



IDA15 MID-TERM REVIEW

IDA15 Mid-Term Review of the IDA Regional Program

International Development Association
IDA Resource Mobilization Department (CFPIR)

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ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activities
AAP	African Action Plan
ACBF	African Capacity Building Foundation
AFR	Africa Region
AfDB	African Development Bank
AICD	Africa Infrastructure Country Diagnostic
AFCRI	Africa Regional Integration Department
AFD	Agence française de développement
AU	African Union
APL	Adaptable Program Lending
BEAC	Banque des États de l'Afrique Centrale (<i>Central Bank of the West African States</i>)
BDEAC	Central African States Development Bank
BOAD	Banque Ouest Africaine de Développement (<i>West African Development Bank</i>)
CAS	Country Assistance Strategy
CDB	Caribbean Development Bank
CEMAC	Central African Economic and Monetary Union
CEN-SAD	Community of Sahel-Saharan States
CMU	Country Management Unit
COMESA	Common Market for Eastern and Southern Africa
DfID	Department for International Development
EAC	East African Community
EAPP	East Africa Power Pool
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECA	Europe and Central Asia
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EGRIP	E-Government for Regional Integration Program
EIB	European Investment Bank
EU	Economic Union
ESMAP	Energy Sector Management Assistance Program
FAO	Food and Agricultural Organization of the United Nations
FICCI	Federation of Indian Chambers of Commerce and Industry
GDLN	Global Development Learning Network
GEF	Global Environment Facility
ICA	Infrastructure Consortium for Africa
ICT	Information and Communications Technology
ICRIER	Indian Council for Research on International Economic Relations
IDA	International Development Association
IDF	Institutional Development Fund
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IGAD	Inter-Governmental Authority on Development
ISR	Implementation Status and Results Report
ITU	International Telecommunication Union
KfW	Kreditanstalt für Wiederaufbau
LUMS	Lahore University of Management Sciences
MIP	Minimum Integration Platform
NEPAD	New Partnership for Africa's Development
OAS	Organization of American States

ABBREVIATIONS AND ACRONYMS (Cont'd)

OECS	Organization of Eastern Caribbean States
OMVS	Senegal River Basin Organization
PDO	Project Development Objective
PPIAF	Public-Private Infrastructure Advisory Facility
QAG	Quality Assurance Group
RCIP	Regional Communications Infrastructure Program
REC	Regional Economic Community
RIS	Road Information System
RIAS	Regional Integration Strategy for Sub-Saharan Africa
SADC	Southern Africa Development Community
SAPP	Southern Africa Power Pool
SAARC	South Asian Association for Regional Cooperation
SACEPS	South Asia Center for Policy Studies
SDR	Standard Drawing Rights
SIDA	Swedish International Development Cooperation Agency
UMA	Arab Magreb Union
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WAEMU	West African Economic and Monetary Union
WATTF	West Africa Transport and Transit Facilitation Project
WAPP	West Africa Power Pool
WAEMU	West Africa Economic and Monetary Union
WBG	World Bank Group
WTO	World Trade Organization

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IDA15 Mid-Term Review of the IDA Regional Program

EXECUTIVE SUMMARY

- i. **Since its inception on a pilot basis in IDA13, IDA's Regional Program portfolio has increased substantially, reaching about US\$3 billion.** The Program has been scaled up from US\$435 million in IDA13 to US\$1.8 billion during IDA14. In the course of IDA15 seven new regional projects and two additional financing operations have been approved for US\$713 million. Demand for regional projects remains strong in the Africa region and is growing in other regions and expected to remain strong beyond the IDA15 period. Projects financed by the IDA regional program have attracted US\$1.65 billion in co-financing and parallel financing from other multilateral institutions (such as the African Development Bank, the European Commission, and the European Investment Bank) and from bilateral donors.
- ii. **The selection criteria (e.g., involvement of three or more countries; generating cross-boundary benefits; and clear evidence of country or regional ownership) provide a useful framework for prioritizing proposals.** Further, the rule introduced at the outset of IDA15 that no more than 20 percent of a country's national envelope need be applied to any one regional project, which has been invoked in only one operation so far, is expected to facilitate the participation of countries with small IDA allocations in several regional projects planned for later in IDA15.
- iii. **The Regional Program will make a substantial contribution to reducing the "missing links" in Africa's regional infrastructure network.** It is estimated that by the end of IDA15, IDA, together with other donors, will be involved in interventions that support approximately 10,000 km of roads, 9,000 km of transmission lines, and 6,000 km of information and communications technology (ICT) links. Initial noteworthy results of on-going regional projects include: reduced transit times in corridors (e.g., Mombasa-Kampala), reduced cost of telecommunications (e.g., Kenya), increased efficiency of the Government services (e.g., OECS) and improved management of trans-boundary water resources (e.g., Senegal River Basin).
- iv. **Following-up on the recommendations at the IDA14 Mid-Term Review (MTR) and the 2007 IEG report, Management has implemented several actions to address challenges facing the implementation of regional projects.** These include: improving strategic alignment of projects with regional strategies and CASs; strengthening management oversight and operational support in legal, procurement and financial matters; improving projects' results-orientation and analytical underpinnings; and building the institutional capacity of regional institutions. While progress has been made in these areas, important weaknesses remain.
- v. **The quality of the regional portfolio is uneven, reflecting the complexity of multi-country projects, particularly in the power sector.** As of the end of September 2009, 8 of the 35 regional projects (23 percent) were classified as problem projects, of which 7 are in Africa. Among the key reasons for weak portfolio performance is slower than expected rate of disbursement. Disbursement rates vary across sectors, however, infrastructure projects (particularly in the power sector, which constitute 39 percent of the overall portfolio) tend to disburse more slowly in their early years than other types of projects as they require a longer lead-in time. The regional projects have on average disbursed 12 percent of total commitments, compared with 21 percent for non-regional projects from the same sectors.

vi. **Despite slow implementation of some projects, an in-depth Africa portfolio review conducted in August 2009 found that most of regional projects are likely to achieve their development objectives; although some may require lengthening their implementation period.**

Among the underlying reasons for this positive outlook of the AFR regional programs are: strong strategic regional relevance and reasonably good “quality at entry.” In addition to strengthening oversight, Management has significantly increased resources for implementation support and supervision of regional projects, particularly those classified as “problem projects”. Going forward, considerable weight will be given to improving the quality of regional portfolio, especially in power sector projects, by focusing on readiness for implementation, quality of implementing institutions, design simplicity and management oversight.

vii. **Given the importance of the regional institutions for successful implementation of regional projects, it is proposed that IDA expands, on a pilot basis, grant financing to regional entities.** The funds would support the preparation or implementation of regional operations and capacity building of regional entities. The proposed grants provided directly to the regional organizations would be subject to the same supervision, reporting, fiduciary, and evaluation rules as other IDA grants and credits. The grant funds would come from the existing IDA15 envelope for regional operations and would not exceed 10 percent of the remaining funds in that envelope. The proposed eligibility criteria are provided for Deputies’ endorsement.

INTRODUCTION

1. This paper responds to a request from the IDA Deputies that Bank Management report on implementation progress of IDA's Regional Pilot Program at the IDA15 Mid-Term Review.¹ The paper provides an overview of the program, reviews implementation progress, highlights lessons learned and issues emerging from the review of the program portfolio.

2. The paper is structured in six sections. The first two sections discuss the concrete benefits that regional approach can bring to developing countries and elaborate on growing support for the regional solutions. Section III describes the portfolio quality of the regional projects, followed by section IV which describes emerging results from the regional projects. The final two sections elaborate on the implementation experience and lessons learned.

I. BENEFITS OF REGIONAL INTEGRATION

3. **The 2009 World Development Report on economic geography emphasized that the most effective policies for promoting long-term growth are those that facilitate geographic concentration and economic integration.**² There are three main benefits from taking a regional approach to development opportunities:³ (i) reaping economies of scale or other efficiencies by acting collectively in the pursuit of common national objectives; (ii) integrated or harmonized treatment of trans-boundary issues; and (iii) management of shared natural resources. Examples illustrating potential benefits achieved by countries participating in a regional approach are numerous, especially in Africa and in South Asia, where many countries are land-locked and/or do not have the necessary economies of scale to undertake large investments in major infrastructure:

- (i) The potential savings of regional power trade in Africa alone could amount to around US\$2 billion a year in the costs of power system development and operation. The potential benefits are significant as cross-border power trade in Africa is still in its early stages (accounting for only 16 percent of the region's power consumption). Regional trade can also result in a cleaner development path in terms of reduced carbon emissions by locating generation in countries with large hydro potential and exporting to neighboring countries rather than developing separate and less efficient national systems; in Africa it would raise the share of hydropower in the continent's generation portfolio from 36 percent to 48 percent, potentially saving 70 million tons a year of carbon emissions.⁴
- (ii) South Asian countries have poor inter-connectivity and poor trade logistics due to lack of cooperation that raises transaction costs for trade and transit. Additionally, intra-regional investment flows are heavily restricted by policy constraints. If restrictions on trading between neighboring countries were removed, intra-regional trade in South Asia could increase fourfold (from the current levels of US\$5 to US\$20 billion).

¹ Additions to IDA Resources: Fifteenth Replenishment, p. 21. For a previous review of the program see "IDA14 Mid-Term Review of the IDA Pilot Program for Regional Projects," November 2006.

² World Bank. 2009. "2009 World Development Report: Reshaping Economic Geography".

³ IEG. 2007. "The Development Potential of Regional Programs: An Evaluation of World Bank Support of Multi-country Operations", pp. 17-18.

⁴ Africa Infrastructure Country Diagnostic Flagship (AICD) Report, 2009.

- (iii) Only about 4 percent of Africa's population has access to the internet, compared to the world average of 22 percent.⁵ In addition, where access is available, it can cost up to ten times more than on other continents, because most African countries still rely on expensive satellite links - rather than broadband. To bridge Africa's connectivity gaps a regional approach is vital as it would provide inland countries access to the submarine fiber-optic cables that encircle the continent. Public financing is needed where overland connections are not commercially viable. A regional approach is essential, because contiguous countries (particularly land-locked countries) need to co-ordinate and link their connections to reach the undersea cables. Additionally, harmonizing and streamlining regulatory and commercial arrangements at the regional level is necessary.
- (iv) Regional integration is particularly important for *land-locked countries* since their economic potential is inherently linked to the interests and conditions of their surrounding neighbors. Typically, a land-locked country in Africa has 50 percent higher transport costs and 60 percent lower trade volumes than a typical coastal economy.⁶ High costs and unreliability of *Africa's transport corridors* are caused not only by the poor physical condition of roads, railways and ports, but also by inefficient customs and port clearance practices resulting in transporting freight across borders being a long, inefficient and uncertain process.⁷ Even though most countries belong to sub-regional trade agreements and customs unions, provisions for free movement of goods have in many cases been inconsistently or incompletely implemented.
- (v) Effective *management of water resources* requires regional collaboration and the benefits of cooperation would be immense. Africa is home to more than 60 trans-boundary river basins, almost half of which are shared by three or more countries requiring regional cooperation for effective management. Similarly, cross-border cooperation on water between India, Bangladesh and Nepal offers the only long-term solution to flood mitigation, and would benefit over 400 million people. When well managed, water resources offer potential for generation of low-cost hydropower, expansion of irrigation and transport, and sustainable fisheries. On the other hand, where water is poorly managed, hydrologic variability and limited storage leave economies vulnerable to floods and droughts, while pollution, erosion and overfishing reduce agricultural productivity, destroy critical habitats and allow the spread of disease and contamination of drinking water.

II. GROWING SUPPORT FOR REGIONAL SOLUTIONS

4. **Since the start of the IDA Regional Pilot Program in 2003, the enabling environment for market integration has improved and the framework for regional cooperation has significantly evolved.** Among the key reasons are: (i) increased political support among countries for regional integration; and (ii) growing private sector demand for regional trade. As a result of heightened interest, governments, regional institutions and donors intensified their efforts in building a common strategic framework underpinned by analytical work. Financial resources from development partners as well as private sector have been systematically increasing to support this positive trend.

Growing political support among countries

5. **Africa's leaders have identified regional integration as being among their highest priorities.** The African Union (AU) and the New Partnership for Africa's Development (NEPAD) are encouraging the continent's Regional Economic Communities (RECs) to pursue the creation of unified regional

⁵ Source: Information Communications and Technology (ICT) Development in Sub-Saharan Africa.

⁶ World Bank. 2009. Transport Prices and Costs in Africa: A Review of the Main International Corridors.

⁷ Ibid.

economic spaces open to the rest of the world as stepping stones toward a wider African economic space. For example, in October 2008 EAC, COMESA and SADC signed a tripartite agreement for the harmonization of trade protocol, joint implementation of intra-regional infrastructure and increased integration of institutional arrangements. However, overall progress has been slower than expected, with significant disconnects between stated regional priorities and national policies, and variable follow-through on regional commitments.

6. **In South Asia, regional integration agenda is gaining momentum.** The last two South Asian Association for Regional Cooperation (SAARC) Heads of State meetings have succeeded in bringing the South Asian countries much closer in recognizing the merits of market integration and regional cooperation and taking significant actions to realize these benefits. The Fourteenth SAARC Delhi Declaration of April 2007 emphasizes the need for cooperation on a broad range of areas including better connectivity, trade, integrated multi-modal transport system, energy, water supply, information technology, environmental management, natural disasters, infectious diseases, security and governance. It also calls for a move from “declaratory to implementation phase”.

7. **The Organization of Eastern Caribbean States (OECS)⁸ established more than 25 years ago (in 1981) has recently accelerated its drive to deepen and strengthen its integration** through the creation of an Economic Union, a single financial and economic space, in 2001. Drafting of the Economic Union Treaty, which concentrates on four sectors - tourism, agriculture, manufacturing/processing, and information and communications technology - and national consultations concerning the draft Treaty are still ongoing and expected to be finalized in the second half of 2010.

Defining the framework for collaboration with partners

8. **The Infrastructure Consortium for Africa (ICA), launched at the G8 Gleneagles Summit in 2005, is an example of a partnership between bilateral donors, multilateral agencies and African institutions focused on scale-up financing for African infrastructure projects.** Financial support for regional projects by ICA members grew from about US\$430 million in 2005 to US\$2.8 billion in 2007.⁹ In response to the global financial crisis in May 2009, the World Bank, the African Development Bank (AfDB) and the European Commission (EC) issued a joint statement indicating shared support for Africa’s infrastructure development as a means of mitigating the impact of the economic crisis. The three institutions announced intentions to jointly scale up support for development of regional infrastructure and maintenance of existing assets, encouraging other partners to do the same under the common framework of ICA.

⁸ The OECS is made up of Antigua-Barbuda, Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, Montserrat, St. Kitts-Nevis and the British Virgin Islands.

⁹ AICD Report, 2009.

