

## Approach Paper

# World Bank Group Support to International Development Association Countries for Integration into Global Value Chains

March 11, 2020

## 1. Background and Context

1.1 **The rise of global value chains (GVCs) in the past two decades has dramatically altered the world economy.** Lower transport and communication costs and falling barriers to trade have allowed firms to organize production processes into discrete tasks that can be performed in different countries (see box 1.1). This has given rise to a finer international division of labor and greater gains from specialization, which opens opportunities for developing countries to participate in global production networks without having to master the entire production process. About 80 percent of global trade occurs through GVCs (UNCTAD 2013). Integration into GVCs helped many fast-growing economies increase exports, create jobs, acquire technologies, develop skills, and improve productivity. These countries have experienced the steepest declines in poverty (WTO 2017).

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### Box 1.1. Stylized Facts about Global Value Chains

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The *World Development Report 2020* defines a global value chain (GVC) as a series of stages in the production of a product or service, with each stage adding value and at least two stages taking place in different countries. GVCs can have snakelike structures in which value is created sequentially, spider-like configurations in which multiple parts and components converge to an assembly plant, or a combination of these. Countries (indeed, firms) engage in (i) backward participation in GVCs by importing foreign inputs for processing and further export, (ii) forward participation by exporting inputs that are incorporated into the exports of other countries, or (iii) both.

A few large trading firms in Asia, Europe, and North America from a small number of manufacturing and service sectors have accounted for most of the GVC expansion. Industries that rely heavily on imported primary inputs have always been big GVC players, but it is high-technology manufacturing industries that drove the GVC intensification. Outsourcing of service tasks, both in manufacturing and service production, has also risen rapidly. By contrast, GVCs remain small in the agri-food sector, where domestic value chains dominate. Such regional and sectoral concentration means that countries in Africa and Latin America are less well integrated into GVCs.

Source: World Bank 2020.

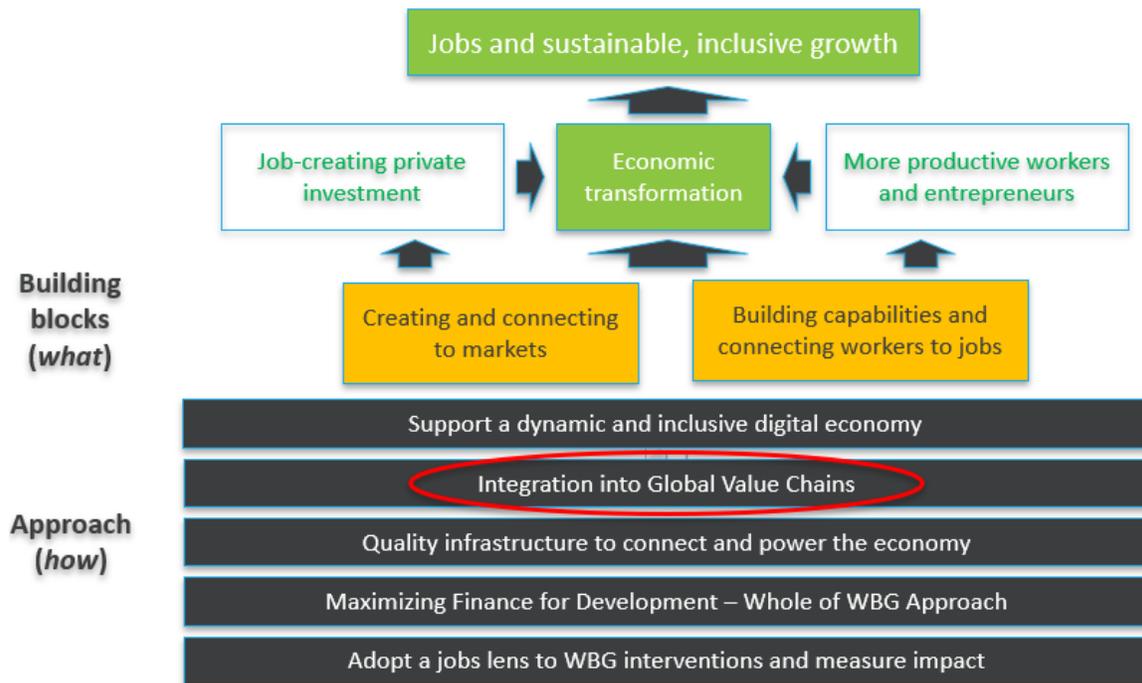
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1.2 **Participation in GVCs is uneven and comes with downside risks.** To date, GVC growth has mainly occurred in machinery, electronics, and transport and therefore is concentrated in countries specializing in those sectors—mostly in North America,

Western Europe, and East Asia. Countries in these regions have been able to participate in complex GVCs and draw benefits through backward and forward links, market restructuring, technology spillovers, economies of scale, skills upgrading, and higher-value-added production. In contrast, many countries in Africa, Central Asia, and Latin America are minimally integrated into GVCs, mainly exporting commodities for processing in other countries. GVC participation may also pose environmental risks due to (i) greater CO<sub>2</sub> emissions from the increased trade and transport of parts and components and (ii) potential overuse of natural resources from hyperspecialization (World Bank 2020).

