

31. CAS/CPS Data

Country: Bosnia and Herzegovina

CAS/CPS Year: FY12

CAS/CPS Period: FY12 – FY15

CLR Period: FY12 – FY15

Date of this review: December 9, 2015

2. Ratings

	CLR Rating	IEG Rating
Development Outcome:	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>
WBG Performance:	<i>Good</i>	<i>Good</i>

3. Executive Summary

i. The FY12-15 Country Partnership Strategy (CPS) was prepared nearly two decades following Bosnia and Herzegovina's (BH's) declaration of independence from Yugoslavia in 1992. Although peace had finally taken root and the country had been experiencing economic growth, political tensions remained very high and decision-making was frequently frustrated by BH's decentralized and highly complex political and institutional structure. Further progress was critically dependent on: (i) addressing governance and institutional weaknesses to improve government functioning and create a single, coherent economic space; (ii) increasing competitiveness to enable continued export growth in the face of post-crisis volatility in the EU (the main destination for BH exports) and increased competition from Balkan neighbors; (iii) rationalizing a costly and inefficient system of social benefits; and (iv) exploiting the rich natural resource base in a more sustainable manner.

ii. These challenges were recognized by the disparate BH authorities at Entity and State levels, which despite many areas of disagreement, achieved a broad consensus that integration with the EU should be the guiding principle of all political, social and economic development efforts, including compliance with the requirements of EU's *acquis communautaire*. In line with this overarching goal, the BH development strategy emphasized governance and institutional reforms (within the constitutional limits), macroeconomic stability, competitiveness and employment creation, sustainable rural development and social inclusion. The WBG strategy for BH was fully aligned with the preceding development emphases, both in terms of areas of intervention and the planned modalities for engagement, which explicitly sought to increase cooperation with EU institutions to the extent feasible. The CPS had three main focus areas that were designed to address some of the country's main challenges, focusing in areas of the WBG's comparative advantage. The first of these focus areas sought to support **competitiveness** and economic growth through tackling key bottlenecks. The second focus area aimed to promote **inclusion** through improvements in public services for the vulnerable and rationalization of social services. The last focus area aimed to promote **environmental sustainability** through better use of water and forest resources, climate change adaptation and sustainable development of municipal water and sanitation services.

iii. Based on the evaluation of the individual objectives included in the Results Matrix for this CPS, the overall rating on development outcome is *Moderately Satisfactory*. Specified objectives were assessed as Achieved or Mostly Achieved in 9 of 16 cases. Of the remaining seven objectives, five

CLR Reviewed by:	Peer Reviewed by:	CLR Review Manager
Neeta Sirur, Igor E. Artemiev Consultants IEGEC	Nils Fostvedt, Consultant IEGEC	Mark Sundberg Manager IEGEC Lourdes Pagaran CLR Coordinator IEGEC

were rated partially achieved and two were rated not achieved. In terms of Focus Areas, Focus Areas 1 and 3 were judged as Moderately Satisfactory with Focus Area 2 rated Moderately Unsatisfactory. Across all Focus Areas, outcomes that were achieved were clearly linked to WBG interventions under the CPS or to actions supported by other external partners in cooperation with the WBG. There were, however, two areas with respect to business climate that seemed to involve unexplained changes in content between the CPS, CPS Progress Report (CPSPR) and Completion and Learning Review (CLR) stage, making interpretation of achievements difficult.

iv. Taking into account the various dimensions of WBG performance in BH with respect to CPS design and implementation in a very difficult country environment, IEG rates WBG performance as *Good*. Although results for the CPS period were Moderately Satisfactory, it should be borne in mind that this result was achieved in an extremely fragile political and economic context, which was further complicated by exogenous shocks including volatility in external economic partners (Eurozone) and catastrophic flooding. WBG performance was judged to be good in both the design and implementation phases for a number of reasons: (i) the choice of focus areas was linked closely to country priorities and solidly grounded in high quality analytical work, with lending buttressed by AAA throughout implementation; (ii) coordination between the Bank and IFC was strong as demonstrated by the integration of Bank and IFC programs in the CPS and results matrix, joint business planning during CPS implementation and joint work to respond quickly to country needs; (iii) coordination with other external partners was very effective, with the Bank able to forge strong partnerships with EU and bilateral agencies to “punch above its weight” despite its relatively small lending envelope; (iv) the design of the CPS clearly demonstrated the absorption of lessons from past CPSs especially with respect to maintaining program flexibility – which was a key factor in retaining momentum towards CPS goals/outcomes, even when domestic and external risks materialized; and (v) portfolio performance was above ECA and Bank-wide averages (despite the complicated institutional environment) and project implementation showed steady improvement between FY13 and FY15, in large measure because of timely restructuring of problem projects and implementation support.

v. IEG generally concurs with the lessons identified in the CLR, in particular the lessons pertaining to: (i) continuing to build flexibility into CPS programming, while keeping a clear focus on long-term, transformative reform objectives; (ii) taking care and the necessary time to build a broad base of support among internal and external stakeholders, especially for cross-border projects or those involving more than one Entity Government; and (iii) ensuring institutional arrangements for project implementation are fully firmed up during preparation to minimize loss of momentum beyond the largely unavoidable effectiveness delays arising from political tensions in State and Entity legislatures. In addition, IEG recommends continuing to build on the strong partnerships established with a number of EU institutions both to leverage limited Bank resources and to piggyback on the influence that these institutions have with respect to policy continuity and governance more broadly.

vi. There are also important lessons for BH and other countries in terms of IFC participation in the CPS process and for Bank-IFC cooperation, both of which were unusually strong. In the first instance, the practice adopted in BH of setting explicit, quantitative goals for IFC investment activity as part of a clear and transparent effort to achieve the objectives of the CPS and the WBG corporate goals. Another BH country team practice that should be mainstreamed is the preparation of Joint Business Plans or other similar document that would specify the areas, forms of engagement and milestones for joint cooperation of the WBG organizations, i.e., the Bank (IDA), IFC and MIGA. In addition to the above good practice examples, the BH experience also suggests that greater attention is needed to ensure the inclusion into the results matrix of clearly formulated, measurable, and verifiable results with respect to IFC interventions. Moreover, IFC should ensure at least one measurable indicator related to its long-term investments in the results matrix.

4. Strategic Focus

Relevance of the WBG Strategy:

1. Reflecting its roots in the former Yugoslavia, Bosnia and Herzegovina's (BH's) population of just under 4 million people is ethnically and religiously diverse, including, Bosniaks (about 50%), Serbs (about 33%), and Croats (15%) and other ethnic minorities. Since declaring its independence from the former Yugoslavia in 1992, the country had made progress in consolidating peace and reestablishing economic growth, but political tensions remained very high and decision-making was frequently frustrated by BH's decentralized and highly complex political and institutional structure.
2. Further progress was critically dependent on: (i) addressing governance and institutional weaknesses to improve government functioning and create a single, coherent economic space; (ii) increasing competitiveness to enable continued export growth in the face of post-crisis volatility in the EU (the main destination for BH exports) and increased competition from Balkan neighbors; (iii) rationalizing a costly and inefficient system of social benefits; and (iv) exploiting the rich natural resource base in a more sustainable manner. These challenges were recognized by the disparate BH authorities at Entity and State levels, which despite many areas of disagreement, achieved a broad consensus that integration with the EU should be the guiding principle of all political, social and economic development efforts, including compliance with the requirements of EU's *acquis communautaire*. In line with this overarching goal, the BH development strategy emphasized governance and institutional reforms (within the constitutional limits), macroeconomic stability, competitiveness and employment creation, sustainable rural development, and social inclusion.
3. The WBG strategy for BH was fully aligned with the preceding development emphases, both in terms of areas of intervention and the planned modalities for engagement, which explicitly sought to increase cooperation with EU institutions to the extent feasible. The CPS had three main focus areas that were designed to address some of the country's main challenges, focusing in areas of the WBG's comparative advantage. The first of these focus areas sought to support competitiveness and economic growth through tackling key bottlenecks. The second focus area aimed to promote inclusion through improvements in public services for the vulnerable and rationalization of social services. The last focus area aimed to promote environmental sustainability through better use of water and forest resources, climate change adaptation and sustainable development of municipal water and sanitation services.
4. Each focus area of the CPS encompassed a number of lending operations (about US\$148 m IDA and US\$100 m IBRD in total) and AAA tasks linked to the achievement of specific objectives. Given the small Bank lending envelope and taking into account BH's strong commitment to EU integration, the strategy explicitly sought to work closely with the EU and other EU financial institutions in a mutually beneficial manner that maximized the use of Bank technical knowledge and available EU funds for BH, within the framework of the CPS objectives. Ongoing IFC activities were relatively well integrated into the CPS discussion and IFC expected to increase financing to BH's private sector to level of about US\$80-100 million over the CPS period. There was considerable flexibility built into the proposed work program to enable adjustments as needed to accommodate domestic political volatility and the impact of the continuing economic ups and downs in the Eurozone. This flexibility proved extremely useful in enabling restructuring of the WBG-supported program following the devastating floods which affected BH in May 2014, and enabling the WBG to respond to emerging country needs and government requests.

