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THE POLITICAL ECONOMY OF REGIONALISM: THE RELEVANCE FOR INTERNATIONAL WATERS AND THE GLOBAL ENVIRONMENT FACILITY

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The Relevance for International Waters and the Global Environment Facility

Scientific and Technical Advisory Panel

An independent group of scientists which advises the Global Environment Facility

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THE POLITICAL ECONOMY OF REGIONALISM

The Relevance for International Waters and the Global Environment Facility

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ABOUT STAP

The Scientific and Technical Advisory Panel comprises eight expert advisors supported by a Secretariat, which are together responsible for connecting the Global Environment Facility to the most up to date, authoritative and globally representative science.

The Global Environment Facility (GEF) unites 183 countries in partnership with international institutions, civil society organizations (CSOs), and the private sector to address global environmental issues while supporting national sustainable development initiatives. An independently operating financial organization, the GEF provides grants for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants.

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FOREWORD

Within the context of globalization and accelerating regional integration, the Scientific and Technical Advisory Panel (STAP) of the Global Environment Facility (GEF) explored how the GEF partnership could effectively engage in the process of regionalization. Given the rapid and wide-ranging increase in size and scope of regional institutions and organizations around the world over the past few decades, it is necessary to begin a serious and sustained dialogue among GEF partners about how GEF projects interact with regional institutions and how this evolving relationship impacts future project design and implementation. The GEF addresses important global environmental issues such as biodiversity, land degradation, chemicals, climate change and international waters. Within the field of international waters, the GEF promotes collective management of global transboundary environmental commons including freshwater resources, coastal zones and the oceans. In the upcoming GEF-6 investment period, greater emphasis is being placed on cross-cutting integrated approaches that build on linkages to help achieve sustainable development goals.

The STAP is pleased to publish "The Political Economy of Regionalism: The Relevance for International Waters and the Global Environment Facility" – its first report on this topic – in support of the mission of the GEF. Because of the transboundary character of freshwater and marine resources, GEF International Water projects tend to be regional in nature. The design of these projects has historically maintained flexibility in addressing a range of local, national and regional conditions and circumstances. While this approach has the benefit of supporting innovative design to fit country and regions'– specific conditions, there is room for improvement through a more thorough engagement with relevant regional stakeholders based on a comprehensive assessment of regional institutional frameworks, and a baseline analysis of the role and function of relevant regional organizations.

We believe that this STAP issues paper is an important starting point for stimulating dialogue among practitioners and policy makers to begin to explore the importance of regionalism and determine the best way forward in order to achieve key objectives in GEF-6 projects to come. Topics for future in depth discussion include how to reconcile regional cooperation with national benefits, how to determine what type of regional organizations are most appropriate to achieve collective action, and how to effectively synchronize project design within larger regional political and economic contexts.

Rosina Bierbaum
STAP Chair

Jakob Granit
STAP Member

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BOXES

ABBREVIATIONS & ACRONYMS

ABJN	Areas Beyond National Jurisdiction
AC	Andean Community
ADB	Asian Development Bank
AfDB	African Development Bank
AL	Arab League
ALTA	Latin American and Caribbean Air Transport Association
AMU	Arab Maghreb Union
APEC	Asia-Pacific Economic Cooperation
APSA	African Peace and Security Architecture
ASEAN	Association of Southeast Asian Nations
BCC	Benguela Current Commission
BSC	Baltic Sea Cooperation
CACM	Central American Common Market
CARICOM	Caribbean Community
CARPHA	Caribbean Public Health Agency
CAR/RCU	UNEP Caribbean Regional Coordination Unit
CBD	Convention on Biological Diversity
CEHI	Caribbean Environmental Health Institute
CEPAL	Economic Commission for Latin America and the Caribbean (United Nations)
CIS	Commonwealth of Independent States
CMS	Convention on Migratory Species
COTED	CARICOM Ministerial Council for Trade and Economic Development
CSDP	Common Security and Defense Policy of the EU
CSME	CARICOM Single Market and Economy
EAC	East African Community
EBRD	European Bank for Reconstruction and Development
ECA	Economic Commission for Africa (United Nations)
ECLAC	Economic Commission for Latin America and the Caribbean (United Nations)
ECOSOC	Economic and Social Council (United Nations)
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EFTA	European Free Trade Association
ESCAP	Economic and Social Commission for Asia and the Pacific (United Nations)
ESCWA	Economic and Social Commission for Western Asia (United Nations)
EU	European Union
EUSBSR	European Union Strategy for the Baltic Sea Region
FAO	Food and Agriculture Organization of the United Nations
FASRB	Framework Agreement on the Sava River Basin
GCC	Gulf Cooperation Council
GEB	Global Environmental Benefits
GEF	Global Environment Facility
GPA	UNEP Global Programme of Action
HELCOM	Baltic Marine Environment Protection Commission - Helsinki Commission
IADB	Inter-American Development Bank
IAS	Iullemeden Aquifer System
IFI	International financial institution
IPE	International political economy
IR	International relations
ISRBC	International Sava River Basin Commission
ITFGPG	International Task Force on Global Public Goods
IW	International Waters
IWCAM	Integrating Watershed and Coastal Areas Management in the Caribbean Small Island Developing States

IW LEARN	International Waters Learning Exchange & Resources Network
LDCF	Least Developed Countries Fund
LME	Large marine ecosystem
MARPOL	International Convention for the Prevention of Pollution from Ships
MERCOSUR	Southern Common Market (Mercado Común del Sur)
MoU	Memorandum of Understanding
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NBA	Niger Basin Authority
NBI	Nile Basin Initiative
NGO	Non-governmental organization
NORDPOOL	Nordic energy market
NOWPAP	Northwest Pacific Action Plan
NWSAS	North-Western Sahara Aquifer System
OAS	Organization of American States
OECS	Environment and Sustainable Development Unit, Organization of Eastern Caribbean States
OKACOM	Okavango River Basin Commission
OPS	Overall Performance Studies (GEF)
ORASECOM	Orange-Sengu River Basin Commission
OSCE	Organization for Security and Cooperation in Europe
PCU	Project Coordinating Unit
PEMSEA	Building Partnerships in Environmental Management for the Seas of East Asia
PERSGA	Regional Organization for the Conservation of the Environment in the Red Sea and Gulf of Aden
PMIS	Project Management Information System
PMU	Project Management Unit
POPs	Persistent organic pollutants
PPPs	Public-private partnerships
RPG	Regional public good
SAARC	South Asian Association for Regional Cooperation
SACCAR	Southern African Centre for Cooperation in Agricultural Research
SACU	Southern African Customs Union
SADC	Southern African Development Community
SANASO	Southern African Network of Aids Service Organizations
SAP	Strategic Action Programme
SAPP	Southern African Power Pool
SARS	Severe acute respiratory syndrome
SCCF	Special Climate Change Fund
SDIs	Spatial Development Initiatives
SIDS	Small island developing states
SIJORI	Singapore, the Johore state of Malaysia, and Riau Province of Indonesia
STAP	Scientific and Technical Advisory Panel of the Global Environment Facility
TDA	Transboundary Diagnostic Analysis
TE/TER	Terminal evaluations/terminal evaluation reviews
UEMOA	West African Economic and Monetary Union
UNCCD	United Nations Convention to Combat Desertification
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
UNDP	United Nations Development Programme
UNU-INWEH	United Nations University Institute for Water, Environment and Health
WAHO	West African Health Organization
WANEP	West African Network for Peace
WEU	West European Union
WHO	World Health Organization
WTO	World Trade Organization
ZAMCOM	Zambezi River Basin Commission

Photo: © UKRID

SUMMARY AND KEY MESSAGES

There is strong evidence that contemporary regionalism and regional cooperation influence both the context and quality of transnational policy making in most sectors, ranging from economic development, social affairs, trade, health, and education, to peace and security. The importance of using regional or collective action approaches to address a range of environmental issues is also widely recognized in both policy and research. Indeed, most freshwater and marine resources are transboundary in nature and are of vital importance for economic and social development, food security, and the sustainable use and management of ecosystems.

'Regionalism' refers to the *common objectives, values and identities* that lead to region-formation and regional cooperation within a given geographical area. It often leads to the creation and development of regional institutions and regional governance frameworks in order to shape and regulate collective action. The process of regionalism can be seen in many parts of the world through the formation of multipurpose regional organizations such as the European Union (EU) in a macro-region or multipurpose networks in micro-regions such as the development corridors in Southern Africa. It can also be found in the formation of specialized organizations such as transboundary water management organizations or specialized networks such as the Southern Africa Power Pool (SAPP).

'Political economy' signifies the *close links between the economy, on the one hand, and political institutions and the political environment, on the other hand*. In the context of globalization, there is a significant *regional* dimension to political economy. As such, many drivers and barriers to regionalism are shaped by aspects of political economy, such as fragmentation and constraints of size, the role of transnational political coordination and governance, matters of sovereign economic and political interests, as well as power and the distribution of wealth and resources within both regions and within countries. It is often acknowledged, both in policy and research, that efforts to achieve environmental benefits are also affected by matters rooted in political economy or politics more broadly.

The GEF – a partnership between 183 governments, international agencies, civil society and the private sector – is the single largest public funder of projects to improve the global environmental commons. One of its focal areas for investment targets International Waters (IWs).[1] For this focal area, the GEF objective is "to promote collective management for transboundary water systems and foster policy, legal, and institutional reforms and investments towards sustainable use and maintenance of ecosystem services" (GEF, 2011). The GEF Partnership recognizes that many GEF IW interventions require a substantial degree of political support and transboundary political coordination in order to be effective and sustainable.

Photo: Global Water Partnership

The GEF IW focal area has a strong regional focus, and half of all the projects in the GEF IW portfolio are classified as 'regional'. There is a great flexibility and pragmatism in the design of GEF IW projects and the meaning given to regional projects, in contradistinction to national and global projects. Flexibility and pragmatism in project design as well as the country-based approach allows projects to be adjusted to meet local, national and regional conditions and circumstances, but there is little systematic discussion within the GEF Partnership about the meaning and significance of regional projects as well as regional cooperation in a more general sense.

The investment profile of the GEF into IW raises research questions on how the political economy of regionalism and IW projects impact on each other. More specifically, how can national benefit/interests be reconciled with what is best for the region as a whole?; what type of regional cooperation mechanisms is most appropriate and effective for achieving regional public goods and global environmental benefit?; when and why could regional projects work through existing regional organizations and bodies compared to more flexible and short-term solutions?; what is the most appropriate design of a regional project?; and in what way does the regional context influence and shape GEF IW activities and projects?

To respond to these questions this report provides research-based insights about the political economy of regionalism and the management of IWs in general (**Chapter 2**), a desk-study of GEF IW projects provides evidence of how GEF IW projects relate to regional cooperation and regionalism (**Chapter 3**), and a discussion of the most important insights about regionalism and GEF IW projects. The outcome of the report is the following **three key messages** that provide guidance to the development and design of transboundary environmental projects in general and GEF IW projects in particular.

[1] In this report we use both the term International Waters (IW) and transboundary waters interchangeably.

1. To deliver Global Environmental Benefits (GEBs), the GEF should engage with stakeholders to synchronize national and regional concerns, incentives and benefits. The understanding of both national incentives for cooperation and issues of national ownership in the context of regional cooperation is critical for the generation of long term impacts. There are many different types of regional organizations and mechanisms that facilitate collective action, but there is strong evidence that those that are not well integrated into national agendas are usually unsustainable and even likely to fail. By implication, there is a need to better understand both national incentives for cooperation and issues of national ownership in the context of regional cooperation. Given the GEF's experience and its explicit emphasis on providing GEBs through a country-based approach, it has a unique opportunity to facilitate regional cooperation that is reconciled with national concerns. A more sophisticated guidance system, especially with respect to cost-benefit analysis and the economic valuation of goods and services (e.g. benefits regarding the water, food, energy and ecosystems nexus), is also required to better inform country decisions concerning the benefit of regional collective action (since successful collective action is not always forthcoming). Consultative regional engagements would enable the GEF partnership to link context and action and to prioritize among different projects, promoting a shared agenda across implementing agencies. The GEF Partnership could play a stronger role in assisting regional confidence building and environmental diplomacy that meet the needs of sovereign countries and the need to deliver GEBs. Consultative regional country engagements with the broader GEF partnership would enable the GEF partnership to link context and action with national and regional objectives, to prioritize among different projects, and to promote a shared agenda across implementing agencies.

2. The GEF should assess what regional institutional frameworks are most effective for delivering GEBs, in particular specialized and functional regional organizations or more comprehensive and politically based multipurpose regional organizations. This study suggests that specialized and functional regional organizations and frameworks will primarily enhance cooperation when incentive structures are clear at the national and regional levels or when cooperation at the regional level is limited or absent. Specialized regional organizations and networks often deliver effective outcomes when tasks and national benefits are relatively clear, and when the political environment is conducive towards regional cooperation. Evidence also points towards the important role of specialized organizations and networks to catalyze or initiate regional cooperation in spite of diverging national interests in other fields of activity. These types of bodies may also generate regional cooperation along more or less parallel national tracks. Nevertheless, despite common interests and incentives, mutually beneficial solutions and effective project implementation are not always forthcoming and may depend heavily on political support and political mobilization, which may be difficult to ensure through specialized regional organizations or through a country-based and functionalist approach to regional cooperation such as the one favoured by the GEF. This study reveals that multipurpose regional organizations may sometimes be better equipped than specialized organizations (with lower degrees of political leverage) to facilitate transboundary coordination at higher political levels and to mobilize political commitment and national buy-in. Many multipurpose regional organizations have a distinct political content that is closely intertwined with broader economic or security interests, which also enables the exploitation of cross-sectoral linkages. However, their effectiveness and success may depend on a shared political vision and strong

political commitment. The European Union is a widely cited example of a multipurpose regional mechanism, whose impacts extend beyond its borders by creating incentives for reform. The activities of specialized and multipurpose regional organizations may be combined and can run in parallel. One major challenge for the GEF is to learn more about the most effective institutional design and division of labor between these types of regional organization.

3. The regional political and economic context, including the logic of states-led regional organizations, should be taken into consideration during the design of GEF IW interventions and projects. A regional governance baseline analysis that emphasizes the roles and functions of regional organizations should be carried out when planning IW and environmental projects. GEF IW projects are strongly influenced by the regional context and by regional governance mechanisms and organizations. The case studies show that GEF interventions are not always sufficiently related to the regional context and the regional political economy, jeopardizing their long-term sustainability. Without any assessment of the regional context or a clear plan that carefully considers the political environment, legal frameworks, administrative and technical arrangements and their financial viability, project impact may be unsustainable or at least sub-optimal. GEF partners should therefore deepen their assessments of the regional political and economic context as well as define linkages to regional cooperation mechanisms and institutions in the context of a broader regional strategy. Under suitable conditions, a regional approach could ensure increased political buy-in and engagements from concerned governments, as well as from implementing regional organizations. Given that GEF projects are usually time-bound and very flexible in design, regional frameworks are crucial to ensure political commitment, inter-sectoral linkages, and to increase impact and long-term sustainability. In order to inform the design of GEF IW interventions, a regional governance baseline analysis should be carried out that examines the existing governance system, their membership and the linked political economy. A regional governance baseline analysis is a tool for learning from past and current collective governance practices and exploring adaptive governance solutions. It also provides a detailed and objective reference point against which the performance of GEF IW interventions can be measured. Regional organizations may not always have adequate resources to solve collective action dilemmas. Because the costs of regionalism may outweigh the potential benefits, planners must be realistic about both the positive and negative effects of regionalism and regional organizations. Regional frameworks that can be supported or built should be carefully examined.

1. INTRODUCTION

Over the last two decades there has been a growing body of research and policy discussion about regionalism and regional integration all over the world and in most policy fields, ranging from trade and economic development, social affairs, health, and education, to peace and security. Regionalism and regional organizations are now everywhere across the globe and are increasingly fundamental to the functioning of all aspects of world affairs (Fawn, 2009). Many observers even refer to an 'emerging regional architecture of world politics' (Acharya, 2007). The widening and deepening of the European Union (EU) is the most pervasive example of regionalism, but this trend is also visible through the revitalization or expansion of a very rich variety of other regional projects and regional organizations.