9. **Defining a common strategic framework underpinned by strong analytical work can be a powerful tool in supporting regional collaboration and the WBG is playing an important role in this area.** In April 2008, a first Regional Integration Strategy for Sub Saharan Africa (RIAS) was launched after extensive consultation with African stakeholders and discussion by the Board of Executive Directors. RIAS provides a coherent framework to guide the World Bank's assistance in support of regional integration in Africa and regional programs during FY09-11. Reflecting the priorities of the Bank's Africa Action Plan (AAP), it builds on the early experiences with the IDA Regional Program. It distills key elements of current thinking about the economics of integration into three pillars of support (Box 1). It also includes a regional integration results framework in response to a recommendation of the 2007 IEG evaluation on regional programs.¹⁰ Finally, the RIAS is fully reflected in the recent progress report on the AAP,¹¹ which reinforces the Bank's commitment to intensify efforts to deploy regional solutions and support for effective regional bodies.

Box 1: The Africa RIAS' three pillars of support

1. Regional Infrastructure

- Trade corridors and transport networks
- Cross-border power trade and clean energy development
- Telecommunications connectivity

2. Institutional Cooperation for Economic Integration

- Fostering trade and customs integration
- Improving the business environment
- Regional financial markets
- Regional dimensions of governance and financial management

3. Coordinated Interventions to provide Regional Public Goods

- Shared water resources
- Agricultural productivity
- Cross-border disease control and preparedness
- Regional rationalization of research and tertiary education

Source: RIAS 2008

10. **In 2009 the Bank produced the Africa Infrastructure Country Diagnostic (AICD) study with funding and support from a number of bilateral and multilateral donors.**¹² The study offers a first of its kind, comprehensive assessment of the continent's infrastructure deficit – demonstrating both the vast scale of the challenge and offering an empirical basis against which to prioritize interventions and measure progress. Preparation of the report required extensive consultations with African stakeholders, particularly policy makers in various sectors, to reach a consensus on next steps in preparing, mobilizing finance for, and implementing regional infrastructure projects.

III. OVERVIEW OF THE IDA REGIONAL PORTFOLIO

3.1 Basic Objectives and Guidelines

11. **The Regional Pilot Program, launched in 2003,¹³ was extended during IDA14 and IDA15 with a greater focus on Africa and in close partnership with many donors promoting regional collaboration.** The IDA Regional Program has been scaled up from SDR 304 million (US\$435 million equivalent) in IDA13 to over SDR 1.2 billion (US\$1.8 billion) during IDA14. So far, during IDA15, SDR 466 million (US\$713 million) of IDA resources have been committed and the pipeline for the remaining two years of IDA15 and beyond is strong (Annex 2 and 3 for project list). The program aims to

¹⁰ IEG. 2007.

¹¹ "Enhancing Growth and Reducing Poverty in a Volatile World - A Progress Report on the Africa Action Plan" SecM2009-0436;IDA/SecM2009-0496.

¹² For example, African Development Bank, African Union, Agence Française de Développement, European Union, New Economic Partnership for Africa's Development, Public-Private Infrastructure Advisory Facility, and the U.K. Department for International Development.

¹³ IDA Regional Pilot Program was initiated with the Board paper, "Pilot Program for Regional Projects," IDA/SecM2003-0532/1, October 24, 2003.

help countries reap the benefits of regional integration by: managing externalities inherent in many sectors; achieving economies of scale in regional infrastructure, product and factor markets, and policy reforms (economic, legal, and regulatory); and overcoming the disadvantages of land-locked economies. The projects approved under the framework of the Regional Program are strategically aligned with these objectives. The key features of IDA's regional program are summarized below in Box 2 and fully described in Annex 1.

Box 2: IDA Regional Program at a Glance

Funding

- **IDA13 (pilot stage):** 7 projects approved, SDR 226 million (US\$324 million equivalent) regional IDA committed, complemented by SDR 78 (US\$111 million) from country allocations.
- **IDA 14:** 21 projects approved, SDR 701 million (US\$1.1 billion) regional IDA committed, complemented by SDR 526 million (US\$794 million) from country allocations.
- **IDA 15:** SDR 1.2 billion available for IDA Regional Program. As of September 24, 2009, 7 new projects and 2 additional financing operations approved, SDR 289 million (US\$443 million) regional IDA committed, complemented by SDR 177 million (US\$270 million) from country IDA allocations.

Project Eligibility

- Involves three or more participating countries.
- Generates benefits that spill over country boundaries.
- Shows clear evidence of country or regional ownership and commitment.

Financing Terms

- Terms - IDA credit or IDA grant based on borrower's status in the IDA15 grant allocation framework.
- Project cost is funded 2/3 from the regional fund and 1/3 from the country envelope of each participating country.
- Contribution from the national IDA envelope to any one project is capped at a maximum of 20 percent of the country's annual IDA allocation for countries with small allocations.

12. **Projects that meet the program eligibility criteria receive IDA regional funding in addition to resources allocated through the regular IDA performance-based allocation system.**¹⁴ Financing provided from the IDA regional program is required to be complemented by funding from each participating country's national IDA allocation. In general, one-third of the IDA financing for each eligible regional project is taken from the country's IDA allocation and two-third from the regional envelope.¹⁵ This requirement helps to demonstrate client country commitment to the regional program, and helps to leverage the regional program funds.

13. **To ensure that countries with small IDA allocations are able to participate in regional programs, starting from IDA15, their contributions to regional projects have been capped at 20 percent of their annual IDA allocation.** Thus far only one country, Central African Republic, has benefitted from the cap, under the Central Africa Backbone APL1a project.¹⁶ Several other regional projects under preparation could potentially invoke this ceiling for several countries including Benin, Chad, Togo, Sierra Leone, Guyana, Grenada and Dominica. As a result approximately US\$50 million

¹⁴ For eligibility criteria see Annex 1. Since the demand for IDA's regional program funding greatly exceeds the supply of funds (especially in Africa) the Africa Region has established additional criteria for assessing the projects proposed for regional financing (see Table 1 in Annex 1).

¹⁵ Regional financing is only available to project components that meet relevant criteria. All other components for which the benefits are strictly national in nature must be financed from the national IDA envelope.

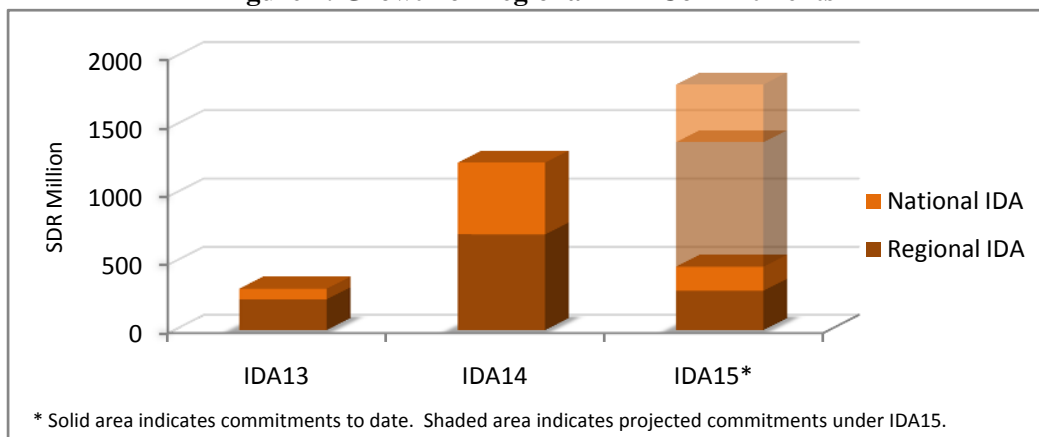
¹⁶ The contribution from the Central African Republic country IDA envelope was capped at SDR 1.36 million compared to a SDR 1.6 million which would have been required under the standard 1/3:2/3 formula.

could be financed from the regional program instead of from these countries' respective national allocations in IDA15.

3.2 Regional and Sectoral Distribution of Projects

14. **Since the start of the IDA regional program, close to SDR 2.0 billion (US\$3.0 billion) has been committed,** of which 61 percent (SDR 1.22 billion or US\$1.82 billion) came from regional funds complemented by SDR 781 million (US\$1.18 billion) from the national allocations of the participating countries (Figure 1). There are 35 regional projects under implementation and no project has yet closed. Of the total commitments, 94 percent has gone to 26 operations in the Africa region (Figure 2). Other regions have absorbed 6 percent of the commitments though 9 projects. All the projects approved so far in IDA15 have been in the Africa region. A detailed table of commitments is presented in Annex 2, while Annex 3 provides an indicative list of projects in the pipeline for IDA15 and beyond.¹⁷

Figure 1: Growth of Regional IDA Commitments



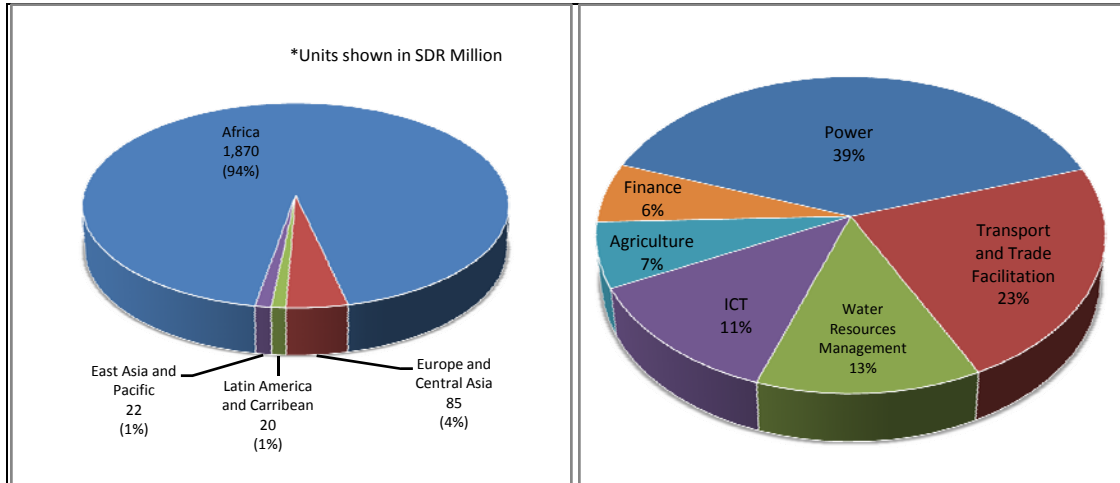
15. A total of 40 IDA borrowing countries have participated in at least one IDA regional project. Ten of Africa's 15 land-locked countries have participated in one or more regional projects; Mali is involved in nine (the most of any country), Burkina Faso in 5 and Niger in 4. Thirty-nine percent of the IDA commitments to date have gone to the 12 projects in the power subsector (see Figure 2) with transport, water resources management, and information and communications technology (ICT) being the other dominant sectors.

16. Of the 35 approved operations, 23 use the Adaptable Program Lending (APL) instrument and most of the pipeline projects are also structured as APLs. The APL is well suited to funding regional projects, because it allows a program to commence in a few countries and expand to additional countries as they become ready and to break down ambitious and complicated projects into smaller and more manageable phases. Five of the regional APL programs have moved to a third phase or beyond.¹⁸

¹⁷ Projects which received additional financing are counted as one project, though listed as separate entries.

¹⁸ For example, the Regional Communications Infrastructure Program (RCIP) began with Burundi, Kenya and Madagascar and has expanded in later APL phases to cover Rwanda and most recently Malawi, Mozambique and Tanzania.

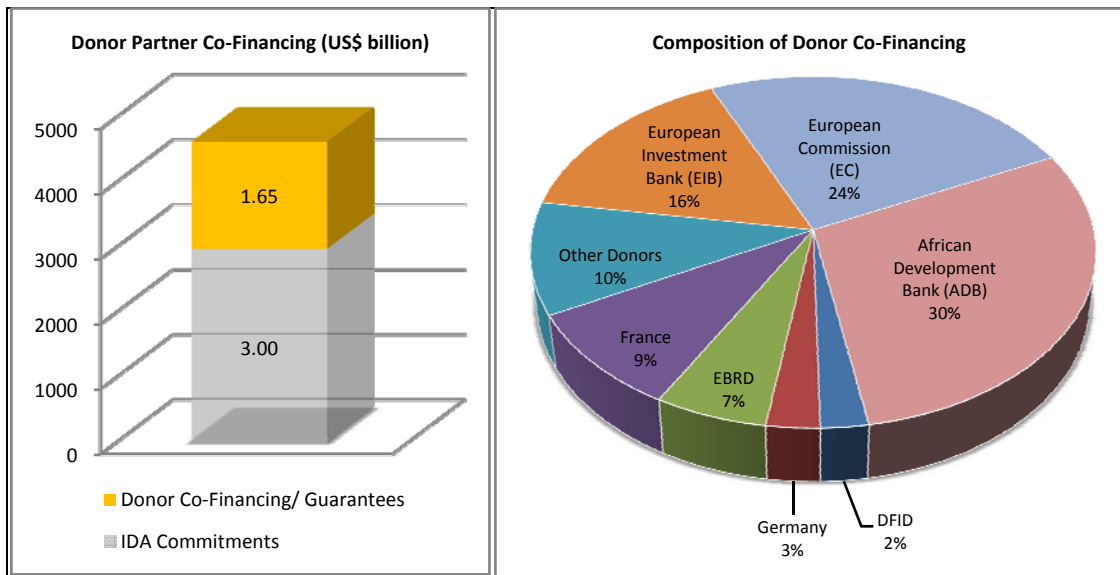
Figure 2: Regional and sectoral breakdown of IDA regional commitments to date



3.3 Partnerships and Donor Co-financing

17. **The regional program has been a vehicle for strengthening partnerships with other donors with the majority of the IDA regional projects having at least one co-financier.** A total of over US\$1.65 billion in co-financing and parallel financing has been committed from other donors (Figure 3). The major partners, in terms of resources, are the AfDB, EC and the European Investment Bank (EIB). Several bilateral donors have also become involved in project finance, supplementing their sustained support for capacity building in regional entities. Prospects for deepening strategic collaboration with donor partners and leveraging additional resources are discussed in section 5.2.

Figure 3: Donor Partner Co-financing (as of 24 September,



IV. REVIEW OF REGIONAL PROJECTS AND EMERGING RESULTS

18. **The short implementation period of the pilot program makes it difficult to measure its development effectiveness at this time. However, some projects have already demonstrated early impact and they are expected, in the medium- to long-term, to bring the benefits of regional integration to the participating countries.** The Regional Program will make a substantial contribution to reducing the “missing links” in Africa’s regional infrastructure network. According to AICD, by the end of IDA15, IDA, together with other donors, will be involved in interventions that support approximately 10,000 km of roads, 9,000 km of transmission lines, and 6,000 km of ICT links. Among the noteworthy initial results are reduced transit times in corridors, improved port efficiency, reduced cost of telecommunications, improved management of trans-boundary water resources, and increased agricultural productivity as described in Box 3.

Box 3: Examples of results from regional projects in Africa

East Africa Trade and Transport Facilitation Project - Transit time between Mombasa and Kampala has been reduced from 15 to 5 days; dwell time at the port of Mombasa has decreased from 19 to 14 days; and customs clearance times for transit goods (whose information is pre-logged at port of entry) has been reduced at the Malaba border crossing between Kenya and Uganda from 3 days to 3 hours.

Regional Trade Facilitation Project - The African Trade Insurance Agency has mitigated political and commercial risk by insuring US\$2.0 billion in investment and trade transactions since 2005; this new, African-owned institution has earned cumulative gross written premium of US\$5.6 million and attained an “A” rating from Standard and Poor’s.

