

# OED Evaluation of World Bank Support of Regional Programs

## Approach Paper

### I. Introduction

1. The need to promote increased trade, prevent the spread of HIV/AIDS, and ensure adequate water resources are some of the development challenges generating interest in increased regional and sub-regional cooperation. The World Bank has supported regional programs in all regions and major sectors in which it operates. But in absolute terms this support remains limited—amounting to some \$1.5 billion over the past ten years, or less than one percent of total Bank lending over the same period. Some critics argue that the Bank is under-investing in regional initiatives in relation to major development challenges that cannot be resolved effectively or efficiently by individual countries acting on their own.

2. This paper sets out an approach for an OED evaluation of World Bank support of regional programs over the period 1995-2005.<sup>1</sup> The purpose of the evaluation is to contribute to an understanding of when it is desirable for the Bank to support activities on a regional level and to assess the effectiveness of both regional programs and the Bank's role in supporting them. A key motivation for undertaking this evaluation now is the apparent increasing interest in regional development programs supported by recent theoretical work on regional public goods and regional trading arrangements,<sup>2</sup> and calls from groups in the international development community for the Bank to provide more support for multi-country programs (both global and regional). An issue for this evaluation will be to examine the extent to which practice bears out the theory and the extent to which there is scope for scaling up Bank support of regional programs. In addition, the evaluation will seek to provide lessons of experience for any future Bank support.

### II. Current World Bank Support for Regional Programs

#### Definition and Scope

3. 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 regular interaction among

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<sup>1</sup> Many regional operations are *sub-regional*. The term “regional” will be used in the OED evaluation to refer to both “regional” and “sub-regional” operations.

<sup>2</sup> See, for example, Patrik Stalgren in “Regional Public Goods and the Future of International Development Cooperation: A Review of the Literature on Regional Public Goods,” Stockholm: Swedish International Cooperation Agency (SIDA), 2004.

the participating countries.<sup>3</sup> The Bank supports two broad kinds of regional programs: regional partnerships and regional investment projects. These two kinds of regional programs are distinguished by the nature of their governance, source or financing, and periods of duration, as indicated in Box 1.<sup>4</sup> See Annex A for an illustrative list of both kinds of Bank-supported programs.

**Box 1: Typical Features of the Two Kinds of Bank-supported Regional Programs**

	Governance	Financing	Duration
Partnerships	Governing body specific to the program	Grants from multiple donors	Ongoing, without specified closing date
Projects	May or may not entail governing body specific to the program	World Bank loans, credits, or grants	Fixed, with specified closing date

4. The source of the Bank’s **financial contribution** to regional programs can be loans, credits, or IDA grants as well as grants from the Development Grant Facility, Global Environment Fund, and other Bank-administered trust funds. In addition to financial support, the Bank provides **analytical and advisory services** such as formal or informal technical assistance or studies (financed by the Bank budget and external grant sources). The amounts of these two kinds of support are shown in Table 1.<sup>5</sup> Over the period FY95-05, the Bank has supported 119 regional programs and over 3,000 AAA operations. See Annex B for a breakdown by category and by region.

<sup>3</sup> Purely bilateral programs involving only two countries are not included because the differences in the degree of complexity of their requirements for policy convergence and coordination make these programs different in kind from multi-country programs with a larger number of countries.

<sup>4</sup> Regional programs differ from Bank-supported **global** programs, which have been previously reviewed by OED, in three ways: 1) the *geographic scope* of regional programs is limited to a single region or contiguous regions, whereas global programs cut across more than one region whether or not they are contiguous; 2) while the *form* of regional programs can be partnerships or Bank projects, global programs are by definition partnerships; and 3) the *source of financing* of regional projects may be Bank loans, credits or grants, whereas the financing of partnerships, whether regional or global, is multi-donor and on a grant basis only. For findings on the effectiveness of Bank global programs see, Operations Evaluation Department (OED), *Addressing the Challenges of Globalization: An Independent Evaluation of the World Bank’s Approach to Global Programs* (2004).

