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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

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Meeting: Executive Management Cttee
Chaired by: Sven Sandström
Wednesday, April 16, 1997
9:30 - 11:00 a.m.
E 1227 Conference Room

 Archives



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Other #: Box #:

President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Materials
Executive Management Committee - Sven Sanstrom - April 16, 1997

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A. CLASSIFICATION

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B. SUBJECT: Executive Management Committee Meeting - Chaired by
Sven Sandstrom
Brief Contains Agenda and tab:
- Development Grant Facility

DATE: 04/16/97

C. VPU

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E. COMMENTS:

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EXECUTIVE MANAGEMENT COMMITTEE SECRETARIAT
Office of the President

Executive Management Committee

Chaired By: Sven Sandström

Wednesday, 16 April, 1997

9:30-11:00 am

Conference Room E-12-27

AGENDA

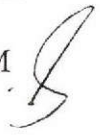
1. **Round-the-table Updates.**
2. **Development Grant Facility**
 - ☞ Paper of April 11, 1997 from Mark Baird (enclosed)
 - ☞ Presentation by Nawal Kamel
3. **Attendance at the Annual Meetings in Hong Kong**
 - ☞ Presentation by Ken Choi
4. **Monitoring of the Strategic Compact**
 - ☞ Presentation by Orsalia Kalantzopoulos

Hany A. Assaad
11 April 1997

OFFICE MEMORANDUM

DATE: April 11, 1997

TO: Executive Management Committee

FROM: Mark Baird, Vice President, SRM 

EXTENSION: 36022

SUBJECT: **The Development Grant Facility: A Proposal**

Attached is the revised draft for the annotated outline of *The Development Grant Facility: A Proposal*, reflecting your comments. Also attached is a draft of the accompanying cover note for Executive Directors, outlining the next steps involved in this consultative process, and identifying some of the main issues on which we solicit their comments.

The paper, as well as the cover note, will be discussed at the EXCOM meeting on Wednesday April 16, 1997. As you know, a key element of the rationale underlying the DGF is the need for greater focus of Bank grant funding. In this regard, we may want to discuss the approach to identifying Bank priority areas for grant funding, as well as the process involved in such exercise.

Attachments

FROM: Vice President and Secretary

April 11, 1997

The Development Grant Facility: A Proposal

Attached please find a copy of the annotated outline for the Development Grant Facility (DGF). This outline will be discussed at an informal meeting of the Board scheduled for Tuesday May 13, 1997.

The purpose of the meeting is to consult with the Executive Directors on the overall framework of the proposed DGF, and to obtain their feedback prior to developing the full proposal.

If the Executive Directors broadly agree with the approach suggested in the annotated outline, management would prepare a proposal for the creation of the DGF. This full paper, which would take into account comments received from the Executive Directors, would be scheduled for consideration by the Board in June 1997.

In order to help develop the full proposal, we would particularly appreciate the Executive Directors' insight and comments on the following *issues*:

1. ***Grants as a strategic tool for pursuing the Bank's objectives.*** Building on the *Strategic Compact*, the outline argues that the Bank faces a broader development agenda and a more diverse range of partners. In this context, the outline argues for a more strategic approach to Bank grant financing, and the creation of a tool to achieve this objective. Such a tool would complement existing programs, and allow the Bank to take a greater leadership role in spearheading new areas of development activity, and in responding to a broader range of needs. It would also act as a catalyst to attract private and public resources towards shared development objectives and enhance the Bank's flexibility in building new partnerships.

Do the Executive Directors agree that the Bank needs to develop a more strategic approach to grant financing, and to create a new tool to support such an objective?

2. ***The proposed approach and structure of the DGF.*** In order to achieve a more coherent and proactive grant-making strategy, the proposed DGF would consolidate all existing Bank arrangements for grant financing under a single umbrella mechanism. From the perspective of efficient management, this single mechanism would sharpen the focus of Bank support, enable more consistent governance, and introduce a more systematic quality control and oversight by the management and the Executive Directors. From the perspective of the Bank taking a leadership role in meeting global challenges, this mechanism would enhance its ability to make strategic choices and would support a better positioning of the Bank as a partner and leader of development innovation.

Do the Executive Directors agree with the rationale and approach to creating a new umbrella instrument to provide a consistent framework for Bank grant financing? Do Executive Directors agree with the proposed governance structure of the DGF?

3. ***Achieving greater focus and selectivity in Bank grant making.*** DGF resources would complement, rather than substitute existing sources of financing. Within the possible array of admissible programs, greater focus and selectivity would be achieved by identifying priority areas for grant funding. These would be based on the Bank's strategic objectives in support of the development needs of its member countries. A key element of the DGF framework would, therefore, involve identification of strategic priorities for Bank grant funding.

Do the Executive Directors agree with the need to identify key areas for Bank grant funding, and which principles would they suggest as a basis for setting such priorities?

4. ***Funding structure for the DGF.*** Funding for the DGF would be from IBRD net income/surplus, and would be modeled on the approach used to replenish the *Debt Reduction Facility for IDA-Only Countries*. In addition, current financing under the Special Programs (out of the Administrative Budget) would be maintained. At the program level, sources of funds (net income/surplus or administrative budget) would be determined flexibly on a case-by-case basis, and would depend on the nature of the program.

Do the Executive Directors agree that the Debt Reduction Facility for IDA-Only Countries serves as a useful model for the DGF? And do they agree with the flexible approach to determining the source of funds at the program level?

Questions concerning the paper should be addressed to Ms. Nawal Kamel (ext. 85587).

Distribution:

Executive Directors and Alternates
President's Executive Committee
Senior Management, Bank, IFC, MIGA

DRAFT

**THE DEVELOPMENT GRANT FACILITY:
A PROPOSAL**

AN ANNOTATED OUTLINE

April 11, 1997

The World Bank
Strategy and Resource Management
Partnerships Group

THE DEVELOPMENT GRANT FACILITY: A PROPOSAL

ANNOTATED OUTLINE

Table of Contents

	Page No.
I. INTRODUCTION	1
Overview of current Bank grant programs	1
A key objective of the proposal	2
II. GRANT FINANCING AS A STRATEGIC FOCUS OF BANK ACTION	7
A broader development agenda.....	7
The changing nature of the Bank's business.....	7
The Bank's comparative advantage	8
Grants as a strategic tool	8
III. THE PROPOSED DEVELOPMENT GRANT FACILITY (DGF).....	10
The instrument	10
Setting priority focus for the DGF	12
Rationale for the DGF.....	12
Structure of the DGF.....	13
Recipients of DGF funding.....	15
Funding structure and Bank contribution	16
 LIST OF ANNEXES	
ANNEX 1	CURRENT PROGRAMS WITH WORLD BANK GRANT FINANCING.....18
ANNEX 2	ILLUSTRATIVE PROGRAMS FOR POTENTIAL WORLD BANK GRANT FINANCING....22
 LIST OF BOXES	
BOX 1	RATIONALE FOR BANK GRANT FINANCING5
BOX 2	ACHIEVEMENTS AND COUNTRY BENEFICIARIES OF SELECTED CURRENT GRANT PROGRAMS UNDER THE SGP.....6
BOX 3	SPECIAL GRANTS PROGRAMS ELIGIBILITY CRITERIA..... 11
BOX 4	THE DEBT REDUCTION FACILITY FOR IDA-ONLY COUNTRIES.....17
 LIST OF TABLES	
TABLE 1	WORLD BANK GRANT FINANCING, FY85-96.....3
TABLE 2	WORLD BANK SPECIAL GRANTS PROGRAM, FY93-97.... 4
TABLE 3	PROPOSED STRUCTURE OF THE DGF.....14

THE DEVELOPMENT GRANT FACILITY: A PROPOSAL

AN ANNOTATED OUTLINE

I. INTRODUCTION

- The *Allocation of FY96 Net Income, Transfers of surplus and Plan for FY97* (R96-160) discussed at the Board last summer, as well as *The Strategic Compact: Renewing the Bank's Effectiveness to Fight Poverty* (R97-24) recently adopted by the Board, both make a reference to the Development Grant Facility (DGF) as an instrument for Bank grant funding.
- The *Strategic Compact* argues that the Bank's products and services should be broadened to include those targeted at providing multi-country public goods. Following this lead, the objective of this annotated outline is to make the case for grant financing as a strategic focus of Bank action, to propose the establishment of the DGF as a new instrument to achieve this objective, and to highlight the main elements for its design. The aim is to elicit Executive Directors' feedback on the overall framework, prior to developing the full proposal to be submitted in May.