Regional Communications Infrastructure Project - Cost of connectivity in Kenya dropped from US\$3,000/Mb in 2008 to US\$500-US\$700/Mb in 2009, following the arrival of the submarine cables and increased traffic volumes under project.

West Africa Agricultural Productivity Project - Common regulations for the registration of genetic materials and pesticides have been adopted by ECOWAS; Senegal is disseminating a new technology that allows for the addition of 15 percent local cereal flour in bread production, which has resulted in a 30 percent reduction in the price of bread; Mali has released improved fodder seeds in response to a shortage of cotton seed cake among livestock farms; Senegal has released 20 improved varieties of maize, sorghum and millet; and the West and Central African Council for Agricultural Research and Development is disseminating these new technologies in the sub-region.

Senegal River Basin Multi-Purpose Water Resources Development - The Senegal River Basin Authority has been strengthened to support Guinea, Mali, Mauritania and Senegal to jointly assess planned investments and ensure optimal development of infrastructure and institutions.

Africa Emergency Locust Project – A locust early warning and response system has been established, and locust warnings were issued in 2006 and 2008, with the outbreaks quickly mitigated preventing risk to food security in the sub-region. Pesticide management systems have improved and now meet international safety standards.

4.1 Reaping Economies of Scale Through Power Pools

19. **IDA's regional program in the power sector is an example of how neighboring countries can benefit from the economies of scale by sharing investment costs and electricity produced.** The IDA Regional Program focuses strongly on the development of power pools as a way of improving access to cheap and reliable electricity through increasing generation capacity where it is most efficient, promoting electricity trade through interconnection of national grids and management of regional power markets and deepening national sector reforms to improve management and efficiency of national utilities.

20. The desire to pool energy resources and leverage scale economies has led to the formation of regional power pools in Southern, West, East, and Central Africa (Box 4).¹⁹ IDA's support for regional power pools in Africa consists of seven projects already approved (Annex 2 and the map in Annex 4) and several more projects are under preparation (Annex 3). In East Asia, an IDA regional operation aims to carry affordable grid-based electricity from Lao PDR and Vietnam to Cambodia, which should decrease the costs of electricity making them more affordable to poor rural households. In South East Europe a series of IDA operations have been supporting several countries in the region since 2005 in establishing a regional electricity market. The overall program benefitted from extensive collaboration as shown in Box 4.

¹⁹ An IDA project supporting East Africa Power Pool including Kenya, Uganda and Ethiopia is currently under preparation.

Box 4: Examples of IDA regional power sector projects

The largest IDA-supported regional program in Africa, the Southern Africa Power Market helps exploit hydropower's potential at an efficient scale. Hydroelectric power is a cost-effective source of energy, but its sources - such as Inga Falls located in Democratic Republic of Congo - are usually far from where the electric power is needed, often in countries unable to finance their development alone. Since 2004 IDA has been supporting the Southern Africa Power Market Program, which will make it possible in the future to produce and distribute vast amounts of clean, efficient hydroelectric power from the mighty Inga Falls on the Congo River (map in Annex 4) to the Southern Africa Power Pool (SAPP), which comprises 12 countries. Three projects with IDA regional financing are already under way, and a fourth one is planned to be prepared during IDA15. The first project has already helped the SAPP organization build its capacity to manage the electricity trading scheme. Work on the first project's main physical component - rehabilitating the high voltage transmission line from Inga Falls to the Zambia border - is expected to start in January 2010.

The West Africa Power Pool (WAPP), a multi-donor program aiming to interconnect national power grids and create a unified electricity market among the ECOWAS member states commenced in 2004. IDA is currently supporting several investments under the WAPP master plan including the construction of the Felou Hydroelectric dam in Mali, supplying electricity to Mali, Senegal and eventually the wider WAPP and construction of a power transmission backbone interconnecting 5 coastal countries. Support for the interconnection of six additional WAPP countries is under preparation (Annex 2 and 3 for details). Implementation of current components has been slower than expected due to procurement delays. However, outstanding procurement issues have now largely been resolved and additional financing has been approved for Felou with implementation and disbursement expected to accelerate accordingly. Supply, reliability and price of electricity is expected to improve greatly across the region as costly emergency thermal generation at the national level can be replaced by clean, reliable and lower cost hydropower.

Since 2005 the Bank has been supporting the Energy Community of South East Europe Program to assist the countries in South East Europe meet the growing demand and emerging electricity supply shortages by establishing a regional electricity market. Under the EC stewardship, the countries signed a memorandum of understanding called the "Athens Memorandum" that was later converted into a Treaty called the Energy Community Treaty and expanded to include the gas sector. Several donors, including USAID, CIDA, DFID, and EC provided technical assistance, while financial institutions such as EBRD, EIB, KfW and the WBG financed priority investments (e.g., regional interconnection, rehabilitation and upgrading of power generation plants, and strengthening of transmission networks). The Bank also mobilized PPIAF and ESMAP funds for the market design. To date, several countries have established independent transmission system operators - an important step towards creation of a competitive electricity market, started liberalizing their domestic electricity market, established energy traders, started reducing cross-subsidies, and one country has established an independent market operator.

Since 2007 IDA supported the Greater Mekong Sub-region (GMS) Power Trade Program that helps exploit hydropower potential to replace diesel-based electricity generation in East Asia. Lao PDR is exceptionally well endowed with water resources - with 23,000MW of exploitable potential hydropower - which can be exported to Thailand, and Cambodia. The Project supports cross-border 115kV transmission lines and substation, feasibility study of one potential hydropower site in Lao PDR and capacity building in the power sectors of Laos and Cambodia to prepare them for participation in the power trading in the GMS. The project will help in replacing diesel generation in Cambodia by renewable energy, which will in turn reduce greenhouse gas emissions. It will also help in enhancing the regional power trade within the GMS countries, which should lead to reduced cost of generation in Cambodia (from US\$50-60 cents/kWh to US\$7-8 cents/kWh) making electricity affordable for the poor rural households. Implementation of the project has been slower than expected due to procurement delays. To date, almost 680 MW of hydropower generation capacity has been installed (about 3 percent of exploitable potential).

4.2 Integrated Treatment of Trans-Boundary Issues

Connecting IDA countries to the global broadband internet

21. **Regional approaches are enabling African countries to connect to global communications networks and reducing costs.** IDA is working closely with regional organizations in the development and implementation of the Broadband Connectivity Programs in all parts of Africa. Coordination at the regional level is important as it allows seamless connectivity, harmonized policy frameworks, increased scale economies and critical mass region-wide traffic demand stimulation along with guarantees of 'open

access' to foster competition between operators - all critical to reducing cost and expanding access to ICT services. Improved connectivity will not only spur economic growth but also support efficiency gains in government processes.

22. **The IDA-supported Regional Communications Infrastructure Program (RCIP),²⁰ helps countries in Eastern and Southern Africa²¹ connect to the global network of submarine cables that carry optical fiber** (map in Annex 4). The RCIP program is expected to contribute to already decreasing cost of connectivity and rapidly increasing teledensity in the region. In Kenya, for example, the cost of connectivity dropped from US\$3,000/Mb in 2008 (prior to arrival of the submarine cables) to US\$500-\$700/Mb in 2009 (after arrival of the submarine cables) and the number of mobile subscribers close to doubled between 2007 and 2008. As the RCIP program is fully implemented, significant growth in private sector investment in the telecom sector is expected, which will lead to increased mobile and fixed line penetration, improved connectivity, and reduced prices.

23. **Another example of innovative application of ICT technology is the 2008 project supporting the E-Government for Regional Integration Program (EGRIP) for the Organization of Eastern Caribbean (OECS) states.** The project is focused on promoting the use of regional solutions as a way to meet the development challenges of small states. It contributes to improving the business environment in the OECS, which in turn would enhance the ease of enforcing contracts, filing and paying taxes, and trading across borders. It also helps to improve the overall quality and timeliness of the information produced by the various public sector ministries and agencies, thus creating an environment conducive to improved governance and public oversight. The project is closely coordinated with donor activities in the region, notably the EU e-government programs and budget support assistance, program funded by the Canadian International Development Agency, as well as other programs being supported by the Caribbean Development Bank, Organization of American States, UNDP, Caribbean Regional Technical Assistance Centre and Caribbean Center for Development Administration.

Accelerating trade across boundaries

24. **Transport and trade facilitation projects account for almost one-quarter of IDA regional funding approved to date and cover many countries across the African continent.**²² The IDA-financed regional transport projects combine physical investments for highways, rail, ports and border-crossing facilities with trade facilitation activities that will accelerate the implementation of customs unions, harmonize customs procedures, improve trade logistics and deal with other non-tariff barriers. All the transport projects are aligned with the highest priorities of NEPAD, RECs, RIAs, and the governments of each country. The monitorable results of these projects are formulated as reductions in freight transit times on key routes -- for example, a 30 percent reduction of travel time on the Mombasa-Nairobi corridor, a halving of travel time from Mombasa to Kigali, and a 20 percent reduction transit times for containers from the port of Tema in Ghana to land-locked Burkina Faso and Mali.

25. **Strengthening regional financial markets and regulatory institutions to expand public and private financing for development in a transparent and competitive manner is becoming increasingly important for accelerating growth in IDA countries.** The West Africa Economic and Monetary Union (WAEMU) Capital Markets Development and the Central African Economic and Monetary Union (CEMAC) Regional Institutions Support projects seek to enlarge markets and mobilize public and private investment financing through establishment of common capital market regulations and

²⁰ Eastern African Submarine System (EASSy), co-financed by IFC, AFD, AfDB, EIB, and KfW.

²¹ These include Burundi, Kenya, Madagascar, Rwanda, Malawi, Mozambique and Tanzania.

²² The map in Annex 4 indicates all the road and rail corridors, border posts and airports benefiting from program support.

better management/governance of regional cross-border financial institutions, including banks, stock markets and regulatory bodies. The West African Development Bank (Banque Ouest-Africaine de développement - BOAD) is leveraging the IDA line of credit made available under the WAEMU capital markets project to fund joint infrastructure investments with AfDB under the West Africa Trade and Transit Facilitation Project.²³ The CEMAC project is too young to measure results at this stage but it is expected that financing of regional projects (primarily infrastructure) by the Central African States Development Bank (Banque des états de l'Afrique centrale - BEAC) will grow from CFA 8.2 billion in 2007 to CFA 15 billion per year by 2012.

Combating trans-boundary pests

26. **One of the first IDA regional projects - the 2004 Africa Emergency Locust Project, co-financed with the European Union, the African Union and a number of bilateral donors – was prepared in response to a locust infestation that threatened the agriculture productivity and could have triggered famine in a region where many people are subsistence farmers and governments lack the means to fight the pests.** Cooperation and coordination between the seven affected countries²⁴ was critical to the program's success - ensuring that no countries were left out of the treatment program that in turn could provide a staging ground for re-infestation of the treated areas. Over the long term, the program has focused on reducing the vulnerability to future infestations through establishment of regional early warning and surveillance systems and development of regional mitigation strategies. After warning by the FAO of an impending locust infestation in Mauritania in November of 2008, a treatment program was quickly initiated and a major locust outbreak avoided.²⁵

Improving agricultural productivity and encouraging innovation

27. **IDA is also supporting programs aimed at capturing economies of scale in agricultural research and development.** Regional agricultural productivity programs are under implementation in both West and East Africa, aiming to encourage regional specialization in agricultural research through the establishment of regional centers of excellence, shared by multiple countries and each focusing on a particular crop variety, rather than maintaining under-resourced and duplicative institutions in each country.²⁶ A jointly funded IDA/GEF West Africa Regional Biosafety Program approved in 2007 is promoting innovation by working to assist the countries of the West African Economic and Monetary Union²⁷ to establish a regionally harmonized biosafety framework for the regulation of Living Modified Organisms, thus creating a large enough market to incentivize the safe development of crops suitable to the unique growing conditions of West Africa.

4.3 Improving Management of Shared Resources

28. IDA has over many years supported capacity building of regional technical and policy bodies responsible for water-related infrastructure and water protection including the Niger, Nile, Senegal, Zambezi and Lake Victoria Basins in Africa, and the Mekong River and the Aral Sea in Asia. Such water

²³ BOAD issued CFA 50 billion in bonds on regional capital markets in 2008, up from CFA 20 billion in 2007.

²⁴ The seven countries are Chad, Niger, Burkina Faso, Mali, Mauritania, Senegal, and The Gambia.

²⁵ Due to the regional nature of the project and humanitarian implications, approval by Senior Management of a waiver of OP/PB 7.30 (dealing with de facto Government) enabled resumption of disbursements suspended following the August 2008 military coup, allowing the treatment program to take place and prevent the spread to neighboring countries.

²⁶ The two projects are: West Africa Agricultural Productivity Program in Senegal, Mali and Ghana (2007) and the East Africa Agricultural Productivity Program in Ethiopia, Kenya and Tanzania (2009).

²⁷ For example: Benin, Burkina Faso, Mali, Senegal, Togo, Côte d'Ivoire, Guinea Bissau, and Niger.

management institutions are critical to generating knowledge, establishing trust and cooperation among riparian states and ensuring sustainability of such cooperation. In addition to capacity building of these institutions, the Bank has financed a number of regional investments in water resources development for Lake Victoria and the Senegal and Niger River Basins. These projects take a comprehensive approach, recognizing that investment in environmental protection and economic development can be mutually reinforcing (Box 5).

Box 5: Protecting Water Resources while Promoting Sustainable Livelihoods and Investment

2009 Lake Victoria Environmental Management Program II. Lake Victoria, the world's second largest freshwater body, plays a major ecological, economic and social role in the riparian and surrounding countries. But environmental stresses are degrading water quality and biodiversity, thereby threatening the livelihoods of the communities that depend on the basin's resources. An earlier IDA and GEF-financed regional project, which closed in 2005, set up research and ecosystem monitoring activities that improved the understanding of the fish stocks, soil erosion, pollution hot spots and other aspects of the lake ecosystem. The Lake Victoria Fisheries Organization was also established to coordinate the national fisheries research and management activities. A follow-on Lake Victoria Environmental Management Project II is now being financed by IDA, GEF and the Swedish International Development Agency. It scales up these successful but limited interventions, by strengthening both regional and national institutional capacity for managing shared natural resources, and investing in cost-effective pollution and erosion mitigation and prevention measures.

2006 Senegal River Basin Multi-Purpose Water Resources Development Program. Persistent poverty in the Senegal River basin is leading to environmental degradation of the watershed. As a result the region faces reduced flows, greater flood and drought susceptibility, high sedimentation loads and detrimental knock-on effects on energy production, agriculture, fisheries, wetland ecosystems, and navigation. In response, the Bank is financing the Senegal River Basin Multi-purpose Water Resources Development Project for Mali, Mauritania, Senegal and Guinea. Phase I (APL1) is supporting the Senegal River Basin Organization (OMVS) to develop an integrated water resources management program. The program aims to build sustainable livelihoods for riparian communities through: investment in irrigation infrastructure, improvements in fishing techniques and fisheries management, and water protection and reduction in water-borne diseases. Additionally the program finances feasibility studies for potential hydropower investments along the river. Based on the outcomes of the feasibility studies under Phase I, Phase II (APL2) is expected to finance construction of the hydropower infrastructure at up to five sites with significant generation capacity.

