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The World Bank's Experience with Post-Conflict Reconstruction



ABBREVIATIONS AND ACRONYMS

APL	Adaptable Program Loan	LIL	Learning and Innovation Loan
BiH	Bosnia and Herzegovina	LLC	Learning and Leadership Center
BP	Bank Procedure	MENA	Middle East and North Africa Regional Office
CAS	Country Assistance Strategy	MIGA	Multilateral Investment Guarantee Agency
CG	Consultative Group	MOH	Ministry of Health
CTF	Consultant Trust Fund	NGO	Non-governmental Organization
DAC	Development Assistance Committee (of the OECD)	NURP	Northern Uganda Reconstruction Project
DGF	Development Grant Fund	OECD	Organization for Economic Cooperation and Development
DRF	Debt-Reduction Facility	OED	Operations Evaluation Department
EAP	East Asia and Pacific Regional Office	OD	Operational Directive
ECA	Europe and Central Asia Regional Office	OP	Operational Policy
ED	Executive Director	PCP	Post-Conflict Program
EDI	Economic Development Institute	PCR	Project Completion Report
EDUCO	Community-managed Schools Program (<i>Educación con Participación de la Comunidad</i>)	PHRD	Policy and Human Resources Development Fund
EERC	Emergency Economic Recovery Credit	PIU	Project Implementation Unit
ERC	Economic Rehabilitation Credit	PMU	Project Management Unit
ERL	Emergency Recovery Loan	PPAR	Project Performance Audit Report
ERR Program	Emergency Reconstruction and Rehabilitation Program	PPF	Project Preparation Facility
ERRP	Emergency Reconstruction and Rehabilitation Project	RIL	Rehabilitation Import Loan
ESW	Economic and Sector Work	SAC	Structural Adjustment Credit
EU	European Union	SAL	Structural Adjustment Loan
FAO	UN Food and Agriculture Organization	SAS	South Asia Regional Office
FRM	Resource Mobilization Department	TA	Technical Assistance
GDP	Gross Domestic Product	UN	United Nations
GP	Good Practice	UNDP	UN Development Programme
ICR	Implementation Completion Report	UNHCR	UN High Commissioner for Refugees
IDB	Inter-American Development Bank	UNICEF	UN Children's Fund
IFC	International Finance Corporation	UNOHR	UN Office of the High Representative
ILO	International Labour Organization	UNOPS	UN Operational Services
IMF	International Monetary Fund	USAID	United States Agency for International Development
LAC	Latin America and the Caribbean Regional Office	WHO	World Health Organization



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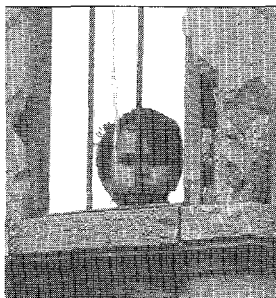
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This report synthesizes the findings of an assessment of the Bank's experience with post-conflict reconstruction. The objective of the assessment is to distill lessons for ongoing and future operations from the Bank's experience in providing assistance for post-conflict reconstruction. In addition to this summary document, outputs of the study include separate volumes of the case studies.

The report has been prepared by a team led by Alcira Kreimer and comprising John Eriksson, Robert Muscat, Margaret Arnold, and Colin Scott. The following consultants contributed to the country case studies: Ann Elwan on Bosnia and Herzegovina; Jose Marques and Mauricio Silva on El Salvador; and Paul Collier and Zerubabel Ojoo on Uganda. Caroline Clarke prepared a review of the portfolio. Gregg Jackson provided assistance on methodological issues and June Taboroff prepared a paper on cultural heritage. William B. Hurlbut provided editorial assistance. Helen Watkins provided administrative assistance.

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FOREWORD

The attached study is based on a review of the Bank's global portfolio; nine country case studies (three field studies and six desk studies); a literature review; and interviews with Bank staff, other donors, international agencies, NGOs, and (for field studies) member governments. The study identifies 18 countries with 157 Bank-supported post-conflict operations representing US\$6.2 billion in lending. It reveals that the Bank has a critical role to play in post-conflict reconstruction. The Bank's use of consultative groups has been particularly effective for mobilizing aid resources, including facilitating the clearing of arrears; seeking a coordinated approach to macroeconomic issues; and providing information on recovery needs and assistance flows. Two other important contributions are to promote aid coordination and, if invited, to advise on the economic development dimensions of peace accord options.

The main recommendation emerging from the study is that the Bank should develop a clear Operational Policy on post-conflict reconstruction assistance using the *Framework for World Bank Involvement in Post-Conflict Reconstruction* as a starting point. The policy should address readiness to provide economic development policy advice during peace negotiations; post-conflict aid coordination; leadership on macroeconomic and external debt issues in collaboration with the IMF and key external donors; definition of priorities in macroeconomic stabilization programs, infrastructure rebuilding, and restoration of

PREFACIO

El estudio que se adjunta está basado en un examen de la cartera del Banco; nueve estudios de casos sobre países (tres estudios sobre el terreno y seis estudios teóricos), un estudio bibliográfico, y entrevistas a funcionarios del Banco, otros donantes, organismos internacionales, organizaciones no gubernamentales y (en el caso de los estudios sobre el terreno) gobiernos de países miembros. En el estudio se identifican 18 países y 157 operaciones sobre situaciones posteriores a un conflicto respaldadas por el Banco mediante préstamos por un total de US\$6.200 millones, lo que indica que la institución cumple una función fundamental en la reconstrucción de posguerra. El recurso del Banco a grupos consultivos ha resultado especialmente eficaz para movilizar recursos de ayuda y facilitar la liquidación de pagos atrasados, para encontrar la forma de coordinar acciones sobre los asuntos macroeconómicos y para suministrar información sobre las necesidades de recuperación y los flujos de asistencia. Otros dos aportes importantes son promover la coordinación de la ayuda y, si se pide asistencia, dar asesoramiento sobre las dimensiones de los acuerdos de paz en términos del desarrollo económico.

La principal recomendación del estudio es que el Banco debería formular una política operacional claramente definida sobre asistencia para la reconstrucción después de los conflictos a partir del documento titulado *Framework for World Bank Involvement in Post-Conflict Reconstruction*. En dicha política se deberían abordar aspectos tales como la preparación para dar asesoría sobre políticas de desarrollo económico durante las negociaciones de paz; coordinación de la ayuda en la etapa posterior a los con-

PRÉFACE

L'étude ci-jointe se fonde sur un examen du portefeuille mondial de la Banque, sur neuf études de cas de pays (trois sur le terrain et six sur dossier), sur une analyse des publications pertinentes, ainsi que sur des entretiens avec des membres du personnel de la Banque, avec d'autres bailleurs de fonds, organismes internationaux, ONG, et, pour les études sur le terrain, avec les gouvernements des pays membres concernés. L'étude recense 18 pays où la Banque apporte son concours à 157 opérations post-conflits, représentant un volume de prêts de 6,2 milliards de dollars. Elle met en lumière le rôle crucial que la Banque peut jouer pour aider les pays à se relever d'un conflit. Les groupes consultatifs organisés par la Banque sont un moyen particulièrement efficace de mobiliser des ressources d'aide, et aussi de faciliter le règlement des arriérés, de définir une approche coordonnée des questions macroéconomiques, et de réunir des informations sur les besoins de reconstruction et les flux d'aide. La Banque peut aussi contribuer utilement à la coordination de l'aide et, si on le lui demande, au stade de la négociation des accords de paix, elle peut dispenser des conseils sur le volet développement économique des options envisagées.

L'étude recommande avant tout que la Banque se dote d'une politique opérationnelle sans ambiguïté sur l'aide à la reconstruction post-conflits, en se fondant sur le « Cadre d'action de la Banque mondiale pour la reconstruction des pays sortant d'un conflit ». Ce nouveau document devrait traiter les questions suivantes : aptitude à fournir des conseils sur la politique de développement économique durant les négociations de paix ; coordination de l'aide post-conflits ; pilotage du traitement des questions relatives à la situation

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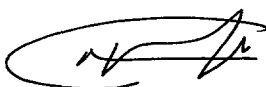
human and social capital; selectivity in macroeconomic and structural policy conditionality; flexibility in programming, design, and implementation; the division of labor between headquarters and field staff; and the importance of monitoring and evaluation.

ESPAÑOL

flictos; liderazgo en cuestiones macroeconómicas y sobre deuda externa, en colaboración con el FMI y donantes externos clave; determinación de prioridades para los programas de estabilización macroeconómica, reconstrucción de infraestructura y restitución del capital humano y social; selectividad en la condicionalidad de política macroeconómica y estructural; flexibilidad en las etapas de programación, diseño y ejecución; división de funciones entre el personal de la sede y el destacado fuera de la sede, y la importancia del seguimiento y la evaluación.

FRANÇAIS

macroéconomique et à l'endettement extérieur, en collaboration avec le FMI et les principaux bailleurs de fonds extérieurs ; hiérarchisation des priorités entre programmes de stabilisation macroéconomique, reconstruction de l'infrastructure et rétablissement du capital humain et des structures sociales ; sélectivité de la conditionnalité en matière de politique macroéconomique et structurelle ; souplesse de la programmation, de la conception et de l'exécution ; division du travail entre le siège et le personnel sur le terrain ; et importance du suivi et de l'évaluation.



Robert Picciotto
Director-General, Operations Evaluation Department

EXECUTIVE SUMMARY

ENGLISH The explosion of civil conflicts in the post-Cold War world has tested the World Bank's ability to address unprecedented devastation of human and social capital.

Since 1980, the volume of Bank lending to post-conflict countries has increased over 800 percent, to US\$6.2 billion, and touched every region and economic sector. This Operations Evaluation Department (OED) assessment of the Bank's post-conflict reconstruction portfolio aims to enhance the institution's ability to respond more effectively and efficiently to the needs of societies rebuilding after conflict. The assessment examines Bank operational policies as they relate to post-conflict reconstruction and calls for a new policy statement that will consolidate, clarify and refine existing policies.

To accomplish its aim the study assesses recent Bank experience in post-conflict reconstruction and extracts lessons for ongoing and future operations. The core of the assessment consists of nine case studies: three chosen for field study (Bosnia and Herzegovina [BiH], El Salvador, and Uganda) and six chosen for desk reviews (Cambodia, Eritrea, Haiti, Lebanon, Rwanda, and Sri Lanka). In all these cases, the Bank played a significant role in attempting to assist with post-conflict reconstruction. They represent diversity in the causes of state failure or collapse as well as in the factors that influence initiation or resumption of Bank operations. The cases also vary in region and phase of Bank assistance.

In conducting the case studies, six key issues were analyzed: (a) the Bank's main strengths or compara-

RESUMEN

ESPAÑOL El estallido de conflictos civiles con posterioridad a la guerra fría ha puesto a prueba la capacidad del Banco Mundial para hacer frente a una devastación sin precedentes en términos de capital humano y social. Desde 1980, el volumen del financiamiento del Banco a los países que salen de un conflicto ha aumentado más del 800%, hasta llegar a US\$6.200 millones, y ha beneficiado a todas las regiones y sectores de la economía. La presente evaluación de la cartera de préstamos del Banco para fines de reconstrucción después de un conflicto preparada por el Departamento de Evaluación de Operaciones (DEO) tiene por objeto aumentar la capacidad de la institución para atender con mayor eficiencia y eficacia a las necesidades de las sociedades que han iniciado el proceso de reconstrucción tras un conflicto. En la evaluación se pasa revista a las políticas operacionales del Banco relacionadas con la reconstrucción después de los conflictos y se propugna una nueva declaración de políticas que consolide, aclare y perfeccione las políticas vigentes.

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Para lograr los objetivos señalados, en el estudio se evalúa la experiencia reciente del Banco en materia de reconstrucción después de los conflictos y se extraen enseñanzas para las operaciones en marcha y futuras. La parte fundamental de la evaluación comprende nueve estudios de casos: tres fueron seleccionados para estudios sobre el terreno (Bosnia y Herzegovina, El Salvador y Uganda), y seis para estudios teóricos (Camboya, Eritrea, Haití, Líbano, Rwanda y Sri Lanka). En todos los casos, el Banco cumplió una importante función de asistencia para la reconstrucción en situaciones de ese tipo. Ellos representan la diversidad de causas del fracaso o desmoronamiento del Estado, así como de los factores

RÉSUMÉ ANALYTIQUE

FRANÇAIS L'explosion de troubles civils dans le monde de l'après-guerre froide a mis à rude épreuve la capacité de la Banque à faire face à des catastrophes humaines et sociales d'une ampleur sans précédent. Depuis

1980, le volume des prêts accordés à des pays sortant de conflits a augmenté de plus de 800 % pour atteindre 6,2 - milliards de dollars, répartis entre toutes les régions du monde et tous les secteurs économiques. Réalisée par le Département de l'évaluation des opérations (OED), la présente étude du portefeuille des projets de reconstruction post-conflit vise à renforcer l'aptitude de l'institution à répondre plus efficacement aux besoins des sociétés sortant d'un conflit. Elle examine les principes qui guident les opérations de la Banque dans ce domaine et recommande l'adoption de nouvelles directives pour renforcer, clarifier et améliorer les politiques actuelles.

Dans cette perspective, l'étude évalue l'expérience récente de la Banque et en tire les leçons au profit des projets en cours et à venir. Cette évaluation repose essentiellement sur neuf monographies, dont trois ont fait l'objet de recherches sur le terrain (Bosnie-Herzégovine, El Salvador et Ouganda) et six d'études documentaires (Cambodge, Érythrée, Haïti, Liban, Rwanda et Sri Lanka). Dans tous ces cas, la Banque a joué un rôle important dans l'action entreprise pour aider ces pays à se relever de conflits. Ces exemples sont représentatifs des diverses causes de l'échec ou de l'effondrement de l'État, ainsi que des facteurs qui amènent la Banque à intervenir ou à reprendre ses opérations. Ils reflètent également la diversité des régions concernées et les différentes phases de l'aide de la Banque.

Pour chacune de ces monographies, on a analysé six grands thèmes : a) les principaux atouts ou avantages comparatifs de la Banque ; b) les parte-

ENGLISH tive advantages; (b) its partnership with other donors, international organizations, and NGOs; (c) its role in reconstruction strategy and damage and needs assessment; (d) its role in rebuilding the economy and institutions of governance; (e) its management of resources and processes; and (f) its monitoring and evaluation experience. The study focused on lesson-learning rather than accountability for performance. It examined Bank policies, decision-making processes, non-lending services, and scores of operations, many of them ongoing, making an audit nearly impossible. Although factors of performance related to process are identified, the study is not meant to be a process review.

Findings and Recommendations

Post-conflict reconstruction is a central issue for the Bank; it comprises a significant portion of the portfolio and affects the institution's core activities. In the past, however, the Bank has addressed the special needs posed by civil conflict on an ad hoc basis. The Board took steps to remedy this in 1997 with its endorsement of a policy framework to guide its actions in post-conflict situations. The subsequent creation of the Post-Conflict Unit further advanced work in this area by creating a focal point for policy development, cross-country learning, and the development of expertise. Clearly, if the Bank is to improve the relevance, efficacy, and efficiency of its support to post-conflict countries, it needs to continue in this direction and adjust the way it conducts business to accommodate the special needs of countries emerging from conflict.

The findings of this study point to five areas of focus for further

ESPAÑOL que influyen en el inicio o reanudación de las operaciones del Banco. Además, los casos analizados corresponden a diferentes regiones y reflejan diversas etapas de la asistencia de la institución.

En los estudios de casos se analizaron seis cuestiones fundamentales: a) las principales fortalezas o ventajas comparativas del Banco; b) su asociación con otros donantes, organismos internacionales y organizaciones no gubernamentales; c) su participación en la estrategia de reconstrucción y en la evaluación de los daños y necesidades; d) su participación en la reconstrucción de la economía y las instituciones de gobierno; e) la gestión de los recursos y procesos, y f) su experiencia en lo que respecta al seguimiento y la evaluación. El estudio se orientó más bien a extraer enseñanzas que a dar cuenta de los resultados. Se examinaron las políticas del Banco, los procesos de adopción de decisiones en la institución, los servicios no crediticios y las calificaciones de las operaciones, muchas de las cuales están en marcha, por lo que era casi imposible efectuar una auditoría. Si bien se identifican factores de desempeño relacionados con los procesos, la finalidad del estudio no era evaluar dichos procesos.

Hallazgos y recomendaciones

La reconstrucción después de los conflictos es un tema de importancia central para el Banco; representa una parte importante de su cartera y afecta las actividades básicas de la institución. En el pasado, sin embargo, el Banco atendía las necesidades especiales que planteaban los conflictos civiles según las circunstancias de cada caso. En 1997, el Directorio Ejecutivo decidió adoptar medidas para remediar esta situación y aprobó un marco de políticas que orientaba sus acciones en las situaciones de posguerra. La creación ulterior

FRANÇAIS nariats qu'elle a établis avec d'autres bailleurs de fonds, organismes internationaux et ONG ; c) son rôle dans l'élaboration des stratégies de reconstruction et dans l'évaluation des dommages et des besoins ; d) son rôle dans le redressement de l'économie et le rétablissement des institutions gouvernementales ; e) sa gestion des ressources et des processus ; et f) son expérience en matière de suivi et d'évaluation. On a davantage cherché à tirer les leçons de l'action entreprise qu'à porter un jugement sur les résultats. L'examen a porté sur les politiques de la Banque, les processus de décision, les services hors prêt et la notation des projets, le fait que beaucoup sont encore inachevés rendant un audit presque impossible. Si l'on a identifié les facteurs de performance liés aux processus, le but de l'étude n'étant pas d'évaluer ces processus.

Conclusions et recommandations

La reconstruction des pays sortant d'un conflit occupe une place centrale dans la mission de la Banque. Elle représente une part importante de son portefeuille et affecte ses activités essentielles. Cependant, par le passé, la Banque a répondu aux besoins issus de conflits civils sur une base ad hoc. Le Conseil a cherché à remédier à cette situation en 1997 en approuvant un cadre d'action général pour guider l'aide de la Banque à la suite de conflits. La création ultérieure de l'Unité post-conflits a permis de nouveaux progrès en constituant un point d'ancrage pour l'élaboration de politiques, l'échange d'expérience d'un pays à l'autre et le renforcement des compétences. Il est évident que si la Banque veut améliorer la pertinence, l'efficacité et l'efficience de l'appui apporté aux pays sortant de conflits, elle devra continuer dans cette voie et adapter ses moyens d'action aux besoins particuliers de ces pays.

ENGLISH improvement: clarifying Bank policy, defining the Bank's role, sharpening the Bank's comparative advantage and performance, considering the folly of some conventional wisdoms, and making appropriate institutional arrangements.

Clarify Bank Policy

The Bank currently lacks an adequate Operational Policy on assistance for post-conflict reconstruction. Policy guidance is now drawn primarily from Operational Policy (OP) 8.5, which was originally developed for reconstruction following natural disasters. Other guidance comes from the *Framework for World Bank Involvement in Post-Conflict Countries* of April 1997. The main recommendation emerging from the study is that the Bank should revise the *Framework* and transform it into an Operational Policy, with accompanying Bank Procedures and Good Practices to guide Bank staff in providing post-conflict reconstruction assistance. OP8.5 should be revised to apply only to natural disasters (as well as unexpected man-made disasters of limited duration that may require such emergency assistance, such as large-scale industrial accidents). The new OP, BPs, and GPs should address the following issues:

- readiness to provide economic development policy advice during peace negotiations;
- post-conflict aid coordination;
- leadership on macroeconomic and external debt issues in collaboration with the IMF and external donors;
- definition of priorities among macroeconomic stabilization,

ESPAÑOL de la Unidad de Situaciones Posteriores a los Conflictos significó un avance en este ámbito, al establecerse un centro de coordinación para formular políticas, aprender de la experiencia de los distintos países y preparar personal especializado. Sin lugar a dudas, si su propósito es dar mayor relevancia al apoyo que brinda a los países que salen de un conflicto y mejorar la eficiencia y eficacia de dicha asistencia, el Banco debe continuar en esa dirección y adaptar la manera en que lleva a cabo sus actividades para atender las necesidades especiales de esos países.

Los hallazgos de este estudio apuntan a cinco áreas que pueden seguir mejorándose: aclaración de la política del Banco; definición del papel que le cabe a la institución; determinación más precisa de su ventaja comparativa y mejora de su desempeño; reconsideración de ciertos criterios generalmente aceptados que no resultan acertados, y establecimiento de mecanismos institucionales apropiados.

Aclaración de la política del Banco

Actualmente el Banco no tiene una política operacional adecuada en materia de asistencia para la reconstrucción después de los conflictos. Las orientaciones de política se basan fundamentalmente en la política operacional OP8.5, que en un principio se formuló para la reconstrucción después de desastres naturales. Otras orientaciones provienen del documento titulado *Framework for World Bank Involvement in Post-Conflict Countries*, de abril de 1997. La recomendación más importante del estudio es que el Banco debería revisar ese documento y convertirlo en política operacional. A ello se acompañarían procedimientos del Banco (BP) y prácticas recomendadas (GP) que orientaran a los funcionarios a la hora de prestar asistencia para la reconstrucción des-

FRANÇAIS L'étude recommande d'axer l'effort d'amélioration sur cinq domaines : clarifier la politique de la Banque, définir son rôle, préciser son avantage comparatif et renforcer sa performance, remettre en cause certaines pratiques conventionnelles, et mettre en place le dispositif institutionnel approprié.

Clarifier la politique de la Banque

À l'heure actuelle, la Banque n'a pas de politique opérationnelle appropriée pour l'aide à la reconstruction à l'issue de conflits. Les directives existantes se limitent essentiellement à la Note de politique opérationnelle 8.5 (OP 8.5), initialement élaborée pour l'aide à la reconstruction à la suite de catastrophes naturelles. D'autres indications sont données dans le document d'avril 1997 « *Cadre d'action de la Banque mondiale dans les situations de conflit* ». La principale recommandation de l'étude est de réviser ce document et d'en faire une Note de politique opérationnelle, en la complétant par d'autres Notes sur les procédures de la Banque (BP) et sur les pratiques recommandées (GP) afin de guider le travail des services de la Banque. L'OP 8.5 devrait être révisée et ne s'appliquer qu'aux catastrophes naturelles (ainsi qu'aux catastrophes imprévues d'origine humaine et d'une durée limitée, celles-ci pouvant exiger le même type de secours d'urgence, dans le cas par exemple de graves accidents industriels). Les nouvelles Notes sur la politique opérationnelle (OP), les procédures (BP) et les pratiques recommandées (GP) devraient traiter les questions suivantes :

- aptitude à fournir des conseils sur la politique de développement économique durant les négociations de paix ;

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- infrastructure rebuilding, and restoration of human and social capital;
 - macroeconomic and structural policy conditionality;
 - flexibility in programming, design, and implementation;
 - institutional arrangements;
 - the importance of monitoring and evaluation; and
 - promoting equitable development.

The recommendations that follow provide more detail on the issues outlined above, and should be dealt with in the new OP, BPs, and GPs.

Define the Bank's Role

The Bank has a critical role to play in the early stages of post-conflict reconstruction. The Bank can be valuable in external *aid coordination*, which is specially important in the transition from war to peace. The Bank's use of consultative groups has been particularly effective for mobilizing resources, including facilitating the clearing of arrears; seeking a coordinated approach to macroeconomic issues; and providing information on recovery needs and assistance flows.

Similarly, if invited to participate, the Bank has the potential to make effective contributions to *peace negotiations*. Bank advice on the economic development dimensions of peace accord options can help improve economic governance components of peace accords and lay a foundation for more effective interpretation and implementation in the critical first months following agreement. The Bank's participation in the peace negotiations in Bosnia and Herzegovina and Guatemala are two examples of its potential to contribute to the peace process.

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pués de los conflictos. Se debería revisar la OP8.5, de manera que se aplique únicamente a los desastres naturales (así como a los desastres imprevistos y de corta duración causados por la intervención humana que requieran asistencia de emergencia, como los accidentes industriales de gran magnitud). Las nuevas OP, BP y GP podrían abordar los siguientes aspectos:

- preparación para dar asesoría sobre políticas de desarrollo económico durante las negociaciones de paz;
- coordinación de la ayuda en la etapa posterior a los conflictos;
- liderazgo en cuestiones macroeconómicas y sobre la deuda externa, en colaboración con el FMI y los donantes externos;
- determinación de prioridades entre estabilización macroeconómica, reconstrucción de la infraestructura y restitución del capital humano y social;
- condicionalidad de la política macroeconómica y estructural;
- flexibilidad en las etapas de programación, diseño y ejecución;
- mecanismos institucionales;
- importancia del seguimiento y la evaluación, y
- promoción del desarrollo con equidad.

En las recomendaciones que se presentan más adelante se describen con más detalle las cuestiones antes señaladas; dichas recomendaciones se deberían abordar en las nuevas OP, BP y GP.

Definición del papel del Banco

El Banco cumple un papel fundamental en las primeras etapas de la reconstrucción de posguerra. Su participación puede ser muy valiosa para la *coordinación de la ayuda* externa, que es especialmente importante en la transi-

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- coordination de l'aide post-conflit ;
 - pilotage du traitement des questions relatives à la situation macroéconomique et à l'endettement extérieur, en collaboration avec le FMI et les bailleurs de fonds extérieurs ;
 - hiérarchisation des priorités entre stabilisation macroéconomique, reconstruction de l'infrastructure, rétablissement du capital humain et des structures sociales ;
 - conditionnalité en matière de politique macroéconomique et structurelle ;
 - souplesse de la programmation, de la conception et de l'exécution ;
 - dispositifs institutionnels ;
 - importance du suivi et de l'évaluation ; et
 - promotion d'un développement équitable.

Les recommandations présentées ci-après donnent plus de détails sur ces divers éléments et devraient être prises en compte dans les nouvelles Notes OP, BP et GP.

Définition du rôle de la Banque

La Banque a un rôle critique à jouer aux premiers stades de l'effort de reconstruction post-conflit. Elle peut contribuer utilement à la *coordination de l'aide* extérieure, qui revêt une importance particulière pour la transition de la guerre à la paix. Les groupes consultatifs organisés par la Banque sont un moyen particulièrement efficace de mobiliser des ressources, et aussi de faciliter le règlement des arriérés, de définir une approche coordonnée des questions macroéconomiques et de réunir des informations sur les besoins et les flux d'aide.

De même, s'il lui est demandé d'y participer, la Banque est en mesure de contribuer utilement à la *négociation*

ENGLISH Although not the focus of the study, the case studies revealed several examples in which the Bank either did not address emerging distributional imbalances or missed a significant opportunity to *promote equitable development*. The Bank needs to recognize its potential to influence the course of pre-conflict events. Although it may not be appropriate for the Bank to adopt an OP on conflict prevention (as this may imply crossing the line into the realm of political issues which would be inappropriate under the Bank's mandate), Good Practices should be developed that encourage staff to be sensitive to predatory and exclusionary behavior that adversely affects projects and shared development objectives. The Bank should raise such concerns in its dialogue with the government and other donors.

Sharpen the Bank's Comparative Advantage and Performance

The two areas of strongest Bank performance have been support for *macroeconomic stabilization* and *rebuilding physical infrastructure*. Supporting the achievement of macroeconomic stabilization should be one of the Bank's highest and earliest priorities in post-conflict situations. The macroeconomic issues at stake in post-conflict reconstruction may call for substantial policy conditionality. Such conditionality requires case-by-case analysis, however. Depending on the country implementation capacity and the political environment, it may not be appropriate to introduce wide-ranging conditionalities all at once.

The Bank should also be prepared to support the rebuilding of physical infrastructure, with ade-

ESPAÑOL ción de la guerra a la paz. El uso por parte del Banco de grupos consultivos ha sido especialmente eficaz para la movilización de recursos, que incluye facilitar la liquidación de pagos atrasados; la búsqueda de un enfoque coordinado para abordar las cuestiones macroeconómicas, y el suministro de información sobre las necesidades de recuperación y sobre los flujos de asistencia.

Del mismo modo, si lo invitan a participar, el Banco tiene la capacidad de contribuir con eficacia a las *negociaciones de paz*. El asesoramiento del Banco sobre las dimensiones de los acuerdos de paz en términos del desarrollo económico puede ayudar a mejorar los componentes de gestión económica de dichos acuerdos y a sentar las bases que permitan que su interpretación y aplicación sean más eficaces en los primeros meses críticos después de firmado el acuerdo. La participación del Banco en las negociaciones de paz en Bosnia y Herzegovina y en Guatemala son dos ejemplos de la contribución que puede hacer el Banco al proceso de paz.

Si bien no son el centro de atención del informe, los estudios de casos mostraron varios ejemplos en los que el Banco no corrigió desequilibrios incipientes en materia distributiva o desaprovechó una oportunidad importante de promover el *desarrollo con equidad*. El Banco debe reconocer que tiene el potencial de influir en el curso de los acontecimientos que preceden a un conflicto. Aunque tal vez no sea procedente que el Banco adopte una política operacional sobre prevención de conflictos (puesto que ello podría implicar una intromisión en asuntos políticos que, por mandato, no son de su incumbencia), se deberían formular prácticas recomendadas (GP) que alentarán al personal del Banco a no pasar

FRANÇAIS *des accords de paix*. Ses conseils sur le volet développement économique des options envisagées peuvent aider à améliorer les dispositions de ces accords relatives à l'organisation de la gestion de l'économie et ouvrir la voie à une meilleure interprétation et à une application plus efficace pendant les premiers mois critiques de leur mise en oeuvre. Sa participation à la négociation des accords pour la Bosnie-Herzégovine et le Guatemala témoigne de la contribution que la Banque peut apporter au processus de paix.

Bien que l'étude n'ait pas été centrée sur cet aspect, les monographies ont révélé plusieurs cas où la Banque n'a pas réagi à l'apparition de déséquilibres dans la répartition ou n'a pas su exploiter une bonne occasion de *promouvoir un développement équitable*. La Banque doit être consciente de l'influence qu'elle peut exercer sur le cours des événements avant le déclenchement d'un conflit. Il serait peut-être inapproprié d'établir une Note OP (Politique opérationnelle) sur la prévention des conflits (cela pouvant être perçu comme une ingérence dans le domaine politique contraire au mandat de la Banque), mais il conviendrait de préparer une Note GP (Pratiques recommandées) pour sensibiliser le personnel aux comportements prédateurs et aux pratiques d'exclusion qui portent préjudice aux projets et à la mobilisation de toutes les énergies au service d'objectifs de développement communs. La Banque devrait inclure cet aspect du problème parmi les thèmes de son dialogue avec les gouvernements et les autres bailleurs de fonds.

Préciser l'avantage comparatif de la Banque et renforcer sa performance

C'est dans le domaine de la *stabilisation macroéconomique* et dans celui de la *réhabilitation des infrastructures physi-*

ENGLISH quate attention to necessary policy and institutional reforms. Rebuilding infrastructure often requires *demining*. Although there are strong economic and humanitarian reasons for demining, the main lesson learned from this assessment is that the Bank's comparative advantage in stand-alone demining projects is *not* apparent. Adherence to the 1997 *Operational Guidelines on Demining*, is critical. Bank involvement in such activities should focus primarily on indirect, *non-clearance* activities, such as coordination, information and mine awareness, training, and institution building. Support for mine clearance should be always integrated with a specific development activity.

The *restoration of human and social capital* has not been a priority in Bank post-conflict portfolios. The case of BiH, where the Bank supported early and balanced social sector work that produced some promising reports, appears to be an exception. Although completion reports in social sector post-conflict reconstruction are still relatively few, it seems that most results of Bank efforts in these sectors have been modest. Uganda operations produced unsatisfactory results, and modest results are evident so far in the restoration of social and human capital in Eritrea, Haiti, and Rwanda. The El Salvador Basic Education Modernization Project has been a rare exception producing encouraging results in the social sectors. The participatory nature of the program has contributed to consensus-building and the sustainability of the peace process. Partnerships with other international and bilateral agencies

ESPAÑOL por alto los comportamientos abusivos y excluyentes, que afectan negativamente a los proyectos y a los objetivos comunes en materia de desarrollo. El Banco debería plantear estas inquietudes en su diálogo con los gobiernos y otros donantes.

Determinar con más precisión las ventajas comparativas del Banco y mejorar su desempeño

Las dos esferas en las que el Banco ha obtenido los mejores resultados han sido el respaldo a la *estabilización macroeconómica y la reconstrucción de la infraestructura física*. Una de las primeras y principales prioridades del Banco en las situaciones posteriores a los conflictos debería ser apoyar la estabilización macroeconómica. Los asuntos macroeconómicos que están en juego en tales situaciones pueden hacer necesario un alto grado de condicionalidad, la que, no obstante, debe analizarse caso por caso. Dependiendo de la capacidad de cada país de aplicar las medidas, y de las condiciones políticas, puede no ser recomendable introducir de una sola vez condicionalidades de amplio alcance.

El Banco también debería estar preparado para apoyar la reconstrucción de la infraestructura física, prestando la debida atención a las reformas institucionales y de política que sean necesarias. En muchos casos, para poder reconstruir la infraestructura es necesario *remover minas*. Si bien existen fuertes razones económicas y humanitarias para el desminado, la principal enseñanza de esta evaluación es que *no* es evidente que el Banco tenga una ventaja comparativa en proyectos autónomos de remoción de minas. Es fundamental adherirse a las directrices operacionales sobre remoción de minas (*Operational Guidelines on Demining*), emitidas en 1997. La participación del Banco en esta esfera debería

FRANÇAIS *ques* que l'aide de la Banque a abouti aux meilleurs résultats. Soutenir la stabilisation de la situation macroéconomique devrait être l'une des premières et des principales priorités de la Banque pour les pays sortant d'un

conflit. Les enjeux macroéconomiques des périodes post-conflit peuvent rendre nécessaire une forte conditionnalité, laquelle doit cependant faire l'objet d'une analyse particulière, cas par cas. Selon la capacité d'exécution du pays et le contexte politique, il peut ne pas être opportun d'imposer simultanément de multiples conditions.

La Banque devrait aussi être prête à contribuer à la reconstruction des infrastructures physiques, en portant toute l'attention voulue aux indispensables réformes des politiques et des institutions. La reconstruction de l'infrastructure exige souvent des opérations de *déminage*. Bien que de solides raisons économiques et humanitaires justifient ces travaux, la principale leçon de cette évaluation est que la Banque ne paraît pas avoir d'avantage comparatif dans ce domaine si le projet consiste uniquement en travaux de déminage. Il est d'une importance critique de respecter les *Directives opérationnelles sur le déminage*, publiées en 1997. La participation de la Banque devrait viser essentiellement *non pas* l'enlèvement des mines, mais une aide indirecte (coordination, information et sensibilisation, formation, renforcement des institutions, etc.) L'aide apportée aux travaux de déminage devrait toujours être intégrée à une activité spécifique de développement.

La *restauration du capital humain et du potentiel associatif* n'a pas été l'une des priorités des projets de la Banque dans les pays sortant d'un conflit. Le cas de la Bosnie-Herzégovine, pays pour lequel la Banque a très vite apporté son soutien à des travaux sur les secteurs sociaux qui ont abouti

ENGLISH and with NGOs that have a solid record in the restoration of human and social capital should be promoted. In providing further support for demobilization and reintegration of ex-combatants, the Bank should strengthen the capacity it has acquired and incorporate the relevant experience of other agencies. Considering the potential importance of demobilization in future Bank programs, further research on the subject is warranted.

The Bank has done little to incorporate *gender issues* in its post-conflict portfolio. Only in BiH did the Bank make a specific operational effort to address the particular needs of women. Reconstruction efforts must consider the possible economic difficulties faced by women in post-conflict situations, and should also examine the role of women in rebuilding social capital. Analysis can also identify unequal power relations underlying social organizations to ensure that women are not further marginalized by reconstruction interventions.

Consider the Folly of Some Conventional Wisdoms

The devastation of human, social and physical capital often found at the beginning of a post-conflict period, and the particular provisions of a peace agreement, may require that some conventional wisdoms of development practice be set aside for a time. For example, the Uganda case study finds that owing to a history of predatory government tax policy during the conflict periods, pressure by the Fund and Bank on tax effort (often included in a standard stabilization package) has had a chilling effect

ESPAÑOL centrarse fundamentalmente en actividades indirectas que *no* tengan que ver con el desminado mismo, como coordinación, información y sensibilización sobre el tema, capacitación y fortalecimiento institucional. El respaldo a las actividades de desminado debería estar siempre integrado a una actividad específica de desarrollo.

