

AFRICA REGIONAL INTEGRATION PORTFOLIO REVIEW

Africa Operational Quality and Knowledge
August 2006

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ACKNOWLEDGEMENTS

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The task team would like to recognize the contribution of colleagues in the Legal, Financial Management, Procurement, AFC16, OPCS, FRM, AFTQK, IEG, GEF, and ActAfrica units to this effort. Colleagues in these departments provided essential data, and in some cases analytical assistance. Jonathan Pavluk provided most of the content for the discussion on legal requirements. Marie-Therese Melkonian, Panagiotis Tzanopoulos, Bibiane Uwera and Margaret D'Costa provided valuable support in obtaining and processing data. Aisha Rahman Khan assisted with the M&E report. Lourdes Pagaran and Christiane Kraus provided review comments on earlier drafts. Indu John-Abraham provided editorial support. Comments from peer reviewers were invaluable in shaping the report. Many thanks also to TTLs, project teams, and CMU colleagues in agreeing to be interviewed and surveyed for this report.

ACRONYMS AND ABBREVIATIONS

AAA	Analytic and Advisory Activities
AAP	Africa Action Plan
AFC16	Africa Regional Integration Department
AfDB	African Development Bank
AFTQK	Africa Operational Quality and Knowledge Unit
APL	Adaptable Program Loan
ARCAN	African Regional Capacity Building Network
ATI	Africa Trade Insurance Agency
BCEAO	Banque Central des Etats de l’Afrique de l’Ouest/ Central Bank of Western African States
BEAC	Banque des Etats de l’Afrique Central/ Bank of Central African States
BOAD	Banque Ouest-Africaine de Développement
CAS	Country Assistance Strategy
CD	Country Director
CEMAC	Communauté Economique et Monétaire de l’Afrique Centrale
CM	Country Manager
CMU	Country Management Unit
CO	Country Office
COMESA	Common Market for Eastern and Southern Africa
CPC	Country Program Coordinator
DFID	Department for International Development (UK)
DO	Development Objective
EAC	Eastern African Community
EC	European Commission
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of Western African States
ERL	Emergency Relief Loan
ESW	Economic and Sector Work
EU	European Union
FAO	United Nations Food and Agriculture Organization
FIL	Financial Intermediary Loan
FMA	Financial Management Assessment
FMS	Financial Management Specialist
FRM	Resource Mobilization Department
ESSD	Environmentally Socially Sustainable Development Network
GEF	Global Environmental Facility
GTZ	German Technical Cooperation Agency
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
ICT	Information Communications Technology
IDA	International Development Agency
IDF	Institutional Development Fund
IEG	Institutional Evaluation Group
IFC	International Finance Corporation

IL	Investment Lending
IMF	International Monetary Fund
IP	Implementation Progress
ISR	Implementation Status and Results Report
LCBC	Lake Chad Basin Commission
LICUS	Low-Income Country Under Stress
MAP	Multi-Country HIV/AIDS Program for Africa
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
NBA	Nile Basin Association
NEPAD	New Partnership for Africa's Development
OED	Operations Evaluation Department, now Independent Evaluation Group
OMVS	Organisation pour la Mise en Valeur du Fleuve Sénégal
OPCS	Operations Policy and Country Services
PAD	Project Appraisal Document
PDO	Project Development Objective
PPF	Project Preparation Facility
PREM	Poverty Reduction and Economic Management Network
PRSP	Poverty Reduction Strategy Paper
QEA	Quality-at-Entry Assessment
QER	Quality Enhancement Review
QSA	Quality-at-Supervision Assessment
QAG	Quality Assurance Group
REC	Regional Economic Community
RI	Regional Integration
RIAS	Regional Integration Assistance Strategy
SADC	Southern African Development Community
SAPP	Southern Africa Power Pool
SD	Sector Director
SIL	Specific Investment Loan
SIM	Sector Investment and Maintenance Loan
SM	Sector Manager
TAL	Technical Assistance Loan
TTL	Task Team Leader
UEMOA	Union Economique et Monétaire des Etats de l'Afrique de l'Ouest
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNHCR	United Nations High Commissioner for Refugees
USAID	U.S. Agency for International Development
WAEMU	Western Africa Economic and Monetary Union
WAPP	Western Africa Power Pool
WHO	World Health Organization
WIO	Western Indian Ocean

EXECUTIVE SUMMARY

THE CONTEXT

1. In the last two years, the Africa Region has increased its support for regional integration initiatives. In 2004, the Region established the Regional Integration Department, (AFC16). In 2005, the Africa Action Plan (AAP) outlined major strategic programs and goals to support regional integration and African Union of the New Partnership for Africa's Development (NEPAD) objectives. The main strategic thrust has been to support accelerated growth through support to regional infrastructure. Support is also provided, selectively, to aspects of service delivery in areas where regional approaches can leverage national impacts to improve shared growth, including fighting migratory diseases and pests, management of water resources, agricultural research, improving outcomes in tertiary education, and selected capacity development in regional institutions.

2. The Bank (through the AFC16 department and project teams) has played the role of convener and facilitator, and a lead role in donor coordination for regional projects. This is perceived as the Bank's comparative advantage in regional integration efforts. The Bank's role as lead financier is also critical for many regional projects. Under IDA14, a significant scale up of the Africa Region's regional integration program is expected. The target is \$350M IDA and an additional \$350M in cofinancing in each of FY06, FY07 and FY08; a more than 100 percent increase over FY05 commitments. By the end of FY06, IDA will have provided \$478M for regional programs and mobilized \$250M in cofinancing.

Review Objectives

3. Within this context Africa Operational Quality and Knowledge Services (AFTQK) is supporting AFC16 by conducting a review of the regional integration portfolio. The objectives of the portfolio review, which complements other scheduled reviews,¹ were:

- First, to assess the alignment of projects in the portfolio with the strategic objectives of (i) the AAP, (ii) the Regional Economic Communities (RECs) in Africa, and (iii) the IDA Pilot Program for Regional Projects.
- Second, to review the performance of projects in the portfolio and recommend immediate actions to improve performance. Special attention was paid to quality at entry, quality of supervision, project results frameworks and M&E systems.
- Third, and most important, to understand the common issues impacting regional integration efforts in general, and current projects under implementation in particular, in order to draw and apply lessons from these experiences to improve Bank support (AFC16 and CMUs) for active and pipeline projects.

THE PORTFOLIO

4. The current active portfolio contains 19 projects, 14 of which are under implementation and five approved in the last quarter of FY06 but not yet effective (Annex 3). Total portfolio commitment is \$1.11B. Of the 19 active projects, ten, including the 5 recently approved, are

¹ (i) FRM will be conducting an IDA Mid-term Review to examine the progress of the IDA pilot for regional integration projects. (ii) IEG is currently carrying out a review of Bank-wide regional integration projects. (iii) QAG is scheduled to review Bank-wide regional AAA/ESW products.

funded by the IDA Pilot Program for Regional Integration, four by GEF grants, and four by IDA13 HIV/AIDS grants (Table 2 Page 5). The GEF and HIV/AIDS projects were transferred to the portfolio in FY06. One IDA project, the Trade Facilitation project, was approved in FY01 before the creation of the IDA Pilot. There are also two active guarantees and five IDF grants (Annex 4b). By sub-region, West Africa is by far the most active with East Africa in second place followed by Central and Southern Africa (Annex 2). Infrastructure is the largest sector with 62% of total commitments in the active portfolio (for power and transport projects) and an even larger share of the \$708M projected commitments for the 9 projects in the FY07 pipeline (Annex 4b²).

Portfolio Strategic Alignment

5. The review found that projects approved since the inception of the AFC16 Department are strategically well-aligned with the goals of the IDA Pilot Program for Regional Projects, the AAP and RECs' strategies. The HIV/AIDS and GEF projects do not align directly with the objectives of the RECs; these were designed during the 2000-2004 period in response to various opportunities that emerged (client requests, financing availability, strategic initiatives, etc.). They were also funded by separate grant mechanisms outside the pilot's framework. Nevertheless, only two failed to meet the Pilot Program's criteria for regional integration projects: the Regional HIV/AIDS TAP and ARCAN projects (Annex 7). Both these projects are multi-country in design with weak "regional" components.

6. The AFC16 department's strategy and priorities are clear as indicated earlier in Para 1. However, the challenges associated with preparing regional projects, i.e. the different levels of readiness of the RECs, other regional institutions, and the countries themselves in implementing regional protocols, combined with the Region's goal to rapidly scale up regional integration efforts means that AFC16 has limited control over project sequencing. In FY05 and FY06, Board approvals reflected available opportunities within areas of strategic focus rather than a delineated program in the normal manner of a CAS. During FY06, in parallel with program scale-up, AFC16 has worked with colleagues in PREM, sectors and CMUs to refine the strategic positioning of regional programs by updating sub-regional Regional Integration Assistance Strategies (RIASs) in West and Central Africa and developing new RIASs in East and Southern Africa. These will be important building blocks for preparing a FY07 region-wide RIAS.

Portfolio Performance

7. The portfolio is relatively young - only two active projects became effective before 2004, 12 became effective in the last two years, and five are not yet effective. As such, portfolio performance reflects start-up issues common to many young portfolios in the region, including slow disbursement start-up. Disbursement activity for 2005 (Annex 5) shows that except for two projects that either met or exceeded their disbursement projections (BEAC Regional Payment Systems and ARCAN HIV/AIDS), the rest lagged estimates, with actual disbursements for most projects less than half their FY2005 disbursement forecast³. Four projects, including two transferred to the portfolio in FY06, were affected by Effectiveness Delays. Quality-at-Entry assessments by QAG and AFTQK (Annex 8) found 6 of the 14 projects under implementation, essentially the newly transferred projects (four GEF and 2 HIV/AIDS), less than satisfactory for

² The list of pipeline projects is based on AFC16's latest business plan (May 2006), which may not reconcile with SAP reports as some projects have not updated their status in SAP.

³ Overoptimistic disbursement forecasts were also a factor.

Quality-at-Entry. A review of project documents shows that, as is the case for many single country portfolios, weak Procurement and M&E are systematic problems (Annex 3).

8. Portfolio performance at the beginning of FY06 triggered a QAG Country Record/Risk flag in March 2006. The flag reflects IEG ratings of three Africa regional projects completed in the previous five years as well as the performance of five mature projects in the portfolio.⁴ By end FY06 however, there were encouraging signs of a turn around in portfolio performance with only one project at-risk: ARCAN HIV/AIDS (Annex 3) compared to the first three quarters of FY06 when five projects were at-risk. The realism rating for the portfolio was 100% compared to the regional average of 71% and the Bank-wide average of 80%.⁵ For most of FY06, the proactivity index was 0 %, but improved to 67 % in June 2006, compared to the regional average of 80 % and the Bank-wide average of 82 %.⁶ Continued close portfolio monitoring and implementation support will be essential to ensure this encouraging trend is sustained.

LESSONS LEARNED

9. The portfolio review assessed lessons learned from a) closed regional projects, b) projects in the current portfolio, and, c) regional programs of other institutions. Key lessons from both satisfactory and unsatisfactory performers highlight that:

- a. Keeping project design simple is especially important given the extraordinarily complex operating environment;
- b. Focusing early on political economy factors that make obtaining government commitment for regional projects difficult, is critical to project success;
- c. Ensuring ownership and readiness of implementation early in the preparation process, by using trust funds and other grant programs to facilitate these activities, is essential;
- d. Selecting strong institutions as implementing agencies is a key success factor. It is generally more effective to use existing institutions and develop their capacity than to establish new ones;
- e. Leveraging national institutions during implementation, to offset the weak capacity of regional institutions and to maximize national ownership, facilitates implementation;
- f. Establishing M&E and procurement systems early in the process is crucial. The lack of regional M&E systems hampers the RECs' ability to align project outcomes to desired results. The need to negotiate procurement responsibility for supranational project components, and the lack of harmonized procurement systems often delays implementation;
- g. Working in partnership with governments, NGOs, other donors, and the private sector is important;

⁴ Normally, QAG bases this rating on IEG ratings for the previous five years and reflects portfolios with a net disconnect of 20% or more, or where net commitments associated with unsatisfactory projects (as rated by IEG) represent more than 40% of commitments for completed projects over the previous five years. This rating indicates that the portfolio presents high risks of which current projects should be aware. In the case of the Regional Integration portfolio, since the sample of closed projects rated by IEG over the previous five years is small (three projects), QAG also based on the rating on the five mature projects in the portfolio. Two of the mature projects caused the Country Record flag to be raised: GEF Lake Chad Basin and Regional HIV/AIDS Treatment Acceleration Project. Since the performance of these two projects has improved as of June, 2006, it is expected that the Country Record flag will be removed in October, 2006, when QAG is scheduled to reevaluate.

⁵ The realism index is defined by the Quality Assurance Group (QAG) as the ratio of actual problem projects to total projects at risk (i.e., the extent to which task teams themselves identified projects at risk of not achieving their objectives).

⁶ The proactivity index is defined as the proportion of projects rated as actual problem projects twelve months earlier that have been upgraded, restructured, suspended, closed, partially or fully canceled, or located in a post-conflict country with a Board-approved transition strategy.

- h. Ensuring projects teams have the range of skills needed during preparation and implementation, including consensus building and institutional assessment/capacity building skills, is critical for success;
- i. Leveraging field-based staff for preparation and supervision reduces the coordination burden of regional projects and increases the Bank's responsiveness.

KEY CROSS-CUTTING ISSUES

10. The portfolio review provided insight into the root causes of the performance problems experienced by regional integration projects, including: the operating environment that they face, the adequacy of the Bank's financing instruments, and the ability of the Bank's internal organization, policies and processes to provide effective support.

The Operating Environment

11. Regional projects are more difficult to prepare and supervise than their single-country counterparts. Contributing factors making the operating environment more complex include:

- **Low Capacity of RECs and other regional institutions:** Annex 9 illustrates that nearly all active projects are dealing with institutions that require extensive capacity building.
- **Country Ownership:** Country ownership of regional integration initiatives varies depending on each country's interpretation of regional protocols, priority and timing given to these protocols, availability of funding, and the level of coordination among ministries.
- **Complex Coordination Challenges:** Regional projects face an extraordinarily complex matrix of stakeholders, implying an exceptionally heavy coordination burden. They not only have to coordinate with RECs, other regional institutions, national ministries, other donors, PIUs, implementation partners, civil society, and multiple internal Bank players, but are also affected by the low level of coordination between and among these players. Annex 9 shows that 11 of the 15 projects active in March 2006 involved 5 or more countries; 5 projects deal with more than one REC; 12 projects involve 3 or more CMUs. Moreover, nearly all the regional implementation institutions require capacity building. Finally, the fact that some countries belong to more than one REC (Annex 1) complicates dialogue with regional clients, where multiple RECs may compete to be the "sponsoring" organization for the specific initiative or project.
- **Legal Complexity:** Legal issues for regional projects are more complex requiring more specialized skills and resources to address. Typical issues relate to negotiation of protocols, defining international legal relationships, defining the legal status of regional organizations, and assuring compliance during implementation. Annex 11 discusses the issues in detail.
- **Safeguards Issues:** Typical safeguards issues for regional projects include: a) linking safeguards requirements to, and verifying whether they are already covered by, national programs; b) addressing other donor requirements, especially those of UN agencies; c) designing mechanisms to deal with future environmental matters; and d) ensuring safeguards requirements are met in situations where project implementation roles and responsibilities are not clear.
- **Procurement and Financial Management Issues:** Two major procurement issues unique to regional projects are: a) the multiplicity of systems; and b) division of responsibility. The need to harmonize systems, agree which system to use, or negotiate country responsibility for supranational contracts requires significantly more time and effort. Similarly, the lack of

harmonization of financial management systems in African countries also plagues regional projects.

- **M&E Issues:** Alignment between country M&E systems and regional M&E systems is a major issue for regional projects. First, regional engagements often work across countries whose M&E systems are at different stages of development. Second, although project outcomes are generally aligned with REC strategies, the lack of specific outcomes and indicators in these strategies and the absence of formal institutional arrangements for measuring and monitoring outcomes, make it almost impossible to measure how project outcomes contribute to desired REC outcomes.

Financing and Instruments

12. The IDA Pilot Program for Regional Integration funds two-thirds of regional project financing, with countries contributing the remaining one-third from country IDA allocations. In general, the Pilot provides an incentive for countries to support regional programs but the impact of financing criteria on small country programs is of concern. These criteria also affect projects that require capacity building, financing of regional organizations or supranational components, and projects that integrate borrowers with different Bank borrowing status.

- **Impact of IDA Regional Pilot on Small IDA Country Envelopes:** For a few small countries, the requirement that sponsors of regional programs fund a third of their country's share of the financing from their IDA allocation, means giving up national programs altogether. This is because the definition of benefits and subsequent burden-sharing of regional projects bears no relation to a country's IDA Performance Based Allocation (PBA). A small country may have to bear significant investment costs if its benefits are correspondingly significant for a specific project, regardless of its PBA. Annex 12 illustrates the impact of this rule on small IDA countries.
- **Limitations of IDA Funding for regional organizations, supranational components and capacity building efforts:** Few regional organizations qualify to borrow from IDA. IDA14 guidelines also do not allow grants to regional organizations or funding of supranational project components. These restrictions limit the Bank's ability to provide critical capacity building for weak regional agencies. The only Bank funds available for capacity building of regional institutions are IDF grants which are often too small for many TA projects or components,⁷ especially relative to the transaction costs that they entail. The Africa Catalytic Fund and the AAP Capacity Building Program are possible sources of funding, although it is unclear whether the amounts available under these programs will be sufficient.
- **Diversity of Bank Borrowing Status:** Differences in Bank Borrower status (IBRD, IDA, grant-eligible) among member countries also impact country incentives to sponsor a project, especially for projects involving public goods (e.g. HIV/AIDS, regulatory bodies).

Bank Systems, Organization, Policies and Processes

13. Regional projects are still a new area of focus for the Bank and the Bank's systems, organization, policies and processes have not been set up to support them. Issues include reporting systems; organization of fiduciary, M&E, supervision, quality assurance and management support functions; CMU, AFC16 and sector roles; and strategic staffing.

⁷ Maximum \$500k normally, but recently changed to \$1 million for regional projects.

- **Reporting and Communications Infrastructure:** Currently SAP reports regional projects under the Regional (Africa) category and does not align these projects to the country reports of member countries. As a consequence, CMU staff, country staff, and staff in fiduciary and corporate functions who normally provide support to specific country programs do not see regional projects in their country reports. Thus, support for regional projects is not planned automatically and can fall through the cracks. AFC16 is well aware of this problem and has arranged with the Information Solutions Group (ISG) to have the problem corrected by FY07. The designs of current Implementation Status Reports (ISRs) and Implementation Completion Reports (ICRs) can make reporting for regional projects a cumbersome task. Depending on how the project is packaged, these documents can either force too little reporting on national components (for projects packaged with one project ID), or to duplication of effort (for projects with multiple project IDs).
- **Organization of Fiduciary Functions:** The human resources management and organization of the fiduciary functions still reflect a country focus. The Legal, Procurement and Financial Management functions have not yet adjusted their staffing plans to accommodate the recent scale up in the regional integration portfolio. The lack of coordinator roles hinders coordination and support for regional projects. There is a shortage of resources for all three functions. For the Legal Department, obtaining specialized skills on demand for regional projects has been a challenge.
- **CMU Role and Coordination:** AFC16 and CMU coordination, and getting CMUs to take ownership of regional projects, have been issues for most regional projects. However, this situation is improving, especially since the recent hiring of additional staff for the AFC16 department. Incentive issues still need to be addressed in order to encourage greater CMU ownership of regional projects.
- **Sector Role and Coordination:** Within the same sector, coordination between TTLs of regional projects and national projects is inconsistent. For some projects, coordination has been nonexistent.
- **Task Team Coordination:** A recurring theme in regional projects is the difficulty and cost of coordination with clients and Bank country teams both during preparation and supervision. The fact that most TTLs are based in Washington (Annex 13) makes the coordination challenge more difficult.
- **TTL Quality and Turnover:** There is high TTL turnover for regional projects (Annex 13). A contributing factor is that despite the relatively difficult nature of regional projects, the Bank has no extra incentives to encourage more experienced TTLs to manage regional projects. In fact, if anything, TTLs are given disincentives: too little budget, especially for supervision, for a lot more work and no more recognition.
- **“Regional” Expertise:** The complexity and multitude of stakeholders involved in regional projects makes it difficult for any one project team to have all the required expertise and knowledge of their stakeholders, in particular knowledge of RECs and regional institutions.
- **Management Support and Guidance:** Although support for regional projects has been improving since the establishment of the AFC16 department, TTLs mention that the management support that they receive is uneven.
- **Project Budget and Resource Allocation:** With all the challenges that regional projects face, it is not surprising that they require more time and resources for preparation and supervision. As Annex 6 shows, 9 of 16 projects approved by May 2006 took 24 months or more to prepare. Preparation costs on average 50% more than for single-country projects. Most TTLs also indicate supervision budgets are insufficient.

RECOMMENDATIONS

14. The cross-cutting issues and lessons emerging from this portfolio review have implications for the Africa Region's approach to regional projects going forward. At the strategic level, the Bank needs to re-examine its financing approach to supranational components, capacity building efforts, small IDA portfolios, and projects that bring together countries with different borrower status. At the organizational level, the organization of fiduciary and operations support functions, and resource management and strategic staffing policies need to be tailored to accommodate the needs of regional projects. Finally, strengthened portfolio management and increased management oversight are critical to future program success. Key recommendations in each of these areas are summarized below.

Strategy

- i. **Develop an overall strategy:** The AFC16 Department is in the process of updating the sub-regional strategies with sectors and CMUs. Given the weak capacity of regional institutions and the extensive process to build consensus and support for specific programs, these strategies must be selective and include clear time-bound output and outcome targets. Careful attention to involving CDs and CMUs in this process, as planned, will improve communication and coordination, as well as CMU ownership of regional projects. CMUs also need to be more proactive in their engagement on regional integration initiatives.
- ii. **Reexamine the Region's approach to Regional HIV/AIDs and GEF projects:** AFC16 should work with colleagues in ActAfrica, the Global HIV/AIDS Program, GEF Management, CMUs and Regional Management to examine the Region's approach to regional HIV/AIDs and GEF projects.
- iii. **Leverage Bank role as convener, facilitator, and coordinator for regional integration efforts:** a) assist RECs in securing country ownership for implementation of regional protocols; and b) develop expertise in multi-country negotiations, consensus building, and knowledge of RECs and other regional institutions within the Bank.
- iv. **Revisit IDA Pilot Guidelines:** IDA pilot guidelines should be revisited for a) countries with small IDA envelopes, b) projects involving countries with different Bank Borrower status, and c) projects that involve supranational components or capacity building. Funding 100% of regional projects that involve public goods should be considered.
- v. **Mobilize additional resources to tackle capacity constraints of RECs:** The Bank needs to find more sources of grant funding for capacity building of regional organizations, especially RECs, and for funding supranational components of projects. AFC16 and Regional Management should review guidelines for programs, such as the Africa Catalytic Fund, the Africa Capacity Building Program Fund and various trust funds, to see if these guidelines can be modified to better accommodate regional integration efforts. Umbrella TA funds to help each REC with pre-concept project development are also options.

B. ORGANIZATION AND STAFFING

- vi. **Address Systems Issues:** Redesign ISRs and ICRs to address the needs of regional projects. For example, for multi-country (or multi-sector) projects, consider a drop-down feature to allow separate data entry for specific country (and sector) components. Any

system modification should first be tested with TTLs and project teams. Ensure that the SAP reporting issue (Para 54) is satisfactorily addressed, as planned.

- vii. **Organization of Fiduciary Functions:** Assignment of full-time coordinator roles for regional projects for legal, procurement, and financial management functions. For the Legal Department, it may be worthwhile to examine the possibility of pre-qualifying a pool of external consultants with required specialized skills to be contracted as needed, and drawing upon legal expertise from the IFC and the Multilateral Investment Guarantee Agency (MIGA) when appropriate. For Procurement, ensure that Procurement Reviews are done regularly for regional projects. For FM staff, ensure that FMSs use the same rating system in FMAs.
- viii. **Strategic Staffing:** Active management of staff is needed to ensure that the needed skills are assigned to regional projects. Some possibilities include:
 - a. Reorganizing project management: Assign a strong Lead TTL to manage the regional component and coordinate TTLs of national components. Depending on project needs, consider whether the pros and cons of assigning Lead TTLs who are based in DC or in the field. The goal should be to ensure just in time Bank oversight and implementation support without increasing budget pressures. The current strong push in the Africa Region to decentralize senior sector staff will facilitate attempts to assign field-based TTLs.
 - b. Leveraging field-based staff for preparation and supervision: Leverage field-based sector colleagues for preparation and supervision where adequate skills exist. This should be done regardless of whether the lead TTL is based in Washington or in a CO, as regional projects require transactions in multiple countries. Piloting this approach for one sub region, provides a good phased approach.
 - c. More proactive performance management: Introduce additional performance management incentives, (e.g. increased weight in OPE assessments) to encourage strong TTLs with desired skills to manage regional projects.
 - d. Providing better budget and management support to TTLs and project teams of regional projects, including conducting an in-depth study of budget requirements for preparation and supervision of regional projects and how these budget requirements should be financed; and,
 - e. Developing in-house expertise on RECs, other regional institutions, and issues associated with regional projects: This in-house expertise would be used to help TTLs and project teams with project preparation and supervision, including in assessing institutional capacity and readiness for implementation, providing stakeholder relationship management support, facilitating transactions and negotiations, and helping design capacity building plans. Logically, this role should reside in the AFC16 department.

