MICRO AND MACRO DETERMINANTS OF WORLD BANK PROJECT PERFORMANCE: A SECTOR LEVEL ANALYSIS

By

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CERTIFICATE

This is to certify that this thesis entitled: **"Micro and Macro Determinants of World Bank Project Performance: A Sector Level Analysis"** submitted by Ms. Amna Shamim is accepted in its present form by the Department of Economics, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree of **Master of Philosophy in Economics**.

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Dedicated to

Mama & Papa..!

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All the praises to the almighty ALLAH, the Lord of the worlds. The one who is most deserving of thanks and praise, may He be glorified and exalted, because of the great favors and blessings that He has bestowed upon me. I also want to acknowledge the limitless efforts, unconditional love and prayers of my parents, without whom I am nothing.

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"I hated every minute of training, but I said, 'Don't quit. Suffer now and live the rest of your life as champion" Muhammad Ali Jinnah.

Amna Shamim

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Abbreviations

AFR Africa Region

CPIA Country policy and Institutional Assessment

CPPs Country Program Papers

CSFs Critical Success Factors

DPL Development Policy lending (or loan)

EAP East Asia and Pacific Region

ECA Europe and Central Asia Region

IBRD International Bank for Reconstruction and Development

ICRG International Country Risk Guide

IDA International Development Association

IEG Independent Evaluation Group

IMF International Monetary Fund

IWRM Integrated Water Resources Management

LCR Latin America and Caribbean Region

MDGs Millennium Development Goals

MNA Middle East and North Africa Region

SAR South Asia Region

SWAPs Sector Wide Approaches

WBG World Bank Group

ABSTRACT

This research work investigates micro, macro and institutional determinants of World Bank development projects, for this purpose data is employed from six sectors from over 5872 World Bank projects evaluated between 1963 and 2016. Logit model incorporates the problem of "boundedness" and is being employed for estimation purpose. Our study suggests that micro determinants have significant impact on project performance and on outcome of project. One important finding is that task team leader's traits like project surveillance and project evaluation are strongly correlated with outcome of project and in order to spur the chances of more successful projects is to increase the incentives of task team leaders associated with long term projects. The projects related to sectors involved in this study ensue effective outcome ratings. Whereas economic and institutional variables are found to be discursive. Therefore country has to take measures for spurring its GDP growth rate and to control inflation and to make institutions strong enough to enable itself to welcome World Bank project. Decentralization generates the environment of accountability results in improved public service delivery thus strengthen the institutional capability at country level. This study is bold enough to unveil importance of micro and macro aspects to be considered while preparing projects.

Keywords: World Bank projects, Micro determinants, Economic variables, Institutional variables.

Chapter 01

INTRODUCTION

The World Bank is a prestigious and enormous international financial institution. The World Bank helps low and middle income countries through provision of loans to assist development related projects. The World Bank provides the money to its clients for the tenacity of their economies (reconstruction and development). The Bank finances projects related to development in numerous sectors of an economy to assist them to propagate prosperity, streamline restructured economies and to mitigate income inequalities. The development projects are executed by receiver countries ensuing processes to pledge finance approaches (World Bank, 2015).

Development projects initiated by World Bank involves aspects which are considered decisive to be analyzed in project performance framework; like, micro (project related), macro (economic variables) and institutional determinants. The advanced economies have distant lesser poverty and sophisticated living standards than the emerging world. The developing states are customarily incapable of managing their pecuniary matters. So, as a result, development projects are not being successful due to non-availability of enough resources and therefore it requires financial assistance imperative to compete with the advanced world (Bourguignon and Sundberg, 2007). The Independent Evaluation Group[1]

[1] The Independent Evaluation Group (IEG) evaluates the development effectiveness of the World Bank Group. Their work provides evaluative evidence to help the World Bank Group deliver better services and results to its clients. They do so by generating lessons from past experience and accountability to shareholders and stakeholders at large. IEG is independent of the Management of the World Bank Group and reports directly to the Executive Board.

(IEG) is the organization of World Bank associated with project evaluation and is accountable merely to the board of directors (Burnside and Dollar, 2000).

There are several factors which are crucial for success of a concerned project. For example, the project strategy and administration is imperative for successful enactment. In macroeconomic literature associated with World Bank entails enormous determinants of welfare and progress in emerging states. The bank's staff devotes much time on concoction of project strategy which results in viable strategy and decreases the peril chances at enactment. A well-designed project has additional prospects of achieving successful ratings.

It has been observed that the project's success depends eventually on the peculiarity of policy-making of the recipient states (Gavin and Rodrik, 1995). The sign and extent of the consequence of assistance by World Bank on progress (growth) and development encompasses definite aspects and characteristics of concerned countries, such as institutional quality and economic policies. This approach is construed by the analysis of World Bank (1998) and Burnside and Dollar (2000, 2004) and being employed in this study.

Economic (macro) factors include GDP growth rate and inflation. GDP growth is one of the chief factor which depicts the true depiction of country's development. Improved macroeconomic measures illustrates established economy that is meant for even and effective enactment of the proposed project. Hence, better economic growth assists in the

likelihoods of track progress in projects (Denizer et al., 2013). However, an economy which is considered to be vulnerable (exchange rate depreciation) confronted with issues like immense import bills and worsened Balance of Payment (BOP) position which entails underlying projects organized hurriedly have adverse consequences on the likelihood of favorable upshot (Kilby, 2012). Low inflation would add in escalating the likelihoods of satisfactory project as it is the measure of improved economic policy (Burnside and Dollar, 2000).

Along with micro (project related) and macro (economic) determinants, Institutional quality is also one of the key indicator to be scrutinized in World Bank scenario. The role played by institutions has also substantial effect; as a state having well-organized law and order condition is considered ideal, primarily for economic action. Upright law and order delivers a setting where growth plans are considered tranquil to enact and accomplish (Dollar and Levin, 2005).

Better service delivery by government requires establishing the environment of accountability among service providers and policy makers. Political accountability contributes in better public services and thus decreases the extent of corruption (Jutting et al., 2004; World Bank, 2003).As critics were censuring the World Bank's earlier agenda of advancing growth but as time passes; its emphasis turn out to be on the poverty mitigation. Therefore, the Bank widened its vision and incorporated social sectors like educational disparities, health insecurities and enabling the poor segment of society in its programme (Blyth, 2002).

These evolving doings of World Bank has remarkable sides to be analyzed in these sectors. Previous writings has humbly centered attention on the proposed project centered aid along with efficacy of underlying projects in fetching preferred fundamental variations for underlying economies. Dynamics determine the criterion of favorable results and failure of proposed project aid further incorporates not merely the pecuniary and societal state of affairs associated with concerned state along with the determination laid by the supporter organization (Dollar and Svensson, 2000).

Within countries sector wide approaches (SWAPs) can easily be implemented and analysis of World Bank project performance is rather simple. There are some principals regarding effective evaluation of SWAPs within countries. Countries vary substantially in many ways as the utmost concerns, economic situation of a country, national policies and sectoral policies from SWAPs will be different. Thus, this research work implies some standard strategies, indicators and policy framework which provides immense insight regarding evaluation criteria.

It has been observed that if evaluation is found to be negative, recipient countries and donors mostly ignore full evaluation regarding criteria. Yet, it is at the verge of recipient countries and donors to provide an environment and pledge a proper process through which evaluation should be transparent which will help in better policy decisions and SWAPs became clearer. If this situation prevails, it will assist concerned donors to improve accountability and transparency channel which ultimately results in significant impact on aid (Paul Garner et al., 2000).

1.1. Research Gap

The Project Management literature has focused little on international development projects, or typically, World Bank projects (Crawford and Bryce, 2003; Ahsan and Gunawan, 2010; Ika et al., 2010). In particular, very little has been written on international development project success, success criteria and critical success factors (Diallo and Thuillier (2004, 2005); Khang and Moe, 2008; Ika et al., 2010).

Dollar and Kraay (2002), Hall and Jones (1999), Rodrik et al. (2002), Acemoglu et al. (2001), Engermann and Sokoloff (1997) as well as Knack and Keefer (1995) accentuate the vibrant significance of stable and operative institutions and policies in placing the basis for effective development. Improved competitiveness of policy making and institutional framework is considered imperative for an ongoing proposed project carried out productively (Denizer et al., 2013). Under the shadow of these arguments this study analyzes economic (macro) and institutional aspects that are central in successful execution of development plans (projects) by World Bank in a state.

In spite of the significance of the topic, no thoughtful sound methodology has been adopted to assess sector based project aid along with efficacy of proposed projects in fetching preferred methodological variations in particular sectors of concerned economies in the former studies. Sector-level and cross-national analysis regarding outcomes of project are rarely undertaken.

Therefore, current study concentrated on assessed factors of underlying project's success originated by the Bank in numerous states for diverse sectors. The ultimate objective is to

inspect the impact of institutional and economic (macro) conditions along with project related (micro) characteristics on the upshot of the WB proposed project in different sectors.

1.2. Objectives of the Study

WB was established with the aim to facilitate countries by financing their development projects and this is among its prime objectives. The study primarily has three objectives.

1. To analyze project related characteristics which are significantly associated with project performance thus incorporating the micro aspect. Project related variables are project surveillance, project size, project duration, project evaluation, lag in evaluation and lending instrument type.

2. To uncover the important macro aspects associated with characteristics of recipient countries include measures of quality of the economic policies; GDP growth rate, inflation and exchange rate depreciation which is considered strongly correlated with outcome rating.

3. To determine whether institutional quality which is observed through law and order, democratic accountability and bureaucratic quality have significant impact on project performance or not.

1.3. Research Question

What are the significant determinants behind the successful projects which are financed by the World Bank?

1.4. Significance of the Study

The sectors involved in this study included agriculture and rural development sector, financial sector, sector of education, health, nutrition and population, economic policy and water sector. For our study, we employ the data of Independent Evaluation Group for 5872 projects during 1963-2016. The recipient countries[2] consists of; African region, East Asia Pacific, Europe and Central Asia, South Asian region, Middle East and North Africa and Latin America and Caribbean states. The upshot (outcome), that is dichotomous dummy variable, is projected (estimated) by employing logit model and provides prospects regarding effect of various aspects on favorable outcomes in respective sectors.

1.5. Organization of Study

Rest of the study is structured as follows. Chapter 2 provides a detailed review of the literature. Chapter 3 is about an overview of World Bank. Chapter 4 provides theoretical framework upon which the study is rested and econometric strategy respectively. Chapter 5 entails understanding regarding data and variables involved. Chapter 6 is about results of estimated variables along with comprehensive discussion on results. Chapter 7 concluded the entire study precisely along with policy recommendations

[2] It has approximately 178 member states, only 12 countries are not its members.

Chapter 02

LITERATURE REVIEW

The Bank can co-finance projects in collaboration with other donor governments, multilateral institutions or commercial banks (World Bank, 2007). Particularly the World Bank has advanced its activity; it has transformed from lender of last resort to international welfare agency. The Bank encourages all its clients to implement policies that promote sustainable growth, health, education, social development programs focusing on governance, poverty reduction mechanisms and macroeconomic reforms.

