IEG
Independent Evaluation Group

THE WORLD BANK

The Development Potential of Regional Programs

An Evaluation of World Bank Support of Multicountry Operations

THE WORLD BANK GROUP

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WORLD BANK INDEPENDENT EVALUATION GROUP

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Washington, D.C.

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Cover photos: 1. To prevent the further decline of national forests and habitats, the World Bank is supporting a pilot project in three countries in Central and South America to test the impact of providing incentives to livestock farmers to adopt environmentally friendly farming practices such as the planting of fast-growing trees and grasses. (Photo of cattle courtesy of Svenja-Foto/zefa/Corbis.) 2. To capitalize on a major source of hydropower and provide more reliable and less costly access to electrical power in countries in Southern Africa, the Bank is enhancing a hydropower facility and supporting the construction of power transmission lines as part of the development of a regional power market in the subregion. (Photo of power lines courtesy of JupiterImages Corporation.) 3. To foster economic integration, support from the World Bank has helped eight countries of Southeastern Europe to build infrastructure and improve customs information systems and procedures to reduce non-tariff costs to trade and transport and corruption at border crossings. (Photo of trucks courtesy of John Eriksson.) 4. The major east-west highway that connects the five countries of coastal West Africa serves as a transit route for both trade and the spread of HIV/AIDS. The Bank is supporting a program focused on the border towns along the highway where HIV/AIDS prevalence rates exceed the national averages in order to improve access to HIV/AIDS prevention, treatment, and care for truckers, sex workers, and others at risk and to speed the flow of traffic along the corridor. (Photo of Kibera Community Self-Help Programme, Kenya, courtesy of UNAIDS/G.Pirozzi.) . 5. The Bank is supporting studies and consultations among 11 countries on how to manage the critically important water and other natural resources of the Nile River basin. (Photo of the Nile River courtesy of Arne Hoel, The World Bank.)

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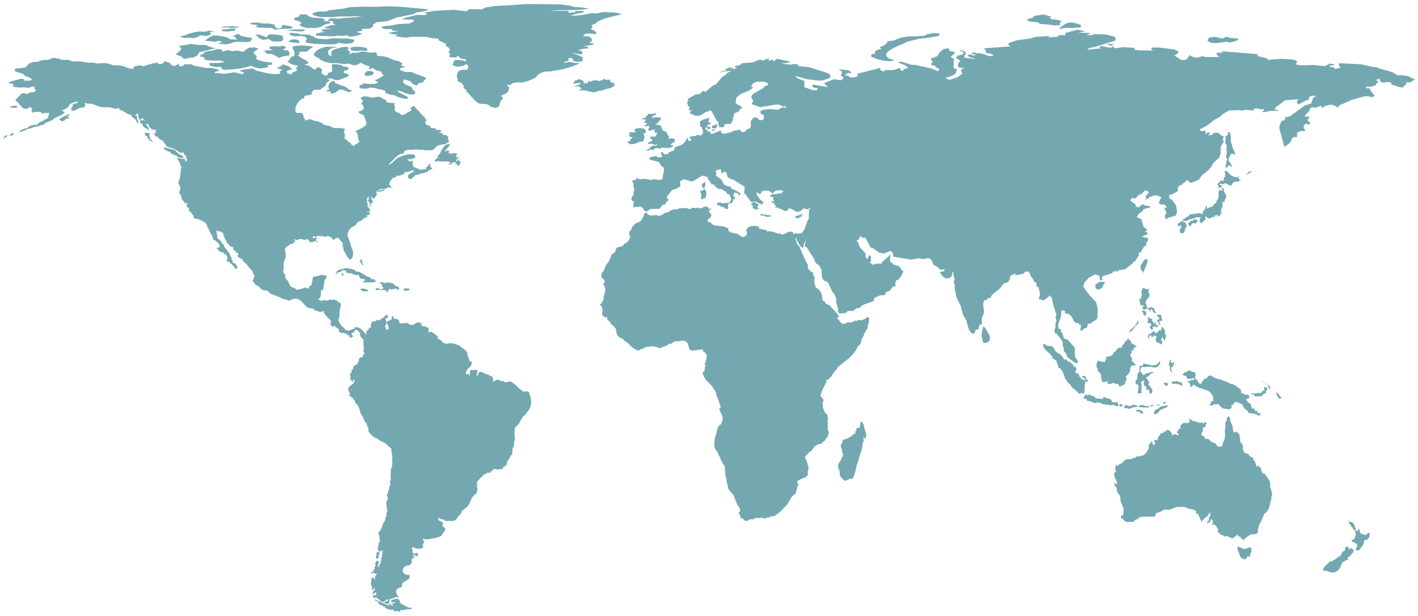
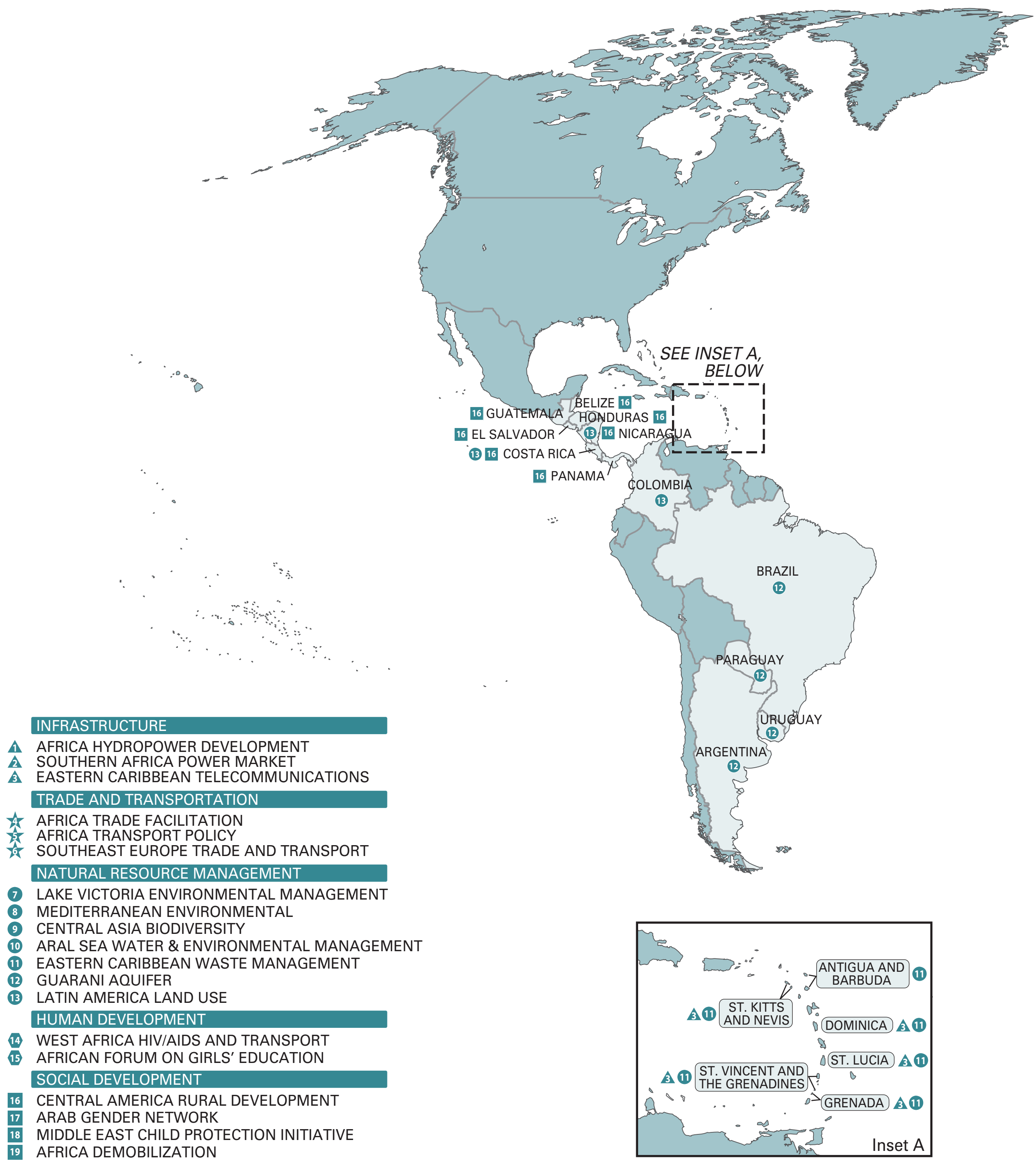
Contents

Program Map



IEG EVALUATION OF WORLD BANK SUPPORT FOR REGIONAL DEVELOPMENT PROGRAMS



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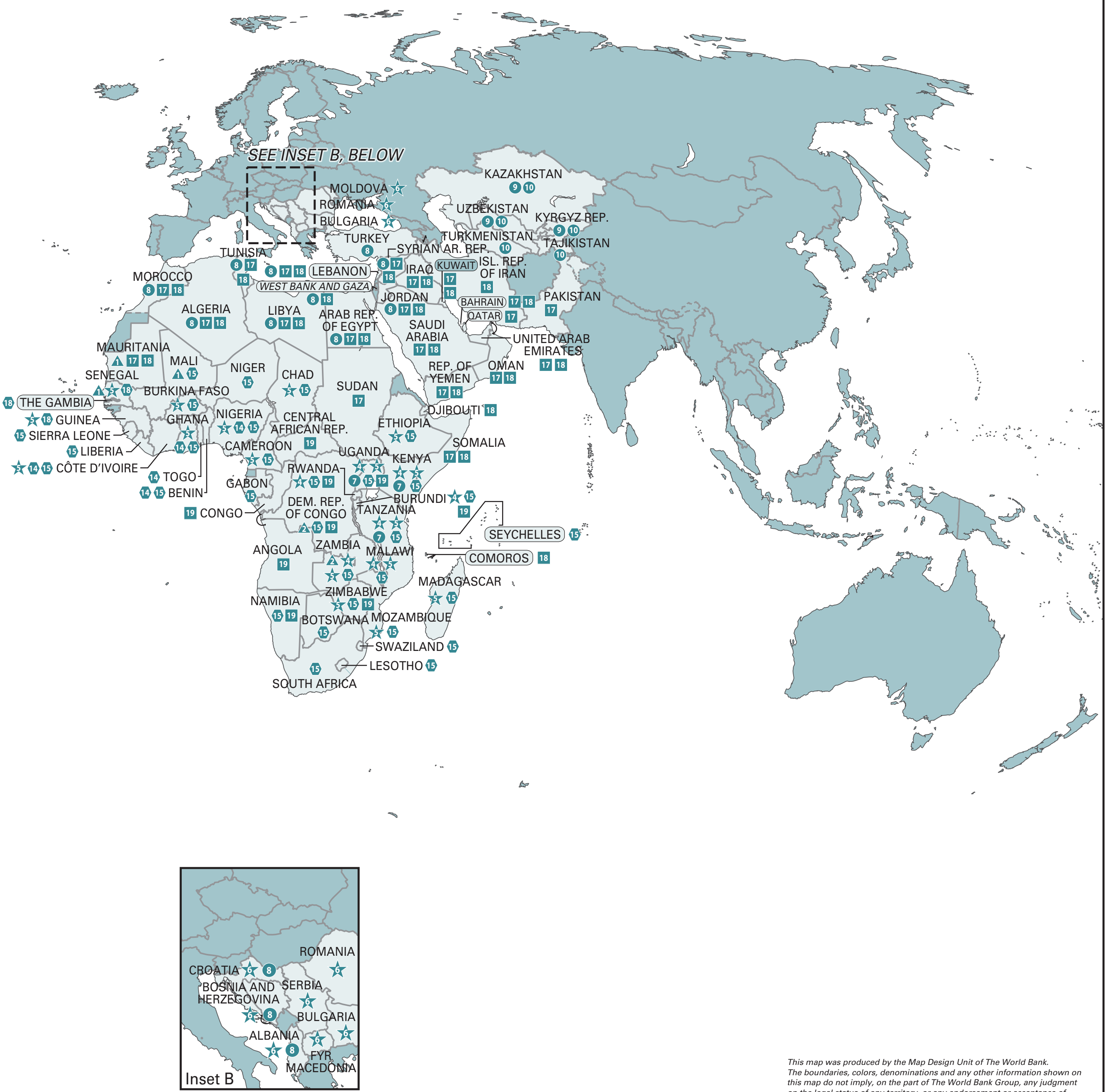
THE 19 PROGRAMS REVIEWED



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ABBREVIATIONS

AAA	Analytical and advisory activities
ADB	Asian Development Bank
AIDS	Acquired immune-deficiency syndrome
ANGED	Arab Network for Gender and Development
ATIA	Africa Trade Insurance Agency
CAS	Country Assistance Strategy
CAWTAR	Center of Arab Women for Training and Research
CDB	Caribbean Development Bank
DGF	Development Grant Facility
EAC	East African Community
ECTEL	Eastern Caribbean Telecommunications Authority
ESW	Economic and sector work
EU	European Union
FAO	Food and Agriculture Organization
FAWE	Forum for African Women Educationalists
FY	Fiscal year
GEF	Global Environment Facility
HIV	Human immunodeficiency virus
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Association
IDF	Institutional Development Fund
IEG	Independent Evaluation Group
METAP	Mediterranean Environmental Technical Assistance Program
NEPAD	New Partnership for Africa's Development
OAS	Organization of American States
OECD	Organisation for Economic Co-operation and Development
OECS	Organization of Eastern Caribbean States
OMVS	Organisation pour la mise en valeur du fleuve Senegal
PPAR	Project Performance Assessment Report
QAG	Quality Assurance Group
RHDP	Regional Hydropower Development Project
RUTA	Regional Unit for Technical Assistance
SADC	Southern Africa Development Community
SSATP	Sub-Saharan Africa Transport Policy
TTFSE	Trade and Transport Facilitation in Southeast Europe
UNAIDS	Joint United Nations Program on HIV/AIDS
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WTO	World Trade Organization

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The evaluation was conducted under the guidance of Victoria Elliott, Manager, IEG Corporate Evaluation and Methods Unit.

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Foreword

Many development issues call for neighboring countries to work together—for example, to manage water and other natural resources, facilitate trade and transport, provide for reliable sources of energy, and protect against the spread of disease and environmental degradation. Yet international development assistance is organized mainly to support programs in individual countries, with only about 3 percent of total aid devoted to multicountry regional programs.

This evaluation examines the track record of the regional development programs that the World Bank has supported over the past 10 years. While these are relatively few in number, together they offer valuable lessons for how such programs can be designed and implemented to deliver good outcomes.

The evaluation complements IEG's 2004 study of global programs, *Addressing the Challenges of Globalization: An Independent Evaluation of the World Bank's Approach to Global Programs*. Global and regional programs have some issues in common—notably the need to establish governance arrangements with voice and legitimacy—and some important differences stemming from the stronger country-level investment focus of most regional programs. This means that regional programs depend on the participation of all relevant countries and typically require them to overcome differing interests and past conflicts to achieve desired long-run benefits.

Even though regional programs are more complicated than single-country programs, the evaluation finds that Bank-supported regional programs have been as effective in achieving their objectives as country operations. Several key determinants of successful regional programs emerge from this assessment, notably addressing the political economy of relations among neighboring countries, clearly delineating the roles of national and regional institutions, and planning for the long-term sustainability of program outcomes. The findings suggest that a more strategic approach by the Bank and development partners to supporting regional programs would help countries identify where regional approaches could reinforce their national agendas and strengthen the international aid architecture in support of multicountry efforts.

Regional programs have a large development potential. If greater support for these programs were coupled with the application of the lessons from past experience, there could be a high development impact. I hope that the findings can contribute to management moving forward toward such an approach.

Vinod Thomas
Director-General, Evaluation

Executive Summary

Regional programs offer substantial potential to achieve results on development issues that affect neighboring countries. Regionally coordinated transportation development, for example, can help the world's 31 landlocked countries to connect to wider markets through neighboring countries.

Regional integration of the supply and distribution of power can help small economies increase their access to reliable, lower-cost energy. Cooperation among neighboring states is vital to control the spread of diseases such as malaria and HIV/AIDS and to manage the 60 percent of the world's fresh water that derives from shared river systems.

But it is a complex task to design regional programs so that they assign benefits and costs equitably among participating countries and effectively coordinate country and regional activities during implementation. These challenges explain why regional programs account for less than 3 percent of all international development support.

This evaluation, which assesses World Bank support for regional development programs over fiscal years 1995–2005, finds that a majority of the programs evaluated have been or appear likely to be effective in achieving most of their development objectives. Even stronger results could be achieved if support for regional programs were better developed as an international aid practice. These findings are based on evaluations of 19 regional programs and a review of the Bank's total portfolio of some 100 regional operations.

Successful regional programs require consensus among participating countries on the distribution of program benefits and costs and strong country voice in governance arrangements. They need to clearly delineate and link national and regional institutions. They also need to mobilize adequate packages of grant, credit, and loan financing for the extended preparation and implementation typically required to achieve regional program objectives.

The World Bank has played an important role in promoting and supporting regional programs. The potential contribution of regional programs is likely to grow as the cross-border dimensions of health, infrastructure, environment, and trade facilitation take on ever-increasing significance. A stronger Bank role, if underpinned by a shift to a more strategic approach, could help countries realize this increasing potential of regional cooperation.

Support for Regional Programs Is Limited but Growing

This evaluation defines a regional program as an undertaking intended to accomplish one or more development objectives in three or more countries in the same Bank Region or contiguous Regions, and that involves cooperation or integration among the participating countries. The Bank supports two broad types of programs: regional projects, which are of fixed duration and financed by loans, credits, or grants, and regional partnerships, which tend to be open-ended and are entirely grant-financed.

Over the past 10 years, this support has amounted to only some $1.7 billion, less than 1 percent of total Bank project and partnership funding. This has combined with an additional modest amount of roughly $6 billion in cofinancing. Africa has accounted for half of all support, and about half of all projects have focused on the environment and have been funded with grants from the Global Environment Facility. Two-thirds of the active programs have been approved since fiscal 2000, and continuing increases are projected for the next several years.

A Majority of the Regional Programs Have Been Effective

Regional projects completed in the period under review have performed as effectively in meeting their main objectives as single-country projects. They have successfully built new assets and protected existing ones in ways expected to benefit all participating countries. For example, they have developed hydropower capacity and increased access to electricity for several countries in West Africa, restored fisheries in Lake Victoria, and built and shared knowledge on child protection in the Middle East. But they have not typically helped countries make the complementary policy changes—such as utility price reforms—needed to sustain project outcomes or reach agreement on the use of shared resources.

The Programs Are Relevant but Weakly Linked to Country Assistance Programs

The regional programs reviewed are individually relevant. Each reflects an appropriate rationale for adopting a multicountry approach. Typically their objectives are aligned with issues on the national agendas of participating countries. But they do not derive from joint assessments with those countries of which issues would most benefit from regional approaches, nor are they closely linked to the Bank's country programs. Only a third of the 19 regional programs reviewed were included among the strategic objectives of the Bank Country Assistance Strategies of all participating countries.

Five Design Features Have Proved Vital to Regional Program Success

Programs dealing with issues where the interests of the countries are compatible (such as preventing the spread of HIV/AIDS or developing regional energy markets) have tended to be more successful than those dealing with issues where interests are in conflict (such as the sharing of water resources) and requiring tradeoffs among countries. But in all cases, success has depended on taking account of five key determinants in program design and implementation.

Strong country commitment to regional cooperation requires attention to the political economy of relations among countries to gain their acceptance of the obligations involved in acting cooperatively. Building strong country commitment has been impeded in many programs by inadequate assessment of program costs and benefits for individual countries and by lack of a regional platform for resolving intercountry conflicts of interests. For example, the failure of the Aral Sea water and environmental management program to adequately assess what each country could expect to gain and at what costs led to faulty design and weak country ownership of program activities.

The scope of objectives has to match national and regional capacities for regional programs to deal effectively with the complex coordination challenges in the implementation of their activities. For example, the Central Asia biodiversity program focused on an initial set of interventions designed in accordance with country and regional capacities, leaving more demanding activities for later stages. In contrast, the aims of the first phase of the Arab gender network exceeded the capacities of its regional secretariat and participating national institutions to carry out planned advocacy and networking activities.

Clear delineation and coordination of the roles of national and regional institutions has proved crucial to the implementation of program activities and the sustainability of outcomes. What has generally worked best is reliance on national institutions for execution and implementation of program interventions at the country level, and on regional institutions for supportive services that cannot be performed efficiently by national agencies, such as coordination, data gathering, technical assistance, dispute resolution, and monitoring and evaluation. This delineation characterized the largely effective implementation of the Lake Victoria environmental management program, in which national institutions conducted scientific studies and pilot activities, while a small regional secretariat coordinated information sharing and interactions with donors.

Accountable governance arrangements take time to establish but are essential to gaining country ownership. The West Africa HIV/AIDS and transport program, for example, took about two years to prepare, in part because of the time countries needed to agree on the institutional structures for governing and managing the program. But this was time that stakeholders view as well spent, because it resulted in a governance structure with country voice and high-level government participation. The effectiveness of even well-designed regional governance bodies, however, has often been impeded by lack of coordinated donor support for program activities. In all of the 17 programs reviewed that have more than one major donor, coordination among donors has been weak; in over half, the programs were seriously hampered by problems such as earmarked and tied support, unpredictable financing, and differing individual donor requirements.

Planning for sustainability of program outcomes after external support ends has not been done consistently across regional programs. In a number of cases, countries have absorbed the cost of national-level activities, but they have shown little interest in paying for continued regional-level activities, except where those costs can be covered by self-generating resources, such as from licensing fees in the Eastern Caribbean telecommunications program.

Regional Partnerships Have Performed Less Successfully Than Regional Projects

While regional projects have had strong country voice, regional partnerships have been dominated by donors. Typically, regional partnerships have involved program activities executed by a regional entity with weak links to national institutions. This has been a particular impediment where partnerships have aimed to build knowledge in support of national policy reforms. Regional partnerships also have tended to lack good resource mobilization plans to ensure financial predictability and sustainability once external support ends. These findings on weak country ownership, governance, and sustainability of regional partnerships are similar to evaluation findings on global partnership programs

Key Findings on the Bank's Performance

The Bank has played multiple roles in support of regional programs. It has been a convener of country and donor partners and has helped establish consensus on program design. It has provided technical advice and served in some cases as the program manager or secretariat and as a member of the governing body. Its financial contributions to regional projects have amounted, on average, to about a third of the total project costs, and ranged from as little as 8 percent to as much as 100 percent. Even when its funding has been limited, the Bank has exerted considerable influence on program preparation and implementation.

The Bank's performance has been most effective in its traditional areas of comparative advantage. The Bank has been effective in fostering country interest in regional programs through its provision of analytical work, mobilization of donor support, and financing of country-level investments. It has been relatively ineffective in helping countries deal with their conflicting interests, delineate the roles of national and regional institutions, and plan for the sustainability of program outcomes at national and regional levels. Where donor coordination has been weak overall, the Bank has not fostered better donor interaction. Moreover, the Bank has done little to promote improved international standards of donor coordination in regional programs.

Bank incentives and capacities, which are geared to country programs, are not optimal for the support of regional programs. The criteria for allocating resources from the Bank's set of grant financing mechanisms do not provide the Bank with a coherent way to support regional programs. The country management units and budget processes create disincentives for development of regional operations. Current processes of monitoring and learning from regional program experiences are weak. There are also challenging issues in the establishment of legal frameworks for individual regional programs, and improved guidance to staff is needed.

The Bank Could Help Countries Benefit More from Regional Cooperation

Given the evident potential of regional programs to deliver significant development benefits, the Bank faces a strategic choice on the future of its regional program support. It could continue with business as usual—that is, supporting opportunities as they arise. To do so would imply that the Bank remains largely focused on country programs, leaving other partners to build up international support for regional cooperation. Alternatively, it could adopt a more strategic and potentially bigger effort.

This evaluation recommends that the Bank adopt a bigger role in support of regional programs, provided that it develops a more strategic approach. Specifically, Bank management should consider making the following four changes.

1. **Establish regional program strategies and integrate them into Country Assistance Strategies**. Regional vice presidencies need to design and deploy their regional program support more strategically to complement and reinforce country development goals. To achieve this, they would need to:
   - Develop, in consultation with clients and donor partners, medium-term plans that identify opportunities for high-priority regional programs and the support they would require.
   - Integrate regional programs into relevant Country Assistance Strategies.
   - Provide adequate analytic and advisory assistance to help countries assess the benefits and costs of regional approaches.
2. **Work to strengthen the international architecture for financing regional development programs**. This means that Bank management would need to:
   - Engage with partners to put together the financing packages required for individual programs, based on each partner's comparative advantage.
   - Align the allocation of its loan, credit, and grant resources with the execution of its regional program strategies.
3. **Increase the impact of Bank support for regional partnerships.** Since the subset of regional programs that take the form of open-ended, multidonor partnerships is typically less successful than regional projects, the Bank should give special attention to improving their impact. To achieve greater effectiveness, the Bank should:
   - Enter into such partnerships only when their program objectives are aligned with its regional strategic plans.

- Maintain its support only on the basis of positive findings of periodic evaluations.
- Require credible plans for sustaining program activities.

4. **Strengthen corporate incentives and capacities to provide effective regional program support**. To accomplish this, the Bank needs to:
   - Build a base of knowledge on regional program experiences and incorporate lessons into program design, implementation, and evaluation.
   - Develop guidance for staff on legal frameworks for regional programs and determine if changes are warranted in the Bank's legal and policy frameworks.
   - Prepare periodic reviews of how the Bank is implementing its regional program strategies and partnering with other donors, and the results achieved.

These changes would constitute a stronger Bank approach to helping countries realize the high development potential of regional programs.

Management Comments: Summary

Management welcomes this Independent Evaluation Group (IEG) review of World Bank support to multicountry operations, which provides useful and timely insights into a small but growing segment of Bank support. The review rightly points out that some issues are best addressed from a regional perspective, and at the extreme, some problems can only be addressed through regional cooperation. Overall, the review is useful in helping the Bank refine its thinking with regard to its role in supporting regional activities.

Management Views on IEG's Analysis and Conclusions

Although this report provides valuable input into the Bank's work in support of regional initiatives, there are aspects of the review that deserve further discussion.

Bank Support for Regional Activities

While the Bank remains primarily a country-focused organization—supporting country-owned growth and poverty reduction goals—it recognizes the importance of support for regional activities. There are some issues—energy and water, for example—that often can be addressed more effectively at the regional level. That said, issues such as institutional capacity and measuring country ownership that are difficult enough at the country level are even more challenging at the subregional or regional level. In spite of these challenges, there is a growing demand for Bank support for regional activities, especially in Africa. The African Union's New Partnership for Africa's Development (NEPAD), launched in July 2001, recognized the need for regional cooperation and integration, notably to overcome the limited size of internal country markets, meet infrastructure needs, and address important environmental issues. To support these NEPAD goals, in July 2004 the Africa Region established its Regional Integration Department (replacing an earlier lower-level Regional unit). More widely, all Regional vice presidential units support regional economic and sector work (ESW) that covers issues of trade and integration, including the identification of priorities for regional cooperation. They also support regional operations and partnerships to different degrees, depending on demand and country circumstances. Recognizing the importance of addressing the increased demand from countries for support for regional activities, IDA13 included a pilot program for regional projects. The program was continued in IDA14 and, as of end–fiscal 2006, the portfolio supported by the pilot comprised 14 projects with total commitments of almost $1 billion (World Bank 2006a). Overall, given its worldwide experience in dealing with complex operations, the Bank has proven to be well placed to support regional initiatives. However, this is in essence a new portfolio of activities, and experience to date is limited.

Sample Size and the Conclusions and Recommendation

With regard to the findings on the factors that underpin successful Bank support for regional activities, management notes that the sample size is small (less than 100) and, as observed above, much of the Bank's support is very recent. More than three-quarters of the operations and almost three-quarters of the partnerships were started after the midpoint of the IEG review period. The IDA pilot program discussed above was launched only in 2003. As the IEG review noted, regional activities by their nature take longer to prepare, so half the programs under the IDA pilot started in fiscal 2006 and 2007, after the IEG review sample period, and those in the sample were of very recent origin. Management also notes that, given the sample size, some of the findings might have been different with a different selection of the activities subject to in-depth review. Therefore, while management finds the review to be a serious and useful undertaking, it believes that it must take a measured approach toward the analysis and recommendations in the review and continue to learn from the growing set of experiences as it steps up support for regional activities.

Other Management Views

There are issues on which management would have liked to see further analysis. Management concurs generally with IEG's analysis on the rationale for Bank support, but, as the review points out, there is a "free rider" problem with regional operations—countries have an incentive to try to reap the benefits without paying the costs. So far, the international community does not have an answer to this problem. Partly because of this issue, management does not concur with IEG's conclusions on the necessity of up-front calculations of costs and benefits for all countries or on the need for all Country Assistance Strategies (CASs) in all affected countries to highlight regional programs. Some recent initiatives have dealt with engagement issues as part of implementation, successfully expanding participation based on early achievements in countries that commit at the start. The review also makes a clear distinction between operations and partnerships; often a combination of the two can be a good tool to support a regional initiative. Lastly, the review might have differentiated more between cases in which activities are regional in scope to overcome small country size and those that address issues that are independent of country size.

Main Findings and Recommendations

Management accepts the general thrust of all of IEG's recommendations, but with several caveats. The actions to which management commits are outlined in the attached Management Action Record. A more detailed discussion of the recommendations and a fuller elaboration of management's agreed actions are included in the complete Management Response in annex I. Again, management appreciates the review, which will contribute to the effectiveness of this newly growing line of Bank work, support for regional programs and partnerships.

Management Action Record

Major IEG Recommendation	Management Response
Establish regional program strategies and integrate them into Country Assistance Strategies. Regional vice presidencies need to design and deploy their regional program support more strategically to complement and reinforce country development goals. To implement such a strategic approach would require the Bank to: • Develop, in consultation with clients and donor partners, medium-term plans that identify opportunities for high-priority regional programs and the support that they would require. • Integrate regional programs into relevant Country Assistance Strategies. • Provide adequate analytic and advisory assistance to help countries assess the benefits and costs of regional approaches.	**Agreed in part.** Management agrees on the need to be strategic in the use of its resources in support of regional programs. However, there is no regional equivalent of a country poverty strategy and few regional organizations with strong credibility among member governments. There are also large differences across Regions in terms of country numbers, country size, geographic features, and the prevalence of opportunities for regional activities. In some cases, being prepared to support regional activities when opportunities arise, without a formal written strategy, may be the best approach. Therefore, management plans to leave the decision on whether or not to develop a formal regional program strategy up to Regional vice presidents and their management teams, and to monitor experience, including in Regions that do not opt for regional strategies. When Regions do prepare regional or subregional strategies they will be expected to consult with client and donor partners in the process. All Regions will be asked to follow best practice in selecting, budgeting, delivering, and evaluating regional programs, building on experience with priority setting for Regional ESW. Management will consider its agreed actions complete when each Region reviews its approach to regional programs and partnerships, drawing on best practice experience in identifying priorities for Regional ESW. Regions will report on their approach as part of their fiscal year 2008 Regional Briefing to executive directors.
Work to strengthen the international architecture for support of regional development programs. To do this effectively, Bank management would need to: • Engage with partners to put together the financing packages required for individual programs based on each partner's comparative advantage. • Align the allocation of its loan, credit, and grant resources with the execution of its regional program strategies.	**Agreed in part.** As noted above, Regions that decide to prepare regional or subregional strategies will be expected to consult and coordinate with partners. This consultation and coordination will include discussions on financing mechanisms. On a task-by-task basis, the Bank will engage with partners on financing packages for individual operations. Management will include regional support issues in its overall work with clients and donors on alignment and harmonization of assistance processes. With regard to the Bank's own loan, credit, and grant facilities, management sees this alignment as taking place in the context of the work outlined above on best practice in selecting, budgeting, delivering, and evaluating regional programs, building on experience with priority setting for Regional ESW.