C. PROJECT DESIGN

- ix. **Ensure ownership of key stakeholders and readiness of implementation arrangements:**
 - a. For regional projects, this means ensuring: a) pre-concept readiness, including gaining early consensus from FRM and CMUs that the project should be classified as regional, agreement of CMUs on their country IDA contribution to regional projects, getting CMUs to assume ownership to secure the commitment from clients, incorporating regional projects into PRSPs and CASs, and using AAA to inform project design; b)

“First Phase” readiness during preparation, such as securing the commitment of clients; and c) “Second Phase” implementation readiness, such as the readiness of procurement and financial arrangements, institutions, etc. The Nile River Basin Initiative provides a good practice example of where this phased approach to consensus-building and project preparation has worked well.

- b. IDF, GEF, and other donor-funded grants should be leveraged to build capacity and develop the necessary agreements and protocols before the design of investment projects. An umbrella support program (e.g. trust fund for technical assistance) to help each REC move from project ideas to project concepts, fully-owned by participating countries, would significantly reduce the time taken to prepare investment projects. It also would help to reduce preparation costs of small projects by coordinating preparation, including consensus building, for similar projects. A trust funded program also could fund co-terminous staff to reduce the high cost to the Bank of this pre-concept phase.
- x. **In designing projects, plan regionally, but implement nationally** to the extent possible. This arrangement leverages the relative strength of national institutions, while softening the impact of weaker regional institutions, and leaves maximum responsibility and ownership of implementation to national entities.
- xi. **Leverage the APL:** Pipeline projects that do not have strong public goods characteristics and where countries do not need to be effective concurrently should explore first the use of the APL before considering other instruments.⁸

D. PORTFOLIO MANAGEMENT AND MANAGERIAL OVERSIGHT

- xii. **Enhance Communication and Coordination between CMUs, sectors and Regional Integration Department:** CMUs, AFC16, and sector staff should continue efforts to improve coordination of, and communication on, regional projects. CMUs should be increasingly involved in regional project selection, design, and decision-making and take greater ownership including ensuring projects are reflected in CASs/PRSPs and designating a focal point for regional projects.
- xiii. **Address pending portfolio issues:** TTLs, project teams and Sector Managers need to work with AFC16 and AFTQK colleagues to ensure increased Bank attention and oversight of the three categories of projects discussed in Chapter III: projects-at-risk, active projects with design issues, and projects that are inherently high-risk.
- xiv. **Focus on M&E and procurement issues:**
For M&E, two types of issues need to be addressed. First, project M&E frameworks and implementation arrangements should be reviewed with project teams, the AFTQK Review Team, and AFC16. Action plans should be developed to address specific M&E issues. Second, efforts to build regional M&E systems for RECs and regional institutions, should be supported through capacity building grants. For procurement, AFC16 should meet with the CMUs, TTLs and regional procurement leads and legal staff to brainstorm on ways to systematically address the assignment of responsibility for supranational contracts and for harmonization issues.

⁸ The APL, however, will not be appropriate for projects with strong public goods characteristics (e.g. HIV/AIDS, environmental management) and that need participating countries to be effective concurrently.

I. INTRODUCTION

The Context

1. With the African Union's launch of the New Partnership for Africa's Development (NEPAD) over five years ago, African leaders are working to bring regional integration into the mainstream of development efforts. This initiative was motivated by recognition that effective regional integration can significantly contribute to growth and poverty reduction in Africa by: (i) producing economies of scale and enhanced competition, thus lowering costs and improving global competitiveness for export diversification and growth; (ii) promoting viability as an investment target through "joint commitment" to improved macro-stability and lower country-risk; (iii) creating greater weight in international negotiations through more effective collective bargaining in world forums; (iv) contributing to peace and security through joint commitment to promote democracy, prevent and resolve conflicts;⁹ and, (v) resolving public goods issues that involve externalities. NEPAD's key priority action areas include: peer review and coordination mechanisms, short-term regional infrastructure programs, food security and agricultural development programs, improved market access and positions, and the achievement of the MDGs in health and education.

2. In 2000, in support of NEPAD objectives and African governments' regional integration priorities, the World Bank's Africa Region committed to deepening support for regional integration and appointed a regional integration program manager.¹⁰ In 2004, the Region established a separate department, the Africa Regional Integration Department (AFC16), to formalize its support. The World Bank's 2005 Africa Action Plan (AAP) further strengthened support for regional integration and NEPAD objectives by defining the action areas outlined in Box 1 below. The main strategic thrust has been to support accelerated growth through support to regional infrastructure. Support also has been provided to selective aspects of service delivery in areas where regional approaches can leverage national impacts to improve shared growth.

Box 1: Africa Action Plan Support for Regional Integration

AFRICA ACTION PLAN SUPPORT FOR REGIONAL INTEGRATION

Growth

1. **Gap-filling in regional infrastructure:** Focus on regional power grids, trade and transport corridors, and regional telecommunications systems, including capacity development of management and regulatory structures.
2. **Regional trade facilitation and integration, investment climate enhancement:** Focus on implementation of customs unions, capacity development, harmonization of regional customs facilities and systems, corridor authorities, and RECs.

Building Capable States

3. **Improving governance:** Through accelerating the number of countries completing self-assessments for the Africa Peer Review Mechanism, a key step towards an agreed national Governance Action Plan.

Service Delivery and Promoting Shared Growth

4. **Combating regional migratory diseases:** Combat vulnerabilities by supporting regional complements to national campaigns against HIV/AIDS and malaria. Combat migratory pests in cases of severe impacts on agricultural productivity.
5. **Management of water resources:** at basin level through regional management of the more than 60 river basins in sub-Saharan Africa. Support Nile Basin Initiative; and consensus building, policy formulation and regulation, and investments to improve joint management of the Zambezi, Senegal and Niger basins.
6. **Enhancing agricultural productivity:** Support regional approaches and centers of excellence where improved outcomes can be expected to enhance agricultural research and technology development.
7. **Improving outcomes in tertiary education** through specialized capacity building to groups of countries in West and Southern Africa to rationalize capital intensive tertiary education

Capacity development of the REC is a theme that runs across all priorities, to achieve near-term capacity needs in view of regional deliverables set by member states, and strengthening capacity of the REC to select and prepare priority regional investments, including through establishment of multi-donor sub-regional funds.

3. The Bank's approach toward support of regional integration is two-pronged: first, to reinforce country work, which will remain the bulk of Bank intervention in the region, while making sure that sub-regional implications are adequately taken into account in country programs; and second, to formalize a framework in the form of regional integration assistance strategies (RIAS) aligned with the priorities of the relevant sub-regions and the regional economic communities (RECs) within these sub-regions. The four main sub-regions identified and their RECs include: (i) West Africa: covering the Economic Community of Western African States (ECOWAS)¹¹ and West Africa Economic and Monetary Union (UEMOA, for its French acronym)¹²; (ii) Central Africa: the Economic and Monetary Community of Central Africa (CEMAC, for its French acronym)¹³ and the Economic Community of Central African States (ECCAS)¹⁴; (iii) East Africa: Eastern African Community (EAC)¹⁵; and (iv) Southern Africa: the Southern African Development Community (SADC)¹⁶, but taking into account the implications of the Common Market for Eastern and Southern Africa (COMESA)¹⁷, given the fact that nine countries are members of both SADC and COMESA (See Annex 1).

4. RIAs help define the Bank's priorities for regional activities/programs and complement the CASs. They are guided by the principles of open regionalism, subsidiarity, pragmatism and participation of the private sector, and cover activities that support the formation of a common economic space (harmonization of macroeconomic policies, trade policies, financial sector reform, business environment, and competition from the domain of integration), integration of infrastructure networks, natural resources management, health-HIV/AIDS, human resources and development of institutions.¹⁸ In addition, the five major goals of the Regional Integration Department include:

- Developing support for regional integration within the Bank's country-based assistance model;
- Developing strategies for regional assistance that leverage national CASs in areas where regional approaches can improve impact;
- Scaling up significantly within IDA 14 and coordinating initiatives for sound resource allocation decisions at the regional level;
- Harmonizing regional programs with national programs; and,
- Ensuring that donors' comparative advantages are taken into account.

5. Under IDA14, a significant scale up of the Africa Region's regional integration program is expected. The target is \$350M IDA and an additional \$350M in cofinancing in each of FY06,

¹¹ ECOWAS membership: Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

¹² UEMOA membership: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

¹³ CEMAC membership: Cameroon, CAR, Chad, Republic of Congo, Equatorial Guinea, and Gabon.

¹⁴ ECCAS membership: CEMAC members (Cameroon, CAR, Chad, Republic of Congo, Equatorial Guinea, Gabon), plus Sao Tome and Principe, Burundi, Rwanda, DRC, and Angola.

¹⁵ EAC membership: Tanzania, Uganda, Kenya, Rwanda in 2006.

¹⁶ SADC membership: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe.

¹⁷ COMESA membership: Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya (since June 2005) Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.

¹⁸ "Toward a Systematic Approach to Regional Integration," The World Bank, Africa Region, February 5, 2004.

FY07 and FY08; a more than 100% increase over FY05 commitments. By the end of FY06, IDA will have provided \$478M for regional programs and mobilized \$250M in cofinancing.

Review Objective

6. Within this context, AFTQK is providing support to AFC16 by conducting a review of the regional integration portfolio. The strengthened commitment of the Bank to regional integration and the accelerated pace of support required by the AAP, combined with the newly refined strategic direction for regional integration (as discussed in Paragraph 2) prompted a review at this time. This portfolio review complements, and may serve as input to, other scheduled reviews. The Resource Mobilization Department (FRM) will be conducting an IDA Mid-term Review to examine the progress of the IDA pilot for regional integration projects (which started in IDA13 and has been extended into IDA14 in order to allow more time for projects to achieve their objectives before passing judgment on their performance). The Institutional Evaluation Group (IEG) is in the middle of a review of Bank-wide regional integration projects. The Quality Assurance Group (QAG) has been reviewing Bank-wide regional Analytical and Advisory Activities (AAA)/Economic and Sector Work (ESW) products.

7. The objective of the portfolio review is three-fold: First, to assess the alignment of projects in the portfolio with the strategic objectives of (i) the AAP, (ii) the Regional Economic Communities (RECs) in Africa, and (iii) the IDA Pilot Program for Regional Projects. Alignment with the Country Assistance Strategies (CASs), and in some cases with national strategies, is examined in the Monitoring and Evaluation (M&E) Review. Second, to review the performance of projects in the portfolio and recommend immediate actions to improve performance. Special attention was paid to quality at entry, quality of supervision, project results frameworks and M&E systems. Third, and most important, to understand the common issues impacting regional integration efforts in general and current projects under implementation in particular, draw lessons from these experiences, and apply these lessons to better support active and pipeline projects going forward. Overall, the review is intended to improve AFC16's understanding of these issues, which would inter-alia enable it to better support Task Team Leaders (TTLs) and Country Management Units (CMUs).

Review Methodology

8. The review included: 1) desk reviews of: strategic documents, including NEPAD and REC strategies, the Bank's RIAs, and the Africa Action Plan, active projects in AFC16's portfolio (using available project documents and QAG reviews where available), and FY06 and FY07 pipeline projects; 2) interviews, surveys, and validation sessions with TTLs and project teams, where appropriate; 3) interviews and surveys of CMU staff; 4) interviews of AFC16 staff; 5) interviews of staff in fiduciary and operations support functions including legal, procurement and financial management; and, 6) analysis of data and reports provided by staff in AFC16, FRM, Operations Policy and Country Services (OPCS), the Poverty Reduction and Economic Management Network (PREM), AFTQK, Global Environment Facility (GEF), ACT Africa/Multi-Country HIV/AIDS Program for Africa (MAP) program, and other staff that have worked on or are familiar with regional integration issues. Annex 16 lists interview/survey questions, and Annex 17 lists those staff interviewed or surveyed. TTLs of 15 active and four pipeline projects were interviewed, while a cross-section of Country Directors (CDs), Country Program Coordinators (CPCs), Country Officers and Operations Officers from eight CMUs were interviewed or surveyed. Lessons also were sought from other donors, governments, non-governmental organizations (NGOs), the private sector, academic research, etc. However, only

lessons from the African Development Bank (AfDB) were obtained during the time of this review. AAA and Institutional Development Fund (IDF) grants are not part of this review.

Organization of the Report

9. The report is structured in five main sections. Section I, herein, introduces the context for the review and the methodology used. Section II analyzes the alignment of the current portfolio of projects against client and Bank objectives and priorities. Section III discusses the performance of projects in the portfolio using Bank/QAG performance indicators and quality-at-entry and supervision reviews. Section IV discusses the cross-cutting issues impacting regional integration efforts. Section V summarizes emerging lessons and main recommendations for moving forward. Annexes are included in Section VI, presenting data discussed in the main report. A comprehensive M&E review was prepared as a separate report to be reviewed with project teams.

II. PORTFOLIO STRATEGIC ALIGNMENT

10. Against the backdrop of client and Bank regional priorities discussed in Section I, how did the current active portfolio come about, and how well is it aligned with these priorities? This section reviews the portfolio, and assesses its alignment with the priorities of NEPAD, the RECs, the AAP, and the IDA Pilot Program for Regional Integration,

The Portfolio

11. The current active portfolio contains 19 projects, 14 of which are under implementation and five have been approved in the last quarter of FY06 and are not yet effective (Also Annex 3). Total portfolio commitment is \$1.11B. Of the 19 active projects, ten are funded by the IDA Pilot Program for Regional Integration, four by GEF grants, and four by IDA13 HIV/AIDS grants (Table 2). The GEF projects and HIV/AIDS projects were transferred into the Regional Integration portfolio in FY06. The only IDA project that has not been financed by the IDA Pilot is the Trade Facilitation project, which was approved in FY01, before the creation of the IDA Pilot. There are also two active guarantees and five IDF grants (Annex 4b).

Table 2: Regional Integration Portfolio (June 30, 2006)

<i>Project ID</i>	<i>Project Name</i>	<i>Date of Approval</i>	<i>Comm (US\$ mil)</i>	<i>Source of Funding</i>
Power and Transport				
P069258	3A-Southern Africa Power Market APL ¹⁹ 1	11/11/03	\$178.6	IDA Pilot
P075994	3A-West Africa Power Pool Phase 1 APL 1	06/30/05	\$40.0	IDA Pilot
P083751	3A-West & Central Afr Air Transport TAL ²⁰ - not effective	04/27/06	\$33.6	IDA Pilot
P079734	3A-East Africa Trade & Transport Facilitation - not effective	01/24/06	\$199.0	IDA Pilot
P093826	3A-Senegal River Basin Multi-purpose Water Resource Development APL - not effective	06/09/06	\$110.0	IDA Pilot
P094916	3A-WAPP APL 2 (OMVS Felou HEP) - not effective	06/29/06	\$75.0	IDA Pilot
P094917	3A-WAPP APL 1 (CTB Phase 2) Project - not effective	06/29/06	\$60.0	IDA Pilot
Finance				
P074525	3A-WAEMU Capital Markets Dev FIL ²¹	02/26/04	\$96.4	IDA Pilot
P063683	3A-Trade Facilitation SIL ²²	04/3/01	\$122.5	IDA (not Pilot)
P072881	3A-BEAC ²³ Regional Payment System TAL	07/30/02	\$14.5	IDA Pilot
Water and Environment				
P070252	3A-GEF ²⁴ Lake Chad Basin	01/21/03	\$2.9	GEF
P064573	3A-GEF Senegal River Basin	10/28/03	\$5.3	GEF
P070256	3A-GEF Niger River Basin	05/20/04	\$6.0	GEF
P092473	3A-Africa Emergency Locust Project ERL ²⁵	12/16/04	\$59.5	IDA Pilot
P070547	3A-GEF Groundwater & Drought Mgmt TAL	06/14/05	\$7.0	GEF

¹⁹ APL: Adaptable Program Loan,

²⁰ TAL: Technical Assistance Loan

²¹ FIL: Financial Intermediary Loan

²² SIL: Specific Investment Loan

²³ BEAC: Bank of Central African States

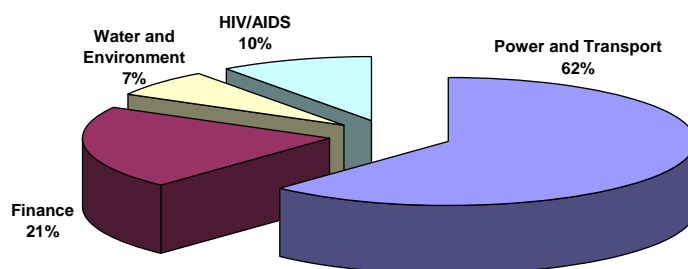
²⁴ GEF: Global Environmental Facility

²⁵ ERL: Emergency Relief Loan

<i>Project ID</i>	<i>Project Name</i>	<i>Date of Approval</i>	<i>Comm (US\$ mil)</i>	<i>Source of Funding</i>
HIV/AIDS				
P080406	3A-ARCAN SIL	09/22/04	\$10.0	IDA 13 grant
P080413	3A-HIV/AIDS Great Lakes Initiative APL	03/15/05	\$20.0	IDA 13 grant
P074850	3A-HIV/AIDS Abidjan Lagos Transport	11/13/03	\$16.6	IDA 13 grant
P082613	3A-Regional HIV/AIDS Treatment Project	06/17/04	\$59.8	IDA 13 grant

12. Infrastructure is the largest sector with 62% of total commitments in the active portfolio (for power and transport projects) and an even larger share of projected commitments for pipeline projects (Annex 4). There are currently 9 projects in the FY07 pipeline with a total commitment of \$708M (Annex 4²⁶).

Figure 3: Regional Integration Portfolio (June 2006) – Net Commitments by Sector



Strategic Alignment

13. Table 1 shows that NEPAD's and RECs' objectives are aligned around the high-level priority objectives of trade liberalization (especially in the establishment of customs unions and free trade agreements); implementation of infrastructure programs in energy, transport, and telecommunications; and financial sector development and integration. Water resources management is a priority for ECOWAS (through Senegal River Basin Commission), EAC (Lake Victoria Commission), and SADC (COMESA focuses mostly on trade integration issues). Although food security and agricultural productivity are priority areas for NEPAD and the AAP, only one REC, SADC, has consistently mentioned this as a priority focus. This is a new area for RECs such as COMESA. Education is a priority area only for ECOWAS (development of capacity in higher education and specialized training). On HIV/AIDS, ECOWAS and SADC

²⁶ The list of pipeline projects is based on AFC16's latest business plan (May 2006), which may not reconcile with SAP reports as some projects have not updated their status in SAP.

have explicit objectives and short-term action plans. EAC does not list HIV/AIDS prevention as a top priority, but it is recognized within the community that prevention requires the cooperation of neighboring states, especially along main international transport arteries. HIV/AIDS is also not a part of COMESA's regional integration strategy, but is one of the current president's short-term strategic priorities. CEMAC, being an essentially economic community like UEMOA, also does not specifically prioritize HIV/AIDS.

Table 1: Alignment of NEPAD, REC and AAP Strategic Priorities

Priority Area	NEPAD	REC	AAP
Trade Liberalization/ Facilitation	Coordinated African position on Market Access, debt relief and ODA reforms	ECOWAS/UEMOA, CEMAC, EAC, SADC, COMESA	Implementation of customs unions: Harmonized regional customs facilities and systems
Infrastructure	Implementation of the short-term regional infrastructure programs covering Transport Energy, ICT, Water and Sanitation	ECOWAS/UEMOA, CEMAC, EAC, SADC	Gap-filling in regional infrastructure: Focus on trade corridors, regional power systems and international telecommunications
Financial Sector Development and Integration.		ECOWAS/UEMOA, CEMAC, EAC, SADC, COMESA	Financial sector development and integration: Broadening access to financial services and introduction of trade-related instruments
Agricultural Development	Food security and agricultural development in all sub-regions	SADC	Agricultural productivity. Regional approaches to enhance agricultural research and technology development
Environmental and Resource Management		EAC, SADC	Management of water resources at the basin level – water supply, irrigation, flood control, environmental objectives
Health and Education	Meeting Millennium Development Goals in the areas of health and education	ECOWAS/UEMOA, SADC	Improving outcomes in tertiary education, health care through rationalizing facilities regionally
Capacity Development	Operationalising the African Peer Review Mechanism	ECOWAS/UEMOA, CEMAC, EAC, SADC, COMESA	Capacity development of the REC: Strengthening capacity of the REC including establishment of multi-donor sub-regional funds

14. Annex 2 lists REC priorities by sub-region and aligns the current portfolio with these objectives. West Africa is by far the most active sub-region with the highest number of projects under implementation. East Africa is in second place followed by Central and Southern Africa. The following presents alignment by sub-region:

- **West Africa:** The West Africa Power Pool APL and West Africa Gas Pipeline (Guarantees) projects are specifically mentioned as high-priority projects for ECOWAS. The UEMOA Capital Markets Development Project (IDA and Guarantees) aligns with ECOWAS and UEMOA objectives of financial market integration. The GEF and HIV/AIDS projects are not current ECOWAS priorities, but they are priorities of their specific secretariats (e.g. Niger River Basin Commission, Abidjan-Lagos HIV/AIDS Secretariat). Moreover, these projects were conceived during the 2000-2004 period, during the Africa region's initial phase on engagement in regional integration, when preparation was motivated by a combination of availability of GEF and MAP HIV/AIDS grant mechanisms and opportunities that presented themselves. (More details in Paragraphs 17 and 18). Two IDF grants support capacity building efforts, including procurement reform for UEMOA. The FY06 and FY07 pipeline projects align well with ECOWAS objectives in power, transport, trade facilitation, disease management,²⁷ and capacity building.
- **Central Africa:** There are two active investment projects for Central Africa. The BEAC (Banque des Etats de l'Afrique Central) Regional Payment System project aligns well with CEMAC's priority of financial sector integration. The West and Central Africa Air Transport APL1, and the three projects in the FY07 pipeline, also align well with CEMAC's trade facilitation and transport priorities, as does the IDF grant for capacity building of CEMAC's transport facilitation capabilities.
- **East Africa:** The Regional Trade Facilitation Project and the East Africa Trade and Transport Facilitation projects align with the EAC's trade facilitation and transport priorities. Similar to West Africa, the HIV/AIDS projects are not specifically mentioned by the EAC, but the Great Lakes Initiative on HIV/AIDS was specifically requested by member countries as a necessary complement to solving the transboundary HIV/AIDS problems in the area. An IDF grant supports capacity building and implementation efforts for the EAC Customs Union, which is a priority project. For FY07, the Lake Victoria Management Project Phase 2, Telecommunications Sector Investment and Maintenance Loan (SIM), and East Africa Power Market APL also align with the EAC's priorities and are well-supported by client countries. For example, these projects are listed in the current Uganda Joint Assistance Strategy. Expected energy shortages in East Africa over the next few years may influence the direction of the pipeline.
- **Southern Africa:** The Southern Africa Power Market APL responds directly to SADC's Southern Africa Power Pool protocol. The GEF SADC Groundwater and Drought Management project aligns with SADC's objective of water resources management. The GEF Western Indian Ocean Marine Highway project was the only project in the FY06 pipeline for Southern Africa, but recently has slipped to FY08;²⁸ thus, no investment projects were approved for Southern Africa in FY06. Four IDF grants were approved for FY06 to support the capacity building objectives of SADC and COMESA. For FY07, the Southern Africa Power Market APL2 and Telecommunications SIM projects align with SADC's

²⁷ The Senegal River Basin Multi-purpose Water Resources Management project includes a Malaria Booster component.

²⁸ It is not a priority mentioned in the SADC strategy, but most of the countries involved in the project agree that achieving marine highway safety is an important target. This project is a follow-up to a successful predecessor project with the Indian Ocean Commission.

priority to develop the energy and telecommunications sectors. Expected energy shortages in Southern Africa over the next few years may influence the direction of the pipeline.

Alignment with IDA Pilot Program for Regional Integration

15. The IDA Pilot Program for Regional Integration²⁹ specifies that regional projects are those projects:

- (i) that involve three or more countries, all of which need to participate for the project's objectives to be achievable (i.e. the project would not make sense without the participation of all countries);
- (ii) whose benefits (either economic or social) spill over country boundaries (i.e. that generate positive externalities or mitigate negative ones);
- (iii) where there is clear evidence of country or regional (e.g. ECOWAS, SADC) ownership, which demonstrates commitment of the majority of participating countries;
- (iv) that provide a platform for a high level of policy harmonization between countries; and,
- (v) are part of a well developed and broadly supported regional strategy.

16. The active projects in the portfolio were rated against these five criteria to demonstrate the level of alignment against the IDA Pilot Program's objectives. Although these criteria do not apply to the GEF and HIV/AIDS projects (as these projects were funded by two separate grant programs), the exercise did include these projects. As Annex 7 shows, 13 of the 15 projects in the active portfolio in March, 2006 met the IDA Pilot's objectives. The two projects that failed to meet the criteria are the Regional HIV/AIDS Treatment Acceleration Project and the ARCAN [HIV/AIDS] project; they are multi-country in design with weak "regional" components.

17. **HIV/AIDS Projects:** The four HIV/AIDS projects merit separate discussion as they are funded by a separate grant mechanism (not the IDA Pilot Program for Regional Integration), do not appear to align directly with the REC's strategies, and they also pre-date the current AFC16 department. These projects were designed partly in response to the urgency that the Bank attached to HIV/AIDS during FY00-04 and to the grant financing made available by IDA13 for HIV/AIDS projects. The four projects designed covered different sub-regions in Africa and tested different aspects of dealing with HIV/AIDS. The preparation of these projects happened outside of IDA's framework for regional projects. The TTLs and stakeholders of these four HIV/AIDS projects assert that they would not have been realized without grant funding. Among the reasons listed are: the stigma associated with HIV/AIDS, and insufficient prioritization of the problem by client country leadership during FY00-04 (CMUs also showed relatively less interest in these projects.). The transboundary public goods nature of these projects also would have made them difficult to fund without grants.