<sup>5</sup> The Bank also provides *in-kind* support such as: serving as chair or member of a governing body, convener of initiatives in sectors, host of program secretariat, and/or trust fund manager or trustee.

**Table 1. Amounts of Regional Program Support**  
(FY1995–2005, with exceptions noted below)\*

	Number of Operations	Total Amount (US\$ million)	Average Amount (US\$ million)
<b>Regional Programs</b>			
Partnerships	62	357	5.8
World Bank Project Loans and Credits	57	915	16.1
Total	119	1,272	10.7
<b>Analytical and Advisory Services</b>			
Total	3,167	230	0.1

Main sources: World Bank, Partnerships Data Base (PATS), and Business Warehouse. The data on Partnerships, provided by the Partnerships Database, are rough approximations that will be verified, and revised as needed, in the course of this evaluation.

\*Partnerships data cover funding provided through 2004. The periods covered by World Bank lending operations vary somewhat from FY1995 through FY2005, depending on the region. Amounts for Analytical and Advisory Services are for the period 2001-2005.

### Recent Bank regional program strategies

5. There is no Bank-wide strategy for regional programs. Several Bank Regions have developed regional and sub-regional strategies to guide support to regional programs. The character and stage of development of these strategies differ markedly from one another.

- The *Africa Region's* first framework for regional integration was issued in 2001 and updated in 2004.<sup>6</sup> Separate regional integration assistance strategies have been issued for West Africa (2001), Central Africa (2003), and Southern Africa (2005), as well as a regional “White Paper” for East Africa (2005).
- The *East Asia and Pacific Region* has developed two quite different sub-regional strategies: one for the Pacific Islands (2000) and the other for the Mekong Sub-Region (2005).<sup>7</sup> Given the very small sizes of the island economies, their

<sup>6</sup> World Bank, Africa Region, *Toward a Systematic Approach to Regional Integration* (February 14, 2001) and *Toward a Systematic Approach to Regional Integration in the Africa Region: Preliminary Lessons of Experience* (February 5, 2004). In the 2004 update, AFR stresses the importance of “problems whose solutions lie in a regional approach rather than on problems that are common to a group of countries but whose solutions remain essentially national responsibilities.” The strategy divides its support into two broad groupings: integration (activities that support the formation of a common economic space, such as harmonization of macroeconomic policies, trade policies, financial sector reform, business environment, and competition from the domain of integration) and cooperation (involving such activities as integration of infrastructure networks, forestry, water, environment, and health-HIV/AIDS).

<sup>7</sup> For a recent evaluation of the Region’s Pacific Island assistance strategy, see OED, *Evaluation of World Bank Assistance to Pacific Member Countries, 1992-2002* (March 31, 2005).

relatively homogeneous nature, and the common problems they face, the Pacific Islands strategy treats the countries as a unit; in effect, the “regional” strategy is akin to a *country* assistance strategy.<sup>8</sup> In contrast, the draft Mekong strategy recognizes the differing conditions and interrelationships of the economies of that sub-region, which include Cambodia, Laos, Myanmar, Thailand, Vietnam, and China’s Yunnan Province.

- The ***South Asia Region*** presented a “South Asia Regional Programs Strategy” in May 2004, which emphasizes some of the same issues as other Regions: trade integration, infrastructure, cross-country public goods, and cross-country learning.<sup>9</sup> The strategy delineates four criteria for Bank support: consistency with strategic priorities; issues involving cross border externalities and challenges; issues too sensitive to handle at the national level; and the support of two or more countries.
- The ***Europe and Central Asia Region*** supports a number of regional and sub-regional initiatives and has recently indicated some priorities for such programs. A major impetus for regional work in Eastern Europe is countries’ interest in European Community accession or the impact of accession on neighboring countries. Other emphases include trade facilitation in the West Balkan sub-region, regional seas environmental protection, and a complex of regional cooperation issues in Central Asia.
- The ***Latin American and Caribbean Region*** has treated the Eastern Caribbean as a sub-region for at least a decade. The first sub-regional CAS was issued in 1995, the second in 2001, and the third is under preparation for FY05.<sup>10</sup> In Central and South America, there are several sub-regional projects but no sub-regional strategies; many are focused on environmental issues and knowledge sharing among decision makers.
- The ***Middle East and North Africa Region*** supports a number of regional and sub-regional activities. Its overall assistance strategy highlights a regional approach as a means of addressing sensitive and contentious issues.

