The World Bank, Bureaucratic Rationality and Partnerships for the Environment

Teresa Kramarz

Munk School of Global Affairs and Public Policy, University of Toronto
Instituto Carlos III-Juan March Institute of Social Sciences, UC3M

Paper presented at the Permanent Seminar, Instituto Carlos III-Juan March
March 6, 2020

This paper is adapted from a chapter of a forthcoming book

Summary of the book:

Partnerships have become part of the everyday practice of global governance. International organizations (IOs) promote them as a gold standard of good governance. Both Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) established partnerships as a global objective similar to ending poverty, eradicating hunger and protecting all life on land[1]. The World Bank has lauded partnerships as textbook examples of cooperation that will enable greater participation of stakeholders; produce creative solutions to complex problems; and generate needed financial resources from dedicated partners to address the provision of global public goods, such as the conservation of biological diversity which is the focus of this book. Yet, Bank partnerships end up performing poorly against those values which have served as standards and justifications for promoting them. This book investigates the rift between the hope and rise of partnerships at one end, against the reality of failed expectations at the other. In an era in which multi-stakeholder initiatives have become a widespread means to govern many environmental issues, it has never been more important to understand why partnering with IOs is fraught, and why partnerships often fall short of delivering on their promise.

1 MDG 8 was a "Global Partnership for Development." SDG 17 is "Partnerships for the Goals."

A routinely under examined aspect of partnerships, and multi-stakeholder governance arrangements in general, is how they function in practice. This book uniquely addresses that gap. It finds important limitations in their ability to contribute to the democratic quality of global governance, incubate new approaches to conservation or significantly increase financial resources for improved environment outcomes. The picture of partnerships that emerges from this research stands in stark contrast to their conventional characterization as horizontal, organic governance arrangements based on trust and reciprocity, that are both innovations in governance and can promote creative new approaches to solving global problems (Powell 1990; Tesner and Kell 2000; Andonova 2010). If this characterization is empirically incorrect in the case of the World Bank and biodiversity partnerships, we need to elucidate why IO partnerships function the way they do, and how they might be improved.

Based on a review of biodiversity partnerships over a 20-year period and in-depth case studies, I argue that partnerships largely fail to fulfill their promise when they are set up and executed in the shadow of large, mature bureaucracies. When the bureaucratic elephant in the room twitches and grunts, the partners listen and comply[2]. Some partners still manage to promote individual agendas, while others do not. But in the end, the partnership as a whole suffers. Its potential contribution to global governance succumbs to the goals of bureaucratic efficiency. As a result of the World Bank's involvement, partnerships become organized as hierarchical delegation relationships, with routinized rules and procedures and a functional specialization of labor.

Introduction

International organizations (IOs) have become leading actors in the rise of partnerships. Sometimes dubbed "partnership entrepreneurs," IOs and state agencies lead most global partnerships (Andonova 2010, Pattberg et al. 2012). In 2009, Abbott and Snidal generated a new research program on orchestration that would be a defining feature of what they referred to as a

[2] In 1969 during a visit to the US, then Prime Minister of Canada Pierre Elliott Trudeau said to the Americans "Living next to you is in some ways like sleeping with an elephant. No matter how friendly and even-tempered is the beast, if I can call it that, one is affected by every twitch and grunt." This has become an often-coined phrase to describe the nature of closely-knit relationships between small neighbors and big nations (Mulcahy 2000). In the case of partnerships, it also partly captures the experience of small organizations that partner with a large bureaucracy.

“transnational new governance” architecture. The growing literature on orchestration identifies IOs with expansive governance mandates but limited resources to fulfill all tasks expected of them, as ideal orchestrators of non-state intermediaries that can implement various activities through public-private partnerships. Abbott and Snidal argued that partnerships in turn could have a beneficial effect on IOs by stimulating them “to learn and adapt, offsetting some of their bureaucratic pathologies” (2010, 341).

Yet, we know very little about what kind of partners IOs make, who they choose to partner with, and how this shapes the partnerships they promote as orchestrators of a transnational governance architecture. This paper explores the limits of partnerships in generating beneficial governance outcomes for global environmental governance. Using as a launching off point a principal-agent framework of analysis, I examine how multiple chains of delegation including discretionary management authority to a trusted partner/intermediary enables agency lack. To theorize how intermediaries use that slack, I employ a Weberian framing of sociological institutionalism where value rationality is subsumed by individual partners for subsidiary purposes rather than for the provision of global public goods. Throughout this theoretical framework I refer to some of the leading World Bank biodiversity partnerships over the last 25 years to illustrate many analytical arguments. These include the Critical Ecosystem Partnership Fund originally launched in 2000 and still active, the World Bank and the WWF’s Alliance for Forest Conservation and Forest Use, and the Global Invasive Species Partnership which have both ended.

The World Bank has lauded partnerships as textbook examples of cooperation that will enable greater participation of stakeholders; produce creative solutions to complex problems; and generate needed financial resources from dedicated partners to address the provision of global public goods, such as the conservation of biological diversity which is the focus of this article. Yet, the Bank’s biodiversity conservation partnerships end up performing poorly against those values which have served as standards and justifications for promoting this type of hybrid governance arrangement (Kramarz, forthcoming).   This reflects a broader trend of partnership performance beyond the World Bank and biodiversity (Glasbergen et al 2007, Pattberg et al 2012, Pattberg and Widerberg 2016, Beisheim and Simon 2018). Partnerships thus require further theorizing to understand the disconnect between promise and performance.

In business, partnerships have been compared to marriages, not only because 50 percent of them fail, but also because one partner thinks it can change the other, values are misaligned, organizational cultures are mismatched, partners do not trust enough and protect fiefdoms of power, or partnerships are arranged at the top by leaders who do not understand that day to day operations would not mesh well between their organizations (Mutschler 2006, Neville 2013). Success or failure may be easier to adjudicate in business than in global governance because revenue, as an absolute end, is relatively easy to quantify. In global governance, judging the success or failure of the partnership in solving the problem they were set up to address (that is, conserving nature) may seem straightforward. However, if nature is preserved at the expense of human populations' survival, or by authoritarian decrees at the expense of democracy, or at a cost that is unsustainable or not replicable, then a simple metric of how many hectares or numbers of species are protected falls short of capturing what many would consider successful goal achievement. There are multiple goals in global governance, and we cannot justify creating environmental benefits by means that undermine other equally compelling human development ends.