Selectivity

5. The CPS program was focused and selective, with attention paid to ensuring synergies between IDA, IBRD, IFC and TF resources, so as to maximize the impact of available resources. For example, efforts to improve the business climate included IDA investment lending, and IBRD Development

Policy Lending (DPL), IFC advisory services, an IFC regional investment and financial and technical support from SIDA, the EU and the Government of Austria. While maintaining focus on country needs, the CPS sought to reduce the number of areas of WBG involvement. For example, while recognizing the crucial importance of political and institutional reform in the BH context, the WBG correctly opted to leave this area principally to the EU and some bilateral partners, who were more directly engaged in governance through the Office of the High Representative (OHR). New Bank lending planned for the first 2 years of the CPS seemed appropriate to country needs and was underpinned by analytical work (e.g., on social expenditure and agriculture policy). The CPS aimed to undertake additional analytical work in the first two years of the CPS period to help guide programming in the outer years.

Alignment

6. Although the Bank had not articulated the corporate twin goals at the time this CPS was prepared, its objectives, design and actual program were generally consistent with these corporate priorities. At the most direct level, Focus Area 2 of the CPS (Inclusion) was clearly targeted to reducing extreme poverty by improving the targeting of cash transfer programs, reducing unemployment and increasing access to key basic social services, such as sanitation and health care. The CPS focus on competitiveness was supportive of the goal of shared prosperity through its support for SMEs and agricultural productivity – areas in which the bottom 40 percent of the population are disproportionately represented. Similarly, the CPS focus on sustainable use of BH’s water and forestry resources is fully aligned with the WBG’s corporate goals, which place substantial emphasis on ensuring that development strategies take careful account of both economic and environmental and social sustainability.

5. Development Outcome

Overview of Achievement by Objective:

7. The CPS program (as modified in the CPS PR) was comprised of three focus areas, the first of which encompassed 10 objectives, with the remaining two focus areas including 3 objectives each. The WBG’s success in achieving the objectives is assessed below, drawing on the CLR self-assessment as well as supplementary materials available to IEG.

Focus Area I: Competitiveness

8. **Objective #1.** The first objective in the Competitiveness area aimed to strengthen the efficiency and transparency of land markets through registration of real estate rights and ensuring safe and secure land transactions. Achievement of these efficiency improvements was to be measured via two indicators each with clear baselines and targets for the country as a whole as well as for each of its constituent entities (Federation of BH – FBH and Republika Srpska – RS). The first indicator sought to measure efficiency improvements in land registration by reductions in the time taken to register land, while the second focused on clearing of registration backlogs. Based on information provided in the CLR as well as the ICRs and ISRs of the Land Registration and Real Estate Registration projects respectively, notable improvements were made in the time taken to register property – however, these fell considerably short of the (ambitious) target of 95 percent of registrations to be completed within 24 hours. In fact, time taken to register declined to an average of 5 days in FBH and 1 day in RS in over half of all cases. With respect to the clearance of registration backlogs as well, the CPS targets were somewhat short of the target of “almost no backlog” at the end of the CPS period. Despite significant progress in clearing the backlog of about 80,000 cases, slightly over 12 percent remained to be cleared in mid 2015 as noted in the CLR. Based on these findings, IEG rates this objective as *Partially Achieved*.

9. **Objective #2.** The second objective, closely linked to the first, sought to increase the

transparency of land ownership/rights by increasing public access to land information. The objective was not in the original CPS matrix but added at the CPS PR stage. The sole indicator for this objective pertained to making cadaster and registration information available on line to the public. Progress on this indicator surpassed expectations, with 25 percent of information available on line versus a CPS PR target of 20 percent. IEG rates this objective as *Achieved*.

10. **Objective #3.** The third objective aimed to improve the investment climate through strengthening the inspections systems, primarily through the establishment of an Interoperability Information System to enable sharing of electronic data between relevant institutions. The specific CPS target for this objective was completion of 80 percent of the “interoperability” system that would enable information exchange and better coordination among the various government agencies responsible for inspections. The CLR reports a number of advances with respect to improving and streamlining inspections, including legislative changes and training of staff with likely positive implications for inspection time and costs (to be measured in 2016). However, the specific CPS target with respect to the interoperability system was not achieved within the CPS time frame. At the time of the CLR, the international tender for the system was yet to be launched with the system due to become operational only about a year later, assuming a smooth tendering process and timely implementation thereafter. Given this significant delay, the objective is rated as *Not Achieved*.

11. **Objective #4.** The fourth objective sought to support a better business climate through reductions in the cost and time for starting a business. The objective included clear baselines and targets with respect to both time and cost, broken out by entity (RS and FBH). Based on information provided in the CLR, indicators with respect to reductions in times and costs for business registration were achieved or surpassed in all instances, principally with support from the Business Climate DPL program and three IFC’ advisory projects – the Investment Climate and Institutional Strengthening project and two other projects in support of business climate improvements. Based on the reported results, IEG rates this objective as *Achieved*.

12. **Objective #5.** This objective, aimed at improving the business climate, combined two indicators pertaining respectively to the inspections regime in FBH and construction permits in RS. Support for achievement of these indicators was to have been derived from an IBRD Business Environment DPL and 3 IFC advisory services projects. Based on the CLR, the CPS period saw some progress in each of these areas, including establishment of appropriate legislative frameworks for inspections and construction in FBH and RS respectively. Moreover, some implementation progress was also made with respect to preparation of regulations and manuals of inspections, with respect to each law. Results with respect to the specific indicators on efficiency were less clear, however. The 1st efficiency indicator included in the CPS PR matrix applied to FBH and dealt with the “effectiveness of certificate issuance” by border control authorities, focusing on achieving a 15 percent increase in the number of certificates issued per day from 311 in 2013 to 357 by the end-CPS period. The CLR does not report on the achievement or otherwise of this indicator, noting instead that the lead time for phytosanitary inspections was reduced on average by about 14 percent per month. The relationship between this output and the number of inspection granted is not spelled out. A related indicator, aimed to achieve a 10% direct cost savings for businesses as a result of fewer inspections following adoption of a risk-based method for inspections. Here again, there is no evidence provided in the CLR of cost savings to businesses resulting from reduced inspections. Rather, the CLR refers to cost savings to businesses as a result of tariff reductions and to some early indications of cost savings within the inspectorates themselves. The CLR notes that the impact of inspection reforms on businesses will only be known following completion of an enterprise survey planned for FY16. The 2nd set of indicators in Objective 5 dealt with reducing the time for granting of construction permits (CPs) in RS from an estimated 45 (2013) to 15 days by 2105 and related cost savings for businesses of at least KM17 million as a result of this change. The 15-day target was reported as achieved in the CLR, based principally on the statutory requirement included in the new construction law. With regard to cost savings the CLR reports savings of KM15.4 million, about 10 percent short of the CPS target. In light of these observations, IEG assesses the first indicator as “not verified” and the second as achieved. The overall

IEG rating for the objective is, therefore, *Partially Achieved*.

13. **Objective #6.** The single indicator for this objective was an increase in the total volume of loans disbursed to SMEs, from US\$64.9 million in 2012 to US\$154 million by 2015. The principal CPS intervention supporting this outcome was a Bank financed operation (Enhancing SME Access to Finance). Other supportive interventions included 4 IFC investment projects, 3 advisory projects, and a short-term guarantee operation supporting a Bosnian bank under the Global Trade Finance Program. Development outcomes of a recent investment into a major microfinance group in Bosnia are *too early to tell*. The microfinance advisory project aims to maintain the microfinance portfolio in the country at a sustainable level of \$350 million while driving down the level of non-performing microfinance loans from 8.2% to 4.0%. The project is currently on schedule with results to be achieved by 2016. The second advisory project was supporting transformation of women's microcredit entity, from an NGO to a formal financial intermediary and was self-rated *mostly successful*. The 3rd advisory project in the financial sector dealt with technical assistance to an existing IFC investment client and was self-evaluated *mostly unsuccessful*. However, based on data on credit increase provided in the CLR and project documents for the Bank SME project, this outcome is rated *Achieved*.

14. **Objective #7.** This objective pertains to improved efficiency and effectiveness of government agricultural services as measured by indicators in four areas: food safety, animal health, plant health and phytosanitary services, and paying systems. Supported by the Agricultural and Rural Development Project, progress towards the specified results was apparent in each of the specified areas -- although final targets were not achieved in most cases. For example, with respect to food safety 85% of agricultural holdings and a similar proportion of larger farm animals were registered, against a target of 100% (which may have been overly ambitious). Similarly 95% (versus a target of 100%) of direct payments were processed through an IPARD-like transparent system. As the CLR notes, progress with respect to animal and plant health was good in terms of strengthened laboratory testing capacity and vaccination of animals, but the ultimate goal of EU export compliance remained elusive, except in a few areas such as potato seeds. A phyto-register was established and steps were being taken to harmonize legal mandates with international and EU requirements. Given the substantial progress made towards the specified indicators, and taking into consideration that some of the indicators may have been "stretch" indicators to begin with, IEG rates this outcome as *Mostly Achieved*.

15. **Objective #8.** Focused on improving the performance of irrigation systems and irrigation institutions, this outcome included 4 main indicators, including: (i) increase in coverage of improved irrigation systems from 0 ha to 3,900 ha; (ii) 10 million cubic meters of irrigation water added versus a baseline of 0; (iii) execution of 4 new O&M agreements with water user associations; and (iv) collection of over 30% of potential O&M fees. Achievement of these targets was supported through three IDA operations including for irrigation development, floods emergency recovery and flood protection respectively. While BH was on track to achieve these targets, actual performance was behind schedule at the end of the CPS period. By 2015, actual achievements were at about half the envisaged targets on each indicator, meriting an IEG rating of *Partially Achieved*, for this objective overall.

