This is a good document and its presentation is well timed. BiH region is critically poised between promise and setback. Therefore, Bank's intervention needs to be sensitively designed and put in place, to help the region to cross over to a sustainable path of socio economic recovery and development. This region is emerging from tragic turmoil, where the war and strife would have inflicted deep psychological wounds. Recovery and coexistence will thus be slow in an environment of suspicion and animosity. Given the complexities of the situation on the ground, the recovery effort on the economic front is in many ways remarkable. It testifies to the inherent strength of the people, and provides the stage for realising the full potential for socio economic development. The estimates of key economic indicators presented on page 9 of the document present a fairly optimistic future, if matters proceed unhindered. Conversely, the risks presented are also substantial, and slippages could occur very quickly.

Keeping these in mind, I think the Assistance strategy is well balanced, and needs to be commended. First of all, it is heartening to see that the proposed engagement of the Bank is fully supported by the concerned authorities, as well as the donor community. The whole effort rests on the shoulders of such a triumvirate, and therefore agreed and well coordinated programs are the key elements to the exercise.

Looking again at the circumstances and the shared "vision for Bosnia in the medium term", where the economy is basically to become market oriented, I quite agree with the strategy both in terms of the areas of priority identified, as well as the mix between structural adjustment and investment lending programs. The document refers to the need for flexibility, particularly while operationalising adjustment programs. This is extremely important, and such flexibility will have to be very sensitively handled, where I assume the prime responsibility will rest on the resident mission.

Another positive feature is the portfolio performance. Not only have disbursements been healthy, but all but one project have been rated as satisfactory to highly satisfactory. The wide range of sectors included in this group of sixteen projects provides further optimism. Bosnia seems to have good absorptive capacity. Of course, as we move along, we shall get into more
complicated and contentious areas. It is therefore important that the positive effects of the programs are visibly demonstrated. This of course is easier said than done, but there are sufficient indicators to show that it is within the realm of possibility.

Finally, I think the role of NGOs, both Bosnian and international has been very significant. While they have implemented about 10-15% of the reconstruction program, what is really important is that they have worked effectively. The micro credit program for instance has many positive implications in the long run, where pockets of sustainable development have been created. NGOs thus have proved to be an important resource in this very difficult phase. I find however, not much mention of how we intend using these partners in the next phase we are now proposing to embark on. I would welcome any comments in this regard.

I would conclude by saying that we endorse the Assistance Strategy formulated in this document. We sincerely hope that Bosnia will move quickly to realising its goals and objectives, and put the recent bitterness behind it.