The question of how to evaluate performance is a key dimension of this paper. To determine the success or failure of a partnership, we need to first define what counts as a goal and then what observations can be used to assess it. For example, a partnership might facilitate very democratic processes of decision making (a success) that do not ultimately protect the endangered species it was designed to conserve (a failure). This is a central problem of evaluation, and one of the central claims I will advance is that in order to have a lasting impact, a partnership's performance needs to be understood in the context of both processes and outcomes. For example, to continue with the example above, poor performance in biodiversity interventions often follows this pattern:

1. A promise of participatory decision making (process success)
2. Imposed decisions on what to save and how (outcome failure)
3. Endangered species are temporarily protected by a small project coordinating unit (process success)
4. Funding ends, the project unit closes and endangered species populations decline again (outcome failure)

The promise, process and outcomes of partnerships have feedback effects that require nuanced analytical treatment. Partnerships are designed to do multiple things. Assessing the overall performance of partnerships requires evaluating their narrow goals (saving a species), their broader goals (through participatory decision making), and how these narrow and broad goals interact in ways that generate positive or negative feedback effects on biodiversity conservation over the medium and long term. Traditional, rationalist interpretations of IO's behaviour provide a partial account of these feedback effects between narrow and broad goals as well as partner relationships in relation to those goals.

Principal-Agent (PA) accounts of delegation and resulting agency slack explain one potential mechanism that results in a mandate-performance gap. However, a sociological institutionalist lens draws our attention to reasons that the Bank set up partnerships as delegation rather than co-governance arrangements, which limits democratic decision-making. It also highlights reasons for the selection of particular agents in that delegation relationship. The selection of certain agents over others truncates partnerships' governance choices, which limits innovation. Once this enabling environment is in place, we may or may not see agent opportunism as predicted by PA. Therefore, to explain why Bank partnerships perform poorly vis-à-vis their original raison d'etre, I explain the partial fit of a PA account and show its limits, then extend my analytical framework by building on insights from organizational theory.

There has been a growing literature on IO performance by scholars who endeavour to explain the gaps between mandate and performance or promise and performance (Sethi and Schepers 2014, Gutner and Thompson 2010, Weaver 2008, Gutner 2005a). For example, Weaver (2008) argued that the disconnect between words and action is a result of a hypocrisy trap. She finds that the World Bank is driven to hypocrisy when external pressures for resources or legitimacy collide with internal, bureaucratic routines that favour consistency and stability. The result is that the Bank says one thing externally but operates in business as usual mode internally. This is 'enabled' by an environment of delegation where agents abuse the slack that principals grant them to carry out their mandates. Hence, Bank staff fail to comply with, or half-heartedly execute, senior management's vision of change because they have latitude in implementation decisions. Hence, Weaver sees Bank leaders trying to politically appease external demands, while staff members are clinging steadfastly, or lazily, to their standard operating procedures.[3]

This may describe part of an internal organizational picture. However, an extended delegation account cannot explain the particular choices that the Bank makes in setting up and implementing partnerships the way it does, and how this affects others. In short, the hypocrisy account is aimed at explaining why the Bank says one thing yet practices another. The impact of that practice on partners remains unexplored. There may be a gap between word and deed, but those deeds do not remain within the walls of the Bank.

The Principal-Agent Model and the Mechanics of Slippage

Liberal institutionalists, borrowing from the field of microeconomics, have applied a PA model to describe the relationship between IOs and states as a classic principal-agent dynamic (Nielson and Tierney 2003). In applying what was originally a theory of the firm to international relations (IR), Nielson and Tierney conceptualized states as principals and IOs as agents. The PA model posits that states delegate authority with incentives for IOs to follow specific mandates. But IOs are granted a certain degree of "slack" so they can advance their institutional needs. Principals and agents do not share identical preferences. Hence, agency slack is abused by IOs by profiting from technical and asymmetrical information. They can, for example, promote policies that are not consistent with state interests. This is referred to as agency loss, since the original goals of the principal are undermined in the PA transaction. The conundrum is that the authority the principal needs to delegate to an agent will eventually be used against the principal (Nielson and Tierney 2005). Consequently, PA theorists devote considerable attention to devising appropriate incentives and control systems that principals can put in place to limit agent opportunism.

Partnerships and the Long Chains of Delegation

The Bank does not have formal authority over the partnership as a whole. For example, it cannot fire a partnership that does not do what it wants. However, there are indirect and direct ways in

[3] This has some echoes of the work by March and Simon (1958) on bureaucratic politics and bounded rationality, given the constraints of an organizational environment.

which the Bank exerts informal influence over the partnership and formal authority over some of the partners. The Bank has considerable leverage over partnership activities when it is the single most important donor, and influence when it chairs partnership executive boards. Moreover, since the Bank channels its financing through a managing partner, it has a legal contract with an individual organization which executes partnership activities. The Bank can theoretically fire that organization and hire another one within the partnership to disburse Bank funds.

In IR, the PA model has been most often applied to the relationship between states and IOs. Yet, there are multiple chains of delegation between donor states and the intended beneficiaries of their resources (Gutner and Thompson 2010, Gutner 2005a). This delegation chain is further extended in partnership arrangements, as figure 9 illustrates. The first delegation relationship is created between donor states and the Bank, where the former acts as principal and the latter as its agent. Internally, senior Bank management assumes the role of principal and delegates the implementation mandate to operational staff members who become their agents. The Bank as an organization behaves as a principal in partnerships by adopting leadership roles and delegating implementation mandates to the other partners. The partnership in turn creates its own delegation chain. A managing partner is chosen to house the Secretariat and oversees day-to-day operations, reporting back on progress to an Executive Board that is most often chaired by the Bank. This managing partner is an agent to the partnership principals, but is also a principal delegating authority further down the chain to national organizations that carry out activities on the ground.