2.1. Dynamics of World Bank Project Cycle

A succession of activities conceded by the Bank in association with government and also warrant that Bank surveillance is addressing the utmost imperative development problems for the state and that finances are used for targets which they were proposed. These activities mutually stated as the World Bank's 'project cycle'. The project cycle primarily alienated into three phases: planning, implementation and evaluation (Kilby, 2001). Projects, Gittinger claims, are the "cutting edge" of development. Hirschman calls them "privileged particles of the development process".

Bank administration elects the struggle put into surveillance and fund resources are owed for surveillance. On the other hand, monitoring remains central activity of surveillance, it also elucidate guiding on administrative matters and referring technical succor (Kilby,

2000). Annually, Operational staff of the Bank serves around 12 weeks for surveillance (Kilby, 2000). A World Bank project comprises of six stages.

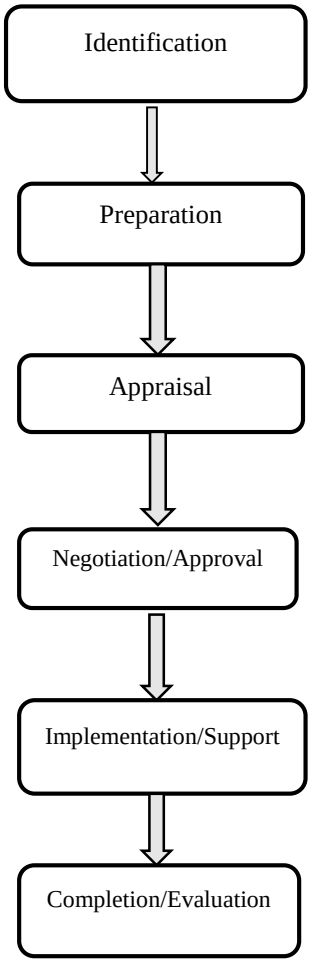

Figure 2.1: Stages of World Bank project

An upright supervision generally encompasses good ties with the recipient institutions along with thoughtful understanding regarding appropriate protagonist of the Bank. As project is near its completion, the recipient country and staff of Bank formulates a completion report, which is then appraised by the IEG. The IEGs assessment regarding projects after accomplishment entails that around 70 % of projects end up with effective projects along positive results. Bulk of the projects comprises of agriculture and rural development sector (Marshall, 2008).

2.2. World Bank Aid Effectiveness Perspective

It is not surprising that there is a clash of opinion over how aid is given. Indeed, those that offer assistance are going to want to have a say in how the loans are used and what kind of economic policies are fostered in a country's developmental process. Many developing and poor nations, however, are stuck in a quagmire of debt and impoverishment, no matter how much assistance they receive. Given this, we may need to remember that the process of aid is also a developing state, in which both the giver and the receiver should be helping each other reach a poverty-free world.

In terms of the simplified framework set forth by Bourguignon and Sundberg (2007), shown in Figure 2.2, they investigated the first link of the aid causality chain, running from donors to the policies selected by recipient country policy makers. Further they investigated whether donors here, the World Bank, are able to influence policy makers (and the policies selected) by providing financial resources, policy advice through policy dialogue to help insure implementation. Nevertheless, from an aid effectiveness perspective, it is important to understand if there is empirical evidence of the link between policy lending and policy improvements.

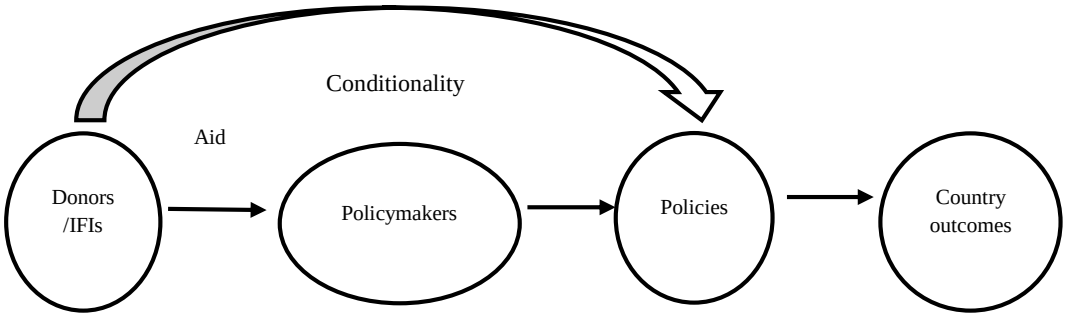

Figure 2.2: Aid Causality Chain (Source: Bourguignon and Sundberg, 2007)

2.3. Factors Affecting Implementation of Project

Certain factors hamper the implementation of projects. Some factors are outside the Bank's control. For instance, the 1972 earthquake in Nicaragua devastated the project. In Sudan, the government frequently changed which impeded the implementation of projects. However, some factors are under the Bank's control. One of these factors is the design of project. A project with complex design not only delays implementation but also makes the modification during implementation difficult (Jones, 1992).

Budget allocations also affect project performance, even the most qualified staff members are hampered by insufficient budgets for implementation (Koeberle et al., 2005). Inadequate funding and cost overruns lead to serious delays in implementation, non-completion of projects also report that supportive local environment is critical for a satisfactory outcome (Kaufmann and Wang, 1995). Support by government leaders and public sector managers and their staff is important for successful project implementation.

Despite more than a quarter of a century of intensive experience with project investment, international funding institutions and ministries of less developed countries still report serious problems in project execution. Many are due directly to ineffective planning and management. Analysts have found that most developing nations simply do not have adequate institutional capacity or trained personnel to plan and implement projects effectively. In one country after another former World Bank official Albert Waterston contends, it has been discovered that a major limitation in implementing projects and programs, and in operating them upon completion is not financial resources but administrative capacity.

As the number of projects increases; their components become more complex as international funding institutions face increasing problems in planning and administration. Prestigious evaluation commissions[3] have recommended substantial changes in project management systems. It is also possible that the amount of aid that a country receives can be a determinant of project outcomes, or can affect both government efficiency and project outcome ratings.

The WBG has also been focusing on reducing the risk of projects by means of better appraisal and supervision mechanisms, as well as a multidimensional approach to overall development. This includes not only lending but also support for legal reform, educational programs, environmental safety, anti-corruption measures, and other types of social development. The Bank has a few grants that are funded directly or through partnerships. Grants are usually used as seed money for innovative projects. Co-financing is any arrangement in which the Bank's fund is combined with funds provided by sources from non-recipient countries.

2.4. Project Success and Project Failure

No accord has appeared; whether the success or failure of WB proposed projects predominantly be contingent upon states underlying features of project, particularly surveillance regarding proposed projects (Chauveat, 2010). Assessment processes must be reformulated for accurate evaluation: the degree to which the accomplishment of planned

[3] Commissions headed by Lester Pearson for the World Bank and Sir Robert Jackson for the United Nations

schemes would levy existing organizational, methodological, communal, dogmatic and pecuniary competences along with effectiveness of projects to valuable growth in crucial development areas. Apart from this foremost support, organizations have upgraded assessment of whole bearing and impractical management approximations of organizational competence remain results in fiasco to bring foil funds, jurisdictive and administrative transformations, practical and managerial expertise or somatic infrastructure decisive to operative proposed project enactment.

Primarily, along with economic factors, chief management support is an imperative component of success. It is imperative not to drop sight of the objective of altering the whole bureaucracy regarding economic policy which is much worthwhile in aid efficacy (Rodriguez, 1989). A state having self-governing norms and good governance which enables even execution has more possibility of achieving targeted objectives of proposed projects (Isham et al., 1997)). The above features not solitary confirm even consecutively working of project but also forms reliance between the World Bank and the recipients which adds surely towards success.

Authorization of proposed projects outside the capacity measurements regarding domestic governments not merely upshots in project failures, as a consequence wastes limited means from those of growth plans (Rondinelli, 1976). Managers implicitly administer four or five proposed projects minimum at the same while. In general in the relevant field but not certainly in the same state (Diallo and Thuillier, (2004, 2005); Chauvet et al., 2010). Once accomplished or halted, the underlying project is assessed by an autonomous organization,

the IEG, later two years. The IEG database arrange for statistics on related projects for favorable upshots.

A proposed project because of its immense size along with larger span have more risks to be involved: mostly culminate as failure. Such aspects entails higher prospects of instabilities in macro-economic fluctuations which are challenging to evaluate. This indicates weakened organizational support (surveillance quality), eventually troubled upshot of project. The former collected work entails that proposed project assessed instantaneously is more likely to be succeeded as productive projects parallel to the ones having elongated delay in evaluation; as the immense sized project contains more peril of economic and political chaos and grasp further time to be accomplished which would also ends up in elevated surveillance costs and complex execution risk (Kilby, 2000).

Sectorial and countrywide economic journals organized by survey missions were presented to examine the economic position of the recipient country and feasible investment possessions. The World Bank prompted to add in project valuation and execution (Hughes, 1999). Until the end of 1950s the World Bank directed its member states to gain help of experts to make the required and obligatory arrangements for an effective project and to contemplate for administrations or individuals competent to contribute in working and gratifying the project (IBRD, 1957). Today, apart from this, the Bank not only govern the entire project cycle but also deliver support in the economic policy formulation of emerging economies.

The programs and policies of the World Bank to tackle the issue of "poverty" have not been evenly successful across the planet. This imbalance in the efficiency of the World Bank's mandate to fight poverty is what motivates skeptics who either believe urgent reforms are needed or the World Bank needs to be replaced by alternative institutional mechanisms such as a 'World Development Agency' (Gilpin, 2001). First of all the general influence of the World Bank's projects on poverty on the African continent have in an overwhelming majority failed due to either the immature state system in the region or to the inefficient and rigid adjustment packages delivered to the African governments (World Bank, 2004).

In East Asia, more specifically in Indonesia the World Bank's development programs have failed due to the weakness in the Bank's mode of operation and understanding of the country's poverty dynamics, social capability and governance issues (Krause & Perkins, 1995). Surprisingly, the focus of most international development research has been very narrow, examining projects and Project Management in general, despite the size of this sector ($120 billion U.S. a year in 2009), project proliferation, and the questionable outcomes of projects (Crawford and Bryce, 2003; Roodman, 2006; Ahsan and Gunawan, 2010).

Moreover, within the larger context of international donor community, the World Bank has a substantial influence on the direction of donor's policies in the education sector. Education entered the network of World Bank financing operations only in 1962 as earlier education was not counted among the productive purposes for which it was authorized to

provide investment capital (Psacharopoulos and Woodhall, 1985). The Bank is the largest single international source of education finance, and in FY 2013, the Bank disbursed 2.9 billion dollars for education operations (Mundy, 2002; King, 2013). The magnitude of resources is much larger than other United Nations institutions (Marshall, 2008). The World Bank also has several pooled trust funds for education in conflict-affected states. It is also the host of the Global Partnership[4] for Education.

A careful review of the research studies leads one to conclude clearly that 'the justification for educational investment' as a contribution to economic growth exists. Although it is probably not as obvious as early work in the economics of education indicated and reducing the variance of educational investment in the population is positively related to reducing inequality in earning distribution (Carnoy et al., 1982). Re-emergence of confidence in education as an agent of change is being clearly noted (Fagerlind and Saha, 1983). After all, as Phillips (1976) puts it, aid for educational co-operation is not an act of charity, though it is a moral act. In this sense, aid agencies should realize that aid to education is both a duty and a necessity (Mende, 1974). "Most of the people in the world are poor, so if we knew the economics of being poor we would know much of the economics that really matters. Most of the world's poor people earn their living from agriculture, so if we knew the economics of agriculture we would know much of the economics of being poor" (Shultz, 1979).