Most freshwater and marine systems are transboundary in nature and therefore depend on a certain degree of regionalism and regional governance. The way these transboundary water systems are governed and managed is of vital importance for economic and social development, food security, biodiversity conservation, and the sustainable use and maintenance of ecosystem services. Yet it is widely agreed that there is insufficient transnational collective action to address governance and management challenges related to these common environmental assets (Kaul *et al.*, 1999; ITFGPG, 2006). There are major gaps with respect to the governance of freshwater systems (Granit, 2012), coastal zones (Olsen *et al.*, 2009) and areas beyond national jurisdiction (ABNJ) (Noone *et al.*, 2013). This study is based on the underlying assumption that there is little systematic knowledge about how transboundary water management systems are affected by regionalism and regional organizations. This issue is of particular relevance for the activities of the Global Environment Facility (GEF).

The GEF is a partnership between 183 governments, international agencies, civil society and the private sector created in 1991 to promote collective action and undertake investments that supply global environmental benefits (the GEF Partnership structure

is shown in **Appendix 1**). It is the world's largest public funder of projects to improve the global environment, providing grants for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, chemicals and sustainable forest management.

The long-term strategic goal of the International Waters (IW) focal area within the GEF is the promotion of collective management of transboundary water systems and its services. The GEF makes a distinction between five types of transboundary water bodies: freshwater rivers; lake basins; groundwater in aquifers; large marine ecosystems; and gyres in open oceans or areas beyond national jurisdictions. The GEF IW focal area has a strong regional focus, and GEF IW projects support or benefit from regional cooperation and regional organizations in many different ways. Importantly, half of all the projects in the GEF IW portfolio are classified as 'regional', in contradistinction to 'national' or 'global' projects. The fundamental problem is that knowledge is weak about how the political economy of regionalism and IW impact on each other. An exploration of this relationship begs important questions, such as: how can national benefit/interests be reconciled with what is best for the region as a whole?; what types of regional cooperation mechanisms are most appropriate and effective for achieving regional public goods and global environmental benefit?; what is the most appropriate design of a regional project in the field of IW?; and in what way does the regional context and the political environment influence and shape GEF IW activities? This study assumes that a better understanding of these and related questions will increase both the impact and sustainability of GEF's investments.

This peer reviewed study relies on a wealth of information and evidence, ranging from academic and policy-oriented literature, GEF policy documents, GEF terminal evaluations, verbal and written input from experts in the field, and input provided during an expert consultative workshop in Washington, D.C. in June 2013.

The study proceeds in three consecutive steps. Each step is organized in a separate chapter and based on specific methodological choices. **Chapter 2** provides the context and analytical tools needed to understand contemporary regionalism and regional organizations from a global and political economy perspective. The analysis shows that a multitude of regionalist tendencies in various sectors and policy fields need to be acknowledged in their own right, but also that environmental issues and projects cannot be separated from broader issues of regional governance and of political economy. This chapter combines academic and conceptual literature in the field of comparative regionalism with more policy-oriented studies from various sub-fields and regions. A series of case studies are also included in order to specify how broader aspects of regionalism are closely linked with transboundary water management, and to some extent also with GEF interventions.

The main objective of **Chapter 3** is to explore the different ways whereby GEF IW projects relate to regional cooperation and regional organizations. The chapter consists of a desk-study of the GEF IW project portfolio. As a point of departure, all 226 projects in the GEF IW portfolio since 1991 were considered. This pool of projects was examined in order to select those that had received at least a terminal evaluation (including a terminal evaluation review if available); were classed as regional or global; and included an explicit target to strengthen regional cooperation in their design. A list of 83 GEF projects resulted from this first screening. Each project was then assessed by examining its design brief and terminal evaluation to determine its relation to regional cooperation and the extent to which the project met its design objectives. This final screening resulted in 48 completed projects that were included in this part of the study (**Appendix 2**), which clustered into seven modes of cooperation (**Table 3.1**). Towards the end of **Chapter 3**, the assessment is complemented by further evidence from a series of thematic evaluations of GEF projects.

Chapter 4 synthesizes the general and comparative results about regionalism and transboundary water systems in **Chapter 2** with the desk-study of GEF IW projects carried out in **Chapter 3**. The Chapter emphasizes three main challenges related to understanding the links between the political economy of regionalism and IWs: (i) the challenge to reconcile regional cooperation with national benefits and interests; (ii) the challenge to determine what type of regional governance mechanism and regional organization is most effective; and (iii) the challenge for GEF planners to synchronize project design with the region's political and economic logic and broader regional context.

2. THE POLITICAL ECONOMY OF REGIONALISM – AN OVERVIEW

2.1 Old and New Regionalism

Since the late 1980s the number of regional projects carried out in the world has increased rapidly. The European Union (EU) is an obvious example, but there has also been a revitalization or expansion of many other regionalist projects around the world. Both policy makers and scholars emphasize the important role of regions and regional organizations in global politics. 'Regions are now everywhere across the globe and are increasingly fundamental to the functioning of all aspects of world affairs from trade to conflict management, and can even be said to now constitute world order' (Fawn, 2009).

Regionalism refers to the common objectives, values and identities on which region formation may be based. It often leads to the creation and development of regional institutions and governance frameworks in order to shape and regulate collective action. To understand the logic and drivers of regionalism today – and its role in delivering transnational and global public goods – it is essential to examine both its changed *content* and its changing historical *context*. The phenomenon of regionalism has become increasingly complex in the context of globalization, and there is a need to begin by distinguishing between the classic or 'old' state-led forms of intergovernmental regional cooperation and recent, more heterogeneous patterns of 'new regionalism' (**Table 2.1**).[2]

[2] For an overview and intellectual history of 60 years of reseach on regionalism and regional integration, see De Lombaerde and Söderbaum (2014).

TABLE 2-1 OLD AND NEW REGIONALISM	
Classical or 'old' regionalism	**Contemporary or 'new' regionalism**
Shaped by Cold War logic and often imposed from outside by the superpowers	Shaped by a multipolar world order
European phenomenon modeled on the European Communities	Global and heterogeneous phenomenon
Specific objectives (usually in specific sectors)	Comprehensive and multipurpose (and more political)
Exclusive in terms of membership	Inclusive in terms of membership
Introverted and often protectionist	Extroverted, linked to globalization and global challenges
Dominated by states within intergovernmental regional organizations	Built by state, market and civil society actors in various institutional forms

The first wave of classic (or 'old') regionalism took place between the 1950s and 1970s. The key concept underpinning these projects was regional integration, which was essentially perceived as an endogenous state-led process arising from internal conditions specific to each region in question. Interest in and enthusiasm for regional integration died out in the late 1960s and 1970s. A number of projects, especially in Africa and Latin America, including some grandiose ones, were never begun or eventually collapsed. While classic or old regionalism emerged during the Cold War, with 'nation states' as the uncontested primary actors, the emergence of the new regionalism has been associated with a multitude of often inter-related structural changes in the global system, such as:

- the shift from bipolarity towards a diffuse or multipolar structure, with a new division of power and a new global division of labor;
- changed attitudes to liberal economic development and political systems in developing countries, as well as in post-communist economies;
- recurrent fears over the stability of multilateralism; and
- the restructuring of the Westphalian 'nation state' system (**Box 2.2.**) and the growth of interdependence, transnationalization and globalization, with profound implications for sovereignty, agency for states-led policy-making, and regional cooperation.

The greater interdependence of today's global political economy, and the focus on regional as well as global challenges, makes contemporary regionalism much more extroverted than introverted. The new regionalism is linked in various ways to global structural change, especially to what is perhaps its dominating feature: globalization (Söderbaum and Shaw, 2003). Since regionalization and globalization are both part of a larger process of structural change, they may exist in parallel. More often, however, they tend to reinforce and shape one another. One implication of this is that contemporary regionalism cannot be understood merely from the point of view of a single region (from the inside-out) but also requires a global perspective (from the outside-in). This, in turn, explains why contemporary regionalism is increasingly understood from the point of view of international political economy (IPE) (Mansfield and Milner, 1997).

'Political economy' refers to the close links between the economy, on one hand, and political institutions and governance on the other. In a globalized world, there is a significant international (and often a regional) dimension to political and economic factors, such that the distinction between international and domestic has lost some of its original meaning (Söderbaum, 2004). Many of regionalism's drivers and barriers are shaped by these factors, such as fragmentation and size constraints, the role of transnational political coordination and governance, matters related to national economic and political interests, as well as power and the distribution of wealth and resources in both regions and countries.

The complexity of today's regionalism suggests the need for a broad and interdisciplinary approach for understanding regionalism. The old regionalism stimulated a debate about the roles of government and state actors within the framework of inter-state regional organizations. Although state actors (as well as inter-state regional organizations) continue to be of crucial importance, today's regionalism is much more heterogeneous (Söderbaum and Shaw, 2003). The result is not only a greater variety of states-led regional mechanisms than in the past, but also a growing number of non-state or hybrid regional arrangements, networks and governance mechanisms.

2.2 Types of Regions

What is meant by a region is central to any discussion of regionalism and regional cooperation. The concept of a region evolved historically to mean a space between national and local within a state (or a 'nation state'). This meaning can be captured by the terms *micro-region* or *sub-national region*, which may refer to either sub-national or cross-border regions (e.g. the regions of Flanders and Øresund, respectively).

The concept of a region may also refer to *macro-regions*, which are larger territorial units as opposed to non-territorial international units or sub-systems (e.g. Europe, Southern Africa). Macro-regions are international, in that they exist between the state and the global levels. Regions may exist on a variety of spatial scales and levels, sometimes with blurred geographical boundaries, as illustrated by Øresund, the Nordic region, the EU and broader Europe.

A minimalistic definition of a macro-region is a limited number of states linked by a geographical relationship and a degree of mutual interdependence (Nye, 1968). Historically, many opinions have been advanced about the types of mutual interdependencies that matter most: economic, political and social interrelationships; or historical, cultural

BOX 2-1 TYPES OF REGIONS

Physical-geographic regions or ecoregions exist in many forms. Examples are the Norwegian fjord valleys, river basins such as those of the Zambezi and Mekong, lake systems such as the Great Lakes in Africa and North America, and ecological zones such as the Amazonas or the Baltic Sea Large Marine Ecosystem.

Cultural regions often have a shared history and religion, as well as linguistic and cultural similarities and identities. These regions may exist on many different spatial levels. Some proponents of cultural micro-regions promote separatism and old-style nationalism.

Economic regions are often demarcated from the outside world in terms of transportation, production systems, contacts, and other interdependencies and flows that connect people, goods and structures.

Administrative regions essentially exist for purposes of decision-making, policy-making or administration. Some of these regions have little dynamism in their own right; they are not related to the environment, cultures or economics and have no political function. Their importance and dynamism (especially at the sub-national level) stem from the transfer to lower levels of many functions that were previously state prerogatives.

There are many types of ***political regions***, ranging from the powerful provinces and units of federal states, which have replaced central governments in many of their functions, to the rather weak regions in many centralized nation states. The EU, with its strong supranational powers, is by far the most advanced political macro-region. Other macro-regions show varying degrees of political cooperation and unification, but their political strength generally lies in the degree to which member states act collectively.

Security regions may be closely linked to political regions, even as a sub-category. They are mainly discussed with respect to macro-regions, and are usually considered to arise when a sense of 'community' has developed whereby there are dependable expectations of peaceful change among their populations. A less demanding definition suggests that the security concerns of two or more contiguous states are so interlinked that these states cannot be analyzed apart from each another; they may then be grouped within a so-called 'regional security complex'.

and ethnic bonds. Indeed, there are various types of regions (**Box 2.1.**). It is possible for one type to dominate in a given area, while in other areas these regions compete, overlap or exist in parallel (Buzan, 1983; Keating and Loughlin, 1997; Jönsson *et al.*, 2000).

2.3 Regional Governance

One issue that has been intensively discussed concerns the level at which governance (and authority) should be provided. It is generally agreed that in the context of intensified globalization, the logic of the conventional Westphalian nation state does not function as it once did, which deeply affects the character of transnational governance (Rosenau, 1997). The Westphalian logic dictated that international relations should be based on delineation, non-interference, and separation of states.

BOX 2-2 THE WESTPHALIAN ORDER

The Westphalian order gradually emerged after the Peace of Westphalia in 1648, which ended the Thirty Years' War and the war between Spain and the Netherlands. It implies an interstate system made up of sovereign territorial states. Within their borders live citizens whose obligations and rights are defined by citizenship and their allegiance to the state. Outside, in the so-called 'anarchical world', these rights and obligations do not apply. The identical nature of the security of citizens and the security of the state is taken for granted.

The problems faced by the Westphalian nation state order are many, complex and inter-related. Some are external, deriving from the global system or the macro-region; others are internal, deriving from various movements that question the territorial integrity, sovereignty and legitimacy of the nation state. Consequently, the (introverted) Westphalian modes of regulatory authority are already insufficient and likely to be more so in the future. The Westphalian system has even been referred to as the 'Westfailure system' (Strange, 1999). Although it is misleading to talk, as some observers do, about 'the end of the nation state' (Ohmae, 1995), the modern nation state must be understood as a social construct in historical terms, not as the final solution to the classic problem of providing governance and finding order in a situation of domestic instability and conflict. Indeed, there is widespread agreement among scholars, as well as policy-makers, that more and more policy areas and issues have been transnationalized and so depend on increasingly sophisticated and multilevel systems of governance.

Many observers refer to a post-Westphalian order, which implies a more multilayered system of governance and authority but does not by any means indicate the end of the nation state. Both policy-makers and researchers have engaged in debates concerning the different forms and levels of transnational governance and policy-making. Governance may refer to 'spheres of authority at all levels of human activity that amount to systems of rule in which goals are pursued through the exercise of control' (Rosenau, 1997). It may involve both public and private actors, and it may be both formal and informal. Therefore, governance should not be confused with, or limited to, government. Governance can also exist at various levels and scales. While some observers concentrate on one level or on determining which level is the most appropriate for any given issue, many complex transboundary challenges and problems require governance at multiple levels and scales simultaneously (i.e. multilayered or nested globally, regionally, nationally and sub-nationally/locally).

A great deal of scholarly attention, as well as policy discussion, has been devoted to assessing whether global governance is more appropriate and effective than regional governance, or than bilateral and other solutions. What is striking in this debate is that the attitude towards regional governance as a tool for managing many important problems and challenges has changed from outright criticism and skepticism to optimism. It is possible to detect an increasing emphasis on the comparative political advantage of regional governance. The example of an emerging regional ocean governance regime in the wider Caribbean is highly relevant (**Box 2.3**).

The relevance and effectiveness of regional governance may be different in different policy areas and in different contexts. However, in practice various forms of governance are often interlinked, which has led to notions of multilevel or 'nested' systems of governance (ITFGPG, 2006). This implies that different levels of governance should not be seen

From the outset, the GEF-funded Caribbean Large Marine Ecosystem and Adjacent Areas (CLME) project was sensitive to the region's geopolitical complexity, particularly with respect to regional arrangements for ocean governance. These arrangements were addressed in the design of the project. In the wider Caribbean region over 25 regional and subregional organizations have some degree of responsibility for sustainable use of the ocean. It was therefore important to ensure that the mandates, activities and inter-relationships of these organizations were well understood, so that the Strategic Action Program (SAP) would adequately provide for their engagement in a regional network.

This understanding and the organizations' participation in the network were obtained in the context of a conceptual framework developed specifically for the wider Caribbean region: the Large Marine Ecosystem Governance Framework. The basis for the framework included some fundamental structural propositions considered necessary for effective regional governance: complete policy cycles for key transboundary issues; the capacity to address day-to-day management, institutional arrangements and policy at multiple levels; and linkages among organizations. This multilevel, policy process-based conceptual framework reflected the emerging reality of ocean governance in the region and provided a basis for discussions on what the actual framework should be. In particular, given that transboundary issues were 'nested' at multiple geographical scales, this framework allowed for arrangements that would match the geography as well as the governance needs related to the issues involved.

The CLME project was designed as a series of partnerships with key organizations, while encouraging the participation of as many other organizations as wished to be involved. The framework was then used to explore the roles and relationships of these various organizations with respect to each other, to the countries, and to the rest of the world. As hoped, it became the basis for discussions on regional governance arrangements, including the concept of an emerging governance regime. Ultimately, this led to the development of a regional governance framework specific to the region, around which the SAP was designed.

