69697

Internal Paper

Horizontal Adaptable Program Lending (APL)

Assessing suitability for Risk Management of Natural and Climate-induced Hazards in Pacific Island Countries

Environment & Natural Resources Management
Rural Development and Environmental Sector Unit (EASRE)
Sustainable Development Department - East Asia-Pacific

June 2009

Table of Contents

This paper has been prepared by Cecilia Zanetta (consultant) under the guidance and supervision of Susan Shen (Sector Leader, Environment and Natural Resources ManageamentEASRE). Ditas Ledesma (Operations Analyst) has provided valuable assistance in many aspects on this exercise, including identifying and facilitating access to Bank staff with experience in Horizontal APL operations, as well as generating operational data on cost and time inputs for project preparation. Ben Fisher and Pinki Chaudhuri provided valuable comments and suggestions, which were extremely helpful in improving an earlier draft of the document. This paper is intended as a brainstorming exercise to foster internal discussion and explore alternative strategies for the future implementation of the Global Fund for Disaster Reduction and Recovery (GFDRR) in Pacific Island Countries. As such, it reflects the views of the author, which are not necessarily those of EASRE. Likewise, any errors remain the sole responsibility of the author.

Executive Summary

The Pacific Island Countries (PICs) are highly vulnerable to natural and climate-induced hazards and this vulnerability is likely to increase over the coming decades.[1] Climate change and natural hazards will have repercussions on coastal development, water supply, energy, agriculture, and health, among other sectors. Therefore, risk management of natural and climate-induced hazards (RMNCH), including climate adaptation, are core development issues for the PICs and the economic, social and environmental benefits of RMnCH investments are likely to far outweigh their costs.

The World Bank is currently considering scaling up its engagement in RMNCH activities in the PICs. Specifically, the intention is to develop a business plan to address priority RMCH issues, including both technical assistance and investment activities. However, given the large number, diversity, specific needs, relatively small size, and isolation of the PICs, providing assistance using traditional lending instruments could be a costly, administratively difficult and time-consuming exercise. Likewise, several donors have expressed interest in working on this challenge, which, given the generalized weakness in the PICs' institutional capacity, can generate an undue burden in the absence of coordinated action. Consequently, it is of utmost importance to find ways of reducing administrative and related overheads (even if the World Bank were the only donor) while still maintaining the goal of maximizing assistance, maintaining consistency, transparency, and efficiency and harmonizing initiatives of the PICs to address their RMNCH needs.

[1] The geographical focus is on the nine countries that constitute the World Bank's Pacific Island Countries (PICs): Fiji Islands, Kiribati, Marshall Islands, the Federated States of Micronesia (FSM), Palau, Samoa, Solomon Islands, Tonga, and Vanuatu. These countries share many characteristic with other small states. They are all relatively small, open economies with limited diversification and limited institutional capacity. Papua New Guinea (PNG) and Timor Leste are not included in the analysis given their differences in size, the type of natural disaster to which they are exposed, and the relative magnitude of the potential impacts. Moreover, the demand for resources from these two countries is likely to be many times larger than that of PICs as a whole.

What are Horizontal APLs?

Among the several investment lending instruments offered by the Bank, Adaptable Program Loans (APLs) may be particularly apt to tackle the RMNCH task in Pacific Island Countries. APLs were originally designed to provide long-term support through multi-phased operations to maximize ongoing learning. The typical APL approach was later adapted to finance multicountry lending programs by including a 'horizontal' dimension that allows individual countries to join the program—so-called 'Horizontal' APLs—at various phases based on their readiness. While the focus of the overall program supported under the Horizontal APL remains the same, each country can tailor each phase to its specific needs.

The primary intention behind the adoption of Horizontal APLs was to deliver lending to the small Caribbean countries in a more efficient and cost-effectiveness manner. This innovation has proved to be very successful in supporting education, HIV/AIDS, e-government, and skill-building projects within Caribbean countries. The model was also adopted by the Africa Region to deliver a multi-country HIV/AIDS prevention and control program and, more recently, to support the development of communication infrastructure across multiple African countries. It has also been used to support the development of energy infrastructure in South East Europe. Horizontal APLs have also proved to be conducive to support global programs targeting multiple countries across regions with collaboration with multiple donors, such as the avian influenza pandemic and the food crisis. This lending instrument is also becoming increasingly popular in large, federal countries, such as Brazil, with sub-national governments (at the state and municipal level) being included under a larger, horizontal APL. Horizontal APLs are being used to tackle a wide array of development challenges in all regions of the world with financing ranging from US$6.5 million to US$1.2 billion.

Purpose and Scope of the Study

The purpose of this study is to review the various Horizontal APLs that are currently being implemented by the Bank in the different regions and sectors with the ultimate objective of assessing their potential suitability to support a RMNCH Program in the PICs. In particular, this review focuses on the following aspects:

- Characteristics of Horizontal APL Programs relative to the other lending instruments, namely: i) self-standing investment loans; and ii) regional programs.
- Added potential advantages of Horizontal APLs programs depending on: i) the nature of the development theme; ii) the characteristics of the participating countries; and iii) the specific program design.
- Structuring of the Horizontal APL Programs in terms of: i) horizontal (multicountry) dimension; ii) vertical (scaling-up) dimension; and iii) front-loading and back-loading of the programs.
- Institutional architecture of Horizontal APL Programs to accommodate: i) multiple sectors; ii) multiple stakeholders; iii) regional dynamics; iv) systematic learning; and v) donor coordination.
- Actual performance of Horizontal APL Programs in terms of: i) achievement of objectives; and ii) cost effectiveness, both time and monetary resources.

This review included 12 Horizontal APL Programs that were or still are under implementation (see Table 1). Five of them are in small Caribbean states (four of then in countries members of the Organization of Eastern Caribbean States – OECS), two in Africa, one in Eastern Europe, two

in Latin America, and two of them are of global reach. They cover a wide array of sectors, including health, education, public sector modernization, and energy (see Table 1).

Main Characteristics of Horizontal APL Programs

Results from the review show that the Horizontal APL Programs are particularly suited to address long-term development challenges through a phased approach that gradually expands coverage, both geographically and in terms of scope, relying heavily on the lessons learned in previous phases. Moreover, the review also points to the high versatility of Horizontal APL Programs to address a wide range of development themes in a programmatic, multicountry framework. The main characteristics of Horizontal APL Programs are summarized below:

Horizontal APL Programs are extremely versatile lending tools.

They are most appropriate when tackling long-term development challenges in multiple countries. In contrast with Regional Programs, which emphasize regional aspects of development challenges affecting more than one country, Horizontal APLs have a strong country focus. This characteristic, together with their phased approach, make them particularly suitable when countries exhibit great variability in terms of their needs for technical assistance and investments.

Horizontal APL Programs can be structured in various ways.

Horizontal APL phases allow for the phased incorporation of individual countries according to their readiness (the so-called 'horizontal dimension'). Horizontal APL programs can also accommodate scaling-up activities in individual countries (the so-called 'vertical dimension'). In both cases, triggers are defined at appraisal to determine the readiness of individual countries to access subsequent phases.

There is ample variation in the level of program definition at the preparation stage.

Preparation efforts tend to be front-loaded when there is a robust know-how and a clear commitment on the part of participating countries. In this case, programs tend to have a high degree of definition, which helps ensure quality at the country level. Alternatively, preparation efforts tend to be back-loaded when substantive knowledge regarding a particular development challenge is still weaker and there is still uncertainty regarding the commitment of potential participants. In this case, the main principles underlining the overall program are outlined at the time of program preparation, with more detailed programs that respond to the needs of specific countries being defined at the time of preparation of the subsequent APL phases.

Horizontal APLs can capitalize on economies of scale and externalities

Given the multicountry approach of Horizontal APL Programs, there is a strong potential for capitalizing on economies of scale, maximizing positive externalities and minimizing negative ones. This, of course, depends on the nature of the specific development issue being addressed.

Horizontal APLs have some potential—albeit limited—to reduce transaction costs.

Horizontal APL Programs also have the potential to reduce transaction costs (i.e., time and financial resources) during preparation and supervision. The potential gains are largely determined by geographic factors, such as the proximity of participating countries. Horizontal APL Programs included in our analysis exhibited a good performance record, particularly in terms of achievement of objectives and reduced preparation costs. However, time savings during preparation and approval vary greatly across regions and were not as significant as it could have been expected given the APL streamlined approval procedures.

Horizontal APLs exhibit a wide variation in terms of their institutional architecture.

The institutional architecture of individual programs reflects their specific characteristics, such as multisector nature, multiple stakeholders, and regional dimensions.

Systematic learning

Horizontal APL Programs can also effectively support systematic learning. However, this aspect has to be taken into consideration early on the design process, so that appropriate mechanisms are incorporated into the program. Africa's HIV/AIDS MAP Program offers an excellent illustration of how to maximize systematic learning and cross-fertilization.

Donor coordination

Horizontal APL Programs can also effectively support donor coordination. Once again, this aspect has to be taken into consideration early on the design process, so that appropriate mechanisms are incorporated into the program. The Global Program for Avian Influenza and Human Pandemic Preparedness and Response (GPAI) offers an excellent illustration of how to help harness massive aid into a particular development issue by promoting donor coordination at the various stages of the program life cycle.

Suitability of Horizontal APL Programs for the RMNCH Task in the Pacific

This analysis indicates that a Horizontal APL Program would be a very appropriate tool to support a RMNCH program in PICs. The main factors that determine the suitability of a Horizontal APL Program for this task can be summarized as follows:

Long-term nature of RMNCH

There is a natural match between RMNCH and APL Programs in general, as APLs are particularly apt to provide funding for long-term development programs where there is clear agreement on long-term objectives, but where the path to achieve them requires a significant degree of learning from results.

Programmatic approach

A Horizontal APL Program would allow for a systematic approach toward RMNCH in the framework of a programmatic, multicountry strategy. The programmatic nature of Horizontal APL Programs would also support gradual capacity building, which is vital in the face of the limited technical and institutional capacity of PICs. Likewise, a Horizontal APL Program would support the scaling-up of successful activities, which is particularly appropriate in the context of RMNCH in PICs, as systematic knowledge of what works, where and why is still lacking.

Multicountry approach

The Horizontal dimension of APL Programs is also appropriate, given that PICs face similar challenges regarding RMNCH. The adoption of a Horizontal APL Program would also allow for the phased incorporation of participating countries according to their readiness. Although a minimum level of agreement on the overall RMNCH strategy will be required, this strategy can be flexible enough to accommodate a wide array of country-specific needs.

Country versus regional focus

A multi-country Horizontal APL Program would be more suitable to address the RMNCH challenge in PICs than a regional Horizontal APL Program. While there is a strong history of dialogue in the region on how to respond to shared vulnerabilities and opportunities and a number of regional institutions have been developed, the immense size of the region and the variety of cultures and political systems limits the potential for regional cooperation. A mult-icountry

Horizontal APL Program could contribute toward developing a regional approach by supporting the formulation a regional RMNCH framework that is complemented with country-specific objectives and programs.

Economies of Scale

Substantial savings and a more efficient use of scarce technical resources can be obtained when tacking at the regional level activities aimed at expanding the overall knowledge base on the impact of natural and climate-induced hazards and associated physical, social and economic vulnerabilities. This knowledge base would, in turn, provide a sound platform for analysis and decision making at the national and local levels. Some of the specific activities that could be tackled at the regional level include: downscaling global climate models in support of decision making for adaptation at the regional and country level; generating climate change impact scenarios; and developing a harmonized approach for assessing climate change vulnerability and risk, and adaptation policy decision making.

Positive externalities

There are cross-border positive externalities that can be explicitly addressed as part of a Horizontal APL Program, such as the development of early warning systems and strengthening of monitoring systems of climate patterns, temperature, sea levels, migration patterns of fishery resources, and coral reefs that would be best implemented at a regional level.

Negative externalities

In the context of PICs, RMNCH is not a trans-national public good, as these small island countries are not significant contributors to climate change. The emphasis is instead on adaptation, where there are not significant negative externalities at work. However, should the negative externalities of climate change be addressed through global actions, and countries that are contributors to climate change be required to compensate those that are negatively affected by it, such as the PICs, a RMNCH Horizontal APL Program would be highly suitable to channel substantial resources from multiple donors in a coordinated fashion.

Multisector scope with multiple stakeholders

Risk Management of Natural and Climate-induced Hazards is clearly a mult-isector undertaking, which calls for the participation of multiple stakeholders, at all levels of government and beyond the public sector. Our analysis indicates that Horizontal APLs can effectively accommodate multiple sectors and stakeholders, provided that the program design includes robust mechanisms for program coordination and, to the degree possible, mainstreaming of the program activities into regular government operations and provision of services.

Other potential advantages

Horizontal APL Programs can also help to enhance systemic learning and coordination among donors. However, the extent to which all these potential advantages do indeed materialize will depend on the specific program design.

Conclusions

The diverse group of nine small countries PICs (i.e., the Federated States of Micronesia, Fiji, Kiribati, Palau, the Republic of the Marshall Islands, Samoa, the Solomon Islands, Tonga and Vanuatu) faces many challenges, both natural and man made. These include, among others, small, fractured internal markets that inhibit economies of scale and deliver few employment opportunities; prohibitive distances from export outlets, steep infrastructure and service provision costs; undeveloped human capital; and growing vulnerability to natural hazards and climate

change. The characteristics of the PICs in terms of their human and economic geography as well as their institutional, political, and historical makeup are strong determinants of future Bank interventions focusing on RMNCH.

Several considerations need to be taken into consideration when designing a RMNCH Horizontal APL Program for the PICs, including:

Risk management of natural and climate-induced hazards is at the core of the PICs' development agenda.

The high vulnerability of PICs to natural and climate-induced hazards and the direct costs that these impose on their economic and human development warrants a strong focus of development assistance on RMNCH efforts. However, RMNCH efforts should respond to a strict prioritization of needs, as it is clear that, despite the level of aid allocated to RMNCH efforts, it will not suffice to address all the vulnerabilities. Moreover, given the pressing needs of most PICs in the social sectors, country-level interventions should strive to maximize positive synergies and complementarities between socio-economic and natural and climate-induced hazards vulnerabilities.

Horizontal APLs are well suited to address RMNCH in PICs.

Horizontal APL Programs have many characteristics that can make them particularly appropriate to tackle the RMCH task in PICs. RMNCH efforts are potentially well-suited for a multicountry strategy given that PICs share many of the same vulnerabilities to natural and climate-induced hazards. A RMNCH Horizontal APL Program would help develop and support a multicountry approach that builds upon the similarities between these countries without ignoring their diversity.

Enhancing donor coordination is critical to the success of the RMNCH agenda and development efforts in general.

The large number and small size of PICs makes it highly inefficient for the Bank and donors in general to design interventions focusing on individual countries. Moreover, uncoordinated aid poses an undue burden on the PICs' institutional capacity. Given the limited institutional capacity of PICs and the large number of donors operating in these countries, a multidonor strategy would be particularly suitable to enhance the coordination and targeting of RMNCH assistance efforts. Although complex in nature, a SWAp approach could provide the foundations for a sustainable RMNCH strategy with coordinate donor support.

The RMNCH Program needs to be locally owned.

It is important to underscore the need to strengthen the ability of the PICS to be at the 'driver's seat of the aid coordination process, particularly in view of efforts to enhance donor coordination.

The potential for regional synergies is limited.

Despite the potential regional synergies, multi-country interventions in the Pacific have to overcome serious obstacles. Although PICs have a strong tradition of regional dialogue and a set of regional institutions, the immense size of the region and the variety of cultures and political systems impose limits on regional cooperation

Substantial and sustained commitment on the part of the Bank will be required.

Given the Bank's limited presence in the region vis-à-vis other bilateral and multilateral donors, it does not currently have a strong competitive advantage to lead a broad donor coordination effort. However, assuming responsibility for such a role in the context of a RMCH Horizontal APL

Program could be an important first step toward increasing its presence and visibility in the Pacific, albeit requiring a substantial and sustained commitment of resources.

Introduction

Natural disasters and climate change have worldwide impacts. However, the most adverse impacts are more likely to be born by the poor in both developed and developing countries. While relief and reconstruction assistance after increasingly destructive and frequent disasters have greatly aided victims in affected countries, there is growing recognition of the importance of placing greater emphasis upon upstream disaster prevention and mitigation measures. In addition to post-disaster assistance, it is important for all stakeholders to actively engage in coordinated preventive and mitigation activities and take strategic action to facilitate adoption of effective measures to reduce the impact of future disasters.

Adaptation to climate change and risk management of natural hazards are core development issues for the Pacific Islands Countries (PICs). As the required policy and technical responses are not particularly complex, the economic, social and environmental benefits of RMNCH far outweigh its costs. This has been underlined in many regional commitments and programs. In 1995, during the International Decade on Natural Disaster Reduction, Pacific Forum Leaders issued the Madang Vision Statement, which declared that '*vulnerability to the effects of natural hazards, environmental damage, and other threats will be overcome*.' This expression of commitment set in motion a number of efforts focusing largely on disaster preparedness, response and relief; however, they tended to be under-resourced and remained outside mainstreamed government processes.

Over the past few years, the Pacific region has also seen a growing interest in climate change adaptation, starting with the Pacific Islands Climate Change Assistance Program and the Cook Islands Framework on Action on Climate Change, Climate Variability and Sea Level Rise (2000). This interest was also spurred by two High Level Adaptation Consultations (2003-2004), the momentum built by Sustainable Development initiatives and the recent pilot operations in Kiribati, Federated States of Micronesia, Cook Islands, Fiji, Vanuatu, Samoa, and Tonga. The revised *Framework for Action on Climate Change, Climate Variability and Sea Level Rise* was presented at the 2005 Pacific Forum of Leaders meeting.

At the national level, many countries have been developing national strategies on disaster risk reduction, such as Vanuatu and the Marshall Islands. In parallel, some countries have prepared national adaptation strategies through the National Adaptation Program of Action (NAPAs). However, most national disaster risk reduction plans and NAPAs are yet to be made operational—Kiribati is the most notable exception.

Despite all these efforts at the national and regional levels, a set of practical and concrete measures that countries can take to inform their national development policies and strengthen their programs against the risk of natural and climate-induced hazards, including climate change is still missing. Also missing is a concrete regional collaboration mechanism to reduce the risk of natural and climate-induced hazards, improve early warning systems, and reduce the costs of damages incurred by the countries.

Ongoing efforts also point to the need to consolidate responses for risk management of natural hazards and climate change adaptation, as the two agendas exhibit common challenges, substantial overlaps and similar approaches. Thus, there is increasing awareness of the need to merge these two agendas into a unified framework to address the management of natural hazard

risks in general, including climate change and other natural hazards such as hurricanes and earthquakes, to minimize the likelihood of them becoming natural disasters. This report refers to this unified framework as Risk Management of Natural and Climate-induced Hazards (RMNCH), adopting the same designation as the World Bank's Policy Note *Not If by When* (2006).

The World Bank's Ongoing RMNCH Efforts in the Pacific

The World Bank is currently considering scaling up its engagement in RMNCH activities in the PICs beyond its ongoing disaster management related activities. The Global Environmental Facility (GEF) Council has recently agreed that, building upon the experience of the ongoing Kiribati Adaptation Project (also funded by the GEF), the Bank will prepare three more adaptation projects (Vanuatu, the Solomon Islands, and Kiribati (Phase III).[2] Likewise, the Bank has recently received funds from the Global Fund for Disaster Reduction and Recovery (GFDRR) to help finance diagnostic studies and subsequent technical assistance and other investments in the Pacific Island Countries (PICs) to support their efforts in establishing, maintaining and utilizing an appropriate overall policy, strategic, administrative, technical, financial, legal and related framework to address RMNCH efforts.[3]

Work on stock-take assessments for seven countries and one for the Pacific region as a whole have been undertaken with GFDRR funding and reports are being drafted with the intention of developing a business plan to address priority RMNCH issues for the next three years. It is envisaged that appropriate technical assistance and investment activities would be needed to implement this business plan. Given the number of Pacific countries, their diversity, specific needs, relatively small size, isolation and other such factors, providing assistance to them can be a costly, administratively difficult and time-consuming exercise if such assistance were to be provided through traditional lending instruments for relatively small sums.

Several donors and client countries have expressed interest in working on this challenge. Given the weak institutional capacity exhibited by many of the PICs, properly managing substantial flows of aid can generate an overwhelming burden them in the absence of coordinated action. Consequently, it is of utmost importance to find ways of reducing such administrative and related overheads (even if the World Bank were the only donor) while still maintaining the goal of maximizing assistance, maintaining consistency, transparency, and efficiency and harmonizing initiatives of the PICs to address their RMNCH needs.

One instrument that the Bank has been using for about a decade is the Adaptable Program Lending (APL). APLs were initially used in such sectors as health and education to facilitate

---

[2] The GEF finances projects to address six critical threats to the global environment: loss of biodiversity; climate change; degradation of international waters; ozone depletion; land degradation; persistent organic pollutants. The World Bank is one of its three implementing agencies.

[3] The Global Fund for Disaster Reduction and Recovery (GFDRR) is a partnership of the International Strategy for Disaster Reduction (ISDR) system to support the implementation of the Hyogo Framework for Action (HFA). The GFDRR is managed by the World Bank on behalf of the participating donor partners and other partnering stakeholders. It operates through multiple donor funds to enable low- and middle-income countries that are at highest risk, to mainstream disaster reduction in national development strategies and plans to achieve the Millennium Development Goals (MDGs).

pooling of multiple donor resources, promoting complementarities, streamlining and ensuring consistency, reducing administrative costs, establishing common baselines, measuring outputs, impact, etc. The APL has now become a highly versatile tool, evolving over the years to better suit specific country, sector and stakeholder needs and facilitating a wide range of operations (in disaster management, education, HIV/AIDS, and integrated rural and municipal development), in both small and large countries.

Purpose of the Study

The purpose of this study is to review the various types of Horizontal APLs that are currently being used by the Bank in the different regions and sectors and evaluate them to assess the suitability for the RMNCH activities in Pacific Island Countries. Among some of the factors taken into consideration in this review and assessment are:

- *The special characteristics of the PICs mentioned above (i.e., size, location, isolation, limited financial, technical, resources and capacity).*
- *The possible participation of several PICs as well as multiple donors in the program over a ten-year period.*
- *The wide range of assistance that different PICs will be seeking.*
- *Transaction costs (time and funds) for project identification and preparation.*

Scope of the Study

The findings are based on the review of 12 Horizontal APL Programs that were or still are under implementation. Five of them are in small Caribbean states (four of then in countries members of the Organization of Eastern Caribbean States – OECS), two in Africa, one in Eastern Europe, two in Latin America, and two of them are of global reach. They cover a wide array of sectors, including health, education, public sector modernization, and energy.

The geographical focus is on the nine countries that constitute the World Bank's Pacific Island Countries (PICs): Fiji Islands, Kiribati, Marshall Islands, the Federated States of Micronesia (FSM), Palau, Samoa, Solomon Islands, Tonga, and Vanuatu. These countries share many characteristics with other small states. They are all relatively small, open economies with limited diversification and limited institutional capacity. Papua New Guinea (PNG) and Timor Leste are not included in the analysis given their differences in size, the type of natural disaster to which they are exposed, and the relative magnitude of the potential impacts. Moreover, the demand for resources from these two countries is likely to be many times larger than that of PICs as a whole.

The scope of the review can be summarized as follows:

- *Horizontal APL Programs:* These twelve programs were reviewed at the program level, using the project documents (e.g., Project Appraisal Documents for the first country or countries to be included in the APL Program) and the basic information on individual operations included in the Bank's project database (including lending cost, approval and closing dates, implementation agency, etc.). When available, IEG evaluation reports of individual programs were also reviewed, as in the case of Africa HIV/AIDS MAP Programs.

- *Individual Operations under Horizontal APL Programs:* Those Horizontal APL Programs that were considered to be more relevant were reviewed at the level of individual operations. These included the five programs implemented in small island states in the Caribbean, including the OECS Emergency Recovery and Disaster Management Program. Project documents (e.g., PADs, Project Completion Reports- ICRs) corresponding to the 21 individual operations included in these programs were reviewed.
- *Climate Change Adaptation Operations:* The seven climate change adaptation operations that are being currently implemented by the Bank with GEF funding were also included in the review.
- *Bank Portfolio's of Pacific Island Countries:* The individual portfolios of PICs were also examined to determine what individual countries were the better fitted candidates for inclusion in the Horizontal APL RMNCH Program for the Pacific.
- *Other Bank Reports:* The desk review also included other report from the Bank and IEG focusing on: i) climate change adaptation; ii) disaster lending; iii) lending in small states; iv) Country and Regional Strategies for the Pacific Countries. Information on individual Pacific countries was complemented with other sources, such as the CIA World Factbook.
- *Personal Interviews:* Personal interviews were conducted with Bank staff members who have actively participated in the preparation or implementation of ongoing Horizontal APL Programs.