Gutner (2005a) argued that rationalist literature on IOs, has too narrowly focused on the use of the PA model to explain the delegation issues between states as principals and IOs as agents. She advocates looking more holistically at the longer chain of delegation and being attentive to the issues that arise when the IO is not only an agent to donor states, but also a principal to recipient governments as agents. Gutner introduces the concept of "antinomic delegation" and applies it specifically to the case of World Bank environmental reform. This type of delegation is defined as one "consisting of conflicting or complex tasks that are difficult to institutionalize and implement. Where antinomic delegation is present, performance problems may not solely reflect agency shirking, but rather be traced to the more intricate challenge agents face trying to implement goals that are difficult to specify and/or juggle" (Gutner 2005a, 11). Sobol (2016) continues to develop this opening in the PA literature and describes the problem of "pathological delegation" where heterogeneous preferences among many principals undermine the potential of agents to fulfill their mandate. This type of delegation occurs "when the structure of delegation itself and features of the PA contract provide perverse incentives for the principals to behave in ways inimical to the delegation act and thus hinder the agent's work" (Sobol 2016, 339). For example, quoting Thompson (2006), the author describes how the United Nations Security Council acting as a collective principal sent mixed signals and contradictory messages and priorities to its agent, the United Nations Special Commission, to find weapons of mass destruction in Iraq which undermined the performance of the agent.

These developments in the PA model offer more nuance and leverage to explain why we see a gap between IO's mandates or intentions and their subsequent performance in the field. Hence, following Gutner's suggestion I apply the PA model to a longer chain of delegation relationships. But, as I explain below, I find it is ultimately a limited tool to theorize partnership performance with inadequate policy recommendations.[4]

I investigate three sets of relationships at three decision-making levels: executive, management, and implementation which are mapped out in figure 10. At the executive level, Bank senior management act as principals and operations' staff as agents. At this stage, we see principals providing to external and internal audiences the overall vision of the partnership. They are framed as a mechanism to achieve democratic decision-making, policy innovation, and financial resources to secure global public goods. An example of the vision statements that are articulated at this stage is the Comprehensive Development Framework announced in 1999 by then World Bank President, James Wolfensohn. This one put specific emphasis on the potential of partnerships to achieve participation and better coordination, which would lead to innovations and improve financial flows. Internally, the principals select lead staff to represent the Bank in the partnership. These include staff from relevant operational units and may involve both thematic and regional experts.

However, one of the pioneer World Bank partnerships in environmental conservation, the World Bank and the WWF's Alliance for Forest Conservation and Forest Use, illustrates the

[4] Nielson and Tierney (2005) cautioned against applying the PA model to the relationship between the Bank and developing country governments. They argued that to do so stretches the boundaries of the PA model beyond utility since the Bank cannot fire a developing country government as it can a staffer, an NGO, or a firm that it employs as an agent.

distance between the Bank President and management. In a 2000 survey of World Bank staff, respondents candidly stated that a key lesson learned from that partnership was that it was:

> Too top-down. Get an assistant or else never get involved in an initiative that came from top-down and lacks strong administrative backstopping. Bank management is not always ready for the implementation policies and initiatives decided upon by the president. (Lele et al. 2000, 119)

The institution does not mainstream the partnership's goals into regular Bank operations. Institutional structures and organizational processes are not re-accommodated. This has been noted in several partnership evaluations and prominently with the Global Invasive Species Partnership, another World Bank biodiversity partnership. The Bank did not have safeguards or comprehensive reviews of its portfolio and the problem of invasive species was systematically unremarked in Bank operations (World Bank Independent Evaluation Group 2009).

Bank partnerships are governed by a Board of Directors that is generally exclusively composed of donors. Stakeholders who are not directly providing monetary resources to partnership activities are very often excluded from decision-making at the executive level. This includes national stakeholders, community organizations, and individuals who are likely to be most immediately affected by any changes to their access to the resources that constitute the basis of their daily livelihoods.[5] Partnerships' executive boards also tend to have fixed chair positions (leadership of the Board does not rotate among partners), and the chair is most often the World Bank (Kramarz, forthcoming). By these measures, the Bank seems to wield considerable influence.

At the management stage, the trend is to have large international NGOs permanently housing the Secretariat and act as 'managing partners' of the partnership. Given this empirical picture, it makes sense to view the IO as the principal and the managing partner as the agent. A

[5] It should also be noted that those communities that are in close proximity to the biodiversity areas that partnerships try to protect routinely contribute in-kind resources to partnership activities when they are called upon to provide services in the implementation stage. These resources are most often free labor and opportunity costs. For example, Wilke et al. (2001) argue that: "Local communities incur opportunity costs from foregone access to forest resources within protected areas and yet seldom obtain financial compensation from the park or reserve, they have little incentive to conserve biodiversity within the protected area and have considerable incentive to intensively exploit protected resources for quick, illegal and likely unsustainable pay-off" (p 701). Yet, neither this nor the impact that partnership activities will have on these communities is considered justification for their inclusion in the decision-making processes of the partnership at the executive level.

staff member of the Bank becomes the partnership's task team leader (TTL) and point of communication between the Bank and a lead partner, which houses the partnership Secretariat and becomes responsible for day-to-day operations. This external managing partner must be up to the not-so-insignificant administrative task of executing millions of dollars' worth of expenditures following Bank procurement practice across several global regions, coordinate national, and local level staff who will interact with governments, civil society, and private sector actors on behalf of the partnership and reporting on a myriad of projects' execution following Bank formats and procedures. Partnership staff have multiple reporting chains of command. In the case of another large conservation partnership – the Critical Ecosystem Partnership Fund (CEPF), the partnership staff report to Conservation International (the managing partner), the Bank, and the partnership's Board of Directors. A third example further illustrates the trend. In the Global Invasive Partnership Program (GISP), partnership staff similarly reported to the Bank, the Executive Board, and the South African National Biodiversity Institute. The Bank's evaluation office has noted that the issue of "multiple masters" is a common problem among global partnerships (World Bank 2011).

