies that inhibit the growth of agro-processing SMEs.
The insight that the project team gained from the validation workshop was instrumental in helping the team design the project components that were submitted in the project appraisal document as part of the decision review process. Specifically, the team validated the following initial findings:

- Enabling environment reforms (around the Environmental Protection Agency assessment fee, the standards bureau, and investment retention support for the Sierra Leone Investment and Export Promotion Agency) are of paramount importance and are critical to alleviating binding constraints on firm growth. Government actors in both the Ministry of Trade and Industry and the Environmental Protection Agency were receptive to the findings and to engaging in a reform process.
- Business development service providers have demonstrated a concrete need for training and upskilling in agribusiness technical areas.
- A strong need exists for a proposed SME technical assistance facility to benefit key stakeholders, including SME agro-processing companies and business development service providers.

The project appraisal document was reviewed and discussed at a decision meeting on April 3, 2018. A key decision was that the team proceed to appraisal, subject to disclosure of completed safeguard instruments. The World Bank completed negotiation of the project with government of Sierra Leone on June 6, 2018, and the project was approved by the board on July 9, 2018. CIIP-supported activities will continue after project approval to fine-tune the design of specific interventions, such as targeted interventions for women and youth, as well as the development of an implementation manual for the SME technical assistance facility that will feed into the project operational manual.
**UGANDA Competitiveness and Enterprise Development Project**

**Leverage** $120 million (projected)

**Partner Coordination** European Commission, DFID

**Grant Amount** $300,000

**Results Chain**

**Input**

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<td>- Analytics</td>
<td>- Industry competitiveness</td>
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<tr>
<td>- Institutional strengthening</td>
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<tr>
<td>- Access to finance</td>
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<td></td>
</tr>
<tr>
<td>- Business environment</td>
<td>- Data collection</td>
<td></td>
</tr>
</tbody>
</table>

**Expected Output**

- $50 million committed for infrastructure improvement
- $2 million committed to SME support programs

**Expected Outcome**

- 100 new investors
- 100 SMEs trained or supported
- 10 strategy/reform programs designed
- 100 hectares of serviced industrial land developed
- 50 procurement contracts with local SMEs
- 5 laws/regulations/reforms enacted

**Expected Impact**

- 10,000 jobs created, of which 50% are for women

**Background**

Uganda’s growth trend has slowed since 2011, with consequent effects on the pace of poverty reduction. Average annual growth was 4.5 percent in the five years to FY16, compared with more than 7 percent achieved during the 1990s and early 2000s. The structure of the Ugandan economy has changed gradually over the past three decades from agriculture to manufacturing and services. In recent years, the structural change has been minimal and by FY15/16, the services sector continued to contribute the largest proportion to overall GDP growth. The services sector grew at a rate of 4.6 percent. Industry grew by 6.4 percent and the agricultural sector grew by 4.4 percent in FY15/16, which is more than double the rate of growth of that sector during the previous five years.

The government of Uganda requested CIIP support to facilitate the preparation of a program focused on SME growth and on increasing private sector participation in agribusiness. Ultimately, the goal is to catalyze business competitiveness and support investor growth and job creation. Specifically, the new comprehensive program should target the following: improving products (technology, processing, and packaging); creating business development markets that are demand driven; increasing regional market access; and creating industrial infrastructure to facilitate SME links to off-takers, anchor investors, and economies of scale.

Agriculture, as the main sector of the economy and one that employs the most poor Ugandans, automatically presents an opportunity for consolidating industries that will create sustainable jobs and will present opportunities for inclusive growth, especially through value added and product diversification.

The following key questions need to be explored: What realistic shares of manufacturing and services should Uganda aim for? What structural changes (losers and winners), driven by firm-level diversification and sophistication, can be targeted? In which markets (imports and exports) are these changes likely to take place? Given that the “product space” itself changes relative to positioning, this may open up opportunities. For example, as China advances, it might (in the medium to long term) move out of certain price-quality combinations. The key issue on access to finance concerns extending the market for traditional private equity to encompass smaller enterprises. Traditional private equity is hampered in investing in SMEs because of the tendency of private equity funds to gravitate toward funding larger enterprises. This funding occurs because of high search and monitoring costs associated with smaller firms; the high level of disclosure and transparency required by equity investors when committing funds to SMEs; the reluctance of SME owners to give up part of their equity, thereby reducing the potential upside associated with the enterprise they have created; and (seen from the perspective of investors) the high but uncertain and delayed returns associated with exit using traditional private equity funding mechanisms.
MADAGASCAR Leveraging Growth Poles for Transformational Investments and Innovations

Leverage Integrated Growth Poles and Corridor ($70 million IDA funds) and $25 million private investment expected by project close
Partner coordination n/a
Grant amount $400,000

Background

Madagascar is slowly emerging from a period of economic quasistagnation following the 2009–13 political crisis, which interrupted (once again) its growth trajectory. GDP growth accelerated to 3.3 percent in 2014 and an estimated 4.2 percent in 2017. Key growth drivers included construction activities from the scale-up of public investment and textiles exports through the African Growth and Opportunities Act. However, two-thirds of the working-age population remains out of work or underemployed, and the lack of productive opportunities comes at huge economic and social costs, in particular for women and youth. The collapse in economic activity in 2009 led to an increase in informal employment, from already very high levels. As of the latest data available (2012), only about 30 percent of Malagasy live above the national poverty line and only 10 percent live above the international one.

Tourism and agribusiness offer some of the strongest prospects for generating the scale of private investment and job creation that can create the transformative impact needed, if key binding transversal and sectoral constraints can be removed. Madagascar offers tourists a tremendous diversity of activities and is famed for its astounding biodiversity and unique culture. But tourism numbers are still far from what they could be, with the sector facing binding constraints in basic infrastructure and services that include road and air connectivity and cost, site maintenance and management, and capacity of national and regional institutions, such as for investment promotion.

Similarly, agribusiness holds significant potential thanks to Madagascar’s unique profile, which means agribusiness exports (including livestock and fisheries products) accounted for 48 percent of total export earnings in 2017, with a global leading position in key products in terms of total value (vanilla, which was 50 percent of exports) or niche positioning (such as cocoa). However, key competitiveness challenges for the sector include inefficient value chain regulation and organization, logistics and quality control, and challenges inherent to emerging value chains and exacerbated by weak support of ecosystems for innovation and environmental risks, including deforestation and climate change.