Horizontal Adaptable Program Loans *(APLs)*

This chapter presents an overview of the Horizontal APL Programs that are currently being implemented in different sectors and regions across the Bank with the ultimate objective of assessing their potential suitability to support a Risk Management of Natural and Climate-induced Hazards (RMNCH) Program in Pacific Island Countries. In particular, this review focuses on the following aspects:

- Characteristics of Horizontal APL Programs relative to the other investment lending instruments.
- Added potential advantages of Horizontal APLs programs depending on: i) the nature of the development theme; ii) the characteristics of the participating countries; and iii) the specific program design.
- Structuring of the Horizontal APL Programs in terms of: i) horizontal (multicountry) dimension; ii) vertical (scaling-up) dimension; iii) front-loading and back-loading of the programs; and iv) country versus regional focus.
- Institutional architecture of Horizontal APL Programs to accommodate: i) multiple sectors; ii) multiple stakeholders; iii) regional dynamics; iv) systematic learning; and v) donor coordination.
- Actual performance of Horizontal APL Programs in terms of: i) achievement of objectives; and ii) cost effectiveness, both time and monetary resources.

Results from the review show that the Horizontal APL Programs are particularly suited to address long-term development challenges through a phased approach that gradually expands coverage, both geographically and in terms of scope, relying heavily on the lessons learned in previous phases. Moreover, the review also point to the high versatility of Horizontal APL Programs to address a wide range of development themes in a programmatic, multicountry framework.

Horizontal APL Programs

Adaptable Program Loans (APLs) were first introduced in FY 1997. APLs are designed to provide long-term support through multi-phased operations that build upon lessons learned from the initial and subsequent loans in the program (see Box 1).

Box 1. Adaptable Program Loans (APLs)

Approved by the Executive Directors in September 1997, the Adaptable Program Loan (APL) proved immediately popular with Borrowers. It was conceived to provide funding for long-term development programs where there is clear agreement on long-term objectives, but where the path to achieve them requires a significant degree of learning from results. An APL operation starts with a first loan to fund the initial set of activities; subsequent funding is provided when agreed milestones and benchmarks for realizing the program's objectives are met.

The Executive Directors approve the first APL, along with the program as a whole, and delegate approval of subsequent loans to Management. Should the demand for Bank financing exceed the approved APL envelope, the operation and subsequent operations require Board approval.

Source: World Bank Annual Report 1998.

The typical APL approach was modified in the Emergency Recovery and Disaster Management (ERDM) Project for member countries of the Organization of Eastern Caribbean States (OECS) to provide a 'horizontal' dimension to allow countries to join in different phases based on their stages of preparation (see Box 2). Specifically, the Board of Directors agreed that each phase of the program corresponded to the inclusion of a new participating country (or countries). While the focus of the overall program supported under the Horizontal APL remains the same, each country can tailor each phase to its specific needs. The primary intention behind the adoption of 'Horizontal' APLs was to deliver lending to the small Caribbean countries in a more efficient and cost-effective manner. This innovation has proven to be very successful and has been subsequently adopted to support education, HIV/AIDS, e-government, and skill-building projects within OECS and Caribbean countries (see Table 1 and Annex 1).

Box 2. OECS Emergency Recovery and Disaster Management Horizontal APL Program

Instrument Type: Multicountry Horizontal Adaptable Program Lending.

Total Project Cost*: US$54.9 million (US$27 and 18.5 million of IBRD and IDA financing).

Borrowers: Five member countries of the Organization of Eastern Caribbean States (0ECS).

PDOs: The Horizontal APL Program was aimed at: i) supporting the physical and institutional efforts of the participating countries for disaster recovery and emergency preparedness and management; ii) providing additional investment to strengthen both long-term physical infrastructure and institutional capacity building; and iii) setting up a credit facility for any member nation in case of severe disaster emergencies.

Phases: The OECS ERDM Horizontal APL was structured in four phases:

- ***APL 1 – St. Kitts and Nevis; St. Lucia; Dominica*** *(US$23.8 million*; approved on 17 Dec. 1998):* To support the immediate reconstruction and rehabilitation of infrastructure in St. Kitts and Nevis after Hurricane Georges (September 21, 1998) and to support disaster mitigation investments in St. Lucia and Dominica.
- ***APL 2 – Grenada; St. Vincent & the Grenadines*** *(US$7.1 million*; approved on 17 Oct. 2000 and 29 May 2003, respectively):* Same as APL 1.
- ***APL 3 – Long-term financing*** *(US$12 million*; cancelled):* To finance additional physical investments identified through the hazard mapping analysis, and to provide further support for long-term institutional strengthening of disaster management capacity.
- ***APL 4 – Contingent emergency financing*** *(US$12 million*; cancelled):* Contingency funding for any eligible OECS member nation should a severe natural disaster strike them during the program period (approximately six years). This phase ran in parallel with APL 1 and APL 2 (i.e., if a country had signed for either APL 1 or APL 2, it would be eligible).

* Project costs estimated at appraisal.

The model was also adopted by the Africa Region to deliver a multicountry HIV/AIDS prevention and control program and, more recently, to support the development of communication infrastructure across multiple African countries. It has also been used to support the development of energy infrastructure in South East Europe. Horizontal APLs have also proved to be conducive to support global programs targeting multiple countries across regions with collaboration with multiple donors, such as the avian influenza pandemic and the food crisis. This lending instrument is also becoming increasingly popular in large, federal countries, such as Brazil, with sub-national governments (at the state and municipal level) being included under a larger, horizontal APL. As shown on Table 1, Horizontal APLs are being used to tackle a wide array of development challenges in all regions of the world with financing ranging from US$6.5 million to US$1.2 billion.

Table 1 – Selective Horizontal APL Programs

Horizontal APL Programs[1]	Amount[2] (US$ Million)	Years
OECS – Emergency Recovery and Disaster Management	10	1998-2006
Africa - Multicountry HIV/AIDS Program (MAP I & II)	1,595	2000-2011
Multicountry HIV/AIDS Prevention & Control APL for the Caribbean	155	2001-2009
OECS – Education Development Program	40	2002-2009
Energy Community of South East Europe Program Project	1,000	2005-2013
Global Program for Avian Influenza and Human Pandemic Preparedness and Response (GPAI)	500	2005 – n.a.
OECS – Skills for Inclusive Growth Project	6.5	2007-2012
Africa – Regional Communications Infrastructure Program	424	2007- n.a.
Brazil Municipal Lending Program	240	2007-2013
Brazil – Rio Grande do Sul Integrated Municipal Lending	66	2008-2013
Global Food Crisis Response Program	1,200	2008 – n.a.
OECS – E-Government Program for Regional Integration	25.2	2008 – n.a.

[1] The list may not be exhaustive. A comprehensive list of all Horizontal APL programs has not been identified.

[2] IBRD and IDA financing for the overall Horizontal APL program as anticipated at appraisal, except for Africa MAP I&II, which reflects total commitments as of Jan. 2009.

Characteristics of Horizontal APLs

APLs are one of several instruments for investment lending offered by the Bank.[4] As investment loans in general, they provide financing for a wide range of activities aimed at creating the physical and social infrastructure necessary to address a particular development challenge. The large majority of investment loans are either Specific Investment Loans (SILs) or Sector Investment and Maintenance Loans (see Table 2). As mentioned earlier, APLs were introduced more recently to accommodate development themes that are phased, long-term in nature. Learning and innovation loans (LILs) were also recently introduced to offer more innovation and flexibility. Other instruments tailored to borrowers' specific needs are technical assistance loans, financial intermediary loans, and emergency recovery loans.

Table 2 – Main Characteristics of the Banks' Investment Lending Instruments

Instrument	Main Characteristics	FY05 Share of Investment Portfolio
Specific Investment Loans (SILs)	SILs support the creation, rehabilitation, and maintenance of economic, social, and institutional infrastructure, as well as consultant services and management and training programs.	74.6 percent
Sector Investment and Maintenance	SIMs focus on public expenditure programs in particular sectors that aim to bring sector expenditures, policies, and performance in line with a country's development priorities. SIMs typically involve	3.1 percent

[4] The Bank has two basic types of lending instruments: investment loans and development policy loans. Investment loans have a long-term focus (5 to 10 years), and finance goods, works, and services in support of economic and social development projects in a broad range of sectors. Development policy loans (DPL) provide rapidly disbursing financing to help the borrower address actual or anticipated development financing requirements of domestic or external origin. Investment lending dominates the portfolio, accounting for about 91 percent of net commitments in FY05 compared to 9 percent for Development Policy operations (QAG, 2006).

Loans (SIMs)	coordinated efforts among the multilateral and bilateral donors providing assistance to the sector.	
Adaptable Program Loans (APLs)	APLs provide phased support for long-term development programs. They involve a series of loans that build on the lessons learned from the previous loan(s) in the series.	11.9 percent
Learning and Innovation Loans (LILs)	LILs support small pilot-type investment and capacity-building projects (i.e., they do not exceed $5 million, and are normally implemented over 2 to 3 years—a much shorter period than most Bank investment loans). If successful, could lead to larger projects that would mainstream the learning and results of the LIL.	0.2 percent
Technical Assistance Loans (TALs)	TALs are used to build institutional capacity in the borrower country. It may focus on organizational arrangements, staffing methods, and technical, physical, or financial resources in key agencies.	2.5 percent
Financial Intermediary Loans (FILs)	FILs provide long-term resources to local financial institutions to finance real sector investment needs. The financial institutions assume credit risk on each subproject.	2.1 percent
Emergency Recovery Loans (ERLs)	ERLs support the restoration of assets and production levels immediately after an extraordinary event—such as war, civil disturbance, or natural disaster—that seriously disrupts a borrower's economy.	5.6 percent

Source: World Bank (2001), QAG (2006).

The approval procedures for APLs are somewhat different from the rest of investment instrument. While the Board approves all first-phase APLs, Regional Management approves subsequent APL phases and circulates documentation to the Board. The streamlined approval procedures for subsequent APL phases were aimed at enhancing the Bank's agility in lending. Box 3 describes the approval procedures for APL programs in further detail:

Box 3. Streamlined Approval Procedures of Horizontal APL Programs

The Board approves all first-phase APLs: The first fully negotiated operation is submitted to the Board for full discussion together with the framework of the overall umbrella program. The umbrella framework presents the overall program framework, the timeline for implementation, indicative funding needed for the overall program, what would be achieved under the first loan, and the triggers (or eligibility criteria for horizontal APLs) for moving with the subsequent loans/phases. The Board approves the specific operation(s) and delegates approval of subsequent phases to the World Bank President.

Approval of subsequent phases is delegated to Management: As long as they meet the criteria and are within the total program amount indicated, approval of subsequent APL operations is exercised by Regional Vice Presidents (RVP) under the oversight of the Managing Director, Operations, subject to agreed procedures as follows:

- The Project Appraisal Document (PAD) for a subsequent APL is circulated to the Board for information after management approves financing for the follow-on operation in principle; and
- Management approval becomes effective ten working days thereafter, unless at least three Executive Directors (EDs) request a Board discussion during the ten-day time period. At the request of three or more EDs during the ten-day period, the operation will be scheduled for a full Board discussion.
- In the absence of such request(s), at the end of the ten-day period, SECBO notifies the Regional Vice President and the IDU. The IDU discloses the PAD.
- If the original parameters of the APL program change significantly or issues emerge that merit Board attention, follow-on phase APLs use the standard investment procedures. These possible changes or issues include: significant changes to the long-term objective(s) for the program; one or more critical triggers are not met; unsatisfactory progress of the previous phase APL; or the total commitment for the program exceeds the originally planned amount.

Source: APL Approval Procedures (World Bank Intranet, Update 22 July, 2008); APL Guideline Note, 8 May, 2006.

Advantages of APLs vis-à-vis other Investment Lending Instruments

Some of the inherent advantages of APLs vis-à-vis other self-investment lending instruments can be summarized as follows:

Table 3 – Advantages of APL Programs vis-à-vis Self-standing Investment Operations

Advantages of APL Programs vis-à-vis other Investment Operations	
Long-term approach	The APL concept reflects the reality that some development challenges take many years to resolve and that the primary actions required to address them vary over time. APLs respond to such situations by defining and funding a long-term development program over a longer time horizon that allows for multiple phases. For example, the implementation of Africa's MAP IHV/AIDS Program was envisioned over a time horizon of 12 to 15 years, with each of its three phases addressing the expected stages of the HIV/AIDS epidemic (i.e., MAP I, II and III, respectively).
Programmatic approach	As opposed to one-time, ad-hoc, country-specific interventions, APL Programs allow for individual projects to take a systematic approach in the framework of a more programmatic, multicountry strategy. As a result, APL Programs can be more conducive to gradual capacity building and scaling-up of successful activities than Specific Investment Loans (SILs). Likewise, APL Programs can address individual country requirements in a more cost-effective manner by maximizing the use of similarities between country situations, while respecting the fundamental differences.
Streamlined approval	The streamlined approval procedures of APLs (see Box 3) can reduce approval times and, hence, enhance the Bank's agility in lending.
Higher visibility	By allowing for the 'pre-commitment' of significant resources, APL Programs can help bring added exposure to the Bank's efforts and increase its leverage among both individual countries and donors.

Advantages of Multicountry Horizontal APL Programs

When two or more countries (or sub-national governments) face the same long-term development challenge, there are several advantages from adopting a Horizontal APL Program as opposed to funding multiple self-standing investment operations. These advantages apply regardless of whether the Horizontal APL Program focuses on individual countries or a regional program.

Table 4 – Advantages of Horizontal APL Programs for Multicountry Operations

Advantages of Horizontal APL Programs for Multicountry Operations	
Readiness	In general, individual countries are at different stages in the preparation process. By phasing the entry of individual countries, Horizontal APLs do not penalize the countries that have prepared projects and taken the required steps by delaying the operation. At the same time, Horizontal APLs allow the slower moving countries to come on board at a later stage.
Adaptability to country conditions	The Horizontal APL approach permits to adapt lending to individual country conditions. For example, it allowed the OECS - ERDM Project to respond to a disaster recovery emergency in St. Kitts & Nevis and, at the same time, address the long-term prevention needs of the remaining OECS countries that did not face an emergency situation at the time. Likewise, the Africa HIV/AIDS MAP Program has the flexibility needed to address country-specific needs that reflect local conditions and the particular stage of the HIV/AIDS epidemic in that country.

Risk diversification	The Horizontal APL concept allows for risk diversification among countries. By specifying the participation of individual countries based on entry eligibility criteria rather than on a country basis, Horizontal APL programs can accommodate changing conditions at the country level that may affect their willingness and ability to participate in the program.
Windows of opportunity	Support at the national level is determined by a wide array of conditions, which are in constant flux. Horizontal APLs make it easier to capitalize on existing windows of opportunity by focusing first on countries where more favorable conditions exist. That, for example, was the case in the Dominican Republic and Barbados, where there was strong support for scaling up HIV/AIDS programs at the national level. Favorable conditions increase the likelihood of early successes, which, in turn, increases potential interest in the program among other countries, thus setting in motion a favorable cycle.
Flexible access and exit strategies	Horizontal APLs provide flexible entry/access to both Borrowers and the Bank. Borrowers do not contract any debt obligation until the signing of its individual loan/credit, which gives them flexibility in terms of joining the Program. Likewise, the Bank can decide not to follow with the subsequent phases (new loans/credits to individual countries) if, for example, conditions change or implementation experience indicates that the program is no longer relevant or effective.
More flexible commitment of funds	The APL instrument gives the Bank the flexibility to match its IBRD and IDA commitments to the pace of its clients. For example, in the case of the ECSEE Program, the use of a regular investment loan instrument would have required the Bank to commit the full financing (i.e., US$1.0 billion) upfront and would similarly have required the borrowers to assume these debt obligations well ahead of being able to actually utilize the funds.

Added Potential Advantages of Horizontal APLs

Horizontal APL Programs also offer several potential advantages. However, the degree to which individual Horizontal APL Program capitalize on them depends on: i) the characteristics of the development theme; ii) the characteristics of the participating countries; and iii) the specific design of individual programs and operations. The potential advantages of Horizontal APL Programs can be summarized as follows:

Table 5 –Potential Advantages of Horizontal APL Programs

Advantages that Depend on the Nature of the Development Theme	
Economies of scale	Horizontal APLs can provide ways of achieving economies of scale in the production of public or marketable goods and services, and thus generate increased efficiencies in the achievement of national goals. Such efficiency gains can be particularly valuable for countries with small economies or limited human and financial resources. For example, the Skills for Inclusive Growth Project for OECS countries has permitted to expand both the demand and supply universe for training programs in small Caribbean countries.
Positive Externalities	Given their multicountry nature, Horizontal APLs can help capitalize on cross-border positive externalities. In the absence of market solutions or other automatic means to account for and assign the benefits from externalities, too few positive externalities (or regional 'goods') will be supplied if cooperative, multicountry arrangements are not in place. In the case of Africa's Communication Infrastructure Project, the Horizontal APL Program is expected to play an important role in ensuring seamless connectivity, harmonized policy frameworks and increased scale economies across participating countries.
Negative	Horizontal APL Programs can help minimize cross-border negative externalities

Externalities	(regional 'bads') and, as a result, reduce their costs. In the case of the HIV/AIDS and the Avian Flu Pandemic programs, the control of negative externalities across countries is critical to ensuring the containment of these epidemics.
Advantages that Depend on Characteristics on Participating Countries	
Reduced transaction costs	Horizontal APLs are envisioned as a potential way to reduce the cost of preparing and supervising small operations (as a ratio of administrative budget over dollars lent). Lower transaction costs, both to countries and the Bank/IDA, are expected as a result of streamlined approval procedures, generic prototypes and templates to be used in project preparation, as well as economies of scale and task-sharing during project implementation and supervision. Geography—proximity in particular—is an important factor determining the extent of the cost reductions.
Regional dimension	Horizontal APL Programs can help promote regional economic integration and support the harmonization of regional policies and regulations. Enhanced regional coordination as a step toward regional integration has been particularly important in the Horizontal APL Programs in OECS and South East European countries.
Advantages that Depend on the Program Design	
Enhanced learning	Through the exchange of information and sharing of experience of country-specific projects, Horizontal APLs permit to incorporate into subsequent phases the lessons learned in earlier ones. Likewise, Horizontal APL Programs open the possibility for enhanced learning at the program level. For example, the second phase of Africa HIV/AIDS Program (MAP II) was designed taking into consideration the lessons learned during the implementation of MAP I. Moreover, Africa's MAP HIV/AIDS Program offers an excellent illustration of how to explicitly design instruments for systematic, ongoing knowledge building.
Donor coordination	Horizontal APL Programs can help increase donor harmonization and coordination and, as a result, enhance the effectiveness of aid and external financing while reducing the burden on the recipient countries' institutional capacity. The Global Program for Avian Influenza and Human Pandemic Preparedness and Response (GPAI) offers a valuable example on how to promote donor coordination at the various stages of the program life cycle.

Adapting Horizontal APLs for Small Countries

In an attempt to reduce the cost of doing business with the World Bank by its small state members, the Small Country Umbrella Program (SCUP). Concept was developed.[5] Specifically, SCUPs would enable smaller borrowers to access IBRD and IDA funds, subject to normal Country Assistance Strategy (CAS) cases and triggers, but in smaller amounts and with reduced processing cost to the borrower and Bank. The SCUP is not a new lending instrument, but rather a methodology for applying existing Bank lending instruments, primarily APLs, to small state countries.

The main characteristics of the SCUP can be summarized as follows:

a. Small individual loans/credits/grants would be in an amount between US$500,000 and US$5 million for projects that form part of an overall umbrella program with a unifying strategic theme or purpose.

[5] World Bank (2008), *Process Simplification Proposal - Investment Lending to Small Countries through a Small Country Umbrella Program (SCUP)*, LCC3 for the Caribbean & EACNQ for the Pacific Islands, Draft 20 February 2008, Washington, DC.

b. The SCUPs would focus on either: i) a multi-sector/one-country umbrella program—i.e., a traditional APL; or ii)a one-sector/multi-country umbrella program—i.e., a Horizontal APL.

c. Loan application procedures would be simplified as the result of the adoption of standardized format and user-friendly documentation.

d. The SCUPs would be subject to the same streamlined appraisal process and approval procedures as APLs.

e. Participating borrowers would be required to establish Central Program Coordinating Units (CPCUs) or use line ministries with capacity to implement Bank projects.

f. In the case of multi-country SCUP programs, the participating countries may opt to have a level of coordination in addition to country CPCUs—regional or multi-country CPCUs. If so, an appropriate agency—existing or specially formed—could establish a multi-country coordination unit that would function as an "apex" project coordination unit for the national CPCUs of its member countries. The Bank would mobilize financing for the unit, which could come through a parallel IDA grant, charge-backs to countries for incremental operating costs, parallel implementation PHRD grants, or grants from partner donors.

g. With regard to disbursements, an initial deposit in an authorized amount would be disbursed upon signature of the legal agreement. Further disbursements would be based on report-based mechanism with a maximum of two disbursements annually. The CPCU or equivalent entity would manage the special account(s) and would be responsible for procurement. Audits would be carried out by auditors appointed from a shortlist of acceptable auditors approved by the respective regional financial management team at the Bank.

h. SCUPs would include only projects in categories B and C—category A projects would not be eligible under SCUPs.

The SCUP model and its future implementation experience could be a valuable blueprint for adapting Horizontal APL Programs to the specific needs of small countries.

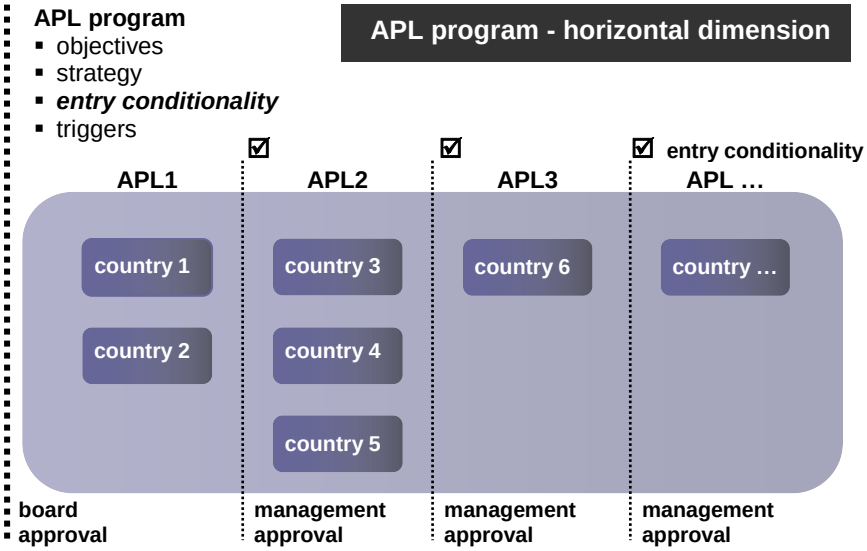
Structuring of APL Programs

Horizontal APL Programs can be structured in different ways to allow for: a) the incorporation of multiple participating countries into the overall program over time (i.e., the so-called 'Horizontal' dimension); b) additional financing for scaling-up the program in participating countries (i.e., the so-called 'Vertical' dimension); and c) various degrees of up-front preparation efforts (i.e., so-called 'front-loading').

Horizontal (Multicountry) Dimension

The horizontal phases of most APL programs are structured in a similar way. The first phase introduces the overall program (i.e., program purpose, project development objectives, phases and corresponding entry conditionality, key performance indicators), as well as the first country (or countries) to join the program (i.e., strategic context, project description, rationale, and analysis, sustainability and risks at the country level). Successive phases focus on the incorporation of one or more countries into the overall program once they can demonstrate their readiness. While each horizontal APL phase has its own number, there is no numeric linearity—e.g., APL 3 can go before APL2 if and when ready (see Figure 1 and Annex 2 for a detailed description of the structuring of individual APL programs).