16. **Objective #9.** The focus of this objective was to support BH's participation/integration in regional energy markets, including, initially, the South Eastern Europe (SEE) energy market and, eventually, the EU energy market. The objective built on a long-standing effort to create a cohesive regional energy market in the Balkans, supported through a series of APL operations contributing to market liberalization and associated policy and institutional development efforts. The ECSEE APL series also contributed to electricity generation, one of the key indicators under this outcome which was achieved throughout the CPS period. With respect to renewable energy, the principal support was provided through IFC's regional renewable energy program covering BH, Albania and FYR Macedonia. In BH the program sought to facilitate US\$120 million of investment into Small Hydro Power Plant (SHPP) construction (out of which \$15M would be provided by IFC) to support construction of 40 SHPPs with total installed capacity of 80 MW and directly avoid 500,000 tons/year of GHG emissions (the estimation

is based on reduction in coal-fired electricity production). According to the CLR actual performance over the CPS period included support for construction of 60 SHPP, in line with CPS targets, but the relative size of the plants was smaller – implying in turn that the amount of CO2 emissions avoided was below target. Moreover, of a total of 12 renewable energy laws targeted to be passed by the end of the CPS period, only about half had been enacted, including 2 in RS and 4 in FBH. Taking into account the successes in electricity production and commissioning of SHPPs as well as the progress and shortfalls with respect to legislative improvements, IEG rates this objective as *Mostly Achieved*.

17. **Objective #10.** This objective focused on upgrading the BH road network and lowering user costs with clear baseline and target indicators included in the results matrix. Support for achievement of the specified results was derived principally from the Bank's Road Infrastructure and Safety Project. In addition, both IFC and the Bank provided advisory and analytical services in support of public private partnerships (IFC) and transport sector assessments and infrastructure quality (Bank). The specific results indicators pertaining to a 10% reduction in user costs were surpassed in both FBH and RS – with costs declining by about 18% in FBH and slightly over 11% in RS. The Bank project for US\$25 million also helped leverage a much larger roads program (US\$180 million) through partnering with EBRD and EIB. The IFC, for its part, is serving as the lead advisor to the FBH in promoting PPP arrangements to support improved linkages to the Pan-European road network. In view of these accomplishments, Objective 8 is rated *Achieved*.

18. **Focus Area I is rated *Moderately Satisfactory*.** Of the ten objectives included in this focus area, 6 were rated achieved or mostly achieved and the remaining 4 objectives were rated partially achieved or not achieved.

Focus Area II: Inclusion

19. **Objective #11.** This objective aimed to increase the share of social benefits reaching the poorest through reforms aimed at improving targeting of social transfers and more effective job brokerage services for vulnerable groups. The expected results were supported through the Social Safety Nets and Employment Support Project as well as a number of core diagnostic AAA (e.g., Poverty Assessment, Public Expenditure and Institutional Review, Smart Safety Nets). The DPL series initially intended to support achievement of this indicator was cancelled due to lack of policy progress. With respect to job brokerage services, the desired result was achieved, with 58% of beneficiaries of job assistance retaining their employment one year following receipt of the benefit (training or employment subsidy) -- versus a rather low target of 35%. However, the number of beneficiaries was relatively small (10,000), implying that the result refers to just 5,800 people gaining and retaining employment as a result of CPS efforts. With respect to the second results indicator – namely adoption of social assistance laws with improved targeting formulas – results were more disappointing. In both RS and FBH, laws have been prepared but are not expected to be adopted prior to 2016, at the earliest. IEG rates this objective as *Partially Achieved*.

20. **Objective #12.** This objective sought to increase access to quality primary health services via a family medicine model, emphasizing the prevention of non-communicable diseases. The outcome was national in scope, targeting coverage of about 70% of the population versus a baseline of 58%. By 2015, with support from the Health Sector Enhancement Project, a Swiss Anti-Tobacco Trust Fund as well as a reimbursable service arrangement with the Council of Europe, coverage had slightly exceeded 80%, substantially surpassing the CPS target. The outcome is rated *Achieved*. It should be noted, however, that no specific indicator was included in the results matrix with respect to quality improvements, and there is no reporting on the quality dimension in the CLR.

21. **Objective #13.** This objective focused on wider provision of financially sustainable solid waste management services, with the aim of reducing the unserved population in target areas from 75% to 25% over the CPS period. This target was only partially achieved over the CPS period, with the unserved population dropping by only 6.5%. A number of important developments were noted, however, including the operationalization of six regional landfills, reductions in the environmental

footprints of the landfills and closures of close to 200 wild dumps. IEG rates the objective *Partially Achieved*.

22. **Focus Area II is rated Moderately Unsatisfactory (MU).** The rating reflects the individual ratings for the three objectives. Of the three objectives, two were partially achieved and one achieved. Good results were achieved in expanding coverage of primary health care services, although no measures of quality were available. Developments in the solid waste area, while positive, remained well short of targets at the end of the CPS period. Moreover, there is considerable uncertainty with respect to improved targeting of social transfers, given political sensitivities and the policy stalemate evidenced to date. This was judged to be a major weakness given the importance of improved targeting of social benefits to the broader BH effort to contain public spending and improve economic resilience and competitiveness.

Focus Area III: Environmental Sustainability

23. **Objective #14.** This objective sought to reduce pollution of the Miljaska and Bosna rivers and improve waste water collection in Sarajevo Canton, with specific targets set for the volume of waste water treated at primary level as well as the number of connections rehabilitated. While these targets still appeared to be feasible at the end of the CPS period (with many of the building blocks in place), they were still very far from having been reached. For example, only 15,000 cubic meters of water were being treated daily in 2015 with support from a GEF operation, just 7.5% of the target of 200,000 cubic meters set in the results matrix. Delays in implementation of the Sarajevo Waste Water Project are largely responsible for the shortfall in waste water treatment. A second target concerning rehabilitation of water connections in Sarajevo was partially achieved, with 32,000 connections completed against a target of 48,000, about 1/3 less than targeted. Overall, taking into account the large shortfall in daily treatment of waste water – especially given the passage of over 5 years since the principal instrument (the Sarajevo Waste Water Project) was approved, IEG rates this objective as *Not Achieved*.

24. **Objective #15.** This objective focused on increasing sustainable water management and reducing pollution from municipal sources into the Bosna and Neretva rivers (and thus also the Danube Basin and the Adriatic Sea). Indicators were twofold: the first, sought to double the municipal wastewater treated from 5.5% to 11%; and the second, involved completions of new frameworks for sustainable water management. Based on reporting in the CLR and in project documents of the Sarajevo Waste Water Project, the actual volume of waste water treated stood at around 9% in 2015, with the project close to completion. At the time the CPS was completed, river basin management plans in line with EC directives had been finalized. A framework for the transboundary management of the Neretva and Trbunjska rivers had been adopted by the relevant committee but was not yet operational. Similar plans were under preparation (with EC support) for the Sava River. Based on these findings, IEG rates this objective as *Mostly Achieved*. However, it is worth noting that the indicator with respect to completion of river basin management plans – without reference to actual implementation of the plans or expected results -- is oriented more towards outputs rather than outcomes.

25. **Objective #16.** This objective sought to expand protected forest and mountain areas and strengthen related institutional capacity for their sustainable management. The principal indicator included in the CPS matrix for this outcome was an increase in the protected area from 2.1% or 112,000 ha to 3% or 153,000 ha. This target was substantially surpassed. By 2015, the amount of land under protection had reached 5.5% or 280,921 ha and technical and institutional capacity for sustainable management of protected areas had been strengthened in both RS and FBH. In this context, IEG rates this objective as *Achieved*.

26. **Focus Area III is rated Moderately Satisfactory.** The rating reflects strong achievements with respect to protected areas and somewhat weaker outcomes with respect to water quality/purity and wastewater treatment. Despite a long Bank presence in this latter area, progress was considerably short of aspirations in some areas raising questions about commitment and/or implementation capacity.

Overall Assessment and Rating

27. Based on the preceding evaluation of the individual objectives included in the Results Matrix for this CPS, the overall rating on development outcome is *Moderately Satisfactory*. As summarized in the table below, specified objectives were assessed as Achieved in 6 of 16 cases and Mostly Achieved in another 3 cases. Of the remaining seven objectives, five were rated Partially Achieved and two objectives rated Not Achieved. In terms of Focus Areas, Focus Areas 1 and 3 were judged to be Moderately Satisfactory with Focus Area 2 rated Moderately Unsatisfactory. Across all Focus Areas, objectives that were achieved were clearly linked to WBG interventions under the CPS or to actions supported by other external partners in cooperation with the WBG. There were, however, a few areas that seemed to involve unexplained changes in content between the CPS, CPSPR and CLR stage, making interpretation of achievements especially difficult. A case in point was Objective 5.