The evaluation will assess how useful the strategies have been in guiding decisions on what regional programs to support and in setting benchmarks for monitoring and evaluating program relevance and effectiveness.

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<sup>8</sup> Papua New Guinea and Pacific Islands Country Unit, East Asia and Pacific Regional Office. Both versions include nine Pacific Island states, but exclude Papua New Guinea and Timor-Leste, which have their own strategies.

<sup>9</sup> “South Asia Regional Programs Strategy,” Power Point Presentation, RMT Review Meeting, May 27, 2004.

<sup>10</sup> Caribbean Country Management Unit. June 4, 2001.

### III. The Evaluation Design

#### Objectives

6. In common with all of OED's evaluation products, the two overarching objectives of this regional programs evaluation are accountability and derivation of lessons. The specific objectives are to:

- Identify circumstances under which regional strategies and programs are relevant and their relationship to the Bank's country focus
- Assess the extent to which selected Bank-funded regional programs at the sectoral level have been effective and identify factors of success/failure
- Review how Bank policies, procedures, and instruments have contributed to or impeded the successful implementation of regional programs
- Based on these findings, help inform future decisions about when and how the Bank should support regional programs

#### Framework

7. The evaluation will focus mainly on a structured sample of regional partnerships and Bank regional projects and the analytical work directly related to them. The sample will be drawn from all Bank Regions and several main sector and thematic areas, as discussed in paragraph 13 below. In addition, the evaluation will examine free-standing Bank analytical and advisory services focused on regional trading arrangements because this non-lending work has been the Bank's principal, though not exclusive, mode of support for regional trade and there is a substantial body of work in this area.

8. The evaluation will assess the extent to which the success of regional programs varies with respect to their underlying rationale. The evaluation framework identifies three rationales for addressing issues on a regional level.<sup>11</sup> All imply generation of value added through a regional approach but only the first category meets the formal criteria for a public good of non-rivalry and non-excludability.

- *Management of regional commons and other transboundary issues.* This rationale addresses issues that cross national borders, such as infectious diseases, air pollution, and shared water resources, that impact and require the participation of multiple countries to manage the issue effectively.
- *Integration of regional economies.* This rationale encompasses undertakings in which countries choose, for reasons of efficiency, to pursue national

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<sup>11</sup> These reasons are drawn from contemporary public goods literature and a recent Bank report to IDA Deputies, *Working Together at the Country Level: The Role of IDA* (September 2004), pp. 26-29. Other Bank documents that treat regional public programs in similar ways are AFR, *Toward a Systematic Approach to Regional Integration*, which points to the presence of "cross border externalities" (e.g. "key infectious diseases that know no borders") February 14, 2001, p.8 and SAR, *Regional Programs Strategy*, May 27, 2004.

objectives through collective or convergent economic policies and actions, typically involving expanded markets in goods and services.

- *Regional cooperation to facilitate implementation of national policies or programs.* This rationale recognizes that countries may choose to share knowledge, coordinate policies and programs, or combine resources to achieve economies of scale or otherwise strengthen the impact of actions that they could take on their own, such as creating awareness, building research and training capacities, designing new and effective programs.

## **Evaluation criteria and questions**

9. *Standard OED evaluation criteria* of relevance, efficacy, efficiency, and Bank performance will be used to assess the development effectiveness of each regional program reviewed. In applying these criteria to regional programs, certain issues not typically found in assessments of country programs—such as a program’s adherence to the principle of subsidiarity, governance arrangements, and distribution of benefits among participating countries—will require attention, as indicated in the evaluation questions that follow.

