

# The World Bank Group's Support for Agriculture and Agribusiness: Approach Paper

## Context and Rationale for the Evaluation

1. The past several years have seen a slowdown in agriculture productivity growth (World Bank Development Data Platform 2008, Abbott and others 2008). Land and water constraints, underinvestment in rural infrastructure and agricultural innovation, lack of access to inputs and weather disruptions are impairing productivity (IFPRI 2008). Over time climate change is also expected to adversely impact food production, compounding the challenge of meeting global food demand (Cline 2007, IFPRI 2007). The recent food crisis has exposed a range of issues on both the demand and supply sides of global agricultural production that are summarized in Table 1 below. During the first three months of 2008, international real prices of all major food commodities reached 30-year highs<sup>1</sup>, threatening to unravel the progress made so far on the Millennium Development Goal (MDG) of halving hunger and malnutrition by 2015. More recently, though international food prices have declined, they remain high compared to 2005 levels, and in many countries, domestic prices have not declined to the same extent as international prices (Global Food Crisis Response Progress Update, Technical Briefing to the Board, October 7, 2008).

**Table 1. Factors in the Food Price Crisis<sup>2</sup>**

|                     | Demand Side  | Supply Side   |
|---------------------|--|---|
| Long Run            | Growth, rising incomes in developing countries has increased consumers' purchasing power leading to increased demand for meat, dairy products and indirect demand for grains | Physical limits on available agricultural land and water for irrigation; Inadequate investments in rural institutions and infrastructure, agricultural research, extension and water and soil management to increase productivity; Poor policies in countries; OECD subsidies; climate change   |
| Recent, emerging    | Biofuel demand   | Rising energy prices and production costs including increase in prices of inputs like fertilizers and pesticides and transportation costs of inputs and outputs; Subsidies for biofuel production; Agricultural land use changes because of diversion of land from wheat and other crops to production of biofuel feedstocks; Low global grain stocks |
| Short run, cyclical | Financial speculation  | Adverse weather in major export producing countries; Crop diseases; Depreciation of the US dollar relative to the Euro and other world currencies and recent volatility of the exchange rate; Price controls and changes in export and import policies, Speculative hoarding, untargeted subsidies  |

2. As a consequence, food production is back at the top of the development agenda. The World Bank Group has committed itself to a strong role in seeking solutions. Even before the food crisis, the World Development Report (WDR) 2008 had called for greater investment in agriculture in developing countries if the MDGs are to be realized. At the 2008 Spring Meetings, the Development Committee

1. FAO 2008. *Soaring Food Prices: Facts, Perspectives, Impacts and Actions Required*. High-Level Conference on World Food Security: The Challenges of Climate Change and Bio-Energy. Rome 3-5 June 2008.

2. Adapted from Elliott, Kimberly: Biofuels and the Food Price Crisis: A Survey of the Issues, Center for Global Development Working Paper #151, August 2008

endorsed the Bank's *New Deal for a Global Food Policy* which contains short, medium, and long-term responses to the food price crisis.<sup>3</sup> In May 2008, the World Bank Group created a new \$1.2 billion rapid financing facility—the Global Food Response Program (GFRP)—to bring speedy assistance to the neediest countries and also began engaging in policy dialogue with several countries to help develop country-specific responses to the crisis. The World Bank Group is boosting overall agricultural lending from less than US\$2 billion in FY08 to US\$6 billion in FY09, lending to Africa is expected to increase to US\$800 million; and in Latin America to US\$400 million.

3. The World Bank Group has provided support for agriculture/agribusiness operations amounting to about 19 percent of Bank lending and for food and agribusiness operations amounting to about 7 percent of IFC investment between 1998 and 2008. Past reviews have looked at aspects of effectiveness of this support, especially in Africa. But crucial to plans for greater support are lessons from the World Bank Group's past experience in this area that can help ensure that its stepped up engagement will generate results. The evaluation will look at what has worked and what has not worked in the World Bank Group's past effort at promoting agricultural/agribusiness growth and productivity in countries of operation, what were the key determinants of performance and how these findings can strategically inform the Bank Group's engagement in the sector in the years to come.

## ***The World Bank Group Past Support to Agriculture & Agribusiness***

4. Between 1998 and 2008 the World Bank Group provided about US\$19 billion in financing for agriculture/agribusiness activities in its countries of operation. Eighty-seven percent of this support came from the World Bank and 13 percent came from IFC. In addition to financing, both the World Bank and IFC have provided advisory services and analytical support. The World Bank has also provided support for several global and regional programs/partnerships in the agriculture sector.

### **The World Bank**

5. The World Bank's approach to agriculture is articulated in the context of its broader rural development strategy which covers other development activities in rural space as well as agriculture in support of poverty alleviation.<sup>4</sup> The World Bank supports client efforts for the development of their agriculture sectors through policy dialogue and analytical and advisory activities as well as through lending. From FY 1998-2007, the time period covered by this evaluation, the World Bank committed US\$40.5 billion in financing for 557 operations that had agricultural components.<sup>5</sup> Of the 557 projects,

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3. In fact, the food crisis has drawn the attention of the whole donor community to the need for both emergency and long run measures to support the development of the sector. On April 29, heads of UN agencies met in Berne and committed to emergency funding for the World Food Program for immediate needs and longer term measures to support farmers to avoid similar crises in the future.

