COST & BENEFIT ANALYSIS OF INVESTMENT PROJECTS FINANCED BY THE WORLD BANK

Dr. Gürkan Ateş **Dr. Ergül Halisçelik**

[1]Assistant Professor at Faculty of Business & Economics, Girne American University, Chairman of Mülkiye Economic and Research Center. gurkan.ates@gau.gov.tr

[2]Senior Treasury Controller at Republic of Turkey Prime Ministry Undersecretariat of Treasury, Vice Chairman of Mülkiye Economic and Research Center. Part-Time Lecturer at Baskent & TED Universities.

Abstract: The World Bank Group is composed of 5 closely associated institutions. 189 member countries are the owners of these institutions and have authority and final decision power. 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 of poverty reduction. World Bank provides 3 kinds of lending instrument to member countries. These are investment (project) loans, development policy (program-adjustment) loans and the hybrid loans. Starting with Country Assistance Strategy and Project Identification and with the following stages and completed with the evaluation phase, there are eight stages in a project cycle of the investment projects financed by the Bank. While Cost Benefit Analysis (CBA), process of identifying, measuring and comparing benefits and costs of an investment project or program, is usually used to evaluate the value for money of private and public sector projects, it determines the feasibility of a project by quantifying all relevant costs and benefits in monetary terms. Although there are CBA sections in the document prepared by bank, CBAs are not or cannot be done for the majority of projects. In this study, after introduction of the World Bank Group, its mission, lending instrument, project cycle of the bank financed projects, useful and applicable recommendations will be given for the CBAs of bank financed projects.

Keywords: Cost Benefit Analysis, Project Cycle, Investment, World Bank, Loans

1. Introduction

The World Bank Group and the comprehensive narrow World Bank have different meaning. The World Bank Group is composed of 5 closely associated institutions. 185 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, 2009:4 & World Bank, 2013).

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, 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. The world economy has experienced challenging economic, financial, and development conditions.

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 IDA and 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.

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).

World Bank provides 3 kinds of lending instrument to member countries. These are: investment (project) loans, development policy (program-adjustment) loans and the hybrid loans. 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). Development policy (program-adjustment) loans are generally provided in exchange for commitments by borrowers to support social, structural, and institutional reforms in a sector or support all economy. Policy loans have a short-term focus (1 to 3 years), and provide quick-disbursing external financing.

There are eight stages in a project cycle of the bank financed project. Stages of a project cycle starts with Country Assistance Strategy (CAS) and Project Identification and with the following stages it is completed with the evaluation phase. 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 all relevant costs and benefits in monetary terms. There are CBA sections in the main documents that prepared by the World Bank during the different stages of the project Cycle. Although there are CBA sections in the document that described above (PAD, ICR and IER), CBAs are not or cannot be done for the majority of projects. 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).

2. Projects Cycles of World Bank Financed Projects

2.1. Types of Lending Instruments

World Bank provides 3 kinds of lending instrument to member countries. These are: investment (project) loans, development policy (program-adjustment) loans and the hybrid loans, a combination between a pure investment loan and a development policy loan.

2.1.1. Investment Loans

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). There are some requirements in the process of Bank's decision process for investment loans such as project should contribute to borrower country's economic development, loans should be used for strong, productive and feasible projects, and the borrower country should have loan repayment capacity (Halisçelik, 2008:52).

Bank Investment loans provided by the Bank for a project do not fully finance the project. Bank partially finance a project, the remaining portion is financed by beneficiary country's internal sources and/or by outside sources (other international organizations, other countries). In other words, investment projects are funded with co-finance method. The purpose of this method is to prevent payments of the tax, fees, etc.. from Bank sources and ensure ownership of the project by member countries (Eğilmez, 1996:75).

The most of the investment loans are either Specific Investment Loan (SIL) or Sector Investment and Maintenance Loan (SIM). Adaptable Program Loan (APL) and Learning and Innovation Loan (LIL) were introduced recently by Bank to provide more innovation and flexibility to borrower countries. Technical Assistance Loan (TAL), Financial Intermediary Loan (FIL) and Emergency Recovery Loan (ERL) are other type of investment loans tailored to borrower countries' specific needs (Halisçelik, 2008:52).