**1.3 The 19th Replenishment of the International Development Association (IDA19) highlights integration into GVCs as a key World Bank Group approach to the Jobs and Economic Transformation (JET) agenda (World Bank 2019f).** Moving from a focus on developing knowledge and diagnostic tools to supporting the JET agenda under 18th Replenishment of the International Development Association, the Bank Group under IDA19 aims to increase the operational impact of its support for JET by considering the incentives for focusing on more transformational, job-creating interventions led by the private sector. One of the Bank Group's primary approaches is to "leverage domestic, regional, and global value chains (GVCs) in high productivity agriculture, manufacturing, and services sectors" (World Bank Group 2019, 4–5; see figure 1.1).

Figure 1.1. The World Bank Group’s Approach to Jobs and Economic Transformation in IDA19



Source: Adapted from World Bank 2019f.

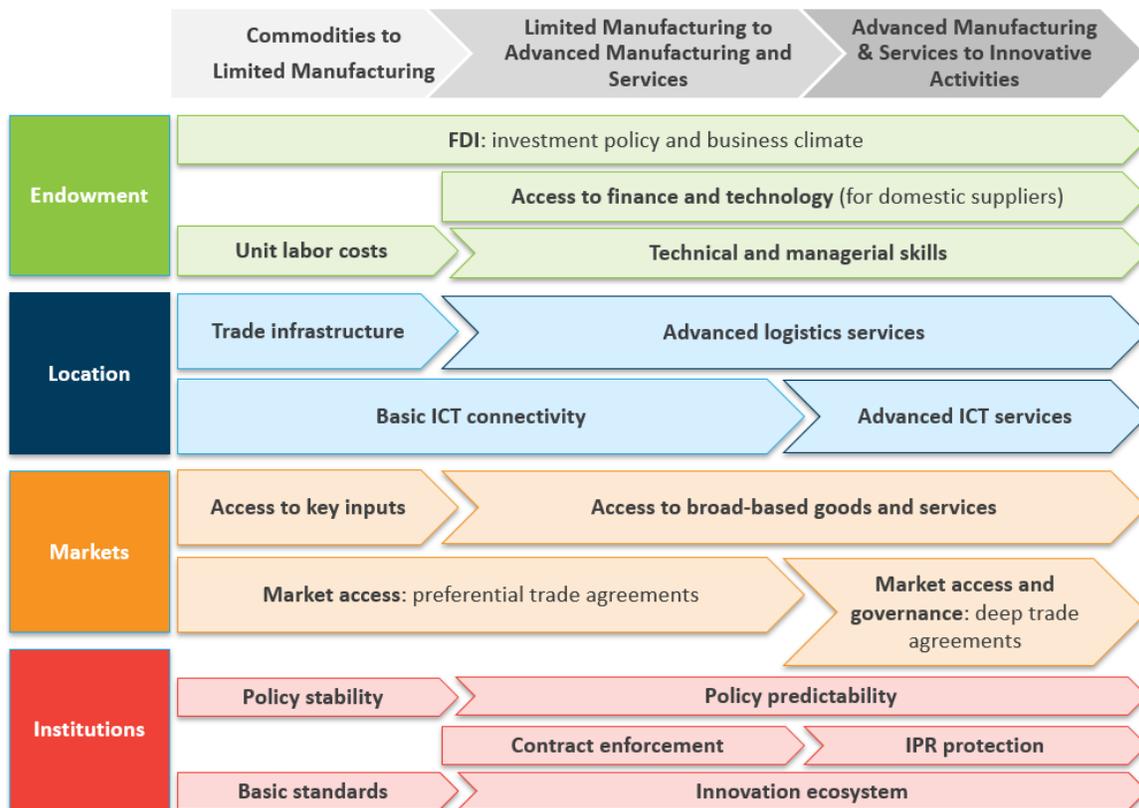
Note: IDA19 = 19th Replenishment of the International Development Association; WBG = World Bank Group.