Overview of current Bank grant programs

- Special grants were first introduced in FY73 and, since that time, they have become an important development instrument for the Bank.¹ Support for special programs in the initial years was directed to agricultural research programs sponsored by the Consultative Group on International Agricultural Research (CGIAR), as well as to a program for the control of *onchocerciasis* (riverblindness) in the Volta River basin of West Africa. In FY81, for the first time, the Bank made a similar contribution to the Special Program for Research and Training in Tropical Diseases (TDR), co-sponsored by the United Nations Development Programme, the World Bank and the World Health Organization.
- These grants were made by IDA out of transfers from IBRD net income. Starting in FY82, the IBRD contributions to special programs were transferred to the Bank's administrative budget. There have been, however, special transfers made from IBRD net income for special purposes. In FY85, a grant was made to the Special Facility for Sub-Saharan Africa for an amount of \$150 million. Since then, the Bank has made total net income allocations of \$469 million in FY85-96 to various recipients. In addition, IBRD net income has been contributing to IDA (since 1964), to the Debt

¹ Technical assistance grants were first introduced in FY60-61 as part of the services the Bank provides to its member countries.

Reduction Facility for IDA-only Countries (in 1989, 1993 and in 1996), and more recently, a commitment has been made to the HIPC Trust Fund (1997).

- In FY85-96 the Bank has allocated \$888.6 million for Special Programs in the administrative budget. In FY96, total contributions to special grant programs financed out of the administrative budget amounted to \$113 million. The main recipients were CGIAR, Institutional Development Fund (IDF), CGAP, TDR and *Onchocerciasis* Control program which, together, accounted for more than three-fourths of the grants \$83.2 million financed out of the administrative budget.
- Major programs funded from the Special Programs of the administrative budget (e.g., SGP, CGAP, IDF) have a well-established governance structure, and their operation is periodically reviewed by Executive Directors. *Table 1* provides an overview of World Bank grant financing in FY85-96. *Annex I* provides a brief description of current programs which benefit from Bank grant contribution.

A key objective of the proposal

- Over the years, there have been a proliferation of Bank programs financed by grants. *Box 1* highlights the stated rationale for Bank grant contribution to these programs under the Special Grants Program (SGP), as adopted by Executive Directors in 1990. *Box 2* indicates achievements and country beneficiaries of selected grant programs currently supported by the SGP.
- Allocations out of net income/surplus have, however, been recommended on a case-by-case basis by Executive Directors, and approved by the Board of Governors. Every new proposal has been defended in isolation, and an overall transparent and consistent framework that provides a strategic rationale for the programs has been missing.
- As an illustration of the current approach, *Table 2* shows that in FY93-97, 67.5% of SGP funds were allocated to agriculture, 21.5% to Health, Nutrition and Population, 3% to Environment, and 0.8% to Education and Social Policy (the remaining 7.1% were spread across different sectors). This distribution has emerged as an outcome of decisions made at the activity level, in response to needs in member countries. The current system does not, however, have a mechanism for determining a distribution that reflects strategic priorities of the Bank in supporting its members.
- Overall, the Bank's grant activities would benefit from a greater focus on explicit priorities, and the high leverage of the Bank in mobilizing funds could be more proactively pursued to influence convergence of donors efforts towards shared objectives. For the Bank to respond to the broader development agenda, grants need to become an integral and strategic part of its products. A key objective of this proposal is to provide a consistent institutional framework and a governance structure that appropriately reflects the need for greater focus and a proactive management of strategic priorities for the Bank's grant making.

TABLE 1
WORLD BANK GRANT FINANCING FY85-96

IBRD OPERATING INCOME

ADMINISTRATIVE EXPENSE

GRANT CONTRIBUTION TO SPECIAL PROGRAMS: FY85-96 (\$ million)

SPECIAL PROGRAMS

PROGRAMS	85	86	87	88	89	90	91	92	93	94	95	96
Special Grants Program of which:	39.0	43.7	47.2	49.3	60.8	60.8	64.9	65.6	68.0	86.0	86.4	77.9
• CGIAR ^{a/}	28.1	28.9	30.0	32.0	33.3	34.3	35.2	36.5	40.0	53.0	50.3	41.5
• Oncho ^{a/}	2.5	2.5	2.5	2.0	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.6
• TDR	3.4	3.2	3.1	3.2	3.5	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Institutional Development Fund									25.0	25.0	25.0	25.0
CGAP											5.3	10.3
Emergency Assistance to Somalia									20.0			
Rwanda Relief Fund											0.1	
Lewis T. Preston Educ. Prog. for Girls											2.3	
Robert S. McNamara Fellowship	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	b/	b/
TOTAL	39.1	43.8	47.3	49.4	60.9	60.9	65.0	65.7	113.1	111.1	119.1	113.2

^{a/} Excludes secretariat support.

^{b/} Included in DEC/EDI budget at about \$0.1 million.

PROGRAMS ^{c/}	85	86	87	88	89	90	91	92	93	94	95	96
Global Environment Trust Fund						29						
Technical Assistance for the Former Soviet Union							30					
Emergency Assistance for Rwanda										20		
Trust Fund for Gaza											90	
Trust Fund for Bosnia and Herzegovina												150 ^{d/}
Special Facility for Africa	150											
TOTAL	150					29	30			20	90	150

^{c/} Does not include IBRD net income allocation to IDA and more recently the commitment to the HIPC Trust Fund. Does not include either IBRD net income allocation to the Debt Reduction Facility for IDA-only countries of \$100 m in 1989, \$100 m in 1993 and \$100 m in 1995.