Objectives	CLR Rating	IEG Rating
Focus Area I: Competitiveness		MS
Objective 1 Transparent land markets developed through registration of real estate rights, and complementary policies that enable transactions to be made with security and efficiency	A	PA
Objective 2 Further improved transparency and efficiency of real estate registration by making the integrated registration and cadaster information available online nationwide	A	A
Objective 3 Improved investment climate by strengthening inspections systems in the country, indicated by establishing the Interoperability Information System enabling electronic data exchange between relevant institutions	PA	NA
Objective 4 Improved business environment by reducing the cost and time for business registration	A	A
Objective 5 Efficient and effective inspections regime created in FBH and process of obtaining construction permits improved in RS	MA	PA
Objective 6 Enhanced access to finance for SMEs	A	A
Objective 7 Stronger State and Entity institutions deliver more efficient and effective agricultural services	PA	MA
Objective 8 Improved performance of the irrigation systems and the irrigation institutions to support agricultural producers	PA	PA
Objective 9 Bosnia Herzegovina participates in the South East Europe (SEE) energy market, and is meeting requirements for integration into the EU energy market	MA	MA
Objective 10 Upgraded road network, and reduced user costs on the priority sections	A	A
Focus Area II: Inclusion		MU
Objective 11 Increased share of social benefits reach the poorest and more effective job brokerage services extended to the vulnerable active jobseekers	PA	PA
Objective 12 Increase access to quality family medicine primary health care with special focus on primary and secondary prevention of non-communicable diseases	A	A
Objective 13 Improved availability, quality, environmental soundness, and financial viability of solid waste management services	PA	PA
Focus Area III: Environmental Sustainability		MS
Objective 14 Reduction of the population's exposure to highly polluted water from Miljacka and Bosna rivers, and improved waste water collection in the Sarajevo Canton	PA	NA
Objective 15 Reduced pollution from municipal sources into the Neretva and Bosna, subsequently reduced pollution in the Adriatic sea and Danube basin, and more sustainable water management	MA	MA
Objective 16 Expanded coverage of protected forest and mountain areas, and strengthened institutional and technical capacity for their sustainable management	A	A

6. WBG Performance

Lending and Investments

28. There were 12 Bank-financed operations under implementation at the start of the FY12-15 CPS period, all of which were consistent, in terms of objectives and content, with the three focus areas of the CPS – namely, competitiveness (5 operations), inclusion (3 operations) and environmental sustainability (4 operations). Total commitments amounted to slightly over \$300 million equivalent, of which about 60% was undisbursed at the start of FY12. In view of the political polarization and frequent policy stops and starts in BH, the CPS was flexibly designed, with a lending program laid out only for FYs12 and 13 and programming for the outer years deferred to the mid-term review. Planned lending included a mix of investment and policy-based operations, the former to be financed through IDA country and regional allocations of about US\$148 million equivalent, and the latter via approximately US\$200 million of IBRD resources. Actual lending over the CPS period amounted to US\$230 million and US\$170 million in IDA and IBRD resources respectively, exceeding the planned amount by slightly more than US\$50 million. Additional IDA was made available to support the flood emergency response of 2014. TF supported activities (including GEF) over the CPS period amounted to close to US\$75 million and focused principally on environmental concerns such as water quality, solid waste management and forest protection.

29. As was expected, the composition of the program shifted during CPS implementation in order to accommodate changes in Government priorities. A key change was an increased emphasis on Focus Area 1 (Competitiveness) with the addition of a Business Climate DPL in place of the planned social expenditure DPLs, which were dropped as reform momentum faltered due to political sensitivities. Similarly the cross-border Sava River commercial waterway project was dropped due to the failure of participating governments to reach agreement on priorities. The devastation caused by massive flooding in May 2014, increased focus on environment, including and emergency flood control operation, which was developed in record time and a project to support flood control along the Drina river basin.

30. Portfolio performance was slightly better than ECA and Bank-wide averages, a notable achievement given BH's fragmented political environment, limited implementation capacity and the disruption to implementation caused by the 2014 floods. The proportion of commitments at risk averaged 10.3 percent for the CPS period, versus 12.6 percent for ECA and 20.3 percent for the Bank as a whole. The number of projects at risk was highest in FY13 (3 projects) but proactive management, including intensive implementation support and project restructuring, helped reduce the number to 1 by the end of FY15 and the disbursement ratio stood at 23 percent for that year. IEG reviewed 4 out of 7 projects that closed over the CPS period, rating 2 satisfactory and 2 moderately satisfactory.

31. As reported in the CLR, IFC's portfolio remained stable during the CPS period, but new investments fell short of the CPS target of US\$80-\$100 million. During FY12-15, IFC committed US\$40.5 million in long-term investment and provided US\$0.7 million of revolving short-term guarantees under GTFP. Investments in the real sector accounted for US\$32.5 million of this total, including a 7-year loan to a soda ash company 90% owned by a Turkish investor (a successful South – South investment); another loan to a producer of industrial tools (so far self-rated *unsuccessful*); and the riskiest project in the IFC portfolio -- an equity investment in an auto parts plant sponsored by a Slovenian company (another South – South transaction). The financial sector was next in importance with two long-term loans: to a large international bank to facilitate access of BH citizens to housing finance and to a major BH microfinance group to provide financing to MSMEs, yet to show development results. During the CPS period there were activities related to reduction of the exposure to the unsuccessful medical services center in BH. The factors causing underperformance of IFC investments in BH are candidly discussed in the CLR. These include: lower economic growth, slower than anticipated implementation of the government's privatization agenda, limited private sector participation in infrastructure sectors, poor business environment and sluggish FDIs.

32. During the CPS period there was an XPSR for a medical services investment project in BH initiated in FY08, which was rated as *mostly unsuccessful*. IEG reviewed the XPSR in its Evaluative note of 2014 and changed the rating from *mostly unsuccessful* to *unsuccessful*. During the CPS period IEG also evaluated a microfinance project which had been closed before FY12, which had been self-rated in DOTS satisfactory for performance, but had not been rated for the overall development effectiveness, and rated it *mostly unsuccessful*. For the remaining long term investment portfolio overall, one engagement was self-rated in DOTS as *mostly successful*, 2 – *mostly unsuccessful*, one as *unsuccessful*, one is *too early to tell*.

33. MIGA exposure was not discussed in the CLR. During the CPS period, MIGA net exposure in BH reached a total amount of US\$313 million in 8 projects. The larger of these projects provided guarantees to support equity investment and shareholder loans from two European banks into their local subsidiaries in BH, including helping the latter to meet the mandatory reserve coverage required by the Central Bank. The remaining guarantees were assigned to a leading distributor of consumer goods in South East Europe, which was expanding its retail network in BH.

Analytic and Advisory Activities and Services

34. The Bank had undertaken a series of core diagnostic ESW reports in the 18-24 months prior to preparation of this CPS, which helped inform CPS priorities and, in some instances, the design of individual lending products. During the CPS period a large number of knowledge products and non-lending advisory services were completed -- and helped to inform and stimulate the debate on policy priorities, support the design of development projects (through Bank and other partners' funds), and, in some instances, directly help build institutional capacity. Of 11 AAA activities planned in the CPS (both country specific and sub-regional), 9 were delivered, one (energy) was delayed to FY16 and 1 (education strategy) was dropped. The CLR reports that an additional 19 AAA products were undertaken during CPS implementation, which, judging from their titles and short descriptions, were all fully aligned with CPS priorities. While a number of the AAA products were directly linked to lending (e.g. Vrbas River Basin Management study or W. Balkans Energy Efficiency Scale-up) many others were specifically designed to (and did in fact) play a role in maintaining a policy dialogue and Bank presence in areas of development importance where lending was not feasible due to lack of policy consensus. The most important area in this regard was public expenditure reform, where a planned DPL series had been dropped but the dialogue was maintained through a number of AAA activities such as a ROSC, support for debt management and analytical work on social spending and smart safety nets. Similarly, the Financial Sector Assessment Program (FSAP), undertaken in conjunction with the IMF, was an important channel for helping to ensure financial sector stability in a volatile external economic climate. Finally, it is worth noting that the CPSPR recognized the need to strengthen the analytical foundation for the next CPS, and included BH in a series of Western Balkans AAA on poverty, employment and jobs, safety net reform, environment and climate change and R&D for innovation. It also included country level studies on public financial management and debt management. All these activities were delivered in FYs 14 and 15.

35. As of June 2015 IFC had seven country specific advisory service (AS) projects in BH and one regional one approved before the review period for US\$ 13 million. In addition during the review period, IFC approved three new country specific AS projects amounting to over US\$5 million of total funds and another three regional AS projects with some activity in BH. Currently only four country projects and three regional ones remain active in the IFC AS portfolio. Six projects were completed and one terminated. Among the 6 completed projects 2 were self-rated *successful*, 2 – *mostly successful*, 1 – *mostly unsuccessful* and 1 met exception criteria for outcomes rating due to its region-wide market research content. Among the 7 on-going projects (4 country specific and 3 regional) 6 are progressing as planned, 1 is on hold. IEG evaluated two AS projects active during the CPS period, in one case concurring with IFC's self-rating of *successful* in terms of development effectiveness, but downgrading the other from *Mostly Successful* to *Mostly Unsuccessful*.

Results Framework

36. The results framework was well designed in that it established relatively clear logical linkages between WBG-supported activities and the expected outcomes—as well as to the overall CPS objectives. In most instances, outcome indicators were clear and included measurable baseline and target indicators. In some instances, particularly with respect to the competitiveness agenda, the linkage between indicators and outcomes were not obvious or adequately explained. For example, with respect to reform of the inspections regime there is no clear explanation of the implications of the interoperability system or working hours on the inspections burden for businesses or any justified quantification of benefits. This, in turn, meant achievement of the indicator could not necessarily be construed as achievement of the broader outcome. This issue was more noticeable with respect to some of the indicators/outcomes related to IFC activities. For multi-dimensional objectives – e.g., expanding coverage of quality health care – indicators are needed to measure all important dimensions. In the primary health case, this means there should be indicators for both coverage and quality, not just one of these dimensions. The CPS results matrix adequately lays out the links between broad country challenges/objectives and CPS outcomes. At the CPS PR stage, however, the matrix no longer includes a column on country development goals, beginning its logical chain from the CPS goals themselves. This makes it harder to determine how, and to what extent, the CPS interventions were supportive of the national goals. The CPS PR results matrix also lacks the Milestones column, making understanding of eventual achievements more difficult.