La *restitución del capital humano y social* no ha sido una de las prioridades en la cartera del Banco relacionada con situaciones posteriores a los conflictos. La excepción parece ser el caso de Bosnia y Herzegovina, en que el Banco proporcionó financiamiento para la realización de estudios iniciales y equilibrados de los sectores sociales que dieron como resultado algunos informes prometedores. Todavía son relativamente escasos los informes de terminación de proyectos de reconstrucción de posguerra relacionados con los sectores sociales, pero al parecer la mayoría de los resultados de los esfuerzos del Banco en esos sectores han sido moderados. Las operaciones realizadas en Uganda no fueron satisfactorias y hasta ahora se observan resultados moderados en la restitución del capital social y humano en Eritrea, Haití y Rwanda. El proyecto de modernización de la educación básica de El Salvador ha sido una excepción poco común que ha dado resultados alentadores en los sectores sociales. El carácter participativo del programa ha contribuido a la formación de consenso y a la sostenibilidad de proceso de paz. Deberían fomentarse las alianzas con otros organismos internacionales y bilaterales y con organizaciones no gubernamentales que gocen de un sólido historial en materia de restitución del capital humano y social. Para apoyar aún más la desmovilización y la reintegración de los ex combatientes, el Banco debería consolidar la capacidad ya adquirida e

FRANÇAIS à des rapports prometteurs, paraît constituer une exception. Bien que relativement peu des projets destinés à ces secteurs aient déjà donné lieu à la préparation de rapports de fin d'exécution, il semble que les résultats des opérations de la Banque aient généralement été limités. En Ouganda, les résultats n'ont pas été satisfaisants et, à ce stade, on ne constate guère de progrès dans le rétablissement du capital humain et du potentiel associatif en Erythrée, en Haïti et au Rwanda. Le projet de modernisation de l'enseignement de base en El Salvador est l'un des rares cas où l'on relève des résultats encourageants dans les secteurs sociaux. Le caractère participatif du programme a contribué à la formation d'un consensus et à la viabilité du processus de paix. Il convient d'encourager l'établissement de partenariats avec d'autres institutions internationales et bilatérales et avec les ONG qui ont une solide expérience de la restauration du capital humain et associatif. Lorsqu'elle soutiendra de nouveaux projets d'aide à la démobilisation et à la réinsertion des anciens combattants, la Banque devrait renforcer les moyens dont elle s'est dotée et prendre en compte l'expérience d'autres institutions. L'importance que pourraient avoir les opérations de démobilisation dans les programmes futurs de la Banque justifie de nouvelles recherches sur ce sujet.

La Banque n'a guère cherché à prendre en compte la *problématique hommes-femmes* dans ses projets pour les pays sortant de conflits. Elle ne s'est expressément attachée à répondre aux besoins particuliers des femmes que dans le cas de la Bosnie-Herzégovine. Il doit être tenu compte dans l'effort de reconstruction des difficultés économiques auxquelles les femmes peuvent se trouver confrontées dans les situations post-conflict, de même que de la contri-

ENGLISH on private investment, driving economic activity into subsistence, or along with investable funds, abroad. The Cambodia case study finds that the Bank has continued to push for downsizing the civil service when the political coalition arrangement under the peace accords was based in part on raising the size of the civil service to absorb large numbers of the incoming parties' functionaries. The Bank's position was not politically realistic from the outset. For human capital development, a conventional wisdom among donors is to focus on primary education. But in a country where conflict has eradicated education systems, as in Rwanda, a case can be made for donor assistance (not necessarily from the Bank) to the secondary and tertiary education levels.

Make Appropriate Institutional Arrangements

Senior management must give high priority to staffing and structuring post-conflict country teams. The country director must have a mandate to give the country substantial if not full-time attention. Resident representatives need sufficient authority to make a wide range of programming and implementation decisions in the field. Despite the high up-front costs, adequately-staffed resident missions are a precondition for successful Bank intervention in post-conflict situations. The circumstances of those countries, including weakened government capacity and rapidly changing conditions, require heightened support from the Bank.

Flexibility and speed are paramount in the programming, design, and implementation of Bank post-

ESPAÑOL incorporar la experiencia de otros organismos. Teniendo en cuenta la importancia que podría tener la desmovilización en los programas del Banco en el futuro, se justifica realizar nuevas investigaciones sobre este tema.

El Banco no ha desplegado muchos esfuerzos por incorporar las *cuestiones relativas al género* en la cartera de proyectos sobre situaciones posteriores a los conflictos. Solamente en Bosnia y Herzegovina el Banco llevó a cabo una operación específica para atender las necesidades particulares de las mujeres. En los esfuerzos de reconstrucción se deben tener en cuenta las posibles dificultades económicas de las mujeres en ese tipo de situaciones, y se debería examinar su papel en la reconstrucción del capital social. En los análisis se pueden identificar también las desigualdades en las relaciones de poder que existen en las organizaciones sociales, a fin de garantizar que las mujeres no queden más marginadas como consecuencia de las intervenciones de reconstrucción.

Reconsideración de ciertos criterios generalmente aceptados que no resultan acertados

La devastación del capital humano, social y físico que suele encontrarse al comienzo del período de posguerra y las disposiciones particulares de los acuerdos de paz pueden exigir que se dejen de lado por algún tiempo ciertos criterios generalmente aceptados sobre las prácticas relativas al desarrollo. Por ejemplo, en el estudio de Uganda se observa que, debido a la política tributaria de carácter abusivo que se había aplicado históricamente durante los períodos de conflicto, la presión ejercida por el Fondo y el Banco en esta materia (a menudo inserta en un conjunto estándar de medidas de estabilización) ha resultado en el conge-

FRANÇAIS bution qu'elles pourraient apporter à la reconstitution du potentiel associatif. Ce travail d'analyse permettra aussi d'identifier les inégalités de la répartition des pouvoirs inhérente aux structures sociales, de manière à éviter que les opérations de reconstruction n'accroissent encore la marginalisation des femmes.

Remettre en cause certaines pratiques conventionnelles

La situation dans laquelle se trouvent souvent les pays qui viennent de sortir d'un conflit — pertes humaines, désagrégation du tissu social et destruction des infrastructures — et les conditions particulières de l'accord de paix peuvent imposer de renoncer provisoirement à certaines pratiques de développement conventionnelles. Par exemple, l'étude sur l'Ouganda montre qu'en raison du caractère abusif de la politique fiscale appliquée par le gouvernement pendant le conflit, l'effort fiscal demandé à ce pays par le Fonds et la Banque (comme c'est souvent le cas dans les programmes standard de stabilisation) a déprimé l'investissement privé, poussant les agents économiques à passer à des activités de subsistance ou à transférer leurs activités, de même que leurs capitaux, à l'étranger. L'étude sur le Cambodge montre que la Banque a recommandé avec insistance une réduction des effectifs de la fonction publique, alors que la coalition politique issue des accords de paix était fondée en partie sur l'élargissement de la fonction publique pour absorber un grand nombre des fonctionnaires des partis membres de la coalition. Dès le départ, la position de la Banque manquait de réalisme politique. En ce qui concerne la valorisation du capital humain, la pratique habituelle des bailleurs de fonds est de donner la priorité à l'enseignement primaire.

ENGLISH conflict reconstruction efforts. Standard Bank procurement and disbursement processes have often created stumbling blocks to post-conflict recovery. The Bank should make greater use of preparation and piloting funds, mechanisms for rapid procurement and disbursement, and training in-country entities responsible for procurement.

To implement post-conflict operations satisfactorily, the Bank must be prepared to allocate sufficient administrative budget resources for adequate monitoring. The overall Bank portfolio in a post-conflict country should periodically be assessed for relevance, that is, its contribution to sustainable peace and development. Project-by-project assessments often do not provide the broader picture, although multisectoral or adjustment operations should certainly be assessed on their contribution to the larger objective. The study revealed that delays as long as a year or more have reduced the usefulness of post-conflict completion reports. Post-conflict operations completion reports should be completed in a timely manner. In view of the need for such information in often highly volatile post-conflict settings, the interval between project closing and completion reports should be sharply reduced, with appropriate streamlining of the process. OED should develop guidelines on how to apply evaluation criteria with greater sensitivity to the post-conflict political and economic environment when conducting completion reports.

Conclusion

Societies emerging from conflict face daunting reconstruction chal-

ESPAÑOL miento de la inversión privada. Ante tal situación, la actividad económica ha llegado a niveles de subsistencia o ha sido desplazada del país, junto con los fondos disponibles para inversión. En el estudio sobre Camboya se

observa que el Banco ha seguido insistiendo en que se reduzca la administración pública, en circunstancia que el arreglo de coalición política en el marco de los acuerdos de paz se basaba, en parte, en el aumento del tamaño de la administración pública para absorber a un gran número de funcionarios de los partidos. Desde un comienzo la posición del Banco fue políticamente poco realista. En lo que respecta al desarrollo del capital humano, un criterio tradicional entre los donantes es concentrarse en la educación primaria. Sin embargo, en los países donde los conflictos han erradicado los sistemas de enseñanza, como en el caso de Rwanda, puede justificarse que la asistencia de los donantes (no necesariamente del Banco) se destina a los niveles secundario y terciario de la educación.

Establecer mecanismos institucionales adecuados

Los directivos superiores deben asignar una alta prioridad a la dotación de personal y la estructura de los equipos que trabajen en países que salen de un conflicto. En el mandato del director a cargo del país se debe contemplar que éste destine gran parte del tiempo, o se dedique exclusivamente, a dicho país. Los representantes residentes deben tener suficientes facultades para tomar diversas decisiones sobre programación y ejecución en el terreno. A pesar del elevado nivel de los costos iniciales, es indispensable que las misiones residentes cuenten con el personal necesario para asegurar que las intervenciones del Banco en situaciones posteriores a

FRANÇAIS Mais, dans les pays dont les systèmes éducatifs ont été complètement détruits par un conflit, comme au Rwanda, il peut être justifié que l'aide des donateurs (pas nécessairement celle de la Banque) aille à l'enseignement secondaire et supérieur.

Mettre en place le cadre institutionnel approprié

La direction doit attacher une importance prioritaire à la composition et à la structure des équipes chargées des pays sortant de conflits. Le chef de l'équipe doit pouvoir consacrer au pays dont il est responsable la majorité sinon la totalité de son temps. Les représentants résidents doivent être dotés de pouvoirs suffisants pour pouvoir prendre sur le terrain toute une gamme de décisions de programmation et d'exécution. Même si, au départ, cela doit entraîner de grosses dépenses, il est indispensable que les missions résidentes soient dotées d'un personnel suffisant pour assurer le succès des interventions post-conflict de la Banque. L'état dans lequel se trouvent ces pays, du fait notamment de l'affaiblissement des moyens d'action des pouvoirs publics et de l'évolution rapide de leur situation, justifie une intensification de l'aide de la Banque.

Flexibilité et rapidité sont d'une importance capitale aux stades de la programmation, de la conception et de l'exécution des opérations de reconstruction. Les procédures standard de la Banque en matière de passation des marchés et de décaissement ont souvent fait obstacle aux efforts de redressement. La Banque devrait faire une plus grande place à la préparation et à la mise en place de fonds pilotes, à la création de mécanismes propres à accélérer la passation des marchés et le décaissement de son aide, et à la formation des responsables nationaux de la passation des marchés.

ENGLISH lenges. The Bank is firmly committed to assisting these societies, and has much to offer. Its greatest strengths lie in supporting macroeconomic stabilization, rebuilding physical infrastructure, mobilizing resources, and coordinating aid. In other areas, such as rebuilding human and social capital, the Bank's support can be improved. New partnerships with other agencies should be promoted. The Bank can more fully support the peace process by advising peace negotiations on the economic development implications of peace accord options and, later, by implementing policy conditionalities that ease the implementation of peace accords. The post-conflict context implies other requirements for Bank assistance such as the need for proactive involvement of senior management in key decisions; strong commitment by country directors and teams; resident missions with adequate staffing and decisionmaking authority; timely evaluation and monitoring; and analytic and evaluation work that is sensitive to the potential for Bank operations to increase or decrease the tensions that lead to conflict. Bank processes should be adapted so that the programming, design, and implementation of Bank reconstruction assistance remain timely and flexible in the face of urgent needs and volatile circumstances typically found in post-conflict settings. The recent creation of the Post-Conflict Unit, the Post-Conflict Program, and the adaptable lending instruments are significant steps in this direction. Finally, the *Framework for World Bank Involvement in Post-Conflict Reconstruction* should be revised

ESPAÑOL un conflicto sean exitosas. Dadas las circunstancias de esos países, donde la capacidad del gobierno se ha visto debilitada y las condiciones cambian rápidamente, se requiere un mayor respaldo del Banco.

La flexibilidad y la rapidez son dos condiciones sumamente importantes en la programación, el diseño y la ejecución de los programas del Banco sobre reconstrucción de posguerra. Los procesos estándar de adquisiciones y desembolsos que sigue el Banco a menudo han creado obstáculos para la recuperación en esas situaciones. El Banco debería utilizar en mayor medida fondos para la preparación y realización de proyectos piloto, además de mecanismos para desembolsos rápidos y adquisiciones expeditas, y dar capacitación a las entidades nacionales responsables de las adquisiciones.

Para llevar a cabo con éxito las operaciones de reconstrucción en países que salen de un conflicto, el Banco debe estar preparado para asignar suficientes recursos del presupuesto administrativo a fin de asegurar un seguimiento adecuado. Debería evaluarse periódicamente la totalidad de la cartera del Banco relacionada con cada país en esa situación para determinar si ésta es pertinente, es decir, si efectivamente está contribuyendo a una paz duradera y al desarrollo sostenible. Las evaluaciones de cada proyecto por separado a menudo no muestran el panorama más amplio, y ciertamente deberían evaluarse las operaciones multisectoriales o de ajuste para determinar su aporte al objetivo de más amplio alcance. El estudio mostró que debido a atrasos de hasta un año o dos en algunos informes de terminación de operaciones sobre reconstrucción de posguerra, éstos han perdido utilidad. Ese tipo de informes deberían terminarse a tiempo. Puesto que la informa-

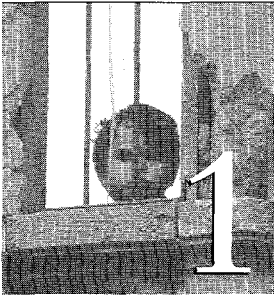
FRANÇAIS Pour mener à bonne fin les opérations post-conflit, la Banque doit être prête à porter les ressources budgétaires allouées aux activités de suivi à un niveau suffisant pour assurer une supervision adéquate. Elle devrait périodiquement évaluer l'ensemble de son portefeuille pour chacun des pays sortant de conflits pour juger de sa pertinence, c'est-à-dire de sa contribution à une paix et à un développement durables. Souvent, lorsque les projets sont considérés indépendamment les uns des autres, on ne peut pas se faire une idée de la situation globale, quoique ce soit normalement indispensable dans le cas des opérations d'ajustement et des projets multisectoriels. L'étude montre que les rapports de fin d'exécution préparés pour les opérations post-conflit ont perdu de leur utilité pour avoir été préparés avec un ou deux ans de retard. Ces rapports devraient être établis aussi rapidement que possible. Étant donné l'intérêt de ces informations pour les pays sortant de conflits dont la situation est souvent très instable, il convient de réduire fortement l'intervalle qui s'écoule entre la clôture du projet et la présentation du rapport de fin d'exécution en apportant les modifications appropriées au processus. L'ODE devrait élaborer des directives sur le mode d'utilisation des critères d'évaluation de sorte que l'environnement politique et économique des pays sortant de conflits soit mieux pris en compte lors de la préparation des rapports de fin d'exécution.

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to constitute an Operational Policy statement that consolidates, clarifies, and refines existing policy guidance for support to post-conflict reconstruction.

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ción que contienen es muy necesaria en lugares en los que las condiciones suelen ser muy inestables, se debería reducir considerablemente el intervalo entre el cierre del proyecto y la finalización de los informes de terminación, mediante la debida racionalización del proceso. El DEO debería preparar directrices sobre la manera de aplicar los criterios de evaluación durante la preparación de los informes de terminación, de manera de tener más en cuenta las condiciones políticas y económicas en los países que salen de un conflicto.



Introduction

One does not have to spend long in Bosnia, or Gaza or the lakes district in Africa to know that without economic hope we will not have peace. Without equity we will not have global stability. Without a better sense of social justice our cities will not be safe and our societies will not be stable. Without inclusion, too many of us will be condemned to live separate, armed and frightened lives.

James D. Wolfensohn, address to the 1997 World Bank Annual Meetings, Hong Kong, September 23, 1997

Background and Study Objectives

From Bretton Woods to the present day, the World Bank has taken up the task of post-conflict reconstruction. Some of the first loans the Bank made helped rebuild European countries leveled by World War II. That era saw the Bank concentrating on providing physical capital. Today's challenge is quite different. The end of the Cold War and burgeoning civil conflicts in the 1990s have tested the ability of the entire international community to address unprecedented devastation of human and social capital. In this climate, President Wolfensohn has raised Bank assistance to countries emerging from conflict to a high priority. He has named inclusion the key development challenge of our time.¹ Civil conflict, the most violent manifestation of exclusion, is near the apex of that challenge.

In view of both the high risk and high potential returns entailed by an expanded role for the Bank in post-conflict reconstruction, the Bank's Board of Executive Directors (EDs) called on OED to assess recent and ongoing Bank experience. OED's review, documented in this report, aims to enhance the Bank's ability to respond more effectively and efficiently to the needs of societies rebuilding after conflict. The study's main objective was to identify lessons from recent Bank experience relevant to ongoing and future post-conflict reconstruction operations.

The study focused on lesson-learning rather than accountability for performance. It examined Bank decisionmaking processes, non-lending services, and scores of operations, many of which are ongoing, making an audit nearly impossible. Although the study identifies factors of performance related to processes, it is not a process review. A recent draft paper being prepared for the OECD/DAC to be issued as guidelines on evaluating humanitarian assistance programs states that "Evaluations of humanitarian assistance programmes should be seen as a contribution to a dialogue about program performance, and not as a 'judgment from above.'"² In a similar fashion, this study aims to contribute to the dialogue on the Bank's ability to respond more effectively and efficiently to the needs of societies rebuilding after conflict. It also provides recommendations for clarification and refinement of Bank policy in this area.

Conceptual Framework

Post-conflict reconstruction, like other development disciplines, has unique concepts that require some explanation. The starting point for this study is a recent Bank paper, *A Framework for World Bank Involvement in*

Post-Conflict Reconstruction (April 1997). That report identifies a “conflict country” as one that has recently experienced widespread violence, or where a main pre-occupation of the state is armed warfare, where the state has failed, or where a significant part of the population is engaged in armed struggle with the state. A November 1995 paper prepared for a Bank task force describes all these as “failed states” and argues that external agencies need to understand the varying histories and nature of “failure” processes. Through such understanding it may be possible to draw lessons applicable to situations where the pre-conditions for state failure exist, but where preventive policies are still possible.³ The paper identifies five categories of socio-political emergencies and argues that the requirements for effective post-conflict reconstruction may vary between categories.⁴ Those categories are as follows:

- a) stable states with disorderly transfers of power but with bureaucratic/governance continuity (Thailand 1932–1992);
- b) peaceful dissolution into successor states (Malaysia/Singapore, 1964);
- c) state failure due to predatory or ineffectual governance (Haiti, Liberia, Sierra Leone, Somalia, Uganda, Zaire);
- d) state erosion or failure due to ethnic/regional conflict (Afghanistan, Azerbaijan, Burma, Congo, Eritrea, Ethiopia, Georgia, Lebanon, Rwanda, Sri Lanka, Sudan, Tajikistan, former Yugoslavia, including Bosnia and Herzegovina); and
- e) state failure due to ideological conflict (Angola, Cambodia, El Salvador, Mozambique).

In the early 1990s, donors and agencies often used the term “continuum” to describe the relationship between conflict, relief, reconstruction, and development. The prevalence of discontinuities in post-conflict situations, however, has put this label in increasing disfavor. More suggestive of the reality of recent conflict and post-conflict situations is “complex emergency,” the term used by the UNDP and by the recently published multi-donor evaluation of the Rwanda emergency.⁵ Complex emergencies, though they have multiple causes, are essentially political in nature and entail violent conflict. They typically include a breakdown of limits, institutions, and governance, widespread suffering and massive population displacement, and they often require a range of responses from the international community. A complex emergency tends to be dynamic, characterized by rapid changes that are difficult to predict.⁶

Complex emergencies present difficult issues for the timing, nature, and scale of donor response. Recent Bank-funded post-conflict reconstruction assistance has encompassed a much wider range of activities than that provided in the post-Second World War years or for recovery from natural disasters. The Bank’s assistance has had two overall objectives: to facilitate the transition from war to sustainable peace and to support the resumption of economic and social development. Thus, while post-conflict reconstruction, like post-natural disaster reconstruction, typically involves the repair and reconstruction of physical infrastructure, it also entails a number of interventions aimed at rebuilding *institutions*. Those interventions have included jump-starting the economy, reconstructing the framework for governance, rebuilding and maintaining key social infrastructure, and planning for financial normalization. The Bank has also provided targeted assistance to displaced persons and vulnerable groups and addressed unique needs arising from complex emergencies, including demining and demobilization and reintegration of ex-combatants. In contrast to post-disaster reconstruction, post-conflict reconstruction assistance often operates amid tension between key actors within the country, which influences relations among involved international parties as well.

Study Scope and Methodology

Case studies of nine diverse country experiences form the core of this assessment. After consultations with the Board, the Regional Departments, and Bank management, three countries were selected for field study (Bosnia and Herzegovina, El Salvador, and Uganda) and six were selected for desk reviews (Cambodia, Eritrea, Haiti, Lebanon, Rwanda, and Sri Lanka). In each country the Bank significantly assisted post-conflict reconstruction. The countries are diverse in the causes of state failure or collapse as well as in the factors that influence initiation or resumption of Bank operations.⁷

The assessment team reviewed a substantial volume of Bank documents for each case study country and conducted extensive interviews with Bank staff (including government officials for the field studies). The team also consulted with other donors and NGOs in Washington, New York, and Geneva (and in the field study countries), reviewed Bank and non-Bank literature on post-conflict reconstruction, and reviewed the Bank’s global portfolio. A selected list of documents reviewed and a list of persons interviewed are contained in the bibliography and Annex 3, respectively.

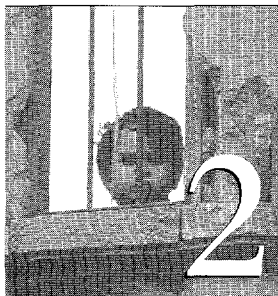


Urban structures in Lebanon

The key issues addressed by the assessment are (a) the timing and scope of the Bank's role, including questions about its comparative advantage; (b) its partnership and coordination with other donors, international organizations, and NGOs; (c) the Bank's contribution to damage and needs assessments and to reconstruction strategies; (d) its role in rebuilding institutions; (e) Bank instruments and processes; and (f) implications for monitoring and evaluation. From these issues a set of detailed questions, included in a November 1996 Design Paper for the assessment, were developed to guide the

interviews conducted for the case studies and for the consultations with other donors and NGOs.

The report continues with an analysis of the Bank's policy markers on post-conflict reconstruction assistance in Chapter 2, followed by an anatomy of the Bank's post-conflict portfolio in Chapter 3. The main findings of the study and their implications are presented in Chapters 4 through 7. Chapter 8 concludes the report by recommending future directions for Bank policy on post-conflict reconstruction.



Evolution of Bank Policy Markers

The Bank's operational policy on lending for emergencies contains elements of reconstruction policy. These elements focus on emergencies caused by natural disasters, however, and are inadequate for post-conflict reconstruction operations. The Framework paper and recent discussion and decisions of the Board regarding operations in post-conflict countries contain more appropriate markers for policy, but these do not constitute a consolidated policy statement.

Operational Policy on Lending for Emergencies

Increased emergency recovery activity in the 1970s and 1980s, particularly in response to natural disasters, prompted the Bank to adopt reconstruction guidelines in 1984 that encouraged natural disaster prevention and mitigation in post-disaster activities (Operational Note 10.07). In October 1988 the Board approved "Lending by the Bank for Emergencies," a policy paper based on the 1984 guidelines. Although the paper alluded to civil war, it did not go far in exploring the differences between reconstruction after natural disasters and after conflicts.¹ The guidelines were then transformed in 1989 into Operational Directive 8.50 (OD8.50), "Emergency Recovery Assistance," which similarly emphasized emergency recovery after natural disasters. In August 1995, without any major conceptual changes, OD8.5 became Operational Policy 8.5 (OP 8.5).

Thus, the existing operational policy derives largely from the need to respond to urgent financing needs for post-natural disaster reconstruction. The basic principles governing these documents are general and say that the Bank should finance productive activities and investment rather than relief and consumption. They focus on emergencies that seriously dislocate a borrowing member's economy and call for a quick response

from the government and the Bank. The OP defines an emergency as "an extraordinary event of limited duration such as a war, civil disturbance, or natural disaster." To facilitate rapid response the policy discourages the application of conditionality to emergency operations unless "directly linked to the cause of the emergency." While it indicates that "to the extent possible, normal procurement and disbursement rules should apply," it also provides for "special flexibility in the case of emergency loans."

Recent conflicts have typically been more complex than the OP 8.5 characterization. These conflicts have often been protracted rather than limited in duration and have torn the country's social fabric and destroyed its physical and human capital. While regional tensions and political ideologies with roots in the Cold War era have figured in some conflicts, *intra*-border issues in which economic, political, ethnic, and religious factors are intertwined, have been particularly divisive. Among the countries that have experienced conflicts with some or all of these characteristics are El Salvador, Haiti, Lebanon, Mozambique, Nicaragua, Rwanda, Sri Lanka, Sudan, and Uganda—all recipients of Bank Emergency Recovery Loans and Credits (ERL/Cs).

Framework Paper for Post-conflict Reconstruction

In the post-Cold War era, much of the Bank's post-conflict reconstruction work has responded ad hoc to borrowers' needs. As Chapter 3 documents, these needs have grown considerably in recent years, and operations in countries emerging from conflict have increased as a proportion of the Bank's portfolio. In response, the Bank issued its *Framework* in April 1997 to guide its involvement in post-conflict reconstruction.

The *Framework*, developed in consultation with Bank operational staff, Executive Directors, and a broad circle of international actors, including UN agencies, nongovernmental organizations (NGOs), and representatives of concerned governments, outlines a five-stage process for Bank involvement:

1. Preparation of a **watching brief** in countries in conflict where the Bank has no active portfolio. This is used to track developments and build a knowledge base to facilitate effective and timely Bank interventions once the conflict has moved toward resolution.
2. Preparation of a **transitional support strategy** as soon as resolution is in sight. Bank staff would collaborate with the government and other partners to prepare a national recovery program as an initial step toward a more comprehensive, full-scale reconstruction program. The strategy would include a clear statement of risks, strategies for entry and exit, and details on how the overall proposal would be financed.
3. **Early reconstruction activities**, starting as soon as field conditions allow. These would be small-scale operations that would not follow normal Bank preparation procedures, such as urgent repair of vital infrastructure, urgent demining, or microcredit activities.
4. **Post-conflict reconstruction** under emergency procedures, including larger-scale operations such as physical reconstruction, economic recovery, institution building, and social reintegration.
5. **A return to normal operations.**

The *Framework* also makes several operational recommendations:

1. The Bank should establish or reinforce its field presence in post-conflict countries to monitor, coordinate, and respond to changes inherent in post-conflict situations.
2. The Bank needs to forge key partnerships with UN agencies, other donors, NGOs, and other

stakeholders in the reconstruction process as early as possible.

3. The Bank should clearly understand how its activities will affect and take over from emergency operations. This will help avoid negative patterns that could jeopardize later reconstruction and development activities.
4. Aid coordination should begin with the earliest efforts at reconstruction. The Bank should be part of a rigorous management of the international community's role.
5. The Bank should develop new operational guidelines that include emergency lending procedures specifically designed for post-conflict situations.
6. The newer areas of operation for the Bank—demobilization, reintegration, and demining—should be further supported and developed.
7. Flexible funding is necessary for early reconstruction activities.

The *Framework* emphasizes that country teams, as the first line in post-conflict activities, must have assured resources for the watching brief, planning and assessment, and early phases of reconstruction. As recommended by the Framework and endorsed by the Board, a post-conflict unit has been established to consolidate the Bank's learning on reconstruction issues, to support staff in developing and implementing reconstruction strategies, and act as a focal point for partnership with other members of the international community.

Board Discussion and Decisions

The *Framework* reflects much of the current thinking of the Bank's EDs and its senior management, but further clarification of policy is needed. To shed more light on emerging policy issues, this study reviewed transcripts of recent meetings of the Bank's EDs. This review revealed some patterns in Board decisions that have guided the Bank's actions and found an evolution of thinking on policy issues. While the Board's discussions of post-conflict reconstruction have consolidated several areas of consensus, they have also raised several issues on which agreement has proved elusive.

Relief versus reconstruction. The Board is quite clear that it is not in the Bank's mandate to provide relief assistance. The Articles of Agreement say that the purpose of the Bank is to "assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes..." (Article I.i). Other agencies have a comparative advantage in

providing relief, and while the Bank's work may complement their efforts, it is not to overlap them. The Board also recognizes the difficulty of drawing the line between relief work and reconstruction. Documentation on the Bank's assistance to Bosnia and Herzegovina (BiH) says that it is following a two-track strategy, the first being support to "selected immediate assistance

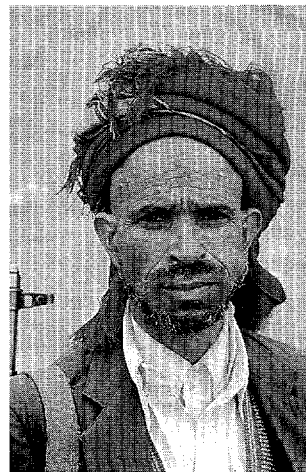
programs"² through the Trust Fund established for BiH. Some components of these emergency operations may be considered relief, for example, replenishing books and educational materials under the Emergency Education

Reconstruction Project. During discussions on the *Framework*, Board members agreed that this issue needs to be tackled. While some believed that the *Framework* justifies relief, others suggested that such activities help close the gap between relief and reconstruction (by providing resources to keep educational and medical systems operational in order to maintain human capital).³

Aid coordination. Most Board members agree that the Bank can play a large role in aid coordination, perhaps not leading in every case, but at least facilitating the process. The Bank's involvement should seek to relate assistance to the requirements of economic reforms. By necessity, in some countries other agencies should lead in aid coordination. In Angola and Cambodia, for example, the Bank has been absent for long periods and lacks solid knowledge of the country. In such cases the Bank should be more sensitive and learn from the experience of other institutions. As recommended in the *Framework*, the Bank should maintain a watching brief in conflict countries where it is not active.

Flexibility and speed. These are essential to post-conflict reconstruction. The Bank needs to be able to respond quickly to situations that are often complex and in flux. Board discussions have pointed out that the lending program also needs to be flexible to respond to the risks being taken. In Angola, for example, Bank strategy in 1991 was called a "lending framework" that would be revised in response to the government. Rwanda has been noted by the Board as an example where the Bank was not flexible.

Risk. The *Framework* proposes a component on risk management that has been welcomed by the Board. The risks and rate of return in post-conflict countries are volatile and a return of hostilities could wipe out millions of dollars of Bank work overnight. While dis-



Man in Yemen Republic

cussing the *Framework*, one ED noted that the Bank has no exit strategy in case hostilities resume. Although the *Framework* does not detail what might comprise an exit strategy, it notes that one must be included in the Transitional Support Strategy (para. 47). During 1991 discussions on Bank involvement in Angola, some Board members expressed deep concern over the high risk the Bank was taking: confi-

dence that the proposed interventions would work was only marginal. Noting that the Board has little to do with a project after it is approved, one member asked what the Board could do about problems that arise during the implementation and supervision of projects. The *Framework* says that the Board will be kept informed at intervals about the assessment of risks and the steps being taken by management in this regard.

The Bank's comparative advantage. Board members unanimously agree that the Bank should focus on activities in which it has a comparative advantage and avoid overlapping with the activities of other agencies. A traditional area of strength for the Bank has been the rebuilding of physical infrastructure. Board members also agree that macroeconomic management and policy issues are comparative advantages for the Bank. But some hesitate to declare a comparative advantage for the Bank in newer areas, such as demining, demobilization and reintegration of ex-combatants, and dealing with displaced populations. The Angola peace accords, for example, called for demobilizing 150,000 troops. In a 1991 discussion of the issue, some Board members questioned whether the Bank would be able to respond to those needs. If not, they recommended that the Bank pursue the issue through aid coordination and assist other agencies with it. Since that time, the Bank's demobilization activities have increased. As no other agency has yet systematically addressed the issue, the Bank may have created a comparative advantage for itself. Regarding reintegration of displaced populations, some Board members have expressed concerns that the Bank may be overlapping with UN agencies. One Board member stated that job creation may deserve further elaboration

in the *Framework*, since it is one of the most important contributions the Bank can make. Also mentioned in Board discussions is demining, another area in which the Bank has tried to create comparative advantage.

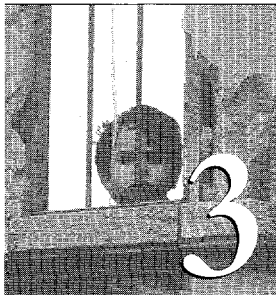
Lending instruments/financing post-conflict reconstruction. Although Board members concede that speed and flexibility are crucial for post-conflict operations, they disagree on how financing can best allow for speed and flexibility. Financing was by far the most contentious issue during meetings on the *Framework* paper, and several times it was left to be decided later. Some supported the establishment of a post-conflict trust fund or Development Grant Facility for use by countries where traditional lending was not immediately available. This would avoid the time loss incurred by doing it case-by-case and could attract additional resources. Others opposed the trust fund idea and raised concerns that supply would create demand and raise expectations that the Bank could not meet. Some argued that the Bank's strength lies in the rigor of its approach, based on ensuring that funds are used to the best advantage; if it was decided that grants were more appropriate than loans or credits, then the Bank may not be the right institution for the activities. In support of this view, it was suggested that if existing lending vehicles were not adequate, then new instruments could be created case-by-case. Some were concerned that going beyond IDA could create equity problems and mainstream what should be extraordinary assistance for post-conflict activities. BiH and the West Bank and Gaza may have set precedents for the establishment of trust funds for post-conflict reconstruction activities. The final report of the *Framework* does not provide much detail on budgetary arrangements and financing instruments for post-conflict reconstruction, indicating that this issue warrants further discussion.

Arrears. Related to the issue of financing, Board members have also expressed differing views on how to deal with the arrears of countries emerging from conflict. The majority of countries in arrears to the Bank are countries in conflict.⁴ Some EDs consider it necessary to have a flexible attitude toward helping countries deal with arrears to the Bank and that arrears should not be an impediment to post-conflict reconstruction lending. Others hold that it should be an extraordinary decision to provide resources to member countries in arrears, and urge a more cautious attitude. The *Framework* tries to accommodate both views, while not making any specific proposals. As arrears are a common and significant problem of countries emerging from conflict, the *Frame-*

work says that planning the countries' financial normalization is crucial. It says that while solutions will depend on a variety of factors, including the size of the arrears and the amount of support from the international donor community to assist with financing, normalization may take a long time. At the same time, it notes that the presence of arrears does not preclude other post-conflict reconstruction assistance from the Bank, such as the mobilization of assistance from donor countries or other non-lending activities (para. 33).

Preventing conflict. The *Framework* reflects the view of many EDs that the Bank can help prevent conflict by supporting activities that are intended to mitigate tensions in at-risk countries. Other EDs have urged caution in this area, saying that the Bank must not stray beyond its mandate into political matters. The *Framework* takes these views into account and says that, first and foremost, Bank activities should "do no harm" and, further, "when requested to do so by a member, the Bank should consider supporting government attempts to promote activities which ameliorate conditions which may lead to conflict...."

