



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/14/2000	
<b>PROJ ID:</b> P008328		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Emergency Reconstruction	<b>Project Costs (US\$M)</b>	205.3	221.7
<b>Country:</b> Croatia	<b>Loan/Credit (US\$M)</b>	128.0	128.0
<b>Sector(s):</b> Other Urban Development	<b>Cofinancing (US\$M)</b>	0.0	0.0
<b>L/C Number:</b> L3760			
	<b>Board Approval (FY)</b>		94
<b>Partners involved :</b>	<b>Closing Date</b>	03/31/1998	12/31/1999
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>

**2. Project Objectives and Components**

**a. Objectives**  
The primary objective of the project was to assist the Government in restoring production levels by easing some of the critical physical constraints caused by war-related damage. To this end, the project was to support the Government in its reconstruction program, focusing on the repair or reconstruction of infrastructure, on the repair or replacement of agricultural assets, and on assisting the reinstatement of displaced families through the repair of damaged housing, schools and health facilities, and local infrastructure networks .

**b. Components**  
(with final costs): (a) Roads - US\$17.4m - replacement of equipment and parts lost in war; (b) Railways - US\$19.8m - parts for locomotives, rolling stock and track maintenance machines and minimum replenishment o depleted stock of railways materials and small tools for track repairs ; (c) Power - US\$70.1m - transmission interconnection in Zadar area and reconstruction of Dubrovnik area network; (d) Water Supply, Sewerage and Flood Control - US\$46.3 m - 20 small-scale projects to repair war damage and repair war damaged flood control embankments and water control structures, monitoring and control systems and construction and maintenance equipment; (e) Community Reconstruction - US\$53.5m - assistance to homeowners in priority communities taht have sustained substantial damage in order to facilitate return, including : financial assistance to homeowners to acquire housing repair materials and services, reconstruction of minimum complement of social infrastructure such as primary schools and health care clinics; and ; (f) Agriculture - US\$14.6 m - rebuilding national herds for milk and meat production, partial replacement of equipment for private farmers; (g) Reconstruction Activities in Additional Areas - US\$0.0m. - some funds set aside for reconstruction in areas where government does not have access,

**c. Comments on Project Cost, Financing and Dates**  
Cost overrun of 8%. Project extended by 21 months. At completion 58% of the project was financed by a fully disbursed bank loan of US\$ 128m. Government counterpart was US\$93.7m. There was no co-financing. The project was approved on 06/21/94.

**3. Achievement of Relevant Objectives:**  
There is no assessment of the main aim of the project, namely restoring production levels. But, project did support the government's reconstruction program, and ICR does not explain how project efforts were relevant to the restoration of economic and social activities. There is little analysis of the operation's contribution to fixing the country's war damage as a whole, or confirmation that the assistance focused upon war -damaged regions.  
Although physical targets are reported as mostly met and sometimes even exceeded within original cost parameters, these targets are enumerated in few cases. Reported outputs by component were: (a) **Roads** - more equipment purchased than planned and contracted prices lower than budgeted; (b) **Railways** - physical targets exceeded; (c) **Power** - re-designed to meet needs of Krajina area newly under Croat control: fully achieved; (d) **Water Supply, Sewerage and Flood Control** - some delays from shifting attention to newly recaptured territory and less attention to flood control, but satisfactory overall; (e) **Community Reconstruction** - although almost fully disbursed, this component helped repair and reconstruct only 3,300 dwelling units, well below the appraisal target of assisting 8,000 households; (f) **Agriculture** - ICR reports physical targets of rebuilding livestock herds were met and cost savings made on equipment purchase; (g) **Reconstruction Activities in Additional Areas** - allocation to Western Slavonia for railways.

The evidence provided does not demonstrate that the principal reconstruction objective of the project was achieved, although some project hardware is likely to have been used for restoring production. Where physical output targets were actually enumerated--Community Reconstruction and Agriculture--both were under-achieved. In sum, it is fair to conclude that the project only partially achieved its objectives .

