



1. Project Data:		Date Posted : 07/27/2001	
PROJ ID: P048462		Appraisal	Actual
Project Name: Republika Srpska Reconstruction Assistance Project	Project Costs (US\$M)	65.0	56.01
Country: Bosnia-Herzegovina	Loan/Credit (US\$M)	17.0	16.6
Sector(s): Board: UD - Housing construction (33%), General water sanitation and flood protection sec (29%), Power (24%), Central government administration (8%), General agriculture fishing and forestry sector (6%)	Cofinancing (US\$M)	40.2	19.5
L/C Number: C3028; CQ055			
	Board Approval (FY)		98
Partners involved : European Union, IFAD, Norway, Japan, Italy, Netherlands, Austria.	Closing Date	12/31/2000	03/31/2001

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2. Project Objectives and Components

a. Objectives

Within the Republika Sprska (RS) entity of Bosnia and Herzegovina (BiH): (i) to assist economically disadvantaged and war-affected farmers restart and strengthen their farming activities; (ii) to increase the quality and quantity of the public housing stock; (iii) to restore water, sanitation and solid waste services, mitigate public health risks and support the resumption of economic activity; and (iv) to improve reliability, availability and quality of electricity supply .

b. Components

(i) Agriculture (import of farm machinery and livestock; farm surveys and technical support); (ii) Housing (repairs to public apartment buildings); (iii) Water (repairs to water supply and sewerage systems, related imports); (iv) Power (critical imports for electric power generation/ transmission/ distribution and rehabilitation of plant); and (v) Implementation Support (trade-related studies, incremental operating cost, technical assistance and training).

c. Comments on Project Cost, Financing and Dates

Final costs were close to those estimated at appraisal . The IDA Credit financed 30% of total costs at completion. Appraisal expectations of US\$40.2m. co-financing were ambitious. Although actual co-financing was half that amount, the mobilization of US\$19.5m. through seven co-financers (European Union, IFAD, Norway, Japan, Italy, The Netherlands and Austria) should be considered a success . The project was approved on 12/23/1997 and completed in 39 months, only three months behind schedule .

3. Achievement of Relevant Objectives:

- (i) Farmers in war-affected areas benefited through the provision of livestock and equipment . Farming activities picked up, although at lower levels than foreseen at appraisal .
- (ii) The project helped expand the housing stock by helping to rehabilitate 7,500 individual apartments (although we do not know what share this represented of the total housing stock). The qualitative improvement in the housing stock was achieved through having made these war -damaged units habitable once again .
- (iii) Achievements through restoration of services --especially water supply--were substantial .
- (iv) Thanks to the project, the power supply improved . Supply became much more reliable in the principal city of Banja Luka whose frequent power cuts are now a thing of the past .

4. Significant Outcomes/Impacts:

- Bringing Bank assistance for the first time to RS, the erstwhile recalcitrant entity of BiH .
- A 24-hour water supply was restored to many municipalities for the first time since the war .

- Support to the local economy of RS, including the creation of 20,000 person/months of employment.
- Promotion of local private construction industry .
- Instilling a greater awareness among municipalities of their responsibilities vis a vis local development, especially with respect to cost recovery from beneficiaries of their services .

5. Significant Shortcomings (including non-compliance with safeguard policies):

- No municipalities met their collection targets regarding water tariffs . Poor all round performance on cost recovery.
- Political factors outweighed economic factors in government decision -making regarding counterpart funding and water cost recovery from beneficiaries .
- There were shortfalls in meeting half of the eight project output targets set at appraisal according to the ICR's log frame..

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Moderately Satisfactory	Shortfalls in project physical outputs and in the recovery of farming activities .
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Non-evaluable	It is too early to rate sustainability while housing tenure has yet to be established, legislation to implement privatization of housing is still pending, farming production yet to pick up and financial viability of water and power utilities still uncertain.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	While the Project Coordination Unit performance was exemplary, the RS government performance at times was less than satisfactory when it allowed political factors to drive key project decisions.
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Initial assistance to war-affected farmers should not be on a strictly commercial basis, since market conditions and production support may not exist in a post-conflict situation. The poorest among them cannot be expected to contribute to full cost recovery .
- Despite their political sensitivity, project attention should focus more upon occupancy and tenure issues in the housing sector in a post-conflict situation .
- Institutional capacity can be strengthened through on -the-job training of local counterparts in the management and implementation of a project .
- Important assistance--especially concerning procurement matters --can be best provided through specialists based in Bank Resident Missions .
- Management of broad-based procurement though ICB and LCB can be too time -consuming in an emergency situation .

8. Assessment Recommended? Yes No

Why? As an input to OED's ongoing work on post-conflict and emergency lending . Also to undertake the first assessment of its kind in BiH. Finally, to allow a longer view of the project's sustainability .

9. Comments on Quality of ICR:

Satisfactory, with good and candid coverage of the principal topics affecting project performance, together with an informative borrower contribution . The ICR also provides a very good account of the lessons of this project experience .