Partnerships and Development Partner Coordination

37. One of the strongest features of the CPS' design and implementation was the systematic attention paid to partnerships, especially with other external development partners. As mentioned at the outset of this CLRR, an overarching, unifying theme in BH's otherwise fragmented policy environment was the goal of EU integration. Given this country priority, the CPS not only oriented WBG support to helping BH meet EU requirements in the political, social and economic spheres, it also consciously (and successfully) sought to partner with EU institutions in a mutually beneficial manner aimed at effectively marrying the WBG's strong technical skills with the much larger financial allocations for BH provided through EU sources such as EU pre-accession funds (IPA), EC allocations, EIB and EBRD lending and the Council of Europe support. Strong partnerships were also put in place with other multilateral institutions (e.g., IMF and UNDP) as well as a number of bilateral agencies such as SIDA, the Swiss Development Corporation, and USAID. The CPS avoided the temptation of accepting TF or donor-funded activities that were outside the CPS Focus Areas.

Safeguards and Fiduciary Issues

38. Under the review period, four category "B" operations triggered several safeguard policies including Environmental Assessment, Safety of Dams, Involuntary Resettlement, Forests, Natural Habitats and Physical Cultural Resources. Across all these operations, Environmental Assessment policies were fully complied with and Environmental Management Plans were prepared, disclosed, and satisfactorily implemented during project cycles. In the Energy and Mining sector, Safety of Dams safeguard (OP 4.37) was triggered, but no technical reports or analysis were provided as evidence that dam safety has improved. In the Agriculture and Rural Development sector, the Physical Cultural Resources safeguard was triggered and fully complied with. In the Environment sector, the Forest and Mountain Protected Areas Project also triggered Involuntary Resettlement, Forests, and Natural Habitats safeguards. However, there is inadequate information in the ICR to validate full compliance with these safeguards.

Ownership and Flexibility

39. While it is difficult to accurately determine the extent of country ownership given BH's polarized political and policy environment, the strong emphasis of the CPS on interventions in support of meeting

requirements for EU integration suggests support from most political factions and the broader set of domestic stakeholders. Nonetheless, several Bank-financed operations ran into long effectiveness delays given difficulties in achieving ratification in State- or Entity- level legislatures – which in most environments would call into question the depth of support. In post-conflict BH, however, given the high degree of political polarization on virtually every matter presented to the legislature(s), delays in ratifying projects may have had more to do with overall political tensions than with the project itself.

40. The tendency towards political infighting and, hence, policy stops and starts, was recognized in the CPS, which was designed to be flexible, and thus try to maximize country ownership over the CPS period. In fact, the WBG showed considerable flexibility during CPS implementation to keep pace with shifts in policy emphases, the continued economic volatility in the Eurozone and to respond to the severe floods of May 2014. For example, as important efforts to reform social expenditure spending became too politically sensitive given upcoming local elections, the CPS used available resources for DPL support to develop a joint WBG operation focused on business climate improvements. Similarly, an energy efficiency project, for which there was strong stakeholder support, was included in the program in place of the Sava River Waterway project which was stymied by cross-border tensions. Perhaps the most dramatic example of flexibility was the Bank's quick response to the flood devastation in May 2014. The Bank restructured relevant operations to address flood related issues as well as developed a new US\$57 million Emergency Flood Response Project that moved from project identification to effectiveness within a 10-week period.

WBG Internal Cooperation

41. Internal cooperation between the Bank, IFC and MIGA appears to have been very strong in BH, especially by comparison with many other CPSs developed during the same period. Factors pointing to good cooperation are several, including, *inter alia*: (i) the systematic inclusion of both IFC and Bank activities in the CPS program description and the results matrix at CPS and CPS PR stages; (ii) the conduct of joint business planning exercises which specified the focus areas, forms of engagement and milestones for joint work for Bank and IFC; (iii) the complementary nature of Bank and IFC activities – especially in promoting the competitiveness agenda; and (iv) the joint Bank and IFC effort to develop the Business Climate DPL in place of the previously planned social expenditure DPL. The effort to integrate IFC activities into the CPS was supported in part by the effort made by the IFC regional vice presidency to attempt to set clear substantive and indicative quantitative goals for investments over the CPS period. Although actual IFC investments fell short of the targets, the exercise helped to facilitate Bank-IFC cooperation, thus potentially enhancing the impact of both IFC and Bank interventions. Moreover, the reasons behind the shortfall in IFC investments, i.e., domestic instability, economic volatility in the Eurozone and the flooding disaster, were largely beyond IFC's control as clearly explained in the CLR. MIGA was also engaged in the CPS and CPSPR design process but was invited to provide a guarantee for just one project over the CPS period.

Risk Identification and Mitigation

42. The CPS correctly identified the three main risks to the CPS program -- namely, political tension and policy gridlock, continued volatility in BH's key external economic partners in the Eurozone, and susceptibility to natural disasters. The CPS candidly acknowledged that these risks were largely beyond the control of the WBG and sought to mitigate them principally by maintaining considerable programmatic flexibility within the overall CPS goals and by partnering with the EU and other institutions with considerably greater influence in political matters in BH. As discussed in earlier sections of this CLRR, each of the identified risks materialized over the course of CPS implementation but were mitigated to some degree by WBG's flexible response to maneuver around roadblocks and maintain the implementation momentum of the CPS program – hence enabling continued progress towards the overall outcomes. However, this flexibility came at a cost in terms of dropped projects, which likely absorbed some administrative funds.

Overall Assessment and Rating

43. Taking into account the various dimensions of WBG performance in BH with respect to CPS design and implementation in a very difficult country environment, IEG rates WBG performance as *Good*. Although results for the CPS period were only Moderately Satisfactory, it should be borne in mind that this result was achieved in an extremely fragile political and economic context, which was further complicated by exogenous shocks including volatility in external economic partners (Eurozone) and catastrophic flooding. WBG performance was judged to be good in both the design and implementation phases for a number of reasons:

- First, the choice of focus areas was linked closely to country priorities and solidly grounded in high quality analytical work. Throughout implementation as well there was close attention paid to buttressing lending with AAA and a clear plan to undertake necessary diagnostics in the latter half of the CPS period to inform the design of the future CPS program.
- Second, coordination between the Bank and IFC (and to a lesser extent, MIGA) was strong as demonstrated by the integration of Bank and IFC programs in the relevant sections of the CPS and results matrix, the effort to undertake joint business plans during CPS implementation and the joint work to respond quickly to country needs (e.g., with respect to DPL lending).
- Third, coordination with other external partners was very effective, with the Bank able to forge strong partnerships with EU and bilateral agencies to “punch above its weight” despite its relatively small lending envelope. This was seen in a number of areas including roads, health and energy among others.
- Fourth, the design of the CPS clearly demonstrated the absorption of lessons from past CPSs especially with respect to maintaining program flexibility – which turned out to be a key factor in retaining momentum towards CPS goals/outcomes, even when domestic and external risks materialized.
- Fifth, portfolio performance was above ECA and Bank-wide averages (despite the complicated institutional environment) with fewer problem projects, fewer commitments at risk and better disbursement ratios. Project implementation showed steady improvement between FY13 and FY15, in large measure because of timely restructuring of problem projects and intensive implementation support, extending in some cases to the addition of relevant AAA support using trust funds.

7. Assessment of CLR Completion Report

44. In general terms, the CLR report was well written, informative and focused on outcomes. The text and results matrix were, for the most part, consistent with the CPS and CPSPR and provided clear explanations of the links between WBG-supported activities and the results obtained. The CLR also provided a sufficient description of changes in the country circumstances and the ways in which the WBG responded to these changes. As noted earlier, an exception to this otherwise adequate assessment was in the area of business inspections. In this instance, the CLR used different measures of results than had been identified in the CPSPR matrix and provided little explanation of the relationship or equivalence between the two sets of measures. Another weakness of the CLR was the limited discussion concerning safeguards issues encountered and how they were handled during the CPS period. Finally, the CLR did not explain why the PR was produced so late in the CPS period (with only one year to go), did not address the possible costs of the program’s flexibility, and did not seek possible counterfactual evidence to the stated improvement in competitiveness such as (most importantly) the Doing Business indicators.

8. Findings and Lessons

45. IEG generally concurs with the lessons identified in the CLR, in particular the lessons pertaining to: (i) continuing to build flexibility into CPS programming, while keeping a clear focus on long-term, transformative reform objectives; (ii) taking care and the necessary time to build a broad base of support among internal and external stakeholders, especially for cross-border projects or those involving more than one Entity Government; and (iii) ensuring institutional arrangements for project implementation are fully firmed up during preparation to minimize loss of momentum beyond the largely unavoidable effective delays arising from political tensions in State and Entity legislatures. In addition, the strong partnerships established with a number of EU institutions should be continued given their high pay-offs both in leveraging limited Bank resources and in enabling the Bank to piggyback on the influence that these institutions have with respect to policy continuity and governance more broadly. Similarly, there are important lessons for BH and other countries in terms of IFC participation in the CPS process and for Bank-IFC cooperation, both of which were unusually strong. *Inter alia*, these include:

- The practice adopted in BH of setting explicit, quantitative goals for IFC investment activity (as part of a clear and transparent effort to achieve the objectives of the CPS and the WBG corporate goals) was positive – as was the candid CLR discussion of factors preventing the achievement of the targets.
- The BH country team practice of preparing Joint Business Plans specifying the areas, forms of engagement and milestones for joint cooperation of the WBG organizations, i.e., the Bank (IDA), IFC and MIGA was a useful tool for joint CPS implementation and should continue.