Several key features of this project facilitated the development of a governance framework-based SAP:

- Governance arrangements were central in the CLME project. Issues of resource management, pollution and habitat degradation were addressed in the context of these arrangements.
- Regional institutions were given lead roles in project implementation (including funding), with a view to piloting the concept of a regional ocean governance network.
- The Project Coordinating Unit (PCU) played the role of facilitator. Technical and policy matters were left largely to the organizations, whose representatives formed a Project Advisory Group rather than becoming a pseudo-regional organization.

Input for this case study was provided by Robin Mahon, Lucia Fanning and Patrick McConney. For a more detailed elaboration, see Mahon et al., 2014.

as competitive, but as complementary. Specifically referring to ecosystems, Stephen Olsen states that 'thinking in terms of nested systems of governance is relevant because most environmental and societal issues both impact upon, and are impacted by, conditions and actions at both higher and lower levels in an ecosystem and governance hierarchy. Some issues can be addressed more effectively at one level, and less effectively at another. The choice of the issue or set of issues to be addressed must therefore be made in full knowledge of how responsibility and decision making authority is distributed within a layered governance system' (Olsen *et al.*, 2009). A somewhat similar discussion has taken place concerning public goods.

2.4 Regional Public Goods

The concept of public goods has been widely discussed in the last two decades (**Box 2.4**). Current interest in transnational (regional and global) public goods is a consequence of the erosion of national sovereignty, territoriality and authority in the context of globalization (i.e. the erosion of the Westphalian order) (ITFGPG, 2006; Kaul and Mendoza, 2003). The discussion has thus evolved from national economies to a transnational and globalized world (sometimes referred to as a 'post-Westphalian order') and that is part of the reason the issue has become so complex. This raises the difficult

question of how public goods can be financed, produced and distributed, especially globally and in some regions where they are badly undersupplied.

BOX 2-4 A DEFINITION OF PUBLIC GOODS

Public goods are essentially goods that are 'non-rival' in consumption (one person's consumption does not reduce the amount available to others). Moreover, their costs and benefits are 'non-excludable' (once the goods are produced, it is difficult to exclude or prevent individuals from consuming them). Peace and security, as well as law and order, are often referred to as 'pure' public goods, whereas, for example, a shared water resource ('common pool') is often 'non-excludable' but is 'rival' in consumption.

Many studies distinguish between public goods at different levels – mainly the national, regional and global ones (Kaul *et al.*, 1999; ITFGPG, 2006). The question of whether public goods are defined as regional (with a spillover range confined to a region) or global (with a universal or semi-universal spillover range) is not self-evident (Hettne and Söderbaum, 2006). It depends on a wide range of factors. Many public goods have national, regional and global dimensions, which may change over time. In addition, it is important to acknowledge that private as well as public goods are 'socially constructed' and that their properties are not inherent in the goods themselves (Kaul and Mendoza, 2003). The quality of the public goods and the meaning of 'regional' may therefore differ from one issue and context to another. In other words, it is difficult to define precisely the regional level (and the regional spillover range) as this may depend on the nature of the public, and whether the region is seen as the geographical origin (and scope) of the problem or an appropriate arena for intervention and action.

It should be noted that the term 'regional public good' can refer to the extent to which the problem is exclusively regional and the region is defined by the problem at hand. An example is a river system that covers a number of states and both presents threats in the form of flooding and has potential to provide benefits in the form of energy and irrigation (i.e. as an ecoregion). However, the range of the regional problem (or the ecoregion) and the regional cooperation mechanism that is supposed to manage the problem or provide a relevant political basis (the political region, or the means of governing the public good) do not necessarily coincide. As stated by Arce and Sandler (2000), there is often a 'failure to match an RPG [regional public goods] spillover range with a political jurisdiction'. Practically speaking, the ecoregion and political region often occupy separate geographical spaces. Furthermore, even if there is a regional cooperation mechanism (e.g. a water basin commission), this mechanism may not be relevant for providing political support, management or jurisdiction. This political/governance perspective differs from approaches based on 'market rationality' as well as approaches whereby actors and individuals are assumed to be able to cooperate according to strictly functionalist principles and 'rational choice'.

The approach advocated here is to transcend the dominant notion in the public goods debate that emphasizes competition between different types of (national, regional and global) public goods in line with what has been referred to as the 'subsidiarity principle'. For many observers and policy-makers, subsidiarity implies that, depending on the spillover range, there is a corresponding first-best institutional solution at the lowest possible level. According to Kanbur *et al.*, (1999), 'subsidiarity dictates regional and sectoral decentralization'. However, subsidiarity tends to create competition among national, regional and global public goods and to be biased towards single-level or technical/functional solutions. Single-level solutions may be cost-effective for the management and implementation of less complicated issues, but they appear to be counterproductive for the management of complex transboundary issues that are politicized and require a certain degree of transnational political coordination and governance.

2.5 Dimensions of Regionalism

There is considerable emphasis on the importance of regionalism and regional cooperation in both policy-making and academia. Global transformations in the last two to three decades (such as the end of the Cold War, the intensification of economic globalization and economic liberalism, and the recurrent problems of multilateralism and the transformation of the nation state) have given rise

to a more multidimensional process of regionalism in most policy areas and sectors. Some of the most important dimensions of regionalism are discussed below, namely security, economic, social and environmental.

2.5.1 Security Regionalism

Ever since the end of the Second World War, the prevailing view has been that the United Nations would delegate security-related tasks to subordinate regional institutions. With the rise of the new regionalism in recent decades, most comprehensive (multipurpose) regional organizations (e.g. ASEAN, the AU, the EU, SADC) have acquired some type of institutionalized mechanism for conflict management and security, laying the groundwork for increased regional cooperation. New regional formations and organizations have often assumed a degree of legitimacy and actor capacity lacking in traditional regional agencies. States and global organizations are being progressively locked into a larger regional and inter-regional framework, in which 'security regions' are becoming the most relevant actors in the global security architecture. This is seen in Europe, as well as in the emerging African Peace and Security Architecture (APSA).

The regional spillovers and regionalization of domestic conflicts often require regional solutions. This is particularly evident in Africa, Asia and the Balkans. Many of today's conflicts are regional or regionalized and cannot be solved or managed using national solutions and strategies. The comparative advantages of multilateral versus regional approaches to security and conflict are often debated (Söderbaum and Tavares, 2009). Regional organizations may have greater success than multilateral initiatives at conflict prevention, as well as post-conflict reconstruction, since (among other considerations) they must live with the consequences of unresolved conflict.

2.5.2 Economic Regionalism

The old regionalism focused on trade blocs and economic communities. Many (liberal) economists consider regional trading arrangements to be 'second best'. These trading arrangements are judged by those economists according to whether they contribute to a closed or more open multilateral trading system (the 'first best' solution). Many of the regional trading arrangements that existed in the 1950s and 1960s were inward-looking and protectionist. These characteristics are often regarded by today's economists as failures and stumbling blocks. At the time, however, such trading arrangements were frequently considered to be instruments that could enhance industrial production and structural transformation.

Since the mid-1980s there has been a strengthening, deepening and widening of regional trading arrangements. More or less every country in the world has joined one or several trading regimes: for example, the single market of the European Union (EU), the East African Community (EAC), the North American Free Trade Agreement (NAFTA), the Arab Maghreb Union (AMU), the Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN), the Caribbean Community (CARICOM), the Common Market for Eastern and Southern Africa (COMESA), the Southern Common Market or Mercado Común del Sur (Mercosur), the South Asian Association for Regional Cooperation (SAARC), the Southern African Development Community (SADC) and the West African Economic and Monetary Union (WAEMU/UEMOA). The great majority of present-day regionalist schemes are based on the notion that a regional economic integration project should be market-driven, outward-looking, and remove obstacles to free movement of goods, services, capital and investment within the region as well as to the rest of the world. The overall intention is to build up the regional market internally, but also to ensure closer integration into the world economy.

Seen in a historical perspective, the multilateral trading system is successful, which in a sense explains the critique of protectionist regionalism. However, the World Trade Organization (WTO) has become ineffective in dealing with economic and political challenges since the 1990s, with the result that attitudes towards regional trade blocs have changed among both policy-makers and liberal academics (ADB, 2008; Baldwin and Thornton, 2008; World Bank, 2008; UNDP, 2011). 'New regionalism is being embraced because old multilateralism no longer works' (Mistry, 2003). Regionalism has thus become a viable risk-management and coping strategy for many states, and regional arrangements provide an opportunity for the market access that state elites have always wished for but never really extracted from multilateral negotiations.

Most regional trade blocs and economic communities draw (in one way or another) on the classical model of regional economic integration, which emphasizes increasingly 'advanced' stages of regional economic integration ranging from a free trade area, to a customs union, and then on to deeper stages of economic and monetary union (Balassa, 1961) (**Box 2.5**). Conventionally, the final stage has often been thought of as a federation. However, it is clear that deep political cooperation is required at an earlier stage, but also that political solutions may vary. For example, there is a considerable debate about how the present-day EU should be conceived and conceptualized – as a political community, a supranational authority, a federation, a confederation, a multilevel governance structure, or a sort of 'club' (Middelaar, 2013).

2.5.3 Social Regionalism

Until recently, social policy has not attracted much attention in discussions about regionalism. However, health is one of the most widely discussed examples of social policy. Like peace, it demonstrates the inadequacies of the old (Westphalian) states system and the imperative for regional and global cooperation among states. The most obvious reason for this is that diseases do not recognize borders and that 'germ globalization is permanent while the borders are the transitory phenomenon' (Fidler, 2004). Thus, a borderless 'public bad' requires transnational governance and national action to manage and control pandemics. Examples include programs to address HIV/AIDS and prevent further outbreaks of severe acute respiratory syndrome (SARS), as well as current international efforts to eradicate polio.

The regional dimension of infectious disease prevention is particularly nuanced, depending on the disease. HIV/AIDS is a global challenge with distinct regional characteristics. It cannot be dealt with only globally, but must also be addressed by responding to specific regional problems. Regional cooperation is gradually developing in this field. SARS, on the other hand, is a regional challenge with global impacts. It is an example of the transition of public health governance related to infectious disease from the traditional Westphalian framework to something new. Actors in the public health sphere, globally (WHO) as well as at the regional level (e.g. ASEAN), have gone beyond their traditional roles and taken on new responsibilities to contain outbreaks at multiple scales (national, regional and global).

2.5.4 Environmental Regionalism

Environmental regionalism can be illustrated by initiatives to govern and manage fresh and marine water resources. The world's water resources are over-exploited and degraded along the continuum from land to the coast and under the ground, with impacts on the sea. It is estimated that around 40 per cent of the global population resides in river and lake basins that are shared by two or more states (Giordano and Wolf, 2003). Freshwater resources provide water supply for industry and

BOX 2-5 CLASSICAL STAGES OF REGIONAL ECONOMIC INTEGRATION

At what might be represented as the 'lowest rung of the ladder' is a ***regional trade area***, in which tariffs and quotas are reduced or eliminated among members while each country retains its own tariffs against imports from non-members.

A ***customs union*** goes one step further. In addition to a regional free trade area, members impose a common external tariff.

A ***common market*** is a more developed stage of economic integration, which combines the features of the customs union with the elimination of obstacles to the free movement of labor, capital, services and persons (and entrepreneurship).

The next phase is ***economic and monetary union***, which involves a common currency and the harmonization of monetary, fiscal and social policies.

Complete economic integration is the final stage. It presupposes that economic and political policies are unified, and that the central supranational authority not only controls economic policy but is also responsible to a common parliament.

domestic use, energy and food production as well as other essential public ecosystem goods and services such as recreation, aesthetics, biodiversity, flood risk reduction and water quality improvements. The governance, management and development of transboundary freshwater resources connect riparian states. The impacts of water use development interventions may be experienced downstream through changes in water flow (volume), water quality and abundance of fisheries resources. Similarly, the majority of the world's large marine ecosystems (LMEs) are transboundary in nature and shared by two or more states. These LMEs provide over 85 per cent of the world's fish catch. At the same time, ocean systems are changing due to anthropogenic pressures, with rising sea levels, acidification, hypoxia and increasing water temperatures. These pressures are felt by the estimated 40-50 per cent of the world's population living within 100 km of a coastline (Martinez *et al.,* 2007), on only 5 per cent of habitable land (Millennium Ecosystem Assessment, 2005).

Transboundary water bodies constitute 'regional public goods', which are usually referred to as a common pool resource type of good (that is, non-excludable but with rivals in its consumption). These types of public goods are challenging to supply, and there are huge risks of considerable negative externalities and 'bads' arising from the (unsustainable) use of these natural resources (ITFGPG, 2006). By implication, there is a need for functioning governance mechanisms and institutions. Increasing the strength of global environmental principles such as the 1992 Dublin Statement on Water and Sustainable Development[3] can result in a greater emphasis on addressing adverse environmental spillovers and on more sustainable use of transboundary water resources. The underlying principle of freshwater management is that transboundary river basins should be seen as single ecological units.

A fundamental challenge in managing these resources is how to strike a balance between national interests and what is best for the basin as an ecological unit. That is, how can a balance be maintained between the politically sensitive issue of national sovereignty and incentives, and a regional and basin-wide management approach in the supply of both public and private goods and services (Granit, 2012)? The ecologically sustainable and more 'cooperative' basin-wide approach is often difficult to pursue because of national sovereignty and the reality that few stakeholders have the means and mandate to operate outside their national contexts. In this sense there is sometimes a conflict of interest between the 'old' state-centric approach and the 'new' holistic and ecological approach.

Theory suggests that it is difficult to promote collective action around a common pool resource. Failure to act collectively is often detrimental for the environment of transboundary water resources (ITFGPG, 2006). Compelling scientific evidence in many different contexts and sectors shows that a regional approach to planning needs effective institutions and governance to produce environmental benefits (even if there is less consensus about 'institutional design' in a more concrete sense) (Granit, 2012). The case study on environmental regionalism in the Sava River Basin (**Box 2.6.**) illustrates these issues, in particular the importance of a basin-wide and multi-sectoral approach. It makes clear that successful cooperation depends on functioning institutions and collaborative frameworks, and also that river basin management is linked to and depends on broader political frameworks such as the EU. This issue will be returned to and elaborated upon in detail in **Chapter 4**.

[3] The Dublin Statement on Water and Sustainable Development or "Dublin Principles" emerged from a meeting of experts at the International Conference on Water and the Environment in 1992. The four principles recognize the increasing scarcity of water as a result of conflicting uses and overuses. For more information, see https://www.wmo.int/pages/prog/hwrp/documents/english/icwedece.html.

The Sava River basin is a major drainage basin of South-Eastern Europe and the second largest Danube sub-basin by catchment area, while the Sava River is the largest Danube tributary by discharge. Water management in this transboundary basin is based on the Framework Agreement on the Sava River Basin (FASRB) between Slovenia, Croatia, Bosnia and Herzegovina, and Serbia. The FASRB is the first economic development-oriented multilateral agreement concluded in this region in the post-conflict period, following the agreements on peace and succession. It integrates all aspects of water resources management, thus providing the International Sava River Basin Commission (ISRBC) with the broadest scope for work among international basin organizations in Europe.

Addressing sustainability issues (e.g. environmental protection, flood protection) and development activities (e.g. navigation, river tourism) simultaneously leads to a wide range of stakeholders and conflicting interests of water users (on both transboundary and national levels). Thus high demand for human and financial resources, good cross-sectoral coordination and permanent joint efforts of the Parties are in high demand. However, regional governance yields considerable benefits for the four member states, such as river basin management, flood risk management and climate adaptation plans; data exchange, forecasting and warning systems; improvement of the waterway infrastructure. The benefits are multiplied, as balancing needs for economic development and environmental protection is carried out continuously and within a single regional body. Significant value is added to the process through the implementation of joint, regionally agreed basin-wide projects, aligned with wider cooperation frameworks (i.e. UNECE and EU) and complementary with processes at the Danube Basin level.

Given the position and political dimension of the ISRBC in the region, as well as its integrated approach to sustainable development, using the ISRBC framework to implement regional projects has contributed significantly to the cost-effectiveness and sustainability of project outcomes. Further strengthening this regional framework through the implementation of future projects, including possible GEF interventions, is expected to bring that contribution to an even higher level.

Input for this case study was provided by Dejan Komatina, Secretary, International Sava River Basin Commission (ISRBC) (www.savacommission.org/).