Timing of Bank re-entry. Views vary regarding the most appropriate timing for the Bank to start operations in post-conflict countries. EDs noted that the general presumption had been that the Bank should not start operations until hostilities and related political tensions (such as border closures) had completely ceased or been resolved. Recent decisions suggest a tendency toward earlier involvement, however. Angola, El Salvador, and Sri Lanka are examples where the Bank became involved before the hostilities completely ceased.⁵ The first Structural Adjustment Loan (SAL) for El Salvador was approved about a year before the peace accords were signed, but the Board and staff considered that the peace negotiations were going well. In Sri Lanka and Angola, peace accords had recently been signed, and Board members requested assurance that the hostilities had indeed virtually ended. It was agreed that the Bank would be taking a calculated risk in these countries, but that it was one that outweighed the risk of waiting until the strife had completely ended. Another example is the West Bank and Gaza, where border closures with Israel have devastated the Palestinian economy because of lost jobs and restricted flows of materials. While an end to the closures required a political solution, the Bank decided that it was too dangerous to wait when immediate steps could restore confidence, create employment, and regenerate demand.



Anatomy of the Bank's Post-Conflict Reconstruction Portfolio

Every post-conflict country is unique and no one formula can respond to all reconstruction needs. The World Bank uses a broad array of mechanisms to support the transition to peace and the resumption of economic and social development. Its lending operations comprise macroeconomic and sectoral adjustment reforms, direct investment, and technical assistance in support of reconstruction. Non-lending services include damage and needs assessment, economic and sector work, country assistance strategies, and aid coordination. A review of the

portfolio reveals that the Bank uses conventional lending instruments more often than quick-disbursing ones designed for emergencies to support reconstruction, and that reconstruction efforts are often framed as traditional Bank work. There is not a well established pattern showing whether post-conflict reconstruction activities come at a higher cost than “normal” operations, as indicated by the amount of staff time required to support them.

The Bank's Approach to Post-Conflict Reconstruction

The Bank's support of post-conflict reconstruction has taken a variety of forms ranging from comprehensive packages of lending and non-lending services, through more modest but strategic support, to a focus on specific aspects of recovery such as economic stabilization or transition to a market economy. Lending operations address a range of needs common to post-conflict situations such as jump-starting the economy, resettlement and investment in war-affected regions, repair of war-damaged infrastructure, reform of a nonfunctioning or corrupt civil service and public administration, and targeted programs for veterans and vulnerable groups such as widows and children. Non-lending services help define broad recovery and reconstruction strategies and assist in mobilizing and coordinating international

resources. This chapter describes these different approaches and the Bank's global post-conflict reconstruction portfolio.

The assessment team identified 34 countries as post-conflict. Table 3.1 summarizes Bank Group support to these countries. Before analyzing the support strategies, it is worth noting that compiling a list of Bank operations and other activities that support post-conflict reconstruction was an arduous task, because of the difficulty of defining “post-conflict,” as well as the classification of Bank programs. Drawing a line between conflict and post-conflict is not easy. The apparent closure points to conflict, such as peace agreements or elections, rarely signal the clear beginning of a definable *post*-conflict reconstruction period. Rather, there is a period of transition where peace must still be consolidated and ground laid before sustainable recovery can begin. Even among the countries with identified Bank-financed “post-conflict reconstruction” operations, about half are experiencing ongoing conflict.

Distinguishing post-conflict reconstruction operations from “normal” operations can also be a complicated matter. To identify such operations, the assessment team looked for an explicit objective like “supporting the transition to peace and the resumption of economic

TABLE 3.1: SUMMARY OF WORLD BANK GROUP INVOLVEMENT IN POST-CONFLICT RECONSTRUCTION

COUNTRY	LOAN/CREDIT VOLUME (US\$Millions)	TRUST FUNDS	IFC TRUST FUNDS	DRF	EDI	IFC	MIGA
AFR							
Angola	228.8	•			•		
Burundi	14.6					•	
Eritrea	42.5	•	•				
Ethiopia	391.3	•		•	•	•	
Liberia						•	
Mozambique	220	•	•	•	•	•	
Namibia						•	
Rwanda	228	•				•	
Sierra Leone		•		•		•	
Somalia		•				•	
South Africa		•	•			•	•
Sudan						•	
Uganda	2304.4	•	•	•	•	•	•
EAP							
Cambodia	237.1	•					
Lao PDR	53.2		•				
Myanmar							
SAS							
Afghanistan						•	
Sri Lanka	78	•	•		•	•	
ECA							
Azerbaijan		•	•				
Bosnia and Herzegovina	357.6	•	•		•	•	
Croatia	248	•	•			•	
Cyprus						•	
Georgia		•					
Russian Federation			•			•	•
Tajikistan	69.7	•	•		•		
MENA							
Algeria			•			•	
Iraq							
Lebanon	538.9	•	•		•	•	
West Bank and Gaza	135				•		
Yemen		•	•			•	
LAC							
El Salvador	451.5	•	•		•	•	•
Guatemala			•		•	•	
Haiti	276.4	•				•	
Nicaragua	277	•	•	•		•	

Note: The dollar amounts are based on approved post-conflict reconstruction related projects, as of December 15, 1997.
 “DRF” is Debt Reduction Facility.

and social development.” However, some documents for operations dealing with potentially conflict-relevant issues (such as poverty alleviation and decentralization) completely avoided referring to conflict, or if they did, did so in a way that obscured rather than elucidated a

linkage to conflict. Their post-conflict reconstruction objectives may be overlooked, downplayed, or simply not made explicit in the project documentation. Projects may be framed as poverty alleviation programs, public sector management, or decentralization projects, yet

they benefit war-affected areas and groups, reform corrupt and partisan public sector agencies, and build the foundations for civil participation—all of which can be important reconstruction priorities.

Moreover, the Bank's reconstruction projects are not easily identified by lending instrument. Most post-conflict reconstruction operations might readily be expected to be Emergency Recovery Loans (ERLs) as they are designed "to restore assets and productivity immediately after a major emergency (war, civil disturbance, or natural disaster) that seriously disrupts the country's economy."¹ However, little more than a handful of the post-conflict operations identified for the study used ERLs or other quick-disbursing instruments such as Rehabilitation Import Loans (RILs). With these concepts explained, we can turn to a discussion of patterns of Bank support for post-conflict reconstruction.

Two states—Bosnia and Herzegovina and Uganda—received comprehensive reconstruction support from the Bank. In BiH, the Bank helped start the reconstruction effort in 1996 without waiting for financial normalization and membership in the Bank. Sixteen emergency projects for the country have addressed all major infrastructure and social sectors. They also incorporate a focus on employment-generation and support institutional development. In addition, the Bank has provided assistance for normalization of the country's financial relationship with the international community, including clearing of arrears and Bank membership; development and implementation of a medium-term assistance strategy to support the government's systemic reform program; and continuation of support to the country's overall reconstruction program.

The Bank's involvement in Uganda's reconstruction was particularly comprehensive. Since the National Resistance Movement Government took power in January 1986, the Bank has coordinated closely with international donors to support the country's reconstruction effort. In the first five years after the conflict (1987–1992), the Bank supported approximately 25 lending operations amounting to more than US\$1 billion. It has provided financing for an economic recovery credit and a series of sectoral investment and reform programs (agriculture, education, health, railways, telecommunication) aimed at rehabilitating key economic and social infrastructure affected by the war.

In other countries, Bank lending was explicitly

geared to meet post-conflict reconstruction objectives, but the level of engagement was neither as comprehensive nor as significant as in BiH and Uganda. In many cases, modifying the existing portfolio was an important element of the Bank's strategy. In Mozambique, changing the Bank-supported health, education, and human resources projects contributed to the reconstruction effort. In Rwanda, more than US\$100 million of undischarged funds from nine existing projects were reallocated to finance activities under the government's Emergency Recovery Program.

The Bank has treated some post-conflict countries as countries in transition to market economies—Algeria, Azerbaijan, Georgia, Laos, Nicaragua, and Tajikistan are some obvious examples. Political instability, social unrest, and violent conflict may be understood as inherent difficulties of an economic transition, or as largely exogenous results of historical conditions of poverty, inequity, and other social disparities.² Nicaragua is illustrative: After the 1990 elections, the new government immediately embarked on a stabilization and adjustment effort to reverse the effects of a decade of central planning. The Bank supported the move to a market economy with a \$110 million economic recovery credit in 1991. Less than a year later, the Bank supported a social investment fund "to maintain social cohesion during the period of economic adjustment,"³ and a second economic recovery credit and social investment fund loan followed in 1994.

In countries where internal conflict is drawing near a close, or where tensions have abated enough to generate optimism and encourage action, the Bank has been engaged in planning next steps with the government. In Azerbaijan, for example, as a permanent peace settlement is expected soon, the Bank is visibly gearing-up. A resident mission was established in Baku in September 1995, and Bank support has concentrated on economic stabilization and structural reform—clearly with the objective of supporting the country's move to a market economy, but also with an eye to post-conflict reconstruction. Both the government and the Bank plan to assess the war damage and reconstruction needs only after the peace settlement can ensure safe access to the affected areas of the country. In the meantime, Bank economic and social sector work has begun some analysis to inform the reconstruction.

In Sri Lanka, the Bank has indicated readiness to support a comprehensive reconstruction effort in the north-east, following peace accords and with the expectation

that it will be a major player in assessing reconstruction needs, providing policy advice, and coordinating donor assistance.⁴ In Somalia, where fighting has continued despite a cease-fire and international presence, the Bank has taken a similar stance, indicating its interest in supporting reconstruction once political stability is restored.

The Lending Portfolio

The Bank has undertaken a variety of lending operations in countries emerging from conflict. Of the 34 countries identified by the study as post-conflict, 18 had lending operations supporting recovery. In these countries, the Bank undertook 157 reconstruction projects amounting to more than US\$6.2 billion (see complete list in Annex 2).

Lending by Region

Since 1980 the volume of Bank lending to post-conflict countries has increased over 800 percent.⁵ As shown in Figure 3.1, the most significant increase came in the first half of the 1990s, when the majority of funds went to African countries (mainly Uganda). Of the US\$6.2 billion

the Bank has lent to post-conflict countries since 1980, 56 percent, or US\$3.5 billion, has gone to the Africa (AFR) region. The next largest share has gone to the Latin America and Caribbean (LAC) region, which received just over 16 percent. The Europe and Central Asia (ECA) and Middle East and North Africa (MENA) regions have received nearly equal shares, about 11 percent each, and the East Asia and Pacific (EAP) region received 4.5 percent. The South Asia (SAS) region received the smallest portion, just over 1 percent, consisting entirely of the Emergency Reconstruction loan to Sri Lanka in 1988 following the mid-1987 Indo-Sri Lanka Peace Accords.

Over the years, lending commitments to post-conflict countries have grown as a percentage of the Bank's overall portfolio. As Table 3.2 indicates, overall lending to post-conflict countries comprises over 16 percent of IBRD's and IDA's lending commitments for fiscal year 1998. In several regions, such as ECA and MENA, lending to post-conflict countries makes up nearly half the regional portfolio. In AFR, post-conflict lending makes up close to a third of commitments.

FIGURE 3.1: POST-CONFLICT LENDING OPERATIONS APPROVED BY REGION

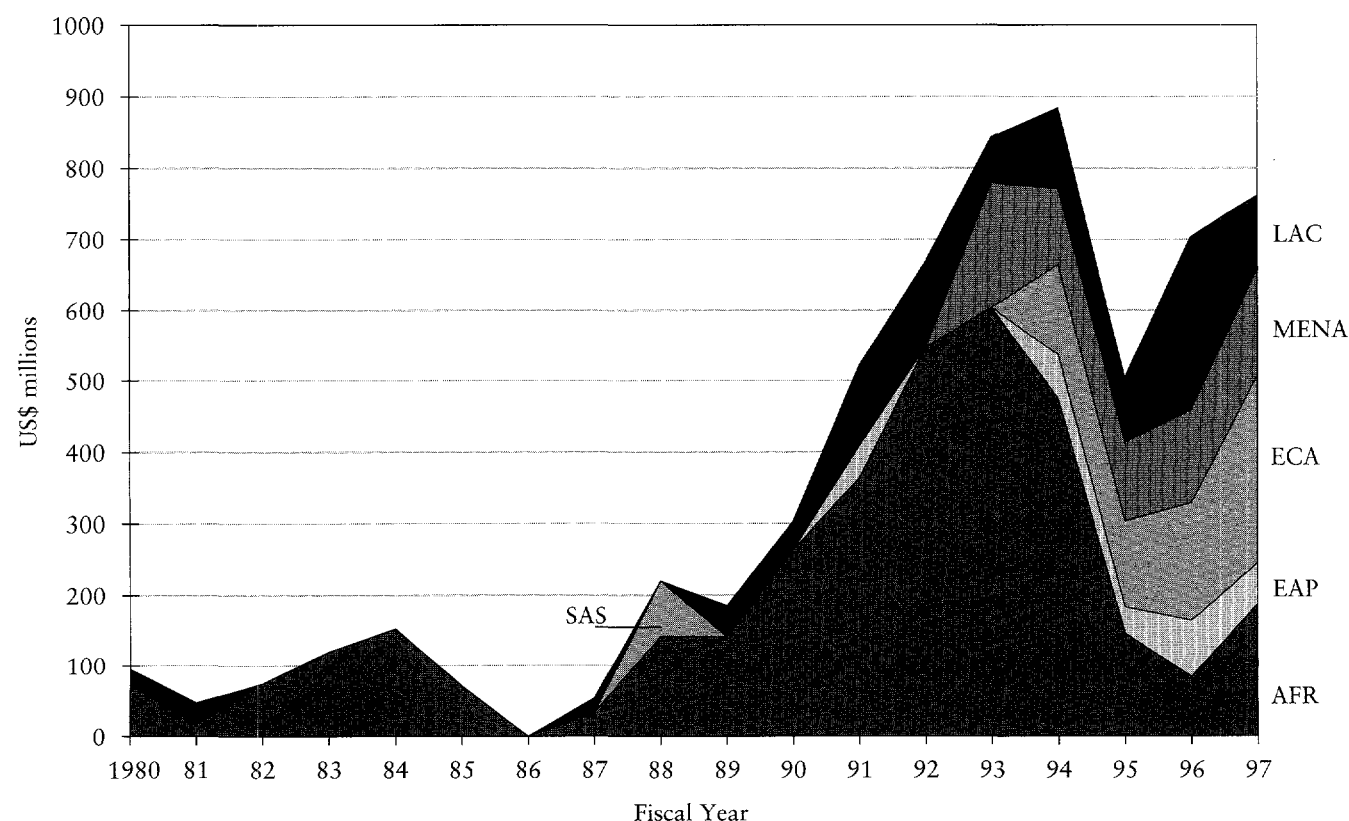


TABLE 3.2: IBRD/IDA COMMITMENTS TO POST-CONFLICT COUNTRIES AS A PERCENTAGE OF THE REGIONAL AND GLOBAL PORTFOLIOS (PERCENT)

FISCAL YEAR	AFR	EAP	SAS	ECA	MENA	LAC	GLOBAL PORTFOLIO
1980	21.08	6.86	6.65	1.13	17.26	2.57	7.95
1981	16.18	2.28	6.74	0.91	19.47	1.90	6.22
1982	17.91	4.07	4.26	0.92	5.80	1.14	5.18
1983	21.82	2.58	1.11	1.62	7.78	2.15	4.79
1984	17.08	1.63	1.84	2.74	32.22	2.28	7.28
1985	24.75	1.03	3.80	0.50	29.23	2.07	6.60
1986	13.00	0.94	2.36	1.42	5.20	1.70	3.26
1987	13.66	1.18	1.78	0.00	33.15	1.67	5.67
1988	21.94	1.83	4.58	3.76	36.69	1.79	7.72
1989	20.05	1.30	1.36	0.00	26.79	1.81	6.58
1990	17.42	1.20	4.09	1.14	37.74	0.66	7.07
1991	15.83	0.99	9.95	0.78	26.07	2.39	7.15
1992	25.82	0.73	2.32	1.49	17.69	2.78	7.31
1993	32.67	0.99	3.22	35.64	24.53	3.46	13.21
1994	29.97	1.84	0.00	44.22	21.74	3.77	14.54
1995	15.16	0.99	1.30	45.48	43.09	2.68	13.64
1996	14.35	2.60	5.32	48.18	41.64	6.22	17.17
1997	19.55	2.17	2.87	45.85	38.29	2.93	17.26
1998	30.60	0.62	2.04	43.93	45.73	6.87	16.03

Note: Percentages are based on IBRD/IDA Lending Commitments provided by the Planning and Budget Department. Complete tables with lending amounts are in Annex 5.

Lending by Sector

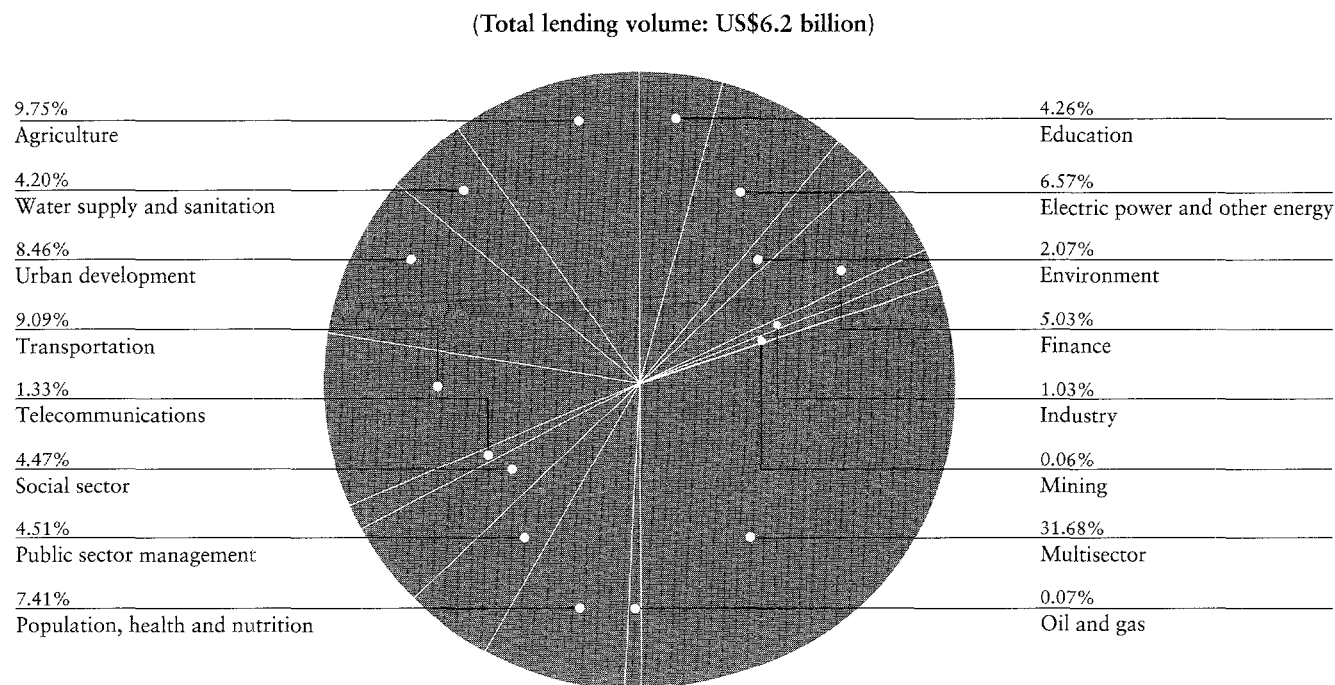
Over the past 20 years, the Bank's post-conflict reconstruction lending projects have covered every sector. Of the US\$6.2 billion in lending volume, the largest portion, 32.68 percent, supported "multisector" projects. These include central balance transfers to stabilize the macroeconomic situation, technical assistance loans, and general emergency reconstruction or recovery projects (usually ERLs) that have several economic and social components and are designed to provide rapid assistance for the most pressing needs. Of the nearly US\$2 billion in multisector lending, more than half was in structural adjustment loans or credits for budget support. The "multisector" sector also includes the demining project implemented in Bosnia and Herzegovina. Nearly 10 percent of the US\$6.2 billion financed agriculture projects, and 9 percent supported transportation projects (mainly highway reconstruction). The urban development sector received 8.5 percent of post-conflict reconstruction assistance, the largest of these loans being US\$175 million for the reconstruction of Beirut. Population, health, and nutrition received 7.4 percent of the lending amount, and electric power and other energy received 6.6 percent. Other sectors received smaller amounts of support, as shown in Figure 3.2.

Non-lending Services

The Bank's non-lending services—including economic and sector work (ESW), aid mobilization and coordination, technical assistance (often Trust Fund-supported), training, research, and evaluation—are an important part of the post-conflict reconstruction effort. They help address the special challenges faced by countries embarking on post-conflict reconstruction, providing support to governments in important policy areas, as well as to the Bank in its specific post-conflict lending activities.

ESW includes analyses of country macroeconomic frameworks, economic sectors, and specific issues such as poverty, private sector investment, and public expenditures. In post-conflict countries, ESW has been used to identify reconstruction priorities, assess poverty and vulnerability for targeting program benefits, support project preparation, and understand macroeconomic issues. ESW has also supported the aid coordination process by informing international donors of needs, mobilizing their support for reconstruction efforts, and keeping them abreast of progress.

Smooth aid coordination is particularly important in post-conflict situations, because of the massive, urgent needs and the presence of many donors eager to provide support, each with its own agenda. In many

FIGURE 3.2: POST-CONFLICT RECONSTRUCTION LENDING BY SECTOR, 1977–1997

post-conflict countries, the government lacks the capacity to coordinate donor assistance. The Bank can assist by providing a framework for mobilizing donor resources, ensuring realistic and common expectations regarding aid on the part of stakeholders, and strengthening the government's aid coordination capacity. The Bank led or assisted in aid coordination in nearly all the case study countries. Chapter 4 explores the range and depth of that experience.

Trust Funds are also important to supporting reconstruction efforts. For many of the countries reviewed, reconstruction-related support is a sizable portion of the country's total Trust Fund activity. About 20 countries received post-conflict reconstruction support from Trust Funds: 14 devoted more than a third of their Trust Fund resources to post-conflict reconstruction (eight devoted more than 80 percent). All nine case study countries received Trust Fund support for operations related to post-conflict lending and non-lending services. While cofinancing accounts for the largest use of post-conflict Trust Fund support in most of the nine countries (including BiH and Uganda), other uses, such as technical assistance and pre-investment support, have been significant in BiH, Cambodia, El Salvador, Lebanon, and Uganda. The use of Trust Funds for arrears clear-

ance has been critical to the resumption of Bank operations in BiH, Cambodia, Haiti, and Rwanda. In BiH, a special Trust Fund in the amount of US\$150 million and another one set up by the Netherlands were key to funding the first few reconstruction projects.

The Development Grant Facility (DGF) has recently approved US\$8 million for fiscal year 1998 for a Post-conflict Program (PCP). The Program will finance early reconstruction activities more rapidly than typical Bank operations, making the Bank more flexible in responding to urgent reconstruction needs. The PCP has established a Program Committee, which includes Bank staff as well as external experts from UN agencies, NGOs, and other technical experts who periodically meet to consider proposals for post-conflict development efforts. The committee will contribute to the selection of implementing agencies or researchers to enhance knowledge and carry out such activities as watching briefs, transitional support strategies, and early reconstruction activities.

The Bank's training facility, the Economic Development Institute (EDI), has recently begun to address post-conflict reconstruction priorities. An examination of EDI's work programs for fiscal years 1991–1995 found no obvious post-conflict reconstruction activities. In 1996 and 1997, however, learning activities on such top-

ics as civil service reform, integrity, accountability and transparency, the role of NGOs, and social funds emerged for post-conflict countries. In 1996 EDI articulated a Social Dislocation program that addresses the special challenges of post-conflict reconstruction. At an October 1996 Social Dislocation Seminar in Washington, D.C., country representatives from Angola, Cambodia, Guatemala, Mozambique, and Uganda met NGOs, the UN, and the Bank to discuss approaches to rebuilding after conflict. Ongoing activities for fiscal year 1998 include workshops addressing such issues as conflict resolution (to take place in BiH), municipal capacity building (in Guatemala and Rwanda), and reintegration (in Angola). Plans are also under way to prepare training materials on lessons learned in post-conflict Mozambique, as well as a training program for Bank staff on post-conflict issues to be conducted jointly with the Post-conflict Unit and the Learning and Leadership Center.

The Cost of Post-Conflict Reconstruction Operations

It is tempting to assume that post-conflict reconstruction operations cost more in staff time than “normal operations,” as they may need more support for complicated aid coordination or demanding project supervision in a fragile context. However, it is difficult to assert this assumption with any certainty. A review of aggregate staff years dedicated to support Bank activities (including lending, supervision, ESW, country program support, technical assistance, aid coordination, and network and other country support), certainly shows a noticeable jump in staff time during the immediate post-conflict years for the nine case study countries (see Table 3.3). This is particularly evident for BiH, Cambodia, El Salvador, Eritrea, Lebanon, Sri Lanka, and Uganda. In Haiti, ESW spiked in 1991 with President Aristide’s election then dropped-off after he was ousted. In many cases, the number of staff years is significantly higher than the average for the region. However, the difficulty in attributing this to the post-conflict context is indicated by the large number of staff years in such places as Ethiopia, Haiti, Rwanda, Sri Lanka, and former Yugoslavia, where the Bank was working before the outbreak of conflict and before arrival at a peace settlement.

Lessons from Evaluations of Post-Conflict Reconstruction Operations

Of 65 completed post-conflict reconstruction operations in 15 countries, 52 had Project Completion Reports (PCRs) or Implementation Completion Reports (ICRs).

Ten had been audited by OED. Most of the Bank’s experience in evaluating post-conflict reconstruction operations comes from Uganda (35 out of 65 projects).

The completion reports rated performance of the evaluated operations as follows: 66 percent had “satisfactory” or better outcomes; 43 percent were considered to be “sustainable”; and 23 percent had “substantial” institutional development impact. This is a slightly poorer performance record than for the overall Bank portfolio, according to the *Annual Review of Evaluation Results 1995*. For the 1995 Review cohort of 264 operations, 68 percent had “satisfactory” or better outcomes; 46 percent were considered likely to be “sustainable”; and 27 percent had a “substantial” institutional development impact. The 1995 Review also notes that “War and civil strife are significant factors in the outcomes of the 1995 cohort. If the analysis excludes all



Muslim woman in Sarejevo suburb, Bosnia

TABLE 3.3: STAFF YEARS DEDICATED TO THE NINE CASE STUDY COUNTRIES

FISCAL YEAR:	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998 REVISED
AFR Total	605.6	611.5	580.9	583.8	659.2	559.8	611.0	620.7	654.4	607.9	615.1	553.6	598.1
Region Average	11.2	11.3	10.8	10.8	12.2	10.4	11.3	11.5	12.1	11.3	11.4	10.3	11.1
Eritrea	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	6.0	8.7	6.3	7.1
(Ethiopia)	21.3	20.4	12.9	19.2	18.6	17.9	16.9	23.8	25.2	19.7	19.7	23.7	27.7
Rwanda	16.4	10.5	13.1	16.0	16.8	13.8	16.3	12.7	13.3	8.9	8.5	10.5	12.3
Uganda	11.7	16.9	18.6	18.0	27.5	26.5	28.0	26.5	28.4	30.9	30.9	27.2	30.4
EAP Total	277.0	268.2	285.4	286.3	304.2	291.1	321.0	340.9	342.4	339.7	339.0	327.4	332.3
Region Average	9.6	9.2	9.8	9.9	10.5	10.0	11.1	11.8	11.8	11.7	11.7	11.3	11.5
Cambodia	0.0	0.0	0.0	0.1	0.1	0.1	2.5	2.5	5.2	9.7	12.0	10.3	8.8
LAC Total	301.9	319.1	332.5	354.8	369.2	367.0	390.9	424.9	430.9	403.0	377.5	329.5	313.7
Region Average	7.5	8.0	8.3	8.9	9.2	9.2	9.8	10.6	10.8	10.1	9.4	8.2	7.8
El Salvador	3.0	3.7	1.9	2.8	3.6	5.9	7.3	10.4	9.8	10.1	9.4	10.0	6.5
Haiti	9.1	7.3	5.8	7.7	9.8	9.8	3.1	1.2	1.6	5.2	9.2	7.8	8.9
SAS Total	264.5	269.8	351.4	400.9	501.4	430.2	470.6	473.8	473.0	386.4	377.1	381.3	403.5
Region Average	24.0	24.5	31.9	36.4	45.6	39.1	42.8	43.1	43.0	35.1	34.3	34.7	36.7
Sri Lanka	18.0	17.7	20.3	16.5	19.3	23.8	21.9	27.9	25.5	22.1	24.9	24.5	25.8
ECA Total	113.0	105.0	107.6	95.9	119.5	170.0	207.6	407.7	482.2	468.6	467.8	464.4	504.9
Region Average	2.5	2.3	2.3	2.1	2.6	3.7	4.5	8.9	10.5	10.2	10.2	10.1	11.0
BiH	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	26.7	32.1	25.2
(former Yugoslavia)	25.7	19.5	23.2	20.7	22.2	23.9	7.8	4.2	0.6	0.7	0.1	0.2	0.0
Total for MENA	171.1	181.9	186.6	196.3	205.6	189.1	215.1	221.5	215.8	208.8	199.6	187.8	196.9
Region Average	5.5	5.9	6.0	6.3	6.6	6.1	6.9	7.1	7.0	6.7	6.4	6.1	6.4
Lebanon	0.3	0.0	0.1	0.0	0.0	0.4	3.8	8.1	13.7	15.4	11.5	9.6	12.3

BiH: 1995 cease-fire and Dayton/Paris Accords; *Cambodia*: 1993 UN-sponsored elections ending two decades of war; *El Salvador*: 1992 Peace Treaty and 1994 elections; *Eritrea*: 1992 post-conflict reconstruction lending and 1993 Independence; *Haiti*: 1991 President Aristide elected and ousted, and 1994 return; *Lebanon*: 1990 end civil war; *Rwanda*: 1993 peace accords and 1994 massive violence; *Sri Lanka*: 1987 India/Sri Lanka agreement, 1988 Emergency Reconstruction Project; and *Uganda*: 1986 Obote deposed, rebels win, and 1994 multiparty democracy.

Source: World Bank, Planning and Budget Department

projects with substantial negative effects resulting from war and civil strife, the outcome rating for the cohort would climb to 73% satisfactory from 68%" (pp. 8–9).

The ratings of the 21 operations completed before the first phase of intensive conflict in Rwanda, October 1990, stand in marked contrast to the ratings of the 12 operations completed during and after the conflict. Over 60 percent of outcome ratings in the former group were "satisfactory," however, over 80 percent in the latter group were "unsatisfactory." While it was impossible to predict from these results that genocide was about to occur in the second quarter of 1994,⁶ the results do reflect the accelerated deterioration in the socioeconomic environment and in governance occurring in Rwanda in the early 1990s.

The project evaluation documents identify several important lessons for consideration in the design and implementation of post-conflict reconstruction operations. They include the importance of (i) establishing a dialogue; (ii) preserving flexibility; (iii) avoiding unrealistic expectations; (iv) maintaining simplicity; (v) keeping procurement and disbursement procedures consistent with the post-conflict context; (vi) ensuring consistency in Bank programs; (vii) supporting priority areas; and (viii) promoting government ownership.

Establishing a dialogue. Uganda's First Reconstruction Credit (C0983) sheds light on the importance of opening an avenue for discussion of recovery policy. Although the direct impact of the credit was limited, it provided a valuable opportunity to initiate a dialogue on a wide range of economic policies and management decisions that has been carried forward into subsequent operations and economic and sector work (PPAR, para. 54).

Preserving flexibility. The more unsettled a country's institutional environment and the more uncertain the prospects that project benefits will be sustainable, the more flexibility needs to be built into the project design, that is, the more the project needs to have a "process" rather than a "blueprint" design. In Uganda's TA III, project designers realized that they could not predict the form and timing of every contingency that might arise. They thus adopted a flexible project design that incorporated both "blueprint" and "process" elements with emphasis on the latter. Several components were deliberately left underdesigned at appraisal. This concern was echoed by the PCR for the Sri Lanka Emergency Reconstruction and Rehabilitation Project (ERRP, C1883). A PCR lesson learned was to keep initial design simple and build in flexibility to make midcourse corrections as circumstances warrant (para. 16).

Avoiding unrealistic expectations. The realization that the process of rehabilitation is complex and lengthy often comes too late in the project process. Thus, expectations are unrealistic, and good intentions cluster too many components under one umbrella. Although timely and relevant, the project objectives in Uganda's Program for the Alleviation of Poverty and Social Costs of Adjustment (PAPSCA), were numerous and unprioritized. So many components covering such a wide spectrum of subjects under the same program created excessive complexity.

Simplicity. Although their performance was rated "satisfactory" overall, the completion reports for two El Salvador operations contain some lessons indicating a need for relatively uncomplicated approaches in immediate post-conflict projects. The first Structural Adjustment Loan (SAL I, L3293) contained three pilot nutrition efforts that required management-intensive supervision to address implementation problems. While two of the three pilots ended in success, the ICR surmised that a separate investment project might have been a more appropriate vehicle for implementing a nutrition program. This opinion was echoed by a staff member overseeing the SAL at the time. In fact, consideration had been given to including the nutrition pilots in the Social Sector Rehabilitation Project (SSRP, L3348), but they were included in the SAL to give the loan an explicit social component. One element of second-tranche conditionality for SAL I called for the divestiture of agricultural marketing entities. Implementation of this measure was delayed by stiff political opposition and resistance from employee groups. One Bank staff member involved at the time questioned the wisdom of including these privatization efforts in the first SAL. A lesson drawn by the draft ICR for the SSRP is that even where there is a high level of commitment to the project, when institutional capacity is low, projects need to be relatively uncomplicated, and additional capacity should be ensured through pre-project and continuing technical assistance and training of project staff.

Keeping procurement and disbursement procedures consistent with the post-conflict context. Disbursements for Uganda's First Economic Recovery Credit were much slower than had been hoped. Despite the urgent need to obtain foreign exchange, the Bank emphasized the need to restore discipline to the foreign exchange allocation and procurement procedures that had been destroyed during the previous regime. This decision made it very unlikely that the goal of rapid disbursement could be

achieved (PPAR, p. 15, para. 43). In PAPSCA, cumbersome procurement and disbursement procedures led to untimely delivery of goods and replenishment of funds. Project management and disbursement were highly centralized, and construction materials were packaged into larger contracts and procured through international competitive bidding (ICB). In some cases, it took 18 months after credit effectiveness for communities to receive materials. In the Sri Lanka ERRP, a significant impediment to implementation was the weak mandate of the National Reconstruction Steering Committee to adopt streamlined and expeditious procurement procedures. The PCR presents as a key lesson learned the need to establish more effective institutional arrangements for project implementation and monitoring in future emergency assistance operations. The PCR points to the more successful experience of the IDA-supported Emergency Recovery Project in Jordan, where a high-level government task force had a mandate to make quick procurement decisions and issue directions to implementation units (PCR, paras. 14–15). Chapter 7 discusses the issue of procurement and disbursement in more detail.

Ensuring consistency in Bank programs. Project experience in Uganda's Public Enterprises Project (PEP) and the Enterprise Development Project (EDP) underlines the need for better coordination of the Bank's country assistance strategy. The PEP was approved in 1988 and closed in 1995. Its objective was to strengthen the government's capacity to sustain economic recovery by increasing productivity and output in public enterprises. The EDP, approved three years before PEP closed, emphasized support for a parastatal reform and divestiture program with a goal of divesting 85 percent of all parastatals by the end of 1997. PEP's emphasis on restructuring parastatals was at odds with the objective of parallel adjustment programs, which aimed to impose hard budget constraints on the operations of parastatals and to divest most of them. The approval of EDP three years before the planned closing of PEP created substantial confusion (PPAR, para. 10).

Supporting priority areas. Power is a priority area in post-conflict recovery. The Second Power Project, approved in 1985, was the Bank's first operation in Uganda's energy sector in more than 20 years. It took eight years from project signing to credit closure, compared with an original estimate of five years. The project's design underestimated the impact of the unstable situation and the needs faced by the implementing agencies in ensuring day-to-day operation of the power

system, competing with the requirements of project implementation. Also underestimated were the very significant scope of the rehabilitation works and the requirements of the transmission and distribution networks in Kampala. Efforts to strengthen the capacity of the Uganda Electricity Board (UEB) lagged behind efforts to support the Ministry of Economy and Planning. The project did not achieve its objective (to improve the board's financial performance and operational efficiency) and the UEB continues to face severe financial difficulties.