^{d/} Amounts financed from surplus

NET INCOME

Allocation to

RESERVES WAIVERS

IDA

HIPC

SPECIAL ALLOCATIONS

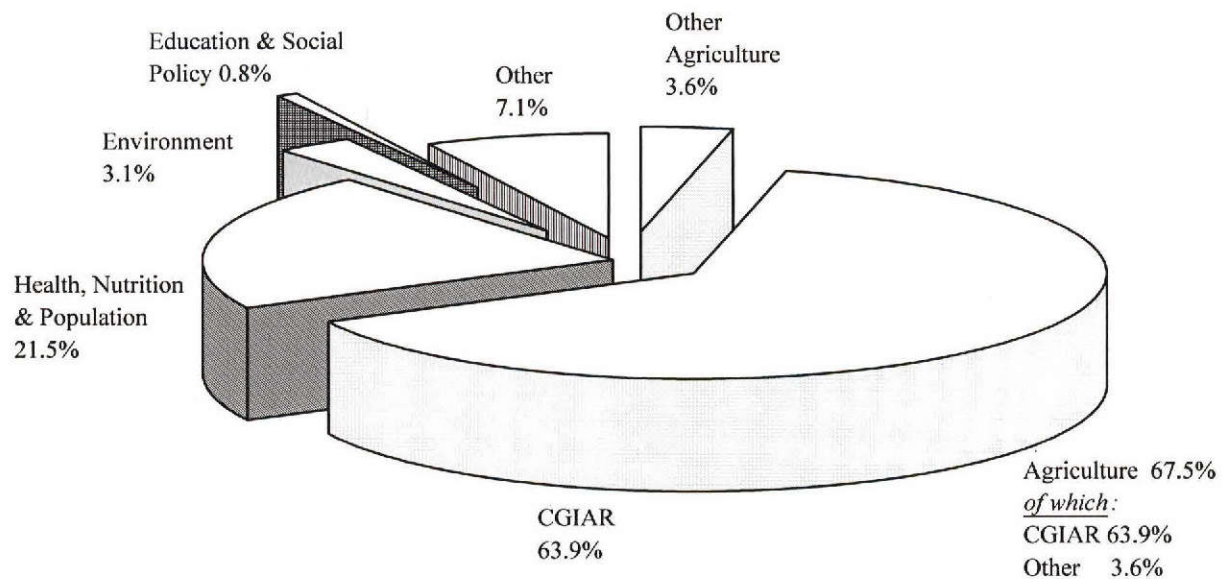
SURPLUS

Table 2

World Bank Special Grants Program, FY93-97

(\$ million and %)

	FY93		FY94		FY95		FY96		FY97		FY93-97	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Agriculture	47.8	70.4	61.7	71.7	58.9	68.1	49.2	63.2	51.1	63.9	268.7	67.5
<i>of which</i>												
CGIAR (Program+Secretariat)	43.6	64.2	57.9	67.3	55.7	64.4	46.8	60.1	50.5	63.1	254.5	63.9
Other	4.2	6.2	3.8	4.5	3.2	3.7	2.4	3.1	0.6	0.7	14.2	3.6
Health, Nutrition & Population	13.1	19.3	15.8	18.4	17.3	20.1	20.7	26.6	18.8	23.5	85.8	21.5
Environment	1.0	1.4	2.3	2.6	4.0	4.6	2.9	3.7	2.1	2.6	12.2	3.1
Education & Social Policy	0.1	0.1	0.7	0.8	0.8	0.9	0.4	0.5	1.3	1.6	3.2	0.8
Other	6.0	8.8	5.6	6.5	5.4	6.3	4.8	6.1	6.7	8.3	28.4	7.1
Total	68.0	100.0	86.0	100.0	86.4	100.0	77.9	100.0	80.0	100.0	398.4	100.0



BOX 1

RATIONALE FOR BANK GRANT FINANCING

The stated **rationale** of the Bank's grant programs, as articulated in a report endorsed by Bank management and the Executive Directors in 1990, was described as follows^{1/}:

The primary rationale for the Bank's participation in grant-making activities is their usefulness as adapted instruments for addressing critical or new development issues, which have not customarily been (or cannot be) handled with the instruments normally used to implement the Bank's regular programs. Through its leadership role in some programs (e.g., CGIAR), the Bank has guided their evolution. The leverage effect of Bank contributions in terms of attracting larger total contributions from other donors is an important reason for Bank involvement. The Bank's presence provides assurance to other donors of sound financial management and administration of the programs. This, in turn, generates donor support. And, conversely, it mandates appropriate scrutiny and tight administration of grant programs.

As to whether the Bank is in the **grant making business**, the report specifies:

In contrast to specialized public and private foundations, grant making is not a "core business" activity of the Bank. The Bank uses grants to finance only those activities which contribute towards its development objectives, but cannot usually be accommodated for operational or organizational reasons within its regular programs. Grants are not the primary instrument for promoting development. However, given the present size of the special grants programs (nearly 7% of total budget, and leveraging total resources 6-10 times as large), grant-making cannot be regarded as merely peripheral. The history of some grant programs shows that they were initiated by the Bank, and the Bank has since taken a major role in terms of governance, fund-raising coordination, and administration of trust funds. In sum, while grant-making is not the primary purpose of the Bank, grants have become a significant part of the Bank's institutional activities.

Finally, the report calls for the Bank to play a more **proactive role** in the decision for grant financing:

The Bank has taken the lead role in creating and guiding some major grant programs (e.g., CGIAR). More recently, the Bank has been instrumental in the formation of the Mediterranean Environmental Technical Assistance Program, and the African Capacity Building Initiative. Thus, for some large grant programs, the Bank has taken a proactive approach by seeking out opportunities and by encouraging the set-up of new institutions. However, more often than not, the Bank reacts to requests and proposals for participation.

^{1/} Source: "Grant Financing of International Development Activities: Review of the Special Grants Program", CEBP91-1, October 9, 1990

BOX 2

ACHIEVEMENTS AND COUNTRY BENEFICIARIES OF SELECTED CURRENT GRANT PROGRAMS UNDER THE SGP

<u>Program</u> (SGP Funds contributed during FY86-97)	<u>Achievements</u>	<u>Country Beneficiaries</u>
Special Programme for Research and Training in Tropical Diseases (\$42.2 million)	Supported R&D for control of six major tropical diseases; many areas of success in disease control	India, Brazil, Bangladesh, Indonesia, Myanmar, Nigeria, Southern Cone of Latin America, Sudan, Southern Europe, Africa
Special Programme of Research, Development and Research Training in Human Reproduction (\$21.0 million)	Developed new and improved contraceptive methods	Global
Children's Vaccine Initiative (\$1.4 million)	Developed new vaccine for children	Global
Consultative Group for Early Childhood Development (\$0.1 million)	Increased awareness of education's importance in early childhood development	Global
Early Childhood Development Study (\$0.4 million)	Developed study for optimizing development of children living in poverty	Nigeria, Thailand, Hong Kong, China, Poland and Romania
Female Genital Mutilation and Adolescent Health (FGM) (\$0.9 million)	Reduced incidence of FGM and provision of technical assistance	Guinea Conakry, Mali, Togo, Nigeria, Gambia, Niger, Mauritania, Kenya, Ethiopia, Burkina Faso, Guinea, The Gambia, Egypt
Safe Motherhood (\$6.1 million)	Reduced maternal mortality	Affects 150 million women globally
Population NGOs (\$6.7 million)	Capacity-building support for local NGOs	Global
Comparative Action Research and Scale-up of the REFLECT Approach to Adult Literacy (\$0.2 million)	Improved adult literacy rates	Ghana, Zimbabwe, South Africa, Burundi, Uganda, Senegal, Mozambique, India, Nepal, Bangladesh, El Salvador, Guatemala
METAP Environmental Capacity-Building in the Mediterranean (\$7.5 million)	Better management of water and coastal resources and pollution problems.	Albania, Algeria, Croatia, Cyprus, Egypt, Jordan, Lebanon, Morocco, Slovenia, Tunisia, Turkey, West Bank and Gaza
Poverty and Social Welfare Monitoring in Transitional Economies. of Europe and Central Asia (\$0.1 million)	Improved international understanding of socioeconomic dynamics of transition and development of in-country capacity to provide internationally comparable social welfare data	FSU and Central and Eastern Europe including Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Moldova, Poland, Russia, Slovakia, Slovenia, Ukraine
Business as Partners in Development Programs (\$0.4 million)	Building institutional-capacity and sustainability of public/private partnership organizations and business coalitions in developing countries	Hungary, Poland, Slovakia, Bulgaria, Czech Republic; Moscow, St. Petersburg; Zimbabwe, Namibia, S. Africa; Bangladesh, India, Pakistan, Nepal, Sri Lanka; China, Vietnam, Indonesia, Thailand, Philippines; Egypt; Colombia, Brazil, Mexico.