V. IMPLEMENTATION EXPERIENCE

29. **The IDA14 Mid-Term Review (MTR) of the regional program conducted in November 2006 identified several challenges facing the implementation of the regional projects, including higher complexity and cost of preparation as well as supervision compared to single country projects.²⁸ Among the key underlying factors were: (i) coordination challenges, including donor coordination and alignment across participating countries of their legal and policy frameworks; (ii) complex procurement and financial management; (iii) limited capacity of regional institutions; and (iv) weak regional and country M&E systems. The report recommended several remedial actions to address some of these issues.**

30. **In addition, in 2007 the IEG completed an assessment of lending for regional programs.²⁹ It concluded that regional programs have been effective but that the scale of regional lending is small and**

²⁸ IDA. 2006. "IDA14 Mid-Term Review of the IDA Pilot Program for Regional Projects".

²⁹ IEG. 2007.

that regional initiatives are often not effectively integrated in CASs. The report identified five key success factors: (i) strong country commitment to regional cooperation; (ii) project objectives commensurate with national and regional capacities; (iii) roles and responsibilities of national versus regional institutions clearly defined; (iv) high degree of accountability in the governance arrangements; and (v) effective planning to ensure project sustainability beyond the implementation phase. The report also recommended strengthening the international financial architecture for regional programs and increasing corporate incentives and capacity for regional initiatives.

31. **Following-up on the recommendations of the IDA14 MTR paper and the IEG report, Management has since implemented several important actions to address these challenges**, including improving strategic alignment of projects with regional strategies and CASs; strengthening management oversight and operational support in legal, procurement and financial matters; improving projects' results-orientation and analytical underpinnings; and finally building the institutional capacity of regional institutions. While there has been progress, the quality of the regional portfolio remains uneven and important weaknesses remain to be addressed.

5.1 Quality of Regional Portfolio

32. **Portfolio quality is uneven, reflecting the implementation challenges of complex multi-country projects and the relative young age of the regional portfolio.** The regional portfolio comprising of 35 projects (26 of which are in Africa) is relatively young, with an average age of 2.4 years³⁰ compared to the IDA average of 3.6 years. No regional project has yet closed or been evaluated by IEG, so the quality of the projects is measured mainly by current implementation performance and the likelihood of the achievement of the Project Development Objectives (PDO) as reported in the Implementation Status and Results (ISR) report ratings.³¹ As of September 3, 2009, 8 of the 35 regional projects were classified as problem projects, of which 7 were in Africa.³²

33. **Among the key reasons for weak portfolio performance is slower than expected implementation in most of the IDA regional projects.** As a proxy for implementation progress, the disbursement rate³³ of the regional projects in Africa is of particular concern to IDA Management. The regional projects have together disbursed 12 percent of total commitments, compared with 21 percent for non-regional projects from the same sectors and age cohort.³⁴ Disbursement rates vary across sectors, and infrastructure projects tend to disburse more slowly in their early years than other types of projects. In fact, Africa's regional projects in the water, transport and ICT sub-sectors are actually disbursing at about the same pace as single-country projects in the same sub-sectors (Figure 4).³⁵ Regional projects in the energy/power sector, by contrast, have been much slower to disburse than their single-country

³⁰ At the time of the 2006 IDA14 MTR, only nine regional projects had been made effective and the average age of the portfolio was only 1.2 years.

³¹ In 2008, QAG reviewed 11 regional projects in their Quality at Entry assessment covering FY06-07. They were rated 95 percent moderate satisfactory or better, consistent with the overall sample rating of 93 percent. See: *QAG, Quality at Entry in FY06-07 (QEA8)*, May 15, 2008.

³² A problem project is defined as a project with a development objective and/or implementation performance rating of 'moderately unsatisfactory' or worse. Annex 6 provides a snapshot of the portfolio as of September 3, 2009.

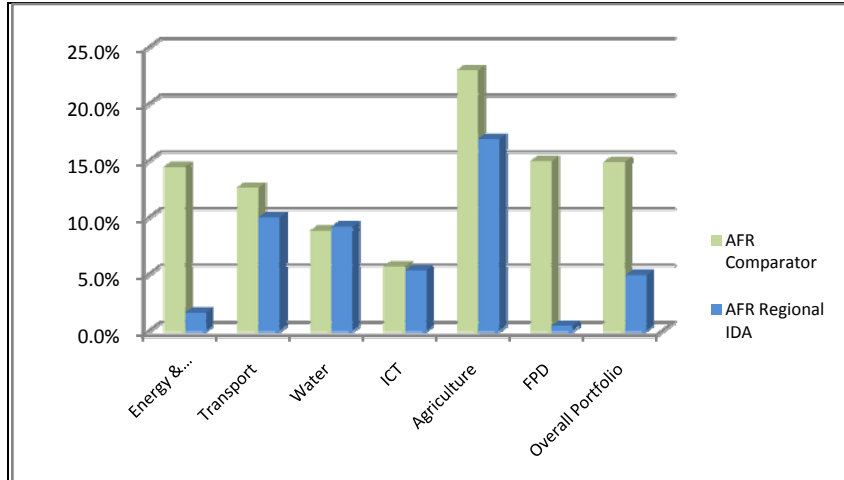
³³ The disbursement rate is defined as the amount disbursed in a period as a share of the undisbursed balance at the beginning of the period. It is a measure of the pace of project implementation.

³⁴ Disbursement ratio for the regional portfolio in Africa in FY09 was only 4 percent (US\$122 million).

³⁵ Regional projects are compared with single-country projects of the same vintage in the same sub-sector; averages are weighted by the subsectors' share of commitment value in the regional portfolio.

comparators. Since power is the single largest sub-sector in the regional portfolio, its slow disbursements drive down the average for the whole regional portfolio.

Figure 4: Average Disbursement Rates for Africa Regional Projects and Comparable Non-Regional Projects



34. **One of the reasons for slow implementation of the infrastructure projects in general, and power sector in particular, is the fact that they require a longer lead-in time to finalize engineering studies and execute complex operating agreements (e.g., tendering and bidding) before the first construction contract is awarded.** The underlying reasons differ from country to country. In some cases procurement packages proved too complex in relation to the capacities of the implementing agencies that had to carry them out. In one case a winning bidder was disqualified when it emerged that its parent company had been debarred. As a result of delays, two regional projects have been affected by the sharp increases in the worldwide price of commodities that occurred in 2008 and 2009 and there was a need to re-bid major contracts. In two of the regional projects,³⁶ a total of US\$265.6 million additional IDA funding has been provided to finance project costs that rose sharply with prices of electrical equipment and materials in international markets (Box 6). To address the slow implementation in the future, regional infrastructure projects are increasingly structured as vertical Adaptable Program Loans (APLs), in which the first phase is usually focused on developing the complex legal and financing framework while the second phase proceeds with the infrastructure investments. The vertical APL framework complements the horizontal APL framework whereby additional countries are added to overall program as they become ready.

³⁶ Southern Africa Power Market APL1 - US\$180.6 million and West Africa Power Pool Phase II APL1 (Felou) – US\$85.0 million.

Box 6: South Africa Power Pool remains viable despite cost increases

The South Africa Power Pool Project has endured a prolonged process of recruiting engineers, preparing the detailed specifications and bid documents, and conducting the bid process. The causes were institutional and capacity constraints combined with the inherent technical complexity of the project and the challenges of working in a post-conflict country. During this lengthy start-up phase, prices of electrical equipment and materials in international markets rose sharply, while the existing plant and equipment in Democratic Republic of Congo continued to deteriorate.

The total cost of meeting the project's original objectives rose from about US\$200 million at appraisal to US\$430 million. To bridge the gap, additional IDA financing of US\$180.6 million was appraised and approved by IDA's Board of Executive Director in June 2009. Additional funds will also be provided by the European Investment Bank. The reappraisal required a thorough review of the project's costs and expected benefits. The project remains economically viable, with a robust estimated economic rate of return of 31 percent. The additional financing will also include the installation of fiber optic cable alongside the transmission lines at considerable savings versus a stand-alone backbone cable installation project. The fiber optic cable will allow state of the art power trading between national utilities and the considerable excess capacity will be utilized to strengthen regional ICT networks through expanded access to ICT services, improved speed and reduced costs.

35. **Another reason for slower implementation and longer time to reach effectiveness relates to risks imposed by unexpected events in one or more participating countries.** Regional operations are vulnerable to the possibility that one participating country suffers a political crisis that disrupts project implementation. For example, almost all IDA projects in Guinea, Madagascar and Mauritania were suspended in FY09 due to political uncertainties, in line with OP 7.30 - Dealings with De Facto Governments; these developments are affecting a number of regional operations in which those countries participate.

36. **Despite the slow implementation, an in-depth Africa portfolio review conducted in August 2009 found that most of the reviewed regional programs are likely to eventually achieve their development objectives, albeit, several projects may require lengthening their implementation period.** Among the underlying reasons for this positive outlook of the AFR regional programs are: strong strategic regional relevance and reasonably good "quality at entry." In addition, Management has increased emphasis on strengthening quality control at the design stage as well as support during implementation and supervision (discussion below in section 5.4).

5.2 Improving Strategic Alignment with Client Countries and Development Partners

37. **Good progress has been made in aligning regional programs with Country Assistance Strategies (CASs).** It was initially challenging for IDA to integrate regional initiatives into its country-based assistance paradigm. The 2006 IEG evaluation found that regional programs were 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. This is even more the case if the CASs of relevant countries are mutually reinforcing where there are critical cross-country interdependencies. However, according to the IEG evaluation, the Bank was underutilizing its CAS processes to assist countries in identifying regional interdependencies and in assessing the benefits and costs of taking regional approaches.³⁷

³⁷ The Development Potential of Regional Programs, Independent Evaluation Group, 2006, page 46.

38. The Africa Region is now implementing the commitment in its 2008 Regional Integration Strategy to proactively and systematically work with country management and sector units to ensure incorporation of regional integration issues and solutions in future CAS and Sector Strategies. All CASs for IDA borrowers in the Africa region thus far in IDA15 have explained how planned regional operations link to the overall country assistance program and discussed how potential obstacles and inter-country differences could be resolved (Box 7).

39. **Nonetheless, regional policy issues are not sufficiently mainstreamed in the country policy dialogue.** Going forward Management plans to strengthen efforts to mainstream regional integration in country work programs through: more upstream engagement on selected CASs; increased work of country teams on the integration of regional policy issues in country policy dialogue, including closer collaboration on priority AAA; and strengthened incentives and accountability for country management units' engagement on regional issues.

40. **Partnerships with other donors have featured prominently in most of the operations financed and are expected to contribute strongly to operations being developed.**³⁸ Beyond the collaboration within the WBG, donors and agencies providing co-financing include multilaterals (e.g., AfDB, the EC, EIB, EBRD) as well as bilaterals (e.g., France, Canada, Germany, Kuwait, Netherlands, Sweden, Switzerland and the United Kingdom) as depicted in two examples in Box 8. **Nonetheless, there is a need for scaling up donor collaboration and harmonization to mobilize increased resources and reduce transaction costs for regional investments.** In addition, there is a growing consensus among key donors to hold more regular coordination meetings to review strategic priorities and pipelines.³⁹ The Bank is also deepening collaboration with non-traditional partners, including China, India as well as private sector.

Box 7: Incorporating Regional Priorities into CAS– the example of Burkina Faso

As a small, land-locked country, Burkina Faso stands to benefit significantly from increased cooperation and integration with its neighbors. IDA's current Country Assistance Strategy recognizes the importance of regional integration for reducing economic vulnerability and promoting growth through economic transformation. It shows, for example, how Burkina's participation in the West Africa Power Pool will lower electricity costs for local firms and households. The expected outcomes from regional projects – for example, a reduction in the average time for exports from 45 to 34 days – form part of the results framework of the strategy. Regional Integration is also noted as a mechanism for reducing regional political instability and its negative impact on trade through greater cooperation under ECOWAS and WAEMU and the opening up of corridors to neighboring Ghana, Mali and Benin.

³⁸ See also section 3.3 on co-financing.

³⁹ The focus is not only on developing new joint lending but also on improving the performance of existing joint projects. For example, the Bank and AfDB have agreed to launch a series of regional portfolio performance reviews in FY10 targeted to joint power and transport projects in Africa.

Box 8: Examples of strong partnerships between WBG and other development partners

Energy Community of South East Europe – US\$128 million in IDA financing is complemented by US\$263 million in parallel financing from EIB, EBRD, Germany (KfW) and Switzerland with each partner implementing specific infrastructure components, studies, and capacity building under a unified master-plan.

East Africa Trade and Transport Facilitation Project – US\$199 million has leveraged US\$56 million in co-financing from AfDB and DFID. In addition, the EC has supported studies for the preparation of the customs union protocol and DFID is providing technical assistance for customs union implementation at the country level. USAID is financing feasibility studies for the cargo tracking system and part of the joint border post studies used in project preparation. Within the World Bank Group, IFC has played a critical advisory role in the railway concessioning process and debt financing for the Rift Valley Railway Consortium.

41. Management is also following through on commitments made at the High Level Forum on Aid Effectiveness in Accra to harmonize project preparation and implementation mechanisms to reduce transaction costs and improve effectiveness of aid for regional integration. An example of the new, more harmonized and strategic approach for regional investments is the North South Corridor model of a large umbrella framework based on joint analysis (Box 9).

Box 9: Collaboration in high-impact regional initiatives – the Africa North-South Transport Corridor

A group of African countries, bilateral and multilateral donors and three RECs joined forces in 2008 to launch the North South Corridor Program. Its goal is to reduce transport and transit costs in the trade zone that stretches from the Copperbelt in Northern Zambia to Dar es Salaam in the east and to the ports of South Africa. It aims to upgrade roads, rail, ports, and border posts; reduce cross-border procedures, harmonize transit and transport regulations, and simplify administrative requirements.

The program will be implemented over period of five years and requires investments of roughly US\$2.5 billion. The first phase focuses on deepening political support among the 26 member countries to create a Free Trade Area and rationalize infrastructure plans, agreeing on key policy reforms, and developing a harmonized framework for donor support.

IDA's analytical work played a central role in developing the program, by helping to build understanding that regional trade barriers were driving up transport costs in the region and reducing competitiveness. IDA has also been providing advisory services on trade reform issues, through the new Trade Facilitation Facility launched in 2009.

African leaders and international financial institutions met in April 2009 to review and endorse the program. The Presidents of Zambia, Uganda, South Africa, and Kenya gave strong political commitments to key regulatory and administrative reforms; and development partners (including AfDB, EC, DFID, USAID, AFD) committed US\$1.2 billion in funding.

5.3 Fostering Results-Focus of Regional Operations

42. **In line with the recommendations of the IDA14 MTR, the results focus of regional operations has been strengthened.** For example, Africa region has developed a new results-based monitoring framework for its regional integration program that includes a set of key performance indicators to track overall impact and outcomes.⁴⁰ To ensure that the monitoring and evaluation

⁴⁰ See RIAs, Appendix VIII, SecM2008-0103, March 2008.

frameworks for individual projects fit within the overall regional integration program, AFR has also developed “sectoral results chains” that lay out the typical causal linkages between expected outcomes, project outputs, and needed activities. These have been completed for all of the key sectors (including water, energy, roads, and agriculture) and have greatly improved the internal logic and consistency of results frameworks for regional projects.