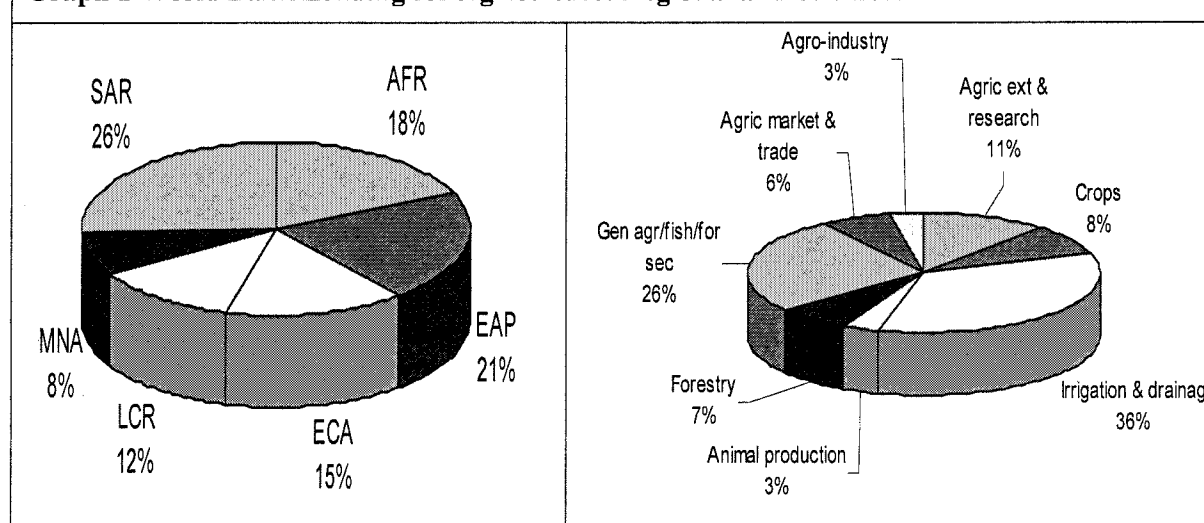
4. The World Bank's 2003 Rural Strategy Reaching the Rural Poor notes that ".....to be successful in reducing rural poverty, the Bank must focus on the entire rural space, meaning the entire rural society and both farm and non-farm aspects of the economy. The Bank is convinced that five critical components of a rural development strategy will contribute most to accelerated growth in rural economies and, consequently, to measurable poverty reduction: a) fostering an enabling environment for broad-based sustainable rural growth b) enhancing agricultural productivity and competitiveness; c) fostering non-farm economic growth; d) improving social well-being, managing risk, and reducing vulnerability; and e) enhancing sustainable management of natural resources." (2003 strategy p. 2).

5. This evaluation uses the Bank-wide coding (which is also used by the Agriculture and Rural Development (ARD) Department) for identification of actual lending (IBRD and IDA) for agriculture. Task teams may designate up to five subsector codes per project. 'Agriculture' comprises components with any of the following codes: Agriculture, extension and research (AB); animal production (AJ); crops (AH); forestry (AT); irrigation and drainage (AI) general agriculture, fishing and forestry (AZ); agriculture marketing and trade (YA) and agro-industry (YB). The amount of agriculture lending consists of the dollar amounts assigned to these subsectors. As noted by ARD, due to problems with the Bank's sector coding system lending to the agriculture sector may be under reported, particularly investments for agriculture agency reform, land administration and rural finance may not be fully captured. If project activities cover more than five subsectors task teams are expected to use the "general" category. The "general" category is a convenient way to manage the data, but information on the details of a large share of the lending is lost.

263 were active and 294 were closed as of July 10<sup>th</sup> 2008. Geographically the portfolio is spread in 101 countries and includes 3 regional projects. (Annex A for details on trends and distribution by lending instrument). These operations have sought to achieve several kinds of objectives—promoting agricultural growth and productivity, increasing access to rural services and infrastructure, reducing rural poverty, increasing employment, restoring agricultural production after a natural calamity, natural resource management, and improving efficiency and management of the agriculture sector. Of the US\$40.5 billion, US\$16.53 billion or 41 percent was agriculture lending (on the basis of agriculture codes, see footnote 5).<sup>6</sup> South Asia has the largest agricultural lending followed by East Asia. Graph 1 gives the regional and sub-sector distribution. Support to the agriculture sector has involved support for activities in various sub-sectors like research and extension, irrigation, marketing, credit etc.

6. In addition to lending operations, the World Bank undertakes analytical and advisory activities (AAA)—which include economic and sector work (ESW) and non-lending technical assistance (TA). Over the period of the study, the Bank supported 851 agriculture related ESW and non-lending TA activities.

**Graph 1 World Bank Lending for Agriculture: Regional and Sub-Sector Distribution**



## IFC

7. IFC's approach to agribusiness is articulated in the context of the annual Agribusiness department (CAG) strategies and the broader annual IFC's strategic directions papers (April 2000 through IFC Road Map FY09-FY11). Since 2007, IFC's five strategic priorities include agribusiness<sup>7</sup> because of the importance of the sector to developing countries.

8. IFC's operations in the global food and agribusiness sector are addressed by the following departments and cover the steps of the value chain noted in parenthesis: (i) Agribusiness department (inputs, farm production, agricultural marketing, processing, marketing and distribution); (ii) Oil, Gas,

6. Less than 5 percent of the 557 projects are completely (100 percent) agriculture operations. The majority also include support for activities like education, health, water supply, sanitation, infrastructure in rural space in addition to agriculture.

7. IFC Strategic Directions FY08-10 Creating Opportunity (03/21/2007) introduced for the first time agribusiness within its five strategic priorities: "(i) strengthening the focus on frontier markets, including small and medium enterprises (SMEs) and, since 2007, agribusiness; (ii) building long-term partnerships with emerging players in developing countries; (iii) differentiating through sustainability competencies; (iv) addressing constraints to private sector growth in infrastructure, health and education; and (v) developing local financial markets through institution building and the use of innovative financial products."