[4] Formerly the Fast Track Initiative.

The data show that most long-term recipients of World Bank aid are no better off today than they were when they received their first loan. Many are actually worse off, of the 66 less developed countries receiving money from the World Bank for more 25 years (most for more than 30 years) and 37 are no better off today than they were before they received such loans. Of these 37 countries, most (twenty in all) actually are poorer today than they were before receiving aid from the Bank. Former less developed countries that have prospered over the past 30 years did so by freeing up the productive forces of their economies. The best examples are Hong Kong and Singapore.

Even though a country like Singapore received a small amount of money from the World Bank, the evidence shows that what most effected economic growth was not World Bank aid, but economic freedom. But most recipients are no better off today than they were before receiving such aid. In fact, many are worse off. The African country of Niger received over $589 million in World Bank aid from 1965 to 1995. Yet its per capita GDP has shrunk by 54 percent, from $605 in 1965 to $280 today. The evidence shows that the World Bank has a poor track record. One might expect that at least half of its recipients would be better off economically today then before they started receiving such aid, but this is not the case. Many are actually worse off. After nearly three decades, it seems clear that most long-term recipients of World Bank loans still are not achieving sustainable development.

The WB is considered prompt supporter of helping suitable policies and adept institutions in the financial sector which could also impart to economic growth (WB, 1989). This view

is consistent with its prime center of attention on the importance of sound macroeconomic policies and proficient institutions that are considered detrimental for economic growth. The research depicting that with the passage of time little government discretion over financial systems of a state and institutions results in sound, stabler and more proficient systems (Caprio et al., 2001; La Porta et al., 2002). The core objective of such assistance was to establish a strong and sound enabling environment in which financial institutions should perform well.

Chapter 03

AN OVERVIEW OF WORLD BANK

3.1. History of World Bank Instigation

By the end of Second World War, in order to cater most important issues governments were concerned regarding how ‘to gain economic stability’ and to mitigate ‘financial instability’. Amongst many reasons, states alleged that the ‘financial shock of 1930’s’ and ‘financial instability between war years’ became responsible for spreading aftermaths worldwide. At that time policy makers believed that ‘free trade’ would ensure prosperity along with international peace.

After the great depression, countries financial systems were destroyed badly in order to gain trade advantage to yank out their economies out of great depression. As a consequence, instability and down torn economies were viewed and considered as a new challenge for world’s peace. In 1944, 44 states represented by approximately 730 delegates convoked at the New Hampshire[5] United States of America. Delegates were categorized into three different technical commissions. Amongst these, commission two was tasked with designing a framework for a Bank which is responsible for reconstruction and development. Four committees were then engaged to examine the related crisis and after passing through different stages gained the status of the Bank.

[5] Hotel: Mount Washington

During transition stages it is obvious that various proposals were considered. However, recognized as a Bank with twofold aim of restructuring war torn economies (consequence of great depression: European states) and development. The aim of development was originated because of economies having dire need for development lending (Latin American states). After three weeks, delegates signed the final act, the meeting then recognized as a Bretton Wood conference. The World Bank agreements became operational on 27 December, 1945.

3.2. Working and Organizations of World Bank (WB)

The term 'World Bank' as used by the World Bank group (WBG), refers to the mutual work of the IBRD and the IDA. The WB has commenced numerous projects related to development which bring smooth and even credit assistance to states by International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD). Its five organizations are the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). The WBG has formulated two goal lines for the realm to attain by 2030.

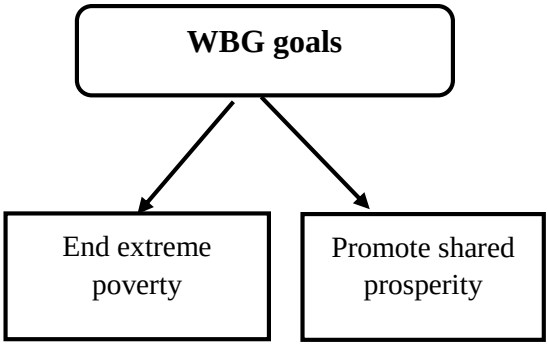

Fig 3.1: WBG goals

Organizations of World Bank

1). The world's largest and prevalent development bank, **IBRD** gives financial support and policy advice to assist countries to mitigate poverty and elongate the remunerations for sustainable growth of member states.

2). **IDA** funds are owed to the recipient countries according to their income levels and success records in handling their economies and their enduring IDA projects. IDA's lending conditions are extraordinarily concessional, implies that IDA acclaims have zero or low interest charges.

3). **IFC** is the leading worldwide development association concentrated solely on the private sector in emerging nations.

4). **MIGA** is directive to provoke cross-border investment in emerging states by facilitating with guarantees like political risk assurance and credit augmentation to financiers and creditors.

5). **ICSID** is known as worldwide arbitration organization recognized for settlement of legal disputes and pacification among investors. It is a self-directive, multilateral specific institution to embolden international drift of investment and lessen non-commercial perils through treaty recruited by the IBRD executive directors and contracted by member states.

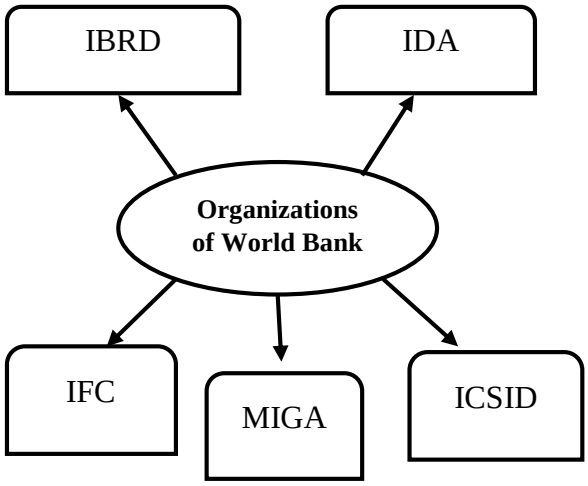

Fig 3.2: Organizations of World Bank

3.3. Independent Evaluation group (IEG)

The IEG earlier known as Operations and Evaluation Department and was created in 1971. It was established with the aim of providing the "evaluation ratings". Outcome rating is said to be satisfactory if in the initial document objectives of concerned development project are fulfilled. IEG is regarded as autonomous body; that's why evaluation regarding concerned project is trustworthy. It should be noted that staff of IEG is working independently but the group as a whole is operating under the World Bank; so, it may possible that there exists some biases. Evaluation criteria regarding concerned project by IEG is in the context of 'development objectives'.

Moreover, it provides an extensive data sets on different projects of the Bank in various sectors. The data by IEG adds in pros; mostly used for research purpose. The projects are

independently evaluated by group and the outcome is present in six ordinal categories. Bank performance is not directly assessable, for that reason two measures of performance by Bank are generally used. One is quality of surveillance (supervision) and through project preparation quality (project evaluation). Some of the micro variables (used in this study) in IEG rating files are categorized as follows. Projects related to agriculture and rural development sector and education sector comprises on both hard and soft core projects.

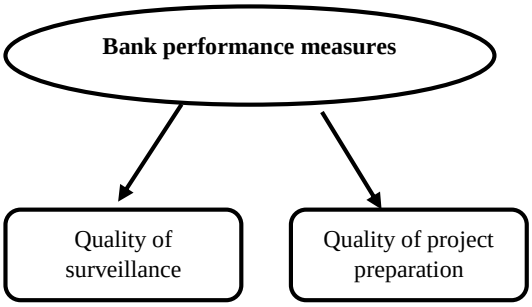

Figure 3.3: Measures of Bank performance

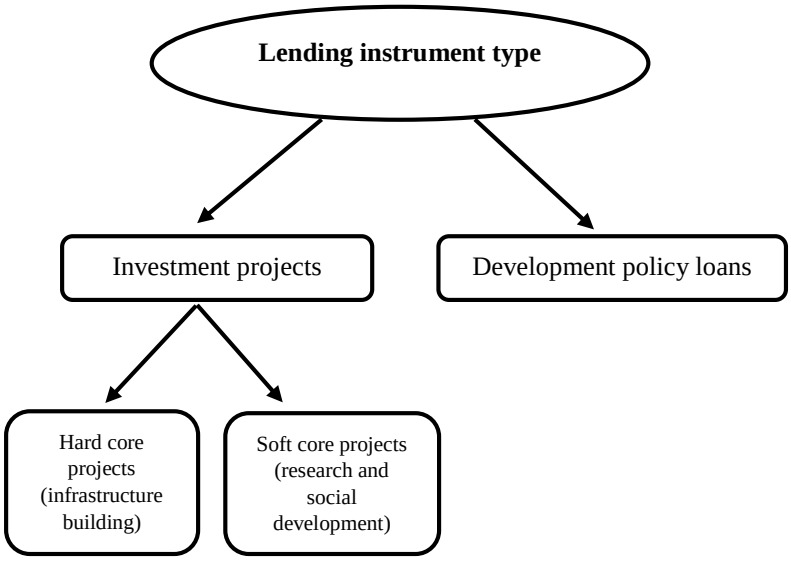

Figure 3.4: Classification of variable Lending instrument type

3.4. An Overview of Sector level Analysis

The sectors that have been chosen eventually fortify economic growth and progress (development) and are considered crucial to the Bank charge of mitigating poverty and enhancing mutual prosperity. When defining development only in terms of economic growth[6] indicates that countries are solely engaged in spurring their national income (Todaro and Smith, 2009).

The World Bank is a leading financier of agriculture and rural development sector, with US$ 6.8 billion in new IBRD/IDA commitments in 2017. As far as agriculture sector is concerned; it can help lessen poverty, raises income level and increases food securities for approximately 80% of world's poor people, who live in backward and rural areas and most of the people work in farms (farming as occupation). The World Bank latest agenda is to end extreme poverty; so, in this regard growth in agriculture and rural development sector is two or four times more effective in spurring incomes among the poorest compared to other sectors and is also central to economic growth accounted for one third of global GDP (World Bank, 2014).

Sound and transparent financial system ultimately lead towards economic growth and development. Easy and sound approach to finance proliferates a country's overall prosperity; in terms of better living standards. Resilient, translucent and even working of financial structures and capital markets underpins financial constancy, job creation and

[6] Until 1970's, economic growth was employed as a reasonable measure of development; GDP per capita (Todaro and Smith, 2009). This indicator (GDP per capita) is dependent on material wealth.

poverty eradication. To fortify financial stability in order to improve country's ability for crisis administration and to resolve this issue World Bank group (WBG) work jointly with governments along with private sector of concerned countries.

The World Bank Group has made considerable contributions to educational progress worldwide over the past forty nine years. Intensifying and refining educational quality are key to acclimating revolution and copping with many challenges; like investments in quality education entails swift and viable economic progress and development. It has been observed that educated persons are likely to be employable, thus capable to earn handsome wages and to cope efficiently with evolving issues. Bank plays a substantial role in education sector worldwide as it is crucial for development and growth. As far as significance of education is concerned; it is an effective investment in people and is also deliberated critical for spurring the human capital that will mitigate extreme poverty and will eventually results in long run economic growth and better institutional quality.

