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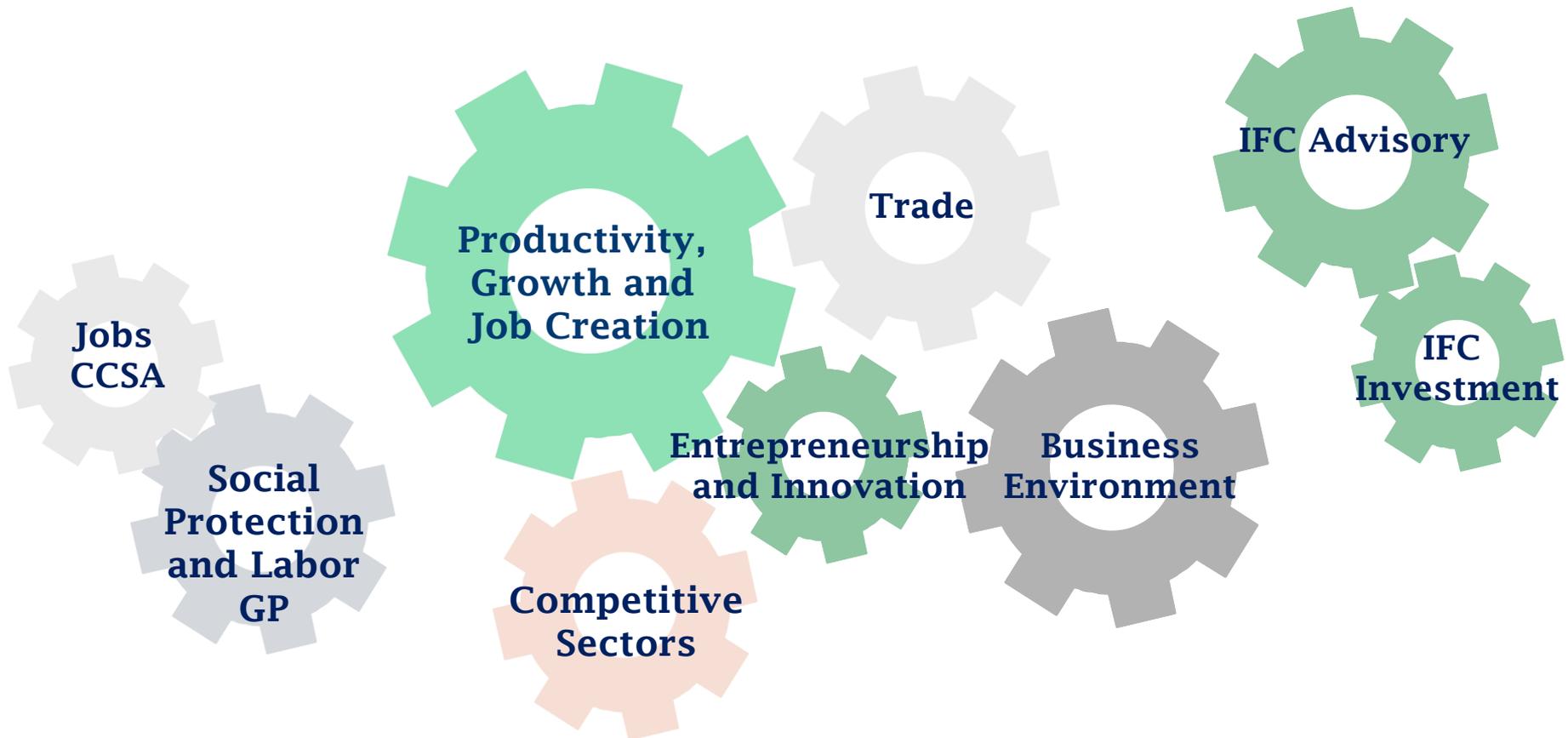
Capacity Development: The World Bank Group Experience to Connect Standards Implementation with Upward Graduation in GVCs

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Trade & Competitiveness Global Practice connecting across WBG



- A joint Global Practice across WBG (World Bank and IFC)
- Analytics, implementation support, advocacy, lending
- Content-driven partnerships at global and regional level

BUILDING MOMENTUM FOR “FAIR PRODUCTION” INITIATIVES

Country Dimension: Examples of WBG Engagements in East Africa and Asia

Similar discussions underway in:

CAMBODIA



LAO PDR



MYANMAR



- Tie-in with ongoing trade negotiations
- Tie in with NQI initiative
- ILO/IFC Better works (ongoing or preparedness studies)