## World Bank Group Support for GVCs

1.4 Several Bank Group strategies have identified integration into global, regional, and domestic value chains as a support priority. The 2009 Agriculture Action Plan (2010–20), for instance, prioritized linking farmers to markets and strengthening value chains (World Bank 2009). Noting the growing importance of GVCs in international trade and development, the 2011 World Bank Group Trade Strategy supported trade competitiveness and diversification, trade facilitation, transport logistics, and trade finance, as well as market access and international trade cooperation to connect producers with GVCs (World Bank 2011). In the 2015 trade and competitiveness strategy, connecting to GVCs was one of the cross-cutting solutions that called for collaboration across the Bank Group to push operational and knowledge frontiers (Girishankar 2015). GVCs were at the center of the 2018 agribusiness and manufacturing strategies for the International Finance Corporation (IFC); the strategies supported the enhanced links of smallholder farmers and small and medium enterprises to agricultural value chains, as well as value addition and product diversification along value chains (IFC 2018a, 2018b).

1.5 Taking stock of current research and new data, the *World Development Report 2020* concludes that GVCs can continue to boost growth, create better jobs, and reduce poverty, provided that developing countries undertake deeper reforms and industrial countries pursue open, predictable policies. It finds that integration into GVCs is driven by factor endowments, geography, and institutions, but national policies can enhance GVC participation and its benefits. Each country’s specific forms of integration into GVCs and domestic policy priorities depend on its special circumstances and its stage of development (figure 1.2). International cooperation in trade, capital taxation, competition policy, data flow, and infrastructure is also important in further expanding GVCs and enabling countries to reap their benefits.

Figure 1.2. Factors and Policies That Drive Participation in Global Value Chains



Source: World Bank 2020.

Note: FDI = foreign direct investment; ICT = information and communication technology; IPR = intellectual property rights.

1.6 At the country level, the Bank Group uses a wide range of instruments in support of clients’ efforts to connect and draw benefits from GVCs. Two-thirds of the 297 Bank Group–supported country strategies approved between fiscal year (FY)05 and

FY20, referred to some aspect of value chains,<sup>1</sup> of which more than 70 percent were for International Development Association (IDA) countries.<sup>2</sup> However, only 2 country strategies (1 in IDA) had an explicit pillar focused on value chains, and 11 (5 in IDA) had an objective that specifically supported global or domestic value chains, mostly in the agri-food sectors.

**1.7 Between FY05 and FY20, about 3 percent of the Bank Group portfolio (by number of projects) explicitly addressed value chains.**<sup>3</sup> The evaluation team identified projects to include in the portfolio by following a two-step approach. First, the team used a set of keywords related to the concept of *value chain* as used in practice and in the literature.<sup>4</sup> The results are shown in table 1.1. According to these data, the Agriculture Global Practice is the largest contributor to the World Bank's value chain work, leading 22 percent of Advisory Services and Analytics activities and 63 percent of lending operations, followed by Macroeconomics, Trade, and Investment, and Finance, Competitiveness, and Innovation. About 30 percent of IFC's value chain-related advisory services work was delivered via Bank Group Global Practices. The IFC's Manufacturing, Agribusiness, and Services industry group accounted for 45 percent of the advisory services delivered by IFC directly and 59 percent of the investments.

**1.8 To capture those projects that contribute to client participation in GVCs without explicit reference,** the team reviewed all IDA country strategies for the evaluation period (FY05–20) to identify those supporting value chains. The team also categorized the sectors or themes that enable participation in GVCs. Of a total 134 strategies, a preliminary review identified 59 with sectors or themes referring clearly to support for value chains, corresponding to 309 projects across 42 IDA countries. Again, agriculture stands out as the sector with the most relevant projects. In the course of the evaluation, the team will review each of these projects, plus other interventions with the potential to enable value chains.

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<sup>1</sup> Including global, regional, and domestic value chains, supply chains, production chains, logistics chains, marketing chains, and other relevant production networks.

<sup>2</sup> Including recent graduates that were International Development Association (IDA) eligible during fiscal years 2005–20.

<sup>3</sup> These are the preliminary results based on keyword search, to be refined via systematic document review. Because of restricted access, many International Finance Corporation (IFC) investments are not included.

<sup>4</sup> Keywords included all sorts of chains (value, supply, processing, marketing) and all types of zones (special economic zones, export processing zones, free trade zones, growth poles, industrial parks).

**Table 1.1. World Bank Group Projects Referring to Global Value Chains**

Region	World Bank		IFC	
	ASA	Lending	AS	Investment
Total	731	225	558	91
World (percent)	15	—	12	15
IDA countries (percent)	45	79	64	48
Africa (percent)	32	57	35	21

Source: Independent Evaluation Group.

