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**Bosnia and Herzegovina**  
**The Priority Reconstruction Program**

**Sectoral Projects and Programs**

January 9-10, 1997 Brussels





# **Bosnia and Herzegovina**

## **The Priority Reconstruction Program**

### **Sectoral Projects and Programs**

**Prepared by the World Bank Group and the EBRD**

**January 9-10, 1997 Brussels**

**The information contained in this brochure is as of mid-December 1996.**



## **The Priority Reconstruction Program Framework for a Sustainable Recovery**

**Creating an Atmosphere for Peace.** Economic reconstruction and recovery is urgently needed in Bosnia and Herzegovina, both to rebuild a country virtually destroyed by war, and to instill a sense of hope again in its people. The foundation for a sustained peace in Bosnia rests on the economic recovery of the country. A strong reconstruction effort which improves the lives of the people of Bosnia visibly and quickly is the best way to cement peace.

**The Need for a Reconstruction Framework.** Evidence from countries similarly afflicted by war shows that economic recovery *can* proceed quickly with sound domestic policies and strong, coordinated donor support. The Government of Bosnia and Herzegovina, with the support of the World Bank, the EBRD, and the European Union, and with the broad endorsement of the international donor community, has prepared a Priority Reconstruction and Recovery Program, requiring US\$5.1 billion of external financing over the next three to four years. This program establishes the framework for channeling international assistance for the vast reconstruction needs. It is designed to ensure that Bosnia's reconstruction priorities are addressed consistently by all donors, that reconstruction activities are mutually reinforcing, that scarce donor resources are utilized efficiently, and that gaps and overlaps are avoided.

- The objective of the Priority Reconstruction Program in the first post-war year has been to jump-start the economy and create a flow of domestic production, jobs, and incomes that, in turn, generates domestic resources that can be channeled toward the reconstruction effort and permit the country to gradually reduce its dependence on foreign aid. During this critical period, projects in the Priority Reconstruction Program have focused on supporting a broad-based rehabilitation of infrastructure and the social sectors. The projects are based on an assessment of the critical investments needed to get the economic recovery underway -- repairing transport and electric power networks, rebuilding farms, and repairing water and sewerage networks, to create urgently needed employment opportunities. Repairing schools, hospitals, and rebuilding housing destroyed during the war is also key, as is direct employment creation.
- In 1997, as the reconstruction effort matures, the challenge is to move beyond emergency reconstruction to sustainable economic recovery. The focus of the international community must now shift to creating an environment for such a sustainable recovery: building economic capacity and enabling the Bosnian people to begin to help themselves. This involves supporting the development of a new governance structure for the country, through establishing the Dayton-mandated institutions, budgets and sound fiscal relations at all levels of government. It also involves structural reforms to improve the environment for private sector initiative, including sustainable, sound banking, to further build the capacity to revive economic growth and generate employment for the hundreds of thousands of returning refugees.

**Projects in the Priority Reconstruction Program.** The EBRD, the World Bank, IFC, and MIGA have designed the following projects in support of the Priority Reconstruction Program, and, together with the European Commission and bilateral partners, are providing significant financing for the program. The projects have been designed to address Bosnia's urgent priorities across the broad range of sectors. They address both the critical need to rapidly rebuild, and the need to prepare the country for the day when donor assistance is no longer required. The projects also provide the mechanism through which donors can channel their assistance to ensure that commitments are effective and that fragmentation and overlaps in the reconstruction effort are avoided.

With the support of many donors working in partnership, these projects can help Bosnia to launch a sustainable economic recovery. Working together, the international donor community can help to ensure that the critical priorities for a successful reconstruction and recovery effort are met, and help restore a sense of hope for the future for all of the peoples of Bosnia and Herzegovina.

## Projects in Support of the Priority Reconstruction Program

Project Name	Project/Program Cost (US\$ million) <sup>/a</sup>	Total Financing Identified	Financing Gap <sup>/b</sup> (as of 12/96)	Actual/Proposed Approval Date
Emergency Recovery	160.0	127.0	33.0	February 1996
Emergency Farm Reconstruction	50.4	39.7	10.7	March 1996
Water, Sanitation, and Solid Waste Urgent Works	70.0	70.0	0.0 <sup>/c</sup>	March 1996
Emergency Transport Reconstruction	163.0	146.5	16.5	March 1996
War Victims Rehabilitation	30.0	22.7	7.3	May/June 1996
Emergency Education Reconstruction	32.8	20.1	12.7	May/June 1996
Emergency District Heating Reconstruction	40.5	33.5	7.0	May 1996
Emergency Landmines Clearance	67.0	49.7	17.3	July 1996
Emergency Housing Repair	60.4	60.4	0.0 <sup>/c</sup>	July 1996
Emergency Electric Power Reconstruction	196.4	155.8	40.6	July 1996
Emergency Demobilization and Reintegration	20.0	7.9	12.1	July 1996
Emergency Public Works and Employment	45.0	14.0	31.0	July 1996
Transition Assistance	110.0	110.0	0.0	September 1996
Emergency Industrial Re-Start Guarantee	50.0	18.5	31.5	December 1996
Essential Hospital Services	33.5	21.4	12.1	December 1996
Bosnia Enterprise Fund (IFC)	21.2	14.0	7.2	September 1996
Emergency Microbusiness/Local Initiatives	18.0	10.3	7.7	December 1996
Microfinance Bank (IFC)	7.6	2.6	5.0	December 1996
Sponsorship Trust Fund (MIGA)	tbd	tbd	tbd	tbd
Emergency Wood Supply/Forest Management	35.0	7.0	28.0	Early 1997
Education Reconstruction II	60.0	20.0	40.0	Early 1997
Transport Reconstruction II	175.0	20.0	155.0	Early 1997
Emergency Natural Gas System Reconstruction	53.5	20.0	33.5	Spring 1997
Republika Srpska Reconstruction Assistance	60.0	18.0	42.0	Spring 1997
Government Services	45.0	15.0	30.0	Spring 1997
Public Finance Reform	90.0	tbd	tbd	Spring 1997
Banking Sector Reform	80.0	20.0	60.0	Spring 1997
Emergency Telecommunications Rehabilitation (EBRD)	104.6	50.0	54.6	Early 1997

*Notes:*

*/a: Project costs and financing identified are tentative, subject to Board approval.*

*/b: Continuing financing needs exist for all components of the projects. Donors interested in supporting any of these projects should contact the task team leader, whose name and phone number can be found on the bottom of each project description page.*

*/c: While no financing gaps exist for these projects, significant current and upcoming financing needs exist in the sector. Interested donors should contact the Sector Task Force leaders, whose names and phone numbers are available on page 36.*

*tbd: to be determined.*

# Sectoral Programs and Projects

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# Emergency Recovery Project

**Project Cost: \$160 million**

**Project Description:** The project aims to help restore Bosnia and Herzegovina's severely damaged productive capacity and rehabilitate key infrastructure facilities, to support economic activities, particularly in the enterprise sector, and to establish a minimum level of institutional capacity in the government to implement Bosnia and Herzegovina's reconstruction program. The project is also designed to ease severe hardship faced by vulnerable groups of the population in the immediate post-war transition period.

**Project Works to Date:** Contracts worth \$36.6 million, comprising activities and goods in all four components of the project, have been completed, and an additional \$157.3 million in contracts have been signed and are currently under procurement. Repairs to government buildings, totaling \$10.2 million, are underway and in various stages of completion. Under the Lines of Credit component, 96 loans, totaling \$30.3 have been approved, with another \$6.9 million expected to be approved by year-end. Contracts for critical imports of \$11.7 million in the power sector and \$9.6 million for transport equipment have been signed and are being delivered. Farm inputs have been supplied. Under the Emergency Social Fund, funds of \$14.1 million, covering every municipality in the Federation, have been disbursed.

## Project Components

- **Critical imports:** To provide urgently needed inputs to the agriculture, power, and transport sectors. For *agriculture*: fertilizers and pesticides; for *power*: distribution and transmission equipment, and spare parts and materials for restoration of power to households and production; for *transport*: construction equipment for immediate rehabilitation and reconstruction of the transport sector.
- **Lines of credit** through Bosnian banks to quickly re-start micro-, small-, and medium-size enterprises.
- **Support for the functioning of key government institutions:** Financing for the acquisition of essential office equipment, provision of technical assistance, salary supplements to the employees of the State and Federation Governments within a uniform government wage structure, and financing to repair damaged government buildings.
- **Emergency social fund :** Minimal levels of cash assistance for the poorest households in the immediate post-war period to help to overcome their difficulties in the transition period, and support to orphans and war-injured through provision of direct assistance and retraining programs.

## Project Financing (US\$ millions)

	Financing requirement
Critical Imports	43.0
Lines of Credit	30.0
Government Institution Building	33.0
Emergency Social Fund	54.0
<b>Total Financing Required</b>	<b>160.0</b>
<b>Total Financing Identified</b>	<b>127.0</b>
<b>Financing Gap</b>	<b>33.0*</b>
<b>Financing Gap (as % of total)</b>	<b>21%</b>

\* Continuing financing needs exist for all components of the project. Donors interested in supporting any of these components should contact the task team leader, listed below.

## Implementation arrangements:

- The State Ministry of Finance has established a Project Coordination Unit (PCU) to maintain overall responsibility for implementing the project, with liaison for implementation of (i) *critical imports*: in agriculture, with the Department of Agriculture of the Ministry of Industry and Energy; in power, with Elektroprivreda Bosne i Hercegovine; and in transport: with the Ministry of Transport; and (ii) *emergency social fund*: with the Ministry of Refugees and Social Affairs. The implementation of *government institutions and lines of credit* remains under the direction of the PCU.
- The World Bank approved a credit of \$30 million and a grant of \$15 million for the project on February 29, 1996. Other donors include the Netherlands, Japan, Italy, Switzerland, Canada, the EC, Germany, Sweden, Luxembourg, Iceland, the UK, the EBRD, and the Soros Foundation.

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**For Procurement Information:** Contact **Mr. Munever Imamovic**/ PCU Director: Phone (387 71) 656-587; Fax (387 71) 656-827

# Emergency Farm Reconstruction Project

**Project Cost: \$50.4 million**

**Project Description:** To support the post-war reconstruction program for the agriculture sector, this project is designed to help jump-start agricultural production, improve food security, and create employment and income for the war-affected rural population, including returning displaced persons. The project is aimed at the private sector, with priority to full-time farmers. The project is designed to be modular in nature. If additional co-financing is mobilized, the project may increase in scope and provide for greater assistance to Bosnia and Herzegovina's farmers through agricultural imports for war-damaged farms, livestock, and animal health services.

**Project Works to Date:** 5,000 heads of livestock have been distributed to farmers, and the delivery of an additional 1,200 cows and 5,000 sheep is underway. 1,300 single-axle tractors have been delivered. The delivery of some 2,600 tractors, 700 tractor implements and 14 combine harvesters is underway. The delivery of veterinary equipment is well underway, with 20% distributed and the remaining equipment in the later stages of delivery.

## Project Components

- **Farm mechanization:** Provision of 3,300 motor-cultivators and single-axle tractors for farmers with small land holdings; replacement of 450 lost two-axle tractors, for small- and medium-scale farmers; replacement of selected combine harvesters; and provision of related technical assistance and training.
- **Livestock production:** Assistance in rebuilding the national herds for milk and meat production, through the import of several thousands of cattle, goats, and sheep, and through domestic purchase and redistribution of sheep; and provision of related technical assistance.
- **Animal health services:** Support in strengthening veterinary services by: equipping and rebuilding 40 veterinary stations; rehabilitating veterinary institutes; providing equipment for artificial insemination services; and offering related technical assistance.
- **Project implementation support:** Assistance to start-up and implement the project through provision of equipment, technical assistance, training and studies, and financing of incremental recurrent expenditures.

### Project Financing (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Farm Mechanization	32.2	26.9	5.3	16%
Livestock Production	14.4	9.7	4.7	33%
Animal Health	2.2	2.2	0.0 *	0%
Project Implementation	1.5	0.9	0.6	40%
<b>Total</b>	<b>50.4</b>	<b>39.7</b>	<b>10.7</b>	<b>21%</b>

\* While no financing gap exists for animal health services in the above project, there still remain significant financing needs for animal health-related services in the agriculture sector. Interested donors should contact the Sector Task Force leader for the farm sector, whose name and phone number appears on the final page of this brochure.