43. **In addition, in July 2009 IDA adopted standardized Core Sector Indicators for four sectors,⁴¹ which will further help to capture, aggregate, and report project results achieved through the IDA Regional Program.** The ISR reports for regional operations in these sectors have been accordingly retrofitted with the new harmonized indicators. Going forward, all regional operations that are mapped to a sector for which there are core indicators will adopt these core indicators in the results framework.

5.4 Strengthening Management Oversight

44. **Following up on the IDA14 MTR recommendation, in addition to strengthening the existing quality assurance mechanism during project preparation,⁴² IDA Management also significantly increased resources for the implementation support and supervision of regional program (compared to single country programs), especially for the projects classified as “problem projects”.** For example in the Africa Region, problem projects are reviewed on a quarterly basis by the Management to ensure prompt and appropriate project adjustments and corrective actions within a 12 months’ timeframe. Several of the remedial actions recommended by the most recent review of the regional portfolio in Africa are already under implementation.⁴³

45. **To capture growing implementation knowledge of the regional program, the Africa Regional Integration Department (AFCRI) spearheaded the preparation of a new “Regional Operations Toolkit”,** which will serve as a resource to task managers of the regional projects Bank-wide. The Toolkit will help build a base of knowledge on regional program experiences and incorporate lessons into program design, implementation, and evaluation. Several projects have already benefitted from the continuous process of learning and knowledge sharing as to what worked and what did not work. For example, the designs of the second and third RCIP operations in East Africa benefitted from lesson of the first operation, which was affected by the participating countries’ weak capacities, particularly for procurement. The third operation’s implementation period was lengthened from four to five years, and the capacities of the participating countries’ agencies for procurement, implementation and monitoring were strengthened with support from a project preparation advance. The project is also financing technical assistance for detailed design and formulation of bidding documents. Past experience also offered design lessons for the West Africa Trade and Transport Facilitation Project (Box 10). Finally, QAG has recently launched a Learning Review of Regional Programs Bank-wide, which will also contribute to building up institutional learning and experience.

⁴¹ Specifically, the four sectors include education, health, road transport, water and sanitation. For further description please refer to the IDA15 Results Measurement System: Mid-Term Review, October 2009.

⁴² Including legal, fiduciary and safeguard issues.

⁴³ Performance Review of Africa Regional Integration Portfolio, draft August 2009.

Box 10: Learning from experience - West Africa Trade and Transport Facilitation (WATTF)

The implementation of regional programs provides - and will continue to provide - valuable learning which will influence future design and implementation of regional portfolio. For example, during preparation of the WATTF project four challenges were identified: (i) complex design caused by the number of countries and components involved; (ii) asymmetric distribution of benefits and varying ownership among participating countries; (iii) overlapping and weak Regional Economic Communities; and (iv) preparation and implementation pace that can move only at the speed of the slowest country involved.

In light of implementation experiences from other regional projects, the WATTF project was modified accordingly by simplifying project objectives, design and components; developing a robust monitoring and evaluation framework; and engineering, social, environmental and institutional aspects were undertaken early to ensure quality at entry. Finally, extensive consultations were conducted with key stakeholders to increase ownership of the project. As a result of these activities, actual disbursements for the first year of implementation are in line with PAD projections.

46. **To improve collaboration with local counterparts and development partners as well as to better respond to urgent implementation needs, additional AFCRI staff has been decentralized.** The eight-person AFCRI, which was established in 2004, now includes operations officers stationed in Accra, Lusaka, Pretoria and Nairobi. They liaise with a wide range of regional institutions and help monitor the progress of regional integration projects. Their work has helped ensure that IDA lending, policies and AAA are well coordinated with the AU and RECs, as well as other development partners, as called for in the Africa Regional Integration Strategy. To further strengthen links with regional institutions, AFR is in the process of recruiting a new Director of AFCRI to be located in Addis Ababa, home of the African Union headquarters.

5.5 Strengthening Analytical Underpinnings

47. **Analytical work – also known as economic and sector work – is an especially important underpinning for regional operations, because it can focus operations on core/priority activities and help countries assess the costs and benefits of their participation and thereby strengthen their commitment to co-operation. Following-up on the 2007 IEG recommendation, the Bank has increased its focus on regional analytical work through the preparation of several flagship products as well as more project-specific AAA.** During FY09-10 in Africa there was a portfolio of about a dozen studies focused on regional integration priorities, including climate change, natural resource management, water basin management, trade policy, ICT, and energy. Among the recent “regional flagship” economic and sector work completed in Africa are the 2008 RIAs; 2009 AICD (discussed in section 2); 2009 Electricity Regulation in Southern Africa; 2009 West Africa Aluminum Study and 2008 Transport Prices and Costs in Africa. In addition, regional analytical work is supported by the Africa Regional Studies Program which funds innovative, in-depth reports that are designed to inform the public debate on issues of development policy in Africa, and concern at least three countries, and preferably a sub-region or the region as a whole.

48. **In South Asia, Bank’s analytical and knowledge sharing initiatives are particularly focused on promoting trade, transport, and trade facilitation and meeting the energy needs of the region (Box 11).** The World Bank has formed a knowledge partnership with the private sector to promote trade in the region and supported the third SAARC Business Conclave. The Bank also recently completed several pieces of analytical work including two reports on regional trade in services and a regional report

on energy trade, which describes the potential and identifies the main opportunities for development of regional trade in electricity and gas. **In Central Asia the Bank is currently supporting the preparation of two milestones strategic papers:** a Central Asia Regional Water and Energy Framework (FY10) with the Energy Action plan to be presented to the Ministerial Meeting in October 2010; and a wider Central Asia Regional Cooperation Strategy (FY11).

Box 11: Examples of analytical work and knowledge partnerships in South Asia

Analytical Work

- A strong program of AAA with reports on regional trade, regional transport, regional energy, regional growth, and regional climate change strategy already completed
- Work ongoing/nearing completion in the following: services trade, lagging regions, regional agriculture, safety nets, disaster management and non-communicable disease
- Flagship tasks initiated on regional water, and regional food security (jointly with DFID)
- Completed AAA have been disseminated and provide the analytical foundations for developing specific projects as opportunities arise
- Monthly GDLN on regional issues provides a low-cost outreach

Knowledge Partnerships

- Several knowledge partnerships implemented/ongoing: 2 SAARC business conclaves; First South Asia Economic Summit; partnership with India's FICCI on North East Development Forum; and partnership with Pakistan LUMS on global financial crisis
- Broad-based partnership being developed with a number of local institutions, including ICRIER and RIS of India; LUMS of Pakistan; Enterprise Institute of Bangladesh; and SACEPs of South Asia
- Conducted a large number of regional/country level workshops to promote the regional cooperation agenda involving civil society leaders, private sector and the media (example Dhaka Food Conference in November 2008)
- Several South-South knowledge initiatives underway

49. **Most economic and sector work for the OECS countries examines and addresses the issue of integration because of the inherent benefits of regional integration for small island states.**⁴⁴ Most of the regional AAA has focused on the power sector. In 2007 a study was undertaken by the World Bank and the OECS Secretariat (funded by the Public-Private Infrastructure Advisory Facility – PIAF) focused on the issue of how a regional electricity authority for the OECS countries would enhance the institutional capability to monitor the performance of utilities, and to oversee efficiency and service costs. The recommendations from this work were taken into account into the CAS for the OECS countries for 2006-09 and are providing the basis for developing a regional project that would assist the OECS countries with the creation of a regional regulator for the electricity sector which will be instrumental in optimizing the utilities' capacity planning, fuel choices, and procurement. Further, in 2008 a Bank-financed Caribbean Regional Energy Strategy was launched aiming to analyze the availability of technically and financially sound regional and sub-regional energy solutions for power generation, including the possibilities of electricity interconnection across the islands.

⁴⁴ Examples of Bank-supported AAA for other sectors include a 2009 report on "Accelerating Trade and Integration in the Caribbean"; and 2008 study entitled "OECS Increasing Linkages of Tourism with the Agriculture, Manufacturing and Service Sectors."

5.6 Building Capacity of Regional Institutions

50. **IDA’s operations take place within a context of regional organizations that have been established to foster integration.** In Africa, the institutional architecture includes the African Union and NEPAD at the regional level, eight Regional Economic Communities,⁴⁵ several regional banks, and a variety of specialized technical bodies related to water resource management, power generation, legal and accounting harmonization, corridor management, and other sectors. Most IDA-financed regional projects include activities to be carried out by one or more regional bodies.

51. **While the AU and RECs have taken significant steps to accelerate the economic and political integration of the continent, their performance and impact has been uneven.** Key factors include: weak institutional capacity reflecting limited resources and staffing; multiplicity and overlapping membership of regional integration schemes and mandates; unclear roles and responsibilities within and across institutions; variable political commitment to implement critical integration agreements at the national level; and lack of involvement of other stakeholders, like the private sector and civil society. Recognizing the need to strengthen regional organizations, the AU has focused on rationalizing REC membership and framing a “Minimum Integration Platform” (MIP) for coordination, convergence and collaboration among RECs. The MIP lays out a common set of core actions related to trade reform, investment, statistics, and other areas of public sector management that are essential for the creation of a unified African Economic Community.⁴⁶

52. **Strengthening the capacity of regional organizations for effective regional integration has been a priority for African leaders and development partners.** There are several capacity building programs underway targeted to the AU and RECs. For example, the AU is receiving support through various channels to modernize its financial and administrative systems and strengthen its managerial and technical capacity.⁴⁷ Several of the development partners have similar, though much smaller, programs underway with each of the RECs, targeted to the priorities identified in a recent capacity needs assessment done by the African Capacity Building Foundation (ACBF).⁴⁸ However, the current approach lacks strategic coherence and leads to duplication of effort and under-funding of some key priorities. In addition it introduces high degree of uncertainties of annual funding commitments, creates high transaction costs for recipients confronted with different donors’ rules and processes, and undermines monitoring of results. The key challenge is to increase harmonization for regional capacity building within the framework of integrated strategy.

⁴⁵ The African Union officially recognizes the following institutions as RECs: Arab Maghreb Union (UMA), Community of Sahel-Saharan States (CEN-SAD), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of West African States (ECOWAS), Economic Community of Central African States (ECCAS), Inter-Governmental Authority on Development (IGAD), and the Southern Africa Development Community (SADC). See RIAS, p.58, Ft.1.

⁴⁶ For an assessment of regional institutions and background on MIP, see “Status of Integration in Africa” by the African Union, 2009.

⁴⁷ Specifically, AU benefits from assistance from the EC (€55 million), the African Capacity Building Foundation – ACBF – (US\$11 million), Canada (US\$8 million), and a pooled fund from bilateral partners, including Denmark, Germany, United Kingdom, Netherlands, Norway and Sweden (US\$6 million).

⁴⁸ These include: economic analysis, particularly in trade and economic integration; negotiations skills, especially for multilateral trade negotiations with the WTO and other regional blocs; coordination, between member states and between neighboring and/or overlapping regional groupings; outreach, advocacy, and communications with stakeholders; sector skills for the design and implementation of large scale projects; strategic and business planning; M&E frameworks; fiduciary systems, including for procurement, financial management, audit, and resource mobilization; and human resources management systems. See: A Survey of the Needs of Africa’s Regional Economic Communities” conducted by the African Capacity Building Foundation, 2008.

53. The capacity building support provided to the specialized technical bodies that are often responsible for implementation of regional projects and services is much more limited and usually addressed in the context of an investment program financed by a development partner. In this case the key challenge is to mobilize adequate and timely support, which was reviewed in Box 12, is often difficult. The Bank's experience is that the search for grant financing for these organizations has slowed project processing, increased transaction costs for implementation, and constrained the funding of critical "software" elements of capacity building and regulatory development that underpin the effectiveness of regional solutions.

Box 12: Existing Bank vehicles to support regional institutions

Institutional Development Fund (IDF) established in 2005 is the most important source to support capacity building of regional institutions. Since its inception, the IDF has provided 17 grants totaling more than US\$8 million to support capacity building of 15 African regional institutions. Many of the IDF grants are deployed in parallel to pooled funds of donor finance. For example an on-going IDF grant provided to the East African Community (EAC) Secretariat is aligned to the activities of the "partnership fund" comprising nine donors, and is supporting budget processes, records management and monitoring and evaluation.

IDA grants or credits provided as part of the regional project to the participating countries, which then provide some of the proceeds of their IDA financing to the regional entity. The Senegal River Basin Multi-Purpose Water Resources Development Project is an example of this arrangement, whereby the participating countries on-granted a portion of the project financing to the Senegal River Basin Organization (OMVS) which is in charge of implementation. For other examples see Table 2 in Annex 5.

Mobilizing co-financing from other development partners has been effective in some case, but often slowed down project preparation and implementation. For example, in the **Southern Africa Power Market Development Program**, IDA was not able to fund the critical "software" activity related to the institutional and policy arrangements for managing power trading – and preparation was delayed as the Bank mobilized the necessary co-financing from Norway, DFID, SIDA, and USAID for the technical assistance. In the **Regional Communications Infrastructure Program**, the absence of a regional grant to build regional regulatory capacity meant that each national project had to fund and deliver technical assistance at the country level -- creating inefficiencies and high transaction costs, and diluting ownership of the regional regulatory arrangements.

54. **IDA's financing to the regional institutions, most often provided in parallel to that of other donors, can take one of the three forms: through the Institutional Development Fund (IDF), mobilizing grant co-financing or under the IDA funded regional projects** when each participating country typically on-grants part of its IDA financing to the regional bodies responsible for the implementation of project activities (Box 12). However, none of the available mechanisms is adequate. On one hand, IDF grants are small and often of short duration, making them of limited utility to most institutional development needs. On the other hand, the current practice for participating countries to on-lend or on-grant to the regional entity a portion of their IDA financing is considered by IDA staff and IDA clients alike as unnecessarily cumbersome and complicated, making project preparation, implementation and monitoring overly burdensome. Finally, although mobilizing co-financing from other development partners for regional integration investments is a viable option, it is not always possible to lock in the grant funding in the correct amounts for the required activities over the desired time periods.

55. **While most donors can deploy large scale, grant-funded capacity building programs, IDA's ability to directly support regional institutions is limited.**⁴⁹ Although IDA's Articles of Agreement explicitly permit it to lend directly to regional organizations, in practice it has done so in only a few

⁴⁹ IEG. 2007.

instances – for example, to the Caribbean Development Bank, Banque Ouest-Africaine de développement (BOAD) and Banque des états de l’Afrique centrale (BEAC).⁵⁰ Further, IDA’s Articles allow it to make grants only out of replenishment resources if the relevant IDA Replenishment Resolution specifically authorizes it to do so.⁵¹ Since IDA14, the primary basis for allocation of IDA grants is a country’s debt sustainability position – that is, countries with an unsustainable debt service profile may be eligible for IDA grants, thereby effectively precluding regional organizations from receiving IDA grants.