Government ownership. A Special Emergency Assistance Grant of US\$20 million was provided for emergency rehabilitation in Rwanda shortly after the new government assumed power in the summer of 1994. A 1996 ICR has assessed the performance of this grant in generally positive terms, largely because implementation was carried out expeditiously and effectively by four UN specialized agencies (UNICEF, UNHCR, FAO, and WHO). However, the ICR extracts a lesson that the Bank should keep the government involved in and informed about grants. This, according to the ICR, "avoids possible unhappiness by the government at being 'bypassed' by a grant, and sets a more secure foundation on which to build future collaboration between the government and the Bank" (ICR, para. 41; June 18, 1996). The issue of government ownership is potentially of particular concern in the case of grants, as the government may have no financial stake in the outcome of a grant-funded activity (unless it has made its own budgetary contribution).

Characteristics of Post-Conflict Countries

Finally, project documentation shows that conflicts are different everywhere and require tailor-made approaches. They differ among other things in duration, intensity and scope of destruction, the relative military and political strength of the opponents, and the degree to which the middle and upper classes are affected by the hostilities.

The nine cases in this study confirmed the diversity of conflict countries. Ethnic or regional tensions were proximate causes in BiH, Eritrea, Lebanon, Rwanda, and Sri Lanka. These divisions have typically been aggravated for political ends by exclusionary government policies. Ideological extremism played a role in Cambodia and El Salvador, with a long legacy of inequality and exclusion also contributing to the El Salvador conflict. Governance that was predatory in



Trucks between Tuzla and Sarejevo, Bosnia

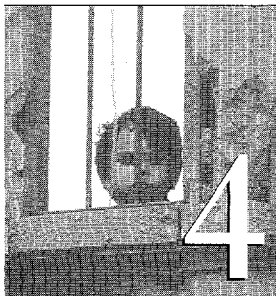
extracting resources and ineffectual in providing basic services contributed significantly to the Haiti and Uganda crises.

The extent of destruction also varied among the case study countries. Statistics cannot begin to capture the human suffering, the destruction, and the setback to economic and social progress wrought by civil conflict. Available information on population displaced and killed by conflict conveys the extent of suffering along two dimensions. Among the nine case study countries, the range is from 6 percent displaced in Haiti to close to 60 percent in Bosnia and Herzegovina, and from about 2 percent killed in El Salvador to 24 percent in Cambodia.⁷ No country, however, comes close to Rwanda in intensity: during three months in 1994, the monthly displacement rate was 11 percent, and monthly fatalities were over 4 percent.

The economies of conflict countries can plummet to less than half their pre-conflict peaks. GDP in Rwanda in 1994, for example, was 46 percent of its pre-conflict

peak; BiH and Lebanon plunged even more, to 27 percent and 24 percent, respectively.⁸ And it has taken time for these economies to get back to where they were: the most recent data for Rwanda (1996) and Lebanon (1995) put them at only about 65 percent of their pre-conflict peaks. Moreover, it is one thing to recover lost ground: it is another to recover *growth forgone*. Conflict has exacted a major opportunity cost even in countries where post-conflict growth has brought the economy to a level above that achieved before conflict, as in El Salvador. The same is true for Sri Lanka, a country still afflicted by regional conflict and where growth has been sustained, but at a slower rate than might have been expected in the absence of conflict.⁹

With this information on the recipients of post-conflict reconstruction aid, and some general background on the Bank's global portfolio to assist the reconstruction process, the following chapters now turn to a more detailed discussion of the Bank's role and performance in this area.



Defining the Bank's Role

While the Bank may be unable to prevent conflict, it has the potential to influence the course of pre-conflict events. The Bank should study the relationships between sociopolitical and economic circumstances in situations of potential conflict. The Bank's analytic work and monitoring should be sensitive to predatory and exclusionary behavior that adversely affects projects and shared development objectives. It should raise such concerns in its dialogue with the government and other donors.

A central objective of Bank programs is to foster sustained development. In post-conflict countries, sustained peace is essential to this goal. If invited, the Bank should be an active adviser to peace negotiations to inform the parties of the economic development implications of alternative peace agreement provisions.

The weakened capacity of government often found in post-conflict settings magnifies the need for an effective external aid coordination role. The Bank should participate in post-conflict aid coordination at an early stage. Effective coordination arrangements require active internal and external involvement by Bank senior management. A resident mission is particularly important for effective coordination at the sectoral and implementation levels.

The Bank's Role in Preventing Conflict and Promoting Sustainable Peace

A central objective of the Bank's programs is to foster sustained development. In post-conflict countries, sustained peace is essential to sustained development. Broad-based development, important in its own right, also contributes to sustainable peace. The Bank's anti-poverty focus implies a concern with income disparities and exclusion of population groups—two conditions

often at the root of civil conflict. But without peace, development is impossible.

The centrality of the peace objective implies an important corollary: the Bank must thoroughly grasp the *political* framework. To be relevant and effective, the Bank must understand that framework, since it is a major determinant of the prospects for sustained peace. The political framework has two related but distinguishable components: the domestic politics of the post-conflict country and the explicit or tacit framework set by the international community.

Obstacles to the Peace Objective

While the Bank is acutely aware of the international political framework within which it operates, its grasp of the domestic political frameworks in the post-conflict countries where it works has been uneven. One obstacle has been the Bank's absence from several countries during the period leading up to conflict. For example, Bank lending to the Socialist Republic of Yugoslavia (SFRY) was suspended as SFRY began to break-up in mid-1991 and it remained suspended during the conflict. In El Salvador, because of the conflict and political instability, no new Bank-financed operation was approved between June 1979 and October 1987. Because conflict broke

out soon after Cambodia joined the Bank in 1968, there were no Bank credits or other activities until after the peace settlement.

Another obstacle was that, until recent years, the Bank's analytical work in some cases gave limited attention to distributional and regional imbalances, ethnic tensions, policies of exclusion and predation, and other issues that feed the political events leading to a crisis. This may have resulted in missed opportunities to promote equitable and inclusive development. One positive example of Bank flexibility and understanding early in the post-conflict situation was Eritrea after its war of secession from Ethiopia. Since Eritrea was part of Ethiopia, the Bank had no feasible role before 1991. The Bank's response appears to have been timely and innovative, mainly because of the determination of an enlightened vice-president prepared to take risks.

Economic and Social Factors in (Levels of) Conflict

The Board has clearly stated that peacemaking and peacekeeping fall under the mandate of the UN and are not responsibilities of the Bank. Nevertheless, the economic and social problems normally within the Bank's mandate may be among the factors leading up to conflict or the resumption of conflict. In such circumstances the Bank may be able to help reduce tensions, thereby enhancing prospects for conflict avoidance. Deliberate attention should be paid to ensuring that international development efforts do not exacerbate such tensions in countries at risk.

Of the nine case study countries, six were experiencing economic stagnation or severe economic stress in the years leading up to conflict (BiH, Cambodia, El Salvador, Eritrea, Haiti, and Uganda). In only three cases do economic tensions between conflicting groups appear to have contributed only marginally (or not at all) to internal conflict compared with the effects of political (or regional) circumstances (Cambodia, Eritrea, and Lebanon). In five cases (BiH, El Salvador, Haiti, Rwanda, and Sri Lanka), economic and distributional issues were important factors leading up to conflict. While the Bank was not playing a significant pre-conflict role in all the cases, it was active in several.

Drawing a line in these conflicts between the realm of (economic) issues appropriate for Bank attention and those (political) inappropriate under the Bank's mandate is difficult. The parties to these conflicts typically have justified resorting to violence by claiming a threat to their fundamental interests. Such threats have been seen

as arising from the capture and inimical use of the state so that governance is no longer exercised with equal responsibility toward and participation of the aggrieved parties. In Sri Lanka, for example, donors may have missed a significant opportunity to promote equitable participation through the huge Mahaweli power, irrigation, and resettlement scheme. In Rwanda, considered to be a relatively successful development case in the 1980s, donors neither assessed nor addressed the distributional imbalances that were emerging and that fed the political events leading up to the ethnic crisis. In Haiti in 1986, international assistance failed to make the most of a window of opportunity following the end of the Duvalier era to promote equitable economic growth and democratic change.

It cannot be known if more active efforts to shape economic policies and programs, or more politically-aware advice or requirements, would have reduced these destructive intergroup tensions and succeeded in the face of other conflict factors. Nevertheless, opportunities to make such efforts in areas of normal Bank involvement should not be missed. The Bank has recognized that corruption can negate its contributions, providing grounds for reconsideration of the Bank's program.¹ The effects of the conflicts studied—including vast population displacement and suffering, economic disruption, and destruction of infrastructure—greatly exceed the negative effects on the economic environment commonly observed from corruption. The implication is clear that economic and distributional policies and programs that can avoid a slide into conflict within deeply divided societies should be pursued.

Peace Conditionality

A number of external observers and critics of the Bank, including some sources and persons consulted for this study, have urged the Bank to condition disbursements on compliance with peace agreements and governance criteria. One country where critics have argued for conditionality deriving from peace agreements is El Salvador. The Bretton Woods institutions, they argue, should have insisted on "peace conditionality" in support of specific programs mandated by the peace accords. While Bank and Fund resources and their conditioned assistance on tax reform at least indirectly supported the accords, some argue that (i) domestic resource mobilization and expenditure reallocation from the military in favor of the social sectors could have been pursued through conditionality more aggressively than it



Remains of old bridge in Mostar, Bosnia

was; and that (ii) the Bank could have conditioned its assistance on specified progress in implementing such key accords-mandated programs as land acquisition for ex-combatants and reform of the justice and law enforcement system (even if it did not provide direct financial support for these programs).²

In view of the fragility of immediate post-conflict settings, the Bank's initial response has typically been to provide one or more *emergency credits or loans* to such countries. These instruments fall under Operational Directive 8.50, "Lending by the Bank for Emergencies," which discourages the application of conditionality to emergency operations unless "directly linked to the cause of the emergency" (para. 39). Considering the experience in BiH and Cambodia, however, a case can be made for attaching what might be called "policy and economic conditionality" to emergency operations. In the words of the former director for BiH, policy conditionality is essential because "conflict destroys institutions and policies, as well as bricks and mortar. The easy

part of any Bank operation is reconstructing the bricks and mortar; the hard—but more essential—part is restoring the institutional base, human capital, and societal bases of a post-conflict society."

Policy conditionality requires case-by-case analysis. Depending on social and physical conditions, it may not be appropriate to introduce wide-ranging conditionalities all at once. While the immediate post-conflict period can be a window of opportunity to pursue some policy reforms, especially those essential to macroeconomic stability, the Rwanda case exemplifies the need to exercise caution in pursuing an ambitious policy reform agenda soon after a major social collapse. Thus, loan and grant agreements in post-conflict countries, as in other countries, should contain provisions essential to accomplishing the development objectives of recovery operations. However, in Uganda, the Fund and the Bank emphasized increased tax effort that, considering the country's history of predatory tax policy, may well have depressed private investment.

Partnership Coordination

It is also important that the Bank work with other donors and partners in the reconstruction process to bring about agreement on the need for policy change and the means to implement change. This could be something as simple as getting partners to agree on allowing monetization of food aid or aid-in-kind to supplement devastated budgets, reintroducing partial cost-recovery for war-damaged public services, and similar measures.

The Bank has extremely valuable contributions to make to peace negotiations and international consultative groups. One contribution is to advise on the economic development dimensions of peace accord options. Because peace accords lay down an economic scenario, the Bank, if invited to participate, should have a seat at the table.³ During the UN's 18-month governance mandate following the Cambodian settlement, international (and Bank) staff were hamstrung in their economic rehabilitation efforts by an overriding interpretation of the settlement's language that narrowly restricted reconstruction until elections had produced a new government. In BiH, the accords called for a complex and fragile fiscal structure highly dependent for its viability on willing cooperation among parties just emerging from warfare. In such cases, the provisions for economic reconstruction might be designed to enhance the recovery if the parties have full benefit of the Bank's advice and experience on the possible economic development consequences of alternative approaches to implementing peace agreement provisions.

A Place at the Table

While the Bank is not a party to peace negotiations, it could provide such advice if it had more than observer

status. The former Bank director for BiH notes that the willingness of diplomatic partners to have the Bank at the table should not be taken for granted, and that the Bank must and should work hard to earn its seat. Had the Bank played a more formal role in the negotiations leading up to the El Salvador Peace Accords of January 1992, a clearer, more realistic picture of the costs of the various provisions might have emerged earlier. However, some observers argue that injection of such considerations would have inhibited reaching an agreement. The BiH negotiations illustrate how political considerations can override economic ones. In that case the Bank was invited and participated in negotiations on technical issues at Dayton but found that technical considerations of efficiency in economic governance could not prevail over strictly political negotiability. As the former director for BiH notes, however, "The economic aspects of the settlement were the best that could be agreed to at that time, if they were to be politically acceptable to the parties." Yet, a frank, experience-based examination of options and possible consequences may improve economic governance components of peace accords and lay a foundation for more effective or cooperative interpretation and implementation in the critical first months of carrying out the agreements. Bank participation in peace negotiations in Guatemala provides another example of its potential contribution to the peace process.

The Bank's Role in Aid Coordination

There are typically many donors present in a post-conflict situation, each with its own agenda. To respond effectively to the massive and urgent needs, they must work in partnership. The weakened capacity of government often found in post-conflict settings magnifies the

TABLE 4.1: THE BANK'S ROLE AND EFFECTIVENESS IN COORDINATION AND PARTNERSHIP

	BIH	CAM- BODIA	EL SALVADOR	ERI- TREA	HAITI	LEBANON	RWANDA	SRI LANKA	UGANDA
Peace negotiations	↑	—	—	—	—	—	n/a	—	—
Mobilize resources	↑	↑	↑	↑	—	—	—	↑	↑
Jointly prepare assessments and strategies	↑	↑	↑	—	—	↑	↑	↑	↑
Sectoral and in-country coordination	↑	—	↑	↑	—	—	—	↑	↑

Note: ↑ means the Bank played a role and was generally effective; ↓ means the Bank played a role and was not effective; — means the Bank played no role. The table is meant to provide a general idea of the Bank's involvement in the activities listed, and cannot reflect the nuances between cases regarding the extent of the Bank's role or its performance. See Annex 1 for summaries of the case studies.

need for an external aid coordination role. Assuming this task does not necessarily imply leadership of the process, but it will probably call for leadership on macroeconomic and external debt issues, strengthening policy dialogue and policy reform, and mobilizing resources. Most of the key actors in the nine case study countries have expressed (in one way or another) a preference for Bank assistance in aid coordination, particularly for a Bank-convened consultative group. Some of the benefits they perceive from an active Bank role include the quality of its analytical and advisory services, its unique relationship and access to the IMF, its credibility in the eyes of the donor community, and related to the last two benefits, its potential to mobilize funds from other sources. Table 4.1 summarizes the Bank's role in coordination and partnership efforts for the nine case study countries.

The Bank's use of consultative groups (CGs) has been particularly effective for mobilizing aid resources, including facilitating the clearing of arrears, seeking a coordinated approach to macroeconomic issues, and providing information on needs and assistance flows. It helped enormously to have the Bank's leadership role clearly defined and mandated by key members of the international community, as well as being strongly backed by top Bank management, as in BiH after the Dayton Accords. Even in the absence of such a designation, it is important to have a clear request from the government early, as in El Salvador, Eritrea, Haiti, and Sri Lanka. Also valuable, as was the case for BiH, Cambodia, Sri Lanka, and Uganda, is a consensus among government and main donors about the policy framework that must be put in place for a sustainable recovery and reconstruction effort. In El Salvador, holding a CG meeting before the peace accords were signed contributed to the effectiveness of coordination. It was also important that the government gave priority to donor coordination and endorsed the Bank's role.

One area where a coordinated, joint approach among donors is particularly desirable is in the undertaking of *damage and needs assessments*, as illustrated by the experiences of BiH, Haiti, and Sri Lanka. A joint effort in this area is more efficient and can help set the stage for effective coordination and cooperation between donors and government when implementing post-conflict reconstruction efforts. Assistance for preparing a national reconstruction plan should also be coordinated to avoid the imposition of unnecessary burdens on the government. Early leadership or participa-

tion in damage and needs assessments in post-conflict countries has facilitated the Bank's subsequent involvement in developing reconstruction strategies and in aid coordination. This has required an assessment of socioeconomic needs and the socio-political context as well as of physical damage. Scholarly expertise and participatory poverty assessments were not employed to the extent that would have been desirable, however.

Factors for successful coordination

The resource mobilization function of aid coordination may lead to cofinancing of operations. This is particularly desirable for general program assistance for balance of payments and budget support, for which conditions and tranches must be synchronized. Budget support counterpart generation is often urgent for pressing post-conflict local currency needs, that is, non-tradable goods and services the government can only obtain from the local market (such as salaries of teachers and medical personnel). The Bank had difficulty mobilizing adequate cofinancing for budget support in BiH, Cambodia, El Salvador, and Rwanda. Although the specific circumstances in each case were different, a common factor was continuing ambivalence on the part of some donors toward the government, either about its commitment to peace accords or about its accountability and legitimacy. Cofinancing of program assistance for post-conflict countries thus presents a special challenge for the Bank. Partnerships are key to effective aid coordination. It is critical to establish at the outset of the recovery process not only what each partner will do but also the areas in which the Bank cannot intervene or where it does not have a comparative advantage.

Another challenging aspect of coordination for the Bank has been at the in-country and sectoral levels. Misunderstandings and differences can arise with other donors with substantial resources (such as the EU in BiH), those who have had a long-standing coordination role (such as the UNDP in Rwanda), or those with both (such as the EU, IDB, and UNDP in Haiti). The case of BiH demonstrates the importance of partnerships to the reconstruction process. The Bank, along with the other main donors in BiH, participates in a sector task force for each sector, and co-chairs one task force on economic policy with the IMF. All the task forces are under the guidance of the Economic Task Force, chaired by the Office of the High Representative. The sector task forces are credited with success in information-sharing within

sectors, and with some success in avoiding discord and overlap among donors. However, success in carrying out fully coordinated programs on the ground has been limited, and experience has varied by sector.

The absence of a resident mission, or a delay in establishing a mission with the continuous engagement of a resident representative, has hindered the Bank's ability to coordinate effectively in Cambodia, Eritrea, Haiti, Lebanon, and Rwanda. Lack of clear agreement at the outset on division of labor, particularly with the UNDP, both at headquarters and in the field, can hamper effective coordination, as it did in post-conflict Rwanda.

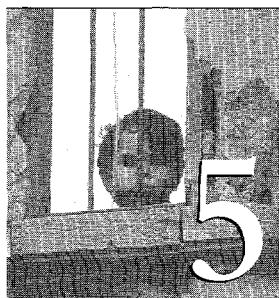
Finally, an important element is the quality of the individuals who are expected to take the lead in aid coordination for the Bank. At the apex, senior staff, such as the country department director, are crucial in recruiting other donors and mobilizing their support. This was unquestionably the case for the series of post-conflict CG meetings for BiH and El Salvador. The quality and leadership style of the resident representative is also critical to the effectiveness of the Bank's role in aid coordination at the country level.

Other Aspects of Partnership

Related to the presence of a resident mission is the quality of the Bank's coordination with NGOs, both inter-

national and local, and its relationships with civil society in general.⁴ A strong resident mission has facilitated these relationships, with the BiH mission and its NGO liaison officer providing the best example. The Bank is seen as an effective bridge between the government and NGOs in BiH. The Bank's rather rough, but improving relationship with Salvadoran NGOs could arguably have been more harmonious sooner had there been a resident mission.

Despite the presence of a resident mission, the Bank has been criticized by NGOs and some UN sources for its coordination and partnership role in Uganda. Some held that the Bank's leadership had focused the development community on macroeconomic reforms at the expense of poverty alleviation programs. In addition, the Bank was criticized for employing a "standard economic model approach" to coordination rather than adopting a specialized post-conflict approach. NGOs also said that the rhetoric of partnership and participation "was moving faster than the reality," and indicated the need for greater dissemination of information on Bank activities. The Bank improved this shortcoming through its well-used public information center in the Bank resident mission. But this passive resource was not matched by any parallel information strategy addressing the Ugandan public.



The Bank's Comparative Advantage and Performance

Supporting the achievement of macroeconomic stabilization is an area of comparative advantage for the Bank and should be one of its highest priorities in post-conflict situations. The pursuit of other economic reforms should continue incrementally, taking into account the country's historical and current policy and institutional enabling environment. Rebuilding physical infrastructure is another area of strength, and the Bank should support such activities with attention to necessary policy and institutional reforms. Bank support for demining should remain

consistent with the Operational Guidelines and focus on awareness and training activities. Support for mine clearance should be integrated with a specific development activity.

The Bank's performance in restoring human and social capital has been uneven. The Bank should help post-conflict countries develop cost-effective strategies to restore human and social capital, using demand- and community-driven approaches. In providing further support for demobilization and reintegration of ex-combatants, the Bank should strengthen the capacity it has acquired and incorporate the relevant experience of other agencies. The Bank should give gender issues a higher priority in post-conflict countries and support gender-specific interventions in the economic and social sectors.

Stabilizing and Rebuilding the Economy

Moving to *macroeconomic stability* as soon as possible in a post-conflict setting is crucial to economic recovery. The Bank is widely perceived to have a comparative advantage in this area. The case studies confirmed that on the grounds of relevance, efficacy, and efficiency, stabilizing the economy is the area of strongest Bank performance in post-conflict reconstruction. Typically, the Bank has been the only significant source of program

funds to cover general import needs. Together with the Fund, the Bank has supported policy reforms aimed at bringing greater macroeconomic stability in each of the case study countries. An important indicator of macroeconomic stability is the current rate of inflation. In a majority of the nine cases, the monetary and fiscal stabilization packages the Bretton Woods institutions negotiated with the governments of the countries have been essential to reducing the rate of inflation in the post-conflict period.

While a substantial reduction in the rate of inflation is an important indication of macroeconomic stability it is unfortunately not a *guarantee* of stability. The case of Lebanon is instructive. The inflation of consumer prices has come down from an annual average of 164 percent during the 1986–1990 conflict period to 6.8 percent in 1994. As a recent analysis points out, however, Lebanon has been incurring very large fiscal deficits, with a negative balance between current revenues and expenditures running between 9 and 11 percent of GDP between 1994 and 1996, and a negative balance between overall revenues and expenditures running between 18 and 20 percent of GDP for the same period. The analysis argues that the large inflows of external private and public resources that have permitted these deficits cannot be

sustained. Therefore, future macroeconomic stability is in jeopardy unless public saving can be increased (through a combination of increasing revenues and reducing expenditures).¹

Of course, the best plans to achieve macroeconomic stability will not produce the intended results if the agreed policy measures are not implemented. Sri Lanka is an example. Persistent high defense expenditures required in the face of continued conflict and poor performance on other policy reform fronts combined to make price stability an elusive goal.

Fiscal and Structural Economic Reforms

The Bank's performance in supporting *fiscal and other structural economic reforms*, such as privatization and tax policy, has been mixed. As discussed in the next chapter, the Bank's pursuit of such reforms in post-conflict settings has not always been appropriate or timely.

The Bank's assistance for rebuilding *physical infrastructure*, including the policy and institutional aspects, has been another strong area of performance. But the Bank has not pursued it consistently. The Bank's approach to assisting *basic production sectors*, such as agriculture and industry, has been for the most part indirect, concentrating on policy and institutional enabling environments and on infrastructure.² Operations intended to strengthen public sector entities in agriculture in El Salvador and Rwanda encountered protracted problems in attempting to work with weak, inefficient,

or rigid bureaucracies. This has led to the canceling or restructuring of operations, and to a search for alternative approaches to such functions as research, extension, and service and input delivery, relying more on the private sector and NGOs. The performance of operations that have assisted intermediary organizations in support of microenterprise and other participatory local development efforts has been mixed. The record has been relatively satisfactory in BiH and Rwanda and less satisfactory in Uganda.

Housing Recovery

Housing recovery is an important component of rebuilding physical infrastructure because it helps with the rapid restoration of social and economic life. Rebuilding housing raises issues of land acquisition and tenure, construction materials, and technological choices for reconstruction. Cost recovery is another issue, as project designers must decide whether to provide subsidies and whether to direct them to lower-income families or to those who sustained the most damage. In some cases the situation is further complicated by dramatic changes in the demographic distribution of the population. In BiH, the war resulted in an exodus of refugees to other countries and massive internal population shifts. The Bank-financed Emergency Housing Repair project (with a total project cost of US\$50 million) aims at assisting the restoration of common areas and weatherproofing the fabric of public sector housing to avoid further deterioration. Given the

TABLE 5.1: THE BANK'S ROLE AND EFFECTIVENESS IN REBUILDING THE ECONOMY

	BIH	CAMBODIA	EL SALVADOR	ERITREA	HAITI	LEBANON	RWANDA	SRI LANKA	UGANDA
Stabilizing and rebuilding the economy	↑	↑	↑	—	↓	↑	↑	↓	↑
Other reforms	↑	↑, ↓ ^a	↑	—	↓	—	↓	n/a	↑
Physical infrastructure	↑	↑	↑	↑	—	↑	—	↓	↑
Productive sectors	↑	↑	↑, ↓	↑	↑	↑	↑, ↓	↑	↑, ↓ ^b
Demining	↓	—	—	—	—	—	—	—	—

Note: ↑ means the Bank played a role and was effective; ↓ means the Bank played a role and was not effective; — means the Bank played no role. The table is meant to provide a general idea of the Bank's involvement in the activities listed, and cannot reflect the nuances between cases regarding the extent of the Bank's role or its performance. See Annex 1 for summaries of the case studies.

a. The Bank has made substantial efforts to improve forestry management in Cambodia, although up to now these have been unsuccessful. In promoting the rule of law, Bank efforts have been insufficient and defective. See the Cambodia case study for greater detail.

b. In Uganda, the Bank's TA and sugar projects had significant impact, and the agricultural project was a crucial reform, enabling the dismantling of the monopoly of the Coffee Marketing Board. The Bank project in the power sector, however, came too late and was insufficiently focused on institutional reform. See the Uganda case study for details.

emergency nature of the project and the limited financial circumstances of both households and local institutions, concessionary financing was deemed justifiable. The costs of repairing the common parts of buildings will be recovered over a long period reflected in gradually rising rents.

In Sri Lanka, housing has been extensively damaged by explosions (aerial bombs, mortars, and ground detonations), fire, and mechanical razing by bulldozers. The shelter component of the ERR Project financed by the Bank (US\$29 million) complemented a shelter program implemented by the government and assisted by bilateral agencies, NGOs, and UNHCR. The Bank-financed component included loans for up to 20 years, with interest rates of 6, 4, and 2 percent, according to household income. The funds were on-lent through three financial intermediaries using their standard loan-processing procedures. The ICR for the project found that the shelter component was among the more successful, in contrast to the public infrastructure components of the project, which were delayed, destroyed, or hard to monitor because of continuing violence and insecurity.

The Problem of Demining

Demining is unique to post-conflict situations and essential for rehabilitation and recovery. To restart economic life, land must be made available for human activity through the removal of mines and the suspicion of mines. Identifying and removing landmines requires considerable resources and can take decades.² The Bank has supported self-standing demining operations in BiH and Croatia. This experience has raised concerns regarding the danger, expense, and quality of landmine clearance. Although there are strong economic and humanitarian reasons for demining, the main lesson learned

from this assessment is that Bank involvement should focus primarily on indirect, *non-clearance* activities, such as coordination, information and mine awareness, training, and institution building. Consistent with the February 1997 *Bank Operational Guidelines on Demining*, support for landmine clearance should be provided always as an integral part of a specific development activity (e.g., road construction). The BiH and Croatia projects should be audited upon completion to confirm these preliminary findings.

Putting a value on human capital is a recent development

Rebuilding Human, Social, and Cultural Capital

Investment in *human capital*, including education and health spending, is an important component of post-conflict work. Violent conflict can extinguish the human resources of a country as people are killed, maimed, or displaced in large numbers. Human capital services are typically the first to be disrupted by conflict. Education, health, and community services stop, bringing the realization of human potential to a halt. Schools, hospitals, clinics, and community centers are destroyed, as is the government's capacity to administer services. Conflict also creates new vulnerable groups, such as the unemployed, ex-combatants, women-headed households, children, and the disabled, who are legitimate beneficiaries of reconstruction aid for socioeconomic as much as humanitarian reasons. The restoration and development of human capital in the post-conflict phase is essential to establishing a base for rebuilding the economy. Table 5.2 summarizes the Bank's role in restoring human, social, and cultural capital in the nine case study countries.

TABLE 5.2: THE BANK'S ROLE AND EFFECTIVENESS IN RESTORING HUMAN, SOCIAL, AND CULTURAL CAPITAL

	BIH	CAM-BODIA	EL SALVADOR	ERI-TREA	HAITI	LEBANON	RWANDA	SRI LANKA	UGANDA
Health	↑	↑	↓	—	↑	↑	↑	—	↓
Education	↑	—	—	—	—	—	—	—	—
Role of women	↑	—	—	—	—	—	—	—	—
Demobilization	↑	—	—	—	—	—	↑	—	↑
Governance	↑	↓	↑	—	—	—	—	↑	↑
Cultural capital	—	—	—	—	—	↑	—	—	—

Notes: ↑ means the Bank played a role and was effective; ↓ means the Bank played a role and was not effective; — means the Bank played no role. The table is meant to provide a general idea of the Bank's involvement in the activities listed, and cannot reflect the nuances between cases regarding the extent of the Bank's role or its performance. See Annex 6 for summaries of the case studies.

Human capital or social sector work was not generally a priority in Bank post-conflict projects or in its economic and sector work, both of which concentrated initially on macroeconomic, sector, and infrastructure work. BiH appears to be an exception, with an early and balanced inclusion of social sector work (4 of 16 projects, including a specific war victims rehabilitation project) producing some promising reports. Although completion reports and audits in social sector post-conflict reconstruction are still relatively few, it seems that results of Bank efforts in these sectors have been modest, with a few exceptions. Uganda operations produced unsatisfactory results, notwithstanding some effort to prioritize health, education, and economic support to the rural poor and vulnerable groups. Poor social indicators persist in other post-conflict countries such as Eritrea, Haiti, and Rwanda, despite recognition that the workforce was potentially a major asset.

The El Salvador Basic Education Modernization Project has been a rare exception to modest or poor performance in the social sectors. The project builds on a Bank-supported EDUCO pilot project and employs a community-managed approach initiated during the conflict by communities themselves. The participatory nature of the El Salvador program has contributed to consensus-building and the sustainability of the peace process. Strong government and Bank commitment have also been important for performance and the achievement of objectives. The Eritrean Community Development Fund, although small-scale, is another good example of a participatory approach to post-conflict recovery.

Social Capital

Inherent in violent civil conflict is the destruction of *social capital*, particularly institutions of governance and civil society and such basic attitudes and behaviors as trust and participation. While the severity of this problem in post-conflict countries is increasingly recognized, neither the Bank nor any other international donor has an obvious comparative advantage in this area. Analyses undertaken in the Bank and elsewhere have identified some key components of good governance and vigorous civil society. These components include transparency, accountability, the rule of law, and the professions. Several recent Bank-supported pilots (as in BiH) and EDI efforts (as in Uganda) show promise in these areas.

The Role of Women

The *role of women* in rebuilding social capital should also be examined and capitalized on. Often considered a

“vulnerable group” in post-conflict settings, the potential of women as strong community leaders who can facilitate the rebuilding of social capital may be overlooked.⁴ Reconstruction efforts must consider the possible productive difficulties faced by women in post-conflict situations (e.g., lack of labor at critical times in the agricultural season), since in some post-conflict countries a third or more of the working-age men have been killed and women are the productive base for restarting the economy. Only in BiH has the Bank made a specific operational effort to address the particular needs of women.

Although for the most part Bank projects in BiH have not separately targeted women, project design takes into account the particular needs of women and the existing programs to help address those needs. Women are among the beneficiaries of the Emergency Demobilization and Reintegration Project, the Emergency Recovery Project, and the War Victims Rehabilitation Project. Displaced women were one of three target groups for the pilot phase of the Local Initiatives Project, which supports microcredit programs. An evaluation of the pilot project reveals that the average loan size for this group was 700 DM; 228 loans had been disbursed; 185 jobs had been created; and repayment rates were 100 percent for the groups (and 88 percent on an individual basis).⁵ The project appears to have worked remarkably well and is perceived to be successful by beneficiaries, NGOs, other donors, and government officials because of its reliance on local organizations and its success in reaching beneficiaries.

Finally, in planning post-conflict reconstruction efforts, analysis should be used to identify unequal power relations underlying social organizations to ensure that women are not further marginalized by relief and reconstruction interventions.⁶ The Bank has raised the issue of limited women's property rights in its dialogue with the government in Rwanda and it plans gender-specific interventions as part of its 1998–2000 (CAS) program strategy.⁷

Demobilization

The related activities of *demobilization*, reinsertion, and reintegration of ex-combatants into the civilian economy and society can be important to economic recovery and sustained peace. Bank-supported efforts in this area have expanded in the 1990s and the Bank has played a leadership role through the analysis of its experience in Africa.⁸ The experience of the Bank and other donors has generated several lessons and produced some unresolved issues. For example, when the parties to peace accords are not



Repairing buildings in Sarejevo, Bosnia

fully committed, one side or the other can manipulate the process. An approach narrowly targeted on ex-combatants, as opposed to an area or countrywide approach, can create resentment among local populations.

Demobilization can also sometimes be premature, particularly where a continuing threat to national security exists, as may have been the case in Uganda. However, as Colletta notes, “if the alternative to demobilization is a militarized state, an army of underpaid and marauding soldiers, and a government budget dedicated to ‘defense,’ the risk of DRP (demobilization and reintegration program) failure due to rapidly changing circumstances is well worth taking, even if information on macrosecurity is limited, or if this information is not the most encouraging. Many governments and donors agree. Hence, further research on security, demobilization, and reintegration issues seems warranted.”⁹

Is Land the Lever?

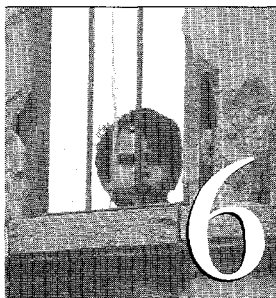
The Uganda experience also demonstrates that the availability of land is an important determinant of successful reinsertion and reintegration of ex-combatants. Land is not a guarantee of success, however, as illustrated by El Salvador, where a substantial number of ex-combatants provided land under the accord-mandated Land Transfer Program abandoned their land for a variety of reasons, including poor land quality, lack of supporting services and credit, and lack of aptitude and interest. The Bank has acquired some expertise in public sector downsizing programs that can be applied to demobilization efforts. Training schemes have had a mixed record in both areas. Care must be taken to consider the special needs of the soldiers to be demobilized—they may come from rural areas, have little or no education, and increasingly they are mere children.¹⁰

Culture is Not a Luxury

What is the justification for assisting in the protection and conservation of *cultural heritage* in situations of complex emergencies? Applying scarce resources to conserving cultural heritage in a post-conflict situation may seem frivolous at first glance. However, cultural heritage has the power to inspire hope and remind people of their creativity. Its destruction is a decisive way to assert primacy and control and can become a symbol of the brutality and insanity of war. So sensitive are cultural heritage sites that they can become flashpoints in ethnic and civil conflicts. The bombing of Bosnia's Mostar bridge and the 1992 attack on the mosque in Ayodha, India, demonstrate the potential of acts aimed at cultural heritage to ignite tense situations. In attempting to re-establish civil society in the face of ethnic rivalries, protecting cultural heritage is one of the tasks requiring attention in any assistance strategy.

Although the Bank has carried out a number of projects with cultural heritage conservation components, it has little experience doing so in post-conflict situations. One recent effort is a component of the assistance strat-

egy for the West Bank and Gaza, where the Bank is supporting the establishment of a cultural resource management program. This includes the preparation of policies, legislation, and guidelines; development of a cultural resources review and approval system for development plans linked to land use planning and the environmental assessment process; design of a budget and accounting system; preparation of an inventory of cultural sites; coordination mechanisms with planning authorities, municipal governments, and other agencies; and preparation of a work plan. Also included is training in cultural heritage management, which will allow the Palestinians to make informed decisions on the protection and management of their resources. This is viewed as integral to the transition from war to sustainable peace and as a prerequisite for economic and social development. By force of example, the Bank can exert considerable influence in defining programs for post-conflict rebuilding that ensure the retention of cultural heritage and can allocate sufficient resources to do so. The Bank needs to consider also the need to build the human resources necessary to carry out needed conservation works.