10. *The key evaluative questions* are:

- **Relevance.** When is a regional approach relevant?
  - To what extent are the objectives of a regional program consistent with the development priorities of the participating country and the Bank?
  - Does the program address a problem that can be handled effectively only at a regional level and does it arise out of a regional consensus on the need for collective action to address that problem?
  - To what extent does it complement and/or support national or global programs?
- **Efficacy.** How successful have programs been in achieving their objectives?
  - To what extent have the objectives of a regional program been achieved, or are they likely to be achieved?
  - To what extent has the regional program contributed to building institutional, organizational, or human resource capacities at the regional and/or country level needed to achieve and sustain program benefits?
  - To what extent are the outcomes and impacts of the regional program likely to be sustainable—i.e., resilient to risk over time?
- **Efficiency.** Has the pursuit of regional program objectives entailed an efficient use of resources?
  - To what extent have the costs of a regional program been reasonable in relation to its intended benefits?
  - How have the governance, management, and/or financing arrangements of the program contributed to or impeded the implementation of the program

- and its achievement of its stated objectives? To what extent have stakeholders with legitimate interest in the program exercised effective voice in the design, implementation, and oversight of the program?
- Has the program entailed effective monitoring and evaluation at the regional and, as appropriate, country levels?
- **Bank Performance.** How has Bank performance contributed to or impeded the success of regional programs?
    - What role has the Bank played in support of each program, and to what extent has its role reflected a clear comparative advantage (e.g., in areas such as analytic work, convening power, mobilization of resources) vis-à-vis any other partners?
    - To what extent have Bank policies, procedures, instruments, staffing, and oversight been effective in meeting the needs of the program? And, has the Bank defined an appropriate disengagement strategy for its support?
    - To what extent has the Bank established effective linkages, where needed and appropriate, between the regional program's activities and Bank country operations? What priority do regional issues receive in CAS and PRSPs?
  - **The role of participating countries.** How has the success of regional programs been affected by the capacity, commitment, and implementation actions of the participating countries?

### Evaluation methodology

11. *Six sets of analyses* will comprise the main sources of evidence for the evaluation.

- 1) A review of recent analytical and empirical literature on relevant issues, including regional development, regional public goods, and comparative donor experiences.
- 2) A review of Bank region-wide, sub-regional and sectoral strategies to assess their usefulness in guiding the Bank's support to regional programs and evaluating program effectiveness.<sup>12</sup>
- 3) Desk reviews of a purposive sample of some 24 regional programs.
- 4) Field studies of six to eight of the regional programs selected for desk reviews, based on their evaluability and the same set of criteria used for selection of the desk review sample.
- 5) Analysis of basic operational performance data for a large sample, perhaps the universe, of regional operations, including costs and cost overruns, average amounts cancelled, and implementation period relative to Bank-wide averages in

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<sup>12</sup> A distinction may be made between regional strategies that address the full range of goals and issues facing a Bank Region, and a strategy for regional programs within the Region. The latter type of strategy is of principal interest to this evaluation. But the region-wide strategy will often contain guidance of relevance to regional programs. The evaluation will therefore review both strategy variants.

order to provide a limited summary picture of how the Bank's total portfolio of regional operations is performing relative to country operations.

- 6) Assessment of the quality and relevance of the Bank's analytical and advisory services for regional trade arrangements.

12. ***A phased approach*** will be followed, as shown in Box 2. The literature review, basic performance analysis, and the desk reviews have begun. Field studies will follow. The work in the first phase will refine the selection of field studies and the evaluative questions to be asked.

13. ***The sample of programs*** to be reviewed will be drawn so as to roughly mirror the universe of all regional programs along the following four characteristics.

- 1) Program categories: regional commons and transboundary programs; regional integration programs; and regional cooperation in the implementation of national programs.
- 2) Sectors: environment, health, infrastructure, knowledge transfer, social sectors, and trade and finance.
- 3) Financing modes: regional partnerships and projects (Bank regional, multi-country lending and credits).
- 4) Number of participating countries: operations with a relatively small number of participating countries (3-4) and those with a large number (more than 4).

