



**IFC**

INTERNATIONAL FINANCE CORPORATION  
WORLD BANK GROUP



# **Asia Consultative Conference Key Donor Issues for BE Reform in Asia**

**Max Aitken  
International Finance Corporation  
Bangkok  
November 30, 2006**

# IFC Asian Activity

- IFC has 6 TA programs in the region:
  - Mekong
  - China
  - Sth Asia
  - Indonesia
  - Pacific islands
  - Philippines
- By business line, BE programs are IFC's largest area of TA activities in Asia
  - Currently 90 projects; >\$40 million
  - > 70 IFC field staff working on BE programs
- Programs funded approx 60% by bilateral donors and 40% by IFC

# IFC BE Work Focus

- Project selection/design based on:
  - Doing Business, IBRD/FIAS diagnostics, local knowledge, assessment of reform appetite, what others are doing
- Projects include:
  - Business procedure simplification (Indonesia, Mekong, Philippines)
  - Registration & licensing (Bangladesh, Bhutan, Indonesia)
  - Investment & trade promotion/regulation (Vietnam, Bangladesh)
  - Public-Private dialogue (Mekong)
  - Alternative Dispute Resolution (Cambodia)
  - Value-chains (China)

## Who do we Work With?

- Several bilaterals are key supporters of our regional TA facilities:
  - UK, Australia, Swiss, Netherlands, Norway, Canada, Sweden, etc

# Challenges

- Generally, lack of \$'s not an issue – but issues in frontier regions in MICs
- Reliably assessing the real appetite & potential for reform – situation is improving, but it remains spotty/inconsistent. Plenty of vested interests in status-quo
- Knowledge management/dissemination
- Relatively short donor funding cycles – not well suited to projects requiring long term commitment
- The M&E issue – especially ‘impacts’

## Some Lessons

- More that we don't know, than we do know!
- Successful reforms are possible – but require accurate assessment of political-social realities & good diagnostics
- Be prepared to invest the time/effort (especially up-front) to engage all key stakeholders. Good communications strategy
- Fewer, larger, more focused interventions – don't try cover the whole universe; work to your comparative strengths
- Local knowledge & credible people on the ground are essential
- Share knowledge, people etc, but beware of the cookie-cutter approach
- Measurement & ranking a big help in generating demand for reform – Doing Business; Asia Foundation, GTZ etc work

# IFC Going Forward in Business Environment

- BE work in Asia expected to continue to as high IFC priority
  - Diagnostics suggest need; appears to be growing reform appetite
  - More sub-national work
  - Closer integration of FIAS & IFC field TA facilities
  - Overall comparative advantage is ‘implementation’
- Pushing the impact evaluation work – getting better on ‘before & after’; but ‘impact/attribution’ remains ‘work in progress’:
  - MIT collaboration on control groups
  - Collaboration with Seco to assess what happens with enterprises that ‘register’ versus those that don’t
  - Collaboration with GTZ in Vietnam on M&E toolkit for BE reforms

# IFC Going Forward

- Overall, more emphasis on ‘partnership’ – with clients, donors, foundations, other implementation agencies
- Enhanced WBG coordination/collaboration initiatives
- Data ‘mining’/applied research: entrepreneurship & MSME database
- More ‘toolkits’ on good practice implementation
- New internal IFC structures & processes for measuring/managing TA work, pricing TA, ensuring quality control, knowledge management & dissemination, & allocating IFC funding support