II. GRANT FINANCING AS A STRATEGIC FOCUS OF BANK ACTION

A broader development agenda

- During the early eighties, fast-disbursing adjustment lending emerged as one of the key features of the World Bank's product line. From project financing, the Bank moved into the design of policy reforms, with balance-of-payment support extended to central governments to underwrite the costs of adjustment. In a relatively short period, adjustment lending has transformed the Bank from an investment and project-financing institution, into a broader development finance agency, actively engaged in program-financing. Macroeconomic and sector policy became a central focus of the Bank dialogue with borrower countries. This transformation was essential for the Bank to fulfill its development mission.
- As the *Strategic Compact* indicates, the Bank development environment has evolved in two major ways:
 - (a) ***Broader nature of development issues.*** Global economic integration and economic interrelationship between nations has led to a heightened interest by member countries to address regional or global development issues which transcend national boundaries. Increasingly, demand for public goods appears at the forefront of the development agenda.
 - (b) ***Broader scope for participation in development.*** Local government authorities, the private sector and, more broadly, the civil society have emerged as prominent actors in the development arena. This reflects:
 - the general move towards decentralization of governments, increased local government authorities, as well as broader privatization in several segments of economic activities;
 - the general move to seek the participation of the private sector, and entities rooted in the civil society, to work closely with governments on national development issues.

The changing nature of the Bank's business

- As a consequence of the broader development agenda, the business environment of the Bank has evolved in two major ways:
 - (a) ***Global issues.*** The Bank finds itself moving beyond its traditional project or program financing, into "global" financing, typically focused on global aspects of sustainable development that transcend national boundaries. These include such multinational or regional activities as: promotion of agricultural research for sustainable food security; eradication and

prevention of epidemics and diseases; technological development of communication and information systems; global water partnership; ecosystem protection; and development of research networks.

- (b) **Partnerships.** The Bank is increasingly called upon to interact with a broader and more diverse range of partners in development efforts (e.g., private sector entities, local government authorities, professional associations, NGOs, Foundations and other entities of the civil society). Bank support is increasingly sought in encouraging private sector participation in development as funders for activities of particular relevance to poor communities (e.g., private sector R&D for new products needed by the poor in the health sector; joint ventures in energy generation devices for rural communities). A role is also sought from the Bank to assist governments strengthen their relationships with the civil society in addressing development issues (e.g., fostering mutual learning and dissemination of experience concerning government-civil society operational partnership and dialogue, and capacity-building of civil society service providers). In its relationship with its partners, there will be cases where the Bank will participate in a support role, with partners taking the lead based on their comparative advantage.

The Bank's comparative advantage

- This broader development agenda provides the Bank with a unique opportunity to exercise leadership in responding to changes in the global economy. This is because the new challenges fall within the area of the Bank's comparative advantage. As the *Strategic Compact* specifies:
 - (a) The Bank is the only global institution at work in all spheres of development, and with nearly universal membership.
 - (b) The Bank has a clear comparative advantage with its wealth of cross-country experience, and its great potential for partnerships.
 - (c) The Bank has a powerful convening power which, along with its international standing, provides it with a unique opportunity to act as a catalyst of resources towards development.

Grants as a strategic tool

- Treating grants as an integral component of the Bank's products and services would help the institution respond to the evolving development business environment. It would also allow the Bank to fully exercise a leadership role in addressing the emerging challenges, where existing lending and non-lending instruments are no longer adequate to meet the changing role of the Bank. Where other sources of funding are not available, a greater focus on grant-making would provide the Bank with an efficient approach to:

- (a) ***Addressing global development issues.*** The type of development assistance needed to address global issues is not suited for Bank loans or IDA credits, and does not fit easily within the Bank's country-focused operational programs. Yet, there is a need to provide support for global public goods, and invest seed-capital in response to international demand for action. The Bank has thus far funded some of these global public goods on a case-by-case basis through grants. However, the Bank has not placed this funding in a strategic and coherent framework.
 - (b) ***Developing strategic partnerships.*** The Bank, along with central governments, is increasingly called upon to interact with other participants, many of whom have a long-standing involvement in the development arena (e.g., the private sector, entities of the civil society, professional associations, Foundations). The Bank has been able, thus far, to respond to the new challenges of this broader partnership mainly through the provision of grants on a case-by-case basis. Developing a tool to actively seek strategic alliances with partners would allow the Bank to meet demand in a more effective and efficient way, to sustain partnerships where they exist, and to nurture the development of new areas of collaboration.
 - (c) ***Acting as a catalyst to mobilize development finance.*** The Bank is already playing a prominent role in mobilizing and helping to enhance the development impact of official development assistance. The Bank could exercise more leadership in this critical area to meet shareholder interests, where these cannot be addressed through normal Bank/IDA instruments. The Bank's catalytic role has already allowed it to leverage its own contribution in an important way (sevenfold through the Special Grants Programs). With a limited input of its own resources, the Bank can also mobilize and leverage other funds, and facilitate private sector and civil society participation in development. Such leadership can also help build a convergence of action by various participants in the development arena towards shared objectives.
- Altogether, in order to deliver its broader development agenda, the Bank would need:
 - (a) to increase the strategic focus of its grant making activities, supported by an institutional mechanism with systematic reporting to Executive Directors and management;
 - (b) to increase its capacity for grant financing so as to:
 - complement existing Bank programs, especially where loans/credits are not feasible or permissible in furthering the Bank's strategic agenda;

- allow for the Bank to take a leadership role in spearheading new areas of activity through which the development community and stakeholders could mitigate risks typically inherent to innovative approaches, and could also gain experience from pilot projects;
- play a catalytic role in mobilizing resources from other partners to develop activities of potential relevance for a broad number of countries, as well as for the development community at large, particularly where it may be difficult to justify any single country bearing the full cost of such up-front investment;
- enhance Bank flexibility in dealing with non-government partners;
- enhance Bank flexibility in addressing global transboundary development issues, where these cannot be dealt with through coordinated bilateral action;
- build new partnerships with those whose competencies complement the Bank's and where collaboration is expected to generate important synergies; and
- play a leadership role in generating convergence of efforts in critical areas of development, and act as a catalyst to attract private and public resources.

III. THE PROPOSED DEVELOPMENT GRANT FACILITY (DGF)

The instrument

- The proposal is to consolidate all existing Bank arrangements for grant financing under a single umbrella mechanism, the Development Grant Facility (DGF). From the perspective of efficient management, this single mechanism would sharpen the focus of Bank support, enable more consistent governance, and introduce a more systematic quality control and oversight by the management and Executive Directors, thus helping to achieve a more coherent and proactive overall grant-making strategy. From the perspective of Bank leadership in meeting global challenges, this mechanism would enhance the ability to make strategic choices in shareholders' interests, based on Bank priorities, rather than incremental grant decisions.
- Eligibility criteria normally supported under the SGP are presented in **Box 3**. These criteria were developed over time, in response to grant-making opportunities, and formalized by the Executive Directors as part of the 1990 review of the SGP. The approach under the DGF would be to add to these criteria, by extending admissible programs (currently only encompassing multi-country programs) to include programs in support of post-conflict reconstruction, as well as country-specific technical assistance programs (currently covered under the IDF).