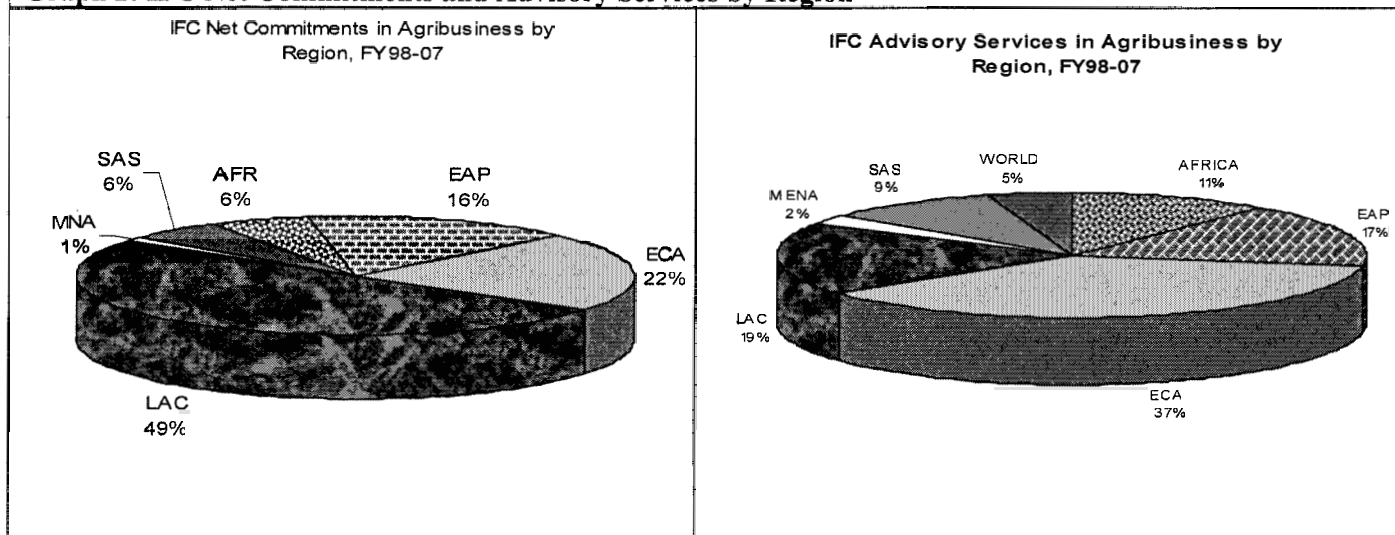
Mining and Chemicals department (fertilizers and other chemicals); (iii) Infrastructure department (infrastructure including water and transportation); (iv) Global Financial Markets department (pre-harvest finance, trade finance, and risk sharing facilities); (v) Global Manufacturing Services department (retail, and forestry); (vi) Funds department (land, emerging SMEs, and emerging agro-champions); and (vii) Information Technology department (access to markets).

9. In its investment and advisory services to the private agribusiness sector, IFC seeks to provide additionality<sup>8</sup> mainly through risk mitigation, innovative financing (e.g., wholesaling), support to market development (e.g. supply chain linkages), and attempts to contribute to long term sustainability based on IFC's expertise in safety, environmental and social standards. Since 2003, IFC has sought to increase the participation of small farmers and small and medium enterprises (SMEs) through supply chain linkages with IFC's large food and agribusiness projects, with the objective of contributing to rural development in general, and of improving the productivity and profitability of farmers as well as food and agribusiness SMEs. In addition, IFC works with trading companies and local financial intermediaries to channel financing and advisory services to farmers and agribusiness SMEs.

10. During FY98-07, IFC undertook 149 food and agribusiness projects for a total net commitment of US\$2.5 billion. The top three Regions for IFC agribusiness investments were LAC followed by ECA and EAP (Graph 2). The top five sub-sectors by volume are animal processing, vegetable fats and oils, sugar, beverages, and other foods. See Annex A for trends in commitment and sub-sector distribution of IFC commitments.

11. During FY98-FY07, IFC undertook 155 advisory services with total donor funding of US\$53.5 million. By business line, IFC's advisory services are primarily Value Added to Firms comprising 98 percent of total donor funding. Nearly half of the support was directed to ECA, followed by LAC and then EAP (Graph 2).

**Graph 2: IFC Net Commitments and Advisory Services by Region**



8. "Additionality" refers to the unique inputs – financial and non-financial – that a development institution such as the IFC is providing to developing countries. See IEG-IFC, Independent Evaluation of IFC's Development Results 2008 IFC's Additionality in Supporting Private Sector Development, February 15, 2008 (IFC/R2008-0020).

## Scope and Key Evaluation Questions

12. The evaluation aims to assess the experience of a decade of interventions to identify the key determinants of performance, good practices, and lessons that can help inform the World Bank Group's stepped up engagement in the sector. To assess what has worked and what has not worked in the World Bank Group's past effort at promoting agricultural/agribusiness growth and productivity, both the World Bank and IFC parts of the evaluation will seek to answer a set of similar evaluation questions adapted to the business models of the two institutions and made relevant for the emerging agenda.

### World Bank

13. *In seeking to inform the Bank's stepped up engagement in the sector, the evaluation will focus specifically on the lessons from Bank's support for agricultural growth and productivity in client countries.* It will not address other agriculture related issues (for example livestock diseases etc.) and the merits and demerits of food aid. While clearly there is an important link between climate change and agriculture this link will not be explicitly explored in this evaluation as another parallel study on climate change is ongoing in IEG. The evaluation will seek to draw lessons for the Bank's stepped up engagement in the agriculture sector by looking at the following evaluation questions:

- ❖ **How strategic has the Bank's approach to supporting agricultural growth and productivity been and what is its relevance going forward? Specifically, to what extent has Bank support:**
  - Reflected analysis of the respective roles of the public and private sectors in agriculture in various country contexts?
  - Taken into account the interaction of key factors affecting agriculture production (e.g. inputs, water, access to markets, credit, pricing and trade policies etc.)
  - Taken into account political will and borrower capacity in the client countries?
  - Been coordinated with the client Government's own support for agricultural growth and productivity in the country?
  - Had a demonstration/catalytic effect and provided lessons for future directions?
- ❖ **How well adapted to country level and regional circumstances has the Bank's support for agricultural growth and productivity been in client countries? The specific dimensions to be addressed are:**
  - Diverse agro-ecological conditions/ agriculture potential in client countries?
  - Coordination of efforts with those of other partners?
  - Coordination of efforts with those of IFC in the agriculture sector?
  - Support for the development and dissemination of appropriate agriculture technology?
- ❖ **To what extent do internal institutional arrangements and practices contribute to (or inhibit) good outcomes? The specific dimensions to be assessed are:**
  - Coordination between different sectors units and sector and country units?
  - Monitoring and evaluation?
  - Cross-cutting institutional priorities (gender, poverty reduction, environmental sustainability)?
  - Coordination of its interventions at the global and regional levels with Bank support at the country level?
  - Linkages between policy dialogue, analytical and advisory activities and lending?
  - Project quality assurance procedures?