Since at the implementation stage the agent re-grants financial resources to local organizations to carry out the partnership's conservation mandate, we can re-conceive of the managing partner as the principal and local institutions that carry out partnership conservation activities on the ground act as the final agents.

	Executive Stage	**Management Stage**	**Implementation Stage**
Principal	WB Senior Management	WB operations staff	Managing Partner of the Partnership
Agent	WB Operations Staff	Managing Partner of the Partnership	Local organizations

According to the PA model, in each of these delegation links and partnership stages, there is agency loss. Hence, the multiple chains of principals and agents means that there is ample room for unintended outcomes from the original principal's directives. The remedy to agency loss is devising tighter monitoring controls on the agent that is carrying out each of their respective principal's mandates. Hence, the drive to democratize through partnerships instead becomes a drive to supervise.[6]

Taking at face value rationalist accounts of delegation dynamics, it should come as no surprise that partnerships end up looking different from what the Bank had originally intended. The PA model tells us to expect a gap between mandate and performance (Gutner and Thompson 2010). However, a PA framework of analysis does not tell us much about two analytically prior questions: Why does the Bank create hierarchical delegation dynamics rather than horizontal partnering? Why does delegation occur among a select group of partners? The PA model is also rather vacuous on the analytically subsequent question of outcomes. It does not say anything about the direction of agents' slippage. What determines policy content and how will policies be received on the ground?

The PA model gives a narrow view on one mechanism of agent slippage. Traditional accounts lack peripheral vision.[7] The PA relationship is not only characterized by adversity and blame between principal and agent (which are antithetical to the need for trust building in partnerships), but has also generally focused its lens on the influence that the agent gains in the structure of delegation. The agent becomes powerful at the expense of the principal. The principal is expected to have control. This perspective presents two significant shortcomings. First, the principal is described as having a problem but not entirely of its own making. It may be the result of opportunistic agents according to traditional PA models, because it needs to delegate tasks that are too difficult for its agents to fulfill, or because it must share authority with other principals whose heterogeneous preferences undermine the final results of the delegation

[6] A critique of transaction cost approaches is their focus on opportunistic behavior based on a particular conception of human nature (Ghoshal and Moran 1996). However, viewing human nature as the cause of opportunism may very well catalyze the problem. When controls over contracts are enforced with significant vigilantism it promotes the kind of distrustful environment that fosters opportunism. In other words, starting a partnership with distrust and devising contracts anticipating agent slippage may exacerbate the conditions for opportunism that contracts were supposed to remedy.

[7] Williamson argued that transaction cost economists have been more successful at focusing on core issues, such as the dynamics of delegation, and lacked peripheral vision that can account for variation (Williamson, 1993).

contract (Gutner 2005a, Sobol 2016). The main agency ascribed to principals is in the remedying stage, through incentives, controls or sanctions (Pollack 1997). Second, if the principal "should" have control, it means the Bank ought to be dictating the precise content and operation of policy to its partners. This runs at cross-purposes with the concept of partnerships. which implies that there are different sets of interests being served and managed to produce common goals.[8]

I argue that by subsuming a PA framework of analysis within an organizational context, we can explain the problem of unintended outcomes not only as structural, based on the nature of a contract, but social and based on the organizational characteristics of the parts. This also balances the tendency of PA to rely excessively on the explanatory power of agent opportunism and turns the lens on the character of the principal. I posit that agency loss is the result of a principal that does not behave as the rational actor described by the PA model.[9] Transaction cost perspectives have been useful in describing one potential outcome in cases of delegation. Sociological institutionalism is better equipped to explain how delegation arrangements can produce varied outcomes.

In summary, this theoretical framework goes well beyond the traditional application of transaction cost analysis to IOs in at least two ways. First, the main focus of PA scholars studying IOs is to determine why and how IOs gain autonomy and influence beyond their member states' mandates. This preoccupation lends itself to de facto assigning IOs the singular role of agents. This is the product of a normative bias in the IR discipline that gives primary importance to states as the main actors of IR. Hence, what matters most is to explain how traditionally epiphenomenal actors, such as IOs, can gain some measure of influence beyond states. However, the commitment to finding influence beyond the state does not go further and look at what the IO does with that agency and what it does when it transforms itself into a

8 In this context, evidence of partnerships acting with the autonomy that self-governance provides may also count as evidence of slippage if they are not following the Bank's policies.
9 Based on Hawkins, Lake, Nielson, and Tierney (2006) comprehensive volume on delegation in international organizations, Büthe (2007) summarizes agent autonomy as "the possible range of actions the agent can take contrary to the principal's interests, net whatever mechanism the principal may have put in place to control the agent" (p 861). The second part of the equation corrects the first. In the absence of a principal acting as corrector of potential slack we can expect ample room for agent autonomy. Hence, it is of key interest to analyze why and under what conditions would a principal eschew its expected role of controlling its agents? I argue that when IOs are principals their organizational traits (bureaucratic culture) can be a main culprit to this outcome.

principal. I suspect that in many cases this is because PA theorists are still of the conviction that IOs matter, yet not enough to prod that far down the chain of delegation dynamics. However, aside from a normative commitment to the centrality of the state, there is no good theoretical reason to neglect analyzing the full chain of delegation between states, IOs, and beneficiaries on the ground.

Second, the PA model is not equipped to explain why principals turn their back on enforcing their mandate of achieving good governance values through partnerships. Traditional assumptions of rationality would foresee a principal actively engaged in ensuring compliance. What is puzzling here is the Bank's inaction within partnerships to promote its stated governance preferences. My analysis examines the endogenous factors that shape the principal's preferences. Revisiting these from the inside out explains the Bank's actions and how these result in partnerships that differ from their original intention.

As noted above, beyond the theoretical limitations, there are also policy limitations to the PA model's prescriptions. The PA remedy to situations of agent slippage poses a policy challenge for the Bank in partnership arrangements. Tighter controls on how agents carry out the mandates that principals delegated would mean that the hierarchical relationship between principal and agent would be accentuated. The agent would lose autonomy and decision-making latitude. Under these conditions, partnerships would look even less democratic than they do currently. There would also be less room for policy innovation, since tighter controls on the agents would run counter to creating an environment that fosters cooperation and experimentation (Hosmer 1995).