2.1.2. Development Policy Loans

Development policy (program-adjustment) loans are generally provided in exchange for commitments by borrowers to support social, structural, and institutional reforms in a sector or support all economy. Policy loans have a short-term focus (1 to 3 years), and provide quick-disbursing external financing. Coordination with the IMF is an important part of the preparation of a policy loan. Like IMF stand-by agreement, funds are disbursed in one or more stages (tranches). Fulfillment of various socio-economic, politic and legal objectives can be a requirement for release of tranches. When the borrower country complies with determined conditions, criteria or benchmarks or achieves socio-economic performance indicators and satisfactory macro-economic environment, then tranches are released by the bank for borrower country (World Bank, 2001:3, 13 & Halisçelik, 2008:61-65).

The purpose of development lending is to ensure countries, affected by internal and external shocks and crisis, to capture growth rate of pre-schock period by implementing 4-5 years adjustment policies. It supports countries to prevent crisis or to mitigate adverse economic and social impacts of current crisis (Wolff, 1987:33).

The most commonly used development loans are Structural Adjustment Loan (SAL) and Sector Adjustment Loan (SECAL). Programmatic Structural Adjustment Loan (PSAL), Special Structural Adjustment Loan (SSAL) and Rehabilitation Loan (RIL) are other types of development t loans, designed to respond to specific borrower needs.

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).

Thus, 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-stabilization policies (short-term focus) which are very compatible with IMF's mission of financial stability. 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.

2.2. Phases of Projects Financed By World Bank

2.2.1. Project Cycle

The Bank has supported important projects and government programmes in order to ensure economic and social improvement of the low and middle income countries since it was founded. World Bank gave priority to traditional project (investment) loan agreements until 1980s. These loans are generally provided for financing goods, works, and services in support of economic and social development projects. Projects have a long-term focus and loans provided for the projects are disbursed in 4-5 years period.

Development policy (program-adjustment) loans have provided for 25 years to support social, structural, and institutional reforms in a sector or support all economy. Like IMF stand-by agreement, they have a short-term focus (1 to 3 years), and provide quick-disbursing external financing, and disbursed in one or more stages. The stages of development policy loans, in general, are different than investment loans. But, they have large similarities in the preparation, negotiation, approval and supervision stages. Each stage in the project cycle shown in the following graph, in fact, is a phase of an investment (project) loan (Halisçelik, 2008:80-83).

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 with the following stages it is completed with the evaluation phase. There are following eight stages in a project cycle (World Bank, 2016/a):

- Country Assistance Strategy (CAS)
- Project Identification
- The Preparation Phase
- The Appraisal Phase
- The Negotiation and Board Approval Phase

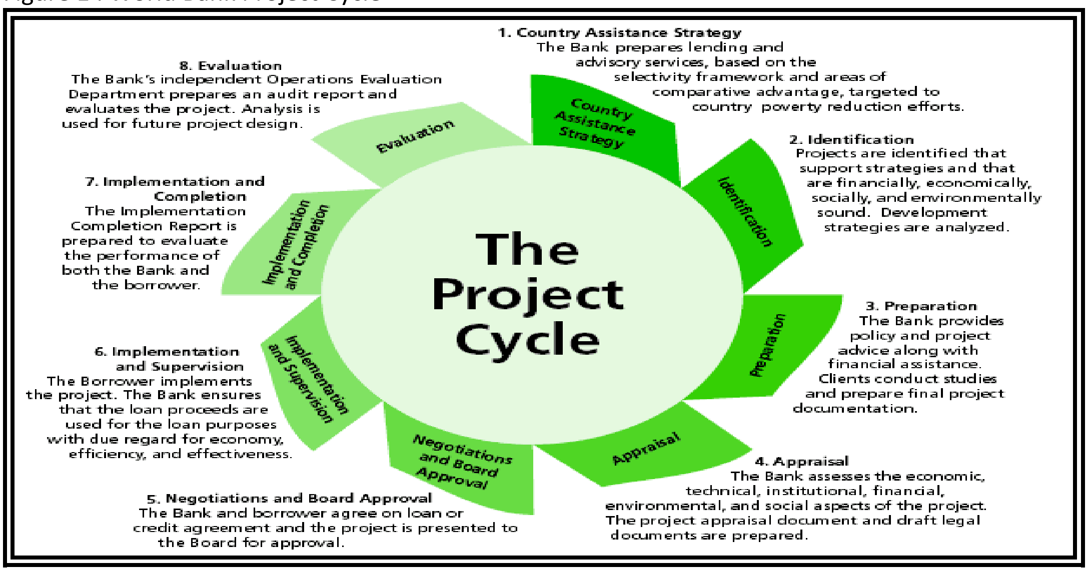
- The Implementation and Supervision Phase
- The Implementation and Completion Phase
- The Evaluation Phase

Country Assistance Strategy (CAS) was accepted as a new policy by Bank in July 1998 and has been implemented since then. It shows the program and support of World Bank Group for a particular country for the next 3-4 years period (World Bank, 2016/b).