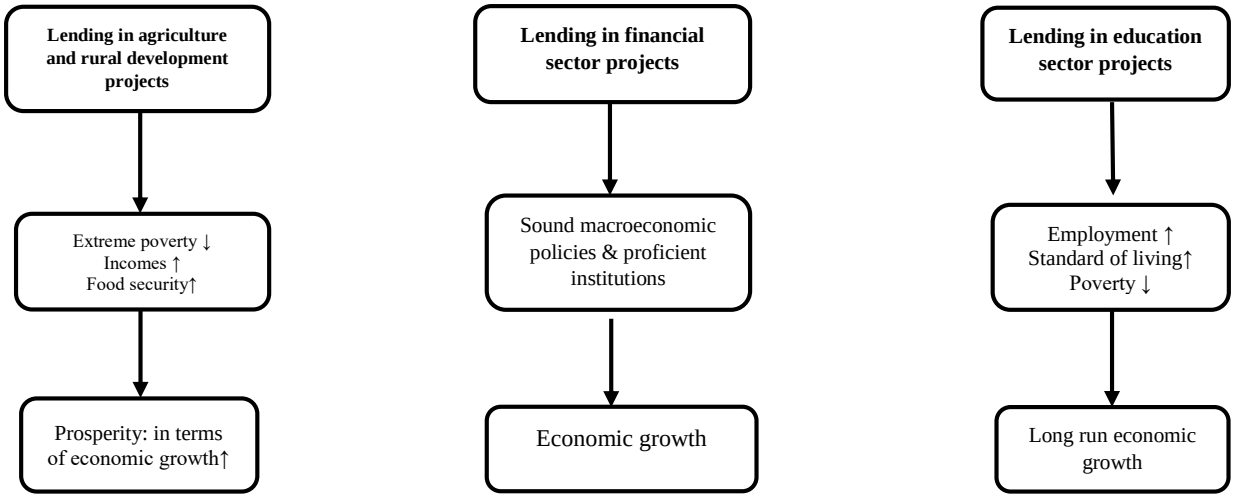

Figure 3.5: World Bank sector wise lending effects on economic growth

Water sector development has much considerate importance for social and economic development. Water is decisive for sustainable development goals and at present water and sanitation crisis is one of the most imperative concerns for global community to address. For issues like health, nutrition and population, the WBG backings recipient countries to attain assistance and provoke affordable quality health services to everyone irrespective of their ability to pay and to take measures to mitigate financial risks associated with poor health. Sector wise project allocation is given in table 3.1(see appendix).

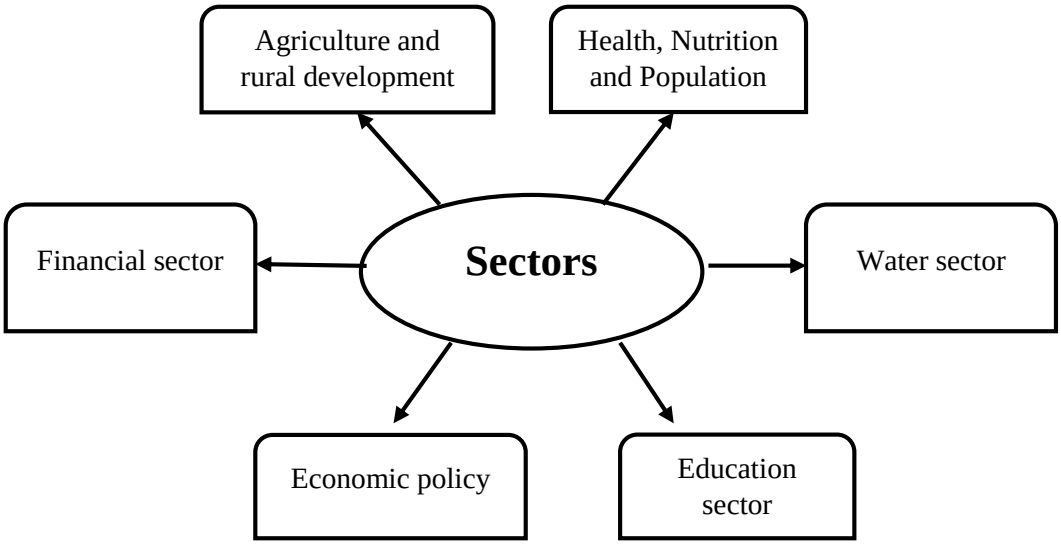

Fig 3.6: Sector's Classification

Chapter 04

ANALYTICAL FRAMEWORK AND ECONOMETRIC STRATEGY

4.1. Analytical Framework

The World Bank initiates disbursement arrangements for an underlying project in consideration with the borrower like valuation of the borrower's financial arrangements, the cash flow required for the project, and its disbursement experience with the recipient country. Those arrangements are specified in the Financing Agreement[7] and further information is given in the Disbursement Letter[8].

The projects proposed by WB are distinctive from the perspective that include assorted stakeholders, diversity among sectors, potential contradiction regarding interest between recipients, nevertheless the definitive goal is to lessen poverty and discrimination of evolving countries (Ika et al., 2012). Macroeconomic factors like GDP growth rate and inflation rates demonstrates overall wellbeing of concerned economy. Economic stability will be gained if economies gain good macroeconomic fundamentals. Economic vulnerability generates chaos and less vulnerability is acquisitive for economic stability. A well-structured economy is considered desirous for successful implementation of development projects.

[7]The Financing Agreement is the agreement between the World Bank and the Borrower providing for the Bank loan.

[8] The Disbursement Letter contains additional instructions describing the disbursement arrangements for withdrawing proceeds from the Financing Account under a particular investment project.

The World Bank grant funds from the Financing Account made for each loan by using one or more of the available disbursement methods, as represented by the World Bank are reimbursement[9], advance[10], direct payment[11] and special commitment[12]. The Bank's management take into account imperative perspectives of host state before execution of underlying program. Country having strong macroeconomic fundamentals along with stable economy would help the recipient country to build strong ties and trust in the eyes of the WB and this will lead to effective disbursements. Secondly, it will also tends to successful implementation of the project. All of this would play a major role in the outcome and most probably enhances the chances of successful implementation of the WB projects (figure 4.1).

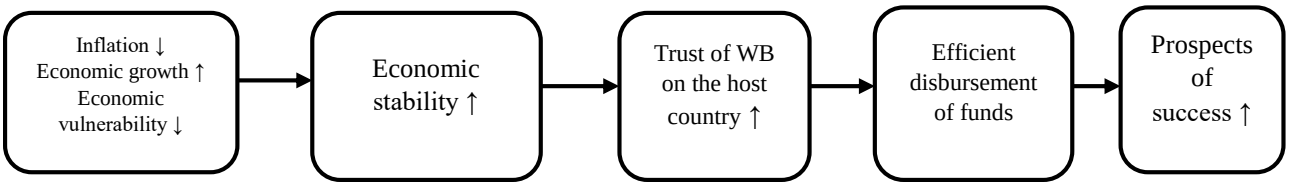

Figure 4.1: Role of stable economy in efficient disbursement

[9] The World Bank may reimburse the borrower for expenditures eligible for financing pursuant to the Financing Agreement (eligible expenditures) that the borrower has refinanced from its own resources.

[10] The World Bank may advance funds from the Financing Account into a Designated Account of the borrower to finance eligible expenditures as they are incurred and for which supporting documents will be provided at a later date.

[11] The World Bank may make payments, at the borrower's request, directly to a third party (for example, supplier, contractor, or consultant) for eligible expenditures.

[12] The World Bank may pay amounts to a third party for eligible expenditures under special commitments entered into, in writing, at the borrower's request and on terms and conditions agreed between the World Bank and the borrower.

The socio-economic prosperity is considered desirable for democratic setup. Democracy protected the civil liberties of the general public along with the freedom to elevate opinions. Above aspects erect the likelihood of accountability and establishments are believed to be accountable leads to improve services rendered by the government (Isham, 1997). State availing the projects by World Bank in a democratic environment entails higher chances to allocate finances proficiently. As a result, the services provided likely to be opportune. It has been observed that there will be slighter discretion with concerned recipient government (Svensson, 1999). All of this would ultimately increases the chances or probability of successful project as explained in below flow chart[13] (figure 4.2).

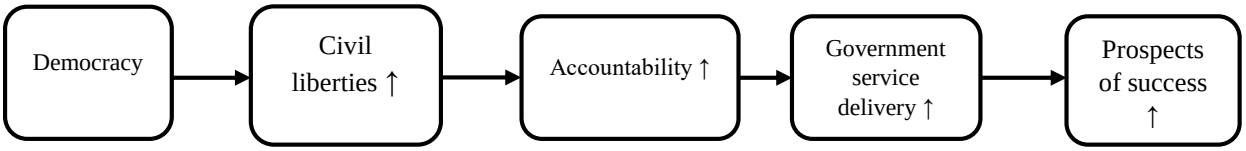

Figure 4.2: Impact of democracy and government service on project upshot

Evaluation of project by the Bank's staff has involved spell; in terms of preparation, examination along with road map strategy. Whenever quality of project concoction (as measured by project evaluation) is better enough then this entails effective design along with widespread examination formerly implementation. A well designed project along with broad pre-initiation analysis indicates betterment during enactment phase and surges prospect of effective project upshot (Vawda et al., 2003). The project analyzed well at early stages lessen the likelihood of mistake in the course of enactment stage as it assists

[13] Channels (flow charts) are being made by author, based on theoretical framework.

incorporating vibrant aspects for proceedings; in terms of rise in the favorable prospects and is clearly stated in below flow chart (figure 4.3)

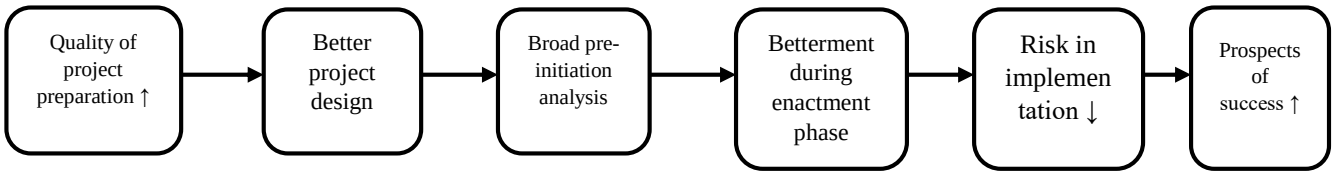

Figure 4.3: Role of project preparation quality and project design in successful implementation of project

The enormous project comprises on larger span; as it involves greater menace of economic and administrative turmoil or disruptions which entails increased enactment and surveillance expenses. The higher cost may contribute in improved quality of surveillance; either the staff of task team leaders are enlarged or competent administrators are being employed. The improved quality of surveillance adds definitely to the favorable outcome ratings of the underlying project and on the other hand the assistance from advanced supervision burdens the surveillance cost (Kilby, 2000). It has been inferred that complex project requires further resources for surveillance thus escalating supervision charges. The above scenario is well pictured in below flow chart (figure 4.4).