Given the theoretical and policy limitations of rationalist accounts there is a need to cast a wider net in search for an explanation of IO preferences in partnerships to clarify: Why a relationship among equals becomes a delegation ladder? Why the Bank chooses to give authority over the partnership to a select few organizations? What agency does the Bank initially have and subsequently retain in the performance and outcomes of the partnership?

Organizational Theory and the Problem of the Bureaucratic Principal

In the last 20 years, IO scholars have increasingly applied a second approach to conceptualizing the behaviour of these organizations. Constructivist scholars using sociological and organizational theories have been examining what IOs do with their influence because autonomy is not assumed to be solely a product of their relationship with their member states. Constructivists started to analyze the endogenous and ideational factors that drive IOs to do what they do and gain influence (Barnett and Finnemore 2004). This analysis of influence is further reaching than discreet rationalist accounts. The wider focal lens can describe how the loss of agency from states to IOs can have ripple effects that result in further losses to states. IOs may transfer parts of their autonomy to private sector partners, who can gain significant influence to shape the substance of global governance.

Based on Weberian conceptions of the functioning of rational bureaucracies, sociological institutionalism has focused on the endogenous forces that shape IO actions. For example, Barnett and Finnemore's (2004) account of IO's behaviour sheds light on the explanatory power of an internal bureaucratic logic behind preferences and actions. I examine the influence of a bureaucratic logic of action on partnership outcomes. Seeing the Bank as a <u>risk averse</u> institution helps to explain why it relies on delegation rather than co-governance and to whom it prefers to delegate. Seeing the Bank as a <u>large bureaucracy</u> with operational concerns over ease of disbursement, execution, and monitoring deepens our understanding of why it chooses the partners it does and scrutinizes operational effectiveness above all else.

The Bank as a Risk Averse Organization

One particularly important institutional feature of the Bank is its proclivity towards risk-averse behaviour (Park 2005). The Bank has become increasingly risk averse with mounting NGO whistleblower campaigns, most famously starting with the Polonoreste Project in Brazil in 1985 and followed by the Narmada Dam Project in India during the early 1990's. The Bank began to respond by adding layers of safeguards that could curtail the risk of further reputational losses. The creation of the Inspection Panel in 1993 is one of the most obvious examples of controls the Bank deployed to respond to the criticisms from social and environmental civil society organizations. Other examples are the institutionalization of safeguards in the late 1980s and 1990s after qualifying 53 percent of all projects as "high risk" or "extremely high risk" to people and their environment (World Bank Independent Evaluation Group 2010a, Park and Vetterlein 2010); the creation of the Quality Assurance Group in 1996, the establishment of the Operations

Evaluation Department in 1972 that reports directly to the Bank's Board of Executive Directors; and the myriad of legal, gender, indigenous, and environmental studies that have become requirements in the loan preparation process. Critics, particularly among developing country governments, have argued that the Bank has become such a risk-averse organization that loan preparation has emerged as an overly onerous process. As a result, borrowing governments with sufficiently high sovereign debt ratings have migrated to private capital markets and stopped borrowing from the Bank.[10]

I argue that this institutional trait has had a similar effect on the way the Bank sets up partnerships. What were meant to be horizontal relationships became hierarchical delegation arrangements. The Bank seeks to ensure that partnerships follow its institutional procedures and reporting policies so as to mitigate concerns over their effect on the Bank's reputation. These concerns have been discussed at the highest levels of the Bank. They have resulted in requests from Executive Directors to Bank senior management to institute organizational procedures for controlling the types of initiatives and actors with whom the organization establishes formal working relationships (World Bank 2004a).

The general risk averse character of the Bank, combined with the loss of exclusive agency that co-governance relationships entail, make the Bank more likely to prefer creating a delegation arrangement that gives trusted partners a visible management role. This lowers and spreads any potential risks of conservation interventions across more organizational actors.

In describing the organizational logic of partnerships, Thompson (2003) states that they work on trust and loyalty. Hence, once a decision to delegate takes place, the Bank chooses actors with whom it has had previous repeated interactions and shares this trust. This requirement limits democracy and innovation, since it only allows for the inclusion of a smaller pool of agents and, since individual actors carry ideas, a limited number of policy options will be tabled. The Bank most often resorts to delegating the management of partnerships to large international NGOs, rather than local community organizations, national NGOs, or firms. One

[10] The Bank recognized the burden of additional requirements and started to allow certain middle-income countries to be subject to their own national safety provisions instead of the Bank's safeguards. This generated support from those who wanted to improve the speed of loan preparation at the Bank and reduce the burden on borrowing clients and also generated considerable backlash from civil society actors worried about declining social and environmental standards (Ferranti, 2006).

exception is the Biodiversity and Agricultural Commodities Partnership, which the IFC decided to delegate to Chemonics, a large consulting firm on international development, following a public tender process. However, of the 25,000 international NGOs that the Union of International Associations (2012) estimates are in operation, the only NGOs that have executive governance functions and management roles are in the top five international conservation organizations: Conservation International, World Wildlife Fund, The Nature Conservancy, Wildlife Conservation Society, or World Resources Institute. Bank documents concede, “there may be disparities in representation among NGOs in regards to which NGOs have access at the policy level and which NGOs are primarily involved as service providers in Bank projects” (World Bank 2005b, para. 13).