2.6 Regionalism: Drivers and Barriers

During the last two decades there has been a shift in and convergence of attitudes in the policy community towards regionalism and regional cooperation. Governments, multilateral and regional organizations, donors and international financial institutions (IFIs), as well as the private sector and many NGOs, have raised their expectations about the potential benefits of regionalism (AfDB, 1993; ADB, 2008; World Bank, 2008; UNDP 2011; also see Arce and Sandler, 2000; and ITFGPG, 2006). However, any assessment of the costs and benefits of regionalism and regional cooperation depends on a theoretical perspective and assumptions about politics, society and the environment. As a result, there are more diverse interpretations of regionalism and regional cooperation in the academic world than in the policy community.

One of the main rationales in support of regionalism (**Table 2.2**) is that it can overcome fragmentation and size constraints and creates larger trading blocs and markets. This was emphasized in classical regional economic integration in the 1960s and 1970s, but the relevance of that strategy increased after the end of the Cold War and in the context of economic globalization. The new ambition is usually to create an open, unified regional economic space for the free movement of goods, services, capital and people and to avoid protectionism (ADB, 2008; World Bank, 2008). The larger regional markets can provide a range of benefits such as economies of scale, wider competition and increased foreign investment; accelerate the opening of national economies to the rest of the world; and enhance the credibility of national reforms through lock-in policy mechanisms.

Regionalism can also strengthen unity in a range of other fields from infrastructure to health and peace and security. Such a broader view of regionalism is

TABLE 2-2 SOME DRIVERS OF REGIONALISM

- Overcoming problems related to collective action
- Supply and provision of transnational public goods
- Resolving interstate and transnationalized conflict
- Overcoming fragmentation and constraints of size
- More efficient utilization of factors of production and resources
- Economies of scale and pooling of resources
- Larger and more competitive markets
- Increased foreign investment and capital flows
- Credibility of national reforms through 'lock-in' policy mechanisms
- Provision of transnational political coordination and governance

Source: Based on personal communication with Cletus Springer, Organization of American States (OAS), 24 September 2012.

TABLE 2-3 SOME BARRIERS TO REGIONALISM

- Unfavorable external conditions
- Lack of support for regionalism from development partners and external agencies
- Historical legacies
- Conflicting or diverging political, economic, social and cultural political systems
- National sovereignty
- Conflicting interests, identities and policy agendas
- Lack of trust between collaborating partners
- Power asymmetries within the region
- Underdevelopment, poverty and lack of capacity
- Unequal and uneven distribution of costs and benefits of regionalism
- Dysfunctional regional and national institutions

Source: Based on personal communication with Cletus Springer, Organization of American States (OAS), 24 September 2012.

seen as more relevant than the narrower (classical) trade integration model (AfDB, 1993; World Bank, 1998; ADB, 2008). It is particularly important to note that the updated and broader strategy of regionalism explicitly links outward-oriented trade integration, with the liberalization of labor and capital flows, to regional cooperation in many complementary fields of activity, such as infrastructure, transport, agriculture, health and education, natural resources, and energy (AfDB, 1993).

There is also an emphasis on the role of stakeholders other than simply governments and regional organizations, which is considered important for recognizing the multiplicity of relationships among countries, many of which involve the private sector and civil society (World Bank, 1998). Even if sectoral and specialized agencies continue, regional cooperation in various policy areas is often brought together under one umbrella within comprehensive and 'multipurpose' regional organizations, which often have the present-day EU as an inspiration or even a model. Such a comprehensive approach reveals the importance of the political aspects of regionalism in the present period.

There is also a strong convergence of opinion in the policy community on barriers to regionalism, particularly in the developing world. Since barriers and other factors vary in different contexts and regions, they are difficult to generalize (**Table 2.3**). Historical legacies as well as diverging political, economic and socio-cultural powers and relations may negatively affect regionalism. Such differences may give rise to diverging interests, identities and policy agendas.

Intra-regional power asymmetries are another crucial aspect. The importance of regional powers – such as Brazil, China, Germany-France, India, Japan, Nigeria, Russia, and South Africa – for the logic of regionalism is undisputed. Yet regional powers can constitute both a stimulus and a barrier to regionalism. The general challenge is to obtain their support for a regionalization process which will benefit all or most partners (benign powers), in contrast to malign powers which exploit their neighbors.

Since the late 2000s, increasing emphasis has been placed on the relationship between regionalism and the generation of 'national commitment'. Such commitment is tightly linked to a 'fair' distribution of costs and benefits and that the benefits are clear and

TABLE 2-4 TYPOLOGY OF REGIONAL COOPERATION MECHANISMS

		Organizational form	
		Organization	**Network**
Scope	**Specialized**	Transport organization Security organization Regional development bank UN Economic Commission River basin organization	Research network Public-private partnership Civil society network Regional power pool
	Multipurpose	Development community Regional economic community Economic union Political union Federation	Growth triangle Development corridor

visible. It is also tightly linked to domestic political variables, whereby regional cooperation may be highly affected by domestic affairs. Variation in the quality of government institutions is a major barrier to regionalism Furthermore, regional cooperation may not always be designed or used in order to solve collection action dilemmas or for achieving public goods (Söderbaum and Tavares, 2009). This could be associated with the familiar gap between rhetoric and implementation. Certain governments may engage in symbolic and discursive activities, whereby they praise the goals of regionalism and regional organizations, sign cooperation treaties and agreements, and take part in 'summitry regionalism', but without having made a clear commitment to or borne the costs of policy implementation. What is left may therefore just be 'virtual' or rhetorical regionalism (Bach, 1999; Söderbaum, 2004, 2012).

The overlapping membership of regional organizations and regional integration arrangements has also been debated for decades. The overlap may result from different integration models and policy agendas, historical legacies and characteristics, or institutional deficiencies. It may also reflect a poor commitment to some of these organizations (which may vary between different member states). Some observers have also reasoned that the overlap and duplication of some regional organizations may be deliberate, especially in cases where policy implementation is not the main concern – which can be the case with rhetorical or symbolic regionalism (Bach, 1999).

2.7 Typology of Regional Cooperation Mechanisms

Regionalism has resulted in a great variety of states-led regional cooperation mechanisms. During the last two decades, an increasing number of non-state or hybrid regional arrangements, networks and governance mechanisms has emerged. There are a range of possible ways to categorize transnational regional organizations and frameworks. For the purposes of this paper the two most relevant categories are the organization's *scope* and *form* (Table 2.4). Scope refers to whether cooperation is specialized and thematic, or multipurpose and comprehensive, in terms of both aims and activities. A limited or narrow scope implies that the regional cooperation mechanism is focused on a specific type of activity within a given sector, such as trade or transport, or on one particular task such as financing development projects. A multipurpose regional cooperation mechanism can be defined as one with a wide range of aims and activities spanning two or more sectors, such as the EU (see also Hettne and Söderbaum, 2006).

Organizational form refers to whether the regional cooperation mechanism is an 'organization' or a more loosely structured 'network'. An organization is commonly defined as having: (i) specified aims, functions and activities; (ii) a membership; and (iii) its own formal, permanent structure (i.e. a constitution, treaty, and/or administrative structure to order its responsibilities and carry out its functions) (Archer, 1992). It is above all the third component (a formal and permanent bureaucratic structure, with a minimum degree of autonomy with respect to control

by a single member) which differentiates most organizations from more loosely structured networks. Networks are typically decentralized, to a large extent horizontally structured, and more cooperative as opposed to the hierarchy in organizations.

Some networks are not concerned with policy formulation and project implementation, but are more focused on increasing communication and interaction or getting cooperation started. Networks may emerge within organizations, thus indicating an increasing tendency for hybrid 'network organizations'. This is the key to why the EU is functioning (Castells, 1996). Hence, in practice networks and organizations may overlap: a network may very well be an organization, and an organization is sometimes organized as a network.

2.7.1 Specialized Regional Organizations

A very large number of regional cooperation mechanisms correspond to the category of 'specialized organizations'. The most frequent are *functional and sectoral regional organizations*. These organizations operate in most fields of activity, such as transport and communications, education, research and health. The number of members may vary. Examples include the West African Health Organization (WAHO), Caribbean Public Health Agency (CARPHA), Southern African Centre for Cooperation in Agricultural Research (SACCAR), the Zambezi River Basin Commission (ZAMCOM) and the Latin American and Caribbean Air Transport Association (ALTA).

Security organizations and alliances specialize in security and conflict intervention, such as the Organization for Security and Cooperation in Europe (OSCE) and North Atlantic Treaty Organization (NATO). To an increasing extent, they tend to develop out of or become an integral part of more broadly based, multipurpose regional organizations, as exemplified by the security legs of AU, ECOWAS, EU and SADC.

There are a very large number of *regional trading agreements* of various types and sizes, which may require only a minimal organizational structure, as in the case of the North American Free Trade Agreement (NAFTA) and the Southern African Customs Union (SACU). However, there is tendency to build up a certain organizational and institutional capacity in order to regulate regional relations. Furthermore, during the past two decades regional trading arrangements have usually become part of (or been integrated into) more comprehensive and multipurpose regional organizations. ASEAN, COMESA, EEC/EFTA, ECOWAS, Mercosur and SADC are relevant examples, albeit with different historical trajectories.

Regional development banks such as the Inter-American Development Bank (IADB), the Asian Development Bank (ADB) and the African Development Bank (AfDB) have facilitated regional cooperation in many parts of the world. They seek to fund projects in a wide variety of sectors and fields, and usually have a wide competence. However, their specialized mission is to finance and mobilize resources for development projects. In addition, their 'regionality' is somewhat ambiguous due to strong non-regional membership/ownership, implying that they may in fact be understood as multilateral development banks operating in a regional context (Mistry, 1999).

The *United Nations Regional Economic Commissions*, such as the UN Economic Commission for Latin America and the Caribbean (CEPAL), the UN Economic and Social Commission for Asia and the Pacific (ESCAP), the UN Economic and Social Commission for Western Asia (ESCWA), the UN Economic Commission for Africa (ECA) and the UN Economic Commission for Europe (UNECE), aim to promote and facilitate concerted action to support the economic and social development of the continents or countries where they operate. They function within the UN framework and are subject to the general supervision of the United Nations Economic and Social Council (ECOSOC). Many of their activities are technical or preparatory in nature, and are carried out in coordination and collaboration with other regional organizations, national authorities and the donors. They play a *facilitating* rather than autonomous role with respect to regional cooperation around the world.

A *river basin organization/commission*, such as the Mekong River Commission or the Nile Basin Initiative, is a particular type of organization. Several began with a rather specialized focus, but have added more river basin-related themes and sectors such as navigation, flood control, fisheries, agriculture, electric power development and environmental protection, and in this process they tend to become more multipurpose in terms of scope. Their institutional structure can vary greatly. Two features are recognizable: they tend to become more organized and institutionalized, being transformed

from loose committees and agreements to more centralized organizations; and they tend to move from being state-centric to include a host of non-state actors and stakeholders such as NGOs, donors and local communities (which implies that they tend to take on more of a network character).

2.7.2 Specialized Regional Networks

Many networks operate within a specified sector or are concerned with carrying out a specific task, such as research or training. The *regional research networks* that exist more or less all over the world are an example of a specialized regional network.

Another, somewhat different example is provided by *regional power markets*, such as the Nordic energy market (NORDPOOL) and the Southern African Power Pool (SAPP). SAPP consists of national power authorities in Southern Africa, with associative membership by private energy operators (which are expected to become full members in due course).

Other examples include *civil society networks and organizations*, such as the Hemispheric Social Alliance in the Americas, the Social Justice Network (Mercosur), the West African Network for Peace (WANEP) and the Southern African Network of AIDS Service Organizations (SANASO). Some of these may become multipurpose, but in that case they tend to take on the characteristics of an organization.

Public-private partnerships (PPPs) can also be understood to be a particular form of network. PPPs are partnerships between public and private actors that are often formed for specific purposes, such as building a road or port. The main role of public actors (i.e. often the central or regional government) is to provide legal back-up, while private actors actually carry out the work and often manage the program. The network is often temporary in nature, and is designed to break up after the task is achieved.

2.7.3 Multipurpose Regional Networks

To be effective, networks often tend to be specialized rather than multipurpose. There are some important exceptions, however, which are often related to different types of *micro-regions*. The Øresund Network is an example of a multidimensional/multipurpose network in a micro-region. It is owned by central governments (provincial as well as local political bodies) in Denmark and Sweden. Over 200 companies, organizations, public authorities and institutions are members. The aim of the Øresund Network is to market the Øresund Region – centered on the cities of Copenhagen and Malmö and connected by the Øresund Bridge – locally, nationally and internationally. It also aims to initiate and coordinate collaboration with other private and public players that carry out networking activities in this micro-region. It coordinates information about the Øresund Region with respect to investments, the establishment of companies, public sector works and other activities that affect people on either side of the Øresund Strait.

Growth triangles are another example of multipurpose regional networks. With a limited regional institutional structure, they utilize the different endowments of the various countries of East Asia, exploiting cooperative trade and development opportunities. The Southern Growth Triangle, also known as SIJORI (for Singapore, the Johore state of Malaysia, and the Riau Province of Indonesia), was formed in 1989 and covers a population of about 6 million people. Singapore has concentrated on becoming the network's technology center, locating labor-intensive operations in low-cost neighboring Malaysia and Indonesia. The private sector provides capital for investment, while the public sector provides infrastructure, fiscal incentives, and the administrative framework to attract industry. Growth triangles were a driving force for growth in Asian economies throughout the 1990s.

Spatial Development Initiatives (SDIs) and *Development Corridors* in South Africa and the broader Southern African region are other distinct types of micro-regional network-like initiatives (Söderbaum and Taylor, 2003 and 2008). Some of the best known examples include the SDIs of Phalaborwa, Platinum and Gariep and the development corridors of Maputo, Nacala, Tazara, Namibe and Beira. These SDIs and development corridors are designed to be short-term, targeted attempts to stimulate economic growth by creating globally competitive spatial entities through new investment, infrastructural development and job creation. In view of the size of the SDI projects, they are very weakly institutionalized. There is an intention to be informal and non-bureaucratic, as this allows flexibility as well as adjustability to private and contextual demands.

2.7.4 Multipurpose Regional Organizations

Comprehensive and multipurpose regional organizations are an important form of regional

TABLE 2-5 SELECTED LIST OF MULTIPURPOSE REGIONAL ORGANIZATIONS

AC	Andean Community
AL	Arab League
AMU	Arab Maghreb Union
ASEAN	Association of Southeast Asian States
APEC	Asia-Pacific Economic Cooperation
AU	African Union
CACM	Central American Common Market
CARICOM	Caribbean Community
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECOWAS	Economic Community of West African States
EU	European Union
GCC	Gulf Cooperation Council
IGAD	Intergovernmental Authority on Development
Mercosur	Southern Common Market (Mercado Común del Sur)
OAS	Organization of American States
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community

cooperation in many parts of the world. They have become increasingly important in the last few decades. These regional organizations are characterized by a multitude of aims and activities in many sectors in combination with a centralized/comprehensive organizational structure. Cooperation in many sectors provides them with an opportunity to explore (in a relatively autonomous way) linkages and spillover effects between various issues and sectors such as security, economics, politics and even culture.

To an increasing extent, therefore, trading blocs/development communities have started to engage in sectoral cooperation under the same umbrella. During the old regionalism, there was a tendency for cooperation to be specified and separated into specific sectors, whereas under the new regionalism a variety of sectors are more often grouped under a single comprehensive and multipurpose framework. The EU is perhaps the most obvious example of this. However, most of the multipurpose regional organizations in the world have similar agendas. **Box 2.7** describes the trade-development-environment nexus within the Caribbean Community (CARICOM).

To an increasing extent, most multipurpose regional organizations have a political content, although it is closely intertwined with economic or security interests. The number of members may vary considerably, depending on the size of the continent and whether the organization is continental, macro-regional or sub-regional. Over time, multipurpose organizations develop a unique competence in

BOX 2-7 CASE STUDY: THE TRADE-DEVELOPMENT-ENVIRONMENT NEXUS WITHIN THE CARICOM

The Member States of the Caribbean Community (CARICOM) have responded to the economic challenges of globalization and trade liberalization by deepening the integration process through the creation of the CARICOM Single Market and Economy (CSME). CARICOM's Ministerial Council for Trade and Economic Development (COTED) is the main driver of the CSME. It also has responsibility for, *inter alia*, environment and sustainable development matters within the Community.