Note: IFC Key Memo Details for Projects of September 10, 2019, for advisory services and IFC Project Information Portal of September 26, 2019, for investments, excluding Global Trade Finance Program, Swaps, Rights Issues, and B-Loans. “—” = not available; ASA = Advisory Services and Analytics; AS = advisory services; IDA = International Development Association; IFC = International Finance Corporation.

## Previous Independent Evaluation Group Evaluations

1.9 **The Independent Evaluation Group (IEG) has not conducted an evaluation of Bank Group support for GVCs, though several evaluations provide relevant findings and lessons.** The evaluations on investment climate (FY14), industry competitiveness and jobs (FY16), trade facilitation (FY19), and regional integration (FY19) touched on, but did not delve into, how Bank Group support in these areas related to global, regional, or domestic value chains (World Bank 2014b, 2016a, 2019b, and 2019g). Others offer relevant insights (see attachment 3). Several IEG synthesis reports have distilled the lessons from these and other evaluations from an IDA perspective (World Bank 2016b, 2019c, 2019d, and 2019e).

## 2. Purpose, Objectives, and Audience

2.1 **The purpose of this evaluation is to shed light on *what worked and why* in Bank Group support to IDA countries’ efforts to enhance integration into GVCs.** To this end, the evaluation will (i) take stock of Bank Group engagement with IDA countries on GVCs, (ii) assess the contribution of Bank Group support to enhancing GVC participation and benefits, and (iii) identify the main factors that have influenced the Bank Group’s ability to contribute to GVC-related outcomes.

2.2 **The findings of this evaluation are expected to be of interest to a broad audience,** including the Board of Executive Directors, Bank Group management, IDA deputies, policy makers from IDA countries, and development partners. This evaluation is particularly relevant for delivering the JET agenda under IDA19. In a rapidly changing global trading environment, GVC growth has stagnated, or even reversed. Although some countries have achieved remarkable success in transforming their economies by connecting to GVCs, many have not. The Bank Group, with the historic 18th Replenishment of IDA and capital increases for the International Bank for

Reconstruction and Development and IFC, is well positioned to help its clients explore opportunities to leverage GVCs for sustainable development.

### 3. Evaluation Questions and Scope

3.1 **The overarching evaluation question is: How can the Bank Group improve the effectiveness of its support of IDA countries' efforts to integrate into and benefit from GVCs?** It is underpinned by three main questions and several subquestions that assess the Bank Group's role in helping IDA countries promote, maximize benefits from, and manage social and environmental risks associated with GVC participation.

- **Question 1:** How has the Bank Group supported IDA countries in integrating into and benefiting from GVCs?
  - a. To what extent has the Bank Group's analytical work helped identify key constraints to and opportunities for enhanced GVC participation?
  - b. What type of support has the Bank Group provided to enhance IDA countries' integration into GVCs?
- **Question 2:** In what ways has the Bank Group contributed to IDA countries' integration into and benefits from GVCs?
  - a. What type of Bank Group support has had more impact in helping IDA countries remove key constraints to enhanced participation in GVCs?
  - b. Have the Bank Group interventions helped IDA countries enhance their integration into GVCs?
- **Question 3:** What key factors have enabled, or hindered, the Bank Group's ability to contribute to enhanced GVC participation in IDA countries?
  - a. What factors, both within and outside the Bank Group's control, have significantly influenced the effectiveness of Bank Group support?
  - b. What lessons can be drawn from Bank Group engagement with GVCs to improve the effectiveness of its GVC support to IDA countries?

3.2 **The analysis will focus on the factors and policies most relevant to stages of development in IDA countries.** Because many IDA economies strive to move from commodities to limited manufacturing and from limited manufacturing to advanced manufacturing and services (figure 1.2), the evaluation will concentrate on Bank Group support for policies and practices that foster integration into GVCs for agri-food and light manufacturing products. All relevant Bank Group institutions (IDA, IFC, and the

Multilateral Investment Guarantee Agency) will be covered, though coverage may vary depending on the breadth and depth of the institutions' engagement.