In many cases, Bank staff share extensive professional relationships with these conservation NGOs. Staff members have worked in each other’s organizations prior to, or after working for, the World Bank and have co-authored academic articles together. It is not surprising that, given a decision to delegate, the Bank chooses to give a leading role to these NGOs as hosts of partnership Secretariats and managers of conservation interventions. They are trusted partners for a risk-averse organization.[11] Because of the revolving-door phenomenon between the Bank and these select few organizations, these NGOs become “outside-insiders” and they have the power to shape ideas and policy, beyond the interests of member states and secretariats (Weiss, Carayannis and Joify 2009). This is what Thomas Weiss et al. (2009), writing on the United Nations, called the Third UN.[12]

Bank partnerships do closely follow the same conservation recipes of their managing NGO partners. For example, the ecoregion approach of WWF was followed by the World Bank/WWF Alliance for Forest Conservation and Sustainable Use. The hotspot approach of CI is followed by the CEPF partnership. Bank partnerships focus overwhelmingly on hierarchical interventions rather than community, rights-based, or market approaches to promote

[11] Socialization moves in two directions (Feldman, 1976). Hence it should not be a surprise to see elements of mutual influence between the Bank and at least some of its partners. The literature on NGO-IO socialization has focused more on how NGOs influence the Bank, and less on how the Bank shapes NGOs in its own organizational image. I hope that this research project’s perspective on the bureaucratic influence of the Bank on its partners contributes to balancing the analysis of socialization.
[12] Therefore, a large conservation NGOs that is delegated authority to implement partnership activities need not ever behave opportunistically (as PA theorists might anticipate) to promote its own institutional agenda.

conservation. These are the main critiques that academics and civil society organizations have also levelled at WWF, CI, and TNC (Chapin 2004; Smith, Verissimo and MacMillan 2010).

In global governance there is a normative bias in favour of NGOs with little differentiation on which NGOs participate in the governance process (Veltmeyer 2005). Hence, partnerships with large conservation NGOs can deliver the best of both worlds to the Bank: a general positive perception of engagement with civil society and trusted organizational partners to whom it can delegate an operational mandate and share reputational risks. However, if only these large institutional players gain authority through partnerships, the door to democracy and innovation in conservation governance remains largely closed. It similarly follows that, without new actors in biodiversity governance, the sources of funding will not fundamentally increase.

Bureaucratic Culture

The Bank's bureaucratic culture engenders risk aversion. There are other important features of bureaucratic forms of organization that influence Bank partnerships and their delivery of good governance. Barnett and Finnemore (2004) analyzed the power of various IOs by relying on Max Weber's proposition that bureaucracies exert legal-rational authority. The authors found that IOs are powerful and that this power is often a product of their bureaucratic culture rather than a result of member states' mandates. The latter has traditionally been the dominant conception of IO behaviour. Barnett and Finnemore relied on Weber's conceptualization of bureaucratic forms of organization to distil major traits of IOs and ultimately show how they became powerful yet pathological actors in global governance. It is this dysfunctional feature of bureaucratic forms of organization that I continue to probe in the following sections.

Weber contended that bureaucracy creates rationally organized social action and "under otherwise equal conditions, rationally organized and directed action is superior to every kind of collective behaviour" (Weber 1968, 987). However, Weber pointed to a useful analytical distinction between goal rationality (*zweckrationalitat*) and value rationality (*wertrationalitat*), a form versus function distinction.[13] Goal rationality involves instrumental calculations that weigh

[13] Weber creates a typology of four different types of rationality: Goal, value, affectual, and traditional (habitual). I only refer to the first two for the purposes of this research. The first two are also the central concepts of Weber's theory on the logic of social action (Weber, 1947).

the most efficient means to achieve desired ends in an economic fashion. It is utilitarian and technical reasoning. Value rationality refers to intrinsic values that orient social action. This type of rationality suggests that there are deontological standards that guide social action. When an organization acts with the conscious belief in the unconditional intrinsic value of a particular action, it is eschewing *zweckrationalitat* as a criterion for reason (Breiner 1996). Weber's contribution is that bureaucracy and the project of modernity has moved the logic of social action towards goal rational and expedient behaviour and away from value rational behaviour. In other words, bureaucratic forms of organization emphasize the economically efficient achievement of ends.

Applying this insight to Bank partnerships, we expect to see the organization devote more institutional resources to the operational performance of partnerships and fewer to ensure the achievement of democracy and innovation as ultimate ends of the partnership mode of governance. Partnerships indeed seem to perform well on operational metrics and poorly when gauged in terms of their contribution to broader global governance values (Kramarz, forthcoming).

Several authors since Weber have summarized the basic characteristics of modern bureaucracies. Many, including Weber, created lists of attributes to provide an ideal type that can serve as a yardstick to measure the 'bureucraticness' of different organizations (Hall 1963). However, as Udy (1959) and Hall (1963) wrote in their conceptual evaluations of bureaucracy, not all dimensions need to be present or equally strong to make an organization more or less bureaucratic. In the case of the Bank, it is particularly the attributes of hierarchy, division of labour, and emphasis on rules and routines that are most pertinent to the study of its partnerships.[14] The influence of these features is investigated below.

Hierarchy

The literature on organizations traditionally contrasts bureaucracies with organic structures (Burns and Stalker 1961). The former are defined as hierarchical, ritualized, and rational forms

[14] The benefits of these organizational traits are stability, efficiency, and "objectivity" (a legal-rational order commands authority). The challenges identified by Weber are many, but most relevant for this inquiry are those related to how bureaucracies undermine democracy.

of organization, while the latter are horizontal and adaptable through participant interaction. The logic of partnership forms of organization share closer traits with organic structures that are characterized by flat decision-making processes and a loosely structured environment that promotes experimentation (source on organizational structures that promote innovation). This is a point convincingly argued by Walter Powell's 1990 seminal article on network governance as a distinct organizational structure that is beyond markets and hierarchies. He argues that whereas hierarchies are formal, bureaucratic and routine-based structures based on supervision, networks are characterized by open-ended relational processes based on the norm of reciprocity (Powell 1990). This point is echoed by Grahame Thompson (2003) who adds that it is the relational, reciprocal, and non-instrumental trust features of the network that make this an analytically different form of organization beyond hierarchies and markets. Yet, this is not the nature of the interaction that we have observed in Bank partnerships, as one example of network governance.

