WORLD BANK OPERATIONS EVALUATION DEPARTMENT

OED REACH

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Global Programs: Addressing the Challenges of Globalization

- As a partner in global programs, the Bank is exploiting its comparative advantage more at the global level (convening power and global reach) than at the country level (operational knowledge and multisectoral analytical capacity). The voice of developing countries and the Bank's operational regions are inadequately represented in the "international consensus" underlying global programs, and linkages between global programs and country operations are weak.
- Since OED's Phase 1 Report, Management has adopted useful organizational and procedural changes to manage global programs. Selectivity and Network oversight of individual global programs has progressed, but most programs lack independent oversight.
- The Bank needs a global strategy and an accompanying financing plan, developed in consultation with partners. This should have a clear focus on sustainable poverty-reducing growth in client countries, on global policy issues that currently arrest such growth, and on genuine global public goods of benefit to the poor. Strengthening oversight processes in the absence of such a strategy poses the risk of becoming micro-management of a large uncoordinated portfolio of global programs.

Without a global government able to establish and enforce policy regimes and rules and to collect taxes and raise revenues, global programs are increasingly being used to organize global collective action—particularly to meet the growing call for the provision of global public goods.

Global programs are an important and growing line of business for the Bank. The Bank manages by far the largest stock of trust funds among international organizations – $7.1 billion at the end of FY04 (not including HIPC and IFC trust funds), 64 percent of which are for global and regional programs.

The 26 programs reviewed in Phase 2 of OED's global evaluation were representative of – and included 90 percent of the annual expenditures of – the 70 Bank-supported global programs in FY02 when the Phase 1 Report was completed. Of the 26 global programs reviewed, the seven in the ESSD Network accounted for 71 percent of program expenditures in FY03, the six in the HD Network for 22 percent, and the six in the INF Network for 5 percent.

Management arrangements vary. The health, trade, and social protection programs are housed in the concerned UN agencies. The six infrastructure programs and some others (in environment, social development, and finance) are housed in the Bank. Six programs, including three recently spun off from the Bank, are independent legal entities.

Key Findings

Eleven programs are providing global public goods for which global collective action is required. These are funding research and development on new products and technologies, financing country-level investments to reduce emissions of ozone-depleting substances and carbon dioxide and to conserve biodiversity of global value, and promoting common approaches to communicable diseases such as

HIV/AIDS, TB, and malaria. Seven of these programs have their own mechanisms for financing investments, but the remaining four rely on the Bank and others to finance complementary investments to realize their objectives on the ground. Most meet the selectivity criteria for global public goods programs endorsed by the Development Committee, including adding value to the Bank's development objectives.

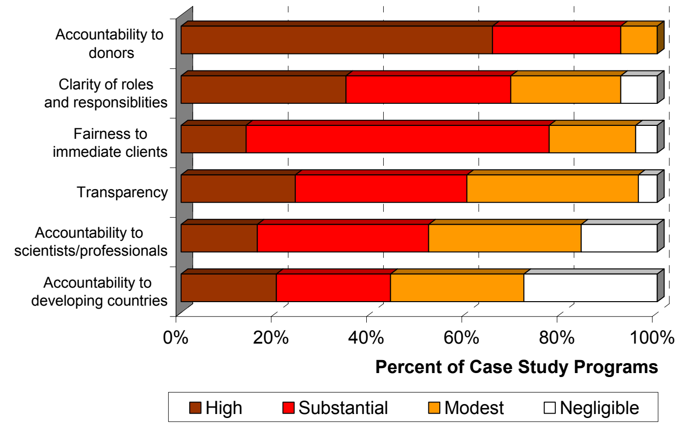
Fifteen programs are largely multi-country, "corporate advocacy" programs providing primarily national public goods that the Bank has traditionally addressed through its country operations. Only one (the Post-Conflict Fund) has a financing mechanism. Most seek inclusion of their priorities in PRSP and CAS agendas and country ownership to produce the follow-up needed to have impacts. Evidence is lacking that the programs are passing the subsidiarity test: that they are more efficient than Bank programs in generating and disseminating knowledge of best practice, in building capacity, and in improving donor coordination. For these programs, the approval criteria for Bank involvement in partnership initiatives beyond the country level have been insufficiently applied—particularly the requirement for clear linkages to the Bank's country operational work.

Program governance and management are improving, but unclear roles and responsibilities weaken accountability for results. Effectively involving developing countries in governance increases program relevance, ownership, and development effectiveness, but remains a challenge. (See figure.) Moreover, accountability often *de facto* rests with the permanent members of program governing bodies, typically donors and international organizations. Finally, for most in-house programs, the Bank lacks independent oversight outside the line management of the vice presidency handling the program.

Global programs have increased overall aid very little. Exceptions include funds from private sources for the Prototype Carbon Fund, from the Gates Foundation for health, and from pharmaceuticals through public-private partnerships for vaccine and drug development. Ironically, in some cases close association with the Bank has hampered mobilization of other funding. Given ODA's high opportunity cost, the Bank should reconsider its involvement in programs with important goals but little demonstrated value.

Several global programs highlight the existence of global public policy gaps, but their mandates do not address these. These often involve developed country policies in trade, aid, finance, and intellectual property rights that profoundly affect developing countries. If changing the international ground rules is the objective of the programs, and if advocacy is the means to achieve it, then the programs should be assessed on their ability to deliver changed policies or practices for the benefit of the poor.

Programs Are More Accountable to Donors Than to Developing Countries



OED Assessment of Program Governance & Management

Recommendations

Management should:

- In consultation with UN agencies, donors, developing countries, and other partners, develop a global strategy approved by the Board.
- Develop a financing plan for high-priority programs, particularly those providing genuine global public goods in the form of global policies, new products, technologies, knowledge, or practices of benefit to the poor.
- Improve, streamline, and clarify the Bank's approval, oversight, evaluation, and exit/reauthorization criteria for global programs.
- Work with its global partners to routinely apply to all Bank-supported global programs international standards of good governance, management, results-orientation, and evaluation.

OED should:

- Include global programs in its standard evaluation and reporting processes to the Board.

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