BOX 3

SPECIAL GRANTS PROGRAMS ELIGIBILITY CRITERIA

Programs eligible to receive grants from the Bank under SGP funding, should normally meet the following criteria approved by Executive Directors^{1/}

- The program contributes to furthering the Bank's development and resource mobilization objectives in fields basic to its operations, but it ***does not compete or substitute for regular Bank instruments***. Special grants should represent means of addressing new or critical development problems, and should be clearly distinguishable from Bank's regular programs.
- The Bank has a ***distinct comparative advantage*** in being associated with the grant program; it does not merely replicate the role of other donors. The relevant operational strengths of the Bank are in the areas of economic, policy, sector and project analysis and management of development activities. In administering special grants, the Bank has expertise in donor coordination, fund raising and fund management.
- The program encompasses ***multi-country benefits or activities*** which it would not be efficient, practical or appropriate to undertake at the country level. Informational economies of scale are important for research and technology work; and control operations for diseases might require a regional or global scope to be effective. SGP grants are not directed to single country beneficiary.
- The Bank's presence provides ***significant leverage*** for generating financial support from other donors. Bank involvement should provide assurance to other donors of program effectiveness, as well as of sound financial management and administration. SGP policy is that any single grant to a recipient should generally not exceed 15% of total expected funding over the life of SGP funding a given program, or over the rolling 3-year plan period, whichever is shorter.
- The grant is normally given to an institution with a ***record of achievement*** in the program area and ***financial probity***. A new institution may have to be created where no suitable institution exists. The quality of the program of the recipient institution (existing or new) and the competence of its management are important considerations.
- The ***management*** of the recipient institution is ***independent of the Bank Group***. While an arm's length relationship with the Bank's regular programs is essential, the Bank may have a role in the governance of the institution through membership of its governing Board or oversight committee.

^{1/} Source: "Grant Financing of International Development Activities: Review of the Special Grants program," CEBP91-1, October 9, 1990.

- DGF resources would intend to complement, and not substitute existing sources of financing (grants or IDA/IBRD loans). Programs selected for support under the DGF would generally meet one of the following criteria:
 - (a) the program would support global public goods with multi-country or regional benefits or activities which would not be efficient, practical or appropriate to undertake at the country level;

- (b) the program would support initial post-conflict reconstruction efforts in countries undertaking extraordinary adjustment—e.g., countries emerging from internal strife or instability, nascent nations; or
- (c) the program would support capacity-building activities in countries where this is a significant part of the Country Assistance Strategy, and which cannot be supported by other instruments (as is currently the case under the IDF program).

Setting priority focus for the DGF

- Within this consolidated array of admissible programs, greater focus and selectivity would be achieved by identifying priority areas for grant-financing, based on the Bank's strategic objectives in support of the development needs of its member countries. Such an approach would constitute a clear departure from the current decision-making in Bank grant financing. A key element of the DGF framework would, therefore, involve management and Executive Directors decisions regarding such strategic grant-making priorities.
- Annex 2 provides, for illustrative purposes, a tentative list of programs which could potentially belong to priority areas to be supported under the DGF. Several of these potential programs are still at a preliminary stage of design while some have already benefited from an extensive consideration. Executive Directors' ratification would be sought in due time to determine the DGF strategic priority areas.

Rationale for the DGF

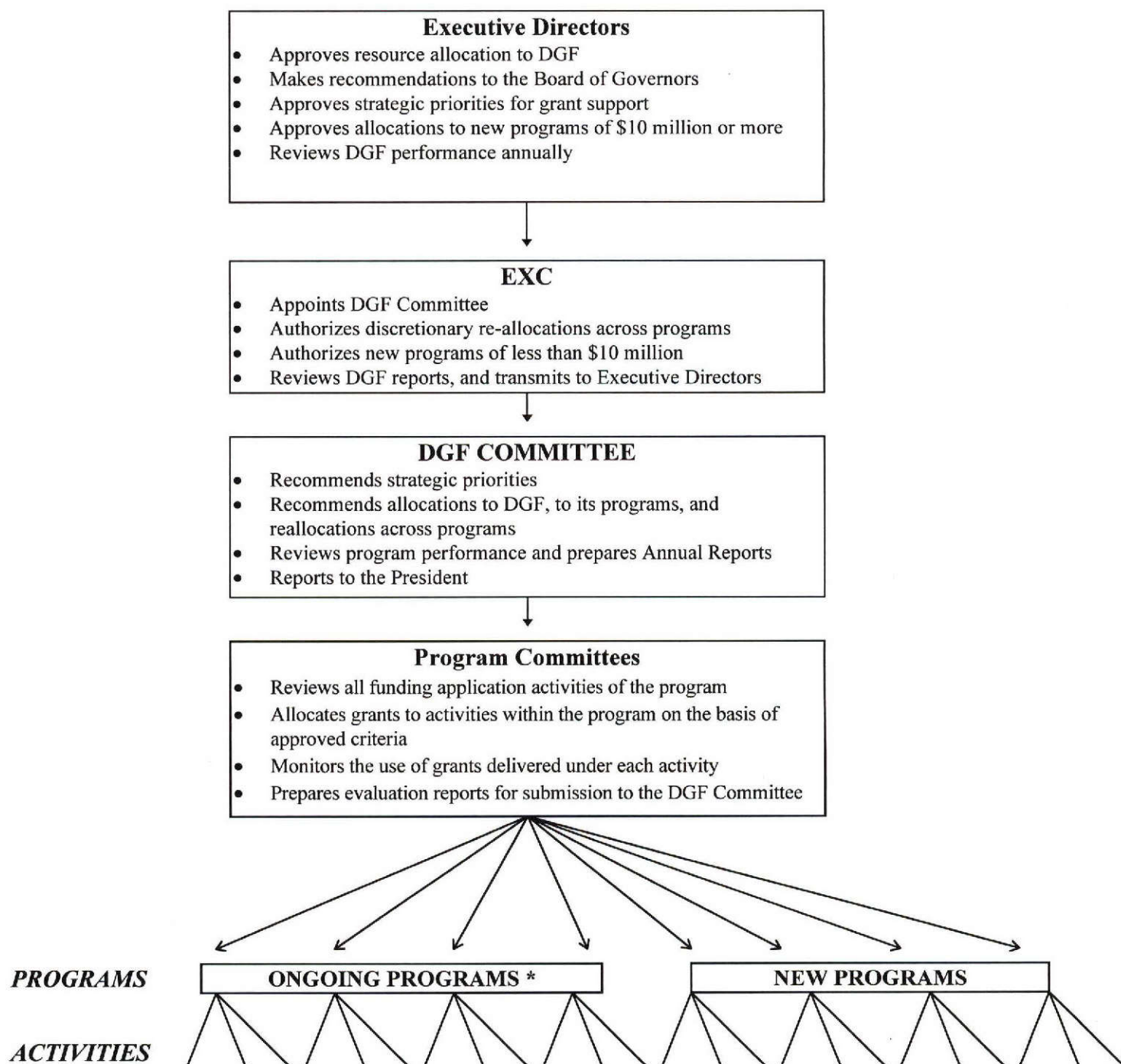
- The creation of an umbrella mechanism, designed to consolidate individual programs and address future demands, will establish a consistent framework for determining the strategic objectives for grant financing, and allow the Bank to exercise its full leadership in this area. In particular, the new institutional framework bringing all grants under one umbrella would:
 - (a) enable management and Executive Directors to consider the trade-offs involved in the use of net income (as part of Bank contribution to the DGF), and decide on allocation of funds to each program on a more competitive basis;
 - (b) provide management and Executive Directors with an opportunity to the establish priorities for the Bank's overall strategic approach to making grants in support of the development needs of member countries;
 - (c) provide management and Executive Directors with a clearer opportunity to exercise Bank leadership in grant financing, through a more proactive approach in channeling resources to priority areas;

- (d) create an instrument in the Bank toolkit that would enable it to work more effectively with other stakeholders in order to achieve shared objectives;
- (e) help foster a convergence of development objectives between the Bank and its partners—including government organizations, private sector corporations, and civil society institutions;
- (f) support a broader positioning of the Bank as a partner and a leader of development innovation.