46. In addition to the above good practice examples, the BH experience also suggests that greater attention is needed to ensure the inclusion into the results matrix of clearly formulated measurable and verifiable results with respect to IFC interventions. Moreover, IFC should ensure at least one measurable indicator related to its long-term investments in the results matrix.

Annex Table 1: Summary Achievements of CAS/CPS Objectives

Annex Table 2: Planned and Actual Lending for Bosnia and Herzegovina, FY12-15

**Annex Table 3: Grants and Trust Funds Active in Bosnia and Herzegovina, FY12-15
(in US\$ million)**

Annex Table 4: Analytical and Advisory Work for Bosnia and Herzegovina, FY12-15

Annex Table 5: IEG Project Ratings for Bosnia and Herzegovina, FY12-15

Annex Table 6: IEG Project Ratings for Bosnia and Herzegovina and Comparators, FY12-15

**Annex Table 7: Portfolio Status Indicators for Bosnia and Herzegovina and Comparators,
FY12-15**

Annex Table 8: Disbursement Ratio for Bosnia and Herzegovina, FY12-15

Annex Table 9: Net Disbursements and Charges for Bosnia and Herzegovina, FY12-15

**Annex Table 10: Total Net Disbursements of Official Development Assistance and Official
AID for Bosnia and Herzegovina**

Annex Table 11: List of IFC Investments in Bosnia and Herzegovina

Annex Table 12: List of IFC Advisory Services for Bosnia and Herzegovina

Annex Table 13: List of IFC Net Commitment Activity for Bosnia and Herzegovina

Annex Table 14: List of MIGA Activities for Bosnia and Herzegovina

Annex Table 15: Economic and Social Indicators for Bosnia and Herzegovina, FY12-15



Annex Table 1: Summary of Achievements of CPS Objectives

	CPS FY12-FY15: Focus Area 1 - Competitiveness	Actual Results (as of current month/year)	IEG Comments
Major Outcome Measures	1. CPS Objective: Transparent land markets developed through registration of real estate rights, and complementary policies that enable transactions to be made with security and efficiency (Partially Achieved)		
	<u>Efficiency</u> Indicator: (i) Number of backlog of cases; (ii) Percentage of transactions completed in one day Baseline: (i) 80,000 (2010); (ii) Several months on average to complete transactions Target: (i) almost no backlog of cases; (2011); (ii) 95% (2015)	(i) As of June 2012, there were 18,200 backlog cases. As of 2015, the backlog had been further reduced to 9,690 backlog cases. The CLR reports that the backlog will be cleared by the end of 2015. (ii) More than half of the cases are being completed in one day in Republika Srpska (RS) and within five days in Federation of Bosnia and Herzegovina (FBH).	Source: CLR The CLR acknowledges that the target of registering property rights within 95% of all cases was overly ambitious.
	2. CPS Objective: Further improved transparency and efficiency of real estate registration by making the integrated registration and cadaster information available online nationwide (Achieved)		
	<u>Transparency</u> Indicator: Percentage of cadaster records available online Baseline: 0% Target: 20% (2015)	As of 2015, 25% of cadaster records were available online.	Source: CLR The indicator was introduced at the CPSPR stage along with a corresponding objective. This review has subsumed this indicator under the previous objective and removed the objective proposed at the CPSPR stage as both this proposed objective and the former one (i.e. CPS Objective 1 in this matrix) were very similar.
3. CPS Objective: Improved investment climate by strengthening inspections systems in the country, indicated by establishing the Interoperability Information System enabling electronic data exchange between relevant institutions (Not Achieved)			
	<u>Inspection System</u> Indicator: Interoperability Information System to strengthen inspections systems in the country established Baseline: No Interoperability Information System exists (2013)	The establishment of the System is expected to be initiated by October 2015 and completed by end of first quarter of 2016.	Source: CLR The indicator was introduced at the CPSPR stage. The CPSPR proposed two objectives on investment climate (one related to the establishment of an Interoperability Information



	CPS FY12-FY15: Focus Area 1 - Competitiveness	Actual Results (as of current month/year)	IEG Comments
	<p>Target: Interoperability Information System 80% completed (2015)</p>		<p>System to strengthen inspections systems and another related to cost and time of business registration). This review has collapsed these two objective under CPS Objective 2 (Improving investment climate).</p>
<p>4. CPS Objective: Improved business environment by reducing the cost and time for business registration (Achieved)</p>			
	<p><u>Cost and time of Business Registration</u> Indicator: (i) Cost of business registration; (ii) time of business registration Baseline: (i) Republika Srpska (RS): KM 1,500; Federation of Bosnia and Herzegovina (FBH): KM 1,021; (ii) RS time: 23 days; (ii) FBH time: 40 days Target: (i) Republika Srpska (RS): KM 750; Federation of Bosnia and Herzegovina (FBH): KM 500; (ii) RS time: 11 days; (ii) FBH time: 20 days</p>	<p><u>RS</u> Cost: KM 100 approximate; time: 3 days (2015) <u>FBH</u> Cost: ≤ KM 500; time: 15 days (2015)</p>	<p>Source: CLR The indicator was introduced at the CPSPR stage. The CPSPR proposed two objectives on investment climate (one related to the establishment of an Interoperability Information System to strengthen inspections systems and another related to cost and time of business registration). This review has collapsed these two objectives under CPS Objective 2 (Improving investment climate).</p>
<p>5. CPS Objective: Efficient and effective inspections regime created in Federation of Bosnia and Herzegovina (FBH) and process of obtaining construction permits improved in Republika Srpska (RS) (Partially Achieved)</p>			
	<p><u>Inspection Regime FBH</u> Indicator: Enactment of the new inspections law (FBH) Baseline: No (2012) Target: Yes (2015)</p>	<p>The new Inspection Law in FBH was enacted (June 2014) and became effective (September 2014). The FBH Government has since (February 2015) adopted a new Rulebook on internal organization of the FBH Inspections, reflecting the organizational changes brought on by the new law.</p>	<p>Source: CLR The indicator was introduced at the CPSPR stage.</p>
	<p><u>Law on Construction (RS)</u> Indicator: Enactment of the Law on construction (RS). Baseline: No Target: Yes</p>	<p>The Spatial Development and Construction Law was adopted (April 2013) in RS followed by the adoption of three accompanying rulebooks (December 2013).</p>	<p>Source: CLR The indicator was introduced at the CPSPR stage.</p>
	<p><u>Efficiency Measures</u> Indicator: <u>FBH</u></p>	<p><u>FBH</u> (i) The CLR does not report on the average number of inspection certificates</p>	<p>Source: CLR and Bosnia and Herzegovina Team</p>



	CPS FY12-FY15: Focus Area 1 - Competitiveness	Actual Results (as of current month/year)	IEG Comments
	<p>(i) average number of inspection certificates issued per day; (ii) direct costs for business, based on frequency of visits</p> <p><u>RS</u> (i) average time required for obtaining individual permits; (ii) direct and indirect costs related to obtaining all construction related permits</p> <p>Baseline: <u>FBH</u> (i) 311 per day (2013); (ii) KM 9 million (2013)</p> <p><u>RS</u> (i) 45 days (2013); (ii) KM 180 million (2013)</p> <p>Target: <u>FBH</u> (i) 358 per day (2015); (ii) KM 8.1 million (2015)</p> <p><u>RS</u> (i) 15 days (2015); (ii) KM 163 million (2015)</p>	<p>issued per day. However, it reports that, as of 2015, the lead time for clearing goods by the python-sanitary agencies has been reduced by a monthly average of 13.72%.</p> <p>(ii) The CLR reports that the full extent of the impact if inspection reforms will be measured by the enterprise survey (FY16) including the effectiveness and direct costs for businesses. As of 2015, the CLR reports that actual savings for business in the amount of KM 850,000 have been verified as a result of change in tariffs (i.e. 94% of target).</p> <p><u>RS</u> (i) 15 days; (ii) KM 164.6 million</p>	<p>The indicator was introduced at the CPSPR stage.</p>
	6. CPS Objective: Enhanced access to finance for SMEs (Achieved)		
	<p>Indicator: Total amount of loans disbursed by participating financial institutions under the SME additional financing project.</p> <p>Baseline (2010): US\$0</p> <p>Milestone: (2012): US\$ 64.9 million</p> <p>Target (2015): US\$ 154 million</p>	<p>US\$153 million (total under SME original project and SME AF) (06/2015).</p>	<p>Source: CLR</p> <p>The target was revised upwards at the CPSPR stage.</p>
	7. CPS Objective: Stronger State and Entity institutions deliver more efficient and effective agricultural services (Mostly Achieved)		
	<p><u>Livestock registers / Food safety</u> Indicator: (i) Adequate farm and client livestock registers necessary for tracking of</p>	<p>(i) Farm and Client (F&C) registers based on same protocols are operational in both FBH and RS. However, the link with the State (central level) remains to be defined.</p>	<p>Source: CLR</p> <p>Targets were revised upwards at the CPSPR stage.</p>