### Implementation arrangements:

- Implementation is coordinated through regional implementation units, with a central Project Implementation Unit (PIU) set up within the Ministry of Agriculture, Water Management and Forestry. Procurement is the responsibility of the PIU.
- The World Bank approved a credit of \$20 million in support of the project on March 28, 1996. Other donors include the IFAD, the EC, Germany, Saudi Arabia, and the Netherlands.

**For Further Information:** Contact **Mr. Michael Koch** / Task Manager: Phone: (387 71) 440-293; Fax: (387 71) 440-108; email: mkoeh@worldbank.org  
**For Procurement Information:** Contact **Mr. Zahid Causevic** / PIU Director: Phone (387 71) 666-538; Fax (387 71) 666-540 (Does not speak English)

# Water, Sanitation, and Solid Waste Urgent Works Project

**Project Cost: \$70 million**

**Project Description:** The project is designed to: (i) restore water, sanitation, and solid waste services to the population using piped water supply and water-borne sewerage systems to a level that would mitigate public health risk in priority areas; (ii) assist in the development of a long-term sector strategy and the details of an emergency program consistent with that strategy; and (iii) rebuild and strengthen sector institutions so that the improvements will be sustainable.

**Project Works to Date:** This water project is being parallel-financed by a large number of donors, each of whom has assumed responsibility for certain aspects of the project. Civil works contracts valued at \$14.2 million, and design and supervision contracts totaling \$2.2 million have been signed and construction is underway. A water leak detection and repair operation in Sarajevo, specifications for a water supply system in Travnik and water supply system repairs in Gorazde are underway. Tenders have been launched for dike reconstruction on the Sava river and repairs of municipal water systems in several cities.

## *Project Components*

- **Supply of equipment and materials:** Pipes, fittings, materials, equipment, spare parts, and rolling stock for water, sewerage, and solid waste disposal operating organizations serving about 40 priority municipalities in the Federation, to meet urgent requirements for systems operations; and vehicles, computers, and survey and office equipment required by VBH (Vodoprivreda Bosnia and Herzegovina) for project implementation.
- **Urgent works:** Urgent works for the rehabilitation of water, waste water, and solid waste systems in Sarajevo, Zenica, Tuzla, Travnik, Bihac, and 15 other municipalities, comprising: rehabilitation and repair of water sources and water distribution networks; the testing and replacement of meters with the objective of reducing losses; cleaning of the sewage collection systems; and the repair and/or replacement of broken sewage collectors.
- **Emergency development plan:** Plan for the water management sector proposing the overall framework, policies, and goals of the sector, as well as a prioritized list of measures and projects covering all of the Federation's 70 municipalities.
- **Institutional strengthening:** Technical assistance and training: (i) at the national level, focusing on strategic planning and sector organization; and (ii) at the local level, focusing on project, financial, and maintenance management, computer skills, and the reduction of unaccounted-for water.
- **Preparation:** Preparation for a follow-up Water, Sanitation and Solid Waste Rehabilitation Project, including final designs, procurement documentation and the contracting of works scheduled for implementation under the project.

## **Project Financing** (US\$ millions)

	Financing requirement
Equipment and Materials	15.1
Urgent Works	47.2
Emergency Development Plan	0.9
Institutional Strengthening	1.6
Project Preparation	5.2
<b>Total Financing Required</b>	<b>70.0</b>
<b>Total Financing Identified</b>	<b>70.0</b>

Note: While there is no financing gap for the above water project, there still remain significant current and upcoming financing needs in the water sector. Interested donors should contact the Sector Task Force leader for the water sector, whose name and phone number is available on the final page of this brochure.

## *Implementation arrangements:*

- A project implementation unit (PIU) has been established in the VBH, which has overall responsibility for implementation of all aspects of the project, under the oversight of the Ministry of Agriculture, Water Resources, and Forestry.
- The World Bank approved a credit of \$20 million in support of the project on March 28, 1996. Other donors include the EC, USAID, Kuwait, Italy, Saudi Arabia, Austria, Switzerland, the Netherlands, and France.

**For Further Information:** Contact Mr. Richard MacEwen / Task Team Leader Phone: (202) 473-2497; Fax: (202) 477-0816; email: rmacewan@worldbank.org  
**For Procurement Information:** Contact Mr. Damir Mrden/ PIU Director: Phone (387 88) 320-455; Fax (387 88) 315-562

# Emergency Transport Reconstruction Project

**Project Cost: \$163 million**

**Project Description:** The project addresses: the reconstruction and rehabilitation of roads, bridges, tunnels, and railways; civil aviation rehabilitation, including reconstruction of the Sarajevo Airport, equipment for the Mostar Airport, and air navigation system equipment; and, rehabilitation of the urban transit systems. It provides equipment and assistance to prepare, implement, and maintain the program works, and to provide a framework for the future development and management of Bosnia and Herzegovina's transport system. The project is modular in nature. If co-financing is mobilized, the project may provide for additional reconstruction works and supplies for roads, bridges, tunnels, and railways, as well as works and supplies to restore the urban transit system.

**Project Works to Date:** The emergency rehabilitation of the Sarajevo-Ploce railway line has been completed and the line has been reopened. The Sarajevo Airport has been reopened to commercial service. Navigational equipment for civil aviation is being delivered. 2 bridges on the main road from Sarajevo to Ploce, and the rehabilitation of 3 road sections has been completed. The reconstruction of another 6 bridges and 12 roads is underway. Around 80 buses for urban transit have been delivered, as well as spare parts and workshop equipment.

## Project Components

- Overlay and rehabilitation of about 180 kilometers of high priority road sections, to restore these links to serviceable condition, reconstruction of about 21 high priority bridges to eliminate lengthy and/or dangerous delays, reconstruction of the Brcko rail and Orasje road bridges across the Sava river to permit the flow of international traffic, repair of damaged tunnels and of landslips on critical road links, and provision of construction and maintenance equipment to support the rehabilitation of the road network and to begin to re-establish urgent maintenance activities.
- Provision of asphalt and quarry equipment to supply base and surfacing material for urban street, road, and airport rehabilitation.
- Provision of railway equipment required to open rail lines from Ploce to Sarajevo for 6-7 pairs of trains daily, and to open the lines to Zenica and Vares.
- Civil aviation rehabilitation, including the first phase of rehabilitation of the Sarajevo Airport, equipment for the Mostar Airport, and air navigation system equipment countrywide to enable safe and secure operations of scheduled aviation services.
- Provision of urban transit buses and equipment for operation of the Sarajevo tram and trolley systems.
- Technical assistance in project implementation, institutional strengthening, establishing and operation of the Project Implementation Units, and preparation for further works.
- Gorazde Road design and preparation.
- Mine clearing services.
- Supplies of bitumen and fuel for road works.

## Project Financing (US\$ millions)

	Financing requirement
Roads, bridges, tunnels, and landslips, and construction equip.	68.5
Asphalt and Quarry Equip	8.0
Railways	19.0
Civil Aviation	25.7
Urban Transport	20.1
Technical Assistance	11.4
Gorazde Road	2.1
Mine Clearing	2.6
Bitumen and fuel	5.6
<b>Total Financing Required</b>	<b>163.0</b>
<b>Total Financing Identified</b>	<b>146.5</b>
<b>Financing Gap</b>	<b>16.5</b>

Note: Donors interested in supporting the transport sector in Bosnia should be aware that there exist continuing financing needs in the transport sector, beyond those in this project. Interested donors should contact the Sector Task Force leader for the transport sector, whose name and telephone number are listed on the final page of this brochure.

## Implementation arrangements:

- The project is being implemented by 2 Project Implementation Directorates (PIDs), one at the level of the State Ministry of Foreign Trade and International Communications for works on international links, and one within the Federation Ministry of Transport and Communications for civil works within the Federation.
- The World Bank approved a credit of \$35 million in support of the project on March 29, 1996. Donors include the EC, the EBRD, the United States, Germany, Japan, Italy, the Netherlands, France, the United Kingdom, the UN-SCS, the Czech Republic, Malaysia, and Austria.

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 Mr. Kemal Karkin / State PID Director: Phone (387 71) 664-831; Fax: (387 71) 655-060 (Does not speak English)

# War Victims Rehabilitation Project

**Project Cost: \$30 million**

**Project Description:** This health project addresses the urgent need to rehabilitate and reintegrate people with war-related disabilities into productive life. Other objectives are to introduce a more cost-effective approach for dealing with disabilities, and to support the development of local and regional capacity to manage and deliver health and rehabilitation services.

**Project Works to Date:** Civil works for the renovation of 12 Community Based Rehabilitation centers (CBRs) are underway and contracting is being completed for an additional 19 CBRs. Tenders have been launched for medical and pedagogical equipment, furniture and information technology for all the planned 60 CBRs, and most contracts have been signed. Under a technical assistance program, curriculum development for staff training has started.

## *Project Components*

- **Community-based health rehabilitation:** supporting rehabilitation activities for physically injured and psychologically disabled war victims through the provision of required facilities, equipment, technical assistance, training, essential drugs and supplies for physical therapy, occupational therapy, clinical services for mental illness and psycho-social rehabilitation.
- **Prostheses and orthoses production:** supporting the supply, production and maintenance of quality of prostheses and orthoses in three production units and five maintenance units throughout the Federation.
- **Orthopedic and reconstructive surgery:** supporting improvements in the availability and quality of essential orthopedic and reconstructive surgical services in three clinical centers and four cantonal hospitals.
- **Project implementation support:** providing funds to cover all required foreign and local costs of project management and implementation assistance.

## **Project Financing** (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Community-Based Rehabilitation	13.1	9.3	3.8	29%
Prostheses and Orthoses Production	6.2	5.5	0.7	11%
Orthopedic and Reconstructive Surgery	8.8	6.5	2.3	26%
Project Implementation	1.9	1.4	0.5	26%
<b>Total</b>	<b>30.0</b>	<b>22.7</b>	<b>7.3</b>	<b>24%</b>

### *Implementation arrangements:*

- A Project Implementation Unit (PIU), established within the Federation Ministry of Health, is responsible for managing all project activities, coordinating all project activities at the canton and municipal levels.
- The World Bank approved a grant of \$5 million and a credit of \$5 million in support of the project on May 14 and June 28, 1996, respectively. Other donors include the Council of Europe, the EC, Italy, Canada, Iceland, the World Health Organization, and the UNDP.

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# Emergency Education Reconstruction Project

**Project Cost:** \$32.8 million

**Project Description:** This project is designed to help restore classroom conditions which permit effective teaching and learning, particularly in primary schooling, and to build government implementation capacity at the Entity, canton, and municipal levels. The project is modular in nature. If additional co-financing is mobilized, the project may increase the geographical scope of school reconstruction and educational supplies.

**Project Works to Date:** Civil works for reconstruction of about 52 schools is in progress, and the rehabilitation of another 28 will be completed by end-year. Approximately 39 schools under the program are without financing for reconstruction. Contracting for educational materials is underway, but approximately 12 textbook and reader titles remain unfunded. An additional project in education reconstruction will follow, continuing the rehabilitation of schools and delivery of education materials throughout Bosnia and Herzegovina (see page 24).

## Project Components

- **Primary school rehabilitation:** Financing for: (i) light refurbishment and refurnishing of about 70 primary schools throughout the Federation, comprising actions such as replacing broken windows, repairing roofs, and replacing missing furniture; and (ii) the construction of about ten primary schools in areas with no alternative school capacity.
- **Books and educational materials:** Financing for: (i) printing and distribution costs of about 85 textbook titles and 55 reader titles chosen through competitive selection by the Federation Ministry of Education; and (ii) a minimum package of educational materials and equipment to be delivered to selected primary schools throughout the Federation.
- **Capacity building and project implementation:** Financing for technical assistance, training, office equipment and vehicles to improve project implementation and to allow the Federation Ministry of Education to begin planning key sector reforms and to improve its own management and technical capacity.
- **Project preparation and pilot implementation in the Republika Srpska:** Financing for assessment of education reconstruction needs, and the preparation and piloting of reconstruction actions, including the provision of textbooks, readers, and educational materials for primary schools in the Republika Srpska.