56. There is a strong justification for IDA to offer, as part of its package of support for regional operations, grant financing directly to regional organizations. The 2007 IEG evaluation⁵² found the availability of financing on grant terms 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. Implementation experience shows the importance of the regional institutions for successful implementation of regional programs. It is, therefore, proposed that IDA expands on pilot basis availability of grants directly to regional entities that are associated with IDA regional operations and that meet specific criteria concerning their legal status and fiduciary and operational capacity (Box 13). It is envisioned that most of the grant funding would go to technical regional organizations with coordination or regulatory functions in infrastructure, trade, finance, agriculture, environment and natural resource management, and health. Likely activities would include:

- *Regional Infrastructure Development:* building management and regulatory capacity for regional networks of transportation, energy, and ICT; and harmonization of technical standards and development of common regulations, procedures, and legal codes;
- *Institutional Cooperation for Economic Integration,* implementation and harmonization of customs unions and free trade agreements; improving regional environments for business, investment and industrial cooperation; strengthening regional financial markets and related institutions; and assisting regional initiatives to improve governance;

⁵⁰ The reasons for limited direct IDA lending to regional institutions are varied and include: (i) *the legal status of the entity:* some regional bodies do not have a legal status and therefore cannot enter into contractual arrangements directly, while others may lack the legal capacity to borrow, on-lend and repay a credit. Others lack an adequate and sustainable governance and financial structure to implement their activities under the program without a financial guarantee from the participating countries; (ii) *political considerations:* the participating countries may prefer to borrow directly and then provide some of the proceeds of the credit to the regional entity, in order to maintain control of the IDA resources and have the ability to reallocate these proceeds to national activities if activities at the regional level do not materialize; (iii) *the nature of the program:* some regional entities may include, as members, countries that are not participating in or are not beneficiaries of the IDA program, which may go against a desire to ensure that the full benefit of the credit’s concessionality is accorded to the member country concerned (OP 7.00, *Lending Operations: Choice of Borrower and Contractual Agreements*, February 2001, paragraph 6).

⁵¹ Article V Section 2 (a) of IDA’s Articles states that IDA shall make its financing in the form of loans. IDA can provide other financing ‘out of funds subscribed pursuant to Article III, Section 1...if the authorization for such subscriptions expressly provides for such financing’. Such authorizations have been included in IDA replenishment resolutions starting in a limited way since IDA11.

⁵² IEG. 2007.

- *Regional Public Goods*: Regional rationalization of research and tertiary education to strengthen regional knowledge assets and technical capacity; strengthening of regional bodies for infectious diseases; and development of river basin and fishery authorities.

Box 13: Proposed eligibility criteria for access to grants by regional institutions

1. Recipient is a bona fide regional organization that has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the activities financed.
2. Recipient does not meet eligibility requirements to take on an IDA credit.
3. The costs and benefits of the activity to be financed with an IDA grant are not easily allocated to national programs.
4. The activities to be financed with an IDA grant are related to regional infrastructure development, institutional cooperation for economic integration, and coordinated interventions to provide regional public goods.
5. Grant co-financing for the activity is not readily available from other development partners.
6. The regional entity is associated with an IDA-funded regional operation involving some of the participating member states.

57. It is proposed that the funding for such grants in IDA15 be drawn from the existing IDA15 regional grants envelope and be capped at a maximum of 10 percent of the remaining IDA15 envelope for regional integration. A detailed assessment of the initial experience with IDA grants for regional organizations would be prepared at the end of IDA15.

VI. CONCLUSIONS AND LOOKING AHEAD

58. **The availability of dedicated IDA resources for regional projects is proving an effective instrument for encouraging the preparation of multi-country operations, especially in sub-Saharan Africa, and the pipeline of projects remains strong.** The availability of additional resources has been particularly helpful because many of the most promising opportunities for regional operations are in infrastructure, where investment costs are high. There is substantial demand for the IDA15 regional funds, particularly in the Africa region, but the demand from the other regions is also growing.⁵³ While the rule introduced at the outset of IDA15 that no more than 20 percent of a country's national envelope need be applied to any one regional project has been invoked in only one operation so far, it is expected to facilitate the participation of countries with small IDA allocations in several regional projects planned later in IDA15. Existing selection criteria provide a useful framework for prioritizing the proposals that emerge from country and sector teams and clients.

59. **Projects financed by the IDA regional program have so far attracted considerable co-financing and parallel financing of US\$1.65 billion** mainly from the African Development Bank, the European Commission, and the European Investment Bank as well as from other partners. The program

⁵³ In addition to the projects already in the pipeline detailed in Annex 3 several other opportunities are opening up. For example, in ECA there is likely to be increasing potential for regional cooperation in Central Asia (Kyrgyz Republic, Tajikistan and Uzbekistan). There is also the potential for growing demand from the South Caucasus (Armenia, Azerbaijan and Georgia). Sectors most likely include energy, environment, infectious disease, transport, trade facilitation, disaster risk management and water. In South Asia, North-West and North-East trade and transport facilitation projects would significantly increase a demand for regional resources. In addition there are several longer-term options in regional transport as well as energy trade with Central and East Asia. The OECS countries have also showed an interest in preparing regional operations addressing health system for non-communicable diseases, public sector modernization and the justice system.

has the potential to be used more strategically as the basis for engagement with partners, with a view to leveraging more financing for regional investments and strengthening donor co-ordination and knowledge exchange.

60. **Considerable weight will be given to improving the quality of regional portfolio, especially in power sector projects**, by focusing on readiness for implementation, quality of implementing institutions, design simplicity and management oversight. Finally, in light of the importance of the regional institutions for successful implementation of regional projects it is proposed that IDA expands on a pilot basis availability of grants to regional entities for the purpose of preparing or implementing regional operations and building the entities' capacity. Such grants would be subject to the same supervision, reporting, fiduciary, and evaluation rules as other IDA grants and credits. The grant funds would come from the existing IDA15 envelope for regional operations and would not exceed 10 percent of the remaining funds in that envelope. The proposed eligibility criteria are provided in Box 13 for discussion.

61. **In addition, IDA will work towards developing a more strategic - as distinct from opportunistic - approach that would systematically identify opportunities in consultation with countries and donor partners and promote them as a way to complement and reinforce country development goals.** For example, as outlined in the recent Progress Report on the Africa Action Plan, the Africa Region intends to continue scaling up regional solutions, with a focus on greater mainstreaming of regional issues in country work programs.

ANNEX 1

Parameters of the IDA Regional Program

This annex provides the full description of the regional program's parameters, as updated in the IDA 15 Replenishment Report.

Rationale and Development Objectives

The IDA15 participants recognized that IDA's strengths at the country level allow it to also play a pivotal role in addressing regional and global issues. They pointed out that IDA supports the global public goods agenda by mainstreaming and integrating global programs into national development strategies, and by investing directly in global commons at the country level. Participants pointed out that IDA should draw on its analytical knowledge, ability to design complex regional projects, and capacity to forge consensus to foster regional integration. They stressed that there is a strong demand for IDA's regional projects, particularly in Sub-Saharan Africa, and noted that this demand is expected to remain strong during IDA15. Participants expected the geographic coverage of regional projects to evolve in line with demand. Finally, they underscored the importance of continuing coordination with other partners, particularly regional development banks.

Funding Level in IDA 15

IDA15 Participants reiterated their support for IDA's regional project program as a way to promote regional integration in all regions, particularly in Sub-Saharan Africa. In recognition of their support, Participants had previously agreed to increase the topping-up funds to support regional projects from SDR 200 million to SDR 250 million at the IDA14 Mid-Term Review. In view of the continuing strong demand for IDA's regional projects, Participants proposed a further increase of SDR 150 million per year during the IDA15 period, for a regional topping-up pool of SDR 1.2 billion. These resources would be used to finance two-thirds of a country's share of the costs of a regional project, with the remaining one-third contribution from the country's IDA allocations.

Project Eligibility

Regional projects are defined as those involving at least three countries which need to participate for the project's objectives to be achievable (i.e., the project would not be viable without the participation of at least three of these countries). Qualifying projects must be able to demonstrate evidence of strong commitment by the majority of participating countries and the relevant regional entity. The economic and/or social benefits of the investments must "spill over" country boundaries (i.e., must generate significant positive externalities, or mitigate negative ones). Lastly, the projects are expected to provide a platform for policy harmonization among countries, and be priorities within a well-developed and broadly supported regional strategy.

The Africa region has developed additional criteria for assessing the projects proposed for regional financing as presented in Table 1.

Table 1: Additional Selectivity Criteria for Regional Operations in Africa

Strategic Relevance	Alignment with Africa Action Plan and Corporate priorities
	Alignment with RIAS priorities
	Alignment with CAS priorities, including strong Country Management Unit ownership and availability of national IDA
	Alignment with African Union and REC priorities
Regional Solution	Produces significant economic and social benefits that spill over country boundaries
	Effectiveness of regional cooperation including levels of ownership, trust, and political alignment across countries
	Bank comparative advantage and expertise
Quality	Clarity and realism of project objective and outcomes
	Design matches national and regional capacities (design complexity, institutional capacity, and clear delineation of national and regional roles)
	Level of risk (technical soundness, enabling policy environment, environment and social impacts, governance, reputational risk, and sustainability)
	Cost-effectiveness (budget requirements relative to lending volume, and replicability)
Partnership	Partner co-financing and donor harmonization (including World Bank Group and private sector)

Project Structure

Not all the investments need to be taken simultaneously by the three (or more) countries. There may be occasions where IDA would fund a regional project through an adaptable program lending (APL) instrument, both “horizontally” to support the different pace of preparation for regional members and “vertically” to support different investments for a given member. Such support can be considered when the project is part of a regional pact or treaty to which all members have committed, where there are policy triggers that the countries need to meet before an investment would be warranted, and where investments under the regional umbrella are planned in at least three of the IDA countries. An example of such a project would be a regional power pool, which enables the Bank to provide support flexibly for individual projects under a regional umbrella, when they are ready for investment. The various projects funded under such an APL need to be part of a coherent whole.

Allocation

Regional Pilot Program funds are allocated within the Bank on an annual basis, using a process designed to maximize the impact of these limited resources.

Ceiling on share of national allocations to be contributed

“[W]hile IDA’s regional project program has generally worked well so far, IDA15 participants recognized that some countries with small IDA allocations, including the small states, were having difficulty participating in regional projects given the limited size of their allocations. This is because the IDA regional project program requires participating countries to contribute a third of the cost of their participation in regional projects from their country allocations. Given that regional integration is particularly important for countries with small allocations to overcome diseconomies of scale, Participants agreed to limit country contributions to regional projects to 20 percent of the annual allocations. While this ceiling applies to all countries, Participants noted that it is intended to assist countries with small allocations.

Reporting

IDA15 participants requested Management to provide an overall review of the regional program, as well as the experience with the cap on country contributions to regional projects at 20 percent, at the IDA15 Mid-Term Review.

Annex 2

The Portfolio of Active Regional IDA Projects

Fiscal Year	Project Name	Description and participating countries	Commitment (US\$ Million)
POWER			
2004	Southern Africa Power Market APL1	Construction/Rehabilitation of 800 MW transmission lines and supporting infrastructure linking the Inga hydropower site in DRC to the border of Zambia, allowing for power trading with the Southern Africa Power Pool and to support mining operations in the Katanga Province. (DRC, Zambia)	178.6
2009	Southern Africa Power Market APL1 - Additional Financing	Additional financing for Construction/Rehabilitation of 800 MW transmission lines and supporting infrastructure linking the Inga hydropower site in DRC to the Southern Africa Power Pool and Kinshasa, with an additional component installing modern ICT backbone infrastructure along transmission lines at low marginal cost. (DRC)	180.6
2007	Southern Africa Power Market APL1b - Regional & Domestic Power Market Development Project	Rehabilitation of the hydroelectric facilities at Inga (I & II) in DRC, increasing capacity from 700 MW to 1300 MW, allowing for export to the Southern Africa Power Pool as well as domestic consumption through construction of a 400 kV transmission line to Kinshasa. (DRC)	296.7
2008	Southern Africa Power Market APL2 - Mozambique-Malawi Transmission Interconnection	Construction of 220kV transmission line and supporting infrastructure linking the national electric grids of Malawi and Mozambique and enabling power trading with the wider Southern Africa Power Pool. (Malawi, Mozambique)	93.0
2005	West Africa Power Pool Phase 1 APL1	First Phase of Multi-donor Construction/Rehabilitation of a 330kV transmission backbone and supporting infrastructure connecting West Africa Power Pool coastal states (Benin, Cote d'Ivoire, Ghana, Nigeria and Togo)	40.0
2006	West Africa Power Pool Phase 1 APL2	Rehabilitation of a 60 MW run-of-the-water Felou hydroelectric dam supplying power to Senegal, Mali and Mauritania, and linked with the wider West Africa Power Pool network. (Mali, Mauritania, Senegal)	75.0
2010	West Africa Power Pool Phase 1 APL2 – Additional Financing	Additional Financing for the Felou Hydroelectric dam (Mali, Senegal)	85.0
2006	West Africa Power Pool Phase 2 APL1	Second Phase of Multi-donor Construction/Rehabilitation of a 330KV transmission backbone connecting West Africa Power Pool Coastal States from Cote d'Ivoire to Nigeria. (Benin, Cote d'Ivoire, Ghana, Nigeria and Togo)	60.0
2005	Energy Community of South East Europe Program APL2 - Serbia	Construction of 110kV transmission lines and five substations along with technical assistance for the market operator and regulatory agency, facilitating Serbia's integration with the Energy Community of South East Europe. (Serbia)	21.0
2005	Energy Community of South East Europe Program APL2 - Albania	Upgrading of six transmission substations along with technical assistance for the transmission system operator, improvement of procurement procedures for electricity imports and reform of electricity tariffs, facilitating Albania's integration with the Energy Community of South East Europe (Albania)	27.0
2006	Energy Community of South East Europe Program APL3 - Montenegro	Facilitating Montenegro's integration with the Energy Community of South East Europe through development of modern telecommunications network to facilitate power trade between regional utilities, reinforcement of transmission network and upgrading the Perucica Hydropower Plant. (Montenegro)	9.0
2006	Energy Community of South East Europe Program APL3 - Bosnia	Facilitating Bosnia's integration with the Energy Community of South East Europe through investments to improve dam safety, upgrade generation facilities and transmission systems and install environmental protection systems. (Bosnia)	36.0