Figure 1 – Horizontal Structuring of APL Programs



Entry of individual countries to the Horizontal APL Program is based on entry conditionality that is defined ex-ante. This entry conditionality is a key element of the Horizontal APL Program and is presented to the Board at the time of the approval of the overall program. It constitutes one of the main criteria to determine the approval of the successive APL phases. This conditionality is aimed primarily at ensuring that countries are ready to be included in the overall program. It includes provisions such as the following ones:

Table 6 – Typical Entry Conditionality for Individual Countries ('Horizontal' Dimension)

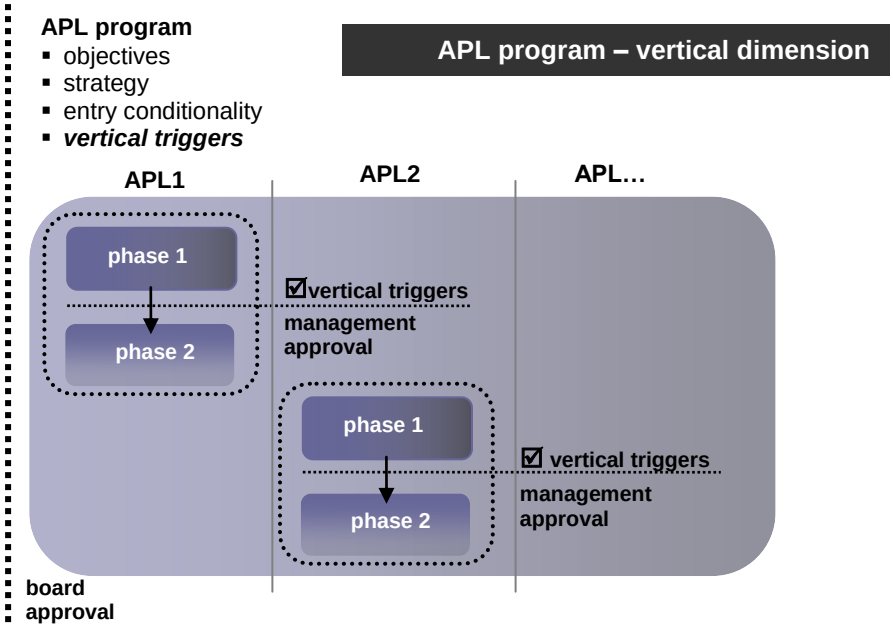
Typical Entry Conditionality for Individual Countries in Horizontal APL Programs (*Horizontal Dimension*)
Macroeconomic conditions
▪ Creditworthiness indicators (i.e., net international reserves, debt to GDP and debt service to exports of goods and non-factor services) within reasonable ranges.
Country-specific program strategy
▪ Satisfactory national strategic plan in place, showing understanding of the key issues and goals for addressing them, actions adapted from best practices, evidence of strong public support and a well balanced range of stakeholders. ▪ Satisfactory implementation strategy in place detailing program execution plans by participating actors both within and outside the public sector.
Demonstrated commitment and leadership at the national level
▪ A national leader/champion with sufficient stature to direct the effort. ▪ Evidence of budgetary support. ▪ Multisector task-force in place, if needed.
Robust implementation arrangements
▪ Well defined institutional arrangements, including clear definition of the responsibilities and prerogatives of participating government agencies. ▪ Sturdy and sustainable implementation arrangements (financial, legal, procurement, regulatory). ▪ Well structured project management unit, capable of initiating, monitoring, and evaluating project progress and impact. ▪ Sufficient technical capacity in the area of procurement and financial management.
Readiness
▪ Detailed work program for Year 1 of implementation. ▪ Tender documents and terms of reference ready for activities to be implemented in Year 1.

In the case of some Horizontal APL Programs, other donors and partners have input in determining whether individual countries have met entry conditionality. This type of mechanism helps to capitalize on the know-how of other international and regional organizations, promote harmonization and collaboration among donors and reduce the level of discretion in decision making. One example is the Multicountry HIV/AIDS Prevention and Control Program for Caribbean countries.

Vertical (Scaling-up) Dimension

Some Horizontal APL Programs also include mechanisms to scale-up financing in participating countries (i.e., 'vertical' dimension). For example, in a multicountry program, the APL in a particular country may start as a 'Horizontal' APL—i.e., once it meets the entry conditionality criteria to join the multicountry APL program—and continue as a 'Vertical' APL—i.e., once it meets the triggers specified upfront for subsequent 'vertical' phases (see Figure 2). This type of program, which includes both a horizontal and a vertical dimension, is known as 'Mixed' or 'Diagonal' APL Programs. New 'Mixed' APL approaches are evolving continuously at both the multicountry and sub-national level, further expanding the APL's original concept.

Figure 2 – Vertical Structuring of APL Programs



In the case of 'Mixed' APL Programs that include 'vertical Phases,' triggers are defined at the time of program preparation and, consequently, approved by the Board as part of the initial approval process. These triggers are designed to ensure that participating countries access the follow-on phase of their respective loans only once they have demonstrated their readiness to scale-up the program. Unlike 'horizontal' phases, in which the linearity of individual phases is unimportant (i.e., the entry of individual countries depends only on their readiness), 'vertical' phases must be linear—i.e., APL 1- Phase 1 comes first, followed by APL 1 - Phase 2 once the corresponding triggers have been met, and so on. The OECS E-Government Project serves to illustrate the 'Mixed' APL approach, as it incorporates vertical phases for scaling-up the program in participating countries.

Approval of a subsequent 'vertical' phase of an APL is at the RVP level, as long as the preceding APL phase is being implemented successfully, the triggers identified under the overall APL are met, and there are no significant changes with respect to the original APL program, including the overall planned commitment of funds.

In the case that any of these conditions do not hold, countries participating in a Horizontal APL program can access additional financing to scale-up activities under other modalities, such as:

i. *Additional financing:* The Africa HIV-AIDS MAP Program allows for scaling up actions in individual countries through the recently approved Additional Financing mechanism. In this case, the approval decision is made at the Board. Some redesign is permitted.

j. *Self-standing operations:* In those cases in which APL programs have exhausted their resources, demands for additional financing were eventually satisfied with self-standing investment operations (i.e., St. Lucia's LC Disaster Management Project II, which is a follow-on operation of a previous Horizontal APL program). In this case, standard investment operations procedures are followed for preparation and approval.

k. *'Floating' financing for participating countries:* The OECS Emergency Recovery and Disaster Management Project included a 'floating' APL phase aimed at providing finance for additional physical investments and longer-term institutional strengthening to participating countries based on the needs identified during earlier phases of the APL. This phase was eventually cancelled due to lack of funds, as the countries participating in the second phase of the APL (APL 2) required more funds than originally anticipated due to Hurricane Lenny.

l. *Contingency financing:* The OECS Emergency Recovery and Disaster Management Project also included a contingent APL phase aimed at providing additional financing to any participating OECS countries (i.e., those that had signed up for either Horizontal APL-1 or APL-2) in the event that a severe natural disaster struck during the program period (approximately six years). This phase ran in parallel with the APL 1 and APL 2 and was available until program completion.

Front-loading versus Back-loading

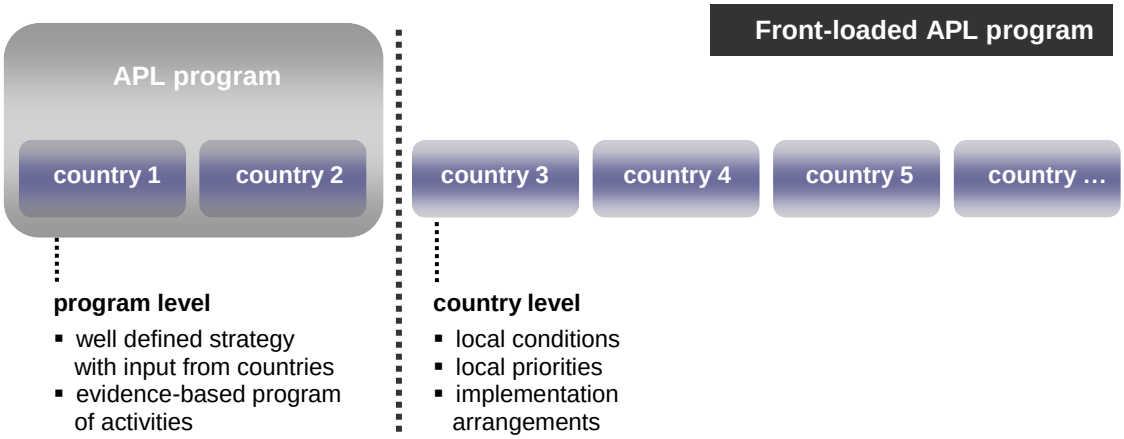
Horizontal APL programs exhibit different degrees of front-loading of preparation efforts depending on: a) the level of substantive knowledge regarding how to tackle a particular development challenge; and b) the level of commitment from participating countries that exists at the beginning of the program. When upfront substantive knowledge and commitment are high, Horizontal APL Programs tend to up-front preparation efforts, emphasizing the preparation of the program as a whole. Conversely, when upfront knowledge and commitment are weak, Horizontal APL Programs tend to back-end preparation efforts, emphasizing the preparation of individual APL phases. Although the degree of variability between up-front and back-end preparation efforts takes place, of course, over a continuum, it is useful for illustrative purposes to examine the extremes.

Front-loading of APL Programs

The OECS E-Government Program for Regional Integration offers a good illustration of a front-end Horizontal APL program. Early on in the program design process, there was a high level of

level of definition of both: a) the e-government strategy; and b) the participation of individual countries, which was determined by the OECS membership. As a result, the bulk of program definition efforts was up-front, resulting in a well-defined overall framework as well as a detailed program of activities. A large number of countries were involved in project preparation, thus maximizing the potential for economies of scale and horizontal learning. During each preparation mission, members of the Bank team visited each of the island countries. Each mission then concluded with a joint meeting with representatives of all participating countries. This 'front-loaded' approach toward program preparation will also help ensure the quality of subsequent APL operations, as individual countries will build upon an already robust program, adapting it to local conditions and priorities (see Figure 3).

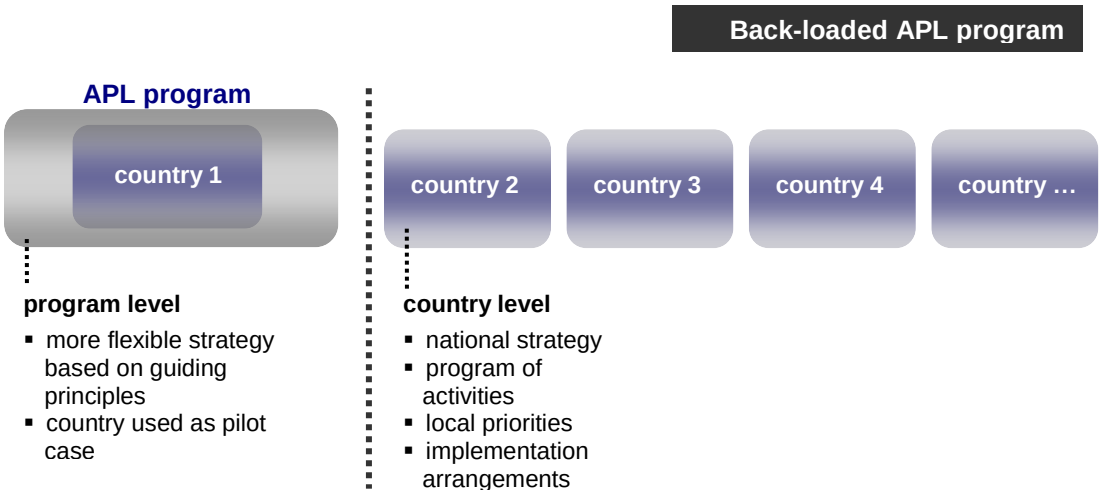
Figure 3 – Front-loading of Horizontal APL Programs



Back-loading of APL Programs

The Africa Multicountry HIV/AIDS Program (MAP I) serves to illustrate back-end preparation efforts. This modality was adopted mainly as a result of two factors: i) the emergency nature of the HIV/AIDS epidemic in Africa that called for swift, rapid action; and ii) the recognition that systematic knowledge on what worked and did not work was still lacking. While some countries in Sub-Saharan Africa had made progress in reversing the spread of the epidemic—most notably Senegal and Uganda—most of them had not. To accommodate for the need of swift action and the lack of robust substantive knowledge, the strategy adopted by the Africa MAP Program focused on defining the main operating principles for the program at the time of its preparation—such as promoting wider engagement of stakeholders and a decentralized approach—while leaving national programs and operational plans to be defined under the APLs of individual countries (see Figure 4). Instruments for systematic knowledge-building were incorporated into the program design to monitor the effectiveness of various strategies being implemented by individual countries and to draw lessons to be incorporated into a subsequent MAP program phases. This 'back-loaded' approach toward program preparation provided enough flexibility for countries to design their own national programs according to local conditions. It also maximized the potential for innovation.

Figure 4 – Back-loading of Horizontal APL Programs



The relative advantages and disadvantages of front-end or back-end Horizontal APL Programs can be summarized as follows:

Table 7 – Front-loaded versus Back-loaded Program Preparation: Advantages and Disadvantages

Strategy	Advantages	Disadvantages
Front-loading	▪ Guarantees minimum quality at the country level ▪ Maximizes economies of scale ▪ Promotes consensus building	▪ Requires sound, substantive and operational knowledge ▪ Requires sufficient commitment from countries ▪ Requires substantial up-front preparation resources
Back-loading[1]	▪ Does not require up-front knowledge; it allows for incremental learning. ▪ Allows for different strategies at the country level ▪ Maximizes the potential for innovations ▪ Does not require up-front commitment from various countries. ▪ Requires less up-front preparation resources	▪ Country programs might lack sufficient definition (i.e., risk of shallow 'cookie cutter' approach at the country level) ▪ Diminished economies of scale, as each country must develop its own program.

[1] When adopting a back-loaded approach, the umbrella PAD to be reviewed by the Board should present a clear justification.

Country versus Regional Focus of Horizontal APL Programs

Depending on whether the program's main focus is at the country level or at the regional (or sub-regional) level, Horizontal APL Programs can be characterized as multicountry or regional

programs, respectively.[6] In the case of regional programs, the regional focus weighs far more than the country focus and, as a result, they require a significant level of upfront consensus among the participating countries.

The adequacy of Horizontal APL Programs to support multicountry and regional projects is significant, as these projects are gradually becoming more important, with net commitments increasing from an insignificant level in FY01 to $1.2 billion in FY06—with most of the increase in the Africa Region. The multicountry portfolio is mainly focused on regional infrastructure, such as power and gas grids, export promotion through trade facilitation, transport corridors and financial sector integration.[7]

Multicountry Horizontal APL Programs

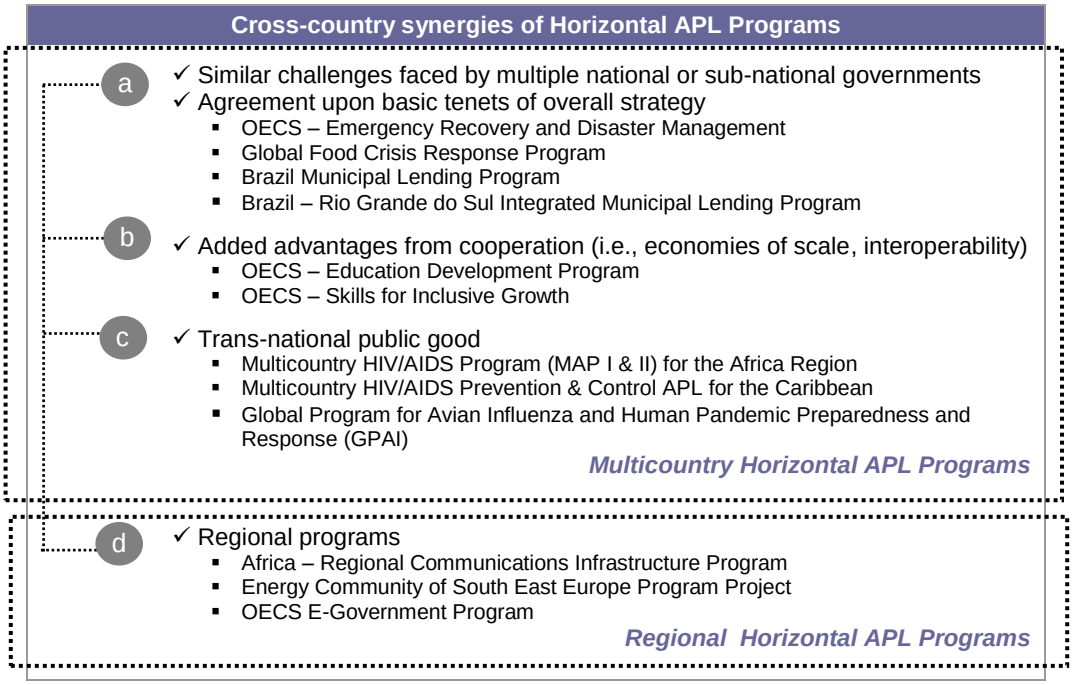
Horizontal APL Programs are suitable in the case of multicountry initiatives in which several countries (or sub-national governments) face a similar development challenge but, at the same time, there is a significant array of variation in the technical assistance and investments needs of the individual participants.

While the main focus of multicountry Horizontal APL Programs is at the country level, they still allow for various levels of positive cross-country synergies (see Figure 5). First, the adoption of a Horizontal APL Program requires at a minimum that participating national or sub-national governments: i) face similar challenges; and ii) agree upon the overall strategy to tackle them. In this way, there is a potential for horizontal learning and reduced transaction costs in project preparation and supervision. Second, in some cases there are added advantages from multicountry operations, such as, for example, capitalizing on economies of scale from the purchase of specialized equipment, the development of tools, and expanded supply and demand universes. Third, multicountry Horizontal APL Programs are suitable to address trans-border externalities (both positive and negative) that require coordinated actions by multiple countries. For example, a purely 'national' approach would have been ineffective in the HIV/AIDS prevention in the Caribbean and African countries due to trans-national external factors such as population movement and other historical, social and economic factors. Horizontal APL Programs can also be effective in supporting countries that are moving toward integration, ensuring the harmonization of policy and regulatory frameworks. Despite the presence of trans-border externalities, in all these cases the main focus remained at the country level.

[6] By definition, all regional programs are multicountry programs. In this report, however, multicountry programs refer specifically to those with a focus primarily at the country level rather than at the regional level.

[7] Out of a total of $95.2 billion of net commitments Bank-wide in FY06 (QAG, 2007).

Figure 5 –Country and Regional Focus of Horizontal APL Programs



Regional Horizontal APL Programs

Horizontal APL Programs are also highly suitable to tackle development challenges at a regional or sub-regional scale under the so-called 'regional programs' (see Figure 5). In addition to funding primarily regional-level investments, according to the IDA definition, a multicountry program needs to meet the following eligibility criteria to be considered a regional program:

- It must 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).
- Benefits, either economic or social, should spill over country boundaries (i.e., that generate significant positive externalities or mitigate negative ones). Moreover, the specific investments proposed within a regional project should have clear externalities, not just the regional concept itself.
- There should be clear evidence of both country or regional ownership, which demonstrates commitment of the majority of participating countries; and
- It must be part of a well-developed and broadly supported regional strategy that can provide a platform for a high level of policy harmonization between countries.

While regional programs can be structured using any type of investment instrument, such as a SIL, FIL, ERL, TAL, or an APL, they are generally structured as Horizontal APLs, mainly because of the phased entry of countries upon reaching readiness.

Other findings related to multicountry and regional Horizontal APL Programs can be summarized as follows:

- *The stronger the cross-border interrelations in the development challenge being addressed, the higher the suitability of Horizontal APL Programs and the potential to capitalize on the advantages that they offer.*
- *All programs recognized the potential benefit of encouraging the sharing of facilities, practices, and information among participating countries.*
- *In some cases, Horizontal APL Programs helped promote further regional economic integration and support the harmonization of regional policies and regulations.* Enhanced regional coordination as a step toward regional integration has been particularly important in the Horizontal APL Programs in OECS and South East European countries.
- *Regional institutions can play a key role in program implementation.* For example, the OECS E-government Program will be implemented by the OECS Secretariat' Regional E-Government Unit (REGU). To ensure an effective project implementation, the organizational structure will be defined at two levels: regional and national. At the regional level, two new structures have been created, the Regional Technical Committee (RTC) for the project and the regional E-Government Unit (REGU), which will be a specialized unit within the OECS Secretariat, the implementing agency for the project. At the national level, the project will be coordinated by the respective ICT or e- government units, which will be the national focal points for the project and will provide assistance to the REGU in implementing the relevant activities at the national level.
- *A robust institutional infrastructure as well as leadership from regional or international financial institutions is needed to support regional efforts and synergies*. If not yet in place, it is unrealistic to expect that it can be developed in the framework of a single individual operation, regardless of its multicountry nature.

Institutional Architecture of Horizontal APL Programs

Horizontal APL Programs exhibit a wide variation in terms of their institutional architecture that reflect the needs of the individual programs to accommodate: a) multiple sectors; b) multiple stakeholders; c) systematic learning; and d) donor coordination.

Multisector Operations

Many of the development challenges tackled using Horizontal APL Programs are multisector in their nature, including the HIV/AID epidemic, the avian flu pandemic, the food global crisis, and emergency relief and disaster management (see Table 8).

Table 8 – Selective Examples of Multisector APL Programs

Development Challenge	Multisector Nature
Emergency Recovery & Disaster Management Project	**Natural disasters have widespread effects, affecting all sectors:** Natural disasters caused by hurricanes, tropical cyclones, earthquakes and floods can have devastating, far reaching effects affecting economic activities, property, human welfare and natural resources. Thus, multisector efforts are needed not only in emergency recovery but also in long-term efforts aimed at prevention, mitigation and risk management in general.
HIV/AIDS	**The HIV/AIDS is a major development crisis affecting all sectors:** Past HIV/AIDS

Epidemic	were solely the responsibility of ministries of health, which seldom had the authority or experience needed to coordinate the many stakeholders in different sectors needed for effective prevention, care and treatment. Likewise, programs were concentrated at the central level, with little effort or involvement from regions and communities. There is now growing consensus on the need of a national response involving all sectors. This national multisector strategy should be both well-coordinated and decentralized to move quickly toward comprehensive national coverage.
Avian Flu Pandemic	**Avian influenza control is multisectoral in nature:** It involves many players, including those in the areas of health, agriculture, economics, finance, and planning, among others. At the country level, in particular, an integrated, multisectoral response is needed based on clear shared objectives. Responses must address both the animal health and human health dimensions and also implement appropriate social measures (quarantines, transport restrictions, mass communication strategies).
Global Food Crisis	**The overall policy response to rising food prices is multisectoral:** It should encompass several of the following areas, with the specific mix depending on country conditions: targeted unconditional cash transfers, conditional cash transfers, food stamps and food rations, school feeding, and public works.

Undoubtedly, the multisector scope increases the complexity of Horizontal APL programs, as is the case with any other lending instrument. However, Horizontal APLs can effectively accommodate multiple sectors provided that the program design includes robust mechanisms for program coordination and, to the degree possible, mainstreams the program activities into regular government operations and provision of services. Some important considerations that need to be taken into consideration when designing multisector Horizontal APL Programs include:

- *Strong political support from key national authorities is a condition sine qua non for the successful implementation of multisector programs.*
- *Ensuring coordination across multiple sectors is always a challenge.* One of the lessons learned shared by many of the ICRs reviewed pointed to the need to further enhance coordination.
- *Despite its operational and logistical challenges, a decentralized implementation approach seems like the best option.*
- *When decentralizing implementation, it is important to strike a balance between ensuring accountability and allowing enough flexibility in procurement procedures.*
- *The Bank, through its regular supervision missions, also contributes to aligning responsibilities and coordinating across sectors.*

Multiple Stakeholders

Many of the development challenges tackled using Horizontal APL Programs involve stakeholders beyond line ministers at the national level, to include also sub-national governments, community-based organizations (CBOs), non-government organization (NGOs) and the private sector. Typical implementation arrangements to support a decentralized implementation approach for a multiple stakeholders are shown on Table 9.

Table 9 – Typical Institutional Architecture of Multisector Horizontal APL Programs

Typical Institutional Architecture of Horizontal APL Programs with Multiple Stakeholders
Overall program coordination
▪ Multisector National Council to serve as a steering committee to coordinate policy issues, recommend the selection of priority investments, and assist in ensuring compliance of government commitments. ▪ Such council to have representation from main stakeholders, including representatives of relevant sector ministries involved in the project, as well as representatives from the private sector and NGOs ▪ Such council to be responsible for ensuring coordination, adequate implementation, monitoring and evaluation. ▪ Such council to be set up in high-level government entity and chaired by a high-ranking official.
Implementation at the ministry level
▪ Each public sector project component to be implemented by the respective line ministry responsible for that component. ▪ Project Coordinating Units (PCU) to be set up in each line ministry: Existing coordination structures operating in the sector ministries/agencies or working to support Bank-financed operations in the individual sectors to be entrusted with coordination of Program activities, as well as fiduciary tasks of procurement and financial management. ▪ PCUs to report to the National Council. ▪ A Project Coordinator assigned by each ministry to coordinate and monitor implementation progress according to the agreed upon performance indicators and report to the World Bank. ▪ Each PCU to be strengthened by recruiting additional staff/consultants, including a project Financial Manager and a Contract Management Specialist to be financed by the program in each PU for the duration of the project, who will be familiar with Bank procedures and guidelines for administration and management of funds.
Implementation at the sub-national level
▪ At the sub-national level (regional, provincial/state and local), implementation to be the direct responsibility of the corresponding level of government. ▪ A decentralized project coordination system to be established by each participating ministry to coordinate and monitor implementation progress at other level of government, according to agreed-upon performance indicators.
Implementation of private sector and community-based initiatives
▪ Implementation to be done by NGOs, CBOs, local governments, and any other participating civil society entity. ▪ A decentralized project coordination system to be established by each participating private sector organization to coordinate and monitor implementation progress at all levels, according to agreed-upon performance indicators. ▪ Where necessary, the project to finance the contracting of a financial management firm for the duration of the project, for administration and management of funds.