### IFC

14. *The evaluation will focus specifically on the IFC's support for agribusiness growth and productivity to provide lessons of experience for IFC's recent stepped up engagement in the sector.* The scope of the study will not include IFC's programs that were the focus of IEG-IFC in prior

reports: (i) investments through the Africa Enterprise Fund (AEF) and the Small Enterprise Fund (SEF); (ii) technical assistance provided by the Africa Project Development Facility (APDF); and (iii) technical assistance provided by the African Management Service Company (AMSCO). Given that the previous IEG evaluation of IFC's agribusiness activities covered the period until 2001, this report will focus more on the period after 2001 and assess to what extent one can identify inflections in IFC processes and project outcomes for the most recent years. The scope of the study will also not include other IFC's interventions that may have a direct or indirect impact on agriculture such as infrastructure, gas, mining and chemicals, financial services, retail and forestry unless their focus is on agriculture or agribusiness sectors. The evaluation's analysis of results of IFC operations will help determine the main patterns of outcomes of IFC operations against their objectives and the drivers of performance. The evaluation will seek to identify key factors that affected the outcome of IFC interventions along three main dimensions:

- ❖ **How strategic has IFC's approach been to supporting food and agribusiness growth and productivity and what is its relevance going forward? Specifically to what extent:**
  - Were IFC's agribusiness strategies and objectives an adequate response to the challenges faced by its countries of operations in the agribusiness sector?
  - Were IFC's agribusiness strategies and objectives implemented?
- ❖ **Has IFC been a catalyst to the food and agribusiness sector in its countries of operations?**
  - Has IFC achieved its expected additionality?
  - Has coordination within the World Bank Group and with other partners improved IFC's additionality?
  - Has IFC improved clients' and sector environmental and social performance and built capacity for that purpose in the industry?
- ❖ **What were the drivers of the outcomes of IFC interventions and their relevance for the emerging directions?**
  - What can explain the variance of the project outcomes?
  - Can linkages between advisory services and investments explain outcomes?
  - What other impacts did IFC's intervention in food and agribusiness have on the wider community?

## ***Evaluation Design***

15. The main sources of evidence for the evaluation are listed below and will be adapted to the different business models of the two institutions. Interviews and consultations will be carried out with a range of stakeholders, including government officials, civil society, academia, and the private sector in the context of the various building blocks. Consultations will be carried out with Bank Group staff and other donor representatives in the context of country reviews to get their perspectives on the design and implementation of these interventions. The study is being designed to use triangulation: each evaluation question will be answered by three or more data sources (See World Bank illustrative Matrix Annex B).

## **The World Bank**

### **Building Blocks**

#### **16. Project Design and Outcomes**

(a) **Population Analysis:** An assessment of the performance of the population of 557 projects approved between FY98-07 (including with QAG data) will be carried out to understand the extent of its focus on agricultural growth and productivity, the Bank' cross cutting institutional priorities and

what explains the performance of the closed projects in the portfolio. Multivariate analysis will be undertaken on the data obtained from ICR Reviews to identify factors associated with performance (where performance is measured in dimensions such as overall outcome, sustainability and/or risk to development outcome). Some of the explanatory factors could be beyond the project control (example political will in a country or a macro crisis) and others may be more operationally relevant (example, project design reflecting AAA work, adequate supervision resources). A review of projects with greater than 50 percent commitment to agriculture will also be carried out to understand whether there are differences in outcome between them and those with smaller commitments to agriculture activities.

**(b) Sample Analysis:** Two kinds of sample analysis will be carried out:

- A random sample of 82 projects has been selected from the population<sup>9</sup> for intensive review. The sample was found to be fairly representative of open/closed projects (as of July 2008), instrument type, regional distribution compared to the universe. A template has been developed to extract information from the projects to allow the review to aggregate and generalize. The intensive review is expected to provide detailed information on the various factors of performance. Among other things, it is expected to show the extent to which the intervention: built on the government and Bank strategies in the sector and was influenced by analytical work; accounted for long term sustainability; reflected the country's agro-ecological conditions and potential; supported the development and dissemination of agriculture technology; included monitoring indicators matched to project objectives; targeted marginal groups and women, included features to balance the support for agriculture growth and productivity with considerations of environmental sustainability; took into account and contributed to the enabling environment within the country.
- A sample analysis of projects in particular sub-sectors will be carried out to identify factors affecting performance in these sub-sectors and changes in the Bank's approach towards them overtime. The sample for the sub-sector analysis will be drawn separately from the sample of 82. For sub-sectors like, marketing and trade, research and extension, animal production, irrigation, crops, identified on the basis of the agriculture codes a representative sample of projects with the largest commitments to the sub-sector will be selected. For rural finance which is not identified as a clear agriculture sub-sector a sample is being selected by matching the codes on "banking", "general finance" and "micro-finance" in the Bank's database against the 557 projects. For land issues the study will draw on the sample portfolio review carried out for the on-going Land Study in IEG. For forestry, the study will draw on IEG's ongoing forestry update.

**(c) Project Assessments:** The study will draw on about 45 field based project performance assessments of agriculture operations evaluated by IEG. The assessments will bring lessons of experience from the field to inform the review.