Gov't
commitment to
build capacity
in light
manufacturing/
Textile/Clothing

Starting
Position: low
DB, LPI, Trade
Cost Rankings

WBG Program
in Ethiopia:
Lending,
Advisory
Services and
Analytics, TA,
Trade Portal

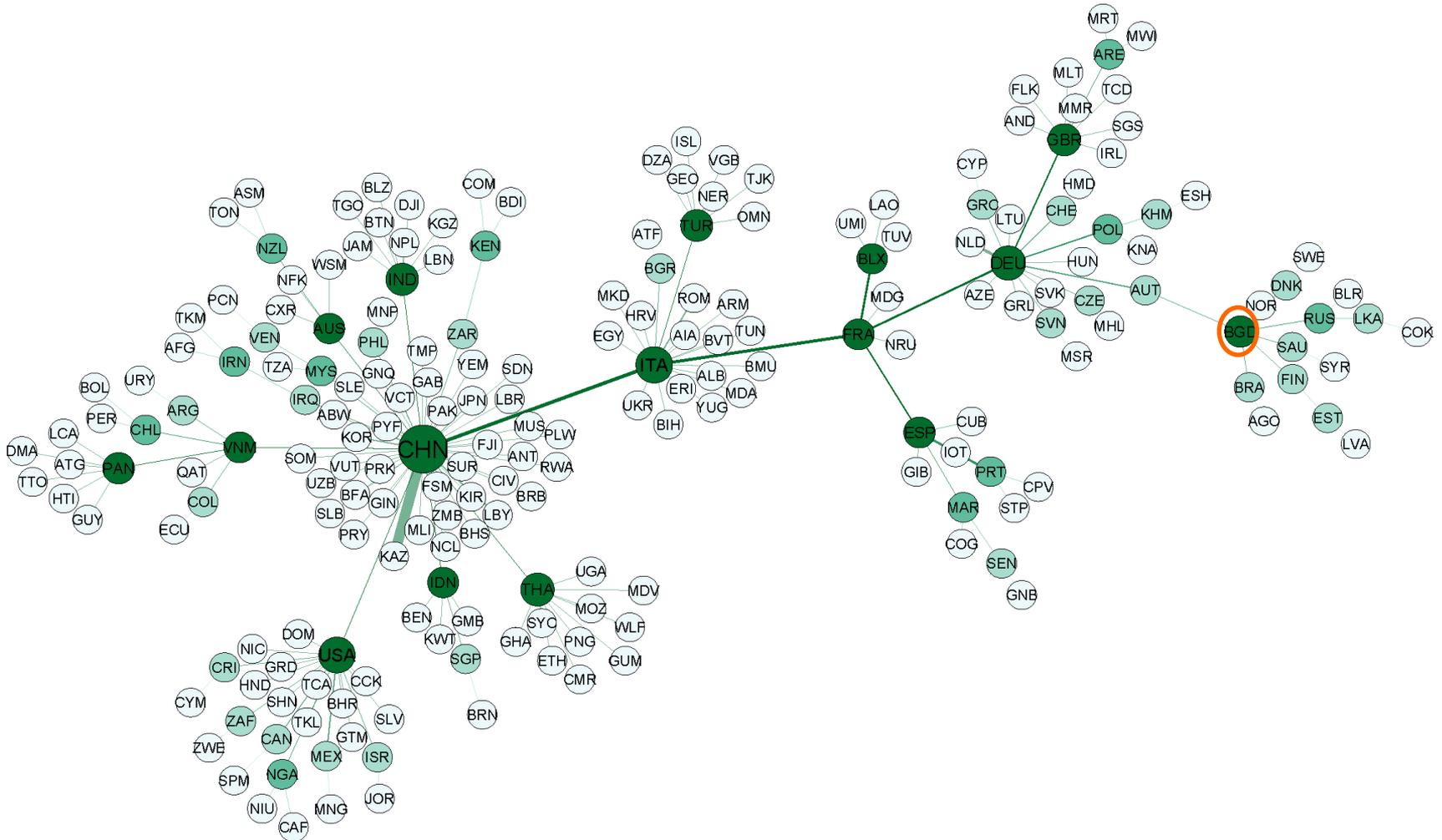
ETHIOPIA



Note: DB = doing business; LPI = Logistics Performance Index; NQI = National Quality Infrastructure; TA = technical assistance.