Management Action Record (*continued*)	
Major IEG Recommendation	**Management Response**
	Management will consider its agreed actions complete with discussion of regional support internationally in connection with ongoing work on alignment and harmonization and the work outlined above by Regions. Management will report to executive directors in the fiscal 2008 Regional Briefings and the next update on alignment and harmonization.
Increase the impact of the Bank support for regional partnerships. Since the subset of regional programs that take the form of open-ended, multidonor partnerships are typically less successful than regional projects, the Bank should give special attention to improving the impact of its support for these types of regional programs. To promote greater impact, the Bank could: • Enter into such partnerships only when their program objectives are aligned with its regional program plans. • Maintain its support only on the basis of positive findings of periodic evaluations. • Require credible plans for sustaining program activities.	**Agreed in part.** Management will work to increase the impact of its support for regional partnerships. (As noted in the full Management Response, management has questions regarding the sample size and methodology and whether the evidence is sufficient to conclude that partnerships are typically less successful than regional projects.) The work outlined above on sharing best practice in selecting, budgeting, delivering, and evaluating regional programs, building on experience with priority setting for Regional ESW, will cover regional partnerships. With advice from IEG, management has moved to require an independent evaluation every 3–5 years of programs that receive Development Grant Facility funding, using an evaluation template developed in consultation with IEG; and IEG selectively reviews these evaluations. On evaluation findings, it may not be cost-effective to drop important initiatives on the basis of one poor evaluation. In some cases, management may want to use the findings to strengthen the initiative, setting clear targets for measuring progress against an action program, rather than abandon the partnership. With regard to sustainability, management sees the need to experiment. In some cases, innovative ideas need to be tested and validated before addressing issues of sustainability. Moving too quickly on sustainable funding may make it more difficult to exit. The same applies to the program objectives of regional partnerships. While it should be true in most cases that these partnerships are aligned with regional plans, there are times when a Region may see the potential in an experiment outside of that framework, as long as the experimental nature of the partnership is made explicit. Management will consider its agreed actions complete after each Region reviews its approach to regional programs and partnerships, drawing on best practice experience on identifying priorities for Regional ESW. Regions will report on their approach as part of their fiscal 2008 Regional Briefing to executive directors.

Major IEG Recommendation	Management Response
Strengthen corporate incentives and capacities to provide effective regional program support. To accomplish this, the Bank needs to: • Build a base of knowledge on regional program experiences and incorporate lessons into program design, implementation, and evaluation. • Develop guidance for staff on legal frameworks for regional programs and determine if changes are warranted in the Bank's legal and policy frameworks. • Prepare periodically a review on how the Bank is implementing regional program strategies and partnering with other donors, and the results achieved.	**Agreed.** The Africa Region, through its Regional Integration Department, together with the Global Programs and Partnerships Unit in the Concessional Finance and Global Partnerships Vice Presidency, will take the lead in building the knowledge base on operations and partnerships, respectively, and sharing experience across Regions. Sector families will play a vital knowledge-management and knowledge-sharing role, notably on issues such as regional transport, energy, and water management. In connection with this work, the Bank's Legal Vice Presidency is developing good practice guidance for lawyers on legal frameworks and implementing arrangements for regional operations and a related database on legal issues, and their resolution with regard to regional operations. Management will consider this action complete with the establishment of the knowledge base on regional operations, including the good practice guidance on legal frameworks, and the continued expansion of the knowledge base on regional partnerships. Management will report to executive directors on progress in connection with its update on the IDA pilot program in fiscal 2008.

Chairperson's Summary: Committee on Development Effectiveness (CODE)

On February 7, 2007, the Committee on Development Effectiveness (CODE) considered the report *The Development Potential of Regional Programs – An Evaluation of World Bank Support of Multi-country Operations* and the draft Management Response.

Background

CODE discussed the approach paper for this IEG evaluation report in July 2005. This evaluation on Bank Support of Multicountry Operations builds on IEG's Review of Bank Support for Global Programs, which had also been considered by the Committee. Regional programs are distinguished from global programs in that regional programs often address issues of a geographic dimension (for example, a river system, transport corridor, energy market), and often involve Bank lending.

Findings and Recommendations of the Report

The IEG report assessed the World Bank's support for regional development programs active between fiscal years 1995 and 2005. These accounted for less than 1 percent of total Bank financing during this period. Three key findings are: (i) regional programs can deliver strong results; (ii) success and sustainability depend on strong ownership of all participating countries; and (iii) the Bank has been particularly effective in fostering country interest in regional programs through analytical work and resource mobilization, and less effective in helping countries deal with their conflicting interests and plan for sustainable activities.

The evaluation identified five design features that have proven critical to the success of regional programs: strong country commitment, scope of objectives matched to national and regional capacities, clear delineation and coordination of the roles of national and regional institutions, accountable governance arrangements, and planning for sustainability. The evaluation concluded that the Bank has an opportunity to adopt a potentially bigger role, building on examples of successful experience. To do so, the evaluation recommended that the Bank: (i) establish regional program strategies and integrate them into Country Assistance Strategies (CASs); (ii) work with partners to put together grant and loan financing packages for individual regional programs; (iii) give more attention to improving the impact of Bank support for regional partnerships; and (iv) strengthen corporate incentives and capacities to provide effective regional program support. IEG intends to disseminate the findings of the report at a half-day meeting in Washington before the Spring Meetings, as well as organize press briefings in Nairobi and elsewhere.

Draft Management Response

Management found the evaluation review useful in helping to refine its thinking on the Bank's role in supporting regional activities. At the same time, it noted the relatively small sample size and that a relatively large share of the Bank's support for regional programs is recent; these recent programs fell outside the scope of the IEG review. Management recognized that there are some issues that may be better addressed at global and regional levels. It committed to strengthen Bank support for regional programs, although the Bank remains a country-focused institution. Management broadly agreed with the thrust of the evaluation report and its recommendations. However, given the different regional contexts that necessitate varied responses and considering the complexity of regional initiatives, it stressed the need for flexibility. Accordingly, it proposed to address the specific IEG recommendations practically, taking into consideration the regional and country contexts.

Overall Conclusions

The Committee welcomed the IEG evaluation report. Members found it insightful and informative for the Bank's future approach to regional initiatives, although the sample size of the evaluation was relatively small. The Committee also appreciated management's thoughtful response to the evaluation report. It found the staff presentations from the Africa, Europe and Central Asia, Latin America and Caribbean, and Middle East and North Africa Regions on their ongoing regional work illuminating. Recognizing the growing significance of regional cooperation, the Committee supported strengthening of the Bank's role through a more strategic and proactive approach. Members and speakers reiterated IEG's findings on the importance of ownership of participating countries for the success and sustainability of regional initiatives. Given the complexity of regional initiatives, members supported flexibility and innovation in the Bank's approach. Speakers encouraged the development of regional program strategies by regional departments, particularly where cross-country approaches are actively being pursued. Likewise, they supported more integration of regional dimensions into relevant country assistance strategies. The Committee discussed various aspects of support to regional initiatives including differences between regions, design and financing issues, alignment of the organization to strengthen support, and coordination within the World Bank Group and among donors.

Next Steps

The Committee requested management to come back to the Board as soon as possible with more information on the Bank's approach to regional initiatives, preferably as part of the overall Bank strategy, which is being updated.

The following main issues were raised during the meeting:

Urge More Strategic Approach

The Committee supported the IEG recommendation that Bank involvement in regional programs should be strengthened and be more strategic, particularly given the growing portfolio of regional activities. Two speakers clarified that strengthening of Bank support should be focused on quality and not on volume, noting the value and importance of regional analytical work in some Regions, such as the Middle East and North Africa Region. A number of areas were identified where the Bank could do more on a regional basis, including large-scale transport infrastructure, trade facilitation, natural resource management, energy supply, communications, and health.

Country Ownership as Basis

Speakers stressed that regional programs should be based on strong ownership and commitment of participating countries, noting that these factors were critical to their success and sustainability. A few members also suggested that there needs to be some country within the region willing to take on a large role and responsibility in regional programs to ensure success and sustainability. Some speakers stressed that regional programs should be demand-driven, and the Bank could help build, but not impose, country ownership. Speakers observed that country ownership involved addressing the political context, national policies, and strategies integrating regional issues, as well as capacity building and more use of national and regional institutions. *Management remarked on the need for patience to tackle issues of regional political economy and capacity building of regional institutions. As for integrating regional issues into national policies and capacity building of regional institutions, staff elaborated on the Bank's approach in Africa, where it was developing regional programs within the country-based approach. The Bank, along with other development partners, is focused on supporting Africa's intent to develop more effective institutional arrangements to facilitate progress on regional integration. Management noted that regional poverty reduction strategies have been developed in West and Central Africa and others were expected. However, the incorporation of regional issues into national strategies is as yet limited, chiefly due to the limited ability of many regional institutions to put together priority programs. Management also said that it was working with and providing capacity building support to regional institutions such as NEPAD.*

Approach to Regional Initiatives

Given the complexity of regional initiatives, in particular regional partnerships, several speakers encouraged flexibility and innovation of Bank support. Accordingly, the Bank may work through regional institutions, act as a convener and work with a coalition of national institutions, or to establish a mechanism or institution to implement a regional activity. *IEG staff said the evaluation had found that different models can work. Although working with existing institutions had in many cases proven to be an asset, some successful programs have involved institutions newly created for the purpose. Management stated that, in its view, the Bank has a comparative advantage among development partners in supporting regional programs. The Bank's engagement in policy dialogue at the national level helps it support countries in achieving the policy alignment they need for many regional solutions to be feasible*.

Members encouraged Regional departments to consider developing a Regional program strategy, particularly where cross-country approaches are actively being pursued. *Staff representing the different Regional departments briefed the Committee on Bank support to regional initiatives.* The Committee noted the different emphasis placed and the diversity of Bank assistance in each Region, including that East Asia and the Pacific has remarkably fewer regional programs. In response to the oral briefings on current initiatives, a few speakers wondered whether further lessons may be distilled across regions to inform future initiatives, such as lessons emerging from the Caribbean region that may be applicable to the Pacific region. *IEG replied that there are more lessons that could be drawn through the 19 program evaluations it reviewed, but which could not be included in the short synthesis report. IEG also suggested that the monitoring and evaluation processes, including Project Implementation Completion Reports, could contribute more to drawing lessons.* Speakers felt that, when appropriate, regional dimensions should be better integrated into relevant Country Assistance Strategies to ensure a consistent and coherent link between the two.

Design of Regional Programs

Some speakers affirmed the IEG evaluation's findings about the importance of clarifying the respective roles and accountabilities of national and regional actors. A few speakers also supported more cost-benefit analysis, although a member also noted the difficulties of determining this up front. The need to consider the evaluation methodology and appropriate indicators to capture regional impacts was raised.

Financing Support

Some members highlighted the need for adequate financing for regional initiatives and observed that one of the Bank's comparative advantages is the investment support it can provide to regional projects. Noting the limitations to financing through the IDA14 regional pilot program, several speakers suggested this matter be reviewed during the IDA15 replenishment. The need to improve the allocation of grant resources for regional initiatives, including through the Development Grant Facility and other funds, was also raised. Others encouraged public-private partnerships and leveraging private sector funds to support regional initiatives, especially large-scale investments such as for infrastructure. *Although the Bank is making an effort to mobilize funds, management remarked that co-financing partners were facing similar challenges as the Bank in terms of appropriate instruments for regional initiatives.* A coordinated World Bank Group approach to include effective use of IFC and MIGA resources for regional programs was considered important; *staff provided examples of cooperation with IFC and MIGA in the Africa Region*.

Aligning the Organization

A number of speakers emphasized the need to address institutional incentives and capacity issues to ensure effective support to regional initiatives; *management agreed to this point*. In this regard, a speaker mentioned that the Bank's *Operational Manual* needed to be reviewed. A member also proposed that the Bank establish a single source of information or database on regional programs, which currently does not exist; this proposal was one of IEG's recommendations.

Donor Coordination

Several speakers urged greater harmonization and coordination among donors (including regional development banks) to support regional initiatives. A speaker also suggested more cooperation and coordination with the IMF. *Management responded that discussions were ongoing on the possible extension of the Paris Declaration to include regional programs. While the Bank is working with the IMF on some specific initiatives (for example, CARICOM, co-funded TA on economic management), management noted that a more systematic approach to working with the IMF would be beneficial.*

Jiayi Zou, Chairperson

Chapter 1: Evaluation Highlights

- Regional cooperation is receiving increased attention as an approach to development.
- Bank support for regional programs has been modest.
- Regional programs aim to produce public goods or achieve economies of scale, but getting countries to agree is difficult.
- The evaluation identifies five determinants of program effectiveness.

1

Introduction

Regional Cooperation as an Approach to Development

Regional cooperation is receiving increased attention as an approach to achieving the goals of sustainable growth and poverty reduction. This heightened interest reflects the recognition that regional, multicountry programs are advantageous, and even necessary, in certain development settings.

They can, for example, help countries increase their global economic competitiveness by supporting regional infrastructure development and trade facilitation measures. They can provide neighboring countries with effective ways of managing shared water resources, securing efficient and reliable sources of energy, reducing environmental pollution, and preventing the spread of communicable diseases. They can also generate cost efficiencies in science and technology development.

Regional programs can help address these problems and opportunities—which countries cannot handle efficiently on their own—by building and sharing knowledge, coordinating large-scale investments, harmonizing policies, and integrating services. The multicountry nature of such programs makes them complex to design and implement, and requires considerable confidence and trust among participating countries.

The World Bank has supported regional development programs in most of the Regions and major sectors in which it operates. But this support has been, and remains, very limited—about $1.7 billion, or less than 1 percent of total Bank funding, over the past 10 years. [1] Donors, countries, and academics have called for more support to regional initiatives by the international development community in general, and the Bank in particular.[2] Recent strategies of several Bank Regional units also propose increased support for regional cooperation and integration, particularly in power, infrastructure, trade facilitation, and natural resource management.

Bank support for regional programs accounts for less than 1 percent of total financing over the past 10 years.

In response to this increasing interest in regional cooperation, the International Development Association (IDA) initiated the Pilot

Two major cross-border challenges—HIV/AIDS and transport—are the focus of a West Africa project along a highway connecting the five countries of Côte d'Ivoire, Ghana, Togo, Benin, and Nigeria. (Photo courtesy of Catherine Gwin.)

Program for Regional Projects in 2003 to provide extra financing to countries above their regular IDA allocation for participation in a regional program.[3] Still, since regional programs have been subject to only limited assessment of operational effectiveness, there is little accumulated knowledge of the conditions under which they have worked and when, therefore, they are an appropriate approach for international development assistance.[4]

The Evaluation of World Bank Support

This evaluation, which is the first comprehensive review of the Bank's support for regional programs, aims to help fill that assessment gap. A regional program as defined by this evaluation is **an undertaking that is intended to accomplish one or more development objectives in three or more countries in the same Bank Region or contiguous Regions, and that involves cooperation or integration among the participating countries.** This definition is consistent with the criteria for projects to qualify as regional projects under the IDA Pilot Program. It distinguishes regional programs from multicountry initiatives where an umbrella framework is defined, but programs are identified and benefits accrue on a country-by-country basis. It also excludes bilateral programs (those involving only two countries) because they are less complex in their requirements for cross-country coordination than programs with multiple countries. While many Bank regional programs are subregional in scope, the term "regional" is used throughout this report to refer to both regional and subregional operations.

Regional programs involve three or more countries in a region or contiguous regions.

Evaluation framework

The evaluation, which covers fiscal years 1995–2005, assesses the relevance and effectiveness of Bank-supported regional programs as a way to help countries achieve their development objectives. It also identifies the key factors accounting for what has, and has not, worked well and examines the Bank's performance in providing regional program support.[5] In making these assessments, the evaluation gives particular attention to the rationales for countries to act regionally and the challenges involved in designing and implementing cooperative approaches to shared problems.

In principle, regional programs aim to create public goods or conditions for the production of private (marketable) goods that countries cannot create cost-effectively by acting on their own.[6] That is, they provide ways for countries to deal with *regional externalities* that arise when the consequences of actions by one or more countries inescapably spill over national borders, creating benefits (*positive externali-*

ties) or costs (*negative externalities*) for neighbors in the region.

Examples of positive externalities are agricultural research and trade facilitation measures; examples of negative externalities are water pollution and the spread of disease. Because there are no market solutions or other automatic means to account for and assign the benefits or costs from these externalities, too few positive externalities (or regional "goods") and too many negative externalities (or regional "bads") will be supplied in the absence of cooperative, multicountry arrangements.

A second rationale for regional programs is that they can provide ways of achieving economies of scale in the production of public or marketable goods and services, and thus generate increased efficiencies in the achievement of national goals. Such efficiency gains can be particularly valuable for countries with small economies or limited human and financial resources.

Even when externalities or potential efficiencies are present, countries find it difficult to act regionally for a number of reasons:

- ***Opportunity costs***. Despite the presence of regional externalities and potential economies of scale, developing countries face opportunity costs in deciding to assign their limited capacities and resources (including external funding) to regional rather than national programs. This makes it essential that they foresee either immediate benefits or ways of limiting their immediate costs in advance of receiving longer-term benefits from participating in a multicountry operation.
- ***Free-riders and the attribution of costs and benefits***. Regional arrangements face free-rider problems—that is, the motivation of countries to obtain benefits without sharing in the costs of obtaining them. Countries will participate in regional programs only if they can expect their gains to exceed their costs, and probably only if they also can expect an equitable share of overall gains. But the appropriate attribution of costs and benefits is often difficult. Finding *equitable* ways to share burdens and benefits is likely to be easier in the case of positive externalities, where all countries stand to gain, than in efforts to reduce negative externalities. Countries required to cease producing negative externalities face immediate costs and delayed benefits, and usually require compensation.
- ***Coordination***. Each country needs to trust that the others will meet agreed obligations. Effective coordination mechanisms to share information and decision making are needed to establish trust and to facilitate the implementation of measures adopted to meet those obligations. Reaching agreement on how to structure these coordination mechanisms and cover their costs is necessary for the implementation of all regional undertakings. Their establishment will be easier where countries have compatible rather than competing interests, and the cost of inaction imposes significant costs on all.

Regional programs aim to create public goods that cannot be created by countries acting on their own.

Getting agreement among countries is difficult because of opportunity costs, attribution of costs and benefits, and the need for coordination.

These characteristics of regional approaches underpin this evaluation's framework for assessing the relevance and effectiveness of the Bank's regional program support. Specifically, the *relevance* of regional programs is assessed against considerations of whether there is a compelling rationale for countries to act together on a regional scale. That is, does the issue to be addressed involve a regional externality or potential efficiencies from being handled regionally? The assessment of relevance also

The relevance of regional programs depends on their having a compelling rationale for countries to work together.

considers whether there is close alignment between country and regional priorities and whether interventions have been designed to be undertaken at the lowest (national or regional) level that can efficiently achieve the objectives.

Efficacy—or the extent to which programs achieve their objectives—takes into account the success of programs in achieving their intended distribution of benefits and costs among participating countries.

Based on aggregated findings of the relevance and effectiveness of individual programs reviewed, the evaluation identifies *five determinants of regional program effectiveness* that are particularly germane to the multicountry nature of regional programs. The evaluation also assesses *the Bank's performance* in contributing to these five determinants of success in support of individual programs, and proposes *a set of recommendations* for how the Bank could strengthen its regional program support.

Evaluation scope and methodology

The evaluation's findings are based in part on in-depth assessment of 19 regional programs selected to mirror the Bank's portfolio of regional program support.[7] These programs cover all Bank Regions (except South Asia, where there have been no regional programs), the sectors in which the Bank has concentrated its regional program support, and the differing sizes of programs (in number of countries) within the portfolio. All of these program reviews draw on core program documentation and interviews with Bank staff, and 7 also involved field missions to 24 countries to obtain the views of government and other stakeholders on the relevance and effectiveness of the programs and the Bank's support.

The evaluation has also involved a portfolio review of the total of some 100 Bank-supported regional programs active in the period fiscal 1995–2005.[8] It has examined Bank Implementation Completion Reports (ICRs) and IEG ICR reviews for the 15 regional programs that have closed and been reviewed, and incorporated all quality-at-entry and quality-of-supervision assessments of regional programs undertaken by the Quality Assurance Group (QAG).[9] Two workshops, involving government and donor agency officials, program practitioners, and other experts in the field of regional development programs, provided advice on the evaluation design and its key evaluative findings and conclusions.[10]

Chapter 2: Evaluation Highlights

- Bank support for regional programs is concentrated in Africa and a few sectors, and relies heavily on grants.
- No corporate framework guides the Bank's support.
- Regional frameworks and regional programs are not well linked to country strategies and operations.

2

The Scope of the Bank's Regional Program Support

The History

The World Bank has provided some support for regional development programs since its earliest days. The first two regional development projects were loans in 1954 and 1955 to the Central Office of the French West African Railroads and the British East Africa High Commission in support of railway and harbor development operations in countries under colonial administration.

Through the 1960s and into the mid-1970s, the Bank made 10 more loans for regional projects in newly independent East and West Africa in transport, communications, finance, and health. Regional integration was seen at the time "as the best way to skirt the obstacles posed by the small size of many of the Sub-Saharan Africa economies" (Kapur, Lewis, and Webb 1997, p. 706). Most of these early regional projects performed poorly and "these experiences and their repercussions on the Bank and borrowers considerably cooled the Bank's ardor for lending for projects of a multinational regional nature"(Kapur, Lewis, and Webb 1997, p. 709).[1]

In the 1980s, as the number of regional projects in Africa declined, the Bank made a few loans for regional operations in the Caribbean. It was not until the mid-1990s that regional program support picked up again in Africa, and broadened to other regions.[2]

A program to combat river blindness in Africa is an exceptional early success from the mid-1970s. (Photo courtesy of World Bank.)

Development Potential of Regional Programs

Political and economic changes have been driving increasing interest in

Current global conditions have heightened the potential of regional programs to deliver development results.

regional cooperation and have enhanced the potential of regional programs to produce strong development results. The growth of a global economy and the technological innovations that underpin it has made it both opportune and necessary for developing countries to increase their regional and global trade.

More open economic policies by countries in all regions and political realignments (notably in Eastern Europe and Central Asia) have created regional and national contexts conducive to regional cooperation and integration, and the realization of greater development results from such efforts. At the same time, greater global and regional economic growth, interaction, and travel have increased the spread of communicable diseases, pressure on natural resources and the environment, and the need to achieve greater efficiencies in large-scale infrastructure developments.

The increasing development potential of regional programs underlies recent growth in Bank regional operations.

Regional trade facilitation programs can support countries' integration into the global economy by helping to reduce the high costs of border crossings, achieve efficiencies in trade finance and the development of transportation infrastructure, and foster trade policy reform. Neighboring countries in virtually all subregions are tightly interconnected in the management of water, energy, and environmental resources. Regional approaches to the water-energy-environmental nexus can bring large benefits, for example, by capitalizing on unused hydropower potential, and can prevent conflict over water resources.

In addition, regional programs can help countries deal with threats that spill across borders—including both natural disasters and man-made problems such as drug trafficking and the spread of communicable diseases. In dealing with these cross-border issues, regional programs can reinforce national actions and build trust and readiness among countries for cooperation in other issues. This increasing development potential of regional undertakings underlies the recent growth of the Bank's regional program portfolio and is the major motivation for this evaluation's assessment of how effective the Bank is in its support of those programs.

The Bank's Regional Program Portfolio

Since the mid-1990s, the Bank has supported two broad types of regional programs: regional partnerships and regional projects. Regional partnerships, which are supported by multiple donors, typically provide financing to regional entities for the execution of activities at the regional and/or country levels, while regional projects, financed by the Bank (often with cofinancing by other donors), provide financing to participating countries. Some regional programs combine both modalities. These types of programs are further distinguished by their sources of financing, governance arrangements, and periods of duration, as indicated in table 2.1.

The Bank's portfolio of regional programs active during fiscal 1995–2005 is small, concentrated in

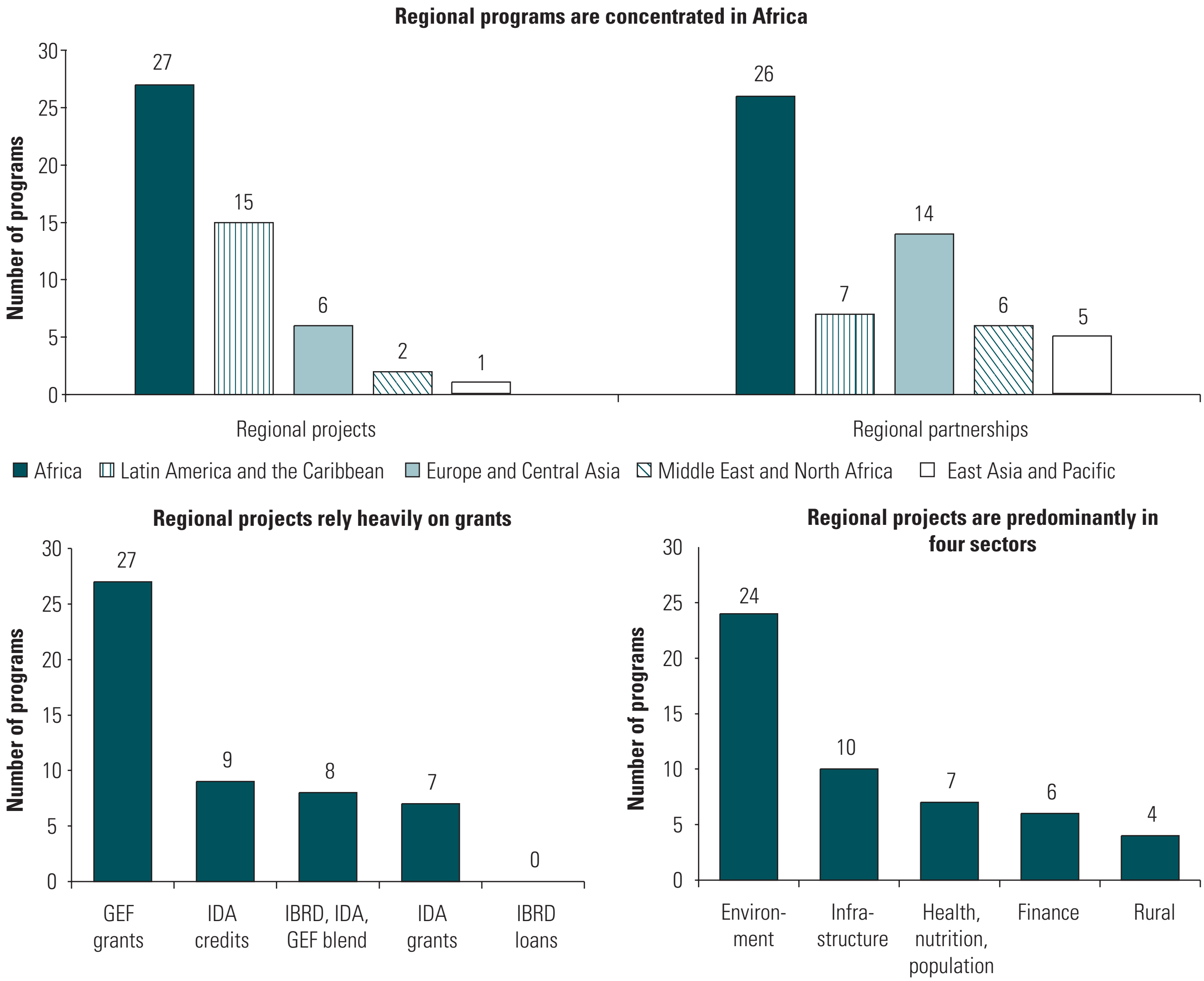
Table 2.1: Regional Partnerships and Regional Projects: Key Differences

Type of regional program	Financing	Governance	Duration
Partnership	Bank grants or administered trust funds	Program-specific governing body	Ongoing, without specified closing date
Project	World Bank loans, credits, or grants	May or may not involve governing body	Fixed, with specified closing date

Africa and in a few sectors, and heavily dependent on grant financing (as shown in figure 2.1).

- There are only 51 regional projects out of a total of some 2,500 investment operations Bankwide, and 58 regional partnerships out of a total of some 220 partnerships.[3]
- Africa accounts for more than half of total Bank regional projects (27 out of 51) and nearly half of the regional partnerships (26 out of 58).
- About two-thirds of the regional projects were financed by grants only—27 received grants from the Global Environment Facility, or GEF (totaling $169 million), and 7 from IDA (totaling $148 million). In all, grants comprise 25 percent (amounting to $359 million) of total Bank funding to regional projects. This compares with 4 percent of all Bank investment projects. All 58 regional partnerships are financed by grants, of which 23 are funded by the Development Grant Facility (DGF) and 1 from IDA, for a total of $390 million.
- Four sectors predominate among regional projects—environment, infrastructure, health, and finance. Regional environmental projects account for 24 of the 51 regional projects, while the sector focus of partnerships is more diffuse.

Figure 2.1: The Bank's Regional Programs Portfolio



Source: World Bank data.

The Bank's regional programs are concentrated in Africa and in a few sectors, and rely mainly on grants.

Much of this support is recent. About two-thirds (71 out of 109) of the regional programs active during fiscal 1995–2005 have been launched since fiscal 2000 (see table 2.2). Commitments in dollars for regional projects have increased from $143 million in fiscal 1975–94 to $1.1 billion in 2000–05. Regional vice presidencies project a continuing increase over the next several years.

The 19 regional programs selected for review in this evaluation—listed in table 2.3 along with their financing sources—mirror the composition of the overall regional portfolio of some 100 programs. They are focused on the 4 predominant sectors in the portfolio, 8 (close to 50 percent) are in Africa, and 11 are entirely grant-financed. They provide a representative microcosm of the Bank's experience in supporting regional programs.

The Bank's Multiple Roles

The Bank has played multiple roles in the regional programs it supports (as shown in figure 2.2). In the 19 programs reviewed, it has provided financial resources and technical advice and served as a member or observer in the programs' governing bodies. In addition, the Bank has managed some regional partnerships on behalf of other program partners. In most programs, the Bank has played a catalytic role in helping to bring countries together to consider regional options and design regional approaches, as well as to mobilize support from donors.

The regional programs reviewed mirror the composition of the total regional portfolio.

Regional Program Strategies

The Bank is in the early stages of developing strategic frameworks to guide its growing support for regional programs. It does not have a comprehensive corporate-level framework for support of these programs that sets criteria for the allocation of resources to them. As recently as mid-2005, the Bank issued internally its first Strategic Framework Paper for global and regional partnerships.[4] While the framework defines priorities for the Bank's engagement in global and regional *partnerships*, it does not recognize and take account of diverse conditions in the different regions in setting those priorities. Nor does it encompass regional *projects*.

Four of the Bank's six Regional vice presidencies have developed or are in the process of developing strategies to guide their support for regional programs.[5] All but one of the strategic frameworks is subregional in scope, appropriately reflecting the differing political, social, and economic conditions of the countries in the subregions. The East Asia and Pacific Region Mekong Water Resources Assistance Strategy, described in box 2.1, exhibits key elements of a good program strategy. But other regional strategic frameworks fall short of addressing one or more of the strategic requisites of priority setting, medium-term program planning, and identification of resource requirements and key partners for advancing the priorities.

The objectives of most regional programs reviewed for this evaluation correspond to the areas of priority in the related regional strategic frameworks.[6] But there is a disconnect with Bank Country Assistance Strategies (CASs). The CASs do not reflect the regional strategic frameworks. Nor do they indicate how individ-

Table 2.2: Increased Support for Regional Programs since Fiscal 2000 (by number of programs)

Regional program	Fiscal years 1975–94	1995–99	2000–05
Projects	4	11	36
Partnerships	10	13	35

Source: World Bank data.

Table 2.3: Sources of External Financing—19 Regional Programs

	Loans/credits		Grants				
	IBRD	IDA	IDA	GEF	DGF	Trust funds	Donor cofinancing
Project/program							
Africa hydropower development		✓					✓
Africa trade facilitation		✓					✓
Aral Sea water & environmental management				✓			✓
Central Asia biodiversity				✓			
Eastern Caribbean telecommunications	✓	✓					
Eastern Caribbean waste management	✓	✓		✓			✓
Guarani Aquifer				✓			✓
Lake Victoria environmental management		✓		✓			✓
Latin America land use				✓			✓
Southeast Europe trade and transport	✓	✓				✓	✓
Southern Africa power market		✓					✓
West Africa HIV/AIDS and transport			✓				
Partnership							
Africa demobilization		✓	✓			✓	
Africa forum on girls' education					✓		✓
Africa transport policy						✓	✓
Arab gender network					✓		✓
Central America rural development						✓	✓
Mediterranean environment						✓	✓
Middle East child protection initiative					✓		✓

ual regional programs feature in country priorities. Only one-quarter of all (262) CASs for countries involved in regional projects (under way in fiscal 1995–2005) indicate that a regional approach is appropriate to the country's development agenda or mention the regional programs in which the country is involved. Of the 19 regional programs reviewed in depth, only 6 were included within the strategic objectives of the CASs of all participating countries.