18. **GEF Projects:** A second grant funding scheme, the Global Environment Facility (GEF), drove the development of another four projects in the portfolio on regional environmental and natural resource management (Annex 3). The first three projects (GEF Lake Chad River Basin, GEF Senegal River Basin, GEF Niger River Basin) came about as a result of the GEF and other donors, including the United Nations Development Programme (UNDP) and the AfDB, wanting to encourage the commissions governing these bodies of water to come to a consensus on how to deal with their transboundary environmental management issues, and to help build the capacity

²⁹ Board Note: "Pilot Program for Regional Projects", September 30, 2003.

of these weak institutions. These three GEF projects in West Africa are not listed as top priorities for ECOWAS. The one in Southern Africa, the GEF SADC Groundwater and Drought Management project, is a project specifically requested by SADC. Environmental resource management, especially water resource management, is mentioned as a high-level strategic priority in most country Poverty Reduction Strategy Papers (PRSPs) and CASs. However, there is often no specific mention of supporting regional solutions. Riparian countries started to acknowledge that multi-country collaboration is necessary for dealing with transboundary environmental management issues four to five decades earlier, and set up regional riparian commissions to deal with these issues. Yet the capacity of these institutions continues to be low. This outcome is testimony to the fact that garnering a critical mass of country ownership for transboundary environmental management issues requires the intervention and convening power of an external party. Almost by definition, then, GEF projects that attempt to tackle this area are to a certain extent supply-driven, as they seek to support weak institutions and to develop a consensus among member countries. Moreover, the preparation of the GEF projects in this portfolio has not involved the beneficiaries.³⁰ Among CMUs, knowledge about the regional GEF projects is varied, but relatively low. These projects also impose high preparation costs for small financing amounts. A QAG panel reviewing the GEF Senegal River Basin project has recommended that the Bank exercise selectivity with GEF projects, in particular ensuring that they align with the Bank's strategic objectives, that stakeholder support and institutional readiness exist, and that the projects are cost-effective. AFC16 has been working with GEF Management to implement these recommendations.

19. The AFC16 department's strategy and priorities are clear as described in Paragraph 2 and Table 1. However, the challenges associated with preparing regional projects, i.e. the different levels of readiness of the RECs, other regional institutions, and the countries themselves in implementing regional protocols, combined with the Region's goal to rapidly scale up regional integration efforts means that AFC16 has limited control over project sequencing. In FY05 and FY06, Board approvals reflected available opportunities within areas of strategic focus rather than a delineated program in the normal manner of a CAS. During FY06, in parallel with program scale-up, AFC16 has worked with colleagues in PREM, sectors and CMUs to refine the strategic positioning of regional programs by updating sub-regional Regional Integration Assistance Strategies (RIASs) in West and Central Africa and developing new RIASs in East and Southern Africa. These will provide important building blocks for preparation of a FY07 region-wide RIAS.

³⁰ According to the TTL of the Senegal River Basin and Niger River Basin GEF projects, ownership of these projects during implementation is high.

III. PORTFOLIO PERFORMANCE

Performance Criteria for Regional Projects

20. Because regional projects are much more complex than single-country projects, questions have been raised about how their performance should be rated. Factors that would affect performance of regional projects compared to that of single country projects include the following, inter alia: a) effectiveness inevitably takes longer in multi-country projects because countries have different parliamentary systems and invariably decision-making is not synchronized temporally; b) the risk of political disruptions and other exogenous shocks that impact implementation and time to effectiveness are increased for multi-country projects; c) the need to coordinate multiple layers of stakeholders, project implementation facilities, and different systems for procurement, financial management and M&E, are magnified significantly for multi-country projects. Internal to the Bank, operational instruments, processes, and staff incentives are designed to support single country operations, making both preparation and implementation of regional projects more time consuming and costly. The cross-cutting issues that impact regional projects are described in the next section. These factors should be kept in mind as the performance of the portfolio is discussed in this section. The indicators used here to measure the performance of the regional integration portfolio are indicators designed by the Bank for single-country projects, and thus may not reflect fairly the performance of regional projects. For example, the Country Record flag which is meant to flag the riskiness of a country is applied even though these projects involve multiple countries of varying risk profiles. Performance concerns in one country (e.g. disbursement, procurement, financial management, M&E, legal covenants, counterpart funding, etc.) lead to flags being raised for the entire project, even though other countries may be doing well in the area concerned.

Overall Portfolio Performance

21. Annex 3 shows that as of June 30, 2006, only one project is at-risk: ARCAN HIV/AIDS. This performance reflects a significant improvement over the first three quarters of FY06 when five projects were at-risk. The ARCAN HIV/AIDS project has been in problem status for 13 months with both Development Objective (DO) and Implementation Progress (IP) rated Unsatisfactory, and six risk flags: Financial Management, Counterpart Funding, M&E, Management, Procurement, and Country Record. Four projects experienced Effectiveness Delays. Disbursement activity for 2005 (Annex 5) shows that with the exception of two projects that either met or exceeded their disbursement projections (BEAC Regional Payment Systems and ARCAN HIV/AIDS), the rest lagged disbursement forecasts, with actual disbursements for most projects at less than half of their disbursement estimates for 2005. The entire portfolio received a Country Record/Risk flag from QAG during March 2006, based on IEG ratings of three Africa regional projects completed in the previous five years plus the performance of five mature projects in the portfolio.³¹ As of June 30, 2006, the realism rating for the portfolio is 100 percent compared to the regional average of 71 percent and the Bank-wide average of 80

³¹ Normally, QAG bases this rating on IEG ratings for the previous five years and reflects portfolios with a net disconnect of 20% or more, or where net commitments associated with unsatisfactory projects (as rated by IEG) represent more than 40% of commitments for completed projects over the previous five years. This rating indicates that the portfolio presents high risks of which current projects should be aware. In the case of the Regional Integration portfolio, since the sample of closed projects rated by IEG over the previous five years is small (three projects), QAG also based on the rating on the five mature projects in the portfolio. Two of the mature projects caused the Country Record flag to be raised: GEF Lake Chad Basin and Regional HIV/AIDS Treatment Acceleration Project. Since the performance of these two projects have improved as of June, 2006, it is expected that the Country Record flag will be removed in October, 2006, when QAG is scheduled to reevaluate.

percent.³² During most of FY06, the proactivity index was 0 percent, but improved to 67 percent in June 2006, compared to the regional average of 80 percent and the Bank-wide average of 82 percent.³³ The portfolio is relatively young - only two active projects became effective before 2004, 12 became effective in the last two years, and three are not yet effective. A review of project documents shows Procurement and M&E are systematic problems across the portfolio.

Procurement Issues

22. As of March 2006, procurement was flagged as a risk by only two projects: Africa Emergency Locust Management and ARCAN HIV/AIDS. However, as indicated in Annex 3, reading of the Implementation Status and Results Reports (ISRs) reveals that a few other projects have procurement issues, but have not considered them serious enough to flag as a risk. These include: Southern Africa Power Pool, BEAC Regional Payment System, UEMOA Capital Development, GEF Lake Chad Basin, GEF Niger River Basin, and Abidjan-Lagos HIV/AIDS projects. Procurement issues mentioned include: a) more time than expected for procurement of big contracts; b) less bidder interest for small, fragmented contracts; c) difficulty in hiring procurement staff, especially for unattractive locations; d) weak client capacity; e) procurement transparency issues on client side; and, f) slow Bank response and complexity of Bank systems. Although these problems are also common to single-country projects, two major procurement issues that are unique to regional projects are: a) the multiplicity of systems, and b) the division of responsibility. These issues are discussed in more detail in Section V, Paragraph 42. The need to harmonize systems, come to agreement on which system to use, or negotiate the assigning of responsibility for supranational contracts requires significantly more time and effort.

M&E Issues

23. M&E also has been flagged as a risk by only one project: ARCAN HIV/AIDS. Similar to procurement, however, Annex 3 indicates that 12 of the 14 projects under implementation need to improve their M&E frameworks, even if flags are not raised for M&E. A comprehensive M&E review was carried out in parallel with the portfolio review and will be reviewed with project teams. A summary is provided in Annex 18.

Quality-at-Entry

24. Quality-at-Entry was reviewed to understand the origins of current implementation issues and to derive lessons for current and future project preparation. Existing Quality-at-Entry Assessments (QEAs) and Quality-of-Supervision Assessments (QSAs) from QAG were used where available. For projects that have not benefited from QAG reviews, the AFTQK team has performed the assessments using QAG criteria, including whether: a) PDOs are currently achievable; b) results frameworks are clear, and adequate attention is paid to M&E; c) financing instruments are appropriate; d) readiness assessments were conducted appropriately; e) processes were followed to assure participation and ownership; f) the project is sustainable in the long-term; g) project risks were assessed appropriately; and, h) whether current implementation issues point to problems of project design. Annex 8 summarizes the QEAs³⁴, showing that eight projects in the active portfolio have been rated Moderately Satisfactory (MS) or Satisfactory (S)

³² The realism index is defined by the Quality Assurance Group (QAG) as the ratio of actual problem projects to total projects at risk (i.e., the extent to which task teams themselves identified projects at risk of not achieving their objectives).

³³ The proactivity index is defined as the proportion of projects rated as actual problem projects twelve months earlier that have been upgraded, restructured, suspended, closed, partially or fully canceled, or located in a post-conflict country with a Board-approved transition strategy.

³⁴ Detailed QEA assessments are not included in this report but are available upon request.

for Quality-at-Entry; seven of these projects were financed under the IDA Pilot for Regional Integration projects and one was financed by IDA before the Pilot came into effect. Six projects received Moderately Unsatisfactory (MU) or Unsatisfactory (U) ratings: Four of these projects are GEF projects, and two are HIV/AIDS projects. The Regional Trade Facilitation project, although rated MS for quality-at-entry, is being restructured due to design issues unforeseen at the time of Board approval. The QEA issues for projects rated MU or U are summarized below:

- *GEF Lake Chad Basin:* The design of the project does not match the low capacity of the implementation agency. There was no use of Bank staff with institution-building skills during preparation. Insufficient attention given to readiness assessments (including poor understanding of the Borrower's political economy), ownership, risk identification, M&E framework, and safeguards issues.
- *GEF Senegal River Basin:* The part of the DO that specifies launching of the transboundary land-water management program is unlikely to be achieved. The M&E framework and data management arrangements are weak. The definition of the DO needs to be more results-oriented. The QAG Panel feels the Bank should have exercised selectivity rather than going ahead with this less than satisfactory project design, especially when the project budget was reduced. Preparation time was five years at a high cost of \$800,000. The project currently is experiencing problems with management of the Regional Coordination Unit, due to the lack of clarity around roles and responsibilities. The Bank needs better measures for institutional strengthening.
- *GEF Niger River Basin:* The project has a less than satisfactory M&E framework, including lack of baselines. Most targets are qualitative, and not defined in operationally useful ways. The risks identified are well-covered by mitigation measures, with one exception - the risk that the components, even if satisfactorily implemented, do not result in the establishment of a successful transboundary land and water framework (the stated PDO) is said to be modest, because the governments involved have agreed to the project goals. This mitigation measure is weak, especially considering the history of the Nile Basin Association (NBA). This project, by itself, is unlikely to achieve its global environmental objectives, although many components of this project are necessary for that purpose. It might still achieve its stated PDO, if implementation problems are solved quickly.
- *GEF SADC Groundwater and Drought Management:* The project proposes to develop a new regional institution, but little planning for this institution had been done by the time implementation commenced. In other words, readiness at implementation is low.
- *Regional HIV/AIDS Treatment Acceleration Project:* Arrangements and expectations needed to be sharpened, including for institutional, technical, economic, and financial factors, and the timeframe for carrying out the learning plan. It is not apparent from the project design how the Bank or its African partners would have received clear answers within the project life, or even a few years later, to the fundamental questions that confront the countries on scaling up treatment in a sustainable way, such as the clinical effectiveness of care delivered by health care workers with limited training; the impact of scaling up of key elements of the health systems (human resources, in particular); and, the fiscal impact of treatment costs. This project is designed as three different national projects with the sole justification for the project as "regional" being the shared learning component; this is a weak justification (See Annex 7).
- *ARCAN HIV/AIDS project:* The project suffers from inadequate attention to ownership issues and poor definition of roles and responsibilities. Not enough buy-in for the

implementation arrangement was secured with the partner countries. The scope of work was designed to be fluid, but this also has resulted in a PDO that is not specific enough. The justification for this project being “regional” is also weak (See Annex 7).

25. Because of the young age of the portfolio, the achievability of results is not yet discernible, and the informative value of the standard performance indicators is limited. Nonetheless, the following conclusions can be made:

- The performance of the portfolio has significantly improved during FY06 when the scale-up in staffing in AFC16 occurred, and is comparable to or better than other portfolios in the Africa Region.
- The projects financed by the IDA Pilot Program for Regional Integration have satisfactory performance ratings. During the first three quarters of FY06, the projects with poor performance ratings were all projects financed by GEF grants and IDA13 grants for HIV/AIDS. By June 2006, only one problem project remains, the ARCAN HIV/AIDS project.
- None of the projects financed by the IDA Pilot Program for Regional Integration has unsatisfactory (MU or U) Quality-at-Entry ratings. The fact that all these projects have incorporated lessons from predecessor projects has no doubt influenced the positive outcome in project design. The lessons learned are discussed in the next section. The six projects with Quality-at-Entry issues are all projects financed by GEF grants and HIV/AIDS grants.

IV. LESSONS LEARNED

26. The experience of the Bank to date with regional integration projects has yielded valuable lessons. Many of the lessons learned from closed projects and from previous failed attempts have been incorporated into the design of projects in the current portfolio. The IDA Pilot Program for Regional Integration was also designed with these lessons in mind. In addition, lessons can be inferred from the quality-at-entry issues of the six current GEF and HIV/AIDS projects discussed in paragraph 24. This section discusses lessons learned from a) closed projects in the Africa Region and projects in other regions in the Bank, b) projects in the current portfolio, and, c) other institutions.

Lessons from Closed Projects and Projects in Other Regions

27. The Africa Region has by far been the most active region in the Bank on regional integration efforts. In FY06, the Africa Region accounted for 88% of requested IDA14 financing for regional projects, compared to 7% from ECA, 5% from EAP, 1% from LCR, and no proposals from MENA or SAR. Similarly, Africa regional projects also represented 88% of all financing for regional projects in FY04-05. Thus, most lessons on regional projects are obtained from projects in the Africa Region. One project from the ECA region that has contributed significantly to the preparation of power projects in Africa is the Energy Community of South East Europe (ECSEE) project. This project aims at supporting regional cooperation among the countries participating in the ECSEE to develop an efficient energy market and to ensure availability of resources to fund priority investments for the regional market. The project is one of the first projects to be structured as a “mixed” APL with “vertical” and “horizontal” elements. The WAPP APLs benefited from the experience and lessons of the ECSEE project.

28. Current active regional projects have benefited from lessons derived from the closed regional projects in Africa. While a majority of the 11 closed projects evaluated had successful outcomes, two had mixed results with unsuccessful outcomes for specific country components, and two, including a GEF funded Wildlife management project and an IDA funded Regional Management School in Senegal were judged unsuccessful (Annex 4b). Key lessons from ICR and IEG assessments of a sample of these closed projects (Annex 14) include:

- a. Keeping project design simple is especially important in an extraordinarily complex operating environment;
- b. Political economy factors can make obtaining government commitment for regional projects difficult;
- c. Governance structures that clarify accountability between governments, the regional institution, implementing agencies, and donors and that pay attention to conflict of interest issues are essential to project success;
- d. Early in the project development process, it is essential to: 1) focus on consensus building and ownership issues, 2) assess institutional capacity and incorporate into implementation plans, and 3) define clearly implementation roles and responsibilities and operational procedures, especially those that relate to procurement;
- e. It is often more effective and more efficient to use existing institutions and develop their capacity than to establish new institutions;
- f. Leverage national institutions during implementation to offset the weak capacity of regional institutions and to maximize national ownership;

- g. Partnership with governments, NGOs, other donors, and the private sector is important.
- h. It is essential to allocate appropriate skills to projects.

Lessons from Current Projects

29. The lessons emerging from projects in the current portfolio include all of the same lessons from the closed projects as discussed above, as well as some new ones:

- a. The use of strong institutions is key to a project's implementation success. The BEAC Regional Payment System has made excellent implementation progress, partly attributable to the use of a strong institution (BEAC) for implementation.³⁵
- b. During preparation, ensuring ownership of key stakeholders and readiness of implementation arrangements is essential. Although this lesson is generic, and also applies to single-country projects, there are specific steps that must be taken for regional projects due in part to the coordination challenge and in part to the current organization of the Bank. The East Africa Trade and Transport Facilitation, Africa Emergency Locust Project, Great Lakes Initiative on HIV/AIDS, and Abidjan-Lagos HIV/AIDS Transport Corridor projects also engaged in extensive client consultation and consensus building. They are also commended for good coordination with project stakeholders, including client countries and Bank CMUs, which helped maintain high ownership levels.
- c. Ensure ownership and readiness of implementation early in the preparation process. Trust funds and other grant programs can facilitate these activities. For example, the Great Lakes Initiative on HIV/AIDS utilized trust funds (PHRD) to fund early preparation activities such as development of the operational manual, M&E system, baseline data, legal advice, and basic procurement documentation;
- d. Plan regionally, but implement nationally to the extent possible. This arrangement leverages the relative strength of national institutions, while softening the impact of weaker regional institutions, and leaves maximum responsibility and ownership of implementation to national entities. The Africa Emergency Locust Project and the West Africa Power Pool (WAPP) projects have utilized well this subsidiarity principle by leveraging national institutions during implementation.
- e. Two critical systems impact the success of regional projects. First, the lack of regional M&E systems, especially systems to track REC outcomes or outcomes that other regional institutions, such as the West Africa Power Pool Organization, need to track, is a major contributor to the weak capacity of regional organizations. It also hampers the RECs' ability to align project outcomes to desired results. Second, the need to assign procurement responsibility for supranational components of projects, and the lack of harmonization of procurement systems, are issues that require time and resources to resolve and contribute to delays for regional projects.
- f. APLs provide an appropriate instrument to facilitate the implementation of regional projects when concurrent effectiveness is not required,³⁶ allowing countries to enter project arrangements only when they are ready, and limiting the lending commitment of the Bank to components and countries that are ready to borrow. OPCS recently drafted an APL

³⁵ BEAC is also the borrowing institution which is unusual as the Bank normally does not lend to regional organizations. IDA Articles do allow lending to organizations without requiring sovereign guarantees, but in practice few regional organizations are deemed credit-worthy enough to borrow from IDA.

³⁶ APLs may not be appropriate for projects that require countries to become effective at the same time, such as projects with high public-goods characteristics.

Guidance Note for APLs (May 2006) which contains guidance on the application of Bank instruments for regional projects. The West Africa Power Pool (WAPP) and Southern Africa Power Pool (SAPP) projects, as well as two of the three new projects³⁷ approved in FY06 (West and Central Africa Transport, and Senegal River Basin Multi-purpose Water Resource Development) incorporated this lesson and are structured as APLs.

- g. Besides the appropriate use of financing instruments (e.g. SIL vs. APL), the “packaging” or structuring of multi-country projects has implications for project coordination, preparation and supervision activities, resource requirements, and the use of Bank documents and systems. For example, projects that lend to multiple countries can be packaged in one PAD with one project ID (e.g. the Africa Emergency Locust Project, East Africa Trade Facilitation, some horizontal APL projects), in one PAD with multiple project IDs (e.g. Regional Trade Facilitation Project Phase 1, Lake Victoria Environmental Management Project Phase I), or as separate projects with separate PADs (WAPP APLs, SAPP APLs). Although it is not clear yet how the different types of packaging impact relative coordination burdens and resource requirements,³⁸ what is obvious is the impact that the packaging has on the required use of Bank systems. For example, projects with one ID can only use one ISR and one ICR whereas projects with multiple IDs must fill out one ISR and one ICR for each country/project ID even if the different countries/IDs are part of the same project.
- h. As a category, regional HIV/AIDS projects are relatively difficult projects. The strong public goods nature of HIV/AIDS implies that regional collaboration is essential in addressing the problem, and that benefits from regional collaboration can be high. At the same time, these public goods characteristics combined with the social stigma associated with HIV/AIDS in many client countries, means that grants are necessary to finance regional HIV/AIDS projects. The cessation of a grant window for HIV/AIDS projects in IDA14 will impact the sustainability of regional HIV/AIDS initiatives. The quality-at-entry issues and implementation problems experienced by the two early HIV/AIDS projects, ARCAN and Regional HIV/AIDS TAP, have raised concerns about the Bank’s approach to regional HIV/AIDS problems. The good performance of the two latter HIV/AIDS projects (Abidjan-Lagos and Great Lakes Initiative on HIV/AIDS), however, demonstrate that mistakes made in the earlier projects have been well-learned. Lessons from the Bank’s experience with regional HIV/AIDS projects include: a) garnering ownership from the variety of stakeholders requires significant time and resources, b) the lack of strong existing institutions means that an intensive amount of time and resources are spent to prepare projects, and the early years of implementation are spent building institutional arrangements needed for implementation. Recently, the Great Lakes Initiative on HIV/AIDS project developed an operational manual that has been adopted by the Africa Development Bank (AfDB) as a model for West Africa regional integration efforts.
- i. At the same time that the Bank has been leading the development of regional integration projects and programs, the Bank has also learned that partnerships are key to the success of these projects. Other donors and partners are not only needed for co-financing as demonstrated in Annex 10, but also for implementation support. For example, UNAIDS³⁹ and UNHCR⁴⁰ have played critical financing, technical assistance, and coordination roles for the Great Lakes Initiative on HIV/AIDS. The Africa Emergency Locust Project partnered

³⁷ The remaining two projects approved in FY06 are follow-on phases of the WAPP APL.

³⁸ Opinions differ and there has been no formal study of the topic.

³⁹ Joint United Nations Programme on HIV/AIDS

⁴⁰ United Nations High Commission for Refugees

successfully with the Food and Agriculture Organization (FAO) for essential coordination, procurement, and technical assistance activities. The Bank works closely with the International Monetary Fund (IMF) on macro and trade issues including in helping the EAC implement the Monetary Union. The AfDB participates in most infrastructure and trade facilitation projects developed by the Bank, including the Regional Infrastructure Communications Project (RCIP), DRC Inga Power, and West and Central Africa Air Transport. The Bank and AfDB have also established a collaboration framework for the transport sector. In addition, the Bank has collaborated well with the European Commission and bilateral donors, including DFID, GTZ, Finland, Sweden, France, Norway, USAID, to ensure that each donor's comparative advantage is leveraged for specific initiatives or projects.

- j. Leveraging field-based staff for preparation and supervision reduces the coordination burden of regional projects and increases the Bank's responsiveness. The East Africa Trade and Transport Facilitation, Great Lakes Initiative on HIV/AIDS, Regional HIV/AIDS Treatment Acceleration Project, and Africa Emergency Locust Management projects have all used a decentralized model of preparation and supervision where the Lead TTL is responsible for overall project management and coordinates the regional component while co-TTLs based in country offices manage national components of projects. The Operations Adviser for regional projects has proposed to pilot this approach to supervision for the subset of regional projects that involve Tanzania. This approach would not work for projects that require very specialized skills for supervision, such as aviation expertise, but could work for a good number of projects. All CMUs surveyed support this idea, although they do mention that budgeting arrangements would need to be worked out with AFC16.

Box 2: Lessons from the Africa Emergency Locust Project

Lessons from the Africa Emergency Locust Project

In 2005, the Bank prepared an emergency relief loan (ERL) to address the locust crisis in Western Africa. This operation was prepared in record time (99 days to prepare projects in seven countries) and carried many lessons, derived from both the experience of the project and the outstanding performance of Bank staff. Noteworthy lessons include:

- **Project designs** should be kept **simple**;
- **Economies of scale** were achieved through the use of templates for processing requirements and for project management (e.g. budgets, M&E, ISRs, Env Assessments);
- The Bank does not have a suitable instrument to set up a **regional entity for coordination of implementation**;
- The Bank project approach of **empowering the national locust control units** helped ensure long term sustainability but can result in slow response and implementation;
- **Country ownership** and commitment can fade quickly, even when countries face a humanitarian crisis (e.g. Niger);
- **Client procurement** policies and capacity issues are often not ready to meet demand for swift procurement (e.g. Chad, Mauritania, and Niger);
- **Good coordination with FAO and other donors** capitalized on Bank's convening power. Roles and responsibilities were made clear up front;
- **Field staff should be leveraged** for preparation and supervision. Organization of the task team comprised of the Lead TTL based in DC, field-based Co-TTLs and ESSD 'Focal Points' with TTL authority;
- **Bank Management and Support:** Consolidating decision-making in one Director (CD16), and high commitment levels from Bank management and staff (including LOAG, LEGAL, QK, ASPEN) helped speed up processing.

Lessons from Other Institutions

30. The Bank has been a leader in regional integration efforts in Africa. Thus, many of the lessons learned derive from Bank projects. However, lessons have also been learned from key partners of the Bank in regional integration efforts. For example, DFID's staff, working on regional integration in Africa, are all located in field offices. Key lessons from AfDB's experience with regional integration programs (Annex 15) include:

- a. **Role of the REC:** Participation of the REC in all phases of the project is key. Assess the capacity of the REC early during project preparation. Seek grant resources for the institutional support of the REC.
- b. **Securing Ownership:** Ensure participation of representatives of all stakeholders including NGOs, private sector, end users during project preparation and supervision. The Mission's Aide Memoire should be jointly signed by the Bank, the clients and the REC. During Negotiations, ensure the participation of all concerned Departments of the Bank.
- c. **Leveraging National Capacity:** Establish project implementation units (PIUs), one in each client country and at the REC headquarters to be headed by a national coordinator of the project for the day-to-day management of the project

V. KEY CROSS-CUTTING ISSUES

31. In addition to the lessons learned, the portfolio review provided insight into the root causes of the performance problems experienced by regional integration projects, including: the operating environment that they face, the adequacy of the Bank's financing instruments, and the ability of the Bank's internal organization, policies and processes to provide effective support.