After the CAS is jointly prepared by the Bank and borrower, as illustrated also in the graph above, following stages are completed by Bank and/or by borrower (IBRD, 2009:11):

- IBRD provides loans to governments, governmental authorities or private enterprises of its member countries to promote the use of funds for effective results.
- Identification phase of an investment project financed by IBRD loans is required to meet some IBRD standards such as economic, technical, financial, institutional and environmental. The development strategies are also analyzed in this stage.
- The process of a regular project identification, appraising a project, and approving and disbursing a loan longs over several years. But for emergency situation such as for an earthquake project it has a shorter period.
- Borrower prepares the project by considering technical, institutional, economic, environmental and financial issues. The Bank provides policy and project advice to borrowers during the preparation stage.
- Generally, the appraisal of projects is carried out by IBRD's operational staff (economists, engineers, financial analysts, and other sector and country specialists). They prepare either Project Appraisal Documents (investment projects) or Program Documents (for adjustment operations) for bank management's approval.
- Loan must be approved by IBRD's Executive Directors.
- Borrowing country is responsible for the implementation of the project, while the Bank is responsible for supervision. Borrower implements the projects by considering fulfillment of conditions as set out in the loan agreement. During implementation stage, IBRD's experts review progress, monitor compliance with IBRD policies and assist for problems for ensuring the use of funds more economic, efficient and effective.
- When the loan disbursement period finishes, a completion report is prepared to evaluate the performance of lender and borrower to identify accomplishments, problems, and lessons learned.
- The Independent Evaluation Group prepares an audit report to evaluate the projects and operations in terms of meeting major objectives and for future project design.

Figure 1 : World Bank Project Cycle



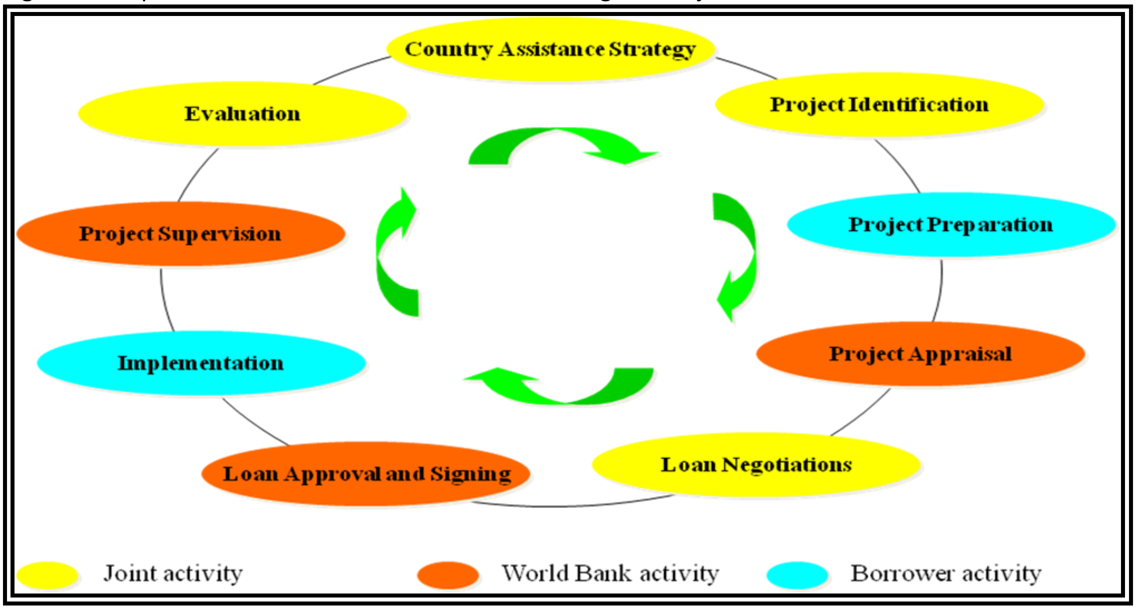
Source: World Bank Web Site.

2.2.2. Responsibilities of Lender and Borrower During the Project Phases

As seen in the following graph, the World Bank project cycle starts with "Country Assistance Strategy", jointly prepared by the Bank and borrower even before the emergence of the idea of project identification. And it covers all of the main stages until the independent evaluation, which stars after the completion of the project (Halisçelik, 2008:95).