## Project Financing (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
School Reconstruction	25.3	12.6	12.7	50%
Educational Materials	6.1	6.1	0.0 *	0%
Project Implementation/ Capacity Building	0.9	0.9	0.0 *	0%
Project Preparation / Pilot Project in Republika Srpska	0.5	0.5	0.0 *	0%
<b>Total</b>	<b>32.8</b>	<b>20.1</b>	<b>12.7</b>	<b>39%</b>

\* While financing gaps do not exist for several components of this project, there still exist continuing financing needs for educational materials, implementation capacity building, and for education reconstruction in the Republika Srpska. A Second Emergency Education Reconstruction Project, with significant unmet financing needs in these and other areas, is described on page 24 of this brochure.

## Implementation arrangements:

- A Project Implementation Unit (PIU) in the Federation Ministry of Education is responsible for managing project activities in the Federation. Activities in the Republika Srpska will be managed by a similar unit.
- The World Bank approved a grant of \$5 million and a credit of \$5 million in support of the project on May 14 and June 28, 1996, respectively. Other donors include Greece, the United States, the EC, EU/ECHO, the Soros Foundation, Germany, the Netherlands, Norway, UNDP, UNHCR, and the Islamic Fund.

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# Emergency District Heating Reconstruction Project

**Project Cost: \$40.5 million**

**Project Description:** The project helps to restore the district heating service in Sarajevo by reconstructing both the district heat supply system as well as building internals. It provides assistance to strengthen the sector company (Toplane), in preparation for investment works and initiating network improvements. For Banja Luka, Republika Srpska, the project finances engineering surveys of the district heating system. The project is modular in nature. If co-financing is mobilized, the project may provide for reconstruction works to the district heating systems in other cities.

**Project Works to Date:** Major physical reconstruction has begun, and procurement of goods and works is in full progress. 20,000 flats are currently reconnected to the Sarajevo District Heating system, and by the beginning of the upcoming heating season, a total of about 32,000 flats will be reconnected. Project activities in the Republika Srpska are underway.

## Project Components

### In Sarajevo:

- Reconstruct required boilers, substations, and pipelines
- Reconstruct building internal installations (pipes, radiators, valves, heat exchangers)
- Provide for individual heat metering in order to encourage energy conservation
- Provide significant institutional support, including reinstatement of billing and collection systems and technical assistance for master planning and tariff studies

### In Banja Luka:

- Project preparation activities (engineering surveys and assessments)

## Project Financing (US\$ millions)

	Financing requirement
Boilers	13.7
Distribution Networks	9.5
Substations	3.3
Internal Installations	9.3
Technical Assistance	3.3
Other equipment/office facilities	0.9
Banja Luka	0.5
<b>Total Financing Required</b>	<b>40.5</b>
<b>Total Financing Identified</b>	<b>33.5</b>
<b>Financing Gap</b>	<b>7.0</b>

Note: Donors interested in supporting district heating in Bosnia should be aware that there exist continuing financing needs in the district heating sector, beyond those in this project. Interested donors should contact the Sector Task Force leader for district heating, whose name and telephone number appears on the final page of this brochure.

### Implementation arrangements:

- Toplane, the Sarajevo district heating company, is responsible for project implementation regarding the Sarajevo-related components of the project. A Project Implementation Unit (PIU) has been set up within Toplane. Project preparation in Banja Luka will be carried out by the local district heating company.
- The World Bank approved a credit of \$20 million in support of the project on May 14, 1996. Other donors include the EC, Finland, and the Netherlands.

**For Further Information:** Contact **Mr. Ahmet Gokce** / Task Team Leader: Phone: (387 71) 440-293; Fax: (387 71) 440-108; email: agokce@worldbank.org  
**For Procurement Information:** Contact **Mr. Mirzo Hadzialic** / PIU Director (Federation): Phone (387 71) 670-533; Fax (387 71) 670-532 (Does not speak English)  
**Mr. Radomir Salic** / Assistant Minister of Finance, Republika Srpska: Phone (381 71) 786-107; Fax (381 71) 783-705

# Emergency Landmines Clearance Project

**Project Cost: \$67 million**

**Project Description:** The *Emergency Landmines Clearance Project* aims to support the establishment of the necessary landmine clearing institutions and to carry out urgent mine clearing in support of reconstruction, reintegration of refugees and displaced persons and community revival. It focuses on civilian control of the program and use of competition for mine-related contracts, which could generate substantial employment for demobilized soldiers. The project is modular in nature. If additional co-financing is mobilized, the project may provide for continuing landmine clearance and support for mine related activities.

**Project Works to Date:** This project is being parallel-financed by a large number of donors, each of whom is involved in specific activities. More than 15,000 minefields have been identified out of which 1,400 have been cleared at military standards. Priority reconstruction and resettlement areas have been systematically surveyed so that activities can re-start on "low risk" areas; about 240 mine-clearers have been trained and equipped and have started mine-clearing works; government institutions have been established and have started operating, including defining priorities, preparing contracts and supervising works; mine-clearing works have been carried out on a limited scale.

## *Project Components*

- **Institutional development:** setting up and making fully operational the governments' mine-clearing institutions and the UN Mine Action Center (MAC) as a technical body.
- **Mine awareness** projects, especially for vulnerable groups, with a focus on returnees and children.
- **Development of local implementation capacity**, through training and establishment of employment structures.
- **Surveying, marking and clearing:** assessment of mine hazard in priority areas such as reconstruction sites, and areas critical for reintegration and community revival; clearing those areas where the presence of mines creates a bottleneck for priority activities or where communities are at risk; and marking identified mine fields, whether the corresponding areas are priority or not.

### Project Financing (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Institutional Development	8.9	8.9	0.0	0%
Mine Clearing and Quality Assurance	45.9	20.8	25.1	55%
Mine Awareness	2.5	0.5	2.0	80%
Local Capacity Building	9.7	8.5	1.2	12%
<b>Total</b>	<b>67.0</b>	<b>49.7*</b>	<b>17.3</b>	<b>26%</b>

\* Total financing identified includes US\$11 million in donor financing not yet assigned to subcomponents.

### *Implementation arrangements:*

- The World Bank-funded part of the project will benefit both the Federation and the Republika Srpska. The Federation of BH has established a Project Implementation Unit (PIU) which will work closely with the MAC and the State-established Mine Protection and Removal Agency.
- The World Bank approved a credit of \$7.5 million in support of the project on July 30, 1996. Other donors include the EC, the United States, Italy, the United Nations, Norway, the Netherlands, Sweden, Belgium, and Denmark.

**For Further Information:** Contact Mr. Xavier DeVictor / Task Team Leader: Phone: (202) 458-5724; Fax: (202) 477-0301; email: xdevictor@worldbank.org  
**For Procurement Information:** Contact Mr. Damir Dakovic/ PIU Director (Federation) Phone (387 71) 443-340; Fax (387 71) 443-340 (Does not speak English)  
 Mr. Radomir Salic / Ministry of Finance, Republika Srpska: Phone: (381 71) 786-107; Fax: (381 71) 783-705

# Emergency Housing Repair and Reconstruction Project

**Project Cost: \$60.4 million**

**Project Description:** The project is designed to support the Government's effort to carry out urgent housing repairs on both publicly and privately owned housing, and to contribute to the development of a framework to sustain the recovery and development of the housing sector through gradual introduction of cost recovery.

**Project Works to Date:** The housing project is being parallel financed by a large number of donors, each of whom has assumed responsibility for certain activities. Some 500 apartments have been rehabilitated in Gorazde, including the provision of 80 new units. Reconstruction works in Sarajevo are ongoing, with 3,482 apartments rehabilitated to date. Other completed construction works include improvements to 216 houses in 3 cities, 505 flats in Mostar, and 349 flats in Olovo. A further 5,721 apartments in Mostar and Sarajevo are underway, and contracting to repair another 700 houses and 2000 apartments is proceeding.

## *Project Components*

- **Public housing repairs:** to repair common elements of lightly-damaged apartment buildings, so as to maximize the number of benefiting flats. This component provides for repairs to roofs, external walls, staircases, windows and utility systems.
- **Private housing repairs:** to repair damage to common elements in some 3,000 individual homes in six Cantons to a minimum habitable standard, with a priority given to lightly damaged units to quickly increase the stock of usable housing.
- **Technical assistance:** to cover project implementation support costs, including equipment and recurrent expenditures of the Project Implementation Unit (PIU), and the design management and supervision costs of the Housing Maintenance and Management Enterprise (HMME).

### **Project Financing** (US\$ millions)

	Financing requirement
Public Housing Repairs	30.7
Private Housing Repairs	27.9
Technical Assistance / Incremental Cost Support	1.8
<b>Total Financing Required</b>	<b>60.4</b>
<b>Total Financing Identified</b>	<b>60.4</b>

Note: While there is no financing gap for the above housing project, there still remain significant current and upcoming financing needs in the housing sector. Interested donors should contact the Sector Task Force leader for the housing sector, whose name and phone number are available on the final page of this brochure.

### *Implementation arrangements:*

- The Federation Ministry of Physical Planning and Environment has established a Project Implementation Unit (PIU) for the Government's housing repair program, which will coordinate terms with the municipal owners of beneficiary apartment buildings.
- The World Bank approved a credit of \$15 million in support of the project on July 30, 1996. Other donors include Saudi Arabia, the EC, UNHCR, the UNDP, Italy, the Netherlands, and Germany.

**For Further Information:** Contact Mr. Michael Koch / Task Team Leader: Phone: (387 71) 440-293; Fax: (387 71) 440-108; email [mkoch@worldbank.org](mailto:mkoch@worldbank.org)  
**For Procurement Information:** Contact Mr. Muris Hadzic/ PIU Director: Phone (387 71) 663-561; Fax (387 71) 664-293

# Emergency Electric Power Reconstruction Project

**Project Cost: \$196.4 million**

**Project Description:** The project is designed to restore electricity service to acceptable levels in major cities for residential and industrial use by focusing on electric power generation and distribution, to increase coal production to supply fuel required for thermal power plants, to reconfigure the electric power network, and to enhance the institutional capacity and help restructure the electric power and coal sectors. The reconstruction of the electric power distribution system is supported by a parallel project funded by the EBRD in close coordination with the World Bank. The project is modular in nature. If additional co-financing is mobilized, the project size may increase to provide for the reconstruction and rehabilitation of power plants, transmission lines, and distribution networks in other populated areas.

**Project Works to Date:** Four major 220 kV transmission lines were restored. The Salakovac hydropower plan is in the final stages of reconstruction, to be completed by end-year. Repairs to the Grabovica hydropower plant are underway, as is the preparation for the rehabilitation of the Jablanica hydropower plant. Rehabilitation of three major thermal power plants in Tuzla, Kakanj, and Ugljevik and associated coal mines has begun. Imports of equipment and spare parts is underway.

## Project Components

- Reconstruction of co-generation units of the Tuzla cogeneration plan (1x100 MW) and the Kakanj cogeneration plant (2x110 MW), the two main thermal combined heat and power stations in the Federation, to provide reliable continuous service for another 8-9 years.
- Reconstruction of two hydropower stations in the Federation to restore them to normal operating conditions.
- Reconstruction of about 320 kilometers of transmission lines and thirty-one substations for restoring power supply to cut-off areas and improving the reliability of supply to major cities.
- Purchase of maintenance vehicles and spare parts for the power system.
- Restoration of production in the coal mines needed for the operation of the thermal power plants (including the rehabilitation of underground and surface mines in Tuzla, Kakanj, and Ugljevik).
- Provision of consumable materials, such as tires, conveyor belts, cables and spare parts for existing mining equipment.
- Replacement of key smaller equipment, crucial to operation, maintenance and overhauling of major production equipment.
- Mining services for affected sites in the electric power reconstruction program.
- Technical assistance for project engineering services, project management, and tariff and sector restructuring studies.