A. THE OPERATING ENVIRONMENT

32. Regional projects are more difficult to prepare and supervise than their single-country counterparts. Contributing factors making the operating environment more complex include: (i) the weak capacity of RECs and other regional institutions; (ii) varying country ownership; (iii) complex coordination challenges; (iv) political economy factors; and complexity stemming from (v) legal issues; (vi) safeguards issues; (vii) procurement and financial management issues; and, (viii) M&E issues.

Capacity of RECs

33. A major challenge that regional projects face is the weak capacity of the RECs. Capacity building of RECs is a priority for the Bank's Africa Action Plan, as well as for the RECs themselves. Nonetheless, the weak capacity limits the RECs' ability to implement their agendas. Some typical weaknesses of RECs include:

- Limited institutional structures and capacity to implement NEPAD's infrastructure agenda;
- Limited financial resources: For example, over the past five years, the three member states of the EAC have only been able to cover about 60 percent of the budgetary requirements of the community, often with delayed contributions;
- Lengthy and complex decision-making processes: The decision making process is based on consensus, and rests with the heads of state and respective national ministers, assigning a very limited role to the supranational organizations;
- Failure by countries to translate genuine political will into concrete actions to ensure compliance with regionally agreed protocols, conventions and sectoral policies; and,
- Limited capacity to provide technical assistance to countries and to adequately monitor sectoral harmonization programs.⁴¹

Capacity of Other Regional Institutions

34. In addition to the RECs, most regional projects interface with one or more regional institutions that are sector-specific, topic-specific, or project-specific. Annex 9 illustrates that nearly all of the active projects are dealing with institutions that require extensive capacity building - some because they are new, such as the West Africa Power Pool Organization, Abidjan-Lagos HIV/AIDS Secretariat, Africa Trade Insurance Agency, or the Southern Africa Groundwater and Drought Management Institute (not yet developed); others have been in existence for a number of years, but for various reasons have not made much progress in institution-building, such as the Lake Chad Basin Commission (LCBC) and the Niger River Basin Authority. Typical capacity problems faced by regional institutions include: financial

⁴¹ "A Survey of The Capacity Needs of Africa's Regional Economic Communities" (October 2005) conducted by a team of consultants led by Prof. Sam Olofin, University of Ibadan, Nigeria.

sustainability, staffing challenges, and weak systems for financial management, procurement, and M&E.

Country Ownership

35. The fact that heads of state may have publicly committed to regional initiatives or have signed regional protocols does not necessarily translate into a prominent place for regional initiatives on national agendas. This can be attributed to several factors, including:

- *Different Interpretations:* The extent to which country PRSPs align with REC strategies is uneven and varied in nature. For example, as explained in the draft East Africa Strategy Note, all member countries recognize the importance of increased trade integration in their national development strategies. However, the extent to which regional trade expansion enters national development strategies varies: Kenya puts most emphasis on the trade aspect of regional integration; Rwanda and Burundi focus on specific sectors; and Rwanda aspires to building a regional ICT hub.
- *Sequencing and Temporal Differences:* The same commitment may be prioritized in a different sequence or over a different time period from one country to the next. For example, country A may decide that a specific energy project should be a top priority for FY07, whereas country B decides that the same project should be a priority for FY09.
- *Funding Availability:* Limits in funding for development projects can force choices between national and regional priorities. The IDA Pilot Program for Regional Integration funding scheme requiring two-thirds from the regional pot and one-third from countries does help to incentivize countries to sponsor regional integration initiatives. However, the Pilot's impact is either less or questionable on: countries with small IDA envelopes, projects with countries of varying Bank borrower status, capacity building efforts, and on issues with strong public goods characteristics (See Paragraphs 46 through 50).
- *In-Country Coordination:* For most countries, the responsibility for regional integration rests with the sector ministry, while the Ministry of Finance has the responsibility for coordinating and directing the country's strategy and budget. Lack of coordination or agreement between these ministries will impact country ownership at some point during the project lifecycle. For example, the preparation of the Senegal River Basin Multi-Purpose Water Resource Development APL project encountered a major setback during appraisal when the Ministry of Finance of a partner country announced that the country cannot support the project, even though the country's point-of-contact for the program had agreed to join the project earlier and had taken the Project Preparation Facility (PPF) to develop the project. TTLs and project teams tend to interface with sector ministries and do not always coordinate with CMU colleagues. At the same time, most CMUs have not yet assigned a focal point for regional projects. Assuring that regional projects are listed in PRSPs and CASs is another way of avoiding this problem. Getting countries to coordinate among themselves, and to take ownership of regional priorities and projects, is a major area where RECs have requested assistance from the Bank.
- Notwithstanding all of the factors discussed above, the push to scale up regional integration efforts is fairly recent. Countries need time to organize and build capacity to support regional integration efforts. It is not surprising that the old generation of CASs does not list regional integration or specific regional initiatives as priorities. As some CMUs testify, this situation is slowly changing. For example, the 2005 Uganda Joint Assistance Strategy specifically prioritizes four regional integration projects that are in the AFC16 pipeline. This is a good practice example that should be encouraged in other countries and CMUs. In general, CMUs need to take greater ownership of regional projects and strategies. AFC16's

on-going collaboration with CMUs to update existing RIAs for West Africa and Central Africa, and develop new RIAs for East Africa and Southern Africa, will facilitate this process. This exercise will provide key input for the region-wide RIA planned for FY07.

Complex Coordination Challenges

36. Another major challenge faced by regional projects is the coordination of stakeholders. Regional projects face an extraordinarily complex matrix of stakeholders, implying an exceptionally heavy coordination burden. They not only have to coordinate with RECs, regional institutions, national ministries, other donors, PIUs, implementation partners, civil society, and multiple internal Bank players, but are also affected by the low level of coordination that exists between and among all these players. For example, in West Africa, the poor coordination between ECOWAS and its member countries impacts the ownership and implementability of Bank projects. East Africa, Central Africa, and Southern Africa experience similar difficulties. Among neighboring countries, while line ministers may be in dialogue on shared policy issues, contact at the department level is the exception rather than the rule, and the track-record of working effectively in collaboration is limited. Annex 9 shows that (as of March 2006) 11 of the 15 active projects have five or more participating countries; five of the projects are dealing with more than one REC; 12 of the projects involve three or more CMUs. Moreover, nearly all regional implementation institutions require capacity building. Finally, the fact that some countries belong to more than one REC (Annex 1) complicates dialogue with regional clients, where multiple RECs may compete to be the “sponsoring” organization for specific initiatives.

37. Yet, coordination of stakeholders is required for gaining ownership and commitment for the project, its objectives, activities and implementation arrangements; for drawing up protocols, treaties, and legal agreements; harmonizing policies and systems; and for addressing capacity problems. This is a major lesson that has emerged continually among regional projects, and is a major determinant of both preparation and implementation success. ICRs of closed projects cite strong coordination as a lesson learned. For example, the first phase of the Lake Victoria Environmental Program cites stronger coordination among the three riparian countries as a prerequisite for effectiveness in the next phase. The BEAC Regional Payment System project learned from a predecessor project that a significant amount of work during preparation should be spent on getting buy-in from banks - a lesson that the project heeded well. Not surprisingly, for projects under implementation, there is a strong correlation between the level of coordination and commitment among project stakeholders and implementation performance. The lessons learned by the African Development Bank (Annex 14) also stress the coordination aspect for project preparation and implementation. Most active projects and projects in the pipeline are heeding this lesson well, and have all paid close attention to this task.

Political Economy Factors

38. Political economy factors already impact the preparation and supervision of single-country projects. For many projects, the political economy of the country is the most difficult challenge to overcome. For regional projects, however, political economy considerations have even greater significance, making it more difficult to ensure participation and ownership in projects, and exacerbating coordination and consultation challenges. These challenges have implications for the skills required by the Bank to manage regional projects, and the time and budget required to prepare operations.

Legal Complexity

39. Legal issues for regional projects are more complex, requiring more specialized skills and resources to address them. Typical issues relate to negotiation of protocols, definition of international legal relationships, definition of the legal status of regional organizations, and assurance of readiness and compliance during implementation. Annex 11 discusses the issues in detail, while a summary of the issues is presented here:

- *Agreeing on Protocols* – Having Protocols of Cooperation in place and on time is key to implementation success. At the same time, differences in country size, wealth, political stability, political agenda and parliamentary processes present challenges to achieving this objective. The proliferation of protocols, where countries demand new sectoral protocols rather than rely on existing ones that may serve the purpose (e.g. Nile Basin Initiative for the Great Lakes Initiative on HIV/AIDS), also creates more work.
- *International Legal Relationships between Countries* – Project assets that are physically situated in a territory that span the boundaries of two or more countries raise questions about ownership, and which country's property law regime applies. Agreements also have to be negotiated for projects that have separate physical facilities in each participating country.
- *Legal Status of the Regional Organization* – The process of setting up a new regional organization is resource intensive at the client level and within the Bank, and often fraught with legal uncertainties that would not arise in the establishment of a new domestic organization. Even if a suitable regional organization exists already to carry out the project, an assessment needs to be done, involving legal due diligence, to determine whether the regional organization possesses the proper legal capacity to carry out the intended activities. In cases where the regional organization exists but lacks the necessary legal capacity, restructuring of the organization may be warranted, such as in the case of the Great Lakes Initiative on HIV/AIDS Support project. GLIA required that a new organization be established and a convention ratified. With six countries involved, this required additional time to meet all formal aspects.
- *Legal Covenants for Implementation* – When the capacity of a regional organization to implement the project is in question, legal covenants have to be defined to ensure that capacity exists before certain actions may be taken, including agreement on measures for capacity building, outsourcing certain functions, or requiring that all countries be made accountable but assigning one country to take the lead on operational and financial issues.
- *Assuring Commitment of Countries* – The choice of whether to use Memorandums of Understanding or other types of instruments to signify the member states' commitment to the project often cannot be determined at the design stage. Often the choice will depend on the particular circumstances of the project as the nature of the countries' particular commitments comes into focus. Sometimes the decision-making authority is conferred to the regional institution, such as in the case of the SADC Groundwater and Drought Management project. Under other situations, a letter of commitment from each member state participating in the project is required (East Africa Trade and Transport Facilitation Project).
- *Cross-effectiveness* – If the regional organization has secured funds from sources other than the Bank, a decision has to be made on how to treat the funds from the other sources (e.g. whether to make the legal agreement cross-effective and how to set up the disbursement procedures).
- *States under Provisional Status* – How should the Bank respond if one of the countries involved in a regional project is affected by political crisis or other emergency that either renders the country incapable of continuing with project activities or for the Bank to suspend normal activities in that particular country? Chad, Cote D'Ivoire and Togo are current

examples of countries in crisis suspension mode or non-accrual status. The higher the level of integration, the greater the risk to the project. Current projects that have been affected include the Lake Chad and SADC Groundwater and Drought Management projects. So far, decisions have been made on a case-by-case basis relating to very specific provisions.

40. Since the complexity of legal support for regional projects stems from international law, differences in parliamentary and legal systems in countries, and the inherent nature of coordinating multiple countries, there appears to be no obvious solution to simplifying or streamlining this process. Harmonization of legal and parliamentary systems across countries is unlikely, and even if possible, is a long-term effort. It appears that in the medium-term legal issues will continue to be resolved on a case-by-case basis.

Safeguards Issues

41. Typical safeguards issues for regional projects include: a) linking safeguards requirements with national programs, and verifying whether these requirements are already covered by national programs; b) addressing other donor requirements, especially those of United Nations (UN) agencies; c) designing mechanisms to deal with future environmental matters; and d) ensuring safeguards requirements are met in situations where roles and responsibilities for implementing the project are not clear. Legal staff need to be involved to help address these issues. For example, in the case of issues relating to Operational Policy/Bank Procedure (OP/BP) 7.50- Projects on International Waterways, it has been advised that instead of the normal case by case notifications, it may be appropriate to explore whether it is feasible for each of the riparian countries to endorse project activities as a whole.

Procurement Issues

42. Two major procurement issues that are unique to regional projects are: a) the multiplicity of systems, and b) the division of responsibility. First, procurement systems in most countries are not harmonized. To complicate matters, implementation partners, such as the UN, do not use the Bank's system. Negotiations to decide which procurement system to use delay project implementation. Some projects will use multiple country systems, while others will agree to use one single system, still others outsource the function altogether. Second, defining procurement responsibilities for supranational components is a complex undertaking. For example, the Uganda team has experienced some problems in infrastructure projects regarding the responsibility for procurement of civil works for facilities to be jointly used by or for the rehabilitation of a regional facility. Take, for example, a bridge between Kenya and Uganda at the Malaba border. Each country has funds for undertaking its share of the necessary civil works, but the civil works have to be procured as a single contract for the entire length of the bridge. Therefore, the financing agreements have to be very clear not only on how such a common facility will be funded, but also on which of the two countries will be responsible for the procurement and contracting of the civil works. Similar challenges are anticipated for the other infrastructure projects under preparation.

Financial Management Issues

43. The lack of harmonization of financial management systems in African countries also plagues regional projects. At the same time, TTLs are disappointed that Financial Management Assessments (FMAs) cannot be streamlined for multi-country projects. FMAs still have to be done for every country by the local Financial Management Specialist (FMS), and sometimes the

lack of coordination among the FMSs will result in significantly different ratings for systems that have similar characteristics.

M&E Issues

44. Many of the M&E issues identified across the portfolio are common to single-country projects: quality of results frameworks; issues of clarity, specificity, and achievability of Project Development Objectives (PDOs); quality of indicators; understanding of outputs, outcomes, and impact; lack of baseline data; planning for data collection, reporting, and outcome harmonization among targeted countries; adequacy of arrangements for monitoring and evaluation of project outcomes; and the use of M&E information in decision-making. However, the M&E issue that is unique to regional projects is the issue of alignment between country systems and regional systems. First, regional engagements often work across countries whose M&E systems are at different stages of development. Second, although project outcomes are generally aligned with REC strategies, the lack of specific outcomes and indicators in these strategies and the absence of formal institutional arrangements for measuring and monitoring outcomes, make it almost impossible to measure how project outcomes contribute to desired REC outcomes.

B. FINANCING AND INSTRUMENTS

45. In general, the IDA Pilot Program for Regional Integration has provided an incentive for countries to support regional programs. But the funding criteria of the pilot program have had a questionable impact on small country programs. These criteria also have not been helpful to projects that require financing of regional organizations or supranational components, nor projects that integrate borrowers with different Bank borrowing status.

IDA Regional Pilot and Impact on Small IDA Country Envelopes

46. The IDA Pilot Program for Regional Integration funds two-thirds of regional project financing, requiring that countries contribute the remaining one-third from their country IDA allocation. This approach was meant to provide an added incentive to countries to work together on regional projects, while ensuring country ownership. CMUs and countries have had mixed opinions about the impact of the additional funding, depending on the size of the additional funding relative to the country's total IDA allocation and the priority of the regional project's objectives relative to national project objectives. In general, CMUs feel that the impact of the additional funding has been positive in incentivizing countries to support regional projects, as these tend to take a backseat to national projects when there are no incentives. Countries with a small total IDA allocation envelope, however, feel that regional projects can hijack their national agenda even if they only have to contribute one-third of the total country contribution. This is because the definition of benefits and subsequent burden-sharing of regional projects bears no relation to a country's IDA Performance Based Allocation (PBA). A small country may have to bear significant investment costs if its benefits are correspondingly significant for a specific project, regardless of its PBA. For example, Mauritania had to delay two national projects to accommodate the Senegal River Basin Multi-purpose Water Resources Development project. As Annex 12 shows, Mauritania's one-third contribution for two FY06 regional projects (Senegal River Basin Multi-purpose Water Resources Development APL and WAPP APL2 Phase 1) equals 73 percent of the country's total IDA allocation for the year. Guinea also experienced difficulties in FY06 because they had front-loaded their IDA allocation in FY05, leaving an exceptionally small IDA allocation for FY06. As a result, their IDA contribution to two FY06

regional projects (Senegal River Basin Multi-purpose Water Resources Development APL and West and Central Africa Air Transport TAL) totaled 164 percent of their total IDA allocation for FY06.⁴² Small countries believe that the IDA Pilot should finance 100 percent of regional projects, instead of requiring one-third contribution from countries. This proposal has to be weighed against two factors: 1) the fact that the total Bank IDA envelope is fixed, and increasing ring-fenced funding for regional projects implies less funding for national projects overall – a zero-sum situation, in other words; and 2) possible adverse effects against country ownership of projects.

Financing for Regional Organizations

47. IDA's policy toward financing of regional organizations limits the Bank's ability to assist regional integration efforts. First, with regards to lending, IDA's Articles give IDA the power to provide credits to regional organizations,⁴³ but the financing must be: (i) "for specific projects" (except in "special circumstances"⁴⁴); (ii) for purposes considered by IDA to be of "high developmental priority" for the benefit of the less developed-areas of the world within the Association's membership; and (iii) not in instances where the project might otherwise be financed by private sources or by an International Bank for Reconstruction and Development (IBRD) loan on reasonable terms.⁴⁵ In practice, few regional organizations qualify to borrow from IDA, and IDA has only provided credit to two regional banks (West Africa's Development Bank - BOAD, and Central Africa's Central Bank – BEAC).⁴⁶ Although IDA Articles allow financing to regional institutions without requiring sovereign guarantees⁴⁷ and without the member countries' nominating someone to sign the normal statutory committee recommendation,⁴⁸ in practice IDA Executive Directors are cautious about exercising such discretion in the absence of thorough due diligence involving legal, technical, and policy considerations.

48. Second, IDA14 guidelines do not allow grants to be made to regional organizations or to fund supranational components of projects. This restriction has limited the Bank's ability to participate in activities requested by clients, especially the RECs and other regional institutions, such as river basin and power pool authorities. For example, the Bank could not fund a supranational component of the East Africa Trade and Transport Facilitation project,⁴⁹ nor participate in the Partnership Fund that the EAC has recently set up to channel donor support for building capacity in the Secretariat and for financing preparation of regional programs. As such, the Bank is not able to endorse a major effort by a REC to alleviate the administrative burden imposed by multiple donors. As discussed earlier, RECs and regional institutions in Africa require significant capacity development. At the same time, their public goods nature, and the extensive transaction costs and coordination required among member countries to garner the

⁴² Countries can front-load their IDA allocations from subsequent years for projects. In this case, Guinea needs to front-load from their FY07-08 allocation in order to finance their FY06 contribution to the regional projects in their portfolio.

⁴³ Article V Section 2 (c) of IDA Articles of Agreement.

⁴⁴ Article V Section 1 (b) of the IDA Articles of Agreement.

⁴⁵ Article V Section 1 (c) of the IDA Articles of Agreement.

⁴⁶ A small credit of \$5mil was provided to Africa Trade Insurance Agency (Trade Facilitation project) on an exceptional basis.

⁴⁷ According to Article V Section 2 (d) of IDA Articles of Agreement, it's IDA's discretion to require a governmental or other guarantee.

⁴⁸ Article V Section 1 (d) of IDA Articles of Agreement.

⁴⁹ The project ultimately managed to get grant funding from AfDB for this component.

required funding, makes external grant financing the only reliable source of funding for capacity building. AFC16 does help project teams leverage donor resources where available, including seeking grant assistance from the AfDB for capacity building. However, even the supply of grant resources from other donors has not been adequate to meet the demand for capacity building. Up to now, the only available resources within the Bank available for capacity building of regional institutions are IDF grants, which are often too small (maximum \$500,000 normally, but recently changed to \$1 million for regional projects) for most of the proposed projects/components, especially relative to the transaction costs that they entail. The Africa Catalytic Fund and the AAP Capacity Building Program present potential sources for additional funding. The Africa Catalytic Fund has allocated a category of support for regional integration efforts. AFC16 is proposing a programmatic approach to funding capacity building efforts under the Africa Catalytic Fund according to the prioritized strategic plan discussed in Section I. The AAP Capacity Building Program is still in the planning stages; it is unclear how much funding will be available for regional projects. Since most regional projects are dealing with weak regional institutions, making more grant funding available for the capacity building of these institutions is essential to the success of many of the Bank's regional projects.

Diversity of Bank Borrowing Status

49. When regional projects involve countries with different Bank borrower classifications (e.g. IBRD, IDA, grant eligibility, post-conflict, non-accrual), they add another dimension of complexity. For example, the Southern Africa HIV/AIDS Transport Corridor project currently being proposed involves South Africa and Botswana, which are IBRD countries, and Mozambique, Zambia and Zimbabwe, which are IDA countries. Zimbabwe is also a Low-Income Country Under Stress (LICUS). The IBRD countries would not benefit from the two-thirds regional IDA allocation, and therefore would have to contribute 100 percent of their country share, rather than only one-third, presenting an imbalance of incentives for the countries involved. Yet, a transport corridor HIV/AIDS project requires all the contiguous countries to collaborate to resolve the serious problem of transboundary HIV/AIDS. At the same time, the public goods nature of the problem makes it harder to get countries to borrow for the project, especially IBRD countries. One way of resolving this problem is to provide grants to the regional institution implementing the project. Again, possible adverse impacts on ownership would have to be considered along with mitigation measures.

50. Even among IDA countries, there can be another layer of complexity when participating countries in regional projects differ in status according to their grant-eligibility. Countries that have a grant window may have more incentive to support the regional project than countries that do not, although the exact impact has not been studied closely. IDA14 tried to mitigate this impact by reducing the IDA allocation for countries that receive grant assistance.

C. BANK SYSTEMS, ORGANIZATION, POLICIES AND PROCESSES

51. Since regional projects are still a new area of focus for the Bank, many of the systems, organization, policies, and processes of the Bank are not yet set up to provide optimal support to regional projects. Issues with reporting systems, organization of fiduciary, supervision, quality assurance and management support functions; roles of CMUs, AFC16 and sectors; and strategic staffing issues need to be addressed in order to provide better support to regional projects.

Reporting and Communications Infrastructure

52. Currently, the Bank accounting system reports regional projects under the Regional (Africa) category, and does not align these projects to the country reports of member countries. As a consequence, staff from the CMU, country offices, and fiduciary and corporate functions, who normally provide support to specific country programs, do not see regional projects in their country reports. Thus, unless these staff are proactive in finding out which regional projects require their attention, or unless TTLs or the AFC16 department alert them to it, support for regional projects is not planned automatically and can fall through the cracks. For example, only two Project Procurement Reviews (PPRs) have been done for regional projects since FY05, partly as a consequence of this system issue. Audit follow-ups have also been missed by the Financial Management Unit due to the same system issue. AFC16 is well aware of this problem, and has arranged with the Information Solutions Group to have the problem corrected in the next few months. By FY07, dual-reporting will be in place for regional projects; that is, country reports also will show regional projects. This system revamping will improve information sharing on regional projects significantly, impacting major support functions, including legal, procurement, financial management, safeguards, M&E, and quality and operations support.

53. The designs of current Implementation Status Reports (ISRs) and Implementation Completion Reports (ICRs) can make reporting for regional projects a cumbersome task. For multi-country projects that are packaged with one project ID (e.g. GEF Lake Chad, Abidjan-Lagos HIV-AIDS, Africa Emergency Locust projects), only one ISR and one ICR can be completed. While this has the advantage for TTLs of not having to complete multiple documents for the same project, it also makes it more difficult to report fully on country components – the ISR and ICR would be very long! Instead, some TTLs resort to reporting on the project as a whole omitting essential details on country components. Or, project teams use parallel manual reporting systems to report on country components. For example, the Africa Emergency Locust Project uses templates to report manually on country progress. On the other hand, for projects that are packaged as a group of country projects, with each country treated as a separated project and issued a separate project ID (e.g. Trade Facilitation, Lake Victoria Environmental Management Phase 1), TTLs must complete an ISR and an ICR for each country, leading to duplication of effort.

Organization of Fiduciary Functions

54. The human resources management and organization of the fiduciary functions still reflect a country focus. The Legal, Procurement and Financial Management functions have not yet adjusted their staffing plans to accommodate the recent scale up in the regional integration portfolio.

55. In terms of legal support, most project teams have had positive experiences with the Legal Department, commending legal staff for their flexibility, availability, and creativity. At the same time, the Legal Department points out that more resources will be needed to support regional projects in Africa as the portfolio continues to increase in size. Specifically, a coordinator role for regional projects is needed to concentrate knowledge about regional projects, and to better disseminate this knowledge to country lawyers. Expertise in international law would benefit this role. Some regional projects also require skills that may not be available in-house at the Bank, for example, legal arrangements associated with export credit agencies. Getting these specialized skills on demand is a more difficult issue to resolve, as each specific issue does not have enough critical mass to warrant hiring a full-time expert.

56. The organization of the Africa region's Procurement Unit is currently not set up to support regional projects. Most procurement staff are decentralized to country offices, while there is no coordinator role for regional projects. Support to regional projects is set up on an ad-hoc basis, at the request of the TTL or project team. Normally, a senior procurement staff, based either in Washington or at a regional hub, is assigned as the Project Procurement Lead to coordinate all the local procurement staff. Projects with many countries require significant coordination. Capacity is already a serious issue for the Africa Procurement Unit, limiting the support that procurement staff can provide to regional projects. The Africa Emergency Locust Management project found one way of speeding up the Bank's procurement process, by allowing local co-TTLs to sign No-Objections.

57. Similar to the Procurement Unit, most FM staff are decentralized to country offices, and serve as the main points of contact and support for projects. Regional projects that involve multiple countries need to involve the FMSs who are responsible for those countries, and a FMS in a lead role to coordinate the work of the multiple FMSs. The Financial Management Unit currently has a staff member who provides this coordination, albeit as an additional responsibility on top of the regular portfolio assignment. However, with the scaling up of the regional portfolio, this coordination responsibility may require a fully dedicated staff.