## 4. Evaluation Design

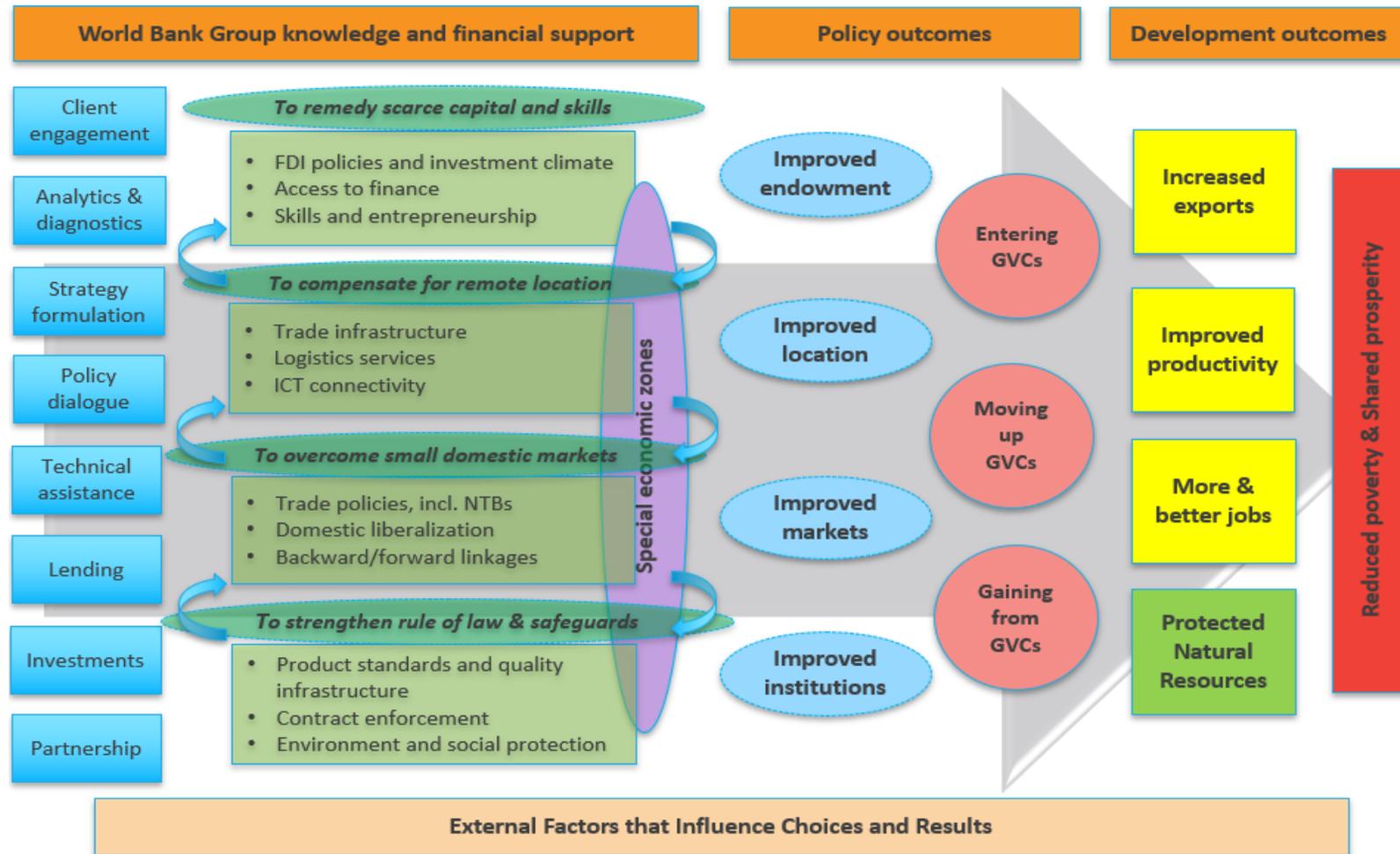
4.1 **The conceptual framework for assessing Bank Group support for enhanced integration into GVCs draws from the findings of the *World Development Report 2020*** on how integration into GVCs contributes to the twin goals, what drives participation in GVCs, how national policies can remedy a country's initial disadvantages for participation, and what the Bank Group can do to help client countries improve relevant supporting policies (figure 4.1; World Bank 2020). The evaluation will analyze the main causal steps in the intervention logic using a mixed-methods approach. Principal evaluation components will include case-based analysis to understand the interplay of context, interventions, and results, and quantitative analysis of the portfolio to test key drivers of GVC outcomes.

4.2 **Country case studies.** The evaluation will conduct case-based analysis in four countries to investigate how different factors influence the Bank Group's approaches and contribution to a country's progress in integrating into specific GVCs. Given their special importance in IDA countries' exports and potential for GVC participation, agri-food and apparel/footwear industries have been selected for an in-depth analysis.<sup>5</sup> In each country, the study will examine the Bank Group's role in helping the country connect to agri-food or apparel/footwear GVCs, or both; expand domestic links; upgrade to higher-value-added activities; and achieve broader benefits. All case studies will involve a country visit to gather feedback and contextual information through semistructured interviews of Bank Group staff, government officials, the private sector, development partners, civil society, and other stakeholders.

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<sup>5</sup> The World Bank reviews recent literature about global value chains in these two key sectors in IDA countries (World Bank Group 2019).