The ongoing $50 million Integrated Growth Poles and Corridors Project has created effective capabilities to remove the key binding constraints for the agribusiness and tourism sectors in the three target regions of Madagascar. The new $70 million project that is being prepared will leverage that effort to accelerate the mobilization of private investment in tourism and agribusiness, thereby maximizing finance for development and creating a transformative impact in the target regions. The project will put in place a supportive environment for investment in both sectors by entrepreneurs and SMEs, including through innovative entrepreneurship training and cofinancing of business ideas with strong environmental spillovers and through actively supporting the execution of PPPs. In parallel, it will support the removal of key binding constraints in both sectors, with a focus on improving regulations and enhancing public capacity to facilitate private investment, upgrading key road and air connectivity to high investment potential tourism or agribusiness sites, and preparing local authorities to maximize benefits and productive reinvestment of the proceeds from such growth.
**Expected Results**

The CIIP grant for Madagascar is financing top global expertise that leverages project funds to tackle key gaps for project preparation and to maximize private investment impact through the following: (1) the provision of specific global market segment information for both sectors; (2) an analysis and action plan for the project to exploit those market opportunities for private investment; and (3) a gap analysis of the missing private sector ecosystem to support such investments and the definition of effective support for entrepreneurs that can fill those gaps, with a focus on innovative approaches, climate-smart businesses, and women and youth.

The grant has already provided key outputs that have been incorporated into project design and documents. Next steps are the definition of investment facilitation and promotion strategies for the new tourism markets that have been recognized; the identification of market gaps in both sectors’ ecosystems (for example, tourism transport services and local agro-machinery) and of the gap in support services; and the piloting and early evaluation of the innovative entrepreneurship training to maximize impact under full-scale project support.

At project level, expected results will include significant job creation and $25 million of private investment leverage, which will consist of (1) significant hotel investments, each with a $20 million potential, linked to public infrastructure further prioritized through CIIP (for example, key access roads to tourism sites); (2) private cofinancing under agribusiness matching grants and private participation in logistics infrastructure, which will lead to increased farmer revenues, exports, and local and foreign investment in agro-industry (such as chocolate, cashew nuts, and moringa powder); and (3) a boost to local entrepreneurship.
THE COMOROS Integrated Development and Competitiveness Project

Leverage Projected $25 million (December 2018)
Partner coordination European Union, European Commission
Grant amount $250,000

Background

The Comoros is a small, densely populated nation comprising three main islands—Grande Comore, Anjouan, and Mohéli—with an estimated population of 795,000. Grande Comore is the largest island and is home to about half of the country’s population and the country’s capital, Moroni. Anjouan has the largest population density of 575 inhabitants/km² and 42 percent of the population, while Mohéli is the smallest and least-populated island with 6 percent of the population and 171 inhabitants/km². The population is predominantly young and continues to grow rapidly (2.9 percent a year). The population is expected to reach 1 million by 2028 and to more than double by 2050.

Comoros occupies a strategic geographical position between eastern Africa, Madagascar, and the other islands of the Indian Ocean (Seychelles, Mauritius, and Réunion) and is at the heart of the main shipping route for the Indian Ocean along the African coast. However, like other small island states, the Comoros faces challenges linked to geographic isolation, limited resources, a small domestic market, and vulnerability to climate change. International and internal connectivity is weak and transport costs are high, conditions that make it difficult for the Comoros to leverage its strategic position and to integrate into regional and world markets, and that fragment its internal markets.

Poverty remains widespread in the Comoros. According to the most recent Complete Household Survey of 2013–14 (Enquête 1-2-3), 34 percent of the population lives below the national poverty line, while around 18 percent lives below the international poverty line of $1.90 per capita per day (in 2011 purchasing power parity exchange rate).

The Comoros offers several potential opportunities for private sector–led growth and expansion of its economy—although background work on the detailed nature of economic prospects is limited. These opportunities include the traditional sectors (vanilla, cloves, and ylang-ylang) but also renewed focus on the development of tourism, agriculture, and transport because of the islands’ privileged position in the Mozambique Channel. Over time, an expanding urban sector would generate additional opportunities, particularly in construction services. The development of agriculture and tourism as mainstays of economic activity could complement the substantial flows of remittances, and the reliance on SMEs could sustain the generation of growth and employment in the medium and long run.

CIIP financing is being used to support the development of an Integrated Development and Competitiveness Project with the aim to build foundations necessary to crowd in the private sector, to address critical coordination issues, and to finance public goods with the objective of enhancing competitiveness in targeted value chains and sectors.

Project Status

In January 2018, the team launched diagnostics in key sectors to inform detailed project preparation. The project preparation included studies on key agriculture value chains, tourism sector, MSME diagnostic, spatial connectivity analysis, and access to land issues. The MSME diagnostic work, including a mapping of MSMEs and producers’ associations, has already been concluded. This diagnostic has contributed to a better understanding of the gap (market and institutional) between what is available and what is required for entrepreneurs and MSMEs to take advantage of viable market opportunities in the Comoros.
With regard to agriculture, the analytical work supported a comprehensive review of sector structure, constraints, and opportunities. A narrow base of three export crops (vanilla, cloves, and ylang-ylang) provides 90 percent of export income, with nascent attempts to diversify and revive older export products. At least 72 percent of farmers are subsistence producers with weak links to a rapidly growing domestic market for food and a diet shifting toward meat, vegetables, and dairy. The remaining producers form the base of three export-oriented value chains and are highly exposed to volatility in global markets in which the Comoros’s price-setting power is low and waning. Given agriculture’s large footprint and the limited availability of productive investment opportunities in the Comoros economy, the agriculture sector represents the clearest path to economic transformation by building on the existing base to modernize farming, to strengthen efficiency-enhancing links between agriculture and nascent sectors such as manufacturing and tourism, and to promote the development of the domestic and export market. On the one hand, agricultural producers will be assured of a domestic market if they can meet its quality and quantity requirements. On the other hand, manufacturing in the form of agro-processing would have guaranteed inputs in an economy with small endowments of nonagricultural raw materials. In the tourism sector, the expected arrival over time of new airline carriers, foreign tourists, and international hotel chains will raise the demand for high-quality, locally sourced perishables such as tropical fruits, vegetables, and fish. Consequently, building up agro-processing and ancillary post-harvest services (storage, distribution, transport, logistics, retailing, and preparing for restaurants and hotels) has a high likelihood of success in generating economic activity, fostering formal enterprises, and creating remunerative jobs.