It is acknowledged within the CARICOM that the increased investment opportunities and economic growth projected as a result of the CSME will be unsustainable unless environmental policy considerations are taken into account, particularly as an incentive to greater long-term efficiency and competitiveness. A single space for transactions will not emerge if there are as many national requirements as there are states. This is recognized in Article 65 1(c) of the Revised Treaty of the CARICOM and presents an opportunity for governments to upgrade environmental performance across the region by adopting common initiatives. The COTED is therefore a key political driver for ensuring that there is coherence between the CSME and environmental policy within the CARICOM.

Input for this case study was provided by Anya Thompson of the CARICOM Secretariat.

assessing inter-linkages between issue areas in a transnational context and, in effect, often constitute regional governance frameworks in their own right.

2.8 Specialized Versus Multipurpose Regional Organizations: Strengths and Weaknesses

A significant amount of research supports the role of 'institutions' as facilitators of international collaboration and collective action. Few observers dispute the fact that 'institutions matter': They can help states and other stakeholders to negotiate mutually beneficial outcomes through their impact on, for example, the calculations, expectations and interests of the actors; the reduction of transactional costs; and the development of convergent expectations. In essence, institutions constrain and regulate agency across different issue areas of international and regional politics (Acharya and Johnston, 2007; Mansfield and Milner, 1997). It is widely agreed that successful regionalism will be increasingly institutionalized, one way or the other. The fundamental question is which 'institutional design' is most effective given the costs involved and the strengths and weaknesses associated with different designs.

Institutions in this regard are often mixed up with *organizations*. Institutions or, perhaps more precisely, social institutions imply patterned, predictable behavior and a system of rules, whereas organizations may or may not possess these characteristics (Hodgson, 1988). Institutions therefore underpin and stabilize political order and facilitate cooperation. Organizations may be created overnight and may not be effective in supplying any good or they may be manipulated by specific interests. On the other hand, an organization may be more readily held accountable for its actions than an institution considering it typically has a legal charter.

How institutions are designed is a genuinely complex issue, as this can vary even when there is a given objective. Institutions should be designed so that they can accommodate and respond to (i) states' quest for national sovereignty; (ii) the fact that regional cooperation can be 'hijacked' and used for other purposes than achieving public goods, including the creation of 'public bads'; (iii) the prevalence of free-riding and defection; and (iv) the need for institutions to be designed so that they promote long-term and norm-based interaction rather than short-term and quick-fix solutions.

Organizations and *networks* have different comparative advantages. A formalized, clearly defined administrative and hierarchical organization may, for example, be effective and rational with respect to the implementation of strategies and policies, especially in a stable environment and where the problem to be addressed is clearly defined. By contrast, a more decentralized and flexible network structure may be more adaptable in a turbulent, rapidly changing environment and in situations where progress depends on accommodative, flexible cooperation and more informal and inclusive relationships and communication. Yet networks alone do not appear to be sufficient to manage complex transnational public goods.

The distinction between specialized and multipurpose regional organizations is particularly important in the context of International Waters. Each of these types of organizations has its specific strengths and weaknesses. Here it needs to be emphasized that generalization is difficult since the scientific evidence is inconclusive and patterns may differ across sectors and political contexts. Moreover, even if a particular type of regional cooperation mechanism is considered effective in one context, it is not necessarily so in a different setting, which also makes it more difficult to draw general lessons. Nevertheless, it is rather evident that specialized and functional organizations are usually not designed for multi-tasking. Even if they are generally less politicized compared to the multipurpose regional organizations, the latter appear to be better designed to mobilize political commitment and enhance transnational political coordination and inter-sectoral management compared to functionalist and specialized regional organizations. The historical evidence for this is that the organizational structure and political frameworks of multipurpose regional organizations gradually deepen and broaden as they take on new tasks and add new members. In this sense the multipurpose regional organizations may maintain momentum regardless of whether agreed policies are implemented or not, whereas specialized regional organizations are more sensitive to underfinancing and lack of implementation.

The two types of regional organizations are closely linked to different approaches to regionalism (Hurrell, 1995; Mansfield and Milner, 1997; Söderbaum and Shaw, 2003). For instance, it is possible to coordinate national strategies in a bottom-up fashion or even to allow several parallel national tracks. This is usually referred to as a functional or decentralized approach to regional cooperation, and it is usually carried out through specialized regional organizations or mechanisms with clear mandates. One alternative would be to adopt an institutionalist or centralized approach whereby national strategies are explicitly coordinated with what is considered to be best for the region as a whole or the common good.[4] Compared to the former, this approach usually requires more comprehensive regional institutions or governance mechanisms that cater to the common good. While the functional approach is more able to avoid sensitive political issues and matters of national sovereignty, the centralized approach has a stronger political dimension.

The classic collective action dilemma occurs when a group as a whole would benefit from cooperation but externalities or individual incentives exist that counteract such cooperation (Hardin, 1968; Olson, 1971; Ostrom, 1990). One general problem with most types of regional cooperation is that the incentive structure and national benefits may not always be visible and clear in the short run, which may counteract cooperation and increase defection. In fact, the national adjustment costs may be direct and visible whereas the common and regional benefits appear to accrue in the longer term. The two approaches discussed here provide different solutions to the collective action dilemma, and therefore have their different strengths and weaknesses (Isaksen and Tjønneland, 2001; Söderbaum, 2004).

One of the strengths of the decentralized approach is that it offers a clear and visible link between national benefits and regional cooperation. The functional approach is usually considered to be inexpensive due to the fact that it does not require large institutional machinery. The decentralized approach also has some weaknesses. In general, its effectiveness relies heavily on complementary or converging national interests. The existence of conflict and implementation problems is not denied, but these problems are believed to be solved when they appear. Another limitation is that it may not necessarily be able to make national interests converge over time. The SADC experience is relevant in this context and for the GEF. The limitations of SADC's country-based and decentralized approach were widely discussed in the debate about the transformation of SADC in the 1990s. It was widely accepted in this debate that many of SADC's projects were in fact national and sometimes lacked a clear regional focus (even if SADC's projects were usually defined as regional). In fact, many of the projects in the SADC's programme of action were considered to be national projects dressed up as regional ones (Isaksen and Tjønneland, 2001). This conclusion was widely accepted within the SADC itself.

The institutionalist or centralized approach, on the other hand, is more explicit vis-à-vis the need for common institutions to deal with the collective action problem and institutionalized political coordination. One of its limitations is that common institutions may be more costly and national incentives and interests should be coordinated in a more centralized manner. However, it is important to understand that the institutionalist approach does not imply that national interests are abandoned in favor of the common good or supranantional interests. Rather, the expectation is that common institutions lower transaction costs, make defection more costly, and facilitate a coordination of national interests and strategies, especially over time and in favor of the common good. For these reasons, the institutional approach may be more demanding than the functional approach, but it places greater emphasis on institutions rather than functions. In addition, it is usually considered to be better equipped than functional organizations (with lower political leverage) to deal with politicized issues and when higher levels of political commitment and support are needed to foster collective action. Multipurpose regional organizations may also rely on the decentralized and functional approach even if they are usually more associated with the institutionalized or centralized approach due to a stronger emphasis on transnational political coordination.

A case study of the new patterns of collective action in the Baltic Sea region provides interesting

[4] What is here referred to as the institutionalist and centralized approach is a number of more specific theories (see Hurrell, 1995, Mansfield and Milner, 1997; Söderbaum, 2004; Söderbaum and Shaw, 2003).

insights into these issues, especially the link between specialized regional cooperation mechanisms and the EU as a multipurpose mechanism with stronger political clout (**Box 2.8**). This issue will then be further elaborated in **Chapter 4**, after the desk study of the GEF IW portfolio carried out in the next chapter.

BOX 2-8 CASE STUDY: NEW APPROACHES TO REGIONAL COOPERATION IN THE BALTIC SEA REGION

The Baltic Sea is one of the world's largest brackish water bodies. The salinity of the marine waters is on average about one-fifth that of the world's oceans. The result is a unique, highly sensitive marine ecosystem. Approximately 85 million people live in the Baltic Sea region. There are nine littoral states: Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, Sweden and Russia. The catchment area covers 1.7 million km^2 and includes five additional riparian states: Belarus, the Czech Republic, Norway, Slovakia and Ukraine.

Peaceful cooperation in the Baltic Sea region has been interrupted by periods of civil strife. During the Cold War period (1945-91) there were limited contacts between Eastern and Western states in the region. As a result of large-scale industrialization and the modernization of agriculture, considerable wealth was generated in some of the Baltic states, although often at the expense of the environment and leading to biodiversity loss.

The transboundary nature of the region's ecosystem means that all the basin states are affected by environmental damage and water quality degradation, regardless of the source or geographical origin of pollution making collective action imperative. Free riding on neighboring countries' investments to address environmental liabilities will not bring about overall improvement of the common good: the marine ecosystem as a whole.

Cooperation to address the environment has been in place for over 40 years, primarily through the advisory Baltic Marine Environment Protection Commission – Helsinki Commission (HELCOM). In the 1990s the GEF played an instrumental role by supporting the Baltic Sea states' identification of environmental 'hot spots' and cooperation supporting investment efforts and engagement of the states of the former Soviet Union. HELCOM has achieved positive results in addressing point source pollution through joint policy recommendations. However, diffuse source pollution from land-based anthropogenic activities (including agriculture and energy production, road and air transport) have been difficult to address by means of voluntary action, resulting in continued eutrophication and major damage to ecosystems. As HELCOM (2010) reported, 'None of the open basins of the Baltic Sea has an acceptable ecosystem health status.'

In response to this situation and upon request by the EU Parliament, the European Commission developed an EU Strategy for the Baltic Sea Region (EUSBSR) in 2008 and 2009 in consultation with the EU Member States and Russia. This is the first macro-regional strategy developed by the EU Commission that uses an integrated approach to address environmental issues. The revised strategy of February 2013 has three overarching objectives: "Save the Sea, Connect the Region and Increase Prosperity."

The EUSBSR aims to provide an integrated strategic framework for the large variety of actors, policies and funding mechanisms within the region and link them to European policies. This strategy is innovative, in that it uses the EU structure to unite a diverse region across multiple sectors – reflecting the priorities of eight EU Member States and six non-EU members, the history of the region and international obligations. This strategic approach provides opportunities to address the challenges of legal compliance (such as the EU Water Framework Directive and the EU Marine Strategy Directive) and to integrate the environment into mainstream regional economic and spatial planning at the national and regional levels.

By addressing several key development and management challenges for the region as a whole in one strategy, it is possible to stimulate the interest of key decision-makers (e.g. Heads of State and Ministers of Finance and of Planning) responsible for national governance and faced with competing priorities and limited funds. This is a promising new governance and management approach that interlinks several sectors and legal requirements, each with clear objectives, into a broader multipurpose development framework beyond the traditional environment domain, bringing in key economic development issues such as 'blue growth', innovation, connectivity and security. In this context, the Baltic Sea governance framework has moved from a specialized organization to a more complex, multipurpose organizational framework linking the environment to economic growth.

This case study draws on HELCOM, 2010; Granit, 2011 and 2012; Walline and Granit. 2011 and EC, 2013.

Photo: Matton images

3. GEF IW PROJECTS AND REGIONALISM – A DESK STUDY

3.1 The International Waters (IW) Focal Area

In the absence of a single GEF-linked, environmentally focused Convention for IWs, GEF projects within this focal area deliver against the GEF Council-approved goal of '… promotion of collective management for transboundary water systems and subsequent implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services' (GEF, 1995).

This flexible goal allows states to address trans-boundary water-related concerns in a collective manner. The GEF offers tools for the diagnosis of shared concerns and a methodology for arriving at a set of agreed actions.[5] Support for institution building, including the strengthening or development of regional institutional frameworks, was one of the original eligible targets for GEF support. States in whose territory a GEF project operates must first endorse the project at ministerial level. The State has no obligation to seek approval of regional or global bodies, as this GEF focal area is not tied to any specific multilateral environmental agreements.

3.2 The Design of GEF IW Projects

The design of a GEF project in each focal area is informed by GEF strategies originally referred to as operational programs and, more recently (GEF-4, GEF-5), focal area strategies. In the IW focal area, these strategies originally called for measures to control or prevent deterioration in water flow, water

[5] Transboundary Diagnostic Analysis and Strategic Action Programme (TDA/SAP) (http://manuals.iwlearn.net/tda-sap-methodology).

quality, or the condition of dependent ecosystems, and recognized the need to include financial support for transboundary collaboration. The most recent strategies include human well-being, livelihoods and socio-economic considerations as targets for project actions, thus widening the scope of support for regional policies and measures. GEF Overall Performance Studies (OPS3, OPS4) concluded that policy, legal and institutional reforms were being delivered effectively by GEF IW projects. GEF support for the strengthening or development of regional mechanisms is intended to leverage collective action for transboundary water systems management as a means to an end and is not as an end in itself.

An analysis of 226 IW projects initiated since the GEF's establishment in 1991 reveals that pragmatism dominates country-driven project design, which responds to problem definitions offered by state actors, civil society and international organizations at all scales – from strictly bi-national through multilateral to global. Accordingly, the strategic ambition of GEF projects ranges from foundational capacity-building of local authorities on either side of a river that forms an international border, all the way up to the formulation of a global Convention.[6] Not only is scale considered, but support over time through a succession of projects has also been used to build lasting country partnerships at the regional level (e.g. in the Lake Victoria Basin).

GEF IW projects respond to negotiated transboundary issues of concern at all scales. They comprise measures that address groundwater, surface water, coastal and marine issues. Although they often complement actions called for under the mandate of the other GEF focal areas, they can deliver in a more diverse manner. GEF IW projects can respond more flexibly than those proposed within the other GEF focal areas of biodiversity, climate change, land degradation and chemicals, where obligations are defined through formal national action plans in response to an international Convention.

Terminal evaluations of GEF IW projects were reviewed for information relevant to the question: how does the GEF systematically address *regional considerations* and the sustainability of its actions within project design and implementation? The search identified projects that satisfied due diligence requirements with respect to country ownership, technical and legal aspects, and financial commitment from stakeholders, but lacked a clear plan within the initial project design that considered *regionally specific* legal frameworks, administrative and technical arrangements and their financial viability. In response, the evaluators listed a range of suggestions for improvement, including giving more attention to communication strategies, to capacity building, and to sustainability analyses of national/regional governance relations (including linkages with the broader political and legal frameworks within which international waters issues reside).

The contents of the GEF project database confirmed that no template for prompting systematic thinking about *regional cooperation* had been used in project design in the IW focal area. This strategic gap is one that should receive further attention. The logical source of such a template or guidance would be the Governance Analysis section of the guidance for performing Transboundary Diagnostic Analysis (TDA). To a limited extent, guidance is provided through the GEF's International Waters Learning Exchange & Resources Network (IW:LEARN) training toolkit, which advocates inclusive consultations and participatory work to formulate a TDA and Strategic Action Program (SAP). Additional guidance is available for coastal waters in the *Handbook on Governance and Socioeconomics of Large Marine Ecosystems* (Olsen *et al.,* 2006). It recommends preparing a governance baseline as part of the TDA, but acknowledges that there is no single model for the structure of a transboundary management program due to the wide variability in circumstances. The Handbook does not provide advice on the analysis of regional cooperation opportunities. It is clear, therefore, that at present the GEF does not have a comprehensive guide to the optimization of project design for regional cooperation which extends the framework to include the perspectives and leverage the potential of regionalism. Since the GEF's inception in 1991, the management and governance support required to deliver actions

[6] The International Convention for the Control and Management of Ships Ballast Water & Sediments (http://globallast.imo.org/index.asp?page=mepc.htm), adopted in 2004, is an outcome of GEF Project ID 610: Removal of Barriers to the Effective Implementation of Ballast Water Control and Management Measures in Developing Countries.

determined through the consensus-based TDA and its output (a negotiated SAP) has been delivered through a limited but diverse set of channels. Some of these channels are coincident with and use existing *regional bodies*, while others are created in an adapted fashion and sometimes in parallel with existing bodies. These *regional connections* are surveyed in the next section in order to illustrate the wide variety of GEF IW approaches related to *regional cooperation*, with examples of evaluated projects and lessons learned.