Systematic Learning

Horizontal APL Programs have great potential for 'learning by doing' and systematic institutional learning. Specifically, Horizontal APL Programs allow for many instances of learning and cross-fertilization among participating countries, which can be grouped as follows:

a. *Joint learning*: Through the periodic exchange of information and sharing of experiences, individual countries can learn from and support each other during program preparation and implementation. This has been the case in many of the Horizontal APL Programs for OECS countries.

b. *Phased learning:* Given their phased nature of Horizontal APL Programs, individual countries can incorporate the lessons learned during earlier phases of the program into their own APL phase.

c. *Program-level learning:* Horizontal APL Programs open the possibility for enhanced learning at the program level. For example, the second phase of Africa HIV/AIDS Program (MAP II) was designed taking into consideration the lessons learned during the implementation of MAP I.

d. *Long-term learning:* Several programs have supported the establishment of multicountry knowledge sharing networks to help maintain knowledge building beyond the life of the program.

However, deliberate efforts are needed to fully capitalize on the learning potential of Horizontal APL Programs. Learning mechanisms and Monitoring and Evaluation (M&E) systems cannot be an afterthought but instead have to be conceived as an integral element of the overall program. Horizontal APL Programs that have been more successful in promoting cross-fertilization among participating countries at all stages of the project cycle and generating institutional learning have included specific learning mechanisms in the program's design and have made them a priority during implementation. Within the Bank, Africa's MAP HIV/AIDS Program offers an excellent illustration of how to explicitly design instruments for systematic, ongoing knowledge building at the institutional level. Some specific examples are shown on Table 10:

Table 10 – Selective Examples of Mechanisms to Promote Systematic Learning

Stage in Project Cycle	At the Country Level	At the Bank Level
Preparation	**Joint preparation efforts** ▪ *OECS E-government Project:* Each preparation mission included visits to individual countries and concluded with a joint meeting of all participants. Extensive up-front consultations took place, including meetings with 70 decision-makers in all OECS countries and stakeholder organizations during the first mission, a follow-up Stakeholder Workshop; further consultations, and an appraisal and technical discussions workshop.	**Horizontal learning** ▪ *Africa HIV/AIDS Program:* The regional level-MAP Unit (AIDS Campaign Team for Africa - ACT Africa) has input in the preparation of new operations, thus maximizing horizontal learning across the region.
Implementation	**Cross-support during implementation** ▪ *OECS Emergency Recovery and Disaster Management Project:* Annual meetings were held in which participating countries shared their experiences and challenges with project implementation.	**Systematic pulse-taking** ▪ *Africa HIV/AIDS Program:* ACT Africa conducts regular pre- and post-mission briefings and debriefings of the teams that work on preparation and supervision and collect feedback from the monitoring and evaluation systems of the operations. ▪ ACT Africa has its own resources, which are often assigned to projects that are at risk.
Long-term Learning	**Long-term learning mechanisms** ▪ *OECS Education Development Program:* It has supported two learning mechanisms: i) the Education Knowledge Management Network (EKMN) to promote sharing of information among policy makers and practitioners in the Caribbean; and ii) the Caribbean Knowledge Learning Network to provide distance training opportunities for teachers. ▪ *OECS E-government Project:* It supports the Network of E-Government Leaders of Latin America and the Caribbean, a broad partnership aimed at promoting horizontal cooperation.	**Institutional learning** ▪ *Africa HIV/AIDS Program:* ACT Africa acts as a 'think tank', actively learning and reflecting upon individual projects. ▪ Lessons of experience are disseminated regularly by ACT Africa to the task teams, as well as to a wider audience through the IPAA, and the UN-AIDS knowledge management and best practice system. ▪ Lessons learned during MAP I were incorporated into the design of MAP II.

Donor Coordination

Horizontal APL Programs can help increase donor harmonization and coordination and, as a result, enhance the effectiveness of aid and external financing, while reducing the burden on the recipient countries' institutional capacity. Likewise, by allowing for the 'pre-commitment' of significant resources, Horizontal APL Programs can help bring added exposure to the Bank's efforts and increase its leverage among both individual countries and donors.

There were varying degrees of coordination among donors in the Horizontal APLs that were analyzed. Two main observations are particular noteworthy—albeit not surprising: i) the more mature the institutions at the regional level, the easier the coordination among donors; and ii) a strong sense of urgency, such as in the case of the HIV/AIDS epidemic in Africa or the Avian Flu pandemic, can be an effective trigger for scale-up international assistance and donor coordination. Other findings regarding donor coordination can be summarized as follows:

- *Need for donor coordination as a common denominator.* All operations recognized the importance of strengthening donor coordination, either up-front or as a lesson learned after program implementation. While all programs claim to have been designed in collaboration with donors and other international organizations active in the region, it is clear that there are various degrees of cooperation behind that statement.
- *Regional initiatives can catalyze donor coordination.* When the Horizontal APL program was conceived as part of a regional or global initiative, it was easier for donors to exercise their preferences and comparative advantages and complement each other. For example, in the context of the 2000 HIV/AIDS Conference sponsored by the Government of Barbados, PAHO/WHO, UNAIDS and the World Bank, donors offered their support to the commonly agreed regional HIV/AIDS strategy. In this context, the World Bank's HIV/AIDS Horizontal APL served to complement other donors' efforts by committing resources at the country level. As a result, the roles and responsibilities of the various donors, including the Bank, were clearly defined at the onset of the preparation of the HIV/AIDS Horizontal APL for the Caribbean Countries.
- *Donor coordination was not apparent during the implementation of most programs.* There were, however, some mechanism for donor coordination during implementation: i) other donors had input in determining the readiness of individual countries to enter the program in the case of the HIV/AIDS Program for Caribbean Countries; ii) the OECS Education Development Project provided direct support to the development of mechanisms for sharing experiences among participating countries and facilitating donor coordination; and iii) it also supported the establishment of a multidonor Education Project Management Unit to oversee all externally financed education projects; thus, fostering donor coordination at the country level.
- *The more mature the institutions at the regional level, the easier the coordination among donors.* For example, the series of OECS programs exhibit an increase in coordinated actions between individual countries and donors, which, in turn, are a reflection of the growing regional integration and the strengthening of regional bodies.

- *Catastrophes and crises open windows of opportunity:* As mentioned earlier, a strong sense of urgency can effectively focus international attention on a particular development issue, such as the HIV/AIDS epidemic, a potential human pandemic, or, more recently, the food crises. As a result, substantial international assistance is mobilized and donor coordination is heightened as a result of the need for fast, coordinated action and the limited capacity of both donors and aid recipients. Unfortunately, the challenge is to sustain the momentum over time.

In the context of donor coordination, it is important to underscore the achievements of the Global Program for Avian Influenza and Human Pandemic Preparedness and Response (GPAI). This program offers an excellent illustration of how to help harness massive aid into a particular development issue by promoting donor coordination at the various stages of the program life cycle (see Table 11). Since the threat of a highly pathogenic avian influenza (HPAI) pandemic mobilized the international community in 2003, the donor community has pledged roughly US$2.7 billion in aid, of which US$1.5 billion have been already disbursed. Undoubtedly, the US$500 million GPAI Horizontal APL Program helped bring visibility to the Bank's efforts and gave it the additional leverage needed to play a leadership role among donors.

Table 11 –Donor Coordination under the GPAI Program

Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI)	
Global Framework for Avian Influenza Control	**International agencies with specific technical know-how are vital pillars of the global Avian Flu control framework** ▪ The Bank's Program is consistent with the Global Strategy for the Progressive Control of Highly Pathogenic Avian Influenza prepared by the Food and Agricultural Organization (FAO) and World Organization for Animal Health (OIE). ▪ Likewise, the World Health Organization (WHO) has defined phases in the evolution of an influenza pandemic which allow for a step-wise escalating approach to preparedness planning and response leading up to the declaration of the onset of a pandemic.
Harmonized Financial Framework	**Financing Framework** ▪ A WHO/FAO/OIE/WB meeting in Geneva (2005) strongly endorsed the need to finalize the cost of integrated, country plans, and the regional and global requirements to support them. It also endorsed the need to spell out the financing framework at the country level to respond to such costs, in preparation for the meeting to be hosted by the Government of China in January 2006. **Matching country needs with donors' skills and interests** ▪ The Bank played a key role as a convener, providing leadership in the efforts to address the potential Avian and other Human Pandemic Influenza. ▪ The Beijing Pledging Conference held in 2006 was a major cornerstone. It convened both donors and countries. It served to match national priorities with donors' interests and competitive advantages. Specifically: i) Countries were asked to present their national strategies and corresponding activities and financial requirements. ii) Donors were given the opportunity to pledge their aid for specific activities that offered a good match to their interests and know-how. iii) Donors also agreed not to provide aid in the area of avian flu outside the framework of the program. iv) The Bank acted as a lender of last resort, providing financing for those activities that were not financed by other donors. **Multidonor Trust Funds** ▪ During the program preparation, the Bank explored alternative options for grant financing with the EC, WHO, FAO/OIE and bi-laterals and multi-laterals organizations. One outcome has been the establishment of a multidonor trust fund facility (AHIF) that primarily supports country level activities under the Bank's supervision. Another example is the PHRD Trust Fund, which is primarily funded by Japan and supervised by the Bank.
Program Coordination	**Systematic pulse-taking** ▪ The Bank's Avian and Human Pandemic Influenzas Overall Operational Response Team acts as the program's clearinghouse. Each year, it collects information from all thirty donors on their progress and publishes it on the Annual Progress Report, a joint publication with the UN System Influenza Coordinator. This, in turn, serves as an input for the annual donor conference. **Ongoing coordination** ▪ A GPAI network throughout the Bank', with staff serving as 'focal points,' helps enhance coordination within each region and the Bank as a whole, as well as between each region and the corresponding donors and partner organizations.
Country-level Coordination	**Ongoing coordination** ▪ In some countries, such as Laos, the Bank oversees the implementation of the entire Avian Flu Program, regardless of the source of funding. Twice a year, a two-week conference is held with participation from national stakeholders (both public and private) and donors, to assess progress and coordinate future activities.

Actual Performance of Horizontal APL Programs

The sustained increase in the share of APLs in the overall portfolio suggests that their long-term approach satisfies an important lending need (see Box 4). However, Bank-wide experience with APLs also shows that some of the expectations in terms of long-term commitments and enhanced cost efficiency and flexibility have not materialized. Overall, the Horizontal APL Programs included in our analysis exhibited a good performance record, particularly in terms of achievement of objectives and reduced preparation costs. However, time savings during preparation and approval vary greatly across regions and were not as significant as it could have been expected given the APL streamlined approval procedures.

Box 4. Bank-wide Experience with Adaptable Program Loans (APLs)

The long-term approach of APLs satisfies a real need: APLs have grown steady from about 2 percent of the portfolio in FY00 to roughly 12 percent of the overall investment portfolio in FY05. This confirms a growing recognition that longer-term instruments are required to achieve sustained changes in institutions, organizations or behaviors.

Expected long-term commitments have not materialized: The transition to APL follow-on phases has been slower than anticipated due to either closing-date extensions or exits from APLs by switching to other Bank instruments or financing by government or other donor resources. As a result expectations regarding long-term commitment of resources have not materialized.

Cost and flexibility: Expectations regarding lower initial costs and flexibility in implementation have not materialized as well.

Source: QAG, Annual Report on Portfolio Performance - Fiscal Year 2005

Achievement of Objectives

The Implementation Completion Reports for Horizontal APL Programs that have already closed in OECS and Caribbean countries indicate a good record of performance in terms of: a) achievement of project objectives; b) sustainability; c) Bank's and Borrower's performance; and d) and institutional development impact (see Table 12).[8] This is consistent with IEG's findings (2006), which report satisfactory outcome ratings for 87.5 percent of APLs for small states and 80.4 percent for APLs in general.

Table 12 – Evaluation of Closed APLs Operations at the Country Level

Operation	Overall Project Performance	Project Sustainability	Overall Bank Performance	Overall Borrower Performance	Quality at Entry	Institutional Development Impact
OECS - Emergency Recovery & Disaster Management Project						
Dominica	U	UN	S	U	U	M
St. Kitts & Nevis	S	L	S	S	S	SU
St. Lucia	S	L	S	S	U	S
Grenada	S	L	S	S	S	M
St. Vincent & the Grenadines	S	L	S	S	S	SU
Caribbean Countries - Multi-Country HIV/AIDS Prevention and Control Program						
Barbados	S	L	S	S	n.a.	n.a.

[8] This analysis can be expanded significantly by including not only ICR ratings from operations that have already closed on other APL Programs, but also the ISR ratings of ongoing projects.

Cost Effectiveness

According to IEG (2006), APLs have failed to significantly lower preparation costs. The results from our analysis, however, indicate that Horizontal APL Programs do indeed succeed in substantially reducing preparation costs. However, time savings in project preparation and approval vary considerably across regions.

Preparation Cost

As shown in Table 13 and Figure 6, the average preparation cost (from identification to approval) for the Horizontal APL operations included in our analysis is consistently below the average for the same group of countries and the region as a whole.[9] Specifically, the average preparation cost of all Horizontal APL operations included in the analysis amounts to US$255,000, compared to the average preparation cost of all operations approved in the same group of countries (US$351,000) and the regional average (US$346,000). This is equivalent to a cost reduction of more than 26 percent. Cost savings are observed for all regions (i.e., Africa, Eastern Europe and Central Asia – ECA, and Latin America and the Caribbean - LCR).

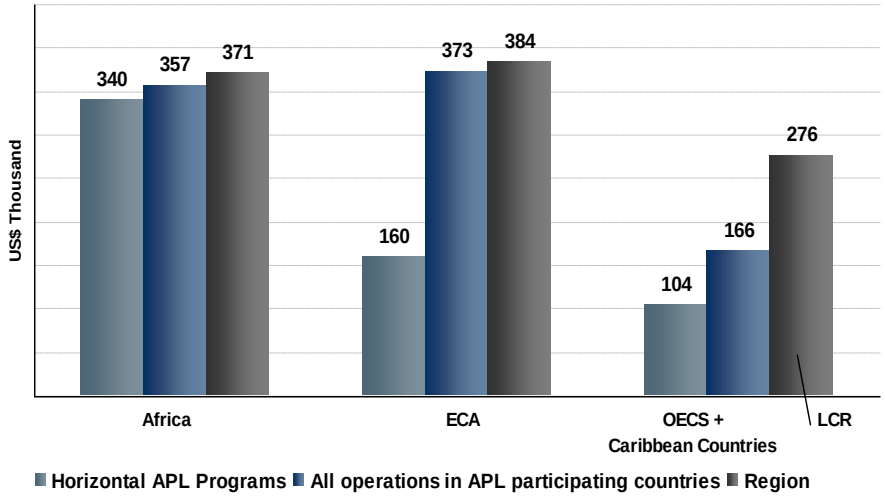
Table 13 – Average Preparation Cost for APL Programs Relative to other Operations

Preparation Costs (US$ Thousand)	**Africa**	**ECA**	**OECS + Caribbean**	**Total**
a. Horizontal APL Programs	340	160	104	255
b. All operations in Horizontal APLs countries	357	373	166	351
c. Regions (Africa + ECA + LCR)	371	384	276	346
Preparation Costs of Horizontal APLs as % of:				
All operations in Horizontal APL countries (1- a/b)	4.8	57.1	37.3	27.4
Regions (1 - a/c)	8.4	58.3	62.3	26.3

Cost savings are observed for all regions (i.e., Africa, Eastern Europe and Central Asia – ECA, and Latin America and the Caribbean - LCR). However, they are significantly lower in the case of Horizontal APL Programs in Africa. These lower cost reductions are likely to reflect the fact that Africa HIV/AIDS MAP I & II operations, which weigh heavily in the region, adopted a back-end approach toward preparation. As mentioned above, this approach tends to be less conducive to reducing transaction costs.

[9] Average cost data were analyzed at three levels: i) individual operations included within Horizontal APL Programs; ii) other operations in countries that were represented in the previous group (i.e., that participated in the Horizontal APL Programs being analyzed); and iii) all operations in the Region. The addition of the second group (ii) was important to avoid distortions when comparing the costs of individual operations in small states, such OECS and Caribbean countries, to the regional averages.

Figure 6. Average Preparation Cost for APL Programs Relative to other Operations



Preparation and Approval Times

Average preparation times of Horizontal APLs (i.e., from the Project Concept Note – PCN to appraisal) relative to other Bank operations vary greatly among regions. As shown on Table 14 and Figure 7a, the average preparation time for the Horizontal APL operations included in our analysis is below that of other operations only in the case of ECA. Specifically, the average preparation time for the ECA Horizontal APL programs is 5.5 months, which is significantly lower than the average preparation time of all operations approved in the same group of countries (7.7 months) and the regional average (8.4 months). In the case of OECS and Caribbean Horizontal APL programs, average preparation time is the same as for other projects (6.1 months).[10] In the case of Africa Horizontal APL programs, the average preparation time is shorter than the average for all other operations in the same countries (9 and 10.2 months, respectively) but longer than the regional average (8.2 months).

Average approval times of Horizontal APLs (i.e., time elapsed between appraisal and approval) relative to other Bank operations also vary greatly among regions. In the case of Horizontal APL programs in OECS and Caribbean countries, average approval times (2.1 months) are significantly lower than those of other Bank operation (3.2 months). This is not surprising, given the significant progress that OECS countries have done toward regional integration and the presence of active regional agencies. However, No significant time reductions are observed in the case of Horizontal APLs in Africa and ECA, which is surprising given their streamlined approval procedures (see Table 14 and Figure 7b).

[10] In the case of OECS and Caribbean countries, the regional average does not offer a relevant comparison, as it includes large countries such as Mexico and Brazil, in which the size of operations is manyfold larger.

Table 14 – Average Preparation Time for APL Programs Relative to Other Bank Operations

Average Preparation Time (Months)	Africa	ECA	OECS + Caribbean	Total
From PCN to Appraisal				
Horizontal APL Programs	9.0	5.5	6.1	8.0
All operations in APL participating countries	10.2	7.5	6.1	9.5
Regions (Africa + ECA + LCR)	8.2	8.4	7.5	8.1
From Appraisal to Approval				
Horizontal APL Programs	4.4	4.2	2.1	4.0
All operations in APL participating countries	4.4	3.7	3.2	4.3
Regions (Africa + ECA + LCR)	3.9	4.7	4.2	4.3

Figure7a. Average Preparation Time for APL Programs Relative to Other Bank Operations

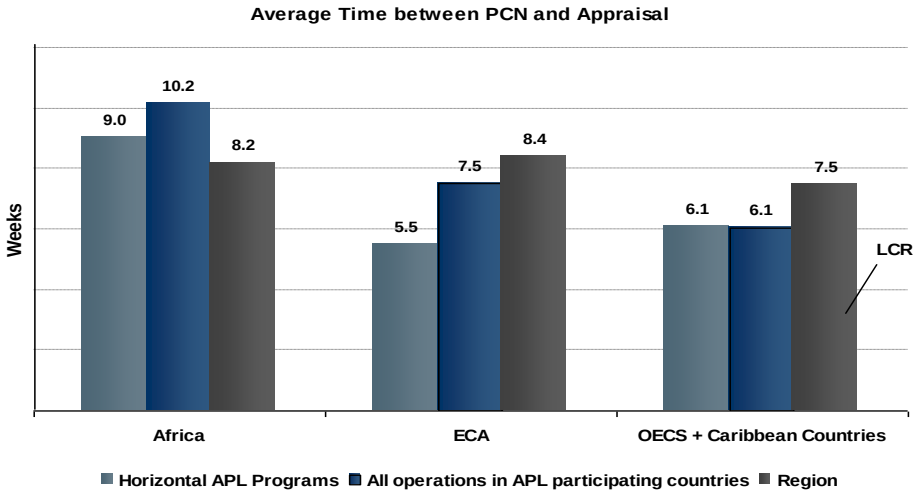
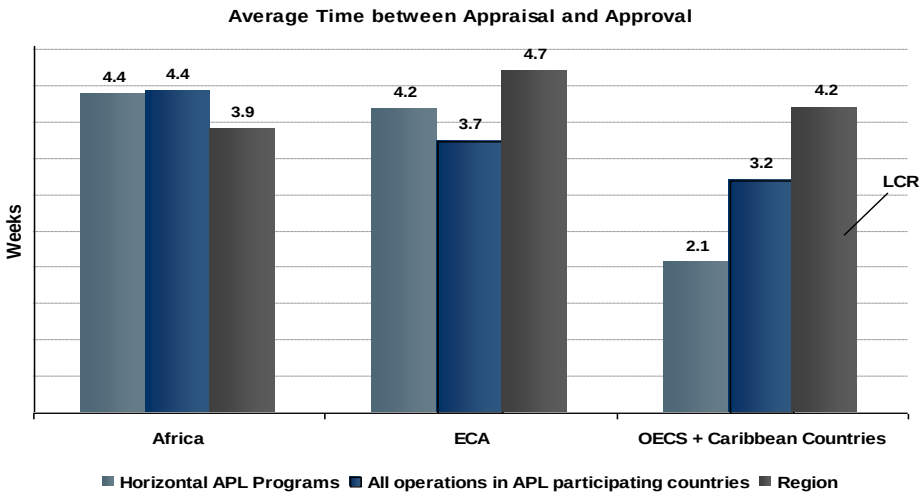


Figure7b. Average Approval Time for APL Programs Relative to Other Bank Operations



Summary

The main findings of the review of Horizontal APL Programs can be summarized as follows:

- *Horizontal APL Programs are extremely versatile lending tools.* They are particularly appropriate when tackling long-term development challenges in multiple countries. The use of Horizontal APLs seems to be most relevant for: (a) sectoral or thematic programs supporting a complex combination of long-term policy and institutional changes, with needed flexibility in implementation; and (b) geographical scale-up programs where the first phase is used to pilot new activities in one country, and successive phases "scale up and out" the coverage and institutional capacity among countries that exhibit great variability in terms of their needs for technical assistance and investments.
- *Horizontal APL Programs can be structured in various ways.* Horizontal APL phases allow for the phased incorporation of individual countries according to their readiness (the so-called 'horizontal dimension'). Horizontal APL programs can also accommodate scaling-up activities in individual countries (the so-called 'vertical dimension'). In both cases, triggers are defined at appraisal to determine the readiness of individual countries to access subsequent phases.
- *Preparation efforts tend to be front-loaded when there is a robust know-how and a clear commitment on the part of participating countries.* Alternatively, preparation efforts tend to be back-loaded when substantive knowledge is weaker and there is still uncertainty regarding the commitment of potential participants.
- *Given the multicountry approach of Horizontal APL Programs, there is a strong potential for capitalizing on economies of scale, maximizing positive externalities and minimizing negative ones.* This, of course, depends on the nature of the specific development issue being addressed.
- *Horizontal APL Programs also have the potential to reduce transaction costs (i.e., time and financial resources) during preparation and supervision.* The potential gains are largely determined by geographic factors, such as the proximity of participating countries.
- *Horizontal APL Programs exhibit a wide variation in terms of their institutional architecture.* The institutional architecture of individual programs reflects their specific characteristics, such as multisector nature, multiple stakeholders, and country or regional focus.
- *Horizontal APL Programs can also effectively support systematic learning and donor coordination.* However, these aspects have to be taken into consideration early on the design process, so that appropriate mechanisms are incorporated into the program.
- *Horizontal APL Programs included in our analysis exhibited a good performance record, particularly in terms of achievement of objectives and reduced preparation costs.* However, time savings during preparation and approval vary greatly across regions and were not as significant as it could have been expected given the APL streamlined approval procedures.

Assessing the Suitability of Horizontal APLS *for*

Risk Management of Natural and Climate-induced Hazards (RMNCH) in Pacific Island Countries

Nine countries comprise the World Bank's Pacific Island Countries (PICs): Fiji Islands, Kiribati, Marshall Islands, the Federated States of Micronesia (FSM), Palau, Samoa, Solomon Islands, Tonga, and Vanuatu.[11] These countries share many characteristic with other small states. They are all relatively small, open economies with limited diversification and limited institutional capacity. They are vulnerable to external economic and environmental shocks and have limited or nonexistent access to global capital markets.