## **17. Country Strategies and Impact**

**(a) 11 Country Case Studies:** The country case studies will assess the extent to which the Bank Group has supported agricultural production in its overall program; the appropriateness of such support in relation to agricultural potential, and the outcomes. A template to extract information for the country work has been developed and will be applied across all countries. Nine countries (Egypt, Jordan, Nicaragua, Peru, Azerbaijan, Guinea, Nepal, Bulgaria, and Mali) have been randomly selected from the

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9. The sample project portfolio was found by creating a sub-set of projects based on the Business Warehouse search, and then randomly selecting a set of projects that would satisfy a 90% level of significance and 10% margin of error. Since Business Warehouse only counts parent projects as independent projects (not counting supplementals), the study chose to count supplemental projects whose parents were represented in the universe (i.e. approved during the study time period) as part of the parent project, and supplementals whose parents were not represented in the universe (i.e. approved before the study time period) as independent projects. This exercise yielded a sub-set of 568 projects. The random sample was selected from this sub-set, yielding a sample of 82 projects.

population of the Bank's borrower countries for detailed analysis and to obtain qualitative information from interviews with Bank and other donor staff, government officials and civil society representatives in countries.<sup>10</sup> Each country case study will entail an intensive desk review of the relevant Bank and non-Bank literature, and the portfolio of Bank projects as well as CASs, PRSP (where relevant) and sector work. A selected number of countries will involve field visits. In the others, discussions will be held with in-country stakeholders through video conferences. The country studies will attempt to answer the three basic evaluation questions in the country context.

**(b) Special Country Studies:** Special Studies on India and China will be carried out by external experts on the Bank's role in these countries' agricultural development. The India and China country studies will be an important building block not only because these two countries are the largest Bank borrowers in the agriculture sector, but also because of the potential for lesson learning from their experience to inform the Bank's engagement in other parts of the world.

**(c) CAS and PRSP Analysis:** The 82 sample projects are located in 50 countries. In these countries the portfolio analysis will examine the Bank's CAS to assess the prominence and the strategic focus taken to address agriculture issues. The CAS review will also examine the importance given to agriculture issues in determining the strategic priorities in the country and the link with poverty alleviation. The available Poverty Reduction Strategy Papers (PRSPs) in the 50 countries will also be examined to assess borrower country focus on these issues. A template has been developed to systematically extract information from CAS and PRSPs. The coherence between CASs and PRSPs will also be examined.

**(d) Country Assistance Evaluations:** The study will also draw on agriculture reviews and background work done for recently completed IEG country assistance evaluations.

**(e) Impact Evaluation:** The evaluation will draw on completed and on-going external and IEG impact evaluations including IEG's ongoing impact evaluation of selected projects in support of agriculture productivity which will be delivered to CODE either concurrent with or in advance of the agriculture evaluation report. The review and analysis of existing impact evaluations of various agriculture programs around the world will help inform the Agriculture and Agribusiness evaluation and the proposed impact evaluations of specific Bank interventions in Malawi, Vietnam and Peru will provide relevant intervention specific insights.

## **18. Other**

**(a) Advisory and Analytic Activities (AAA):** The evaluation will also assess the Bank's advisory and analytic activities to assess its contribution to the diagnosis of the specific issues raised in the three evaluation questions, its link with policy dialogue and agriculture operations, and its quality. A template has been developed to systematically review AAA in the country studies. Interviews with government officials in the country studies will be carried out to get their perspective on the contribution of Bank's AAA. This work would be supplemented with insights from the inclusion of an AAA indicator in the multivariate analysis carried out for the population of closed projects.

**(b) Bank staff survey and/or structured interviews.** These will be an integral part of the whole evaluation process to assess what worked what did not work.

**(c) Review of Literature and Other IEG Work:** A significant amount of research on various agriculture issues has been undertaken worldwide and in the Bank and has also been summarized in the WDR08. This assessment will draw on that literature and other relevant recent work (without writing it up separately as an independent literature review). The literature will provide a theoretical basis for understanding the complexities of agriculture issues and the Bank's role. Relevant Bank strategy and policy documents will also be reviewed. The evaluation will also draw on a recent assessment of the

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10. Countries where there has been very limited Bank intervention (lending and AAA), countries with population less than a million and countries with active conflict were excluded from the long list of countries when making the random selection.

functioning of the ARD Sector Board done by QAG. IEG has also carried out a significant number of relevant evaluations which this review will draw on: Implementation of the Operational Directive on Indigenous Peoples (2003), Country assistance evaluations (CAEs) for several countries like Mali, Ethiopia, Senegal, Nepal, Bangladesh, Georgia, Nigeria, Ethiopia, among others (various years) and CAE Retrospective (2005), Evaluation of a Decade of World Bank Gender Policy (2005), Regional Programs (2007), Environment (FY08), ESW (08) Climate Change (FY09) several evaluations in the rural sector overtime, Agriculture in Africa (2007) and several relevant country assistance evaluations and project assessments that have discussed agriculture issues. In addition the study will also draw on several ongoing IEG studies, among others, Water, Forestry Update, and PSIAs. The study will also draw on various Global Program Reviews (GPRs) that have been carried out in IEG including those on the CGIAR, CGAP, and the International Land Coalition (ILC).

(d) **Human Resources data.** The study will draw on Human Resources data to assess changes in Bank capacity to support agriculture development overtime.

## IFC

19. The various building blocks for IFC work are as follows:

### **Building Blocks**

#### **20. Project Design and Outcomes**

(a) **Population analysis:** The evaluation will review the population of investment and advisory services for food and agribusiness projects. The focus of the evaluation at project level will be on projects committed after July 1st 2001. For the earlier period the evaluation will draw on the three previous IEG-IFC evaluations that had covered the food and agribusiness sector until June 30th, 2001, in particular IEG-IFC's "An Evaluation of IFC's Investments in the Food and Agribusiness Sector" completed in 2003.

(b) **Investment and advisory services project assessments:** The investment project population will undergo desk review using the Mini XPSR framework. A sample of projects will be visited and the relevant stakeholders interviewed; that sample would be determined after the desk review phase is completed. IFC's self evaluation project ratings from the Development Outcome Tracking System (DOTS) will be used as reference. The advisory services project population will be desk reviewed using the Project Evaluation Review (PER) framework. A sample of these projects will be visited, and the relevant stakeholders will be interviewed; that sample would be determined after the desk review phase is completed.

(c) **Risk profiling of investment projects:** The Risk Intensity framework will be used to evaluate the investment project population. This framework will be particularly useful to determine if the most recent investment projects committed over the last two to three years differ in risk intensity to those completed earlier. This framework will provide a valuable forward looking view of the intervention.