The tourism analysis identified three scenarios for short- to medium-term development that are currently being considered with the government. The first scenario is enclave anchor investment on Grande Comore, with island extensions that consist of one or two anchor investments. Clients would be flown in for a tropical beach experience, which would be based on an all-inclusive model and would include day excursions to sites on Grande Comore and possible overnight stays on Anjouan and Mohéli. The second scenario is developing limited niche offerings in which existing niche markets would be expanded to increase occupancy in existing products and to create a small market for new ones. Products would focus on authenticity, value, cultural heritage, and agritourism. One or two new lodges could be supported on each island, plus several tourist activities. The last scenario is anchor investment on Grande Comore to stimulate a tourism hub and spokes. Although that initiative would control most of the value chain, the operator would be open to increasing local links in a meaningful way through the upstream supply chain and also the downstream spin-off of services, such as excursions and local attractions. This could include developing the town of Mitsamiouli into a small tourism hub with landscaping, street renovation, corniche development, markets, shops, and restaurants. From here service providers could offer day excursions around Grande Comore and eventually to the other islands.
GHANA Tourism Competitiveness Support

**Leverage** Tourism Development Project ($40 million)
**Partner coordination** Canada, European Union
**Grant amount** $345,000

**Background**
Tourism is a significant contributor to economic growth and development in Ghana, and it has been a major source of foreign exchange, employment, and government revenues. For example, its direct contribution to Ghana’s GDP in 2013 was $1.34 billion, which represents 2.8 percent of GDP. It is estimated to have increased from $0.5 billion in 1997 to $3.0 billion in 2016 and contributed 3.6 percent to GDP growth.

Tourism’s contribution, however, has fluctuated substantially in recent years and has yet to reach its full potential. Some challenges facing the sector include limited understanding of tourism as a tool for economic development, inadequate investment in the sector, poor infrastructure and tourism support services, high cost as a tourism destination, lack of professionalism and poor service quality, and a nonfunctioning PPD mechanism hampered by myriad resource constraints. In addition, the sector is not diversified, with an overdependence on business tourism and tourism revenues and jobs concentrated around large enterprises mostly located in the capital city. The strong underlying assets, such as internationally significant historic, cultural, and natural tourism attractions and a new pro-tourism government, make this an opportune time for a range of interventions.

The government of Ghana is seeking to diversify its economy by improving the performance of transformative sectors, such as the tourism sector. The stated goal for tourism is to improve income distribution, to enhance cultural attractions, and to build links with the cultural industries sector. It also aims to ensure that tourism develops in a responsible manner and that it contributes to the country’s GDP; reduces poverty; ensures that its operation is not detrimental to the environment, culture, and traditions; and attracts a wide range of markets.

The following are opportunities for the development of ecotourism: cultural and heritage tourism, conference and business tourism, leisure tourism, and beach resort tourism. Over the next decade, Ghana aims to become a major player in Africa and has ambitious plans to increase visitor numbers fivefold by 2027 through implementation of a detailed strategy that emphasizes private sector leadership and investment.

**Project Status**
CIIP is supporting the government’s goal of diversifying the economy by enhancing the competitiveness of the tourism sector and by improving entrepreneurship links. CIIP completed the feasibility of establishing a tourism school that will be funded by the World Bank–financed program.

The tourism industry continues to be constrained by the lack of effective human resource development and management, particularly at technical and vocational skills levels. Anecdotal evidence shows that tourism-related facilities, including hotels and catering establishments, in Ghana are generally less productive and profitable than in international competitor countries, with personnel not adequately trained.

To assist Ghana with its tourism industry’s competitiveness, CIIP developed a comprehensive project that seeks to strengthen government capacity to address market failures that have hampered professional management and operation of tourism sites. The
The objective of the project is to improve the competitiveness of the tourism sector and to enable the sector to increase its contribution to GDP growth by creating conditions necessary to increase private investments in tourism and tourist expenditures in the leisure sector outside the capital city. The project also aims to enhance the ability of medium and large firms to diversify their markets and to increase their market links, as well as to facilitate the capacity of micro and small enterprises to increase job opportunities by improving their product and service quality.

A study on the framework for the establishment of a PPD mechanism in the tourism industry is currently under way. For the coming months, a study is being prepared on the feasibility of replicating all aspects of a business plan in the sector, identifying other innovative methods of enterprise development, and improving access to finance for operators in the tourism value chain. A separate study is also being prepared to develop a seminal inventory and rapid assessment of tourism sites and investment needs in the context of expanding the tourism market.

### Results Chain

<table>
<thead>
<tr>
<th>Input</th>
<th>Instruments</th>
<th>Integrated Solutions</th>
<th>Expected Output</th>
<th>Expected Outcome</th>
<th>Expected Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>4 strategies/reforms designed</td>
<td>2 reforms enacted through PPD</td>
<td>$15.6 billion private investment leveraged</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$3 million committed for infrastructure</td>
<td>800 students/trainees employed</td>
<td>25 new firms</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$2 million approved for capacity building</td>
<td>360 firms with approved patents</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 SME support programs developed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Basic Elements**
- Entrepreneurial skills
- Institutional strengthening
- Business environment

**Instruments**
- Analytics
- Technical assistance
- Public-private dialogue
- Evaluation feedback

**Integrated Solutions**
- Industry competitiveness
THE GAMBIA Finance, Competitiveness and Innovation for Inclusive Growth

Leverage Finance, Competitiveness, and Innovation for Inclusive Growth (projected $10 million)
Partner coordination n/a
Grant amount $455,856

Background
The Gambia is a fragile and small economy with a GDP of about $1 billion. Two sectors (the agriculture, fisheries, and forestry sector and the tourism sector) account for half of the country’s GDP and employment. Of the population, 72 percent of the poor and 91 percent of the extreme poor are engaged in agriculture. There are limited opportunities for new entrants into the labor market in both urban and rural areas, and formal jobs are particularly limited with more than 70 percent of MSMEs being in the informal sector.

The objective of CIIP support is to help lay the foundation for competitiveness and improved access to finance in key growth sectors in the Gambia. The analytical work aims to inform the design of a support program to foster private sector-led growth in the Gambia, a key objective of the National Development Plan.

Expected Results
A scoping mission was undertaken in June 2018 that validated the proposed areas of focus of the analytical work (that is, tourism, agribusiness, and youth entrepreneurship, as well as access to finance issues specific to those sectors).