## Project Financing (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Rehab. of Generation Plants	50.2	40.6	9.6	19%
Recon. of Transmission				
Lines and Substations	32.6	31.7	0.9	3%
Distribution	61.3	49.1	12.2	20%
Spare Parts	13.7	7.5	6.2	45%
Maintenance Vehicles	7.5	0.0	7.5	100%
Communication and Control	4.0	4.0	0.0	0%
Rehab. of Tuzla and Central				
Bosnia Mines	16.5	15.0	1.5	9%
Tech. Assistance/Project Prep.	10.6	7.9	2.7	23%
<b>Total</b>	<b>196.4</b>	<b>152.0</b>	<b>40.6</b>	<b>21%</b>

## *Implementation arrangements:*

- A Project Implementation Unit (PIU) has been established within Elektroprivreda BiH. The PIU is in charge of project scheduling, coordination, monitoring and procurement and funds management.
- The World Bank approved a credit of \$35.6 million in support of the project on July 30, 1996. Other donors include the EC, the UK, the US, the EBRD, Switzerland, Austria, the Netherlands, France, Belgium, Germany, Japan, Norway, the Czech Republic and Ireland.

**For Further Information:** Contact Mr. Ahmet Gokce / Task Team Leader: Phone: (387 71) 440-293; Fax: (387 71) 440-108; email: agokce@worldbank.org  
**For Procurement Information:** Contact Mr. Sabaheta Sadikovic/ PIU Director: Phone: (387 71) 652-056; Fax: (387 71) 525-236 (Does not speak English)

# Emergency Demobilization and Reintegration Project

**Project Cost: \$20 million**

**Project Description:** The overall objective of the project is to support the reintegration of demobilized soldiers, returning refugees, and others into productive jobs in the civilian economy in order to promote economic growth and political stability, and to reduce dependency on social assistance. The primary target group is demobilized soldiers, but other target groups include returning refugees, displaced persons, war victims and the disabled, widows, and the general unemployed. The project is modular in nature. If additional co-financing is obtained, the project may finance further education and retraining services, job-location services, and automation hardware to assist in the reintegration of demobilized soldiers into productive life.

**Project Works to Date:** The first pilot counseling and retraining services contracts have been approved, and some 20 retraining projects are beginning shortly. Activities in the Republika Srpska have been initiated.

## Project Components

- **Labor market information database:** As a source of the information required for employment counseling, the project would finance automation hardware, software and limited technical assistance and training to re-establish, upgrade and broaden the labor market information data base operated by Municipal Employment Services which have been severely disrupted by the war.
- **Counseling and job-finding services:** The project would finance services and limited technical assistance to support the development and delivery of counseling and job-finding services targeted to demobilized soldiers and other job seekers.
- **Education and retraining services:** The project provides finance for the provision of locally developed, demand-driven education and retraining services, primarily to demobilized soldiers.
- **Management assistance:** The project finances technical assistance and goods to develop and maintain a management unit in each of the two Employment and Training Foundations (ETFs) in the Federation and in the Republika Srpska, to implement both this and the Public Works and Employment Project.

## Project Financing (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Labor Information Database	1.5	1.5	0.0	0%
Counseling and Job-Seeking Services	1.8	0.6	1.2	65%
Education and Training Services	16.1	5.1	10.9	68%
Employment and Training Foundation	0.7	0.7	0.0	0%
<b>Total</b>	<b>20.0</b>	<b>7.9</b>	<b>12.1</b>	<b>61%</b>

### Implementation arrangements:

- The project will be implemented by two non-profit Employment and Training Foundations ETFs, established by the Federation Ministry of Finance and the RS Ministry of Finance. Each ETF would have a Board of Trustees with representatives from the respective Federation and RS Ministries of Finance, Defense, Refugees and Social Affairs, and Education, as well as from the Employment Institutes, Chambers of Commerce, and trade unions.
- The World Bank approved a credit of \$7.5 million in support of the project on July 30, 1996. Other donors include the Netherlands.

**For Further Information:** Contact Ms. Ilona Szemzo / Task Team Leader: Phone: (387 71) 440-293; Fax: (387 71) 440-108; email: iszemzo@worldbank.org  
**For Procurement Information:** Contact Mr. Pero Bosnic/ Assistant Minister, Ministry of Finance (Federation): Phone: (387 71) 664-102; Fax: (387 71) 664-863  
 Mr. Radomir Salic / Ministry of Finance, Republika Srpska: Phone: (381 71) 786-107; Fax: (381 71) 783-705

# Emergency Public Works and Employment Project

**Project Cost: \$45 million**

**Project Description:** The project is designed to create rapid employment for those unemployed as a result of the war, to rehabilitate small scale public infrastructure and clean up war damaged public property and assets, to reinforce the decision-making role and responsibilities of municipal governments in municipal infrastructure project design and management, and to deliver visible impact at the local level in the immediate post-war period.

**Project Works to Date:** Some 38 projects have been contracted for about \$3 million, creating 6,530 man-months of labor, a high percentage for demobilized soldiers. A further 70 projects are being appraised. Projects include the cleaning of the Parliament building of war damage, the repair of roads in Ljuta and Bosovaca, and repairs of a water system in Kakanj. In Republika Srpska, more than 30 applications have been received are being appraised, with the first projects beginning.

## Project Components

- **Public works:** The project will finance labor-intensive, small-scale public works projects on a demand-driven basis at the municipality level, and will support an estimated 60,000 man-months of employment. Projects will be simple in conception and scope, and require no longer than six months to complete.
- **Institutional support:** The project finances the start-up and operational costs of a *Public Works Department* within the Employment and Training Foundations, in both the Federation and the Republika Srpska. These Foundations will provide financing for: (a) staff salaries, vehicles, office equipment and operating expenses; (b) technical assistance; and (c) training, including study trips abroad for staff to visit similar public works projects to learn from their experiences.

### Project Financing (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Public Works Fund	41.4	10.4	31.0	75%
Institutional Support	3.6	3.6	0.0	0%
<b>Total</b>	<b>45.0</b>	<b>14.0</b>	<b>31.0</b>	<b>69%</b>

### Implementation arrangements:

- The Federation and the Republika Srpska ETFs, established as autonomous, non-profit agencies, have overall responsibility for project implementation. The ETFs have Boards of Trustees composed of representatives from relevant ministries and institutions, including the Ministries of Finance, Physical Planning, and Social Affairs and Refugees, as well as from the Employment Institutes and the Chambers of Commerce.
- The World Bank approved a credit of \$10 million in support of the project on July 30, 1996. Other donors include Norway.

**For Further Information:** Contact Ms. Sarah Forster / Task Team Leader: Phone: (387 71) 440-293; Fax: (387 71) 440-108; email: sforster@worldbank.org  
**For Procurement Information:** Contact Mr. Fejsal Kirlic/ PIU Director (Federation): Phone: (387 71) 665-225  
 Mr. Srcko Bugonovic / PIU Director (Republika Srpska): Phone: (381 71) 36-472

# Emergency Industrial Re-Start Guarantee Project

**Project Cost:** \$50 million

**Project Description:** By providing foreign companies a guarantee against political and war risk in Bosnia, the project would allow foreign companies, contractors, suppliers and banks to re-establish links with Bosnia's viable industrial and commercial enterprises. In doing so, the project would also improve the environment for private sector development and foreign direct investment in Bosnia generally, by enabling the foreign private sector to identify and channel its resources to commercially viable Bosnian enterprises and transactions. The project is intended to benefit enterprises throughout the Federation and the Republika Srpska.

**Project Works to Date:** The Government has established the Investment Guarantee Agency (IGA), which will issue the political risk guarantees. Selection of IGA's agent bank has been made. Extensive marketing work among local and foreign enterprises is underway. IGA is ready to receive applications from prospective guarantee holders. It is expected that the first guarantees could be issued by the end of 1996.

## Project Components

The Investment Guarantee Agency (IGA) would issue guarantees against political and war risk to foreign entities who provide working capital or finance for small investments, in kind or in cash, to Bosnian enterprises. The guarantees would be accompanied by an irrevocable standby letter of credit from a major international bank. Transactions would have to meet the following eligibility criteria:

- **Basic structure:** A foreign trading company, input supply company, or commercial bank would provide financing for working capital inputs for a local Bosnian enterprise. The parties to the transaction would be free to determine their own commercial arrangements without interference from the World Bank or the Government, provided the inputs would be used for investment or to produce exports, and that the transaction did not involve tobacco products, weapons, illegal drugs, or spiritous liquor.
- **Eligible local enterprises:** All corporatized enterprises in Bosnia and Herzegovina would be eligible, provided that the foreign financier of the transaction would be prepared to bear the performance risk of doing business with that enterprise.
- **Timeline:** The tenor of transactions could be up to three years.

### Project Financing (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Emergency Industrial Re-Start Guarantee Project	50.0	18.5	31.5	63%

Note: Total financing identified includes a proposed credit of \$10 million from the World Bank, subject to approval by its Board of Directors. Donors interested in co-financing this project may note that funding for this guarantee project does not need to be paid- s cash, but can be paid as a promissory note, under which cash is made available if the guarantee is called. Guarantees would be provided in Deutsche mark.

### Implementation arrangements:

- The Investment Guarantee Agency (IGA) has been established to implement the project, with its Supervisory Board composed of representatives from the State Ministry of Finance, the State Ministry of Trade and Communications, the National Bank, the Federation Ministry of Finance, the Federation Ministry of Industry and Energy, the Ministry of Finance of the Republika Srpska, the Ministry of Industry of the Republika Srpska, and the Chambers of Commerce of Sarajevo, Banja Luka and Mostar.
- The World Bank approved a credit of \$10 million in support of the project on December 13, 1996. Other donors include Switzerland and Sweden.

**For Further Information:** Contact Mr. Peter Glenshaw / Task Team Leader: Phone: (202) 473-2426, Fax: (202) 477-6619; email: pglenshaw@worldbank.org  
 Mr. Onno Ruhl / Guarantee Specialist: Phone: (202) 458-9119, Fax: (202) 477-1523; email: oruhl@worldbank.org

**For Procurement Information:** Contact Ms. Larnija Kozaric / IGA Director Phone: (387 71) 532-749; Fax: (387 88) 317-749

# Essential Hospital Services Project

**Project Cost: \$33.6 million**

**Project Description:** The project is designed to support the strategies of the Ministry of Health for the medium-term to develop a modern, cost-effective and fiscally sustainable hospital network. The project would: (a) strengthen essential hospital services, focusing on the most needy segments of the population; and (b) establish and support the initial steps in health financing reforms.

**Project Works to Date:** A Project Implementation Unit (PIU) has been established at the Federation level, and a corresponding unit is in the process of being established within the Republika Srpska. Identification of hospitals and clinical centers in the Federation and Republika Srpska to benefit from the project, as well as needed medical equipment and supplies, has been completed.

## *Project Components*

- **Physical rehabilitation and reconstruction of essential hospital facilities:** This component will support the needed civil works to restore to adequate operational conditions a network of eight cantonal hospitals throughout the Federation and the Institute of Public Health in Banja Luka, Republika Srpska. Repairs and reconstruction would focus on the priority structural, electrical, mechanical, and heating systems for: (i) laundry, kitchen, and sterilization; (ii) accident and emergency services; (iii) diagnostic services; (iv) operating theaters for general surgery, obstetrics and gynecology; (v) internal medicine; and (vi) neonatal intensive care units.
- **Medical equipment and supplies:** This component will provide the selected hospital facilities with their most urgent needs in diagnostic and therapeutic equipment, as well as securing, for the duration of the project, an adequate supply of essential medical supplies.
- **Upgrading of clinical skills and practices:** This component will provide technical assistance, training and equipment in support of: (i) the adaptation, production and dissemination of diagnostic and therapeutic protocols for essential clinical interventions of known cost-effectiveness; and (ii) in-service training for physicians, nurses, midwives, and diagnostic and laboratory technologists.
- **Health financing reform and support to its implementation:** To restore an adequate and stable national financing system for the entire health sector in general, and the hospitals in particular, this component would support technical assistance, training, office equipment, limited civil works and operational expenditures for: (i) the development of a new health financing system; (ii) support to the institutions in charge of implementing the new system; and (iii) the development and implementation of an initial simplified phase of an automated management information system.
- **Project implementation support:** This component would support all needed investments, as well as incremental recurrent expenditures for two years of operation.

