

**PERFORMANCE EVALUATION, CRITICISM OF THE WORLD BANK AND COST
BENEFIT ANALYSIS OF THE WORLD BANK FINANCED PROJECTS -
CASE OF TURKEY**

ABSTRACT

By Ergul Haliscelik¹

The World Bank has supported important projects and government programmes in order to ensure economical and social improvement of the developing countries since it was founded. The mission of the Bank has transformed in order to accommodate with world conjuncture which is varied throughout time. Nowadays, there are serious criticisms for the World Bank that has a mission of “working for a world free of poverty”.

Turkey became a member of The World Bank in the 1947 and the relationship has reached up today by solidifying. In Turkey’s participation process to European Union, The Bank’s aids has continued and coordinated works with IMF to provide economic stability has accelerated.

The Bank’s support has become more important with the current financial and economic crisis, the most serious problem that the world has been dealing with since World War II. In this study, I will evaluate activities, mission and performance of the World Bank. After that, I will examine World Bank financed projects, their cost benefit analysis and their effects on Turkish economy. I will give my personal findings, criticisms and useful-applicable recommendations on these issues.

¹ Senior Treasury Controller at Republic of Turkey Prime Ministry Undersecretariat of Treasury, Carnegie Mellon University Heinz School Master of Science in Public Policy and Management , Certified Internal Auditor (CIA), Cukurova University Institute of Social Sciences Master of Science in Economics

PART I - PERFORMANCE EVALUATION OF THE WORLD BANK

World Bank Group and World Bank

The World Bank Group and the comprehensive narrow World Bank have different meaning. The World Bank Group is composed of 5 closely associated institutions. 186 member countries are the owners of these institutions and have authority and final decision power. The World Bank Group institutions are:

- International Bank for Reconstruction and Development (IBRD),
- International Development Association (IDA),
- International Finance Corporation (IFC),
- Multilateral Investment Guarantee Agency (MIGA) and
- International Centre for Settlement of Investment Disputes (ICSID)

These institutions have different missions and specialize in different aspects of development but they use their comparative advantages to work collaboratively toward the same overarching goal: **poverty reduction**. They also work together to foster growth, and ensure that development is inclusive and sustainable (World Bank Annual Report, 2007:4).

World Bank Group has provided funds distributed in credits, loans, grants and guarantees for 767 projects with a total commitments of \$58.8 billion in financial year of 2009. This commitment is a record of the group which is %54 more than previous financial year figure (World Bank Annual Report, 2009:7). Objectives and main operations of five institutions Under World Bank Group Umbrella are illustrated in the table below.

Table 1: Summary of Objectives and Operations of Institutions Under World Bank Group Umbrella				
Institutions	Objective of Institution	Year of Foundation	Number of Member	Operations
International Bank for Reconstruction and Development (IBRD)	Provides loans and development assistance to middle-income countries (1500\$<PCI<5225\$) for sustainable development	1945	186	Cumulative lending: \$479 billion Fiscal 2009 lending: \$32.9 billion for 126 new operations in 42 countries.

International Development Association (IDA)	Plays an important role to reduce poverty in the poorest countries (PCI < 1095 \$), to which it provides interest-free long-term loans and grants.	1960	169	Cumulative commitments: \$207 billion Fiscal 2009 commitments: \$14 billion for 176 new operations in 63 countries.
International Finance Corporation (IFC)	provides investments and advisory services to build the private sector in developing countries	1956	182	Committed portfolio: \$34.4 billion (plus \$8 billion in syndicated loans) Fiscal 2009 commitments: \$10.45 billion committed and \$4 billion mobilized for 447 projects in 103 countries.
Multilateral Investment Guarantee Agency (MIGA)	Encourages foreign investment in developing countries by providing guarantees to foreign investors against loss caused by noncommercial risks.	1988	174	Cumulative guarantees issued: \$20.9 billion (includes amounts leveraged through the Cooperative Underwriting Program) Fiscal 2009 guarantees issued: \$1.4 billion
International Centre for Settlement of Investment Disputes (ICSID)	provides facilities for settling investment disputes between foreign investors and their host countries	1966	143	Total cases registered: 292 Fiscal 2009 cases registered: 24

Source: World Bank Annual Report for Financial Year 2009, Pg:9-10

The Bank is one of the world's largest sources of funding for development. It has provided its funds, staff, and its experience for supporting development strategies, reducing poverty, increasing economic growth, and improving quality of life and living standards in member countries (World Bank Brochure, 2007:1-12).

The term "World Bank" refers specifically to the IBRD and IDA and mostly it is used for only IBRD. They provide financial and technical assistance to developing countries around the world. Their total lending for fiscal year (FY)² 2009 is \$46.9 (IBRD with \$32.9 billion + IDA with \$14 billion), which included loans, credits, guarantees, and grants. While IBRD focuses on middle income and creditworthy poor countries, IDA focuses on the low-income poorest countries in the world. It is an obligation for a country to become a member of IBRD first to become eligible for other four institutions. Turkey graduated from IDA³ and

² Bank fiscal year (FY), beginning with July 1 and the subsequent end of the year to June 30

³ The countries which have more than 1095 \$ PCI in 2009 FY are considered graduated from IDA. After graduation, countries are not eligible for IDA funds and they are supported by IBRD funds.

the largest parts of funds that Turkey has used are financed by IBRD. References in this study to the “Bank” or “the World Bank” are meant to apply to the IBRD unless specifically indicated otherwise.

Bank’s activities and mission have been affected from many issues such as the crisis affecting developing countries, urgent economic problem and necessary rehabilitation activities after wars. The mission of the Bank has transformed in order to accommodate with world conjuncture which is varied throughout time. At today's World Bank, working for a world free of poverty” has become its mission (World Bank About Us, 2009).

Nowadays, there are serious criticisms for the World Bank that has a mission of “working for a world free of poverty”. Criticisms generally focus on bank’s establishment, activities, operations and its mission.

One of these critics belongs to the Perkins and it is very remarkable: Perkins claims that World Bank was established to reconstruct the countries affected from World War II, but after the mission of the Bank has transformed in order to provide advantage for capitalist system against Soviet Union. He also claims that there is a good connection among the international organizations and multinational companies. They persuades foreign governments to accept funds especially from the World Bank and IMF to build dams, airports, other infrastructures and supports for some social economic policies that governments don’t afford alone. In most case, the governments don’t need and benefit from these kinds of investments or policies. Furthermore, he points out the membership, capital and voting power in the World Bank and claims that Bank just as other institution in Bretton Woods System (IMF) is not “the bank of World” or institution instead it is a bank-institution that serves for just benefit of USA (Perkins, 2007, 3-5).

Debt relief is one of the most important activities of IDA. Majority of the countries benefiting from IDA debt relief are low-income countries located in Africa. Basic source of

funds are provided by developed donor countries, especially Britain, the Netherlands and the United States. It is mission of IDA that providing funds to low-income countries with appropriate conditions to support development and poverty reduction policies. However, since low-income countries could not repay their funds financed by IDA, the cumulative amount of written off has risen year by year. The dependency of low-income countries on IDA so on the developed countries has been getting increase. This situation causes to serious criticism on IDA's mission and policies.

Today, international organizations, especially the World Bank, have an important role towards the reduction of destructive effects of globalization on developing countries, particularly for poor people in these countries. International organizations should implement policies and programs to balance and reduce the negative effect of globalization. One of the negative effects of globalization is making the income distribution worse both in a country among its citizens and among the countries due to the fact that globalization has not realized potential to eradicate poverty and promote economic growth. Therefore, the World Bank, by coordinating with other international organizations, should implement policies that makes phenomenon of globalization more humane, more efficient and more equitable which is also parallel to its mission of "a world free from poverty" (Stiglitz, 2004:9-15).

Capital of World Bank and Voting Power

Member States' voting power in IBRD plays an important role in the allocation of funds. In the process of determining each member's voting power, the share capital of member which is calculated according to the relative economic strength of each member is taken into account. As a result, countries with a high capital share in the Bank have become more effective and active in the decision making process of allocation and uses of funds.

World Bank started its operation with \$7.67 billion capital in 1946 (Cenk, 1996:7). Total capital of the bank as of end of 2008 fiscal year has increased to \$189.92 billion.

Majority of capital is unpaid. Total paid-in capital is \$11.49 billion, while the remaining \$178.43 billion is subscribed-unpaid (IBRD, 2008/a:47).

Each member country of the World Bank has a share capital. The capital of Bank and the share of member countries in the amount of capital are denominated in U.S. dollars. The amount of share capital determines the voting power of the member country in the Bank.

Statement of subscriptions to capital stock and voting power are summarized in the following table (IBRD, 2009/a:55-58).