As summarized in the graph above, while for some stages of the project cycle both parties are jointly responsible, for some stages either borrower country or lender (bank) is responsible alone. While Bank is responsible alone for "Project Appraisal", "Loan Approval and Signing" and "Project Supervision" stages, Borrower is responsible alone for "Project Preparation" and "Implementation" stages. Bank and Borrower are jointly responsible for "Country Assistance Strategy", "Project Identification", "Loan Negotiations" and "Evaluations" stages.

Figure 2: Responsibilities of Lender and Borrower during the Project Phases.



Source: WorldBank

2.2.3. Status of the Projects During the Project Phases

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 (Halisçelik, 2008:93-94):

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:

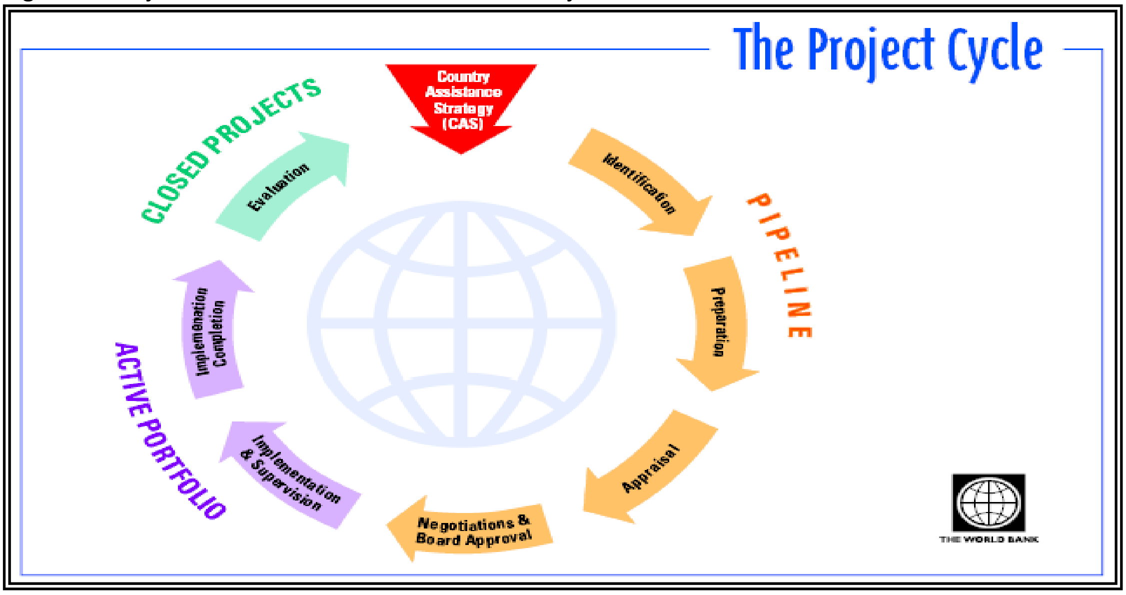
  - The Implementation and Supervision Phase
  - The Implementation and Completion Phase

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.

The main selection criteria for the World Bank to provide funding in a country are based on level of poverty in that country and the country's performance. While World Bank accomplishes its mission of poverty reduction, it also creates a stable economic situation for development of fund user countries by increasing investment and employment opportunities.

Both World Bank and fund user countries are required to share responsibilities in the project identification, preparation, appraisal and implementation and fund disbursement, supervision and auditing stages. This will provide World Bank to fulfill its objectives and disturbing its resources economically, efficiently. In addition to the borrower country's awareness of its responsibilities during the project cycle, it should also take advantage of World Bank's experience, knowledge, advice and recommendations to operate project cycle effectively and to achieve desired results from the project. As a result of this, while the expected chance of success for the projects or programs increase in that country, World Bank also deservedly increases its probability of accomplishing its task and objectives.

Figure 3 : Project Status of World Bank Financed Projects



Source: World Bank Web Site

3. Cost-Benefit Analysis (CBA) of World Bank Financed Projects

3.1 General Information about Cost-Benefit Analysis

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 all relevant costs and benefits in monetary terms.

There are many different definition of CBA, but the following is so comprehensive: "A systematic framework for economic appraisal of proposed public and private projects from a public interest point of view". Although there are many different approach for the evaluation of CBA of a project, the following mythology can be used as basic standard for "with and without approach" to CBA. The decision maker can be thought of as standing at a node in a decision tree as illustrated in Graph 4. While the analyst might "recommend" the project, decision maker decide either undertake the project or don't undertake the project (Campbell & Brown, 2003:1-3).