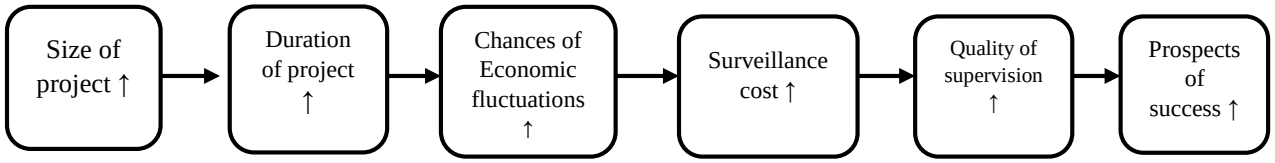

Figure 4.4: Dynamics of supervision costs and its impact on outcome of project

The Bank projects remain customarily intended for economic development. The Improved administration of institutions is considered supportive to attain the objectives of stimulating economic growth which ensue economic growth objectives. Hence, economic policies has noteworthy role. Institutional aspects are relatively imperative and elucidate favorable chances of projects proposed by Bank. The outcome entails that improved democratic set up, good quality of civil service, and better law and order assists to endorse economic growth along with an ambiance where development(growth) projects would accomplished effectively.

The role of better institutional quality and policy milieu is supposed as important for the favorable execution of an underlying project in a recipient state (Dollar and Levin, 2005). A state having better quality of institutions and operative strategic ambiance guarantees even transferal of resources (in terms of fund). The peril in implementation of project abridged because of trifling economic turmoil's if the incessant payments are directed; conceivable when institutions retain functioning in spite of minor shocks. The improved institutional quality(outcome); like better quality of bureaucracy, recovering law and order state and accountability environment for the democratically elected government indicates lesser disruption risk, which would eventually lead towards more prospect of favorable outcome (Nsouli et al., 2004). This scenario is well depicted below (fig 4.5).

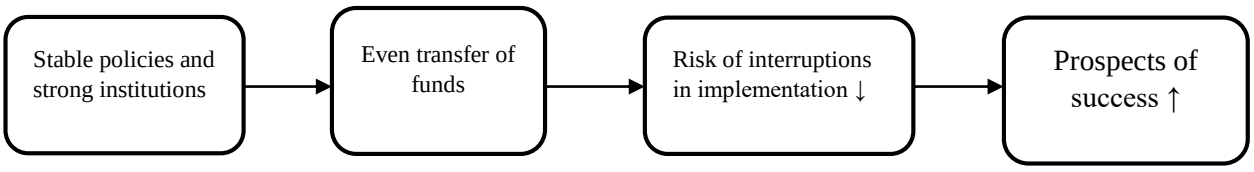

Figure 4.5: Significant role of stable policies and sound institutions on project outcome

4.2. Econometric Strategy

The data of projects in IEG rating files is cross sectional data. The regressand is a binary dummy variable which classify outcome in two possible categories: success or failure. Dummy on the dependent side has various estimation techniques. Possible techniques are discussed below with their pros and cons.

4.2.1. Linear Probability Model (LPM)

OLS (ordinary least square) method is employed to estimate LPM in case of dependent dummy variable. The regression estimates provides prospects of predictand, hence named as LPM. The assumption lying behind OLS is that the regressand is continuous variable and entails normal distribution.

There are some major drawbacks associated with linear probability model; first one is the contradiction between distribution of error and dummy. As dummy and disturbance term followed by binomial distribution and normal distribution respectively. The problem arises when we calculate t-stat or f-stat because underlying assumptions of these tests is normality and if normality is violated values don't match with tabulated 't-value' or 'f-value'. It has been observed that by default, problem of heteroscedasticity arises as variance of error term cannot be constant throughout sample.

Due to dichotomous dummy variable r-squared perceived to be as invalid due to values; either at level zero or one which inculcates r-squared would either be 0 or 1. Last but not the least problem associated with the interpretation: if we estimate dummy variable there are positive or negative values in series of graph. Positive values can be interpreted but

negative values can't. Apart from these issues, there exists crucial problem "bounded-ness". Limit of LPM ranges between 0 and 1. So, values under '0' means nothing and as a consequence error term is not explainable. Moreover, LPM is criticized and is not commonly preferred technique because of the fact that qualitative regressand variables becomes non-linear.

4.2.2. Logit Model

In order to cater problem of "boundedness" logit model is widely used. The logit model is a more proficient estimator than the linear probability model (LPM) due to its nonlinear nature. The logit model make certain that the prospects are between zero and one, thus incapacitating the drawback of the linear probability model (LPM).

The logit model also provides odds ratio, whereas log of odd ratio entails an open bound from negative infinity to positive infinity. After inserting value of (Y=1), log of odd ratios becomes infinity and when its (Y=0) log of odd ratio becomes negative infinity. Predicted probabilities are employed for further instinctive interpretation of the coefficients. The limitations of the linear probability model can be astounded by employing more erudite binary response model (Wooldridge, 2009). A dichotomous logistic regression can predict the logit of a project having satisfactory evaluations by a set of predictors.

The regression for logit model posits as follows;

$$\log\left(\frac{Y}{1-Y}\right) = \alpha + \beta X \qquad (1)$$

α and β are the coefficients, X is the independent variable and Y is the dummy variable: having two possible outcomes. MLE (maximum likelihood estimator) method is used to estimate logistic model. The MLE pursues to maximize the log likelihood function, which is how prospective it is (the odds) to perceive the outcomes of projects predicted by an independent variable. There is no such meaningful interpretation of coefficients. As we used logit estimation for calculating maximum likelihood function but when it comes to interpretation of results, put logit estimation technique aside and interpret results by using "marginal effect". Therefore, marginal effects are calculated which provide unit upshot of explanatory variables on the prospect of (DV=1) and easily interpreted like estimated coefficients of ordinary least square (OLS).

The basic logit model I used is expressed as follows:

$$O_i = \beta_\circ + \beta_1 LIT_i + \beta_2 LE_i + \beta_3 D_i + \beta_4 PS_i + \beta_5 PE_i + \beta_6 PSu_i + \beta_7 GDP_i + \beta_8 \pi_i + \beta_9 ERD_i + \beta_{10} DA_i + \beta_{11} BQ_i + \beta_{12} LO_i + \varepsilon_i \qquad (2)$$

Dependent variable is O_i (project outcome) which ranks two possible outcomes as success or failure. This certifies that the probabilities are sternly between zero and one (Woodridge, 2009).

Project related variables:

LIT (lending instrument type)

LE (lag in evaluation) ($\beta_2<0$)

D (duration of project) ($\beta_3<0$)

PS (size of project)

PE (project evaluation)

PSu (project surveillance)

Economic Factors:

GDP (as a measure of economic growth)

$\pi(inflation)$

ERD (exchange rate depreciation)

Institutional Factors:

LO (law and order situation)

BQ (bureaucratic quality)

DA (democratic accountability)

The error term is based on the assumption that it is independent of the explanatory variable having standard logistic distribution, following the binary logit model (Woodridge, 2009; Long & Freese, 2006).

4.2.3. Ordered Logit Model

Ordered logit model is used to examine the determinants for respective sectors on project outcomes. As explained previously, the IEG rating scale was altered into six ordinal categories (highly unsatisfactory, unsatisfactory, moderately unsatisfactory, moderately satisfactory, satisfactory and highly satisfactory) in 1995. Ordered logit model is applicable till the assumption 'intercepts are not similar and slopes of all classes must be alike' holds. Although the ordinal variables are ranked or ordered, there is clear distinction between the categories.

Therefore, it is appropriate to evade the assumptions that the expanses between the categories are equal (Long and Freese, 2006). For example, the interviews with the World Bank staff signposted that it is very challenging to have a highly satisfactory project, whereas satisfactory or moderately satisfactory projects can be easily achieved. This infers that the expanses between the rating categories may not be alike for IEG ratings. The ordered logit model for ordered outcome of projects should be more proficient than the binary logit models with binary outcomes. Therefore many studies that use the IEG data have conducted their analyses with binary outcomes (Kilby, 2012).

Chapter 05

DATA AND VARIABLES CONSTRUCTION

There are many factors which have direct and indirect effect on outcome of projects that were considered in previous studies. However this study considered proposed projects of World Bank related to agriculture and rural development sector, health, nutrition and population sector, education sector, water sector, economic policy and financial sector.

5.1. Project Outcome

Project outcome has taken to be as dependent variable thus incorporating the fact that whether the desired objectives are fulfilled or not. The data in Independent Evaluation Group (IEG) is available for project outcome as is also employed by Denzier et al. (2011). Therefore, a general and standard extent of outcome as assessed by IEG is employed. Outcome is classified into six major categories in IEG rating files. Therefore, in this study outcome[14] of project is categorized as either success (=1) or failure (=0). The data is obtained from the IEG for proposed projects related to these six sectors evaluated between 1963 and 2016 (approval FY). The results for the 'outcome of project' is abridged in table 5.1.

Table 5.1: Summary Statistics of the Project Outcome

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Project Outcome	5872	0.6967	0.4596	0	1

[14] 1 for satisfactory, moderately satisfactory and highly satisfactory. 0 for unsatisfactory, moderately unsatisfactory and highly unsatisfactory.

The mean value of project outcome observed to be 0.69 which is relatively nearer to 1 demonstrating slant of World Bank proposed projects towards favorable upshot.

Micro Variables Description:

5.2. Project Surveillance

Project Surveillance is evaluated by using IEG data set thus incorporating the quality of supervision by the World Bank team in terms of honest reporting of performance of the staff members and safeguarding the efficient transition stages. This is again a dummy variable with 1 as satisfactory supervision and 0 as unsatisfactory. The summary statistics of project surveillance are posits in proceeding table.

Table 5.2: Summary Statistics of Project Surveillance

Explanatory Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Project Surveillance	5872	0.5233	0.4995	0	1

The mean is 0.52 depicting that almost 50 percent of projects lying under satisfactory supervision and rest under the unsatisfactory supervision.

5.3. Project Evaluation

The project evaluation is assessed by project associated preparation quality. Performance of Bank has evaluated conferring to some specific standard that incorporates various

aspects. The ratings in IEG data set depends on whether bank has incorporated all above aspects during preparation or not. The data for project evaluation is obtained from IEG rating file aimed to assess WB proposed projects for six sectors then dummy variable is procreated which further classified the data (satisfactory or unsatisfactory). Results for this variable are abridged in table 5.3.

Table 5.3: Summary Statistics of the Project Evaluation

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Project Evaluation	5872	0.3577	0.4793	0	1

The mean is 0.35 which means project preparation quality is not good enough and became responsible for more unsatisfactory projects.

5.4. Size of Project

Kilby (2014) incorporated the total project cost in terms of expenses of WB proposed project to gauge bank's act along with ground work lag associated with concerned project. Then, tested further to scrutinize bearing on upshot. Over-all budget of proposed project akin to financial means dispensed for the respective projects (Denizer et al., 2013). The amount (total cost) is in dollars and then log is taken to assess the variable. The data for this variable has also employed form IEG and is abridged in table 5.4.

Table 5.4: Summary Statistics of the Size of Project

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Size of project	5523	7.4285	0.5666	2.8358	9.3061

The mean value 7.42 demonstrates that the data for this variable is just about in balance amongst min and max values of variable 'size of project'.