Member	SUBSCRIPTIONS		VOTING POWER	
	Total amounts (Million \$)	Percentage of Total (%)	Number of votes	Percentage of Total (%)
United States	31.965	16,83	265.219	16,36
Japan	15.321	8,07	127.250	7,85
Germany	8.734	4,60	72.649	4,48
United Kingdom	8.372	4,41	69.647	4,30
France	8.372	4,41	69.647	4,30
China	5.404	2,85	45.049	2,78
Italy	5.404	2,85	45.045	2,78
India	5.404	2,85	45.045	2,78
Canada	5.404	2,85	45.045	2,78
Saudi Arabia	5.404	2,85	45.045	2,78
Russian Federation	5.404	2,85	45.045	2,78
Total of 11 Countries	105.188	55,42	874.686	53,97
Turkey	1.005	0,53	8.578	0,53
Total of 186 Countries	189.918	100	1.620.815	100

Source: IBRD Financial Statements and Internal Control Reports 2009, Pg:55-58

As seen above table; U.S.A is the country with the highest share. Its capital contribution is \$ 31,965 Million, and 16.84% of total share capital in kind. After the USA, the most important contributions are provided by Japan, Germany, England and France.

A member country's voting power is equal to the sum of the "fixed number of votes" and the "variable number of votes". Each member countries have 250 fixed votes plus one additional vote for each share of stock held. So fundamental issue affecting member countries' voting power in the World Bank is variable vote determined by the share of stock held. (Eğilmez, 1996:75).

The number of shares a country has is mainly based on the size of its economy. The USA is the largest single shareholder, with 16.36 % of votes, followed by Japan (7.85 %), Germany (4.48 %), the United Kingdom and France (4.30 %) (IBRD, 2009/a:55-58).

If there is no specific condition, matters in the Bank are decided by a majority of votes. The voting power in the Bank, where member countries are the owner, is determined by the capital share. Actually this capital share is calculated according to each member's relative economic strength. The countries having higher capital share become more effective in the Bank's decision making process for resource allocation and use of funds. As a result of this situation, in the process of fund allocation and uses of funds for related projects or policies, political preferences and decisions become more important than rational criteria such as feasibility of the project or program, the cost-benefit analysis of the projects, fund needs of borrower countries and their priorities.

In recent years, there are serious criticisms from many low-income and developing countries' public opinion for the World Bank and IMF. One of the most important criticisms for these organizations is their capital structure and voting power system. The World Bank, as in IMF, is controlled by the world's richest countries. Members with the greatest financial contributions have the greatest power in the decision-making process of the bank. G-7 rich countries control almost 45% of World Bank votes. The rest of the 55% voting power are shared among the other 179 member countries. This voting system provides Bank to act in the interest of the rich countries, promoting a model of economic growth in which richest countries and their international private companies are benefited from.

G-7⁴ countries, especially USA, have benefit from World Bank's current capital structure, its distribution, voting power and so as the decision-making process. As a result of these, G-7 countries' interests and political preferences have become more important in the

⁴ G-7 Countries: United States of America, Canada, France, Germany, Italy, Japan and United Kingdom

process of Bank's resources allocation-use and in the process of determining and implementing policies.

However, the actual beneficiary of World Bank resources are both developing countries such as Turkey, China, India, Pakistan and Mexico and low-income countries, most of them in Africa. These countries have been using the largest share of IDA and IBRD resources due to the having low Per Capital Income (PCI) level. For this reason, necessary arrangements must be made for the World Bank's capital structure and voting power system. As a result of these arrangements, there should be given more voting power (more voice, chair and participation) to the low-income and middle-income countries. These countries should have more power in the decision making process for by Bank's resource allocation and uses of funds .

On the other hand, providing large amounts of funds in line with the mission does not eliminate responsibility of the World Bank to developing countries. Economy, efficiency and effectiveness of the funds are more important than its volume. Therefore, there should be serious continuously external performance audit for the bank. The Bank should first set of the standards of accountability and transparency then become a good model that it promotes to its borrowers (Lerrick, 2006:1-2).

Funds Provided by Bank and Key Financial Indicators

Since its establishment total cumulative amount of IBRD funds has reached \$479 billion dollars at the end of FY 2009. In recent years, annually average over the \$11 billion funds have been provided to the member countries where IBRD commitments in fiscal 2009 totaled \$32.9 billion, which included loans, credits, guarantees, and grants. Based on the IBRD financial statements, major financial indicators in the 2004-2009 financial years as a comparison are summarized in the following table (World Bank Annual Report, 2009:1-64 & IBRD, 2009/a:44-91 & IBRD, 2009/b:1-41).

Table 3: IBRD 2004-2009 Key Financial Indicators (Million USD)						
Financial Indicators	2004	2005	2006	2007	2008	2009
Loans outstanding	109,610	104,401	103,004	97,805	99,050	105,698
Total assets	228,910	222,008	212,326	208,030	233,599	275,420
Total equity	35,463	35,588	36,474	39,926	41,548	40,037
Lending commitments	11,045	13,611	14,135	12,829	13,468	32,911
Number of projects	87	118	113	112	99	126
Gross Disbursements (A)	10,109	9,772	11,833	11,055	10,490	18,564
Principal repayments ((B)	18,479	14,809	13,600	17,231	12,610	10,217
Net disbursements (C=A-B)	-8,370	-5,037	-1,767	-6,176	-2,120	8,347

Source: The World Bank Annual Report 2008, Pg:1-63 & The World Bank Annual Report 2009, Pg:1-61

As seen in the table above, IBRD has provided \$ 32.9 billion for 126 projects in fiscal year 2009, reflecting an increase of \$19.4 billion (%144) from the FY 2007 level of \$13.5 billion (World Bank Annual Report, 2009:1-9).

IBRD has disbursed \$18,6 billion in financial year 2009, as a result commitments in 2009 and/or previous years. However, debtor countries made \$10.2 billion principal repayments to IBRD because of their disbursements in previous years. Thus, net disbursement amount in fiscal year 2009 has realized as positive (\$8,347 billion) after previous 4 financial years' (2004-2008) negative figures. (Ibid:1).

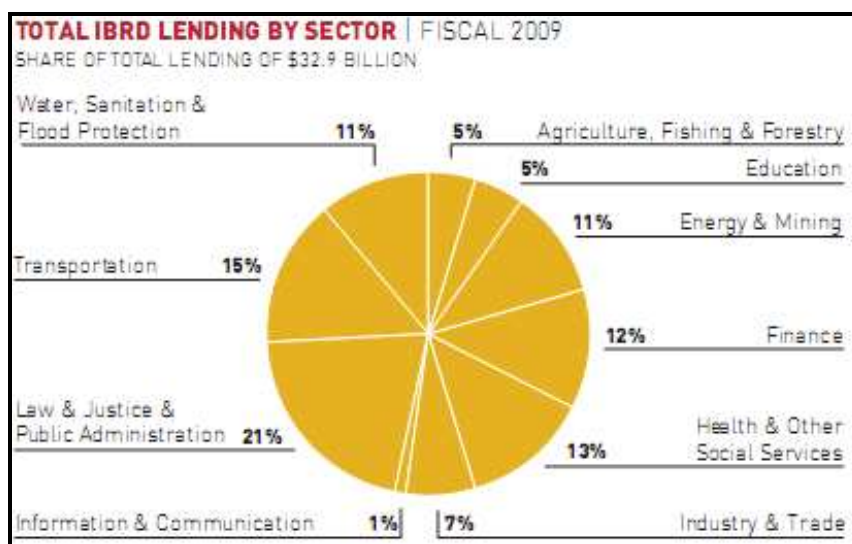
In fact, as seen from the table, in the 2004-2008 financial years, net disbursement from IBRD has realized as negative. This means that IBRD has made collection from debtors which are greater than its commitments. In other words, debtor member countries have made more repayment (principal and interest, due to their loan outstanding balance in IBRD) than amount of their disbursement from IBRD in recent years. As a result of this trend, total borrowers obligations to IBRD (loan outstanding of member countries) have decreases year by year. But the current global economic crisis has affected this trend by increasing loan outstanding figure in FY 2009 from \$99,050 million to \$105,968.

As expressed in the above paragraph, if we don't consider the effect of the current global economic crisis, IBRD loans outstanding balance (claims from debtor countries) has shown a tendency toward decrease since 2003. The loan outstanding figure was \$116.2 billion in FY 2003. Then it has started to decrease year by year and became \$97,8 billion in FY 2007

(\$99 billion for FY 2008). Thus, in recent years, IBRD has become debt collector institution rather than net fund provider. If this trend continues in the subsequent years, fund user member countries should run and find alternative fund sources.

Sectoral and Regional Distribution of Funds Provided by Bank

The following graph shows sectoral distribution of \$32,9 billion IBRD commitments in FY 2009. IBRD committed \$32,9 billion for 126 projects in FY 2009 reflecting an increase of \$19.5 billion (%144) from the FY 2008 level of \$13.4 billion for 99 projects. This amount is the new record of the IBRD exceeding the previous record of \$22 billion realizing during Asian financial crisis of 1999. Law-Justice and Public Administration sector received the largest part of IBRD funds with %21 (%18 in FY 2008). This sector was followed by the “Transportation” %15 (%23 in FY 2008), “Health and Other Social Services” %13 (%5 in FY 2008), “Finance” %12 (%8 in FY 2008), “Energy and Mining” with %11 (%20 in FY 2008) and “Water, Sanitation & Flood Protection” sector with %11 (%10 in FY 2008) (World Bank Annual Report, 2009:59-60).