On the other hand, CBA of European Commission Investment Projects is defined as an analytical tool for judging the economic advantages or disadvantages of an investment decision by assessing both its costs and benefits in order to assess the welfare change attributable to it. CBA has seven steps; Description of the context, Definition of objectives, Identification of the project, Technical feasibility & Environmental sustainability, Financial analysis, Economic analysis and Risk assessment. The analytical framework of CBA refers to a list of underlying concepts (European Commission, 2015:25-26):

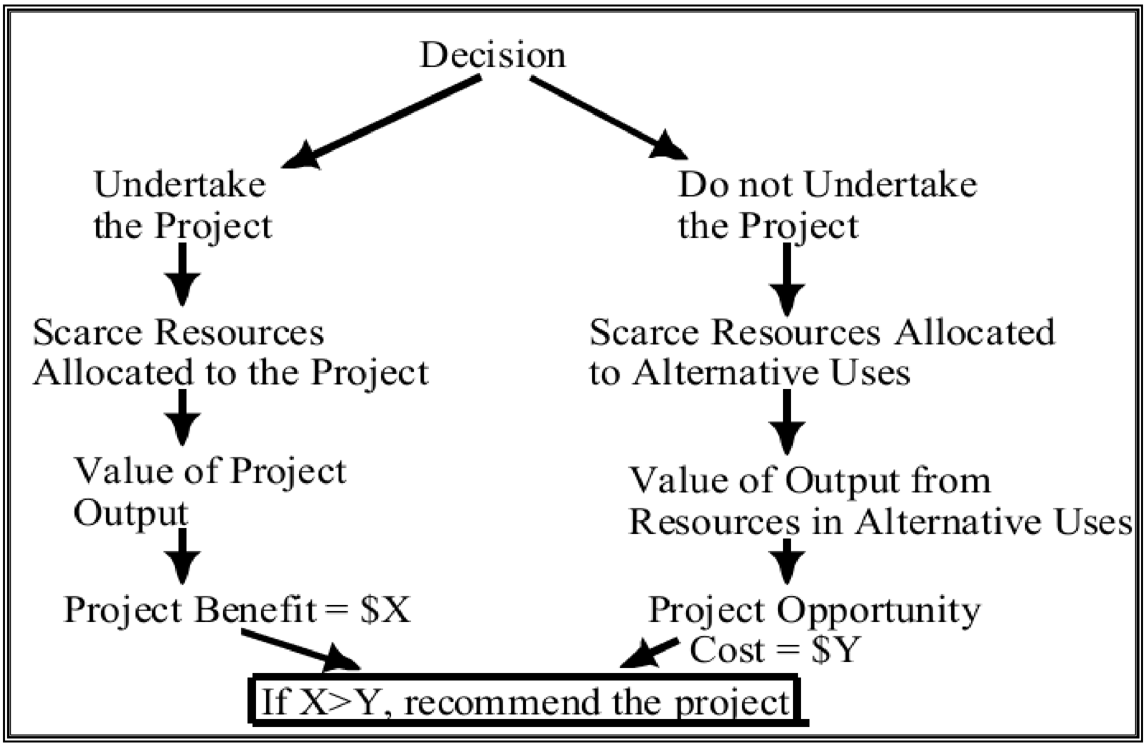
- **Opportunity cost:** potential gain from the best alternative forgone,

- **Long-term perspective:** A long-term outlook is adopted, ranging from a minimum of 10 to a maximum of 30 years or more, depending on the sector of intervention.
- **Calculation of economic performance indicators expressed in monetary terms:** CBA is based on a set of predetermined project objectives, giving a monetary value to all the positive (benefits) and negative (costs) welfare effects of the intervention.
- **Microeconomic approach:** CBA is typically a microeconomic approach enabling the assessment of the project's impact on society as a whole via the calculation of economic performance indicators, thereby providing an assessment of expected welfare changes.

While there are seven steps for CBA of European Commission Investment Projects, 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.
  - **Incremental approach**: CBA compares a scenario with-the-project with a counterfactual baseline scenario without-the-project.