## **Project Financing** (US\$ millions)

	<b>Financing requirement</b>
Structural Rehabilitation	10.7
Medical Equipment	13.6
Clinical Skills and Training	1.8
Health Finance	5.9
Project Management	1.5
<b>Total Financing Required</b>	<b>33.5</b>
<b>Total Financing Identified</b>	<b>21.4</b>
<b>Financing Gap</b>	<b>12.1</b>
<b>Financing Gap (% of total)</b>	<b>36%</b>

Note. Financing needs exist for all components of the project. Donors interested in supporting any of these components should contact the task team leader, listed below. Financing identified includes a proposed credit of \$15 million from the World Bank, subject to approval by its Board of Directors.

## **Implementation arrangements:**

- The project would be implemented by the Federation Ministry of Health and the Republika Srpska Ministry of Health, in close coordination and collaboration with the related health authorities at the Federation and local levels. A Project Implementation Unit (PIU) has already been established in the Federation MOH, and a separate PIU is being established in the Republika Srpska MOH for the RS portion of the project.
- The World Bank approved a credit of \$15 million in support of the project on December 13, 1996. Other donors include Italy and Greece.

**For Further Information:** Contact **Mr. Olusoji Adeyi** / Task Team Leader: Phone: (202) 458-5835; Fax: (202) 477-0288; email: oadeyi@worldbank.org  
**For Procurement Information:** Contact **Mr. A. Lovrinevic** / PIU (Federation): Phone: (387 71) 663-701; Fax: (387 71) 618-735  
**Mr. Milorad Balaban** / PIU (Republika Srpska) Phone: (381 71) 783-260; Fax: (381 71) 783-260

## Bosnia Enterprise Fund (IFC)

**Project Cost: \$21.2 million**

**Project Description:** The project consists of the establishment of a venture capital fund to provide equity capital, and related technical assistance, to small- and medium-sized private firms in Bosnia and Herzegovina (BH).

**Project Works to Date:** A prospectus has been issued to prospective investors. The Fund manager is in the process of identifying prospective investments, both local, and with joint venture partners. Capital commitments of some \$8 million equivalent have been received to date, from the Austrian Government, the Dutch FMO (Financieringsmaatschappij Ontwikkelingslanden), the Swede Fund, two private banks in Bosnia and Austria and the IFC. A \$5 million equivalent commitment by the EBRD is being considered.

### *Project Components*

**A. Equity investment in BH companies (US\$20 million)**

- The Fund is the first vehicle of its kind dedicated to investment in BH and will be an important source of equity capital for BH's emerging private sector. By providing badly-needed equity to local enterprises, the Fund would complement the credit facilities that have been made available by donors.
- The Fund will finance the creation, modernization, expansion or restructuring of enterprises, and will invest in small- and medium- sized private enterprises (not more than 49% directly or indirectly owned by the Government), or in public sector enterprises which are implementing a program to achieve private ownership and control. The Fund will invest in local companies and in joint ventures.

**B. Technical assistance (US\$1.2million)**

- The Fund would provide marketing, finance and technical assistance to the companies in which it invests. Grant financing is being sought: (i) to finance consultants to supplement the capabilities of the Fund Manager in undertaking financial, technical and environmental assessments; and (ii) in addition, since management fees are charged as a percent of committed capital, at the moment capital commitments are insufficient to cover operating costs. Until the investment financing gap is filled, some grant resources could be used to cover the shortfall in the management fee. This would enable the Fund to begin operations immediately.

### **Project Financing** (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Investment Capital	20.0	14.0	6.0	30%
Technical Assistance Grants	1.2	0.0	1.2	100%
<b>Total</b>	<b>21.2</b>	<b>14.0</b>	<b>7.2</b>	<b>34%</b>

**Implementation arrangements:**

- The Fund will be managed by Horizonte Venture Management, an Austrian firm with proven capabilities and experience in the region. Horizonte will establish and staff an office in BH to manage the Fund, and will train local staff on site and in Vienna. IFC and EBRD will each have the option of being represented on the Investment Committee of the Fund. General shareholder meetings will be held twice yearly
- IFC's investment in the Fund was approved by IFC's Board of Directors on September 19, 1996.

**For Further Information:** Contact **Mr. Shamsheer G. Singh**, Senior Investment Officer Phone (202) 473-2702, Fax (202) 676-0382, email. [ssingh@ifc.org](mailto:ssingh@ifc.org)

## Emergency Microbusiness/Local Initiatives Project

**Project Cost: \$18 million**

**Project Description:** The project is designed to: (a) assist economically disadvantaged groups, persons, and microentrepreneurs who do not have access to loans from commercial financial institutions, including: displaced persons (especially war widows, war victims, and returnees), small farmers and rural unemployed, and urban unemployed (especially demobilized soldiers), so that they may restart economic activities and make the transition from reliance on social assistance to active employment through small subloans for income-generating activities; (b) establish a framework for the development of sustainable microcredit delivery services; and (c) provide feedback to the Government and support improvement of the business environment for the start-up and expansion of self-employment and micro and small business.

**Project Works to Date:** Pilot microcredit schemes with three NGOs in Tuzla have been ongoing since February, and with financial support from the U.N. High Commissioner for Refugees (UNHCR), the pilot program was expanded to Bihac, Gorazde, Mostar and Sarajevo. By the end of 1996, it is projected that some 400 loans will have been disbursed for a total value of approximately \$800,000. The Local Initiatives Department of the Employment and Training Foundation, the implementing agency for the project, is preparing for full-scale operations in December by putting in place operational systems and procedures.

### *Project Components*

- **Microcredit programs:** About 10,000 small loans would be provided for income-generating activities and microbusinesses for displaced persons and returnees, especially war widows; small farmers and rural unemployed and microentrepreneurs; and urban unemployed and microentrepreneurs, especially demobilized soldiers.
- **Microfinance capacity building:** The project would finance technical assistance and training to develop successful microcredit programs that can be sustainable over the long term, including: (a) expert microfinance advice to participating service providers; (b) development and refining of project operation procedures; (c) setting up of project financial controls; (d) establishment of a management information system for project monitoring; (e) establishment of a system for reviewing and monitoring the business environment and providing input for government policy reform; and (f) provision of assistance with specific microbusiness marketing problems.
- **Project management:** The project would finance the establishment and operational costs of the Local Initiatives Departments in the Employment and Training Foundations, which would manage the project and be responsible for selecting, supporting, and monitoring microcredit programs.

### **Project Financing** (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
Microcredit Programs	15.1	9.2	6.0	39%
Microfinance / Capacity Building	1.5	0.4	1.1	73%
Project Management	1.4	0.8	0.6	44%
<b>Total</b>	<b>18.0</b>	<b>10.3</b>	<b>7.7</b>	<b>43%</b>

Note: Total financing identified includes a proposed credit of \$7 million from the World Bank, subject to approval by its Board of Directors.

### *Implementation arrangements:*

- During a start-up phase, the project would finance microcredit programs that test different ways of rapidly promoting income-generating activities among different segments of the population. At the end of the start-up phase, "best practices" will be selected by a project review group (consisting of the ETF Local Initiatives Department and the World Bank), and strict rules of subproject eligibility would be applied.
- The World Bank approved a credit of \$7 million in support of the project on December 13, 1996. Other donors include Italy.

**For Further Information:** Contact Ms. Sarah Forster / Task Team Leader: Phone: (387 71) 440-293; Fax: (387 71) 440-108, email: sforster@worldbank.org  
**For Procurement Information:** Contact Mr. Angel Pesevski / Deputy PIU Director (Federation): Phone: (387 71) 670-557; Fax: (387 71) 484-473  
 Dr. Milorad Balaban / PIU Director (Republika Srpska): Phone: (387 71) 783-260; Fax: (387 71) 763-260

## Microfinance Bank of Bosnia and Herzegovina (IFC)

**Project Cost: \$7.6 million**

**Project Description:** The project will establish a financial institution (MicroEnterprise Bank of Bosnia and Herzegovina), specializing in microfinance lending. The commercial orientation of the bank, and its initial capitalization, are designed to achieve over a short period of time a satisfactory level of profitability and self-sustainability in order to make a significant on-going development impact. The bank will extend microcredit on commercial terms, and interest rates will be set at a level to recover the full cost of funds plus operating costs and a margin for profit and provisions.

**Project Works to Date:** A feasibility study has been completed. Discussions have been held with potential local and foreign shareholders and foreign donors, as well as with the Government.

### *Project Components*

- **On-lending funds:** The project will establish a financial institution and provide equity capital and loanable funds which the bank will use to on-lend almost \$6 million to micro and small enterprises in Bosnia and Herzegovina in the first two years of operations. The size of the loans will be considerably smaller than those that the formal banking sector institutions currently provide in Bosnia and Herzegovina. The lending methodology will also be different from that of regular commercial banks. Creditworthiness of clients will be based on cashflow estimates and loan size/maturity on the basis of the resulting debt repayment capacity, not on the basis of collateral.
- **Technical assistance:** The project will finance the managerial and technical support that the bank needs during the first two years of operations as well as the costs of staff training and equipment. Key areas which will require support will include putting in place the organizational structure of the company, building up the credit department, and implementing a system for efficient credit extension and monitoring.

### Project Financing (US\$ millions)

	Financing requirement	Financing identified	Financing Gap US\$ million	% of total
On-lending funds	6.0	2.0	4.0	67%
Tech. Assistance	1.6	0.6	1.0	63%
<b>Total</b>	<b>7.6</b>	<b>2.6</b>	<b>5.0</b>	<b>66%</b>

Note: Total financing available includes a proposed equity investment by the IFC of \$667,000 in the share capital of the new Bank, subject to approval by its Board of Directors.

### *Implementation arrangements:*

- The bank will be managed on a day-to-day basis by International Project Consult (IPC), an internationally recognized management services advisory firm and a leader in the microfinance field, which will take a minority equity stake in the bank. IPC and the other shareholders, IFC, EBRD and the local financial institution will be represented on the Board of Directors who will meet quarterly and decide on strategic corporate matters and provide general corporate oversight. The General Assembly of shareholders will be responsible for approving the bank's annual accounts, appointing the Board of Directors, and deciding on key corporate matters.
- The project is expected to be presented to the IFC's Board of Directors for approval of an equity investment by IFC of US\$ 667,000 in the share capital of the new bank in December 1996/January 1997

**For Further Information:** Contact Mr. Alain Soulard / Principal Investment Officer: Phone (202) 473-6143; Fax: (202) 676-0704; email [asoulard@ifc.org](mailto:asoulard@ifc.org)

## Bosnia and Herzegovina Sponsorship Trust Fund (MIGA)

**Project Cost:** To be determined

**Project Description:** The proposed Sponsorship Trust Fund is designed to encourage the flow of foreign direct investment in Bosnia to contribute to its economic development and recovery. By providing foreign investors a guarantee against political risk, the Fund would allow foreign nationals to establish businesses in Bosnia and Herzegovina, and to contribute to Bosnia's need for employment creation, technology transfer, and export generation. Foreign investments in both the Federation and the Republika Srpska would be eligible for guarantees under the Fund.

**Project Works to Date:** The creation of the Sponsorship Trust Fund is now under preparation.

### *Project Components*

- **Design:** The Fund would operate as a Sponsorship Trust Fund. The Fund's capital base would be made up of cash contributions or promissory notes from sponsoring countries, and would be held and administered in the joint account of sponsoring members. MIGA would issue contracts of guarantee on behalf of the Fund, evaluate investor claims, administer payment of those deemed valid, and exercise recovery actions as subrogee to the rights of the investor.
- **Sponsors:** Sponsors would be MIGA member countries interested in contributing to the Fund. Multilateral or other organizations could lend or make grants to Bosnia and Herzegovina to become a sponsor.
- **Eligible investors:** Guarantees could be issued to any private company from a sponsor country making a new investment in Bosnia and Herzegovina.
- **Eligible investments:** To promote the economic growth and development of Bosnia, eligible investment projects would be new and financially, economically, and environmentally sound, and would contribute to Bosnia's needs in employment generation, technology transfer, and export generation.
- **Contracts of guarantee:** Coverage would be provided by the Fund through MIGA's Contract and General Conditions of Guarantee.
- **Covered risk:** Risks covered under the proposed project would include war and civil disturbance, expropriation, breach of contract, non-convertibility of local currency, and non-transfer.
- **Fees and premiums:** MIGA would receive a fee to cover administration costs including those of recovery claims, if any. Premiums would be paid annually by investors and deposited into the Fund account.
- **Claims:** MIGA would pay claims on behalf of the Fund from the monies therein if the loss is covered under the terms of the contract. Any recovery obtained would be deposited into the Fund.
- **Liquidation of the fund:** The Fund would be liquidated on a date agreed upon by the sponsors.