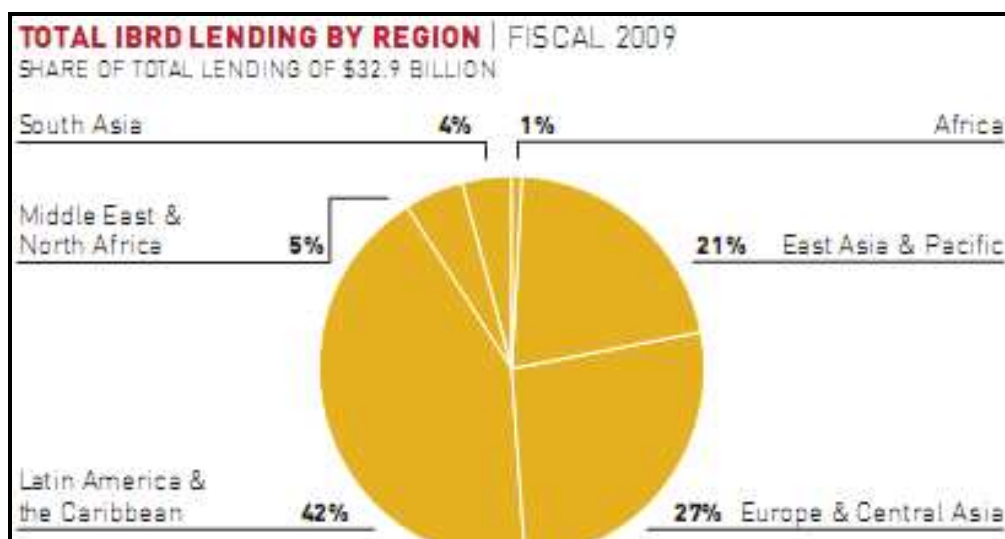


Graph 1: IBRD Lending By Sector in FY 2009

Source: The World Bank Annual Report 2009.

As described in the following graph, once again Latin America and the Caribbean region received the largest part of IBRD funds with %42 in FY 2009 (%32 in FY 2008). This region was followed by Europe and Central Asia (ECA), Turkey is also in this region, with

%27 (%28 in FY 2008), East Asia and Pacific region with %21 (%20 in FY 2008). On the other hand, %49 of IBRD funds was provided just for 5 countries. These countries are Brazil, China, Indonesia, Mexico and Poland. This ratio was worse and the countries were Turkey, Azerbaijan, Brazil, China and India in previous financial year. Their combined commitments were higher %53 in financial year 2008 (World Bank Annual Report, 2009:60).



Graph 2: IBRD Lending By Region in FY 2009

Source: The World Bank Annual Report 2009

One point also should be considered; Africa region received the smallest share of IBRD lending with less than %1, as in previous year. That's because most of the countries in this region have very low per capital income level and they are classified as low-income (poor) countries. So they are eligible for using IDA funds in more appropriate conditions (low or no interest-other charges and fees, longer maturity and grace period).

In the 2007, 2008 and 2009 financial years almost half of IDA funds were provided to African countries. Since its establishment total amount of IDA credits and grants has reached \$207 billion at the end of FY 2009. In recent years, it provides average annual 10 billion dollars funds where approximately %50 goes to the African countries.

Based on the IDA financial statements, major financial indicators in the 2004-2009 financial years as a comparison are summarized in the table below.

Financial Indicators	2004	2005	2006	2007	2008	2009
Loans outstanding (Million \$)	115,743	120,907	127,028	102,457	113,542	112,894
Commitments (Million \$)	9,035	8,696	9,506	11,867	11,235	14,041
Number of projects Supported	158	165	173	188	199	176
Of which development policy lending	23	33	30	35	29	33

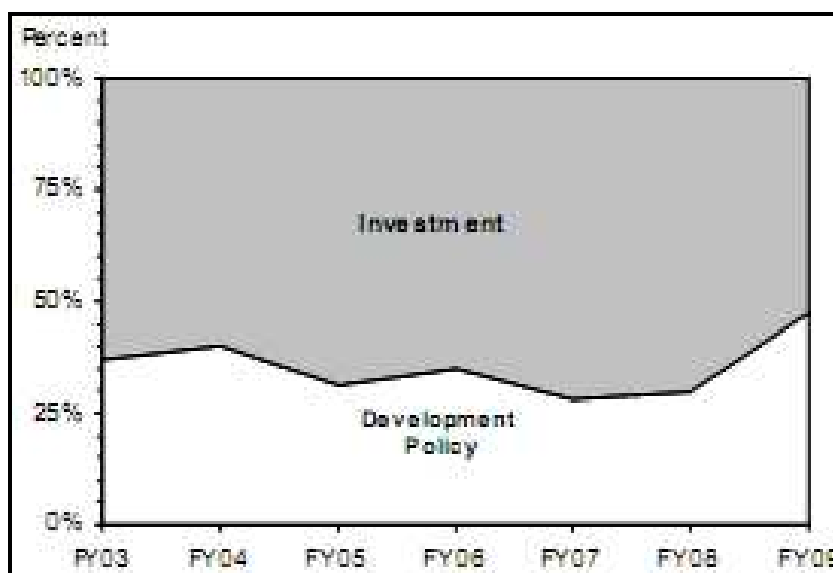
Source: The World Bank Annual Report 2007, Pg:63 & The World Bank Annual Report 2008, Pg:9

IDA commitments were \$14 billion in FY 2009, which is %25 higher than previous financial year, and the highest level in IDA history. These commitments were provided for 199 new operations in 72 countries, the largest share of IDA funds was provided to Africa with \$7.9 billion, or %56 of total IDA commitments (% 50 in FY 2008), South Asia \$4.1 billion or %30 and East Asia and Pacific \$1.2 billion or %9. On the other hand, in FY 2009 the largest part of IDA funds were committed in the Law-Justice and Public Administration with \$2.6 billion, or %19 of total IDA commitments (WB Annual Report, 2008:4,9 & WB Annual Report, 2009:54-55).

There is serious criticism about distribution of funds among countries: a wide gap exists between the Bank's mission and its performance and achievements. While Bank claims to provide most of its funds for poor countries that in need of official assistance because of poverty and lack of access to capital markets, Bank has provided largest share of its resources flows to a few countries with access to private capital. Most of these countries are credit-worthy borrowers, that access to private resource flows and international capital markets. Thus, Bank should provide most of its funds, as parallel to its mission, to the poorest countries that lack capital market access (Meltzer Report, 2000:10-11).

Almost all of IBRD loans are provided to support investment projects or programs in member countries. The following graph shows the percentage of IBRD loans approved for development policy or investment lending between 2003-2009 financial years. We can say that importance of investment loans has been going on. Except in FY 2002, the share of investment loans is higher than policy loans. Because of the global financial crisis in 2001,

World Bank's policy loans, having a short-term focus, had a higher share than investment loans in the following financial year. Mainly because of the current global economic crisis, development-policy lending's share has reached % 41,2 of total IBRD lending in fiscal year of 2009 (it was %29,46 in FY 2008 and %28,34 in FY 2007). That means remain part (58,2% of total IBRD lending) has been committed for the investment projects (IBRD, 2009/b:12).



Graph 3 : IBRD Lending Commitments

Source: IBRD Management's Discussion and Analysis, 2009, Pg:12

World Bank, from its foundation until 1980s, concentrated on investment loans which helps and contributes to developing countries achieving their development objectives. But in the last 25 years, it has also started to provide development (adjustment-program-policy) loans to change social structures of developing countries according to its development model. This change in its mission, in practice, has provided to the Bank making agreements with low-income and developing countries on not only traditional investment (project) loan but also Structural Adjustment Loan (SAL) and the more narrow range Sector Adjustment Loan (SECAL) particularly since 1980. In recent years, "Hybrid Loans", mix of investment and development loans, has also started to apply (Kaya, 2002:19).

Millennium Development Goals and World Bank

The Millennium Development Goals (MDGs) are eight international development goals to be achieved by 192 United Nations member states until 2015. Goals are not only for development. Actually goals are universal and try to achieve human values and rights such as freedom from hunger, the right to health and basic education for every people. It is a responsibility to future generations. The eight MDG goals break down into 21 quantifiable targets that are measured by 60 indicators. These goals were declared with "Millennium Declaration" in September 2000. United Nations (UN) set the Millennium Development Goals with the coordination, partnership and support of many international organizations such as World Bank, IMF, United Nations Development Programme (UNDP), UN Children's Fund (UNICEF), World Health Organization(WHO), Food & Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD) and International Labour Organization (ILO) (Atlı, 2008 & United Nation, 2009).