3.3 Classification of GEF IW Projects Supporting Collective Action

In principle, transboundary collaboration can be achieved nationally or bilaterally without the need for involvement of a separate regional body. There are GEF projects, for example, that enable individual states to deliver against global strategies for coastal pollution reduction without requiring any form of regional coordination. For the purposes of this publication these projects have largely not been considered. However, projects supporting bilateral and multilateral cooperation selected because they can be tested against the overall question analyzed in this chapter: how do GEF IW projects contribute to transnational collective action, especially at the regional level?

A total of 252 projects initially screened for this study in 2013 included multi-focal projects with IW focal area funding. Of these, the 226 projects in the GEF IW portfolio were considered for further analysis. They had all received approval from the GEF's Chief Executive Officer (CEO), the GEF Council or a GEF Agency, and were being implemented or had been completed or closed.

The majority of GEF IW projects have been designed specifically to strengthen collaboration between two or more states. Of the 226 projects selected for further analysis, 133 are classified as regional and 34 as global; the remaining 59 support primarily national actions although in a global context (**Box 3.1**). From this pool, the authors selected 83 projects that had been designed to **strengthen regional cooperation** and had received a terminal evaluation. The final screening produced a list of 48 completed projects (**Appendix 2**). These projects clustered into seven main 'modes of cooperation' regarding GEF regional (or global) cooperation interventions, ranging from least strategic (creation of a regional body for the duration of a project) to most strategic (creation of a global Convention). The most common modes of cooperation among these completed and evaluated examples were project support to or from an existing regional body (16) or to an existing regional plan under a regional Convention or commission (15) for a total of 31 projects. Projects have often had multiple goals, in which case the primary goal related to regional cooperation was used to categorize the projects. Each project was then assessed by examining its stated design brief and terminal evaluation in order to determine its connection to **regional cooperation** and the extent to which the project had met its design objectives (**Table 3.1**).

It should be noted that placing a project under one of the 'modes of cooperation' in **Table 3.1** does not capture possible inter-linkages between successive projects building towards a strategic regional result. For example, over many years in the Lake Victoria Basin, East Asian Seas and Danube River/Black Sea, a succession of projects (with or without GEF funding) have built technical and political structures and associated results that cannot be deduced easily from individual project terminal evaluations or terminal evaluation reviews. This limitation is not, however, an important barrier to analysis of the extent to which regional connections have been made by GEF projects.

BOX 3-1 GEF DEFINITIONS OF NATIONAL, REGIONAL AND GLOBAL PROJECTS

The GEF uses the following definitions, based on the funding recipients:

- National project: one country receives a GEF grant;
- Regional project: two or more countries in the same region receive a GEF grant;
- Global project: *either* no individual countries, but a global scientific or technical issue is addressed; *or* (usually) three or more countries from different regions.

TABLE 3-1 MODES OF COOPERATION OF THE SELECTED GEF PROJECTS (COMPLETED WITH TERMINAL EVALUATIONS)

	Modes of cooperation	Number of projects	Project IDs
Less strategic ▲▲▲	Creation of a regional body for the duration of the project	5	460, 462, 885, 974, 2041
	Creation of a regional body for the duration of the project, *and* fostering a formal agreement and political body	4	597, 789, 790, 1851
	Support to or from an existing regional body	16	73, 530, 533, 767, 807, 842, 884, 963, 970, 1093, 1109, 1254, 1591, 2188, 2364, 2405
More strategic ▼▼▼	Support to an existing regional plan under a regional Convention or commission	15	88, 340, 461, 806,* 849, 922, 1094, 1229, 1247, # 1355,* 2042, 2263, 2584, 2617, 3620
	Creation of a regional Convention and supporting bodies	3	596, 1618, 2131
	Contributing actions towards the goals of a global framework or Convention	5	59, 68, 396, 533, 1247#
	Creation of a global Convention	1	610

* Projects 806 and 1355 are within a cohort of projects (also including Projects 1074, 1159, 1351, 2143, 2970 and 3148) which belong to the World Bank-GEF Strategic Partnership for Nutrient Reduction in the Danube River and Black Sea.

Project 1247 supported actions at global and regional levels.

3.3.1 Creation of a Regional Body for the Duration of the Project (Box 3.2)

When states that are willing to collaboratively address a transboundary issue appear to have no relevant pre-existing *regional* body through which to work, the GEF fills this gap by offering catalytic support for trust-building mechanisms. This pragmatic approach has the advantage of focusing on the transboundary issues of interest, under the control of the project, and can lead to effective delivery of stress reduction actions within shared water basins and coastal areas.

At the conclusion of the five projects reviewed under this mode of cooperation (GEF IDs 460, 462, 885, 974, 2041), the evaluators highlighted the risk of lack of sustainability of a *regional coordination function* following project closure. The common recommendation was that a communication strategy be activated at an early stage in project implementation and be regularly revised to engage national agency counterparts, including in the development of functional mechanisms such as Memoranda of Understanding (MoUs) between institutions or agencies. It should be noted that IW projects concerned with establishing *regional cooperation*, especially those working through regional bodies, will often be followed up with additional investments by the GEF to ensure that the regional bodies are able to prepare and implement sustainability strategies beyond the initial GEF funding.

3.3.2 Creation of a Regional Body For the Duration of the Project and Fostering a Formal Agreement and Political Body (Box 3.3)

In contrast to projects that created a term-limited regional body, a small subset of projects[7] fostered various types of formal inter-governmental agreements and a related political body. This is a more ambitious set of objectives, which can act as a foundation for a long-term form of regional cooperation. Three of the four projects cited here supported work in large marine ecosystems (LMEs). The need for regional cooperation was met through stepwise analysis of the environmental and socio-economic

[7] GEF IDs 597, 789, 790, 1851.

BOX 3-2 THE IULLEMEDEN AQUIFER SYSTEM (CREATION OF A TEMPORARY REGIONAL BODY)

The Iullemeden Aquifer System (IAS) project proposed a new *regional mechanism*. The development of policy elements to reduce the transboundary risks of the IAS was an identified need for the three participating states (Mali, Niger and Nigeria). The geography of a groundwater basin does not necessarily match the surface water boundaries of existing river basin organizations. Until this project established transboundary limits, appropriate legal and institutional mechanisms could not be deduced. The project successfully developed functional mechanisms, such as MoUs between institutions or agencies, which could later evolve and be formalized into agreements at the state level. The project evaluation recommended, however, that either existing mechanisms (e.g. ABN, ECOWAS) be considered or a new regional mechanism be established to respond to the lack of an institution to host a permanent management structure for the IAS.

(GEF ID 2041)

BOX 3-3 EAST ASIAN SEAS (CREATION OF A REGIONAL BODY AND FORMAL AGREEMENT)

Two East Asian Seas LME-focused initiatives, which had been preceded by the UNEP Regional Seas Program's NOWPAP (Northwest Pacific Action Plan), received terminal evaluations: the Yellow Sea LME project and the Building Partnerships in Environmental Management for the Seas of East Asia (PEMSEA) project, together with its foundation project, the Regional Programme for the Prevention and Management of Marine Pollution in the East Asian Seas. The former achieved progress towards a commission and the latter resulted in a complementary regional political framework (PEMSEA[8]) and its resulting formal Agreement, the Putrajaya Declaration of 2003.[9]

These were major achievements and addressed the real needs of states. They also addressed a gap in support by existing regional political and economic bodies. However, the recent Impact Evaluation of the GEF in the South China Sea and adjacent areas[10] concluded that economic benefit is the main incentive for states to commit their support to such initiatives. The Impact Evaluation noted that states have preferred to work through legally binding instruments which are primarily economic in intent and bilateral in nature. It appears that regional bodies in the East Asian Seas area have attracted less support from countries for governance purposes, but are supported to deliver coordinated environmental monitoring at the regional scale.

(GEF IDs 396, 597, 790)

status of shared waters. Terminal evaluations noted that while the development of regional cooperation and of its political underpinning is promising, projects should not neglect the foundation of national inter-ministerial/cross-sectoral development, which is one of the GEF's IW indicators.

3.3.3 Support to or from an Existing Regional Body (Box 3.4)

Based on terminal evaluations, it appears that GEF projects which achieve (through participatory means and built upon stepwise support) regional coordinating bodies and inter-governmental agreements to address real gaps may still fail to connect with relevant pre-existing regional bodies, or to convince participating states that it is in their interest to engage in transboundary work beyond bilateral actions.

The key question that arises at the outset of any regional project is whether country ownership is effective. A second important question is whether an existing regional body can offer useful support to, or obtain support from, the proposed GEF project.

[8] Supported by GEF projects 396, 597, 2188, 4936.

[9] The Declaration commits 12 governments to a regional marine strategy (SDS-SEA) with framework programs consisting of 227 action plans covering local, national and global environmental and sustainable development issues ranging from fisheries to climate change.

[10] GEF Evaluation Office. December 2012. Impact Evaluation of the GEF in the South China Sea and adjacent areas.

GEF rules stipulate that explicit country ownership is a pre-condition for approval, but do not demand similar undertakings from regional bodies.

With regards to country ownership, project evaluations that either supported or obtained support from regional bodies noted that regional level programs should be used to design projects for national level delivery, consistent with regional goals and coordination but owned by national governments.[11] This lesson is strongly reinforced by the findings of the Impact Evaluation of the GEF in the South China Sea. GEF support to the strengthening of regional bodies that focuses on capacity building, including basing the Project Coordinating Unit (PCU) within the body concerned, may lead to measurable impact. Conversely, if the PCU is too strong or not well integrated within a regional political and economic body, its closure can leave a gap that will be hard to fill.

There is no evidence from the evaluations of this cohort of projects that the GEF and its partners ignore relevant regional bodies. Where these bodies exist, links are made; but if they are considered weak and ineffective, there is a danger that they will be bypassed rather than strengthened.[12] In the absence of a strong regional institution, evaluators concluded that development assistance should focus on capacity building and institutional strengthening of the regional recipient, rather than attempting to resolve or bypass the institution's shortcomings by introducing outside agencies for project management and execution.

3.3.4 Support to an Existing Regional Plan under a Regional Convention or Commission (Box 3.5)

Strategic support for the implementation of a regional agreement or plan is a major component of GEF support to states. This has the advantage of prior regional buy-in by countries at political and technical levels, and it may build upon foundation projects previously supported by the GEF. There is some evidence that this type of project can also strengthen regional bodies. However, evaluators caution that while regional plans may outline cooperation, sustainability lies in strengthening and obtaining the collective commitment of participating national governments to achieve common goals.

Additional lessons learned in the evaluations for this mode of cooperation include that GEF projects which aim to promote benefit sharing as an incentive to transboundary cooperation, beyond the reduction of environmental stress, need to build explicit support for such analysis; and that strong central coordination is necessary to ensure

BOX 3-4 WATERSHED AND COASTAL AREAS MANAGEMENT IN THE CARIBBEAN SMALL ISLAND DEVELOPING STATES (IWCAM) PROJECT (SUPPORT TO OR FROM AN EXISTING REGIONAL BODY)

The terminal evaluation of this project noted that its political legitimacy within CARICOM could have been strengthened at the outset by explicitly linking its outputs to the leverage provided by the Revised Treaty of Chaguaramas, an economic instrument under CARICOM. The evaluators also noted that the post-project transition, including the transfer of some of the project's roles (including its PCU) to the Caribbean Environmental Health Institute (CEHI) and the UNEP Caribbean Regional Coordination Unit (CAR/RCU), represented a critical step in the achievement of sustainability of project results, and as such should have been treated as a project activity (part of the Sustainability Strategy of the project).

Nevertheless, the project's well coordinated support for regional facilitation, coupled with strong country ownership, were major factors contributing to its success. The project is credited at least partly with enabling the Protocol Concerning Pollution of the Marine Environment of the Wider Caribbean from Land-Based Sources and Activities (the LBS Protocol) in 2010. In the case of IWCAM, therefore, the generic evaluation lesson learned included that *regional projects should maximize linkages to politically approved programs to ensure the greatest possible traction with respect new laws and regulations.*

(GEF ID 1254)

[11] Recommended, for example, in the terminal evaluation of GEF ID 73, Aral Sea Project.

[12] See, for example, the terminal evaluation of GEF ID 767, Reversal of Land and Water Degradation Trends in the Lake Chad Basin Ecosystem.

the delivery of results in regional projects. The implications of political-economic changes should be assessed even for environmental projects. The evaluators concluded that environmental measures are often politically sensitive in any country, and that this is even more likely to be the case when several neighboring countries are concerned.

BOX 3-5 IMPLEMENTATION OF THE STRATEGIC ACTION PROGRAMME (SAP) FOR THE RED SEA AND GULF OF ADEN (SUPPORT TO AN EXISTING REGIONAL PLAN)

Terminal evaluators noted that although the Regional Organization for the Conservation of the Environment in the Red Sea and Gulf of Aden (PERSGA) was established before the preparation and adoption of the SAP, implementation of the SAP greatly helped to shape PERSGA as an effective organization. It also helped to strengthen the ability of PERSGA to perform its duties and mandates under the Jeddah Convention and other international Conventions related to the protection and conservation of marine environment in the Red Sea.

(GEF ID 340)

3.3.5 Creation of a Regional Convention and Supporting Bodies (Box 3.6)

In addition to the support the GEF offers to countries for implementing existing plans and agreements, a small number of projects catalyze or support the development of regional Conventions. They demand a very high level of technical and political expertise, as well as sufficient time to enable participation and consultation to arrive at a regional instrument.

The main trade-off with GEF projects at this scale is that, initially at least, they can only expect to be catalytic given the available GEF project timescales of one to five years. This finding underlines the challenge that GEF faces in moving beyond a focus on environmental stress (which is a sound baseline of GEF strategic support) to add a benefit generation focus. In recognition of the up to 20 years of support needed to achieve results of long-term sustainability, stress reduction impact, and initial environmental and socio-economic status impact, multiple stages of investment through GEF IW are the norm, sustained by a consistent GEF IW vision.

BOX 3-6 TOWARDS A CONVENTION AND ACTION PROGRAMME FOR THE PROTECTION OF THE CASPIAN SEA ENVIRONMENT (CREATION OF A REGIONAL CONVENTION AND SUPPORTING BODIES)

This Caspian Sea project, which built upon a predecessor GEF project, resulted in the Tehran Convention (Framework Convention for the Protection of the Maritime Environment of the Caspian Sea, November 2003). The terminal evaluation noted that this was the first formal, legal commitment among the five Caspian states designed to address emerging environmental challenges. The evaluators noted, in particular, that given the impacts and opportunities associated with the oil sector in the Caspian Sea, a transferable lesson learned is that active participation of the private sector should be developed from the very beginning of a regional program of this kind so that it can share in the ownership of the program.

GEF regional projects cannot make major region-wide investments, not even in data collection, according to the evaluators, who asserted that they can only be catalytic and that one should not expect regional projects to directly undertake significant groundwork but expect them to influence, catalyze and leverage. More importantly, country (and regional) ownership remained within the relatively small traditional 'environmental' circle of stakeholders and did not encompass new and non-traditional environmental stakeholders, such as finance or foreign affairs ministries, in a substantial way.

(GEF ID 1618)

3.3.6 Contributing Actions Towards the Goals of a Global Framework or Convention (Box 3.7)

Countries request support from the GEF to help them implement global agreements, which can take the form of single country actions in the case of projects that support the UNEP's Global Program of Action (GPA) in LMEs; a regional approach, especially for Small Island Development States (SIDs) in the case of compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL) and for regional seas, such as the East Asian Seas states, to assist them in implementing global Conventions. Regional cooperation is assisted by PCUs embedded in regional organizations.

BOX 3-7 THE SHIP-GENERATED WASTE MANAGEMENT PROJECT (CONTRIBUTING ACTIONS TOWARDS THE GOALS OF A GLOBAL FRAMEWORK OR CONVENTION)

The Environment and Sustainable Development Unit of the Organisation of Eastern Caribbean States (OECS) acted as coordinator for the Ship-Generated Waste Management Project, which addressed MARPOL 73/79 Annex waste control. The project piloted model legislation, capacity building and monitoring at the regional level. The regional approach was evaluated as providing for greater aid effectiveness in small island developing states (SIDS) through economies of scale and increasing synergies in areas where resources, both human and financial, are limited. Regional cooperation is assisted by PMUs embedded in regional organizations. For example, the OECS acted as coordinator of the above project.