Geography continues to play a major role in shaping opportunity in the Pacific. The region is remote from major world centers and the 2,700 islands that make up the region are relatively small and dispersed, with the total land area being only 88,800 square kilometers–equivalent to about twice the size of Belgium. The Marshall Islands have the smallest land surface–roughly the size of Washington, DC. Conversely, the Solomon Islands have the largest land area–smaller than Maryland. However, the sea area controlled through exclusive economic zones exceeds the land area of the USA. Isolation, remoteness and internal dispersion have an impact on the economies and social fabric of most Pacific Island Countries (see Table 15 and Annex II).
The challenges facing the PICs are to overcome the constraints they share with other small states, including economic and environmental vulnerability, changing global trade regimes, and lack of institutional and human capacity, and to identify practical options in response to the continuing process of globalization. A major challenge specifically confronting all PICs is to provide sustainable and meaningful economic and social opportunities and services for growing populations within a context of fast-paced social, cultural and economic change as well as frequent natural hazards.

The Pacific Island region is also vulnerable to natural hazards, including typhoons, cyclonic storms and tornadoes, as well as volcanism, earthquakes and tsunamis. The potential impact of these events is increasing as the islands' vulnerability rises due to growing urbanization, degradation of coastal ecosystems, and concentration of infrastructure on fragile coastal areas. In addition, climate change and the expected rise in sea levels will further exacerbate current problems. In low-lying islands (such as Kiribati, Marshall Islands, and other atolls), inundation due to storm surges could increase significantly, leading to loss of assets and salinization of groundwater sources. Climate change could also cause more intense cyclones and droughts, prompt the failure of subsistence crops and fisheries, and intensify the spread of infectious diseases.

Since 1950, the reported cost of extreme events (primarily cyclones and droughts) in the PICs has been significant. During disaster years, the average economic losses are nearly half of GDP for

[11] Papua New Guinea and Timor Leste are not included in the analysis given their differences in size, type and impact of disaster.

Samoa and a third of GDP for Vanuatu, and over 40 percent of the population of Tonga and Samoa are affected. While extreme weather events will always be a major factor in the Pacific, there is much that can be done to alleviate this risk, such as introducing appropriate adaptation measures that reduce the vulnerability of physical assets and local populations. These measures include setting back infrastructure from vulnerable areas, better managing coastal ecosystems, and protecting water sources. During the 2004 Cyclone Heta, it is estimated that Samoa prevented damages equivalent to US$165 million as a result of the hazard management procedures adopted in the 1990s.

Table 15 – Geographic Characteristics of the Pacific Island Countries

Pacific Island Country	Number of Islands	Land (sq. km.)	Coastline (km)	Natural Hazards
Federated States of Micronesia	Four major island groups with 607 islands	702	6,112	Typhoons
Fiji	332 islands; approx. 110 are inhabited	18,270	1,129	Cyclonic storms
Kiribati	Three island groups with 21 islands; 33 are inhabited	811	1,143	Typhoons; occasional tornadoes; low coastal level
Palau	Six island groups with more than 300 islands.	458	1,519	Typhoons
Republic of the Marshall Islands	Two archipelagic island chains of 29 atolls, consisting of many small islets, and five single islands.	181	370	Infrequent typhoons
Samoa	Two main islands and several smaller islands and uninhabited islets	2,944	403	Occasional typhoons; active volcanism
Solomon Islands	Nearly one thousand islands	27,540	5,313	Typhoons; earthquakes, tremors, and volcanic activity; tsunamis
Tonga	Archipelago of 169 islands; 36 are inhabited.	718	419	Cyclones; earthquakes; volcanic activity.
Vanuatu	It includes more than 80 islands; about 65 are inhabited	12,200	2,528	Cyclones or typhoons; volcanic activity; minor earthquakes; tsunamis

Source: CIA World Factbook

Pacific Island Countries are also vulnerable to the impact of climate change. Much of their extensive coastline (roughly 300 meters per sq. km of land surface) is vulnerable to rising sea levels. Kiribati may be the first land territory to disappear due to climate change. It is estimated that, if nothing is done in the next 50 years, the country will sink, bringing its population of 97,000 down with it. Climate change can also affect the migration patterns of tuna fisheries, which are the Pacific Islands' most important natural resource. Without the adaptation policies and initiatives in place, the impacts of climate change are likely to be pervasive and significant and fall disproportionately on the poor.

Given the similarity and substantial overlap, there is growing consensus about the need to merge the global agenda for disaster risk management with that of adaptation to climate change. In this regard, Risk Management of Natural and Climate-induced Hazards (RMNCH) should focus on the management of all natural hazard risks, including climate change and other natural hazards such as cyclones and earthquakes, to limit the severity of the disruptions they have on communities' survival and livelihood.

Lessons learned from previous Bank operations in climate change adaptation and emergency response underscore the complexity of the RMNCH task. Some of the factors adding to its complexity include: the magnitude of the economic and social risk that natural hazards pose to communities; the lack of a sound knowledge base regarding climate change trends and the potential impacts; the far-reaching scope of the RMCH theme, which cuts across multiple sectors and all levels of governments; and the need to engage multiple stakeholders, including the private sector, local communities, and civil society in general (see Box 5).

Box 5. Lessons Learned from Previous Bank Operations in Climate Change Adaptation and Emergency Response

Climate Change – *A major economic and social risk*

- Natural hazards, including climate change and rising sea levels need to be treated as a major economic and social risk, and not just as a long-term environmental problem. As such, it has to be routinely factored into the national and sectoral development planning. It should also be mainstreamed into the Bank's operations.
- The most successful operations are those that prepare countries to respond quickly to natural hazards emergencies and, at the same time, identify and address underlying problems and determine how to address them in ways that result in long-term sustainable solutions.

Knowledge base - *Analytical work needs to be up-streamed*

- A large-scale effort needs to be launched to better understand the anticipated impacts, help strengthen adaptive capacity, and promote adaptation measures. This agenda should be linked to that for disaster risk reduction.
- Applying scientific climate information to better understand regional climate trends and project impacts is essential for the work on RMNCH.
- Key data needs should be anticipated and infrastructure developed to provide information that reduces the number of assumptions.
- There is substantial scope for making better use of seasonal forecasting and to improve early warning systems for extreme weather events.
- Surveillance and Monitoring and evaluation (M&E) systems are critical in the scaling-up of a national response. These systems are needed to ensure that country programs are guided by relevant, timely, and locally produced evidence and rigorous analytical work.

Institutions – *Capacity building and oversight is needed all levels of government*

- All levels of government should be able to carry out RMNCH and respond to natural emergencies.
- Funding to regional and local levels for RMNCH, preparedness and infrastructure development coupled with guidance and technical support are necessary.
- Capacity building for climate risk management among key stakeholders, including businesses, local governments, NGOs, and local communities is a key element of a sustainable RMNCH strategy.
- National oversight and assistance is important to assure nationwide protection and consistency of the response.

Policies – *Mainstreaming is the answer*

- Key political support from top country authorities is a condition *sine qua non* for successful RMNCH.
- Emphasis should be on mainstreaming RMNCH into the national and sectoral planning.
- Addressing short-term vulnerabilities is the best strategy to prepare for long-term impacts.
- Given the remaining uncertainties in climate projections, particularly for extreme weather events and at the local scale, RMNCH should preferably focus on 'no-regrets' strategies—i.e., actions that would be desirable regardless of whether the natural hazard threat materializes or not.

Implementation – *Prioritization is critical*

- RMNCH efforts needs to be housed within a high level coordinating Ministry, which needs to effectively coordinate investments across sectoral ministries and influence national development planning.
- It is important to take a strategic, incremental approach versus a 'big bang' approach that takes time to produce results and can easily tax the capacity of oversight agencies to manage the process.
- It is critical to prioritize interventions, tackling first areas that will show early, visible results to build strong ownership as the process of RMNCH mainstreaming moves forward to address more difficult issues.
- RMNCH investments need to be informed by a long-term process that links bottom-up consultation with top-down planning and policy.

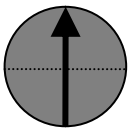
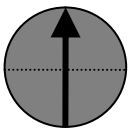
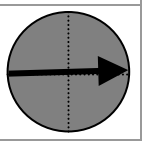
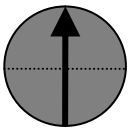
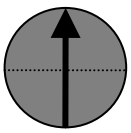
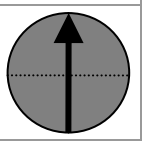
Public awareness and participation – *Bottom-up support and engagement is needed*

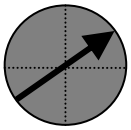
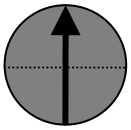
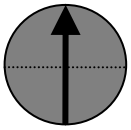
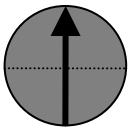
- Not only line ministries need should be included in the design and implementation of a RMNCH Program, but also other public agencies, sub-national governments, community-based organizations, NGOs, and the private sector.
- There is need to provide information to the public to increase awareness about the natural hazards, their likelihood, potential impact, as well as prevention and mitigation strategies.
- It is critical to articulate the objectives of engaging different segments of civil society in specific activities in line with their comparative advantages.
- Successful operation and sustainability of RMNCH measures rest on the generation of benefits for all of the main stakeholders.
- Experience has indicated that sustainability of interventions is enhanced through community participation since the early stages of project identification and when the benefits generated induce the community to operate and maintain the project.

Suitability of Horizontal APLs for the RMNCH Pacific Task

The multicountry APL Programs is highly suitable to address the RMNCH Pacific challenge than financing self-standing investment operations in two or more countries. Likewise, Horizontal APL Programs with a focus on individual countries rather than a regional approach seems more appropriate, as the PIC's geographical 'proximity' and similarities in terms of their development constraints do not constitute a sufficiently strong foundation to develop a purely regional RMNCH Pacific strategy. The specific advantages of Horizontal APL Programs to support a RMNCH Pacific strategy can be summarized as follows:

Table 16– Advantages of Horizontal APL Programs

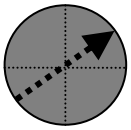
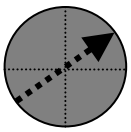
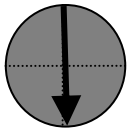
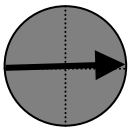
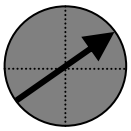
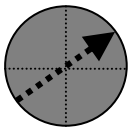
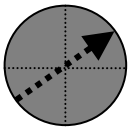
Inherent Advantages of Horizontal APL Programs		
Long-term approach	RMNCH is a long-term development problem. The priority actions required to address RMNCH in the Pacific Islands are likely to vary not only across countries, but also over time, as changing climate patterns and their impact become more evident. Thus, Horizontal APLs would enable the definition and funding of a RMNCH program over a longer time horizon. This has important cost implications, as it has been shown that the costs of RMNCH proofing infrastructure are significantly lower than retrofitting costs.	
Programmatic approach	A Horizontal APL Program would allow for a systematic approach toward RMNCH in the framework of a programmatic, multicountry strategy. The programmatic nature of Horizontal APL Programs would support gradual capacity building, which is vital in the face of the limited technical and institutional capacity of PICs. Likewise, a Horizontal APL Program would support the scaling-up of successful activities, which is particularly appropriate in the context of RMNCH in PICs, as systematic knowledge of what works, where and why is still lacking.	
Streamlined approval	Based on the results from our analysis, the streamlined approval process of subsequent phases of a Horizontal APL program is not likely to significantly reduce approval times or substantially enhance the Bank's agility in lending in the case of PICs.	
Higher visibility	By allowing for the 'pre-commitment' of significant resources, a Horizontal APL Programs could help bring added exposure to the Bank's efforts and increase its leverage among both individual countries and donors. This can be particularly attractive, given the limited role that the Bank currently plays in PICs vis-à-vis other donors.	
Advantages of Horizontal APL Programs for Multicountry Operations		
Adaptability to country conditions	A Horizontal APL approach would permit to adapt lending to individual country conditions. While PICs share many similarities, they also exhibit considerable differences not only in terms of their specific vulnerabilities to natural and climate-induced hazards but also in terms of their political, economic, social and institutional environments, which, in turn, would determine the specific strategies to be adopted by individual countries. Thus, a Horizontal APL with a country focus rather than a regional one seems more appropriate.	
Risk diversification	Likewise, given the uncertain demand for RMNCH on the part of the PICs, a Horizontal APL Program would allow for risk diversification among countries, accommodating multiple scenarios in terms of the willingness and ability of individual PICs to participate in a RMNCH program.	

Windows of opportunity	Unfortunately, in the case of RMNCH, natural disasters are often a trigger for massive international action, which then tends to fade away as the need for immediate humanitarian aid decreases. Having a Horizontal APL Program in place would make it easier to capitalize on potential windows of opportunity arising from natural disasters by ensuring that donors' actions meet RMNCH standards and making non-humanitarian assistance conditional upon the adoption of sound risk reduction behavior.	
Readiness	It is expected that not all PICs will be equally interested in participating in a RMNCH program. Thus, by phasing the entry of individual countries, a Horizontal APL Program would not penalize those countries that are willing to participate. At the same time, it would allow the slower moving countries to come on board at a later stage.	
Flexible access and exit strategies	The flexibility provided by a Horizontal APL Program would be attractive to both PICs and the Bank. Individual countries could make their final decision on whether to participate or not based on the program's entry conditions and the experience of early phases of implementation. Likewise, the Bank could decide not to continue with the subsequent phases in the case that conditions change or implementation experience indicates that the program is no longer relevant or effective.	
More flexible commitment of funds	Given the overall uncertainty regarding the potential demand for RMNCH in PICs, a Horizontal APL Program would give the Bank the flexibility to match the final commitment of funds to the actual demand from PICs.	

Added Potential Advantages of Horizontal APLs for RMCH in the Pacific

Horizontal APL Programs would also offer several potential advantages for RMNCH in PICs (See Table 17). Specifically, a Horizontal APL could capitalize on economies of scale by supporting the development of a regional knowledge base on RMNCH, which, in turn, could provide a sound platform for analysis and decision making at the national and local levels. Likewise, it could maximize potential trans-national externalities by supporting the implementation of early warning system and monitoring systems for changes in climate patterns, temperature, sea levels, migration patterns of fishery resources, etc., that would be best implemented at a regional level. Likewise, Horizontal APL Programs could also enhance systemic learning and coordination among donors. However, the extent to which all these potential advantages do indeed materialize will depend on the specific program design.

Table 17 – Other Potential Advantages of Horizontal APL Programs for RMNCH in PICs

Advantages that Depend on the Nature of the RMCH Challenge		
Economies of scale	Substantial savings and a more efficient use of scarce technical resources can be obtained when tacking at the regional level activities aimed at expanding the overall knowledge base on the impact of natural and climate-induced hazards and associated physical, social and economic vulnerabilities. This knowledge base would, in turn, provide a sound platform for analysis and decision making at the national and local levels. Some of the specific activities that could be tackled at the regional level include: (a) (b) downscaling global climate models in support of decision making for adaptation at the regional and country level; (c) generating climate change impact scenarios; and (d) developing a harmonized approach for assessing climate change vulnerability and risk, and adaptation policy decision making.	
Positive externalities	There are cross-border positive externalities that can be explicitly addressed as part of a Horizontal APL Program, such as the development of early warning systems and strengthening of monitoring systems of climate patterns, temperature, sea levels, migration patterns of fishery resources, and coral reefs that would be best implemented at a regional level.	
Negative externalities	In relation to PICs, RMNCH is not a trans-national public good, as these small island countries are not significant contributors to climate change. Thus, there are no apparent potential benefits from the minimization of negative externalities.	
Advantages that Depend on Characteristics on Pacific Countries		
Reduced transaction costs	A Horizontal APL Program is not likely to significantly reduce the cost of preparing and supervising small operations, mainly as a result of the large distances between PICs, which will hinder economies of scale and task-sharing during project implementation and supervision.	
Regional dimension	A Horizontal APL Program could help promote a more regional approach toward RMNCH in PICs. Including key regional entities in such a program and potentially providing funding for regional activities would be an important step toward capitalizing on the regional potential of a Horizontal APL program. However, there are limits to a potential regional RMNCH approach, as the PICs are a heterogeneous group with different economic, political and social circumstances and few trade and transport links.	
Advantages that Depend on the Program Design		
Enhanced learning	A Horizontal APL Program could actively promote learning, both by facilitating the exchange of information and sharing of experience during the program's implementation and by setting up mechanisms for sustained learning beyond the life of the program. Purposely including learning mechanisms in the program design and providing funding for long-term learning networks would be vital to capitalize on the learning potential of a Horizontal APL Program.	
Donor coordination	A Horizontal APL Program could help enhance harmonization and coordination of donors' efforts in PICs. This would be a valuable contribution, given the large number of donors operating in the PICs (some 20 bilateral agencies in addition to multi-lateral development institutions). It could result not only in enhancing the effectiveness of aid and external financing but also in reducing the burden on the recipient countries' institutional capacity.	

Note: The dotted arrow indicates that the materializing on the benefit depends on the specific program design.

Donor Coordination

As described in the 2005 OED's Evaluation of IBRD Assistance to Pacific Member Countries,[12] external aid going to PICs has been largely ineffective. While there are a large number of donors active in the region and there are large inflows of aid being channeled to PICs, the aid has been fragmented due to the lack of coordination among donors. At the same time, the PICs lack the sufficient technical and institutional capacity required to effectively manage and absorb external aid (see Table 18).

Table 18 – Supply- and Demand-Side Weaknesses of External Aid to PICs

Supply-Side Weaknesses in External Aid to Pacific Island Countries	
Although there are large inflows of aid…	▪ Official aid to the PICs between 1992 and 2002 remained high, with annual gross disbursements averaging US$243 per capita, compared to US$165 to low population countries (LPCs) in Africa and US$210 per capita to LPCs in LAC.
Aid has been fragmented	▪ There are a range of aid partners were active in the Pacific region. The US, Japan, Australia, EC, ADB, and New Zealand are the largest official financiers, accounting for almost 90 percent of gross disbursements between 1992 and 2002. Although there is ample agreement on the need to enhance coordination among donors, actual improvements have been lacking.
Aid for climate change might increase even further	▪ Climate change adaptation could have a big impact on the allocation of aid, depending on how forward looking donors are in their aid allocation decisions. While current allocation models are static—i.e., countries receive additional aid to the extent that they are affected by climate change—a strong case can be made for taking a more forward looking approach, so that a country which becomes more vulnerable to adverse shocks caused by climate change would receive additional aid (Anderson, 2008).
Demand-Side Weaknesses in External Aid to Pacific Island Countries	
Except FIJI, PICs are highly dependent on external aid	▪ Aid levels within the PICs range considerably. In Fiji, external aid accounted for 3 percent of GNI in 2004, while in Palau it reached 75 percent. The US Compact countries are as a group the most heavily dependent on aid, with gross flows between 1992-2002 accounting for over 40 percent of annual GNI.
Limited absorption capacity	▪ The PICs' technical and institutional capacity is being overwhelmed by the amount of aid. ▪ Almost every project the Bank co- financed with other donors produced complaints from the PICs on their excessive cumbersomeness due to differing donor procedures and requirements.
County-driven aid coordination is missing	▪ Throughout the decade, the Bank's strategy documents advocated the need for donors and the PICs to place the PICs in 'the driver's seat' of the aid coordination process. ▪ Despite some positive experiences, such as in Samoa, by and large, the objective of fostering country-driven aid coordination has yet to be achieved. ▪ Continuing symptoms of donor-driven aid in the PICs include fiscal pressures arising from inadequate budgeting for maintenance and recurrent costs of donor projects, heavy burdens on limited staff in key departments, and long delays in recruiting managerial and technical staff to administer projects.
Regional-level institutions are still weak	▪ Although the PICs have established a range of regional institutions and have regular high-level forums, there has been little concrete progress in advancing key regional initiatives. ▪ Some of the contributing factors include: i) inadequate political and economic cohesion suitable for supranational solutions; ii) the interests of industrial nations

[12] Operations Evaluation Department (2005), *Evaluation of World Bank Assistance to Pacific Member Countries 1992-2002*, Report No. 31940, 31 March 2005, World Bank, Washington, DC.

	have prevented some initiatives in fisheries from advancing; and iii) the inherent difficulties of translating high-level agreements into working national-level policies—this highlights the importance of parallel national-level interventions to accompany any regional initiatives.
Outcome	
Aid has been Ineffective	▪ Despite its high levels, there is broad dissatisfaction with the role of aid in developing self-sustaining economies in the region. A number of reviews suggest that high levels of aid have contributed to the existence of large public sectors, overvalued exchange rates, high prices, high wages, corruption, poor infrastructure, and weak capacity in governments.

Source: OED's Evaluation of IBRD Assistance to Pacific Member Countries (2005).

The successful implementation of a RMNCH strategy in the Pacific would require addressing the current weaknesses on both the supply- and demand-sides of external aid. On the supply side, it is critical to bring donors together into more effective partnership and harmonize their actions within a commonly agreed framework. On the demand side, it is critical to enhance the technical and institutional capacity of PICs and the regional institutions so that they are able not only to manage individual projects, but eventually to be in the driver's seat of the aid coordination process. Although both challenges are complex, some innovative approaches that are now being tested might offer the solution.

Addressing supply-side weaknesses: Adopting a Sector-Wide Approach

The adoption of a Sector-Wide Approach (SWAp) to tackle the RMNCH task in the Pacific can help enhance donor coordination and overall aid effectiveness, while simultaneously promoting a systemic, locally owned strategy toward RMNCH. SWAps can also support the pooling of donor resources under a common harmonized implementation framework (see Box 6).

Box 6. What is a SWAp?

A sector-wide approach (SWAp) is an arrangement under which donors (including the Bank) join with a partner country to provide harmonized support for a country's program agenda in a given sector or thematic area. Originally defined in the donor community, a recent OECD/DAC document describes SWAps as 'a way of engaging in development cooperation based on the principles of coordinated support for a locally owned program of development.'

Donor financing under SWAps is thus typically channeled within a country-owned and defined sector expenditure plan and budget. As the name implies, a SWAp is an approach, not a lending instrument or a particular financing arrangement. A SWAp may be supported by a variety of financing instruments—in the World Bank, the most common are adaptable program loans, specific investment loans, and sector investment and maintenance loans.

Other terms the development community uses for such approaches include *sector approac*h, *sector progra*m, *sector investment progra*m, and *program-based approach* (PBA). A PBA explicitly applies the SWAp concept more broadly than traditional sectors—to thematic, multisectoral, or multicountry programs, or to programs led by nongovernmental entities.

Source: OPCS Lending Operations Information Bulletin, 14 March 2006.

In a traditional project approach, the government and the Bank jointly define specific project components and interventions and the corresponding set of outputs; they also identify a set of procurement inputs needed to carry out the project. Such a project is generally executed by a stand-alone project implementation unit, it is separately reported and accounted for, and it is not

fully integrated into the government's budget. In contrast, a SWAp covers a broader set of issues and activities, defined under a government strategy and budget that can cover an entire sector program. Such program is implemented by existing country institutions and established line agencies, and, to the extent possible, using government procedures or agreed common systems (OPCS, 2006). Based on our analysis, in the case of the RMNCH task in the Pacific, a SWAp would be best supported by a Horizontal APL Program.

As shown in Table 19, the local conditions exhibited by the PICs reflect the typical implementation environment that is conducive for the adoption of a SWAp, namely: i) limited development of the overall strategy; ii) weak country capacities and systems; iii) heavy donor dependency; and iv) fragmented multiple projects. In low-income countries, the focus of SWAps has been mainly on consensus-building and donor coordination around a common framework for an entire sector (or theme), shifting away from fragmented projects with many parallel mechanisms.[13] SWAps have the potential to increase government ownership, strengthen country systems and improve donor coordination.

Table 19 – Main Characteristics of SWAps in Low-Income Countries

Main Characteristics of SWAps in Low-Income Countries	
Typical context	▪ Less developed strategy ▪ Weak capacity and systems ▪ Heavy donor dependency ▪ Fragmented multiple projects
Critical issues to address	▪ Donor coordination ▪ Consensus building around common strategy ▪ Alignment of all resources under a single program ▪ Harmonization of processes ▪ Need for transitional 'gap-bridging' (capacity building) measures
Typical applications of core principles	▪ Donor coordination ▪ Sector-wide focus ('thematic-wide' program) ▪ Multidonor pooling with coordinated parallel financing ▪ Initial capacity augmentation ▪ Strong focus on phased capacity /system development

Source: OPCS Advisory Services, *SWAps and PBAs in Low- and Middle-Income Countries*, 2 July 2008.

A SWAp would require a strong foundation of government commitment to carry out the program, working in partnership with donors and stakeholders. A similar commitment on the part of the Bank and any other donors would be equally essential.