### *Implementation arrangements:*

- Key elements in the establishment of the Fund include conclusion of a framework agreement among the various parties (the Government of Bosnia and Herzegovina, sponsors interested in contributing to the Fund, and MIGA as Fund administrator).
- The Sponsorship Trust Fund will be ready to issue guarantees upon conclusion of discussions with the Government and potential sponsors.

**For Further Information:** Contact Ms. Alev Bilgen / Senior Counsel, MIGA: Phone: (202) 473-6831; Fax: (202) 522-2640, email: [abilgen@miga.org](mailto:abilgen@miga.org)

# Emergency Wood Supply and Forest Management Project

**Project Cost: \$35 million**

**Project Description:** The project is designed to: jump-start the forestry and wood processing sectors in Bosnia and Herzegovina, by providing wood raw-material from rich forest resources to wood industries largely intact despite the war. The project will help meet an urgent demand for reconstruction material, rapidly increasing employment in rural areas hit by the war and where there are limited other employment opportunities. The project would support both the Federation and the Republika Srpska.

**Project Works to Date:** A Project Implementation Unit (PIU) has been established within the Federation to coordinate implementation of all activities in the Federation, and the establishment of a similar implementing unit in the Republika Srpska is in preparation. Planned activities under the *Emergency Wood Supply and Forest Management Project* include rehabilitation of harvesting capacity and support to forest management, necessary to resume sustained management of forest resources.

## *Project Components*

- **Rehabilitation of harvesting capacity:** This component would provide equipment in order to restore in part the harvesting capacity in 30 state forest enterprises (SFEs) in the Federation and 20 SFEs in the Republika Srpska. The project would fund: (i) harvesting and transport equipment, including chainsaws, articulated skidders, and trucks specialized for log transport; (ii) road maintenance equipment to repair and maintain some 1,500 kilometers of existing forest roads; and (iii) other forestry equipment, including nursery equipment, vehicles for surveillance and personnel transport, and telecommunications equipment.
- **Support to forest management:** This component would provide the immediate support necessary to resume sustained management of forest resources, funding: (i) an emergency assessment of forest cover to assess war damage on forest; (ii) the equipment and training needed to resume forest management planning; (iii) limited rehabilitation of damaged forests through reforestation; (iv) the equipment needed to make the forest inspection service operational again; (v) the equipment and training needed to resume protection of the Sutjeska National Park in the Republika Srpska, and surveys to develop protected areas in the Federation; and (vi) project management.

## **Project Financing**

*(US\$ millions)*

	Financing requirement
<b>Rehab Harvesting Capacity</b>	<b>31.0</b>
Wood Harvesting and Transport Equipment	19.0
Road Maintenance Equipment	6.0
Other Forestry Equipment	6.0
<b>Support to Forest Management</b>	<b>4.0</b>
<b>Total Financing Required</b>	<b>35.0</b>
<b>Total Financing Identified*</b>	<b>7.0</b>
<b>Financing Gap</b>	<b>28.0</b>
<b>Financing Gap (% of total)</b>	<b>80%</b>

Note: Financing needs exist for all components of the project. Donors interested in supporting any of these components should contact the task team leader, listed below. Financing identified includes a proposed credit of \$7 million from the World Bank (not yet assigned to sub-components) subject to approval by its Board of Directors.

### *Implementation arrangements:*

- Project Implementation Units (PIUs) in the Federation Ministry of Agriculture, Water Resources and Forestry (MAWF) and the Republika Srpska Ministry of Agriculture, Forestry and Water Resources (MAFW) would have overall responsibility and direct authority over project implementation in the Federation and Republika Srpska, respectively.
- The project is expected to be presented to the World Bank Board of Directors for approval of a credit of \$7 million in early 1997.

**For Further Information:** Contact Mr. Francois Wencelius/ Task Team Leader Phone: (202) 473-1172; Fax: (202) 477-0816; email: fwencelius@worldbank.org  
 Mr. Michael Koch / In-Country Task Leader Phone: (387 71) 440-293; Fax: (387 71) 440-108; email: mkoch@worldbank.org  
**For Procurement Information:** Contact Dr. Faruk Mekic / PIU Director (Federation) Phone: (387 71) 666-538; Fax: (387 71) 666-540

## Education Reconstruction Project II

**Project Cost: \$60 million**

**Project Description:** In continuation of reconstruction efforts started under the Emergency Education Reconstruction Project (see page 10), this project provides for: the reconstruction of war-damaged schools; emergency delivery of textbooks and other education materials; support for teacher education; and, support for remedial education for children whose education was disrupted by the war. The project is modular in nature. If additional co-financing is mobilized, the project may increase in geographic scope to provide for reconstruction and rehabilitation of schools throughout Bosnia and Herzegovina.

**Project Works to Date:** Activities planned for 1997 under the project include rehabilitation of schools, provision of books and education materials, tutoring services for students with educations disrupted during the war, and assistance in rebuilding the teaching force in Bosnia.

### *Project Components*

- **School rehabilitation:** To provide for the continued replacement and refurbishment of war-damaged primary schools, as well as a limited number of war-damaged general secondary schools; and to provide for the replacement of school furniture.
- **Books and educational materials:** To provide for the printing and distribution of textbooks and supplementary reading materials for libraries, as well as the delivery of basic educational materials and equipment to primary and secondary schools throughout the Federation and Republika Srpska.
- **Rebuilding of the teaching force:** To provide for activities designed to upgrade the skills of unqualified teachers and to attract and reintegrate qualified Bosnian teachers who are abroad or soon to be demobilized.
- **Student recovery:** To support remedial and higher-level tutoring to help students whose education was interrupted by the war catch up to their peers in reading, writing, math and basic sciences.

### **Project Financing**

*(US\$ millions)*

	<b>Financing requirement</b>
School Rehabilitation	40.0
Books/Educational Materials	10.0
Teaching Force Rebuilding	5.0
Student Recovery	5.0
<b>Total Financing Required</b>	<b>60.0</b>
<b>Total Financing Identified</b>	<b>20.0</b>
<b>Financing Gap</b>	<b>40.0</b>
<b>Financing Gap (as % of total)</b>	<b>67%</b>

Note. Financing needs exist for all components of the project. Donors interested in supporting any of these components should contact the task team leader, listed below. Financing identified includes a proposed credit of \$20 million from the World Bank (not yet assigned to sub-components), subject to approval by its Board of Directors.

### *Implementation arrangements:*

- Project implementation is to be managed by the established Project Implementation Units (PIUs) within the respective Ministries of Education of the Federation and the Republika Srpska.
- The project is expected to be presented to the World Bank Board of Directors for approval of a credit of \$20 million in early 1997.

**For Further Information:** Contact **Mr. Michael Mertaugh** / Task Team Leader: Phone (202) 473-3244, Fax: (202) 477-0288; email: mmertaugh@worldbank.org  
**Ms. Ilona Szemzo** / In-Country Task Leader. Phone (387 71) 440-293; Fax (387 71) 440-108; email: iszemzo@worldbank.org

**For Procurement Information:** Contact **Mr. Azra Jaganjac** / PIU Director (Federation): Phone (387 71) 471-767, Fax (387 71) 477-761 (Does not speak English)  
**Mr. Radomir Salic** / Assistant Minister of Finance, Republika Srpska: Phone (381 71) 786-107; Fax (381 71) 783-705

# Transport Reconstruction Project II

**Project Cost: \$175 million**

**Project Description:** This project provides support for the reconstruction and rehabilitation of roads, bridges, tunnels, railways, and the urban transit systems throughout the Federation and Republika Srpska, as a complement to the first Emergency Transport Reconstruction Project (see page 8). It also provides equipment and assistance to prepare, implement and maintain the program works. The project is modular in nature. If additional co-financing is mobilized, the project may provide for additional road, rail, bridge, and tunnel reconstruction, as well as supplies for their maintenance, and further works to restore urban transit systems.

**Project Works to Date:** Planned activities in 1997 under the project include the reconstruction of roads, bridges, tunnels, railways, and the urban transit systems throughout the Federation and the Republika Srpska.

## Project Components

- **Roads:** Rehabilitation of the main road networks, and restarting maintenance of major roads.
- **Sava River ports:** Rehabilitation of two ports on the Sava River.
- **Railways:** Restoring the main railway lines and restarting railway traffic.
- **Urban transport:** Rehabilitation of the public transportation systems in the main cities, through the provision of urban transit buses, trams, trolleys, and related equipment.
- **Civil aviation:** Completing the rehabilitation of the Sarajevo Airport, so that it duly fulfills the International Civil Aviation Organization (ICAO) requirements, rehabilitating both the Mostar and Banja Luka Airports for regular civilian traffic, and providing air navigational equipment countrywide to enable safe and secure operations of scheduled aviation services.
- **Mine clearing** of affected sites under reconstruction.
- **Institution building:** Providing consulting services and support to institutions both for project implementation, and for the development of a sustainable transport sector.
- **Technical assistance** for project implementation and project works.

## Project Financing (US\$ millions)

	Financing requirement
Roads, Bridges, Ports	97.0
Sava River Ports	3.0
Railways	40.0
Urban Transport	10.0
Civil Aviation	11.0
Mine Clearing	2.0
Institution Building	4.0
Technical Assistance	8.0
<b>Total Financing Required</b>	<b>175.0</b>
<b>Total Financing Identified</b>	<b>20.0</b>
<b>Financing Gap</b>	<b>155.0</b>
<b>Financing Gap (as % of total)</b>	<b>89%</b>

Note: Continuing financing needs exist for all components of the project. Donors interested in supporting any of these components should contact the task team leader, listed below.  
Financing identified includes a proposed credit of \$20 million from the World Bank (not yet assigned to sub-components), subject to approval by its Board of Directors

## Implementation arrangements:

- The project will be implemented by existing technical organizations (such as the Federal Road Directorate), under the supervision of three project implementation directorates, two of which have already been established (at the State and Federation levels), and the third to be established in the Republika Srpska.
- The project is expected to be presented to the World Bank Board of Directors for approval of a credit of \$20 million in early 1997.

**For Further Information:** Contact Mr. Enn Vasur / Task Team Leader: Phone: (387 71) 440-293; Fax: (387 71) 440-108; email: [evasur@worldbank.org](mailto:evasur@worldbank.org)  
**For Procurement Information:** Contact Mr. Ljubo Provdic / Federation PIU Director: Phone: (387 71) 809-754; Fax: (387 71) 809-754 (Does not speak English)  
 Mr. Kemal Karkin / State PIU Director: Phone: (387 71) 664-831; Fax: (387 71) 655-060 (Does not speak English)

# Emergency Natural Gas System Reconstruction Project

**Project Cost:** \$53.5 million

**Project Description:** The project is aimed at rehabilitating the natural gas system in Bosnia and Herzegovina. It includes works both on the transmission mains and on the distribution network, as well as technical assistance and institutional strengthening. This project would benefit the natural gas systems in both the Federation and the Republika Srpska.

**Project Works to Date:** Activities planned under the *Emergency Natural Gas System Reconstruction Project* include works to restore transmission and distribution, landmine clearing for contaminated areas to be reconstructed, consulting services for a gas supply masterplan, and equipment for institutional support.

## Project Components

- **Transmission:** Including engineering analysis, design and contracting; pipeline reconstruction; valve maintenance; measurement, regulating and metering stations; cathodic protection and spare parts.
- **Distribution:** Including: engineering analysis, design and contracting; measurement reinstallation for large consumers; distribution piping reconstruction; measurement and regulation installations; spare parts and service vehicles; and house installations and appliances.
- **Landmine clearing:** Required for rehabilitation and reconstruction of affected sites.
- **Consulting:** Including consulting services for strategic planning and other technical assistance for master planning and tariff studies.
- **Institutional support:** Including software for billing and finance and other equipment needed for reinstating billing and collection systems in the gas sector.

