



1. Project Data :			
OEDID:	C2478		
Project ID:	P000770		
Project Name :	Recovery and Rehabilitation Project		
Country:	Eritrea		
Sector:	Other Non-sector Specific		
L/C Number:	C2478-ER		
Partners involved :	UNDP, Australia, Japan, Netherlands, Sweden, Denmark, EC, Germany, Italy, United Kingdom, United States, IMF		
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Date Posted :	05/21/1998		

2. Project Objectives, Financing, Costs and Components :
The project financed essential imports needed by approved subprojects and programs in agriculture, industry, roads, energy, ports, telecommunications, water supplies, and social infrastructure . The subprojects gave priority to: (a) restoring production and rehabilitating infrastructure in a country devastated by its war for independence; (b) supporting community self-help rehabilitation activities; and (c) strengthening public sector institutions .

3. Achievement of Relevant Objectives :
Despite delays and underfunding in industry and power subprojects, the Credit was generally successful in meeting its physical and social objectives . However, the Economic and Financial Management Program was slow to start because of difficulties in identifying capacity -building needs, complex donor procedures, and a shortage of Eritrean counterparts available for training . As a result, the overall impact of this technical assistance is uncertain .

4. Significant Achievements :
1. The subprojects financed contributed materially to the recovery of Eritrea's economy over the 1994-97 period. 2. The Community Rehabilitation Fund was highly successful in mobilizing community participation and co-contributions to some 110 subprojects in schools, health facilities, and water supplies benefiting over a million people.

5. Significant Shortcomings :
1. IDA was slow to establish a continuing presence in country to deal with implementation issues . Particularly unfortunate was the change of the Task Manager shortly after credit approval . 2. IDA procurement and disbursement procedures were burdensome for a new Borrower with significant institutional weaknesses . 3. The appraisal of technical assistance needs overestimated the receptivity and absorptive capacity of the Borrower .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Partial	Modest	See comments below.
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Highly Satisfactory	The ICR portrays a Borrower which made significant efforts to identify priority sub-projects, establish an effective Project Management Unit, assume initiative for implementation management, and prod donors when coordination of aid faltered. Given that the sub-projects were

			all carried out successfully, in a country emerging from a bitter civil war and without working institutions, these are remarkable accomplishments. While the Borrower appears not to have utilized the technical assistance on offer effectively, there were multiple reasons for this, not all under the Borrower's responsibility (e.g., complex donor procedures for hiring consultants and a late IDA start on supervision). In any event, the technical assistance components absorbed a minor share of the overall credit, and do not detract from the significant contributions the Borrower made to the success of the physical investments.
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

1. IDA's procurement and disbursement procedures need to be made more flexible and simple . 2. Rehabilitation efforts in war-torn countries like Eritrea require an early and continuing IDA presence in the country to deal with implementation issues. 3. To be successful, the design of the technical assistance component for this rehabilitation project would have benefited from greater realism in assessing the Borrower's receptivity and absorptive capacity .

8. Audit Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR :

The ICR provided good coverage of all key issues, adequate evidence to support ratings judgments, and logical, sound lessons of experience. Its principal shortcoming was the failure to prepare a completion aide memoire .