5.5. Project Duration

The project duration is the expanse of each project from starting until terminated. This is intended through captivating difference amid approval FY and exit FY. Data for both series is accessible through IEG for concerned projects. Denizer et al. (2013) and Geli et al. (2014) have employed the stretch of project assessed in years for respective projects.

Table 5.5: Summary Statistics of the Duration of Project

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Project Duration	5523	5.7113	27.2884	0	15

It has been observed that the projects comprises on short and long span based projects as it ranges between 0 and 15. The mean length of approximately 6 years indicates that most of the projects are of shorter time span.

5.6. Lag in Evaluation

The IEG staff measures "lag in evaluation" by calculating gap between periods of ' exit FY' and ' evaluation FY' of each project. Similar measure has employed in Denizer (2011) study consistent with study by Kilby (2014). The data for series 'Exit FY' and for series 'Evaluation FY' is obtained from IEG data sets and difference has been taken to produce data for this variable and data results are summarized as below (table 5.6).

Table 5.6: Summary Statistics of the Lag in Evaluation

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Lag in Evaluation	5523	2.6022	27.1562	0	19

The range is from 0 to 19. 0 means assessment is directed in underlying FY when the concerned project terminated. Maximum span of lag in evaluation comprises on 19 years. The value of mean is 2.6 years asserts that 'lag in evaluation' has slighter effect for various projects.

5.7. Lending Instrument Type (LIT)

Two types of lending instruments have been employed in IEG project rating file by the World Bank. The dummy is generated for this variable as is employed by various previous studies. Denizer (2013) used dichotomous dummy variable and assigned with (=1) in case proposed project has categorized as per 'investment lending' then (=0) in case project proposed comprises on 'development policy lending'. Summary of results for this variable is summarized in table 5.7.

Table 5.7: Summary Statistics of LIT

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
LIT	5872	0.8458	0.3611	0	1

The mean of LIT is 0.84 which is much closer to (max value=1) indicating most of the proposed projects are of investment lending.

Macro Variables Description:

5.8. GDP Growth Rate

The economic progress in the recipient country is assessed through the gross domestic product (GDP). The GDP is the sum of gross value added by all the resident producers of an economy plus any product taxes less any subsidies granted (World Bank, 2015). In this study, GDP growth rate[15] has used in order to gauge pecuniary state of affairs of concerned state. Data for GDP growth for numerous countries is employed from WDI and data results are summarized in table 5.8.

[15]The healthy gross domestic product growth rate is one that is sustainable so that the economy stays in the expansion phase of the business cycle as long as possible past year. The GDP growth rate is how much more the economy produced than in the previous quarter. The ideal rate is between 2 and 3%.

5.9. Inflation

It is usually defined as the measure of the growth in the annual cost of the basket of goods and services to average consumer in an economy compared to some base period (WDI). Ivanova (2001) employed rate of inflation in a recipient state to assess the macroeconomic condition. On the basis of previous studies rate of inflation has been employed to assess for the protagonist of macroeconomic state of affairs in the upshot of each project proposed by World Bank. The data has taken for each country from World Development indicators (WDI) and summary statistics is summarized as below (table 5.8).

5.10. Exchange Rate Depreciation (ERD)

Previous diverse studies have incorporated various variables to assess economic vulnerability[16]. However, in this study ERD has employed to assess factor of being vulnerable. A country's considered susceptible; if local currency is frail. Data for ER depreciation is obtained from IEG project related rating file for two variables, 'Exchange rate appraisal' and Exchange rate completion'. Summary statistics for both variables is abridged below (table 5.8).

[16] Economic vulnerability can be defined as the likelihood that a country's economic development process is hindered by the occurrence of exogenous unforeseen events, often called external shocks (Guillaumont, 2008; 2009). Since the 90s, the interest in developing countries' economic vulnerability has been growing. Indeed, the numerous worldwide economic crises of this decade pointed out their vulnerability to international market fluctuations.

Table 5.8: Summary Statistics of the Macro (economic) Variables

Variables	Obs.	Mean Value	St. Dev	Min Value	Max Value
GDP growth	3169	3.5049	0.7187	1.8631	5.0749
Inflation rate	3165	29.9812	502.473	-11.4495	23773.13
Exchange rate at Appraisal	5872	23.5011	14.2855	0.3	158
Exchange rate at completion	5872	18.2481	25.6177	-10	747

Institutional Variables Description:

5.11. Democratic Accountability (DA)

This variable assesses degree of accountability for selected government. The DA has evaluated by using the data from International Country Risk Guide (ICRG). Data of DA for154 countries is available from 1984 to 2016. The variable comprises on six-point scale and risk rating has allotted according to the governance of recipient country. Data of DA is well explained in table 5.9.

Table 5.9: Summary Statistics of the DA

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Democratic Accountability	4159	3.65	1.7464	0	6

Range for this variable lies between 0 and 6. 0 (minimum value) demonstrates that the state having high risk. Whereas (maximum value=6) depicts the lowest risk of democratic accountability for a country.

5.12. Bureaucratic Quality (BQ)

The improved bureaucracy in terms of civil liberties guarantees better economic conditions of concerned projects even in chaos. The variable is assembled from ICRG. The data is employed from ICRG for 154 countries from 1984 to 2016, due to availability. Data is summarized for bureaucratic quality in table 5.10.

Table 5.10: Summary Statistics of the Bureaucratic Quality

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Bureaucratic Quality	4159	2.10	1.2128	0	4

The mean of the bureaucratic quality is around 2.1 which indicates the data towards moderate quality of bureaucracy. The range lies between 0 and 4, whereas 0 (minimum value) shows highest risk in quality of bureaucracy and 4 (maximum value) depicts lowest risk in BQ.

5.13. Law and Order

The measure for variable "law and order" is obtained from the International Country Risk Guide (ICRG) ratings. The variable consists of two components "law"[17] and "order"[18] perceived distinctly and then pooled together. Yearly data for 154 countries is present in ICRG[19] for World Bank project evaluated between 1984 and 2016. Summary statistics has abridged in table 5.11.

Table 5.11: Summary Statistics of the 'Law & Order'

Name of Variable	Obs.	Mean Value	St. Dev	Min Value	Max Value
Law and Order	4159	3.56	1.544	0	6

On risk scale (min value = 0) depicts highest risk while 6 (maximum value) demonstrates lowest risk. The mean value of 3.5 is somehow closer to 6 indicating moderately lowest risk.

[17] The law component measures the strength and neutrality of the legal system

[18] Order assesses the observance and implication of law.

[19] Beginning with Knack and Keefer (1995), numerous studies have used the International Country Risk Guide (ICRG) indicators. This data set is produced by the PRS Group of Syracuse. The widespread use of ICRG is due largely to its broad coverage both across countries (130+) and over time (1982 to currently).

Chapter 06

DISCUSSION ON EMPERICAL RESULTS

The project outcome is the dichotomous dummy variable, for that reason the logit estimation technique has been employed. The regression results comprises on three determinants and their results are ensued and discoursed in the proceedings.

6.1. Effect of Micro Determinants on Upshot (outcome) of the World Bank Projects

Micro variables are found to be highly significant (at level 0.1%). Project surveillance, size of project, lending instrument type and project evaluation have positive and significant effect on upshot of WB proposed projects. Whereas lag in evaluation and duration of project have negative but significant effect on outcome ratings. The coefficient of variable project surveillance indicates that for these six sectors quality of surveillance is around 83%. Approximately 50% of projects in these sectors comprises on investment lending and rest under the development policy lending.

Table 6.1: logit results of Micro variables

DV: Outcome of the WB projects

Explanatory Variables	Logit results
Project Surveillance	0.8392* (0.0714)
Lag in Evaluation	-0.0515* (0.0117)
Size of project	0.1296* (0.4960)
Lending instrument type	0.4999* (0.1044)
Duration of project	-0.0509* (0.0117)
Project Evaluation	1.2872* (0.0844)

*p<0.001

s.d is in parenthesis

Marginal Effects:

Project surveillance is solely determined by factors that are directly associated with the project (Dollar & Svensson, 2000). On the same lines quality of supervision is directly assessed through variables like project duration and project size. As project surveillance is the dichotomous dummy variable, logit model is used for estimating regression which employs maximum likelihood technique. When it comes to the interpretation of results, we are not explaining the coefficients. As an alternative we will employ 'Marginal effect (ME)' of logit. As they are convenient to comprehend; give the unit sequel of explanatory variables on the prospects or chances of favorable upshots. The results are stated in table 6.5 (see appendix).

From above results, we can easily infer that the project size has affirmative and significant impact on project surveillance. If underlying project is of larger size indicates that the project's cost is high which entails that surveillance cost is also high. On the other hand higher cost of surveillance lead towards better and efficient quality of supervision, thus having positive relationship between project surveillance and project size. The larger project size indicates that there is around 3.2 % surge in the chances or prospect of adequate quality of administration.

On the other hand, duration of project has significant but negative effect on surveillance quality. If span of the concerned project is larger, risk involved would be harder to maintain efficient surveillance. One- year surge in the duration of project entails 1.4 % decline in the chances of favorable and adequate surveillance of project. The variable 'lending

instrument type' which has been further divided into two categories, investment loans and development policy loans. The investment loans have significant and positive impact and implies better quality of supervision. Investment loans are easy and frequent rather than development policy loans due to nature of being infrastructure based.

Satisfactory surveillance has a 23% of higher prospects in forming the favorable project. Project preparation quality has assessed by 'Project Evaluation' and results indicate that there are approximately 17% likelihood of being ranked as effective project and has significant and positive effect on upshot of projects proposed by World Bank. This implies that there is need for pre-initiation of project design and pre-analysis for transition phases of the underlying project. Similarly, lag in evaluation has negative but significant effect on upshot. All results of project associated variables[20] are consistent with previous studies. The results have posited in table 6.6 (see appendix).

6.2. Micro Analysis at Sector Level

When all six sectors are tossed into analysis, it becomes clear that micro determinants have significant impact in these six sectors. Projects related to economic policy and health, nutrition and population are relatively supervised well as compare to other sectors. On the other hand, preparation quality of project as measured through project evaluation in agriculture and rural development and health, nutrition and population sectors are found to be satisfactory in comparison with rest of the sectors.

[20] Value of l-stat implies that around 85. 64 percent values are predicted correctly; indicating good fit.

In agriculture and rural development sector almost 70% of projects are "investment lending". Whereas forty three percent projects in financial sector are investment lending and only sixteen percent projects from education sector are in category of investment lending and rest under the category of development policy lending. In health, nutrition and population sector, most of the projects are of development policy lending (table 6.2).