The four areas identified for analysis are the following:

1. Assessment of the current status of the Gambia’s tourism industry, identification of potential opportunities, and the development of a strategic road map. The tourism industry in the Gambia has experienced significant growth since 2010; however, expenditure per arrival remains low because of heavy reliance on foreign tour operators. Although the Gambia was not directly affected during the 2013–15 Ebola crisis, arrivals and expenditure levels dropped given widespread fear and cancellation of flights. Air access (both tour operators and scheduled airlines) resumed only in 2015. Despite those challenges, arrivals growth has reached more than 76 percent cumulatively, from 91,000 in 2010 to 161,000 in 2016, and expenditure grew from $32 million in 2010 to $116 million in 2016. Expenditure levels per arrival, however, are low at $720 in 2016. That level is mostly explained by a high dependence on foreign tour operators who are, in fact, vertically integrated because they control and manage all key aspects of the value chain (marketing and promotion, air access, most of the room supply, and other service providers such as ground tour operators).

2. Identification of measures to increase productivity and access to selected agriculture/agribusiness markets, including in key factor markets, through the introduction of modern agriculture and food safety standards and development of value chains and links, including supply to tourism industry, processing, and value added. The agribusiness sector in the Gambia is characterized by low productivity, mainly subsistence farming, low commercialization, limited processing, and a high level of imports. About 38 percent of the total land area of the country is arable. Employment in the sector has been declining given accelerated youth migration in recent years, which has caused farm labor shortages. The sector contribution to agricultural GDP is as follows: livestock at 30 percent, groundnuts at 20 percent, other crops at 40 percent, and fisheries and forestry at 10 percent.
The market opportunity for horticulture alone represents $64 million between 2019 and 2025, almost double the current value. The horticulture sector involves 65 percent of the agriculture workforce and 88 percent of women farmers. Mango, chili peppers, sweet potatoes, onions, and tomatoes hold the greatest commercial potential for national and international markets based on value, feasibility, and impact criteria. At present, fresh exports represent the largest market opportunity with a high job creation potential. Prospects also exist in processing that targets international markets.

3. Mapping of the Gambian entrepreneurship ecosystem, including the policy and regulatory environment, markets and links, culture, human capital, support infrastructures, and support professional services (entrepreneur-friendly associations, accelerators, and incubators).

4. Analysis of the key constraints to access to finance within each sector (for example, impact of high interest rates on the tourism sector, short loan tenures, and lack of agriculture-specific financing instruments and limited availability of funding for start-ups) and recommendations for addressing those constraints.

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**Results Chain**

**Input**

<table>
<thead>
<tr>
<th>Basic Elements</th>
<th>Instruments</th>
<th>Integrated Solutions</th>
<th>Expected Output</th>
<th>Expected Outcome</th>
<th>Expected Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME links and capabilities</td>
<td>Analytics</td>
<td>Economic diversification</td>
<td>2 strategies/reforms designed</td>
<td>5 reforms enacted through PPD mechanism</td>
<td>1,800 jobs created</td>
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<tr>
<td>Institutional strengthening</td>
<td>Technical assistance</td>
<td></td>
<td>2 cross-institution coordination mechanisms created</td>
<td>1,300 students/trainees employed</td>
<td>$30 million private investment leveraged</td>
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<td>Entrepreneurial skills</td>
<td>Public-private dialogue</td>
<td></td>
<td>600 people trained/certified</td>
<td>$37 million approved and disbursed</td>
<td>400 new firms</td>
</tr>
<tr>
<td>Value chain competitiveness</td>
<td>Evaluation feedback</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Agriculture** | **Industries** | **Tourism**
PACIFIC ISLANDS Competitiveness for a Pacific Possible

Leverage n/a
Partner coordination n/a
Grant amount $400,000

Background
Most Pacific Island countries have generated only very modest rates of economic growth during the past decade. They are highly exposed to economic shocks and natural disasters, a situation which imposes another constraint on sustained economic growth for the bottom 40 percent. Economically viable growth areas rely on their resource endowments. Those areas are primarily fishing and tourism, along with agribusiness for some of the bigger countries. Tourism offers them significant opportunities for economic growth and shared prosperity. The opportunities derive from the comparative advantage of their resource endowments suited to tourism, such as pristine natural environments and cultural diversity.

Achieving transformational change through tourism growth will require improving access from emerging and existing source markets, improving the investment climate, and increasing the effectiveness of public sector participation in the tourism sector. The governments of the Pacific Island countries aim to exploit their limited set of economic opportunities and to increase economic growth and government revenue. Small size, remoteness from major markets, and internal dispersion combine to push the cost of private production, to lower the return to market activities, and to narrow economic opportunities. Tourism is one of the key sectors that can foster shared prosperity despite the constraints.

Project Status
The Improving Competitiveness for a Pacific Possible program is being designed as a flexible programmatic approach to serve regional- and country-specific initiatives. The program provides follow-up to the findings and recommendations of Pacific Possible, a flagship publication that takes a long-term view of the development opportunities and challenges faced by Pacific Island countries and focuses on those that could have transformational impacts on countries in the region. The report covers oceanic fisheries,
seabed mining, tourism, knowledge of the economy, labor mobility, noncommunicable diseases, and disaster risk management and climate change.

The initial two-year program aims to ensure a longer-term engagement in the Pacific Island countries, allowing the WBG to systematically collaborate with policy makers and the private sector. Furthermore, the program makes its outputs publicly available, allowing information to be more accessible to policy makers and development partners. In doing so, the Improving Competitiveness for a Pacific Possible program increases coordination among development partners to lead to more effective public investments, including tourism initiatives in the region by the Asian Development Bank, New Zealand Ministry of Foreign Affairs and Trade, and Enhanced Integrated Framework.

To prepare the analytical foundation for the development of integrated destinations, the project uses research in historical and prospective markets, market analysis, and demand assessment and then develops strategies for increasing market penetration. At later stages, the project will identify public and private investments required to meet the needs of targeted markets. In addition, in order for the project to be successful, the project team will assess and optimize air access by examining infrastructure and regulatory and commercial environments that impact aviation operations. The team will also identify specific areas for the concentration of tourism development and an investment and financing plan for infrastructure and services.