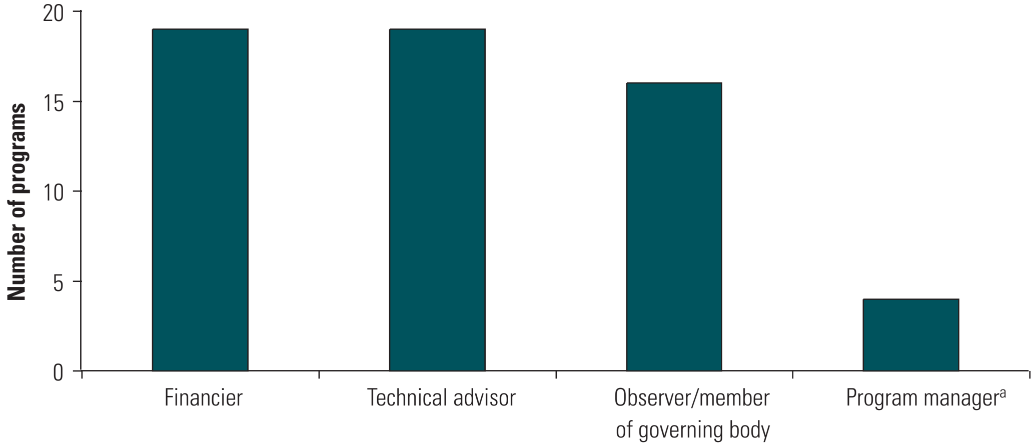
While not all regional programs would likely be a priority for *all* participating countries while in an early stage, the absence of attention to even a mature regional program in the CASs of the countries involved would suggest that current regional strategic frameworks and programs are not well connected to Bank support for mutually agreed country priorities. To overcome this disconnect, the Bank would need to develop processes for integrating overarching regional strategies with respective CASs and ensuring that CASs are mutually reinforcing where there are critical cross-border interdependencies.

There is no comprehensive corporate framework that guides Bank support to regional programs.

The Bank's pipeline of regional programs is growing, reflecting in part an increase in the availability of grant financing, especially for selected sectors (such as environment). But to what

The regional strategic frameworks are not built up from country strategies, and country strategies are not developed within a regional framework.

Figure 2.2: The Bank's Multiple Roles in Regional Programs



Source: Data from the 19 regional program reviews.

a. The Bank serves as a program manager in some regional partnerships but not in projects.

extent should the Bank make regional programs a broader and more prominent line of business? The answer should depend on Bank and country analysis and dialogue on the potential benefits and costs of regional programs and knowledge of the factors that make such programs effective. The remainder of this report addresses the record of the recent past as input into making that decision.

Box 2.1: Solid Analytical Work and a Phased Programmatic Approach Are Key Elements of the Bank's Mekong Water Resources Assistance Strategy

The Mekong River is a vital natural resource shared by six countries. The Bank's Mekong Water Resources Assistance Strategy aims to promote cooperation among the countries to improve and sustain water resources management in ways that effectively address both economic growth and environmental sustainability and the competing interests among countries on such issues as irrigation, hydropower, navigation, and wetlands protection.

The strategy is based on:

- *Priority setting* derived from solid analytical work involving relevant national and regional stakeholders, which identifies costs, benefits, and risks facing all partners in developing a river basin initiative, and extensive consultation with the riparian countries, the Mekong River Commission, and the Asian Development Bank.
- *A phased program approach* that recognizes the need to strengthen confidence and trust among participating countries and enhance the capacities of national and regional institutions.
- *The identification of support needed* for a sequence of country and multicountry investment operations within the Country Assistance Strategies (CASs) of the relevant countries.

The program is also intended to help countries identify and plan for additional large-scale projects in the basin over a period of 15 to 20 years.

Chapter 3: Evaluation Highlights

- Regional approaches help countries manage shared resources, integrate transboundary services and harmonize policies, and achieve national objectives efficiently.
- Programs have been well aligned with major development problems.
- But they do not derive from joint assessments of the highest-priority issues for regional approaches.

3

When Does a Regional Approach Make Sense?

The first consideration in evaluating the effectiveness of the Bank's support of regional programs is to determine if a regional approach is even relevant.

This evaluation assessed the issue of relevance against three questions and found that in all of the 19 regional programs reviewed in depth, there was a sound basis for adopting a regional approach. But the evaluation did not find clear indications that these programs were of uniformly high priority to the development agendas of the countries involved.

Is there a clear rationale(s) for adopting a multicountry approach? That is, do program objectives require cooperation among neighboring countries to address regional externalities or to achieve economies of scale in pursuit of national goals? The Bank has based its regional program support on the following three rationales—one or another of which has provided a convincing reason for adopting a regional approach in each of the regional programs reviewed (as shown in table 3.1).

- *Management of shared natural resources*: Regional approaches are important in dealing with such issues as the use of shared water basins, protection of biodiversity, and improvement in air and water quality. Five of the 19 programs reviewed involved shared water resources and/or environmental protection. For example, a $14 million project in Central Asia aimed to expand and improve management of protected areas overlapping the boundaries of three countries, and an $86 million project in East Africa focused on helping countries bordering Lake Victoria to develop scientific knowledge and capacities for dealing with a set of problems causing water, soil, and wetlands degradation in the lake basin.
- *Integrated or harmonized treatment of transboundary issues*: These issues, which are subject to country control, invite multicountry integration or harmonization of policies and services because they involve cross-border activities. While multiple bilateral agreements may also be adequate, broader regional approaches can generate greater efficiencies in addressing the transboundary issues. One of the 19 programs is a $500 million program focused on achieving post-conflict stability among countries in Central Africa. Another two deal with transboundary issues along major trans-

Better handling of shared natural resources and cross-border transactions are two major rationales for regional programs.

Harmonized border-crossing procedures have reduced trade and transport costs for eight countries in Southeastern Europe. (Photo courtesy of John Eriksson.)

port corridors. One is a $124 million trade and transport project in Southeast Europe aimed at assisting eight countries to improve infrastructure and customs procedures to speed cross-border travel. The other is an $18 million project to help five West African countries increase access to HIV/AIDS prevention, treatment, and care and speed the flow of traffic at border crossings.

- *Efficient achievement of common national objectives*: Countries with similar conditions may be able to reap economies of scale or other efficiencies by acting collectively in the pursuit of common national objectives or benefit from sharing knowledge and raising awareness regionally. The establishment of regional regulatory authorities, regional provision of power, and regional knowledge networks are examples of these kinds of mutually beneficial activities. This was the rationale for the bulk (11) of the regional programs reviewed, such as a $445 million hydropower project in West Africa designed to provide reliable, low-cost power for three countries in the Senegal River Basin and a five-country, $10 million telecommunications project in the Eastern Caribbean designed to expand access and reduce the cost of telephone, Internet, and other communication services through increased competition promoted by the authority.

The third rationale, which accounts for over half the programs reviewed, aims to help countries achieve efficiencies in pursuit of common national objectives.

Do the program objectives align with country and regional development priorities? Regional programs provide a platform for countries to build consensus on the benefits of and approaches to resolving shared problems collectively. They also provide ways for countries to deal with problems they cannot cope with on their own because they lack the resources or capacities. For these programs to be relevant, the problem being addressed must be salient regionwide and be a

Table 3.1: Rationales for a Regional Approach in 19 Programs Reviewed

Management of shared natural resources (5)	Harmonization of transboundary issues (3)	Efficient achievement of common national objectives (11)
• Aral Sea water and environmental management • Central Asia biodiversity • Guarani Aquifer • Lake Victoria environmental management • Mediterranean environment	• Africa demobilization • Southeast Europe trade and transport • West Africa HIV/AIDS and transport	• Africa forum on girls' education • Africa hydropower development[a] • Africa trade facilitation • Africa transport policy • Arab gender network • Central America rural development • Eastern Caribbean telecommunications • Eastern Caribbean waste management • Latin America land use • Middle East child protection initiative • Southern African power market

a. Includes shared natural resources component.

development priority for each of the participating countries.

In 12 of the regional programs reviewed, objectives were clearly aligned with development issues seen to be priorities by the participating countries from the outset. The other 7 programs were expressly designed to build consensus on a problem of regional scope as a foundation for national policy reforms or country-level investment programs. This means that each of the individual programs has focused on aims that correspond with broad areas of country and Bank emphasis. But they are not necessarily derived from a joint selection of the most important or most promising issues for regional attention, as indicated in chapter 2.

Does the program adhere to the principle of subsidiarity? In other words, are the programs designed to undertake interventions at the lowest level appropriate—whether regional, national, or local—to achieve their development objectives? This is important for two reasons: to ensure that sufficient responsibility resides at the country level to attain the confidence and trust required to implement and sustain program activities and to avoid overloading scarce administrative capacities and resources at either the national or the regional level in the pursuit of coordinated actions. Of the 19 regional programs reviewed, regional-level interventions were essential to the achievement of program objectives in 8. The other 11 regional activities, while not essential, were adopted to capture economies of scale or other efficiencies in the pursuit of shared national goals. But not all of the programs have clearly defined the roles and responsibilities of national and regional institutions in the implementation of activities, and this has proved to be a key factor in the level of program effectiveness, as discussed in chapter 5.

The regional programs reviewed are aligned with broad areas of country and Bank emphasis.

As will be seen in chapters 4 and 5, it is difficult to get multiple countries to work together and establish effective institutions. The evidence suggests that only programs with strong, self-evident rationales can overcome these hurdles.

Only programs with a strong, self-evident rationale for adopting a regional approach can overcome the challenges posed by multicountry efforts.

Chapter 4: Evaluation Highlights

- The majority of programs reviewed have achieved or are likely to achieve their development objectives.
- Regional programs are typically effective in building knowledge, developing infrastructure, harmonizing laws, and protecting natural resources.
- The programs often do not address the policy reforms needed to sustain such developments or gain agreement on the use of shared natural resources.
- In general, regional projects perform more effectively than regional partnerships.

4

How Well Have Bank-Supported Regional Programs Worked?

The Record of Effectiveness

A majority of the regional programs reviewed for this evaluation have been or are likely to be effective in achieving the bulk of their development objectives. This assessment is based on a review of the quality of design and the achievement of objectives of 7 closed programs and the quality of design and likely achievement of objectives within specified periods of 12 active programs. This chapter reviews the achievement of objectives, and the following chapter examines design factors that have influenced program outcomes.

Of the seven closed programs, six were found to have achieved all or almost all of their objectives, while the seventh achieved relatively few. This effectiveness finding is corroborated by IEG's 81 percent satisfactory outcome rating for all 21 closed and rated regional operations that exited between fiscal years 1995 and 2005—an outcome rating comparable to that for all country investment projects over the same period.[1] In 10 active programs, 4 appear likely to achieve the bulk of their objectives within their specified periods and 6 appear unlikely to do so based on evidence of progress. While the 4 programs likely to be effective have good design features overall, the 6 others have one or more major design weaknesses. Two other active programs are currently viewed as nonevaluable.[2]

Six of seven closed projects achieved all or most of their objectives.

Only closed projects can be assessed for their actual outcomes. The seven reviewed for this evaluation have dealt with a variety of issues—ranging from water and waste management to power and transport—and have involved groups of three to eight countries. Table 4.1 summarizes what these closed projects achieved in relation to their development objectives.

What Has Worked Well, and What Has Not

The review of closed and ongoing regional programs reveals that activities designed to create assets (knowledge, infrastructure,

Table 4.1: Outcomes of Seven Closed Regional Projects

Program	Objectives	Intermediate outcomes and results: Achieved	Intermediate outcomes and results: Not achieved
Aral Sea water and environmental management	• Stabilize the environment of the Aral Sea Basin • Improve management of international waters	• Water management studies • Dam safety improvement at pilot sites • Installation of water monitoring stations • Wetlands restoration	• Water conservation • Action plans for improved water management
Central Asia biodiversity	• Protect biological communities and adjacent areas • Strengthen/coordinate national policies and institutions	• Fauna and flora restoration • Harmonized laws and improved protected area management and monitoring • Regional scientific work and training	• Transboundary biosphere reserve • Enactment of all of the new legislation
Lake Victoria environmental management	• Maximize sustainable benefits to riparian communities from use of basin • Conserve biodiversity • Harmonize national programs to reverse environmental decline	• Fisheries research • Fisheries management • Reduced water hyacinth growth	• Improved water quality and pollution control • Translation of research into strategic action plans
Eastern Caribbean telecommunications	• Reform the telecom sector • Develop regional strategies for information and communi-cations technology development	• Establishment of regional regulatory authority • Increased access to telecom services at lower costs • Regional information and communications technology investment strategies	
Eastern Caribbean waste management	• Improve national manage-ment of solid and ship-generated waste	• Improved solid waste facilities, agencies, and legislation • Improved ship-generated waste collection in some countries	• Legislation enactment and improved ship-generated waste management in all countries
Africa hydropower development	• Provide reliable, low-cost power and increase electricity access	• Construction of hydroelectric plant • Low-cost power; increased electricity access • Mitigation of health and environmental impacts	• Reform of utility pricing
Southeast Europe trade and transport	• Reduce non-tariff costs to trade and transportation • Reduce smuggling and corruption	• Reduction of trade and transport costs • Reduction of opportunities for corruption and smuggling at borders	

financial, and other services) have typically been successful. But programs have often failed to address adequately specific policies or the broader policy environment required to use and maintain the assets created.

Building knowledge and introducing new technologies . . . but not translating that knowledge into policies and plans: Most regional programs have involved measures to generate and share knowledge, and eight have focused on these activities as a major program objective. Several programs have also supported pilot activities to test new technologies (in areas such as ecosystem and land management, dam safety, and customs procedures). Where the knowledge work has been undertaken with the involvement of national institutions it has typically been more successful in building country ownership of research findings than when the work has been conducted largely by external experts. Yet programs have often failed to help national authorities translate new knowledge into action plans and policies. For example, in the Lake Victoria environmental management program, research was largely carried out by national institutions, but the program made little attempt to help countries use those findings to formulate follow-on action plans.

Developing infrastructure . . . but not addressing the related policy environment: Four programs have involved infrastructure investments at the country level to build waste management, customs administration, and hydropower capacities. In three of these cases, the capacities have been (or appear likely to be) developed as planned, and in the fourth, completion is expected, although with significant delays. But, in the programs dealing with hydropower, utility pricing policies have not been reformed, putting program outcomes at risk. While the Bank has engaged participating countries on these issues through its country assistance programs, the policy actions of all countries have to be coordinated to avoid deterioration of power generation and transmission capacities over time, and consequent lack of sustainability of the integrated, cross-county systems.

Programs have helped to generate and share knowledge, but not necessarily to translate that knowledge into national policies and plans.

They have built large-scale infrastructure, but not always addressed complementary policy reforms.

Harmonizing laws and procedures . . . but not ensuring enactment: Three projects involved the harmonization of national legislation governing telecommunications, waste management, and biodiversity protection. Two other projects involved harmonized reform of customs procedures to increase the efficiencies of trade and transport across borders, and one of

Utility price reforms need to accompany the development of regional power transmission if a regional power market is to be sustained in Southern Africa. (Photo from JupiterImages Corporation.)

these also involved harmonization of HIV/AIDS treatment protocols for individuals traveling from country to country along a major highway. In all of these cases, participating countries' interests were compatible and the programs involved win-win objectives. Yet it has taken time for all countries to enact and implement harmonized laws or to agree on common strategies, in part because of weak or complex coordination among relevant domestic agencies within participating countries. For instance, in the West Africa HIV/AIDS and transport program, Ghana took longer than anticipated to agree on a harmonized approach to building awareness, ensuring access to HIV/AIDS care, and treating people living with HIV/AIDS along the Abidjan–Lagos transport corridor. Though the Ghana National AIDS Commission represents the country on this regional project, the regional program also required collaboration with agencies such as the Ministry of Health and the Ghana Health Service, and this coordination took time. In the case of the Eastern Caribbean waste management program, interministerial disagreements in St. Lucia (one of the six participating countries) have delayed legislation on ship-generated waste.

Protecting shared natural resources . . . but not getting agreement on their shared use: Four programs have dealt reasonably effectively with protecting or restoring natural resources, such as biodiversity in Central Asia, wetlands in the Aral Sea Basin, fish in Lake Victoria, and pollution control in the Mediterranean basin.[3] The Aral Sea and Lake Victoria programs also deal with the management of shared water resources, as does the hydropower development program in West Africa. Under the hydropower program, participating countries have agreed to a common Water Charter and a joint reservoir management plan. Though this agreement is new and has not yet been put to the test in a period of water shortage, it is viewed as a significant step in regional cooperation and a leading example of river basin development in Africa. In contrast, neither the Aral Sea nor Lake Victoria programs effectively dealt with participating countries' competing interests in water resources management. Both programs were successful in generating scientific knowledge about some aspects of the shared water basins, piloting approaches to restoring threatened ecosystems, and, in the case of Lake Victoria, improving the management of fisheries important to the livelihoods of communities surrounding the lake. But these interventions did not deal with the competing interests of the countries in the use of the shared water—a concern that remains on the agenda for follow-up programs in both locations.

Programs have also helped countries protect natural resources, but getting agreement on shared use of these resources has been more difficult.

In sum, regional programs have been reasonably effective in building new assets or protecting existing ones for the benefit of all participating countries, and getting countries to harmonize procedures related to the use of those assets. But the regional programs have not served as well to promote policy reforms or other measures that involve deeper integration or trade-offs among countries or among groups within countries—at least within the time frame of an initial project or initial phase of a partnership initiative. Much of this complementary policy work has to be done at the national level; this necessitates a high level of regional dialogue among national stakeholders. Overall, basic program characteristics such as the number of countries, the region, and the type of development issue made no significant difference in the likelihood of success. Rather, what appears to matter most is how well regional programs handle the specific design and implementation challenges of multicountry operations, as discussed in the next chapter.

Chapter 5: Evaluation Highlights

- Regional programs have three unique dimensions: they have both national and regional goals; they affect political relations between countries; and they require both national and regional activities.
- The effectiveness of programs has depended on how well they handle these dimensions.
- Handling these dimensions well requires reconciliation of countries' differing interests.
- Also needed are capacities for national-level implementation and regional planning and coordination, accountability arrangements, and planning for sustainability.
- Almost all programs reviewed fall short on one or more of these requirements.

5

Factors of Effective Program Design and Implementation

Regional programs—like all programs—require clearly defined development objectives that are aligned with country interests, well-designed components linked to those objectives, and adequate means for implementing their component activities. Regional programs also have three special dimensions that create unique challenges for their design and implementation:

- They involve objectives on two levels—regional and national—that have to be agreed among all participating countries and effectively linked and sequenced. For example, the Aral Sea water and environmental management program aimed to reduce the environmental degradation of a shared body of water, while improving the livelihoods of local communities living in surrounding areas.
- Their design and implementation have to take account of relations among countries in the region, as well as the political economy within each participating country. For example, the Southeast Europe trade and transport program had to overcome a legacy of mistrust among countries in reaching agreement on harmonized transport policies, while also dealing with winners and losers of the policy changes within each country.
- Their activities involve a division of labor among participating countries and between regional and national institutions that has to be agreed and clearly structured.[1] For example, the Southern Africa power market program involves the gathering and sharing of information on power demand and supply at a regional level, while utilities generate and trade power at the national level.

While regional programs that have been successful in achieving their objectives have handled these three dimensions well, the unsuccessful programs have failed to handle one or more of them effectively. The effectiveness of regional programs therefore depends on design and implementation of measures that take adequate account of these special dimensions.

Program reviews for this evaluation identified five key determinants of effective efforts:

- Strong country commitment to regional cooperation

There are five determinants of success.

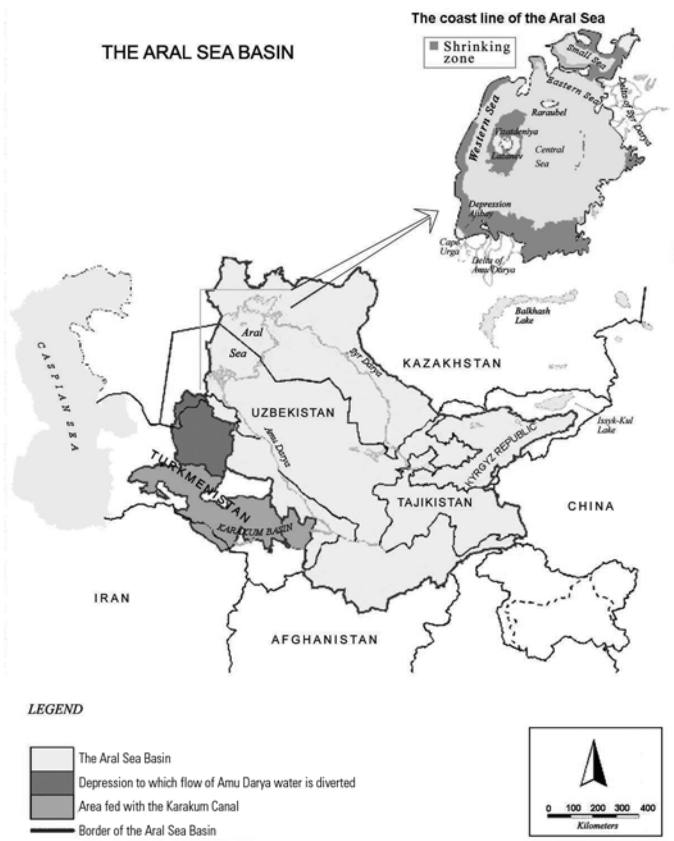
- Realistic scope matched to national and regional capacities
- Clear delineation and coordination of the roles of national and regional institutions
- Accountable governance arrangements
- Planning for sustainability of outcomes and activities at both the national and regional level.

Three of the programs reviewed dealt well with all 5 determinants; the 16 others fell short in 1 or more areas. [2,3]

Strong Country Commitment

Development experience has shown the importance of country demand and participation for the achievement of program results. In regional programs, that demand has to go beyond individual country interest in the problem being addressed. Countries have to understand the benefits and costs of adopting a regional approach and accept the obligations involved in acting in coordination with other countries. Regional programs also need mechanisms for resolving conflicts, particularly where countries have competing interests (for example, over the use of a shared natural resource) rather than compatible interests (such as in preventing the spread of disease).

The bulk of the programs reviewed (13) were based on expressed country demand, as evidenced by government involvement in or endorsement of a regional initiative. For example, the Middle East child protection initiative arose out of a regional conference and declaration, and the Africa trade facilitation program was designed in support of an initiative undertaken by member governments of the Common Market of Eastern and Southern Africa.



Conflicting interests among countries have impeded progress in achieving effective management of the Aral Sea Basin. (Illustration from FAO AQUASTAT.)

But governments' initial declarations of interest and intent have not always translated into delivery of agreed actions—such as the provision of counterpart contributions or reform of national policies—during program implementation. For example, the Central Asia biodiversity program had to scale back its component to enhance public participation in conservation activities near protected reserves because participating countries failed to deliver their financial commitments. Nor are such initial declarations reliable indicators of whether countries will incorporate program objectives into their national development agendas, budgets, and institutional mandates once external support has ended.

How to assess and reinforce country commitment has been a key challenge in the design and implementation of programs. This challenge is confirmed in the QAG Quality of Supervision Assessments, which found strong borrower commitment in only 8 of 13 regional programs examined.

Three program features help solidify country commitment: accurate assessment of the costs, benefits, and risks of proposed interventions at national and community levels; establishment of a regional platform for negotiating agreements and resolving conflicts among countries; and proper sequencing of interventions to allow for the development of trust and confidence among countries. On the whole, regional programs have performed poorly on the first two of those features and moderately well on the third.

- *Assessment of the costs and benefits* of a regional program at both the country and regional levels is essential to securing the commitment of participating countries to the program's objectives. Since the costs, benefits, and risks tend to vary among participating countries (and groups within countries), this requires detailed analysis of the winners and losers at the level of the national economy, as well as the household level in affected communities. This cost-benefit analysis has proved to be particularly important in programs that address the management and use of shared natural resources, where desired benefits, such as reduction of water pollution or land degradation, can only be achieved at costs to those whose actions are the sources of the problem being addressed. Yet in none of the three programs that deal with water resources management—the Aral Sea water and environmental management, the Guarani Aquifer program, and the Lake Victoria environmental management—were the costs, benefits, and risks assessed adequately to help countries understand what they had to gain and at what costs in adopting necessary actions, as discussed in box 5.1. This led to faulty design as well as weak country commitment in the Aral Sea water and environmental management program, uneven commitment among countries in the Lake Victoria environmental management program, and may lead to the same result in the Guarani Aquifer program.

- *Establishment of a regional platform for negotiating agreements and resolving conflicts* among participating countries is especially important in programs that deal with the management of shared resources or harmonized treatment of transboundary issues. These kinds of programs typically require countries to sacrifice potential gains from acting on their own in favor of the larger gains expected from collective action that depend on the behavior of others. An effective regional platform is also important for addressing political risks caused by a lack of trust among participating countries that

Governments' initial declarations of interest have not always translated into delivery of agreed actions.

Inadequate assessment of program costs and benefits for each participating country impedes country commitment.

A regional platform for negotiating agreements is critical in programs that deal with resource management.

Box 5.1: Strong Country Commitment Depends on Assessment of Winners and Losers at the National and Community Levels

In three programs reviewed, there was inadequate assessment of costs, benefits, and risks:

- The Aral Sea water and environmental program involves two upstream countries that need more water for hydropower, and three downstream countries that need it for irrigation. The underlying program analysis did not address how the interventions would affect these incompatible interests. A more careful analysis of winners and losers could have prevented the weak country ownership of the scientific studies and the solutions they proposed.

- The Guarani Aquifer is located under four countries in Latin America that individually have diverse and sometimes volatile social and political environments, as well as difficult relations with each other. Studies are under way to establish technical parameters for managing the aquifer, but additional analysis is needed to explore its role in developing sustainable livelihoods and the scope of actions needed at the regional, bilateral, and country levels, recognizing that some countries will be using more water from the aquifer than others.

- The Lake Victoria environmental management program focused on activities to reduce poverty and enhance the natural resources needed to sustain economic growth. The program assessed the gains from improved fish stocks to the communities around the lake, but did not consider the program's costs and benefits for other groups, such as the upstream farmers who would have to alter their traditional agricultural practices to conserve soil and water and reduce the flow of chemicals and nutrients into the lake.

predates the program. This problem is acknowledged in the Central Asia assistance strategy, which states: "So far, efforts at cooperation have had limited success as mutual trust is low. Even in areas where getting along is essential, cooperative schemes have been unstable" (World Bank 2004a).

The Guarani Aquifer program handled tense relations among some of the countries (stemming from long-standing border and trade issues) by negotiating an approach that ensured equal voice in the program's governance and management arrangements and equal benefits from the distribution of pilot activities in each of the four countries.

Sequencing of interventions has allowed programs to deal with differing levels of country commitment and capacity.

In the Lake Victoria program, participating countries' competing hydropower and irrigation demands for water, which became evident due to persistent drought in the region during implementation, led to a lack of trust among the participating countries in pursuit of project objectives.

The Africa demobilization program, initiated following the signing of peace agreements in Central and Eastern Africa, has provided a mechanism for coordinating donor assistance to countries to help demobilize and reintegrate former combatants. But it has lacked an effective mechanism for interacting with national and international actors engaged in the peace processes, which is essential to the sustainability of its assistance.

- *Sequencing program interventions*—during preparation and implementation—provides a way for programs to deal with differing levels of country commitment and readiness. This is particularly important in programs aimed at managing the use of shared natural resources and integrating policies or services, for reasons elaborated in box 5.2. Virtually all programs have involved a sequence of upstream activities prior to project implementation, such as analytical work, agreement on protocols establishing country obligations, and negotiation of governance arrangements. The three water resource programs have focused on extensive research and dialogue on water resource problems, designed to precede follow-up investments in improved water management at the country level. The Southern Africa power market project is designed as a horizontal Adaptable Program Loan that provides support of different groups of countries in three phases. This flexible implementation schedule allows for a progression in building the physical power capacity and institutional capacities in several participating countries. The Africa demobilization program has used short-term "special projects" implemented by international agencies in support of activities in areas not under government control or in urgent need of assistance prior to the start of a broader national program.

These measures for building strong country commitment have implications for the financing of regional programs. In general, regional programs require a lengthy preparation phase of two years or more to deal with the analytical, institutional, and legal measures involved in securing the commitment and trust of participating countries. This preparation phase necessarily takes place on a regional level and, because it is preliminary to country readiness to borrow for the program, has had to be financed by grants, trust funds, or donor agency budgets. Some programs also required subsidized financing as an incentive for country participation, at least in initial implementation phases, before benefits accrued at the country level. This was particularly true for programs that aimed to mitigate negative externalities, such as the six programs reviewed that focused on managing shared natural resources. In contrast, countries have been willing to borrow sooner for programs that deal with increasing positive externalities and provide economies of scale in the production of marketable goods or services. Examples are the Southeast Europe trade and transport program, the Eastern Caribbean telecommunications program, and the two African power programs.

Scope Matched to National and Regional Capacities

Regional programs face complex coordination challenges, demanding of resources and capacities at the national and regional levels. The programs that have done a better job of matching their objectives to available resources and country and regional capacities have typically been (or are likely to be) more effective than programs whose overly ambitious aims could not be met by the available resources. A lack of realism in a number of programs reviewed is corroborated by quality-at-entry ratings of regional programs assessed by QAG. Of the seven regional programs where QAG assessed the "clarity, realism, and scope of the projects development objectives," only four (or 57 percent) had ratings that were moderately satisfactory or above (compared with 92 percent for all Bank projects assessed).[4]

Some programs have overlooked weak country and regional capacities.

Failure to deal adequately with weak *policy* and *institutional* capacities has been a major

Box 5.2: The Sequencing of Interventions Helps Build Trust and Commitment

While it is valuable to have a clear vision of what regional cooperation or integration should ultimately mean in a region, experience strongly suggests that it is wise to move forward in a pragmatic, gradual fashion, often by building blocks of subgroups of countries and establishing timetables and targets that are creditable and realistic. Declarations that are not achieved lead to frustrations and high potential for reversals.

The need for this derives from the very challenge that regional cooperation or integration efforts confront—that is, the diversity in political, economic, and social characteristics of participating countries. In various contexts, sequencing may mean allowing some countries to move faster than others and seizing opportunities on specific issues where conditions are propitious, while remaining open to new members.

Source: Kritzinger-van Niekerk 2005.

shortcoming in several programs reviewed for this evaluation. For example, weak *policy*-making capacity has prevented countries from being able to adapt and use the knowledge on transport sector reform provided through the Africa transport policy program. The Africa trade facilitation project, which provides trade risk insurance, has also given inadequate attention to the policy measures needed to accompany increased insurance in order to achieve its broad objectives of increased export growth.

Two programs have aims that were well matched to *institutional* capacities at both the national and regional levels. The Central Asia biodiversity program focused as a first step on just four geographical areas and the development of a plan for the further expansion of protected areas. The Eastern Caribbean waste management program was limited to initial steps in the improvement of solid waste and left for the future other issues of recycling and wastewater management. But the objectives of about a third of the programs were too ambitious for the implementation capacity of national and regional institutions. The scope and design of the research and water management objectives of the Aral Sea program should have been, but were not, kept modest and simple, given the limited implementation capacities of participating countries and the inexperience of the new regional institution. The first phase of the Arab gender network exceeded the capacities of both the regional secretariat and participating national institutions to carry out the ambitious advocacy and networking aims in a region where such activities were novel.

Programs have used various approaches to overcome differences in the level of capacity of participating countries. The Guarani Aquifer program mobilized additional grant support for Paraguay, which had weaker implementation capacity than the three other countries involved. The Africa forum on girls' education supported countries with greater national capacities to share experiences with those lacking capacity. Box 5.3 illustrates how the West Africa HIV/AIDS and transport program built capacity at the local, national, and regional levels to implement the program.

Programs have mobilized additional resources and shared experiences across countries to overcome differences in country capacities.