Figure 4.1. Conceptual Framework of Bank Group Support for Global Value Chains



Note: FDI = foreign direct investment; GVC = global value chain; ICT = information and communication technology; incl. = including; NTB = nontariff barrier.

4.3 **Country selection criteria.** Countries will be selected purposefully to maximize learning. The main considerations will include the following:

- Eligibility for IDA resources during the evaluation period (FY05–19)
- Active Bank Group engagement, especially in GVC areas
- Some degree of success in integration into agri-food or apparel/footwear GVCs, or both
- Geographic coverage, with special focus on Africa
- Synergy with ongoing and forthcoming IEG evaluations

4.4 **Carefully designed templates will guide the collection and analysis of data from the different sources of information.** These templates will be based on the conceptual framework in figure 4.1 and causal frameworks at the level of the two selected GVCs. This approach will allow for the necessary triangulation and comparative analysis across countries and GVCs and will strengthen the potential generalizability of findings.

4.5 **GVC case selection criteria.** Within selected countries, the evaluation will adopt a “typical” case study approach. GVCs with a particular salience in terms of Bank Group support in the overall portfolio will be selected for in-depth analysis. Cases will be selected in a such a way that their characteristics match a broader set of Bank Group interventions supporting similar GVCs in other countries. This principle will allow for some degree of generalizability of findings. The latter may be strengthened through the identification of patterns across cases not specific to particular GVCs. Finally, portfolio analysis will be used for careful extrapolation of findings from cases to other contexts (interventions and GVCs) that share similar characteristics.

4.6 **Portfolio review and analysis.** To understand the type of Bank Group support to IDA countries that enhances their GVC participation and benefits, the evaluation will implement an in-depth review to (i) identify the interventions used by the World Bank and IFC,<sup>1</sup> (ii) code relevant variables using a custom designed review protocol, and (iii) analyze the information gathered to identify the main characteristics of the portfolio and

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<sup>1</sup> The identification strategy will follow the intervention logic and benefit from consultations with staff, stakeholders, and experts.

determine drivers of project-level results. The analysis will rely on available project-level and Advisory Services and Analytics documentation.<sup>2</sup>

**4.7 Econometric and statistical analysis.** To explore the contribution of Bank Group interventions to outcomes related to enhanced GVC participation and benefits, the evaluation will implement several statistical and econometric tests (for example, before and after, difference in difference, and panel estimations) to triangulate and validate the relationship between the Bank Group activities in support of GVC participation and the outcomes identified in the conceptual framework. The difference-in-difference estimator will be performed on a “matched” sample of countries, where each selected country is matched with its five closest neighbors, using the model specification:<sup>3</sup>

$$y = \beta_0 + \beta_1 D^{\text{Post}} + \beta_2 D^{\text{Treat}} + \beta_3 D^{\text{Post}}D^{\text{Treat}} + \beta_4 X + \beta_5 Z + \varepsilon$$

The identification of a counterfactual will be achieved through propensity score match and cluster analysis. The assessment of the contribution of Bank Group interventions in supporting GVC participation will use indicators from several external data sets (such as World Development Indicators and Eora26) and information from the portfolio review of Bank Group interventions, along with a set of control variables for (i) relevant factors identified in the literature and (ii) contextual factors (for example, quality of institutions and stage of economic development). Finally, the analysis will conduct robustness tests to verify the validity of the findings.

## Design Limitations

**4.8 The most important limitation in the evaluation design relates to data availability, coverage, and quality.** Lack of reliable outcome data is a constant challenge in IDA countries. Issues with the Bank Group’s portfolio tracking systems make it difficult to identify relevant GVC portfolio and project characteristics. The proposed approach, defining a Bank Group portfolio based on explicit reference to value chains in program documentation, may exclude relevant interventions. In addition, there will be limitations to the generalizability of findings resulting from sampling and selection decisions. These limitations are inevitable when ensuring that a complex topic is covered

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<sup>2</sup> Including project appraisal documents, Board reports, Implementation Completion and Results Reports, Implementation Completion and Results Report Reviews, Expanded Project Supervision Reports, Project Completion Reports, aide-mémoire, and minutes of review meetings.

<sup>3</sup> Where  $y$  is the outcome variable;  $D^{\text{Treat}}$  is a dummy variable identifying the treatment status;  $D^{\text{Post}}$  is a dummy variable identifying the time before and the time after the Bank Group’s support;  $X$  is a vector of explanatory variables identified by the portfolio review (that is, the cumulative number of projects, type of lending instrument used, and so on);  $Z$  is a vector of control variables.

within the time and resource constraints of the evaluation. The multilevel evaluation approach and the nested case study analysis are designed to enhance generalizability and find the optimal balance between breadth and depth of analysis. To guarantee the internal validity of findings, templates for the case studies will be prepared and consistent coding of portfolio data will be undertaken in consultation with IEG's methods adviser; continuous triangulation among methods will be applied.