Millennium development goals cover different quantitative targets in many issues affecting human welfare such as poverty reduction, health, education, gender equality, and environment. Initially to achieve these goals, it was planned to provide annually \$40-60 billion between 1990-2015 to adapt some needed institutional, regulation and policies changes for respective countries. UN General Secretary Kofi Annan announced that developed countries should double their annual aid (\$100 billion) to achieve the development goals determined in the Millennium Summit. On the other hand, the World Bank's previous president Wolfenshon stressed the need to increase in developed countries aid level from 0.5 % to 0.7% of their gross domestic product (GDP) (Uzun, 2003:159).

The eight Millennium Development Goals (MDGs) and related quantifiable targets, also supported by World Bank and to be achieved by Turkey until 2015, are summarized in the table below (Independent Evaluation Group, 2006:93-94).

Table 5: Turkey Millennium Development Goals and Targets	
Goals	Goals targets
Eradicate extreme poverty and hunger	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
Achieve universal primary education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
Promote gender equality	Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.
Reduce child mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
Improve maternal health	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.
Combat HIV/AIDS, malaria and other diseases	Have halted by 2015, and begun to reverse, the spread of HIV/AIDS. Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases
Ensure environmental sustainability	Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers
Develop a Global Partnership for Development	Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the Special Needs of the Least Developed Countries. Address the Special Needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

Source: Independent Evaluation Group, The World Bank in Turkey, 1993-2004:
An IEG Country Assistance Evaluation

In general, we can say that targets are trying the reducing problems instead of removing. For example, " instead of removing of extreme poverty and hunger, reducing is a target", "instead of elimination or removal of developing countries' debt problems, target is dealing comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term".

PART II - COST-BENEFIT ANALYSIS (CBA) OF WORLD BANK FINANCED PROJECTS

General Information About CBA and World Bank Project Cycle

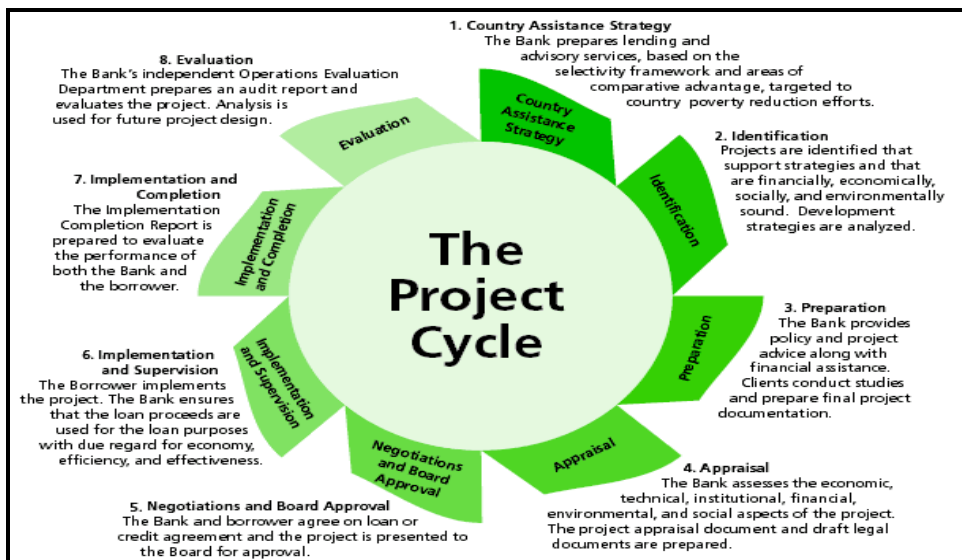
Cost Benefit Analysis (CBA) is usually used to evaluate the value for money of private and public sector projects. It determines the feasibility of a project by quantifying its all relevant costs and benefits in monetary terms.

There are usually four steps in CBA: (Nas, 1996 :60-64)

- Identification of all relevant cost and benefits including positive and negative externalities,
- Measurement the monetary value of all relevant cost and benefits,
- Comparison of cost and benefit streams occurring during the life time of a project,
- Project Selection: Projects are accepted or ranked by considering at least one of the following three project selection criteria.
 - Benefit-Cost Ratio: A project is accepted when its present value of benefits is higher than its cost or ratio is more than 1
 - Net Present Value (NPV): A project is accepted when its NPV is positive (NPV of benefits is higher than NPV of costs)
 - Internal Rate of Return (IRR): A project is accepted when its IRR is higher than market rate or any socially acceptable rate of return.

Another lack that I observed in World Bank financed project is related with CBA. There are CBA sections in the main documents that prepared by the World Bank during the different stages of the project Cycle.

Each stage in the project cycle shown in the following graph, in fact, is a phase of an investment (project) loan. There are eight stages in the project cycle:

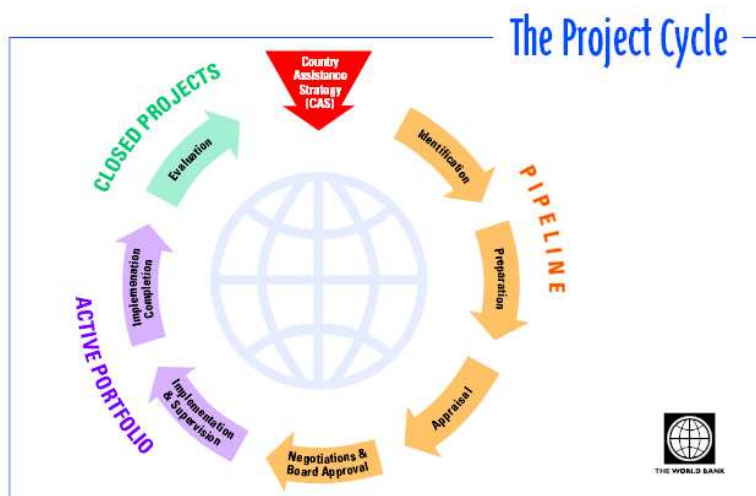


Graph 4 : World Bank Project Cycle

Source: World Bank Web Site.

Before the loan agreement is officially signed between lender (Bank) and borrower, a project has to go through a project cycle procedure. Stages of a project cycle starts with Country Assistance Strategy (CAS) and Project Identification and it is completed with the evaluation phase.

After the preparation of CAS, as described in the following graph, the status of a project is followed in three categories (Active, Dropped and Closed). Furthermore, some projects are dropped because of variety of reasons. So we should also add dropped category for the project status.



Graph 5 : Project Status of World Bank Financed Projects

Source: World Bank Web Site

Dropped Projects: These projects are dropped from Bank's project portfolio for various financial, economic and legal reasons and do not get a chance to be implemented.

Pipeline Project: After the preparation of Country Assistance Strategy (CAS), the project is in the pipeline status during the following stages:

- Project Identification
- The Preparation Phase
- The Appraisal Phase
- The Negotiation and Board Approval Phase

Active Project: Projects under implementation are considered as in the active status during the following stages of project cycle:

- The Implementation and Supervision Phase
- The Implementation and Completion Phase

Closed Projects: Project has a closed status when the project results are evaluated after the project completion period. This stage is in "Evaluation Phase" of the project cycle.

Main documents prepared during the project cycles are: (World Bank Project Cycle, 2008).

The Project Appraisal Document (PAD): This document is prepared by Bank staff during the preparation stage of the project cycle and presents all the financial and technical information, economic and social evaluation of the project. This is prepared for the Bank Board to approve Bank financing of the project during the Negotiation and Approval Phase.

The Implementation Completion Report (ICR): This report is prepared during the Implementation and Supervision Phase of the project, at the end of the loan disbursement period. This report is also prepared by the Bank staff to evaluate results of a completed project. ICR includes accomplishments and problems during the project implementation period, and lessons learned. This is submitted to the Bank Board for information purposes.

Impact Evaluation Report (IER): This report is prepared after the completion of the project, in the last stage of the project cycle (Evaluation Phase), by Bank's Operations Evaluation Department (OED). OED conducts a performance audit by comparing the project original objectives with the results. They evaluate both the economic worth of a project and the long-term effects of this project on people and the environment. Since for many investment projects, the effects are seen or measured in the long-run (for example for a health or an education project we can not see their positive effects- improve in quality of health-education sectors or increase in individual's health-education level- in a short period), IER is prepared 5-8 years after the close of loan disbursements.

Limitations for Cost-Benefit Analysis

Although there are CBA sections in the document that described above (PAD, ICR and IER), CBAs are not or can not be done for the majority of projects. Since for majority of projects economic or financial analysis is not applicable, it is written as "not applicable (N/ A)" in CBA section. There are many reasons why CBA of Bank financed projects have not been done or can not be done. The following may be the main reasons of this problem, but there can be more:

- Since the impacts and results of an investment project can be observed and measured in the long run, a project's success or failure can be evaluated efficiently a few years after the close of loan disbursements for the project. In parallel to this, the benefits of a project can not be observed and measured in a short time because of time lag between implementation period and evaluating the results and benefits of the project. Investment projects in health and education sector mentioned above in IER section are good example for this lag. So for many project, especially in the preparation stage, accuracy of the CBA is mainly dependent on estimation of costs and benefits figures.
- There are some indirect or external costs related to projects other than direct cost of

the project (the amount of loan and funds provided by Bank and other sources for the project and expenditures related with project). Furthermore, negative effects of the projects both on some sectors and on the human is not or can not taken into account as a cost due to monetize or time lag problem.