Other programs have simply accepted capacity differences and implemented activities at different speeds in participating countries. But most of the programs reviewed have not carefully identified capacity gaps, and less than half (eight) have designed adequate measures for filling those gaps at both the national and regional levels. This lack of adequate attention to building capacity has undermined both the implementation of activities and the sustainability of outcomes.

Delineation and Coordination of Responsibilities

Regional programs can succeed only if they are effectively linked to national institutions. Participation and interaction among national institutions in all phases of a program, from inception and design through implementation, is essential to secure country ownership of program aims and sustainability of program outcomes. The effective interaction of national and regional-level activities requires *clear delineation* of national and regional responsibilities. It also requires *getting the right balance* between the national and regional roles and ensuring *adequate linkages* between the activities undertaken at the two levels.[5]

Programs have been impeded by three problems in sorting out these two levels of institutional responsibilities:

- *Lack of clearly defined and agreed upon roles.* In the Arab gender network, individual and institutional members benefit from the knowledge sharing and training activities organized by the regional secretariat, but they do not know what is expected of them in applying that knowledge to policy advocacy work in their own countries, or how to get the support they need from the regional secretariat.

Box 5.3: Extensive Capacity Building at the Regional, National, and Community Levels Has Contributed to Achievements in Prevention, Treatment, and Care of HIV/AIDS

The West Africa HIV/AIDS and transport program provides support to five countries for HIV/AIDS prevention and care and the harmonization of border-crossing procedures along a major transport corridor running from Abidjan to Lagos. To achieve its objectives, the program has invested in building capacity at the regional, national, and local levels. Specifically it has:

- Set up and trained the staff of a regional secretariat
- Identified and trained national focal points to coordinate and monitor program activities
- Trained community-based technical personnel in HIV/AIDS care and treatment, as well as community leaders; truckers; transporters; and local customs, police, and immigration officials in the implementation of new border-crossing and HIV/AIDS prevention measures.

In addition, the national truckers' unions in the five countries have been encouraged to form an international union of truckers as a pressure group in support of the program's HIV/AIDS and transport objectives. Religious leaders of various faiths have formed a cross-country network to promote HIV/AIDS awareness, treatment, and care. But the program has done little in one area: enhancing the capacity of national HIV/AIDS commissions and ministries of health and transportation to coordinate ongoing national efforts with the corridor program and to prepare to eventually mainstream the program into national programs.

- *Too dominant a role for the regional level.* The Africa transport policy program, a partnership established in the late 1980s to promote transport sector reforms throughout Africa, generates and shares knowledge through activities largely carried out by its regional secretariat (housed in the World Bank). There has been very little engagement of national institutions in the analytical work and no significant effort to build the capacity of such institutions. Only in 2004 did the program begin to restructure its processes to engage national and regional institutions in the implementation of its activities.
- *Too limited a role for the regional level.* Designed to speed up transport and reduce corruption in customs procedures at country borders, the Southeast Europe trade and transport program appropriately vested the bulk of responsibility for implementation in national units in the eight participating countries. But the program would have benefited from a modest regional capacity to collect and analyze data and support the exchange of information among countries. In the Eastern Caribbean waste management program, the regional management unit could have done more analysis and knowledge sharing of efforts to develop cost recovery measures within the different countries.

To succeed, regional programs need to link to national institutions.

Establishment of *adequate linkages* between regional-level activities and relevant national agencies or institutions has fostered effective program implementation. In the Africa hydropower development program, the regional executive body, composed of national officials, oversees the operation and provision of power from the privately run hydropower facility and sets electricity tariffs and rates to be collected by national utilities. In the Eastern Caribbean telecommunications program, countries established and govern a regional regulatory authority that is responsible for overall policy setting and oversight, while national regulatory commissions adapt and implement the harmonized policies at the national level. But getting the balance right has yet to be achieved in two programs focused on research and analysis. The Aral Sea water and environmental management program relied heavily on international consultants to carry out regional studies and did not engage national

Lack of clarity about the roles of national and regional institutions has impeded implementation.

Linkages between national and regional institutions enhance country ownership.

universities or other institutions. As a result, there was initially little use made of the studies' findings. In contrast, the Lake Victoria environmental management program relied mainly on national institutions for the bulk of the program's scientific work and used a regional secretariat for modest coordination functions. But the secretariat's role in regional information gathering and program monitoring proved too limited to help countries prepare national action plans.

It takes time to build effective linkages between regional and national activities.

It takes time to establish effective linkages between regional and national activities. For example, the Middle East child protection initiative, which aims to build the awareness and capacity of municipal authorities to deal with poor and vulnerable urban youth, has organized one-off awareness-raising events at a regional level, while engaging locally in only a few pilot municipalities. After its first four-year phase, it still faces the challenge of how to go beyond such awareness-raising activities to capacity building of numerous municipal authorities. As shown in box 5.4, the Africa forum on girls' education provides some positive and cautionary lessons on building effective linkages between regional- and national-level activities.

Programs have worked best when implemented at a national level, and planned and coordinated at a regional level.

What has generally worked best is reliance on national institutions for execution and implementation of program activities and on regional institutions for coordination and other services in support of national-level activities. This is because national institutions already have the mandate to implement development activities, as well as experience, knowledge of local conditions, and relationships with other key national actors. Their lead in the management and accountability of program resources is important to ensuring the country ownership needed for the achievement of desired outcomes. Moreover, for programs to be sustainable once donor support has ended, countries must assume responsibility for absorbing continuing activities into their national budgets or otherwise covering costs.

What, then, has been the most effective role for regional institutions? Regional mechanisms are needed to coordinate the participation of countries and donor partners in the planning of regional programs and to coordinate national- and regional-level activities during program implementation. This means that regional institutions can play important roles in such upstream activities as:

- Producing analytical work to identify problems that would benefit from a regional approach and facilitating cross-country dialogue
- Convening national stakeholders and international partners to agree on development of

Box 5.4: Building Effective Linkages Between Regional- and National-Level Activities

The Africa forum on girls' education, which has been in operation since 1992, began with a focus on regional policy analysis and advocacy by a small regional secretariat. These activities sought to boost girls' participation and performance at all levels of education. To increase its impact on policy change, the program has expanded to country-level activities through the establishment of national chapters in 32 countries. It also supports local demonstration projects such as Centers of Excellence (gender-responsive schools), girls' clubs, and scholarships.

The regional secretariat supports these national activities with financial and technical assistance. And national programs share experiences through forums and publications. The program activities have benefited from ongoing communication and interaction between the regional secretariat and national chapters. But the program still needs to clarify roles and responsibilities to avoid duplication and to improve the coordination of in-country activities.

specific programs and managing, with the participation of national institutions, the programs' detailed designs
- Assessing with countries the costs and benefits of their participation in a proposed program, and facilitating agreement on how costs are to be shared
- Mobilizing donor support and establishing monitoring and reporting processes for agreed programs.

Regional institutions are also often needed during program implementation to play a modest, well-defined role, focused on regional services that cannot be performed efficiently by national agencies. These implementation services typically involve:

- Providing technical assistance, know-how, and expertise
- Gathering data, sharing information on good practices, and organizing training
- Coordinating country-level operational activities and harmonizing policies, laws, and procedures
- Facilitating dispute resolution among stakeholders with competing interests
- Monitoring and reporting on progress and maintaining relations with donors.

Accountable Governance Arrangements

All but two of the regional programs had some formal governance arrangement.[6] Most programs required more time than anticipated to gain agreement among participants on these arrangements. For example, the Central Asia biodiversity and West Africa HIV/AIDS and transport programs took about two years to prepare and begin to implement, in part because of the time it took for countries to agree on institutional structures for managing and governing the programs. But this was time that stakeholders view as well spent, since both programs developed effective governance features, as described below.

The program reviews did not highlight a single best governance model, but rather identified four key features of good governance arrangements: significant country voice, appropriate level of representation, a clear mandate, and effective donor coordination in programs with multiple donors.[7] Generally, these governance features have been stronger in regional projects than in regional partnerships.

Getting agreement on governance arrangements is difficult but essential.

Country voice in governance arrangements helps ensure that governments or other national stakeholders have meaningful roles in the overall design and oversight of programs. Of the 17 programs with formal governance structures, 12 projects and 1 partnership have representation from all or a majority of countries. A good practice example is the Central Asia biodiversity project, where representation on the national and regional steering committees is broad-based and includes government, academia, and nongovernmental organizations. The four programs with limited or no country voice are partnerships with donor-dominated governance processes. For example, in the Mediterranean environment partnership, the donor partners decide on resource allocations; the country representatives participate in general program discussions. Equitable voice among countries in the program is desirable. The Guarani Aquifer, West Africa HIV/AIDS and transport, and Central Asia biodiversity programs were well designed to give all participating countries equitable voice and roles, even though the sizes of countries differed markedly. But the smaller countries participating in the Aral Sea water and environmental management program have had little effective voice in its governance and management.

Regional projects have a strong country voice, but partnerships tend to be dominated by donors.

The level of representation in governance bodies needs to match the level of issues being addressed if agreements are to be implemented and country obligations met. Fifteen programs have an appropriate level of representation for the tasks at hand. For example, the Africa forum on girls' education program is governed by ministers and education policy makers, which has positioned the program to influence policy and undertake advocacy in member countries. Another two programs are arguably at too low a level to ensure that effective action is taken at the national and regional levels. In one, the Southeast Europe trade and transport program, the top-level Regional Steering Committee consisted of heads of Customs Administrations, although coordination of some interagency issues (such as agricultural inspection and public health) warranted participation by ministers.

A clear and sufficiently comprehensive governance mandate is needed to cover the nature of the strategic issues, oversight, and potential resolution of conflicts among participating countries likely to be encountered in a program. The governance mandates of 10 programs clearly cover appropriate responsibilities, but are unclear or limited in 7 others. For example, the mandate of the governing body for the Africa demobilization program, the Advisory Committee, includes "linking" to the peace process, but this challenging role is ill-defined. Bilateral donors and the Bank each expected the other party to encourage countries to maintain momentum toward demobilization and reintegration, yet the program lacked a means of interaction between donors and the countries' top leadership. The Southern Africa power market program spells out the appropriate roles and responsibilities of its governance body. But the execution of that mandate has not been sound—the Executive Committee of the program failed to recognize that the main hydropower facility needed immediate rehabilitation if the objectives of the power market program were to be met.

Ten of 17 programs appropriately defined and executed their governance mandates.

Regional programs fall short of recognized good practice in donor coordination.

Regular input to governing bodies by independent advisors can provide a source of disinterested expertise on program strategy and performance. But among the 19 programs, only 2—the Africa forum on girls' education and the West Africa HIV/AIDS and transport programs—have advisory bodies that are independent of the programs' member governments and donors. The independence of established advisory groups in two other programs is unclear and civil society and scientific advisory committees that were planned for a couple of other programs have yet to be convened. Therefore, most programs have missed this opportunity to enhance their quality.

Lack of effective donor coordination has impeded the efforts of the governing bodies to set strategic direction in many regional programs. All 17 programs that have more than 1 donor have experienced some degree of weakness in donor coordination; in over half, these problems have been substantial.[8] For example, the Central America rural development program was hindered by earmarked and tied support, unpredictable financing, and differing donor requirements related to procurement and financial procedures. These practices have led to substantial implementation delays and bureaucratic proliferation in country or regional institutions. The result has been to reduce the value of the programs and to reduce countries' commitment and ownership. For example, in the third phase of the Mediterranean environment program, the main donors (the World Bank, United National Development Programme, and the European Investment Bank) required differing procedures and policies (leading to three different donor units in the Mediterranean Regional Facility). There is limited coordination of program activities with donors' other environmental programs in the region, and donors are unwilling to commit funds on a program basis. As a result, there has been considerable uncertainty in financing of program activities and frustration of long-range planning. As a group, the regional programs fall significantly short of recognized good practice in donor coordination, and the aid delivery and coordination practices of both the Bank and other donors show need for improvement.[9]

There are several reasons for this situation. First, coordination tends to be more demanding and difficult as the number of actors within a program—whether countries or donors—increases.[10] This generalization, however, does not hold uniformly among the 19 regional programs reviewed. The Africa hydropower development program—despite having 11 donors and 3 countries—met the significant challenge of donor coordination and achieved its objectives. The Bank took a leadership role in working out coordination problems, and the countries, drawing on a strong regional institution, also exercised leadership. Thus, coordination can be effective when both the country and the Bank give it priority and the country has the requisite institutional capacity to play an active role. A second reason for weak donor coordination in regional programs is that recent efforts to bring improvements in the international aid architecture have concentrated on measures in single countries, with tangible results in specific policies and in a handful of countries, but have not yet extended new policies and practices to multicountry undertakings.

Planning for Sustainability

Most regional programs take more time to establish effective implementation and coordination and achieve results than the typical six or seven years required for a single country project. Like country programs, regional programs need to plan for the sustainability of national-level activities and benefits when external donor support ends. In cases where the continuation of regional activities remains relevant, regional programs also face the challenge of having to plan for the continuing financial support of regional institutions and activities.

Such planning has not occurred consistently across regional programs. Moreover, though countries have in a number of cases absorbed the cost of national-level activities, there appears little country interest in taking on the responsibility for continued regional-level activities, except where these costs can be covered by self-generating resources. Only 4 of the 15 programs for which the issue of future financing is applicable include explicit plans for how both national and regional activities are to be sustained.[11] In another 4 programs, there are approaches for sustaining national-level activities, but not regional activities—because continuation is not viewed as essential by all participating countries. In the remaining 8 programs—all but 2 of which are partnerships with indefinite closing dates—there are no explicit future financing strategies. Table 5.1 identifies the several approaches to continued financing, employed or anticipated, in the 15 programs, with some programs involving more than one approach.

Regional programs have to plan for sustainability of outcomes and activities at the national and regional levels.

Countries have shown little willingness to pay for continuing regional activities.

Several lessons emerge about effective planning for the sustainability of program outcomes. First, sustainability needs to be planned from the outset to establish how countries will assume responsibility for continued activities if the program succeeds, including collective responsibility for any continuation of regional-level activities. Second, the planning needs to take account of the changing roles of national and regional institutions over the different phases of program operations. Third, there must be a substantial political or economic interest for countries to take on financial responsibility for continued regional-level activities. Though the regional component of programs based on grant financing has usually been modest, projects have not typically developed a plan for transferring the financing function to participating governments in cases where continued regional-level activities are required. Nor have they established strategies for winding down external support to regional partnerships that enable the continuation of activities, where warranted, after the cessation of grant support. The sustainability of regional cooperation among countries thus remains a risk of regional programs.

Table 5.1: Few Programs Have Planned for the Sustainability of National and Regional Activities

Program	Expected future financing approaches: Self-generating resources	National budget	Follow-on project financing	Extended grant financing
With financing plans for national and regional activities				
Africa hydropower development	✓		✓	
Eastern Caribbean telecommunications	✓		✓	
Lake Victoria environmental management			✓	
Southern Africa power market	✓			
With financing plans for national activities only				
Aral Sea water and environmental management		✓	✓	
Central Asia biodiversity	✓	✓	✓	
Eastern Caribbean waste management	✓	✓		
Southeast Europe trade and transport		✓	✓	
Without explicit financing plans				
Africa forum on girls' education		✓		✓
Africa transport policy				✓
Arab gender network				✓
Guarani Aquifer				✓
Latin America rural development				✓
Mediterranean environment				✓
Middle East child protection				✓

Source: In-depth program reviews conducted for this evaluation.

Chapter 6: Evaluation Highlights

- The Bank has been effective in fostering country commitment for regional programs by providing analytical work, supporting national-level investments, and mobilizing donor resources.
- It has been less effective in helping countries manage conflicting interests, delineate the roles of national and regional institutions, and plan for the sustainability of program activities and outcomes.
- Some Bank structures and processes geared to single-country programs are poorly suited to the planning and oversight of regional programs.
- To strengthen internal incentives and capacities for regional operations and make its support more strategic, the Bank needs to better link country and regional programs and build up knowledge of good practices in regional operations.

6

The Bank's Performance in Support of Regional Programs

The Bank has played several important roles in support of regional programs. It has been the key convener of country and donor partners and helped establish consensus on the design of most programs reviewed for this evaluation.

It has provided technical advice and served as manager or secretariat and as a member of the governing body in some partnership programs. Its own financial contributions to regional projects have amounted, on average, to about a third of the total project costs, and ranged from as little as 8 percent to 100 percent. In the seven regional partnerships, the Bank's share of financing has similarly ranged from minimal to 100 percent. Even when its funding has been limited, the Bank has exerted considerable influence on program preparation and implementation. For example, the Bank was the initiator and lead technical adviser in the large West Africa hydropower development program, though IDA credits financed only 9 percent of the total project costs. The Bank's presence adds credibility to a regional program, thereby helping to catalyze financing from other donors.

How well has the Bank's performance of these roles contributed to program effectiveness? What follows examines the Bank's performance in relation to the five determinants of regional program effectiveness discussed in chapter 5, and internal management issues that have influenced its performance.

Bank Performance on Factors of Program Effectiveness

The Bank has been effective in fostering country commitment to regional programs, but relatively ineffective in helping countries deal with conflicting interests, delineate the roles of national and regional institutions, and plan for financial sustainability.

Fostering Strong Country Commitment

The Bank has produced economic and sector work or drawn on existing work to help build country interest in virtually all the regional projects and partnerships reviewed for this evaluation. This analytical work contributed to the preparation, design, and implementation of programs. In addition, the Bank has produced or supported extensive research and analysis as a main activity of several

Bank analytical work has been important to the preparation of the regional programs it supports.

programs, such as the African transport policy program and the Mediterranean environmental program. As noted above, this work has been particularly effective when it has involved country participation. The Bank has also helped foster country interest by financing country-level operations as part of 11 of the 19 regional programs (10 projects and 1 partnership) and by helping to mobilize the resources of other donors—all traditional areas of Bank assistance.

But the Bank has not been consistently effective in helping countries assess the benefits and costs of their participation in regional efforts. Bank project appraisal documents require that the rationale for the program approach be spelled out—for regional projects, this means explaining the choice of a regional approach. In most cases, the documents discuss the benefits of taking a regional approach, but not the costs and risks. The discussion of benefits is also typically at a regional level. In only one case reviewed was the analysis of benefits disaggregated for each participating country. Had costs and benefits to each country been identified, the lack of confidence and trust among countries that afflicted some programs might have been reduced, especially when countries' interests in dealing with negative externalities were in conflict (as in the Aral Sea water and environmental program).

The Bank has not consistently helped countries assess the costs and benefits of their participation in regional efforts.

Through its work at the country level, the Bank has both knowledge of country interests and active relations with governments and other key stakeholders in most countries involved in the regional programs it supports. This puts the Bank in a strong position to help countries establish mutual trust, and thereby strengthen their commitment to regional efforts. But the Bank appears to be underutilizing its CAS processes to assist countries in identifying regional interdependencies and in assessing the benefits and costs of taking regional approaches to issues of priority on their development agendas (as discussed in chapter 2).

Matching Program Scope to Country and Regional Capacities

The Bank has been closely involved in the design of all but 1 of the 19 programs reviewed. While its technical contributions to most program designs have been strong, it has been weak in assessing capacity needs of national and regional institutions. This has led to inadequate mobilization of the capacity support needed for program implementation. In some programs where knowledge and capacity building have been major program objectives, the Bank's technical advice has overlooked state-of-the-art approaches to how individuals acquire and apply practical knowledge most effectively. The Bank-managed regional technical assistance programs in the Central America and Mediterranean regions have also relied on external expertise in the implementation of program activities, with varying degrees of involvement of national researchers and institutions, thereby limiting the programs' impact on country ownership and capacity.[1]

Delineating National and Regional Roles

The Bank shares responsibility with countries and other partners for the shortcomings described in chapter 5 in getting the right balance in the roles of regional and national institutions. The weakness in regional programs on this dimension suggests that there is a lack of common understanding on what works well and what does not in delineating these roles. This issue is outside the scope of the Bank's traditional area of country work and would benefit from the development of a knowledge base on good practice.

Governance Arrangements

The Bank plays an active formal or informal role in the governance of all the regional programs it supports. In 6 of the 7 partnerships, it has served as a formal member of the governing body, and in all 12 projects it has been an informal observer and technical advisor. It has also typically played a key role in mobilizing and coordinating donor support, which has influenced the strategic direction and oversight of programs. The Bank therefore shares responsibility for the weaknesses in both the structure and functioning of program governance arrangements (discussed in chapter 5).

Although the Bank has received high marks from country and donor stakeholders for its role in helping to fashion representative governing bodies, its performance has not been strong in all cases. It has been an active member of partnership boards comprised wholly or primarily of donor representatives and has failed to foster arrangements to bring in more country voice. In the case of the Central America rural development program, although the Bank, in effect, managed the program from its inception in 1980 to 2004, it did not spur the governing body to function effectively. The initial body was disbanded and the Bank did not promote the establishment of a new governing body for over 10 years.

The Bank's performance in supporting the strategic direction and oversight functions of the programs' governing bodies has been mixed. In the Africa hydropower development program, the Bank conducted high-level and sensitive dialogues with the government representatives to the program and encouraged adoption of environmental and social safeguards as a core program feature. In the West Africa HIV/AIDS and transport program, the Bank's supervision work strengthened the oversight functions of the governing body.

In two other cases, however, the Bank's supervision and advisory role failed to provide adequate oversight support. Despite playing a key role in the structure and staffing of the program management and coordination unit of the Aral Sea water and environmental management program, the Bank did not adequately attend to financial and program management weaknesses. In three out of four regional partnerships for which the Bank served as the program secretariat, donor or country partners expressed dissatisfaction with the secretariat's performance. In the case of the Central America rural development program, this led to a decision by partners to switch the management functions from the Bank to the United Nations Development Program's operational services, and in the Bank-managed Africa transport policy program, to a restructuring of the governance and management of the partnership (Netherlands Economic Institute 2001).

A base of knowledge is needed on how to delineate national and regional roles and responsibilities.

The Bank's mixed record in the supervision of regional projects is corroborated by the QAG overall assessment rating of only 69 percent moderately satisfactory or above for the quality of supervision of the 13 regional programs that it reviewed between 1996 and 2004.[2]

The Bank has been active but not consistently effective in supporting the oversight functions of program governing bodies.

The Bank has played an important role in mobilizing donor financing for virtually all of the regional programs it has supported. But it has not always been successful in fostering effective donor coordination. In the 17 regional programs reviewed with multiple donors, significant problems were evident in half (5 of 10) of the projects and in almost all (6 of 7) partnerships. The following examples illustrate the Bank's mixed record. In the Eastern Caribbean waste management program, the Bank took the lead in donor coordination and mobilized additional donor funding when program costs exceeded initial estimates. In the Lake Victoria environmental management program, the Bank also mobilized funds from donors to bridge a funding gap between a first and second phase, but it was unsuccessful in coordinating donor support. As a result, several components of the

The Bank's lead in mobilizing and coordinating donor assistance has been important, but not always successful.

program were highly fragmented and relatively ineffective. Both of the regional technical assistance programs managed by the Bank have been impeded by earmarked donor support and lack of harmonized procedures.[3]

The Bank has supported international efforts to foster more effective, country-led donor coordination at the individual-country level. It has also committed itself to undertake a number of measures intended to enhance its coordination with other donors in country operations. But there are no comparable efforts to improve donor harmonization and coordination of support for regional programs. Even within the Bank, not all recent regional strategic frameworks have clearly articulated the Bank's role in relation to other donors.

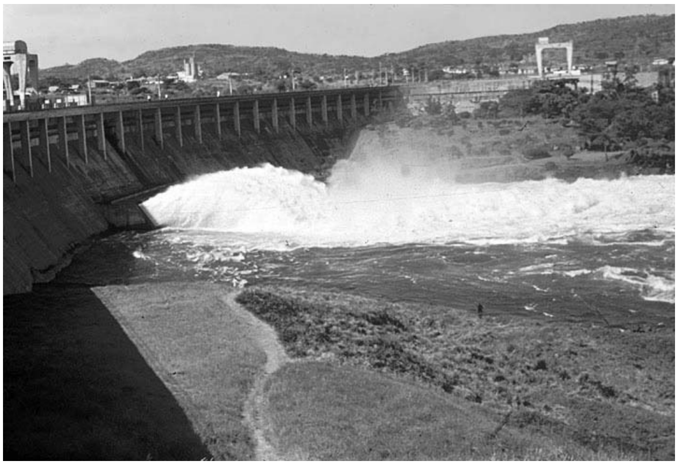
The regional development banks are logical partners in multicountry regional programs. There has been some involvement of these banks in the programs reviewed, but none of a major nature. Yet each of the three regional banks that provide concessional financing to low-income countries—the African Development Bank, Asian Development Bank, and Inter-American Development Bank—has an explicit mandate to support regional programs and regional integration.[4] They have all recently issued strategies for fostering programs at the regional level, although they have not, with a few exceptions, provided substantial financial support for multicountry programs. All three banks have units responsible for regional integration, with varying operational roles. While this evaluation did not review these institutions' regional initiatives, their mandates and increasing emphasis on regional programming suggest that to achieve complementarities and avoid overlaps, more interaction on regional program support between the World Bank and these regional development banks would be useful.

Planning for Sustainability

The responsibility for sustaining the outcomes and activities of regional programs has to be assumed by national authorities or other stakeholders. In many cases the Bank has provided (or is planning to provide) follow-on financing of initial phases of regional programs. In 7 of the 12 regional projects reviewed, it has followed up its initial support with a second phase of country-level investments. It has also provided an extended phase of grant financing to two regional partnerships by transferring the programs from the DGF's Window 2 short-term financing to its Window 1 long-term support. But its continuing project financing has not always covered or been accompanied by support for the sustainability of regional-level activities. This is particularly true in the case of projects with GEF support. The GEF has provided catalytic initial funding for regional activities, but not continued it in subsequent phases. Nor has the Bank helped countries plan for long-term sustainability after external support has ended. This shortcoming is illustrated by the following examples:

- GEF grant financing for the Aral Sea water and environmental project was not continued when that project ended. The Bank shifted to provision of individual country investment loans as a way to better pursue the program's aims, without providing enough support to the regional-level activities needed to complement the country efforts.
- The one project receiving IDA grant financing did not plan at the outset for continued financing after the project closed, even though it recognized that the objectives would take more than the initial five to seven years to be achieved, and targeted IDA grant financing for HIV/AIDS would not continue to be available.
- Typically, partnerships have not become financially self-sustaining in three to four years, as promised in most proposals for initial DGF partnership funding. Yet in six of the seven partnership programs reviewed, the Bank has not helped the countries and donor partners develop an exit strategy or plan for winding down donor support over time. Nor has it articulated exit strategies for its own support.

More long-term planning from the outset is



The Bank could do more to help countries reap the strong development potential of regional hydropower, transport, disease control, and other cooperative efforts by strengthening its internal incentives and capacities. (Photo courtesy of USDA Foreign Agricultural Service.)

particularly important in regional programs because of the need to maintain participation of multiple countries, with differing national agendas and varied degrees of commitment and capacity.

Bank Structures, Policies, and Processes for Program Support and Management

Bank incentives and capacities, which are largely geared to supporting country programs, do not adequately facilitate the design and oversight of multicountry, regional programs. Three areas need to be addressed to strengthen the incentives, efficiencies, and accountabilities related to Bank regional program support: (a) the programming of Bank grant resources for regional programs; (b) the involvement of country management units in regional program planning; and (c) procedures for risk management, accountability, and learning.

The Allocation of the Bank's Grant Resources

The availability of financing on grant terms has proven to be necessary in the upstream, preparatory phases of regional programs and the initial phase of most regional programs focused on generating regional public goods (such as the reversal of environmental degradation of shared natural resources). The Bank furnished $817 million on grant terms for regional programs between fiscal 1995 and 2005 from the four main sources shown in figure 6.1.[5]

The Bank's incentives do not adequately facilitate regional operations.

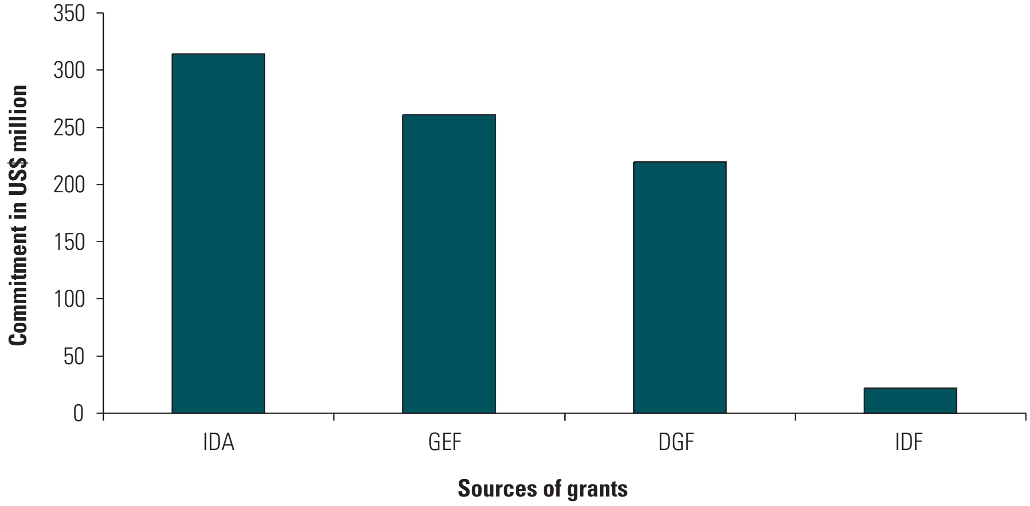
The allocation processes for these funds are not wholly consistent with their optimal use, and even constrain the Bank's overall support for regional programs.

- IDA grants for regional programs are allocated in relation to each borrower's degree of debt distress, and there is no provision for making grants to regional entities or regional components of individual regional projects.
- DGF grants are provided to global and regional partnerships on a Bank-wide competitive basis, according to corporate criteria about the nature and duration of support that are not necessarily aligned to the Bank's regional strategic frameworks and the Regions' responsibilities for the execution of those frameworks. Moreover, the required independent evaluations of regional partnerships receiving long-term support have been highly uneven in quality and scope.[6]
- Institutional Development Fund (IDF) grants, which can be used to support capacity building of regional institutions, are allocated by the Regional vice presidencies. But they are small and often of short duration, making them of limited utility to most institutional development needs.

This set of grant mechanisms does not provide the Bank with a coherent way to support regional programs. If the Bank is to work with other donors to finance regional programs more effectively, it should align its grant allocation with the Regions' responsibilities for the execution of their strategic frameworks.

The Bank's grant mechanisms do not provide it with a coherent way to support regional programs.

Figure 6.1: Bank Sources of Grant Financing for Regional Operations



Source: World Bank data sources.

Involvement of Country Management Units in Regional Programs

Regional programs are most likely to be successful if they are derived from regional strategic frameworks that are consistent with country development priorities and integrated in relevant Bank CASs, and if the CASs of relevant countries are mutually reinforcing where there are critical cross-country interdependencies.

Country directors have tended to be engaged in regional programs when they involve countries solely or predominantly in their own (single) country management unit (such as the Eastern Caribbean telecommunications and waste, Central Asia biodiversity, and Africa demobilization programs). They have been less engaged with programs involving countries that fall within multiple country management units, for which they do not have primary responsibility, and activities that take place primarily on a regional level. They have not always taken account of linkages between ongoing country programs and closely related regional efforts, such as the national HIV/AIDS country programs and the West Africa HIV/AIDS and transport program. Nor have they ensured that country operations take into account the regional implications of country operations where there are significant cross-country externalities.[7]

The budget process is a disincentive, especially where one country has less interest in a particular regional program than other countries. In such cases, the country team will prefer to devote budget resources to higher-priority operations unless supplemental budget is provided. Such supplemental budget resources are provided when the Bank executes GEF-financed projects. This practice, by reducing the budget disincentive to regional programs, may account for the high proportion (close to half) of GEF-financed projects in the existing overall regional portfolio.

Some of the Bank's Regional departments have recently introduced new management arrangements intended to enhance linkages between regional and country programs. The Bank's Europe and Central Asia Region has assigned responsibility for planning and oversight of regional programs to a "forum of country directors." The Africa Region has created a director position for regional integration and programs. These arrangements aim to overcome the disconnect between Bank regional and country strategies and to ensure that country programs are made mutually reinforcing when they involve large regional externalities. To be judged effective, these arrangements will need to demonstrate over the next few years increased attention to regional approaches in the Bank's dialogue with country leaders and stronger linkages between regional programs and Bank country assistance programs. They will also need to demonstrate improved coordination with other donors and solid results in the regional programs supported. Other Regions with increasing regional program portfolios might consider new management arrangements as well, suited to the particular contours of their regional program work.