## **5. Quality Assurance Process**

5.1 This evaluation will be subject to IEG's standard quality assurance process. The peer reviewers for the evaluation are Edward Brown (senior director of Research and Policy Engagements, African Center for Economic Transformation), Marilou Jane Uy (director of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development and former director of the Africa Financial and Private Sector Development Department at the World Bank), and Dirk Willem te Velde (head of the International Economic Development Group and director of the Supporting Economic Transformation program, Overseas Development Institute).

5.2 After the completion of the basic data collection and field missions, a workshop with internal and external experts will be organized to brainstorm about preliminary findings and lessons. The team will work closely with IEG's methods team to refine and implement the methodology.

## **6. Expected Outputs, Outreach, and Tracking**

6.1 An evaluation report with the main findings and recommendations will be submitted to the Board of Executive Director's Committee on Development Effectiveness. IEG will interact with stakeholders throughout the evaluation and will implement a dissemination plan, which may include a report-launching event in Washington, DC;<sup>4</sup> presentations of evaluation findings to external audiences at relevant international forums; and working papers, blogs, and other products as appropriate for other stakeholders.

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<sup>4</sup> In the preparation of this document, consultations have taken place with the Executive Directors and advisers, the World Bank's Chief Economists' Council, Bank Group teams (Operations Policy and Country Services; Development Economics; Finance, Competitiveness, and Innovation; Macroeconomics, Trade, and Investment; Social Protection and Jobs; and IFC's Manufacturing, Agribusiness, and Services Department), the 1818 Society, and external partners.

## **7. Timeline and Team**

7.1 The evaluation will be delivered in the second quarter of FY21.

7.2 The evaluation will be led by Xiaolun Sun and Giuseppe Iarossi, under the supervision of Jeff Chelsky, manager, and Oscar Calvo-Gonzalez, director. A core team of IEG staff and consultants includes Shahid Yusuf, Albert Martinez, Aristomene Varoudakis, Sengphet Lattanavong, Shiva Chakravarti Sharma, and Carla Fabiola Coles. Additional IEG staff and consultants will be included as needed.



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## Appendix A. Evaluation Design Matrix

Question	Information Required and Sources	Data Collection and Analysis Methods
Question 1: How has the Bank Group supported IDA countries in integrating into and benefiting from GVCs?		
a. To what extent has the Bank Group's analytical work helped identify key constraints to and opportunities for enhanced GVC participation?	<ul style="list-style-type: none"> <li>• <i>Information:</i> Relevance and quality of Bank Group diagnostics.</li> <li>• <i>Sources:</i> Systematic Country Diagnostics, Country Economic Memorandums, Country Private Sector Diagnostics, job diagnostics, and other country diagnostics.</li> </ul>	<ul style="list-style-type: none"> <li>• Structured document review of core diagnostics.</li> <li>• Semistructured interviews of staff, counterparts, partners, think tanks, academics, and stakeholders in case study countries.</li> </ul>
b. What type of support has the Bank Group provided to enhance IDA countries' integration into GVCs?	<ul style="list-style-type: none"> <li>• <i>Information:</i> Nature of Bank Group support, including mix of instruments, for enhanced GVC participation and benefits.</li> <li>• <i>Sources:</i> Portfolio data, interviews.</li> </ul>	<ul style="list-style-type: none"> <li>• Portfolio review and analysis.</li> <li>• Semistructured interviews of staff, counterparts, partners, think tanks, academics, and stakeholders in case study countries.</li> </ul>
Question 2: In what ways has the Bank Group contributed to IDA countries' integration into and benefits from GVCs?		
a. What type of Bank Group support has had more impact in helping IDA countries remove key constraints to enhanced participation in GVCs?	<ul style="list-style-type: none"> <li>• <i>Information:</i> Link between Bank Group knowledge and financial support and GVC participation and associated development outcomes (export, productivity, and jobs) in specific GVCs from case study countries and portfolio.</li> <li>• <i>Information:</i> Extent and impact of Bank Group engagement with social and environmental issues in the context of support for GVCs.</li> </ul>	<ul style="list-style-type: none"> <li>• Structured document review of project approval, implementation, and evaluation documents.</li> <li>• Structured document review of core country diagnostics; strategy documents; and project approval, implementation, and evaluation documents.</li> <li>• In-depth portfolio review analysis of relevant financing operations.</li> </ul>
b. Have the Bank Group interventions helped IDA countries enhance their integration into GVCs?	<ul style="list-style-type: none"> <li>• <i>Sources:</i> World Bank, IFC, and Multilateral Investment Guarantee Agency portfolio; project approval, implementation, and evaluation documents; data on GVC participation and associated development outcomes at industry or country levels, or both; staff, counterparts, partners, think tanks, and stakeholders.</li> <li>• <i>Sources:</i> Systematic Country Diagnostics; Country Economic Memorandums; Country Private Sector Diagnostics; Country Partnership Frameworks; project approval, implementation, and evaluation documents; staff, counterparts, partners, think tanks, and stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Semistructured interviews of staff, counterparts, partners, think tanks, academics, and stakeholders in case study countries.</li> <li>• Econometric analysis of contribution of Bank Group support to enhanced participation in GVC using ex post techniques described in the main text.</li> </ul>