- Most of the time just positive (negative) effects of a project on primary markets-sectors or individuals who are directly affected from this project in considered as a benefit (cost). But there are also positive (negative) affects and externalities of a project on secondary markets-sectors or individuals who are indirectly affected from this project. These positive-negative externalities and other relevant costs-benefits should also be considered for doing a CBA well.
- There are big difficulties in expressing money value or in measuring monetary value for these types of costs and/or benefits.
- Comparing and analyzing of the benefits and costs of a project in the same period is difficult due to the fact that costs and benefits occur in different periods. CBA attempts to put all relevant costs and benefits on the same time period to compute all relevant future costs and benefits in present-value terms by using a discount rate.

Possible Cost-Benefit Analysis for World Bank Financed Projects

There may be some difficulties, particularly the reasons outlined above, to do cost-benefit analysis. However, World Bank has employed sufficiently experts with the necessary academic background and experience. In addition to these, advisory services can be obtained from outside when needed.

Therefore, the following CBAs may be done during the different periods of the project cycle.

1) Ex ante CBA (Prior the Implementation of the project): This CPA is performed in the “Project Appraisal Document (PAD) prepared by Bank staff during the preparation stage of the project cycle for the Bank Board approval. In this stage the project is still under consideration. Bank Board should take into consideration the results of CBA during the Negotiation and Approval Phase. Project is accepted or not by Bank by considering at least

one of the three project selection criteria that mentioned above (Benefit-Cost Ratio, NPV and IRR).

In this stage CBA is based on forecasted over the life of the project. Accuracy of the CBA will be mainly depending on estimation of costs and benefits figures. So in this stage, instead of finding exact figure, the following 3 different scenarios-cases can be used for CBA and the results can be evaluated by Bank according to each of the three cases in decision making process for the projects.

- Best-case (most-desirable, optimistic) values: Benefit/Cost ratio and NPV is highest.
- Worst-case (least-desirable, pessimistic) values: Benefit/Cost ratio and NPV is lowest.
- Most-likely (expected) values: Benefit/Cost ratio and NPV is between the best and worst cases.

2) In media res CBA (during the project implementation period): This CPA may be performed during the “Implementation and Supervision Phase” of the project. It can be done during the life of a project and it provides Bank to make a decision about future of the project. A feasible project in the preparation stage can be not feasible and useful in the next stages of the project because of many reasons such as changing in economic conditions, emergency situations, and performance of borrower countries.

3) Ex post CBA (After the project’s completion period): This CPA is performed both in the Implementation Completion Report (ICR) and in Impact Evaluation Report (IER). While ICR is prepared during the “Implementation and Supervision Phase” of the project (at the end of the project), IER is prepared a few years after the completion of the project, in the “Evaluation Phase” of the project. These CBA enables lender (Bank) and borrower countries to evaluate their performance in the project and compares the results of CBA in this stage with previous stages. This CBA may also help both sides in decision-making and analysis for the next possible projects and for future project design.

PART III - WORLD BANK - TURKEY RELATIONS AND EFFECTS OF WORLD BANK FUNDS ON TURKISH ECONOMY

General Information About Turkey-World Bank Relations

Turkey became a member of The World Bank in the 1947 and the relationship has reached up today by solidifying. Various applications, notably, within the framework of “Liberalization Programme of Turkish Economy”, disclosed in 24th January 1980, have been implemented in the direction of liberalization in commodity, exchange, capital and labor markets. Parallel to these improvements, as with other international organizations, relationship between Turkey and World Bank has started to be stronger and Turkey’s credit portfolio in World Bank continued increasingly.

In Turkey’s participation process to European Union, The Bank’s aids has continued and coordinated works with both IMF and EU to provide economic stability has accelerated. While World Bank-IMF coordination in Turkey has mainly focused on restructuring of the public sector, improving the competitive environment, social security reform and financial sector reform, EU’ financial support with pre-accession assistance has become important. World Bank usually provides supports for social security, public sector management, public health, water supply and sewage, the environment, agriculture, construction, legal reform, energy sector reform issues in Turkey (Hazine Müsteşarlığı, 2008/b).

Turkey’s credit portfolio in World Bank has increased after the 1999 Marmara earthquake. Funds that have been taken from Bank by Turkey are usually focused on macroeconomic stability, growth, increasing in productivity and major on competitive environment in markets.

Turkey has been a member of IBRD since 1947 and has 0,53% voting power. It has been also a member of IDA since 1960 and has 0,64% voting power. The countries which have more than \$1,095 PCI in 2009 FY are considered graduated from IDA. After

graduation, they are supported by IBRD funds due to the fact that they are not eligible for IDA funds. Turkey graduated from IDA in 1973 and has become active donor since 1987.

As illustrated in the following table, the number of projects (active, closed, dropped and pipeline projects) financed by World Bank in Turkey have been 198. While 170 of these projects (86%) have been financed by investment loans, remain 28 projects (14%) have been financed by policy loans. The number of active projects is 26 where 22 of them are financed by investment loans. The remain 4 projects financed by policy loans are basically used for financing the budget (World Bank Projects & Operations, 2009).

Type of Lending	Status of Projects				TOTAL
	Active	Closed	Drop	Pipeline	
Development Policy Loans	4	22	1	1	28
Investment Loans	22	138	8	2	170

Source: World Bank Web Site, World Bank Projects & Operations

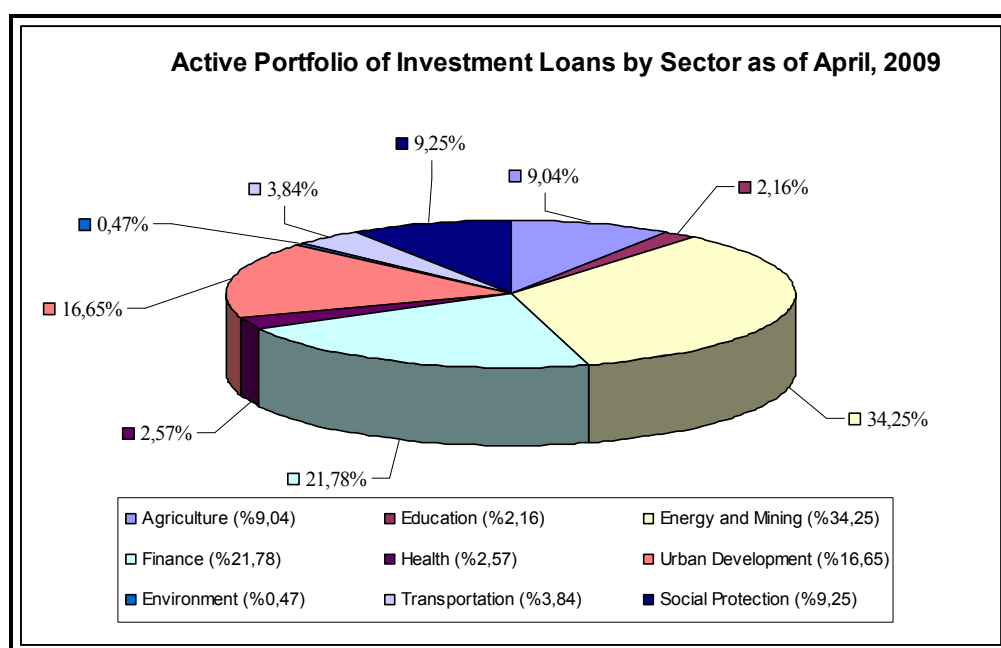
Investment loans are generally provided for financing goods, works, and services in support of economic and social development projects. They have a long-term focus (5 to 10 years). Turkey's heavily used Specific Investment Loan (SIL). These loans are flexible and used for many projects. SILs are usually provided to support creation, rehabilitation, and maintenance of economic, social, and institutional infrastructure. Moreover, they provide technical, financial, economic, environmental and institutional support for a specific investment during the implementation period (World Bank, 2001:6).

Development policy loans are generally provided to support social, structural, and institutional reforms in a sector or support all economy for a short-term focus (1 to 3 years). As of March 4, 2009 there are 4 development projects. All of them are financed by Sector Adjustment Loan (SECAL). SECALs are usually provided for a specific sector to support private sector development, institutional capability, sector policy changes, institutional reforms and expenditure programs. Active SECALs in Turkey financed by World Bank are

basically used for financing the budget (World Bank, 2001: 13,15).

In addition, Country Partnership Strategy (CPS) was approved by the Bank's Board of Executive Directors on February 28, 2008. CPS is the framework and projections of the Bank's financial and technical support to Turkey for the next four years. The bank will provide \$ 6.2 billion to Turkey between 2008-2011 financial years (\$1,8 billion in FY 2008, \$1,8 billion in FY 2009 and remain \$2,6 billion in FY 2010-2011). Both development policy loans and investment loans have equal share (both 50%) in total funding. Turkey is the largest borrower in its region (ECA). In terms of new commitments, it has been also third World Bank borrower of over US\$1.5 billion during the last three years (Hazine Müsteşarlığı, 2008/a:1 & Turkey CPS, 2008:1-45).