Table 6.2: Sector level logit results of Proposed Projects (Micro Analysis)

Sectors / Variables	Sector 1	Sector 2	Sector 3	Sector 4	Sector 5	Sector 6
	(Agriculture and rural development)	*(Financial sector)*	*(Education)*	*(Health, Nutrition and Population)*	*(Water)*	*(Economic Policy)*
Project Surveillance	0.1405* (0.0213)	0.1724* (0.7066)	0.1793* (0.0312)	0.2773* (0.0573)	0.1872* (0.4602)	0.2907* (0.4032)
Project Evaluation	0.3001* (0.1972)	0.1550* (0.5751)	0.1331* (0.0331)	0.3170* (0.0612)	0.1750* (0.0475)	0.1223* (0.4151)
Lending Instrument type	0.6986* (0.5788)	0.4285* (0.0994)	0.1664** (0.0894)	0.0352* (0.2610)	NA	NA

Note: The standard errors are presented in parenthesis

*** 10% level of significance, ** 5% level of significance, *0.1% level of significance.

Sector wide approaches (SWAPs) are a new development in the organization of aid to developing countries where donors and lenders collectively contribute in funding of the respective sector. It is widely believed there are three key principles in establishing

effective evaluation of sector wide approaches within countries. Firstly, when sector wide approaches are negotiated rules (protocol), evaluation should be included, which specifies in advance criteria and methods to evaluate the degree of success implementing the strategy. This protocol should include a small number of specific criteria that apply to all evaluations of sector wide approaches, based on expected benefits and risks, such as proportion of funds spent on utmost concerns. Secondly, the evaluation process should include people independent of the ministry and agencies. Thirdly, reports should follow the structure of the protocol, indicating any outcomes that the team intended to evaluate but were unable to. This process might contribute in refraining insight regarding subsequent developments and keeps the focus on the primary intentions.

Sector wide approaches provide an opportunity for the World Bank and others to show that "components of concept are not new especially for World Bank operations, an assertion which some of us believe lacks substance". There are political and methodological challenges to be overcome. In particular, donor assistance evaluations are through expert appraisal, their consultancy reports from these experts rarely have a methods section, are usually unpublished, and their distribution is often restricted.

Breman study states that, in an absolute terms, any improvement regarding organized labor ultimately results in decreasing the structure of informal labor. According to World Bank policy, unorganized laborers are deemed to stay where they are. At national or international level, redistribution of income is not the area of interest for Bank. As, redistribution is something which is considered difficult at political level. Growth is the ultimate concern

of low-income countries which entered into the realm of World Bank scenario (Paul teunissen, 1995).

6.3. Effect of Macro Determinants on the Upshot (outcome) of WB Proposed Project.

Macro determinants are captured by three economic variables, GDP growth, inflation and exchange rate depreciation. During pre-initiation phase of project preparation World Bank team take into consideration economic situation of the recipient state. The empirical results of macro variables posited well in table 6.7 (see appendix). Higher GDP growth of the country concerned contributes positively towards the project success. Ghana received less aid when it had bad policies but has received resilient donor assistance from the time when it reformed. Case studies of Ghana in general entails that foreign aid facilitated consolidate an upright platform to reform.

The economic growth as captured by GDP growth rate has positive but insignificant effect on the upshot of World Bank proposed project. In Burnside and Dollar's 56 country sample aid and policy are almost uncorrelated. When further variables recognized to affect policy are taken into the analysis, entails no such relationship between aid and policy. There is no such simple relationship between the volume of aid that countries receive and the quality of their policies.

Aid may well have added to policy improvement in some cases, however, either through the force of conditionality or through the dissemination of ideas (Dollar & Easterly, 1998). One determines that, in Africa, lending from the World Bank affected the policies “a little,

but not as much as the Bank hoped" (Mosley and others 1995). Economic vulnerability which is measured through exchange rate depreciation at time of appraisal and at the time of completion. Economic vulnerability has significant and negative impact on outcome of project at time of appraisal.

It has been observed that Exchange rate at completion of project have positive and significant impact which implies that economic vulnerability at the time of completion of project have significant impact on probabilities of outcome. Inflation has positive but statistically insignificant bearing on the upshot of favorable result of underlying project. Aforementioned end result is consistent with previous observed studies.

If there prevails economic crisis in the concerned country then it will assist to rise the likelihood to execute a project effectively as the formation of social accord will be somehow easier (Drazen and Grilli, 1993). The results of variables GDP growth and inflation are somehow anomalous. However, as a whole economic performance of a country plays vital role in success chances of project[21] and are of much considerate importance. Diagnostic checks[22] are employed to check models which one is statistically better.

[21] Note: Macro related variables data and institutional variables data is taken from WDI and ICRG respectively. The data for both the factors is not sector wise; that's why sector level analysis for both of these determinants can't be possible.

[22] The value of l-stat specifies that around 66.73 % values are being appropriately predicted. Thus, implies better fit.

Table 6.3: logit results of Macro variables.

DV: Outcome of the WB projects		
Explanatory Variables	**Evaluation FY**	**Approval FY**
GDP growth rate	NA	0.0909 (0.0609)
Inflation	NA	0.1060 (0.0789)
Exchange rate depreciation	-0.0385* (0.0062)	0.1751* (0.0100)

***1% level of significance, **5% level of significance, *0.1% level of significance.

Standard errors in parenthesis

6.4. Effect of Institutions on Upshot (outcome) of the WB Project

Institutions are one of the important aspect to be considered while preparing project. Institutional quality is incorporated through law and order, democratic accountability and bureaucratic quality of the recipient state. Law and order situation of a country has affirmative and significant bearing on success prospects. With a one unit surge in law and order situation there is 0.51% chances of success.

Similarly, the one unit surge in index of the democratic accountability encompasses around 0.33% increase in the likelihood of ending up as successful projects. On the same lines, the probability of success increases 0.7% with one unit rise in the ratings of bureaucratic quality. All three institutional variables are found to be statistically significant and having

positive relationship with outcome of project. The results have posited well in table 6.8 (see appendix). Logit results[23] of institutional variables are summarized in table 6.4.

Table 6.4: logit results of Institutional variables.

DV: Outcome of the WB projects	
Explanatory Variables	**Approval FY**
Bureaucratic Quality	0.0238* (0.0300)
Democratic accountability	0.01557* (0.250)
Law and Order	0.0325* (0.0433)

***1% level of significance, **5% level of significance, *0.1% level of significance.
Standard errors in parenthesis.

[23] The results after diagnostic tests indicate that around 66.44% values are predicted correctly. This implies that all of above models are better enough to be considered as good fit.

Chapter 07

CONCLUSION AND POLICY RECOMMENDATION

We have analyzed determinants of micro variables associated with project level characteristics of outcome of World Bank projects. The main result underscores the significance of micro aspects in aid allocation. One important finding is that task team leader's traits like project surveillance and project evaluation are strongly correlated with outcomes of project. The success or fiasco criteria of projects proposed by World Bank is solely determined through supervisor's efforts in the underlying project from preparation till termination, policies settings and institutional ranking (in terms of quality) of the concerned country. From this fact, we can infer significant policy recommendation that in order to spur the chances of more successful projects is to increase the incentives of task team leaders associated with long term projects[24].

The better surveillance along with project evaluation by Bank's staff ought to have significant impact upon success chances of underlying project outcome. The project surveillance is solely assessed through project associated variables. Separate regression results demonstrates a significant relevance with project size, project duration along with investment policy loans. On the other hand, project related characteristics like lag in evaluation, project evaluation and project surveillance are found to be effective and having strong bearing on probability of success.

[24] This finding is consistent with the study of Kene Ezemenari & Xiao Ye (2017).

The results show that economic performance of a country which incorporates exchange rate depreciation (Exit FY), inflation (approval FY) and GDP growth (approval FY) would ensure positively towards success chances but having insignificant bearing on outcome ratings. Therefore, it is important to make effective policies in order to mitigate problems during execution phase of project so that targets should be achieved. This study intends that there is less responsiveness to project economic analysis.

Improved institutions provides a milieu which is favorable for hosting a successful projects, results entails the consistent insight regarding institutional factors. The results demonstrates that law and order situation, democratic accountability and bureaucratic quality have relevance in spurring investment policy lending which results in effective outcome ratings. Therefore, institutional aspects are found to be more appealing than economic determinants. The World Bank group initiates projects in the countries having sound institutions as compare to other developing economies.

Policy recommendation regarding improved public service delivery as a result of democratic accountability is decentralization[25]. As decentralization generates the environment of accountability thus results in mitigating poverty through channel of transparent and smooth service delivery especially in countries which have enough

[25] Decentralization is the process by which the activities of an organization, particularly those regarding planning and decision making, are distributed or delegated away from a central, authoritative location or group.

absorptive capacity along with efforts of policy makers to pledge the development process. Thus, to strengthen the institutional capability at the country level is decisive if decentralization is found to be effective.

We can easily deduce another policy recommendation that developing world start competing each other to avail assistance in the form of World Bank project. As a result, more development goals are likely to be fulfilled. World Bank is also engaged in helping the countries for boosting their economies and institutions. For this purpose, Bank is also engaged in aligning goals for the country concerned to achieve. This will provide an incentive to recipient countries and also assist to meet the conditions for the disbursement of loan after the time of agreement at intervals.

The final result construed is that after taking into account all micro and macro variables, micro aspects are more appealing as compared to macro and institutional aspects. Therefore country has to take measures for spurring its GDP growth rate and to control inflation and to make institutions strong enough and to enable itself to welcome World Bank project. Successful project is the joint effort of World Bank staff and recipient country characteristics. In order to mitigate risks involved in project success, projects are of investment policy loans that ensures sustainable development goals. The projects related to sectors involved in this study ensue effective outcome ratings. Policy recommendation from sector allocation perspective is that to invest more on sectors resulting in better and efficient outcome and are investment policy loans rather than development policy loans.

Perspective of aid has two dimensions; one could be the ‘increasing returns’, immense aid (large aid flows by Bank) may develop an environment which is supportive for efficient service delivery and resources. For example, a project related to education would be more likely to achieve its targeted objectives, if there also exists projects related to transport and rural development sector. Meanwhile, there is also the possibility of having ‘diminishing returns’ in terms of ‘absorptive capacity constraints’. It is likely to be difficult having a successful project if limited capacity of the government is spread over a large extent of similar enterprises.

7.1. Future Research Question

Privatizing the enterprises and government-owned corporations in developing countries (mainly in third world countries) would ensure large benefits to public. In private setup, Bank can easily implement effective advices where ventures are likely to be more proficient, productive and are socially accountable. One can also include this perspective to be analyzed in World Bank scenario.

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APPENDIX A

Table 2.1: Summary Table of Literature.

Author	*Methodology*	*Results*
C. Kilby (2000)	Maximum likelihood estimation of the restricted ordered probit function.	Bank management decides the effort put into supervision and funds are allocated for supervision. While monitoring is the main activity of supervision, it also includes advising on management issues and consulting technical assistance.
C. Kilby (2014)	Logit	An economy which is economically vulnerable might have to face liquidity crisis, which would lead the country to undertake projects which are hastily designed and have negative effect on the chances of success.
Jones & P. Boone (1996)	OLS, IV, Fixed effect	A project with complex design not only delays implementation, but also makes the modification during implementation difficult.
Kaufmann & Wang (1995)	OLS, Logit	Inadequate funding and cost overruns lead to serious delays of implementation and non-completion of projects
Koeberle et al. (2005)	Probit estimation	Budget allocations also affect project performance, even the most qualified staff members are hampered by insufficient budgets for implementation.
Rondinelli (1976)	OLS, 2SLS, pooled regression	Approval of projects that are beyond the absorptive capacity of national governments not only result in project failures, but drain scarce resources from other development activities.