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Question 3: What key factors have enabled, or hindered, the Bank Group's ability to contribute to enhanced GVC participation in IDA countries?

a. What factors, both within and outside the Bank Group's control, have significantly influenced the effectiveness of Bank Group support?

- *Information:* Key determinants of Bank Group contribution to IDA countries' GVC participation and associated development outcomes.
- *Sources:* Bank Group project approval, implementation, and self-evaluation reports; relevant internal documents (for example, mission reports, minutes of review meetings); IEG evaluations and validations; staff, counterparts, partners, think tanks, and stakeholders.
- Portfolio review and analysis of project design features.
- Semistructured interviews of staff, counterparts, partners, think tanks, academics, and stakeholders in case study countries.
- Triangulation of evidence across methods.

b. What lessons can be drawn from Bank Group engagement with GVCs to improve the effectiveness of its GVC support to IDA countries?

- *Information:* Key lessons of relevance to IDA countries, especially in Africa.
- *Sources:* Staff self-evaluations; IEG evaluations and validations; relevant external and portfolio analysis; key policy documents by client country; staff, counterparts, partners, think tanks, and stakeholders.
- Structured document review of relevant materials.
- Portfolio review and analysis.
- Semistructured interviews of staff, counterparts, partners, think tanks, academics, and stakeholders in case study countries.
- Triangulation of evidence across methods.

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*Note:* GVC = global value chain; IDA = International Development Association; IEG = Independent Evaluation Group; IFC = International Finance Corporation.

## **Appendix B. Relevant Findings from Independent Evaluation Group Evaluations**

The fiscal year (FY)10 evaluation *Growth and Productivity in Agriculture and Agribusiness: Evaluative Lessons from World Bank Group Experience* recommended strengthening communication and collaboration among sector departments across the World Bank Group by setting up a knowledge network of supply chain specialists (World Bank 2010). It also suggested expanding the application of International Finance Corporation (IFC) Performance Standards to material biodiversity and other environmental and social aspects along the supply chain.

The FY14 evaluation *The Big Business of Small Enterprises: Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-Size Enterprises, 2006–12* found that a key Bank Group approach was to link small and medium-size enterprises in clusters or networks to value chains involving large firms by addressing smaller enterprises' scale diseconomies, lack of connections, and lack of information (World Bank 2014). The impact was, however, difficult to assess. The evaluation identified some good examples, as well as instances of insufficient coordination between the World Bank and IFC teams working on value chains.

The FY17 evaluation *Growing the Rural Nonfarm Economy to Alleviate Poverty* concluded that the projects with a growth aim — mainly value chain approaches — achieved increased revenues, but mostly without evidence of benefits for the poor (World Bank 2017). Spillover effects were not measured. Where IFC investments in food processing had strong links to rural areas, they generated positive rural employment outcomes. However, the risks imposed by market structure, its impact on poor value chain participants, and related mitigants were rarely treated explicitly.

The FY18 evaluation *IFC's Experience with Inclusive Business: An Assessment of IFC's Role, Outcomes, and Potential Scenarios* found that IFC defined inclusive businesses as companies that integrate people at the bottom of the pyramid in their value chain as suppliers, distributors, or customers (World Bank 2018). To reach the bottom of the pyramid in the agribusiness sector, IFC relied on its clients' preexisting business models, which engaged with their supply chain farmers.

The FY19 evaluation *“Creating Markets” to Leverage the Private Sector for Sustainable Development and Growth: An Evaluation of the World Bank Group's Experience through 16 Case Studies* identified that supporting integration into value chains was a key channel for IFC interventions to contribute to creating markets (World Bank 2019). However, evidence of integration effects was only observed in agribusiness case studies, and IFC had been more successful at integrating relatively large farmers in supply chains than

connecting smallholders. IFC advisory services could play a vital role in reaching the smaller producers in agribusiness value chains by enhancing their capacity and transforming them into potentially viable investment partners.

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