	CPS FY12-FY15: Focus Area 1 - Competitiveness	Actual Results (as of current month/year)	IEG Comments
	<p>direct payments and tracking of livestock movement in place; (ii) Percentage of holdings registered in identical entity based farm and client registry; (iii) Percentage of large livestock, small ruminants and pigs registered in the animal register; (iv) Phyto-Register operational; (v) Percentage of regulatory framework compliant with EU</p> <p>Baseline: (i) No (2010); (ii) 0%; (iii) 0%; (iv) No; (v) 0%</p> <p>Target: (i) Yes (2015); (ii) 100%; (iii) 100%; (iv) Yes; (v) 80%</p>	<p>(ii) 85%</p> <p>(iii) 85%</p> <p>(iv) Phyto-register is operational and data is entered by the Entity level inspection services</p> <p>(v) 70% of regulatory framework compliant with EU and approved by the Council of Ministers (02/2015).</p>	
	<p><u>Paying system</u> Indicator: (i) Percentage of EU Instrument for Pre-Accession Assistance in Rural Development (IPARD) payment and direct payments made through transparent paying system based on farm and client register data operating in both RS and FBH</p> <p>(ii) Ministry of Foreign Trade and Economic Relations (MoFTER) has direct access to manipulate database and generates regular reports of agriculture payments in both RS and FBH and publishes consolidated reports</p> <p>Baseline: (i) 0%; (ii) No</p> <p>Target: (i) 100%; (ii) Yes</p>	<p>(i) 95% of EU IPARD like payments and direct payments are being made through transparent paying system (2015)</p> <p>(ii) Ministry of Foreign Trade and Economic Relations (MoFTER) has partial direct access to manipulate database but still does not generate regular reports of agriculture payments in both Entities and does not yet publish consolidated reports (2015)</p>	<p>Source: CLR</p> <p>Targets were revised upwards at the CPSPR stage.</p>
	<p>8. CPS Objective: Improved performance of the irrigation systems and the irrigation institutions to support agricultural producers (Partially Achieved)</p>		
	<p>Indicator: (i) Number of hectares with improved</p>	<p>(i) 1,800 hectares (2015)</p>	<p>Source: CLR</p>



	CPS FY12-FY15: Focus Area 1 - Competitiveness	Actual Results (as of current month/year)	IEG Comments
	irrigation system; (ii) cubic meters of incremental irrigation water added; (iii) number of new operations and maintenance agreements (O&M) signed; (iv) rate of operations and maintenance fee collection Baseline (2011): (i) 0; (ii) 0; (iii) 0; (iv) 30% Target (2015): (i) 3,900 hectares; (ii) 10 million cubic meters; (iii) 4; (iv) > 30%	(ii) 5 million cubic meters (2015) (iii) 2 O&M agreements signed (2015) (iv) 30%	Targets were revised upwards at the CPSPR stage.
	9. CPS Objective: Bosnia Herzegovina participates in the South East Europe (SEE) energy market, and is meeting requirements for integration into the EU energy market (Mostly Achieved)		
	<u>Bosnia Herzegovina Participation SEE Market</u> Indicator: N/A Baseline: N/A Target: N/A	The WBG's Energy Community for South East Europe APL3 project supported Bosnia Herzegovina integration into the regional electricity market in South East Europe (SEE).	Source: CLR The CPSPR did not propose a clear and specific indicator for measuring Bosnia Herzegovina participation the SEE.
	Indicator: Number of gigawatt-hours (GWh) generated; (ii) number of laws / regulations on renewable energy enacted; (iii) number of renewable energy projects developed Baseline (i) 12,800 GWh (2005) (ii) FBH: 0; RS: 0 (2005) (iii) 0 (2005) Target (i) ≥12,800 GWh from 2005 onwards (ii) FBH: 6; RS:6 (2015) (iii) 60 (2015)	(i) As of 2015, the target had been achieved and notably exceeded in every year except 2007, when generation was 12,175 GWh, and 2012, when generation was 12,261 GWh owing to exceptionally adverse hydrological conditions (ii) A total of 6 laws / regulations on renewable energy were enacted and adopted in both entities of Bosnia and Herzegovina (2 in RS and 4 in FBiH). (iii) 60 projects and, as a result, 0.169 metric tons of CO2 equivalents a year are avoided (2015).	
	10. CPS Objective: Upgraded road network, and reduced user costs on the priority sections (Achieved)		
	Indicator: Road user costs in priority sections of FBH and RS Baseline: Republic of Srpska Road Directorate (RSRD) and Federation of	As of 2015, road user costs were 18.07% less for the nine road priority sections in FBH and 11.22% less in the selected priority sections in RS.	Source: CLR



	CPS FY12-FY15: Focus Area 1 - Competitiveness	Actual Results (as of current month/year)	IEG Comments
	Bosnia and Hercegovina Road Directorate (FBHRD) collect data and establish baseline on road used costs (2010) Target: 10% road user cost reduction (2015)		

	CPS FY12-FY15: Focus Area 2 - Inclusion	Actual Results (as of current month/year)	Comments
Major Outcome Measures	11. CPS Objective: Increased share of social benefits reach the poorest and more effective job brokerage services extended to the vulnerable active jobseekers (Partially Achieved)		
	Indicator: (i) Improved means testing of last-resort social assistance benefits; (ii) Number of vulnerable active job-seekers covered by job brokerage services; (iii) Percentage of active job-seekers covered by job brokerage services who stay employed one year after receiving the services; (iv) fiscal savings as a percentage of GDP resulting from reforms of cash transfers Baseline (i) No (2011) (ii) 1,469 (2011) (iii) N/A (2011) (iv) 0% Target (i) Yes (2015) (ii) 10,000 (2015) (iii) 35% (2015) (iv) 1.8%	(i) RS: New social assistance legislation was adopted in late 2012. There are no further amendments expected before 2016. FBH: New social assistance law is prepared incorporating an improved targeting formula for last resort social assistance program and awaiting presentation/adoption by Parliament. It is not clear when this legislation will be considered for adoption. (ii) 10,833 (04/2015) (iii) 58% (2015) (iv) Dropped	Source: CLR The fiscal saving indicator (i.e.: iv) was dropped at the CPSPR stage as the Public Expenditure DPO did not materialize. The “number of vulnerable active job-seekers covered by job brokerage services” indicator (i.e.: ii) was an output measure.
	12. CPS Objective: Increase access to quality family medicine primary health care with special focus on primary and secondary prevention of non-communicable diseases (Achieved)		
	Indicator: Percentage of population covered through family medicine in (i) FBH and (ii) RS Baseline (2004): (i) BH: 216,929 / 2,200,147 (9.8%) (ii) FBH: 130,659 / 1,000,000 (13%)	Actual Results (As of December 31, 2014) : (i) BH: 2,779,230 / 3,791,622 (73%) (ii) FBH: 1,586,000 / 2,371,603 (67%) (iii) RS: 1,193,230 / 1,326,991 (90%)	Source: CLR and Bosnia and Herzegovina Team The baselines were provided ex post at the CLR stage. The objective was supported through the (P088663) Health Sector



	CPS FY12-FY15: Focus Area 2 - Inclusion	Actual Results (as of current month/year)	Comments
	(iii) RS: 86,270 / 1,200,147 (7%) Target (2014) : (i) BH: 1,925,000 / 2,750,000 (70%) (ii) FBH: 1,050,000 / 1,500,000 (70%) (iii) RS: 875,000 / 1,250,000 (70%)		Enhancement Project. Latest management assessments rate this project as satisfactory in terms of progress toward project development outcome.
	13. CPS Objective: Improved availability, quality, environmental soundness, and financial viability of solid waste management services (Partially Achieved)		
	Indicator: (i) Percentage of households in targeted areas without formal waste management system; (ii) number of wild dumps closed Baseline: (i) 75% (2010); (ii) 0 (out of estimated 1,200 wild dumps) Target: (i) 50% reduction (2014); (ii) 25% reduction (i.e. 300 dumps closed)	(i) 6.5% reduction (equivalent to 50,000 households) (2015) (ii) 190 wild dumps closed (approximately 15% of estimated total)	Source: CLR and Bosnia and Herzegovina Team The objective has a “financial viability” dimension. However, no indicator was proposed to measure this dimension. The CLR and Bosnia and Herzegovina Team reports that 6 regional utilities have implemented cost recovery plans in solid waste management utilities. As of 2015, these 6 regional utilities are covering their operational costs.
	CPS FY12-FY15: Focus Area 3 - Environmental Sustainability	Actual Results (as of current month/year)	Comments
Major Outcome Measures	14. CPS Objective: Reduction of the population’s exposure to highly polluted water from Miljacka and Bosna rivers, and improved waste water collection in the Sarajevo Canton (Not Achieved)		
	Indicator: (i) 0 m3/day of waste water collected treated at primary level; (ii) Number of rehabilitated connections Baseline: (i) 0; (ii) 0 Target: (i) 200,000 m3/day; (ii) 48,000 connections rehabilitated	(i) 15,000 m3/day (ii) 32,000	Source: CLR
	15. CPS Objective: Reduced pollution from municipal sources into the Neretva and Bosna, subsequently reduced pollution in the Adriatic sea and Danube basin, and more sustainable water management (Mostly Achieved)		