(d) **Sector strategies:** IFC's strategies will be assessed with contribution from expert judgment. A recognized agribusiness consultant will add to the in-house analysis with an assessment of the relevance of IFC's strategy and operations, and an overview of potential forward looking improvements.

#### **21. Country Strategies and impact**

(a) **Randomly Selected Country Studies:** Within budget constraints, IEG-IFC would also undertake as many as possible of the randomly selected case study countries which IEGWB has identified.

(b) **Special country case studies:** To complement the above, two country case studies purposively sampled will be undertaken by IEG-IFC. The objective is: (i) verification of the impact of IFC's food and agribusiness operations in Argentina because it is one of the largest and most diversified countries in

terms of IFC's portfolio, and because it better represents more recent IFC's strategies; and (ii) verification of the impact of IFC's agribusiness operations in Ghana, located in an IFC's strategic priority region that presently has a relatively sizable portfolio.

(c) **Country impact review:** The study will also draw on food and agribusiness reviews and background work done for recently completed IEG-IFC country impact reviews in Indonesia, Ukraine and Nigeria.

## 22. Other

(a) **Literature Review:** A significant amount of research on various agribusiness issues has been undertaken worldwide. This building block will review research on various agribusiness issues and analytical work by the World Bank to find a theoretical basis for understanding the complexities of food and agribusiness issues and IFC's role. IFC's corporate and department strategies will also be reviewed. IEG-IFC has also carried three evaluations which this review will draw on: (i) IEG-IFC, An Evaluation of IFC's Investments in the Food and Agribusiness Sector (CODE2003-0026) – 04/21/2003; (ii) IEG-IFC, An Evaluation of IFC's Experience in the Agricultural Production Sub-Sector IFC/SecM89-47 – 03/07/1989; and (iii) IEG-IFC, An Evaluation of IFC's Experience in the Agricultural Processing and Storage Sub-Sector IFC/SecM87-218 – 12/31/1987.

(b) **Treatment of the concept of additionality.** How IFC and IEG view additionality has been evolving in recent years. This poses a risk of assessing the additionality of old projects using new metrics and standards. In addition to looking at additionality of recently approved projects through the lenses of the new interpretation of the concept, the evaluation will apply a consistent approach to the portfolio using the methodology of the XPSR framework which revolves around the business principle, catalytic role and additionality/special contribution.

## External Advisory Panel and Peer Reviewers

23. Three experts of international repute will be appointed to an advisory panel for the evaluation. In addition there will be peer reviewers from inside and outside the World Bank Group for both the World Bank and IFC parts of the evaluation.

## Resources, Team and Timing

24. The evaluation has a FY08 budget allocation of US\$500,000 from IEGWB and US\$300,000 from IEGIFC. In addition, trust found resources to the tune of US\$270,000 have been received from the NORAD IEG Evaluation Partnership and the Swiss Development Corporation (SDC). The World Bank evaluation will be prepared by a team of IEG staff and consultants under the task management of Nalini Kumar (IEGSE) under the overall guidance of Monika Huppi, manager IEGSE. The IFC evaluation will be prepared by a team of staff and consultants led by Miguel Angel Rebolledo Dellepiane under the overall guidance of Stoyan Tenev (Head Macro Evaluation Unit) and support from Nick Burke (Head Micro Evaluation unit).

### Time Table

| Activity/Phase             | Dates        |
|----------------------------|--------------|
| Approach Paper             | October 2008 |
| IEG-One Stop               | May 2009     |
| Draft Report to Management | June 2009    |
| Draft Report to CODE       | July 2009    |

## ***Dissemination***

25. The report will be disseminated widely to an internal World Bank Group and external audience. Dissemination of study findings within the Bank will be facilitated by consultation with the relevant thematic groups. Beyond the Bank, dissemination will be enhanced through use of an e-consultation. The dissemination activities are foreseen after the CODE meeting in the latter half of calendar 2009.



## Annex A. World Bank and IFC Basic Data

### World Bank

Table 1.

| <b>Details of Agriculture Lending, Fiscal 1998 to 2007</b>                                  |           |
|---|-----------|
| Total lending (all sectors)(US\$ millions)  | 218,388.4 |
| Investment lending (all sectors)(US\$ millions)   | 138,550.9 |
| Lending to projects with agriculture components (US\$ millions)                             | 40,542.2  |
| Lending to projects with agriculture components (as a percentage of total lending)          | 19        |
| Lending in agriculture (US\$ millions) (based on OPCS agriculture codes see footnote 6)     | 16,534.3  |
| Lending in agriculture (as a percentage of lending to projects with agriculture components) | 41        |
| Investment lending in agriculture (US\$ millions)   |           |
| (Includes emergency recovery lending of US\$ 614.6 million)                                 | 13,770.9  |
| Investment lending in agriculture (including emergency) (as a percentage of total lending)  | 6         |
| Investment lending in agriculture (as a percentage of total investment lending)             | 10        |
| Investment lending in agriculture (US\$ millions)   |           |
| (excludes emergency recovery lending of US\$ 614.6)   | 13,156.3  |
| Adjustment or development policy lending for agriculture (US\$ millions)                    | 2,763.4   |