Procedures for Risk Management, Accountability, and Learning

Regional programs are affected by shortcomings in three processes that are standard requirements for Bank operations:

- Risk mitigation
- Monitoring and evaluation
- Maintenance of operational data and knowledge of experience and good practice.[8]

There is a range of ***risks*** that the Bank assumes when it supports a regional program, but not adequate risk management plans. Among the 19 regional programs reviewed, the most frequently mentioned risks to achieving program outcomes and impact are lack of financial sustainability of national or regional activities (13 cases), lack of institutional capacity at the national or regional level (8 cases), and flagging country commitment (7 cases). These risks are intrinsic to the challenges of collective action, including the problem of "free riders," that is, that one or more countries will not contribute their agreed share to the costs of the program, though they enjoy its benefits. Other risks identified are distorted policies in one or more countries (4 cases) and deterioration of the political environment (4 cases, 1 of which involved the risk of renewed intercountry conflict). Evidence of a risk mitigation plan was reported in only 3 of 12 Bank project appraisal documents (and implied in 5 others).

The budget process is a disincentive to involving country management units in regional undertakings.

Many regional programs fall short of sound ***monitoring*** practices. In 9 out of 12 regional projects, clear and monitorable outcome indicators were not defined at the time of design, nor did projects develop them during implementation. For regional partnerships, 5 of the 7 reviewed lack clear and monitorable outcome indicators, and none has a clearly articulated results chain.[9] Monitoring of and reporting on progress during program implementation are also weak. Most programs report on outputs and activities, and have provided only general statements of outcomes, at best, with little or no quantitative data. The Africa Region has recently completed the first Region-wide portfolio review of regional projects undertaken within the Bank.

Better outcome indicators and reporting are needed.

The Bank's standard ***evaluation*** procedures for *project* self- and independent evaluation have been applied to its portfolio of regional projects. Where a regional program has comprised several country-level operations, each individual operation is evaluated. But there is no mechanism to evaluate the achievements of the program as a whole. Such an evaluation could assess the distribution of costs and benefits among countries, the success of cross-country activities, and the effectiveness of regional governance arrangements. For regional *partnerships*, there have been no standard evaluation procedures, though an effort to develop standards is currently under way.[10]

Regional projects are evaluated country by country—there is no mechanism to evaluate the program as a whole.

The Bank does not have a reliable ***base of knowledge*** on its regional operations. Current information in various Bank databases is incomplete and inaccurate. There is no single Bank-wide definition of regional programs, so Regional vice presidencies tag operations as regional in inconsistent ways. For example, regional programs that involve a number of country-level investments (such as the Southeast Europe trade and transport program) are not listed in the Bank-wide project portfolio as regional programs. For regional partnerships, even basic information on the countries involved or the total program cost is often missing or reported erroneously in the partnership database.[11] There is also no corporate base of knowledge on the Bank's experience in support of regional programs, nor on what has worked and what has not.

The Legal Framework for Regional Programs

Regional programs have varied financing structures.

Program reviews for this evaluation found considerable diversity in the financing structures of individual regional programs. The diversity has ranged from a single financing agreement with one or all participating countries and a single financing agreement with a regional organization to separate financing agreements with all countries (or some combination of these three arrangements). Illustrations of these various financing structures are presented in appendix G. These options have been developed to fit the legal requirements of existing international agreements among participating countries, their national legislation, and the obligations that the countries are willing to assume. Thus, while the simplest arrangement is a single financing agreement between the Bank and a single program borrower (such as one participating country or a regional entity), the one most frequently used involves separate agreements between the Bank and each participating country.

It is often assumed that the Bank's legal framework unduly limits the options for financing regional programs. But the varieties of financing structures that have been designed for individual regional programs reveal that it does not. The broad authorization provided in the Articles of Agreement of the International Bank for Reconstruction and Development (IBRD) and IDA allows them to support regional programs by lending both to countries and to regional organizations, as indicated in box 6.1.

Box 6.1: The Bank's Legal Framework Imposes Few Limitations on the Financing of Regional Programs

The IBRD and IDA Articles of Agreement anticipate the possibility of lending for regional programs by not limiting financing to a single country for a given program and by explicitly authorizing lending to regional organizations under the following specified conditions:

- **IBRD Lending:** The Articles allow the IBRD to "make loans to . . . any business, industrial, and agricultural enterprise in the territories of a member" (World Bank 2001b, paragraph 4). This has been interpreted to mean that the IBRD can lend to any enterprise owned jointly by two or more members, or by public or private entities of such members, including regional organizations. In such cases, the Articles require that the participating countries guarantee the loan and, as a matter of policy, the IBRD requires either joint and several guarantees or several guarantees from the countries.
- **IDA Lending:** The Articles explicitly allow IDA to "provide financing to . . . a public international or regional organization" (World Bank 1960, Article V, Section 2 [c]). But in practice, IDA normally lends only to countries to ensure that they receive the full benefit of the concessionality. When IDA lends to a regional organization, the Articles leave the decision to obtain a guarantee from countries to its discretion.
- **IDA Grants:** The Articles allow IDA to make grants out of additional resources such as IDA replenishments, provided it is expressly authorized to do so. Thus, while grants are permitted under IDA14, the debt sustainability criteria for grant eligibility effectively precludes the provision of grants to regional organizations.

Still, the legal structures of individual programs have turned out to involve a number of legal agreements that have taken time to negotiate and have not always been effectively designed. All regional programs involve a *financing agreement* between the Bank and the program borrower(s), which sets out the terms and conditions of the financing and the respective rights and obligations of the borrower(s) and the Bank. Programs may also involve a *project agreement* between the Bank and legal entities (countries or regional organizations) that are involved in the program but are not the borrowers and an *implementation agreement* among all participating countries (and any other legal entities) that details their joint and respective responsibilities with respect to the program. While the financial and project agreements are similar to those of single-country operations, the implementation agreements pose challenges distinct to multicountry operations. Indeed, in some programs (for example, the Aral Sea water and environmental management program), implementation was impeded by inadequate delineation of the participating countries' mutual obligations. These implementation agreements—which fall outside the Bank's legal framework—have proved particularly difficult to devise because they have to be set within the context of the domestic laws and any applicable treaty or other international agreement among the participating countries, and many existing international agreements are vague about the allocation of responsibilities, and their enforceability is unclear. Moreover, political tensions among countries have often hampered negotiations.

These findings suggest the need for the Bank to develop guidance for staff and clients on how to speed up and strengthen the design of the legal agreements of the individual regional programs. If the Bank decides to significantly expand its support for regional programs, it would also be useful for management to review recent experience to determine if any change in the existing Bank legal and policy framework or application of the framework is warranted.

The Bank's legal framework imposes few limitations on the financing of regional programs.

Implementation agreements among participating countries pose challenges unique to multicountry operations.

The Preparation Cost of Regional Programs

It is widely believed that regional programs are more costly to prepare than nonregional programs. As table 6.1 shows, regional programs cost $31,000 per million dollars lent, compared with $23,000 per million dollars lent for nonregional programs.[12] This cost differential is attributable to the high proportion (45 percent) of GEF-financed projects among regional programs, because GEF-financed projects of all types are more costly to prepare. Regional projects that are not GEF-financed cost no more to

Regional programs—except those funded by the GEF—are not more expensive to prepare than nonregional programs.

Table 6.1: Only GEF-Funded Regional Projects Cost More to Prepare than Nonregional Projects[a]

Funding group	Preparation cost ($10,000 per million in commitment) Regional	Nonregional
All	3.1	2.3
GEF funded	4.9	4.6
Not GEF funded	2.0	2.0

Source: World Bank data.

a. Preparation costs comprise the costs of identification, appraisal, and negotiation. The regional and nonregional projects compared are all investment projects of a size limited to $50 million. This amount reflects 95 percent of all regional projects.

prepare than nonregional projects.[11] They take, on average, 24 months from concept to appraisal, compared with 22 months.

In sum, the Bank has played a key role in building country commitment and donor support for regional programs through lending and nonlending activities. It has also played a formal or informal role in the management and governance of the individual programs it supports. While its performance has been effective in traditional areas of analytical work and support of country-level operations, it has been less effective in helping countries assess the costs and benefits of regional approaches, resolve conflicts of interest, and establish appropriate roles for national and regional institutions, including the governance bodies of individual programs. Three Bank processes need attention to increase Bank effectiveness: understanding and design of the legal frameworks for regional programs, the involvement of country management units in the planning and oversight of regional programs, and the processes for accountability and learning in this line of business.

7

Findings and Recommendations

Regional programs offer substantial potential to achieve results on development issues that affect neighboring countries. Regionally coordinated transportation development, for example, can help the world's 31 land-locked countries connect to markets in neighboring countries.

Regional cooperation in integrating the supply and distribution of power helps small economies increase their access to reliable and lower-cost energy. Cooperation among neighboring states is vital to control the spread of diseases such as malaria and HIV/AIDS, and to manage the 60 percent of the world's fresh water that derives from shared river systems. Specific programs supported by the World Bank have, for example, sought to reverse environmental degradation and improve water management in the Aral Sea Basin, prevent and treat the spread of HIV/AIDS along a major transport corridor connecting five West African countries, increase access and reduce the cost of telecommunications services among Eastern Caribbean island countries, and facilitate cross-border trade among Eastern European countries. These are all challenges that countries cannot effectively or efficiently meet by acting on their own.

World Bank support for regional programs is limited, but has been increasing in recent years.
Over the past 10 years, donors, including the Bank, have provided only modest support for regional programs. Total World Bank commitments amounted to less than 1 percent of total Bank project and partnership funding over the fiscal 1995–2005 period. Two-thirds of these regional programs have been approved since fiscal 2000.

A majority of the regional programs reviewed have been or appear likely to be effective in achieving the bulk of their development objectives.
The completed projects performed as effectively as single-country projects. Even stronger results could be achieved if regional program support were better developed as an international development practice. This would require countries to think regionally in setting their development agendas and strategies and commit, where relevant, to take collective responsibility for determining how to share the benefits and costs of cooperative efforts. It would also require that donors adapt their aid allocation decisions and processes to accommodate more and better regional program support. Experience suggests lessons about when to adopt a regional approach and how best to design and support regional programs.

The programs are relevant, but weakly linked to country assistance.

Individually, the regional programs reviewed are relevant. Each reflects an appropriate rationale for adopting a multicountry approach. But while these programs are consistent with broad areas of regional and country emphasis, they have not always derived from joint assessments with countries about which issues would most benefit, as a matter of priority, from regional approaches. Nor are they closely linked to the Bank's country programs. Only a third of the 19 regional programs reviewed were included among the strategic objectives of the Bank CASs of all participating countries. A more strategic approach to setting regional program priorities would permit better alignment of country and regional development priorities. It would also facilitate closer links between regional programs and country operations.

Five determinants have proved key to effective regional programs.

Programs that deal with issues where country interests are compatible (such as preventing the spread of HIV/AIDS or developing regional infrastructure) have tended to be more successful than programs dealing with issues where country interests are in conflict (such as the sharing of water resources) and require tradeoffs among countries. In all cases, success has depended on the following five key determinants of effective in program design and implementation.

- ***Strong country commitment to regional cooperation**:* Regional programs need to deal with the political economy of relations among countries and help countries assess the benefits and costs of their participation in order to gain the countries' acceptance of the obligations involved in acting cooperatively. Building strong country commitment has been impeded in many programs by inadequate assessment of program costs and benefits for individual countries and lack of a regional platform for resolving conflicting country interests. Sequencing of program components has allowed some programs to deal with differing levels of country commitment.
- ***Realistic scope matched to national and regional capacities***: Regional programs face complex coordination challenges in the implementation of activities, and dealing with these challenges places demands on capacities at the national and regional levels. Many programs have not carefully identified capacity gaps in national and regional institutions, nor have they designed adequate measures for filling those gaps.
- ***Clear delineation and coordination of the roles of national and regional institutions***: Regional programs can succeed only if they are linked to national institutions and get the balance right between national and regional responsibilities. Lack of clear delineation of national and regional roles has slowed implementation and reduced the likelihood of sustainability in several programs. What has generally worked best is reliance on national institutions for execution and implementation of programs and on regional institutions for supportive services that cannot be performed efficiently by national agencies, such as coordination, data gathering, technical assistance, dispute resolution, and monitoring and evaluation.
- ***Accountable governance arrangements***: Getting agreement on governance arrangements takes time, but is essential to country ownership and sustainability of the outcomes of regional programs. The most successful programs have incorporated three features in their governance arrangements: effective voice of all participating countries (big and small), levels of representation appropriate to the program aims, and a clear and comprehensive governance mandate. Regional programs have not uniformly incorporated these three features. Lack of effective donor coordination has also impeded the governing bodies' efforts to set strategic direction. In all 17 programs reviewed that have had more than one major donor, coordination among donors was weak; in over half, these problems were substantial. Programs have been hampered by earmarked and tied support, unpredictable financing, and differing individual donor requirements.

- ***Planning for sustainability of outcomes and activities at the national and regional levels***: Countries have to absorb the cost of sustaining the outcomes of regional programs after external support ends. Though in a number of cases countries have absorbed the cost of national-level activities, they have shown little interest in paying for continued regional-level activities, except where those costs can be covered by self-generating resources. Grant-funded projects and partnerships have done least well in helping countries plan for sustainability of outcomes at the national and regional levels following the termination of external support.

Regional projects have performed better than regional partnerships.

Typically, the subset of regional programs that take the form of stand-alone, open-ended regional partnerships has been more donor-dominated and has had weaker country commitment than regional projects (or partnerships directly linked to such projects). The stand-alone partnerships have tended to be implemented by regional entities with weak or no linkages to national-level institutions. This has been a particular impediment where partnerships have aimed to build knowledge in support of national policy reforms. In addition, partnerships—mainly supported by donor grants—have often lacked clear objectives with monitorable indicators. They have also rarely included resource mobilization strategies that are adequate for sustaining program outcomes and activities after donor support ends.

Three key findings emerge from review of the Bank's performance in supporting regional programs.

- ***The Bank has played multiple roles in support of regional programs.*** It has been a convener of country and donor partners and helped establish consensus on program design. It has provided technical advice and served in some cases as the program manager or secretariat and as a member of the governing body. Its financial contributions to regional projects have amounted, on average, to about a third of total project costs. Even when its funding has been limited, the Bank has exerted considerable influence on program preparation and implementation.
- ***The Bank's performance has been most effective in its traditional areas of comparative advantage.*** The Bank has been effective in fostering country interest in regional programs through its analytical work, mobilizing support of other donors, and financing country-level investments. It has been relatively ineffective in helping countries deal with conflicting interests, delineate the roles of national and regional institutions, and plan for the sustainability of program outcomes. Where donor coordination has been weak overall, the Bank has not fostered better donor interaction. Moreover, the Bank has done little to promote improved international standards of donor coordination in regional programs. The Bank could strengthen its regional work by adopting a strategic approach to its provision of support. If done in consultation with clients and donor partners, this would provide the opportunity to identify programs of highest priority and promise. It would also provide a concrete basis on which to assess national and regional capacity gaps and capacity-building needs, as well as to determine the packages of financing needed to implement the priority programs.
- ***Bank incentives and capacities, which are geared to country operations, are not optimal for the provision of regional program support.*** Four aspects of Bank processes and structures have hampered its regional program support. IDA, DGF, and IDF grant resources all have allocation requirements that constrain their support for regional programs. The country management unit structure and budget process pose disincentives to the development of regional program strategies and operations. Current processes of monitoring and learning from regional program experience are weak. While the legal frameworks governing regional programs provide for IDA and IBRD financing of regional operations, they involve challenging issues in the design of both the financial agreements between the Bank

and borrower(s) and the implementation agreements among participating countries, as well as between those countries and regional organizations. Improved guidance to staff and countries is needed. Steps have been taken in recent years to address some of these disincentives or constraints, notably the establishment of several regional strategic frameworks, new management arrangements in two Regions, and the IDA Regional Pilot Program. These steps will need to be monitored to assess their effectiveness in strengthening the Bank's regional program support and other steps taken, as suggested below.

The Bank could help countries benefit more from regional cooperation. The World Bank has the potential to play a more important role in encouraging and supporting regional development efforts. To date it has been opportunistic rather than strategic in its support of these programs. Its engagement has often been prompted by either a particular circumstance or dedicated resources. A strategic approach, by contrast, would systematically identify opportunities in consultation with countries and donor partners and promote them as a way to complement and reinforce country development goals.

Given the evident potential of regional programs to deliver significant development benefits, the Bank faces a strategic choice on the future of its regional program support. It could continue with business as usual—that is, supporting opportunities as they arise. To do so would imply that the Bank remains largely focused on country programs, leaving other partners to build up international support for regional cooperation. Alternatively, it could adopt a more strategic and potentially larger effort.

This evaluation recommends that the Bank adopt a greater role in support of regional programs, provided that it develops a more strategic approach. To do this effectively, the Bank would need to engage in a dialogue with its clients and other partners on how the international aid architecture could raise the profile of regional cooperation and define the respective roles of the World Bank and other partners. It would also need to address internal disincentives and constraints that stem from its current business practices, which are largely geared to country programs. Specifically, Bank management needs to consider making the following four changes.

1. **Establish regional program strategies and integrate them into Country Assistance Strategies.** Regional vice presidencies need to design and deploy their regional program support more strategically to complement and reinforce country development goals. To achieve this, they would need to:
   - Develop, in consultation with clients and donor partners, medium-term assistance strategies that identify opportunities for high-priority regional programs and the support they would require.
   - Integrate regional programs into relevant Country Assistance Strategies.
   - Provide adequate analytic and advisory assistance to help countries assess the benefits and costs of regional approaches to the achievement of their national development priorities.
2. **Work to strengthen the international architecture for financing regional development programs.** This means that Bank management would need to:
   - Engage with partners to put together the financing packages required for individual programs based on each partner's comparative advantage and harmonize assistance processes.
   - Align the allocation of its loan, credit, and grant resources with the execution of its regional program strategies.
3. **Increase the impact of the Bank support for regional partnerships.** Since the subset of regional programs that take the form of open-ended, multidonor partnerships are typically less successful than regional projects, the Bank needs to give special attention to improving their impact. To achieve greater effectiveness, the Bank should:
   - Enter into such partnerships only when

their program objectives are aligned with its regional strategic plans.
- Maintain its support only on the basis of positive findings of periodic evaluations.
- Require credible plans for sustaining program activities.

4. **Strengthen corporate incentives and capacities to provide effective regional program support.** To accomplish this, the Bank needs to:
   - Build a base of knowledge on regional program experiences and incorporate lessons into program design, implementation, and evaluation.
   - Develop guidance for staff on legal frameworks for regional programs and determine if changes are warranted in the Bank's legal and policy frameworks.
   - Prepare periodic reviews on how the Bank is implementing its regional program strategies and partnering with other donors and the results achieved.

These changes would constitute a stronger Bank approach to helping countries realize the high development potential of regional cooperation.

APPENDIXES

APPENDIX A: 19 REGIONAL PROGRAMS AT A GLANCE

Project name	Basic information	Rationale
Regional projects		
Africa hydropower development	Approved fiscal year: 1997 Bank commitment: $38.7 m Total program cost: $445.5 m Number of countries: 3	When the Regional Hydropower Development Project (RHDP) was conceived in the mid-1990s, Mali, Mauritania, and Senegal faced a serious need for reliable, low-cost power supply and increased electricity access. The RHDP sought to improve power availability in the Senegal River Basin by constructing a hydroelectric plant downstream of the existing Manantali dam and enhancing environmental impact mitigation through investments in physical infrastructure, institutional strengthening, and technical assistance. The project fit well with the needs of the three countries, as it provided a reliable, low-cost supply of electric power, improved the efficiency of the power sectors, and helped tackle environmental and health issues related to the Manantali dam.
Africa trade facilitation	Approved fiscal year: 2001 Bank commitment: $122.5 m Total program cost: $318.7 m Number of countries: 9	The Bank launched the program to provide funding to the Africa Trade Insurance Agency (ATIA) and nine countries—Burundi, Democratic Republic of Congo, Kenya, Madagascar, Malawi, Rwanda, Tanzania, Uganda, and Zambia. Other countries are being considered for membership. The strongest argument for the program's regional approach is economies of scale in operating costs, which derive from having a single agency, rather than individual country ones, especially in the context of scarcity of underwriting skills. But the link between political risk insurance and needed trade financing is tenuous at best. Most regional private sector agents have emphasized that market demand for short-term trade insurance is related to commercial rather than political risk.
Aral Sea water and environmental management	Approved fiscal year: 1998 Bank commitment: $12.2 m Total program cost: $21.2 m Number of countries: 5	The deterioration of the Aral Sea Basin created serious development constraints for the five riparian countries— Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan—and a significant threat to the sustainability of what the international community viewed as a global public good. The rationale for a regional approach was that the Aral Sea Basin and the Syr and Amu Darya Rivers were shared resources, and their management required regional coordination. But the regional approach overlooked country-level costs and benefits and the support needed within countries to deal with irrigation inefficiencies.
Central Asia biodiversity	Approval fiscal year: 1999 Bank commitment: $10.2 m Total program cost: $13.6 m Number of countries: 3	The Western Tien Shan territory is a recognized protected area, and home to 3,000 species of fauna and flora, and endangered wildlife. After the collapse of the Soviet Union, the area became part of Kazakhstan, the Kyrgyz Republic, and Uzbekistan, and required a regional approach, with participation of all three countries, to conserve and enhance biodiversity in the area. The project was relevant to national, regional, and global conservation priorities. All three countries had or were developing National Environmental Action Plans giving priority to biodiversity conservation in protected areas, and specifically in Western Tien Shan.

Objectives	Achievements
• To reduce the long-term cost of electricity supply • To contribute to meeting debt service associated with building Manantali dam • To increase efficiency and reliability of power systems • To establish an effective organization to construct and operate the facilities and to mitigate health and environment impacts of the Manantali dam • To promote competitive private sector participation in project operation and in financing of future projects • To support the traditional agricultural sector downstream through rational management of the Manantali reservoir	The RHDP enabled the provision of low-cost hydroelectricity to the three countries and improved access as well as the reliability and quality of power supplies. The project also succeeded in involving the private sector and initiated pilot programs to benefit rural populations and mitigate the negative environmental and health impacts of the Manantali dam. However, the project did not fully achieve its objective of contributing to the debt service of the dam's construction, requiring subsequent IDA and EIB cofinancing to ensure sustainability in the medium term.
• To contribute to poverty alleviation through private sector–led growth in participating countries by improving access to financing for productive transactions and cross-border trade	ATIA has only begun to generate sufficient operating income to meet its budget after 4 years of operation. Issuance of political risk insurance policies has been lower than projected (except in Burundi). It would have to grow about fivefold from the end of its fourth year (2006) to its final year (2011) to meet its initial goal. Lower than estimated demand for political risk insurance is a main reason for this weak performance. Other reasons are the long delays and poor choices in the initial hiring of the chief executive officer and chief underwriting officer and weak marketing efforts.
• To stabilize the environment of the Aral Sea Basin • To rehabilitate the disaster area around the sea • To improve management of the international waters of the Aral Sea Basin • To build the capacity of institutions at the regional and national level to advance the program's aims	The program mobilized support and defined the actions needed to stabilize the environment around the Aral Sea. It identified actions needed for improved water management and improved dam safety, installed water monitoring stations, and restored the wetlands surrounding Lake Sudoche. But the program did not achieve much in the areas of water conservation and the translation of water management studies into action plans, in large part because of weak country ownership of the problem assessments and proposed solutions.
• To support vulnerable biological communities and ensure conservation of globally important biodiversity in the West Tien Shan territory • To assist three countries to strengthen and coordinate national policies, legislative frameworks, and institutional arrangements for biodiversity protection • To identify alternative income-generating activities for local communities and thus reduce pressure on protected nature reserves • To establish a regional coordination system for biodiversity conservation to prevent fragmentation of habitat corridors	The project was successful in expanding the territory under nature reserves and national parks, significantly improving the management of protected areas, and increasing or restoring the population of several animal and plant species to target levels. But the outcome of conservation efforts in areas adjacent to protected areas was not fully achieved due to reallocation of funds to other efforts, and many of the proposed changes in legislation are yet to be adopted by the countries.

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Project name	Basic information	Rationale
Eastern Caribbean telecommunications	Approved fiscal year: 1998 Bank commitment: $6 m Total program cost: $10 m Number of countries: 5	The Eastern Caribbean Telecommunication Reform Project, launched in 1998, brought Dominica, Grenada, St. Kitts & Nevis, St. Lucia, and St. Vincent and the Grenadines together to enhance prospects for telecommunication reform at the regional and national levels. Countries adopted a regional approach for two reasons. First, by acting together they would be in a better position to renegotiate their national contracts with Cable & Wireless, the monopoly provider. Second, they could achieve economies of scale by establishing a single regulatory authority rather than separate ones in each small country. Moreover, the countries had previous experience working regionally and preexisting commitments toward economic integration.
Eastern Caribbean waste management	Approved fiscal year: 1995 Bank commitment: $24 m Total program cost: $50.5 m Number of countries: 6	In the mid-1990s, tourism became the main source of foreign exchange earnings in the Eastern Caribbean island nations of Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and Grenadines. This led to the need to preserve the quality of land and marine environments and manage solid and marine waste. The project was designed to strengthen the capacity of countries to manage their solid waste and process ship-generated waste.
Guarani Aquifer	Approved fiscal year: 2002 Bank commitment: $13.4 m Total program cost: $26.8 m Number of countries: 4	The Guarani Aquifer is a shared resource and a regional public good. Each country has an interest in developing and sustaining its surface and groundwater resources. This requires regional cooperation, since both surface and groundwaters cross boundaries. In 2000, Argentina, Brazil, Paraguay, and Uruguay launched the Environmental Protection and Sustainable Development of the Guarani Aquifer System Project to study and plan for the long-term management of the aquifer.
Lake Victoria environmental management	Approved fiscal year: 1997 Bank commitment: $72.4 m Total program cost: $85.8 m Number of countries: 3	The regional Lake Victoria Environmental Management Project (LVEMP) was launched in 1997 to address declining biodiversity in the lake basin, oxygen depletion in the lake, and reduced water quality in Kenya, Tanzania, and Uganda. The project was relevant to the need of the three riparian countries to achieve efficient and sustainable management of Lake Victoria to enhance the livelihoods, transport, commercial fishing, and energy supply of its surrounding communities. A regional approach was warranted, as the lake is a regional public good, requiring coordinated action by the riparian countries to ensure its environmental sustainability. It also facilitated the mobilization and coordination of external resources to achieve economies of scale in the data gathering and management, knowledge sharing, and capacity building needed to support national lake management efforts.
Latin America land use	Approved fiscal year: 2002 Bank commitment: $4.5 m Total program cost: $8.5 m Number of countries: 3	The integrated silvopastoral project is a pilot operation implemented by an international institution in Costa Rica in collaboration with institutions in Colombia and Nicaragua. Its overall objective is measuring the effect of introducing payments to farmers upon their adoption of environmentally friendly technologies in degraded pasture systems. The regional dimension does not appear to be critical to the success of introducing the silvopastoral technology. However, the project does benefit from operating simultaneously in three countries. Economies of scale create opportunities for information sharing, horizontal cooperation, demonstration effects, and attracting additional financing.

Objectives	Achievements
• To develop pro-competition reforms in the sector • To increase the supply of informatics-related skills such as computer and network specialists, software developers, and data processors	The project successfully facilitated agreement between the heads of state for sector reform and creation of the Eastern Caribbean Telecommunications Authority (ECTEL), the world's first regional telecommunications authority. The project also enabled countries to agree on modalities for sector regulation and helped dismantle the longstanding monopoly. An impact assessment showed increased access to telecom services, reductions in prices, and increased employment opportunities.
• To improve solid waste management, including facilities for storage, collection, and disposal • To strengthen countries' capacity to effectively manage solid waste • To facilitate compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL) • To reduce terrestrial and marine pollution	The project achieved most of its solid waste management objectives. There were significant improvements in collection coverage and disposal in five of the six countries (Dominica being the exception). But recycling and waste separation activities were not fully implemented. Achievements on ship-generated waste management remain incomplete, with waste disposed properly from large (cruise and other) ships but not smaller boats and yachts.
• To support the four countries to jointly elaborate and implement a common institutional and technical framework for the management and preservation of the Guarani Aquifer System, with a focus on prevention of overuse and contamination	It is most unlikely that the overall project goal or even the four subobjectives will be achieved within the current project period. Progress on the scientific work has been limited due to substantial delays in negotiating the large contracts.
• To maximize sustainable benefits to riparian communities from use of basin resources to generate food, income, and safe water and to reduce disease • To conserve biodiversity and genetic resources for the benefit of the riparian countries and global community • To harmonize national management programs to reverse the increasing environmental degradation	Although the pace of implementation was slow, the project made significant impact in three areas: fisheries research, fisheries management, and hyacinth control. Limited achievements were realized in research on improving water quality and pollution control. Pilot schemes in afforestation and watershed management were completed. But the project did not support the development of plans for scaling up these pilots, nor did it support efforts to translate findings of scientific studies into practical policy and development plans to guide country action plans and investments in a follow-up phase.
• To determine a level of payments sufficient to cause farmers to switch to integrated silvopastoral farming systems • To develop methodologies for monitoring and payment for environmental services • To monitor the impact of silvopastoral systems on biodiversity and water resources • To develop and promote policies for sustainable livestock husbandry	As the project is approaching its midpoint, it is premature to judge its efficacy. Interviews and supervision mission reports note positive results in the implementation of project activities, especially in areas related to methodological improvements and outreach, training, and dissemination activities.

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Project name	Basic information	Rationale
Southeast Europe trade and transport	Approved fiscal year: 2000 Bank commitment: $80.8 m Total program cost: $124 m Number of countries: 8	The Trade and Transport Facilitation in Southeast Europe Program (TTFSE), which arose in 1999 as an initiative under the Stability Pact for South Eastern Europe, involves eight countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Romania, and Serbia and Montenegro. A regional approach is justified by the transboundary nature of the issue: to facilitate cross-country trade and reduce border corruption. A regional approach facilitates exchange of experience and adoption of best practices. Finally, there are potential economies of scale as regional meetings of customs officers are more cost-effective than a series of bilateral ones.
Southern Africa power market	Approved fiscal year: 2004 Bank commitment: $178.6 m (for APL1) Total program cost: $200.2 m Number of countries: 6	The Southern Africa Power Market (SAPM) Project aimed to establish a balance between energy resource endowment and demand in the region. Specifically, the project taps into resource-rich Democratic Republic of Congo to connect Tanzania, Zambia, and Zimbabwe in phase 1 and Mozambique and Malawi in a second phase. The project's rationale is economies of scale. The project is rooted in the Southern Africa Development Community (SADC), and has the full support of the ministers of energy of the member countries. It is also consistent with the expressed development priorities of relevant regional organizations (SADC and New Partnership for Africa's Development (NEPAD).
West Africa HIV/AIDS and transport	Approved fiscal year: 2004 Bank commitment: $16.6 m Total program cost: $17.9 m Number of countries: 5	The program targets the major east-west highway that connects five West African coastal countries—Benin, Côte d'Ivoire, Ghana, Nigeria, and Togo. The project was conceived as a complement to national HIV/AIDS programs and trade and transport agreements the countries had adopted, on the rationale that countries' interests in managing these transboundary issues cannot be optimized by any one of the five countries acting alone. In addition, the project envisaged economies of scale from such joint activities as awareness campaigns, social marketing of condoms, and development and distribution of common border-crossing documentation, though this was not the primary motivation for the project.
Regional partnerships		
Africa demobilization	Approved fiscal year: 2001 Bank commitment: $200 m Total program cost: $500 m Number of countries: 9	Over the past decade, the countries of the Great Lakes subregion in Africa were in continuous conflict, with the Democratic Republic of Congo at the center. With the establishment of peace agreements and cease fires in the late-1990s, the disarmament of combatants and their demobilization, reinsertion, and reintegration into civilian life became an essential first step toward implementing the peace accords. The Multi-country Demobilization and Reintegration Program (MDRP), launched in 2002, is the international community's response to the countries' needs for support in taking that step. The cross-border dimensions of the multiple conflicts make a regional approach necessary to ensure simultaneous demoblilization, reinsertion, and reintegration, and sustainable peace.