CMU Role and Coordination

58. Coordination with the CMUs and getting CMUs to assume ownership of regional projects has been an issue for most regional projects. However, this situation has been improving, especially since the recent hiring of additional staff to the AFC16 department. Issues raised by CMUs regarding regional projects include: a) TTL coordination with CDs/CMUs, and b) AFC16 department's coordination with CDs/CMUs. Before the recent creation of the AFC16 department, the interaction between TTLs and project teams and CMUs was sporadic and minimal. The exception has been the Africa Emergency Locust Project, which communicated by email regularly with affected CMUs and country teams, resulting in strong commitment and alignment with country programs. Thus, many CMUs know little about the projects currently under implementation. Projects currently under preparation, on the other hand, have involved CMUs more consistently. Having a director and department for regional programs has helped in this regard. However, there is still room for improvement. Some CMUs complain that they are not adequately involved in the decision-making process for projects. Others claim that they are notified of their IDA contribution requirement for the regional project only after decisions concerning the project had been made (after Decision Meetings or Board Approval), and without their involvement. Sometimes the CMU learns of their project IDA contribution from FRM, and not from AFC16 or the TTL. To improve future coordination, AFC16 is requiring signoff from CDs/CMUs during major phases of preparation.

59. On the other hand, anecdotal evidence and testimony from CMU and AFC16 staff suggest that CMUs also need to take greater ownership of regional projects that belong in their portfolio. Some CMUs mention that their limited interest in regional projects partly has to do with their client countries prioritizing national projects over regional projects. These same CMUs admit, however, that they can do more to encourage countries' commitment to regional projects. Others mention that their country IDA allocation envelopes are so limited that even with the two-thirds regional top up funding incentive, they are only interested in regional projects if the objectives align well with their clients' priorities and complement existing national projects. Many CMUs feel that regional projects should be fully funded from the ring-fenced

IDA Pilot Program for Regional Integration funding for regional projects. Overall, however, CMUs do realize that regional projects are currently a priority area of the Africa Action Plan, and they are working to increase ownership and improve communication, albeit at varying levels. One CD took the initiative to contact AFC16 to learn more about regional projects. He also accompanied the TTL of the WIO Marine Highway project to meet government counterparts during project preparation. Several CMUs have added AFC16 colleagues and the TTLs of regional projects to their Country Team lists. One Country Manager summarizes well how she envisions the division of responsibilities between AFC16 and CMUs: “Both have an important role and should be complementing each other from the inception of the project to completion, and this relationship could be improved. The CMUs inevitably have a bigger role on the country level components, while AFC16 has to worry about the bigger regional picture on the project.”⁵⁰

Sector Role and Coordination

60. Within the same sector, coordination between TTLs of regional projects and national projects is inconsistent. For some projects, coordination has been nonexistent. Coordination between regional projects and their national counterparts is essential for getting buy-in for regional projects, as well as for helping regional projects to leverage the subsidiarity principle.

Task Team Coordination

61. A recurring theme in regional projects is the difficulty and cost of coordination with clients and Bank country teams both during preparation and supervision. Project preparation for regional projects is very resource intensive due to the high transaction cost of negotiating across countries, RECs, regional organizations, multiple donors, and other stakeholders. The fact that most TTLs are based in Washington (Annex 13) makes the coordination challenge more difficult. The TTL of the Africa Emergency Locust project, however, asserts that his project has not experienced coordination issues using the “decentralized” supervision model where the Lead TTL is based in DC and Co-TTLs are based in the field. Moreover, this supervision model is likely to cost less than if the TTL had done all the supervision from DC.

TTL Quality and Turnover

62. There is high TTL turnover for regional projects. Annex 13 shows that 11 of the 17 active projects on June 28, 2006 have experienced at least one TTL change. Five of the six projects that have not experienced a TTL change have only been approved in the last year. Anecdotal evidence suggests that this turnover rate is higher than for single-country projects. One factor contributing to this trend may be that despite the relatively difficult nature of regional projects, the Bank has no extra incentives in place to encourage TTLs with the right skills and experience to take on regional projects. In fact, if anything, TTLs are given disincentives: too little budget, especially for supervision, for much more work and no greater recognition. Some TTLs fear that the high risk of failure may negatively impact their career development. One TTL mentioned that she declined to take on a regional project when she caught a glimpse of the challenges ahead. Some managers interviewed cited the need to incentivize stronger TTLs to take on regional projects. With coordination, team building, consensus-building, negotiation and client management skills so critical to regional projects, a more pro-active approach to strategic staffing for regional projects would better ensure that regional projects receive the skills required for their effective management.

⁵⁰ Survey of a Country Manager, April, 2006.

“Regional” Expertise

63. The complexity and multitude of stakeholders involved in regional projects suggests that it would be difficult for any one project team to possess all the required expertise and knowledge of their stakeholders, in particular, knowledge of RECs and regional institutions. A more efficient solution might be to concentrate expertise about NEPAD, RECs, and other regional institutions in one or several experts that could help TTLs and project teams assess the capacity of their project stakeholders, provide relationship management support, facilitate transactions and negotiations, and help design capacity building plans, when needed. Logically, this role should reside in AFC16, and decentralized to regional hubs. AFC16 does have a few of its staff decentralized in country offices. However, it is unclear how much these staff and others based in Washington can be leveraged for this function, given their already full workload in supporting the transaction and processing requirements of projects. Moreover, with 68 percent of AFC16’s budget allocated to project preparation and supervision, 10 percent for regional programs management, 4 percent for contingencies, and 18 percent for AAA; budget issues would have to be resolved in order to accommodate the “regional” expert role/s.

Management Support and Guidance

64. Although support for regional projects has been improving since the establishment of the Regional Integration department, there is still room for improvement in terms of organizing Bank resources and services to maximize support for regional projects. TTLs mention that the management support that they experience is uneven. Reasons cited include: a) knowledge about regional projects and issues is still weak; and b) staff in management and quality assurance functions do not all possess in-depth knowledge about IDA financing requirements and instruments. One TTL complained that despite having gone through all the reviews and clearances required, some critical mistakes were not spotted at the right times. One documented example resides in the QAG Quality of Supervision review for the Lake Chad project, where management support received an unsatisfactory rating for the failure of management to react when the project displayed obvious signs of trouble. Certainly, staff overload and confusion about how to organize around a relatively new portfolio partly explain the unsatisfactory managerial support, but the need to have a clear strategy for management support (including assigning roles and responsibilities that leverage staff skill sets at the right time) is also evident. The roles of Sector Managers (SMs), CDs/CMUs, AFC16, AFTQK, OPCS, FRM, Legal and Fiduciary functions in providing management support and guidance need to be reexamined and clarified.

Project Budget and Resource Allocation

65. *Project Preparation Time:* With all the challenges that regional projects face, it is not surprising that they require more time and resources for preparation and supervision. As Annex 6 demonstrates, 9 out of the 16 active projects required more than 24 months for preparation. The Bank-wide average preparation time for phase-one APLs has been between 16 to 21 months, and for other investment lending between 14 to 22 months. The projects with long preparation times span all four sectoral categories of projects (power and transport, finance, GEF/environment, and HIV/AIDs). Of the seven projects that took less than 24 months to prepare, one is an emergency project, so therefore is an exception (This project took only 3 months to prepare); three are HIV/AIDS projects, two of which (Regional HIV/AIDS Treatment Acceleration Project and ARCAN) have quality-at-entry problems and are experiencing implementation difficulties; and the third (Great Lakes HIV/AIDS) took 20 months to prepare and experienced effectiveness delays. It appears that 24 to 48 months is the range of time required to prepare regional projects.

66. *Project Preparation Budgets:* Regional projects receive on average 50 percent more preparation budget than their single-country counterparts.⁵¹ The preparation budget for the Southern Africa Power Project APL Phase I, for example, was \$618,000. The West Africa Power Pool spent \$825,000 to prepare Phase I of the APL, although subsequent phases cost significantly less to prepare.⁵² The GEF Niger River Basin project spent \$555,000 and the GEF Senegal River Basin project spent \$835,000 on preparation. The Abidjan-Lagos and Regional HIV/AIDS projects spent \$440,000 each for preparation. These budgets compare with the average preparation cost for Phase I APLs of \$455,000 and around \$350,000 for other investment lending over the FY98-04 period. Considering that regional projects coordinate at least three countries, a 50 percent cost increase over single-country projects implies significant economies of scale and cost savings. At the same time, some TTLs testify that the budgets allocated to regional projects for preparation activities are insufficient, sometimes forcing shortcuts during project design. This budget constraint is a disincentive for strong TTLs to manage regional projects. At the same time, Bank Trust Funds, such as the PHRD (Japan Policy and Human Resources Development Fund), are difficult to obtain for regional projects, because the Trust Fund Office (TFO) is more accustomed to processing single-country proposals. The TFO also prefers that trust funds be executed by recipients, disqualifying regional activities, where the intended beneficiary has very limited institutional capacity.

67. *Project Supervision Budgets:* The TTLs of most of the active regional projects have indicated that their supervision budgets are insufficient to meet Bank quality standards for supervision. They indicate that the cost savings derived from supervising multi-country projects are less than many assume (for example, many activities have to be replicated across countries rather than combined or skipped), and that supervision budgets should be set closer to multiples of single-country budgets rather than assuming large economies of scale. The experience of the Africa Emergency Locust Project illustrates the extent of supervision budget shortfalls for regional projects. Despite using a decentralized staffing model for supervision to achieve efficiency and effectiveness gains, supervision cost for the project totaled \$372k for FY06. Of this amount, only 54 percent, or \$200k, was provided by AFC16. The remaining \$172k had to be co-financed by subsidies from another Bank unit (AFTS4, \$115k), by the FAO (\$40k), and by the use of seconded staff (subsidized by AFTS4, \$17k). So far, there has been no in-depth study performed of budget requirements for supervision.

⁵¹ Figure provided by Africa CAO.

⁵² The original Task Team spent \$625k (from FY01- FY04) to pursue a SIL for the WAPP. The current team spent an additional \$200k to prepare the WAPP APL 1 - Phase 1. WAPP APL 1 - Phase 2 spent \$161k and WAPP APL 2 spent \$ 197k.

VI. RECOMMENDATIONS

68. The cross-cutting issues and lessons emerging from this portfolio review have implications for the Africa Region's approach to regional projects going forward. At the strategic level, the Bank needs to re-examine its financing approach to supranational components, capacity building efforts, small IDA portfolios, projects that bring together countries with different borrower status, and projects that have strong public goods components. At the organizational level, the organization of fiduciary and operations support functions, and resource management and strategic staffing policies need to be tailored to accommodate the needs of regional projects. Finally, strengthened portfolio management and increased management oversight are critical to future program success. Key recommendations include:

A. STRATEGY

- i. **Develop an overall strategy:** AFC16 has a clear plan for moving forward with regards to the strategy for regional integration. Some strategic parameters that could be clarified include, for example, whether to prioritize working with stronger RECs first, or whether prioritization should be based on other parameters. The Department is in the process of updating the sub-regional strategies with sectors and CMUs. Given the weak capacity of regional institutions and the extensive process to build consensus and support for specific programs, these strategies must be selective and include clear time-bound output and outcome targets. Careful attention to involving CDs and CMUs in this process, as planned, would help improve communication and coordination, as well as CMU ownership of regional projects. CMUs also need to be more proactive in their engagement regarding regional integration.
- ii. **Reexamine the Region's approach to HIV/AIDS and GEF projects:** AFC16 should work with colleagues in ActAfrica, the Global HIV/AIDS Program, GEF Management, CMUs and Regional Management to examine the Region's approach to HIV/AIDS and GEF projects. A major issue to resolve is whether the Bank has a comparative advantage in addressing regional HIV/AIDS and environmental and natural resource management issues. Questions that need to be answered include: a) what the Bank's role and approach should be, b) whether the Bank has the skills and instruments needed, and c) how the Bank should be organized to support the selected approach.
- iii. **Leverage Bank role as convener, facilitator, and coordinator for regional integration efforts:** The Bank is already playing the role of convener, facilitator, and donor coordinator for regional integration efforts. However, three things that the Bank can do to leverage its comparative advantage even further are to: a) find better mechanisms for financing supranational components of projects and for capacity building of regional organizations; b) assist RECs in securing country ownership for the implementation of regional protocols, and to improve the country's capacity for implementation; and c) develop expertise in capacity building and knowledge of RECs and regional institutions within the Bank (See Recommendation viii-e).
- iv. **Revisit IDA Pilot Guidelines:** In order to alleviate the extraordinarily large impact that regional projects can have on countries with small IDA envelopes, FRM should review the impact of IDA Pilot guidelines for these countries. Having the Pilot fund 100 percent of

regional projects, especially those that involve public goods, is a possibility that would also alleviate the incentive problem for projects that involve countries with different Bank Borrower status. Concerns regarding possible diminished national ownership of projects if the IDA Pilot provides 100 percent funding would need to be addressed.

- v. **Address capacity constraints of RECs:** To maximize the Bank's support to Africa's regional integration efforts, the Bank needs to find more sources of grant funding for capacity building of regional organizations, especially RECs, and for funding supranational components of projects. Regional Management should explore with FRM and the IDA Deputies the possibility of changing IDA guidelines to accommodate these needs. AFC16 and Regional Management should also explore guidelines for programs, such as the Africa Catalytic Fund, the Africa Capacity Building Program Fund and various trust funds, to see if these guidelines can be modified to better accommodate regional integration efforts. AFC16 has already started the process with the Africa Catalytic Fund.

B. ORGANIZATION AND STAFFING

- vi. **Address Systems Issues:** Redesign ISRs and ICRs to address the needs of regional projects. For example, for multi-country (or multi-sector) projects, consider a drop-down feature to allow separate data entry for specific country (and sector) components. Any system modification should be first tested with TTLs and project teams. Ensure that the SAP reporting issue as discussed in Paragraph 52 is satisfactorily addressed, as planned.
- vii. **Organization of Fiduciary Functions:** Assignment of full-time coordinator roles for regional projects for legal, procurement, and financial management functions. For the Legal Department, it may be worthwhile to examine the possibility of pre-qualifying a pool of external consultants with required specialized skills to be contracted as needed, and drawing upon legal expertise from the IFC and the Multilateral Investment Guarantee Agency (MIGA) when appropriate. For Procurement, ensure that Procurement Reviews are done regularly for regional projects. For FM staff, ensure that FMSs use the same rating system when carrying out FMAs.
- viii. **Strategic Staffing:** Active management of staff is needed to ensure that the needed skills are assigned to regional projects. Some possibilities include:
 - a. Reorganization of project management: Assign a strong Lead TTL to manage the regional component and coordinate TTLs of national components. Weigh the pros and cons of assigning Lead TTLs who are based in DC or in the field. The goal should be to ensure just in time Bank oversight and implementation support without increasing budget pressures. The current strong push in the Africa Region to decentralize senior sector staff will facilitate efforts to assign field-based TTLs.
 - b. Leveraging of field-based staff for preparation and supervision: Leverage field-based sector colleagues for preparation and supervision where adequate skills exist. This should be done regardless of whether the lead TTL is based in Washington or in a CO, as regional projects require transactions in multiple countries. Piloting this approach for projects involving Tanzania, as suggested by the Operations Adviser, provides a good phased approach.

- c. Proactive performance management: Introduce additional performance management incentives, (e.g. increased weight in OPE assessments) to encourage strong TTLs with desired skills to manage regional projects.
- d. Provision of better budget and management support to TTLs and project teams of regional projects. Budget issues need to be sorted out between the Regional Integration Department and CMUs, and to relieve the constraints that TTLs currently feel surrounding supervision budgets. An in-depth review of budget requirements for preparation and supervision of regional projects and how these budget requirements should be financed is recommended; and,
- e. Development of in-house expertise on RECs, other regional institutions, and issues associated with regional projects: This regional in-house expertise would be used to help TTLs and project teams with project preparation and supervision, including in assessing institutional capacity and readiness for implementation, providing stakeholder relationship management support, facilitating transactions and negotiations, and helping design capacity building plans when needed. Logically, this role should reside in the AFC16 department.

C. PROJECT DESIGN

- ix. **Ensure ownership of key stakeholders and readiness of implementation arrangements:**
 - a. For regional projects, this means ensuring: a) pre-concept readiness, including gaining early consensus from FRM and CMUs that the project should be classified as regional, agreement of CMUs on their country IDA contribution to regional projects, getting CMUs to assume ownership to secure the commitment from clients, incorporating regional projects into PRSPs and CASs, and using AAA to inform project design; b) “First Phase” readiness during preparation, such as securing the commitment of clients; and c) “Second Phase” implementation readiness, such as the readiness of procurement and financial arrangements, institutions, Project Management Units (PMUs), etc. The Nile River Basin Initiative provides a good practice example of where this phased approach to consensus-building and project preparation has worked well.
 - b. IDF, GEF, and other donor-funded grants should be leveraged to build capacity and develop the necessary agreements and protocols before the design of investment projects. An umbrella support program (e.g. trust fund for technical assistance) to help each REC move from project ideas to project concepts, fully-owned by participating countries, would significantly reduce the time taken to prepare investment projects. It also would help to reduce preparation costs of small projects by coordinating preparation, including consensus building, for similar projects. A trust funded program also could fund co-terminous staff to reduce the high cost to the Bank of this pre-concept phase.
- x. **In designing projects, plan regionally, but implement nationally** to the extent possible. This arrangement leverages the relative strength of national institutions, while softening the impact of weaker regional institutions, and leaves maximum responsibility and ownership of implementation to national entities.

- xi. **Leverage the APL:** Pipeline projects that do not have strong public goods characteristics and whose countries do not need to be effective concurrently should explore first the use of the APL before considering other instruments.⁵³

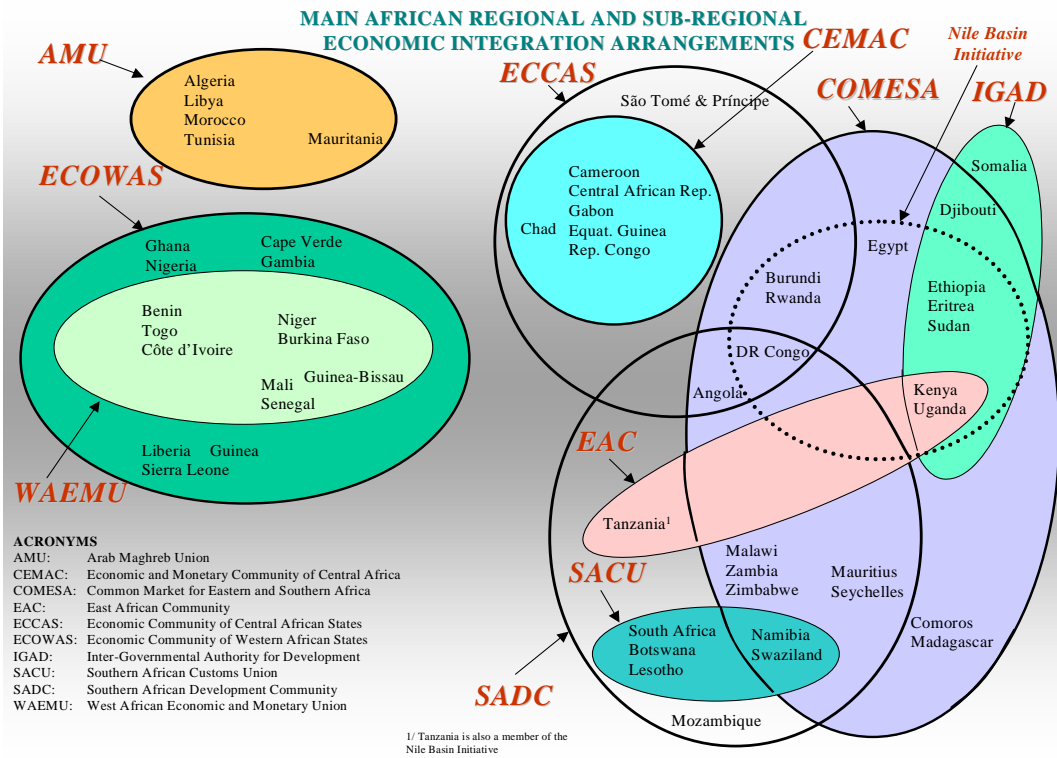
D. PORTFOLIO MANAGEMENT AND MANAGERIAL OVERSIGHT

- xii. **Enhance Communication and Coordination between CMUs, sectors and Regional Integration Department:** CMUs, AFC16, and sector staff need to continue to improve coordination and communication concerning regional projects. All have an important role and should complement one another from the inception of projects to completion. The CMUs have a bigger role on the country level components, while the Regional Integration Department will focus on the regional perspective. CMUs should be more involved in project selection, design, and decision-making, including project IDA allocation decisions. CMUs also need to take greater ownership of regional projects, and promoting their inclusion in the new generation of CASs. The 2005 Uganda Joint Assistance Strategy provides a good practice example of where this has been done. Third, CMUs should assign focal points for regional projects. Finally, a review by Regional Management of staff incentives for collaboration on regional integration efforts is also recommended.
- xiii. **Address pending portfolio issues:** TTLs, project teams and Sector Managers need to work with AFC16 and AFTQK colleagues to address the three categories of projects that require careful attention:
 - a. **Projects-at-risk:** The one problem projects in this portfolio, ARCAN HIV/AIDS, needs immediate attention. A supervision Quality Enhancement Review (QER) should be organized for this at-risk project.
 - b. **Projects under implementation with design issues:** The seven projects with design issues (Paragraph 24 and Annex 8) should be reviewed with their specific design issues in mind, and action plans developed for ensuring implementation success.
 - c. **Projects that are inherently high-risk:** These projects are not necessarily experiencing any performance issues, but the characteristics that make them inherently high-risk, such as their complex nature or their reliance on weak institutions, merit close attention. Recommended projects to review in this category include: East Africa Trade and Facilitation, Southern Africa Power Pool, West Africa Power Pool, and all the river basin projects.
- xiv. **Focus on M&E and procurement issues:**
 - a. For M&E, two types of issues need to be addressed. First, project M&E frameworks and implementation arrangements should be reviewed with project teams, the AFTQK Review Team, and AFC16. Action plans should be developed to address specific M&E issues. Second, efforts to build regional M&E systems for RECs, regional institutions and sectors, should be supported.
 - b. For procurement, AFC16 should meet with the CMUs, TTLs and regional procurement leads and legal staff to brainstorm on ways to systematically address the assignment of responsibility for supranational contracts and for harmonization issues.

⁵³ The APL, however, will not be appropriate for projects with strong public goods characteristics (e.g. HIV/AIDS, environmental management) and that need participating countries to be effective concurrently.

VII. ANNEXES

Annex 1: Map of RECs



Annex 2: REC Objectives and Africa Regional Integration Projects⁵⁴

Sub-region / REC	Africa Regional Integration Projects
<p>West Africa</p> <p>ECOWAS:</p> <ul style="list-style-type: none"> • Trade liberalization; • Integration of financial markets; • Creating a common market in telecommunications services; • Development of capacity in higher education and high specialized training; • Disease and drug management; • Establishment of a regional monitoring mechanism. • Priority projects include implementation of the West Africa Power Pool, West African Gas Pipeline, interstate Trade and Transit Facilitation Program (Lagos-Nouakchott and Dakar-N'Djamena corridors), and Air Transport Program. <p>UEMOA:</p> <ul style="list-style-type: none"> • Strengthening macroeconomic stability and economic integration through improved governance, increased convergence; and further market integration • Development of economic infrastructures; • Improving the productive apparatus; • Human resources development; and • Establishment of a partnership for resource mobilization, monitoring and evaluation. 	<p>Portfolio</p> <ul style="list-style-type: none"> • West Africa Power Pool APL • WAEMU/UEMOA Cap Mkt Dev Project (IDA and Guarantees) • West Africa Gas Pipeline (Guarantees) • GEF Senegal River Basin Water and Env Mgt Project • GEF Reversing Land and Water Degr Trends in the Niger Basin • GEF Reversal of Land and Water Degr Trends in the Lake Basin • Africa Emergency Locust Management • HIV/AIDS Proj for the Abidjan-Lagos Transport Corridor • Regional HIV/AIDS Treatment Acceleration Project • West & Central Africa Air Transport Project APL1 <p>IDF Grants:</p> <ul style="list-style-type: none"> • IDF OHADA Institute Capacity Building • IDF UEMOA Public Procurement Reform <p>FY06 Pipeline (remaining):</p> <ul style="list-style-type: none"> • SRB M. Water Res. Dvpt. APL • WAPP APL 1 (Phase 2 of CTB) • WAPP APL 2 (Phase 1 - OMVS Felou HEP) <p>FY07 Pipeline:</p> <ul style="list-style-type: none"> • West Africa Gas Pipeline Phase 2 TAL • West & Central Africa Air Transport APL2 • 2nd Regional Trade Facilitation Project • West Africa Road Transport
<p>Central Africa</p> <p>CEMAC:</p> <ul style="list-style-type: none"> • Trade liberalization, including implementation of the CEMAC Union; • Pursuing financial sector integration; • Promoting transport as a priority sector including linking Nigeria and DRC and improving road maintenance; • Enforcing macro-economic policy convergence. 	<p>Portfolio</p> <ul style="list-style-type: none"> • BEAC Reg Payment System (FY03) • West & Central Afr Air Tran APL1 <p>IDF Grants:</p> <ul style="list-style-type: none"> • IDF CEMAC Transport Facilitation Strengthening <p>FY07 Pipeline:</p> <ul style="list-style-type: none"> • West & Central Africa Air Transport APL2 • CEMAC-Transport-Trade Facilitation • 2nd Regional Trade Facilitation Project

⁵⁴ Priorities obtained from REC websites, AFC16 (Spring Briefings, RIAses, Strategy Notes, staff comments), and Draft East Africa Strategy Note.