Chart 1: Trends in Lending

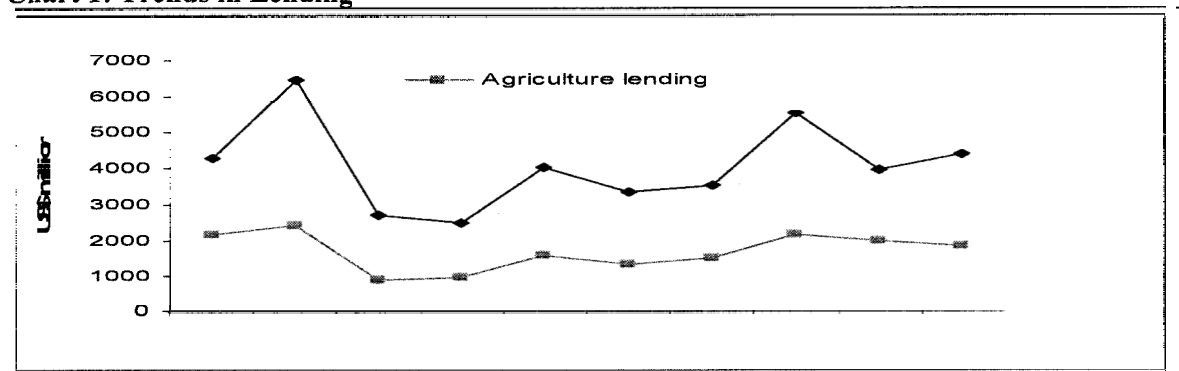


Table 2

Table 2

|                      | Agriculture Sub Sector Lending (US\$m) |        |        |        |        |        |             |
|----------------------|--|--------|--------|--------|--------|--------|-------------|
|                      | By Region                              |        |        |        |        |        |             |
| Sub Sector           | AFR                                    | EAP    | ECA    | LCR    | MNA    | SAR    | Grand Total |
| Agric ext & research | 587.0                                  | 247.1  | 166.2  | 264.8  | 52.9   | 572.8  | 1890.7      |
| Crops                | 355.0                                  | 284.4  | 417.0  | 41.7   | 59.5   | 166.3  | 1323.9      |
| Irrigation & drainag | 382.5                                  | 1206.1 | 558.7  | 355.3  | 711.3  | 2511.8 | 5725.6      |
| Animal production    | 93.7                                   | 331.1  | 25.7   | 50.1   | 19.6   | 52.5   | 572.7       |
| Forestry             | 152.9                                  | 589.2  | 63.0   | 138.4  | 36.5   | 143.8  | 1123.9      |
| Gen agr/fish/for sec | 1045.3                                 | 575.8  | 707.9  | 1109.8 | 262.9  | 638.5  | 4340.2      |
| Agric market & trade | 321.5                                  | 131.9  | 272.6  | 28.4   | 154.0  | 133.2  | 1041.7      |
| Agro-industry        | 116.1                                  | 79.2   | 262.7  | 30.1   | 9.0    | 18.6   | 515.7       |
| TOTAL                | 3053.9                                 | 3444.8 | 2473.8 | 2018.7 | 1305.7 | 4237.5 | 16534.3     |

# IFC

Chart 2:

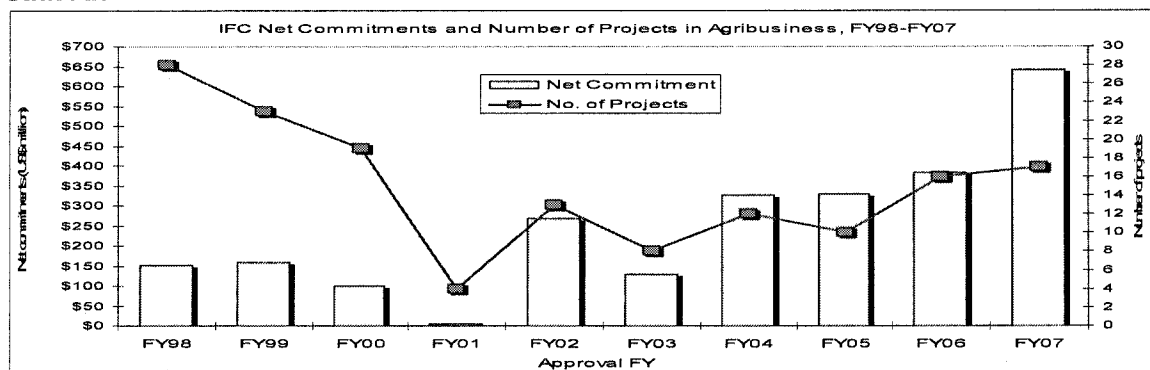


Chart 3:

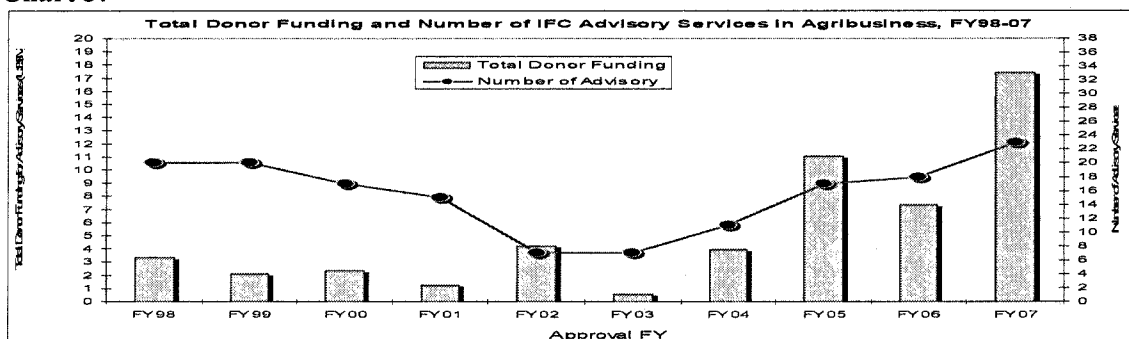


Chart 4:

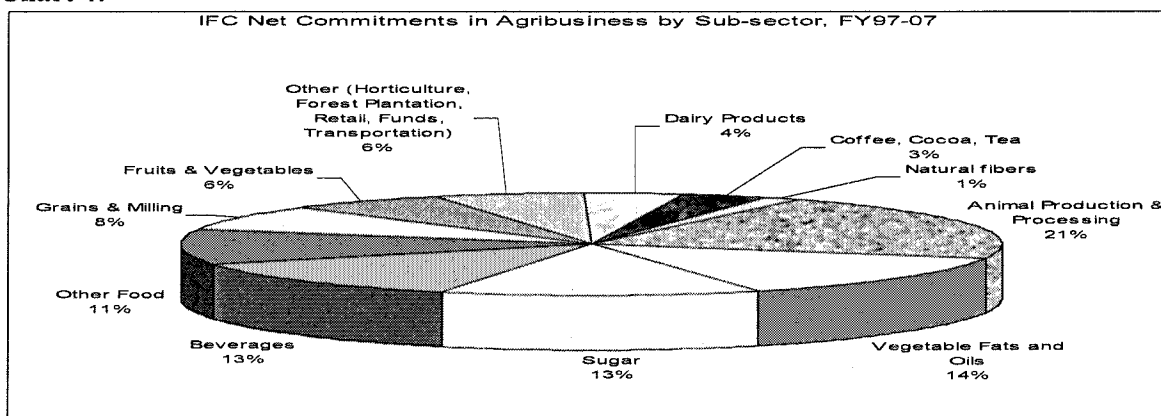
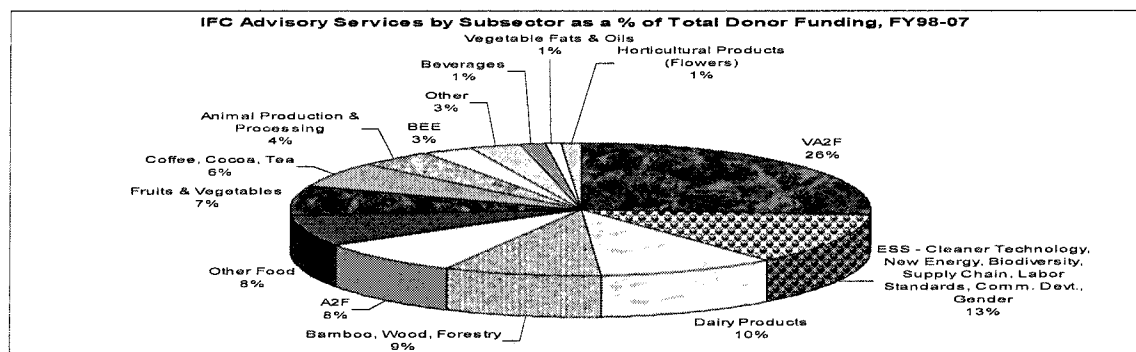


Chart 5:



## Annex B World Bank Illustrative Matrix of Evaluation Questions & Instruments To Address Them

| Evaluation Questions/Sub-questions  | Instruments* |    |         |          |         |           |    |      |     |            |                 |            |  |
|---|--------------|----|---------|----------|---------|-----------|----|------|-----|------------|-----------------|------------|--|
|   | PA 557       | SA | QA<br>G | CAS/PRSP | AA<br>A | Lit.<br>R | CS | PPAR | CAE | interviews | CD/CM<br>survey | HR<br>data |  |
| <b>1. How strategic has been the Bank's approach to supporting agricultural growth and productivity affect? Specifically, to what extent has Bank support:</b>  |              |    |         |          |         |           |    |      |     |            |                 |            |  |
| • Reflected analysis of the respective roles of the public and private sectors in agriculture? How far has its interventions been informed by this thinking?  | X            | X  |         |          | X       | X         | X  | X    |     | X          | X               |            |  |
| • Taken into account interaction of key factors affecting agricultural production?  | X            | X  |         |          |         | X         | X  | X    | X   | X          | X               |            |  |
| • Taken into account political will and borrower capacity in the client countries?  | X            | X  | X       |          | X       | X         | X  | X    | X   | X          | X               |            |  |
| • Been coordinated with the client government's own support for agricultural growth and productivity in the country?  |              |    |         | X        |         | X         | X  | X    |     | X          | X               |            |  |
| • Had a demonstration/catalytic effect?   |              |    |         |          |         | X         | X  | X    |     | X          |                 |            |  |
| <b>2. How well adapted to country level and regional circumstances has been the Bank's support for agricultural growth and productivity in client countries? The specific dimensions to be addressed are:</b> |              |    |         |          |         |           |    |      |     |            |                 |            |  |
| • Diverse agro-ecological conditions/ agriculture potential in client countries?  |              | X  |         |          | X       | X         | X  | X    |     | X          |                 |            |  |
| • Coordination of efforts with those of other partners?   |              |    |         |          |         | X         | X  |      |     | X          | X               |            |  |
| • Coordination of efforts with those of IFC efforts in the agriculture sector?  |              | X  |         |          | X       |           | X  | X    |     | X          | X               |            |  |
| • Support for the development and dissemination of appropriate agriculture technology?  | X            | X  |         |          | X       | X         | X  | X    | X   | X          | X               |            |  |
| <b>3. To what extent do internal institutional arrangements and practices contribute to (or inhibit) good outcomes? The specific dimensions to be assessed are:</b>   |              |    |         |          |         |           |    |      |     |            |                 |            |  |
| • Coordination between different sectors units and sector and country?  |              |    |         | X        | X       | X         | X  |      |     | X          | X               | X          |  |
| • Monitoring and evaluation?  | X            | X  |         | X        | X       |           | X  | X    |     | X          | X               |            |  |
| • Cross-cutting institutional priorities (gender, poverty reduction, environmental sustainability)?   | X            | X  |         | X        | X       | X         | X  | X    |     | X          | X               |            |  |
| • Coordination of its interventions at the global, regional with those at the country level?  |              |    |         | X        | X       | X         | X  |      |     | X          | X               |            |  |
| • Linkages between policy dialogue, AAA and lending?  |              | X  |         |          | X       | X         | X  | X    | X   | X          | X               |            |  |

\*PA557: Population Analysis of the population of 557 (including review of all ICR Reviews of all completed projects; SA: Analysis of the sample of 82 and sample of projects in various sub-sectors, QAG: Review of QAG reports; CAS/PRSP: CAS and PRSP Analysis, AAA: Analytical/Advisory Activities, Lit R: Literature Review including Bank literature past IEG studies/reports; CS: Country Studies (randomly selected plus special studies on India and China plus impact study on three countries; PPAR: Project Assessments; CAE Agriculture Reviews on CAEs; Interviews: with Bank and other donor task managers; CD/CM survey: Country Director/Country Manager Survey; HR data: Human Resources Data.

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