Addressing demand-side weaknesses: Emphasizing capacity building of PICs

Enhancing the technical and institutional capacity of the PICs and the regional institutions is a necessary condition for the success of any RMNCH initiative, regardless of the specific lending instrument or approach selected to support such initiative. In the case of SWAps, they are conceived as 'a way of engaging in development cooperation based on the principles of coordinated support for a locally owned program of development.' As noted in this definition, it

[13] In middle-income countries, the main focus of SWAps has been on aligning Bank operations to the client country's programs and systems, while minimizing transaction costs for the clients and ensuring streamlined, faster disbursement.

is important that the development program be locally owned, with local stakeholders being in charge and serving as effective interlocutors with the donor community.

This requirement becomes even more important in the face of increased alignment of external aid from various donors as envisioned under SWAps. In the past, poor collaboration and differing interests among donors allowed governments to 'play' one donor against the other. Although counterproductive in terms of aid efficiency, having an heterogeneous array of external aid programs gave recipient countries the opportunity to find support for their own agendas by matching specific programs to the interests and development philosophies of individual donors. Under a SWAp program and other initiatives conducive as minimizing these 'gaps', the ability of PICs to have full ownership of their development programs becomes even more urgent.

Traditional capacity building activities at the national and regional level are, of course, a natural course of action to address the need for transitional 'gap-bridging' in terms of capacity building. In addition, more innovative approaches could also be adopted to ensure that country needs and values are properly represented as donors consolidate their agendas into a more monolithic framework. An alternative worth exploring is the 'advocacy planning' model put forward by Paul Davidoff in 1965. As noted in Box 7, as originally conceived, the advocacy planning model proposed that groups within the society that lacked the required expertise to effectively articulate their needs and values be provided with the services of an 'advocate planner' to bridge the gap in technical capacity. While Davidoff's scheme was designed to address the needs of local citizen groups vis-à-vis government planning agencies, a similar approach could be adopted to provide recipient countries with the technical resources needed to define their own RMNCH program and to coordinate the external aid from the donor community. In such scenario, one of the donors could choose to play the advocacy role, providing support to the recipient countries and regional institutions to help them develop a RMNCH strategy and build coordinated support for it among the other donors.

Box 7. Davidoff's Advocacy Planning Model

Davidoff's model for advocacy planning builds upon the premise that planning—be that for a city or for a country—cannot be prescribed from a position of value neutrality. On the contrary, 'values are inescapable elements of and rational decision making process.'

Advocacy planning also gives explicit recognition to the fact that 'determinations of what serves the public interest in a society containing many diverse interest groups are always contentious in nature. In this way, 'the right course of action is always a matter of choice, never of fact.'

Thus, to support a democratic policy making process, advocacy planning builds upon the legal practice, in which the concept of advocacy implies the opposition of at least two contending viewpoints in an adversary position. Just as the legal advocate pleads for his client's sense of justice, the advocate planner pleads for his client's view of the good society. The advocate planner supports his client—groups within the society that lacks voice and/or technical expertise—by providing information, analyzing current trends, detailing means, and, most importantly, proponing specific substantive solutions.

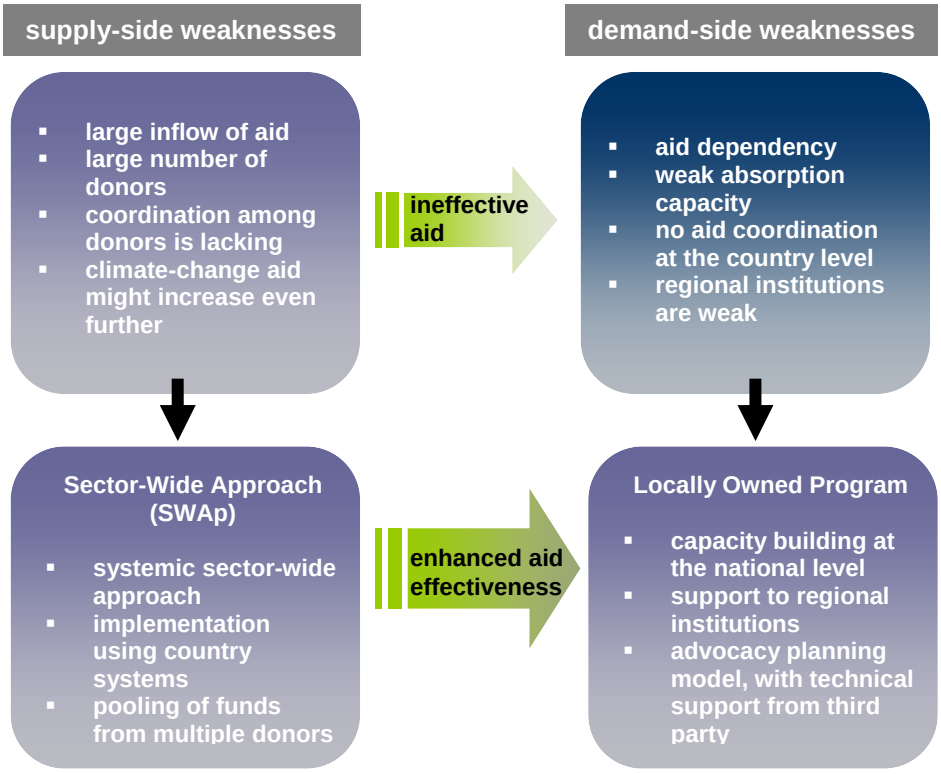
The basic tenets of Davidoff's advocacy planning are valid beyond policy making in urban settings, having the same validity in the realm of development planning at the national level. In this case, recipient countries which lack sufficient technical and institutional capacity to effectively articulate their view of the good society, a third party—e.g., an international agency, a bilateral donor, or an academic institution—could serve as an advocate, thus helping feel the transitional gap in technical capacity.

Source: Paul Davidoff, 'Advocacy and Pluralism in Planning,' *Journal of the American Institute of Planners*, Vol. 31, November 1965. .

While the advocacy planning model is just of many possible approaches to capacity building, it is important to underscore the need to strengthen the ability of the PICS to be at the 'driver's seat of the aid coordination process, particularly in view of enhanced donor coordination.

Adopting a multi-lateral SWAp to tackle the RMNCH challenge in the Pacific will present a challenge to the donor community, including the Bank, as it will undoubtedly expose rigidities in existing procedures and the practical difficulties of aligning a diverse array of interests and coordinating actions. However, a SWAP-type approach with its potential to pool resources and align the efforts of the donor community with those of individual countries may be critical to the success of developing a sustainable RMNCH strategy, fully mainstreamed into the PIC's own development agenda (see Figure 8).

Figure 8. Building a Sustainable, Locally Owned RMNCH Strategy with Coordinated Donor Action



Summary

Our analysis indicates that a Horizontal APL Program would be a very appropriate tool to support a RMNCH program in PICs. The main factors that determine the suitability of a Horizontal APL Program for this task can be summarized as follows:

- *Long-term, multicountry nature of RMNCH:* There is a natural match between RMNCH and APL Programs in general, as APLs are particularly apt to provide funding for long-term development programs where there is clear agreement on long-term objectives, but where the path to achieve them requires a significant degree of learning from results.

- *Multicountry approach:* The Horizontal dimension of APL Programs is also appropriate, given that PICs face similar challenges regarding RMNCH. The adoption of a Horizontal APL Program would also allow for the phased incorporation of participating countries according to their readiness. Although a minimum level of agreement on the overall RMNCH strategy will be required, this strategy can be flexible enough to accommodate a wide array of country-specific TA and investment needs.
- *Programmatic approach:* A Horizontal APL Program would allow for a systematic approach toward RMNCH in the framework of a programmatic, multicountry strategy. The programmatic nature of Horizontal APL Programs would also support gradual capacity building, which is vital in the face of the limited technical and institutional capacity of PICs. Likewise, a Horizontal APL Program would support the scaling-up of successful activities, which is particularly appropriate in the context of RMNCH in PICs, as systematic knowledge of what works, where and why is still lacking.
- *Country versus regional focus:* A Horizontal APL Program with a focus on individual countries would be more suitable to address the RMNCH challenge in PICs than a Horizontal APL with a regional focus, as there is wide variation in the technical assistance and investments needs across individual PICs. Likewise, *w*hile there is a strong history of dialogue in the region on how to respond to shared vulnerabilities and opportunities and a number of regional institutions have been developed, the immense size of the region and the variety of cultures and political systems tend to limit the potential for regional cooperation. With recent advances in satellite and related technologies and given the problems individual countries have had in the past in operating and maintaining key information systems, there is increasing potential for shared regional information systems. An RMNCH Horizontal APL Program could help balance the regional and country focus by supporting the formulation of a regional framework that is complemented with country-specific objectives and programs.
- *Economies of Scale:* Substantial savings and a more efficient use of scarce technical resources can also be obtained when addressing at the regional level, activities aimed at expanding the overall knowledge base on the impact of natural and climate-induced hazards and associated physical, social and economic vulnerabilities. This knowledge base would, in turn, provide a sound platform for analysis and decision-making at the national and local levels. Some of the specific activities that could be tackled at the regional level include: downscaling global climate models in support of decision making for adaptation at the regional and country level; generating climate change impact scenarios; and developing a harmonized approach for assessing climate change vulnerability and risk, and adaptation policy decision making.

- *Positive externalities:* There are cross-border positive externalities that can be explicitly addressed as part of a Horizontal APL Program, such as the development of early warning systems and strengthening of monitoring systems of climate patterns, temperature, sea levels, migration patterns of fishery resources, and coral reefs that would be best implemented at a regional level.
- *Negative externalities:* In the context of PICs, RMNCH is not a trans-national public good, as these small island countries are not significant contributors to climate change. The emphasis is instead on adaptation, where there are not significant negative externalities at work. However, should the negative externalities of climate change be addressed through global actions, and countries that are contributors to climate change be required to compensate those that are negatively affected by it, such as the PICs, an RMNCH Horizontal APL Program would be highly suitable to channel substantial resources from multiple donors in a coordinated fashion.
- *Multisector scope with multiple stakeholders:* Risk Management of Natural and Climate-induced Hazards is clearly a multisector undertaking, which calls for the participation of multiple stakeholders, at all levels of government and beyond the public sector. Our analysis indicates that Horizontal APLs can effectively accommodate multiple sectors and stakeholders, provided that the program design includes robust mechanisms for program coordination and, to the degree possible, mainstreaming of the program activities into regular government operations and provision of services.
- *Other potential advantages:* Horizontal APL Programs can also help to enhance systemic learning and coordination among donors and recipient countries. However, the extent to which all these potential advantages do indeed materialize will depend on the specific program design.

Conclusions

The diverse group of nine small countries PICs (i.e., the Federated States of Micronesia, Fiji, Kiribati, Palau, the Republic of the Marshall Islands, Samoa, the Solomon Islands, Tonga and Vanuatu) faces many challenges, both natural and man made. These include, among others, small, fractured internal markets that inhibit economies of scale and deliver few employment opportunities; prohibitive distances from export outlets, steep infrastructure and service provision costs; undeveloped human capital; and growing vulnerability to natural hazards and climate change. Even though traditional cost-benefit analyses may suggest significant population relocation as optimum solutions, because of several special socio-cultural, political and related factors, the challenge is to avoid having climate change refugees (domestic or international) to the degree possible and focus more upon key RMNCH measures. The characteristics of the PICs in terms of their human and economic geography as well as their institutional, political, and historical makeup are strong determinants of future Bank interventions focusing on RMNCH.

Several factors need to be taken into consideration when designing a RMNCH Horizontal APL Program for the PICs, including:

Risk management of natural and climate-induced hazards is at the core of the PICs' development agenda.

The high vulnerability of PICs to natural and climate-induced hazards and the direct costs that these impose on their economic and human development warrant a strong focus of development assistance on RMNCH efforts. However, RMNCH efforts should respond to a strict prioritization of needs, as it is clear that, despite the level of aid allocated to RMNCH efforts, it will not suffice to address all the vulnerabilities. Moreover, given the pressing needs of most PICs in the social sectors, country-level interventions should strive to maximize positive synergies and complementarities between socio-economic and natural and climate-induced hazards vulnerabilities.

Horizontal APLs are well suited to address RMNCH in PICs.

Horizontal APL Programs have many characteristics that can make them particularly appropriate to tackle the RMNCH task in PICs, including their long-term and programmatic nature. RMNCH efforts are potentially well-suited for a multicountry strategy given that PICs share many of the same vulnerabilities to natural and climate-induced hazards. A RMNCH Horizontal APL Program could help develop and support a multicountry approach that builds upon the similarities between these countries without ignoring their diversity.

Enhancing donor coordination is critical to the success of the RMNCH agenda and development efforts in general.

The large number and small size of PICs makes it highly inefficient for the Bank and donors in general to design interventions focusing on individual countries. Moreover, uncoordinated aid poses an undue burden on the PICs' institutional capacity. Given the limited institutional capacity of PICs and the large number of donors operating in these countries, a multidonor strategy would be particularly suitable to enhance the coordination and targeting of RMNCH assistance efforts. Although complex in nature, a SWAp approach could provide the foundations for a sustainable RMNCH strategy with coordinated donor support.

The RMNCH Program needs to be locally owned.

It is important to underscore the need to strengthen the ability of the PICS to be at the 'driver's seat' of the aid coordination process, particularly in view of efforts to enhance donor coordination.

The potential for regional synergies is limited.

Despite the potential regional synergies, multicountry interventions in the Pacific have to overcome serious obstacles. Although PICs have a strong tradition of regional dialogue and a set of regional institutions, the immense area of the region and the variety of cultures and political systems, impose limits on regional cooperation

Substantial and sustained commitment on the part of the Bank will be required.

Given the Bank's limited presence in the region vis-à-vis other bilateral and multilateral donors, it does not currently have a strong competitive advantage to lead a broad donor coordination effort. However, assuming responsibility for such a role in the context of a RMNCH Horizontal APL Program could be an important first step toward increasing its presence and visibility in the Pacific, albeit requiring a substantial and sustained commitment of resources.

ANNEX 1 – MAIN CHARACTERISTICS OF HORIZONTAL APL PROGRAMS

TABLE 1.A HORIZONTAL APL PROGRAMS INCLUDED IN THE ANALYSIS

Horizontal APL Programs[1]	Amount[2] (US$ Million)	Years
OECS – Emergency Recovery and Disaster Management	10	1998-2006
Africa - Multicountry HIV/AIDS Program (MAP I & II)	1,595	2000-2011
Multicountry HIV/AIDS Prevention & Control APL for the Caribbean	155	2001-2009
OECS – Education Development Program	40	2002-2009
Energy Community of South East Europe Program Project	1,000	2005-2013
Global Program for Avian Influenza and Human Pandemic Preparedness and Response (GPAI)	500	2005 – n.a.
OECS – Skills for Inclusive Growth Project	6.5	2007-2012
Africa – Regional Communications Infrastructure Program	424	2007- n.a.
Brazil Municipal Lending Program	240	2007-2013
Brazil – Rio Grande do Sul Integrated Municipal Lending	66	2008-2013
Global Food Crisis Response Program	1,200	2008 – n.a.
OECS – E-Government Program for Regional Integration	25.2	2008 – n.a.

[1] The list may not be exhaustive. A comprehensive list of all Horizontal APL programs has not been identified.

[2] IBRD and IDA financing for the overall Horizontal APL program as anticipated at appraisal, except for Africa MAP I&II, which reflects total commitments as of Jan. 2009.

TABLE 1.B HORIZONTAL APL PROGRAMS ANALIZED AT THE PROJECT LEVEL

Project ID	Country	Approval Date	Closing Date	Status	Financing IBRD	Financing IDA	Financing Total
OECS - Emergency Recovery & Disaster Management Project							
APL 1							
P062668	St. Kitts and Nevis	12/10/1998	10/31/2003	Closed	8.50	0.00	8.50
P069633	Dominica	12/10/1998	12/31/2002	Closed	2.53	1.80	4.33
P070430	St. Lucia	12/10/1998	10/31/2003	Closed	3.04	3.00	6.04
APL 2							
P069922	Grenada	10/17/2000	12/31/2005	Closed	5.06	5.01	10.07
P069923	St. Vincent and the Grenadines	5/29/2002	6/30/2006	Closed	3.00	2.91	5.91
Program Total					**22.13**	**12.72**	**34.85**
Caribbean Countries - Multicountry HIV/AIDS Prevention and Control Program							
APL 1							
P071505	Dominican Republic	6/28/2001	7/31/2008	Closed	25.00	0.00	25.00
P075220	Barbados	6/28/2001	12/31/2007	Closed	15.15	0.00	15.15
APL 2							
P074641	Jamaica	3/29/2002	5/31/2008	Closed	15.00	0.00	15.00
P076715	Grenada	7/25/2002	6/30/2009	Active	3.00	3.04	6.04
P076798	St. Kitts and Nevis	1/22/2003	6/30/2009	Active	4.05	0.00	4.05
P075528	Trinidad and Tobago	6/27/2003	12/31/2009	Active	20.00	0.00	20.00
P076722	Guyana	3/30/2004	6/30/2009	Active	0.00	10.00	10.00
P076795	St. Lucia	7/6/2004	6/30/2009	Active	3.20	3.20	6.40
P076799	St. Vincent and the Grenadines	7/6/2004	6/30/2009	Active	3.50	3.50	7.00
Program Total					**88.90**	**19.74**	**108.64**
OECS - Education Development Project							
APL 1							
P075978	St. Kitts and Nevis	6/13/2002	6/30/2009	Active	0.00	5.00	5.00
P077712	St. Lucia	6/13/2002	9/30/2008	Closed	6.00	12.00	18.00
APL 2							
P077759	Grenada	6/27/2003	12/30/2008	Active	4.00	8.00	12.00
APL 2							
P086664	St. Vincent and the Grenadines	6/29/2004	12/30/2008	Active	3.10	6.20	9.30
Program Total					**13.10**	**31.20**	**44.30**
Project ID	**Country**	**Approval Date**	**Closing Date**	**Status**	**Financing IBRD**	**Financing IDA**	**Financing Total**
OECS - OECS E-Government for Regional Integration Program							
APL 1							
P100635	OECS countries	5/27/2008	6/30/2012	Active	0.00	7.20	7.20
Program Total						**7.20**	**7.20**

OECS - OECS E-Government for Regional Integration Program							
APL 1							
P097141	St. Lucia	5/8/2007	3/15/2012	Active	0.00	3.50	3.50
P095681	Grenada	1/14/2009	9/1/2013	Active	0.00	3.00	3.00
Program Total						**6.50**	**6.50**

TABLE 1.C PROJECT DEVELOPMENT OBJECTIVES (PDOS), PHASES AND TRIGGERS

Program PDOs	Phases	Triggers
OECS - Emergency Recovery & Disaster Management Project		
1. To support the physical and institutional efforts of the five Island countries of the Organization of Eastern Caribbean States (0ECS) for disaster recovery and emergency preparedness and management.	**APL 1:** Reconstruction and rehabilitation of infrastructure in St. Kitts and Nevis after Hurricane Georges (September 21, 1998) and disaster mitigation investments in St. Lucia and Dominica.	**APL 1:** Dominica, St. Kits and the Grenadines, and St. Lucia to join when preparation is completed.
	APL 2: Same as APL 1 for Grenada and St. Vincent & the Grenadines.	**APL 2:** Grenada & St. Vincent & the Grenadines to join when project preparation is completed.
2. To provide additional investment to strengthen both long-term physical infrastructure and institutional capacity building	**APL 3:**[1] Based on additional demand/needs from participating countries, to provide additional finance for physical investments identified through the hazard mapping analysis and longer-term institutional strengthening of each country's disaster management capacity. (*) [1] APL 3 was eventually cancelled due to lack of funds, as Grenada required more funds than originally anticipated due to Hurricane Lenny. Demands for additional financing were satisfied with self-standing investment operations (i.e., St. Lucia's LC Disaster Management Project II).	**APL 3:** For all 5 countries upon demonstration of: Satisfactory completion of investments during first phases; Adequate maintenance of infrastructure particularly vulnerable to disasters; National Emergency Management Agency (NEMA) in place; A program of preparedness and mitigation activities in place at the national and community level; NEMA's operational plan in place; National Meteorological Service in place; Sustained government commitment to disaster preparedness and mgmt. policies as demonstrated by effective enforcement of key policies (e.g. building codes & using hazard analysis for land use planning).
3. To set up a credit facility for any Island nation in case of severe disaster emergencies.	**APL 4:**[2] Contingency funding for any eligible OECS Island nation should a severe natural disaster strike them during the program period (approximately six years). This phase ran in parallel with APL 1 and APL 2 (i.e., if a country had signed for either APL 1 or APL 2, it would be eligible). (**) [2] APL 4 was available until program completion.	**APL 4:** To be triggered by: Declaration of disaster emergency by government at any time during program period; and Evidence that government is committed to implementing disaster mitigation policies.

Program PDOs	Phases	Triggers
OECS - Education Development Program		
The overall PDO is to build human capital in the OECS to, in turn, contribute to the diversification of their economy and more sustainable growth. Specific PDOs include: To	**Horizontal Dimension** ▪ Phased entry of individual countries	▪ A country to join the program when it meets the following criteria for participation: Adoption by their Government of a long-term Education Development

increase equitable access to secondary education; To improve the quality of the teaching and learning process, with more direct interventions at the school level and a focus on student-centered learning; and To strengthen management of the sector and governance of schools.		Plan; Readiness of a project proposal to improve quality and access to secondary education; Establishment of a Project Management Unit with functions and staff satisfactory to the Bank; Creditworthiness indicators (i.e., net international reserves, debt to GDP and debt service to exports of goods and non factor services) within reasonable ranges; Counterpart funding availability for the project.
OECS – Skills for Inclusive Growth Program		
To assist the OECS Governments to increase the employability of youth through private-sector driven training.	**Horizontal Dimension** ▪ Phased entry of individual countries	A country will become eligible to join the program when they meet three criteria for participation. ▪ Completion o f a detailed project proposal to improve skills training incorporating the following key principals: (a) Training is demand-driven and offered in partnership with the private sector; (b) Training is financed through a competitive scheme; (c) Training addresses issues o f employability and career mobility o f the workforce; (d) Training is short and focused; and (e) Training combines technical and behavioral skills. ▪ The government commits to participate in the following key regional activities: (a) Acceptance o f approved regional standards; (b) Recognition o f OECS training providers accredited under the project. ▪ Availability of counterpart funding for the project.
OECS – E-Government for Regional Integration Program (EGRIP)		
The overall program development objective is to promote the efficiency, quality, and transparency of public services through the delivery of regionally integrated e-government applications that take advantage of economies of scale.	**Horizontal Dimension** ▪ Phased entry of individual countries On the horizontal (country participation) axis, the project began with a first group of three IDA-eligible countries (Dominica, Grenada, and St. Lucia) which are expected to be followed shortly thereafter by the fourth IDA-eligible country (St. Vincent and the Grenadines). The two IBRD countries would join based on readiness, eligibility for IBRD lending and availability of resources.	**Horizontal Triggers:** ▪ Adequate readiness of the legal framework for e-government, as evidenced, among others, by legislation in force that facilitates interaction between citizens, businesses and government through electronic means. ▪ Adequate readiness of the institutional framework for e-government, as evidenced, among others, by existence of a lead ministry or agency with the mandate and adequate staffing to lead the e-government agenda in the country. ▪ In the case of St. Vincent and the Grenadines, confirmation of IDA lending requirements through an official letter indicating the proposed break-down by sub-components. ▪ In the case of St. Kitts and Nevis, and Antigua and Barbuda: (i) confirmation of government demand to join the program through official requests for IBRD lending; and (ii) eligibility triggers for IBRD lending as indicated in the CAS have been met.
	Vertical Dimension ▪ On the vertical (temporal) axis, the program is structured in two phases. The	**Vertical Triggers:** ▪ Satisfactory implementation of at least 50% of Phase 1 activities.