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**Results Chain**

**Input**

**Basic Elements**

- SME links and capabilities
- Institutional strengthening
- Public-private partnerships

**Instruments**

- Analytics
- Technical assistance
- Public-private dialogue

**Integrated Solutions**

- Industry competitiveness

**Expected Output**

- # of PPDs created and operational
- # of strategies/programs designed
- # of tourism support programs designed

**Expected Outcome**

- # of new infrastructure connections
- # of reforms enacted

**Expected Impact**

- 1,000 jobs created (of which 50% female)
- $5 million private investment leveraged
- Financial efficiency

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*Industries*

- Tourism
- SMEs
CHAPTER 3

Projects Completed FY18
**ALBANIA Pathways to Jobs through Tourism**

**Leverage**  IBRD ($71 million)
**Partner coordination**  U.S. National Parks Service
**Grant amount**  $115,000

Albania emerged from the collapse of communism in the early 1990s as one of the poorest countries in Europe. The country then experienced rapid growth of nearly 6 percent per year, rising to the ranks of middle-income status by 2008, and successfully reduced poverty from 25.2 percent in 2002 to 12.5 percent in 2008. The tourism industry emerged as a significant supporter to the economy, contributing directly to an estimated 5.9 percent of GDP in 2014 and directly supporting 30,500 jobs. The government of Albania has identified the country’s south—comprising the area between Fier-Vlora and Saranda, both the coast and the hinterland, including Berat, Përmet, and Gjirokastra—as a priority for regional development.

However, a number of obstacles prevent the growth of the tourism industry in the south of Albania. First, basic urban infrastructure is inadequate to meet residents’ needs and growing tourism demand, existing assets are deteriorating because of a lack of maintenance, and newly created municipalities lack the capacity to deliver supporting services in a sustainable way. Second, despite the rich asset base available, tourism activities are concentrated over a short period of time, are not sufficiently diversified, and are dominated by high-volume and low-value local and regional markets. Third, tourism activities, both at the national and local level, are not supported or managed in a coordinated way.

Much of the CIIP work has centered around the identification of potential tourism products for locations in southern Albania. For instance, five potential tourism products were identified around Përmet: hot springs, walking and biking trails, paragliding, bungee jumping, and whitewater rafting. In total, the project teams identified 20 new products, including several agro-tourism opportunities. Albania’s olive oil is a prized commodity in the region, especially from the presses in the country’s south. CIIP financing has helped to develop a tourist package that allows visitors to visit olive-processing sites, to learn about the history of olive cultivation, and to actually press their own olives.

CIIP funds were also used to explore new institutional partnerships that would promote tourism growth. CIIP helped to create destination management organizations in the four targeted municipalities. In Berat, 17 other stakeholders sit on the advisory secretariat group of the Berat destination management organization, and they will have a voice in reviving and planning tourism growth. CIIP activities also defined the opportunity to develop partnership agreements with Airbnb and TripAdvisor that will support MSME training and to raise destination profiles through online marketing.

Finally, CIIP funds supported a baseline survey to capture, among other data, the average daily spending per tourist, which is about €54. The baseline survey also measured the length of time tourists stay in each of the Project for Integrated Urban and Tourism Development’s four destination towns (Berat, Gjirokastra, Saranda, and Përmet).
TUNISIA Finance Competitiveness and Innovation for Inclusive Growth

Leverage Tunisia Third Export Development Project ($50 million), Productive Inclusion Opportunities for Young Women Project ($60 million), Integrated Landscape Management Project ($100 million), Integrated Agriculture Intensification Project ($140 million)

Partner coordination African Development Bank, European Commission

Grant amount $305,030

CIIP’s objective in Tunisia is to enhance the capacity of the government to identify priority reforms for the private sector and its development, as well as the government’s ability to deliver on the implementation of related policies, through the establishment of a PPD and delivery unit within the prime minister’s office.

The project has successfully supported backbone institutions that promote investment and increase competitiveness. The grant-funded cluster and value chain task force has ensured coordination among the value chain development components of four projects using an approach such as the one piloted by the CIIP-funded Sector Diagnostics and Competitiveness through PPD project. The four projects include the Productive Inclusion Opportunities for Young Women Project, the Integrated Landscape Management Project, the Integrated Agriculture Intensification Project, and the Tunisia Third Export Development Project. The identification and implementation of actions through the platform and related projects aim to catalyze links between firms and higher value added markets, to increase local value addition, and to lead to more exports and jobs. The four investment projects from the IBRD will finance the operational costs of the platform through lending proceeds, while also reserving significant investment budgets (estimated between $50 million and $70 million across the four operations) for implementing its recommendations.

Meanwhile, institutions and clusters supported in the previous CIIP grant in Tunisia are continuing to see positive impacts. The best example was in the information technology sector, in which technical support to Smart Tunisia, the newly created Tunisian investment promotion agency in information technology and offshore services, has delivered unexpectedly positive returns. Smart Tunisia has attracted the investment of 23 companies, has signed two memorandums of understanding for skill development, and seven other such memorandums of understanding with the rest of the business ecosystem. These returns will help create 6,550 jobs during the next three years, of which 3,336 were already created in 2017. The Smart Tunisia team has also identified additional funding of $2.3 million by Silatec and $2.3 million by the Tunisia Foundation for Development to support the program over the next five years.

In 2018, the PPD facilitated by this project within the pharmaceutical industry also reached key milestones. In addition to already-achieved reforms and eliminated red tape, the sector’s private sector associations and the government are finalizing the preparation of a pact for the development of pharmaceuticals in Tunisia. In the pact, the government commits to achieving seven priority reforms and activities, all of which were the subject of the PPD in the past three years. In return, the private sector commits, by 2022, to creating 2,500 jobs; increasing exports from 13 percent to 24 percent of total production, reaching 320 million Tunisian dinars (up from TD 160 million in 2017); increasing direct investments in the industry and services to TD 900 million (up from TD 650 million in 2017); and attracting 35 percent market share of Africa’s total clinical studies (up from 3.5 percent in 2017). The pact was signed in 2018.

The activities financed through the related projects are expected to affect 12–16 value chains, including agribusiness and agroforestry (exports of fresh tomatoes, high-end olive oil, rosemary, and other products based on aromatic and medicinal plants); labor-intensive activities (modernized artisanal products and fast-fashion garments); and services (offshoring of information technology services and medical tourism). From those products, 6,000 firms and farmers are expected to benefit, with the aim of increasing export growth rates by 50 percent compared with the national average and creating more and better jobs, especially for young women and men in Tunisia’s lagging regions.