Sub-region / REC	Africa Regional Integration Projects
<p>East Africa EAC:</p> <ul style="list-style-type: none"> • Power- the East Africa Power Plan • Transport- East Africa Trade & Transport Facilitation Project, Common EAC Aviation Policy (drafted, with agreement to create Regional Civil Aviation safety and security oversight org by Dec 2005); • Communications • Trade facilitation- Implementation of the Customs Union by 2008, Regional Competition Law (draft); • Financial integration- EAC Monetary Union; Capital Markets Development Plan; • Water resources management- Lake Victoria Transport Bill (draft), Protocol for the Sustainable Development of Lake Victoria Basin (signed), Lake Victoria Basin Commission (est. late 2005); • EAC Common Agriculture Policy and Strategy (approved). 	<p>Portfolio</p> <ul style="list-style-type: none"> • Regional Trade Facilitation Project • East Africa Trade & Transport Facilitation (FY06) • African Regional Capacity Building Network for HIV/AIDS Prevention, Treatment, and Care • Great Lakes Initiative on HIV/AIDS (GLIA) Support <p>IDF Grants:</p> <ul style="list-style-type: none"> • IDF EAC Customs Union <p>FY07 Pipeline:</p> <ul style="list-style-type: none"> • Lake Victoria Mgmt Projects (LVEMP 2) • Lake Victoria Emergency Project • Telecommunications SIM (FY07)
<p>Southern Africa SADC:</p> <ul style="list-style-type: none"> • Trade liberalization- Liberalization of all intra-SADC trade by 2012; Creation of a Customs Union by 2010, a common market by 2015, and a full monetary union with a SADC central bank by 2016. • Financial harmonization • Energy • Water resources management • Transportation • Telecommunications • Health, and drugs. <p>COMESA:</p> <ul style="list-style-type: none"> • Trade liberalization- Setting-up of a full free trade area, including the removal of all non-tariff barriers; Customs Union by 2008; free movement of persons (adoption of common visa arrangements). • Financial integration- Free movement of capital and investment (option of common investment practices); progressive setting-up of a payments union based on the COMESA Clearing House; establishment of a common monetary union by 2025. 	<p>Portfolio</p> <ul style="list-style-type: none"> • Southern Africa Power Market APL 1 • GEF SADC Grndwtr & Drght Mgmt TAL (FY05) <p>IDF Grants:</p> <ul style="list-style-type: none"> • IDF SADC NEPAD - Agric.Exp.Monitoring • IDF SADC Capacity Building • IDF SADC Public Sector Account Stand. • IDF COMESA Procurement <p>FY07 Pipeline:</p> <ul style="list-style-type: none"> • Southern Africa Power Market (APL2) • Telecommunications SIM
<p>All Regions</p>	<ul style="list-style-type: none"> • IDF AFRISTAT M&E

Annex 3: Active Projects and Performance, June 30, 2006

Project Name	Sub-Region	DO	IP	Risk Flags	Procurement	M&E
Power and Transport						
3A-Southern Afr Power Mrkt APL 1 (FY04)	S. Africa	MS	MS	(2) Disb, CR	Procurement delays: packages not prepared ahead of time	Good project M&E framework in place Need to ensure avail of baseline data.
3A-WAPP Phase 1 APL 1 (FY05) (Coastal Transmission Backbone)	W. Africa	S	S	(1) CR	(Good practice: procurement package prepared ahead. Project on schedule. Utilities also familiar with Bank procurement procedures.)	Good project M&E framework in place. Needs integrated regional and project M&E plan (seeking grant financing). Ensure avail of baseline data.
3A-WAPP APL 2 (OMVS Felou HEP)		NOT YET EFFECTIVE				
3A-WAPP APL 1 (CTB Phase 2) Project		NOT YET EFFECTIVE				
3A-E Afr Trade & Transp Facil (FY06)	W. Africa	NOT YET EFFECTIVE				
3A-West & Central Afr Air Tran TAL (FY06)	E. Africa	NOT YET EFFECTIVE				
3A-SRB M. Water Res. Dvpt. APL (FY06)	W. Africa	NOT YET EFFECTIVE				
Finance						
3A-Trade Facil SIL (FY01)	E. Africa	S	S	(1) CR		Needs M&E framework, more clearly-defined PDO and better indicators.
3A-BEAC Reg Payment System TAL (FY03)	C. Africa	S	S	(1) CR	Procurement delays: procuring for big contracts taking longer than expected. Letter form client in Aug 2004 complaining of Bank delay in approval of No Obj.	PDO and M&E framework need improvement: more specific PDO and better indicators
3A-WAEMU Capital Markets Dev FIL (FY04)	W. Africa	MS	MS	(2) ED, CR	Procurement MU: delays in hiring key staff; Spec Acct opening delays.	Good project M&E framework in place, although indicators need simplification and need to ensure avail of baseline data
GEF and Environment						
3A-GEF Lake Chad Basin SIL (FY03)	C. and W. Africa	MS	MS	(1) CR	Poor capacity of Borrower (LCBC) and procurement transparency issues; Fragmented/ small contracts not attractive to potential bidders	Poor original M&E framework, but recently develop new one with help of AFTQK M&E Specialist

3A-GEF Niger River Basin SIL (FY04)	C. and W. Africa	S	S	(2) ED, CR	Effectiveness delays due to recruitment of Regional Coordinator and procurement specialist.	PDO and M&E framework need improvement: better indicators and data arrangements
3A-GEF Senegal River Basin SIL (FY04)	W. Africa	S	S	(1) CR		PDO and M&E framework need improvement: PDO more results-focused and M&E framework simplified
3A-GEF Grndwtr & Drght Mgmt TAL (FY05)	S. Africa	MS	MS	(1) CR		PDO and M&E framework need improvement; no existing M&E framework for groundwater mgt.
3A-Afr Emergency Locust Prj ERL (FY05)	W. Africa	MS	MS	(2) ED, CR		Good project M&E framework in place. Previous recommendation to establish regional M&E framework being implemented with regional commission and FAO.
MAP HIV/AIDS						
3A-HIV/AIDS Abidjan Lagos Trnspt SIL (FY04)	W. Africa	S	S	(1) CR	Procurement flag in Nov 2005; No Obj processed by Bank within one week; Govt officials and border level impl agencies complain that Bank procedures, esp. on procurement, too cumbersome for local level actors	M&E framework needs improvement, intermediate outcome indicators, and baseline data
3A-Regional HIVAIDS Treatment Prj SIL (FY04)	W. Africa	S	S	(1) CR		M&E framework weak; PDO needs clarification; some indicators need improvement; attention to capacity for M&E in the countries
3A-ARCAN SIL (FY05)	E. Africa	U	U	(6) FM,CF,ME, MG, PROC, CR	Procurement irregularities on client side	M&E framework needs improvement, PDO revised slightly and more/better indicators
3A-HIV/AIDSs Great Lakes Init APL (FY05)	E. and S. Africa	S	S	(2) ED, CR		M&E framework needs improvement: more work on indicators

Annex 4a: FY07 Pipeline Projects, Guarantees Projects and IDF Grants, June 2006⁵⁵

Project Name	Sub-Region	Date, Approval	Expected Comm amount
FY07 Pipeline Projects			
West Africa Road Transport	W. Africa	12/14/2006	61.5
West & Central Africa Air Transport APL2	C. and W. Africa		
2 nd Regional Trade Facilitation Project	C. and W. Africa	5/15/2007	100
CEMAC-Transport-Trade Facilitation	C. Africa	9/14/2006	64
Lake Victoria Mgmt Projects (LVEMP 2)	E. Africa		90
Lake Victoria Emergency Project	E. Africa		
Telecommunications SIM (FY07)	E. and S. Africa	9/15/2006	100
SAPP – S. African Power Market (APL2)	S. Africa	7/1/2006	63
GEF – African Rift Valley Geothermal	S. Africa		

Project Name	Status	Sub-Region
Guarantees		
GU - WAEMU/UEMOA Cap Mkt Dev Project (Guarantees)	Active	W. Africa
West Africa Gas Pipeline (IDA S/UP)	Active	W. Africa
IDF Grants		
OHADA Instit. CB - IDF	Active	W. Africa
UEMOA Public Procurement Reform - IDF	Active	W. Africa
IDF CEMAC Transport Facil Stren - IDF	Active	C. Africa
IDF EAC Customs Union - IDF	Active	E. Africa
AFRISTAT M & E - IDF	Active	Cross-Region
SADC NEPAD - Agric.Exp.Monitoring - IDF	FY06	S. Africa
SADC Capacity Building - IDF	FY06	S. Africa
SADC Public Sector Account Stand. - IDF	FY06	S. Africa
COMESA Procurement-IDF	FY06	S. Africa

⁵⁵ Pipeline projects listed here reflect AFC16's latest business plan (May 2006), which may not reconcile with SAP reports as some projects have not updated their status in SAP.

Annex 4b: Closed Africa Regional Projects

Project ID	Approval FY	Project	IEG RATINGS	# of countries	Financing		
					IDA \$ mil	IBRD \$ mil	GEF \$mil
P002997	1979	BOAD Regional Development Project/ BCEAO Regional Payment Systems Project	OC – S Sust: Likely	6	3.0		
P002998	1983	BOAD Regional Development Project II	OS – S Sust – Likely	6	14.0	6.1	
P014200/ P014190/ P014210	1984	SECOND RUZIZI REGIONAL HYDROELECTRIC POWER PROJECT (BURUNDI, RWANDA, ZAIRE)	OC – S Burundi, US – Rwanda	3	45.0		
P003000	1986	SENEGAL-REGIONAL MANAGEMENT SCHOOL (CESAG)	OC – US Sust – Unlikely	6	5.5		
P000010	1990	BOAD Regional Development Project III	OC – MS Sust-Uncert	7	40.0	15.0	
P001586	1995	Lake Malawi Project	OC – MS Sust-Likely	3			5.4
P000001	1996	3A-CB Nat Res & Wildlife Mgmt SIL (FY96)	OC – US Sust – Unlikely	2			7.0
P046650 ,P046651, P046648	1997	Regional Hydropower Development Project	OC – S Sust– Likely	3	38.7		
P046836, P046837, P046838, P077406, P090680 P046870, P046871	1997	Lake Victoria Environmental Management Project	ICR ratings- 46836-MS 46837-MS 46838-U (No IEG ratings) 46870-MS 46871-U (no IEG ratings)	3	41.0		29.4
P000003	1998	GEF REIMP: Central Africa Regional Environmental Info	OC – S Sust- Unlikely	6			4.1
P036037	1999	3A-GEF WIO Islnds Oil Spl Con SIL (FY99)	OC – S Sust – Likely	4			3.1
P064888	2000	GEF Theatre for Africa Community Outreach Programme for Conservation and Sustainable Use of Biological Resources		7			0.8
P088475	2005	GEF Supporting Capacity Building for Elaboration of National Reports and Country Profiles by African Parties to UNCCD		45			0.9

Annex 5: Portfolio Disbursement

Project Name	FY05 Disbursement			FY06 Disb	Total Disb	Total Committed
	Total Est	Total Disb	Act v. Est.			
Power						
Southern Afr Power Mrkt APL 1	37.8	0.9	2.3%	1.0	3.1	178.6
WAPP APL1 Phase1 (Coastal Transmission Backbone)	-	-		0.0	0.0	40.0
Finance						
WAEMU Cap Mkt Dev Project (BOAD)	12.4	-	0.0%	0.4	0.4	96.4
Regional Trade Facilitation Project				1.8	54.1	
BEAC Reg Payment System (FY03)	4.0	4.6	114.5%	1.2	9.4	14.5
E Afr Trade & Transp Facil (FY06)				0.0	0.0	199.0
GEF and Environment						
GEF Reversal of Land and Water Degr Trends in the Lake Chad Basin	0.9	0.2	28.0%	0.3	0.5	2.9
GEF Reversing Land and Water Degr Trends in the Niger River Basin	0.8	0.3	33.8%	0.5	0.8	6.0
GEF Senegal River Basin Water and Env Mgt Project	1.3	0.7	52.0%	0.8	1.5	5.3
GEF Grndwtr & Drght Mgmt TAL (FY05)	-	-		0.0	0.0	7.0
Africa Emergency Locust Project	-	-		4.3	7.7	59.5
HIV/AIDS						
HIV/AIDS Proj for the Abidjan-Lagos Transport Corridor	3.5	1.9	54.9%	4.6	9.1	16.6
Regional HIV/AIDS Treatment Acceleration Project	13.8	6.0	43.8%	5.1	14.2	59.8
African Regional Capacity Building Network for HIV/AIDS Prevention, Treatment, and Care	2.0	2.0	102.0%	0.3	2.3	10.0
Great Lakes Initiative on HIV/ (GLIA) Support	-	-		0	0	20.0
Total	76.5	16.6		20.3	103.2	715.6

Annex 6: Project Preparation Time and Budget (May 2006)

Project Name	Sub-Region	Total Prep Time (mos)	Preparation Budget (US\$,000) – excl PPF
Power and Transport			
Southern Africa Power Market APL 1	S. Africa	29	873
WAPP APL1 Phase1 (Coastal Transmission Backbone)	W. Africa	35	848
East Africa Trade & Transport Facilitation	E. Africa	16	823
West and Central Afr. Air. Tran. TAL	W and C. Africa	28	N/A
Finance			
Regional Trade Facilitation Project	E. Africa	27	525
BEAC Reg Payment System (FY03)	C. Africa	17	261
WAEMU Cap Mkt Dev Project (BOAD)	W. Africa	25	1066
GEF, Environment and Pest Management			
GEF Reversal of Land and Water Degr Trends in the Lake Chad Basin	C. and W. Africa	24	N/A
GEF Reversing Land and Water Degr Trends in the Niger River Basin	C. and W. Africa	13	555
GEF Senegal River Basin Water and Env Mgt Project	W. Africa	58	835
GEF Grndwtr & Drght Mgmt TAL (FY05)	S. Africa	40	375
Africa Emergency Locust Project	W. Africa	3	434
MAP HIV/AIDS			
HIV/AIDS Proj for the Abidjan-Lagos Transport Corridor	W. Africa	28	473
Regional HIV/AIDS Treatment Acceleration Project	W. Africa	15	619
African Regional Capacity Building Network for HIV/AIDS Prevention, Treatment, and Care	E. Africa	20	652
Great Lakes Initiative on HIV/AIDS (GLIA) Support	E. and S. Africa	20	608

Annex 7: Alignment to IDA Pilot Program for Regional Projects

Project Name	Overall Rating	(i) involve 3+ countries	(ii) transboundary externalities	(iii) country or regional ownership	(iv) policy harmonization	(v) part of well-dev regional strategy
Power and Transport						
Southern Afr Power Mrkt APL 1	YES	Entire APL, not each phase	yes	medium	yes	yes
WAPP APL1 Phase1 (Coastal Transmission Backbone)	YES	Entire APL, not each phase	yes	high	yes	yes
3A-E Afr Trade & Transp Facil	YES	yes	yes	high	yes	yes
3A-West & Central Afr Air Tran TAL (FY06)	YES	Yes	Yes	High	Yes	Yes
Finance						
Regional Trade Facilitation Project	YES	yes	yes	medium	yes	yes
BEAC Reg Payment System	YES	yes	yes	medium	yes	yes
WAEMU Cap Mkt Dev Project	YES	yes	yes	low	yes	yes
GEF and Environment (not subject to IDA Pilot criteria)						
GEF Reversal of Land and Water Degr Trends in Lake Chad Basin	YES	yes	yes	low	yes	no
GEF Reversing Land and Water Degr Trends in Niger River Basin	YES	yes	yes	medium	yes	yes
GEF Senegal River Basin Water and Env Mgt Project	YES	yes	yes	high	yes	yes
GEF Grndwtr & Drght Mgmt TAL	YES	yes	yes	low	yes	no
Africa Emergency Locust Project	YES	yes	yes	high	yes	yes
HIV/AIDS (not subject to IDA Pilot criteria)						
HIV/AIDS Proj for the Abidjan-Lagos Transport Corridor	YES	yes	yes	high	yes	yes
Regional HIV/AIDS Treatment Acceleration Project (a)	NO	yes	no	low	no	no
ARCAN for HIV/AIDS Prevention, Treatment, and Care (b)	NO	yes	no	medium	no	no
Great Lakes Initiative on HIV/AIDS (GLIA) Support	YES	yes	yes	high	yes	yes

(a) The Regional HIV/AIDS Treatment Acceleration Project failed to demonstrate that externalities exist between the three project countries, that any policy harmonization is required, that adequate ownership and integration exist, and that the project is part of a well-developed regional strategy. This project brought together three different projects with the sole justification for the project being regional as the sharing of learning. However, the learning aspect could have been accomplished even if there were three national projects. In fact, during most of the implementation period up to recently, the learning aspect had been largely ignored. Moreover, the one or two learning events that have been organized involved countries that were not part of the project, proving that there is no compelling reason to bring the three country projects together under one regional project.

(b) The ARCAN HIV/AIDS project suffers from similar shortfalls. The only difference is that the ARCAN project is one shared project design (instead of three different project designs) with implementation arrangements in three different countries. The sharing of learning aspect is also not compelling enough to justify this as a regional project.

Annex 8: Project Quality-at-Entry and Implementation Issues

Project Name	QEA Review	Quality Issues	Implementation Issues (As of April 2006)
Power			
Southern Afr Power Mrkt APL 1	MS	QK QEA: Moderately Satisfactory Quality-at-Entry. Risks include inability of DRC to negotiate adequate prices for export and risk of drought impacting power production. Subsequent APL phases have been delayed. Project supported by regional REC (SADC) and country CASEs.	Moderately Satisfactory Implementation Progress. Delays arranging for private sector financing for upgrading of DRC Inga power plants has caused slippages. Procurement also causing delays because packages were not prepared before effectiveness.
WAPP APL1 Phase1 (Coastal Transmission Backbone)	S	QK QEA: Satisfactory Quality-at-Entry. Project supported by regional REC, ECOWAS and country CASEs. Benefits from strong ownership by clients. APL design works well minimizing coordination burden and allowing strongest institutions to proceed first. Strong donor support). Implementation authorities/PIUs have strong capacity. Advance preparation of procurement package allowing implementation to proceed smoothly. The project team has well internalized the lessons from previous regional integration projects, and has been thorough in ensuring that all needed studies and assessments were carried out. The environmental and social concerns are well addressed.	Satisfactory Implementation Progress. Need to find grant financing for integrated M&E plan. Project on schedule. Advance preparation of procurement package allowing implementation to proceed smoothly.
Finance			
Regional Trade Facilitation Project	MS	QK QEA: Project Moderately Satisfactory at original design. However, currently restructuring for two major reasons: Original PDO and demand assumptions about the need to provide political risk insurance has proven flawed and unsustainable due to low demand. Project restructuring planned to add commercial risk insurance to increase demand. Original design of having governments guarantee their own country's risk has limited flexibility to respond to demand. Restructuring to pool risk. ATI org has not been able to finance its own operating costs as originally designed. Knowledge of project and product weak among clients and Bank stakeholders. Project working to address communication and marketing issues. Demand still an unproven variable. Project was not able to secure funding from other donors. Original M&E framework including outcome and output indicators vague, weak and need revision.	Moderately Satisfactory Implementation Progress. Restructuring Phase I and expanding with Phase II to add more (West African/ECOWAS) countries. Needs revised M&E framework. Candidate for impact assessment. Support for project within Bank varies at CD and management level and low at technical staff level.
BEAC Regional Payment System (FY03)	S	QK QEA: Satisfactory Quality-at-Entry. Project supported by regional REC and country CASEs. Benefits from strong regional institution, BEAC, as borrower and implementation authority. Coordination needs relatively small since there is no need to coordinate multiple countries for implementation. Project also leveraged lessons from previous failed attempt and other similar projects, namely that getting buy-in from financial institutions is critical, and focused resources on this component.	Satisfactory Implementation Progress. Procurement delays – procuring for big contracts taking longer than expected. Letter from client in Aug 2004 complaining of Bank delay in approval of No Obj.

<p>WAEMU Capital Market Dev Project (BOAD)</p>	<p>MS</p>	<p>QK QEA: Moderately Satisfactory Quality-at-Entry. Project supported by regional REC, WAEMU, and CASes. Implementation experience showing that perhaps project should have been split into two different projects, one for TA and a separate one for Guarantees. Project underestimated the difficulty of engaging and coordinating 8 countries. Given this difficulty, a horizontal APL,(instrument developed after project approval) would have been more appropriate... Ownership and commitment low among some countries. There appears to be inadequate sensitization of project among countries; many countries don't understand project/product. Lessons from OED should be taken into consideration in the design of future operations: OED had rated two of the three previous BOAD operations as marginally successful and they were much smaller and simpler than this operation.</p>	<p>Moderately Satisfactory Implementation Progress. Experiencing difficulty with Guarantees component; MIGA not respecting contract with BOAD. Up to end-July, energy spent on getting to Effectiveness; Procurement MU: delays in hiring key staff (contracts not signed), Delays opening Spec Acct. M&E framework needs improvement. Need better communications strategy going forward to get buy-in and commitment from participating countries.</p>
Water and Environment			
<p>GEF Reversal of Land and Water Degr Trends in the Lake Chad Basin</p>	<p>MU</p>	<p>QSA6: Supervision quality on this GEF regional project during the period FY03-04 is rated Unsatisfactory overall. During the first part of the period under review most aspects of the Bank's supervision were unsatisfactory or highly unsatisfactory, but several aspects improved substantially during the last 6-7 months of FY04. Rating based on Bank's weak performance in helping the project achieve effectiveness, slow response to evidence of serious design issues, and absence of an effective strategy for remedying weak ownership and commitment of the Borrower. Other issues pointed out include: Poor capacity of Borrower (LCBC)/implementing agency, design does not match the low capacity; Poor ownership by participating countries; No use of Bank staff with institution-building skills; Inadequate readiness assessment, including poor understanding of Borrower's political economy; Inadequate attention to M&E, safeguards; risk identification; Absence of linkages with country units/ programs. Other issues: linkage to ECOWAS weak/low; Low interest from CMUs. Inadequate management support. More experienced TTL should have been appointed. Preparation budget inadequate and did not allow for adequate attention to safeguards and fiduciary issues.</p>	<p>New M&E framework has been developed. Poor capacity of Borrower (LCBC) and transparency issues. Originally fragmented/small contracts were not attractive to potential bidders, but procurement issues have been addressed. Operations Adviser advised TTL to considering restructuring or dropping project in June 2006 if IP does not improve, and to assess political context. Impact of GEF funding on countries low since project amount is small (\$9mil) to be implemented over a long period (5 years) in 5 countries. Interest of other donors so far low due to LCBC's capacity issues. PIU has frequent contacts with project stakeholders during implementation, but Bank project team's interaction with stakeholders is low due to limits of supervision budget. Poor effort by LCBC to rally donor support. No platform for harmonization and cooperation; LCBC's FM and Procurement systems outdated; Bank initiated a fiduciary capacity building program in LCBC, funded through IDF and the GEF project. Consultation with CMUs low except for Chad. Management attention: Once the project landed in Unsatisfactory ratings, the SM and CD16 have provided much support; in FY06 sufficient extra budget was provided.</p>

Project Name	QEA Review	Quality Issues	Implementation Issues (As of April 2006)
GEF Reversing Land and Water Degr Trends in the Niger River Basin	MU	QK QEA: Moderately Unsatisfactory Quality-at-Entry. Components seem well selected and designed to facilitate creation of transboundary water and env mgt framework, assuming that inadequate training, planning, lack of awareness, etc. are the main factors explaining why policies and regulations have not been effectively harmonized in the past (see below). There is no discussion of the possibility that incentives for collaboration and unwillingness to give up sovereignty might be important factors. M&E framework vague and too process oriented with no baseline data. Risk identification adequate except for one: the risk of a transboundary framework not being achievable should have been rated high due to poor capacity of NBA. Multi-country project with low integration between countries; most activities/pilots implemented at national level.	M&E results framework needs improvement and procurement packages should have been pre-planned to facilitate getting to Effectiveness. Effectiveness delays due to recruitment of RC and procurement specialist. Project unlikely to meet development objectives if current pace continues and if procurement issues not resolved.
GEF Senegal River Basin Water and Env Mgt Project	MU	QEA7: Overall rating Moderately Unsatisfactory. Panel believes that the part of DO that specifies launching of the transboundary land-water management program is unlikely to be achieved. DO objectives of SAP and TDA are outputs, not outcomes. Bank Inputs and Processes rated MU because a less than Satisfactory project was approved. Panel feels Bank should have exercised Selectivity rather than going ahead with the project when budget was reduced. Preparation time was 5 years at a high cost of \$800k. Panel feels Bank not set up to deal with water basin projects given country silo structures, and that there are inadequate environmental specialists in Bank country offices	PDO and M&E framework need improvement. Issues in mgt of the RCU including lack of clarity around roles and responsibilities. Provisions for data management weak. Need better measures for institutional strengthening. Getting started with UNDP was a challenge; slow progress.
SADC Groundwater and Drought Management	MU	QK QEA: QEA rated Moderately Unsatisfactory. SADC ownership high but country ownership questionable. PDO at risk of not being achieved. Poor capacity of SADC a major concern, including re: Financial and general management of the project (outsourced to UNOPS). Project involves setting up a new regional institution: SADC Groundwater Mgt Institute, but the required sponsorship and establishment of this institution was not made a condition for Effectiveness. Also ops manual and key procedures not made a condition of Effectiveness. Readiness assessments were inadequate. M&E framework weak with need to define better intermediate indicators. Transaction costs very high for a small project. Duplication of procedures through GEF and Bank systems - twice the preparation transaction costs for a \$7m project as an IDA project an order of magnitude larger. Bank's comparative advantage in implementing this type of project not evident. Coordination low with CMUs, except with Pretoria office bc SADC based in South Africa. TTL changed 4 times! Project experienced Effectiveness delays.	PDO and M&E framework need improvement. No existing M&E framework for groundwater mgt. All Effectiveness conditions met except for mgt services contract between UNOPS and SADC.