	first phase corresponds to the project described in this document, with two main components focusing on cross-sectoral e-government issues as well as specific sector applications, mainly in the public finance area. The second phase is expected to expand the regional e-government program into other sectors.	▪ Achievement of the intermediate outcomes expected by project mid-term, as indicated in the results framework and as verified during the mid-term review of the project. ▪ Confirmation of demand by at least three participating countries through official requests for a second phase.
Caribbean Countries - Multicountry HIV/AIDS Prevention and Control Program		
To prevent the spread of HIV/AIDS by reducing transmission among the high-risk groups; To improve the access of people living with HIV/AIDS (PLWHA) to care that is effective, affordable, and equitable within the context of government health policy; and To strengthen their institutional capacity to respond to HIV/AIDS in a sustainable way. **PDOs at the country level**: The development objectives of each individual project would be country-specific, reflecting the stage of the epidemic, income levels, and the socioeconomic status of those who are infected.	**Horizontal Dimension** ▪ Phased entry of individual countries	A country was to be considered eligible when it meets the following eligibility criteria: ▪ Satisfactory national strategic plan, incl. demonstrated public support and a well balanced range of stakeholders; ▪ National commitment and leadership, incl. a well structured project management unit, a national leader/champion, and evidence of current budgetary support for HIV/AIDS; ▪ Satisfactory implementation strategy, incl. coordination through multiple ministries and civil society organizations; ▪ Sturdy and sustainable implementation arrangements (financial, legal, procurement, regulatory) in place; ▪ Clearly defined institutional arrangements for, and readiness to initiate, monitor the evolution of the HIV/AIDS epidemic and for evaluating project progress and impact. Key multilateral organizations and regional institutions to have input in determining eligibility.
Africa – Multicountry HIV/AIDS Program		
The overall PDO is to dramatically increase access to HIV/AIDS prevention, care, and treatment programs with emphasis on vulnerable groups (youth, women of childbearing age, and other groups at high risk). Specific PDOs of each individual country project to be defined at appraisal.	**Horizontal Dimension** ▪ Phased entry of individual countries	A country to join the program when it meets the following criteria for participation: ▪ Satisfactory evidence of a strategic approach to HIV/AIDS: Demonstrated by a coherent national, multisectoral strategy and action plan for HIV/AIDS; a participatory approach; having a participatory strategic planning process underway, with a clear roadmap and timetable. ▪ A high-level HIVWAIDS coordinating body such as a national HIV/AIDS council or equivalent has been established to oversee the implementation of the strategy and action plan. This body should encompass broad representation of key stakeholders from all sectors, including people living with HIV & AIDS. ▪ Government has agreed to use appropriate implementation arrangements to accelerate project implementation, such as channeling grant funds for

		HIV/AIDS activities directly to communities, civil society and the private sector, as well as having in place effective financial management (including controls and audits) and procurement, using outside expertise when necessary. ▪ Government has agreed to use and fund multiple implementation agencies, especially community-based and non-governmental organizations.
Africa – Regional Communications Infrastructure Project (RCIP)		
The Regional Communications Infrastructure Program (RCIP) has two overarching development objectives: ▪ To contribute to lower prices for international capacity and extend, the geographic reach of broadband networks (the "connectivity development objective"); and ▪ To contribute to improved Government efficiency and transparency through e-government applications ("transparency development objective").	**Horizontal Dimension** ▪ Phased entry of individual countries	RCIP is open to Angola, Botswana, Burundi, Comoros, DRC, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe, provided the countries are eligible for IDA or IBRD financing at the time of their application for support.
Energy Community of South East Europe Program Project		
The key objectives of the Energy Community of South East Europe (ECSEE) are: ▪ Create a stable regulatory and market framework capable of attracting investment to the region in gas networks and power system so that all states in the region have access to the stable and continuous energy supply that is essential for economic development and social stability; ▪ Establish integrated regional markets in South East Europe, closely linked to the internal energy market of the European Union, and fully complying with the rules applicable within the European Union; ▪ Enhance the energy security of supply of South East Europe and the European Union by providing incentives to connect the Balkans to Caspian and North African gas reserves; and ▪ Improve the environmental situation in relation to energy in the region.	**Horizontal Dimension** ▪ Phased entry of individual countries	▪ A country becomes eligible once it has met ECSEE's basic entry conditions as they were defined in the Athens Memorandum - the ECSEE APL requirements are that an electricity sector regulator and a transmission system operator have been established and are operational. ▪ A country remains eligible for Bank support under the ECSEE APL program as long as the country signs and ratifies the ECSEE Treaty and meets its key obligations under the Treaty: (i) signs the ECSEE Treaty; (ii) ratifies the Treaty; (iii) establishes distributions system operators; and (iv)opens its electricity market to non-household customers. ▪ For a country borrower to be or remain eligible for Bank support under the APL program the Bank also needs to be satisfied that the country borrower has the ability to effectively participate in the regional market. With this trigger, the Bank would reserve the right to defer or withhold ECSEE APL support in cases where a country might have complied with the letter of its ECSEE Treaty commitments but not have implemented or launched credible programs of other critical measures that are needed for market participation.
Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI)		
The program development objective is to minimize the threat posed to humans by HPAI infection and other zoonoses and to prepare for, control, and respond to	**Horizontal Dimension** ▪ Phased entry of individual countries	A country request for assistance under the APL would be eligible for financing under standard IDA/IBRD policies when it meets the following eligibility criteria:

influenza pandemics and other infectious disease emergencies in humans. To achieve this, three areas will be considered for support: (i) prevention, (ii) preparedness and planning and (iii) response and containment.		▪ **For countries in endemic situation** (e.g. Cambodia, China, Indonesia, LAO PDR and Vietnam), where new human infections are being detected, it has prepared and is implementing an HPAI Control Strategy; ▪ **For newly infected countries** (e.g. Croatia, Kazakhstan, Mongolia, Romania, Russia and Turkey) with an active outbreak of avian flu among poultry, but no human infection, the existence of an appropriate program of rapid response, detection and containment measures, including appropriate implementation and monitoring arrangements that the international agencies and donor community, including the Bank, could support. ▪ **For countries at risk, with no outbreak, or that are at an early stage of an outbreak,** government commitment and appropriate plan of early detection and rapid response, including appropriate implementation and monitoring arrangements that the international agencies and donor community, including the Bank, could support. ▪ **For countries with very low income levels and very low capacity circumstances**, including LICUS countries, special criteria and waivers would apply if a full-blown human pandemic were to materialize, to ensure that assistance would be available if and when needed, even if the country itself would hardly be able to generate or mobilize any effective AI response, to safeguard the global public good nature of the global avian influenza objective..
Global Food Crisis Program		
(i) To reduce the negative impact of high and volatile food prices on the lives of the poor in a timely way, (ii) To support governments in the design of sustainable policies that mitigate the adverse impacts of high and more volatile food prices on poverty while minimizing the creation of long -term market distortions, and (iii) To support broad-based growth in productivity and market participation in agriculture to ensure an adequate and sustainable food supply response. Thus, interventions need to be rapid, include the poor and disadvantaged, and contribute to achieving sustainable longer-run food security.	**Horizontal Dimension** ▪ Phased entry of individual countries	N.A.

TABLE 1.D MULTISECTOR NATURE OF HORIZONTAL APLs

Horizontal APL Program	Multisector Nature of the Program	Implementation Arrangements
OECS - Emergency Recovery & Disaster Management Project	The consequences of natural disasters in the small island states of the Caribbean from events such as hurricanes, tropical cyclones, earthquakes, and floods on economic activities, property, human welfare, and natural resources can be devastating. These events can lead to significant disasters greatly affecting the productive sectors of the economy such as agriculture and tourism, not to mention the impact on communities.	**Project coordination and management** ▪ In each country, a Project Coordination Unit (PCU) will be set up in the respective ministries of finance and planning. A Project Coordinator will be assigned by each ministry to coordinate and monitor implementation progress according to agreed upon performance indicators and report to the World Bank. The project will finance a project Financial Manager within each PCU for the duration of the project who will be familiar with Bank procedures and guidelines for administration and management of funds. The project will also finance a contract management specialist where necessary to assist the various implementing agencies in awarding and supervising contracts. ▪ In each country, a National Hazard Mitigation Council (or similar body) will be set up to serve as a steering committee to coordinate policy issues, recommend the selection of priority investments, and assist in ensuring compliance of government commitments. The committees will consist of representatives of relevant sector ministries involved in the project, as well as representatives from the private sector and NGOs. **Project implementation** ▪ In each country, each project component will be implemented by the respective line ministry responsible for that component (e.g. sea defenses will be implemented by the Ministry of Communications and Works, while retrofitting of schools will be implemented by the Ministry of Education). For some of the institutional strengthening components, the national emergency management agencies will be the implementing agency. ▪ The implementing agencies will provide progress reports to the PCU on a monthly basis. ▪ Procurement, contracting and payments to contractors will be undertaken by the respective implementing agencies using World Bank guidelines with the assistance of the contract management specialist in the PCU where necessary.
Multicountry HIV/AIDS Program	The HIV/AIDS is a major development crisis affecting all sectors. Thus, it requires a national response involving all sectors, and should be both well-coordinated and decentralized to move quickly toward comprehensive national coverage. Past HIV/AID had been the sole responsibility of ministries of health, which seldom had the authority of experience needed to coordinate the many stakeholders in different sectors needed for effective prevention, care and treatment. Likewise, programs were concentrated at the central level, with little effort or involvement from regions and communities.	**Project coordination and management:** ▪ A multisector HIV/AIDS national council with representation from main stakeholders (both public and private) to provide strategic guidance, lead institutional and policy reforms, ensure coordination and adequate implementation, and monitoring and evaluation. In each country, overall project coordination will be set up in the Secretariat of the national HIV/AIDS council or such other high-level entity as mandated by government. A decentralized project coordination system will be established by each participating ministry and private sector organization to coordinate and monitor implementation

		progress at all levels, according to agreed-upon performance indicators. Project coordination units (where they exist) will report to the national secretariat. Where necessary, the project will finance the contracting of a financial management firm for the duration of the project, for administration and management of funds. In each country, sub-project review committees will be set up to recommend the selection of proposed community-, district-, provincial-, and national-level initiatives for financing under the credit. The committees will consist of representatives of relevant sector ministries involved in the project as well as representatives from the private sector and civil society, including PLWHA and specific target groups such as youth and women. **Project Implementation:** ▪ In each country, each public sector project component will be implemented by the respective line ministry responsible for that component. For private sector and community-based initiatives, implementation will be done by NGOs, CBOs, local governments, and any other participating civil society entity. For some institutional strengthening, research, and monitoring and evaluation components, implementation arrangements may be devolved to the national HIV/AIDS council or secretariat. In each country, the project implementing units will prepare a project implementation manual delineating the project activities and implementation arrangements, monitoring and evaluation mechanisms, financial management systems, and control procedures, including financial and progress reporting requirements. Guidelines for such manuals have been developed and are available in the project files.
Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI)	**Avian influenza control is multisectoral in nature.** It involves many players, including those in the areas of health, agriculture, economics, finance, and planning among others. At the country level, in particular, an integrated, multisectoral response is needed based on clear shared objectives. In some countries, the role of the military should be considered, as the armed forces generally are the main public coordinating body in cases of national emergencies, disasters and threats considered of national interest. Responses must address both the animal health and human health dimensions and also appropriate social measures (quarantines, transport restrictions, mass communication strategies). **Collaboration with stakeholders:** The multi-dimensional problems associated with HPAI infection necessitate collaboration from a wide range of stakeholders within each country, which has to be supported by broad communications and information campaigns to improve public awareness. The major stakeholders include various ministries (Planning, Finance, Agriculture, Health, Road	▪ **Project coordination and management:** National Steering Committees for Avian Influenza Control or similar committees already working on these issues or created in the past to handle emergencies could be reactivated in each participating country to provide general policies and guidance for Program implementation. The Committee/s is to comprise human health and veterinary agencies tasked to oversee AI control and eradication operations. To ensure effective operation of the National Steering Committee, the Committee should be chaired by a high level official (Minister's level) of a central ministry or a Deputy Prime Minister or equal ranking official. The Committee/s will also be responsible for reviewing annual work plans and ensure coordination and linkages across relevant agencies and international partners. ▪ **Project Implementation:** Existing coordination structures operating in the sector ministries/agencies or working to support Bank-financed operations in the agriculture /livestock/ health sectors will be entrusted with coordination of Program activities supported by individual projects, as well as fiduciary tasks of procurement and financial management. The relevant

	and Transport, Livestock Departments, Veterinary Departments, national research institutions and diagnostic laboratories), NOS. civil society, private sector companies and associations (e.g. large poultry production companies, farmers' associations, veterinarians and farmer involvement at the grass roots level). The sub-component would support activities designed to improve the effective coordination and collaboration among these stakeholders.	structures will be strengthened to become a "Program Unit". They will be strengthened by the recruitment of additional staff/consultants responsible for overall administration, procurement, and financial management under country specific projects. Agreement is to be reached at the individual country level to second to these structures one senior officer from relevant agriculture/animal health/human health departments of relevant ministries. These officers are to be appointed as full time Project Coordinators in charge of the respective components for which their line agency is responsible. The Project Coordinators, together with the additional staff to be recruited for overall administration, procurement, and financial management will form the Program Unit. The Program Unit, under the overall direction of the Committee/s would be responsible for coordinating with relevant government departments to guide and monitor project implementation at the central and local levels. The relevant government department will be responsible for the preparation of annual work programs (WP) and budgets as well as quarterly and annual project management reports (PMRs). The Program Unit will be responsible for consolidating the annual work programs and budgets for submission to their relevant ministries and the Bank. At the local level, implementation would be the direct responsibility of each regional/provincial agricultural/health authority. Small units should be established at the local level comprising officials from health/agriculture to work under the supervision and guidance of the central Program Unit.
Global Food Crisis Program	**The overall policy response to rising food prices is multi -sectoral** and should in most cases encompass several of the following areas, with the mix varying somewhat by country. In the overall mix of policies, safety nets can be effective in improving food security at the household level; transfers in their various forms can help households meet the rising cost of providing food for their families. The following type of programs will be considered for financing: targeted unconditional cash transfers, conditional cash transfers, food stamps and food rations, school feeding and public works. Though they are only one part of the full response, safety nets are at the front line of attention in the crisis because they can have such immediate impacts on the welfare of the poor or general consumer.	▪ Program implementation arrangements will be adapted to the specific country capacity and program requirements.

TABLE 1.E TRANSNATIONAL AND REGIONAL DIMENSIONS OF HORIZONTAL APLs

Horizontal APL Program	Transnational and Regional Dimensions of Horizontal APL Programs
OECS - Emergency Recovery & Disaster Management Project	The Project Appraisal Documents (PAD) make reference to related regional initiatives, including the recent establishment of the Caribbean Emergency Disaster Relief Agency (CDERA) with a focus on relief coordination and evaluating the economic impact of hurricanes and the actions of UNCHS, the Organization of American States (OAS), the Pan American Health Organization (PAHO). The PAD recognized that using the Horizontal APL could have the important benefit of encouraging regional integration through the sharing of facilities, practices, and information between the OECS countries. For example, it was anticipated that the program was going to finance a regional workshop for training local contractors in hurricane-resistant building technologies. No significant regional outcomes are recorded in the ICRs. Likewise, no significant sharing of tasks with other donors seemed to have taken place. A lesson learned stressed the importance of strengthening the regional (OECS) networking for the management of World Bank funded projects.
OECS - Education Development Program	The activities under the Horizontal APL program are in alignment with current initiatives from several regional institutions: (a) the work of the OECS Education Reform Unit (OERU) on curriculum harmonization; (b) the Caribbean Examination Council's (CXC) work on evaluation and standards; and (c) the UNESCO regional office's initiative on education statistics (Caribbean Regional Educational Management Information System - CREMIS).
OECS – Skills for Inclusive Growth Project	The horizontal APL allows for: (i) creating a common framework for competitive and private-sector driven training in the OECS conducive to increasing regional collaboration within this area, (ii) establishing a common framework for Bank financing of training across the OECS. There are multiple gains from regional collaboration within the program. The OECS is composed o f nine relatively small territories. In the current situation, training is entirely a national undertaking, which implies that the countries do not reap many benefits of scale. In order to have world- class training that will provide the needed skills to its economy, it is crucial to build a regional market for training. This will professionalize training in the region, improve quality o f training, provide volume, drive down costs, bring employment and save significant amount of resources for the region's governments. Project success therefore depends upon the willingness of the participating OECS countries to collaborate on the program. Several project activities will be implemented at the regional level, including: training, the development and printing of informational material, training of assessors, collaboration of regional experts in workshops on standards, establishment of an OECS register of qualifications, and implementation of a common labor market needs assessment, impact evaluation of training interventions and procurement of information management systems.
OECS – E-Government for Regional Integration	The rationale for utilizing the special regional IDA envelope for this project hinges on the important economies of scale that will be reaped through the regional approach envisaged by this project and i t s important impact on furthering regional integration, currently high on the political agenda of the OECS. The positive externalities that will accrue to the participating countries by harmonizing policies and implementing common e-government services together, as opposed to "doing it alone" are expected to be substantial and lie at the core of the rationale for the project in the first place. In this context, the program fits the eligibility criteria of the IDA regional program, by promoting regional economic integration, supporting the harmonization of regional policies and regulations, while at the same time implementing regional programs that build implementation capacity and increase donor harmonization and coordination.
Caribbean Countries - Multicountry HIV/AIDS	The Horizontal APL program provided support to individual countries within the context of The Caribbean

Prevention and Control Program	Regional Strategic Plan of Action 2000-2004 prepared by the Caribbean Community (CARICOM)-led Caribbean Task Force on HIV/AIDS and endorsed by the heads of Government.
Africa - Multicountry HIV/AIDS Program	This Program had strong internal support within the Bank, both from the then World Bank President, James Wolfensohn, and Regional Vice-President for the Africa Region, Calisto Madavo who personally championed the HIV/AIDS initiative. In 1999, the Region adopted a regional strategy, Intensifying Action against HIV/AIDS in Africa: Responding to a Development Crisis, which reflected the Bank's commitment to scale up efforts to fight HIV/AIDS in Africa. HIV travels beyond national borders through trade, tourism, migration, armed forces, and refugees. The strongest cross-border externalities arise among countries that are intensively linked via trade, migrant labor movements, and warfare. It is therefore important to build effective sub-regional programs that can address externalities across borders and in entire sub-regions. In addition, regional and sub-regional programs can achieve economies of scale for highly specialized activities associated with various national HIV/AIDS programs. Examples include encouraging behavior change among truckers and temporary migrants, including the distribution of condoms; strengthening of sub-regional technical institutions and resources for supporting country HIV/AIDS programs, training, policy analysis, research, monitoring and evaluation, and information exchange.
	APLs work best in the Regional context. Closing the terrestrial connectivity gap in Eastern and Southern Africa requires the combination o f two key interventions: (i) investment intervention based on a public-private partnership; and (ii) policy and regulatory support to ensure that once in place, the infrastructure i s accessible to all service providers on open, transparent and non-discriminatory terms. Both elements are key to project success. As evidenced from previous experience in the Western Africa SAT-3 submarine cable, and by the absence of pure private infrastructure in Eastern & Southern Africa, other alternatives focusing exclusively on public investment or on policy reform, or relying on sole private sector financing, were discarded. **The more countries participating in RCIP, the better.** Irrespective of the source o f financing (World Bank Group, Government, Development Partners or private), the connectivity initiatives in East and Southern Africa need to be managed and coordinated both at national and regional levels. Regional coordination is particularly important to ensure seamless connectivity, harmonized policy frameworks and increased scale economies.
Energy Community of South East Europe Program (ECSEE)	**Regional integration:** The Bank supports regional efforts to promote cooperation and integration in South East Europe. ECSEE is one of the most prominent of current regional programs. The proposed APL facility is a key component of the Bank's support for the Stability Pact and the working partnership with the European Commission.
Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI)	**Global and regional aspects of the response need to be addressed and coordinated.** Actions to secure borders and control international trade/travel in the event of a pandemic, as well as measures to limit the effects of disease transmission by migratory birds, are trans-boundary issues requiring regional and/or international coordination. Global and regional efforts should build on existing mechanisms such as the joint OIE/World Bank initiative for the Prevention and Control of Global Emerging and Re-emerging Diseases of Animal Origin, and the joint Global Framework for Progressive Control of Trans-boundary Animal Diseases (GF-TADS), a joint FAO/OIE initiative and regional organizations such as the Association of Southeast Asian Nations (ASEAN) and South Asian Association for Regional Cooperation (MARC). **International agencies with specific know-how are important partners of the GPAI.** Specifically, the Bank's Program is consistent with the Global Strategy for the Progressive Control of Highly Pathogenic Avian Influenza prepared by the Food and Agricultural Organization (FAO) and World Organization for Animal Health (OIE). Likewise, the World Health Organization (WHO) has defined phases in the

	evolution of an influenza pandemic which allow a step-wise escalating approach to preparedness planning and response leading up to declaration of the onset of a pandemic. During the program preparation, the Bank explored alternative options for grant financing with the EC, WHO, FAO/OIE and bi-laterals and multi-laterals organizations. One option would be the establishment of a multidonor trust fund (TF) that would primarily support country level activities.
Global Food Crisis Program	**Need for rapid, coordinated action from multiple donors and development partners:** Partnership is indispensable in dealing with such a large and multi-faceted crisis. Bank activities under the food crisis are therefore in support of the coordination effort led by UN Secretary-General Ban Ki-moon. President Zoellick has actively promoted increased funding to WFP as the main priority in providing a fast response to the suffering occasioned by the crisis. The GFRP then provides a framework for the Bank to coordinate its own response to the crisis in partnership with other multi-lateral organizations and donor agencies. The GFRP specifically contributes technical support to the evolving coordination role of the United Nations Task Force on the Global Food Crisis established recently in Berne. Lead members of the GFRP team are in daily contact with the UN Task Force secretariat in New York, and a senior Bank staff member has been outposted to New York to work with the Task Force secretariat for May and June while coordination arrangements are being set up. Bank senior management has also instructed the management of Bank country offices to coordinate in-country actions with UN resident coordinators, as agreed at the Board of Chief Executives (CEB) meeting in Berne in April presided over by the UN Secretary General. Key coordination of activities will occur at the country level, beginning with joint needs assessment missions. There are a large number of organizations that can help in this crisis, with only a sampling of some main actors below.

ANNEX 2 – MAIN CHARACTERISTICS OF PACIFIC ISLAND COUNTRIES

TABLE 2.A RECENT HISTORY OF PACIFIC ISLAND COUNTRIES

Pacific Island Country	Year of Independence	Background
Federated States of Micronesia (FSM)	1986	In 1979 the Federated States of Micronesia, a UN Trust Territory under US administration, adopted a constitution. In 1986 independence was attained under a Compact of Free Association with the US, which was amended and renewed in 2004. Present concerns include large-scale unemployment, overfishing, and overdependence on US aid.
Fiji	1970	Fiji became independent in 1970, after nearly a century as a British colony. Democratic rule was interrupted by two military coups in 1987, caused by concern over a government perceived as dominated by the Indian community (descendants of contract laborers brought to the islands by the British in the 19th century). The coups and a 1990 constitution that cemented native Melanesian control of Fiji, led to heavy Indian emigration; the population loss resulted in economic difficulties, but ensured that Melanesians became the majority. A new constitution enacted in 1997 was more equitable. Free and peaceful elections in 1999 resulted in a government led by an Indo-Fijian, but a civilian-led coup in May 2000 ushered in a prolonged period of political turmoil. Parliamentary elections held in August 2001 provided Fiji with a democratically elected government led by Prime Minister Laisenia Qarase. Re-elected in May 2006, Qarase was ousted in a December 2006 military coup led by Commodore Voreqe Bainimarama, who initially appointed himself acting president. In January 2007, Bainimarama was appointed interim prime minister.
Kiribati	1979	The Gilbert Islands were granted self-rule by the UK in 1971 and complete independence in 1979 under the new name of Kiribati. The US relinquished all claims to the sparsely inhabited Phoenix and Line Island groups in a 1979 treaty of friendship with Kiribati.
Palau	1978	After three decades as part of the UN Trust Territory of the Pacific under US administration, this westernmost cluster of the Caroline Islands opted for independence in 1978 rather than join the Federated States of Micronesia. A Compact of Free Association with the US was approved in 1986, but not ratified until 1993. It entered into force the following year, when the islands gained independence.
Republic of the Marshall Islands	1986	After almost four decades under US administration as the easternmost part of the UN Trust Territory of the Pacific Islands, the Marshall Islands attained independence in 1986 under a Compact of Free Association. Compensation claims continue as a result of US nuclear testing on some of the atolls between 1947 and 1962. The Marshall Islands hosts the US Army Kwajalein Atoll (USAKA) Reagan Missile Test Site, a key installation in the US missile defense network.
Samoa	1962	New Zealand occupied the German protectorate of Western Samoa at the outbreak of World War I in 1914. It continued to administer the islands as a mandate and then as a trust territory until 1962, when the islands became the first Polynesian nation to reestablish independence in the 20th century. The country dropped the "Western" from its name in 1997.
Solomon Islands	1978	The UK established a protectorate over the Solomon Islands in the 1890s. Some of the bitterest fighting of World War II occurred on this archipelago. Self-government was achieved in 1976 and independence two years later. Ethnic violence, government malfeasance, and endemic crime have undermined stability and civil society. In June 2003, then Prime Minister Sir Allan Kemakeza sought the assistance of Australia in reestablishing law and order; the following month, an Australian-led multinational force arrived to restore peace and disarm ethnic militias. The Regional Assistance Mission to the Solomon Islands (RAMSI) has generally been effective in restoring law and order and rebuilding government institutions.