Structure of the DGF

- The DGF would be made up of ***Programs*** with well-developed governance structure. These would include existing programs (e.g., CGIAR, CGAP, IDF, *Onchocerciasis* control), as well as new programs approved by the Executive Directors upon recommendation from management. ***Table 3*** provides a sketch of the proposed structure of the DGF, and highlights key elements of its governance process.
- ***Executive Directors*** would make decisions regarding priorities for Bank grant financing, and allocation of funds to the DGF, and across its programs. In this regard, Executive Directors would:
 - (a) approve strategic priority areas supported by the Bank under the DGF;
 - (b) approve overall allocation of resources to the DGF and the allocations to the various programs of \$10 million or more;
 - (c) recommend an allocation from net income to the Board of Governors; and
 - (d) review DGF program performance annually.
- A ***DGF Committee*** would be appointed by EXC, and would report to the President. The members of the DGF Committee could include management, Executive Directors, and outside experts (modeled on the Pension Finance Committee). The DGF Committee would be responsible for recommending priority areas, and overseeing appropriate program allocation and performance. In particular, the DGF Committee would:

TABLE 3
PROPOSED STRUCTURE OF THE DGF



**These include programs already approved by the Board (e.g., IDF, CGAP, CGIAR, Oncho), with well-established governance structure.*

- (a) recommend to management strategic priorities supported by the DGF;
 - (b) recommend resource allocation of programs; create programs of less than \$10 million, and proceed with any reallocation of funds across programs;
 - (c) review DGF program performance, and make recommendations to management accordingly; and
 - (d) prepare annual reviews for Executive Directors.
- DGF programs are each expected to have a ***Program Committee*** that would be responsible for decisions regarding activities undertaken within the program. In particular, the Program Committee would:
 - (a) review all funding application activities of the program;
 - (b) allocate grants to activities within the program on the basis of approved criteria;
 - (c) monitor the use of grants delivered under each activity;
 - (d) prepare evaluation reports about performance of the program for submission to the DGF Committee.
- A few current programs already have their own governance structure, which performs the functions of the proposed Program Committee (e.g., IDF, CGIAR, CGAP, ONCHO program). These existing governance arrangements will remain unchanged and will serve as the Program Committee in the proposed DGF framework. However, the Special Grants Program (SGP), currently overseen by an eight-member Special Grants Oversight Committee, will be folded into the DGF as soon as the latter is established, and the Oversight Committee replaced by appropriate Program Committee.
- Finally, a DGF Trust Fund would be established as a component of the DGF structure. Contributions from net income would be transferred to this Trust Fund and would have a specified purpose in terms of program allocation.

Recipients of DGF funding

- Recipients of grant funding under the DGF would represent eligible recipients of the Bank's net income. They would be selected on the basis of their ability to participate in the design of the program and their comparative advantage in delivering it.
- As per current practice, the recipient of each major grant under a program of the DGF would be expected to have its own internal governance structure that is satisfactory to the Bank's management and Executive Directors (the CGIAR and CGAP provide models in this respect). At the activity level, preference would also be given to

delivering grants through institutions with appropriate records of achievement in the type of activity being funded (e.g., UN agencies, Foundations, research institutes, NGOs, civil society organizations).

Funding structure and Bank contribution

- Funding for the DGF from IBRD net income/surplus would be modeled on the approach used to replenish the *Debt Reduction Facility for IDA-Only Countries* as highlighted in **Box 4**. Executive Directors would recommend to the Board of Governors an allocation from net income to the DGF, which would be renewed (with Board of Governors approval) once these surplus funds are drawn down. It is proposed that an initial allocation of \$200 million (to be used over a minimum period of two years) be sought from the FY97 IBRD net income/surplus account to go towards financing development grants under the DGF.
- This amount would be additional to the annual \$120 million currently financed under the Special Programs (out of the Administrative Budget). Currently, most grants financed out of the Special Programs (e.g., SGP, CGAP and IDF, as indicated in Table 1) have multi-year funding patterns which have already been approved by either the Executive Directors or management. The Executive Directors would continue to review such programs periodically and make decisions regarding their extension or termination.
- Each year, the Executive Directors, on management's recommendation, would determine the overall envelope allocation to the DGF (i.e., allocation from net income/surplus, as well as Special Programs out of the administrative budget), and would allocate against this envelope the programs to be supported by the DGF and which exceed \$10 million. Some 20% of the overall DGF envelope would remain unallocated, as a set-aside, to allow for management allocation to programs under \$10 million, and to provide flexibility to respond to events with an inherent contingency character (e.g., post-conflict reconstruction, or single-intervention programs). The Executive Directors would review annually, along with the allocations, the actual uses of funds, within the framework of the DGF strategic priorities.

BOX 4**THE DEBT REDUCTION FACILITY FOR IDA-ONLY COUNTRIES**

The Debt Reduction Facility (DRF) for IDA-only countries was established in August, 1989 to assist low-income countries in reducing or restructuring their commercial debt. It was initially funded with a US\$100 million transfer from IBRD's FY89 net income, and replenished by another US\$100 million from IBRD's FY93 net income. The DRF is administered by the Association as the trustee. Funds from DRF resources are made available on a grant basis to recipient member countries to permit the maximum debt reduction possible.

Eligible debt under the Facility guidelines is medium- and long-term commercial debt that is public, external, noncollateralized and unguaranteed. Debt reduction is expected to be implemented by way of cash buybacks of commercial debt at significant discounts, but in exceptional circumstances. Facility resources could be employed to collateralize principal in debt exchange transactions.

The DRF has been reviewed three times by the Executive Directors. In the last review, in June 1995, the termination date of the DRF was extended to July 31, 1998.

Since its inception, operations supported by grants from the DRF, along with cofinancing by bilateral donors, have contributed significantly to the reduction of commercial uninsured debt owed by the heavily indebted poor countries to private creditors. Under the general operational guidelines, a maximum of US\$10 million of Facility resources can be extended to any one country, unless exceptional circumstances exist providing strong justification for a higher amount. The exact amount of a grant is determined on a case-by-case basis, and in all cases substantial discounts or cash flow relief has to be realized to justify the use of Facility resources. Recipient countries are expected to make every effort to mobilize further resources from other donors for financing the operations and associated preparatory work. Such cofinancing contribution can either be made directly from donor to recipient, or can be channeled through the DRF.

- The source of funding (net income/surplus or administrative budget) of a program would be determined by management, and approved by Executive Directors, on the basis of the nature of this program. In general, programs which do not need a sustained level of funding from year to year, (e.g. emergency assistance, or single-intervention programs) would continue to be funded from Bank's net income/surplus allocation. By contrast, the Bank's budget planning is increasingly focused on multi-year country assistance objectives through the business planning system. The ability to undertake the planning and budgeting of grants in a multi-year framework is therefore fully consistent with the treatment of the multi-year programs currently supported by the Special Programs component of the budget.