Fiscal Year	Project Name	Description and participating countries	Commitment (US\$ Million)
2008	Energy Community of South East Europe Program APL5 - Dam Safety	Technical assistance and investments to improve the safety and reliability of hydroelectric dams which provide power to the Energy Community of South East Europe. (Albania)	35.3
2007	Greater Mekong Subregion Power Trade Project	Series of four 115kV transmission systems linking the electricity grids of Vietnam, Cambodia and Lao PDR, technical assistance for reforming legal regulatory frameworks and feasibility studies for future hydroelectric power generation projects. (Cambodia, Lao PDR)	33.5
INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT)			
2007	Regional Communications Infrastructure Program APL1	Construction of a landing station for international undersea fiber optic cables and regional backhaul infrastructure and financing the purchase of capacity on the submarine cables for targeted users (rural and underserved areas, governments, universities, hospitals, etc.) (Burundi, Kenya, Madagascar)	164.5
2009	Regional Communications Infrastructure Program APL2	Establishment of a 'virtual landing station' for international fiber optic cables, construction of regional backhaul infrastructure and financing of capacity purchase schemes on the cables for targeted users (rural and underserved areas, governments, universities, hospitals, etc.) (Rwanda)	24.0
2009	Regional Communications Infrastructure Program APL3	Construction of a landing station (or virtual landing station for land-locked countries) for international undersea fiber optic cables and regional backhaul infrastructure and financing the purchase of capacity on the submarine cables for targeted users (rural and underserved areas, governments, universities, hospitals, etc.) (Malawi, Mozambique, Tanzania)	151.0
2008	OECS E-Government for Regional Integration	Development of regionally integrated e-government applications for the Organization of Eastern Caribbean States countries. (Dominica, Grenada, St. Lucia)	7.2
2010	Central Africa Backbone APL1a	Modernize and harmonize the legal, regulatory and institutional framework for the ICT sector and capacity building of responsible implementing and regulatory bodies in preparation of physical infrastructure investments. (Cameroon, CAR, Chad)	26.0
TRADE AND TRANSPORT FACILITATION			
2006	East Africa Trade & Transport Facilitation Project	Reducing transit time in regional corridors through establishment of joint border posts, improvements in port security, implementation of customs union protocol and concessioning of Uganda and Kenya railways. (Kenya, Rwanda, Tanzania, Uganda)	199.0
2007	CEMAC Transport & Trade Facilitation Project	Improvement of road and rail and port infrastructure and implementing transit and transport facilitation measures, including implementation of Economic Community of Central African States (CEMAC) Customs Union protocol along the Douala-N'Djamena and Douala-Bangui corridors. (Cameroon, CAR, Chad)	201.0
2008	West Africa Transport and Transit Facilitation Project	Improving road and rail infrastructure and implementing transit and transport facilitation measures along the Tema-Ouagadougou-Bamako corridor. (Ghana, Mali, Senegal)	190.0
2006	West & Central Africa Air Transport Safety and Security Program APL1	Strengthening of Civil Aviation Authorities' safety and security oversight capacities and improvements in airport security and safety standards and infrastructure. (Burkina Faso, Cameroon, Guinea, Mali)	33.6
2008	West & Central Africa Air Transport Safety and Security Program Phase II - APL 2	Strengthening of Civil Aviation Authorities' safety and security oversight capacities and improvements in airport security and safety standards and infrastructure. (Nigeria)	46.7
2009	West & Central Africa Air Transport Safety and Security Program Phase II b - APL2b	Strengthening of Civil Aviation Authorities' safety and security oversight capacities and improvements in airport security and safety standards and infrastructure. (Benin, Senegal)	16.0

Fiscal Year	Project Name	Description and participating countries	Commitment (US\$ Million)
AGRICULTURE			
2005	Africa Emergency Locust Project	Investments in emergency locust management, agricultural investments to restore areas damaged by infestation, and strengthening of early warning and response systems. (Burkina Faso, Chad, Mali, Mauritania, Niger, Senegal, The Gambia)	59.5
2007	West Africa Agricultural Productivity Program APL 1	Establishment of regional centers of excellence in agricultural research, establishment of common regional regulations for genetic materials and pesticides and facilitating dissemination of new agricultural technologies. (Ghana, Mali, Senegal)	45.0
2008	West Africa Regional Biosafety	Assist the WAEMU establish a regional biosafety framework for the regulation of Living Modified Organisms (LMOs). (Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo)	3.9
2009	East Africa Agricultural Productivity Program APL1	Strengthening regional centers of excellence in agricultural research and increasing availability of new technologies to farmers. (Ethiopia, Kenya, Tanzania)	90.0
FINANCE			
2004	West Africa Economic and Monetary Union (WAEMU) Capital Market Development Project	Strengthening the capital markets in West Africa and mobilizing public and private financing for infrastructure development. (Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo)	96.4
2005	Regional Trade Facilitation Project - Supplemental Credit	Support for the operations of the Africa Trade Insurance (ATI) agency and extension of insurance services in new member country Burundi. (Burundi)	12.5
2007	Organization of Eastern Caribbean States (OECS) Catastrophe Insurance	Extension of catastrophic insurance cover under the Caribbean Catastrophe Risk Insurance Facility. (Dominica, Grenada, St. Lucia and St. Vincent & the Grenadines.)	14.2
2007	Haiti Catastrophe Insurance	Extension of catastrophic insurance cover to Haiti under the Caribbean Catastrophe Risk Insurance Facility. (Haiti)	9.0
2009	Economic Community of Central African States (CEMAC) Regional Institutions Support Project	Strengthening of six regional financial and regulatory institutions to expand and improve transparency and competitiveness of regional financial markets - with the aim of channeling oil revenues toward investment in Central Africa. (Cameroon, CAR, Chad, Congo)	50.0
WATER RESOURCES MANAGEMENT			
2006	Senegal River Basin Multi-Purpose Water Resources Development Project - APL1	Capacity building of the Senegal River Basin Association (OMVS), investment in irrigation infrastructure, improvements in fishing techniques and fisheries management, water protection, reduction in water-borne diseases, and pre-investment activities for five potential hydroelectric dams. (Guinea, Mali, Mauritania, Senegal)	111.4
2008	Niger Basin Water Resources Development and Sustainable Ecosystems Management Project - APL1	Capacity building of the Niger Basin Authority (NBA), rehabilitation of the 760MW Kainji 578MW Jebba hydroelectric plants, sustainable management of degraded environments and rehabilitation of small-scale water infrastructure (small hydroelectric dams and irrigation schemes). (Benin, Guinea, Mali, Niger, Nigeria)	186.0
2009	Lake Victoria Environmental Management Project II - APL1	Capacity building and institutional strengthening of the Lake Victoria Basin Commission, point source pollution control and prevention, watershed management. (Kenya, Tanzania, Uganda)	90.0

Annex 3

Regional Operations under Preparation in IDA15 and beyond (indicative)

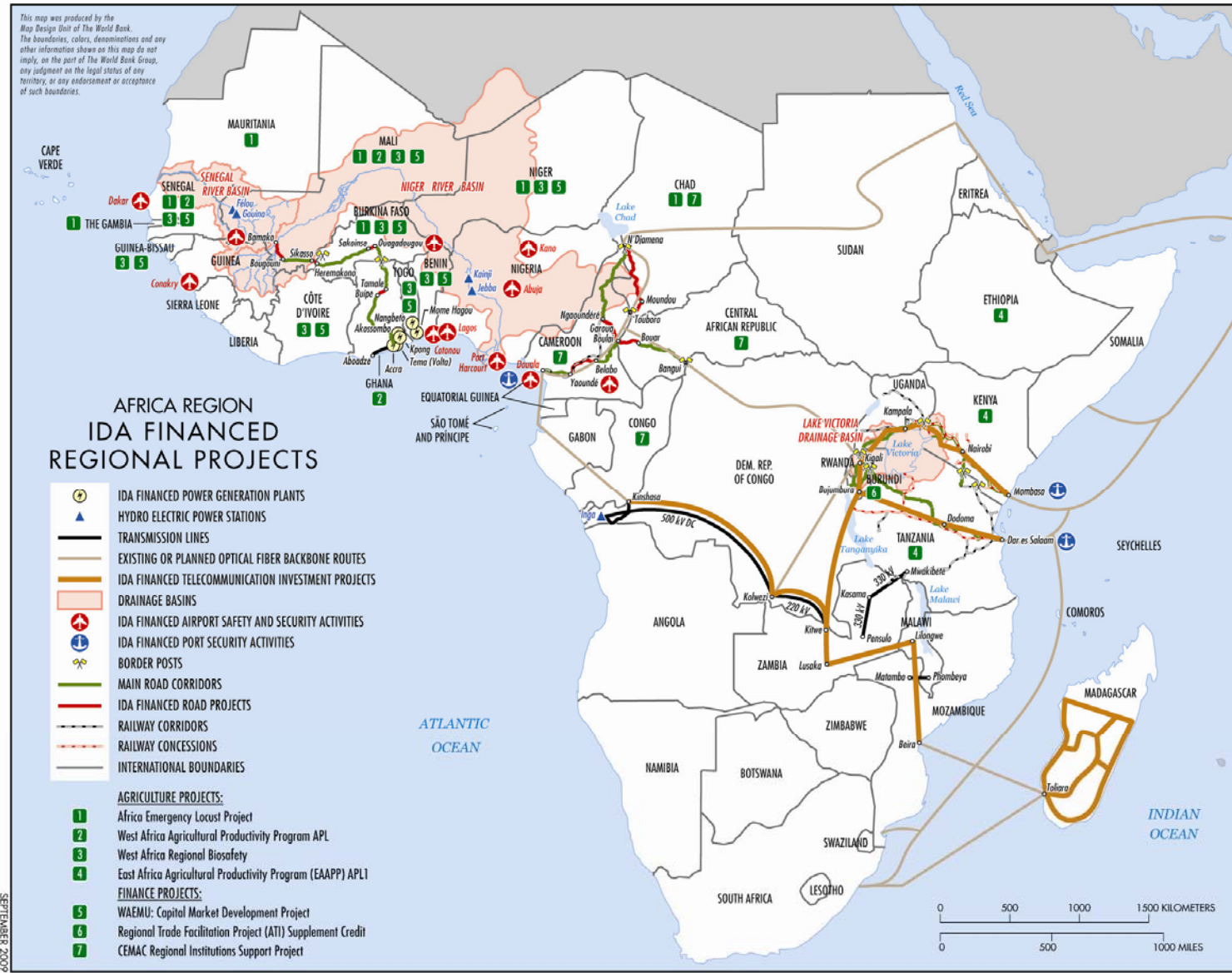
Project Name	Description and participating countries	Estimated Commitment (US\$ Million)
TRADE AND TRANSPORT FACILITATION		
CEMAC Transport and Transit Facilitation Project - Additional Financing	Additional Financing to address financing gap and allow for rehabilitation/construction of additional road, rail and bridge segments along the corridor. (Cameroon, Central African Republic)	200
Abidjan-Lagos Transport & Transit Facilitation Project APL1	Trade Facilitation (Customs modernization and harmonization, establishment of joint border posts), improvements to critical road segments, and HIV/AIDs treatment and prevention along the Abidjan-Lagos corridor. (Benin, Ghana, Nigeria, Togo).	235
East Africa Transport Links	Rehabilitation of selected key infrastructure along the transport corridors linking participating countries (Kenya, Tanzania, Uganda, Ethiopia, Southern Sudan, Rwanda, Burundi)	200
Nacala Corridor Trade and Transport Facilitation Project	Regional Rail and/or Road investments and trade facilitation measures along the Nacala Corridor. (Malawi, Mozambique, Zambia)	60
Abidjan-Lagos Transport & Transit Facilitation Project APL2	Addition of Cote d'Ivoire to ALTTFP program. (Cote d'Ivoire)	80
Southern Africa Trade and Transport Facilitation (North-South Corridor) APL1	Trade and Transport Facilitation activities along the North-South Corridor including road and customs infrastructure investments and harmonization of regional customs regulations and protocol. (Participating countries TBD)	250
West Africa Regional Rail Project	Concessioneing and infrastructure investments to improve the rail system in West Africa (Participating countries TBD)	200
North-East Trade and Transport Facilitation Project	A series of corridor focused infrastructure and trade facilitation projects to improve regional trade links between NE Indian States, Bangladesh, Nepal and Bhutan.	200-400
POWER		
Regional and Domestic Power Market Development (PMEDE) Additional Financing	Additional financing for the rehabilitation of hydroelectric generation facilities of Inga 1 and Inga 2 (increasing capacity from 700 MW to 1300 MW) to supply power to the Southern Africa Power Pool. (DRC)	300
West Africa Power Pool (WAPP) APL3 - Inter Zonal Transmission Hub	Construction of 225kV transmission lines and supporting infrastructure from Bolgatanga, Ghana to Ouagadougou, Burkina Faso. (Burkina Faso, Ghana)	60
East Africa Power Pool (EAPP) Kenya-Uganda Interconnector	Construction of a 256 km 220 kV transmission line and supporting infrastructure between Jinja, Uganda and Lessos, Kenya. To be connected to future Kenya-Ethiopia transmission line, allowing for export of hydroelectric power from Ethiopia to the East Africa Power Pool. (Kenya, Uganda)	100
Mozambique Regional Transmission Development Project	Construction of Mozambique north-south transmission backbone system to connect the Tete Power Plants to the Southern Africa Power Pool (SAPP). First phase of staged program to link 5 planned mega generation projects in Mozambique to SAPP. (Mozambique)	110
West Africa Power Pool (WAPP) APL4 - CSLG	Construction of a 225kV transmission line to interconnect the power networks of Liberia, Cote d'Ivoire and Guinea under the West Africa Power Pool. (Liberia, Cote d'Ivoire, Guinea)	120
West Africa Power Pool APL2 Phase 2 - OMVG Energy	Construction of 240 MW Kaleta hydropower plant in Guinea and 225kV transmission lines connecting participating countries power networks and linking them with the West Africa Power Pool (Guinea, Guinea-Bissau, Senegal, The Gambia)	95

Project Name	Description and participating countries	Estimated Commitment (US\$ Million)
Regional Rusumo Falls Hydroelectric and Multipurpose Project	Construction of a 60-80MW hydropower station at Rusumo Falls. Construction of 350 km of transmission lines connecting Rusumo to the national electric grids of the three participating countries and utilization of electricity and investment in selected rural growth centers along the transmission corridors. (Burundi, Rwanda, Tanzania)	100
West Africa Power Pool Phase 3 - Adjarala Hydroelectric	Construction of up to a 150 MW Adjarala hydropower station and a 161kV transmission line to connect the power station to the West Africa Power Pool Coastal Transmission Backbone (Togo, Benin)	120
Kafue Gorge Hydropower Project	Construction of a 700 MW hydropower generation facility for domestic consumption and export to the Southern Africa Power Pool (Zambia) .	150
Central Asia – South Asia regional Electricity and Trade Project (CASA 1000)	The objective of the project is to promote electricity exports from Tajikistan and Kyrgyz Republic to Afghanistan and Pakistan by establishing the necessary transmission, trading infrastructure and systems to enable a trade of 1000 MW of electricity between Central Asia and South Asia. Four countries participate: Tajikistan, Kyrgyz Republic, Pakistan, and Afghanistan.	350
Organization of Eastern Caribbean States (OECS) Regional Energy Regulation	Creation of a regional electricity regulatory agency to harmonize national regulations and encourage regional investments in the sector, particularly in renewable energy. (Dominica, Grenada, St. Lucia, St. Vincent as IDA/IBRD blend borrowers. Also includes Antigua and St/Kitts/Nevis as IBRD borrowers)	2.4
WATER RESOURCES MANAGEMENT		
West Africa Fisheries Project APL1	Program aimed at sustainable management of regional fisheries and increasing local revenues from the fisheries trade. (Cape Verde, Liberia, Senegal, Sierra Leone)	45
Lake Victoria Environmental Management Project Phase II (LVEMPII) APL2	Addition of Rwanda and Burundi to the LVEMPII program for sustainable management and environmental protection of fisheries and water resources in the Lake Victoria basin. (Burundi, Rwanda)	30
Lake Malawi/Nyasa/Niassa Development Project	Program aimed at sustainable management of lake resources, including improved fishing practices and revenue generation by local communities, and reduced nutrient inflow. (Malawi, Mozambique, Tanzania)	30
Lake Victoria Environmental Management Project Phase II (LVEMPII) APL3	Further scale up of interventions initiated under earlier APL phases of the LVEMPII program. (Kenya, Tanzania, Uganda)	30
West Africa Fisheries Project APL2	Expansion of the West Africa Fisheries Program to new member states. (Ghana, Guinea, Guinea-Bissau)	35
Senegal River Basin Multi-Modal Transport Program	Development of multi-mode transportation within the Senegal River basin. (participating Countries TBD)	120
Niger Basin Water Resources Development and Sustainable Ecosystems Management Project APL2	Completion of Kainji hydropower plant and Jebba Dam rehabilitation initiated under APL1, Lagdo dam and Garoua River port rehabilitations, master planning of the Benue sub-basin, partial financing of Fomi, Taoussa, Kandadji and Zungeru dams and scaling up of income generation activities associated with ecosystem management and mitigation measures for the development of additional water resources infrastructure. (Benin, Guinea, Mali, Niger, Nigeria)	314
Senegal River Basin Water Resources Development APL2	Second round of local level multi-purpose water resources development activities to be selected for scale up and the development of water resources infrastructure for which the relevant studies have been completed under APL1. (Mali, Mauritania, Senegal, Guinea)	195