The following graph shows active portfolio of Turkey (\$4.807,3 billion) by sector as of April, 2009. "Energy & Mining" sector has the largest part of IBRD funds with %34,25 (\$1.646,4 billion) and it is followed by "Finance" sector with %21,78 (\$1.046,9 billion). Other important sectors are: "Urban Development" (%16,65) and "Social Protection" (%9,25) (World Bank Country Brief, 2009).



Graph 6: Sectoral Distribution of Active Projects in Turkey

Source: World Bank Web Site, Turkey Overview, Country Brief 2009

Disbursement and Repayment of World Bank Funds

World Bank (IBRD and IDA) has committed total of \$29.96 billion funds (investment and development loans) to Turkey between 1950-2008 financial years. As seen in the following table, \$3.75 billion has been canceled for various reasons and net commitments has realized as \$26.21 billion. While \$23.26 billion part of net commitments has disbursed as of October 31, 2009, remain \$3.23 billion undisbursed portion will be used by Turkey in the subsequent periods. Turkey has paid back \$13.8 billion to the World Bank for its obligations. Turkey has still \$9.85 billion obligation to the World Bank, a very small part of this due to exchange rate adjustment (World Bank Country Lending Summaries, 2009).

Table 7: Turkey Lending Summaries from the World Bank			
As of October 31, 2009	IBRD	IDA	TOTAL
Original Principal	29,765,811,000	197,239,446	29,963,050,446
Cancellations	3,746,451,855	1,091,049	3,747,542,904
Disbursed	23,060,964,652.22	196,148,397	23,257,113,049
Undisbursed	3,228,145,575.13	0	3,228,145,575
Repaid	13,658,069,610	147,081,270	13,805,150,880
Due (I)	9,561,337,926	49,067,127	9,610,405,053
Exchange Adjustment (II)	240,499,665	0	240,499,665
Borrower Obligation (III=I+II)	9,801,837,591	49,067,127	9,850,904,718

Source: World Bank Web Site, Projects and Operations: Country Lending Summaries (12.04.2009)

Country Partnership Strategy (CPS)

Country Partnership Strategy (CPS) is a work plan of the World Bank for the member countries. After discussed and approved by the Bank's Board of Executive Directors, CPS sets the framework of the Bank's financial and technical support and activities for the 3-4 years period.

CPS is prepared to promote collaboration and coordination among development partners in member country by considering country's main development problems, social-economic performance, government's development strategy and Bank Group's comparative

advantage in the context of other donor operations. CPS shows the program and support of World Bank Group for a particular country. It is jointly prepared by the Bank and borrower after negotiated between parties. Bank staff meets with government officials, country authorities, civil society organizations, development partners and other stakeholders during the negotiation stage. After this cooperation and partnership between parties, Bank implements its strategy and provides funds and other support activities (analysis-technical assistance and consultancy services) to member country by taking into account country's development program and priorities (World Bank Country Partnership Strategy, 2008).

World Bank's projects-programs supports in Turkey under the previous country assistance strategy (CAS) for 2003-2007 FY have yielded positive results. In Bank-Turkey relations, assistance strategy has been replaced by the partnership strategy in the new period. New strategy (CPS) is based on the Turkey's vision for development highlighted in its Ninth Development Plan 2007-2013. It emphasizes partnership between parties instead of assistance of bank by considering Turkey's own structural and sectoral priorities.

World Bank will provides \$6.2 billion financial instruments (development policy loans 50% and investment loans 50%), analytic, advisory and technical support to Turkey for the fiscal years 2008-2011. CPS, framework of the Bank support, was approved by the Bank's Board of Executive Directors on February 28, 2008 and publicly announced by with news release in the same day (Hazine Müsteşarlığı, 2008/a:1).

CPS's aim is to contribute to improving the quality of lives and opportunities for all Turkish citizens. As a result of this, over time, it is planned to help Turkey to be closer to the standards in EU and OECD countries in terms of levels of income and development. CPS is built on Turkey's Ninth Development Plan and the Government's Program. It will focus on the following 3 components:

- Improved Competitiveness and Employment Opportunities;

- Equitable Human and Social Development;
- Efficient Provision of High Quality Public Services,

In addition to the within the framework of the Long Term Strategy of Turkey (2001-2023), Turkey's 9th Development Plan 2007-2013, which shapes the World Bank Group CPS, was prepared with the vision of "Turkey, a country of information society, growing in stability, sharing more equitably, globally competitive and fully completed her coherence with the European Union" (State Planning Organization, 2006:1).

CPS, the framework of the Bank strategy in Turkey for the fiscal years 2008-2011, is based on Turkey's own development goals and country indicators such as Turkey's vision for development highlighted in its 9th Development Plan 2007-2013, Government Action Plan and Program for Harmonization with EU Aquis. CPS has focused on three pillars. These pillars, related objectives and related five economic and social development axes in 9th Development Plan are summarized in the following table. (Turkey CPS, 2008:27):

Table 8: Turkey's Ninth Development Plan Shapes the World Bank Group CPS		
CPS Three Pillars	Objectives Related with CPS three Pillars	Ninth Development Plan Five Economic and Social Development Axes
Pillar I: Improved Competitiveness and Employment Opportunities	<ul style="list-style-type: none"> ▪ Sustained Economic Stability and Sustained Economic Growth ▪ Increased Private Investment, Improved Financial Intermediation, Deeper and Broader Financial Sector ▪ Increased Employment ▪ Reliable and Efficient Energy Supply and Improved Transportation Infrastructure 	Increasing Competitiveness & Increasing Employment
Pillar II: Equitable Human and Social Development	<ul style="list-style-type: none"> ▪ Increasing Effectiveness and Sustainability of the Social Security System ▪ Health Care System has Improved Governance, Efficiency, User and Provider Satisfaction, and Long-Term Sustainability ▪ Enhancing the Educational System and Increasing the Sensitivity of Education to Labor Demand 	Strengthening Human Development and Social Solidarity
Pillar III: Efficient Provision of High Quality Public Services	<ul style="list-style-type: none"> ▪ Public Expenditures Rationalized and Well Structured ▪ Public Sector Governance Strengthened ▪ Improved Local Service Delivery and Disaster Preparedness 	Ensuring Regional Development & Increasing Quality and Effectiveness in Public Services

CPS should be more customer (borrower) oriented by taking into account borrower countries development strategy, priorities and specific conditions. Countries are usually not

willing to implement reforms unless they select and they rarely sustain reforms if they are imposed by some funding organizations such as Bank and IMF. CPS should be also poverty and development oriented by taking into account strategic selectivity. Moreover, in the development of this strategy, the macroeconomic and external environment, the capacity of the implementing agencies and lesson learned from past experience should be taken into account. Moreover, CPS should be based on a strong coordination and cooperation with stakeholders (IMF, EU, UN, multilateral development banks, private sector, NGOs, etc..) (Kayıkçı, 2004:2-3).

The Cooperation Points of World Bank With Other International Organizations And Countries On Turkey

CPS aims contributing Turkey to access EU and OECD countries' income and development level by improving the quality of lives and opportunities in Turkey. While World Bank has planned to provide \$6.2 billion financial instruments analytic, advisory and technical support to Turkey for the fiscal years 2008-2011, in this context Bank has also considered some international organizations and countries' supports and working with other development partners in Turkey.

International funding organizations, together with some countries, have financial supports in many countries. They have supported policies and projects in these countries for many political, social and economic issues. For example, While EU has provided funds to support economic and social reforms, sustainable development and good governance projects-programs, the World Bank has provided total of \$40 billion funds to support more than 269 projects in China (Halisçelik, 2006:1-3).

Like China many countries, including Turkey, have been supported by both international funding organizations' and some countries' activities and funds. They have assisted macroeconomic stability, sustainable development, EU integration, political, social

and economic issues in Turkey by supporting projects-programs and providing funds and other services (analytic, advisory and technical support). Most of the projects-programs, funds and other services have been provided by IMF, World Bank and EU which are vital for Turkey.

CPS has been prepared to promote collaboration and coordination among development partners in Turkey. In this context Working with other development partners and the following points have been emphasized in the CPS for the fiscal years 2008-2011: Collaboration with the IMF on public sector and financial sector reforms, macroeconomic monitoring, in the context of the EU's Instrument of Pre- Accession Assistance (IPA), EU and EIB financial assistances, engaged with the members of the United Nations (UN) system, World Bank Group institutions (especially IFC and MIGA), the Islamic Development Bank and the Montreal Protocol provide significant development support to Turkey, many countries' support (France, Germany, Japan, Korea, the Netherlands, Spain, Switzerland, the United Arab Emirates, the United Kingdom, and the United States) on a bilateral basis for infrastructure and for sustainable social and environmental development (Turkey CPS, 2008:37-38).

International funding organizations, especially the IMF and the EU having important financial support in Turkey, have common strategies, activities and cooperation points with World Bank on Turkey. Main cooperation points of Bank with other international funding organizations are summarized in the following table (Turkey CPS Annex 2, 2008:1).