14. ***Evaluation evidence*** will draw mainly on completed operations. But because regional partnerships tend to be ongoing, the evaluation will also review some ongoing operations that have been implemented before FY04. Both the desk reviews and the field studies will entail reviews of project documents and files, and relevant regional strategies, CASs, CAS Reviews, CAEs, ICRs, ICR Reviews, and PPARs (audits). In addition, they will entail key informant and group interviews with Bank staff and, to the extent feasible, other relevant stakeholders. Teleconferences and video conferences will be employed where feasible.

## Annex A. Illustrative List of Bank-Supported Regional Programs

Region	Programs (FY)	Type	Total Program Cost (US\$ million)	Percent WB and/or GEF Funding
AFR	Multi-Country Demobilization and Reintegration Program (2002)	Partnership	350	43%
AFR	Abidjan-Lagos Transport Corridor (2003)	Project	16	94%
EAP/SAR	Asia Alternative Energy Program (1992)*	Partnership	3,500	31%
EAP	Lake Basin Management Initiative (2003)	Project	1.5	13%
ECA	Black Sea Partnership on the Black Sea and Danube (2000)	Partnership	95	79%
ECA	Trade and Transport Facilitation in Southeast Europe Program (2000)	Project	124	65%
LCR	Integrated Silvopastoral Approaches to Ecosystem Management (2002)	Partnership	8.5	53%
LCR	OECS Solid and Ship Generated Waste Management (1995)	Project	50.5	51%
MNA	Gender and Development (2002)	Partnership	21	17%
MNA	Mediterranean Environment Technical Assistance Program (METAP) (1990)**	Partnership	60	3%*
SAR	Bay of Bengal Large Marine Ecosystem Project (2005)	Partnership	29.2	44%

\* This is a long-standing program that has generated investments in 36 countries in two regions.

\*\* This estimate of the program cost and percent of WB and/or GEF funding is for METAP Phases I-IV and is based on recent data compiled from the Partnerships Database and the METAP website ([www.metap.org](http://www.metap.org)). Programs effective before 1995 (the Asia Alternative Energy Program and METAP) are not fully reflected in the aggregate table in Annex B.

## Annex B. Regional Programs by Category and Region

This table shows that resources committed for Regional Partnerships and Projects by the Bank's Africa Region (AFR) exceed those of the other regions combined.

<b>World Bank-Supported Regional Programs by Region and Category</b>			
<b>Category &amp; Region</b>	<b>Number of Operations</b>	<b>Total Amount (US\$ million)</b>	<b>Average Amount (US\$ million)</b>
<b>Regional Partnerships (Through 2004)</b>			
AFR	28	307.2	11.0
EAP	4	2.1	0.5
ECA	4	2.0	0.5
LCR	15	20.0	1.3
MNA	9	15.6	1.7
SAR	2	10.0	5.0
Total	62	356.9	5.8*
<b>Regional Project Loans and Credits (1995-2005)</b>			
AFR	20	534.9	26.7
EAP	2	9.6	4.8
ECA	4	222.1	55.5
LCR	31	148.3	4.8
MNA	---	---	---
SAR	---	---	---
Total	57	914.9	16.1*
<b>Regional Analytical and Advisory Services (2001-2005)**</b>			
AFR	1,110	96.7	0.1
EAP	361	24.1	0.1
ECA	659	43.9	0.1
LCR	629	37.2	0.1
MNA	247	17.4	0.1
SAR	161	10.4	0.1
Total	3167	229.7	0.1*

Main sources: World Bank, Partnerships Data Base (PATs), and Business Warehouse.

\*Total amount divided by total number of operations.

\*\*Analytical and Advisory Services includes: Economic and Sector Work, technical assistance, external (as opposed to World Bank staff) training, external knowledge management, and research.