Hierarchy and delegation are fixed features of most of these partnerships. I argue that the influence of the Bank's bureaucratic culture thwarts the organizational structure of the partnership and, as a result, the desired governance outcomes of democracy and innovation are not realized. Rather than creating a separate entity, the partnership remains an extension of the Bank, susceptible to the same hierarchy, procedures, and routines. To contrast this picture with alternative models, high tech industries promote partnerships for vertical disaggregation and launch them as semi-independent subsidiaries to promote the kind of innovation that large hierarchical firms are too slow to produce (Powell 1990). Another strategy historically used by firms like Hewlett-Packard, 3M, Johnson and Johnson, and Emerson Electric when they started becoming too large and bureaucratic was to create internal divisions that were carefully monitored for size. "Johnson & Johnson constantly creates new divisions. Its corporate watchword is simple: 'Growing big by staying small'" (Katz, 2004, 411). In "Democratizing Innovation," von Hippel (2005) describes another way to escape bureaucratic hierarchy by relying on end users as the basis of product innovation. This promotes a shift away from the hierarchical structure of the firm. Bell Labs famously designed the architecture of its Murray Hill, New Jersey building to break down the barriers of bureaucratic segmentalization. The hallways were so long that they disappeared in the distance. "Traveling the hall's length without encountering a number of acquaintances, problems, diversions, and ideas was almost impossible. A physicist on his way to lunch in the cafeteria was like a magnet rolling past iron filings"

(Gertner 2012, 77). Hence, there is no reason to assume that large hierarchies cannot form democratic and innovative partnerships. These and other alternatives require further research and analysis, I simply raise them here to note that bureaucratic organizations need not become an iron cage for the partnership.

Division of Labour

Another key feature of bureaucratic forms of organization is job specialization. In order to make large and complex tasks manageable, the Bank depends on divisions of labour. It internally delegates the responsibility of monitoring partnership activities to a task team leader (TTL). Externally, the Bank replicates the specialization model by creating execution and reporting functions and delegates these to a managing partner within the partnership. In the case of the Bank, the extent of responsibility delegated to managing partners is significant, yet oversight is limited. An internal Bank evaluation of global partnerships noted:

> Global Programs require dedicated funds for adequate oversight. In the case of CEPF, the Bank's Environment Anchor needs to ensure that this oversight is conducted rigorously and applied methodically across the Bank's regions, and that the results are consistently aggregated for the purpose of tracking overall program performance at mid-term and beyond. (World Bank Independent Evaluation Group 2007, 40)

Bank operational staff is given very limited resources to participate as active partners. This is in part because the core business line of the organization has historically been lending.[15] Bank staff is largely recognized for loans negotiated and disbursed, not meetings attended or monitoring hours logged into a given project. Partnerships represent a problem in that quantitative culture of staff appraisal. They are work intensive, since coordination takes more time than unilateral execution of activities on the ground. Furthermore, active participation is limited by the ethos of a bureaucratic culture that relies on divisions of labour to carry out

[15] This is despite statements on the growth of advisory services and its role as a global knowledge broker or convener of stakeholders, for example.

specific components of large and complex tasks. When the Bank becomes a silent partner in implementation because staff is not given the material resources to play an active role, the managing partner becomes de facto the lead partner. This can explain why managing partners gain influence over the substantive content of partnerships as long as they follow the reporting rules the Bank stipulates.

Another effect of bureaucratic divisions of labour is compartmentalization. A positive outcome is that professional staff members become highly specialized and able to execute with technical mastery a given task. However, this often comes at the expense of crosscutting collaboration. This is referred to as the silo effect of specialization (DeBri and Bannister 2010). Each unit works within their own universe of technical knowledge and potentially complementary initiatives are not easily recognized. This is an organizational problem the Bank has been battling for some time (World Bank Independent Evaluation Group 2010b). Geographic and thematic, research, and operational units often operated in their own silos and lessons learned were not transferred between them. The other negative effect of this insularity is that each unit of work constructs its own parochial worldview and develops “internal cultures and procedures that do not promote the goals of those who created the organization or those whom it serves” (Barnett and Finnemore 2004, 40). Thus, this bureaucratic feature may enable the staff in the biodiversity unit to develop worldviews that are better aligned with the large conservation NGOs (which are the IOs most frequent partners) than with other sectors within the Bank.

Rules and Procedures

Weber (1946) argues that bureaucracy and democracy run at cross currents. In his essays in Sociology, the author states, “democracy as such is opposed to the ‘rule’ of bureaucracy” (231). He reasons that bureaucracy thrives on tenure, stability, repetition, and participation by closed groups of experts. Democracy, on the other hand, thrives on openness and short terms of service to enable participation by a wide group of candidates. The repetition of processes under objective rules creates speed and unambiguity. It does not, however, promote democratic participation or innovative policymaking. Barnett and Finnemore (2004) call this the irrationality of rationalization. It is a process of repeated strict abidance with the rulebook that results in rules and procedures becoming ends in themselves. The Bank does not create autonomous partnerships, but retains control of their governance and entrusts their operational activities to organizations that are part of an extended closed group of experts, extensively trained through repeated interactions with the Bank on how to follow policies and procedures. In this way, Bank partnerships fail to deliver on their governance promise.

As a result, partnerships emulate the bureaucratic procedures of regular Bank operations. They are made to succumb to the Bank's project culture. For instance, national groups participating in partnership activities must first become trained in the technique of executing these in a ritualized fashion: identification, preparation, execution, monitoring and evaluation, and submitting the written reports in the required formats to the managing partner. Weber (1978) argues that bureaucratic rules rest "on expert training, a functional specialization of work, and an attitude set on habitual virtuosity in the mastery of single yet methodically integrated functions" (988).