The Folly of Some Conventional Wisdoms

The devastation of human, social, and physical capital often found at the beginning of a post-conflict period, and the particular provisions of a peace agreement, may require that some “conventional wisdoms” of development experience and practice be set aside for a time.

Many “conventional wisdoms” of development learned over the past several decades also apply in post-conflict settings. Among these are the importance of relevance, client ownership, beneficiary participation, the policy and institutional environments, including a positive enabling environment for the private sector, and cost-effectiveness. But some characteristics of post-conflict settings—fragility of the political environment, skittishness of private investment, concentration of wealth and access to resources, thinness of financial sector markets, and severely reduced governance capacity—make some “conventional wisdoms” not applicable, at least not in the short run. These characteristics, of course, also exist to varying degrees in non-conflict countries. However, they seem to have been particularly prevalent and severe in the majority of the nine case study countries.

The 1997 *World Development Report* recognizes the special circumstances of post-conflict countries in its observation that:

Although the elements of a post-conflict stabilization and recovery program may differ little from programs applied elsewhere, there are grounds for caution and for examining the components of the standard policy package in light

of the conditions and distortions peculiar to the post-conflict environment.... Policies to spur the private sector's recovery should therefore avoid overly aggressive increases in taxation and should stress the early sequencing of investment-sensitive reforms, including the preservation of low inflation, the sale or restitution of expropriated housing stock, and restraint in revenue collection.... The sequencing of standard economic policy reform and of governance measures also needs to be tailored to avoid threatening the sustainability of peace agreements and to take account of the typically severe distortions in economic conditions. (World Bank, *World Development Report* 1997 :161)

Too High a Price for Tax Revenue?

For example, tax policy, important for stabilization and public finance, has been considerably more controversial than stabilization measures employing the instruments of monetary policy. In some of the nine countries, Bank and Fund insistence on rapid increase in tax effort (ratio of tax revenues to GDP) may well have been counterproductive, constraining growth of the economy and the size of the tax base. In others, the Bank may not have

pursued increased tax effort vigorously enough. In the former category, the Uganda case study finds that owing to a history of predatory government tax policy during the conflict periods, pressure by the Fund and Bank on tax effort has had a chilling effect on private investment, driving economic activity into subsistence, or, along with investable funds, abroad.¹ To make matters worse, the marginal *benefit* of tax effort in Uganda has been minimal, given the low capacity to expand cost-effective public sector programs. The reverse case, where pressure on tax effort may not have been enough, is illustrated by El Salvador.

Timing and Sequence Are the Keys

The impact of early measures to liberalize and restructure post-conflict economies has also been mixed. In most cases, liberalization of the exchange rate has been an early and successful reform. However, other measures, such as sharp reductions in tariffs, liberalization of interest rates, elimination of subsidies, civil service reform, and sweeping privatization have been more controversial in post-conflict countries, including those examined in this assessment. The issue has not been one of unalterable opposition, but of timing and sequence. Because vested interest groups that would normally raise stiff opposition are in a weakened condition in post-conflict settings, it can be argued that early reform action is more feasible. However, the political environment in which a new post-conflict government finds itself may still be very fragile and unstable, limiting its ability to win acceptance of a reform program that goes beyond stabilization. This has been the case in most of the case study countries.

The typically weak implementation capacity of the new government is another reason for approaching such reforms slowly and incrementally. Private investment may be very sensitive to attempts to offset declines in tariff revenues by aggressive efforts to expand sharply direct taxes on investment and business income and assets. For all these reasons, criticisms arose from inside and outside the Bank that too much emphasis was put on a rapid pace of reforms in Haiti, Rwanda, and Uganda, as opposed to concentrating on maintaining low inflation and a convertible currency, and approaching other reforms more incrementally.

Consider Political Realities

The environments for other specific reforms, often part of adjustment programs, such as civil service reform and

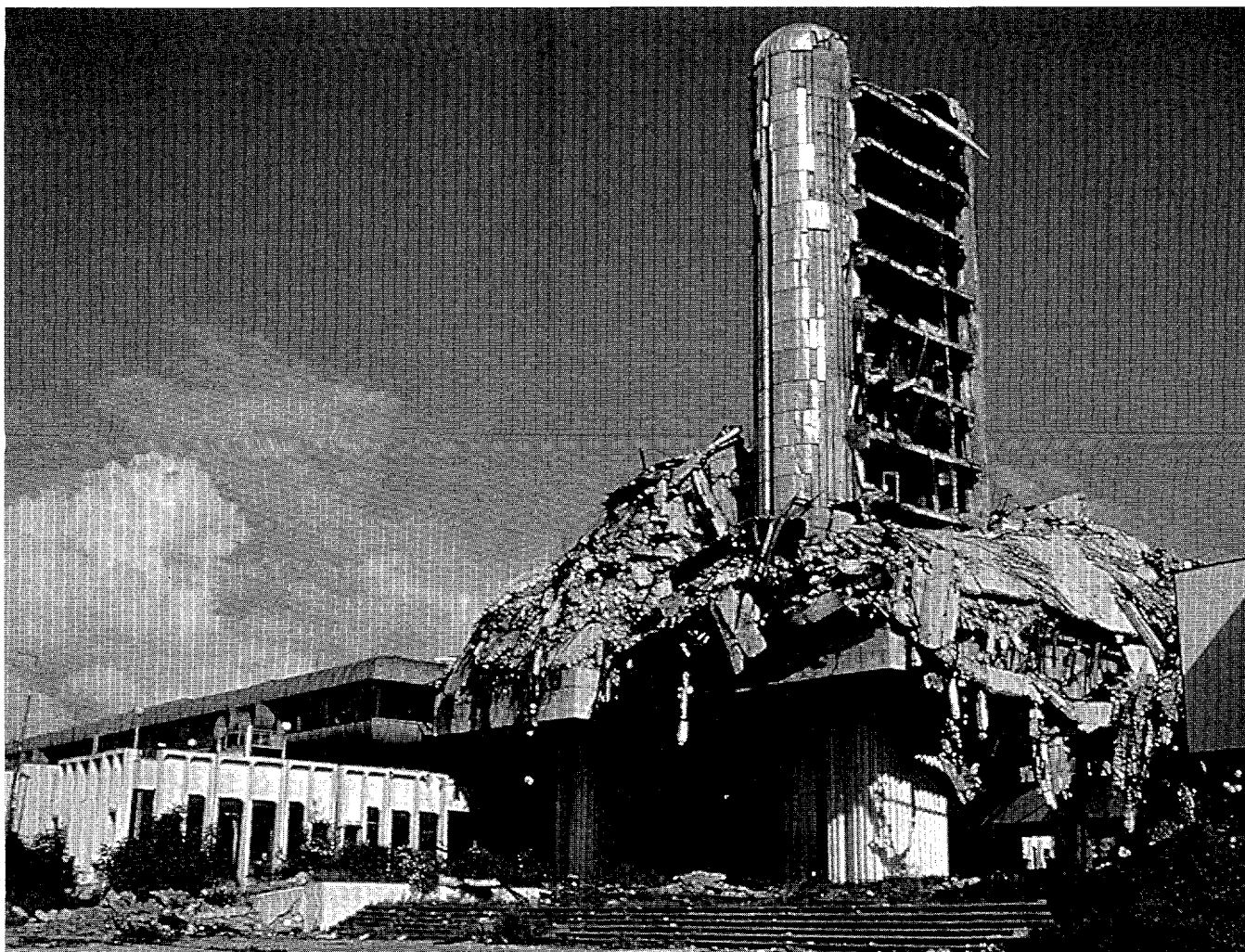
privatization, need to be conducive to success. The Cambodia study finds that the Bank continued to push for downsizing the civil service when the political coalition arrangement under the peace accords was based in part on raising the size of the civil service to absorb large numbers of the incoming parties' functionaries. The Bank's position, in the view of some observers, was not politically realistic from the outset.

There was a tendency in some post-conflict situations to give high priority to immediate and widespread privatization. While there is much in the histories of the countries studied to support the priority given to privatization of state enterprises, this does not necessarily imply that sweeping and total privatization should be among the first reforms undertaken. As the Cambodia and Haiti case studies show, the norms of behavior of the private sector and the degree of corruption and cronyism within or between the private and public sectors may be such that privatization may well not enhance the prospects for sustained, equitable development, and may even make them worse.

First Things First

The first priority in post-conflict situations should be to examine the overall enabling environments that govern the behavior of broad sectors in the political economy. In doing so, the counterfactual must also be considered. In BiH, the former director notes that the Bank did go ahead with implementing privatization efforts since the alternatives—an unjust and illegal spontaneous privatization undertaken by the winning economic groups and war profiteers, or the immobilization of assets that could be used to generate activity—were even worse.

The Bank's experience suggests an additional caution concerning privatization in post-conflict situations. The government must have adequate capacity to plan, implement, and oversee the process. In addition, the state enterprise(s) to be privatized must be sound enough to attract private investors or managers. The experience of Rwanda suggests that the Bank pushed privatization of the major utility before the government had the requisite knowledge and capability to proceed, and before the management and operation of the utility itself were sufficiently strengthened to attract a private sector management contract, let alone investors. The Bank has recently modified its approach and is providing technical assistance to strengthen the management structure and systems of the utility before attempting again to attract private management.

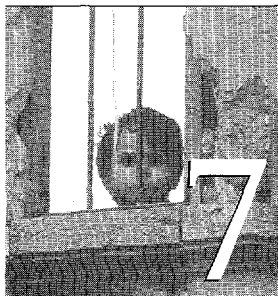


Remnants of war, Bosnia

Privatization of agricultural marketing entities was a second tranche condition, one of a wide range of conditionalities for the first structural adjustment operation (SAL I) in El Salvador. The Implementation Completion Report (ICR) for the project points out that implementation of this measure, while ultimately carried out, was delayed by stiff political and labor opposition. Whether this condition should have been part of this first SAL, approved in 1991 during a critical period while peace accords were still being negotiated, is questionable.²

For human capital development, conventional wisdom among donors, including the Bank, advocates

focus on primary education and health care. But in a country where conflict has eradicated education and health systems, as in Rwanda, a case can be made for donor assistance (not necessarily from the Bank) to the secondary and tertiary education levels and for hospitals. Another rationale for attention to secondary education is to enhance employment opportunities for young ex-combatants who left primary school to take up arms. These considerations have influenced government and Bank thinking and operations in education in El Salvador and Rwanda and in health in BiH.



The Bank's Institutional Arrangements

The case studies reveal the great importance of management decisions regarding the staffing and structuring of post-conflict country teams and the programming, design, and implementation of operations. The country director must have a mandate to give the country substantial if not full-time attention and resident representatives need sufficient authority to make a wide range of programming and implementation decisions in the field. Despite the high up-front costs, well-staffed resident missions are a pre-condition for successful Bank intervention in post-conflict situations.

Early post-conflict situations require timely and flexible programming, design, and implementation. From the initial base of a well-prepared damage and needs assessment, the Bank should refine its strategy over the few years that follow through a series of workshops and policy notes. A full CAS can be prepared when time and resources permit. Expeditious preparation, piloting and bridging funds, and loan instruments should be resourced at sufficient levels to enable the Bank to be effective earlier in post-conflict situations. Mechanisms for rapid procurement and disbursement should be devised for post-conflict situations, consistent with sound practice. The recently established Post-conflict Unit requires the capacity to analyze a wide range of issues, as well as the continuing attention and occasional active involvement of senior Bank management.

Effective implementation of post-conflict operations requires intensive monitoring, and the Bank must be prepared to allocate sufficient administrative budget resources for this task. Monitoring efforts should also draw on external expertise about a post-conflict country and make better use of ESW, which should include longitudinal household and community studies. Considering the need for completion information in often highly

volatile post-conflict settings, the Bank should sharply reduce the interval between project closing and completion report, with appropriate streamlining of the process. ICRs and audits must apply evaluation criteria with greater sensitivity to the post-conflict political and economic environments.

The organizational, resource allocation, procedural, and staffing decisions made by the Bank's management and Board have important consequences for Bank effectiveness in assisting post-conflict reconstruction. Experience should inform those decisions. The findings of this assessment cover several aspects of the Bank's institutional arrangements for post-conflict reconstruction.

Country Teams

The staffing of country and resident teams is one of the most important sets of decisions that Bank management makes for a post-conflict country. Strong commitment and consistent support from the highest levels of headquarters management and a country director with a mandate to give substantial, or even full-time, attention to the country also affect performance, as illustrated in both the BiH and El Salvador cases. Attention to speed and quality by the country director for BiH and the high commit-

ment of staff was important in meeting the compressed timetable for project processing. A comfortable administrative budget was also extremely helpful. The country director for El Salvador during the period immediately preceding the peace accords played a critical role in getting the CG process off the ground and mobilizing support from other, often reluctant, donors, as well as ably leading a dedicated and effective country team.

Support and Reinforcement

The circumstances of post-conflict countries, including weak government capacities and rapidly changing conditions, require greater on-the-ground implementation and monitoring support from the Bank. The absence of resident missions and specialized staff has limited the effectiveness of operations in Cambodia, Eritrea, Haiti, and Lebanon.¹ The speed and responsiveness of the BiH program demonstrate the advantages of a strong resident mission headed by an able resident representative with considerable Bank experience and stature, and staffed with an experienced task manager for each operation, as well as other staff dedicated to such functions as NGO liaison and external relations. In addition, each BiH resident task manager is supported by a counterpart task manager in Washington. Of course, not every post-conflict portfolio approaches the magnitude, complexity, and international visibility of the BiH program. Nonetheless, the contrast between the amply endowed BiH resident mission and those of other case study countries is striking. Rwanda, Sri Lanka, and Uganda have had one resident representative drawn from headquarters (augmented by an additional headquarters professional staff member in the case of the latter two missions). These have been supplemented by varying numbers of local professional and support staff.² These observations should not be interpreted as downgrading the role of *local* staff, who are invaluable at several levels. But the BiH experience does show what a well-staffed mission can accomplish.

No Universal Pattern

As reconstruction is a multidisciplinary task, country and resident teams need to reflect the range of skills required, and managers need the vision to integrate those disciplines. Task managers in the case study countries did not always have easy access to multidisciplinary skills or have post-conflict experience themselves. Discontinuity in staffing some positions in both Rwanda and Eritrea seriously impeded Bank performance. Given

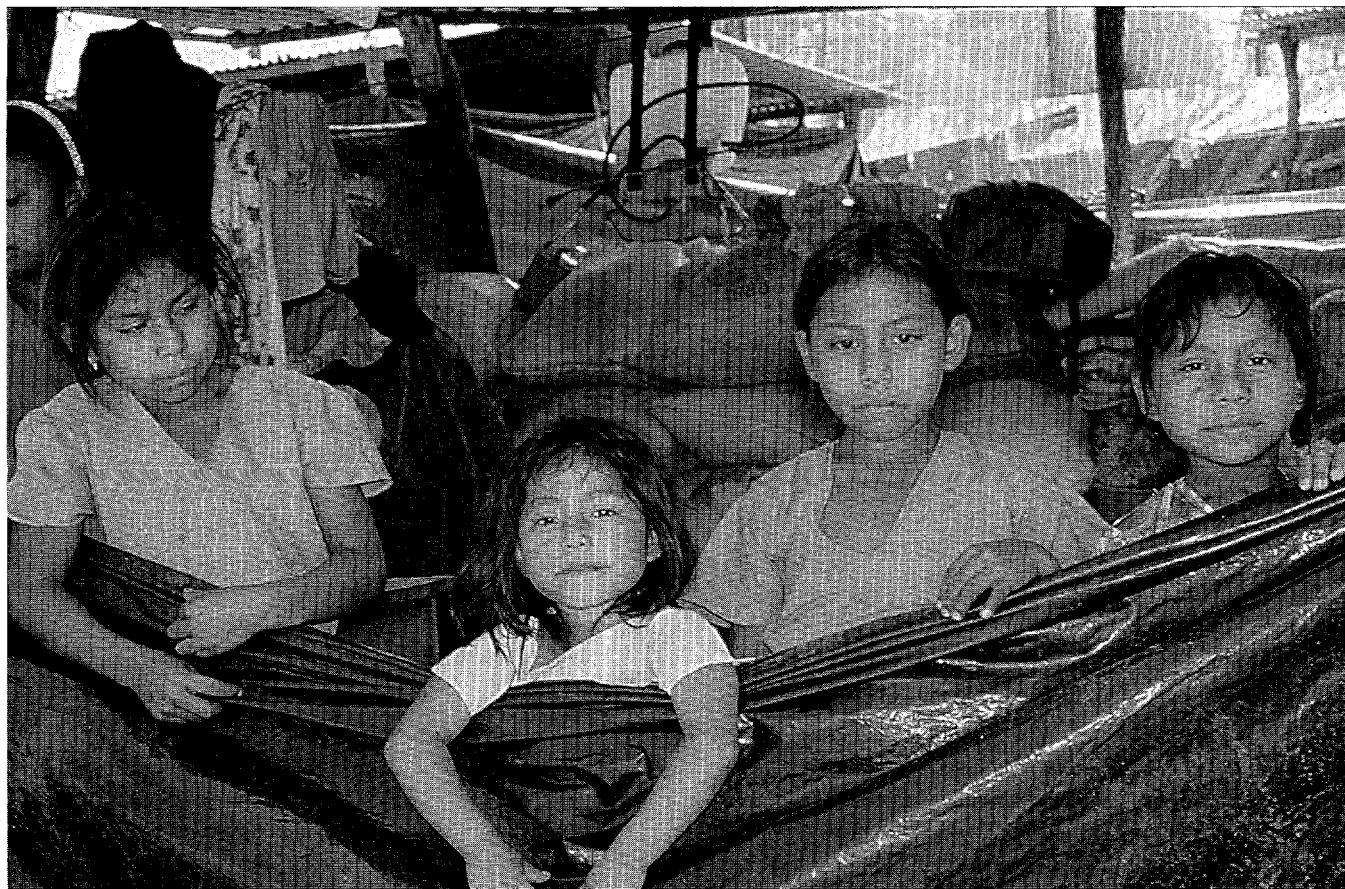
the unprecedented nature of the tragedy that befell Rwanda, management decisions regarding staffing were particularly critical during the first two years after the genocide of mid-1994. Extensive Bank experience, ideally in the Africa region and with post-conflict countries, should have been an important criterion for the initial core country team. This was not the case for a couple of team positions. Paradoxically, extensive experience in Rwanda was *not* necessarily a good thing. Assigning previous task managers to the same projects was not always wise, particularly when knowing what had happened to previous counterparts adversely affected motivation and the ability to forge effective working relationships with new counterparts. In contrast, the assignment of BiH staff with experience in former Yugoslavia contributed positively to effectiveness. This was true in the physical infrastructure sectors, where staff familiarity with the sector was instrumental to the success of emergency infrastructure projects, and even more so on fiscal, financial, trade, and macroeconomic issues.

Give Teams the Tools

All country cases demonstrated that successful implementation depends upon effective partnerships with a number of in-country agencies. However, substantial powers were not regularly delegated to country and resident teams; this prompted complaints from partners about decisions having to be referred back to higher levels in Washington with inevitable delays. For example, inadequate awareness of the post-conflict context by headquarters staff led to unrealistic provisions for procurement and disbursement in the Northern Uganda Reconstruction Project (NURP). BiH has been an exception on this point. There, the combination of significant delegation of authority and strong staff support enabled the resident representative to establish good working relationships with a wide range of groups—bilateral donors, UN agencies, changing government institutions at several levels, NGOs, and the UNOHR. The resident representative in Sri Lanka has had significant delegation of authority and, pursuant to current policy in the South Asia Region of the Bank, has recently been designated country director, with the accompanying budget authority.

Programming, Design, and Implementation

The first stage in programming Bank country operations typically involves developing a CAS. In an emergency



Refugee camp, Guatemala

situation, however, a trade-off is required between the need for speed and the legitimate desire for a systematic, well-prepared CAS. For some of the countries studied, a CAS was developed several years after the Bank re-engaged in the country. The key initial “strategy documents” were a damage and needs assessment and a national reconstruction plan, which provided the framework for the first emergency operation(s). This is an appropriate approach that does not unnecessarily burden the country team (or the government) with staff-intensive CAS preparation and approval efforts during the critical early post-conflict stage. In such cases, the CAS could become a process rather than a product. Using the initial documents as points of departure, this process could consist of a series of additional smaller papers and workshops dealing with selected policy issues and involving relevant government officials. The process could culminate with a more substantial document that would take into account the outcomes of the workshops but that would largely be prepared by the Bank. For example, the Bank and the EU prepared a BiH

“vision” document using a series of meetings and seminars with economists and government officials as an input for refining the document and disseminating its key conclusions. BiH officials have indicated that this approach was very successful in directing the attention of decisionmakers toward key issues. The soundness of this approach rests heavily on the quality of the initial damage and needs assessment and recovery strategy, which therefore merit the commitment of adequate resources and Bank management attention. More emphasis should be placed on the staff skills and training required to strengthen the process of damage and needs assessment.

Need is Only Part of the Equation

Setting country assistance levels in the early stages of post-conflict reconstruction can be problematic because the demonstrated policy performance of a new government may not justify the levels of assistance implied by *need* alone. During discussion of the Rwanda CAS *Concept Paper*, a substantial gap became apparent between

the three-year assistance level proposed by the country team and that implied by the performance and need criteria developed by FRM (Resource Mobilization Department). The country team argued that a post-conflict program should not be judged by the same criteria as one in a "normal" country. Instead, more weight should be given to need and its assessment of *probable* performance of the government, based on early evidence of performance and commitment. The team also pointed out that even apart from the extraordinary levels of assistance now being provided to BiH, the Bank had departed in the past from what performance criteria alone would have justified in the case of the substantial initial level of assistance provided for post-conflict Mozambique. The response from FRM was essentially that (i) the FRM criteria were not in force when assistance to post-conflict Mozambique was initiated and (ii) the criteria should not be weakened, but performance should be reviewed annually and corresponding adjustments in levels made.

The volatile and fast-changing circumstances of post-conflict countries demand a high degree of flexibility and speed in *design and implementation*. As noted in Chapter 3, preparation and piloting funds (such as PHRD, CTF, and PPF) are critical to early reconstruction work. While the existing trust funds are oversubscribed, the PPF (Project Preparation Facility) constitutes an advance only on a reasonably well defined project with a detailed project concept document. In Eritrea, staff recommended a more flexible kind of facility. Piloting funds might also have been usefully employed during the time it took to bring emergency operations from identification to effectiveness—ten months in Sri Lanka and two years in Lebanon. Evaluations confirmed that post-conflict projects need a "process" rather than "blueprint" design.

Recent Bank initiatives will help address these problems. A Post-Conflict Program (PCP) has been established under the Development Grant Facility with initial funding in fiscal year 1998 of US\$8 million. The PCP will finance activities relating to the Bank's involvement through the early preparatory stages of post-conflict reconstruction. Although individual investments will be relatively small, the PCP is intended to leverage the enhancement of Bank understanding of the post-conflict situation; preparing a strategy for early intervention where existing Bank instruments cannot be accessed; and developing best practices to help the Bank and other agencies design interventions in new areas relevant to

post-conflict reconstruction (such as reintegration).³ A new lending instrument, the Learning and Innovation Loan (LIL), provides a modest (up to US\$5 million), speedy management-approved loan, available where either (i) institutional capacity needs building; (ii) piloting a new idea would be helpful; or (iii) uncertainty exists about technical or contextual issues concerning a project. These factors were prevalent in the case studies. Another new instrument, the Adaptable Program Loan (APL), designed for use at the other end of the lending spectrum, might be used to bridge the gap between loans in a reconstruction program. The Bank's experience in long-standing reconstruction programs such as Uganda, where recovery may take two decades or more, indicates the need for consecutive projects addressing continuing issues. APLs could be useful in ensuring continuity.

Processes Can Become Obstacles

Standard Bank procurement and disbursement processes have often created stumbling blocks to post-conflict recovery.⁴ Cumbersome procedures leading to the untimely delivery of goods and tardy replenishment of funds were the norm in many of the studied countries, despite the emphasis in OP 8.50 on the need for streamlined procedures. Project management and disbursement tended to be highly centralized, with implementing agencies having no independent access to funds. The experience in many situations requiring decentralized delivery of goods points to the need for flexible procurement arrangements in community-based projects, especially when end-users contribute to the project costs. The situation was particularly problematic in Uganda, where disbursements for several operations were slower than expected, partly owing to unforeseen political changes, but also because the procurement procedures chosen for the credits were not conducive to rapid disbursement. In the First Economic Recovery Credit, disbursements were much slower than the three to four months estimated by Bank staff. Despite the urgent need to obtain foreign exchange, the Bank emphasized the need to restore discipline to the foreign exchange allocation and procurement procedures destroyed during the previous regime. This decision made it very unlikely that the goal of rapid disbursement could be achieved.

Rapid disbursement of a program loan is normally achieved by separating procurement and disbursement procedures; that is, the proceeds of the loan or credit should be used to reimburse the costs of imports procured under previously approved contracts. In the Uganda oper-

ations, however, disbursements were made against goods procured under new contracts. Even under favorable circumstances it takes many months from the time an importer applies for a foreign exchange allocation until imports arrive and the foreign exchange is reimbursed. In the Rwanda Emergency Recovery Credit, misunderstandings over procedures for selecting a procurement agency for public sector imports led to a one-year delay of a portion of the credit and eventual conversion to entirely private sector imports. Use of a pre-qualified list of procurement agents might have avoided the problem.

Typically, weak post-conflict administrations have difficulty managing Bank procurement and disbursement procedures, a burden that is often multiplied by the different demands of various donors. This was apparent in Eritrea, Haiti, and Uganda, where ministerial capacity should have been strengthened before taking on complex post-conflict projects. Harmonization of donor requirements would be a substantial improvement for such ministries. In general, country cases indicated the value of procurement training in advance, and increased in-country presence by Bank experts to assist (although as Eritrea demonstrated, insertion of a procurement expert in-country was no guarantee of success). The success of implementing the BiH emergency program has been attributable in part to simplification of procurement procedures, including higher thresholds for international bidding and reduced bid submission times.

Variable Results (PIUs and PMUs)

Special project implementation/management units (PIUs/PMUs) were commonly used in the case study countries to implement emergency and other post-conflict projects. Such units provide a number of functions: monitoring progress, facilitating supervision, and above all, coordinating, but with widely varying effectiveness. In BiH, locally-staffed PIUs managed Bank projects in different sectors providing a coordinating vehicle for other donors, and overcoming fears about government involvement slowing implementation. Not all arrangements were so satisfactory. In Lebanon, the powerful Council for Development and Reconstruction, while providing an effective counterpart for the Bank, was effectively a super-ministry with far-reaching powers that had to be divested to normal ministries. In the Northern Uganda Reconstruction Project (NURP), a proliferation of sub-PIUs in each ministry reduced the flow of funds to activities in the field. In Eritrea, the PMU began with inadequate capacity and had to receive

special assistance, which it should have had from the start through increased field presence.

In several countries, special implementation units were the main source of monitoring and therefore key to assisting Bank supervision visits. In many cases, however, such monitoring consisted more of enumeration than of objective assessment. In at least two cases (Eritrea ERL and Uganda NURP) it required a change of task manager to introduce new implementation procedures. Some lessons may be forthcoming from the current Quality Assurance Group study on project supervision, which will include some post-conflict projects. The BiH case highlighted the issue of continuing PMUs/PIUs beyond project completion. With the next phase of reconstruction shifting to policy reform, these units should not necessarily become permanent fixtures in ministries.

Client and Staff Training and Development

Post-conflict countries need staff development and parallel client training. The assessment team found that understanding among Bank staff of the circumstances of post-conflict countries and appreciation of their implications for Bank operations—lending and non-lending—is very uneven. Thus, there is a clear need for expanded staff development activities, which could usefully be accompanied by parallel or joint client training. Such efforts have until recently been relatively insignificant and ad hoc in nature. The establishment of the Knowledge Network on War-to-Peace Transition and the efforts of the network to promote and develop training activities, along with those of EDI and the Learning and Leadership Center (LLC), should help strengthen staff and client capacity.

How the Bank resolves the issues identified in this assessment will have implications for long-established ways of doing business in the Bank. A number of issues are cross-cutting and involve areas of strong Bank comparative advantage, such as strengthening the macroeconomic framework and coordination with other donors and international agencies. It is therefore essential that the recently established Post-Conflict Unit acquire the staff capacity to analyze and raise this range of issues. In view of these considerations, the continuing attention and, on occasion, active involvement of senior Bank management will be required.

Implications for Monitoring and Evaluation

Previous sections have discussed some of the unique circumstances of post-conflict settings and their implica-



Muslim women, Sorazade, Bosnia

tions for the design and implementation of operations. These considerations also have implications for monitoring and evaluation.

The post-conflict context requires that operations receive more intensive monitoring to ensure the continued relevance—as well as effectiveness and efficiency—of the portfolio. Country implementation capacity and knowledge of World Bank procedures may be especially weak, or political fragility may require daily attention to keep projects on track (as in BiH). The effectiveness of Bank monitoring in the nine case study countries has varied. Findings indicate that monitoring needs to be much closer and more frequent than can effectively be managed without a well-staffed resident mission. For example, lack of a resident mission in Cambodia and Haiti, and inadequate field presence during the first two

post-conflict years in Rwanda, resulted in less effective monitoring and ensuing implementation problems. In contrast, monitoring has been considerably more intensive and consequently effective in BiH.

Importance of Continuity

Monitoring also involves the development of knowledge about the socioeconomic and political dynamics of the post-conflict country. A long hiatus in the Bank's engagement with a country, as in Cambodia, seriously erodes its knowledge of the country. Even short conflicts, such as the three months of genocide in Rwanda, may produce large discontinuities between the pre- and post-conflict societies, economic prospects, and forms of governance. A knowledge base can be developed by systematically drawing on knowledge and expertise about the country from the academic community, other governmental bodies, and NGOs, both outside and inside the country. This has not been done to the extent desirable. In particular, the Bank has yet to support efforts in Cambodia to undertake integrated longitudinal studies at the household level of socioeconomic rehabilitation and recovery trends and problems. The information such studies could provide would be valuable for operational design, monitoring, and evaluation—and it would help develop independent local social science research capacity.

Through a Different Lens

While the Bank's evaluation process has identified certain lessons to remember when designing and implementing post-conflict reconstruction operations, a comparison of completion reports with Project Performance Audit Reports (PPARs) reveals that the latter have not always considered the post-conflict context when determining the success of projects. Annex 4 compares the ratings of PCRs/ICRs with audits and evaluation memoranda (brief memoranda prepared by OED after reviewing an ICR). The examples discussed here are all taken from Uganda, because PPARs on post-conflict reconstruction operations have been completed only for that country.

The PCR for Uganda's First Reconstruction Credit (C0983) rated the project as satisfactory, noting that given the post-conflict situation, the implementation of agreed policy and institutional reforms was satisfactory and the economic impacts were generally positive. The report recognized that an unrealistic timeline for implementation was set, and it discussed problems with the procurement process. It also recognized that the project

was not designed as a comprehensive reform package but, rather, as an emergency response to assist with urgent reconstruction imports. Despite the implementation delays, the policy reforms supported by the credit (devaluation was the only condition) helped to create an environment favorable to economic growth. The credit also contributed to the Bank's knowledge of Uganda's economy, allowed Bank staff to develop good relationships with the government, and laid a foundation for the follow-up Reconstruction II and III projects (pp. 28–32). When the PPAR was prepared a year later, it recognized that the credit was an initial contribution to the reconstruction process and had benefits that were not easily quantifiable. The PPAR focused mainly on procurement process problems and disbursement delays and consequently downgraded the project rating to unsatisfactory.

The audit of the first Economic Recovery Credit (C1844) also lowered the PCR rating from satisfactory to unsatisfactory, citing the importance of seeking a rapid increase in tax revenue to offset a decline in aid. As mentioned in Chapter 6, the Uganda case study found several problems with this conventional wisdom. First, the pre-

Relatively few reports are prepared on time. This is a long-standing problem.

diction of a decline in aid was inaccurate: the net aid flow to Uganda substantially increased in subsequent years and shows no signs of diminishing. Second, the audit analyzed the ERC as if it had been a standard stabilization problem and failed to appreciate the distinctive features of a post-war recovery. The case study

argues that the time frame for fiscal recovery in a post-war environment should be determined by the need to restore the taxable base of the economy. This, in turn, depends on such factors as the extent to which economic activity has retreated into subsistence and on the degree to which previous government revenue-raising policies have been predatory. In Uganda both conditions applied, which implies the need for a prolonged period of low taxation. The attempt to raise tax receipts rapidly can actually delay the attainment of sustainability. In addition, donors tend to be pre-disposed to accept that large aid-financed fiscal deficits must be reduced as rapidly as possible, and that failure to do so reflects reluctance of a government to make the requisite "tax effort." The case study found that the endorsement in the PPAR of the Fund and Bank emphasis on increasing tax effort rein-

forced an erroneous diagnosis of the recovery problem that led to serious problems in fiscal policy.

The two audits thus had in common a time frame for a postwar recovery that was unrealistic but which would have been appropriate for a stabilization and liberalization program in a peacetime economy. They consequently treated the fiscal deficit as a major problem rather than as a response to the Ugandan post-conflict conditions. Ironically, the much-heralded Uganda economic recovery, already spread over a decade (and only approximately halfway back to the prewar Ugandan economy) was financed by credits rated unsatisfactory and marginally unsatisfactory.

Developing Consistency

A review of two ICRs on post-1994 lending in Haiti suggests a potential inconsistency in Bank evaluation of post-conflict operations and indicates the limitations of project-by-project evaluations in such circumstances. The ICR on the Emergency Economic Recovery Credit (EERC) gives the project a highly satisfactory rating according to the emergency context. Such projects, it notes, should have well-defined objectives focused on immediate needs, and a simple streamlined design. By contrast, the ICR on the Seventh Transport Project makes only muted reference to the conflict, the main cause of its largely unsatisfactory outcome, and misses an opportunity to provide a useful lesson. Both ICRs focus on project achievements against stated objectives. Subsequent Bank judgment on the overall reconstruction program (conceding little progress on improving infrastructure, social services, or the well-being of Haitians⁵) causes one to question the value of a highly satisfactory project in an unsatisfactory program. Ironically, the ICR on EERC noted this contradiction, yet it still gave the project a highly satisfactory rating.

A recent DANIDA/DAC workshop⁶ on evaluating humanitarian assistance underscored the complexities of evaluating post-conflict reconstruction efforts. In its review of good practice in evaluating humanitarian assistance, the workshop discussed how to measure performance when evaluating assistance. While conventional criteria such as efficiency, effectiveness, impact, sustainability, and relevance of objectives were discussed, it was noted that during preparation of the Joint Evaluation of Emergency Assistance to Rwanda, four "new" criteria were added.⁷

- *Connectedness*—the need to ensure that short-term emergency activities are carried out in a con-

text that takes longer-term and interconnected problems into account.

- *Coherence*—the need to ensure that the activities of the international community are carried out with an effective division of labor among actors, maximizing the comparative advantages of each.
- *Coverage*—the need to reach major population groups facing life-threatening suffering wherever they are, providing them with assistance and protection proportionate to their need and devoid of extraneous political agendas.
- *Appropriateness*—the need to tailor humanitarian activities to local needs, increasing ownership, accountability, and cost-effectiveness accordingly.

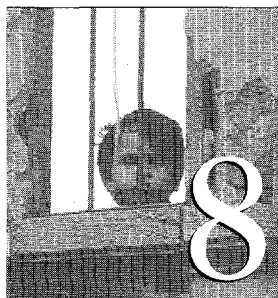
Although the workshop did not reach consensus on the use of new criteria to measure performance, the participants agreed that this is a critical issue for future evaluations and that the DAC group will continue exploring the topic. While perhaps not entirely applicable to reconstruction efforts (“connectedness” replaced “sustainability,” as many humanitarian aid interventions are not intended to be sustainable), the new criteria do take into account some aspects unique to the post-conflict context that warrant consideration for future Bank evaluations of reconstruction efforts.