**4. Significant Outcomes/Impacts:**

Considerable infrastructure and equipment provided and put at the service of post -conflict reconstruction needs .

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

- Doubts about the relevance of provision of (4) above for the country's reconstruction, given lack of detailed knowledge of physical outputs achieved and whether these were applied to war devastated areas or not .
- Inadequate monitoring of project outputs and consequent inability to affirm their contribution toward the project's main objective of restoring production, especially in war -damaged areas.
- Implementation delay of nearly two years of what was intended as an emergency reconstruction operation .
- Cost overruns of US\$ 16.4 m. without evidence of corresponding gains in physical outputs .
- Beyond appraisal estimates, an additional US\$ 41.6 m. procured without competitive bidding, raising concerns about cost and other controls. By closing, 77.1% of project expenditures had been procured without competitive bidding.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Moderately Satisfactory	Project efficiency lessened by cases under-achievement of physical targets, cost overruns and implementation delays . Relevance of emergency achievements undermined by implementation delay of nearly two years. Lack of supporting evidence that main recovery/ reconstruction objective was substantially achieved.
<b>Institutional Dev .:</b>		Modest	
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Unsatisfactory	

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

**7. Lessons of Broad Applicability:**

Lessons highlighted by the ICR, include : (i) The Bank should help mobilize grant financing by donors to provide technical assistance that helps borrowers deal with unavoidably complex emergency operations that address urgent requirements across many sectors; (ii) detailed, transparent and agile procurement arrangements need to be defined up front to ensure a timely response to emergency needs .

Beyond those reported in the ICR, other lessons are : (i) both the borrower and the Bank have to remain continually focused upon original reconstruction and recovery objectives during implementation through to ex -post evaluation; (ii) rigorous monitoring of project outputs is necessary to ensure their efficient use for the recovery and reconstruction purposes of the project; (iii) especially in the context of hastily prepared emergency projects, to put into place a rigorous system of independent auditing to help ensure accountability and cost control; (iv) since monitoring and evaluation systems conceived at appraisal time of emergency projects are unlikely to be ideal, it is important to plan and budget their enhancement and implementation during supervision and completion .

**8. Assessment Recommended?  Yes  No**

**Why?** To verify the reported output achievements of the project, their relevance to the country's reconstruction needs and impact upon restoring production .

**9. Comments on Quality of ICR:**

The ICR did not permit a thorough assessment of the relevance, efficacy and efficiency of project performance in relation to its intended outcome. The report would have done better had it :

- addressed the achievement or otherwise of the original objective (ICR para. 3.1), by evaluating evidence of the restoration of production levels and identifying the contribution of project outputs to that end (the ICR should candidly recognize when such evidence is lacking, drawing an appropriate lesson about such a shortcoming might be averted in future operations).
- provided a rigorous review of performance indicators, where possible with respect to restored output and also with respect to the achievement of physical targets laid out at appraisal (ICR Annex 1 refers only to loan disbursements and does not refer either to project outputs or outcomes) . - the same point about the need for a candid recognition of insufficient evidence applies .

- given a thorough treatment of the transition arrangements (Section 6.2), that are especially important in a context of a shift from post-conflict recovery toward normal development (the ICR notes that such arrangements are "not applicable" to this project). The region has since informed that project operations have been taken on board by regular government entities .
- provided a more in depth discussion of borrower performance, particularly the extraordinary case of a borrower under stress as Croatia was during this period (ICR provides just a few lines of generalities). How the borrower overcame extraordinary obstacles in this case might provide useful lessons to governments managing post-conflict situations elsewhere .
- incorporated meaningful borrower comments, including self evaluation with specific references to outcomes achieved or otherwise (As they stand, ICR's "Partner comments" add very little, nor is the exact source of the report indicated in the ICR).