Objectives	Achievements
• To reduce non-tariff costs to trade and transport • To reduce smuggling and corruption at border crossings	The program contributed to a reduction in the non-tariff costs of trade and transport in the region and a reduction in corruption and smuggling has probably occurred. While specific tracking surveys were not maintained, the Business Environment and Enterprise Performance Survey (BEEPS) 2002 and 2005 editions provide evidence of an overall decrease in corruption in customs in South East Europe. Hence it is expected that the two main program objectives will be more fully achieved over the next few years and that the outcomes will be sustained given country ownership and linkage to the European Union (EU) accession agenda.
• To improve the facilities at the Coordination Center and improve its knowledge base • To remove certain transmission system bottlenecks • To convert Pool non-operating members to operating members by connecting them to the Pool grid or network	It is too early to determine the project's effectiveness. Owing to the severely deteriorated state of the Inga hydropower facility, achievement of project development objectives and outputs is unlikely to be completed by the planned completion date for the Bank loan, December 31, 2007.
• To improve access to HIV/AIDS prevention, treatment, care, and social support services for target populations • To enhance regional capacity and cooperation to deal with HIV/AIDS • To improve the flow of commercial and passenger traffic along the corridor	After initial delays, the project is only halfway to completion and a large number of activities have been undertaken to improve awareness and access to HIV/AIDS prevention and treatment, but outcomes have yet to become fully visible. The project has introduced a common treatment record card that can be used by travelers at all points along the corridor. Similarly, common border control procedures have been devised to speed the flow of traffic across borders and inform truckers about them. But there has been only limited improvement in transit times and other project outcomes to date.
• To provide a comprehensive regional framework for DDR efforts for both government and irregular forces • To establish a consistent mechanism for donor coordination and resource mobilization • To serve as platform for national consultative processes that lead to the formulation of national demobilization and reintegration programs	Program implementation, which has been in operation for three and half years, was initially slow and has been recently improved. Though there is no systematic reporting on outcomes, evidence shows that activities are now under way in all countries in varying degrees. Despite this, there is no way yet to know if it will achieve its overall goal of fostering stabilization and recovery.

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Project name	Basic information	Rationale
Africa forum on girls' education	Approved fiscal year: 1993 Bank commitment: $2.9 m Total program cost: $34 m Number of countries: 32	In response to the continuing low educational access for girls and the global Education for All declaration in 1990, five African women ministers of education initiated the Forum for African Women Educationalists (FAWE) to advocate and demonstrate ways to promote change. FAWE brings together a diverse membership of African ministers and directors of education, vice-chancellors, and other prominent education policy makers from over 40 countries in Sub-Saharan Africa to focus on girls' education. Although essentially a country issue, the rationales for a regional approach are that: (a) policies can be informed and programs strengthened by comparative analysis, standardization of data, and exchange of knowledge and experience across countries; (b) economies of scale can be gained from regional knowledge and capacity building activities; and (c) regional advocacy can contribute to pressure for change within countries.
Africa transport policy	Approved fiscal year: 1987 Bank commitment: $8.7 m Total program cost: $49.3 m Number of countries: 32	The World Bank and United Nations Economic Commission for Africa (UNECA) jointly launched the Sub-Saharan Africa Transport Policy Program (SSATP) to improve transport sector performance by promoting policy reforms and institutional changes in 32 countries in Sub-Saharan Africa. The program is a partnership of regional economic communities, public and private sector regional organizations, international organizations, and bilateral donors. The rationale for a regional approach was to facilitate harmonization of transport policies and regulations through knowledge sharing among countries, and economies of scale derived from collective knowledge and comparative analysis.
Arab gender network	Approved fiscal year: 2002 Bank commitment: $1.2 m Total program cost: $1.2 m Number of countries: 19	The World Bank and the Center of Arab Women for Training and Research (CAWTAR) established the Arab Network for Gender and Development (ANGED) in 2002 to address development-related gender issues through advocacy, knowledge sharing, research, and training at the regional level. ANGED is a regional network of individuals and institutions composed of government officials, researchers, media professionals, research centers, nongovernmental organizations, and regional institutions from 19 Arab countries. While changes in gender policies occur at the country level, a regional approach harmonizes policies, allows for economies of scale, and facilitates regional dialogue on issues too sensitive to debate in a single-country context.
Central America rural development	Approved fiscal year: 1980 Bank commitment: $22.4 m Total program cost: $44.8 m Number of countries: 7	The Regional Unit for Technical Assistance (RUTA) was created as an alternative mechanism to channel financial and technical assistance to agricultural sectors of 7 countries in the region. To enhance the capacity of governments in Central America to prepare and implement agricultural and rural development programs, it has functioned as an umbrella to facilitate identification and preparation of investment and technical assistance projects for funding by individual donor agencies and to assist countries in their subsequent implementation.

Objectives	Achievements
• To influence policy formulation, planning, and implementation in favor of increasing girls' access to education and improving retention and performance of girls • To build public awareness and consensus on the social and economic advantages of girls' education through advocacy • To demonstrate how to achieve increased access, improved retention, and better performance • To influence replication and mainstream best practices from the demonstrative interventions into broader national education policy and practice.	FAWE has influenced policy on specific issues (such as the return to school of girls after pregnancy), and it has built public awareness through regional and national advocacy from in-country activities such as girls' clubs and newsletters. It has supported innovative demonstrations at the community level on how to achieve increased access and performance. One example is the establishment of Centers of Excellence, designed to be gender-sensitive schools. Some activities have also been replicated and mainstreamed into national education policies and practice, such as a bursaries program that has been introduced in 19 countries and provided financing to more than 10,000 girls. These achievements are increasingly widespread, but they are not evenly distributed across the region.
• To improve transport efficiency in Sub-Saharan African countries through improved policies and practices • To strengthen the indigenous capacity for policy analysis and reform at the national and regional levels • For the period 2004–07, the objective is to anchor national transport strategies firmly in national goals and strategies for poverty reduction	The program has brought knowledge and expertise into regional and country transport policies, produced numerous regional and country studies on transport, and carried out conferences and workshops. Yet the effectiveness of the program has been partial and uneven across countries and components. Since the early to mid 2000s, the program has restructured to link its activities to national poverty reduction and transport strategies to increase effectiveness at the national level.
• To mobilize regional expertise and resources to address and draw attention to issues of gender and development • To contribute to the regional formulation of policy recommendation on gender equality in the context of the Arab region • To produce and disseminate findings of policy-oriented analyses for use by policy makers and media in the promotion of gender equality • To provide a space for dialogue on gender issues within the region	In four years, ANGED has built a regionwide membership base of 150 individuals and institutions, brought new knowledge and expertise into regional and country policy dialogues, established its credibility as an open forum for dialogue on sensitive gender policy issues, and designed and implemented a range of research, capacity building, and advocacy activities involving its members. But ANGED's impact currently falls short of its stated intentions for its first four years, due in part to its weak processes and outreach. Its main mechanisms—such as annual meetings, Internet presence, research dissemination, and advocacy workshops—remain rudimentary with potential for improvement in quality, reach, and prioritization of activities.
• To contribute to rural poverty reduction and sustainable rural development in Central America	It is not possible to make categorical statements about RUTA's efficacy; for most its 20-plus years of existence, the program has lacked both a clear definition of development objectives and a monitoring and evaluation framework to track results.

(*Continues on the following page.*)

Project name	Basic information	Rationale
Mediterranean environment	Approved fiscal year: 1990 Bank commitment: $12.5 m Total program cost: $74.1 m Number of countries: 14	The Mediterranean Environmental Technical Assistance Program (METAP), launched in 1990, is a partnership between 14 Mediterranean countries and 4 donors (World Bank, European Union, European Investment Bank, and UNDP) to provide technical assistance for project preparation and capacity building intended to reduce environmental degradation in member states, and thereby the Mediterranean Sea. The Mediterranean is a shared regional public good; therefore a regional approach is necessary to deal with its high levels of pollution. Action by one country to reduce pollution would not be effective unless there were corresponding actions in other countries bordering the Mediterranean. METAP's priority areas for support as well as its individual technical assistance activities are largely aligned to country priorities.
Middle East child protection initiative	Approved fiscal year: 2004 Bank commitment: $2.4 m Total program cost: $8.3 m Number of countries: 22	The Middle East and North Africa Region has experienced an increase in vulnerable and disadvantaged children in urban areas. While responsibility for issues of children and youths has traditionally resided with national governments, the World Bank and the Arab Urban Development Institute (AUDI) launched the Child Protection Initiative (CPI) partnership in 2003 to empower mayors and other local authorities to design and implement effective policies and programs (in areas such as education, social services, and health) for vulnerable and disadvantaged urban children in some 22 countries in the region. A regional approach would facilitate the sharing of knowledge and experience among countries, economies of scale from collective knowledge and capacity building activities, and the handling of the flow of refugee and migrant children across countries.

Objectives	Achievements
• To generate investments in pillars or selected areas of support • To build national capacity for policy development, project preparation, training, institutional strengthening, and local empowerment and to strengthen regional capacity with improved knowledge sharing and regional networks.	The program identified appropriate technologies and cost-effective solutions and strengthened project management. But there is limited evidence of the impact of these investments: the preparation of two pollution control projects in Egypt and Algeria are cited by the program as notable accomplishments. In capacity-building support, METAP has led to enhanced national institutional capacity in several member countries. But with no clear statement of regional outcomes at the program level and no related performance measures, it is not possible to determine impact on regional capacity building.
• To build a regional knowledge base on key issues confronting children • To strengthen the capacity of municipalities and local authorities to effectively address children's issues by building a knowledge-sharing network among municipal authorities and providing training and technical assistance in individual municipalities • To assist stakeholders in developing an effective approach to mobilizing resources for municipal activities.	In two-and-a-half years, the partnership has established its presence as an actor in the region on issues of urban children, begun to raise awareness about the importance of the role of municipalities in addressing those issues, established a working relationship with a number of regional and international partners, and promoted pilot projects in four cities. But the program appears unlikely to achieve the objectives set for the first three years, especially in capacity building and resource mobilization. Moreover, the lack of both an explicit business plan and monitoring and evaluation system will make it difficult to know if it has been successful in another three to five years.

APPENDIX B: REGIONAL PROGRAMS PORTFOLIO

Table B.1: List of all 51 Regional Projects Active during Fiscal 1995–2005

Project ID	Project name	Approval fiscal year	Status in 2006
Africa			
P000010	Regional Development	1990	Closed
P000003	Regional Environment Information Management	1998	Closed
P036037	Western Indian Ocean Oil Spill Contingency Planning	1999	Closed
P054884	Central Bank of West African States (BCEAO) Regional Payment Systems	2001	Closed
P072881	Bank of Central African States (BEAC) Regional Payment System	2003	Active
P070252	Reversal of Land and Water Degradation Trends in the Lake Chad Basin Ecosystem	2003	Active
P064573	Senegal River Basin Water and Environmental Management	2004	Active
P069258	Southern Africa Power Market	2004	Active
P074850	HIV/AIDS for Abidjan Lagos Transport Corridor	2004	Active
P074525	West African Economic and Monetary Union (WAEMU) Capital Markets Development	2004	Active
P070256	Reversing Land and Water Degradation Trends in the Niger River Basin	2004	Active
P082613	Regional HIV/AIDS Treatment Acceleration	2004	Active
P080406	Regional Capacity Building Network for HIV/AIDS Prevention Care and Treatments	2004	Active
P088475	Supporting Capacity Building for Elaboration of National Reports and Country Profiles by African Parties to United Nations Convention to Combat Desertification (UNCCD)	2005	Closed
P077249	Integrated Land and Water Management Initiative in Africa	2002	Active
P070547	Groundwater and Drought Management in SADC	2005	Active
P080413	The Great Lakes Initiative on HIV/AIDS Support	2005	Active
P077099	Climate, Water, and Agriculture: Impacts on and Adaptation of Agro-Ecological Systems in Africa	2003	Active
P092473	Africa Emergency Locust	2005	Active
P075994	West Africa Power Pool	2005	Active
P064888	Theatre for Africa Community Outreach Programme for Conservation and Sustainable Use of Biological Resources	2000	Closed
P085782	Lake Victoria Transboundary	2005	Active
P001586	Lake Malawi Nyasa Biodiversity Conservation	1995	Closed
P082502	3A-West African Gas Pipeline	2005	Active
Lake Victoria Environmental Management			
P090680	Lake Victoria Environmental Management Second Supplemental Credit	2005	Closed
P077406	Lake Victoria Environmental Management (Supplemental Credit)	2003	Closed
P046836	Uganda: Lake Victoria Environment (IDA)	1997	Closed
P046837	Tanzania: Lake Victoria Environment (IDA)	1997	Closed
P046870	Lake Victoria Environment (GEF)	1997	Closed
P046871	Lake Victoria Environment (GEF)	1997	Closed
P046838	Kenya: Lake Victoria Environment (IDA)	1997	Closed
P046872	Tanzania: Lake Victoria Environment (GEF)	1997	Closed
Regional Trade Facilitation			
P065788	Regional Trade Facilitation - Rwanda	2001	Active

	Bank commitment (US$ m)						
Sector board	**IBRD**	**IDA credit**	**IDA grant**	**GEF grant**	**Total**	**Total project cost (US$ m)**	**No. of countries**
Finance	15.0	40.0	0.0	0.0	55.0	542.0	7
Environment	0.0	0.0	0.0	4.1	4.1	19.7	6
Energy and mining	0.0	0.0	0.0	3.2	3.2	3.6	4
Finance	0.0	9.4	0.0	0.0	9.4	19.3	8
Finance	0.0	14.5	0.0	0.0	14.5	22.6	6
Environment	0.0	0.0	0.0	2.9	2.9	18.9	5
Environment	0.0	0.0	0.3	5.3	5.6	21.2	4
Energy and mining	0.0	178.6	0.0	0.0	178.6	200.2	6
Health, nutrition, population	0.0	0.0	16.6	0.0	16.6	17.9	5
Finance	0.0	96.4	0.0	0.0	96.4	408.7	8
Environment	0.0	0.0	0.0	13.0	13.0	42.6	9
Health, nutrition, population	0.0	0.0	59.8	0.0	59.8	59.8	3
Health, nutrition, population	0.0	0.0	10.0	0.0	10.0	10.0	3
Environment	0.0	0.0	0.0	0.9	0.9	1.8	45
Environment	0.0	0.0	0.0	1.3	1.3	1.3	3
Environment	0.0	0.0	0.0	7.0	7.0	13.3	13
Health, nutrition, population	0.0	0.0	20.0	0.0	20.0	20.0	6
Rural	0.0	0.0	0.0	0.7	0.7	1.3	12
Environment	0.0	59.5	0.0	0.0	59.5	72.9	7
Energy and mining	0.0	40.0	0.0	0.0	40.0	83.0	15
Environment	0.0	0.0	0.0	0.8	0.8	0.8	7
Rural	0.0	0.0	0.0	1.0	1.0	1.0	5
Rural	0.0	0.0	0.0	5.4	5.4	5.4	3
Energy and mining	0.0	50.0	0.0	0.0	50.0	590.0	4
		72.4	*85.8*	*3*			
Environment	0.0	3.5	0.0	0.0	3.5	3.6	
Environment	0.0	4.5	0.0	0.0	4.5	4.6	
Environment	0.0	12.1	0.0	0.0	12.1	28.1	
Environment	0.0	10.1	0.0	0.0	10.1	22.6	
Rural	0.0	0.0	0.0	9.8	9.8	—	
Rural	0.0	0.0	0.0	9.8	9.8	—	
Environment	0.0	12.8	0.0	0.0	12.8	26.9	
Rural	0.0	0.0	0.0	9.8	9.8	—	
		122.5	*318.7*	*9*			
Finance	0.0	7.5	0.0	0.0	7.5	15.0	

(*Continues on the following page.*)

Table B.1: List of all 51 Regional Projects Active during Fiscal 1995–2005 (continued)

Project ID	Project name	Approval fiscal year	Status in 2006
P065789	Regional Trade Facilitation - Burundi	2001	Active
P063683	Regional Trade Facilitation	2001	Active
P070627	Regional Trade Facilitation - Uganda	2001	Active
P070718	Regional Trade Facilitation - Kenya	2001	Active
P070235	Regional Trade Facilitation - Malawi	2001	Active
P069982	Regional Trade Facilitation - Tanzania	2001	Active
P070122	Regional Trade Facilitation - Zambia	2001	Active
P089100	Regional Trade Facilitation Supplemental Credit	2005	Active
Regional Hydropower Development (RHDP)			
P046648	RHDP (Senegal)	1997	Closed
P046650	RHDP (Mauritania)	1997	Closed
P046651	RHDP (Mali)	1997	Closed
East Asia and Pacific			
P045864	Mekong River Water Utilization	2000	Active
Europe and Central Asia			
P048795	Baltic Sea Regional GEF - Phase I	2003	Active
P042573	Central Asia Biodiversity GEF	1999	Closed
P087003	Central Asia AIDS Control	2005	Active
P008326	Aral Sea Water and Environmental Management GEF	1998	Closed
Energy Community of South Eastern Europe			
P090656	Energy Community of South Eastern Europe	2005	Active
P094176	Energy Community of South Eastern Europe	2005	Active
P086694	Energy Community of South Eastern Europe	2005	Active
P088867	Energy Community of South Eastern Europe	2005	Active
Trade & Transport Facilitation in Southeast Europe (TTFSE)			
P074090	TTFSE- Serbia and Montenegro	2002	Active
P065041	TTFSE-Romania	2000	Closed
P073626	TTFSE-Moldova	2003	Active
P070078	TTFSE-Albania	2001	Closed
P070079	TTFSE- Bosnia-Herzegovina	2001	Closed
P070088	TTFSE-Croatia	2001	Closed
P070089	TTFSE- Macedonia	2001	Closed
P070086	TTFSE-Bulgaria	2000	Closed
Latin America and the Caribbean			
P035730	Organization of Eastern Caribbean States (OECS): Telecommunication Reform	1998	Closed
P072979	Integrated Silvopastoral Approaches to Ecosystem Management	2002	Active
P068121	Environmental Protection and Sustainable Development of Guarani Aquifer System	2002	Active
P073389	Mainstreaming Adaptation to Climate Change	2003	Active
P080721	The Pan-Caribbean Partnerships Against HIV/AIDS	2004	Active

Sector board	Bank commitment (US$ m)					Total project cost (US$ m)	No. of countries
	IBRD	IDA credit	IDA grant	GEF grant	Total		
Finance	0.0	7.5	0.0	0.0	7.5	15.0	
Finance	0.0	5.0	0.0	0.0	5.0	6.2	
Finance	0.0	20.0	0.0	0.0	20.0	60.0	
Finance	0.0	25.0	0.0	0.0	25.0	75.0	
Finance	0.0	15.0	0.0	0.0	15.0	45.0	
Finance	0.0	15.0	0.0	0.0	15.0	45.0	
Finance	0.0	15.0	0.0	0.0	15.0	45.0	
Finance	0.0	12.5	0.0	0.0	12.5	12.5	
		38.7	*445.5*	*3*			
Energy and mining	0.0	10.5	0.0	0.0	10.5	126.6	
Energy and mining	0.0	11.1	0.0	0.0	11.1	119.3	
Energy and mining	0.0	17.1	0.0	0.0	17.1	199.6	
Rural	0.0	0.0	0.0	11.0	11.0	16.3	4
Environment	0.0	0.0	0.0	5.5	5.5	12.1	5
Environment	0.0	0.0	0.0	10.2	10.2	13.6	3
Health, nutrition, population	0.0	0.0	25.0	0.0	25.0	32.2	5
Environment	0.0	0.0	0.0	12.2	12.2	21.2	5
		198.3	*273.2*	*10*			
Energy and mining	0.0	27.0	0.0	0.0	27.0	52.14	
Energy and mining	66.0	0.0	0.0	0.0	66.0	78.0	
Energy and mining	84.3	0.0	0.0	0.0	84.3	112.3	
Energy and mining	0.0	21.0	0.0	0.0	21.0	30.8	
		80.8	*124.1*	*8*			
Transport	0.0	6.8	0.0	0.0	6.8	11.0	
Transport	17.1	0.0	0.0	0.0	17.1	27.2	
Transport	0.0	7.2	0.0	0.0	7.2	9.7	
Transport	0.0	8.1	0.0	0.0	8.1	12.3	
Transport	0.0	11.0	0.0	0.0	11.0	14.8	
Transport	13.9	0.0	0.0	0.0	13.9	22.1	
Transport	0.0	9.3	0.0	0.0	9.3	14.5	
Transport	7.4	0.0	0.0	0.0	7.4	12.5	
Global information communication technology	3.6	2.4	0.0	0.0	6.0	10	5
Environment	0.0	0.0	0.0	4.5	4.5	8.5	3
Environment	0.0	0.0	0.0	13.4	13.4	26.8	4
Environment	0.0	0.0	0.0	5.0	5.0	11.0	12
Health, nutrition, population	0.0	0.0	9.0	0.0	9.0	9.0	16

(*Continues on the following page.*)

Table B.1: List of all 51 Regional Projects Active during Fiscal 1995–2005 (continued)

Project ID	Project name	Approval fiscal year	Status in 2006
P073267	OECS Protected Areas and Associated Livelihoods	2004	Active
P077187	Building Inter-American Biodiversity Information Network	2004	Active
P082243	Central America HIV/AIDS	2005	Active
P075219	Integrated Ecosystem Management in Indigenous Communities	2005	Active
P088448	Telecommunications and Information Communications Technology Development	2005	Active
P040739	Caribbean Planning for Adapting to Climate Change	1997	Closed
P006957, P006970	OECS Solid and Ship-Generated Waste Management	1995	Closed
P006956	Wider Caribbean Initiative for Ship-Generated Solid Wastes	1994	Closed
P053349	Mesoamerican Barrier Reef System	2001	Active
Caribbean Development Bank (CDB)			
P006961	CDB V	1990	Closed
P006967	CDB VI	1994	Closed
Middle East and North Africa			
P063717	The Strategic Action Program for the Red Sea and Gulf of Aden	1999	Closed
Oil Pollution Management for the SW Mediterranean Sea			
P004871	Mediterranean Pollution Control	1994	Closed
P005347	Mediterranean Pollution Control	1994	Closed
P005588	Mediterranean Pollution Control	1994	Closed

Sources: Data on regional projects—comprising IBRD/IDA, and GEF full-size and medium-size programs—were compiled from World Bank data.

Note: Regional projects with country-level operations that are approved or proposed outside the review period (fiscal 1995–2005) are not included. Each Region and the GEF have verified this list of regional projects to ensure that there are no omissions.

Sector board	Bank commitment (US$ m) IBRD	IDA credit	IDA grant	GEF grant	Total	Total project cost (US$ m)	No. of countries
Environment	0.0	0.0	0.0	3.7	3.7	7.6	6
Environment	0.0	0.0	0.0	6.0	6.0	34.9	34
Health, nutrition, population	0.0	0.0	8.0	0.0	8.0	8.0	6
Environment	0.0	0.0	0.0	4.0	4.0	11.5	7
Global information communication technology	1.4	1.4	0.0	0.0	2.7	2.7	5
Environment	0.0	0.0	0.0	6.2	6.2	6.2	15
Environment	6.8	4.7	0.0	12.5	24.0	50.5	6
Water supply and sanitation	0.0	0.0	0.0	5.5	5.5	5.5	22
Environment	0.0	0.0	0.0	11.0	11.0	24.2	4
		63.0	*170.0*	*17*			
Finance	20.0	12.0	0.0	0.0	32.0	102.0	
Finance	20.0	11.0	0.0	0.0	31.0	68.0	
Environment	0.0	0.0	0.0	5.6	5.6	5.6	7
		19.5	*19.5*	*3*			
Environment	0.0	0.0	0.0	7.4	7.4	7.4	
Environment	0.0	0.0	0.0	6.3	6.3	6.3	
Environment	0.0	0.0	0.0	5.8	5.8	5.8	

Table B.2: List of all 58 Regional Partnerships Active during Fiscal 1995–2005

Program ID	Program name	Approval fiscal year	Status in 2006
Africa			
P092328	Strategic Partnership with Africa	1988	Active
P092318	Sub-Saharan Africa Transportation Program (SSATP)	1987	Active
P092331	Economic Commission for Africa Collaboration	1996	Active
P092335	Africa Water Resources Management Initiative (AWRMI)	1996	Active
P092313	Forum for African Women Educationalists (FAWE)	1993	Active
P092327	Partnership for Africa Capacity Building (PACT/ACBF)	1991	Active
P092321	Urban Community Development / Slum Upgrade	1999	Closed
P092316	Chief Executive Officers' Initiative on Forests	2002	Active
P092317	Forum for Agricultural Research in Africa (FARA)	2002	Active
P092325	Water Utility Partnership	2001	Closed
P092334	Nile Basin Initiative	1997	Active
P092344	African Program for Onchocerciasis Control	1995	Active
P092340	Global Coalition For Africa (GCA)	1990	Active
P092342	Association for Development of Education in Africa (ADEA)	1993	Active
P092431	African Virtual University (AVU)	1997	Active
P094077	ALive: A partnership for livestock development for poverty reduction	2005	Active
P094150	Legal Capacity Building Initiative for International Trade	2002	Active
P092341	West Africa Multidisease Surveillance Center	2005	Active
P094328	Investment Climate Facility for Africa	2005	Active
P092829	Southern African Regional Universities Association (2005) (initial program was Zambezi Forum on Higher Education)	2003	Active
P092375	Terrafrica	2005	Active
P093492	Africa-Assist: A Special Effort for Africa	2005	Active
P095222	Partnership with Global Research Alliance	2005	Active
P081964, P075129, P078658, P078288	Multi-country Demobilization and Reintegration Program	2001	Active
N/A	African Economic Research Consortium	1988	Active
N/A	Onchocerciasis Control Programme (OCP)	1974	Closed
East Asia and Pacific			
P092616	Asia Europe Meeting	1998	Active
P092612	Asia-Pacific Economic Cooperation Finance and Development Program	2002	Active
P093408	Hills Governance Centers in East Asia	2004	Active
N/A	Boao Forum for Asia	2003	N/A
N/A	InfoCity: City to City Capacity Building Partnership	2001	N/A

Sector board	DGF funds	Bank-executed trust funds	Estimated total Bank commitment, including Bank budget (US$ m)	Estimated total cost (US$ m)	Number of countries
Economic policy	No	No	15.1	47.5	12
Economic policy	No	Yes	8.7	49.3	32
Economic policy	No	No	N/A	N/A	N/A
Water supply and sanitation	No	Yes	9.7	N/A	10
Education	Yes	No	2.9	34.0	32
Public sector governance	Yes	Yes	173.9	256.0	40
Urban development	No	Yes	1.4	1.5	3–6
Rural	No	Yes	0.6	N/A	5
Rural	No	Yes	2.2	N/A	32
Urban development	Yes	No	1.9	N/A	All Africa
Water resource management	Yes	Yes	1.5	213.0	9
Health, nutrition, population	Yes	Yes	84.2	115.9	19
Economic policy	No	Yes	9.2	27.0	32
Education	Yes	Yes	3.9	353.0	32
Education	Yes	Yes	25.9	40.0	28
Rural	No	No	0.9	2.4	32
N/A	Yes	No	0.4	26.3	N/A
Health, nutrition, population	Yes	No	1.1	6.5	13
Private sector development	No	No	0.3	120.0	24
Education	Yes	Yes	0.7	1.1	14
Environment	No	Yes	0.5	7.1	4
Environment	No	Yes	N/A	N/A	22
N/A	No	Yes	0.2	0.3	N/A
Social protection	No	Yes	200.0	500.0	9
Economic policy	Yes	No	2	N/A	32
Health, nutrition, population	Yes	Yes	56.9	506.3	11
Finance	No	No	12.0	140.0	13 Asian and 25 EU states
Finance	No	No	0.5	2.6	21
Public sector governance	No	No	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

(*Continues on the following page.*)

Table B.2: List of all 58 Regional Partnerships Active during Fiscal 1995–2005 (continued)

Program ID	Program name	Approval fiscal year	Status in 2006
Europe and Central Asia			
P092361	European Observatory on Health Care Systems	1997	Active
P092372	European Training Foundation	1997	Active
P092468	Black Sea/Danube Partnership	2000	Active
P092486	Roma Education Fund	2004	Active
P092370	Nongovernmental Organization Working Group	2005	Active
P092371	European Union Enlargement Cooperation	2005	Active
P092376	Towards EU Integration	2005	Active
P092364	Changing Minds, Policies and Lives	2005	Active
P092365	Council of European Development Bank	2005	Active
P092373	European Union-South-East Europe Cooperation	2005	Active
P092487	Poverty/Social Welfare Monitoring in ECA	2001	Active
P095331	Danish Carbon Fund - Carbon Finance	2005	Active
P095333	Spanish Carbon Fund, element of Carbon Finance	2005	Active
P067290	Caspian Environment Program	1995	Active
Latin America and the Caribbean			
P092447	Regional Program for Improving the Surveys of Living Conditions in LCR (MECOVI)	1996	Active
P092444	Mesoamerican Biological Corridor	2000	Active
P092449	Regional Unit For Technical Assistance (RUTA)	1980	Active
P092448	Caribbean Regional Technical Assistance Center (CARTAC)	2001	Active
P094012	Developing Connectivity between Biological and Geospatial in Latin America and the Caribbean	2004	Active
P093977	Iberoamerican Network for Quality Assurance in Higher Education	2005	Active
N/A	Ayuda Urbana Municipal Knowledge Network	2002	Active
Middle East and North Africa			
P092423	Mediterranean Environmental Technical Assistance Program	1990	Active
P092422	Regional Initiative for Dryland Management	1995	Active
P092437	Africa Stockpiles Program	2003	Active
P092427	Child Protection Initiative (CPI)	2004	Active
P092428,	Gender Research and Training Network for Arab and Farsi-speaking countries	2002	Active
P094081	Now under: Sustainable Advancement of Gender Equality and Empowerment	2005	Active
N/A	Programme on Private Participation in Mediterranean Infrastructure	1997	Closed

Sources: There is no Bank-wide source for this data on partnerships. Data on regional partnerships were drawn from multiple documents, databases, internal and external Bank Web sites, and interviews with Bank staff, and is as accurate as available information allows (as of September 12, 2006).

Note: Each Region verified the list of regional partnerships to ensure that there are no omissions. Three of these partnerships involve individual Bank country-level operations as well as trust fund support (see table B.3, below).

Sector board	DGF funds	Bank-executed trust funds	Estimated total Bank commitment, including Bank budget (US$ m)	Estimated total cost (US$ m)	Number of countries
Health, nutrition, population	Yes	Yes	2.8	5.7	52
Education	No	No	N/A	63.0	28
Environment	No	No	70.0	326.5	16
Education	Yes	No	1.4	11.6	8
Public sector governance	No	No	N/A	N/A	28
Public sector governance	No	No	N/A	N/A	8
Public sector governance	No	No	N/A	N/A	N/A
Social protection	No	No	N/A	N/A	25
Social protection	No	No	N/A	N/A	38
Public sector governance	No	No	N/A	N/A	9
Poverty reduction	Yes	Yes	2.4	N/A	24
N/A	No	Yes	0.77	N/A	All Europe and Central Asia
N/A	No	Yes	N/A	N/A	N/A
Environment	No	Yes	2.6	30	5
Poverty reduction	Yes	No	6.8	44.3	30
Environment	No	Yes	3.9	16.3	8
Economic policy	No	Yes	22.4	44.8	7
Economic policy	Yes	No	2.4	35.2	18
Environment	Yes	Yes	2.2	3.6	All Central America and Caribbean
Education	No	No	0.7	1.7	17
N/A	N/A	N/A	N/A	N/A	9
Environment	Yes	Yes	12.5	74.1	14
Rural	Yes	Yes	4.6	N/A	5
Environment	Yes	Yes	2.3	200.0	7
Social protection	Yes	No	2.9	8.3	22
Gender and development	Yes	No	1.2	1.2	19
Gender and development	Yes	No	0.8	0.8	19
Infrastructure	No	Yes	2.2	N/A	12

Table B.3: The Three Regional Programs Combining Project and Partnership Support

ID	Project name	Approval fiscal year	Status
Nile Basin Initiative			
P070073	Nile Transboundary Environmental Action	2002	Active
Multi-country Demobilization and Reintegration Program			
P081964	Burundi Emergency Demobilization, Reinsertion and Reintegration Program	2004	Active
P075129	Rwanda Demobilization and Reintegration	2002	Active
P078658	Emergency Demobilization and Reintegration	2004	Active
P078288	Emergency Demobilization and Reintegration	2003	Active
Black Sea Danube			
P066065	Romania Agricultural Pollution Control	2001	Active
P068858	Bulgaria Wetlands Restoration and Nutrient Reduction	2002	Active
P075995	Moldova Agricultural Pollution Control	2004	Active
P070950	Turkey Anatolia Watershed Rehabilitation	2004	Active
P084604	Danube River Enterprise Pollution Reduction GEF (Serbia)	2005	Active
P085112	Quality Protection (GEF)	2005	Active

Source: World Bank data.