A final issue for evaluation of post-conflict reconstruction operations is timing. Considering the profound economic and social changes that occur in post-conflict countries, timely completion of post-conflict operation completion reports is a necessity, particularly for earlier reconstruction operations. Even for “normal” operations, the Bank’s *Operational Manual* states that ICRs should be issued no longer than six months after the closing date.⁸ However, only nine (plus one in draft form) of the 65 completed post-conflict reconstruction

operations identified by the assessment team issued completion reports within the six-month interval (another six projects closed on or after August 30, 1997, so were still within the interval). The amount of time to issue completion reports ranged from six months to more than nine years, with the average being 18 months. To address this and the other issues discussed above, OED should develop guidance for staff on the conduct of ICRs and PPARs.

Returning to “Normal” Operations

Assuming the success of a post-conflict reconstruction effort, the justification for such Bank operational features as: special procedures (e.g., for emergency operations, procurement); addressing conflict-related issues in strategy and program documents; and for a larger-than-normal resident mission will diminish over time. However, how long it takes a country to achieve a relative state of normalcy is a difficult question to answer. The assessment team grappled with this question during its research, for example, debating whether to consider all assistance to Uganda as “post-conflict.” The speed of the return to normalcy and the benchmarks for evaluating progress are not very well-developed, nor is there much available relevant guidance.⁹ Possible indications of this transition include: (1) macroeconomic stability and its probable sustainability; (2) recovery of private sector confidence, as measured by the investment ratio; and (3) the effectiveness with which institutional arrangements and the political system are coping with the tensions, schisms and behaviors that lay behind the conflicts. The Post-Conflict Unit should examine this issue and explore the development of indicators to determine when the “post-conflict” period ends and “normalcy” begins.



Directions for Future Bank Policy

Post-conflict reconstruction is not a peripheral issue; it affects the Bank's core activities. If the Bank is to improve the relevance, efficacy, and efficiency of its support to post-conflict countries, it needs to adjust the way it conducts business to accommodate the special needs of countries emerging from conflict. The April 1997 Framework for World Bank Involvement in Post-Conflict Reconstruction provides some guidance under which such assistance may be provided, but it does not constitute a firm policy statement. Thus, the study recommends that the

Framework be revised and transformed into an Operational Policy. The revised Framework should address how the Bank designs its policy dialogue with a post-conflict country and how it assesses its performance. It should deal with the way the Bank develops a CAS, how it prepares and implements operations, and how it monitors and evaluates programs in countries recovering from conflict.

Since 1980 the volume of Bank lending to post-conflict countries has increased over 800 percent, with the most significant increase occurring in the first half of the 1990s. The substantial growth of the post-conflict portfolio and the regional and sectoral allocations are discussed in Chapter 3. OP 8.5, the policy currently used for post-conflict reconstruction, focuses mainly on events of short duration, such as earthquakes, floods or hurricanes, which do not affect institutions and which require a rapid response to rebuild physical infrastructure. Civil conflicts, on the other hand, are of protracted duration and they destroy the social fabric of a country. Their causes typically go back in time and result in situations that require long-term development efforts. Furthermore, unlike natural disasters, civil conflicts require major efforts in dealing with institutional frameworks and macroeconomic conditions.

The main conclusion of this study is that the Bank needs to revise its current policy guidance in *A Framework for World Bank Involvement in Post-Conflict Reconstruction*, and transform it into an Operational Policy statement.¹ The Post-Conflict Unit should handle this task, modifying the *Framework* to take into account the finding of this assessment, and developing statements of Bank Policy (BPs) and Good Practices (GPs) to guide staff in providing such assistance. OP 8.5 should be revised to apply only to disasters that are unexpected and of limited duration such as natural disasters, or man-made ones (e.g., large-scale industrial accidents). The OP, BPs, and GPs should address the following issues:

- advice on the economic development implications of peace accord options;
- post-conflict aid coordination;
- definition of priorities among macroeconomic stabilization, infrastructure rebuilding, and restoration of human and social capital;
- macroeconomic and structural policy conditionality;
- flexibility in programming, design, and implementation;
- institutional arrangements;
- monitoring and evaluation; and
- promoting equitable development.

Peace negotiations. To the extent possible, and if invited, the Bank should be an active adviser to peace negotiations rather than an observer. The main purpose would be to make the parties aware of the implications for economic development, including economic benefits and costs, of alternatives being considered by relevant parties during peace negotiations. The Bank played this role at the Dayton Accords negotiations for Bosnia and Herzegovina, and in Guatemala.

Early and active role in post-conflict aid coordination. This does not necessarily imply leadership of the process, but it will probably call for leadership on macroeconomic and external debt issues, strengthening policy dialogue and policy reform, and mobilizing resources. The new BPs and GPs on post-conflict reconstruction should reflect that effective coordination arrangements require active internal and external involvement by Bank senior management and a well-staffed resident mission to ensure effective coordination at the sectoral and implementation levels.

Priorities. Supporting the achievement of macroeconomic stabilization should be one of the Bank's highest and earliest priorities in post-conflict situations. The pursuit of other economic reforms should be approached incrementally, taking into account the country's historical context and current policy and institutional enabling environment. The Bank should also be prepared to support the rebuilding of physical infrastructure, with adequate attention to necessary policy and institutional reforms. To participate effectively in those areas, the Post-Conflict Unit, in cooperation with EDI and the LLC, should undertake training geared to strengthening Bank capacity to lead damage and needs assessments that employ the most effective means of generating needs information and draw on scholarly expertise on the sociopolitical environment. In defining priorities, adherence to existing relevant guidelines, such as the 1997 Operational Guidelines on Demining, is critical. Thus, support for mine clearance should be always integrated with a specific development activity. The Bank should help post-conflict countries develop cost-effective strategies to restore human and social capital, especially in education and health. Early sector work and better use of social analysis is recommended to improve project design. As the social sectors have not been an area of strong performance for the Bank, partnerships with other agencies better placed to help restore human and social capital should be pursued. In providing further support for demobilization and reintegration

of ex-combatants, the Bank should strengthen the capacity it has acquired and incorporate the relevant experience of other agencies.²

Conditionality. While a natural disaster response requires policy conditionality aimed only at reducing the potential impacts of future disasters (as indicated in OP8.5), the macroeconomic issues at stake in post-conflict reconstruction call for more substantial policy conditionality. The new OP should include such conditionality but also indicate that its use requires a case-by-case analysis. Depending on country implementation capacity and the political environment, it may not be appropriate to introduce wide-ranging conditionalities all at once. While the immediate post-conflict period can be a window of opportunity to pursue policy reforms, especially those essential to macroeconomic stability, caution should be exercised in pursuing an ambitious reform agenda soon after a major social collapse. Thus, loan and grant agreements in post-conflict as in other countries should contain provisions essential to accomplishing the development objectives of recovery operations. In Uganda, the Fund and the Bank emphasized increased tax effort that, in view of the country's history of predatory tax policy, may well have depressed private investment.

Flexibility. Early post-conflict situations require timely and flexible programming, design, and implementation. The new BPs and GPs should direct country departments to make greater use of preparation and piloting funds, and "action research" projects. Expeditious preparation, piloting and bridging funds, and loan instruments (such as the new PCP, LIL, and APL) should be resourced at sufficient levels to enable the Bank to be effective earlier in post-conflict situations. From the initial base of a well-prepared damage and needs assessment, the Bank's reconstruction strategy should be refined over the following months and years through a series of incremental efforts, such as workshops and policy notes. A full CAS can be prepared when time, capacity, and resources permit. Mechanisms for rapid procurement and disbursement should be devised for post-conflict situations, consistent with sound practice.

The Bank's institutional arrangements. The new GPs should reflect that senior management must give high priority to staffing and structuring post-conflict country teams. The country director must have a mandate to give the country substantial if not full-time attention and resident representatives need sufficient authority to make a wide range of programming and implementation decisions in the field. Despite the high



School children in Zenica, Bosnia

up-front costs, adequately-staffed resident missions are a pre-condition for successful Bank intervention in post-conflict situations.

Monitoring and evaluation. To implement post-conflict operations satisfactorily, the Bank must be prepared to allocate sufficient administrative budget resources for adequate monitoring. Monitoring and evaluation should be accompanied by an ESW program that includes household and community studies, preferably longitudinal ones that address human and social capital issues as well as income-generation needs and constraints. The overall Bank portfolio in a post-conflict country should be periodically assessed for relevance, that is, its contribution to sustainable peace and development. While under normal circumstances a Country Portfolio Performance Review is conducted every 12 to 18 months, in post-conflict countries the overall portfolio should be assessed at least every 12 months. Project-by-project assessments often do not provide the broader picture, although multisectoral or adjustment operations should certainly be assessed on their contribution to the larger objective. Initial investments should be assessed on how they contribute to long-term reconstruction

objectives. The Post-Conflict Unit, in consultation with OED, should support the development of performance indicators for assessing the contribution of the overall country portfolio to sustainable peace and development in a post-conflict setting. In view of the need for completion information in often highly volatile post-conflict settings, country departments should ensure that completion reports for post-conflict operations are completed promptly. This matter should be brought to the attention of the Bank-wide task force currently reviewing the ICR process. The new BPs should sharply reduce the interval between project closing and completion report. Finally, OED should develop guidelines in consultation with the Post-Conflict Unit on how to apply evaluation criteria with greater sensitivity to the post-conflict political and economic environment when conducting completion reports. These guidelines should be illustrated in the new GPs.

Promoting equitable development. The case studies revealed several examples in which the Bank either did not address emerging distributional imbalances or missed a significant opportunity to promote equitable development (see Chapter 4). While the Bank may be unable to

prevent conflict, it needs to recognize its potential to influence the course of pre-conflict events. Although it may not be appropriate for the Bank to adopt an Operational Policy on conflict prevention (as this may imply crossing the line in some cases into the realm of political issues that are inappropriate under the Bank's mandate), Good Practices should be developed that encourage staff

to be sensitive to predatory and exclusionary behavior that adversely affects projects and shared development objectives. The Bank should raise such concerns in its dialogue with the government and other donors. The Bank should support and pursue economic and distributional policies and programs that can avoid a slide into conflict within deeply divided societies.

ENDNOTES

Chapter 1

1. Address to the 1997 World Bank Annual Meetings, Hong Kong, September 23, 1997.

2. Overseas Development Institute, Humanitarian Policy Programme. *Good Practice Review: Evaluating Humanitarian Assistance Programmes*. London: December 24, 1997 (draft).

3. Robert Muscat, "The World Bank's Role in Conflict Prevention and Post-conflict Reconstruction," internal World Bank paper, prepared for the Task Force on Failed States, November 27, 1995. Another study uses the term "collapsed states," which are defined as "situation[s] where the structure, authority (legitimate power), law, and political order have fallen apart and must be reconstituted in some form, old or new." See I. William Zartman, "Introduction: Posing the Problem of State Collapse," in *Collapsed States: The Disintegration and Restoration of Legitimate Authority*, edited by I. William Zartman (Boulder and London: Lynne Rienner Publishers, 1975), p. 1.

4. Muscat, *op. cit.*, para. 2.9.

5. Joint Evaluation of Emergency Assistance to Rwanda, "The International Response to Conflict and Genocide: Lessons from the Rwanda Experience," published by the Steering Committee of the Joint Evaluation of Emergency Assistance to Rwanda, March 1996.

6. The Committee on Development Effectiveness noted the importance of analyzing conflicts from a regional approach and assessing the spill-over effects of conflict on neighboring countries.

7. These factors are based on those suggested in the previously cited paper by Robert Muscat. An annex of the Muscat paper delineates four factors determining the scope for continuing or resuming Bank operations in countries emerging from conflict. These are: (i) relative absence of internal conflict; (ii) legitimate and effective civil authority; (iii) freedom from large debt; and (iv) sufficient international interest for conflict resolution. The nine case study countries represent a mix in such factors, but none was so problematic for most factors that the Bank ruled out active involvement.

Chapter 2

1. Christine Wallich, in a comment on a previous draft of the assessment's overall report, observed that "the current procedures (which eschew policy conditionality) seem much more applicable to rebuilding after an earthquake in a stable policy environment (where policies may be quite fine) than they do to post-conflict, where institutions have been destroyed." (E-mail of January 5, 1998, from Christine Wallich to Roger Slade.)

2. MOP for Emergency Electric Power Reconstruction Project (Report No. P-6804), para. 8.

3. A Framework for World Bank Involvement in Post-Conflict Reconstruction, April 25, 1997, para. 34.

4. As of July 19, 1996, Afghanistan, Iraq, Liberia, Somalia, Sudan, Yugoslavia, and Zaire had arrears to IBRD and IDA totaling US\$1740.50 million. BiH's arrears were cleared as of June 14, 1996, through refinancing by the Bank and remains in non-accrual status ("A Framework for World Bank Involvement in Post-Conflict Reconstruction," Annex 3).

5. In Sri Lanka, the Bank has been involved in other parts of the country throughout the entire conflict. It got involved in the conflict zones in 1987 when it looked as if peace would prevail but, in fact, conflict periodically escalated during the next three years and returned on a larger scale in 1990.

Chapter 3

1. World Bank, *The Blue Book*. The Planning and Budgeting Department. (Washington: July 1995), p. 8.

2. There are, of course, a number of transitions, particularly in the "northern tier" of Central and Eastern Europe countries, that have been relatively free of such difficulties.

3. World Bank, *Implementation Completion Report. Republic of Nicaragua. Social Investment Fund Project (Credit 2434-NI)*. Report No. 16428. Washington: March 28, 1997, p. i.

4. The Bank financed an Emergency Reconstruction and Rehabilitation Project (C1883) in 1988 that only partly achieved its objectives, mainly because of the full-scale resumption of hostilities by 1990.

5. The 800 percent is based on the lending volume by fiscal year of the 157 post-conflict reconstruction operations identified by the assessment team (listed in Annex 2). It includes amounts for Rwanda that were reallocated from "normal" operations for post-conflict reconstruction.

6. Another reason these results would have limited *ex ante* "predictive value" is that the PCRs/ICRs for 6 of the 12 operations were issued *after* the April-July 1994 genocide. However, the implementation periods for these 6 operations were concentrated during the early 1990s. See the Rwanda case study in Annex 1.

7. The Cambodia figure is based on recent estimates of the "Cambodia Genocide Project" that about 1.7 million people were killed during the Khmer Rouge period, from 1975 to 1979. Reported in Susan Cook, "Documenting Genocide: Cambodia's Lessons for Rwanda," paper presented at the Meetings of the American Anthropological Association, Washington, D.C., November 21, 1997 (New Haven: Yale University, 1997).

8. These declines are believed to overstate the actual drop in economic activity because the share of unrecorded activity is probably greater during conflict. Nonetheless, these figures undoubtedly reflect unprecedented declines in overall productive activity, as well as massive changes in the structure of economic activity.

9. Although conflict was not the only factor accounting for slower, or negative, growth during the conflict periods in these countries, it was certainly a directly and indirectly contributing factor. It will take decades of sustained rapid growth in El Salvador and Sri Lanka to bring the economy to where it might have been had it continued growing at the same pace as during the 5-to-10 years before the conflict, and even longer if the impact of population growth on *per capita* income is considered.

Chapter 4

1. See World Bank, "Guidelines to Staff on Anticorruption Report," Memorandum from Joanne Salop, September 15, 1997, para. 13. On September 2, 1997, the Bank's Board of Directors

discussed a report, *Helping Countries Combat Corruption: The Role of the World Bank*, prepared by the Poverty Reduction and Economic Management Network (PREM). The "Guidelines to Staff" drew from the Anticorruption Report and the 1997 *World Development Report: The State in a Changing World*.

2. See James Boyce, ed., *Economic Policy for Building Peace: The Lessons of El Salvador*, Chapter 13, "Conclusions and Recommendations." Boulder and London: Lynne Rienner Publishers, 1996, pp. 280–81.

3. The Committee on Development Effectiveness emphasized two principles for a potential Bank participation in peace negotiations: (i) such participation should be result of a specific invitation; (ii) the Bank should not be involved in discussions concerning the political dimensions of peace negotiations.

4. The Committee on Development Effectiveness underlined the importance of partnerships in bringing about a flexible and pragmatic response to post-conflict situations.

Chapter 5

1. Daniela Gressani and John Page, "Reconstruction Efforts in Lebanon and West Bank Gaza: Challenges for Macroeconomic Management," preliminary draft, paper prepared for the Conference on Globalization and the Middle East and North Africa, sponsored by the Institut du Monde Arabe and the World Bank, March 14, 1997, Paris.

2. The Committee on Development Effectiveness noted the important linkages between infrastructure reconstruction and job creation and the relevance of both in post-conflict situations.

3. OECD, *DAC Guidelines on Conflict, Peace and Development Co-operation*, Paris, 1997, p. 14.

4. See Katarina Toll, "Needs and Potential," in *DHA News*, No. 22, April/May 1997, p. 19.

5. World Bank, *Bosnia and Herzegovina Local Initiatives Project. Pilot Phase Evaluation Report*. May 1997.

6. OECD, *op cit.*, p. 31.

7. The CODE strongly supported providing additional emphasis to gender issues in post-conflict reconstruction.

8. Documented in Colletta, et al, *The Transition from War to Peace. Directions in Development*; and *Case Studies in the Transition from War to Peace: The Demobilization and Reintegration of Ex-combatants in Ethiopia, Namibia, and Uganda*. World Bank Discussion Paper No. 331. Both Washington, DC: World Bank, 1996.

9. Internal memo from Nat Colletta, January 20, 1998.

10. A recent UN study by Graça Machel, *The Impact of Armed Conflict on Children*, reports that over the past 30 years, government and rebel armies around the world have recruited tens of thousands of children, most of them adolescents under 18 but also children aged 10 and younger.

Chapter 6

1. In contrast to the situation in Lebanon, described in the previous chapter, substantial public capital inflows in the form of aid can be expected for Uganda for a number of years. Thus,

increased tax effort to offset declining aid does not turn out to be valid in this case (an argument used by the Bank and Fund).

2. These concerns are consistent with the three conditions for reform readiness delineated in a Bank study of global privatization experience, *Bureaucrats in Business: The Economics and Politics of Governmental Ownership*, a World Bank Policy Research Report (Oxford and New York: Oxford University Press, 1995). The three conditions, based on both theoretical considerations and empirical evidence, are (i) reform must be politically desirable to leaders and their constituencies; (ii) reform must be politically feasible; and (iii) the government must be able to promise credibly to stick to the reform in the future. *Ibid.*, p. 233.

Chapter 7

1. El Salvador has never had a Bank resident mission, and it is uncertain whether one was needed during the early post-conflict years. Staff involved at the time believe that the relative proximity of El Salvador to Bank headquarters and good travel connections to Washington made a resident mission unnecessary. Some staff believe that not having a resident mission even facilitated the Bank's role as "honest broker" in the critical stage of early aid mobilization and coordination. Others, including some Salvadoran interlocutors and other Bank staff, believe the Bank would have developed more constructive early relationships with local NGOs and civil society if it had established a resident mission in the early 1990s.

2. The Sri Lanka resident mission has in recent years substantially expanded the number of local professional staff and the Rwanda mission plans in fiscal year 1998 to add one expatriate consultant and two local staff.

3. See World Bank, *Development Grant Facility: A Proposal*, R97-185, (Washington: attached to Memorandum from Vice President and Secretary to Executive Directors, July 29, 1997).

4. This study reviewed and discusses the procurement and disbursement procedures now in place. The Bank is currently reforming these procedures.

5. World Bank, *Haiti. Consultative Group Meeting. Report to the Executive Directors*, Report No. SecM97-299, (Washington: April 21, 1997), p. 1.

6. The *Workshop on Best Practice in the Evaluation of Humanitarian Assistance* was organized by DANIDA and DAC. It was held in Copenhagen on January 27, 1998.

7. The new criteria were borrowed from a paper by Larry Minear, *The International Relief System: A Critical Review*, available from Thomas J. Watson Jr. Institute for International Studies (<http://www.brown.edu>).

8. World Bank, *Operational Manual: Good Practices*, "Implementation Completion Reporting," GP 13.55 (Washington: April 1994), p. 4. A Bank-wide task force is currently reviewing the ICR process overall and is expected to make recommendations on this matter.

9. The Bank *Framework* paper briefly mentions a "Stage Five: Return to Normal Operations," but defines it in vague terms as a stage "when the emergency phase is over and operations are once more carried out under normal lending procedures, and the

consciousness of conflict begins to wane....” It is also worth noting that most of the operations reviewed for this study *were* carried out under normal Bank lending procedures.

Chapter 8

1. The CODE endorsed this recommendation and noted the need for a new policy on post-conflict reconstruction. The new

policy should highlight the importance of restoring social capital and of addressing gender issues in reconstruction.

2. The CODE noted the important role that Executive Directors can play early in post-conflict situations in discussing information with staff. They also emphasized the catalytic role played by one Executive Director, Ms. Eveline Herkens of the Netherlands, in promoting the Bank’s involvement in the reconstruction program for Bosnia and Herzegovina.

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ANNEX 1. SUMMARY OF MAIN FINDINGS OF THE CASE STUDIES

The nine case study countries are markedly diverse in socioeconomic characteristics, duration and intensity of conflict, and resulting reconstruction needs. The Bank's approach to reconstruction of these countries can be considered equally diverse, ranging from comprehensive support of all major sectors coupled with non-lending services such as damage and needs assessment and aid coordination; to more modest, strategic lending focusing on fewer areas; to efforts concentrating on economic stabilization. The results of these efforts have been uneven. The Bank's performance across the nine cases in

restoring macroeconomic stability was highly satisfactory: in promoting structural reform (liberalization) it was marginally satisfactory. The Bank's role in rebuilding economic sectors ranged from marginally satisfactory to satisfactory; in promoting the recovery of social sectors, Bank performance ranged from unsatisfactory to highly satisfactory; and in aid coordination it was uneven. The staffing and management of country teams and resident missions ranged widely from unsatisfactory to highly satisfactory. The following is a summary of findings from each of the cases.

Bosnia and Herzegovina

The Bank's response to post-conflict needs in Bosnia and Herzegovina (BiH) was early and comprehensive. Its role in reconstruction and economic recovery is perceived to have been successful by BiH authorities, other donors, NGOs, and beneficiaries. The OED evaluation team agrees with this assessment. The Bank's non-lending activities, including providing a framework for reconstruction and guidance to donors are appreciated. There is widespread recognition that Bank-supported projects were implemented quickly. Other elements of success include: a wide dispersion of benefits, both geographically and to a broad range of beneficiaries; involvement of stakeholders; an early and balanced inclusion of social sector projects to rebuild human capital; and a contribution to local implementation capacity. BiH authorities particularly appreciated the sense of ownership afforded them by Bank projects.

The peace implementation agenda dictated a compressed timetable for launching the reconstruction program. The Bank was able to adhere to this timetable because of the availability of planning resources; support from the Netherlands' ED; strong and visible support from the Bank's President; the Bank taking the lead role in coordinating the planning work; its coordination with other actors; and superb staff quality and dedication.

In addition to speed, the special attention given to the program within the Bank contributed to the overall quality of the program. A highly skilled country director was appointed solely for BiH. Her commitment to the process, attention to speed, and quality of work was important in meeting the compressed timetable for proj-

ect processing. The resident representative was important in the process. His ability to deal with differing perspectives and work with all involved parties in the resolution of issues is very much appreciated by the government, donors and other agencies.

The OED mission found that the benefits of Bank-assisted projects to date are being felt throughout the Federation, and are increasingly reaching Republika Srpska. The range of benefits has been delivered quickly to a diverse set of beneficiaries, while involving stakeholders and building local implementation capacity. At this stage the projects cannot be evaluated for sustainability or institutional development. Several factors contributed to success in the implementation phase, including early establishment of a resident mission, streamlined project processing and procurement procedures, sector diversification, pilot projects and project preparation, local ownership, and widespread participation.

Of particular importance for the reconstruction work of donors, especially for the World Bank, are the provisions for fiscal strategy built into the Dayton accords. The BiH experience demonstrates the importance of incorporating into a peace accord, to the extent possible, economic management provisions more likely to enhance than obstruct the economic recovery process. Despite Dayton's built-in obstacles to effective economic governance (and the continuing political tensions), the first year and a half of peace have seen substantial economic recovery. The Bank has been central in the mobilization and application of external resources critical to this recovery.

Cambodia

The Bank assumed a different task in the reconstruction efforts of Cambodia, which may be understandable after a 20-year absence from the country. As one of many agencies and donors contributing to the recovery, the Bank appropriately participated in a division of functions and subjects, and played a more limited role in aid coordination. Lending assistance has mainly focused on budget support and macroeconomic stability, leaving numerous areas for the lead attention of other donors.

In some important economic areas, however, greater attention by the Bank might have produced more satisfactory outcomes. For example, as a revenue-generator and export-earning sector in the long run, rubber should be more important than the forestry sector, and would seem to merit Bank/Fund attention at least as vigorous as that accorded to forestry. The Bank assumed that rubber sector reform could be brought about by the bilateral donor that took responsibility for that sector. After several years, the donor's substantial efforts have not succeeded. Another example is the neglect of the Ministry of Commerce, despite the Ministry's importance for external trade, domestic commerce, and Cambodia's impending entry into ASEAN.

Human capital development is another area deserving of more attention. To achieve good performance on macroeconomic balances, the authorities underfunded social capital recovery and the maintenance of economic infrastructure. The Bank could have done more to negotiate a commitment to macroeconomic recovery strategies that do not consign social capital recovery to the status of mere policy residuals. The Bank has placed deserved emphasis on human resource development in its reports

to the donors, yet the Bank's own strategy neglects this area. Unlike the first Country Assistance Strategy (CAS), the current CAS makes no mention of education, even under the high-lending scenario. Bank staff have not yet developed a project concept that would put education into the pipeline before 1999—a major omission in Cambodia's circumstances. A project on disease control and prevention is just beginning implementation.

Regarding civil service reform, it is unfortunate that the Bank has continued to put downsizing at the center of the problems of administrative capacity. The installation of a reduction process early in the life of the coalition arrangement—which was based on *raising* the size of the civil service in order to absorb large numbers of the incoming parties' functionaries—was never politically realistic and was quickly recognized as such by some observers. This is only one example of several problems where the Bank did not correctly judge the political feasibility of the policies being urged upon the authorities.

A final area of Bank deficiency is failure to establish a resident mission. The dual track coordination system that evolved—the Bank externally coordinating the donors at the level of resource mobilization and overall strategy, and UNDP coordinating locally—had insufficient interaction and left much to be desired. A Bank resident mission could have improved the interface between the tracks and promoted better sequencing and operation of local sector groups. Several staff members of the country team believe that Bank design and implementation work would have been carried out more efficiently if a resident mission had been established.

El Salvador

The Bank's assistance to El Salvador focused mainly on macroeconomic reform, but included projects addressing the health and education sectors to improve the country's poor social indicators. Bank assistance was critical to laying a sound macroeconomic foundation for an impressive economic recovery during the first half of the 1990s, as well as for mobilizing international economic support. While the Bank lagged behind several other donors in the volume of its post-conflict assistance, its leadership of a series of four CG meetings between 1991 and 1995 made a vital contribution to post-conflict reconstruction and economic recovery. Several high-quality lending operations and non-lending services made significant contributions. However, no effort, with or without donor support, has yet shown any real promise for reversing a serious socioeconomic legacy of the conflict: violent crime, or "microinsecurity," of epidemic proportions.

By establishing effective working relationships with the government a couple of years before the peace accords, the Bank was able to provide timely macroeconomic assistance and coordination support to El Salvador's reconstruction program. The timing of the Bank's re-entry in El Salvador was propitious albeit not entirely intentional. Without the earthquake disaster, the pre-peace accords relationships between the government, the private think-tank, FUSADES, and the Bank might not have developed as expeditiously and productively as they did.

Early operations, including the two SALs, and the Social Sector Rehabilitation Project were well-timed. In this the Bank pursued comparative advantages in policy and institutional reform in its programming. The donor coordination role played by the Bank just before the peace accords and in the first few years of post-conflict

reconstruction was indispensable. The holding of a CG meeting *before* the peace accords were signed and the commitment of experienced and capable Bank leadership to the process contributed significantly to the effectiveness of coordination. It was important that the GOES gave priority to donor coordination and endorsed the Bank's supportive role.

In the social sectors, the Bank seized a window of opportunity in supporting EDUCO, the community self-managed education initiative of the government. This expanding initiative promises to correct and reverse some basic deficiencies in the pre-conflict educational system of El Salvador. The EDUCO experience provides a good example of post-conflict support not being limited to reconstruction but entailing a redirection of development. However, the Bank's experience in providing support to the health sector in El Salvador during the early post-conflict years has been mixed, and has not yet led to a full follow-on project.

A high degree of capability, experience and continuity combined to develop an effective Bank country team in the crucial years just before and after the El Salvador peace accords. This team made a critical contribution to the Bank's performance in a tense environment. For a country as close to Bank headquarters in Washington as El Salvador, it was not essential to have a resident mission during the reconstruction period. The Bank may have been better able to play its lead role in aid coordination and as interlocutor between the government and donors without a resident presence in El Salvador. However, opinion is not unanimous on this point. A number of interlocutors, as well as Bank staff, believe the Bank's image and relationships with civil society and other donors would be enhanced by its establishment of a resident mission.

Eritrea

Following its prolonged war of secession from Ethiopia, Eritrea had the makings of a promising “reconstruction client” for the Bank, with a victorious and motivated administration leading a united nation into post-conflict recovery with ample international commitment. The Bank, through a flexible adaptation of procedures, prepared and approved an emergency recovery project in advance of the country’s membership. This innovative engagement of the Bank was very successful, but the subsequent retreat into a more traditional operation mode caused those early gains to be lost. Progress has been slow, with delayed implementation of the emergency project, a disappointing Consultative Group meeting and a number of subsequent projects being dropped, reflecting continuing difficulties between the government and donors and a lack of shared vision on the development of the country. Renewed military-political tension with Ethiopia and Sudan may yet threaten some of the gains that have been made.

With no project implementation completion reports or audits, and future activities under discussion, findings must be tentative at this stage. Nevertheless, some lessons are already emerging. First, the style of conducting operations with a suspicious and inexperienced post-conflict government was as important as the content of the operations. The Eritrean government has clearly been circumspect about Bank involvement. They have rejected the second Recovery and Rehabilitation Project and a number of other sectoral loan projects. Technical assistance was taken up with little enthusiasm or commitment. As an implicit client comment on Bank services this

merits investigation beyond the limits of a desk review. It seems that the government wanted a Bank loan, on its own terms, and was wary about conditionalities linked to economic measures to which it was not fully committed. Only follow-up with the government itself will clarify these client perceptions and apprehensions.

Second, considerations of economy of scale have limited any comparative advantage for the Bank. Government-donor relations and lending operations probably necessitated more field presence, but for one ERL this was not considered viable. The Bank made the most of early engagement, but like the rest of the donor community found it hard to sustain work with an ambivalent government, and turned to more rewarding clients. The Bank should have invested more up-front resources, as a form of risk capital, both in products and staff field presence to build government capacity and confidence in developing the overall reconstruction program. Greater investment in “hand-holding” with the government through the first five years of reconstruction (as the Bank has done with the Eritrean Community Development Fund) might now be reaping greater rewards.

Finally, if the reconstruction period is understood as a decade or more of activity, measures to restore human capital, which may not appear a priority to fledgling post-conflict governments, will need incremental support and long-term commitment. Although the Bank has never had a mandate from the Eritrean government to address human capital issues comprehensively, it should provide the government with cogent advice on the priority of such investments.

Haiti

Haiti illustrates well the difficulties of working in deep-rooted conflict where there is no simple war-to-peace linear progression. Though never an all-out civil war, the 1991–1994 crisis in Haiti exhibited all the signs of a complex emergency, including political, social, and economic collapse. Once the political and security conditions permitted the return of the international development community, efforts were designed not so much to reconstruct Haiti, but to restore growth forgone in the embargo years.

Since returning in 1994, the Bank's commitment to Haiti has increased, but its performance has received mixed reviews. The Bank planned for an early return through preparatory work in 1993, and following the restoration of democratic government in 1994, swiftly prepared and implemented an emergency economic recovery credit. Further measures were slower to develop. Three suspended projects were revived, and five more were approved. Implementation of projects has been generally slow and problematic. With only two completion reports, findings on post-conflict lending activity are provisional. Overall, developmental prospects are still in the balance. Lack of progress in reform measures could discourage further investment, reduce donor support and jeopardize both political and economic recovery.

The Bank was clearly not a nimble or knowledgeable institution in this volatile developmental context, and was dependent on other agencies in the international system to conduct early reconstruction activities. Comparative advantage for the Bank was more in its potential to mobilize resources and skills from Washington, than in any short-term impact from a minimal field presence. In this context, the Bank grew into the coordination role, rather than assuming an overall leadership role from the start. The Bank did not strategize the initial, overall reconstruction program, nor did it coordi-

nate every sector. In fact, it expected the IDB to take more of a leadership role. The 1996 CAS appears to have consolidated a wider role for the Bank and a broader perspective. However, the CAS was still tentative on Bank involvement, stating an intention to continue its role "selectively as an integral part of a large-scale international effort."

Given the number of agencies involved and the political context, coordination presented a difficult and complex task for all institutions. The Bank had little presence to perform an early, in-country coordination role, but has nevertheless mobilized and coordinated external donor resources, and CGs have identified sectoral responsibilities. The CG meetings have been innovative and responsive to the overall needs of government, beneficiaries and donors. The participatory CG of April 1997 presents a model for other post-conflict programs.

In-country, operational and sector-by-sector coordination of activities has proved difficult for the government and the donors, who have found problems in shifting from a geographical to sectoral division of labor. Effective partnership with the many NGOs at work in Haiti is critical, but has also proved difficult. Overall, the Bank has been drawn into an expanded coordination role, possibly contrary to its original wishes, but it now performs this role willingly and competently.

A critical aspect of this coordination role is communication about the program to the public. Strong communication programs with outreach activities to NGOs, parliamentarians and other main stakeholders, and good media relations are integral to politically sensitive recovery programs. This was lacking in earlier Bank activities, and the rectification achieved by the April 1997 CG should continue. As the chair of the CG, the Bank needs to maintain the delicate balance between messages of optimism and the negative potential of unmet expectations.

Lebanon

Judging the Bank's performance in the reconstruction of Lebanon depends on which yardstick is chosen: whether an expanded reconstruction role might have achieved more, or how the more circumscribed role was actually carried out. Two areas of strength stand out: (i) the Bank's ability to mobilize resources and legitimize the international donor community in the eyes of the government; and (ii) the Bank's expertise in helping to create an appropriate macroeconomic framework. A third potential area of advantage, coordination, has only partially been fulfilled. The Bank's role in damage assessment, although valued, appears to have been limited and the Bank's own documents report underestimation of damage. Speed of response was not a Bank strength, at least in relation to so-called emergency lending.

Measured by the more modest objectives of infrastructural repairs, economic stabilization, rebuilding institutional capacity and the alleviation of social hardship and poverty, the Bank has recorded progress on all but the last goal. The Bank's overall role has thus been limited by a narrow understanding of reconstruction—albeit reflecting government's priorities—concentrating on physical infrastructure within the wider recovery process seen as the realm of the private sector. A watch-

ing brief during the conflict period might have helped the Bank engage more speedily and effectively with the overall recovery program and other international agencies.

The Bank's coordination role although valuable was partially constrained in-country by institutional attitudes characterized by caution and lack of openness with partners. The Bank's role in damage and needs assessment was clearly valued by other reconstruction agencies, some of whom would like to have seen the Bank extend this knowledge into a more assertive coordination role. Concern with executing Bank programs may have limited the degree to which the Bank could lead a common reconstruction strategy. The absence of a resident mission probably constrained an expanded coordination role in-country.

Six years after re-entry, there has been no systematic independent evaluation of the Bank's performance in Lebanon. Regarding project management, there is a wealth of lessons to be learned from the operations of the Council for Development and Reconstruction and sectoral implementation units. These operations should be examined by future ICRs and PARs which should take account of the special post-conflict context in which the Bank operated, and not judge by traditional evaluation criteria.

Rwanda

The tragedy that befell Rwanda during three months in 1994 is beyond comprehension and unprecedented. Although Bank staff and management were aware of discriminatory and opportunistic behaviors, the written record contains little evidence or analysis of such factors in Rwanda during the seventies and eighties. The Bank did not identify and question increasing *ethnic* discriminatory and exclusionary practices but, at least in the Mutara Projects, it *rewarded* with a follow-on project such practices as the diversion of project benefits to the politically-favored groups that exerted the discrimination. In this respect, the Bank was no better or worse than other donors assisting Rwanda during this period. By the early nineties, however, violence and corruption became increasingly obvious. By 1993 the Bank began scaling-back assistance, although even then not expecting the genocide unleashed in April 1994. More than half of the population of 7-to-8 million were directly affected as a result of death, displacement, injury, rape

and other brutalities. While the international community did not respond to prevent the genocide—even though plans for it had been reported—it responded impressively to the aftermath. The Bank responded quickly in August 1994 with one of its rare Emergency Assistance Grants.