Tonga	n.a.	Tonga - unique among Pacific nations - never completely lost its indigenous governance. The archipelagos of "The Friendly Islands" were united into a Polynesian kingdom in 1845. Tonga became a constitutional monarchy in 1875 and a British protectorate in 1900; it withdrew from the protectorate and joined the Commonwealth of Nations in 1970. Tonga remains the only monarchy in the Pacific.
Vanuatu	1980	Multiple waves of colonizers, each speaking a distinct language, migrated to the New Hebrides in the millennia preceding European exploration in the 18th century. This settlement pattern accounts for the complex linguistic diversity found on the archipelago to this day. The British and French, who settled the New Hebrides in the 19th century, agreed in 1906 to an Anglo-French Condominium, which administered the islands until independence in 1980, when the new name of Vanuatu was adopted.

Source: CIA Factbook

TABLE 2.B GEOGRAPHIC AND CLIMATIC CHARACTERISTICS OF PACIFIC ISLAND COUNTRIES

Pacific Island Country	Number of Islands	Land (sq. km.)	Coastline (km)	Climate	Natural Hazards	Current Environmental Concerns
Federated States of Micronesia	Four major island groups totaling 607 islands	702	6,112	Tropical; heavy year-round rainfall, especially in the eastern islands; located on southern edge of the typhoon belt with occasionally severe damage	Typhoons (June to Dec.)	Over-fishing, climate change, pollution.
Fiji	It includes 332 islands; approx. 110 are inhabited	18,270	1,129	Tropical marine; only slight seasonal temperature variation	Cyclonic storms can occur from November to January	Deforestation; soil erosion
Kiribati	Three island groups totaling 21 islands, of which 33 are inhabited	811	1,143	Tropical; marine, hot and humid, moderated by trade winds	Typhoons can occur any time, but usually November to March; occasional tornadoes; low level of some of the islands make them sensitive to changes in sea level	Heavy pollution in lagoon of south Tarawa atoll due to heavy migration mixed with traditional practices such as lagoon latrines and open-pit dumping; ground water at risk
Palau	It consists of six island groups totaling more than 300 islands.	458	1,519	Tropical; hot and humid; wet season May to November	Typhoons (June to December)	Inadequate facilities for disposal of solid waste; threats to the marine ecosystem from sand and coral dredging, illegal fishing practices, and over-fishing
Republic of the Marshall Islands	Two archipelagic island chains of 29 atolls, each made up of many small islets, and five single islands.	181	370	Tropical; hot and humid; wet season May to November;	Infrequent typhoons, as the islands border typhoon belt	Inadequate supplies of potable water; pollution of Majuro lagoon from household waste and discharges from fishing vessels
Samoa	Two main islands and several smaller islands and uninhabited islets	2,944	403	Tropical; rainy season (November to April), dry season (May to October)	Occasional typhoons; active volcanism	Soil erosion, deforestation, invasive species, over-fishing
Solomon Islands	It consists of nearly one thousand islands	27,540	5,313	Tropical monsoon; few extremes of temperature and weather	Typhoons, but rarely destructive; geologically active region with frequent earthquakes, tremors, and volcanic activity; tsunamis	Deforestation; soil erosion; many of the surrounding coral reefs are dead or dying

Tonga	Archipelago of 169 islands, of which 36 are inhabited.	718	419	Tropical; modified by trade winds; warm season (December to May), cool season (May to December)	cyclones (October to April); earthquakes and volcanic activity on Fonuafo'ou	Deforestation results as more and more land is being cleared for agriculture and settlement; some damage to coral reefs from starfish and indiscriminate coral and shell collectors; over-hunting threatens native sea turtle populations
Vanuatu	It includes more than 80 islands, about 65 of which are inhabited	12,200	2,528	Tropical; moderated by southeast trade winds from May to October; moderate rainfall from November to April; may be affected by cyclones from December to April	Tropical cyclones or typhoons (January to April); volcanic eruption on Aoba (Ambae) island began 27 November 2005, volcanism also causes minor earthquakes; tsunamis	Most of the population does not have access to a reliable supply of potable water; deforestation

Source: CIA World Factbook

TABLE 2.C HUMAN DEVELOPMENT INDICATORS FOR THE PACIFIC ISLAND COUNTRIES

Pacific Island Country	Population	Net Migration (Migrants/1,000 inhab.)	Poverty (% of pop.)	Infant Mortality (Deaths/1,000 live births)	Life Expectancy	Literacy Rate %
Federated States of Micronesia	107,665	-21.04	26.7	27.0	70.7	89
Fiji	931,741	2.62	25.5	11.9	70.4	93.7
Kiribati	110,356	n.a.	n.a.	44.7	62.9	n.a.
Palau	21,093	0.9	n.a.	13.7	71.0	92
Republic of the Marshall Islands	63,174	-5.52	n.a.	26.4	70.9	93.7
Samoa	217,083	-9.14	n.a.	25.0	71.6	99.7
Solomon Islands	581,318	n.a.	n.a.	19.7	73.4	n.a.
Tonga	119,009	n.a.	24	11.9	70.4	98.9
Vanuatu	215,446	n.a.	n.a.	50.8	63.6	n.a.

Source: CIA World Factbook

TABLE 2.D ECONOMIC INDICATORS FOR THE PACIFIC ISLAND COUNTRIES

Pacific Island Country	GDP (PPP) (US$ Million)	Grant Aid (US$ Million)	Grant Aid as % of GDP	GDP Per Capita	Unemployment (Most current)
Federated States of Micronesia	227	106.4	46.9	2,300	22
Fiji	5,079	63.96	1.3	3,900	760
Kiribati	348	27.84	8.0	3,600	n.a.(*)
Palau	125	23.46	18.8	7,600	4.2
Republic of the Marshall Islands	115	56.56	49.2	2,900	30.9
Samoa	1,029	43.95	4.3	5,400	n.a.
Solomon Islands	948	198.2	20.9	1,900	n.a.
Tonga	526	31.75	6.0	5,100	13
Vanuatu	897	39.48		3,900	1.7

(*) 70% underemployment

Source: CIA World Factbook

TABLE 2.E OVERVIEW OF THE ECONOMY OF PACIFIC ISLAND COUNTRIES

Pacific Island Country	Economy - Overview
Federated States of Micronesia	Economic activity consists primarily of subsistence farming and fishing. The islands have few mineral deposits worth exploiting, except for high-grade phosphate. The potential for a tourist industry exists, but the remote location, a lack of adequate facilities, and limited air connections hinder development. Under the original terms of the Compact of Free Association, the US provided $1.3 billion in grant aid during the period 1986-2001; the level of aid has been subsequently reduced. The Amended Compact of Free Association with the US guarantees the Federated States of Micronesia (FSM) millions of dollars in annual aid through 2023, and establishes a Trust Fund into which the US and the FSM make annual contributions in order to provide annual payouts to the FSM in perpetuity after 2023. The country's medium-term economic outlook appears fragile due not only to the reduction in US assistance but also to the current slow growth of the private sector.
Fiji	Fiji, endowed with forest, mineral, and fish resources, is one of the most developed of the Pacific island economies, though still with a large subsistence sector. Sugar exports, remittances from Fijians working abroad, and a growing tourist industry - with 400,000 to 500,000 tourists annually - are the major sources of foreign exchange. Fiji's sugar has special access to European Union markets, but will be harmed by the EU's decision to cut sugar subsidies. Sugar processing makes up one-third of industrial activity but is not efficient. Fiji's tourism industry was damaged by the December 2006 coup and is facing an uncertain recovery time. The coup has created a difficult business climate. Tourist arrivals for 2007 are estimated to be down almost 6%, with substantial job losses in the service sector. In July 2007 the Reserve Bank of Fiji announced the economy was expected to contract by 3.1% in 2007. Fiji's current account deficit reached 23% of GDP in 2006. The EU has suspended all aid until the interim government takes steps toward new elections. Long-term problems include low investment, uncertain land ownership rights, and the government's inability to manage its budget. Overseas remittances from Fijians working in Kuwait and Iraq have decreased significantly.
Kiribati	A remote country of 33 scattered coral atolls, Kiribati has few natural resources. Commercially viable phosphate deposits were exhausted at the time of independence from the UK in 1979. Copra and fish now represent the bulk of production and exports. The economy has fluctuated widely in recent years. Economic development is constrained by a shortage of skilled workers, weak infrastructure, and remoteness from international markets. Tourism provides more than one-fifth of GDP. Private sector initiatives and a financial sector are in the early stages of development. Foreign financial aid from UK, Japan, Australia, New Zealand, and China equals more than 10% of GDP. Remittances from seamen on merchant ships abroad account for more than $5 million each year. Kiribati receives around $15 million annually for the government budget from an Australian trust fund.
Palau	The economy consists primarily of tourism, subsistence agriculture, and fishing. The government is the major employer of the work force relying heavily on financial assistance from the US. The Compact of Free Association with the US, entered into after the end of the UN trusteeship on 1 October 1994, provided Palau with up to $700 million in US aid for the following 15 years in return for furnishing military facilities. Business and tourist arrivals numbered 63,000 in 2003. The population enjoys a per capita income roughly 50% higher than that of the Philippines and much of Micronesia. Long-run prospects for the key tourist sector have been greatly bolstered by the expansion of air travel in the Pacific, the rising prosperity of leading East Asian countries, and the willingness of foreigners to finance infrastructure development.

Republic of the Marshall Islands	US Government assistance is the mainstay of this tiny island economy. The Marshall Islands received more than $1 billion in aid from the US from 1986-2002. Agricultural production, primarily subsistence, is concentrated on small farms; the most important commercial crops are coconuts and breadfruit. Small-scale industry is limited to handicrafts, tuna processing, and copra. The tourist industry, now a small source of foreign exchange employing less than 10% of the labor force, remains the best hope for future added income. The islands have few natural resources, and imports far exceed exports. Under the terms of the Amended Compact of Free Association, the US will provide millions of dollars per year to the Marshall Islands (RMI) through 2023, at which time a Trust Fund made up of US and RMI contributions will begin perpetual annual payouts. Government downsizing, drought, a drop in construction, the decline in tourism, and less income from the renewal of fishing vessel licenses have held GDP growth to an average of 1% over the past decade.
Samoa	The economy of Samoa has traditionally been dependent on development aid, family remittances from overseas, agriculture, and fishing. The country is vulnerable to devastating storms. Agriculture employs two-thirds of the labor force and furnishes 90% of exports, featuring coconut cream, coconut oil, and copra. The fish catch declined during the El Nino of 2002-03 but returned to normal by mid-2005. The manufacturing sector mainly processes agricultural products. One factory in the Foreign Trade Zone employs 3,000 people to make automobile electrical harnesses for an assembly plant in Australia. Tourism is an expanding sector, accounting for 25% of GDP; 116,000 tourists visited the islands in 2006. The Samoan Government has called for deregulation of the financial sector, encouragement of investment, and continued fiscal discipline, while at the same time protecting the environment. Observers point to the flexibility of the labor market as a basic strength for future economic advances. Foreign reserves are in a relatively healthy state, the external debt is stable, and inflation is low.
Solomon Islands	The bulk of the population depends on agriculture, fishing, and forestry for at least part of its livelihood. Most manufactured goods and petroleum products must be imported. The islands are rich in undeveloped mineral resources such as lead, zinc, nickel, and gold. Prior to the arrival of the Regional Assistance Mission to the Solomon Islands (RAMSI), severe ethnic violence, the closing of key businesses, and an empty government treasury culminated in economic collapse. RAMSI's efforts to restore law and order and economic stability have led to modest growth as the economy rebuilds.
Tonga	Tonga has a small, open, South Pacific island economy. It has a narrow export base in agricultural goods. Squash, vanilla beans, and yams are the main crops, and agricultural exports, including fish, make up two-thirds of total exports. The country must import a high proportion of its food, mainly from New Zealand. The country remains dependent on external aid and remittances from Tongan communities overseas to offset its trade deficit. Tourism is the second-largest source of hard currency earnings following remittances. The government is emphasizing the development of the private sector, especially the encouragement of investment, and is committing increased funds for health and education. Tonga has a reasonably sound basic infrastructure and well-developed social services. High unemployment among the young, a continuing upturn in inflation, pressures for democratic reform, and rising civil service expenditures are major issues facing the government.
Vanuatu	This South Pacific island economy is based primarily on small-scale agriculture, which provides a living for 65% of the population. Fishing, offshore financial services, and tourism, with more than 60,000 visitors in 2005, are other mainstays of the economy. Mineral deposits are negligible; the country has no known petroleum deposits. A small light industry sector caters to the local market. Tax revenues come mainly from import duties. Economic development is hindered by dependence on relatively few commodity exports, vulnerability to natural disasters, and long distances from main markets and between constituent islands. In response to foreign concerns, the government has promised to tighten regulation of its offshore financial center. In mid-2002 the government stepped up efforts to boost tourism through improved air connections, resort development, and cruise ship facilities. Agriculture, especially livestock farming, is a second target for growth. Australia and New Zealand are the main suppliers of tourists and foreign aid.

Source: CIA World Factbook

ANNEX 3 – LIST OF DOCUMENTS AND INTERVIEWS

TABLE 3.A LIST OF DOCUMENTS

List of Documents
OECS - Emergency Recovery & Disaster Management Project
▪ World Bank (2006), *Implementation Completion Report, St. Vincent and the Grenadines: Emergency Recovery and Disaster Management Project* (IDA-36440, FSLT-71160), Report No: 37788, 1 December 2006, Washington, D.C. ▪ World Bank (2006), *Implementation Completion Report, Grenada: Emergency Recovery and Disaster Management Project* (IDA-34230, SCL-45830), Report No: 35429, 8 June 2006, Washington, D.C. ▪ World Bank (2005), Project performance Assessment Report, St. Lucia: *Emergency Recovery and Disaster Management Project* (IDA 3151-SLU, Loan No. 3925-SLU), Report No: 32677, 27 June 2005, Washington, D.C. ▪ World Bank (2004), *Implementation Completion Report, St. Kitts and Nevis: Emergency Recovery and Disaster Management Project* (SCL-44180), Report No: 27956, 8 April 2004, Washington, D.C. ▪ World Bank (2004), *Implementation Completion Report, Commonwealth of Dominica: Emergency Recovery and Disaster Management Project* (IDA 31510, SCL-44170), Report No: 27953, 8 April 2004, Washington, D.C. ▪ World Bank (2004), *Implementation Completion Report, St. Lucia: Emergency Recovery and Disaster Management Project* (IDA 31510, SCL-44190), Report No: 27951, 8 April 2004, Washington, D.C. ▪ World Bank (2004), *Project Appraisal Document, St. Lucia: LC Disaster Management Project II,* Report No: 27952, 26 May 2004, Washington, D.C. ▪ World Bank (2002), *Project Appraisal Document, St. Vincent and the Grenadines: Organization of Eastern Caribbean States Emergency Recovery and Disaster Management Project,* Report No: 24050, 9 May 2002, Washington, D.C. ▪ World Bank (2000), *Project Appraisal Document, Grenada: Organization of Eastern Caribbean States Emergency Recovery and Disaster Management Project,* Report No: 20899, 15 September 2000, Washington, D.C. ▪ World Bank (1998), *Project Appraisal Document, Dominica, St. Kitts & Nevis, and St. Lucia: Organization of Eastern Caribbean States Emergency Recovery and Disaster Management Project,* Report No: 18645, 2 December 1998, Washington, D.C.
Caribbean Countries - Multicountry HIV/AIDS Prevention and Control Program
▪ World Bank (2008), *Implementation Completion Report, Barbados: HIV/AIDS Prevention and Control Project* (IBRD-7066), Report No: ICR741, 27 June 2008, Washington, D.C. ▪ World Bank (2004), *Project Appraisal Document, St. Lucia: HIV/AIDS Prevention and Control Project,* Report No: 29129, 1 June 2004, Washington, D.C. ▪ World Bank (2004), *Project Appraisal Document, St. Vincent and the Grenadines: HIV/AIDS Prevention and Control Project,* Report No: 28236, 27 May 2004Washington, D.C. ▪ World Bank (2004), *Project Appraisal Document, Guyana: HIV/AIDS Prevention and Control Project,* Report No: 27394, 1 March 2004, Washington, D.C. ▪ World Bank (2002), *Project Appraisal Document, Grenada: HIV/AIDS Prevention and Control Project,* Report No: 24174, 1 July 2002, Washington, D.C. ▪ World Bank (2001), *Project Appraisal Document, Jamaica: HIV/AIDS Prevention and Control Project,* Report No: 23265, 25 January 2001, Washington, D.C. ▪ World Bank (2001), *Project Appraisal Document, Dominican Republic and Barbados: HIV/AIDS Prevention and Control Project,* Report No: 22184, 5 June 2001, Washington, D.C.
OECS - Education Development Project
▪ World Bank (2001), *Project Appraisal Document, St. Vincent and the Grenadines: OECS Education Development Program*, Report No: 29047-LAC, May 27, 2004, Washington, D.C. ▪ World Bank (2001), *Project Appraisal Document, Grenada: OECS Education Development Program*, Report No: 26042-LAC, JUNE 3,2003, Washington, D.C.

- World Bank (2001), *Project Appraisal Document, St. Kitts and Nevis, and St. Lucia:* OECS Education Development Program, Report No: 24159-LAC, May 15, 2002, Washington, D.C.

OECS – Skills for Inclusive Growth Project

- World Bank (2007), *Project Appraisal Document, St. Lucia: First Phase of the OECS Skills for Inclusive Growth Project,* Report No: 38260-LC, April 5, 2007, Washington, D.C.

OECS - OECS – E-Government for Regional Integration

- World Bank (2008), *Project Appraisal Document, Dominica, Grenada and St. Lucia: First Phase of the OECS E-Government for Regional Integration Program (EGRIP),* Report No: 43345-LAC, April 29, 2008, Washington, D.C.

Caribbean Countries - Multicountry HIV/AIDS Prevention and Control Program

- World Bank (2008), *Implementation Completion Report, Barbados: HIV/AIDS Prevention and Control Project* (IBRD-7066), Report No: ICR741, 27 June 2008, Washington, D.C.
- World Bank (2004), *Project Appraisal Document, St. Lucia: HIV/AIDS Prevention and Control Project,* Report No: 29129, 1 June 2004, Washington, D.C.
- World Bank (2004), *Project Appraisal Document, St. Vincent and the Grenadines: HIV/AIDS Prevention and Control Project,* Report No: 28236, 27 May 2004Washington, D.C.
- World Bank (2004), *Project Appraisal Document, Guyana: HIV/AIDS Prevention and Control Project,* Report No: 27394, 1 March 2004, Washington, D.C.
- World Bank (2002), *Project Appraisal Document, Grenada: HIV/AIDS Prevention and Control Project,* Report No: 24174, 1 July 2002, Washington, D.C.
- World Bank (2001), *Project Appraisal Document, Jamaica: HIV/AIDS Prevention and Control Project,* Report No: 23265, 25 January 2001, Washington, D.C.
- World Bank (2001), *Project Appraisal Document, Dominican Republic and Barbados: HIV/AIDS Prevention and Control Project,* Report No: 22184, 5 June 2001, Washington, D.C.

Africa - Multicountry HIV/AIDS Program

- World Bank (2000), *Project Appraisal Document, Multicountry HIV/AIDS Program for the Africa Region - First Phase: Ethiopia and Kenya*; Report No: 20727-AFR, August 14, 2000, Washington, D.C.

Africa - Communications Infrastructure Program

- World Bank (2007), *Project Appraisal Document, Kenya, Burundi, Madagascar: First Phase of the Africa Communications Infrastructure Program*, Report 38890-AFR**,** March 5, 2007, Washington, D.C.

Energy Community of South East Europe Program (ECSEE)

- World Bank (2004), Project Appraisal Document, Energy Community of South East Europe (APL) Program - First Phase: Hidroelectrica S.A. with the Guarantee of Romania, Report No: 29993, December 23, 2004, Washington, D.C.

Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI)

- World Bank (2005), *Program Framework Document for a Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI),* Report No: 34386, December 5, 2005, Washington, D.C.

Global Food Crisis Program

- World Bank (2008), *Framework Document for a Global Food Crisis Response Program*, Report No: 43841, June 26, 2008, Washington, D.C.

Adaptation to Climate Change Operations

- World Bank (2008), *Project Appraisal Document, People's Republic of China: Mainstreaming Climate Change Adaptation in Irrigated Agriculture Project*, Grant

from the Global Environment Facility (GEF) Special Climate Change Fund, Report No. 39172-LAC, 29 April 2008, Washington, D.C.
- World Bank (2008), *Project Appraisal Document, General Secretariat of the Andean Community (SGCAN): Adaptation to the Impact of Rapid Glacier Retreat in the Tropical Andes Project*, Grant from the Global Environment Facility (GEF) Special Climate Change Fund, Report No. 39892 - CN, 18 March, 2008, Washington, D.C.
- World Bank (2006), *Project Appraisal Document, Commonwealth of Dominica, Saint Lucia, and St. Vincent and the Grenadines through the Caribbean Community Climate Change Center (CCCC): Adaptation Measures In Coastal Zones Project*, Grant from the Global Environment Facility (GEF) Trust Fund, Report No. 34152-LAC, 8 August 2006, Washington, D.C.
- World Bank (2006), *Project Appraisal Document, Conservation International Colombia: Integrated National Adaptation Project*, Grant from the Global Environment Facility (GEF) Trust Fund, Report No. 34058-CO, 13 May 2006, Washington, D.C.
- World Bank (2006), *Project Appraisal Document, Kiribati: Adaptation Project - Implementation Phase (KAP-II),* Grant from the Global Environment Facility (GEF) Trust Fund, Report No. 35969-KI, 4 May 2006, Washington, D.C.
- World Bank (2003), *Project Appraisal Document, The Caribbean Community: Mainstreaming Adaptation To Climate Change Project*, Grant from the Global Environment Facility (GEF) Trust Fund, Report No. 25540, 24 March 2003, Washington, D.C.

Other documents

- Anderson, E. (2008), Practices and implications of aid allocation, Background study for the 2008 Development Cooperation Forum, UN Economic and Social Council (ECOSOC), School of Development Studies, University of East Anglia, Norwich.
- Bettencourt, S. et al. (2006), Not if but when: Adapting to natural hazards in the Pacific Islands Region, Policy Note, East Asia Pacific Region, Pacific Islands Country Management Unit, The World Bank, Washington, D.C.
- Deeb, A. (2004), 'Caribbean Planning for Adaptation to Global Climate Change,' in *Adaptation Mosaic*, World Bank, Washington, DC.
- IEG (2006), Hazards of Nature, Risks to Development: An IEG Evaluation of World Bank Assistance for Natural Disasters, World Bank Independent Evaluation Group, Report No. 36615, Washington, D.C.
- World Bank (2006), *Managing Climate Risk Integrating Adaptation into World Bank Group Operations,* Report No. 37462, Washington, D.C.
- IEG (2006), *Small States: Making the Most of Development Assistance: A Synthesis of World Bank Evaluation Findings*, World Bank Independent Evaluation Group, Report No. 37267, Washington, D.C.
- IEG (2005), *Evaluation of World Bank Assistance to Pacific Member Countries, 1992-2002*, Operations Evaluation Department, World Bank Independent Evaluation Group, Report No. 31940, 31 March 2005, Washington, D.C.
- QAG (2006), *Annual Report on Portfolio Performance - Fiscal Year 2005*, World Bank Quality Assurance Group, February 2, 2006, Washington, DC.
- World Bank and Development International Development Association (2005), Regional Engagement Framework FY 2006-2009 for Pacific Islands, Report No. 32261-EAP, East Asia and Pacific Regional Office, 3 May 2005, Washington D.C.
- World Bank (2008), *Process Simplification Proposal - Investment Lending to Small Countries through a Small Country Umbrella Program (SCUP)*, LCC3 for the Caribbean & EACNQ for the Pacific Islands, Draft 20 February 2008, Washington, DC.
- World Bank (2001), *World Bank Lending Instruments: Resources for Development Impact*, Operations Policy and Country Services, July 2001, Washington, D.C.
- World Bank (2000), *Pacific Regional Strategy – 2000*, Report No. 20370–EAP, Papua New Guinea and Pacific Islands Country Unit, East Asia and Pacific Regional Office, May 2000, Washington DC.
- Deeb, A. (2004), 'Caribbean Planning for Adaptation to Global Climate Change,' in *Adaptation Mosaic*, World Bank, Washington, DC.

TABLE 3.B LIST OF INTERVIEWS

Horizontal APL Program	Bank Staff Interviewed
Africa HAI/AIDS MAP Program	▪ Nadeem Mohammad ▪ Richard Seifman
Global Avian Influenza	▪ Olga Jonas ▪ Guzmán García-Rivero ▪ Astrid Helgeland-Lawson ▪ Piers Merrick ▪ Laurent Msellati
Global Food Response Program	▪ Pauline Zwaans
IEG – Africa MAP Strategy Review	▪ Patrick Mullen
OECS E-Government Project	▪ Juan Navas-Sabater
OECS Emergency Recovery and Disaster Management Project	▪ Francis Ghesquiere
Pacific Island Countries	▪ Susan Shen ▪ Thakoor Persaud