Sector board	Bank commitment (US$ m) IBRD	IDA credit	IDA grant	GEF grant	Total	Total cost (US$ m)	No. of countries
							9
Environment	0.0	0.0	0.0	8.0	8	43.6	
							9
Social development	0.0	0.0	33.0	0.0	33.0	78.8	
Social development	0.0	25.0	0.0	0.0	25.0	53.3	
Social protection	0.0	0.0	100.0	0.0	100.0	200.0	
Social development	0.0	0.0	33.0	0.0	33.0	148.0	
							16
Environment	0.0	0.0	0.0	5.2	5.2	10.8	
Environment	0.0	0.0	0.0	7.5	7.5	13.3	
Environment	0.0	0.0	0.0	5.0	5.0	10.7	
Environment	20.0	0.0	0.0	7.0	27.0	45.1	
Environment	0.0	0.0	0.0	9.0	9.0	22.1	
Water supply and sanitation	0.0	0.0	0.0	8.9	8.9	20.3	

Table B.4: Institutional Development Fund (IDF) Grants for Regional Activities (n = 52) (approved in fiscal 1995–2005)

Trust fund number	Title	Fiscal year	Country/ institution	Amount approved
Africa				
TF027535	South Africa SADC Financial Infrastructure	1997	South Africa	$500,000
TF027232	Secretariat for East African Coastal Area Management (SEACAM): Capacity Building for Integrated Coastal Zone Management	1998	SEACAM	$396,000
TF027583	Bank of Central African States (BEAC) Development of a Sub-regional Financial Market	1998	BEAC	$300,000
TF027196	Tanzania Grant for the Nile Basin Initiative: Facilitation	1998	Tanzania	$253,000
TF027176	Southern Africa: Drought Monitoring Center Development	1998	SATCC	$473,000
TF027301	South Africa Connection Region-Wide Telecoms and Information Technology Market Initiative	1999	South Africa	$495,000
TF027269	Grant to Strengthen Capacity of the African Capacity Building Foundation (ACBF)	1999	ACBF	$500,000
TF027404	Institutional Development Fund (IDF) Grant for SADC for Strengthening Statistical Capacity and Improving Monitoring and Evaluation in Southern African Development	2000	SADC	$460,000
TF027314	Creation of a Regional Trade Insurance Agency	2000	COMESA	$384,000
TF027363	Grant for Monitoring and Assessing the Implementation of the Common Trade Policy in West African Economic and Monetary Union (WAEMU)	2000	WAEMU	$300,000
TF027355	IDF Grant for Mauritania for AFRICATIP Capacity Building	2000	Mauritania	$280,000
TF027331	Information Technology Support for Payment Systems	2000	SADC	$495,000
TF050249	Tanzania Private Sector Development Strategy for the East African Community (EAC)	2001	EAC	$360,000
	Supplement—Finalization of Private Sector Development	2003	EAC	$85,000
TF050112	Ethiopia—Eastern Nile Regional Technical Office; Establishment of the Eastern Nile Subsidiary Action Plan (ENSAP) Systems	2001	Ethiopia	$419,000
TF027409	Grant for Corporate Governance and Interim Business Plan Formulation for Air Afrique	2001	Senegal	$439,000
TF027412	Grant for Financial Management Improvement of Air Afrique	2001	Senegal	$361,000
TF050067	Support to the Agricultural Policy Network of the Conference of Ministers of Agriculture of West and Central Africa	2001	Senegal	$490,000
TF027399	SADC: Capacity Development Initiative in Education Policy Development, Planning, and Management	2001	SADC	$473,000
TF027419	IDF Grant for the East African Statistical Training Center	2001	Tanzania	$420,000
TF052515	SADC Harmonization and Upgrading of Accounting and Auditing Practices	2002	SADC	$226,000
	Supplement—Harmonization and Upgrading of Accounting and Auditing Practices	2003	SADC	$90,000
TF051275	Harmonization of SADC Payment Clearing and Settlement Systems	2002	SADC	$460,000
TF051677	Regional Procurement Reform	2002	WAEMU	$497,000
TF051220	Liberalization of Air Transport Services in West and Central Africa	2002	ECOWAS	$485,000
	Supplement—Implementing Air Transport Agenda in West and Central Africa	2004	ECOWAS	$15,000
TF051804	Inclusive Governance of Senegal River Basin	2003	OMVS	$310,000
TF052463	Strengthening Capacity of CEMAC (Central African Economic and Monetary Community) and its Member States to Implement Trade and Transport Facilitation in West Africa	2003	CEMAC	$400,000

Trust fund number	Title	Fiscal year	Country/ institution	Amount approved
TF052357	Strengthening Fiduciary Management in Multi-Sectoral National HIV/AIDS Program for Sub-Saharan Africa	2003	Kenya	$500,000
TF052586	Strengthening Monitoring and Evaluation Capacity—the Horn of Africa Cross-Border Regions	2003	IGAD	$433,000
	Supplement—Strengthening Monitoring and Evaluation Capacity—the Horn of Africa Cross-Border Regions	2005	IGAD	$62,000
TF051815	Strengthening ECOWAS Capacity to Monitor and Support the Implementation of the NEPAD Program in West Africa	2003	ECOWAS	$500,000
TF052704	Strengthening Local Government Capacity to Manage Decentralized Responses to HIV/AIDS	2003	Namibia/ AMICAALL	$499,000
TF054100	Capacity Enhancement for Regional Monitoring and Evaluation	2004	AFRISTAT	$410,000
TF053962	Capacity Building to the EAC Secretariat on the Preparation of the EAC Customs Union	2004	EAC	$320,000
TF053695	Organization for the Harmonization of Business Law in Africa (OHADA) Institutional Capacity Building	2004	OHADA	$483,000
TF054403	Strengthening National HIV/AIDS Responses to the Needs of Young Children	2004	UNESCO/IIEP	$299,000
TF054821	Public Expenditure Tracking in Agriculture (DBSA/NEPAD)	2004	South Africa	$348,000
TF055606	Public Sector Accounting Standards in SADC	2005	ESAAG	$499,000
TF055499	Institutional Capacity Building of the SADC Secretariat	2005	SADC	$871,000
East Asia and Pacific				
TF055514	Strengthening Networking and Knowledge Sharing between ASEAN Supreme Courts	2005	Philippines	$300,000
Europe and Central Asia				
TF053102	Regional Approach to Building Justice Sector Management	2003	CEELI	$296,000
TF054787	Strengthening and Financial Management Capacity for HIV/AIDS Activities	2005	Kazakhstan	$289,000
Latin America and the Caribbean				
TF028584	Improve Regional Maritime Trade Central American Commission for Maritime Transport (OCATRAM)	1995	COCATRAM	$150,000
TF027182	Central America Cultural Trade Policy	1998	Nicaragua	$381,880
TF027266	Second IDF Grant for Regional Maritime Transport	1999	COCATRAM	$200,000
TF027265	Nicaragua Grant for Disaster Prevention in Central America (CEPREDENAC)	1999	Nicaragua	$300,000
TF027333	Grant for the Realignment of Sub-regional Development Strategy for the OECS	2000	OECS	$275,000
TF027429	Public Communication and Education on the Mesoamerican Biological Corridor	2001	CCAD	$450,000
TF027434	CA OCCEF—Institutional Strengthening of Supreme Audit Institution	2001	OCCEFS	$350,000
TF051283	Afro-Descendant Community Organizations and Development of Local Capacities	2002	CCAD	$460,000
TF052613	Support to Improvement of Surveys of Living Conditions - MECOVI	2003	OECS	$400,000
TF052130	Strengthening the Capacity of the G24 Secretariat	2003	Trinidad & Tobago	$200,000
TF052617	Regional Capacity Building to Promote Participation in Trade of Small and Medium Enterprises— Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA)	2003	SIECA	$350,000

(*Continues on the following page.*)

Table B.4: Institutional Development Fund (IDF) Grants for Regional Activities (n = 52) (approved in fiscal 1995–2005) (continued)

Trust fund number	Title	Fiscal year	Country/ institution	Amount approved
TF052617 (cont.)	Supplement—SIECA—Regional Capacity Building to Promote Participation in Trade of Small and Medium Enterprises	2004	SIECA	$150,000
TF055793	Assistance to the Caribbean Regional Technical Assistance Center	2005	CARTAC	$1,000,000
TF054045	Strengthening of Institutional Accountability Systems through Supreme Audit Institutions	2005	OCCEFS	$400,000

Source: World Bank data.

APPENDIX C: METHODOLOGY NOTE

This note describes the methodology followed for the major evaluation components.

Definition: A regional program is defined by this evaluation as an undertaking that is intended to accomplish one or more development objectives in three or more countries in the same Bank Region or contiguous Regions, and that involves cooperation or integration among the participating countries.

Regional Program Reviews. The evaluation selected for review 19 regional programs (12 projects and 7 partnerships) that mirror the universe of all regional programs active in the period fiscal 1995–2005. Of the 19 programs, 8 are located in Africa, which accounts for about half of the total regional programs portfolio; 11 are financed by grants only, corresponding to the high proportion of regional projects and all regional partnerships that are grant financed; and 7 deal with environmental and natural resource problems, which are the focus of about half of all active regional projects.

All reviews draw on core program documentation as well as program progress reports, existing self-evaluations and independent evaluations, related Bank Country Assistance Strategies and sector strategies, and interviews with key Bank staff. Seven of the reviews involved field missions to 24 countries to obtain stakeholders' views of the relevance and effectiveness of the programs and of the Bank's support. Programs were selected for field missions to cover the regions and sectors reflected in the total range of programs reviewed. Attachment 1 provides details on the dates of the country missions and individuals interviewed in government, donor agencies, program staff, and civil society.

All reviews used the IEG evaluation criteria of relevance, efficacy, and efficiency as well as the performance of the Bank and of participating countries to address the following evaluative questions that are designed to deal with the specific characteristics of multicountry programs:

- *Relevance*: To what extent is the program being addressed at the lowest effective level, and does it complement, substitute for, or compete with Bank country or global programs? To what extent does the program arise out of a regional consensus, formal or informal, concerning the main regional challenges in the sector and the need for collective action? To what extent is it consistent with the strategies and priorities of the region or subregion, countries, and the Bank? To what extent is program design technically sound, and to what extent does it take account of different levels of development and interests of participating countries, foster the confidence and trust among participants necessary for program implementation, and have clear and monitorable objectives?
- *Efficacy*: To what extent has the program achieved, or is it likely to achieve, its stated objectives, including its intended distribution of benefits and costs among participating countries? To what extent has the program contributed to building the regional and country capacities? To what extent are the outcomes and impacts of the program likely to be resilient to risk over time? To what extent have the risks to outcomes been identified and measures to integrate them been undertaken?

Has the program incorporated adequate monitoring and evaluation processes and taken care of available findings?

- *Efficiency:* To what extent has the program realized, or is it expected to realize, benefits by using reasonable amounts of time and money? To what extent have the governance and management arrangements clearly defined key roles and responsibilities; fostered effective exercise of voice by program participants and coordination among donors; contributed to or impeded the implementation of the program and achievement of its objectives; and involved adequate monitoring of program performance and evaluation of results? To what extent have financing arrangements positively or negatively affected the strategic direction, outcomes, and sustainability of the program?
- *World Bank Performance*: To what extent has the Bank exercised its comparative advantage in relation to other parties in the project and worked to harmonize its support with other donors? To what extent has the Bank provided adequate strategic and technical support to the program, established relevant linkages between the program and other Bank country operations and an appropriate disengagement strategy for the program, and exercised sufficient oversight of its engagement? To what extent have Bank policies, processes, and procedures contributed to, or impeded, the success of the program?
- *Participating Country Performance*: How have the commitments and capacities of participating countries contributed to or impeded the success of the program? Have one or more countries exercised a primary leadership role? To what extent have there been adequate linkages between the regional program's county-level activities and related national activities?

Portfolio Review. The evaluation created lists presented in appendix B of regional projects, partnerships, and IDF grants active during the period fiscal 1995–2005. The list was drawn from the Bank's database, GEF database, multiple documents, internal and external Web sites, and from interviews with Bank staff in accordance with the definition of regional programs above. A number of programs tagged as "regional" in various databases were excluded from the list because they: (i) do not have a mechanism for regular cross-country interaction (such as the Asia Alternative Energy Program, the Asian Development Bank Cooperation, and the Strategic Partnership with the African Development Bank); (ii) are part a global program initiative (such as the CAI-Asia, Global Dracunculosis Eradication Campaign, and the Sub-Saharan Africa Clean Air Initiative); or (iii) are individual country-level investment programs that follow a regional program (such as the Syr Darya Control and Northern Aral Sea Phase I). Appendix B lists all regional projects, partnerships, and IDF grants.

The portfolio of regional programs was analyzed to identify patterns and trends in the Bank's support of regional programs. Regional projects were also compared to the Bank's portfolio of single-country investment projects along the following dimensions: (a) number and amount of financing; (b) outcome ratings of closed projects; and (c) preparation costs. In addition, the evaluation reviewed:

- ICRs, IEG ICR Reviews, and Project Performance Assessment Reports (PPARs) for 15 closed regional projects in the portfolio to confirm the findings of the case studies on relevance and factors of success of regional programs.
- Fifty-two regional IDF grants to determine the extent to which they are directly linked to Bank-supported regional programs.
- QAG's assessments of quality at entry for 14 regional projects and quality of supervision for 13 regional projects to obtain a summary picture of how regional projects perform relative to country operations. The study also reviewed other dimensions of quality at entry and quality of supervision, including institutional development and capacity building; sustainability; clarity, realism, and scope of the project's development objectives; quality of risk assessment; country capacity; the likelihood of achievement of the development objectives; design at entry; and borrower's commitment to the project.

Country Assistance Strategies. All Country Assistance Strategies, country partnership strategies, transitional support strategies, and interim strategy notes approved in fiscal 1994–2006 for countries involved in regional programs (268) were reviewed to determine the extent to which the portfolio of 51 regional projects was linked to Bank country strategies and country-level operations. Specifically, the evaluation determined whether the 51 regional projects in the portfolio were simply listed, described as part of Bank support or within the relevant sector area, appeared as a strategic priority, or referred to in the Bank strategies and notes. As noted above, an in-depth assessment of all relevant CASs was carried out as part of the review of the 19 regional programs.

Regional Strategies. The evaluation reviewed the Bank's regional and subregional program strategies for West Africa, Central Africa, East Africa, South Asia, the Mekong subregion, Southeastern Europe, Central Asia, and the Pacific islands to assess their usefulness in guiding the Bank's support to regional programs and relevance of regional programs. The Latin America and Caribbean and Middle East and North Africa Regions support a number of regional activities, but there are no regional or subregional program strategies.

Cost of Regional Programs. The evaluation conducted an analysis of preparation time and costs of regional and comparable country projects. The data on total preparation and supervision costs for regional and nonregional projects were obtained from the Bank's database. Because regional projects active during the evaluation period fiscal 1995–2005 were prepared and approved in the early 1990s, the time and cost data were analyzed for fiscal 1990–95. All individual regional projects are investment projects, and 95 percent of the operations have a total cost of less than $50 million. Therefore, the preparation cost per dollar of commitment for regional projects was compared to the portfolio of single-country investment projects of similar size, using a 95 percent confidence interval. Comparisons were made in aggregate and controlling for region, sector, and source of financing where possible. The small number of regional projects did not allow for meaningful comparisons with single-country projects in regions other than Africa, and in sectors other than Energy and Mining and Environment, nor by sources of financing in the Energy and Mining Sector.

Attachment 1

Regional Program Field Missions

Field missions were carried out for the seven regional programs listed below. In each case, one or two evaluators interviewed key informants in three to five countries using common guidelines. In all, missions visited 24 countries and interviewed 138 government officials, 20 international agency representatives, 13 program staff, 44 Bank staff, and 79 other stakeholders.

Guarani Aquifer
Countries: Argentina, Brazil, and Paraguay
Dates: January 16–27, 2006

John Eriksson (IEG) and Peter Rogers (international consultant) interviewed 17 government officials, 1 international agency representative, 10 program staff, 7 Bank staff, and 7 other stakeholders.

Southeast Europe Trade and Transport
Countries: Bulgaria, Macedonia, Romania, Serbia, and Greece
Dates: November 28–December 9, 2005

John Eriksson (IEG) and Costas Michalopoulos (international consultant) interviewed 18 government officials, 5 international agency representatives, 15 Bank staff, and 11 other stakeholders.

West Africa HIV/AIDS and Transport
Countries: Benin, Ghana, and Togo
Dates: September 9–22, 2005

Catherine Gwin (IEG) and Deepa Chakrapani (IEG) interviewed 13 government officials, 6 international agency representatives, 2 program staff, 5 Bank staff, and 14 other stakeholders.

Eastern Caribbean Waste Management
Countries: Antigua and Barbuda, Barbados, Grenada, and St. Lucia
Dates: January 22–27, 2006

Catherine Gwin (IEG) and Deepa Chakrapani (IEG) interviewed 15 government officials, 2 international agency representatives, 1 Bank staff, and 8 other stakeholders.

Africa Hydropower Development
Countries: Mali, Mauritania, and Senegal
Dates: January 23 – February 6, 2006

Fernando Manibog (IEG) conducted a Performance Assessment Report of the regional program, which included interviews with 42 government officials, at least 5 Bank staff, and 9 other stakeholders.

Arab Gender Network
Countries: Jordan, Tunisia, and Yemen
Dates: November 30–December 12, 2005

Catherine Gwin (IEG) and Mai Le Libman (IEG) interviewed 21 government officials, 5 international agency representatives, 1 program staff, 6 Bank staff, and 29 other stakeholders.

Aral Sea Water and Environmental Management
Countries: Kazakhstan, Kyrgyz Republic, and Tajikistan
Dates: February 26–March 8, 2006

Shawki Barghouti (IEG) and Victoria Elliott (IEG) interviewed 12 government officials, 1 international agency representative, 5 Bank staff, and 1 other stakeholder.

APPENDIX D: FACTORS OF EFFECTIVENESS

All 19 regional programs were scored on 5 dimensions, as summarized below.

	Dimension				
	Helping to build country commitment	**Scope matched to country and regional capacities/ resources**	**Delineation and coordination of national and regional responsibilities**	**Accountable governance arrangements**	**Planning for sustainability**
Project/program					
Africa hydropower development	4	3	3	4	Strong
Africa trade facilitation	3	2	2	4	N/A
Aral Sea water and environmental management	3	1	1	3	Weak
Central Asia biodiversity	3	3	2	3	Strong
Eastern Caribbean telecommunications	4	3	4	4	Strong
Eastern Caribbean waste management	3	3	3	N/A	Strong
Guarani Aquifer	3	2	4	4	Weak
Lake Victoria environmental management	2	4	4	3	Weak
Latin America land use	2	2	4	N/A	N/A
Southeast Europe trade and transport	4	3	2	2	Strong
Southern Africa power market	2	2	1	4	Weak
West Africa HIV/AIDS and transport	3	3	2	4	N/A
Partnership					
Africa demobilization	3	3	3	2	N/A
Africa forum on girls' education	4	3	3	4	Weak
Africa transport policy	2	1	1	2	Weak
Arab gender network	3	1	1	1	Weak
Central America rural development	3	2	3	1	Weak
Mediterranean environment	2	N/A	N/A	1	Weak
Middle East child protection initiative	3	2	3	4	Weak

Note: Scores for the first four factors range from 1 (lowest extent) to 4 (highest extent), while a score of weak, strong, or non-applicable is used for the fifth factor, planning for sustainability. The evaluative questions used to address each factor are as follows:

Helping to build country commitment: The extent to which the program helps to build strong country commitment by assessing costs and benefits of adopting a regional approach, establishing a regional platform for resolving conflicts, and sequencing interventions.

Scope matched to country and regional capacities and resources: The extent to which the program matches its objectives and activities to available resources, country policies and institutional capacities, and regional institutional capacities.

Delineation and coordination of national and regional responsibilities: The extent to which the program clearly defines national and regional responsibilities and ensures appropriate linkages between activities undertaken at the two levels.

Accountable governance arrangements: The extent to which the governance arrangements reflect country voice, appropriate levels of representation, and clear mandates.

Planning for sustainability: The extent to which the program plans for how operational activities—at the national and regional levels—will be continued, or moved to a next stage, after the external support for the initial or partnership initiative has ended. In four cases sustainability could not be scored for the following reasons: (1) the Africa trade facilitation was undergoing a major restructuring at the time of this report; (2) the Latin America land use is pilot to test a core technology prior to deciding whether to scale up the effort; (3) the West Africa HIV/AIDS and transport had just entered into discussions with the Global Fund for funding for a next five years; and (4) the Africa demobilization was designed as a time-bound partnership.

APPENDIX E: FEATURES OF PROGRAM GOVERNANCE

Regional programs	Title of governing body	Country voice	Level of representation	Definition of governance mandate
Regional project				
Africa hydropower development	Organisation pour la mise en valeur du fleuve Senegal (OMVS)	All countries represented	High level: OMVS Council of Ministers	Good; roles clearly articulated
Africa trade facilitation	General Assembly and Board of Directors	All countries represented	High level: Ministers and policy makers	Good; roles clearly articulated
Aral Sea water and environmental management	Interstate Council of Aral Sea	All countries represented	High level: Presidents and ministers	Unclear; political influence
Central Asia biodiversity	Transnational Steering Committee and National Steering Committee	All countries represented	Sufficient for tasks	Clear; well articulated
Eastern Caribbean telecommunications	Council of Ministers and ECTEL Board of Directors	All countries represented	High level: Ministers of Communications	Clear; well articulated
Eastern Caribbean waste management	OECS Secretariat	N/A	N/A	No governing body; relied on OECS Secretariat
Guarani Aquifer	Steering Committee and Coordinators Council	All countries represented	High level: Ministers and permanent secretaries	Clear; well articulated
Lake Victoria environmental management	Regional Policy and Steering Committee	All countries represented	Relatively high: Permanent secretaries from key ministries	Lacked mandate to address strategic issues
Latin America land use	None established	N/A	N/A	No formal governing structure
Southeast Europe trade and transport	Regional Steering Committee	All countries represented	Low level: Heads of Customs Administration	Limited mandate; mostly information sharing
Southern Africa power market	SADC Executive Committee	All countries represented	High level: Ministers and heads of national utilities	Clear; issue is how mandate is carried out (i.e., pricing policy)
West Africa HIV/AIDS and transport	Governing Body	All countries represented	Sufficient for tasks	Clear; well articulated

(*Continues on the following page.*)

Regional programs	Title of governing body	Country voice	Level of representation	Definition of governance mandate
Regional partnerships				
Africa demobilization	Advisory Committee	All countries represented	Appropriate for technical issues but inadequate to influence political environment	Limited; lacked mandate to support peace process through interaction at political level
Africa forum on girls' education	Executive Committee and General Assembly	All countries comprise Executive Committee and General Assembly	High level: Ministers and education policy makers	Good; roles clearly articulated
Africa transport policy	Constituent Assembly; Annual General Meeting; SSATP Board	Constituent Assembly is composed entirely of donors; Board composed of one government, one private sector, and two donor representatives	Good	Complex: Constituent Assembly approves Annul General Meeting members and selects Board
Arab gender network	Board of Trustees	Board composed entirely of donors with exception of the chair	High- level chair	Unclear in practice; little strategic direction
Latin America rural development	Steering Committee	Five representatives on Steering Committee: one country, three donors, and one other agency	Unclear: Steering Committee has not been setup yet	10-year gap; new Steering Committee yet to be set up
Mediterranean environment	Steering Committee	No country voice; solely donor representation	Unclear	Unclear; Steering Committee endorses most activities
Middle East child protection initiative	Advisory Group	Selected national and local government, and nongovernmental organization representation	Sufficient for tasks	Clear; Advisory Group to become Steering Committee

APPENDIX F: THE QUALITY OF DONOR COORDINATION

All 19 regional programs were assessed to determine the extent and degree of donor coordination.

Regional programs	Criticality of donor coordination to effectiveness	Narrative	Assessment
Regional project			
Africa hydropower development	Critical	There are 10 major donors. The World Bank is credited by participating countries and donor partners with championing attention to environmental and social issues and promoting dialogue among donors on the project's environmental component. But major implementation delays were caused in part by different donor procurement and financial procedures, including tied procurement.	Modest
Africa trade facilitation	Not critical	Bank is the sole source of external support so far during implementation. The Bank mobilized preparation support from EU and Japan, but not for implementation. After current restructuring, Bank will seek other donor support.	N/A
Aral Sea water and environmental management	Critical	There are 19 donors other than the Bank, and there was weak coordination among them. Donors attended coordination meetings organized by the Bank after riparian states requested that the Bank lead a multidonor effort to support the regional program. But difficulties were encountered in translating this into joint operations. While GEF provided program support, the Netherlands, EU, Sweden, and others supported separate, limited interventions. The program was hindered by weak coordination, especially in financial management, and by donor requirements that separate accounts be kept for their individual contributions.	Poor
Central Asia biodiversity	Not critical	Only World Bank (GEF). No other donors.	N/A
Eastern Caribbean telecommunications	Not critical	No other funders, but more could have done more to seek partnerships on discontinued training component (with the International Finance Corporation) and to ensure improved coordination with other donors in the region, such as the United States Agency for International Development (USAID) and EU. Better donor coordination to facilitate scaling up of information communications technology programs in the region will be needed. Bank performance was modest.	Modest
Eastern Caribbean waste management	Critical	There were four donors other than the Bank. The Bank mobilized donors to support cost overruns worth $21.8 million when disbursements from Bank, GEF, and governments were lower than estimated as a result of underestimation of costs at design. But extensive renegotiation with donors to secure the additional	Modest to substantial

(*Continues on the following page.*)

Regional programs	Criticality of donor coordination to effectiveness	Narrative	Assessment
		financing resulted in complex financing structures and inconsistent donor procedures that significantly delayed implementation. Greater donor harmonization through joint missions and common definitions of effectiveness and reporting formats could have eased the burden on national and regional coordinating agencies. The initial donor-driven focus on ship-generated waste, rather than solid waste management, which was the main priority for client countries, was changed subsequently.	
Guarani Aquifer	Not critical	There are four donors other than the Bank. Donors seem to work well together despite the dual layer of the Bank and Organization of American States (OAS) as implementing and executing agencies, respectively. Procurement procedures are lengthy because of approvals required from the OAS, GEF, and World Bank. While some stakeholders insisted that the OAS should be an "executing agent" because of its long experience in the region, others argued that the OAS did not have the technical depth of the World Bank, required particularly at the preparation stage.	Modest
Lake Victoria environmental management	Critical	Although the project was funded only by IDA and GEF, other donors have supported a range of initiatives in and around the lake basin for many years. The Bank worked with bilateral donors to ensure that GEF/IDA-funded activities complemented work already funded by other donors, especially the EU, Swedish International Development Cooperation Agency, and the Netherlands. The Bank also mobilized funds from Norway and the EU to bridge the funding gap until phase 2, to be supported by IDA and GEF, becomes effective. Overall, the various donor efforts generally have not been well coordinated. Some donor-supported activities addressed priority environmental concerns, but they were not coordinated at the regional level. Rather, for the most part, they have been small, fragmented, and uncoordinated activities that put heavy burdens on national implementing agencies.	Modest
Latin America land use	Not critical	World Bank (GEF) and Food and Agriculture Organization (FAO). Satisfactory coordination between the Bank and FAO.	Modest to substantial
Southeast Europe trade and transport	Critical	Bank and USAID. EU provides substantial parallel assistance to customs reforms in the same countries. Lack of communication and coordination between the Bank and the EU during program preparation led to confusion with country partners, as well as tensions between the Bank and EU. These turned out to be reparable with appointment of a new Bank task manager in 2000. A longer implementation period and additional USAID assistance to the program would have been helpful in completing the systems and procedural reforms of customs administrations. Otherwise, coordination during implementation was good.	Substantial
Southern Africa power market	Not critical	Bank and two bilateral donors. Clear division of labor between donors and reported good coordination.	Substantial
West Africa HIV/AIDS and transport	Not critical	There is no other direct donor support. UNAIDS and United Nations Population Fund assisted with design, and implementation of specific components. At least six other donors are involved in similar programs in the area. Coordination with other donors has been good in Benin but less effective in Ghana, where the representatives of one bilateral agency and UNAIDS reported that they had not been adequately informed about implementation in-county.	Modest

Regional programs	Criticality of donor coordination to effectiveness	Narrative	Assessment
Regional partnership			
Africa demobilization	Critical	There are 11 donors, 12 international organizations, and the Bank. The Bank is viewed by partners as more neutral than bilateral or United Nations and with better fiduciary safeguards than the UN. The Bank has acted as Secretariat and successfully mobilized resources and provided coordination mechanisms at the broad strategy and oversight levels, but implementation problems included UN–World Bank issues, no involvement of nonprogram actors, and lack of parallel financing for disarmament and security sector reform. These problems have been or are being resolved. But donors expected higher-level involvement from the Bank to address political issues and expeditiously resolve tensions with the UN.	Modest to substantial
Africa forum on girls' education	Not critical	There are 27 donors other than the Bank. Donors have increased regional pooled funding to support annual work programs (including regional and national activities). But some donors earmark or provide uncoordinated funding directly to national chapters, which negates efficiency gains of multicountry programs. The Bank helped leverage donor financial support, coordinate pooling of donor funds, and stimulate dialogue.	Modest to substantial
Africa transport policy	Critical	First 15 years since 1987 marked by "continuous tensions" between Bank and 18 donors over use of money, ownership, voice, openness. Characterized as completely donor- and supply-driven, with countries being parts of components. By 2001, several donors had exited program over lack of interest and differences with others, including Bank. Program restructured in 2003 to provide country voice, long-term plan, and Multi-Donor Trust Fund, although a few donors (i.e., France, Norway, United Kingdom) tend to earmark contributions.	Poor but improving
Arab gender network	Potentially critical	Eleven donors are represented in the governing body but there are no mechanisms for coordinated donor funding that would create financial sustainability beyond Bank funding. The Bank has been the sole financier of the program. But the Arab gender network (ANGED) has begun to mobilize funding from other donors for specific activities but not for general program support. As ANGED succeeds in attracting support from more donors, donor coordination is likely to become important, particularly if financiers choose to selectively support particular ANGED activities. Its analytical work, policy dialogue, objective of mainstreaming gender in the region's country programs, and the availability of grant DGF financing positioned the Bank to play lead donor role in the ANGED start-up. The Bank has served on the Technical Committee since 2003 and the governing body (CAWTAR Board of Trustees) since 2005. It is working with core financiers to harmonize views on ways to strengthen governance and management.	N/A
Latin America rural development	Critical	There are 12 donors other than the Bank. Central RUTA unit (UR) devotes significant time and resources to coordination activities necessitated by its highly complex structure—13 funding agencies, 7 member countries, 7 national units, 2 regional bodies—but has relatively little in the way of 'joint' products to show for this effort. Donors are generally pleased with current RUTA direction and management, including the Inter-American Development Bank, which had been negative.	Modest

(*Continues on the following page.*)

Regional programs	Criticality of donor coordination to effectiveness	Narrative	Assessment
Mediterranean environment	Critical	The Bank, together with the European Bank for Reconstruction and Development, has worked with several donors over time. METAP's performance on enhancing coordination among donor partners within the program has been limited as a result of two shortcomings: • Limited coordination between European Investment Bank and World Bank on METAP activities. • Differing donor procedures have made it difficult for METAP to tap into and use agreed grant financing instruments from other participating partners. In METAP IV, seven member countries requested technical assistance to build capacity to use economic analytical instruments. The METAP Secretariat prepared a proposal approved by donors, but the Bank, as executing agency, could not accept the approved funds since the proposal was not compatible with established agreements between the European Community and the Bank. In addition: • Coordination with other donor programs involved in Mediterranean environmental issues was poor, but has improved (UNDP and USAID). • The increasing presence of large donors has also meant that there are alternative resources for technical support available to the member countries; hence, the value of the Bank's support has declined over time. But several donor partners continue to believe that by working through METAP rather than directly with member countries, they will have greater assurance of quality and impact. • Differing mandates and views among donors on what constitutes capacity building, and the interest of donors in maintaining direct control, led to creation of three individual donor units in the Mediterranean Regional Facility (MRF), with limited coordination among them. • Unwillingness of donors to commit funds on a programmatic basis, and of member countries to contribute counterpart funding to the program, has been a problem since the inception of the program. This financing arrangement brings uncertainties in planning program activities.	Poor
Middle East child protection initiative	Potentially critical	The Bank and three donors are represented in the Advisory Body (acting as Governing Body). The Bank and the Arab Urban Development Institute (AUDI) launched the program and have played significant roles in helping to mobilize donor financial support and participation in regional conferences. To date, the bulk of support has been direct contributions to specific events or to pilot municipalities from a number of organizations based in the region. A key future issue is how close coordination among these partners can be fostered—through a pooled funding mechanism to be reconsidered in fiscal 2006, or a shift of grants from earmarked to general program support for uses that are clearly demand-driven.	Modest

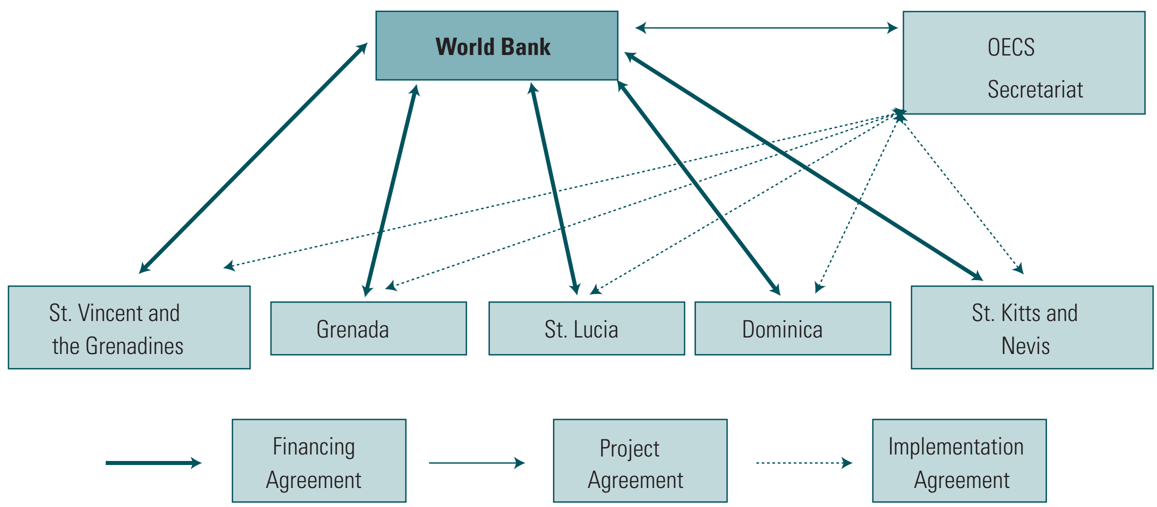
APPENDIX G: LEGAL STRUCTURES FOR FINANCING REGIONAL PROJECTS

The legal structures for World Bank financing of individual regional programs are varied. The choice of structure will depend on issues raised by: (a) the Bank's policy framework, (b) the participating countries' own legal frameworks (including any international agreements), and (c) practical design decisions. The following three examples, provided by the Bank's Legal Department, illustrate some of the ways the legal structure for financing a regional program has been designed.