Project Name	QEA Review	Quality Issues	Implementation Issues (As of April 2006)
Africa Emergency Locust Project	S	<p>QEA7: The panel rates the overall quality of this operation as Satisfactory (2). The configuration and design of the project are appropriate. This seven-country emergency operation for countries at different levels of institutional capacity and readiness was marked by the speed of the Bank's reaction (three months only between identification and Board) and close coordination with FAO and other donors. Senior Bank, Regional and country management helped assure that processing was expeditious. If there had been no time constraints it might have been advisable to wait for development of tighter criteria for spraying. In this case, this was not possible in the emergency situation, given the size of the potential threat. However, the project design includes a diagnostic review (audit) precisely to help, inter alia, develop such criteria and assess technical responses to the locust threat. The panel underlines the importance of this "audit" as part of the project design. Strong Aspects: (i) Use of existing institutions, mechanisms, on-going projects to benefit from synergies for an effective and quick start; (ii) Complex donor coordination was handled with great skill; (iii) Flexible design to permit reallocation of funds to priority investments on the basis of discovered facts as well as the audit of the locust elimination process covering Bank, FAO and other-donor efforts; (iv) Strong handling of M&E for an emergency operation, with a clear path to defining specific benchmarks, complementing with surveys on longer-term impacts. Areas Needing Improvements: (i) Possibility of being more proactive on use of "Green Muscle" (fungal bio-spray) for locust control; (ii) Greater insistence on ensuring sufficient government capacity to coordinate/implement project could, in retrospect, have been more helpful; (iii) Allocation of funds to different countries could have been improved with a more flexible arrangement - viz. to have a common minimum for each country plus a fund from which differential needs as they emerged could have been treated differentially; (iv) 100% financing could have been explored. In addition, OP4.04 should have been triggered because of potential impacts on wetlands, grasslands, and other natural habitats. Systemic Lessons: (i) When doing a multi-country, regional emergency operation, flexibility in adjusting to differing and evolving country needs is important particularly in a case like this where it is not possible to tell in advance which countries will be hardest hit by the locust infestation. It would help to have a system that allows for flexibility in intercountry allocation; (ii) This operation is a good example of how to streamline and speed up Bank processing in a multi-country situation. The Region avoided a lot of internal bureaucracy by naming one Country Director of the several involved to be authorized to act on behalf of all of those involved.</p>	<p>The Bank team was surprised to observe that the countries showed little commitment to deliver timely help to the communities affected by the locusts. No regional coordinator until now. TTL/Co-TTL had been coordinating regional activities. Now will turn over to FAO. It's difficult to coordinate multiple countries. Ownership waned after first year. Ownership wanes heading east geographically. Effectiveness took longer than expected. Reasons include: bureaucracy and processes on client side, weak client capacity, procurement delays, political constraints, etc..It is efficient to have decentralized co-TTLs in COs authorized to perform transactions such as No-Objections. Bank was quick to approve No-Objections and simplified processes. TTL requesting more supervision budget from AFC16.</p>

Project Name	QEA Review	Quality Issues	Implementation Issues (As of April 2006)
HIV/AIDS			
HIV/AIDS Proj for the Abidjan-Lagos Transport Corridor	S	QK QEA: Quality-at-Entry rated Satisfactory. All countries actively involved in preparation of project, and governance arrangements enable country participants to influence program design and implementation, and provides basis for equal partnership. Satisfactory alignment with national strategies. Project created community institutions, private and public sector agencies, and networks to undertake implementation. Design of project under estimated time and resources for coordination and capacity building of project Secretariat: 18 months to get consensus on project activities and institutional arrangements. 2.5 years to prepare project. Capacity of Secretariat to implement all project activities is an issue. Lack of linkage with regional institutions, including ECOWAS. Legal support staff helpful and flexible in financing arrangements. Effectiveness Delays: Delays in getting other countries to sign letters of agreement because negotiations happened with Benin alone. Intensive supervision required; supervision budget for first year was \$250k.	M&E framework needs improvement. Procurement flag in Nov 2005. No Obj processed within one week. Govt officials and border level impl agencies complain that Bank procedures, esp. on procurement, too cumbersome for local level actors
Regional HIV/AIDS Treatment Acceleration Project	U	QEA7: Overall quality-at-entry rated Unsatisfactory (5), The treatment of SD and ENV aspects was also considered Unsatisfactory in preparation and design, while FM was rated Moderately Satisfactory. Overall, the panel considers this project, as designed, an opportunity which needed to be taken, but flawed in design, for the Bank to learn about viable and effective treatment strategies for sustainable scaling-up of treatment in low-income countries. The project is innovative, necessarily complex - dealing with three countries with different languages, varying health system structures and constraints, and spanning a range of HIV/AIDS prevalence levels. It appears to the panel that the Bank did not succeed in reaching an appropriate balance between risks and benefits for this operation. The Bank had a role to sharpen the arrangements and expectations - institutional, technical, economic, financial - and the time frame for carrying out the learning plan. While interesting and potentially productive experiences are being acquired at micro-level, it is not apparent from project design how the Bank or its African partners would have received clear answers within the project life or even a few years later, to the fundamental questions on treatment that confront the countries in scaling up treatment in a sustainable way.	M&E framework weak; inadequate attention to capacity for M&E in the countries.

Project Name	QEA Review	Quality Issues	Implementation Issues (As of April 2006)
African Regional Capacity Building Network for HIV/AIDS Prevention, Treatment, and Care	MU	<p>QK QEA: Quality-at-Entry rated Moderately Unsatisfactory. Inadequate attention to ownership issues. Poor definition of roles and responsibilities. TZ was picked as location for PCU because a) TZ is experienced in handling regional projects, and b) TZ consolidated all HIV/AIDS funding into one fund center making financial mgt easier. At the same time, not enough buy-in for this arrangement was secured with the other two partner countries, leading to resentment during implementation. Scope of work was designed to be fluid, depending on need, but this has also meant that the PDO is not specific enough. The list of critical risks is comprehensive but mitigation measures are weak. Results Framework: The PAD rightly points out that the project cannot expect to have an impact on morbidity and mortality or even on the quality of service delivery during its lifetime and attribution problems would be severe; and it therefore, again rightly, decides to use outcome indicators that are closer to the immediate impacts that training of trainer programs can have. It also includes a reasonable set of output indicators by component and process indicators for monitoring purposes. However, no Results Framework table is included. Appendix 1 comes closest to this by listing KPI, data collection strategy and critical assumptions. But there is no indication of baseline or targets against which to evaluate progress.</p>	<p>TTL attributes to weak proj mgt and irregular staffing of PCU (procurement irregularities). The weaknesses inherent in the multi-country design of this project are already beginning to show up. This project became effective in February 2005 but training, which was due to begin in March 2005, now appears unlikely to begin before July 1 2006. The ISR delays are due to the weak staff of the PCU, probably resulting from a flawed staff selection process. The difficulties in reaching agreement among agencies representing different countries also play a role.</p>
Great Lakes Initiative on HIV/AIDS (GLIA) Support	S	<p>QK QEA: Quality-at-Entry rated Satisfactory. Adequate attention to M&E, consultation and client ownership. A good, meaningful yet practical, set of outcome and output (intermediate results) KPI has been selected. A second table, titled Arrangements for results monitoring that has a columns for baseline, target values, and information on data collection and reporting has been included. GLIA relatively strong regional institution. A plausible set of risks and appropriate mitigation measures for each have been identified. Acceptable readiness conditions.</p>	<p>PM and Management and Capacity Building component rated U. Operational directives for project preparation have proven not easily applicable. The effectiveness date was extended by several months to allow time for several conditions to be met (e.g., ratification of a treaty between the six GLIA member states, hiring of senior secretariat staff, appointment of an acceptable Fiduciary Management Agency).</p>

Annex 9: Project Stakeholders and Coordination Complexity (March 2006)

Project Name	Countries	Impl. Institutions	REC	CMUs
Power and Transport				
Southern Afr Power Mrkt APL 1	2: DRC, Zambia (APL1, 5 countries for entire APL)	SAPP CC - existing, requires strengthening, PMU located in SNEL - DRC utility	SADC	2: CD9, CD3
WAPP APL1 Phase1 (Coastal Transmission Backbone)	1: Ghana (APL1 Phase 1, 5 countries for entire APL)	Ghana Volta River Authority and WAPP Authority (requires strengthening) - existing	ECOWAS	1: CD10
E Afr Trade & Transp Facil (FY06)	4: Kenya, Tanzania, Uganda, Rwanda			3: CD4, CD5, CD9
Finance				
Regional Trade Facilitation Project	8: Burundi, Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia, Madagascar	ATI, new regional institution/ insurance facility	COMESA	5: CD3, CD4, CD5, CD8, CD9
BEAC Reg Payment System (FY03)	6: Cameroon, Chad, Central African Republic, Congo, Equatorial Guinea, Gabon	BEAC, existing regional bank, strong	CAEMU/CEMAC	2: CD7, CD9
WAEMU Cap Mkt Dev Project (BOAD)	8: Benin, Burkina Faso, Cote D'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo	BOAD, existing regional bank, weaker than BEAC but better than other regional institutions	WAEMU	3: CD11, CD14, CD15
Water and Environment				
GEF Reversal of Land and Water Degr Trends in the Lake Chad Basin	5: Cameroon, Central Africa Republic, Chad, Niger, Nigeria	LCBC, weak existing institution	CEMAC, ECOWAS	3: CD7, CD12, CD14
GEF Reversing Land and Water Degr Trends in the Niger River Basin	9: Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Guinea, Mali, Niger, Nigeria	NBA, weak existing institution	CEMAC, ECOWAS	5: CD7, CD11, CD12, CD14, CD15
GEF Senegal River Basin Water and Env Mgt Project	4: Guinea, Malí, Mauritania, Senegal	OMVS, requires strengthening	ECOWAS, AMU	3: CD11, CD14, CD15
GEF Groundwater and Drought Mgmt TAL (FY05)	13: Angola, Botswana, DRC, Lesotho, Mauritius, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe	SADC, weak existing institution	SADC	6: CD1, CD2, CD3, CD4, CD8, CD9
Africa Emergency Locust Project	7: Burkina Faso, Chad, Mali, Mauritania, Niger, Senegal, the Gambia	ministries of each country	ECOWAS/ WAEMU, AMU, CEMAC	3: CD7, CD14, CD15
HIV/AIDS				
HIV/AIDS Project for the Abidjan-Lagos Transport Corridor	5: Benin, Nigeria, Ghana, Cote d'Ivoire, Togo	Exec Secretariat of project, located in Benin - new		4: CD10, CD11, CD12, CD15
Regional HIV/AIDS Treatment Acceleration Project	3: Mozambique, Ghana, Burkina Faso	MOH in each recipient country		3: CD2, CD10, CD15
African Regional Capacity Building Network for HIV/AIDS Prevention, Treatment, and Care	3: Tanzania, Kenya, Ethiopia	OPM, Tanzania		3: CD4, CD5, CD6
Great Lakes Initiative on HIV/AIDS (GLIA) Support	6: Burundi, DRC, Kenya, Rwanda, Tanzania, Uganda	GLIA - existing institution, requires strengthening		3: CD4, CD5, CD9

Annex 10: Co-financing of Active Regional Projects
(Portfolio as of March 2006)

Project Name	Sub-Region	Project Number	Loan/Grant amount	Cofinancing	Partners/Donors
Power and Transport					
Southern Africa Power Market APL 1	S. Africa	P069258	178.6	3.36	Bilateral Agencies (unidentified in PAD)
WAPP APL1 Phase1 (Coastal Transmission Backbone)	W. Africa	P075994	40.0	29.5	Kuwait Fund for Arab Economic Development (17.5), European Investment Bank (12.0)
East Africa Trade & Transport Facilitation	E. Africa	P079734		19.8	Africa Development Fund (15.8), DFID (4.00)
Finance					
Regional Trade Facilitation Project	E. Africa	P063683	122.5	195.7	None
BEAC Regional Payment System (FY03)	C. Africa	P072881	14.5	6.7	Private commercial sources
WAEMU Capital Market Dev Project (BOAD)	W. Africa	P074525	96.4	98.2	CIDA (2.50), French Agency for Development (93.25), France Min of Foreign Affairs (2.40)
Water and Environment					
GEF Reversal of Land and Water Degr Trends in the Lake Chad Basin	C. and W. Afr	P070252	2.9	13.87	DFID (4.69), Netherlands Min of Foreign Affairs/ Min of Development Cooperation (1.97), UN Development Program (7.05), World Wildlife Fund (0.16)
GEF Reversing Land and Water Degr Trends in the Niger River Basin	C. and W. Afr	P070256	6.0	34.4	UNDP GEF (7), AfDB (21.87), Gov of France (4.78), Norwegian Agency for Development Cooperation (0.16), UNDP (0.17), Dutch Government (0.59)
GEF Senegal River Basin Water and Env Mgt Project	W. Africa	P064573	5.3	15.1	AfDB (4.02), French Agency for Development (1.58), International Development Associations (0.31), Netherlands Min of Foreign Affairs/ Min of Development Cooperation (7.16), UNDP GEF 1.99
GEF Grndwtr & Drght Mgmt TAL (FY05)	S. Africa	P070547	0	8.8	European Commission (7), Gov. of France (0.08), Gov. of Germany (1.22), Swedish International Development Cooperation Agency (0.50)
Africa Emergency Locust Project	W. Africa	P092473	59.5	8.0	Locust project ensures regional integration with FAO and CLCPRO. Co-financiers are AFDB (US\$6m), French (\$2m)
HIV/AIDS					
HIV/AIDS Proj for the Abidjan-Lagos Transport Corridor	W. Africa	P074850	16.6		None
Regional HIV/AIDS Treatment Acceleration Project	W. Africa	P082613	59.8	0.22	UNECA (0.22)
African Regional Capacity Building Network for HIV/AIDS Prevention, Treatment, and Care	E. Africa	P080406	10.0		None
Great Lakes Initiative on HIV/AIDS (GLIA) Support	E. and S. Afric	P080413	20.0		None

Annex 11: Legal Issues for Regional Projects

Legal Issue

Agreeing on Protocols

The key issue for implementation of regional projects is having the Protocols of Cooperation in place, to ensure quick progress. The countries demand new sectoral protocols instead of using existing agreements (Nile Basin Initiative for GLIA etc). Differences in terms of country size, wealth, political stability present challenges to getting countries to agree on strategies, action plans, and Protocols.

International Legal Relationships Between Countries

Project assets may need to be physically situated in a territory that crosses boundaries of two or more countries, and questions can arise about ownership and which state's property law regime applies. If the territory is governed by an existing treaty or other international legal regime, the project design needs to take account of the existing international legal relationship and decide whether to work with it, or else to try to modify or supersede it by creating new international agreements. A project that has separate physical facilities in each participating country may still be predicated on achievement of a uniform regulatory regime across several countries. This will require careful scrutiny of the applicable laws of the countries and their international legal relationships with their neighbors.

Legal Status of the Regional Organization

If a new regional organization is required to be established, the legal status of the regional organization will need to be agreed upon, together with decisions about the authorized activities and scope of regulatory authority of the organization. Setting up the organization might involve negotiations and conferences devoted to the drafting of the necessary instrument, such as a charter, or a combination of instruments, such as framework agreement and members' accession documents. These types of instruments are understood to be subject to international law, but international law leaves significant room for interpretation when applied to company formation and commercial transactions, as compared with domestic law. The process of forming a new regional organization is often fraught with legal uncertainties that would not arise in the establishment of a new domestic organization. The project sponsors would also need to determine whether the organization should have independent legal personality. Determining exactly when the founding instrument of the organization acquires legal force, and on what conditions, may be difficult to predict because of the inability to bind member countries' to a particular schedule of accession. Even if a suitable regional organization exists already to carry out the project, an assessment needs to be done involving legal due diligence, to determine whether the regional organization possesses the proper legal capacity to carry out the intended activities. In cases where the regional organization exists but lacks the necessary legal capacity, restructuring of the organization may be warranted, such as in the case of the Great Lakes Initiative on HIV/AIDS Support project. GLIA required that a new organization be established and a Convention ratified. This required additional time to meet all formal aspects. With six countries involved, six ambassadors had to be contacted to sign the Statutory Committee letters, each country had to file their ratification instruments with the GLIA Secretariat, (with different legal processing systems for the Francophone and Anglophone GLIA members.) and thus the Board-ready and SECBO package process took more time than for a national project.

Legal Covenants for Implementation

If the regional organization lacks the technical capacity to implement the project (in terms of procurement, financial management, etc.), assistance relating to capacity building will need to be provided. Sometimes a covenant will need to be included in the legal agreements relating to creation of such capacity by a certain date, or ensuring such capacity exists before certain actions may be taken. There are also some other approaches. One solution is to outsource the capacities required for implementation of the project (SADC Groundwater Project). Another solution is to have all the countries be made accountable, but one country would take the lead on operational and financial issues. In the latter situation, the problem is to properly apportion the implementation responsibility (and derived remedies) when the "lead country" cannot exercise effective control over activities happening in another country.

Assuring Commitment of Member States

The choice of whether to use MoUs or other types of instruments to signify the member states' commitment to the project often cannot be determined at the concept design stage. Often the choice will depend on the particular circumstances of the project as it comes into focus what the nature of the countries' particular commitments are. Sometimes the decision-making authority is conferred to the regional institution, such as in the case of the SADC Groundwater and Drought Management project. Under other situations, a letter of commitment from each member state participating in the project is required (East Africa Trade and Transport Facilitation Project). The precise scope of the letter of commitment and what level of authority will need to sign are questions that frequently arise.

Cross-effectiveness

If the regional organization has secured funds from sources other than the Bank, how should the funds from other sources be treated? This decision will determine whether to make the legal agreement cross-effective and whether to have other remedies apply, and how to set up the disbursement procedures.

States under Provisional Status

Another issue that impacts regional projects specifically is how the Bank should respond if one of the countries involved in a regional project is affected by political crisis or other emergency that either renders the country incapable of continuing with project activities or the Bank to suspend normal activities in that particular country, including non-accrual status. Chad, Cote D'Ivoire and Togo are current examples of countries in crisis suspension mode or non-accrual status. The higher the level of integration, the greater the risk to the project. For projects that allow a regional organization to accept a grant on behalf of countries, special scrutiny needs to be applied to determine whether a regional organization could use the proceeds of the grant to implement activities in the territory of a member state that is under some provisional status for IDA purposes, such as portfolio-wide suspension. Under the SADC Groundwater Project, there was a question whether the SADC Secretariat should be allowed to carry out IDA-funded activities in Zimbabwe. Ultimately it was decided this was permissible, as the activities financed through the grant were designed for building the capacity of SADC Secretariat and not for a country-specific investment.

Annex 12: FY06 Country IDA Contribution to Projects as a Percentage of Total IDA Allocation Envelope

Description	Date, Approval	By Country	SDR million				Proj IDA Alloc as % of Total Country IDA Envelope	Remarks
			From Regional Pot	From Country's allocation	Project Total IDA Commit Amt	Country Total IDA Allocation Envelope		
FY06 IDA allocation for Regional			160.0	80.0	240.0			
3A-E Afr Trade & Transp Facil (FY06)	01/24/06	Kenya	55.53	27.77	83.30	164.8	17%	All Grants
		Uganda	12.13	6.07	18.2	172.3	4%	
		Tanzania	17.00	8.50	25.5	369.5	2%	
		Rwanda	6.93	3.47	10.4	39.9	9%	
		Total	91.6	45.8	137.4			
3A-West & Central Afr Air Transport TAL (FY06)	04/27/06	Burkina Faso	3.0	1.5	4.5	104.3	1%	All Grants
		Mali	2.5	1.3	3.8	82.6	2%	
		Cameroon	6.7	3.4	10.1	48.0	7%	
		Guinea	3.3	1.6	4.9	3.6	46%	
		Total	15.6	7.8	23.3			
3A-SRB M. Water Res. Dvpt. APL (FY06)	05/30/06	Senegal	14.2	7.1	21.3	70.0	10%	All Grants
		Mali	14.2	7.1	21.3	82.6	9%	
		Mauritania	14.2	7.1	21.3	17.6	40%	
		Guinea	8.4	4.2	12.6	3.6	118%	
		Total	50.9	25.4	76.3			
3A-WAPP APL 1 (Phase 2 of CTB)	06/20/06	Ghana	20.8	10.4	31.3	189.6	5%	Partial Grants
		Benin	6.9	3.5	10.4	53.6	6%	
		Total	27.8	13.9	41.7			
3A-WAPP APL 2 (Phase 1 - OMVS Felou HEP)	06/27/06	Senegal	11.6	5.8	17.4	70.0	8%	
		Mali	11.6	5.8	17.4	82.6	7%	
		Mauritania	11.6	5.8	17.4	17.6	33%	
		Total	34.7	17.4	52.1			
3W-Gas Pipeline Phase 2 TAL (FY06)	06/29/06	Ghana	3.7	1.9	5.6	189.6	1%	Partial Grants Non accrual country- no ctry allocation
		Benin	1.9	0.9	2.8	53.6	2%	
		Togo \$5m	0.0	0.0	0.0			
		Total	5.6	2.8	8.3			
FY06 Total Regional Project			226.1	113.0	339.1			
FY06 Overprogramming Regional Projects			66.1	33.0	99.1			
IDA Allocation for All Africa FY06 Projects By Country		Benin	8.8	4.4	13.2	53.6	8%	
		Burkina Faso	3.0	1.5	4.5	104.3	1%	
		Cameroon	6.7	3.4	10.1	48.0	7%	
		Ghana	24.5	12.3	36.8	189.6	6%	
		Guinea (a)	11.7	5.8	17.5	3.6	164%	
		Kenya	55.5	27.8	83.3	164.8	17%	
		Mali	28.3	14.1	42.4	82.6	17%	
		Mauritania	25.7	12.9	38.6	17.6	73%	
		Rwanda	6.9	3.5	10.4	39.9	9%	
		Senegal	25.7	12.9	38.6	70.0	18%	
		Tanzania	17.0	8.5	25.5	369.5	2%	
		Uganda	12.1	6.1	18.2	172.3	4%	
FY07 Regional Projects for Africa								
3A-S Afr Power Market APL 2 (FY06)	07/01/06	Mozambique	12.0	6.0	18.0	112.3	5%	All Grants
		Malawi	30.0	15.0	45.0	57.9	26%	
		Total	42.0	21.0	63.0			

(a) Guinea's small envelope for FY06 is caused by front-loading of its IDA allocation in FY05 by \$25 million. If front-loading had not occurred, the actual percentage of regional projects relative to the country's IDA allocation is 27%, assuming even distribution of Guinea's FY06-08 IDA allocation (64.1 SDR mil) over 3 years.

Annex 13: TTL Turnover
(Portfolio as of June 2006)

Project Name	Current TTL	Location where TTL based	TTL Change?
<u>Power and Transport</u>			
Southern Africa Power Market APL 1	New TTL TBD	DC	Yes: Orig TL L. Butenko
WAPP APL1 Phase1 (Coastal Transmission Backbone)	Amar	DC	Yes
East Africa Trade & Transport Facilitation	Marteau	DC	No
West & Central Africa Air Tran APL 1	Pozzo di Borgo	DC	Yes
Senegal River Basin Multi-purpose Water Resource Development APL	Dione	DC	No
<u>Finance</u>			
Regional Trade Facilitation Project	Archondo	DC	Yes: Orig TL O. Ruhl
BEAC Regional Payment System (FY03)	Jaime	DC	Yes: Orig TL A. Ryba
WAEMU Capital Market Dev Project (BOAD)	Ryba	Field Country Office	Yes: Orig TL N. Tshiani
<u>Water and Environment</u>			
GEF Reversal of Land and Water Degr Trends in the Lake Chad Basin	Grijssen	DC	Yes: Orig TL T. Hart
GEF Reversing Land and Water Degr Trends in the Niger River Basin	Dione	DC	No
GEF Senegal River Basin Water and Env Mgt Project	Dione	DC	No
GEF Grndwtr & Drght Mgmt TAL (FY05)	Abrams	DC	High TTL turnover. Current TTL is the 4th TTL on this project.
Africa Emergency Locust Project	Kristensen	DC	No
<u>HIV/AIDS</u>			
HIV/AIDS Proj for the Abidjan-Lagos Transport Corridor	Silue	Field Country Office	Yes. Orig TL S. Brushette
Regional HIV/AIDS Treatment Acceleration Project	Voetberg	Field Country Office	Yes. Orig TL M. Azefor and E. Lule
African Regional Capacity Building Network for HIV/AIDS Prevention, Treatment, and Care	Lenneiye	Field Country Office	Yes. Orig TL S. Dutta
Great Lakes Initiative on HIV/AIDS (GLIA) Support	Kantabaze	Field Country Office	No

Annex 14: Lessons Learned from Closed Africa Regional Projects

Project ID	Approval FY	Project	# of countries	Lessons Learned
P002997	1979	BOAD Regional Dev Project	6	<ul style="list-style-type: none"> • Obtaining government commitment for regional projects proved difficult. • The success of regional projects requires a promoter who is willing to assume the risk of the project.
P014200 P014190 P014210	1984	Second Ruzizi Regional Hydroelectric Power Project	3	<ul style="list-style-type: none"> • SINELAC's capital and organizational structures with the three governments as sole shareholders and government-owned power companies as its sole clients created problems when the governments' national interest differed from the best interests of the company. An alternative capital structure should have been organized to avoid that conflict of interest. • More than two years after the plant began operating, there existed no formal agreement on operating principles and procedures. This should be taken care of early. • The financing arrangement of having the three countries borrow and then onlend to the regional institution is less efficient.
P003000	1986	Senegal-Regional Management School (Cesag)	6	<ul style="list-style-type: none"> • "a flawed and overly ambitious concept, poor financial administration, and inadequate Bank supervision." • Significant internal differences in Senegal regarding the desirability of the project. • Problems establishing CESAG as a legal entity. • Project required constant supervision. • The problems associated with operating a regional institution were inadequately assessed resulting in few of the benefits originally expected. Crucial to a successful regional institution is the development of a governance structure balancing the operational autonomy of the institutional administration with oversight by the governing board to ensure accountability. • The regional training objective might have been more successfully accomplished through strengthening the existing national institution (ESGE) rather than transforming it into a regional institution.
P001586	1995	Lake Malawi Project	3	<ul style="list-style-type: none"> • Difficulties in institutional design and weakness in the appraisal mission. Project design failed to provide a strong institutional base that took into account the project's regional characteristics. • Organization and management of the project became ambiguous because the functions of the steering committee and the Project Administration were not clearly defined at appraisal. • Establishing appropriate regional institutions will take considerable effort, support and time.