(GEF ID 59)

3.3.7 Creation of a Global Convention (Box 3.8)

Exceptionally, GEF support has resulted in one global Convention being developed through project support. The International Maritime Organization (IMO) International Convention for the Control and Management of Ships Ballast Water & Sediments was supported by the GloBallast project. For projects of this type, pilot countries working with global agencies agree to act as demonstrators for barrier removal and arrange for key national staff to receive training in the application of the proposed global Convention, subsequently acting as champions for the eventual adoption of the Convention.

BOX 3-8 GLOBAL BALLAST WATER MANAGEMENT PROGRAMME (CREATION OF A GLOBAL CONVENTION)

The GEF project, Removal of Barriers to the Effective Implementation of Ballast Water Control and Management Measures in Developing Countries (known as the GloBallast project), considerably assisted the formulation and approval of the Ballast Water Convention (International Convention for the Control and Management of Ships Ballast Water & Sediments, February 2004) administered by the International Maritime Organization (IMO). The terminal evaluation noted the success of the intergovernmental Regional Task Forces and the adoption of Strategic Action Plans to provide a framework for countries to work cooperatively.

The terminal evaluation also found that global projects that address 'new' issues, requiring the coordination of multiple pilot sites, need sufficient time to develop. It advised that three years is insufficient, with five years being preferable. The evaluation noted, in particular, that when setting up projects that include country pilots for a global Convention, additional inception time is necessary for country operations to become fully mobilized.

(GEF ID 610)

3.4 Evidence from Thematic Evaluations of GEF Projects

A recent series of 11 reports produced by the United Nations University Institute for Water, Environment, and Health (UNU-INWEH) for the GEF's IW:Science project sampled IW projects from the GEF database across the major categories of freshwater and marine systems to determine the extent to which science had informed project design and delivery.[13] Also included were observations on intervention logic, socio-economics, legal and institutional arrangements, and lessons learned. This series of reports provides insight into how water system types intersect with the modes of cooperation discussed above.

The IW:Science project found that because the mapping of existing river basin organizations dealing with surface waters is often not compatible with the boundaries of aquifers, a relevant water management body may need to be created for groundwater-related projects. GEF projects may therefore suggest the creation of such a specialist groundwater-focused regional body on technical grounds, and may suggest that it be adopted politically as the project develops. Projects 974 (Guaraní Aquifer) and 1851 (North-Western Sahara Aquifer System – NWSAS) provide contrasting results. The former aimed for the '…elaboration and implementation of a common institutional and technical framework for the management and preservation of the Guaraní Aquifer System', a goal the World Bank's independent evaluation found to be unrealistic (Eriksson and Rogers, 2006). This evaluation found that it was unclear whether economies of scale and scope require regional action by the four states involved instead of local and bilateral actions. By contrast, for the NWSAS a political agreement at the ministerial level was achieved, supported by technical cooperation structures across the three states concerned (Algeria, Tunisia and Libya). For that project, the location of the PMU within a pre-existing regional technical body may have promoted countries' acceptance of the regional agreement, which is being consolidated through a further project (3645).[14]

For the other types of international waters, the IW:Science project reported that there was not one correct path to regional cooperation but many, taking into account technical, social and economic priorities of riparian/regional states.

The GEF Evaluation Office has piloted a study in the South China Sea area examining the impacts in this region of a group of 34 GEF projects across all focal areas (GEF, 2012). Concerning International Waters, there are a number of pre-existing frameworks relevant to regional cooperation. Through the support of several international organizations, mainly the UN-based organizations, the World Bank and the Asian Development Bank, a network of technically focused strategies were in place by the time GEF support became available in 1993. The evaluation notes that 'GEF support has mostly been able to move the transboundary environmental agenda forward where there is alignment with country priorities, and more specifically where countries derive direct benefits.' This statement is very similar to the findings of many evaluations of individual projects worldwide. It suggests that projects must deliver a minimum set of benefits to gain country ownership as a precondition for GEF catalyzed regional cooperation.

The evaluation also found that 'GEF has built on existing initiatives in the region and has helped enable the implementation of activities that address transboundary environmental concerns prioritized by countries and other regional organizations by supporting activities at different scales.' It is not clear, however, whether GEF regional support can be shown to have directly influenced bodies such as (in this case) ASEAN.

[13] Enhancing the Use of Science in International Waters Projects to Improve Project Results. GEF ID 3343. See also: http://www.inweh.unu.edu/River/IWScience.htm.

[14] MENARID, Reducing Risks to the Sustainable Management of the North West Sahara Aquifer System (NWSAS), GEF ID 3645.

4. DISCUSSION & FUTURE CHALLENGES

This chapter discusses and combines the most important insights about regionalism and international waters gained in **Chapter 2** with the general findings of the desk-study of the GEF IW project portfolio carried out in **Chapter 3**. Three clusters of issues are emphasized that all revolve around different aspects of the relationship between the political economy of regionalism and international water which are of particular relevance for the GEF: (i) reconciling regional cooperation with national benefits; (ii) determining what type of regional organizations are most appropriate to achieve collective action in the IW area; and (iii) synchronizing project design with the region's political and economic context. The discussion is summarized in the three key messages of this report.

4.1 How to Reconcile National Benefits with Regional Cooperation?

Evidence points to the fact that there is a need for functioning institutions and regional governance mechanisms to solve collective action problems (Olson, 1965; Hardin, 1968; Ostrom, 1990; ITFGPG, 2006). This is because conflict often arises between the common interest (including the delivery of GEBs) and the interests of individuals and national governments. One of the main challenges is thus how the institutions and governance mechanisms necessary to solve long term transboundary water system collective action dilemmas can be created, maintained and developed over time.

While efficient collective action and self-government on the subnational level may be enhanced by local or national institutions, transboundary problems

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and international public goods increasingly tend to depend on a certain degree of transnational political coordination and governance (i.e. self-governing institutions are less likely in international politics due to, inter alia, the sovereignty problem and the pursuit of the national interest) (ITFGPG, 2006; Kanbur *et al.*, 1999). As a result, there is an intricate relationship between regional cooperation and the common regional good, on one hand, and national interests and ownership on the other hand (ITFGPG, 2006). However, there is no clear scientific evidence that regional organizations necessarily constitute the best providers of such political coordination and governance frameworks (Arce and Sandler, 2006; Hettne and Söderbaum, 2006). The tendency – at least in the past, and in many developing countries – is that many regional organizations have often been delinked from national processes and channels. In fact, regional cooperation mechanisms that are not integrated into national plans appear to be unsustainable and may also be seen as failures.

As detailed in **Chapter 3**, a component of the GEF's approach is to support regional cooperation mechanisms and to build capacities at national and regional levels, and sometimes even at the global level. The most important feature of the GEF's approach to regional cooperation, however, is that states first need to fully understand and acknowledge the necessity for transboundary cooperation and also to own the subsequent actions. Hence, the GEF's role at the transboundary level is to facilitate collaboration between states, with an emphasis on a country-driven and projects-based approach. Operationally, this is usually done through the development of National Action Plans subsidiary to regional marine and freshwater SAPs which detail much more specific national commitments to support the regional/transboundary objectives of the overall SAP. The GEF does not decide how states will work together to achieve long-term sustainable outcomes and outputs. In the GEF's approach, the countries are in the driver's seat, otherwise, regional political processes will, so the argument goes, lack the national buy-in and hence be impaired and much more fragile. The overall TDA/SAP approach followed to date allows for a process in which governments support goals and visions that have been agreed upon nationally, and to some extent also regionally.

The GEF's Fourth Overall Performance Study (OPS4) notes that 'There is no evidence that the increasing emphasis on national ownership in the GEF leads to reduced attention to global environmental issues' (GEF, 2009). Yet the same report also demonstrates that 'when choosing which issues to address, there are currently no incentives for states to collaborate on regional and transboundary issues'. In other words, the fundamental challenge for the GEF Partnership is to contribute to the development of transboundary institutions and governance mechanisms that can solve the collective action dilemma while, at the same time, promoting national interests and benefits in a manner that contributes to environmental benefits. This report underlines the fact that reconciling the regional good with national benefits is a formidable task (Hettne and Söderbaum, 2006; Arce and Sandler, 2006).

The issue is highly relevant for the GEF Partnership. Taking a close look at the GEF, there is clearly a range of positive outcomes of the GEF's projects-based approach and its explicit emphasis on national actions and benefits. Indeed, the GEF appears to have a unique opportunity to collaborate with other agents as a force for change in order to facilitate even better reconciliation of regionalism with national concerns in bottom-up and functional fashion. A more sophisticated guidance system, especially with respect to cost-benefit analysis and the economic valuation of goods and services (e.g. benefits regarding the water, food, energy and ecosystem nexus) would also be beneficial by better informing country decisions about the value of regional cooperation (i.e. solving the collective action dilemma in a rather decentralized fashion). This could result in a more coherent methodology

to begin addressing the socio-economic targets inherent in the GEF focal area strategies. The GEF partnership could also have a role at the non-project level, and assist in regional confidence-building and environmental diplomacy across proposed intervention areas, thereby supporting collective action at the regional scale.

Nevertheless, it is also evident from the analysis carried out in this report that there is room for improvement and further consideration. For instance, as illustrated in **Chapter 3**, there are a wide variety of types of regional organizations and mechanisms that are supported through GEF IW projects and strategies. This diversity raises questions about whether all outcomes are considered to be equally effective. It is often acknowledged within the GEF Partnership that many GEF IW interventions require a substantial degree of transboundary political support and coordination in order to be effective and sustainable. Yet, it is much less clear how such political support and commitment can be mobilized in those cases where it does not occur through the GEF's country and projects-driven approach. Furthermore, there is no systematic discussion within the GEF about the meaning of regional project or how projects are related to the broader regional political environment. These issues are addressed in the following two sections.

4.2 Which Regional Organizations are Most Appropriate to Supply GEBs in the IW focal area?

There is a long tradition in both research and policy of attempting to determine how regional cooperation should be organized and which types of regional organizations and frameworks are most effective in achieving regional (and global) public goods (Acharya and Johnston, 2007; De Lombaerde and Söderbaum, 2014; Hurrell, 1995; Mansfield and Milner, 1997; UN 2011). Determining how regional organizations should be organized and which frameworks are most effective in achieving GEBs is highly relevant to the discussion of regionalism and the GEF IW focal area. One key finding of this study is that it has not been possible to find clear answers to fundamental questions such as: under which conditions and why should the GEF collaborate with existing regional organizations versus building parallel structures? And what types of regional organizations and regional mechanisms are most appropriate for GEF interventions?

As discussed in detail in **Chapter 3** of this report, the GEF supports the strengthening or development of regional organizations/institutions to enhance collective action for transboundary water systems management through its projects. In this respect, regional cooperation and regional organizations are seen as a means to an end. Regional organizations may, however, be costly and do not necessarily always contribute to solving the problem at hand or to achieving the common good. Indeed, ineffective and dysfunctional regional organizations may contravene the potential benefits arising from collective action. Therefore, there is a need to be realistic about the positive and negative effects of various types of regional organizations and to identify which regional frameworks to support in a given situation.

When GEF interventions pay significant attention to regional organizations, it is often due to a recognized gap in governance at the regional level that needs to be addressed. A successful example is the East Asian Seas Project (ID 597): *Building Partnerships in Environmental Management for the Seas of East Asia* (PEMSEA). East Asia is one of the regions that does not have a legally binding Convention for the management of its regional seas. In the absence of a prior technical cooperative framework and using highly participatory methods, the GEF created a regional partnership body (PEMSEA), an accompanying regional agreement (the Putrajaya Declaration of 2003), and a clear commitment among participating states to a set of long-term voluntary actions that were regional in scope.

Another example is the comprehensive and ambitious regional ocean governance mechanism created in the Caribbean under the auspices of the GEF-funded CLME project (**Box 2.3**). The regional ocean governance framework developed as a series of partnerships including organizations around the CLME project. While CARICOM – the main multipurpose regional organization – participated in this project, CLME did not fully manage to include the ambitions of CARICOM and incorporate issues related to economic and environmental performance. Despite the project's success in creating

a regional governance framework specific to the region (see **Box 2.3**), it is argued that rather than starting out with GEF projects taking on a pseudo-organizational role, and subsequently transferring responsibility to regional organizations, it would have been better to engage CARICOM (and other regional organizations) from the outset and have the GEF project function in a capacity building facilitating and supporting role (Mahon *et al.*, 2014).

There is some evidence that GEF support has resulted in outcomes that reinforce existing regional bodies (e.g. PERSGA) and particularly regional agreements such as the Framework Convention for the Protection of the Marine Environment of the Caspian Sea (or Tehran Convention), the Putrajaya Declaration of Regional Cooperation for the Sustainable Development of the Seas of East Asia and Sustainable Development Strategy for the Seas of East Asia, and the Benguela Current Convention.[15] This confirms that the GEF can be effective in supporting existing regional cooperation mechanisms. However, because the GEF follows a country-driven approach and has historically supported regional cooperation in a variety of different ways, it appears that the GEF does not have a clear approach on how to engage existing regional organizations. This conclusion is in line with the results of the recent *Impact Evaluation of the GEF in the South China Sea and Adjacent Areas*, which reveals a complex and at times problematic relationship between GEF IW interventions and regional organizations/regional cooperation (GEF, 2012). As the Impact Evaluation illustrates, the GEF is non-judgmental in its support for regional governance provided the expected outcomes are likely to assist countries, regardless of whether some duplication of regional coordination or governance results from the original mapping of the system boundaries for GEF support. The evaluation emphasizes the important point that GEF interventions are strongly influenced by the regional context and by regional governance mechanisms, and therefore recommends that GEF support should give more attention to existing regional organizations and should better define the role and linkages to regional cooperation mechanisms and institutions in the context of its broader regional strategy as a means to enhance both impact and sustainability.

In addition, there is considerable emphasis within the GEF on the execution of GEF IW projects *per se*, and considerably less attention on how these projects relate to the broader regional context/political environment as well as to different regional organizations operating within the same policy area and territory. In those cases where the GEF works with existing regional organizations, the tendency is that specialized regional organizations, including river basin organizations, are given more emphasis than multipurpose regional organizations as far as GEF operations and projects are concerned. Even if the GEF sometimes favors deliberate and comprehensive regional governance mechanisms (such as the one in the Caribbean) and clearly works directly with a number of multipurpose regional organizations, specialized regional organizations appear to be prioritized in the IW focal area.

Often, in the field of international waters, a flurry of different regional organizations emerge, especially specialized regional organizations, but to an increasing extent also multipurpose regional

[15] For the Framework Convention for the Protection of the Marine Environment of the Caspian Sea, see http://www.tehranconvention.org/; For the Putrajaya Declaration of Regional Cooperation for the Sustainable Development of the Seas of East Asia and Sustainable Development Strategy for the Seas of East Asia, see http://www.pemsea.org; and For the Benguela Current Commission, see http://www.benguelacc.org/index.php/en/.

organizations. It should be recognized that these different types of regional organizations are sometimes interlinked and also depend on each other for policy formulation as well as implementation. For example, the Okavango River Basin Commission (OKACOM) and the Orange-Sengu River Basin Commission (ORASECOM), both the subject of GEF IW interventions, are embedded within the SADC framework and serve as implementation mechanisms for the SADC Protocol on Shared Watercourses. Similarly, in the Caribbean several partners in the implementation of the GEF-supported project on Watershed and Coastal Areas Management in the Caribbean Small Island Developing States (IWCAM) (e.g. the Caribbean Environmental Health Institute, CEHI, and University of the West Indies, UWI) are full or associate members of the main multipurpose regional organization in the region, the Caribbean Community (CARICOM), with mandates directly tied to those addressed under two sequential GEF IW projects. At issue is the fact that there is a lack of scientific evidence as well as policy advice about what institutional design and type of regional organization is most effective as well as what is the best division of labor between overlapping transnational mechanisms on different levels, especially between the multipurpose regional organizations (e.g. CARICOM, EU, ECOWAS, SADC) and more specialized and single-purpose regional organizations.