Separate Financing Agreement with Each Participating Country

In this most common financing structure for regional programs, the Bank enters into separate financing agreements with each participating country. The Bank may require an implementation agreement among participating countries that defines their joint and respective responsibilities under the regional program, or rely on an existing treaty among them if it covers the elements required by the Bank. For instance, in the Organization of Eastern Caribbean States (OECS) telecommunications reform project, the Bank entered into separate IBRD loan and/or IDA credit agreements with the five member states, and a project agreement with the OECS, the regional organization involved in implementing the project. The member countries together signed a single Memorandum of Understanding with the OECS setting out their respective roles and responsibilities regarding the regional program.

Figure G.1: The OECS Telecommunications Reform Project



Single Financing Agreement with All Participating Countries

The Bank may enter into a single financing agreement with all participating countries, which sets out both the terms and conditions of the financing, and the respective roles and responsibilities of participating countries among themselves and in relation to the Bank. Though simple, this structure requires that all participating countries ratify the agreements before the agreements become effective and the Bank may disburse funds.

In a variant of this structure, the West Africa HIV/AIDS and transport project (which aims to enhance access to HIV/AIDS prevention, treatment, and care and support services for high-risk groups and improve the flow of commercial and passenger traffic along the major Abidjan-Lagos Transport Corridor that crosses five West African States), the Bank entered into a ***financing agreement with a single participating country,*** Benin, which accepted the IDA grant on behalf of the other participating states. Each of the other four participating countries set out its respective responsibilities in the program, pending the ratification by the five member countries of a Convention establishing the Abidjan-Lagos Corridor Organization, in a unilateral letter to the Bank.

Single Financing Agreement with a Regional Organization

The Bank may enter into a financing agreement directly with a regional organization, and it may require a guarantee from each of the participating countries, which sets out their respective roles and responsibilities in relation to the Bank, including their guarantee of the financing of the regional organization. Participating countries may then enter into an implementation agreement with the regional organization that sets out their individual and joint responsibilities with respect to the regional program. In a variant of this approach, in the Africa regional trade facilitation project, which aimed to provide political risk insurance and to enhance access to financing for cross-border trade, the Bank entered into a credit agreement with the African Trade Insurance Agency (ATIA) to provide a technical assistance credit to the regional organization. It also entered into separate credit agreements with each of the seven member countries, providing a credit to each of them. Each of the seven countries, in turn, signed an implementation agreement with ATIA.

Figure G.2: The West Africa HIV/AIDS and Transport Project

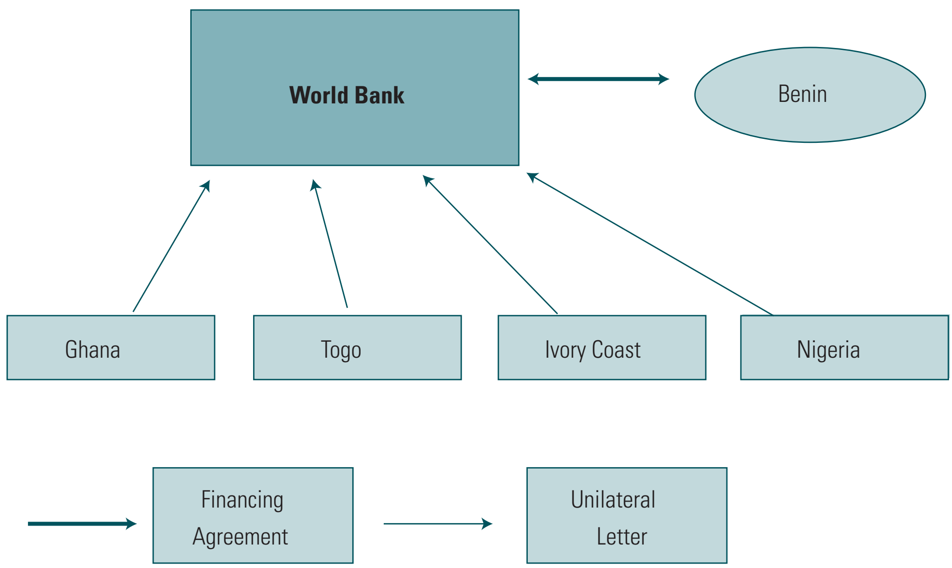
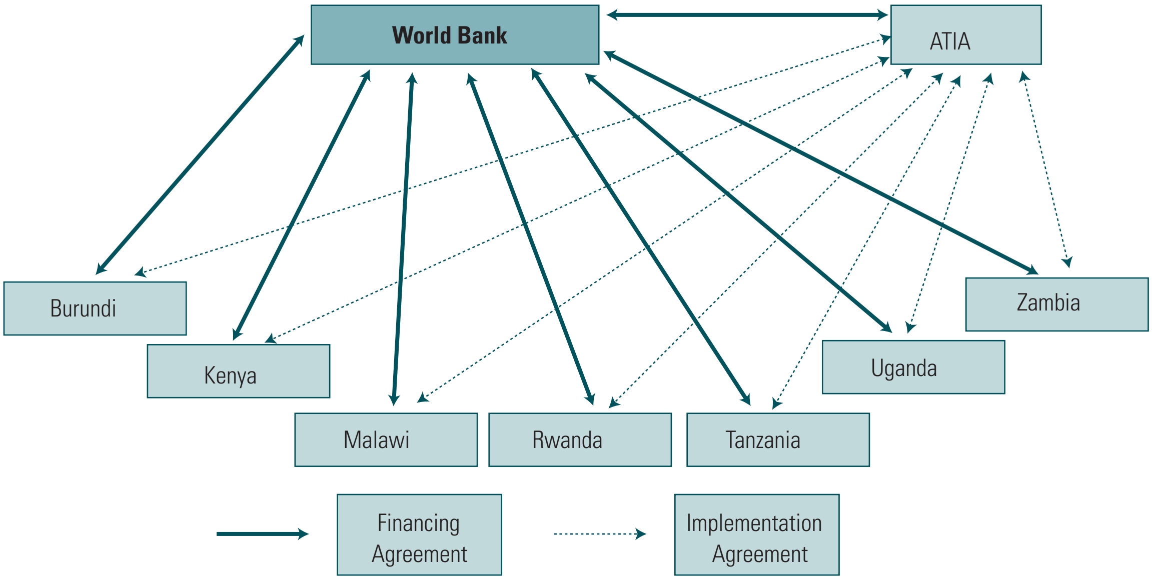


Figure G.3: The Africa Regional Trade Facilitation Project



APPENDIX H: SOURCES OF WORLD BANK GRANT FINANCING FOR REGIONAL PROGRAMS

This appendix summarizes the key characteristics of the World Bank's major sources of grant financing.

Key characteristics	Global Environment Fund (GEF)	Development Grant Facility (DGF)	Institutional Development Fund (IDF)	IDA13 grant financing	IDA14 grant financing
General purpose	Protect global environment, promote environmentally sustainable economic development.	Catalyze global and regional partnerships.	Build institutional capacity for implementing Bank or other donor-supported programs.	Poverty reduction and sustainable development	
Authorization for grant financing for regional programs	Explicitly supports multicountry as well as country and global operations.	Requires that grants provide multicountry benefits.	Encourages support for regional programs as appropriate.	Grant financing only available for HIV/AIDS projects. Countries with grant allocations linked to specific criteria (see below) could use IDA grants for their share of the cost of regional projects. But the "top-up" amount from the regional pilot program was available on credit terms, except for HIV/AIDS projects.	IDA Regional Pilot provides additional financing for two-thirds of regional program costs, the other one-third is covered by country allocation. Countries eligible for 100 percent IDA grant financing, based on their debt sustainability, receive the two-thirds for regional programs on grant terms.
Scale of support (1995–2005)	$261 million	$224 million	$22 million	$314 million	
Maximum size of grant	None	Cannot exceed 15 percent of total funding over three-year period.	$1 million	Individual grant size limited by country allocation and availability of grants set aside for HIV/AIDS programs.	Individual grant size limited by country allocation and availability of regional pilot resources.

(*Continues on the following page.*)

Key characteristics	Global Environment Fund (GEF)	Development Grant Facility (DGF)	Institutional Development Fund (IDF)	IDA13 grant financing	IDA14 grant financing
Eligible recipients	Countries, international organizations, nongovernmental organizations, other.	Countries, international organizations, nongovernmental organizations, other.	Countries, regional or international organizations; nongovernmental organizations.	All IDA-eligible countries, regional institutions for specific projects.	IDA countries eligible for financing on 100 percent grant terms. No provision for grants to regional organizations or to supranational components of projects.
Criteria for funding	Specific environmental issues.	No specific topics.	Specific topics: public expenditure management, monitoring and evaluation, and legal and judicial reforms.	HIV/AIDS and specific topics of recovery from conflict and natural disasters. Countries with extreme poverty and debt vulnerability were eligible for IDA financing on grant terms.	No specific focus areas, but highlights the importance of regional economic integration, regional infrastructure, and support for building capacity for implementation and donor harmonization/ coordination.
Allocation process in the Bank	GEF Council makes country allocations based on global environmental priorities. Individual loans approved by GEF Council and Bank Board.	Sectors submit proposals and Bank-wide DGF Council allocates grants on competitive basis.	Regional departments allocated share of annual budget and Regional Committees decide specific use.	Resources for regional projects allocated to regions, based on proposals sent in prior to each fiscal year. Individual projects then approved through regular IDA approval process.	
Duration of grant	Project-specific closing date.	Three-year Window 2, long-term Window 1 financing based on four- to five-year review.	3 years	Project-specific closing date.	

APPENDIX I: MANAGEMENT RESPONSE

Introduction

Management welcomes this Independent Evaluation Group (IEG) review of World Bank support to multicountry operations, which provides useful insights into a small but growing segment of Bank support. The review rightly points out that some issues are best addressed from a regional perspective, and at the extreme, some problems can only be addressed through regional cooperation. Overall, the review is useful in helping the Bank refine its thinking with regard to its role in supporting regional activities.

Coverage

The evaluation covers World Bank–supported operations that entail three or more countries and involve cooperation or integration among the participating countries. It also covers regional partnerships, using the Bank's breakdown between global and regional partnerships. The review covers 95 activities from fiscal 1995 to 2005, examining in depth 12 operations and 7 partnerships.

Management Views on IEG's Analysis and Conclusions

Although this report provides valuable input into the Bank's work in support of regional initiatives, there are aspects of the review that deserve further discussion.

Bank Support for Regional Activities

While the Bank remains primarily a country-focused organization—supporting country-owned growth and poverty-reduction goals—it recognizes the importance of support for regional activities. There are some issues—energy and water, for example—that often can be addressed more effectively at the regional level. That said, issues such as institutional capacity and measuring country ownership that are difficult enough at the country level are even more challenging at the subregional or regional level. In spite of these challenges, there is a growing demand for Bank support for regional activities, especially in Africa. The African Union's New Partnership for Africa's Development (NEPAD), launched in July 2001, recognized the need for regional cooperation and integration, notably to overcome the limited size of internal country markets, meet infrastructure needs, and address important environmental issues. To support these NEPAD goals, in July 2004 the Africa Region established its Regional Integration Department (replacing an earlier lower-level Regional unit). More widely, all Regional vice presidential units support regional economic and sector work (ESW) that covers issues of trade and integration, including the identification of priorities for regional cooperation. They also support regional operations and partnerships to different degrees, depending on demand and country circumstances. Recognizing the importance of addressing the increased demand from countries for support for regional activities, IDA13 included a pilot program for regional projects. The program was continued in IDA14 and, as of end–fiscal 2006, the portfolio supported by the pilot comprised 14 projects with total commitments of almost $1 billion (World Bank 2006a). In recognition of the progress to date, IDA recently increased by $50 million the annual amount of resources allocated to the pilot. Overall, given its worldwide experience in dealing with complex operations, the Bank has proven to be well placed to support regional initiatives. However, this is in essence a new portfolio of activities, and experience to date is limited.

Sample Size and the Conclusions and Recommendations

With regard to the findings on the factors that underpin successful Bank support for regional activities, management notes that the sample size is small (less than 100) and, as observed above, much of the Bank's support is very recent. More than three-quarters of the operations and almost three-quarters of the partnerships were started after the midpoint of the IEG review period. The IDA pilot program discussed above was launched only in 2003. As the IEG review noted, regional activities by their nature take longer to prepare, so half the programs under the IDA pilot started in fiscal 2006 and 2007, after the IEG review sample period, and those in the sample were of very recent origin. Management also notes that, given the sample size, some of the findings might have been considerably different with a different selection of the few activities subject to in-depth review. One of the reasons for the small sample size is IEG's definition of regional programs. Although management understands IEG's motivation in choosing a well-defined sample, the Bank often supports through its country programs activities in which countries in a region act in parallel on the basis of a common understanding of an issue. Examples include World Trade Organization (WTO) accession and accounting and auditing standards. Therefore, while management finds the review to be a serious and useful undertaking, it believes that it must take a measured approach toward the analysis and recommendations in the review and continue to learn from the growing set of experiences as it steps up support for regional activities.

Other Management Views

There are issues on which management would have liked to see further analysis. Management concurs generally with IEG's analysis on the rationale for Bank support, but, as the review points out, there is a "free rider" problem with regional operations—countries have an incentive to try to reap the benefits without paying the costs. So far, the international community does not have an answer to this problem. Partly because of this issue, management does not concur with IEG's conclusions on the necessity of up-front calculations of costs and benefits for all countries or on the need for all Country Assistance Strategies (CASs) in all affected countries to highlight regional programs. A better approach in many cases may be to deal with engagement issues as part of implementation. In some cases, a large country may be crucial for the success of a regional program, even though that program is not a priority in its poverty reduction strategy and, therefore, in the Bank's CAS for that country. The review also makes a clear distinction between operations and partnerships; often a combination of the two can be a good tool to support a regional initiative. Lastly, the review might have differentiated more between cases in which activities are regional in scope to overcome small country size and those that address issues that are independent of country size.

Main Findings and Recommendations

The IEG evaluation makes four key recommendations: (a) establish regional program strategies and integrate them into CASs; (b) work to strengthen the international architecture for financing regional development programs; (c) increase the impact of Bank support for regional partnerships; and (d) strengthen corporate incentives and capacities to provide effective regional program support. Management accepts the general thrust of the recommendations but with several caveats. The actions to which management commits are outlined in the Management Action Record included in the Management Comments Summary.

Regional Program Strategies

Management prefers to leave the decision on whether or not to prepare regional (or subregional) strategies to individual Regional vice presidents and their management teams. Regions are very different in terms of the number, size, and geographic features of countries and, therefore, in the relative importance of regional programs in overcoming obstacles to sustainable growth and poverty reduction. It is not clear that mandating all Regions to produce medium-term plans will succeed in channeling resources where they will have the highest return. Regional programs are fundamentally linked with the positions that governments take with regard to economic relations with their neighbors. While the Bank can play a crucial role in identifying the need for regional programs, as noted above, in some cases the implementation of these programs will be more opportunistic than strategic, pending the strengthening of regional institutions. Experience shows that many of the operational series that have worked well did not arise because a medium-term plan had been developed and included in the CASs of all relevant countries. Instead, it was possible to support a few countries that had reached consensus on the likely benefits of a regional approach, launch the operations, and build on early successes to encourage other countries to join. Quality Regional ESW, demonstrating where potential benefits may lie, is still fundamental to fostering these opportunities, but that is not the same thing as formal planning covering several years. Instead of mandating formal strategies from all Regions, management will build on approaches to Regional ESW—for which many Regions have strong selection, production, and dissemination processes—and will share best practice for similar processes for regional programs and partnerships.

International Architecture for Financing Regional Programs

As the review recommends, the Bank will engage with partners on a case-by-case basis to devise financing packages for individual programs. More generally, the Bank will work with donors on harmonizing the processes of support for regional activities as part of its overall alignment and harmonization agenda.

Effective Regional Partnership Support

The recommendation in this area raises important issues. Management agrees that regional partnerships, like global partnerships, require increased attention, notably with regard to priority, selectivity, and monitoring and evaluation, and such work is ongoing. With regard specifically to the Development Grant Facility (DGF) as an instrument for supporting regional partnerships, the current criteria allow flexible support of regional partnerships. Regional vice presidents can propose regional partnership programs for DGF funding, and the DGF can provide both short-term and longer-term funding via its two-window approach. The evaluation of DGF-supported operations has been strengthened; however, management would not necessarily want to drop support for a partnership on the basis of an initial negative evaluation. Evaluation can be the basis for taking corrective action if the partnership objectives remain a high priority. Management notes that the sample of regional partnerships was small and the evaluation methodology for these kinds of partnerships is less straightforward than for operations. Hence, management would be less ready to say that regional partnerships typically perform less well than regional operations. There are issues around the sustainability of funding of regional partnerships, and these will be addressed as each Region reviews its approach to the support of regional activities. However, there needs to be room for trying out new ideas. In these cases, sustainability issues will necessarily have to wait for consensus that the partnership lives up to expectations and adequately serves the interests of its member countries. Otherwise, a timely exit is prudent, and that exit could be complicated if long-term funding mechanisms are put in place too early.

Corporate Incentives and Capacities

Management agrees that, as the number of regional operations and partnerships grows, the Bank must continue to learn from experience and share that experience across Regions. With regard to operations, the Africa Region, through its Regional Integration Department, is already playing the knowledge-gathering and dissemination role Bankwide. (That department produced the recent review of experience with the IDA Regional Pilot.) The Global Programs and Partnerships Unit in the Concessional Finance and Global Partnerships Vice Presidency is taking the lead in building the knowledge base on partnerships, and sharing experience across Regions. Sector families will play a vital knowledge-management and knowledge-sharing role, notably on issues such as regional transport, energy, and water management. The Bank's Legal Vice Presidency is developing good practice guidance for lawyers on legal frameworks and implementing arrangements for regional operations and a related database on legal issues and their resolution with regard to regional operations.

Conclusions

The Bank remains primarily a country-focused organization supporting country-owned growth and poverty reduction goals. At the same time, management recognizes that some development issues can be addressed better with a wider focus. On that basis, the Bank has increased its attention in recent years to global and regional work. IEG has confirmed the usefulness of this wider focus, first at the global level, and, with this report, at the regional level. IEG's sample for this review was necessarily small and heavily weighted by new activities, leading management to respond in measured terms. Overall, management very much appreciates this review for helping refine the focus and improve the effectiveness of this newly growing line of work, support for regional operations and partnerships.

ENDNOTES

Chapter 1

1. According to a recent study (Birdsall 2006, p. 532), support for regional development programs has also been a minor component of overall official development assistance, accounting for some 3 to 4 percent of total aid disbursements (or about $2 billion out of some $62 billion) in 2002.

2. See, for example, studies and reports by the United Nations Development Programme (UNDP), the Asian Development Bank (ADB), the New Partnership for African Development (NEPAD), and analysts Birdsall and Kanbur cited in the bibliography.

3. Under the IDA pilot, two-thirds of a country's share of the cost of a regional project will be covered by resources from the overall IDA envelope, and the remaining one-third from the country's individual IDA allocation. Over the period fiscal 2004–06, IDA Regional Pilot Program approvals totaled some $957 million, with $664 allocated from the IDA regional envelope and $293 million from country allocations. (World Bank 2006c).

4. There is a large literature on the case for multicountry programs at both a global and regional level, but far less evaluation of actual operational experience.

5. IEG has previously evaluated Bank-supported global programs (IEG 2004). While all global programs are partnerships, regional programs take the form of projects—financed by loans, credits, and/or grants—as well as partnerships that are wholly grant-financed, as discussed in more detail in chapter 2.

6. Public goods are distinguished from private goods by two characteristics: nonrivalry (one person's or country's use does not reduce the ability of another person or country to use or enjoy the good at the same time) and nonexcludability (a person or country that does not pay for or otherwise contribute to the supply of the good cannot easily be excluded or prevented from using it). While there are few truly "pure" public goods that have these two characteristics, there are many quasi public goods that have one or the other characteristic, or both to some degree. Regional public goods are those public goods with benefits or costs that spill across national boundaries of countries within a geographically defined region and can be consumed at the same time by people in more than one country.

7. Appendix A provides a summary of the 19 programs reviewed, including information on their core features, objectives, and achievements.

8. Appendix B lists all operations in the Bank's portfolio of regional programs.

9. Although this evaluation does not include a comprehensive review of the Bank's regional economic and sector work, it has reviewed a sample of the Bank's analytical work in the area of regional integration and trade in a separate background paper by trade specialist Julio Nogues and John Eriksson. This Background Paper is listed in the bibliography and is available on request.

10. Appendix C describes the methodology used in the various building blocks of this evaluation and Attachment 1 provides information on the seven field missions.

Chapter 2

1. See IEG 1988 and 1999. A notable exception to this record of poor performance is the West African Onchocersiasis Control Program, which was launched by the Bank and the World Health Organization in 1974 to combat river blindness in 11 countries, and continues as an extended regionwide effort based on its demonstrated effectiveness.

2. There were a number of two-country projects in these decades, such as the Indus River project and several in the area of power development, in Latin America and East Asia as well as Africa, but these are not included here as "regional programs."

3. This does not include the 52 regional Institutional Development Fund (IDF) grants provided over the pe-

riod, which range in size from $0.15–1.0 million and amount in total to $22 million. In addition to financial support for projects and partnerships, the Bank provides regional analytical and advisory services such as technical assistance and studies that address an issue of regional or subregional relevance (financed by the Bank budget and external grant resources). Over the period covered by the evaluation (fiscal 1995–2005), the Bank has supported over 3,000 regional analytical and advisory activities (according to information drawn from the Bank's database). That work is not covered in this report, which focuses on operational programs.

4. The framework also assigns responsibility to the Regional vice presidents for ensuring linkages between partnerships and regional and Country Assistance Strategies, and developing appropriate exit strategies for the Bank's support.

5. The four Regional vice presidencies and their subregional strategies are: Sub-Saharan Africa-Central Africa, East Africa, and West Africa; East Asia and Pacific-Mekong Water Resources; Europe and Central Asia-Central Asia and South Eastern Europe; and South Asia (based on analytical work). Both East Asia and the Pacific and the Latin America and Caribbean Regions also have strategic frameworks that guide their support to the small island states of the Pacific and the Eastern Caribbean respectively, but these do not focus mainly on regional, multicountry programs.

6. This is not the case, however, for relevant regionwide partnerships that extend beyond the geographic scope of individual subregional strategic frameworks. For example, only one of the three Africa subregional strategies makes any reference to the Africa-wide Forum on Girls' Education and the Africa transport policy program, and none incorporates the Africa demobilization program that spans Eastern and Central Africa.

Chapter 4

1. About 81 percent (17 out of 21) of the closed and rated regional projects that exited during fiscal 1995–2005 had outcome ratings of moderately satisfactory or above; and about 72 percent of all closed and rated Bank country-investment projects over that period (1,766 of 2,436 projects) had the same outcome rating. The difference in these ratings is not statistically significant at the 95 percent confidence interval.

2. The Africa demobilization program is nonevaluable because the national program is just getting under way in the country central to the program, the Democratic Republic of Congo. The Africa trade facilitation program is nonevaluable at this time because it is now being restructured after a faulty start.

3. A fifth program that deals with a shared natural resource, the Guarani Aquifer, is still in mid-implementation and, apart from agreements achieved at some pilot project sites, substantial achievements have yet to emerge.

Chapter 5

1. Global programs have similar dimensions on a global and country level, but as this evaluation indicates, the role of participating developing countries in the design, governance, and management of regional programs is typically greater than was shown to be the case in IEG's review of Bank-supported global programs. The key distinctions are that: (a) regional programs tend to be initiated by developing countries, while global programs tend to be initiated by developed countries; and (b) the governing bodies of regional programs typically include formal representation by all participating countries and meet regularly, while the governing bodies of global programs do not require formal country representation, and many meet infrequently.

2. Appendix D summarizes these findings for each of the 19 programs.

3. Management would like to note that this observation does not necessarily imply that the bulk of regional operations supported by the Bank will fail or have failed. Management notes that IEG rated 81 percent of closed regional projects covered by this review as satisfactory or better in terms of project outcomes.

4. This is based on QAG's review of selected individual projects for its Quality at Entry Assessment reports 1–7, as of February 2006.

5. IEG's evaluation of global programs also highlights the importance of this determinant of program effectiveness.

6. The Latin America land use program had no formal governing body and the OECS Secretariat served as a de facto governing body for the Eastern Caribbean Waste Management Program.

7. Appendixes E and F provide more detail on the features of program governance and quality of donor coordination for the 19 programs reviewed by this evaluation.

8. Two programs did not receive support from other donors (Africa Trade Facilitation and Central Asia Biodiversity) and are not counted among the 17 programs cited in the text (although the preparation of Africa Trade Facilitation was supported by the European Union and Japan).

9. International agreement on the elements of good aid practice has emerged over the past decade and focuses on such measures as aligning aid to country development priorities, country ownership of aid programs and processes, use of country procurement and financial systems that adhere to international standards, the untying of aid, harmonization of donor procedures and the move to program assistance, and mutual assessment reviews based on results-oriented program frameworks. For the most recent statement of international agreement on good aid practices, see OECD 2005.

10. The IEG evaluation, *The Drive to Partnership: Aid Coordination and the World Bank* (IEG 2001), while focused on single-country programs, identifies number of donors and country commitment and institutional capacity as factors affecting aid coordination effectiveness (p. 6).

11. The four programs reviewed for which planning for future financing was not applicable are: the Africa demobilization program, which is designed as a time-bound partnership, and it is too soon to know if its national-level programs will warrant extended funding; the Africa Trade Facilitation Program, which is in the process of being restructured; the Latin America land use program, which is a pilot program to test a core technology prior to determining the benefits and costs of scaling up; and the West Africa HIV/AIDS and Transport Project, which has recently entered into discussions with the Global Fund for the next five years of support. The results are not yet known, nor have countries indicated what share of the costs they will assume, if any.

Chapter 6

1. Management notes that the Mediterranean environmental program in particular strengthened local capacity and, as a result, there is now a roster of local consultants in fields such as environmental economics.

2. This data is based on QAG's review of selected individual projects assessed for its Quality of Supervision Assessment reports 1–6, as of February 2006.

3. Appendix F provides additional detail on the quality of donor coordination and the Bank's coordination role in the regional programs reviewed.

4. The European Bank for Reconstruction and Development does not have the same explicit mandate or strategic emphasis.

5. Appendix H provides additional detail on the sources of the Bank's grant financing for regional programs.

6. Management notes that considerable effort has been devoted in recent years by management (and IEG) to improve the evaluation quality of global and regional partnership programs, and those supported by the DGF are more likely to conform to higher standards and to undertake more regular evaluations. IEG reiterates that evaluations completed to date have been uneven in quality, which has motivated efforts by the Bank and other donors to develop better standards.

7. For example, although the fiscal 2005 Nam Thuen 2 Project in Lao, which involves construction of a hydropower plant on a tributary of the Mekong River, undertook an impact assessment and provided early notification to neighboring countries, the World Bank's Mekong Water Resources Assistance Strategy notes that "this project was not developed in close coordination with the MRC [Mekong River Commission]…." It also notes that the experience of the project "suggests that there is a real risk of countries proceeding on their own without regard to the consequences for others," if they perceive the MRC as inhibiting their ability to move ahead with development plans or deals with other countries; and , therefore, emphasizes the importance of strengthening processes of regional analysis and intergovernmental decision making. See World Bank 2005j, pp. 6 and 14.

8. A recent Quality Assurance Group (QAG) review raises similar issues for regional AAA. See World Bank 2006b.

9. Three of these five programs lacking clear indicators have been funded by the DGF, despite its guidelines, which require measurable performance indicators and expected outcomes. New preparation and approval processes are expected to require performance indicators of all partnerships during design.

10. IEG is leading a collaborative effort to develop common standards for the evaluation of global and regional programs. Also, IEG's recently launched Global Program Reviews will assess the quality of individual programs' external evaluations.

11. This evaluation had to compare information from multiple data sources to compile the portfolio list

of regional programs in Appendix B, and had to verify even basic information provided by task managers.

12. This comparison is based on the cost of 67 regional projects and 2,076 nonregional projects. The finding that regional projects per U.S. dollars committed do not cost significantly more than nonregional projects is consistent with the findings in the IDA14 Mid-Term Review. See World Bank 2006a, paragraph 66.

13. Program costs looked at for regional projects and nonregional investment projects by sector and by Bank Region showed no significant difference.

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