Ika et al. (2012)	Principal component factor analysis	There are several factors which are important for success of a project. For example, the project design and supervision is important for successful implementation
Acemoglu et al. (2001)	Probit, O-probit	The main emphasize the vital importance of stable and effective institutions and policies, or the "social infrastructure". The World Bank does not only dominate the whole project cycle but also the economic policy making in developing countries.
Burnside & Dollar (2000)	OLS, 2SLS	Low inflation would contribute in increasing the chances of success of the project as it is an indicator of better economic policy
Denizer et al. (2013)	OLS, Probit, O-Probit	Higher growth rate helps in the chances of success of the project.
Diallo and Thuillier (2005)	Logit	Communication and trust between the World Bank project supervisor and the national project coordinator influence project success.
Dollar & Svensson (2000)	OLS, Probit	A country with democratic norms and good quality of government machinery which facilitates smooth implementation has more chances of hosting successful projects.
Dollar & Levin (2005)	Instrumental variables estimation	Good law and order provides an environment where development projects are easy to implement and execute.
Geli et al. (2014)	Probit	A project with greater size or a one which spans over a long period have more chances of ending up as failure.
Krause & Perkins (1995)	OLS, Probit	The World Bank's development programs have failed due to the weakness in the Bank's mode of operation and understanding of the country's poverty dynamics, social capability and governance issues.

Isham et al. (1997)	OLS, Logit	Socio-economic prosperity is considered desirable for democratic setup leads to improved service delivery by the government.
Svensson (1999)	OLS, 2SLS, pooled regressions	State availing the projects by World Bank in a democratic environment entails higher chances to allocate finances proficiently.
Vawda et al. (2003)	Conditional (fixed effect logistic regression)	A well designed project along with broad pre-initiation analysis indicates betterment during enactment phase and results in effective outcome ratings.
Nsouli et al. (2004)	Probit	The improved institutional quality indicates lesser disruption risk and eventually lead towards successful outcome.
Caprio et al. (2001)	OLS, Probit, O-Probit	Little government discretion over financial systems of state and institutions results in sound, stabler and more proficient systems.
Rodriguez (1989) Discussion paper		Along with economic factors, chief management support and economic policy which is much worthwhile in aid efficacy.
Jones (1992)	OLS, Ordered logit	A project with complex design not only delays implementation but also makes the modification during implementation difficult.
Gavin & Rodrik (1995)	Tobit estimation	Project's success depends eventually on the peculiarity of policy making of the recipient states.
Guillaumont & Laajaj (2006)	Random effects model, probit/ tobit models	Better macroeconomic measures illustrates established economy that is meant for even and effective enactment of project.

Table 3.1: Sector wise Project Allocation	
Sectors	**Number of Projects**
Agriculture and rural development	2508
Financial sector	497
Education	1003
Health, nutrition and population	505
Water	570
Economic policy	789
Total number of projects	**5872**

Country Classification

BY REGION	BY INCOME	BY LENDING
East Asia and Pacific	Low-income economies	IDA
Europe and Central Asia	Lower-middle-income economies	Blend
Latin America & the Caribbean	Upper-middle-income economies	IBRD
Middle East and North Africa	High-income economies	
North America		
South Asia		
Sub-Saharan Africa		

APPENDIX B

Table 6.9: Summary table of variables

Variables	*Description/ Computation*	*Sign*	*Data Source*
Project Surveillance	The role of the World Bank staff in supervision of the adequacy of supervision efforts, honest reporting of performance and ensuring the efficient transition stages.	**(+)**	**IEG**
Project Evaluation	The bank performance is assessed according to the criterion that includes, financial and technical aspects, social, economic, institutional aspects and implementation arrangements.	**(+)**	**IEG**
Lending instrument type	All the projects are classified as either investment or development policy loan in the IEG project data publication. The dummy is generated from that information.	**(+)**	**IEG**
Size of project	Total cost of the World Bank project is employed as size of project to predict the performance of bank.	**(+)**	**IEG**
Lag in Evaluation	The lag period between the exit year of a project and the final evaluation of a project by IEG staff is measured through lag in evaluation.	**(-)**	**IEG**
Duration of project	The duration of project is the stretch of project over time from starting till termination. We have employed the length of project measured in years by taking the difference between starting and ending dates.	**(-)**	**IEG**
GDP per capita	GDP growth rate is employed to measure the economic situation of the economy.	**(+)**	**WDI**
Inflation	Ivanova et al. (2001) used inflation level in a recipient country to measure the macroeconomic situation.	**(+)**	**WDI**
Exchange rate depreciation at Approval FY	Here exchange rate depreciation is used as a measure of economic vulnerability.	**(+)**	**IEG**
Exchange rate depreciation at Evaluation FY	Here exchange rate depreciation is used as a measure of economic vulnerability.	**(-)**	**IEG**
Democratic Accountability	The democratic accountability measures the extent of accountability for the democratically elected government.	**(+)**	**ICRG**
Bureaucratic Quality	The better quality of bureaucracy ensures the smooth functioning of government policies and projects in case of political turmoil or change in government.	**(+)**	**ICRG**
Law & Order	The law component measures the strength and neutrality of the legal system while the order assesses the observance and implication of law	**(+)**	**ICRG**

Table 6.5: Determinants of Project Surveillance of the World Bank Project

Dependent variable: Project Surveillance				
Explanatory variables	**Marginal Effects**	**Std. Error**	**z- values**	**P > |z|**
Size of Project	0.0323	0.01237	2.61	0.0000
Duration of Project	-0.0147	0.00273	-5.40	0.0000
Lending Instrument type	0.1049	0.02323	4.52	0.0000

Table 6.6: Effect of Project- associated Variables on Upshot of the WB Project

Dependent variable: Outcome of the WB project				
Explanatory variables	**Marginal Effects**	**Std. Error**	**z-value**	**p>|z|**
Project Surveillance	0.2354	0.0137	17.19	0.000
Project Evaluation	0.16627	0.01419	11.72	0.000
Lag in Evaluation	-0.0100	0.0023	-4.38	0.000

Table 6.7: Impact of Economic Variables on the Upshot of the WB Project

Dependent Variable: Outcome of World Bank Projects				
Explanatory variables	**Marginal Effects**	**Std. Error**	**Z-value**	**p>|z|**
GDP growth rate	0.0201	0.0135	1.49	0.136
Inflation (Approval FY)	0.0235	0.0175	1.34	0.179
Exchange rate at appraisal	-0.0048	0.00082	-5.93	0.000
Exchange rate at completion	0.0222	0.00115	19.31	0.000

Table 6.8: Impact of Institutions on Outcome of the WB Project

Dependent variable: Outcome of WB project				
Explanatory variables	**Marginal Effects**	**Std. Error**	**z-value**	**p>|z|**
Law and Order	0.0051	0.00651	0.80	0.000
Democratic Accountability	0.0033	0.00542	0.62	0.000
Bureaucratic Quality	0.0070	0.0093	0.75	0.000

List of Region wise Countries

EAST ASIA AND PACIFIC

American Samoa	**Korea, Rep.**	**Philippines**
Australia	**Lao PDR**	**Samoa**
Brunei Darussalam	**Macao SAR, China**	**Singapore**
Cambodia	**Malaysia**	**Solomon Islands**
China	**Marshall Islands**	**Taiwan, China**
Fiji	**Micronesia, Fed. Sts.**	**Thailand**
French Polynesia	**Mongolia**	**Timor-Leste**
Guam	**Myanmar**	**Papua New Guinea**
Hong Kong SAR, China	**Nauru**	**Tonga**
Indonesia	**New Caledonia**	**Tuvalu**
Japan	**New Zealand**	**Vanuatu**
Kiribati	**Northern Mariana Islands**	**Vietnam**
Korea, Dem. People's Rep.	**Palau**	

EUROPE AND CENTRAL ASIA

Albania	**Gibraltar**	**Norway**
Andorra	**Greece**	**Poland**

Armenia	**Greenland**	**Portugal**
Austria	**Hungary**	**Romania**
Azerbaijan	**Iceland**	**Russian Federation**
Belarus	**Ireland**	**San Marino**
Belgium	**Isle of Man**	**Serbia**
Bosnia and Herzegovina	**Italy**	**Slovak Republic**
Bulgaria	**Kazakhstan**	**Slovenia**
Channel Islands	**Kosovo**	**Spain**
Croatia	**Kyrgyz Republic**	**Sweden**
Cyprus	**Latvia**	**Switzerland**
Czech Republic	**Liechtenstein**	**Tajikistan**
Denmark	**Lithuania**	**Turkey**
Estonia	**Luxembourg**	**Turkmenistan**
Faroe Islands	**Macedonia, FYR**	**Ukraine**
Finland	**Moldova**	**United Kingdom**
France	**Monaco**	**Uzbekistan**
Georgia	**Montenegro**	
Germany	**Netherlands**	

LATIN AMERICA AND THE CARIBBEAN

Antigua and Barbuda	**Curacao**	**Paraguay**
Argentina	**Dominica**	**Peru**
Aruba	**Dominican Republic**	**Puerto Rico**
Bahamas, The	**Ecuador**	**Sint Maarten (Dutch part)**
Barbados	**El Salvador**	**St. Kitts and Nevis**
Belize	**Grenada**	**St. Lucia**
Bolivia	**Guatemala**	**St. Martin (French part)**
Brazil	**Guyana**	**St. Vincent and the Grenadines**
British Virgin Islands	**Haiti**	**Suriname**
Cayman Islands	**Honduras**	**Trinidad and Tobago**
Chile	**Jamaica**	**Turks and Caicos Islands**
Colombia	**Mexico**	**Uruguay**
Costa Rica	**Nicaragua**	**Venezuela, RB**
Cuba	**Panama**	**Virgin Islands (U.S.)**

MIDDLE EAST AND NORTH AFRICA

Algeria	**Jordan**	**Qatar**

Bahrain	**Kuwait**	**Saudi Arabia**
Djibouti	**Lebanon**	**Syrian Arab Republic**
Egypt, Arab Rep.	**Libya**	**Tunisia**
Iran, Islamic Rep.	**Malta**	**United Arab Emirates**
Iraq	**Morocco**	**West Bank and Gaza**
Israel	**Oman**	**Yemen, Rep.**

NORTH AMERICA

Bermuda	**Canada**	**United States**

SOUTH ASIA

Afghanistan	**India**	**Pakistan**
Bangladesh	**Maldives**	**Sri Lanka**
Bhutan	**Nepal**	

SUB-SAHARAN AFRICA

Angola	**Gabon**	**Nigeria**
Benin	**Gambia, The**	**Rwanda**
Botswana	**Ghana**	**São Tomé and Principe**

Burkina Faso	**Guinea**	**Senegal**
Burundi	**Guinea-Bissau**	**Seychelles**
Cabo Verde	**Kenya**	**Sierra Leone**
Cameroon	**Lesotho**	**Somalia**
Central African Republic	**Liberia**	**South Africa**
Chad	**Madagascar**	**South Sudan**
Comoros	**Malawi**	**Sudan**
Congo, Dem. Rep.	**Mali**	**Swaziland**
Congo, Rep	**Mauritania**	**Tanzania**
Côte d'Ivoire	**Mauritius**	**Togo**
Equatorial Guinea	**Mozambique**	**Uganda**
Eritrea	**Namibia**	**Zambia**
Ethiopia	**Niger**	**Zimbabwe**