Only a very select group of organizations can meet all the above requirements and deliver operational efficiencies to the partnership. From the perspective of bureaucratic efficiency, large international organizations are the most rational choice of managing partners. The five largest conservation NGOs, which include the largest Bank partners (WWF, CI, and TNC) were spending over $1 billion a year on conservation of species and ecosystems in 2012. TNC alone had net assets of over $6 billion, annual revenue of $1.2 billion, and employs over three thousand people in the US and around the globe (MacDonald 2008, The Nature Conservancy, 2011). They have an installed capacity to absorb partnership funds and disburse resources for field activities. The magnitude of their operations, their established procurement and accounting procedures, and their reporting capacities make them more attractive than working with smaller, national, or community-based NGOs that would require more task team leader monitoring hours to ensure adherence to Bank policies and procedures.[16] When compliance with rules is the goal to which bureaucracies aspire, these types of partnerships are the most efficient and rational choice for the Bank. The values of democracy and innovation succumb to the higher order goal of ensuring partners faithfully follow the Bank's policies and procedures. The focus on the ability to execute activities according to Bank procedures obscures what managing partners will substantively do

[16] This statement is based on interviews with two current and former task team leaders of environmental projects, a staff member of the World Bank's Independent Evaluation Group, and an external evaluator of World Bank projects.

with their delegated authority, and neglects questioning whether they are the most appropriate actors to promote conservation through democratic governance and innovative policy making.

Conclusion

The Bank claims that it pursues partnerships as vehicles to democratize global governance, promote policy innovation, and catalyze additional financing. Yet, its partnerships show poor records of democratic decision making, new policy approaches, and raising financial resources. What theoretical tools do we have to explain this disconnect? I have argued that the traditional theoretical treatment of partnerships as 'horizontal governance arrangements' (Andonova 2005) is not empirically accurate in the case of the World Bank's conservation partnerships. These partnerships instead are characterized by hierarchical delegation relationships. To make sense of this dynamic, I advance a theoretical argument drawing on elements of PA and organizational theories. PA explains one potential outcome of delegation dynamics. In the case of partnerships, there is a long chain of delegation that creates space for agency slack at various junctures inside and outside the World Bank. However, traditional assumptions about the opportunism of agents as a sufficient condition for generating a mandate-performance gap are incomplete components of a PA account of partnerships. When the principal joins a partnership but does not actively help to shape its substantive policies because it behaves bureaucratically by prioritizing operational efficiencies, it contributes to this mandate-performance gap. This may create an enabling environment for agents to fill the vacuum and pursue their own preferences through partnerships. The role of managing partnership business 'on the ground' and interpreting problems and solutions, which Barnett and Finnemore (2004) argued is the hallmark of IO's special source of autonomy and power, can become the autonomy and power of managing partners.

A useful tool to further theorize the influence of NGOs as managing partners of World Bank partnerships is Lipsky's concept of street-level bureaucrats (1971, 2010). Lipsky defines them as the individuals who work in the field and as the front lines of their given agencies. They are those "who interact directly with citizens in the course of their jobs, and who have substantial discretion in the execution of their work" (Lipsky 2010, 3). Some examples include teachers, policemen, and social workers. The core of his argument is that these street-level bureaucrats have significant autonomy and discretion in interpreting the nature of the problem they face and the resources that need to be allocated in the name of their particular agencies. This argument mirrors the one advanced by Barnett and Finnemore (1999) on the power and pathologies of IOs, but takes it one step down the chain of delegation. An analysis of NGO managing partners as street-level bureaucrats would focus on the private goals that these actors carry to the field which differ from the World Bank's mandate.

Potentially, the more bureaucratized the organization that undertakes partnerships the greater the opportunity for smaller partners to take advantage of the disconnect between bureaucratic form and function, and use the partnership to promote subsidiary purposes. This may be more likely in cases where the IO is large and resource rich, like the World Bank. It takes as much staff time to monitor multimillion-dollar loans as small partnership funds. The IO may devote its administrative budget to the more financially significant investments, and leave its street-level bureaucratic agents to carry out substantive partnership decisions in the field.

The theoretical analysis advanced in this paper adds an important caveat to the literature on IOs as orchestrators of non-state actors through partnerships (Abbott et al. 2012).[17] In certain scenarios, a partnership can become a vehicle for the Bank to become orchestrated by its partners if the PA prediction is accurate and there is likelihood for cumulative agency slack in long delegation chains. This line of inquiry suggests that the focus on cooperation through orchestration requires further research and in-depth analysis. Abbot and Bernstein (2015) argue that successful orchestration is needed in the current international system to enhance coherence and avoid initiatives working at cross-purposes. This is an important point. Given the proliferation of new actors in the international system there is also a need to ensure emerging practices abide by a common standard of sustainable human development (Bernstein and Brunnée 2011). I question whether the Bank or other large international bureaucracies are the best actors to take on this role in the absence of appropriate safeguards that can mitigate the examined pitfalls prevalent in these forms of organization.

[17] They describe the current international system as "transnational new governance" and contrast it to a pre-1990's system they call "international old governance." The authors theoretically describe IOs as orchestrators of transnational public and private actors and normatively advocate that IOs are particularly well suited for this role in the current transnational new governance system. In Abbott et al.'s (2012) framework, IOs act as principals (now orchestrators) and non-state actors such as business firms or NGOs act as the agents, or intermediaries between the IO and third parties that are called targets.

The bureaucratic lens indicates there is a complex dynamic, where unintended outcomes of partnerships are not simply the result of potentially opportunistic agents, but of the principal's own organizational features. The Bank's risk aversion and emphasis on hierarchy, staff specialization, and rules and procedures promote top down alliances that are anathema to the original raison d'etre of partnership governance. Hence, horizontal governance is theoretically unlikely given the bureaucratic structure of the Bank. Both of these accounts, depicting IOs as entrepreneurs of horizontal governing arrangements with non-state actors or orchestrators of transnational governance networks must be empirically tested against actual patterns of partnership formation, governance, and performance on the ground.

Despite their mixed record of performance, partnerships continue to be promoted as an instrument of choice by international bureaucracies who spearhead most of these global initiatives (Pattberg and Widerberg 2016). Whereas we know little about what kind of partners these IO bureaucracies make, we see that resistance to IO bureaucracy is often futile because bureaucrats have a hard time letting go of control, and distrust partners who do not abide by familiar policies and procedures. This creates structural conditions for increasingly uncertain governance outcomes. Scholars and practitioners who advocate partnerships as a means of overhauling the architecture of global governance need to be selective in their support, and insist on carefully analyzing who will govern and how in such arrangements. The stakes are high. A rapidly deteriorating global environment urgently requires more effective and equitable institutions to govern the Anthropocene.

Works Cited

To follow…