Implemented through four UN agencies, the Grant was both relevant and timely, as well as relatively effective and efficient. But implementation suffered from insufficient initial awareness on the part of the agencies of the lack of capacity in government and civil society as a result of the war and genocide. Inadequate engagement of the new government in the Grant's planning and implementation led to misunderstandings and resulted in the Grant not making the positive contribution to Bank-government relationships that it might have. In fact, the government was not made aware of Bank support for the Grant until mid-way through the 19-month implementation period.

Subsequent post-conflict reconstruction efforts by the Bank, including an Emergency Recovery Credit and restructuring of the previous project portfolio, although relevant to Rwanda's needs, encountered problems that delayed their effectiveness and implementation. The Bank did not take adequately into account the new government's lack of capacity and the need to work intensively with it to build mutual confidence and to ensure full understanding of Bank requirements and procedures. In the selection of a procurement agency for the 1995 Emergency Recovery Credit, a greater effort by the Bank to make sure that their Rwandan counterparts understood Bank procurement procedures might have avoided an impasse.

Implementation problems also stemmed from less than optimal staffing assignments in both headquarters and the field. Work on Rwanda required staff with previous experience in the Bank, preferably in Sub-Saharan Africa or another post-conflict country. However, staff with experience in Rwanda were *not* necessarily the best candidates to *re-assign* to Rwanda because of the traumatic impact that the genocide had on these staff. And lack of continuity, both in the Kigali and Washington teams, impaired the important implementation monitoring responsibility role that resident mission staff should fulfill.

The absence (until January 1995) and then intermittent presence (until June 1996) of a resident representative hampered the Bank in playing as active a role in aid coordination as it might have at the beginning of the post-conflict period. Bank-UNDP relationships have been strained, especially in Kigali. A division of labor has recently taken place, with the Bank, at the government's request, leading aid coordination on macroeconomic matters.

Although Bank policy on emergency assistance recognizes that emergency situations such as in Rwanda are not conducive to major macroeconomic or sector policy changes, structural reforms can also be embodied in projects. This was the case with Bank-funded energy and telecommunications projects in Rwanda. The timing of post-conflict restructuring attempts at privatization in these projects can be questioned. Restructuring can provide a window of opportunity to raise such issues, but the pace of action must take into account the political-economic environment and the state of counterpart readiness and capacity to undertake measures such as privatization, which are often difficult, complex and politically controversial. After initial restructuring efforts, which were marked by differences and tensions over the privatization issue, the Bank and the government have agreed on a more incremental approach to privatization.

Government capacity in the Ministries of Education and Health remains weak. Health is in a relatively better position, partly owing to timely assistance from WHO in the two years following the genocide. NGOs have played a major role in re-establishing rural health clinics. UNICEF provided vital emergency assistance immediately after the genocide, and most primary schools are now in operation. The sub-grants from the Special Emergency Assistance Grant to UNHCR, UNICEF and WHO provided significant help in the initial rehabilitation of the health and education sectors. Recovery of the secondary system, weak to begin with, has been much slower and *quality* at all levels is typically very low. This reflects in particular the extreme shortage of qualified teachers, few of whom have an education beyond the primary level. At the government's request, the AFR region has undertaken a study of post-conflict experience in trying to restore education.

Sri Lanka

Owing to the largely localized nature of the conflict, and in contrast to many post-conflict situations, in Sri Lanka there was no hiatus in the Bank's program or in the presence of its resident mission during the 1983-87 period of intense conflict. This facilitated the Bank's prompt response to the government's request for assistance in mid-August 1987, two weeks after the Indo-Sri Lanka Accord was signed. The Bank moved quickly to help prepare the Emergency Reconstruction and Rehabilitation Program and to help mobilize resources from other donors in support of the balance of the Program. However, the Bank's financial contribution to the overall program, the ERR Project, did not become effective until mid-June 1988, some 10 months after the need for it had been identified. In the meantime, two planting seasons had elapsed, and an opportunity had been lost to deliver benefits that could have enhanced popular support for the Accord.

Bank efforts in providing assistance for infrastructure resulted in little sustainable accomplishment in Sri Lanka owing to sabotage and re-destruction of much of what had been restored. Assistance provided directly to households had a more lasting effect.

The presence of a resident mission (now called a "field office") in Sri Lanka greatly facilitated the Bank's role in efforts related to post-conflict reconstruction and the *possibility* of post-conflict reconstruction. The recent expansion of field office staff and the relocation of the country director position from headquarters to the field office are timely in view of the need for in-country capacity to support and monitor a new reconstruction effort, including the government's sweeping devolution initiatives currently being considered by Parliament.

Effective reconstruction assistance requires a clear understanding of the roles of *local* bodies, including governmental bodies and NGOs. This was deficient in Sri Lanka, on the parts of both the government and the Bank. On the government's side, there was delay in promulgating *Provincial Councils*. For its part, the Bank could have insisted on the involvement of local NGOs and community-based organizations in the design and implementation of the ERR project. The volatile security situation, especially in the North, re-erupted into full-scale conflict in 1990.

Uganda

Bank involvement in the reconstruction efforts of Uganda has been particularly comprehensive. In the first five years after the conflict (1987–1992), the Bank supported approximately 25 lending operations amounting to more than US\$1 billion, and closely coordinated with international donors. The Bank's role was key in strengthening the Ministry of Finance and the Central Bank, removing the monopoly of the Coffee Board, assisting in sugar rehabilitation, and rebuilding roads.

Despite good performance in reforming and rebuilding the economy, Bank involvement could have been improved in several respects: insufficient attention to consensus building; excessive use of conditionalities; and most important, a seriously dysfunctional emphasis on raising taxation. The Bank did not always fulfill its potential comparative advantage, for example, in the power sector, a key element in recovery. Nor did it fully convert its coordination role into creating an overall strategy for reconstruction, or a sector-by-sector plan.

The Bank's performance was relatively poor in social sectors, particularly in strengthening health and education institutions. Investment in the social sectors was often premature, implemented through weak Ministries and with little forethought given to the nature of the services the Bank was trying to support. The post-conflict period required major health sector reforms: these fell short of needs. Education investment was equally disappointing, with only an estimated 37 percent of funds reaching schools. Too much dependence was placed on the existing bureaucracy, and not enough use made of NGOs.

Regarding Bank processes and institutional arrangements, project design did not fully reflect the need, given Uganda's unsettled institutional environment, for a flexible, process-oriented project design. This was particularly evident in the social sectors, where the Education and Health Ministries were too weak to accommodate spending, and where supervening events like decentralization and renewed conflict changed priorities. Changes in key resident mission staff, task managers and government staff were inevitably disruptive at times. Bank staff were not generally familiar with working in conflict countries nor with the international relief and rehabilitation system. Staff resources and time were mainly concentrated in Kampala. This led to little understanding of and contact with international and local NGOs.

A final shortcoming of Bank projects was that, where they were not sequential, many were too short to address the projected length of recovery. At least two different time-tables in post-war recovery are well-manifested in Uganda. The first is the real-time duration of the recovery process, which typically requires at least two decades of sustained effort, with the risk of war a recurrent reality. The second time-table is set by donor considerations, which may be guided by different objectives, and may become manifest through programs which do not necessarily consider the very long recovery process. Government has to observe both timetables, weighing the political expedencies of short-term measures to provide security and boost confidence against the needs for longer-term recovery.

ANNEX 2: LIST OF POST-CONFLICT RECONSTRUCTION LENDING OPERATIONS

COUNTRY	PROJECT NAME	L/C NUMBER	APPROVAL DATE	AMOUNT (US\$M)	LENDING INSTRUMENT	SECTOR	CLOSING DATE
CASE STUDY COUNTRIES							
Bosnia and Herzegovina							
Lending volume by sector:	Emergency Recovery Project		2/29/96	45	ERL	MY	
Agriculture: 20.0	Emergency Transport Reconstruction		3/29/96	35	ERL	TH	
Demining: 7.5							
Education: 17.0	Emergency Farm Reconstruction		4/8/96	20	ERL	AA	
Health: 25.0	Water, Sanitation and Solid Waste Urgent Works		4/8/96	20	ERL	WW	
Industry: 10.0							
Multi-sector: 135.0	Emergency District Heating		5/14/96	20	ERL	PI	
Power: 55.6	War Victims Rehabilitation	C2896	6/28/96	10	ERL	HY	12/31/98
Social sector: 17.5	Emergency Education Reconstruction	C2897	6/28/96	10	ERL	EY	9/30/98
Transport: 35.0							
Urban: 15.0	Emergency Housing Repair	C2902	7/30/96	15	ERL	UH	6/30/98
Water: 20.0	Emergency Electric Power Reconstruction	C2903	7/30/96	35.6	ERL	PP	12/31/98
Total lending: 357.6	Emergency Public Works and Employment	C2904	7/30/96	10	ERL	SY	1/31/99
	Emergency Landmines Clearance	C2905	7/30/96	7.5	ERL	MM	12/31/98
	Emergency Demobilization and Reintegration	C2906	7/30/96	7.5	ERL	SS	1/31/99
	Transition Assistance Credit I	C2914	9/5/96	90	SAL	MY	12/31/96
	Emergency Industrial Restart	CN0010	12/13/96	10	SIL	IR	12/31/03
	Local Initiatives	CN0020	12/13/96	7	SIL	EP	6/30/99
	Essential Hospital Services	CN0030	12/13/96	15	ERL	HB	6/30/00
Cambodia							
Lending volume by sector:	Emergency Rehabilitation	C2550	1/13/94	62.7	RIL	MY	12/31/96
Agriculture: 27.0	Technical Assistance	C2664	12/6/94	17	TAL	ME	6/30/01
Health: 30.4	Social Fund Project	C2739	6/8/95	20	SIL	SF	12/31/99
Multi-sector: 119.7	Economic Rehabilitation Credit	C2781	9/28/95	40	SAL	ME	6/30/97
Power: 40.0	Phnom Penh Power Rehabilitation	C2782	9/28/95	40	SIL	PD	12/31/99
Social Fund: 20.0							
Total lending: 237.1	Disease Control and Health		12/24/96	30.4	SIL	HT	3/31/02
	Agricultural Productivity Improvement		2/28/97	27	SIL	AY	6/30/02

ANNEX 2: (CONTINUED)

COUNTRY	PROJECT NAME	L/C NUMBER	APPROVAL DATE	AMOUNT (US\$M)	LENDING INSTRUMENT	SECTOR	CLOSING DATE
CASE STUDY COUNTRIES							
El Salvador							
Lending volume by sector:	SAL I	L3239	2/21/91	75	SAL	ME	6/30/93
Agriculture: 40.0	Social Sector Rehabilitation	L3348	6/19/91	26	SAL	HB	9/30/96
Education: 92.0	Power Sector Technical Assistance	L3389	7/11/91	11	TAL	PP	3/31/98
Environment: 50.0	Agricultural Sector Reform and Investment Program	L3576	3/18/93	40	SIL	AC	12/31/99
Health: 26.0	SAL II	L3646	9/14/93	50	SAL	ME	12/31/94
Multi-sector: 141.0	Technical Assistance Loan	L3648	9/14/93	2.5	TAL	BB	9/30/96
Power: 76.0	Land Administration	L3982	3/5/96	50	SIL	VM	6/30/02
Public sector management 26.5	Energy Sector Modernization		7/6/95	65	SIL	PD	6/30/00
Total lending: 451.5	Basic Education Modernization		9/28/95	34	SIL	EP	6/30/01
	Competitiveness Enhancement		9/28/95	16	TAL	MT	6/30/99
	Public Sector Modernization		9/3/96	24	TAL	BB	8/31/01
	Secondary Education		8/28/97	58	SIL	ES	
Eritrea							
Lending volume by sector:	Recovery and Rehabilitation for Eritrea	C2478	12/4/92	25	ERI	MY, SF	11/30/96
Multi-sector: 25.0	Community Development Fund	C2823	2/29/96	17.5	SIL	SA	12/31/01
Social sector: 17.5							
Total lending: 42.5							
Haiti							
Lending volume by sector:	Emergency Economic Recovery Credit	C2670	12/20/94	40	ERI	MY	12/31/95
Agriculture: 21.5	Road Maintenance and Rehabilitation	C2691	3/23/95	50	SIM	TH	12/31/01
Health: 28.2	Employment Generation	C2765	7/11/95	50	SIL	SA	4/30/97
Industry: 11.4	Economic and Social Fund	C2205	1/17/91	11.3	SIM	SA	6/30/98
Multi-sector: 40.0	Health and Population	C2085	1/16/90	28.2	SIL	HB	6/30/98
Power: 24.0	Transport VII	C1756	2/03/87	20	SIM	TH	6/30/96
Social sector: 61.3	Port au Prince Water	C2052	6/27/89	20	SIM	WU	6/30/99
Transport: 70.0	Power V	C2053	6/27/89	24	SIL	PD	12/31/98
Water: 20.0	Industrial Restructuring	C2071	12/5/89	11.4	ERI	IR	6/30/98
	Forest and Parks Protection	C2920	9/17/96	21.5	SIL	AR	12/31/01
	Technical Assistance						
Total lending: 276.4							

ANNEX 2: (CONTINUED)

COUNTRY	PROJECT NAME	L/C NUMBER	APPROVAL DATE	AMOUNT (US\$M)	LENDING INSTRUMENT	SECTOR	CLOSING DATE
CASE STUDY COUNTRIES							
Lebanon							
Lending volume by sector:	Emergency Reconstruction and Rehabilitation	L3562	3/4/93	175	ERL	UY	12/31/98
Agriculture: 88.2	Irrigation Rehabilitation and Modernization	L3769	6/29/94	57.2	SIL	AI	6/30/01
Environment: 55.0	TA for Revenue Enhancement and Fiscal Management	L3770	6/29/94	19.9	SIL	BF	3/31/00
Health: 85.7	Health Sector Rehabilitation	L3829	12/20/94	35.7	SIL	HB	12/31/00
Public sector management: 39.9	Solid Waste/Environmental Management	L3899	6/6/95	55	SIL	VP	12/31/01
Transport: 42.0	Administrative Rehabilitation	L3930	8/3/95	20	SIL	BA	6/30/99
Urban development: 175.0	Supplemental Loan for ERRP	L35621	5/30/96	50	SIL	HB	N/A
Water: 53.1	National Roads	L4065	7/11/96	42	SIL	TH	6/30/03
	Agriculture Infrastructure Development	L4092	9/12/96	31	SIL	AY	6/30/03
	Coastal Pollution		2/18/97	53.1	SIL	WS	6/30/02
Rwanda							
Lending volume by sector:	Emergency Recovery Credit	C2678	1/31/95	50	ERL	SY	9/30/97
Education: 22.3	Private Sector Development	C2541	9/9/93	12.7*	SIL	FS	6/30/99
Finance: 12.7	Food Security and Social Action	C2388	2/5/91	17.7*	SIL	SA	12/31/98
Health: 19.7	Education Sector	C2227	4/9/91	22.3*	SIM	EE	9/30/98
Multi-sector: 56.0	First Population	C2272	6/19/91	19.7*	SIL	HT	12/31/99
Power: 25.4	Sectoral and Pre-investment Studies	C1796	5/14/91	6*	TAL	MV	10/31/97
Public sector management: 3.4	Energy Sector	C2456	2/9/93	25.4*	SIL	PD	12/31/98
Social sector: 67.7	Public Enterprise Reform	C2113	3/27/90	3.4*	SIL	BR	4/15/96
Telecommunications: 8.4	Second Communications Project	C2189	12/11/90	8.4*	SIM	CC	12/31/98
Transport: 34.0	Transport Sector Project	C2136	5/22/90	34*	SIM	TT	12/31/98
Water: 3.8	Water Supply	C1783	4/28/87	3.8*	SIL	WR	6/30/98
	Emergency Reintegration and Recovery	C2969	6/25/97	50	ERL	ME	12/31/98
Total lending: 228.0							
<i>* reallocated amount</i>							
Sri Lanka							
Lending volume by sector:	Emergency Reconstruction	C1883	3/15/88	78	ERL	MY	6/30/94
Multi-sector: 78.0							
Total lending: 78.0							

ANNEX 2: (CONTINUED)

COUNTRY	PROJECT NAME	L/C NUMBER	APPROVAL DATE	AMOUNT (US\$M)	LENDING INSTRUMENT	SECTOR	CLOSING DATE
CASE STUDY COUNTRIES							
Uganda							
Lending volume by sector:	Reconstruction Credit	C0983	2/19/80	72.5	ERL	MY	12/31/82
Agriculture: 331.1	Technical Assistance	C1077	12/2/80	8	TAL	BB	12/31/85
Education: 106.6	Water Supply Engineering	C1110	3/17/81	9	TAL	WU	1/31/87
Environment: 23.9	Phosphate Engineering	C1228	4/13/82	3.9	TAL	NN	10/31/85
Finance: 100.0	Reconstruction Credit II	C1252	5/25/82	70	SAL	MY	6/30/85
Health: 165.5	Agricultural Rehabilitation	C1328	2/24/83	66.1	SAD	AA	6/30/92
Mining: 3.9	Education III	C1329	2/24/83	32	SIM	EP	12/31/88
Multi-sector: 770.0	Posts and Telecommunications	C1367	5/17/83	22	SIM	CC	6/30/87
Oil and gas: 4.5	Rehabilitation						
Power: 153.8	Technical Assistance II	C1434	12/22/83	51.3	TAL	BB	6/30/92
Public sector	Highways III	C1445	3/13/84	51.3	SIM	TH	1/31/92
management 217.6	Reconstruction III	C1474	5/15/84	50	SAL	ME	9/30/87
Telecommunications:	Water Supply and Sanitation	C1510	7/19/84	28	SIL	WU	9/30/89
74.3	Rehabilitation						
Transport: 150.0	Agricultural Development	C1539	1/8/85	9.1	SIL	AA	9/30/93
Urban development:	(IFAD II)						
99.9	Power II	C1560	3/19/85	28.8	SIM	PH	12/31/93
Water: 139.3	Petroleum Exploration						
	Promotion	C1561	3/19/85	4.5	TAL	GI	12/31/93
	Highways IV	C1803	5/21/87	16.7	SIL	TH	12/31/94
Total lending: 2304.4	Forestry Rehabilitation	C1824	6/17/87	13	SIL	AT	12/31/94
	Economic Recovery Credit	C1844	9/15/87	65	SAL	ME	6/30/91
	Southwest Agricultural						
	Rehabilitation	C1869	1/12/88	9.3	SIL	AD	2/29/96
	Sugar Rehabilitation	C1893	3/31/88	24.9	SIL	AN	3/31/95
	First Health	C1934	6/23/88	42.5	ERL	HB	3/31/96
	Technical Assistance III	C1951	8/23/88	18	TAL	ME	12/31/95
	Public Enterprises	C1962	11/8/88	15	TAL	BR	5/31/95
	Education IV	C1965	11/15/88	22	SIL	EE	6/30/94
	Railways I	C1986	2/21/89	7	SIL	TW	6/30/93
	Telecommunications II	C1991	3/14/89	52.3	SIL	CC	12/31/95
	Economic Recovery II	C2087	2/1/90	125	SAL	ME	1/9/93
	Poverty and Social Costs	C2088	2/1/90	28	SIL	HB	9/30/95
	Water Supply II	C2124	4/12/90	60	SIL	WU	12/30/98
	Livestock	C2176	9/11/90	21	SIL	AL	6/30/97
	Agricultural Sector Adjustment	C2190	12/13/90	115	SAD	AA	12/31/96
	Credit						
	Urban I	C2206	1/22/91	28.7	SIL	UM	6/30/98
	Power III	C2268	6/13/91	125	SIL	PH	6/30/97
	SAC I	C2314	12/3/91	125	SAL	ME	1/8/94
	Enterprise Development	C2315	12/3/91	65.6	SIL	BI	12/31/99
	Northern Reconstruction	C2362	5/5/92	71.2	SIL	UM	12/30/98
	Agricultural Research and	C2446	12/15/92	25	SIL	AR	12/31/00
	Training						

ANNEX 2: (CONTINUED)

COUNTRY	PROJECT NAME	L/C NUMBER	APPROVAL DATE	AMOUNT (US\$M)	LENDING INSTRUMENT	SECTOR	CLOSING DATE
CASE STUDY COUNTRIES							
	Transport Rehabilitation		3/24/94	75	SIL	TH	12/31/00
	Primary Education and Teacher Training		5/13/93	52.6	SIL	EP	6/30/00
	Small Towns Water		3/17/94	42.3	SIL	WU	12/31/01
	Financial Sector Adjustment Credit		5/20/93	100	SAD	FF	6/30/97
	Sexually-transmitted Diseases		4/12/94	50	SIL	HT	12/31/00
	Economic Recovery Supplemental		3/13/89	1.7	SAL	ME	N/A
	ERC II Supplemental		4/20/89	2.5	SAL	ME	N/A
	SAC II		5/10/94	80	SAL	ME	3/28/96
	District Health		2/7/95	45	SIL	HB	12/31/02
	ERC I SFA		12/18/89	12.8	SAL	MF	N/A
	Economic and Financial Management		8/4/92	29	TAL	BI	6/30/99
	Institutional Capacity-building		6/1/95	36.4	TAL	BI	12/31/00
	Cotton Sector Development		5/10/94	14	SIL	AQ	12/31/99
	Environmental Management		9/14/95	11.8	SIL	VI	6/30/01
	SAC III		6/6/97	12.5	SAL	MY	6/30/99
	Agricultural Extension		9/29/92	15.8	SIL	AE	6/30/98
	Private Sector Competitiveness		12/14/93	12.3	SIL	IL, BR	6/30/01
	Agricultural Sector Management		4/16/96	17.9	SIL	AG	12/31/01
	Lake Victoria Environment		7/30/96	12.1	SIL	VM	12/31/02
Other AFR							
Angola	Infrastructure Rehabilitation Engineering	C2289	7/16/91	37.7	TAL	TT	6/30/98
	Lobito/Benguela Urban Environment Rehabilitation	C2326	1/7/92	45.6	SIM	US	9/30/98
	Education I	C2375	6/2/92	27.1	SIL	EP	9/30/97
	Power Sector Rehabilitation	C2385	6/11/92	33.5	SIM	PY, ZZ	6/30/98
	Transport Recovery	C2420	9/3/92	41	SIL	TW	6/30/97
	Health	C2490	5/11/93	19.9	TAL	HB	12/31/98
	Social Action	C2802	12/21/95	24	SIL	SE, HY, WY	12/31/00
Burundi	Emergency Assistance Program	C2668	12/15/94	14.6	SIL	MY	8/31/96
Ethiopia	Emergency Recovery and Reconstruction	C2351	3/31/92	141.3	ERL	MY	9/30/97
	SAC I	C2526	6/29/93	250	SAL	ME	9/30/96
Mozambique	Rural Rehabilitation	C2479	3/30/93	20	SIL	AD	12/31/98
	Second Economic Recovery Program	C2628	6/16/94	200	SAD	FF	8/30/97

ANNEX 2: (CONTINUED)

COUNTRY	PROJECT NAME	L/C NUMBER	APPROVAL DATE	AMOUNT (US\$M)	LENDING INSTRUMENT	SECTOR	CLOSING DATE
CASE STUDY COUNTRIES							
Other EAP							
Lao, PDR	Agricultural Rehabilitation and Development	C0760	12/27/77	8.2	FIL	AI	9/30/85
	Highway Improvement	C2218	3/21/91	45	SIL	TH	6/30/97
Other ECA							
Croatia	Emergency Reconstruction	L3760	6/21/94	128	ERL	UY	3/31/98
	Health	L3843	2/14/95	40	SIL	HB	12/31/98
	Highway Sector	L3869	4/20/95	80	SIM	TH	12/31/00
Tajikistan	Institution Building Technical Assistance	C28610	5/16/96	5	TAL	BI	12/31/00
	Agricultural Recovery and Social Protection	C29170	9/12/96	50	RIL	AA	9/30/97
	Pilot Poverty Alleviation	C2946	4/10/97	14.7	SIL	SE	6/30/00
Other MENA							
West Bank and Gaza	Emergency Rehabilitation II	CW001	4/25/96	20	RIL	MY	TH, PD, EP UU, TH, WW
	OU - Emergency Rehabilitation I		5/26/94	30	SIL		
	Municipal Infrastructure Development		5/30/96	40	SIL		
	Education and Health Rehabilitation	T26065	6/20/95	20	SIL	HB	
	Water and Sanitation Services in Gaza	T26056	7/2/96	25	SIL	WW	
Other LAC							
Nicaragua	Urban Reconstruction	C0965	1/4/80	22	ERL	UU	6/30/83
	Industrial Rehabilitation Credit	C2028	6/25/81	30	FIL	IR	3/31/84
	Economic Recovery Credit	C2302	9/26/91	110	SAL	ME	2/25/94
	Social Investment Fund (FISE)	C2434	11/17/92	25	SIM	SF, HN	9/30/96
	Economic Recovery Credit II	C2631	6/21/94	60	SAD	ME	4/24/97
	Second Social Investment Fund (FISE II)	C2767	7/11/95	30	SIM	SA	12/13/97
TOTAL PROJECTS:	157						

ANNEX 3. LIST OF PEOPLE INTERVIEWED FOR THE STUDY

World Bank

Bosnia and Herzegovina

Hans J. Apitz
Wei Ding
Andras Horvai
Zlatko Hurtic
Baelhdaj Merghoub
Madalene O'Donnell
Pedro Rodriguez
Barbara Santos
Mary Sheehan
Christine Wallich

BiH Resident Mission

Claudio Domenis
Patrice Dufour
Sarah Forster
Mirjana Karahasanovic
Michael Koch
Zorica Lesic
Saumya Mitra
Rory O'Sullivan
Marie-Theres Schurrer
Ilona Szemzo
Enn Vasur
Fatmir Zeneli

Cambodia

Christopher Chamberlain, EA1HR
Enrique Crousillat, EA1IN
Guy Darlan, EA1CO
Jessica Einhorn, EXC
Mustapha El-Erian, LEGEA
Bernard Funck, EC3C1
Koji Kuroda, EA1IN
Christopher Redfern, EA1AE
Blake Ratner, consultant
David Steedman, ASTHR
Michael Ward, IECDD

El Salvador

Ana-María Arriagada
Ian Bannon
Michael Baxter, (by phone)
Nancy Cooke, ECA (formerly LAC)
Luis Derbez, SAS (formerly LAC)
Madalena Dos Santos
Gloria Grandolini
Ulrich Lachler, LAC (Mexico; by phone)
Cora Shaw
Sally Zeijlon

Eritrea

Fakhruddin Ahmed
Subhash Dhingra
Laura Frigenti
Woldai Futur
Ejaz Ghani
Stephen O'Brien
Lee Roberts

Haiti

T. Anderson White
Wendeline De Zan
Stefan Fluckiger
Luc Moreau
Alice Morton
Axel Peuker
Jamil Salmi

Lebanon

Alastair McKechnie
Michel Pommier
Karen Rasmussen
Lars Rasmusson
Ezzedin Shamsedin, Adviser to Executive Director

World Bank New York Office

Judy Grayson, Liaison Officer
Alfredo Sfeir-Younis, Special Representative to the UN

Rwanda

Francisco Aguirre-Sacasa*
Jerome Chevalier
Iain Christie
Michel Devaux*
Jean Doyen*
Linda English
Paul Isenman
Chukwuma Obidegwu
Jean-Louis Sarbib*
Michael Sarris
Richard Senou
Nils Tcheyan
Ulrich Thumm
R. Venkateswaran

*Interviewed in 1995 in connection with research for the *Joint Evaluation of Emergency Assistance to Rwanda*, *op. cit.* No longer with the Bank, Mr. Aguirre-Sacasa was Director in 1993 and 1994 of the Region Country Department that included Rwanda, and Mr. Devaux was Country Economist for Rwanda from September, 1992, to August, 1995.

Sri Lanka

Pedro Alba
 J. Roberto Bentjerodt
 Arnold Clift*
 Iain Christie
 Chandra Godivitarne
 Arnaud Guinard
 Paul Isenman
 Sarwar Lateef
 Linda Lowenstein
 Manuel Penalver
 Menahem Prywes
 David Thomas*
 George West
 Lorene Yap
 Roberto Zagha

*Retired from World Bank. Mr. Clift was Country Operations Division Chief covering Sri Lanka, 1987–1989. Mr. Thomas was Resident Representative in Colombo, 1978–82.

Uganda

Marc Baird
 John Clark
 Sabine Cornelius
 Randolph Harris
 Yitzhak Kamhi
 Petter Langseth
 Ritva Reinikka
 John Riverson
 Iraj Talai
 Gaiv Tata

AFTU2

Alberto Harth

DEC

Sunita Kikeri
 Martin Rama

EAPVP

Katherine Marshall

EDI

Gordon Appleby
 Peter Miovic
 Patricia Weiss Fagen

Post-conflict Unit

Betty Oyella Bigombe
 Nat Colletta
 Steven Holtzman

HDNED

Eluned Roberts-Schweitzer

LAC

Annika Tornqvist

Geneva Consultations**IDNDR**

Phillippe Boule, Director
 Terry Jeggle, Senior Officer

International Council of Voluntary Agencies (ICVA)

Rudolph von Bernuth, Executive Director

International Federation of Red Cross and Red Crescent Societies (IFRC)

Peter Rees, Desk Officer for Former Yugoslavia
 Peter Walker, Director, Disaster Policy and Methodology

Permanent Mission of the Netherlands to the Office of the UN

Eveline Herfkens, Permanent Representative of the Kingdom of the Netherlands to the Office of the United Nations (former ED representing BiH to the Bank)

Swiss Directorate for Development Cooperation and Development Aid (SDC), Berne

Urs Herren, Program Officer, Development Policy and Research Division
 Stephan Nellen, Minister, Deputy Assistant Director General SDC, Cooperation with Eastern Europe and the CIS
 Jürg Zumstein, Program Coordinator for the Horn of Africa, Division of Humanitarian Aid

United Nations Department of Humanitarian Affairs (DHA)

Martin Griffiths, Director
 Paul Hebert, Senior Humanitarian Affairs Officer
 Deborah Saidy, Secretary to the Inter-Agency Standing Committee

UNHCR

Harriet Bengtsson, Americas Bureau
 Jeff Crisp, Centre for Documentation and Research
 Raymond Hall, Head, Inter-Organizations Affairs and Secretariat Services
 Larbi Mebtouche, Head, Reintegration and Self-Reliance
 E. Morris
 N. Morris
 Kazu Nagasaha, Asia Bureau
 Morten Pristed, Associate Economist
 Ms. Rianawati, Asia Bureau
 Constantin Sokoloff, Senior Officer, Inspection and Evaluation

UNOPS

Christophe Bouvier, Chief, Rehabilitation and Social Sustainability Unit

Tomas Paquete, Senior Adviser

Alfredo Lazarte Howle, ILO

War-torn Societies Project

Matthias Stiefel, Director

New York Consultations

DHA

Antonio Donini, Lessons Learned Unit

Susan Lantze, Consultant

John Rogge, Chief, Policy and Analysis Division

DPA

Alvaro de Soto, Assistant Under-Secretary-General

Mamdou Kane

Anita Mathur

Hiroko Miyamura

Shigeru Mochida

Alex Mtsouka

Zdeslaw Nicinshi

Victor Poliakov

Vladimir Shagoda

Dettef Wilke

DPKO

Christopher Cloeman, Policy and Analysis Unit

Leonard Kapungu, Head, Lessons Learned Unit

Elizabeth Linden-Mayer, Assistant for Africa to the Under-Secretary-General

Masimba Tafirenyika, Lessons Learned Unit

Shashi Tharoor, Special Assistant to the Under-Secretary-General

UNDP

Hugh Cholmendeley, Consultant

Frank O'Donnell, Deputy Director, Emergency Response Division

UNHCR

Soren Jessen Petersen

UNICEF

Kate Alley, Office of Evaluation, Policy and Planning

David S. Bassiouni, Senior Policy Adviser

Nigel Fisher, Director, Office of Emergency Programs

Tom Franklin

Sawon Hong, Senior Programme Officer, Evaluation Office

Ian Hopwood, Chief, Evaluation Office

Angela Raven Roberts

Nora Yaler

UN Office of Internal Oversight

France Owarish, Chief

UNOPS

Bisrat Aklilu, Deputy Executive Director

Reinhart Helmke, Executive Director

Bosnia and Herzegovina Field Mission

Presidency

Kasim Begic, Adviser to the Chairman of the Presidency for Economic Issues

Council of Ministers

Neven Tomic, Deputy Chairman

Ministry of Foreign Affairs

Aziz Hadzimuratovic, Head of Department for Reconstruction and International Assistance

Alida Sofic, Adviser

Ministry of Foreign Trade and Economic Relations

Mirsad Kikanovic, Special Adviser to the Minister

Berina Selimovic Mehmedbasic, Assistant Minister

Ivica Miodrag, Adviser

Central Bank

Serge Robert, Governor

Kasim Omicevic, Deputy Governor

Office of the President of Republika Srpska

Rajko Tomas, Adviser to the President of Republika Srpska for Economic Issues

Mass Media

Senada Mavric

OHR

Victor Massena

Egbert Gerkin

UN

Alexander Ivanko

Pierre-Francois Pirlot

Kathy Walker, UNHCR

Bill Thomas, Logistics Officer, UNHCR

SFOR

Terry Carter, Liaison Officer

EBRD

Zsuzsanna Hargitai, Deputy Resident Representative

USAID

Michael Stievater, Office of Transition Initiatives

NGOs

Dianne Cullinane, Liaison Officer, Soros Foundation

George Devendorf, Country Director, ICVA

Elizabeth Hughes, Program Officer, WorldVision

Jim Kelly, Country Director, CRS
 Jennie McCann, Deputy Director, Programs,
 International Rescue Committee
 Klaus Mock, Adviser, German Advisory Office
 Catiba Rekic, Programme Director, Plavi Most
 Goran Todorovic, Head of Office, Care International
 Ramiza Velic, Project Manager, Plavi Most
 Bill Warnock, Country Director, WorldVision

International Crisis Group

Hrair Balian, Director
 Christopher Bennett, Deputy Director

Blagaj

Handzar Dzevad, Director, Fish Farm

Jablanica

Resad Malovic

Project Implementation Units

Nikola Duric, Housing Project
 Zorica Milos, War Victims Rehabilitation
 Mehmedalija Sijaric, Sarajevogas
 Zlatko Zvirac, Housing Project

French Embassy

Pierre Boedoz

International Management Group

Kevin Mannion, Director
 Bruno Silvestrini, Head of Office, Mostar
 Dino Bicciato, Manager Director Designate

Chamber of Economy of BiH

Mensur Smajlovic, President
 Izet Starcevic, Secretary
 Jozo Soric, Director
 Elektroprivreda of BiH
 Reas Maolovic, Manager

EC

Anna Maria Corazza Martini
 David Hardman
 Charles Palant
 Patrick Renaud

Cambodia

Far East Economic Review

Nate Thayer

International Human Rights Law Group

Laura McGrew

International Monetary Fund

Scott Brown

Johns Hopkins University, School of Advanced International Studies

Frederick Brown
 Naranhkiri Tith

USAID

James Vermillion

El Salvador Field Mission

CARE (international NGO)

José Ignacio Claros, Technical Assistance Manager

FRENTE (FMLN) Opposition Party

Ruben Zamora, National Assembly Candidate
 (candidate for President in 1994)

FUNDE (research and advocacy NGO)

Alfonso Goitia, Executive Director
 Roberto Rubio, Research Director

FUSADES (private development think tank and consulting firm)

Eduardo Nuñez, Chief Executive Director
 Jaime Acosta, Assistant Director, Economic Social
 Studies
 Mauricio Gonzalez Orellana, Economist

German Embassy

Christian Much, Commercial Attaché

Inter-American Development Bank (IDB)

Fadrique Otero, Acting Representative
 Marcelo J. Valenzuelo, Sectoral Specialist
 Fernando Manoel Costa, Coordinator for El Salvador

Land Bank

Jose Ernesto Mancía Salinas, Director

Ministry of Education

Abigail Castro de Perez, Vice Minister
 Roberto Morán Argueta, Director, International
 Cooperation Projects Office

Ministry of External Relations

Hector González Urrutia, Undersecretary of
 Coordination and Planning
 Rina Costellanos de Jarquín, Director, External
 Cooperation Programs

Ministry of Finance

Manuel Enrique Hinds, Minister

Ministry of Planning (merged with Ministry of Finance in 1995)

Mirna Liévano de Marques, former Minister 1989–95
 Jose Marques, Consultant
 Evelyn Jacir de Lovo

PRISMA (local NGO for research on environment and development)

Herman Rosa, Senior Researcher

RCS (radio station devoted to dialogue on political-economic developments)

Salvador Samayoa, Executive Director (former peace negotiator for FMLN)

Sacdel (local NGO for local development and training)

Mauricio Silva, Executive Director (Ministry of Planning 1979–80)

Social Housing Fund

Francisco Bertrand Galindo, President

UNDP

Fredy Justiniano, Principal Adviser

Rene Hernandez, Program Officer

USAID

Ken R. Ellis, Acting Mission Director

Tully R. Cornic, Adviser

Mary C. Ott, Chief, Economic Growth Office

Peter F. Krantsover, Planning and Programming Office

Richard McCall, Chief-of-Staff

Charles Costello, Director, Democracy Center (El Salvador Mission Director 1993–94)

Kathleen Smith, Country Officer for El Salvador

Other

Gabriel Siri, Consultant (former Director of ECLAC, Mexico City)

Rainer Steckhan, Director General, Loans, Social Development Fund Council of Europe, Paris (phone interview; former Country Department Director, LAC, World Bank)

Haiti

Interamerican Foundation

Bob McGuire

Washington Office on Latin America

Hugh Byrne

Other

Nancy Taylor (Consultant for UNDP and IDB on governance issues)

Lebanon

United Nations

Senior UN staff were interviewed who requested anonymity.