Figure 4 : The "With and Without" Approach to Benefit-Cost Analysis



Source: Campbell & Brown

3.2 Documents Prepared During the Project Cycle

As illustrated in the following graph, many documents are produced in each stage of the project cycle:

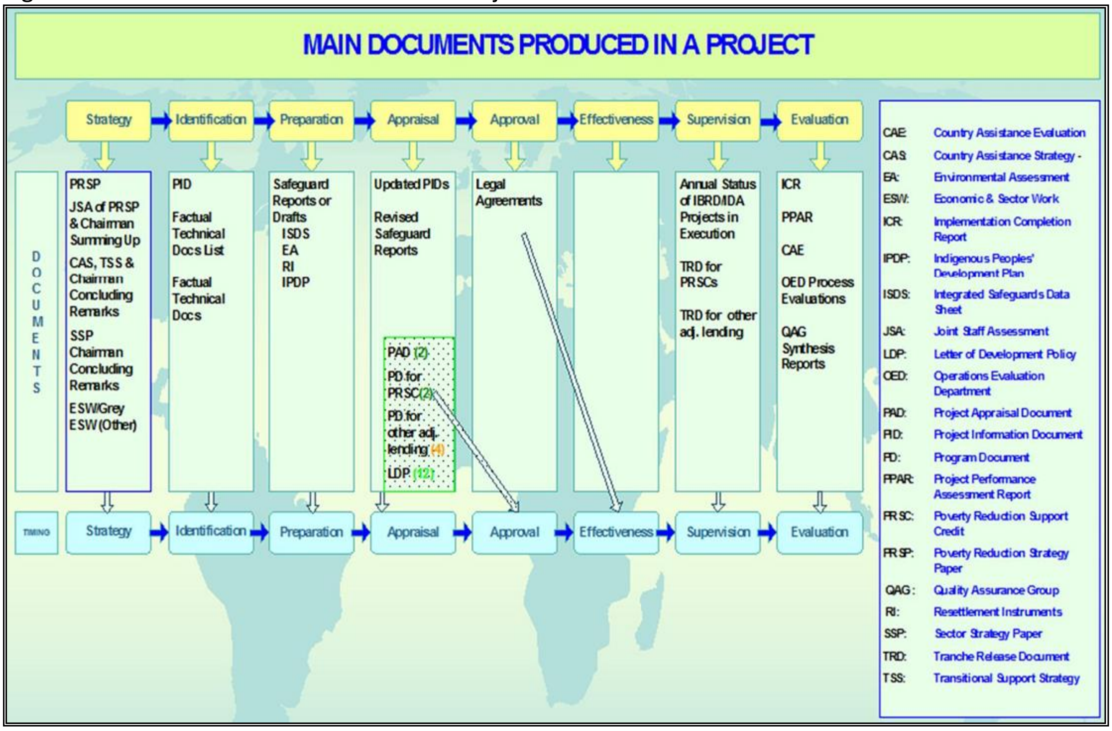
Another lack observed in World Bank financed project is related with CBA. There are CBA sections in the main documents that prepared by the World Bank during the different stages of the project Cycle. These documents are (World Bank 2016/a):

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 cannot 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.

Figure 5 : Main Documents Produced In a Project



Source: World Bank

3.3 Limitations for Cost-Benefit Analysis

Although there are CBA sections in the document that described above (PAD, ICR and IER), CBAs are not or cannot 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 cannot 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 cannot 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 cannot taken into account as a cost due to monetarize 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.

3.4 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:

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.

In media res CBA (during the project implementation period): This CBA 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.

Ex post CBA (After the project's completion period)**:** This CBA 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.

So CBA should be done during the preparation, implementation of the project and after the completion of the project. This analysis will give a tool to the Bank during the decision process of supporting 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.

In addition, the World Bank and borrower countries will have a chance to evaluate and measure their performance during the project cycles and CBA provides opportunities for both sides to compare the project results after the completion of the project with the objective in the planning stage. So the results of the CBA will be good indicators to evaluate the performance of both the Bank and borrower.

This analysis will also provide a support for both sides to measure whether they received expected results from the project or not. Furthermore, It will provide the both sides lesson learned (positive and negative) from the project. This CBA may help both sides in decision-making and analysis for future project design. It will improve Bank's systems for project evaluation, performance evaluation and project selection methods of both sides. Thus, the project's partners (banks and the people, institutions and organizations in borrower countries and implementing agencies) will have a better performance for the next projects and they will able to obtain more efficient and effective implementation and results with more economic projects.

4. 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 economic 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 effects 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.

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 effects 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 cannot 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 able to obtain more efficient and effective implementation and results with more economic projects.

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