The CIIP-funded technical assistance activities have enabled sustainable local capacity to conduct sector-specific PPDs in all regions and sectors to (1) inform policy reforms, (2) orient public investments, and (3) directly support private sector firms in strengthening their competitiveness on higher–value added market segments, with all related effects on exports, job creation, and regional development.
Example of value chain segmentation:

Vetiver oil is distilled and sold as a generic essential oil to large international buyers who are not concerned with the origin of the product and who are keeping most of the profit margin. The team has identified a new strategic segment that may be more profitable: Sell the vetiver to conscious consumers who demand to know the origin of the products they use in spas and for well-being. These conscious consumers are willing to pay a premium and are more interested in products that have a natural, organic origin like Haitian vetiver.

The main output of the CIIP-funded activities is the completion of 10 Competitiveness Reinforcement Initiatives (CRIIs). The team identified existing or emerging clusters for each of the 10 regions in Haiti (coffee in 3 regions, cocoa, mango, avocado, honey in 2 regions, textiles, and vetiver), and the CRIIs were implemented by regional Enterprise Support Services agents. The original 10 CRIIs were completed in FY16, and 10 new ones were launched in March 2017.

The entire process of selecting and conducting the CRIIs was designed to contribute to the objective of mobilizing local entrepreneurs. The CRIIs were conducted in three phases, each of which involved deep local stakeholder engagement and learning by doing. The identification of industry challenges facing entrepreneurs was achieved through extensive consultations with local public and private institutions, interviews, and detailed network analysis of cluster agents and a mapping of the relationships between them. The development of strategic options involved analyses conducted by local teams, as well as meetings with advanced buyers and leading companies abroad, and reference trips. Private sector action lines and recommendations were extracted using the analysis and formulated in a business improvement plan with terms of reference for the training, technical assistance, and common services required for the upgrading of the value chain.

The rigorous participatory process during each of the cluster initiatives enhances the likelihood that the identified challenges and corresponding solutions most accurately reflect local realities and, thus, have a higher chance of success compared with the transplantation of global best practices. The integrated design of the CIIP grant included activities to strengthen public sector capacity, which is an interconnected and mutually reinforcing outcome of the CRIIs. The establishment of the 10 regional Enterprise Support Service offices, in partnerships with regional chambers of commerce, constitutes a local institutional framework to support decentralized growth. The efficacy of this outcome can be assessed by looking at the quality and sustainability of the institutional infrastructure created through the Enterprise Support Service.
The purpose of this technical assistance–based project in the Organisation of Eastern Caribbean States (OECS) was to mobilize private and public sector resources, as well as donor funds, to strengthen the tourism sector; to organize links between tourism and other key sectors (including agriculture and water transport); and to strengthen access to markets for operators in the sector. This purpose would be achieved through (1) analytical work and dissemination in areas with knowledge gap that would generate public and private sector investments in tourism, as well as agriculture and water transport as related sectors; (2) facilitation of dialogue between public and private sectors with the aim of attracting public and private sector investment to the sectors; (3) technical assistance in one pilot farm-based region in Grenada to strengthen the farm-based tourism product and link the region to the tourism market.

CIIP provided training opportunities to small, agro-focused businesses in the parishes of St. Patrick and St. Andrews, including small estate owners, small farmers, artisans, and community organizations. The training opportunities introduced participants to some of the best experts in the industry, such as Whole Journeys executive Kathy Dragon, who visited and conducted field trips with the team to explore and examine options for packaging tours and experiences in the northeast. The executive training and development facilitated by CIIP led to the establishment of a new, legally registered business association, as well as a comprehensive business plan to guide the organization’s growth.

The significant results delivered under this project include the following:
1. **Mobilization of $34.3 million of public funds through WB loans (IBRD/IDA blend).** Two studies were published and disseminated under this project. The two studies generated demand for two WB lending operations: (1) the OECS Regional Tourism Competitiveness Project for $26 million and (2) the OECS Regional Agriculture Competitiveness Project for $8.3 million. Both became effective in September 2017. The first project is for three countries: Grenada, St. Lucia, and St. Vincent and the Grenadines, and the second project is for Grenada and St. Vincent and the Grenadines.
2. **Mobilization of other donor trade facilitations.** This CIIP project, which included work in certain areas of tourism (see “Driving Tourism in the Eastern Caribbean: The Case of a Regional Ferry”) and PPD, generated interest from other donors and international organizations, including the Italian government and the IADB. The Italian government provided $100,000 for fortifying PPD about strengthening links between agriculture and tourism. The project was also successful at mobilizing other international finance institutions (specifically the IADB under its Compete Caribbean project) to make significant investments in support of the objectives mentioned earlier. Thus, the farm-based community in Grenada supported under this CIIP project received an IADB grant of up to $500,000 to support its capacity in attracting more tourists and strengthening the tourism products.
MAURITANIA Nouadhibou Eco-Seafood Cluster

Leverage Spanish Agency for International Development (€10 million), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)–International Labour Organization (€14 million), and WBG (additional financing of $8 million)

Partner coordination French Development Agency, European Investment Bank, Islamic Corporation for the Development of the Private Sector of Islamic Development Bank, and European Union Delegation

Grant amount $420,000 (completed in December 2017)

The fisheries sector in Mauritania accounts for about 3 to 5 percent of the country’s GDP and 25 percent of public revenue, and it also employs about 53,000 people, of which 30 percent are female. Nouadhibou Bay, located on Mauritania’s northern coast, is one of the richest regions for fishery production in the world, with an annual capacity of 1.5 million tons. However, most economic activity in the industry focused on low value added activity, leaving significant economic potential underutilized.

CIIP financing helped to provide technical assistance to the Nouadhibou Free Zone Authority. The Nouadhibou Free Zone was established in 2013 and constitutes a priority zone for national economic development in Mauritania with the objective to make Nouadhibou a preferred destination for international and domestic investors. Technical assistance provided by CIIP financing helped to inform public financing decisions on infrastructure development, including the creation of a privately operated eco-seafood cluster in the free zone, as well as the construction of a new deep-water port. The CIIP team developed the preliminary study for the Implementation of a Community Radio for Artisanal Fishermen in Nouadhibou, which gave advise on new radio technology that seeks to connect fishers operating on the sea with relevant actors on land. The team also contributed to the first PPD platform in Mauritania in more than 10 years—the Seafood Task Force.