CURRENT PROGRAMS WITH WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Participants/ Co-founders</i>
Special Grants Program (SGP)	To serve as the Bank's instrument for contributing to multidonor initiatives which address significant global or regional development issues, but which are not suitable for Bank loans, IDA credits, or country-focused operational programs financed from the administrative budget.	SGP contributions: - act as catalysts in mobilizing financial support from other sources at the level of about seven times the Bank's contribution (Bank contribution is limited to a maximum of 15% of the total contribution) - facilitate partnerships, including with NGOs - give the Bank an influential voice in priority setting and access to results of such programs (often research-related)	- The Consultative Group on International Agricultural Research (CGIAR), which accounts for 60% of the SGP budget, is an informal association of 52 public and private sector members, from the South and North, whose mission is to contribute through research to sustainable agriculture for food security in developing countries. FAO, UNDP, UNEP and the World Bank are the CGIAR's four co-sponsors. - Apart from CGIAR, the Bank presently provides grants to support some 36 different programs covering a broad range of activities including: agricultural research; population, health and nutrition; disease control (including support for HIV/AIDS prevention and for Research and Training in Tropical Diseases); human resources development; environmental protection; and private sector development. - SGP programs also include the control of <i>onchocerciasis</i> (riverblindness) in the Volta River basin of West Africa.	- Multilateral institutions - UN agencies (i.e., WHO, UNAIDS, UNESCO) - OECD - Bilateral donors - Professional associations - Private sector - NGOs, civil society - Foundations

CURRENT PROGRAMS WITH WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Participants/ Co-founders</i>
Institutional Development Fund (IDF)	To provide technical assistance for upstream institutional development work not directly linked to existing or planned Bank Group operations.	- The IDF provides a quick-response instrument for funding small, action-oriented schemes identified during the Bank's economic and sector work and policy dialogue in low- and middle-income countries where institutional development is a significant country assistance objective. - It is designed to fill gaps in the Bank's toolkit.	- Institutional strengthening - Capacity-building - Rehabilitation assistance - Reform management - Poverty reduction and other special emphasis programs	Grants are made only when funding is not available from the UNDP or other sources
Information for Development Program (<i>InfoDev</i>) (this is one of the programs the Bank supports through in-kind contributions)	Established as a global program to support technical assistance activities for the communications and information sector at global, regional, national and local levels through: - sharing worldwide experience with, and disseminating best practices to, governments and key decision-makers, both public and private, on the economic development potential of communications and information systems - channeling policy advice and other technical assistance to governments in emerging economies on privatization, private entry and competition in the communications and information sectors, and on improving the policy and business environment for investment	- The program will bring together the financing and expertise of governments, multilateral institutions and private organizations, linking the market-opening interests of eventual investors to the objectivity and long-term development goals of public donors. <i>InfoDev</i> creates a partnership between the public and private sectors, bringing together the financing and expertise of governments, multilateral organizations and private sector donors—linking the technical expertise and long-term market-opening interests of the eventual investors to the objectivity and development goals of the public donors.	- Creation of a market-friendly environment to accelerate access to information technologies - Assistance to emerging economies to fully benefit from innovations in information technologies and telecommunications in their social and economic development. - All activities support workable strategies and can include workshops, pilot projects and feasibility studies. They can cover one or more countries and address one or more sectors.	- Public donors - Private donors - Multilateral institutions - Bilateral donors - Nonprofit organizations - Governments - EU

CURRENT PROGRAMS WITH WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Participants/ Co-founders</i>
	conducting feasibility and pre-investment studies and preparing experimental applications in communications and information systems.			
Consultative Group to Assist the Poorest (CGAP)	- To strengthen donor coordination and activities in the field of micro-finance - To increase learning and dissemination of best practice for delivering financial services to the poor on a sustainable basis - To mainstream micro-finance in the World Bank Group and other donor operations - To support a select number of micro-finance institutions (MFIs) via a fund facility, with the goal of assisting these institutions in achieving broader coverage of poor people, reaching poorer segments of the population, and moving towards, and ultimately achieving, financial sustainability	CGAP aims to play a catalytic role in increasing the level and quality of financial resources reaching the poor.	- Best Practice Workshops/ Policy Forums - Development of management information systems, database - Institutional-capacity building Supporting micro-finance institutions that fit specific eligibility criteria through a US \$ 32 million grant facility - Information dissemination through World Wide Web and publications.	26 member donors
The Small Grants Program (currently funded under SGP)	To promote dialogue and dissemination of information about international development in forums outside the World Bank	- Provide a way for the World Bank to promote dialogue and dissemination of information about international development outside its own operations. - Most grants are in the range of \$10,000 to \$15,000 and rarely represent more than half of the proposed budget for an activity.	- Conferences - Seminars - Special editions or start-up costs of publications - Audio-visual materials	- NGOs - Research institutions - Private sector - International aid agencies

CURRENT PROGRAMS WITH WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Participants/ Co-founders</i>
Improving the Educational Outcomes of the Poor (currently funded under the SGP)	To establish a new program to improve the empirical basis for education reform and policy advice for poor countries	- The knowledge base for improving education outcomes of the poor is weak and reliable and valid education indicators are not available for most poor countries. - Relevant international agencies have neither the motivation nor the ability to expand their mandates to better serve poor countries. - Support is required to facilitate a coherent integrated overall approach. - Such support to international institutions would compliment ongoing Bank project support and would leverage significant additional support from other multilateral, bilateral and private sources.	- Strengthening of the information base for sound education policy - Improvement of education policy analysis - Increase of the efficiency and impact of international research on educational outcomes	UNESCO Institutes (e.g., International Institute for Education Planning)

ILLUSTRATIVE PROGRAMS FOR POTENTIAL WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Other Participants</i>
A. GLOBAL AND REGIONAL HEALTH PROGRAMS				
International Health Research Program	- To strengthen the basis for sound health policy - To increase the efficiency and impact of international health research	- Significant gaps remain in the NHP sector and there is a general climate of inadequate funding and weak leadership. - Other major players, including donor countries, borrowing countries, other multilateral institutions, and NGOs, are looking to the new Bank to demonstrate further leadership and commitment in the health, nutrition and population sector over the next decade. There is a window of significant opportunity. - It will optimize impact of Bank grant funding in HNP over the next decade.	- Compilation of multinational data on disease; analysis of cost-effectiveness and national health accounts; dissemination of the experience of different health policy regimes. - Creation of a Consortium for Health R&D to identify the highest priorities for health research and to ensure that the necessary research is financed and completed and the results put into practice for the betterment of the health of the world's poor.	- Donor governments - Multilaterals institutions - NGOs and Foundations - Private sector (e.g., Merieux, Glaxo-Merck, Wellcome) - WHO - UNFPA - UNICEF

ILLUSTRATIVE PROGRAMS FOR POTENTIAL WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Other Participants</i>
Combating the Great Epidemics	To combat four big diseases: (a) riverblindness; (b) HIV/AIDS; (c) malaria; and (d) micro-nutrient deficiency	- The Bank, together with the specialized UN agencies, has a strong comparative advantage for leadership, and the Bank is looked to by the international community to display this leadership. In some cases, a strong Bank involvement is essential for significant progress. - These funds would lever contributions from bilateral donors, multilateral institutions and NGOs, with a ratio of Bank funding to other funding of around 1:10 (as is the case in current SGP funding for HNP).	- Extension of the Oncho program to cover the entire affected area of Africa. - Support for the new African Malaria Initiative to control malaria in Africa by 2030. - Support for the International AIDS Vaccine Initiative. - Support for the International Micronutrient Initiative and other efforts to eliminate the burden of misery caused by lack of iron, vitamin A and iodine.	As above.
Private Sector Health Research and Development	To engage the private sector in the development of new products needed by the poor	The Bank has been working quietly for a year to stimulate an industry-led initiative to invest in R&D for the poor. This initiative is now about to be launched by leading European and U.S. companies. The Bank is looked to for grant co-funding and for intellectual and political support.	- A new anti-malaria drug - New diagnostics - A new drug and vaccine for TB - An AIDS vaccine	As above.