Table 9: Cooperation Points Of Bank With Other International Funding Organizations			
International Financial Institution	Strategy and Operations	Financing/Official Development Assistance	Areas of Collaboration with the Bank
Council of Europe Development Bank	Focus on strengthening social integration, managing the environment and developing human capital.	Approximately Euro 1.5 billion for 2008-2011	Education, social loans, health, urban development, judicial development, ecological and natural disasters.
European Investment Bank	Support for enterprise development, infrastructure	At least Euro 2 billion per annum between 2008-10	Energy, earthquake risk mitigation, support to

	development, energy sector and work in partnership with local banks and financial institutions to increase the availability and diversity of financing and improve the investment climate.		SMEs, transport and environment and Infrastructure.
European Union	Ongoing support through MEDA and Pre-Accession Assistance for Turkey. New support through the instruction for Pre-Accession. Focus on institution building, regional and cross border cooperation, regional development (transport, environment, and regional competitiveness), human resources development (employment, education, social inclusion) and rural development.	Euro 1.759 billion for 2008 to 2010 expected.	Education, agriculture and rural development, transport, financial and public sector reforms, irrigation, environment and Avian Flu
IMF	Fiscal adjustment, including incomes policy, urgent revenue and expenditure measures and budget monitoring	Three year stand by arrangement between 2005- 2008: US\$10 billion	Social security reform, financial sector including strengthening of banking supervision and privatization of public banks.
Islamic Development Bank	Focuses on the economic development and social progress of its member countries and Muslim communities in nonmember countries.	Targets a lending volume of US\$150-200 million annually	Trade and Project Finance
UN Group	Focuses on governance, poverty reduction, environment & sustainable development, capacity development for democratic governance, gender & youth, private sector partnership and information technology.	UNDP: US\$33 million delivered between 2006 and 2007, and estimated programmatic delivery of US\$75-90 million between 2008 and 2010. UNHCR: Gross ODA (2004- 05) average of US\$6 million.	Social sectors with focus on poverty reduction, youth inclusion, and technical assistance at the local government level.

Source: Turkey Country Assistance Strategy Annex 2, Pg:1

As summarized in the table above, There are projects-programs and funds provided by different international organizations to assist stabilization policies, political and social-economic issues in Turkey. Most of them have been provided by IMF, Bank and EU. Bank collaborates closely with Turkey's development partners. Among these partners, EU and IMF are particularly important. While IMF supports Turkey's stabilization policies by assisting public sector and financial markets, EU helps candidate countries with The Instrument for Pre-Accession Assistance (IPA) to make necessary economic, political and social reforms. IPA is a new funding mechanism to support Turkey's participation process to EU.

In Turkey's participation process to EU, The World Bank aids have continued and coordinated works with IMF to provide economic stability has accelerated. IMF and EU's

supports have similarities with the development (policy) and investment (projects) loans which are financed by Bank, especially in social security, financial markets, and public sector and socio-economic issues.

While rapid change in the global economy has brought many benefits, it has also caused some problems. As international financial institutions, World Bank and IMF have an important role helping countries to benefit from globalization and to mitigate negative effects it creates. EU has also important role on these issues. Close collaboration between Bank and IMF is vital, but there can be more effective coordination together with other development partners (international funding organizations), especially with EU in Turkey. Because, macroeconomic stability (a major IMF's objective) will not be sustained unless improved quality of public spending, poverty reduction and on overall development prospects, major Bank objectives, and without achieving transition assistance and institution building (a major EU objective in candidate countries). Macroeconomic stability in Turkey will also not be sustained unless achieving millennium development goals (Bank and IMF objective), and achieving Copenhagen criteria (one of EU objective) (Malan Report, 2007:5).

CONCLUSION AND RECOMMENDATIONS

The World Bank undertook important missions and a pioneer role as an important actor for the development aid sources in the international monetary system. The Bank has supported important projects and government programmes in order to ensure economical and social improvement of the developing countries since it was founded. The Bank's support has become more important with the current financial and economic crisis, the most serious problem that the world has been dealing with since World War II. International organizations, especially the World Bank, have responsibility for abating the disastrous affects of "Globalization" on both developing countries and their poor people. Nowadays, there are serious criticisms for the World Bank that has a mission of "working for a world free of poverty".

This mission of the bank is a long-term goal, but it is not easy to measure and achieve ending or reducing poverty. Bank should determine more achievable and measurable goals such as improving quality of life, living standards and achieving millennium development goals, especially for people in the low and middle income countries. Bank should implement policies and programs to balance and reduce the negative effect of globalization. By coordinating with other international organizations, Bank should implement policies that makes phenomenon of globalization more humane, more efficient and more equitable.

Member State's voting power in IBRD plays an important role in the allocation of funds. As a result of this, although the actual beneficiary of World Bank resources are developing countries, in the process of fund allocation and uses of funds for related projects or policies, political preferences and decisions has become more important than rational criteria such as feasibility of the project or program, the cost-benefit analysis of the projects, fund needs of borrower countries and their priorities. So the actual beneficiary countries

should have more power in the decision making process for Bank's resource allocation and uses of funds.

The World Bank should be more customer (borrower country) oriented in their operations. There will be more economic, efficient and effective way in the allocation and use of bank funds, if Bank considers actual beneficiary low-income and developing countries' needs, priorities and preferences instead of political decisions and preferences of fund provider developed countries. This will also contribute the Bank to achieve its mission of " world free from poverty".

In recent years, World Bank has started to leave its mission related with doing project, supporting investment (long-term focus) for development. It has started focus more on policy lending for macro-economic stabilization policies (short-term focus) which are very compatible with IMF's mission of financial stability. The share of the policy lending has been getting increasing with the global financial and economic crisis. Policy lending is mainly the responsibility of the IMF, not the World Bank. This issue is considered as contrary policies to establishment's mission of the World Bank and has been in serious criticism.

Expectations from the World Bank are to use its resources, in accordance with its mission of "“working for a world free of poverty”", more for development-oriented projects-programs, poverty reduction and for mitigating disastrous affects of globalization on both developing countries and their poor people.

Although there are Cost Benefit Analysis (CBA) sections in the main document (PAD, ICR and IER) prepared by Bank, CBA are not or can not be done for the majority of the projects due to the fact that economic or financial analysis is not applicable. However, World Bank has employed sufficiently experts with the necessary academic background and experience. Moreover, advisory services can be obtained from outside when it is needed

CBA should be done during the preparation (Ex ante CBA), implementation of the

project (In media res CBA) and after the completion of the project (Ex post CBA). This analysis will give a tool to the Bank during the decision process of supporting (approval) a project. CBA will prevent the waste of Bank resources by enhancing selectivity of the projects during the preparation and approval stage of the project cycle. Performing CBAs of the same project at different periods will increase accuracy of the analyses and also provide both the lender (bank) and the borrower countries to compare the results of the projects in different stages. It will be a good indicator to evaluate the performance of both the Bank and borrower. Furthermore, it will provide the both sides lesson learned (positive and negative) from the project. Both Bank and borrower will have a better performance for the next projects and they will be able to obtain more efficient and effective implementation and results with more economic projects.

World Bank has continuously criticized and emphasized the concepts of the transparency, financial discipline and accountability in borrower countries. These concepts are important not only for the fund user countries including Turkey, but also for the Bank. These issues should be a performance indicator for both parties. Although World Bank's financial and compliance audits are conducted by independent audit firms, performance audit related with its uses and sources of funds is not conducted. Performance audit is not conducted for the Bank financed projects in fund user countries, either. Member countries, donor countries and organizations, civil society organizations and non-profit organizations should investigate how the Bank uses its resources, the amount and results of their contributions. In this regard, they should request Bank to be more accountable and transparent in its activities by conducting performance audit for both World Bank itself and projects financed by Bank in borrower countries.

Performance audit will inform public whether World Bank manages its sources in accordance with the principles of economic, efficiency and effectiveness. It will also add

value to the Bank's transparency and accountability. Moreover, World Bank will improve its performance in subsequent periods by using findings-recomendatitions and lesson learned described in the performance audits. Providing large amounts of funds in line with the mission does not eliminate responsibility of the World Bank to developing countries. Economy, efficiency and effectiveness of the funds are more important than its volume. The Bank should first set of the standards of accountability and transparency then become a good model that it promotes to its borrowers.

It is also essential for the bank to have standard, understandable, measurable and monitorable indicators to assess the efficiency and effectiveness of bank program for development. There may be some potential risks for both lender (bank) and beneficiary countries (borrower countries benefit from projects and programs). Therefore, a risk assessment should be done for both borrower countries and lender by analyzing the likelihood and impact of possible risks (economic-financial, internal-external, social-political, technical-environmental, etc.). This will likely improve performance of both the effectiveness of Country Partnership Strategy (CPS) and the implementing agencies (countries, institutions and related organizations, the World Bank).