Chapter 2 of this report reveals that specialized and multipurpose regional organizations tend to have different strengths and weaknesses, and to some extent the outcome may also depend on contextual and historical circumstances as well as domestic conditions. A commonly held view is that specialized and functional regional organizations are cost effective and less bureaucratic. By contrast, multipurpose regional organizations may be better equipped to deal with political and more sensitive matters as well as the links between different issues such as the environment, politics, economics and security. However, the fundamental distinction between specialized and multipurpose regional organizations has received very little recognition in GEF project design or in GEF strategies. It is critical that the different strengths and weaknesses between different types of regional organizations should be given more attention. In addition, there is no evidence that the different strengths and weaknesses associated with the decentralized approach compared to an institutionalist or top-down approach to regionalism are given much attention in the design of GEF interventions. It appears that the decentralized and functional approach is taken more or less as given and as the most effective. Finally, no evidence was found among GEF project documentation analyzed in **Chapter 3** to verify that the broader regional context and the regional political economy is considered or prioritized by the GEF. This issue is discussed below.

4.3 How to Balance Context, Strategy and Project Design?

Many GEF IW projects are classified as 'regional'. These projects recognize the significance of regional collaboration to reinforce transboundary benefits. However, the pattern is very diverse. It is not always very clear why GEF projects and policies relate to (and interact in a particular way with) other regional mechanisms active in the same geographical area and field of operation. Several GEF IW projects have been designed to contribute to (or gain support from) a particular regional organization or regional body. Sometimes there are close links between the GEF and regional organizations, while at other times these links are not explored or utilized. The diversity of outcomes may be related to contextual circumstances. But it also appears to be related to there being little *systematic* discussion within the GEF about the meaning and significance of regional cooperation and the meaning of regional projects. This, in turn, is likely due to the fact that the GEF's mandate does not specify any regional role or systematic assessment of regionalism or the regional political economy in a broader sense.

The detailed analysis of the GEF experience in **Chapter 3** (and to a lesser extent in **Chapter 2**) reveals great flexibility in the design of GEF IW projects. Under certain circumstances, a high degree of flexibility and pragmatism in design allows projects to be adjusted to meet local, national and regional conditions and circumstances. The problem that has arisen thus far is that without any

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systematic assessment of the regional context (or even a clear plan within the initial project design that considers legal frameworks, administrative and technical arrangements and their financial viability), project impact may be unsustainable or at least less than optimal.

The available evidence from terminal evaluations is that measurable impacts in terms of stress reduction are difficult to attribute directly to GEF support to regionalism itself, except as an enabling part of a chain. In particular, the robust role that a GEF Project Coordination Unit (PCU) exercises is noted in many terminal evaluations as both an essential catalyst for regional cooperation and a risk to sustainability if not transitioned into an existing mechanism.

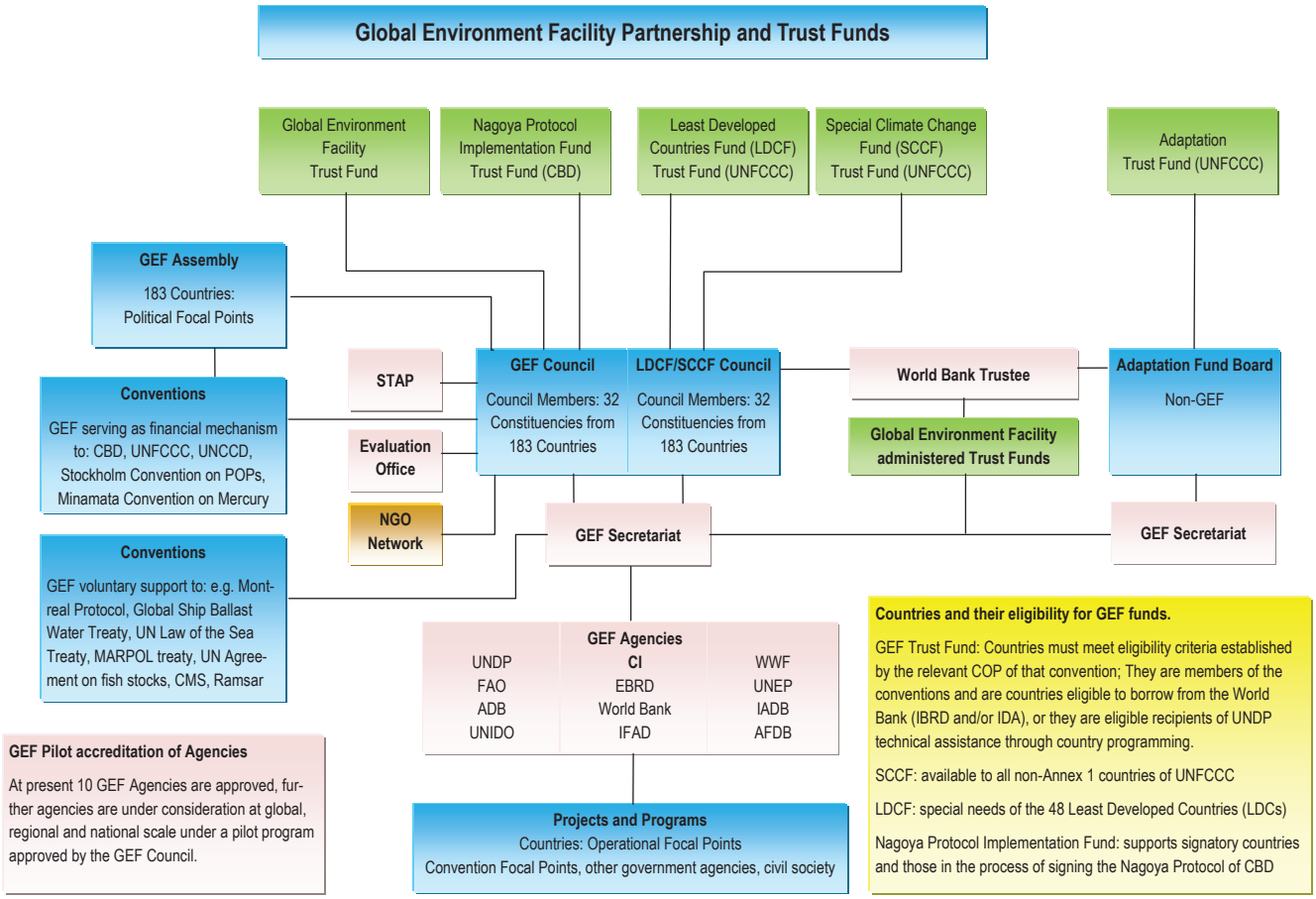
A closely related finding which follows from this observation is that no systematic model or template for regional collaboration is currently being deployed at the project design stage (other than a mechanistic TDA/SAP model). Indeed, GEF project developers are seemingly free to design intervention strategies in many different ways and with no clear preferred methodology. This being the case, since the inception of GEF in 1991, the management and governance support required to deliver actions determined through the consensus-based TDA and its output, a negotiated SAP, has been delivered through a limited but diverse set of channels – some of which coincide with and use existing regional bodies while others are created in a bespoke fashion. This has sometimes led to parallel initiatives with existing bodies and a very complex pattern of links between regional cooperation modes and GEF IW interventions, as illustrated by the seven modes of cooperation through GEF IW interventions identified in Chapter 3. The duplication of governance frameworks is a matter of concern.

Evidence in this paper points to the fact that GEF project designers would be well served to place more emphasis on assessing the regional political and economic environment as well as the relevance of different regional organizations. Linkages to regional cooperation mechanisms and institutions, in the context of a broader regional strategy, should be assessed when developing a project as part of a regional governance baseline that includes an analysis of the political economy of regionalism. This is *not* equivalent to a one-size-fits-all strategy or to forcing GEF interventions to work through specific regional frameworks or organizations. Rather, it would provide an analysis of the existing governance system in a broader sense, informing project design from a governance and political economy perspective.[16] Such an approach would also provide a tool for learning from past and current collective governance practices as well as for the exploration of adaptive governance approaches. Finally, it would also provide a detailed and objective reference point against which the performance of GEF IW interventions can be measured.

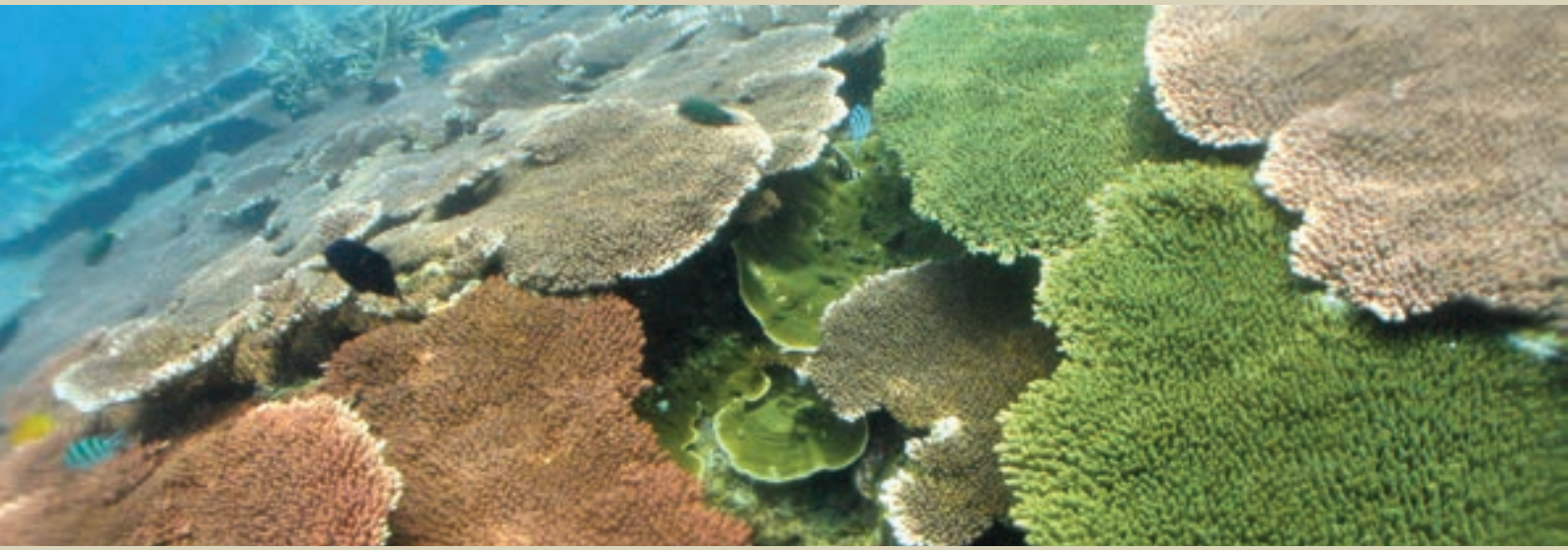
The GEF is governed by a Council in effect formed by regional constituencies. However, these regional constituencies do not necessarily correspond to the geography of mainstream regional bodies, and there is often little correspondence to eco-regions, economic regions, and political regions. With the GEF increasingly working at regional levels, it may be appropriate for the GEF to re-consider how it can best work at this scale in order to better facilitate a dialogue between states that are grouped within viable regional organizations. This suggests that the GEF should consider regional organizations when developing program strategies and improve links to these organizations, while concomitantly developing strategies in partnership with these organizations appropriate for these different regions.

[16] The World Bank has developed a problem-driven governance and political economy model which is best practice under the Bank's Political Economy Guidelines. See Fritz *et al.*, 2009.

APPENDIX 1. The GEF Partnership Structure



The Global Environment Facility (GEF) unites 183 countries in partnership with international institutions, civil society organizations, and the private sector to address global environmental issues while supporting national sustainable development initiatives. The stakeholders within the GEF partnership are governed by the GEF Council, which is served by a Secretariat and advised by the Evaluation Office and by the Scientific and Technical Advisory Panel (STAP). The Council represents member states, which meet together as an Assembly every three to four years. GEF Agencies are accredited to the Council to develop, on behalf of member states, projects and programs for consideration by the Council, which draws on four trust funds, administered by the World Bank.



APPENDIX 2. List of Completed GEF projects Assessed for Chapter 3

Project ID	Project title
59	Regional - OECS Ship-Generated Waste Management
68	Oil Pollution Management Project for the Southwest Mediterranean Sea
73	Regional - Water and Environmental Management Project (WEMP) in the Aral Sea Basin
88	Regional - Lake Victoria Environmental Management Project
340	Regional - Implementation of the Strategic Action Programme (SAP) for the Red Sea and Gulf of Aden
396	Prevention and Management of Marine Pollution in the East Asian Seas
460	Regional - Preparation of A Strategic Action Programme (SAP) for the Dnieper (Dnepr) River Basin and Development of SAP Implementation Mechanisms
461	Regional - Determination of the Priority Actions for the Further Elaboration and Implementation of the Strategic Action Programme for the Mediterranean Sea
462	Regional - Preparation of A Strategic Action Program (SAP) and Transboundary Diagnostic Analysis (TDA) for the Tyumen River Area, Its Coastal Regions and Related Northeast Asian Environs
530	Regional - SAP for the IW of the Pacific Small Islands and Development States (SIDS)
533	Regional Africa - Western Indian Ocean Islands Oil Spill Contingency Planning Project
596	Regional - Addressing Transboundary Environmental Issues in the Caspian Environment Programme (CEP)
597	Building Partnerships for the Environmental Protection and Management of the East Asian Seas
610	Global - Removal of Barriers to the Effective Implementation of Ballast Water Control and Management Measures in Developing Countries
767	Reversal of Land and Water Degradation Trends in the Lake Chad Basin Ecosystem
789	Implementation of the Strategic Action Programme (SAP) Toward Achievement of the Integrated Management of the Benguela Current Large Marine Ecosystem (LME)
790	Reducing Environmental Stress in the Yellow Sea Large Marine Ecosystem
806	Building Environmental Citizenship to Support Transboundary Pollution Reduction in the Danube: A Pilot Project
807	Russia - Persistent Toxic Substances (PTS), Food Security and Indigenous Peoples of the Russian North
842	Okavango River Basin
849	Regional Development and Protection of the Coastal and Marine Environment in Sub-Saharan Africa
884	Reduction of Environmental Impact from Tropical Shrimp Trawling through Introduction of By-catch Technologies and Change of Management

885	Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand
922	Baltic Sea Regional Project, Tranche 1
963	Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras
970	Groundwater and Drought Management in SADC
974	Environmental Protection and Sustainable Development of the Guarani Aquifer System (GAS) Project
1093	Reversing Land and Water Degradation Trends
1094	Nile Basin Initiative Shared Vision Programme
1109	Senegal River Basin Water and Environmental Management Program
1159	Agricultural Pollution Control Project - under WB-GEF Strategic Partnership for Nutrient Reduction in the Danube River and Black Sea
1229	EBRD/GEF Environmental Credit Facility (formerly entitled Slovenia: National Pollution Reduction Project)
1247	Addressing Land-based Activities in the Western Indian Ocean (WIO-Lab)
1254	Integrating Watershed and Coastal Area Management (IWCAM) in the Small Island Developing States of the Caribbean
1355	Agricultural Pollution Control Project - under WB-GEF Strategic Partnership for Nutrient Reduction in the Danube River and Black Sea
1591	Regional Program of Action and Demonstration of Sustainable Alternatives to DDT for Malaria Vector Control in Mexico and Central America
1618	Towards a Convention and Action Programme for the Protection of the Caspian Sea Environment
1851	Protection of the North West Sahara Aquifer System (NWSAS) and related humid zones and ecosystems
2041	Managing Hydrogeological Risk in the Iullemeden Aquifer System
2042	Strengthening the Implementation Capacities for Nutrient Reduction and Transboundary Cooperation in the Danube River Basin (Tranche 2)
2131	Oceanic Fisheries Management: Implementation of the Strategic Action Programme of the Pacific Small Island Developing States (Pacific SAP II)
2188	East Asian Seas Region: Development and Implementation of Public Private Partnerships in Environmental Investments
2263	Control of Eutrophication, Hazardous Substances and Related Measures for Rehabilitating the Black Sea Ecosystem: Tranche 2
2364	Integrated and Sustainable Management of Transboundary Water Resources in the Amazon River Basin Considering Climate Variability and Climate Change
2405	Transboundary Diagnostic Analysis and Strategic Action Program Development for the Lake Victoria Basin
2584	Nile Basin Initiative, Transboundary Environmental Action Project
2617	Establishment of a Basin Management Framework for the Integrated Management for the Tisza Transboundary River Basin
3620	The Caspian Sea: Restoring Depleted Fisheries and Consolidation of a Permanent Regional Environmental Governance Framework (Casco)

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