## Project Financing (US\$ millions)

	Financing requirement
Transmission	9.8
Distribution	37.2
Consulting	0.7
Institutional Support	0.6
Landmine Clearing	0.3
Contingencies (10%)	4.9
<b>Total Financing Required</b>	<b>53.5</b>
<b>Total Financing Identified</b>	<b>20.0</b>
<b>Financing Gap</b>	<b>33.5</b>
<b>Financing Gap (% of total)</b>	<b>63%</b>

Note: Financing needs exist for all components of the project. Donors interested in supporting any of these components should contact the task team leader, listed below. Financing identified includes a proposed credit of \$20 million from the World Bank (not yet assigned to sub-components) subject to approval by its Board of Directors.

### *Implementation arrangements:*

- In the Federation, the project would be implemented by SarajevoGas, the public enterprise responsible for the gas system, with the support of foreign experts and procurement agents. Implementation in the Republika Srpska will be managed by the gas enterprise of RS.
- The project is expected to be presented to the World Bank Board of Directors for approval of a credit of \$20 million in spring 1997.

**For Further Information:** Contact Mr. Henk Busz/ Task Team Leader: Phone: (202) 473-2686; Fax: (202) 477-0069, email: hbusz@worldbank.org

# Republika Srpska Reconstruction Assistance Project

**Project Cost: \$60 million**

**Project Description:** The Republika Srpska Reconstruction Assistance Project is the first Bank-supported project which is entirely devoted to the Republika Srpska. It aims to further promote economic recovery and growth, with a focus on key aspects of trade policy. Other objectives are to support the linkage and reintegration of infrastructure facilities between the Entities, and to assist Republika Srpska to recover from the effects of the recent hostilities and international embargo. The project will finance the import of farm machinery and livestock, repairs to public apartment buildings, the import of key road maintenance equipment and spare parts, repairs to water supply and sewerage systems, and the import of critical parts to restore electric power supply. It will also provide technical assistance in trade policy reform to support economic growth.

**Project Works to Date:** Identification of investment needs and imports in Republika Srpska, as well as identification of counterparts are underway. Surveys are being carried out by the municipalities to specify the most urgent needs for reconstruction investments. Studies have been launched regarding trade issues and trade policy reform.

## Project Components

- **Agriculture:** Import of small agricultural tractors suitable to the needs of private individual small-holder farmers, as well as purchase of cattle. Farmers will purchase these items against signature of supply and credit agreements. Eligibility criteria for farmers have been developed, and final farmer selection will be carried out by municipalities.
- **Transport:** Since a second transport reconstruction project is under consideration for support by the Bank, the Republika Srpska Reconstruction Assistance Project would provide parallel support for the import of key road maintenance equipment and spare parts.
- **Housing:** Repairs to public-owned social housing which suffered war-related damage. Civil works will include weather-proofing of buildings through repairs of common elements, such as roofs, staircases, windows, and water/ sewerage and heating systems. Cost recovery will be achieved through rental charges collected by the municipal owners of the buildings.
- **Energy:** Import and installation of critical components and parts to restore the capacity of Republika Srpska for power generation, transmission and distribution.
- **Water:** Repairs and related import of equipment to restore and improve water supply and sewerage services in selected war-affected municipalities within Republika Srpska. Cost recovery will be achieved through adequate levels of water charges set by the municipal water utilities.
- **Implementation support:** Financing of domestic and expatriate experts to develop recommendations for trade policy reform, and to facilitate the swift and efficient implementation of the project.

## Project Financing (US\$ millions)

	Financing requirement
Agriculture	10.0
Transport	10.0
Housing	12.0
Energy	15.0
Water	10.0
Implementation Support	3.0
<b>Total Financing Required</b>	<b>60.0</b>
<b>Total Financing Identified</b>	<b>18.0</b>
<b>Financing Gap</b>	<b>42.0</b>
<b>Financing Gap (as % of total)</b>	<b>70%</b>

Note: Financing needs exist for all components of the project. Donors interested in supporting any of these components should contact the task team leader, listed below. Financing identified includes a proposed credit of \$18 million from the World Bank, subject to approval by its Board of Directors.

### **Implementation arrangements:**

- The project will be implemented under the direction of the Ministry of Finance of Republika Srpska, in close cooperation with other sectoral ministries concerned. Municipalities will be involved to: identify eligible farmers to obtain farm equipment and livestock; prepare designs for and supervise public housing repairs; and oversee repairs to municipal water supply systems. The public utility in charge of electric energy and the roads directorate of Republika Srpska will be involved in implementation of their respective components. The project is designed as a quick-impact operation.
- The project is expected to be presented to the World Bank Board of Directors for approval of a credit of \$18 million in spring 1997.

**For Further Information:** Contact Mr. Michael Koch / Task Team Leader: Phone: (387-71) 440-293; Fax: (387 71) 440-108, email: mkoch@worldbank.org

## Government Services Credit

**Project Cost: \$45 million**

**Project Description:** The project is designed to support fiscal and institutional capacity development in the State and Entity governments by: providing for repair of legislative and government buildings and related infrastructure; supporting the development of coordinating mechanisms, policies, procedures and standards at the State and Entity levels for the administration of customs and taxes; and supporting the preparation of local government budgets which would identify expenditure responsibilities and revenue assignments, and would ensure the more stable and effective delivery of public services.

**Project Works to Date:** Discussions with the Government and identification of counterparts for implementation are underway.

### *Project Components*

- **Public buildings repair and related rehabilitation:** The project will finance the repair of legislative and government buildings damaged during the war, as well as the repair of related infrastructure.
- **Customs and tax administration support:** At the State level, the project will develop coordination mechanisms between the Federation and Republika Srpska, which will ensure that policies are harmonized across Bosnia and Herzegovina. At the Entity level, the project will support the institutional development of the Tax and Customs Administrations of each Entity.
- **Entity and local governments:** The project will support the preparation of budgets and of budget legislation that identifies expenditure responsibilities, revenue assignments and tax administration, and intergovernmental transfers for each level of government; in addition, it will support institutional development to ensure stable and effective debt service mechanisms and more stable, effective and transparent delivery of public services assigned to municipalities, such as education, health, and other important local services.

### **Project Financing** (US\$ millions)

	Financing requirement
Public Buildings repair	15.0
Customs/Tax Administration	10.0
Entity & Local Government	20.0
<b>Total Financing Required</b>	<b>45.0</b>
<b>Total Financing Identified</b>	<b>15.0</b>
<b>Financing Gap</b>	<b>30.0</b>
<b>Financing Gap (as % of total)</b>	<b>67%</b>

Note: Financing identified includes a proposed credit of up to \$15 million from the World Bank (not yet assigned to sub-components), subject to approval by its Board of Directors.

### *Implementation arrangements:*

- Implementation of the project would be the responsibility of the Ministries of Finance of each Entity.
- The program is expected to be presented to the World Bank Board of Directors for approval of a credit of up to \$15 million in spring 1997.

**For Further Information:** Contact Mr. Saumya Mitra / Task Team Leader Phone: (387 71) 440-293; Fax: (387 71) 440-108; email: smitra@worldbank.org

## Public Finance Reform Credit

**Project Cost: \$90 million**

**Project Description:** The proposed credit is intended to support the establishment of appropriate fiscal arrangements between State, Entity, and local governments, and the establishment of external borrowing arrangements, the initiation of tax policy reform, and the initiation of public expenditure reform, in particular pension reform.

**Project Works to Date:** Discussions with the Government and identification of counterparts for implementation are underway.

### *Project Components*

A policy-based operation, the credit will seek to support: (i) fiscal federalism, with assignment of expenditure and tax responsibilities, as well as transfers between the State, the Entities, and local governments, the establishment of clear budget formulation, and execution at these levels; (ii) establishment of external borrowing arrangements, and debt reporting, monitoring and management systems at the State and Entity levels; (iii) establishment of a State escrow account for debt service payments, with agreement on principles, processes, and remedies for non-compliance for transfers from the Entities for this account; (iv) the unification of customs practices and rates; (v) the harmonization of tax policies and rates across the Entities; and (vi) the review of public expenditure reform and reform of the public pension system.

### *Implementation arrangements:*

- Implementation of the policy program will be monitored by a Committee composed of members of the State Board for Economic Recovery. The Committee will have responsibility for monitoring and evaluating progress resulting from various components of the policy program with input from participating ministries and institutions.
- The policy program is expected to be presented to the World Bank Board of Directors for approval of a credit in spring 1997.

## Banking Sector Reform Credit

**Project Cost: \$80 million**

**Project Description:** The proposed project will provide policy design and implementation support as well as technical assistance to establish an enabling environment which promotes a strong and stable banking sector, to provide needed financial intermediation for sustainable economic growth. The project is designed to benefit both Entities.

**Project Works to Date:** Discussions with the Government on the proposed credit, as well as identification of participating counterpart banks are underway.

### *Project Components*

- **Lines of credit:** The project consists of lines of credit to a selected number of banks in the two Entities that meet qualifying conditions related to quality of balance sheet and management of the bank in support of privatization or institutional development programs.
- **Technical assistance:** The credit will provide policy design and implementation support as well as technical assistance: (i) to establish an enabling environment for safe, sound, competitive banking, through harmonized laws and regulations, strengthened supervisory capacity at the Entity level, and a more efficient payments clearance system to link monetary transactions smoothly within and between the Entities; (ii) to establish Entity level institutions in support of bank restructuring and privatization, including an "asset liquidation fund" to take over the bad assets of the banking system with a view to maximizing recovery under market conditions in a strictly limited time period, and a "settlement agency" for handling the frozen foreign exchange deposits of the past in exchange for issuance of privatization certificates; (iii) to develop and implement a bank restructuring and privatization program, through customized twinning and technical assistance and (iv) to establish the conditions for an invigorated private banking system, through reforms, changes in incentives, and conditions for maintaining high liquidity in support of the currency board system.

The credit will be extended to support continuation of reforms of the legal, regulatory, and supervisory framework, within the overall purpose of fostering strong deposit-taking institutions.

### Project Financing (US\$ millions)

	Financing requirement
Banking Sector Reform Credit	80
<b>Total Financing Identified</b>	<b>20</b>
<b>Financing Gap</b>	<b>60</b>
<b>Financing Gap (% of total)</b>	<b>75%</b>

Note: Financing identified includes a proposed credit of \$20 million from the World Bank, subject to approval by its Board of Directors.

### *Implementation arrangements:*

- Implementation of the project will likely be the overall responsibilities of the Ministries of Finance of each Entity.
- The project is expected to be presented to the World Bank Board of Directors for approval of a credit of \$20 million in spring 1997.

# Emergency Telecommunications Rehabilitation Project (EBRD)

**Project Cost:** \$104.6 million

**Project Description:** The program's objectives are: (i) the restoration of disrupted lines, with priority given to emergency, business, and governmental use; (ii) the re-establishment of telecommunications links between all municipalities, including modernization of back-bone transmission infrastructure; (iii) an increase in international capacity (both transmission and switching); and (iv) the establishment of GSM mobile services. The program is designed to be modular in nature. If additional co-financing is mobilized, the program size may increase to include further works to restore the telecommunications sector.

**Project Works to Date:** The technical framework and the damage and needs assessments for the program have been prepared. Reconstruction may begin once network integration and access arrangement agreements are reached among the beneficiary parties in Bosnia.

## *Project Components*

- **Public network system:** Equipment and works for the restoration of services, including switching, fiber-optic and microwave transmission links, satellite links, local networks, public pay phones, installations, spares and associated equipment.
- **GSM mobile telephone system:** Roll-out of a GSM digital mobile network, initially to cover the primary population centers and then expanded as circumstances allow, for use as a short-term "stop-gap" where wireline services are disrupted or inadequate, and as a longer term complement to the fixed network.
- **Technical and economic advisory services:** Technical assistance with: (i) medium-term technical planning, specifically to ensure that restoration and development investments conform to an integrated medium-term technical masterplan; and (ii) the re-establishment and strengthening of the commercial operations of the Bosnian PTTs.
- **Sector policy development advisory services:** Technical assistance for the development of an overall sectoral development plan, specifically with respect to the development of regulatory functions and competition policy that will provide for sustainable recovery and development of the telecommunications sector.