CIIP has also contributed to stronger engagement of women in the Nouadhibou Free Zone. CIIP contributed to the development of a number of studies that describe the main contributions of women along the fisheries value chain and identify market constraints and opportunities for increased value addition. CIIP project teams also helped women's organizations in Nouadhibou to acquire market-relevant skills and information and advocated for female entrepreneurship in policy dialogue and design.

As of 2018, the project has generated $40.6 million in private investments in Nouadhibou, with those investments linked to creating 937 stable jobs, predominantly on the processing side of the industry. In total, 314 new firms were created through the Nouadhibou Free Zone one-stop shop. CIIP has helped supervise or provide 1,226 days of training and technical assistance workshops that have benefited 806 people and has delivered several strategic documents to guide the Nouadhibou Free Zone Authority decisions.
Jordan is a small middle-income country facing severe challenges brought by insecurity in neighboring Syria and Iraq. The total closure of land trade routes with Syria and Iraq and other security-related challenges within and around Jordan adversely impacted trade, tourism, investment, and construction. The crisis in Syria has led to a massive influx of Syrian refugees over the past five years. By June 2016, 655,217 Syrian refugees registered with the United Nations High Commissioner for Refugees in Jordan, 80 percent of whom live in host communities. About 75 percent of Syrian refugees live in the governorates of Ma’arqa, Irbid, and Amman. The largest camp is Al Zaatari camp in Ma’arqa, which is the host to almost 80,000 Syrian refugees. According to the recently concluded census, the number of Syrian refugees has reached about 1.3 million, and there are a further 1.6 million nonnationals in Jordan. According to the Ministry of Labor, of 324,000 foreigners who have work permits, 65 percent are Egyptians, 3 percent are from other Arab countries, 26 percent are South Asians, and only 2 percent are Syrian refugees.

The situation of most Syrians in Jordan is highly vulnerable. Extremely vulnerable female-headed households represent a quarter of all refugee households. Approximately 17 percent of the refugees live in camps. The majority of refugees—about 80 percent—are below the national poverty line and need assistance through access to expanded education, health, housing, and economic opportunities. The WBG has been asked by the government of Jordan and the international community to support a holistic approach to the Syrian refugees’ influx that targets both the Jordanian host communities and the refugees. The WBG intervention would support Syrian refugees and the Jordanian host communities by improving Jordan’s competitiveness and attractiveness to investments to foster job creation. It aims to improve the investment climate in Jordan, as well as the country’s investment promotion capabilities, while increasing access to the labor market for Syrian refugees.

The key results in the Jordan Program for Results project include labor market reforms to ease the work permit process, investment climate reforms to improve the weak business environment, and strengthened investment promotion capabilities. The impact indicators include creating more than 50,000 jobs (using the proxy of number of work permits issued); facilitating more than 30 investments; leveraging more than $40 million in private investment; and creating the Syrian International Business Association. The diaspora work for which the CIIP is the prime funder (DFID and GIZ have also contributed) is based on the premise that there is a large pool of Syrian diaspora investors already located in Jordan. Moreover, there is evidence that Syrian investors are very enthusiastic employers of their fellow Syrians.

The CIIP grant financed 19 consultation meetings and focus groups conducted globally to locate the business diaspora and to identify the main issues or concerns. On February 27–28, 2017, the Syrian Diaspora Business Forum took place in Germany. To organize this event, the CIIP collaborated with the WBG, the GIZ, DFID, the International Organization for Migration, and the Center for Mediterranean Integration. More than 100 stakeholders participated, including representatives of the Syrian diaspora community, academics, private sector, government, nongovernmental organizations, and think tanks.

The initial findings exceeded expectations. The team found a thriving but remarkably disconnected diaspora community located in a wide range of places, from Buenos Aires to Dubai, with interest in supporting investments that would help refugees from virtually everywhere. It is estimated that this diaspora has potentially $100 billion of investable capital at its disposal, which significantly differentiates it from many other diaspora communities.

The team also conducted an online survey that gathered 185 responses from diverse groups within the Syrian diaspora. The survey respondents were either investors, business owners, or part of senior management, with more than 95 percent having an undergraduate degree or higher and most engaged in the services sector. In terms of investment potential, the survey found that more than 50 percent of the respondents currently invest or support refugee activities in the neighboring host communities; there is high interest in direct investments whether in refugee host countries or in Syria; and there is strong interest in investing in funds that lend money to MSME in host countries. Although contributing to the development impact for refugees is important, broadly speaking, the Syrian diaspora expect a private equity level return of 20–25 percent. Finally, the survey found that there is high interest in a Syrian business association, such as the Syrian International Business Association, which is currently being established.
Tanzania’s economy has grown steadily in recent years but is mainly driven by the ICT, financial services, and construction sectors, which typically do not generate mass jobs. Meanwhile, it is estimated that approximately 800,000 youth are expected to enter the Tanzanian labor market every year for the next 10 years, doubling the workforce from 20 million today to more than 40 million by 2030. Jobs are mainly created by private firms in Tanzania, where the public sector accounts for less than 5 percent of total employment. However, the vast majority of private firms are young, vulnerable, and stunted: 66 percent are less than five years old, 40 percent exit after four years; only 1.5 percent are registered; and only 6–8 percent experience growth.

Industry (including manufacturing and agribusiness) is a high productivity sector that has the potential to absorb large numbers of modestly skilled workers, to contribute to accelerated poverty reduction, and to diversify the economy. The government of Tanzania has put together an integrated industrial development strategy, which envisions a manufacturing sector that grows 15 percent annually to become a $16 billion industry by 2025. A World Bank investment operation was implemented in FY17 to help advance Tanzania’s industrial development, with an emphasis on labor-intensive, resource-based manufacturing and services sectors. CIIP support to this work included a review of recent policies in support of private sector development, as well as a study of the productivity growth of firms, particularly small manufacturing firms in Tanzania.

An evaluation of the lessons from past and current enterprise support programs in Tanzania has been completed. As a starting point, an inventory of around 20 programs in Tanzania related to enterprise support was compiled, from which 9 programs with direct firm-level support were selected for more detailed subsequent analysis. The study examined various dimensions of these short-listed programs, including, among other things, objectives, legal and management structure, target sector and firm size, type of support instrument, and results achieved.