				<ul style="list-style-type: none"> • Each country has different priorities and faces different constraints. Flexibility in support for countries involved is required to help prepare national programs since countries may be at different points in terms of development of national programs. • Agreements should be made among all participating countries during project preparation in order to avoid ownership problems.
P000001	1996	3A-CB Nat Res & Wildlife Mgmt SIL (FY96)		<ul style="list-style-type: none"> • Pilot projects are useful for learning, especially in the challenging area of biodiversity and community incentives. • Partnership with government, NGOs, and the private sector is important. • Essential for project to have appropriate skills. • The need for formal adoption by the Bank/GEF of proposed new Project Development Objectives and a reassessment, at that time, of the implications of that change for project design.
P046650	1997	Regional Hydro power Develop ment Project	3	<ul style="list-style-type: none"> • Substantial project delays and cost overruns attributable to insufficient project preparation, especially in relation to detailed project designs and procurement processes. To avoid project delays, procurement bidding documents should be completed and distributed before negotiations. With many co-lenders, rules related to procurement and payments processing should be fully coordinated before project implementation to avoid delaying project execution. • An environmental impact mitigation program should be in place and the appropriate institutions actively engaged in implementing it before the project is made effective. • Projects for which the implementing agencies are weak should be simple • The adequate supervision of such projects by the Bank Group may call for human resources that the Bank may not be able to provide both in terms of quantity and/or specialization. In such cases, the possibility to arrange for the needed follow-up through third parties, such as cofinanciers or other development agencies with a permanent presence in the country might be envisaged. • In small countries, there is a special need for coordinating and streamlining the intervention of development agencies in order to maximize the developmental impact and to avoid overtaxing the management of local institutions. In appropriate cases of simple projects it may be possible to adjust the approaches and procedures of individual agencies to permit designating one agency, not necessarily the Bank, to appraise and/or supervise the operation or parts of it.
P046836 P046837 P046838	1997	Lake Victoria Env Mgt		<ul style="list-style-type: none"> • Stronger coordination among the three riparian countries essential and should be a prerequisite for effectiveness in the next phase.

		Project I		
P000003	1998	GEF REIMP: Central Africa Regional Environ mental Info	6	<ul style="list-style-type: none"> • Even in a region beset by poverty and civil strife, progress on cooperation in environmental information is possible, when there is full commitment from the major stakeholders and some coordination of donor efforts. • Establishing the principle of modest cash contributions from the partner governments is an important first step towards eventual sustainability of a regional organization. • The model of a lean regional organization coordinating a decentralized network of specialist agencies is preferable, especially in the information field, to the traditional model of a centralized body with high overheads, non-participatory management and low sustainability.
P036037	1999	3A-GEF WIO Islands Oil Spl Con SIL (FY99)	4	<ul style="list-style-type: none"> • The grant was given to the individual countries to help them implement the project within their respective borders. • IOC is in the process of creating regional centers in beneficiary countries. • Project management, coordination and implementation will be done by IOC. A project implementation coordinator within the ministry of environment from each country will coordinate the national components of the project. The ministries also will be responsible for drafting legislation at the national level and for ensuring ratification of international conventions and protocols on the regional level.

Annex 15: Africa Development Bank's Experience with Regional Projects – Lessons Learned

Prerequisites for successful implementation of Regional Integration projects/programs:

- Identify well-established RECs with experience in the implementation regional integration projects and that have already adopted their own integration strategy with well-defined action programs
- Adoption by the client countries of their own regional integration development strategies, and well defined regional integration development programs
- Political will and commitment of the client countries
- Inclusion of the project /program in the action plan with secured funding
- Political stability and security in the region
- Availability of grant resources for the institutional support of the REC

Project/program preparation mission with the objective:

- Assess the institutional capacity of the REC and the client countries
- Ensure that the REC could coordinate the implementation of all the policy measures required prior to the project appraisal evaluation (restructuring and/or staffing of the REC); formal request for financing from the REC and from all the clients, either jointly or separately
- Ensure that feasibility studies have been completed
- Identify potential co-financiers

Project/program appraisal mission

- Ensure full participation of the REC throughout the mission period
- Participation of representatives of all stakeholders including NGOs, private sector, end users
- Mission's Aide Memoire to be jointly signed by the Bank, the clients and the REC

Negotiations

- Ensure the participation of all concerned Departments of the Bank
- Only one protocol/loan agreement to be signed jointly by all clients to ensure joint responsibility for the fulfillment of the disbursement conditions
- A separate grant agreement to be signed by the REC and the Bank

Implementation and supervision

- Establish a Project Implementation Committee (PIC) that includes representatives from the Borrowers, the REC and the NGOs to coordinate all the project activities to ensure smooth implementation through periodical meetings (at least twice a year)
- Establish project implementation units (PIUs), one in each client country and at the REC headquarters to be headed by a national coordinator of the project for the day-to-day management of the project

Project/ program risks

- Cross border conflicts, civil wars
- Institutional weaknesses and Governance problems in certain RECs
- Lack of political commitment of potential client countries
- Complex donors' procurement and disbursement procedures in case of co-financing
- Unequal distribution of the financial and economic outcome of the project
- Rigidity in Donors' resource allocation that exclude allocation by region, or by type of project
- Scarcity of grant resources to finance institutional support to RECs

Risks mitigation

- Secure a grant for institutional support for well-established RECs with experience in project implementation by region
- Harmonization among donors' procurement and disbursement procedures
- Seek political commitment from borrowers
- Ensure effective participation of all stakeholders throughout the project cycle

Annex 16: Interview and Survey Questions

TTLs:

FINANCING, OWNERSHIP AND INCENTIVES

1. What is your opinion of the level of ownership that the following groups of stakeholders has for this project: (Member countries, the REC, the regional (implementation) institution, other implementation partners)?
2. *For IDA lending projects:* In your opinion, what level of impact has the 2/3 top-up funding of earmarked funds for regional projects (from the IDA Regional Pilot) had on the client countries' incentives and motivation for supporting this regional project?

For GEF projects: In your opinion, what level of impact has the GEF grant funding had on the client countries' incentives and motivation for supporting this regional project?

For MAP HIV/AIDS projects: In your opinion, what level of impact has the MAP HIV/AIDS grant funding had on the client countries' incentives and motivation for supporting this regional project?
3. In your opinion, what level of impact has World Bank funding and sponsorship had on other donors' incentives and motivation for supporting this regional project?

PREPARATION

4. What level of consultation/contact/coordination was made with the following groups of stakeholders during the preparation for this project?
5. During the preparation of this project, were there any Bank processes or requirements that presented an unnecessary burden/ constraint on time and resources? Should these processes or requirements be cancelled, streamlined or simplified?
6. Were AAA used to inform the design of the project? During which stage of preparation?
7. Were feasibility studies performed during the preparation of the project? During which stage of preparation were they completed?
8. To what extent did the TTL or project team coordinate with the relevant CMUs/CDs during project preparation?
9. What is your assessment of Bank Management support and guidance during project preparation? How can this be improved?

IMPLEMENTATION AND SUPERVISION

10. What level of consultation/contact/coordination was made with the following groups of stakeholders during implementation/supervision for this project?
11. Please comment on any challenges or capacity issues the project has encountered with Client Systems and Processes (e.g. Policy harmonization, Procurement, Financial Management, M&E)
12. Please describe the team structure you used for Supervision (e.g. one staff member in each relevant CO to help with supervision; procurement staff in CO approves No-Objections, etc.). How well did this structure work?
13. To what extent did the TTL or project team coordinate with the relevant CMUs/CDs during project implementation/supervision?

14. What is your assessment of Bank Management support and guidance during implementation/supervision? How can this be improved?

CMUs

1. Are you aware of which AFC16 regional projects involve your client country/countries?
2. *For IDA lending projects:* In your opinion, what level of impact has the 2/3 top-up funding of earmarked funds for regional projects (from the IDA Regional Pilot) had on the client countries' incentives and motivation for supporting this regional project?

For GEF projects: In your opinion, what level of impact has the GEF grant funding had on the client countries' incentives and motivation for supporting this regional project?

For MAP HIV/AIDS projects: In your opinion, what level of impact has the MAP HIV/AIDS grant funding had on the client countries' incentives and motivation for supporting this regional project?

3. To what extent did the TTL or project team coordinate with your CMU/CD during project preparation?
4. To what extent did the TTL or project team coordinate with your CMU/CD during project implementation/supervision?
5. Are you aware of any Bank policies, processes or requirements that may present a barrier to the effectiveness of regional projects?
6. Are you aware of any issues on the client side that may present a barrier to the effectiveness of regional projects?

Annex 17: List of Staff or Units Interviewed/Surveyed

TTLs: Amarquaye Amar, Terri Archondo, Andres Jaime, Andre Ryba, Jean-Francois Marteau, Johannes Grijssen/ Tracy Hart, Ousmane Dione, Len Abrams, Peter Kristensen, Siele Silue, Albertus Voetberg, Mungai Lenneiye, Michel Layec, Pierre Pozzo di Borgo

CMUs: A cross section of CDs, CMs, CPCs, Country Officers and Operations Officers from: CD2/3, CD4, CD7, CD9, CD10, CD12, CD14, CD15

AFC16: Mark Tomlinson, Sascha Djumena, Deo Ndikumana, Ruxandra Burdescu, Fabrice Houdart, Manuel de la Rocha

ActAfrica/MAP HIV/AIDs: Richard Seifman

Legal: Said Al-Habsy, Jonathan Pavluk

Procurement: V.S. Krishnakumar, Irina Luca

Financial Management: Ed Olowo-Okere, Barbara Bundy

Annex 18: M&E Review Executive Summary

The objective of this review is to provide the Regional portfolio in the Africa Region with recommendations on how to strengthen the results orientation of its projects and to point out the strengths and weaknesses of the M&E systems of the various regional projects. This desk review focuses on alignment with Regional and Country Assistance Strategies, Project Development Objective (PDO) choice and achievability within the timeframe and scope of the project, and project level M&E systems, choice of indicators, reporting mechanisms and institutional arrangements for M&E. This assessment is based on a desk review of PADs, Aide Memoirs, IEG reports, and ISRs.

The projects reviewed are: 1. Trade Facilitation Project, 2. African Regional Capacity Building Network for HIV/AIDS Prevention, Care and Treatment Project (ARCAN), 3. Senegal River Basin Project, 4. Niger River Basin, 5. Regional HIV/AIDS Acceleration Project, 6. Africa Emergency Locust Project, 7. Coastal Transmission Backbone Project of the West Africa Power Pool (WAPP) - APL1 (Phase 1), 8. West African Economic and Monetary Union Capital Market Development Project, 9. BEAC Regional Payment System, 10. Great Lakes Initiative on HIV/AIDS (GLIA), 11. Lake Chad Basin, 12. Groundwater and Drought Management Project, 13. Southern Africa Power Pool

Key Findings

The key findings of the rapid assessment of the M&E systems of the current portfolio include the following:

Portfolio Alignment with Regional and Country Assistance Strategies. The assessment of the level of strategic alignment of regional projects to client and Bank priorities is constrained by the fact that the regional strategies (NEPAD and the RECs) lack clear results frameworks and monitoring plans. There are no clear outcomes and performance indicators in these regional strategies and no formal institutional arrangements for measuring and monitoring outcomes. Even though PDOs are generally linked to regional strategies; it is difficult to measure how project outcomes contribute directly to regional outcomes. In addition, there is inadequate planning for data collection and reporting – regional outcomes are not assigned clear accountabilities. Recognizing this, ECOWAS is ahead of other RECs in planning the establishment of a monitoring system at the regional level. The EAC Development Strategy for 2005-2010 also plans to have clear actions and results indicators.

Clarity of Project Development Objectives. Some projects have clearer PDOs than others. Those are measurable and achievable within the timeframe, scope, and resources available to the project. Other PDOs lack clarity and specificity in terms of what the project aims to achieve. Others may be output oriented and lacking in their results focus. Some PDOs are broad and may be unachievable over the life of the project.

Definition and Relevance of Results Indicators. For some projects, the concepts of outputs, outcomes and impact are not well understood. For example, some outcome indicators are measuring outputs or processes rather than result oriented outcomes. Other projects, have overly complex M&E systems with unmanageable numbers of indicators. There is real difficulty in setting up appropriate baselines and target values, due largely to the unavailability of quality data in all participating countries. The mechanism for which data is being collected and harmonized is not clearly articulated in all projects. This is reflected by the fact that many projects lack reporting on progress six months, a year and sometimes even two years into implementation.

Use of M&E Information in Decision –Making by the Borrower. Findings and recommendations resulting from supervisory missions and mid term reviews have been used to improve project effectiveness and performance. However, it is unclear how data is being collected, analyzed and used for decision-making. The lack of well- thought out monitoring and evaluation systems for most of the projects has hindered data gathering and usage for improving decision-making by borrowers in the region.

Basic Recommendations

Many of the M&E issues identified across the portfolio are common to single-country projects. However, regional projects are inherently challenging and therefore require the development of effective monitoring and evaluation systems to clarify the results to be achieved and to facilitate the implementation of projects in terms of focusing on activities that are directly linked to the achievement of desired outcomes.

Clarity of Project results framework During preparation, ensure that the PDO is outcome oriented, clear and achievable within the timeframe, scope, and resources available to the project. When choosing outcome indicators, avoid using too many indicators and work with stakeholders and technical experts to determine which indicators are most important to accommodate M&E capacity at regional level and in each of the targeted countries.

Monitoring Arrangements. Define upfront formal institutional arrangements for measuring project performance indicators for each of the targeted countries. Ensure that there is a focal point for collecting data from each of the countries and harmonizing it. In establishing the monitoring arrangements, keep a good balance between survey use and the use of administrative data readily available for project M&E to ensure timely monitoring of project outputs and outcomes.

Regional Strategies. For regional strategies, ensure that each strategy is outcome-oriented with a clear results framework. Outcomes to be achieved during the life of the strategy should be clear, specific, and measurable. Develop monitoring and evaluation capacity of the regional organizations with clear accountabilities and monitoring arrangements in each country for collection and harmonization of data.

The following pages provide a synthesis of M&E Systems for each of the reviewed projects in the Regional Integration portfolio.

Project Name	Issues	Recommendations
Regional Trade Facilitation Project	<ul style="list-style-type: none"> - The PDO is clear, measurable, and well- targeted. However, the PDO could be improved by clarifying the meaning of ‘Productive transactions’. - Indicators are process oriented indicators which need more clarification to facilitate their measurement. - No clear monitoring arrangements in the PAD except for periodic project management reports to be submitted to IDA on a periodic basis. 	<ul style="list-style-type: none"> - Better define indicators to focus on real results. The indicators, in their current format, are measuring outputs and processes. - Clarify monitoring arrangements for the project. - The project team should take the opportunity of the upcoming MTR/restructuring effort to review the project results framework to clarify the PDO, redefine the outcome indicators, and develop an M&E plan for each indicator with clear monitoring arrangements.
Regional Cap. Building Network for HIV/AIDS Prevention, Treatment, & Care	<ul style="list-style-type: none"> - The second part of the PDO ‘by supporting a network of learning... practitioners’ limits the scope of the project to one activity, which is focused on supporting the learning sites. Capacity building in the context of HIV/AIDS is a means to an end; it may be necessary but insufficient in achieving the end result of expanding access to HIV/AIDS programs. - Though the outcome indicators are good measures of training effectiveness (<i>i.e. Increase # of successful ARCAN graduates; Increase in level of job satisfaction</i>), they are not measures of the end result that the project aims to achieve as stated in the PDO (<i>i.e. expanded access</i>). - Some of the intermediate indicators are processes and are immeasurable (<i>i.e. overall ARCAN project adjustments or fine-tuning due to M&E input</i>) - Baseline data and target values are available in the ISRs, but monitoring data is not yet available, and it is unclear from ISRs and Aide Memoirs how this data will be utilized by the project. 	<ul style="list-style-type: none"> - Revise PDO to keep the focus on expanding access to prevention, care, and treatment. As such, the PDO will remain results focused without limiting its scope to one activity (<i>i.e. by supporting a network of ... health care practitioners</i>). If the main purpose of the project is to train practitioners (as stated in ISR 11/22/2005), expanded access as the main objective of the project should be replaced by an objective more focused on capacity building in the context of HIV/AIDS. - Align outcome indicators with the PDO targeted results. If the PDO focus is on expanding access to prevention, care and treatment, then there is a need to identify outcome indicators that would measure such outcomes. - Ensure that intermediate outcome indicators are not process indicators and that they’re measurable.
HIV/AIDS Project for Abidjan- Lagos Transport Corridor	<ul style="list-style-type: none"> - Outcome indicators listed are not well aligned with the statement of the PDO, which focuses on three aspects: (i) increased access to prevention, (ii) basic treatment, and (iii) support and care services. - Some outcome indicators are solely measuring awareness rather than behavior changes to achieve the results targeted under the PDOs. Some outcome indicators are good measures of change in risky behavior such as indicators 4 & 5. - This project has 17 output and progress indicators. 	<ul style="list-style-type: none"> - Review the results framework to define appropriate indicators that are aligned with the PDO and for which data can is available. Establish intermediate performance targets and assess the overall project performance against the recommendations and conclusions of the review of selected HIV/AIDS projects undertaken in 2004 - Immediately establish baseline data (to reflect situation at time of project start) - Ensure that surveys are kept simple to accommodate M&E capacity of all involved countries and to provide periodic

	<p>Borrower countries' capacity to coordinate the large amount of data to be collected on a periodic basis from each of the participating countries may not have been taken into consideration.</p> <ul style="list-style-type: none"> - Baseline studies should have been undertaken prior to project effectiveness; this would have provided greater specificity to the project's interventions, even if outcomes are not solely attributable to the bank's intervention. - Baseline data for outcome indicators is missing 	<p>data on indicators.</p>
<p>Senegal River Basin Water and Environmental Management Project</p>	<ul style="list-style-type: none"> - The PDO is not results- focused. It is not clear what would be achieved at the end of the project. The current wording of the PDO is focusing on what will be done not what will be achieved. Building a framework and launching a basin-wide cooperation program are a means to an end. - There is a discrepancy between the outcome indicators in the PAD and those in the ISRs. - Outcome indicators as stated in the PAD are output or process oriented. There are no outcome indicators to track the achievement of the PDO in terms of the River Basin sustainable development and effective trans-boundary land-water management. - The project has an overly complicated M&E framework with over 60 output and component indicators. - Clear M&E arrangements are not available in the PAD. 	<ul style="list-style-type: none"> - Clarify PDO by identifying the end result that the project wants to achieve. Make it clear, specific, targeted, and measurable. - Revise M&E framework: (i) be more selective with the choice of outcome indicators to accommodate M&E capacity. Ensure that data for establishing baseline data and monitoring progress are readily available; and (ii) simplify the M&E framework by choosing a very select number of output indicators that can feed into managing towards the PDO, and eliminating the output indicators that are activities. It is recommended to limit the number of performance indicators to a few measurable indicators that will focus on the outcomes that the project is trying to achieve. - Once the M&E framework has been revisited, project team should clarify and coordinate M&E arrangements.
<p>Reversing Land and Water Degradation Trends for the Niger River Basin</p>	<ul style="list-style-type: none"> - PDO currently mixes means (establishment of a framework) and ends (sustainable development of the Niger River Basin). Sustainable development of the Niger Basin is an ultimate goal which may take many years to achieve. - Some indicators are not results focused. (i.e. <i>establishment of a policy</i> is a process and may or may not yield results) - Indicators need clear definition of how they will be objectively measured. Example, how to measure the following indicators: (1) permanent collaboration, (2) harmonized systems; ((3) sustainable development initiatives etc... - Outcome indicators are not reported on in ISR 4/20/2005 	<ul style="list-style-type: none"> - Clarify PDO in terms of the results project aims to achieve. - Revise outcome indicators to be results oriented. Choose quantifiable indicators with baselines and targets. To measure progress towards the PDO, outcome indicators should be measured and reported on on a regular basis - Ensure that there is a focal point at the implementation unit that will collect and harmonize data from the different data sources.
<p>Regional HIV/AIDS</p>	<ul style="list-style-type: none"> - PDO needs clarification 	<ul style="list-style-type: none"> - Clarify PDO to make it results oriented, clear, and

Treatment Acceleration Project	<ul style="list-style-type: none"> - Some outcome indicators are outputs 	<ul style="list-style-type: none"> measurable. - Revise indicators to be more results oriented. - Make use of administrative data that is readily available at VCT, PMTCT and other HIV/AIDS centers. - Clarify M&E arrangements for data collection for each of the indicators.
Africa Emergency Locust Project	<ul style="list-style-type: none"> - This PDO is clear and well-targeted. 	<ul style="list-style-type: none"> - According to TTL, intermediate outcome data is missing because the indicator is irrelevant now and this will be addressed at upcoming restructuring.
Coastal Transmission Backbone Project of the WAPP Program	<ul style="list-style-type: none"> - Well designed M&E framework 	<ul style="list-style-type: none"> - Follow-up with the implementation of the M&E system for this well designed project results framework.
WAEMU Capital Market Development Project	<ul style="list-style-type: none"> - The M&E framework in the PAD is overly complicated with 22 output indicators, with a number of these indicators being activities and without clear targets. - Institutional arrangements for M&E are not clearly stated in the PAD. - Some baselines and targets are still missing. 	<ul style="list-style-type: none"> - Simplify the M&E framework by choosing a select number of indicators that can measure progress towards the PDO and dropping indicators that are activities or processes. - Be more selective with the choice of indicators and reporting mechanisms to accommodate M&E capacity at each one of the targeted countries. - Ensure that data for establishing baselines and monitoring progress are readily available and institutional arrangements for M&E are in place. - Assign numerical values to target data, at least where the nature of the indicator requires numerical reporting.
BEAC Regional Payment System	<ul style="list-style-type: none"> - The PDO is too broad and is difficult to manage towards or monitor regularly. It includes several objectives which may be unrealistic considering the resources available for the project. - The indicators in the PAD need clarification and specificity to facilitate measurement, and they do not cover all the elements of the PDO as stated in the PAD. - The ISR has baseline data, target and reporting values for only three of the outcome indicators and one intermediate outcome indicator. - The reporting data available in the ISR is focusing on activities (i.e. new retail system has been designed, and has started being built). 	<ul style="list-style-type: none"> - Clarify and simplify the PDO. The more focused the PDO is, the clearer the objectives will be. - Redefine the outcome indicators to be more specific, measurable, and clearly linked to the PDO. - Avoid dependency on indicators that depend on high level surveys for monitoring; these may not be readily available.

<p>Great Lakes Initiative on HIV/AIDS</p>	<ul style="list-style-type: none"> - This PDO is clear and well-targeted. However, it could be improved by stating the results to be achieved for the targeted population by the establishment of HIV/AIDS prevention, care programs. - There is a discrepancy between outcome indicators in the PAD and those reported on in the ISRs. - Prevalence indicators in HIV/AIDS are generally considered higher-level. However, because these are focused towards certain groups (i.e. refugee sites) this is achievable given the time of the project. - Indicators # 5 and #6 need clarification. It is unclear how strengthened networks or increased knowledge will be measured. - The PAD has 20 intermediate outcome indicators. Borrower countries' capacity to measure and coordinate the large amount of data to be collected on a quarterly basis should be taken into consideration. - Some baselines and targets are missing 5/25/05 (i.e. before project effectiveness). 	<ul style="list-style-type: none"> - Ensure that all outcome and intermediate outcome indicators are results focused and measurable. - Reword and clarify indicators #3 and #4 to make them results oriented and measurable. - Establish baselines and target values for all indicators.
<p>Reversal of Land and Water Degradation Trends in the Lake Chad Basin Ecosystem</p>	<ul style="list-style-type: none"> - The PDO is vague and the results to be achieved at the end of project are not clear given the small amount of resources available to the project. However by nature the main objective of most GEF International Waters (IW) projects is indeed to strengthen the institutional framework for IWRM in the Basin countries, and to produce a funded Strategic Action Plan. The current PDO is therefore acceptable. - The chosen outcome indicators (both from PAD and revised indicators) are not results focused; these are outputs or processes. However as noted in the GEF M&E working paper 10 a particular characteristic of IW projects is the length of time that is generally required before actual changes can be detected in the transboundary water environment. Process indicators are likely to be the most important indicator of success in an initial GEF international waters intervention. It is therefore acceptable to use output indicators focused on processes rather than outcomes and results. - The project has 10 component indicators- some of which 	<ul style="list-style-type: none"> - Revise the results framework to define outcome indicators to be results oriented and linked to the PDO. Choose quantifiable indicators that can have baseline data at the start of the project, target values, and can be made available on a periodic basis to measure progress. - Define institutional arrangements for monitoring and reporting on the outcome indicators.

	<p>are activity driven- that are focused on work-planning, training, etc.</p> <ul style="list-style-type: none"> - There is no reporting in ISR 	
Ground Water and Drought Water Management	<ul style="list-style-type: none"> - PDO needs clarification in terms of the results the project is trying to achieve. Establishing consensus is not a result- it is a process. It is not clear if the project is focusing on sustainable ground water management or on the development of drought management policies. - The outcome indicators chosen are output- oriented and are not measurable as stated in the PAD. They need to be redefined. - As in the PAD, some of the intermediate indicators need clarification, some are outputs/ activities (i.e. <i>Lessons learnt summarized; Guidelines and tools endorsed</i>) - It is not clear how the Water Resources Technical Committee or the PMU will collect the data on the outcome indicators. 	<ul style="list-style-type: none"> - Clarify the PDO to be more specific and focused on the results to be achieved by the end of the project. Review the project components and design assumptions for achieving the PDO. - Develop realistic and measurable outcome indicators to measure progress towards the PDO. - Ensure monitoring and reporting arrangements are clearly defined.
Southern African Power Market	<ul style="list-style-type: none"> - The M&E framework is well-designed. 	

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