ILLUSTRATIVE PROGRAMS FOR POTENTIAL WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Other Participants</i>
B. GLOBAL AND REGIONAL ENVIRONMENT AND EDUCATION PROGRAMS				
Critical Ecosystems Partnership Fund (CEPF)	To create a mechanism to efficiently finance innovative conservation programs and activities in the world's most critical ecosystems	- Biodiversity is not evenly distributed across the Earth's surface. Prioritizing and targeting conservation efforts can therefore greatly reduce the risk of irreversible losses of biodiversity. The Fund builds on a large number of global and regional priority setting studies for biodiversity that have been conducted by conservation biologists over the last decade including studies funded by the Bank. - The program will provide grant financing for the conservation of around 20 critical ecosystem areas. it will be implemented by competent local and international nongovernmental organizations, community groups, and private sector-NGO partnerships. - The program will complement and support existing efforts toward biodiversity protection; establish partnerships with NGOs and the private sector; and complement the work of the Global Environment Facility (GEF), of which the Bank is a partner.	- Creation of positive incentives for biodiversity conservation - Provision of protected area management and finance - Promotion of policy dialogue and reform - Increase of the knowledge base for effective biodiversity conservation and management - Increase of community awareness and build-up of local capacity for biodiversity conservation	- GEF - Global NGO consortia - Biological Diversity Convention Secretariats

ILLUSTRATIVE PROGRAMS FOR POTENTIAL WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Other Participants</i>
Research Consortia	• Building on the success of the African Economic Research Consortium and the Middle Eastern Economic Research Forum. • Support the development of regional research consortia in Africa, Middle East and North Africa and South Asia so as to foster the development of self-regulating communities of policy-oriented researchers.	• The Bank's comparative advantage lies in its expertise in policy research and its experience in the three regions, both of which it would bring the partnership with the research institution.	• Providing research grants to support research projects • Encouraging collaboration and promoting quality through a series of regional workshops where research proposals are presented and vetted by outside scholars • Establishing training course for young scholars on research methods as well as on substantive policy issues • Improving the dialogue between researchers and policy makers by providing a forum where the two groups could interact.	

ILLUSTRATIVE PROGRAMS FOR POTENTIAL WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Other Participants</i>
C. CIVIL SOCIETY PARTNERSHIP PROGRAMS				
Partnerships Program with Civil Society	- To create an enabling environment for increased partnerships between government and civil society organizations (CSOs) in furthering development - To assist government-supported activities designed to strengthen the capacity of civil society - To facilitate enhanced learning and dissemination of experience	Experience demonstrates that where NGOs and other CSOs are well developed and strong enough to entertain a fruitful relationship with the government, they generally make a rich contribution to development and achieve outcomes in terms of poverty reduction, participation and social development which it is difficult for government programs and donors to achieve alone.	- Support of ongoing government/CSOs operational activities - Financing of govt-supported pilot programs created by CSOs which might, if successful, be replicated through Bank-financed government programs in the future - Projects for evaluation and capacity-building purposes	- Resident Mission - Intermediary Organizations (IOs) - Foundations - Bilaterals
Private Sector Partnership in Development	To support the private sector in expanding partnerships in diverse thematic areas to tackle social, environmental and other development challenges	- The Bank does not have readily available instruments to partner with such private sector entities or to facilitate their hands-on collaboration with public institutions or NGOs/CSOs. Grant financing could provide a toolkit of resources to encourage and support such public-private partnerships for development. - Bank leadership, global experience, and convening power essential to creating strategic priorities and maximal impact for private sector engagement in development.	- Capacity-building of NGO service providers - Encouragement of youth entrepreneurship to vocational training - Best practice case studies, conferences, WWWeb databank - Facilitating partnership projects	- Civil society - Public sector - NGOs - CSOs - Private sector (Individual companies and business coalitions e.g., SmithKline, Beecham, Motorola, BOC Group (UK industrial technology), oil companies such as Mobil and BP, Grand Metropolitan)

ILLUSTRATIVE PROGRAMS FOR POTENTIAL WORLD BANK GRANT FINANCING

<i>Project</i>	<i>Objectives</i>	<i>Rationale</i>	<i>Types of Projects/Activities</i>	<i>Other Participants</i>
D. POST-CONFLICT RECONSTRUCTION PROGRAMS				
Post-Conflict Reconstruction Program (PCRP)	- To provide the Bank with a flexible instrument to respond rapidly and effectively to the specific needs of countries undergoing periods of sustained conflict, at the critical time when the government is not in a position to act effectively - To provide limited catalytic resources which will support this transition.	To be effective in a fragile post-conflict situation, there is a need for a new source of swift and flexible Bank financing which the Bank's current financing instruments cannot provide.	- Support for the design of transitional social safety nets in a post-conflict situation - Small-scale credit schemes to restart production and promote employment - Start-up and recurrent costs of an emerging administration - Technical assistance for restoring central and local government capacity - Strengthening of regional structures and initiatives and support of specific activities which require investments in more than one country in a region but which correspond to the goals of the PCRP	- UN agencies - EU - Bilateral agencies - NGOs

ILLUSTRATIVE PROGRAMS FOR POTENTIAL WORLD BANK GRANT FINANCING

SUMMARY

<i>ILLUSTRATIVE PRIORITY AREAS</i>	<i>OBJECTIVES</i>
A. Global and Regional Health Programs	• Support a Health Research Program to strengthen the basis for a sound health policy, to increase the impact of international health research, and to catalyze greater private sector involvement in health research for the poor • Combat specific disease (such as riverblindness, HIV/AIDS, and malaria) including support for the African Malaria Initiative and the AIDS Vaccine Initiative
B. Global and Regional Environment and Education Programs	• Support environmental biodiversity—e.g., creating a mechanism for conservation of critical ecosystems • Support developing a global investment vehicle for financing photovoltaics (PV) for rural energy use • Support a program to improve educational outcome for the poor world wide • Build research consortia to support the development of regional self-regulating communities of policy-oriented researchers
C. Civil Society Partnerships in Development	• Support Research and Development of new products of particular importance to the poor—e.g., government-supported health products and piloting innovations which might, if proved successful, be “scaled-up” in the context of future Bank-financed government projects • Act as a catalyst to encourage private sector development activities to co-fund, with the Bank, the tackling of social and environmental challenges. Some private sector entities have already demonstrated interest in supporting development causes—e.g., Levi Strauss tackling child labor and AIDS; Asea Brown Boveri fighting environmental degradation in Eastern Europe; Bank of Boston helping Youth in Argentina and Brazil; Coca Cola promoting micro and small- and medium-enterprise development in Africa • Support governments in developing a strong relationship with the civil society in order to achieve shared development objectives • Facilitate enhanced learning and dissemination of civil society experience (e.g. Senior Volunteer Advisory Services advising Albanian government on rural electrification reform).
D. Post-Conflict Reconstruction Efforts	• Support governments in their efforts to design transitional social safety nets • Develop schemes to restart production and promote employment creation