

# **Addressing Challenges of Globalization: An Independent Evaluation of the World Bank's Approach to Global Programs – Phase 2 Report**

## **OED's Advisory Committee Report**

*The external Advisory Committee consists of Rolf Luders, Professor and Editor, Cuadernos De Economica, Pontifical Catholic University of Chile; Wolfgang Reinicke, Director, Global Public Policy Institute and Managing Director, Galaxar S.A., Geneva; Nafis Sadik, former Executive Director, United Nations Population Fund; and Adele Simmons, President, The Global Philanthropy Partnership and former President of the MacArthur Foundation.*

### **1. General**

The Committee continues to be impressed by the superb quality of the work of the OED evaluation team. The Phase 2 report has added substantial incremental value to the findings of the Phase 1 and individual case studies such as the CGIAR Meta-Evaluation have already had a major impact. A number of other more recently developed case studies in the areas of health and environment have been widely circulated inside the Bank and among partners and are already attracting considerable attention from outside groups such as the International Task Force on Global Public Goods. OED has accumulated a great deal of knowledge about the Bank's global programs, and we hope that the Bank will make use of this knowledge.

The Phase 2 report illuminates the diversity of the programs and the multiple management challenges and governance structures that these programs entail. Consequently, separating management from oversight is one of the key institutional prerequisites that must be observed for global programs to significantly contribute to the Bank's mission.

An additional contribution of the Phase 2 report is the clear differentiation between genuine global public goods from a variety of corporate advocacy programs that raise issues of subsidiarity and efficiency in the use of aid resources. The Phase 2 report therefore allows the Bank's senior management with the support from the Bank's Board to further develop the institution's strategy for global programs. A Bank-wide strategy will facilitate decision making and align spending priorities on global programs with a sharp focus on forwarding the Bank's mission. We commend the Bank's senior management for having already responded to some of the recommendations of the Phase 1 Report, such as the establishment of the GPP Council and the GPP Group or the ex-ante review of newly proposed GPP initiatives by outside experts. But we also strongly endorse the Phase 2 evaluation's recommendation that management should in consultation with key UN agencies, donors, developing countries, and other partners, develop a global strategy approved by the Board and a financing plan particularly for high-priority programs providing

genuine global public goods in the form of global policies, new products, technologies, knowledge, or practices of benefit to the poor.

The purpose of the case studies has been to illuminate both the nature of partnerships and define more clearly the Bank's comparative advantage and its specific role in those partnerships so that both the Bank management and staff as well as the Bank's partner institutions can internalize and apply the lessons learned from this evaluation. While some case studies have not yet been distributed, we know that the evaluation team has put in considerable research effort into their development. Furthermore, there is a great demand for them in the Bank's partner organizations. We look forward to their timely dissemination.

## 2. Specific Recommendations

There is no doubt that the evaluation of global programs has begun to create an awareness of their importance in achieving the Bank's mission. However, to ensure that those and future programs can realize their full potential, the following issues require further attention by senior management:

### a) Selectivity

Limited resources require selectivity. As the Phase 1 report concluded and the Phase 2 Report further reinforces the eligibility and approval criteria currently applied by the Bank are inadequate. We therefore urge Bank management to refine the criteria and employ them in a more rigorous manner, for example by demanding that ALL four criteria endorsed by the Development Committee in September 2000 have to be met before a program can be considered for eligibility.

At the same time the Bank needs to recognize that given its global role and reputation and its exposure to donor preferences, *programmatic* selectivity, even if applied more rigorously, cannot always guide Bank decision making. It is therefore important that the Bank puts in place an independent mechanism that assesses global programs within a few months of their establishment, focusing primarily on the management, governance and oversight structures that have been put in place. Such an early application of *performance* selectivity would provide added guidance for the Bank's longer term commitments and ensure efficiency and effectiveness of its global programs.

Finally, by recognizing the comparative advantage that each participant in a partnership can bring to a global program, the Bank, whenever possible, should rely to a greater degree on *functional* selectivity, encouraging a better division of labor among the multiple stakeholders in a global program. This can only succeed if the Bank deepens the linkages to its partner organizations based on the partners' respective comparative advantages and further integrates global programs into its operational activities.

b) Linkages

External Relations

In view of the above, the Committee supports OED's recommendations to strengthen the external linkage of global programs. Once the importance of the linkages to partner institutions has been elaborated and demonstrated more clearly with the help of the case studies, management, through the GPP Council should explore the possibility to engage partner organizations such as the UN agencies in a continuous and more proactive manner--from the inception of a program all the way to its evaluation.

Country Operations

While there is by now a general awareness of their existence, global programs often continue to be seen as separate from country operations. To overcome this continued artificial distinction, Bank leadership needs to make a clearer analytical case supported by evidence from specific country programs that, if employed correctly, a global and a country program do not compete with each other but are two sides of the same coin—sustainable development. Global and country operations thus complement each other to form an integrated whole aimed at poverty reduction. The Committee therefore reiterates its recommendation to add a global dimension to the PRSPs and CASes. In doing so, operations could ensure that, if applicable, a Country Assistance Strategy would have to take a global dimension into account.

c) Strategy/Strategic Leadership

No doubt senior management must place a premium on the Bank's ability to manage existing global programs with great efficiency and effectiveness. Yet the World Bank's mission, global reach, reputation and expectations that others place on it, will lead it towards a continuous, ever growing, confrontation with new as yet unknown global challenges. Since the Bank can not ignore these challenges, it must manage them.

It is in the Bank's strategic interest to participate actively in external evaluations of all those programs in which it participates and help establish some independent forum to launch, in close cooperation with its partner institutions, a debate on the nature, goals and institutional aspects of the current global public policy framework in the areas of trade, aid, intellectual property and investment requirements of developing countries pinpointed by the OED global evaluation. The purpose of such an exercise would be to help redesign this overarching global public policy and investment climate framework. Neither the Bank, nor its partners, the donors, but most importantly the Bank's clients can afford, let alone sustain, the consequences of the weaknesses in the current framework. We urge the Bank in cooperation with its partner organizations to help establish a critical independent assessment of the current structure, operations and impacts of this framework.

Short of such an independent review, the benefits that OED's evaluation of global programs will no doubt generate, cannot and will not translate into lasting development outcomes, thus failing the Bank's mission and the individuals who benefit from it.

- d) We therefore underscore the report's recommendation on strategy. We would encourage appropriate consultations with key UN partners through mechanisms such as the High Level Committee on Programs and the United Nations Chief Executive Board for Coordination as well as foundations and developing countries. We believe this would aid the joint development of a global strategy. It would also allow each member to pursue activities falling under its respective mandates and exploit the comparative advantage of each member.
- e) Furthermore we believe that this very professional OED work needs wider dissemination and follow up. It reflects several years of research that can guide those making decisions from now on. The dissemination of the findings and lessons of this and other such evaluative work could be pursued jointly by President Wolfensohn and UN Secretary General Kofi Annan.