Rwanda

Brown University, Providence, Rhode Island

Peter Uvin, Department of Sociology

US Agency for International Development

Richard McCall, Chief of Staff

Uganda Field Mission

British High Commission (ODA)

Petra Byrde, First Secretary (Aid)

CARE

Nick Ritchie, Country Director

Central Bank

Louis Austin Kasekende, Director, Research and Policy

Charles Kikonyogo, Governor

DANIDA

Daniel S. Iga, Program Officer

European Union

John Croswaithe, Counselor (Economics)

Marja Laine

Luwero (field visit)

Chairman, District Council

District Inspector of Education

District Planning Officer

Ministry of Education

Noreda Kiremire, Deputy Director, PIU

Patrick Makumbi, Director, Project Implementation Unit

Ministry of Finance

E. Tumusiime-Mutebile, Permanent Secretary

NURP

Ernest Oloya, Coordinator

Margaret Ajju

Oxfam

Antony Burdon, Country Representative

Palissa (field visit)

Chairman of the Council

Masaba Justine, RCV's Office

G. Kayongo, Chief Administrator

Omaido Enoch, DTLO

Mr. Shaine, Chairman, Education Committee

Parliament

Hon. Norbert Mao

Prime Minister's Office

Peter Uchanda, Permanent Secretary

Save the Children Fund (UK)

Richard Mawer, Field Director

SNV (Holland)

Evelyn Nyakoojo, Program Officer

Ugandan Red Cross

Peter Oryema, Secretary General

Uganda Veterans Assistance Board

Capt. Francis Apiko (Rt.), Program Manager

Maj. Gen. Emilio Mondo (Rt.), Executive Secretary

UNDP

Lawrence Nkooto Bategeka, National Program Officer

Eugene Owusu, Resident Economist

UNICEF

Kathleen Cravero, Representative

Keith Wright, Chief, CCA Program

USAID

Patrick Fine

WorldVision

Moses Dombo, Policy Advocacy

Edward Mubirau, Program Officer

ANNEX 4: COMPARISON OF PCR/ICR RATINGS WITH PPAR/EVM RATINGS

PROJECT NAME/OBJECTIVES	RATINGS:	PCR/ICR	PAR/EVM
El Salvador: SAL I (L3293) Support the government's 1989–1994 Economic and Social Development Program, focused on economic recovery adjustment, maintenance of a consistent macro-economic policy framework, and the nutrition component of a social safety net.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Likely Substantial	Satisfactory Likely Substantial
El Salvador: SAL II (L3646) Support the Structural Adjustment Program, designed to: lay the analytical framework for a public sector modernization effort; deepen reforms in areas of taxes, privatization, trade, financial sector, social sector and poverty alleviation; and strengthen public expenditure, civil service, and environmental management.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Likely Substantial	Satisfactory Likely Substantial
Lao, PDR: Agricultural Rehabilitation and Development (C0760) Alleviate constraints and increase food production in Vientiane Prefecture and Province.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Unsatisfactory Not available Not available	Unsatisfactory Uncertain Modest
Uganda: Reconstruction I (C0983) Provide quick-disbursing foreign exchange in support of the government's first period of reconstruction.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Not available Not available	Unsatisfactory Not Available Not Available
Uganda: Technical Assistance (C1077) Assist the government in preparing suitable development and rehabilitation projects as well as in strengthening relevant ministries and agencies in planning and project preparation.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Not available Modest	Satisfactory Likely Substantial
Uganda: Reconstruction II (C1252) Increase agricultural exports and domestic production in high priority areas and strengthen the government's capacity to formulate and implement policies in areas critical for Uganda's economic recovery.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Unsatisfactory Not available Not available	Unsatisfactory Unlikely Modest
Uganda: Technical Assistance II (C1434) Help the core economic ministries and agencies design and implement a progression of economic reforms; strengthen systems and capacities of those agencies. Linked to Reconstruction II and III and ERC I and II.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Likely Substantial	Unsatisfactory Uncertain Modest
Uganda: Reconstruction III (C1474) Provide financing for essential imports, continue to support policy and institutional reforms, and generate counterpart resources for the government budget.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Unsatisfactory Not available Not available	Unsatisfactory Unlikely Modest
Uganda: Highways IV (C1803) Protect capital investment and increase the service life of essential roads serving local and transit traffic to other land-locked countries; improve maintenance planning and operations of rural/feeder roads serving agricultural areas; strengthen institutions responsible for project implementation.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Likely Modest	Satisfactory Uncertain Negligible

ANNEX 4: COMPARISON OF PCR/ICR RATINGS WITH PPAR/EVM RATINGS

PROJECT NAME/OBJECTIVES	RATINGS:	PCR/ICR	PAR/EVM
Uganda: Forestry Rehabilitation (C1824) Increase production of woodfuels and wood products; conserve soil fertility; manage natural forests for sustained timber and charcoal production by the private sector; increase productivity of softwood plantations; create the management and information base for long-term planning and conservation of Uganda's forest resources.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Likely Substantial	Unsatisfactory Uncertain Negligible
Uganda: Economic Recovery I (C1844) Support the GOU's Economic Recovery Program, whose goals were to: bring about internal financial stability and lower the rate of inflation; reduce the imbalances in the external accounts; and promote growth.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Unsatisfactory Uncertain Modest	Unsatisfactory Likely Modest
Uganda: Sugar Rehabilitation (C1893) Restore sugar production of Kakira Sugar Works to historical levels; strengthen the role of Ministry of Trade and Industry in monitoring the performance of the sugar industry; support the liberalization of sugar marketing and processing in Uganda.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Likely Negligible	Satisfactory Likely Substantial
Uganda: Technical Assistance III (C1951) Help core economic ministries and agencies design and implement a progression of economic reforms; and strengthen systems and capacities within those agencies. Linked to ERC I and II and SAC I.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Uncertain Substantial	Satisfactory Uncertain Substantial
Uganda: Public Enterprises (C1962) Strengthen the government's capacity to sustain economic recovery by increasing productivity and output and reducing financial losses in public enterprises.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Unsatisfactory Uncertain Modest	Unsatisfactory Uncertain Modest
Uganda: Education IV (C1965) Maintain momentum of the government's educational rehabilitation efforts at the primary education level and ensure their sustainability; strengthen key institutions involved in improving and monitoring educational quality; and help prepare a more extensive project to implement the emerging educational strategy.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Uncertain Substantial	Satisfactory Uncertain Modest
Uganda: Economic Recovery II (C2087) Support the third phase of the government's Economic Recovery Program.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Uncertain Negligible	Unsatisfactory Uncertain Modest
Uganda: Program for Alleviation of Poverty and Social Costs of Adjustment (C2088) Immediately address some of the most pressing social concerns of Uganda's most vulnerable groups; strengthen the institutional capacity of the government to identify, formulate and maintain interventions for assisting the country's most vulnerable groups.	<i>Outcome:</i> <i>Sustainability:</i> <i>Institutional dev.:</i>	Satisfactory Uncertain Not available	Unsatisfactory Uncertain Modest

ANNEX 5: IBRD/IDA LENDING COMMITMENTS BY REGION (WITH DETAIL OF POST-CONFLICT COUNTRIES)

	BFY80	BFY81	BFY82	BFY83	BFY84	BFY85	BFY86	BFY87
IBRD/IDA (\$m)	11,481.7	12,291.0	13,015.9	14,477.0	15,522.3	14,384.4	16,318.7	17,674.1
Africa	1,546.6	1,812.4	1,801.5	1,794.0	2,368.3	1,597.3	2,046.5	2,097.7
Angola	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Burundi	30.0	56.0	21.2	15.8	5.1	30.4	37.3	12.3
Eritrea	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethiopia	0.0	75.0	30.0	27.0	105.0	166.0	67.5	91.0
Liberia	12.0	9.0	45.5	15.3	18.1	7.6	0.0	0.0
Mozambique	0.0	0.0	0.0	0.0	0.0	45.0	0.0	20.0
Namibia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rwanda	21.0	22.5	40.9	36.3	9.0	16.3	59.1	36.5
Sierra Leone	2.5	30.5	5.0	20.0	21.5	0.0	5.3	0.0
Somalia	18.0	10.2	15.0	23.0	31.5	20.6	34.3	48.7
South Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sudan	170.0	73.0	56.0	130.0	91.4	37.5	62.6	47.0
Uganda	72.5	17.0	109.0	124.0	123.0	71.9	0.0	31.0
Total AFR post-conflict	326.0	293.2	322.6	391.4	404.6	395.3	266.1	286.5
% of Africa lending	21.08	16.18	17.91	21.82	17.08	24.75	13.00	13.66
% of overall lending	2.84	2.39	2.48	2.70	2.61	2.75	1.63	1.62
East Asia And Pacific	2,528.9	2,413.4	2,823.4	3,800.6	3,356.7	3,132.9	3,595.2	3,363.4
Cambodia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lao People's Democratic Republic	13.4	0.0	15.0	6.2	0.0	0.0	3.9	25.8
Myanmar	160.0	55.0	100.0	92.0	54.7	32.3	30.0	14.0
Total EAP post-conflict	173.4	55.0	115.0	98.2	54.7	32.3	33.9	39.8
% of EAP lending	6.86	2.28	4.07	2.58	1.63	1.03	0.94	1.18
% of overall lending	1.51	0.45	0.88	0.68	0.35	0.22	0.21	0.23
South Asia	2,276.5	2,476.2	3,024.0	2,887.2	3,645.9	3,526.8	3,601.0	3,965.4
Afghanistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sri Lanka	151.5	167.0	128.7	32.0	67.1	134.0	85.0	70.6
Total SAS post-conflict	151.5	167.0	128.7	32.0	67.1	134.0	85.0	70.6
% of SAS lending	6.65	6.74	4.26	1.11	1.84	3.80	2.36	1.78
% of overall lending	1.32	1.36	0.99	0.22	0.43	0.93	0.52	0.40
Europe And Central Asia	1,422.0	1,537.0	1,319.1	1,621.7	1,600.5	1,388.7	1,412.5	1,529.4
Azerbaijan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bosnia-Herzegovina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Croatia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cyprus	16.0	14.0	12.2	26.2	43.8	7.0	20.0	0.0
Georgia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Russian Federation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tajikistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total ECA post-conflict	16.0	14.0	12.2	26.2	43.8	7.0	20.0	0.0
% of ECA lending	1.13	0.91	0.92	1.62	2.74	0.50	1.42	0.00
% of overall lending	0.14	0.11	0.09	0.18	0.28	0.05	0.12	0.00
Middle East And North Africa	1,023.7	898.8	1,060.0	913.9	1,525.3	1,040.5	892.3	1,566.2
Algeria	120.0	110.0	0.0	0.0	418.0	262.0	0.0	464.0
Iraq	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lebanon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
West Bank and Gaza	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yemen, Republic of	56.7	65.0	61.5	71.1	73.4	42.1	46.4	55.2
Total MENA post-conflict	176.7	175.0	61.5	71.1	491.4	304.1	46.4	519.2
% of MENA lending	17.26	19.47	5.80	7.78	32.22	29.23	5.20	33.15
% of overall lending	1.54	1.42	0.47	0.49	3.17	2.11	0.28	2.94
Latin America and Caribbean	2,684.0	3,153.2	2,987.9	3,459.6	3,025.6	3,698.2	4,771.2	5,152.0
El Salvador	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guatemala	17.0	0.0	0.0	18.5	50.0	44.6	81.0	23.0
Haiti	0.0	21.2	18.0	56.0	19.1	32.1	0.0	63.0
Nicaragua	52.0	38.7	16.0	0.0	0.0	0.0	0.0	0.0
Total LAC post-conflict	69.0	59.9	34.0	74.5	69.1	76.7	81.0	86.0
% of LAC lending	2.57	1.90	1.14	2.15	2.28	2.07	1.70	1.67
% of overall lending	0.60	0.49	0.26	0.51	0.45	0.53	0.50	0.49
Total lending to post-conflict countries	912.6	764.1	674.0	693.4	1,130.7	949.4	532.4	1,002.1
% of overall lending	7.95	6.22	5.18	4.79	7.28	6.60	3.26	5.67

BFY88	BFY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98
19,220.7	21,366.8	20,701.7	22,685.5	21,705.7	23,695.9	20,836.0	22,521.7	21,352.2	19,146.7	34,219.2
2,928.7	3,924.7	3,932.9	3,394.2	3,973.6	2,817.3	2,807.9	2,284.3	2,740.1	1,736.7	3,481.2
0.0	0.0	0.0	23.0	143.9	81.9	0.0	0.0	24.0	0.0	5.0
153.5	54.1	71.2	22.8	79.7	13.5	0.0	35.9	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	25.0	0.0	0.0	17.5	6.3	98.6
103.0	157.0	75.2	0.0	150.0	346.0	74.8	142.2	155.7	0.0	669.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
85.9	199.0	143.1	69.1	289.3	122.9	427.0	0.0	98.7	100.0	29.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0
0.0	51.9	44.4	145.7	19.1	26.0	27.0	50.0	0.0	50.0	57.4
0.0	0.0	0.0	0.0	64.4	81.3	50.2	36.3	55.3	0.2	0.0
18.0	89.0	54.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46.0	0.0
139.7	95.0	82.2	0.0	16.0	0.0	0.0	0.0	0.0	0.0	0.0
142.4	141.0	214.5	276.7	263.4	223.8	262.4	82.0	42.0	137.1	196.1
642.5	787.0	685.2	537.3	1,025.8	920.4	841.4	346.4	393.2	339.6	1,065.3
21.94	20.05	17.42	15.83	25.82	32.67	29.97	15.16	14.35	19.55	30.60
3.34	3.68	3.31	2.37	4.73	3.88	4.04	1.54	1.84	1.77	3.11
4,213.6	4,101.9	3,718.5	4,563.2	5,446.5	5,569.8	6,034.4	5,693.8	5,420.1	4,866.0	10,268.4
0.0	0.0	0.0	0.0	0.0	0.0	62.7	37.0	80.0	57.4	30.7
14.1	53.5	44.7	45.0	40.0	55.0	48.4	19.2	60.7	48.0	33.0
63.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
77.1	53.5	44.7	45.0	40.0	55.0	111.1	56.2	140.7	105.4	63.7
1.83	1.30	1.20	0.99	0.73	0.99	1.84	0.99	2.60	2.17	0.62
0.40	0.25	0.22	0.20	0.18	0.23	0.53	0.25	0.66	0.55	0.19
3,922.9	4,680.0	3,504.4	3,604.8	2,998.8	3,416.2	2,370.0	3,005.7	2,932.5	2,011.6	5,009.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
179.5	63.7	143.4	358.6	69.5	110.1	0.0	39.0	156.1	57.8	120.3
179.5	63.7	143.4	358.6	69.5	110.1	0.0	39.0	156.1	57.8	120.3
4.58	1.36	4.09	9.95	2.32	3.22	0.00	1.30	5.32	2.87	2.40
0.93	0.30	0.69	1.58	0.32	0.46	0.00	0.17	0.73	0.30	0.35
1,728.9	1,342.3	2,190.2	3,867.0	2,143.3	3,843.9	3,726.4	4,498.8	4,226.8	5,054.9	7,131.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	81.8	83.0	34.9	106.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	197.6	209.0
0.0	0.0	0.0	0.0	0.0	0.0	128.0	120.0	31.5	239.0	206.1
65.0	0.0	25.0	30.0	32.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	103.1	90.8	68.7	113.6
0.0	0.0	0.0	0.0	0.0	1,370.0	1,520.0	1,741.3	1,816.0	1,715.6	2,428.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	62.0	69.1
65.0	0.0	25.0	30.0	32.0	1,370.0	1,648.0	2,046.2	2,036.3	2,317.8	3,133.1
3.76	0.00	1.14	0.78	1.49	35.64	44.22	45.48	48.18	45.85	43.93
0.34	0.00	0.12	0.13	0.15	5.78	7.91	9.09	9.54	12.11	9.16
1,162.6	1,475.8	1,391.0	2,019.6	1,482.0	1,880.2	1,150.6	978.7	1,595.2	914.8	1,410.7
391.0	341.0	457.5	431.0	215.0	240.0	140.0	331.0	428.0	89.0	400.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	175.0	77.1	90.7	70.0	191.1	123.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35.6	54.3	67.5	95.6	47.2	46.3	33.0	0.0	166.3	70.2	122.2
426.6	395.3	525.0	526.6	262.2	461.3	250.1	421.7	664.3	350.3	645.2
36.69	26.79	37.74	26.07	17.69	24.53	21.74	43.09	41.64	38.29	45.74
2.22	1.85	2.54	2.32	1.21	1.95	1.20	1.87	3.11	1.83	1.89
5,264.0	5,842.1	5,964.7	5,236.7	5,661.5	6,168.5	4,746.7	6,060.4	4,437.5	4,562.7	6,918.3
65.0	0.0	0.0	101.0	11.0	40.0	52.5	0.0	165.0	24.0	143.0
29.0	61.5	0.0	0.0	0.0	140.0	0.0	9.4	0.0	46.0	140.6
0.0	44.0	39.6	23.9	26.1	0.0	0.0	90.0	50.0	33.5	97.0
0.0	0.0	0.0	0.0	120.3	33.5	126.6	63.3	60.8	30.0	95.0
94.0	105.5	39.6	124.9	157.4	213.5	179.1	162.7	275.8	133.5	475.6
1.79	1.81	0.66	2.39	2.78	3.46	3.77	2.68	6.22	2.93	6.87
0.49	0.49	0.19	0.55	0.73	0.90	0.86	0.72	1.29	0.70	1.39
1,484.7	1,405.0	1,462.9	1,622.4	1,586.9	3,130.3	3,029.7	3,072.2	3,666.4	3,304.4	5,503.2
7.72	6.58	7.07	7.15	7.31	13.21	14.54	13.64	17.17	17.26	16.08

ANNEX 6. PARTNERSHIP IN POST-CONFLICT RECONSTRUCTION WORKSHOP/ DUBROVNIK, CROATIA, JUNE 23–24, 1998

Operations Evaluation Department, World Bank
Swiss Agency for Development and Cooperation (SDC)
Post-Conflict Unit, World Bank

Conceptual Framework and Workshop Goals

OED's assessment of *The World Bank's Experience in Post-Conflict Reconstruction* extracts lessons for ongoing and future efforts of Bank assistance to post-conflict reconstruction. An important finding of the study was that effective coordination and partnerships with all actors in the reconstruction process are key to the efficiency and effectiveness of reconstruction efforts. In this context, and as part of the methodology of the OED study, a workshop was jointly sponsored by OED, the Swiss Agency for Development and Cooperation (SDC), and the Bank's Post-Conflict Unit. The workshop focused on issues of partnership in post-conflict countries and how donors, multilateral institutions, international agencies, NGOs, and other stakeholders can better coordinate their efforts to address the challenges faced by countries emerging from conflict. In connection with the OED study, a related aim of the workshop was to share the findings of the study, and to discuss the role of the Bank as an effective partner in providing reconstruction assistance.

Workshop Proceedings

The workshop discussed the theme of partnership in connection with several different issues, over two days, June 23 and 24, 1998, in Dubrovnik, Croatia. The format consisted of six panels; the main focus and conclusions of each one follow below.

Panel 1: Governance and Conflict Resolution

This panel discussed promoting equitable development and preventing conflict. The group discussion focused on the intersection between political and economic objectives, and in particular, the degree to which economic interventions can serve the political ends needed to secure peace as a basis for reconstruction. Main conclusions of the sessions include the following:

- There is a need for reconstruction agencies to confront and engage the politics of the context in which they are working, without overstepping their mandates.

- Reconstruction programs are multisectoral, and the disciplines required for reconstruction will vary from case to case. Reconstruction partnerships need to maintain a balance of the necessary disciplines for each case.
- An important issue for the international system is how it can move from the "lowest common denominator" of coordination to the 'highest common factor.' There is clearly a need for an integrated framework, within which the reconstruction agencies can apply their comparative advantages. Such a framework would have to correspond to the realist interests of the international system.

Panel 2. Links between Relief and Development

The second panel focused on how the stages of relief, reconstruction, and sustainable development inter-relate and affect one another; and how effective partnerships can facilitate the transition between stages. Discussion centered on the nature of post-conflict reconstruction, and its practical relationship with emergency or relief activities. Major points include:

- There is confusion over terminology, but this reflects some real conceptual and operational issues, often reinforced through separation of budget lines.
- The term "post-conflict" is somewhat ambiguous, and post-conflict reconstruction involves both the dynamics of relief and the substance of development.
- The outstanding issue is how to reach a framework where all the tools in the toolbox can be used in appropriate combinations.

Panel 3. Rebuilding the Economy

This session presented lessons from the OED study on the Bank's contribution to rebuilding post-conflict economies, an area regarded as its traditional strength. The main conclusions are as follows:

- The International Financial Institutions (IFIs) should have a seat at the peace negotiations table to advise on the economic consequences of specific provisions of peace accords.
- In restoring or creating sound macroeconomic frameworks, the post-conflict period may present useful opportunities for reform. However, there

may be a folly in automatically applying conventional wisdoms; the value of each measure should be carefully considered in each individual case.

- Likewise, in restoring or building economic sectors, the Bank (or any reconstruction agency) should think through the implications of orthodox interventions. These may risk producing outcomes that are as inequitable as the situation they were trying to remedy.
- The IFIs should be prepared to negotiate hard with governments, who are not the only stakeholders in countries emerging from conflict.
- There is some evidence that microcredit schemes are productive and can be administered effectively in post-conflict societies. They are good at stimulating small-scale enterprises, and in particular, can assist women who tend to suffer disproportionately in conflicts.

Panel 4. Rebuilding Human and Social Capital

The loss of human and social capital, although often unmeasured, is at the core of destruction wrought by civil conflict, and its restoration is critical to the overall recovery. The main discussion points for this session are as follows:

- The philosophies and methods of restoring human and social capital are various, still being tested, and coincide with mainstream debates about the nature and efficacy of development assistance.
- There are some useful indications of progress through social funds, particularly in addressing gender issues, although they may have limitations in scope (numbers reached) and timing (speed of implementation).
- It was felt that the Bank should make social sector support a priority of post-conflict activity, notwithstanding its uneven performance evidenced in the case studies of the OED report.
- A major issue for post-conflict operations is where to prioritize scarce resources in social sector initiatives where existing service provision is weak and sustainability of services questionable.

Panel 5. Post-Conflict Indicators and Evaluation

Panelists presented examples of meta-evaluation and the benefits of evaluating the entire international response (as opposed to individual project or agency responses) to post-conflict programs. The need for different indicators to normal development operations was also discussed. Indicators of return to normalcy might include investment and trade growth, school attendance, IDP numbers and returns, the functioning of judiciaries and a number of other proxy measures. Main conclusions of the session include:

- Where resources are tight, a premium should be placed on joint or inter-agency evaluations.
- Considerable work was required on factoring in beneficiary assessment of post-conflict programs.
- A post-conflict situation presents an opportunity to redirect development strategy so as to more effectively address the root causes of conflict, such as poverty and inequitable access to opportunities and resources.

Panel 6. Building Partnerships

There was a consensus that building partnerships within the international and national response is critical to achieving policy coherence and program complementarity. The Bank's new Post-Conflict Unit was presented as one locus of forging partnerships, with specific opportunities through a post-conflict fund, and working groups on training, tools for assessment, best practice studies and improved information systems. The UN system is also working on improved partnerships, with UNOPS being one clear example. NGOs, international and national, present a major source of partnerships, particularly for implementation of projects, although the large numbers and cultural variety of organizations at times pose a challenge. The main conclusions of this session are:

- Building partnerships is an essential, yet time-consuming and painstaking process.
- Future operations will have to seek the optimum permutations of partners, mindful that post-conflict governments may have weak capacity to carry out a coordination function.

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Dr. Yasukawa has been working for eight years with the World Health Organization (WHO), at headquarters and in the field, in the emergency program (Emergency Preparedness and Response, Rehabilitation and Reconstruction of the Post-war Countries) which has involved planning, managing, monitoring and evaluating of the emergency programs as well as policy setting. Joining WHO, Dr. Yasukawa worked as a pediatrician and a public health officer for seven years in Japan. Dr. Yasukawa is currently responsible for interagency cooperation and a project on the post-conflict health interventions at WHO, developing policies and strategies for post-conflict health interventions, and working on the design and monitoring of case studies of countries in post-conflict transition.

ANNEX 7. THE WORLD BANK'S EXPERIENCE IN POST-CONFLICT RECONSTRUCTION/MANAGEMENT RESPONSE

Recommendations

1. Based on its accumulated experience and Board deliberations, the Bank should transform its current policy guidance, *A Framework for World Bank Involvement in Post-Conflict Reconstruction* into an Operational Policy (OP) statement. It should develop a stand alone BP setting out Bank procedures applicable to the internal processing of post-conflict assistance. The provision of post-conflict assistance should not be handled under OP 8.50 which should be recast to apply only to natural disasters (as well as man-made disasters of an unexpected and limited duration, such as large scale industrial accidents). The revised BP/GP should highlight the priority of human and social capital restoration; the complexities related to reintegrating ex-combatants into society; the risk of misguided application of operational policies designed for conditions of normalcy; the need to restrict Bank lending to areas where it has a comparative advantage (e.g., with respect to demining); and the advantages of a flexible set of lending instruments and partnerships to meet diverse situations.

2. While a case-by-case approach will continue to dominate Bank post-conflict work, the new policy should address the following issues:

- (a) Readiness to provide economic policy advice during peace negotiations.
- (b) Coordination of aid.
- (c) Leadership on macroeconomic and external debt issues in collaboration with the IMF and key external donors.
- (d) Capacity to support and guide damage and needs assessments covering physical and institutional needs and drawing on suitable expertise.

Management Response

The paper prepared by staff entitled, "A Framework for World Bank involvement in Post-Conflict Reconstruction" was endorsed by the Executive Directors in May 1997 and represents the Bank's policy on post-conflict reconstruction. We agree that a new OP/BP/GP should be initiated which transforms this policy document into a more concise set of guidelines. The purpose of a new OP/BP/GP will be to articulate this policy within the existing Operational Handbook in a form which provides detailed guidance for operations and clear instructions to staff working in post-conflict situations. Decisions regarding how best to amend OP 8.50 to take account of post-conflict emergency procedures will take place within the process of drafting the new OP on post-conflict work.

We agree with the issues to be covered which, again, would be distilled from the existing framework paper. In addition, we would add the following issues which are detailed in the framework: integrating displaced persons (as well as demobilized ex-combatants) into society; and methodologies for integrating conflict analysis into development activities.

We endorse OED's recommendations regarding the adjustments to procurement, disbursement, and auditing procedures to permit a rapid, flexible, and effective response in countries emerging from conflict. The framework paper already notes that new guidelines could include "streamlined procedures for procurement, audit, disbursement and other matters."

We also endorse the role and function of the Bank in providing technical advice to peace negotiations in areas related to development within the context already set out in the framework paper which notes:

- (e) Selectivity in macroeconomic and structural policy conditionality.
- (f) Flexibility in programming, design, and implementation.
- (g) The division of labor between headquarters and field staff.
- (h) The importance of monitoring and evaluation.

“Peace treaties and their execution require coordination with reconstruction and economic stabilization measures to underpin their objectives. The Bank’s expertise can be critical contributing a reconstruction and development perspective and providing practical advice on immediate matters such as the implications for economic governance, budgets, economic incentives, and so on of proposed government structures, taxation arrangements, and demilitarization and demobilization arrangements.”

A critical area relates to the question of funding post-conflict reconstruction, both in terms of resources for programs in the field and for Bank overheads to adequately perform the various functions detailed in the OED evaluation. The new Post-Conflict Fund (PCF) procedures also need review to make them more responsive to staff needs.

3. Bank Procedures should emphasize the following:

- (a) Country Departments facing post-conflict reconstruction should make greater use of preparation and piloting funds, mechanisms for rapid procurement and disbursements, and training in-country entities responsible for procurement.
- (b) Country departments should allocate adequate resources for monitoring. While under normal circumstances a Country Portfolio Performance Review is conducted every 12 to 18 months, in post-conflict countries the overall portfolio should be assessed at least every 12 months for its relevance, that is, its contribution to sustainable peace and development.
- (c) Country departments should make sure that completion reports for post-conflict operations are completed promptly. The standards for such work should be tackled by the Bank-wide task force that is currently reviewing the ICR process.

We concur with the greater use of preparation and piloting funds, which is already occurring with three early LILs approved for community-based reconstruction in Rwanda, Angola, and Colombia. Mechanisms for rapid and flexible procurement are also being adapted from earlier social fund approaches, and lessons from Bank experience in Bosnia and Gaza-West Bank should be further elaborated.

We support the emphasis on monitoring with shorter intervals for CPPR’s in post-conflict countries. We also support a focus on the overall contribution of the portfolio to sustainable peace and development. We have models for this in Bosnia and Guatemala where the Bank provided advice to the peace deliberations and our portfolio is closely linked to the implementation of the peace accords.

We agree that the completion reports need to be prepared in a more timely fashion in post-conflict countries and that the appropriate vehicle for addressing this issue is the Bank-wide task force currently reviewing the ICR process.

We would add to the above list, that there is a need

	<p>for increased social and economic analysis within the CAS and ESW on the interaction between conflict and development, a point which is stressed in the framework paper. Here, work is required to identify key indicators and measures of conflict, and methods to assess the potential impact of country strategy and portfolio on peace and sustainable development.</p>
<p>4. The Good Practice (GP) statement or handbook should illustrate:</p> <ul style="list-style-type: none"> (a) high quality damage and needs assessments and their linkages to the definition of judicious reconstruction strategies; (b) examples of efficient and effective implementation; and (c) examples of timely and participatory implementation completion reports. 	<p>In addition, the GP should provide more detailed guidance to staff on good practice in operationalizing the stages of Bank involvement set out in the framework paper, e.g., watching briefs, transitional support strategies and early pilot reconstruction, and explore in more detail the types of activities and best practice in each of these stages. Particularly important is guidance for staff on strategies for design and implementation of "watching briefs," which represent a relatively new area of Bank activity.</p> <p>Treatment within the GP of the various innovative sources of quick financing for post-conflict work would also be useful, with examples of the use of IDF, PCF, INFODEV, ad hoc grants from surplus, and the potential role of adaptable lending instruments and LILs.</p>
<p>5. The Post-Conflict Unit, in cooperation with the LLC and EDI should undertake training geared to strengthening the Bank's and partners' capacity to lead damage and needs assessments and to define an efficient and equitable reconstruction strategy.</p>	<p>The Post-Conflict Unit has been involved in training in this area with LLC and EDI for the past year. EDI sponsored a multi-agency colloquium on reconstruction in Washington in 1997, and several groupware sessions and a technical consultation have been undertaken to ascertain training needs of staff in various sectors. A conference bringing together a host of key international actors on post-conflict reconstruction was held in cooperation with the Carter Center last Fall. A major Bank-sponsored European meeting on post-conflict reconstruction is planned for April 20-21 in Paris. The PCU in partnership with the Africa region is planning workshops in Southern-Central Africa in September 1998 and West Africa later. There is also a plan to develop training for officials of post-conflict governments to enhance their ability to work with external agencies, international NGOs, and civil society.</p>

ANNEX 8. REPORT FROM CODE/ COMMITTEE ON DEVELOPMENT EFFECTIVENESS

The World Bank's Experience with Post-Conflict Reconstruction

On June 10, 1998, the Committee on Development Effectiveness (CODE) reviewed a report prepared by the Operations Evaluation Department (OED) entitled, *The World Bank's Experience with Post-Conflict Reconstruction* (SecM98-395), and the draft Management Response. Members welcomed the reports and generally endorsed their findings and conclusions, while noting that the factual record in the case studies was incomplete in some instances. The Committee also noted that virtually all the recommendations set out in the OED report are already present in the Framework for World Bank Involvement in Post-Conflict Reconstruction prepared by staff, and endorsed by the Board over a year ago. Speakers stressed that the Bank needed to proceed sensitively and flexibly in post-conflict situations with active involvement of the Board, especially the Executive Director concerned. They also emphasized that it was time for the Bank to formulate an operational policy that will guide staff in responding to post-conflict situations.

Highlighted below are some of the issues raised during the Committee's meeting:

Priorities and Bank's Comparative Advantage in Post-Conflict Situations:

The OED report identified macroeconomic stabilization and aid coordination as the Bank's comparative advantages. Speakers indicated that the Bank should give more priority to issues of demobilization and the need for quick action to rebuild social and human capital, as well as infrastructure development over the more conventional aspects of structural reform in post-conflict countries.

Demining

The Committee concurred with OED's recommendations which supports landmine clearance in the context of a specific development activity, and is consistent with the February 1997 Bank Operational Guidelines on Demining. Members also indicated their agreement with Management's recommendation that an evaluation be done on demining in partnership with the UN and other agencies. The Committee asked that OED study the issue further and apprise it of the findings.

Bank Involvement in Peace Accords

The Committee noted the report's recommendation and Management's support for the Bank's involvement in peace negotiations when invited by all parties to a conflict. The Committee remained skeptical that the Bank, if involved, could refrain from getting involved in political issues. However, members agreed that the Bank could play a useful role in coordinating aid. This, in fact, was an area where the Bank's involvement has been highly valued by its partners.

Bank Involvement in Conflict Prevention

The Committee was generally supportive of Management's effort in this area. It looks forward to the upcoming study on pre-conflict to be done by OED. In this connection, the Committee referred to a section in the OED report which mentioned the Colombia CAS as an example where violence reduction was included as a key development objective. The Committee was interested to know how Management planned to achieve that objective in Colombia.

Flexibility, Field Presence, Monitoring and Funding

The Committee supported the report's recommendation for a strong field presence, flexibility and monitoring, given the often weak government capacity in post-conflict countries. However, the Committee was cognizant of the cost related to this initiative. While the net income debate underscores the overall constraints on the Bank's resources, members raised the issue of whether funding for Post-Conflict activities should be considered outside the ambit of the DGF, given sensitivities about the latter and questions about the relevance of its criteria.

Post-Conflict Unit

The Committee raised the appropriateness of including the newly established unit under the DGF umbrella as an issue for further discussion, perhaps in the context of the first annual review of the DGF.

Operational Policy

The Committee welcomed Management's proposal to re-evaluate the Bank's policy instruments with regard to post-conflict situations, and develop a new Operational Policy which would provide detailed instructions and best practice guidance to staff working in post-conflict countries. Members felt it was timely for the Bank to undertake this given the difference between natural and

manmade disaster reconstruction. The Committee stressed that CODE and the Board should review the policy in draft.

Surendra Singh
Chairman, CODE

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