Project Name	Description and participating countries	Estimated Commitment (US\$ Million)
AGRICULTURE		
East Africa Agricultural Productivity Program (EAAPP) APL2 (Uganda)	Addition of Uganda to the EAAPP and establishing a new regional center of excellence focusing on regionally important crop varieties not covered under original program. (Uganda)	30
West Africa Agricultural Productivity Program (WAAPP) - APL2	Extension of the WAAPP to new member countries and new priority technologies, while also providing additional resources to bring technologies initiated under phase I to full maturity and allowing for wide dissemination. (Benin, Burkina Faso, Cote d'Ivoire, Guinea, Liberia, Niger, Nigeria, Sierra Leone, Togo)	120
Southern Africa Agricultural Productivity Program	Establishment of regional centers of excellence in agricultural research focused around priority crop varieties. (Participating countries TBD)	30
INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT)		
Central Africa Backbone APL1B	Connective infrastructure establishing the Central Africa Backbone linking the countries to fiber-optic cable laid along the Chad-Cameroon oil pipeline. (Cameroon, CAR, Chad)	37
ECOWAS Broadband Connectivity Project APL1	Establishing a regional ICT backhaul network by leveraging and commercializing excess capacity on the fiber optic cables installed along with the cross-border power transmission lines under the West Africa Power Pool. (Nigeria, Ghana, Benin, Togo)	90
Central Africa Backbone APL2	Extension of Central Africa Backbone to additional countries (TBD - The following countries have expressed interest: DRC, Congo, Equatorial Guinea, Gabon, Niger, Sao Tome and Principe, Sudan)	100
Regional Communications Infrastructure Program (RCIP) APL4	Linkage of new countries to international broadband networks under the RCIP umbrella program (Participating countries TBD)	80
ECOWAS Broadband Connectivity Project APL2	Extending the regional ICT backhaul network to land-locked countries in West Africa. (Participating countries TBD)	85
Regional Communications Infrastructure Program (RCIP) APL5	Linkage of new countries to international broadband networks under the RCIP umbrella program (Participating countries TBD)	12
ECOWAS Broadband Connectivity Project APL3	Extending the regional ICT backhaul network to additional countries in West Africa which were not ready for entry under APL2. (Participating countries TBD)	75
Central Africa Backbone APL3	Extension of Central Africa Backbone to additional countries (Participating countries TBD)	52
E-Government for Regional Integration Project for St. Vincent and the Grenadines	The project supports an increased collective provision of select government services both to cut costs and achieve economies of scale, within the context of Caribbean integration. This is the second phase of the regional APL that went to the Board on May 29, 2008, which included Dominica, Grenada and St. Lucia. This project adds St. Vincent & the Grenadines to the original regional program.	2.3
Caribbean Regional Communications Infrastructure Program (CARCIP)	The primary objective of the proposed program will be to increase the availability, use and development impact of regional broadband communications infrastructure, on the basis of further development of the regional submarine infrastructure, deployment of national broadband backbone networks and cross-border links, where required, as well as development of value-added initiatives to take advantage of this regional infrastructure, notably through improved policies and infrastructure for development of the local IT industry (incubators, inter-university network), and for the delivery of e-services (e.g. government Intranet, e-health and e-education networks).	18

Project Name	Description and participating countries	Estimated Commitment (US\$ Million)
MINERAL GOVERNANCE		
Africa Mineral Governance Project (AMGP) APL1	Regional harmonization of mining policy and regulations, capacity building of mineral sector development and management institutions, regional geological data collection and development of cross-border mineral resource corridors. (Burkina Faso, Cote d'Ivoire, Liberia)	31
Africa Mineral Governance Project (AMGP) APL2	Addition of new countries to the AMGP (Participating countries TBD)	70
HEALTH		
Africa Regional Health and TB Support Project	Creation of regional reference labs linked with national labs to reinforce drug-resistance surveillance networks in tracking and identification of multi-drug resistant and extensively drug resistant (MDR and XDR) TB with plans for scale-up to cover additional diseases as capacity is built. (Kenya, Tanzania, Uganda)	60
Africa Infectious Diseases Program	Comprehensive regional health systems strengthening program (Participating countries TBD)	100
FINANCE		
Regional Trade Facilitation Project II - APL1	Financing to support countries' subscription in Africa Trade Insurance (ATI) through purchase of share capital, allowing ATI to extend political risk and credit insurance coverage to potential investors in the new member countries. (DRC, Nigeria, Ghana)	59
Regional Trade Facilitation Project II - APL2	Financing to support additional countries' subscription in Africa Trade Insurance (ATI) through purchase of share capital. (Participating Countries TBD)	75
Disaster Vulnerability Reduction project	Financing disaster vulnerability reduction investments for selected public infrastructure. These tasks will be implemented by four OECS member states: Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines.	12

Annex 4: IDA Financed Regional Projects in Africa



Annex 5

Role of Regional Institutions in IDA projects

Table 2: Regional entities in selected IDA regional projects

Project	Regional Institution	Role of the Regional Entity and Support Modality
Southern Africa Power Pool	Southern Africa Power Pool Coordination Centre	Role of the Regional Entity: plans and executes the trading of power.
		Bilateral donors: The program was prepared with the financial support of a Japan PHRD grant to the Government of Zimbabwe, which passed it on to the SAPP Coordination Center. For project implementation and capacity building, the Coordination Centre will receive financing from several bilateral donors.
Lake Victoria Environmental Management	Lake Victoria Basin Commission Secretariat	Role of the Regional Entity: managing shared water and fisheries resources; ecosystem monitoring and applied research; point source pollution control and prevention; pollution risk management; project coordination and M&E
		Bilateral donor (SIDA) + Global Environment Facility: Co-financing from SIDA and GEF is disbursed to the East African Community (EAC) for capacity building activities related to the Lake Victoria Basin Commission (The Basin Commission is an EAC institution).
West Africa Trade and Transport	West Africa Economic and Monetary Union (WAEMU)	Role of the Regional Entity: responsible for the overall coordination and monitoring of the Community Action Plan for Road Infrastructure and Transport (of which the IDA financed project is a subset)
		African Development Bank funds technical assistance to WAEMU to improve its capacity to coordinate and monitor all Roads Program-related activities.
Niger Basin Water Resources Development	Niger Basin Authority	Role of the Regional Entity: responsible for project implementation – promotes and facilitates water resources development in the Niger basin among riparian countries
		Participating countries on-grant part of the proceeds of IDA credits: IDA credits (or grants) are made to each of the five participating countries. The proceeds are made available to the Niger Basin Authority under subsidiary agreements between each country and the Niger Basin Authority.
Africa Emergency Locust Project	FAO's Emergency Center for Locust Operations	Role of the Regional Entity: maintains the Emergency Center for Locust Operations (ECLO) which monitors the locust situation and is the focal point for assistance to locust-affected countries
		IDA credits: The interventions that warrant a regional approach (e.g. coordination of locust control, research) will be financed through specific earmarked allocations in the country projects.
OECS and Haiti Catastrophe Insurance	The Caribbean Catastrophe Risk Insurance Facility	Role of the Regional Entity: provides the governments of the Caribbean Community with an insurance instrument that furnishes short-term liquidity if they suffer catastrophic losses from a hurricane or earthquake.

Annex 6

Selected Portfolio Implementation Indicators as of September 3, 2009

Project	Region	Approval	Effectiveness Date	Closing Date	Development Objective Rating	Implementation Performance Rating	Commitment (USD)	Disbursed to Date (USD)	Age (Years)	Problem Project	Potential Problem Project
POWER											
Southern Africa Power Market APL1	AFR	11/11/2003	5/17/2004	12/31/2012	MS	MS	359.1	21	5.8		X
Southern Africa Power Market APL1 - Additional Financing	AFR	6/30/2009	N/A	12/31/2012	N/A	N/A	180.6	0	0.1		
Southern Africa Power Market APL1b - Regional & Domestic Power Market Development Project	AFR	5/29/2007	4/2/2008	6/30/2013	MS	MS	296.7	5	2.2		
Southern Africa Power Market APL2 - Mozambique-Malawi Transmission Interconnection	AFR	7/17/2007	4/1/2008	6/30/2013	MU	MU	93.0	2	2.1	X	
West Africa Power Pool Phase 1 APL1	AFR	6/30/2005	11/1/2005	12/31/2009	MS	MS	40.0	14	4.1		
West Africa Power Pool Phase 1 APL2	AFR	6/29/2006	4/30/2007	6/30/2010	S	MS	75.0	2	3.1		
West Africa Power Pool Phase 2 APL1	AFR	6/29/2006	11/29/2007	12/31/2010	MU	MU	60.0	4	3.1	X	
Energy Community of South East Europe Program APL2 - Serbia	ECA	6/30/2005	2/6/2006	2/28/2010	S	MS	21.0	6	4.1		
Energy Community of South East Europe Program APL2 - Albania	ECA	6/28/2005	12/21/2005	1/31/2011	MS	MS	27.0	1	4.1		
Energy Community of South East Europe Program APL3 - Montenegro	ECA	7/6/2007	1/28/2008	3/31/2012	S	S	9.0	3	2.1		
Energy Community of South East Europe Program APL3 - Bosnia	ECA	6/16/2006	4/13/2007	12/31/2010	S	MU	36.0	2	3.2	X	
Energy Community of South East Europe Program APL5 - Dam Safety	ECA	6/30/2008	12/16/2008	12/31/2013	S	S	35.3	1	1.1		
Greater Mekong Subregion Power Trade Project	EAP	6/5/2007	12/12/2007	12/31/2013	S	MS	15.0	2	2.2		
INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT)											
Regional Communications Infrastructure Program APL1	AFR	3/29/2007	8/21/2007	7/31/2012	MS	MS	164.5	27	2.4		
Regional Communications Infrastructure Program APL2	AFR	9/30/2008	1/16/2009	1/31/2014	MS	S	24.0	1	0.9		
Regional Communications	AFR	6/25/2009	N/A	2/28/2015	N/A	N/A	151.0	0	0.2		

Project	Region	Approval	Effectiveness Date	Closing Date	Development Objective Rating	Implementation Performance Rating	Commitment (USD)	Disbursed to Date (USD)	Age (Years)	Problem Project	Potential Problem Project
Infrastructure Program APL3											
OECS E-Government for Regional Integration	LCR	5/27/2008	N/A	6/30/2012	S	S	7.2	0	1.2		
TRADE AND TRANSPORT FACILITATION											
East Africa Trade & Transport Facilitation Project	AFR	1/24/2006	6/5/2006	9/30/2011	MS	MU	199.0	74	3.6	X	
CEMAC Transport & Trade Facilitation Project	AFR	6/26/2007	12/5/2007	1/31/2013	S	S	201.0	8	2.2		
West Africa Transport and Transit Facilitation Project	AFR	6/19/2008	10/2/2008	3/31/2014	S	S	190.0	11	1.2		
West & Central Africa Air Transport Safety and Security APL1	AFR	4/27/2006	8/24/2006	12/31/2009	MU	MU	33.6	10	3.3	X	
West & Central Africa Air Transport Safety and Security APL 2	AFR	10/2/2007	6/24/2008	6/30/2011	S	MS	46.7	5	1.9		
West & Central Africa Air Transport Safety and Security APL2b	AFR	2/25/2009	8/11/2009	12/31/2012	N/A	N/A	16.0	0	0.5		
AGRICULTURE											
Africa Emergency Locust Project	AFR	12/16/2004	5/27/2005	6/30/2010	S	S	59.5	47	4.7		X
West Africa Agricultural Productivity Program APL 1	AFR	3/29/2007	3/21/2008	6/30/2012	S	S	45.0	6	2.4		
West Africa regional Biosafety	AFR	11/13/2007	7/7/2008	6/30/2012	MS	MS	3.9	0	1.8		
East Africa Agricultural Productivity Program APL1	AFR	6/11/2009	N/A	2/27/2015	N/A	N/A	90.0	0	0.2		
FINANCE											
West Africa Economic and Monetary Union (WAEMU) Capital Markets Development Project	AFR	2/26/2004	7/29/2005	9/30/2011	MU	MU	96.4	7	5.5	X	
Regional Trade Facilitation Project - Supplemental Credit	AFR	5/31/2005	2/23/2006	6/30/2011	S	HS	10.0	9	4.2		
Organization of Eastern Caribbean States (OECS) Catastrophe Insurance	LCR	3/8/2007	5/24/2007	12/31/2010	S	S	14.2	12	2.5		
Haiti Catastrophe Insurance	LCR	3/8/2007	7/31/2007	12/31/2010	S	S	9.0	9	2.5		
Economic Community of Central African States (CEMAC) Regional Institutions Support Project	AFR	12/4/2008	4/27/2009	6/30/2014	S	S	50.0	0	0.7		

Project	Region	Approval	Effectiveness Date	Closing Date	Development Objective Rating	Implementation Performance Rating	Commitment (USD)	Disbursed to Date (USD)	Age (Years)	Problem Project	Potential Problem Project
WATER RESOURCES MANAGEMENT											
Senegal River Basin Multi-Purpose Water Resources Development Project APL1	AFR	6/8/2006	3/14/2007	9/8/2011	MU	MU	110.0	27	3.2	X	
Niger Basin Water Resources Development and Sustainable Ecosystems Management Project APL1	AFR	7/3/2007	11/8/2007	1/31/2013	S	MU	186.0	14	2.1	X	
Lake Victoria Environmental Management Project II APL1	AFR	3/3/2009	N/A	6/30/2013	N/A	N/A	90.0	0	0.5		

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