WBG engagement across many countries and topics acts as integrator and it helps reducing “race to the bottom” scenarios, as it can assuage fears in countries competing at the low end of the value chain

Bangladesh is relatively important in the global market for apparel, its production standards matter



Multi-pronged approach to upgrading apparel in Bangladesh:

2 examples with wider demonstration effects

2

Firm-level advisory services lead to adoption of low-cost good practices by the firms. Business case is demonstrated and firms are incentivized to go for bigger changes. But they are constrained by finance.



The access to finance issue is raised at the dialogue platform where representatives of government, financial institutions and industry jointly come up with recommendations to improve access to finance. These are sent to government.



Stake-holder dialogue



Policies, laws and regulations



Central bank responds by creating refinancing facility to facilitate commercial bank financing for environmental and social improvements. Banks will take advantage of the facility to expand finance for such improvements. This will increase demand for firm-level advisory services, thus stimulating development of service provider market.



Financiers and other service providers

1

Firms



Brands require their suppliers to improve building safety. However, factories are unable to do so in their current, congested, premises. Industry association asks government to help with relocation.



Discussions at the stakeholder dialogue platform lead to ideas on a PPP approach to zone development.



Industry association and government start discussion on building an economic zone for textile factories.



Infrastructure



Stake-holder dialogue

Bangladesh program: interventions and results to-date

Dimension	Response/Intervention	Result
Firms	<ul style="list-style-type: none"> Resource Efficiency: Consultancy services to firms to show business case and identify specific actions Reduce firm level carbon footprint Awareness building workshops Brands driving their suppliers to join Peer-to-peer learning mechanisms Labor Standards Investments 	<ul style="list-style-type: none"> 19 factories implemented 156 measures so far \$18M of firm investments 6,268,838 m3 of water saved 507,455 tons of GHG emissions reduced 1,837,949 m3 energy saved 3 IFC investments in companies
Service providers (financial institutions, advisory services to firms, certification companies)	<ul style="list-style-type: none"> Capacity building of financial institutions (e.g., in appraising green technologies) Lines of credit; refinancing facilities Development of service provider markets Technology Advisory Center 	<ul style="list-style-type: none"> Central Bank \$500m Green Fund Textile Technology Business Center Advisory services on resource use efficiency by local private sector
Buyers (Brands)	<ul style="list-style-type: none"> Standardized procurement guidelines for buyers Improve knowledge and capacity of brands Strengthen brand support 	<ul style="list-style-type: none"> Voluntary industry standards and harmonization of procurement by brands
Business environment (policies, laws and regulations)	<ul style="list-style-type: none"> Initiatives on cleaner technologies and improved management of environmental resources/compliance Improved regulatory design Capacity building for regulatory enforcement Analytics and research 	<ul style="list-style-type: none"> Policy, legal, regulatory and institutional for private development of economic zones Government considering rationalization of tariff structure to discourage use of hazardous chemicals
Serviced Land with shared facilities	<ul style="list-style-type: none"> Purpose built/demand driven serviced and high quality/reliability of infrastructure for economic activities Better business environment and streamlined procedures Regulatory authority to enforce and oversee compliance Economic zones, including low-carbon/ green zones Common facilities, such as central ETPs Work with zones authority to increase social compliance of firms located in zones Social/labor counselors Gender in zones: greater female representation on Workers committee, Vocational training program to strengthen female workers technical skills and assist in upwards mobility 	<ul style="list-style-type: none"> Low carbon zone roadmap in 8 EPZs Cost savings of \$845k in 3 firms alone. Labor counselors monitored 60 areas of labor compliance in EPZs and served as informal arbitration mechanism 30% seats to female workers on Workers Welfare Association Committee 92% of vocationally trained staff promoted to supervisory roles 61% increased compliance with hazardous materials in firms located in EPZs