International organizations and countries, which are giving important financial supports to Turkey, have common strategies and cooperative efforts with the World Bank on Turkey. Although these organizations have different missions, structures, procedures cultures, and different activities and priorities in Turkey, they have also common concerns. These differences may provide also the strengths and complementarities for the international funding organizations. They may complement each others mission and activities in Turkey. Since they have similar concerns and want their activities and funds to be successful in Turkey, they should have common strategies and cooperative efforts to be more economic, efficient and effective in their activities. Collaboration will enhance efficiency of both

international funding organizations and Turkey as a fund user. To benefit from these supports, Turkey should also ensure the necessary coordination among the international funding organizations.

The institutions in World Bank Group have different missions and specialize in different aspects of development, but they use their comparative advantages to work collaboratively for development. In Turkey, in addition to the IBRD activities, a strong International Finance Corporation (IFC) program and Multilateral Investment Guarantee Agency (MIGA) contributes to the achievement of the CPS objectives. So while preparing CPS, collaboration and cooperation among these institutions should also be taken into account.

Millennium development goals cover some universal targets such as poverty reduction, health, education, gender equality and environment for developing countries to achieve by 2015. Unfortunately it has become more difficult to achieve these targets with the current financial and economic crisis. Although, these targets do not exactly meet with the objectives of World Bank, which has a mission of "world free of poverty", they have become important performance indicator for both the World Bank and the member states. Millennium development goals should be taken into consideration as a performance indicator also by Turkey. Since these goals are related with increasing and improving both individual and social quality of life and living standards, Turkey should implement necessary policies in coordination with World Bank and other international institutions.

BIBLIOGRAPHY

- Atlı, Altay, (2008), “Milenyumun Neresindeyiz”, 30 Temmuz 2003, http://altayatli.blogspot.com/2003_07_01_archive.html, [Retrieved:February 01, 2008].
- Cenk, Ömer Faruk, (1996), “Türkiye'de Dünya Bankası Kredilerinin Kullanımı ve Uygulamada Karşılaşılan Sorunlar”, Hazine Müsteşarlığı, *Uzmanlık Tezi*, Ankara, Pg:1-27.
- Eğilmez, Mahfi, (1996), Uluslararası Para Fonu (IMF), Dünya Bankası Grubu ve Türkiye. Dünya Bankası Yayınları No: 2, Pg:64-123.
- Halişçelik, Ergül, (2006), “The World Bank and the European Union’s Cooperation on China, Globalization and its Implications”, The Heinz School Review Volume 3, Issue 1, March 15, 2006.
- Hazine Müsteşarlığı, (2008/a), Basın ve Halkla İlişkiler Müşavirliği 29 Şubat 2008 tarih, 2008/28 sayılı Basın Duyurusu, Pg:1-2.
- , (2008/b), Hazine Müsteşarlığı DEİ Genel Müdürlüğü Dünya Bankası Projeleri Dairesi, İtranet Servisi, http://hmbs/web_e/yenidei/03Daireler/GTanimi_DBPD.htm, [Retrieved:19.03.2008].
- Independent Evaluation Group [IEG], (2006), “The World Bank in Turkey: 1993-2004: An IEG Country Assistance Evaluation.” The World Bank Washington, DC 2006, Pg:1-115.
- International Bank for Reconstruction and Development [IBRD], (2009/a), “Financial Statements and Internal Control Reports”, Washington D.C., Pg:44-91.
- , (20089/b),”Management’s Discussion and Analysis”, Washington, Pg:1-41.
- International Development Assocation [IDA], (1960), “IDA Articles of Agreement”, September 24, 1960.
- Kaya, Safiye, (2002),“Dünya Bankası ve Türkiye”, Sayıştay Dergisi, Sayı 46-47, Temmuz-Aralık 2002.
- Kayıkçı, Sabrina, (2004) “Dünya Bankası’nın Yeni Kredi Verme Yöntemi: Ülke Destek Stratejisi ve Türkiye Uygulaması”, *Kamu Yönetimi Dünyası Dergisi*, Ocak-Haziran 2004.
- Krugman, Paul, (1985), “International Debt Strategies in an Uncertain World”, Washington, DC:The World Bank, 1985, Pg:79-100.
- Lerrick, Adam, (2002), “Are World Bank Claims of Success Credible? It is Time For An

- External Performance Audit”, Carnegie Mellon Gailliot Center for Public Policy, Quarterly International Economics Report, March 2002, Pg:1-4
- ,(2006),“Audit World Bank’s Performance”, Coto Institute Economic Development Bulletin, Project On Global Economic Liberty, No: 8 June 20, 2006, Pg:1-2.
- Malan Report, (2007), “Report of The External Review Committee On Bank–Fund Collaboration”, Final Report, February 2007, Pg:1-58
- Meltzer Report, (2000), “Report of the International Finacial Instutions Advisory Commission”, Allan H.Meltzer Chairman, March 2000, Pg:1-175
- Nas, Tevfik F.,“Cost-Benefit Analysis: Theory and Application”, SAGE Publications, February 1996, Pg:60-64
- Perkins, John, (2007), “Bir Ekonomik Tetikçinin İtirafı 2, Ekonomik Tetikçiler, Çakallar, Dünya Bankası ve IMF”, Turkish Version of “Confessions of an Economic Hit Man 2”: April Yayıncılık, 2. Baskı, December 2007.
- State Planning Organization, (2006), “Ninth Development Plan 2007- 2013”, Decision Of Turkish Grand National Assembly Decision on the approval of Ninth Development Plan (2007-2013), Decision No: 877, Decision Date: June 28, 2006, Pg:1-127.
- Stiglitz, Joseph E., (2004), “Küreselleşme Büyük Hayal Kırıklığı”, Turkish Version of “Globalization and Its Discontents”, Plan B Yayıncılık, Üçüncü Basım, İstanbul, Nowember, 2004.
- Turkey Country Partnership Strategy [CPS], (2008), “IBRD IFC MIGA Country Partnership Strategy with The Republic of Turkey For The Period FY 2008-2011”, Report No. 42026-TR, January 25, 2008, Pg:1-45
- Turkey CPS Annex 2, (2008) “Annex 2: Major Development Partners”, Annex of Country Partnership Strategy with The Republic of Turkey For The Period FY 2008-2011, Report No. 42026-TR, January 25, 2008, Pg:1-2.
- United Nation, (2009), “Millennium Project, Millennium Development Goals”, <http://www.unmillenniumproject.org/goals/gti.htm>, [Retrieved:19.02.2009].
- Uzun, Ayşe Meral, (2003), “Yoksulluk Olgusu ve Dünya Bankası”, *C.Ü. İktisadi ve İdari Bilimler Dergisi*, Cilt 4, Sayı 2, 2003.
- World Bank, (2001), “World Bank Lending Instruments Resources for Development Impact, Second printing, July 2001.
- World Bank About Us, (2009),” Home,About Us,IBRD”World Bank Web Site, <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/EXTIBRD/0,,menuP>

K:3046081~pagePK:64168427~piPK:64168435~theSitePK:3046012,00.html,
[Retrieved:March 19, 2009].

World Bank Annual Report, (2007), Washington D.C., Pg:1-64.

World Bank Annual Report , (2008), Washington D.C., Pg:1-64.

World Bank Annual Report , (2009), Washington D.C., Pg:1-64.

World Bank Brochure, (2007), Washington D.C., Pg:1-12

World Bank Country Brief, (2009), "Home, Countries, Europe and Central Asia, Turkey, Overview, Country Brief 2009", World Bank Web Site, <http://www.worldbank.org.tr/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/TURKEYEXTN/0,,contentMDK:20630704~menuPK:361720~pagePK:141137~piPK:141127~theSitePK:361712,00.html>, [Retrieved: December 04, 2009].

World Bank Country Lending Summaries, (2009),"Home, Projects, Country Reports, Country Lending Summaries, Turkey" World Bank Web Site, http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,pagePK:64392398~piPK:64392037~theSitePK:40941~countrycode:TR~countryname:Turkey~menuPK:64382427~eop_date:31-Oct-2009,00.html, [Retrieved: December 04, 2009].

World Bank Country Partnership Strategy, (2008)," Home, Countries, Europe and Central Asia, Turkey, Country Partnership Strategy", World Bank Web Site, <http://www.worldbank.org.tr/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/TURKEYEXTN/0,,contentMDK:20187130~pagePK:1497618~piPK:217854~theSitePK:361712,00.html>, [Retrieved: March 23, 2008].

World Bank Project Cycle, (2008)," Home, Countries,Europe and Central Asia, Turkey, Project Cycle", World Bank Web Site, <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/TURKEYINTURKISHEXTN/0,,contentMDK:20819638~pagePK:141137~piPK:141127~theSitePK:455688,00.html>, [Retrieved:February 13, 2008].

World Bank Projects & Operations, (2009),"Home, Projects,Projects Database,By Country/Area," World Bank Web Site, <http://web.worldbank.org/external/projects/main?pagePK=217672&piPK=95916&theSitePK=40941&menuPK=223661&category=regcountries®ioncode=5&countrycode=TR&sortby=PROJECTSTATUSDISPLAY&sortorder=ASC>, [Retrieved:February, 04.2009].