## **Project Financing** (US\$ millions)

	Financing requirement	Financing identified	Financing Gap	
			US\$ million	% of total
<b>Public Network System</b>	60.6	45.0	15.6	26%
Local Networks	12.5	---	---	---
Long Distance Network	13.2	---	---	---
Public Pay Phones	12.2	---	---	---
Power Supplies	7.7	---	---	---
Tools and Instruments	6.7	---	---	---
Maintenance Vehicles	8.3	---	---	---
<b>GSM Mobile Telephone</b>	44.0	5.0	39.0	89%
<b>Total</b>	<b>104.6</b>	<b>50.0</b>	<b>54.6</b>	<b>52%</b>

Note: Total financing identified includes proposed EBRD credits of \$15 million (Public Network System) and \$5 million (GSM Mobile Telephone System), subject to approval by its Board of Directors.

### *Implementation timetable:*

- The Public Network project is expected to be presented to the EBRD's Board of Directors for a credit of up to US\$15 million. Subject to satisfactory arrangements regarding licensing, the EBRD is ready to consider an investment of up to US\$5 million for the GSM mobile project. The balance is expected to be privately financed. Other donors include the EU, Sweden, and the UK.

**For Further Information:** Contact **Mr. Dan Stefanescu** / Task Team Leader: Phone: (44 171) 338-7135; Fax: (44 171) 338-6674;

## **Procurement Under Emergency Projects Financed by the World Bank**

In Bosnia, the World Bank's approach has been to use its resources as "seed capital" to fund emergency projects representing priority needs across a wide range of sectors, in partnership with other donors, to ensure the broadest possible reconstruction impact. As a result, the emergency projects financed by the World Bank also involve multiple sources of financing. This situation implies different procurement methods for each form of co-financing: joint financing, where donors agree to the application of the World Bank procurement guidelines; and parallel financing, where the Bank and the donors agree to apply their respective procurement procedures. In cases where the Bank administers trust funds on behalf of donors, the Bank's procurement guidelines also apply. In all cases, economy, efficiency and transparency in procurement are essential, so that a project is implemented in a timely and cost-effective manner.

**Bosnia's Need for Rapid Response on the Ground.** With the heightened need for speed in implementation of emergency reconstruction projects, the World Bank has introduced streamlined procurement processes within the framework of its normal procurement guidelines, while also incorporating additional safeguards and enhancements to ensure transparency. This flexibility within the normal procurement procedures is designed to reduce the time required for emergency projects to be implemented, since timing is critical. They apply strictly to **emergency projects** financed by the Bank with its own resources, by joint financing, and by Bank-administered donor trust funds.

To support fiscal responsibility and accountability and transparency of procurement practices, the Bosnian authorities have established a **Procurement Monitoring and Auditing Unit (PMAU)** to monitor and audit all procurement activities financed or administered by the World Bank. The PMAU's main function is to ensure that the entire procurement process is being carried out in accordance with the agreed procurement procedures in a transparent, fair, and expedient manner so as to ensure economy and efficiency in project implementation. This unit is supported by foreign audit experts and professionals.

**Procurement Methods Under Emergency Projects<sup>1</sup>:** For goods and works, ***International Competitive Bidding (ICB)*** is being used for contracts large enough to attract international bidders. For other goods contracts, the following procedures have been adopted: ***Limited International Bidding (LIB)*** - for smaller contracts likely to attract a limited number of suppliers or for other reasons that justify departure from ICB; ***International Shopping (IS)*** - requiring at least three quotations from two different countries - for procuring readily available off-the-shelf goods or standard commodities small in value; and ***National Shopping (NS)*** - requiring at least three quotations from local suppliers - for contracts which by their nature or scope are unlikely to attract foreign competition. In all cases, the time frame for submission of bids is reduced to meet the requirement for speedy implementation.

It is important to stress that interested international contractors are **not** excluded from participating in NCB. Tender notices for NCB packages are required to be published in a national newspaper of general circulation and international contractors should access the local

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<sup>1</sup> Note that these guidelines do not necessarily apply to procurement of contracts financed by donors other than the World Bank.

press or their local embassy in Sarajevo to learn about such packages and express their interest in bidding. Generally, pre-qualification is carried out for both ICB and NCB civil works contracts.

## **Announcement of Procurement Notices**

**Information Sources:** ICB contract packages both for goods and works are mandatorily announced in the *General Procurement Notices* in the Development Business published twice a month by the United Nations before a project becomes effective. In addition, for each ICB package, the implementation agency concerned (telephone numbers of Project Implementation Units are given on page 35) is required to publish an individual procurement notice for each ICB tender in a local newspaper of general circulation, and to send a copy thereof to those suppliers and contractors who express their interest in response to the General Procurement Notice. In Bosnia, project implementation agencies are encouraged to send copies of ICB tender notices to the embassies of Bank member countries stationed in Sarajevo.

**Tender notices** for NCB packages are published in a national newspaper of general circulation. Access to the local press enables international contractors for civil works to learn about NCB packages and to consider possibility of either direct participation in competition or to enter into some kind of association (joint venture, subcontracting, etc.) with local contractors (Table 1, on page 34, shows the procurement arrangements for Bank-financed and coordinated projects which have already become effective, or are expected to be approved by the Board shortly). Embassies in Sarajevo may also have this information, which project implementation agencies are encouraged to forward to them.

**Participating in the Reconstruction Effort:** For interested suppliers and contractors it is important to obtain General Procurement Notices as well as to ensure access to the national press. The General Procurement Notices include important information about the Project Implementation Unit (PIU) responsible for the project and its Director, along with his or her address, phone and fax number, so that interested suppliers and contractors can express and register their interest not only in ICB contract packages but also for NCB contract packages. International contractors informing the Project Implementation Unit of an expression of interest for either ICB or NCB packages will be sent copies of relevant pre-qualification/tender notices announcing the availability of pre-qualification or bidding documents. Furthermore, suppliers of equipment informing the Project Implementation Unit about their area of activity improve their chances of being on the short list for an International Shopping package. Table 2 gives the names and phone numbers of the PIU Directors responsible for implementing the Bank-financed and coordinated projects (English language is not always spoken by the Project Implementation Unit Director).

**Donor Coordination:** For information on other reconstruction works in each sector, Table 3 (page 36) gives the names and phone numbers of each Sector Task Force leader. Given the large and diverse amount of reconstruction activities by donors, these sector task forces have been established to coordinate activities within each sector, in order to avoid gaps and overlaps in the reconstruction program, and ensure geographic balance between Entities and within the Federation according to needs.

**Table 1: Procurement Methods for Emergency Projects  
in Bosnia and Herzegovina**

Project Name	ICB	LIB	IS	NCB	NS
Emergency Recovery			X	X	X
Emergency Farm Reconstruction	X	X	X		
Water, Sanitation, Solid Waste Urgent Works	X			X	X
Emergency Transport Reconstruction	X	X <sup>a</sup>	X	X	X
War Victims Rehabilitation			X		X
Emergency Education Reconstruction			X	X	X
Emergency District Heating	X		X <sup>b</sup>	X	X
Emergency Landmine Clearing			X	X	X
Emergency Housing Reconstruction					X
Emergency Electric Power Reconstruction	X	X	X	X	X
Demobilization Support and Reintegration			X		X
Emergency Public Works and Employment					X
Essential Hospital Services		X	X	X	X
Emergency Microbusiness/Local Initiatives					X

*Notes:*

*ICB - International competitive bidding*

*NCB - National competitive bidding*

*LIB - Limited international bidding*

*IS - International Shopping*

*NS - National Shopping*

*a - mine clearing activities*

*b - site preparation activities*

## Table 2: Project Implementation Unit Directors

Project Name	PIU Director/Contact	Phone	Fax
Emergency Recovery	Mr. Munever Imamovic	(387 71) 656-587	(387 71) 656-827
Emergency Farm Reconstruction	Mr. Zahic Causevic *	(387 71) 666-538	(387 71) 666-540
Water, Sanitation, Solid Waste Urgent Works	Mr. Damir Mrden	(387 88) 320-455	(387 88) 315-562
Emergency Transport Reconstruction	Mr. Ljubo Pravdic (Federation) * Mr. Kemal Karkin (State) *	(387 71) 809-754 (387 71) 664-831	(387 71) 809-754 (387 71) 655-060
War Victims Rehabilitation	Mr. Goran Cerkez	(387 71) 663-701	(387 71) 618-735
Emergency Education Reconstruction	Mr. Azra Jaganjac (Federation) * Mr. Radomir Salic (RS)	(387 71) 471-767 (381-71) 786-107	((387 71) 477-761 (381 71) 783-705
Emergency District Heating Reconstruction	Mr. Mirzo Hadzialic (Federation) * Mr. Radomir Salic (RS)	(387 71) 670-533 (381 71) 786-107	(387 71) 670-532 (381 71) 783-705
Emergency Landmine Clearing	Mr. Damir Dakovic (Federation) * Mr. Radomir Salic (RS)	(387 71) 443-340 (381 71) 786-107	(387 71) 443-340 (381 71) 783-705
Emergency Housing Repair and Reconstruction	Mr. Muris Hadzic	(387 71) 663-561	(387 71) 664-293
Emergency Electric Power Reconstruction	Mr. Sabaheta Sadikovic *	(387 71) 652-056	(387 71) 525-236
Demobilization Support and Reintegration	Mr. Pero Bosnic (Federation) Mr. Radomir Salic (RS)	(387 71) 664-102 (381 71) 786-107	(387 71) 664-863 (381 71) 783-705
Emergency Public Works and Employment	Mr. Fejsal Kirlic (Federation) Mr. Srcko Bugonovic (RS)	(387 71) 665-225 (381 71) 36-472	
Emergency Industrial Re-Start Guarantee	Ms. Larnija Kozaric	(387 71) 532-749	(387 88) 317-749
Essential Hospital Services	Dr. A Lovrinevic (Federation) Dr. Milorad Balaban (RS)	(387 71) 663-701 (381 71) 783-260	(387 71) 618-735 (381 71) 783-260
Emergency Microbusiness/Local Initiatives	Mr. Angel Pesevski (Federation) Mr. Srcko Bugonovic (RS)	(387 71) 670-557 (381 71) 36-472	(387 71) 484-473
Emergency Wood Supply / Forest Management	Dr. Faruk Mekic (Federation) *	(387 71) 666-538	(387 71) 666-540
Emergency Education Reconstruction II	Mr. Azra Jaganjac (Federation) * Mr. Radomir Salic: (RS)	(387 71) 471-767 (381-71) 786-107	((387 71) 477-761 (381 71) 783-705
Emergency Transport Reconstruction II	Mr. Ljubo Pravdic (Federation) * Mr. Kemal Karkin (State) *	(387 71) 809-754 (387 71) 664-831	(387 71) 809-754 (387 71) 655-060

\* PIU director does not speak English

In addition to the above sources, further information on procurement may be obtained from:

Mr. Ahmet Gokce  
Procurement Specialist  
The World Bank Resident Mission  
Phone: (387 71) 440-293  
Fax: (397 71) 440-108  
email: agokce@worldbank.org

### Table 3: Sector Task Force Leaders

Sector	Sector Task Force Leader (Organization)	Phone
<b>Water / Waste Management</b>	Mr. Warner Labi (IMG)	(387 71) 666-020
<b>Electric Power and Coal</b>	Mr. Jan Grefhorst (IMG)	(387 71) 666-284
<b>Natural Gas and District Heating</b>	Mr. Anthony James (ODA)	(387 71) 667-959
<b>Transport</b>	Mr. Dino Bicciano (IMG)	(387 71) 660-020
<b>Agriculture / Food Aid</b>	Mr. Michael Koch (World Bank)	(387 71) 440-293
<b>Education / Cultural Facilities</b>	Mr. Colin Kaiser (UNESCO)	(387 71) 670-726
<b>Health / Social Safety Net</b>	Mr. J.M. McGinnis (WHO)	(387 71) 670-838
<b>Housing</b>	Mr. Kevin Mannion (IMG)	(387 71) 666-020
<b>Landmine Clearing</b>	Mr. Martin Barber (United Nations)	(387 71) 454-247
<b>Industry/Finance</b>	Mr. Craig Buck (USAID)	(387 71) 667-900
<b>Employment and Training</b>	Mr. Gareth Howell (ILO)	(387 71) 665-695
<b>Macroeconomic and Structural Issues Task Force</b>	Mr. Saumya Mitra (World Bank) Mr. Alessandro Zanello (IMF)	(387 71) 440-293 (387 71) 668-167