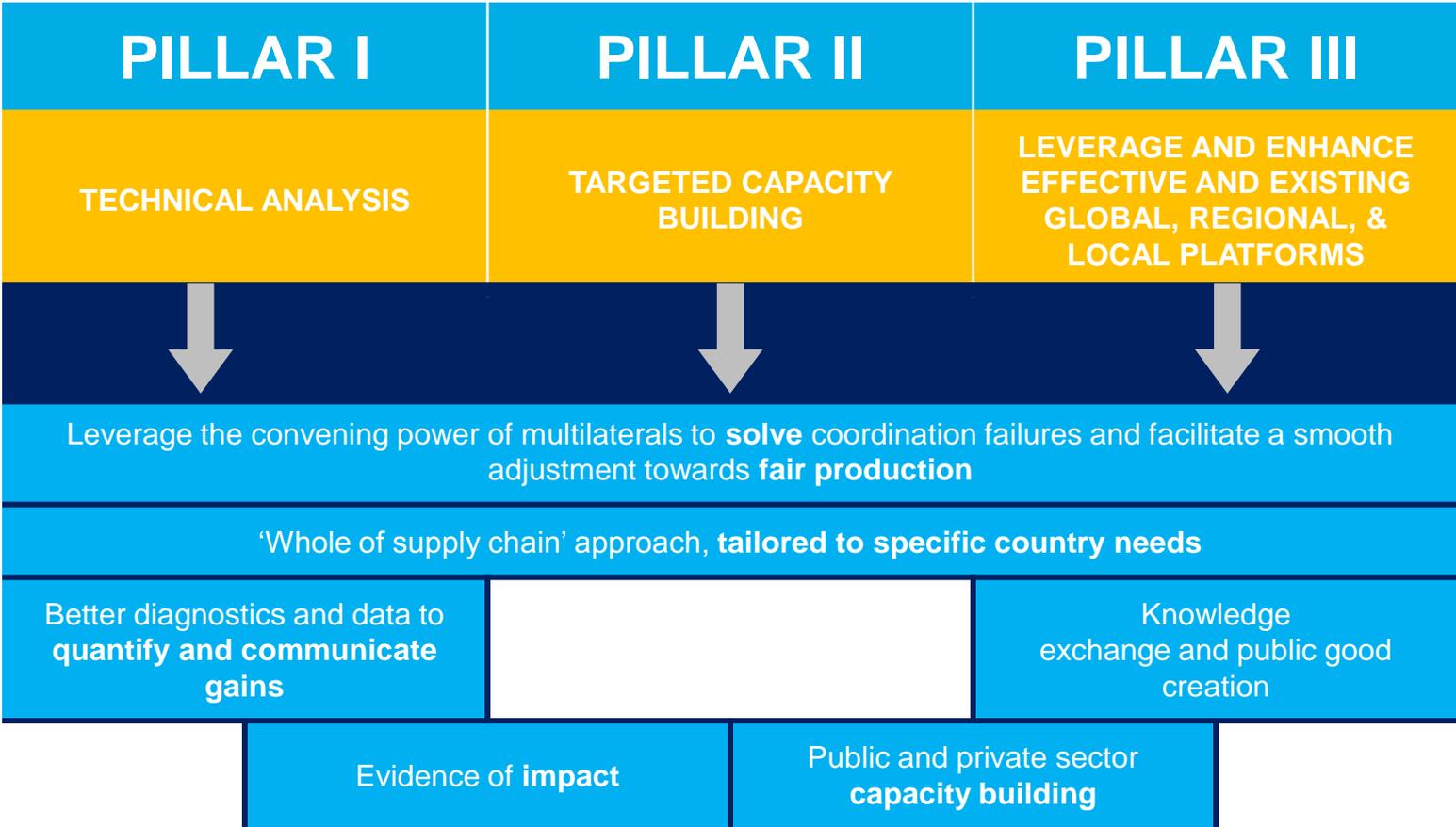
Bangladesh program: WBG instruments used

- IFC Firm-level Resource Efficiency advisory: Firm level audits, capacity building, low to high cost technology options
- IFC Better works program
- IFC MAS – Investments
- IFC SME Ventures and Advisory
- IFC Financial Markets investment and Advisory
- T&C AAA
- T&C Investment Climate Advisory
- T&C Spatial development solutions/SEZs/Low carbon zones
- T&C Climate Efficient Industry Advisory
- T&C Social Management Program in Zones
- T&C Gender in Zones
- T&C PPD

Bangladesh program: lessons learned

1. Creating synergies on the ground requires multiple interventions (advisory, analytics, financing, advocacy) and long-lasting engagement
2. Coordination demands are high -- within government agencies, GVC stakeholders, and donor partners
3. Effective stakeholder engagement mechanisms are a central anchor for continued, long-lasting results (... and are often the least funded)
4. Actions on compliance and enforcement of standards are highly context specific (e.g., brands have strong demand for environmental compliance; strengthened govt capacity for implementation of rules; creation of local 'expert markets' for services)
5. Network effects and positive spill overs from supply chains across sectors are achievable over time and are based on integrated solution packages
6. Dynamic learning, replication and scale-up can be fostered through a global / cross-country platform.
7. Policy advice to support macro trends for this new growth model requires strong analytics, evidence, and data.

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Thank You