CIIP also conducted a firm-level survey. The survey instrument targeted medium and large (more than 50 employees) manufacturing enterprises across four cities in Tanzania to measure the quality of management practices to better understand the type of support required for firms to scale up production, to improve product quality, and, in many cases, to prepare for export. In particular, the survey focused on issues relating to production, management, technology, and quality for selected typologies of firms (small, medium, and large; survivalist; minimum technology; technologically competent; and advanced) in selected industries (such as food processing and logistics).
CHAPTER 4
Financial Portfolio and Resource Use through June 2018
Table 3.1 Donor Contributions Schedule

<table>
<thead>
<tr>
<th></th>
<th>Committed in contribution currency</th>
<th>Paid-In in contribution currency</th>
<th>Outstanding in contribution currency</th>
<th>Actual in USD FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16 &amp; 17</th>
<th>FY18 &amp; 19</th>
<th>Total in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDTF (ACP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>EC</td>
<td>15,038,850.00</td>
<td>15,038,850.00</td>
<td></td>
<td>10,039,184.32</td>
<td>7,750,421.73</td>
<td></td>
<td>1,791,578.21</td>
<td>19,581,184.26</td>
<td></td>
</tr>
<tr>
<td>Sub-Total</td>
<td></td>
<td></td>
<td></td>
<td>10,039,184.32</td>
<td>7,750,421.73</td>
<td></td>
<td>1,791,578.21</td>
<td>19,581,184.26</td>
<td></td>
</tr>
<tr>
<td>MDTF</td>
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<td></td>
<td></td>
<td></td>
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<tr>
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<td>3,000,000.00</td>
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<td>6,454,500.00</td>
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<td>4,708,000.00</td>
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<td>6,037,774.59</td>
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<td>Sub-Total</td>
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<td>11,161,067.92</td>
<td>3,890,459.04</td>
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<td>1,625,652.72</td>
<td>17,302,531.85</td>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>11,161,067.92</td>
<td>11,729,325.17</td>
<td>11,640,880.77</td>
<td>560,864.04</td>
<td>36,883,716.15</td>
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Investment Income on MDTF Funds (a)

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<th>$</th>
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<td>Swiss</td>
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<td>81,658.82</td>
<td>278,278.17</td>
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<tr>
<td>Total</td>
<td>11,175,559.13</td>
<td>11,765,930.65</td>
<td>11,677,477.61</td>
<td>11,729,325.17</td>
<td>36,883,716.15</td>
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</table>

(a) Donor funds sitting undisbursed under a Multi-Donor Trust Fund gain interest (per World Bank Group accounting practices). The CIIP MDTF has accrued an additional $278,278.17, which will be put to use under the program.

Figure 3.1 Total Donor Contributions (including Investment Income), Commitments, and Disbursements

Table 3.2 Summary of Project Level Commitments and Disbursements

<table>
<thead>
<tr>
<th>Sources and Uses</th>
<th>$ FY13-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Donor Contributions Received (MDTF + SDTF)</td>
<td>36,883,716.15</td>
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<tr>
<td>Investment Income on MDTF Funds</td>
<td>278,278.17</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td>37,161,994.32</td>
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<td>Current CIIP Commitments (Operations, Knowledge and Administration)</td>
<td>31,605,360.39</td>
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<td>Central 2% Fee</td>
<td>737,674.33</td>
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<tr>
<td>Remaining Balance</td>
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<tr>
<td>Disbursements (disaggregated by Operations, Knowledge and Administrative Categories)</td>
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<tr>
<td>Central 2% Fee</td>
<td>737,674.33</td>
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<tr>
<td><strong>Program Administration MDTF:</strong> includes management, collaboration, global knowledge, competitiveness programs &amp; analysis and assessment</td>
<td>2,471,288.95</td>
</tr>
<tr>
<td><strong>Program Administration SDTF:</strong> includes management, competitive analysis, competitiveness programs, innovation and entrepreneurship support &amp; innovation and entrepreneurship programs at industry level</td>
<td>2,180,957.76</td>
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<tr>
<td><strong>MDTF - Country Operations &amp; Knowledge</strong></td>
<td>10,897,480.88</td>
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<tr>
<td><strong>SDTF - Country Operations</strong></td>
<td>10,437,425.49</td>
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### Table 3.3(a-c): Project Level Disbursement

<table>
<thead>
<tr>
<th>Table 3.3a: Ongoing Country Operations (ACP)</th>
<th>Approved Grants</th>
<th>Actual Disbursed FY14</th>
<th>Actual Disbursed FY15</th>
<th>Actual Disbursed FY16</th>
<th>Actual Disbursed FY17</th>
<th>Actual Disbursed FY18</th>
<th>Grant Balance</th>
</tr>
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<tbody>
<tr>
<td>Ethiopia</td>
<td>$1,365,000</td>
<td>157,284.78</td>
<td>540,146.26</td>
<td>305,840.71</td>
<td>195,260.63</td>
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<td>Republic of Congo</td>
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<td>Sierra Leone II</td>
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<td>Ghana</td>
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<td>Gambia</td>
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<td>Uganda</td>
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<td><strong>Sub-Total</strong></td>
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<td><strong>157,284.78</strong></td>
<td><strong>540,146.26</strong></td>
<td><strong>305,840.71</strong></td>
<td><strong>875,796.18</strong></td>
<td><strong>2,147,773.29</strong></td>
<td><strong>2,746,514.78</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Table 3.3b: Ongoing Country Operations (World)</th>
<th>Approved Grants</th>
<th>Actual Disbursed FY14</th>
<th>Actual Disbursed FY15</th>
<th>Actual Disbursed FY16</th>
<th>Actual Disbursed FY17</th>
<th>Actual Disbursed FY18</th>
<th>Grant Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Possible</td>
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<td>-</td>
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<td><strong>Sub-Total</strong></td>
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<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>3,101,100.45</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Table 3.3c: Ongoing Knowledge Initiatives</th>
<th>Approved Grants</th>
<th>Actual Disbursed FY14</th>
<th>Actual Disbursed FY15</th>
<th>Actual Disbursed FY16</th>
<th>Actual Disbursed FY17</th>
<th>Actual Disbursed FY18</th>
<th>Grant Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing WBG Support to Special Economic Zones</td>
<td>$500,000</td>
<td>-</td>
<td>30,792.80</td>
<td>175,555.53</td>
<td>192,305.37</td>
<td>20,710.33</td>
<td>80,635.97</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>500,000</strong></td>
<td><strong>-</strong></td>
<td><strong>30,792.80</strong></td>
<td><strong>175,555.53</strong></td>
<td><strong>192,305.37</strong></td>
<td><strong>5,609,659.21</strong></td>
<td><strong>80,635.97</strong></td>
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</tbody>
</table>