	CPS FY12-FY15: Focus Area 3 - Environmental Sustainability	Actual Results (as of current month/year)	Comments
	<p>Indicator: (i) Percentage of municipal waste water treated and discharged according to standards; (ii) Main rivers are covered by completed or near-completed frameworks for sustainable water management</p> <p>Baseline: (i) 5.5 % (2010); (ii) No (2010)</p> <p>Target: (i) 11 % (2015); (ii) Yes (2015)</p>	<p>(i) As of 2015, 9% of municipal wastewater is treated in accordance with the standards. Upon finalization of activities on construction of the Mostar WWTP, 11% target will be fully achieved and with the finalization of the Sarajevo WWTP rehabilitation, the percentage will rise to 19%</p> <p>(ii) As of 2015, two Management Plans for Neretva and Trebisnjica River Basin (FBH and RS) had been prepared as well as the joint framework with Croatia for trans boundary management of Neretva and Trebisnjica River Basin (NTRB).</p>	<p>Source: CLR</p>
	<p>16. CPS Objective: Expanded coverage of protected forest and mountain areas, and strengthened institutional and technical capacity for their sustainable management (Achieved)</p>		
	<p>Indicator: (i) Number of hectares areas under formal protection; (ii) Institutional and technical capacity for sustainable management of protected areas strengthened in both FHB and RS.</p> <p>Baseline: (i) 112,000 ha (ii) No</p> <p>Target: (i) 153,000 ha (ii) Yes</p>	<p>(i) 280,921 ha under protection (including high value conservation forests and the special hunting reserves).</p> <p>(ii) The institutional and technical capacity for sustainable management of protected areas (PA) has been strengthened in both FHB and RES. All PAs are using M&E and the Protected Area Management Effectiveness (PAME) tracking tool to guide and assist more effective PA management and decision making. The preparation and/or implementation of management plans for all project PAs, baseline ecological assessments and the development of M&E systems in each park, as well as the use of the PAME tracking tool have contributed to the reduction in threat levels in the PAs and improved both the effectiveness of park management and the visitor numbers and revenue collection.</p>	<p>Source: CLR</p>

Annex Table 2: Planned and Actual Lending for Bosnia and Herzegovina, FY12-15

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed IBRD Amount	Proposed IDA Amount	Total IBRD/IDA	Approved IBRD Amount	Approved IDA Amount	Total IBRD/IDA	Outcome Rating
Project Planned Under CPS											
	2nd Programmatic Development Policy Operation	2012			100.0		100.0			-	DROPPED
	Disaster Management CRIF 2	2012				5.0	5.0			-	DROPPED
P115954	Irrigation Development	2012	2012	2018		40.0	40.0		40.0	40.0	LIR: S
	Total FY12				100.0	45.0	145.0	0.0	40.0	40.0	
P128950	Land registration II	2013	2013	2019		30.0	30.0		34.1	34.1	LIR: S
	Sava Waterway Rehab	2013				16.0	16.0			0.0	DROPPED
	3rd Programmatic Development Policy Operation*	2013			100.0		100.0			0.0	DROPPED
	Total FY13				100	46	146	-	34	34	
	Sector Investment Operations**	2014-2015				42.0	42.0			-	
	Regional Flood Control GEF**	2014-2015					-			-	Moved to FY16
P143580	Energy Efficiency Project	2014	2014	2018	32.0		32.0		32.0	32.0	LIR: S
P143844	Drina Flood Protection Project	2014	2014	2020	24.0		24.0		24.0	24.0	LIR: S
P151157	Emergency Flood Response	2014	2014	2019	57.0		57.0		100.0	100.0	LIR: S
	Total FY14				113.0	42.0	155.0	-	156.0	156.0	
P146740	BiH DPL	2015	2015	2016		50.0	50.0	50.0		50.0	LIR: S
	Competitiveness and Jobs	2015				48.0	48.0			-	Moved to FY16
	Total FY15				-	98.0	98.0	50.0	-	50.0	
	Total Planned				313.0	231.0	544.0	50.0	230.1	280.1	
Unplanned Projects during the CPS and CPSPR Period											
P129914	AF-SME ACCESS TO FINANCE		2012				-	120.0		120.0	Not Applicable
	Total Unplanned							120		120	
On-going Projects during the CPS and CPSPR Period											
			Approval FY	Closing FY				Approved IBRD Amount	Approved IDA Amount	Total IBRD/IDA	
P116774	SOCIAL SAFETY NETS & EMPL		2010	2016				-	15.0	15.0	LIR: MS
P090675	Sarajevo Waste Water (for. Mun. Dev.)		2010	2016				35.0	-	35.0	LIR: MS
P111780	SME ACCESS TO FINANCE		2010	2017				70.0	-	70.0	LIR: S
P107998	SOLID WASTE MGT 2		2009	2016				25.0	15.0	40.0	LIR: MS
P100792	ROAD INFRA & SAFETY		2008	2012				-	25.0	25.0	IEG: S
P101213	AG & RURAL DEVT		2007	2016					21.0	21.0	LIR: MS
P090666	ECSEE APL3-BiH		2006	2012					36.0	36.0	IEG: MS
P088663	HLT SEC ENHANC		2005	2015					17.0	17.0	LIR: S
	Total On-going							130.0	129.0	259.0	

Source: BiH CPS, CPSPR and WB AO Table 2a.1, 2a.4 and 2a.7 as of 10/11/15

Note: Regional Lending and GEF not included on the table

*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.



Annex Table 3: Analytical and Advisory Work for Bosnia and Herzegovina, FY12-15

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P122928	Public Expenditure Review (PER)	FY12	Public Expenditure Review (PER)
P113685	VRBAS INTEGRATED WATER-ENERGY STUDY	FY13	Sector or Thematic Study/Note
P148479	DeMPA SN Republika Srpska BiH	FY14	Debt management Performance Assessment(DeMPA)
P152543	BiH ICR ROSC	FY15	Insolvency Assessment (ROSC)
P150589	Financial Sector Assessment Program - FSAP	FY15	Financial Sector Assessment Program (FSAP)
P152560	Republika Srpska: Debt Management Reform Plan	FY15	Debt management Performance Assessment(DeMPA)
Proj ID	Technical Assistance	Fiscal year	Output Type
P132153	Bosnia Tobacco Crusade	FY12	TA
P112410	Social Exclusion in BH and the Global Crisis	FY12	
P122460	Pension TA	FY13	TA/IAR
P126464	Bosnia&Herz. #10121 Streng Cons. Protect	FY13	TA/IAR
P132589	Rapid assessment on Pharmaceuticals	FY13	TA/IAR
P131894	SAFE BiH PEFA 2012	FY14	TA/IAR
P147094	Debt Management	FY14	TA/IAR
P144590	BiH#10295 Liberalizing MTPL Insurance	FY15	TA/IAR
P147942	DeMPA National BiH	FY15	TA/IAR
P149748	BiH health service delivery reforms	FY15	TA/IAR
P151505	Debt Management TA	FY15	TA/EPD
P148709	Establishment of Protection Zones	FY15	Event Proceeding Document
P152226	Medium-Term Debt Strategy - BH	FY15	Advisory Services Document

Source: AO ESW/TA 8.1.4 as of 10/11/15

Annex Table 4: Grants and Trust Funds Active in FY12-15 (in US\$ million)

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P107998	Second Solid Waste Management	TF 15881	2015	2016	4,767,353
P129961	Sustainable Forest and Landscape Management Project	TF 16646	2014	2019	5,575,758
P085112	QUALITY PROTECT (GEF)	TF 15208	2014	2016	6,432,218
P128212	Improving Quality Infrastructure and Investment Climate	TF 11205	2013	2016	3,750,000
P108000	Sava Waterway Rehabilitation Project	TF 12243	2013	2014	6,378,727
P090675	Sarajevo Waste Water Project	TF 12937	2013	2016	9,869,013
P107998	Second Solid Waste Management	TF 11456	2013	2015	6,511,625
P085112	QUALITY PROTECT (GEF)	TF 11422	2012	2015	1,764,832
P085112	QUALITY PROTECT (GEF)	TF 99534	2012	2016	5,667,147
P084608	Neretva and Trebisnjica River Basin Management Project (BiH/Croatia)	TF 91969	2009	2015	6,000,000
P087094	FOREST AND MOUNTAIN PROTECTED AREAS PROJECT	TF 91919	2009	2014	3,400,000
P101213	Agriculture and Rural Development Project	TF 90773	2008	2014	5,992,008
P085112	QUALITY PROTECT (GEF)	TF 55265	2006	2016	8,900,000
Total					75,008,681



Annex Table 5: IEG Project Ratings for Bosnia and Herzegovina, FY12-15

Exit FY	Proj ID	Project name	Total Evaluated (\$M)	IEG Outcome	IEG Risk to DO
2012	P090666	ECSEE APL3-BiH	38.5	MODERATELY SATISFACTORY	MODERATE
2012	P096200	LAND REGISTRATION	14.8	SATISFACTORY	MODERATE
2012	P100792	ROAD INFRA & SAFETY	25.5	SATISFACTORY	MODERATE
2014	P087094	FOREST & MTN PROT AREA (GEF)	0.0	MODERATELY SATISFACTORY	MODERATE
Total			78.8		

Source: AO Key IEG Ratings as of 10/11/15

Annex Table 6: IEG Project Ratings for Bosnia and Herzegovina and Comparators, FY12-15

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Bih	78.8	4	100.0	100.0	100.0	100.0
ECA	8,208.1	142	85.8	75.4	65.5	63.4
World	69,256.0	850	82.0	69.8	62.1	47.7

Source: WB AO as of 10/11/15

* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 7: Portfolio Status for Bosnia and Herzegovina and Comparators, FY12-15

Fiscal year	2012	2013	2014	2015	Average
BiH					
# Proj	9	10	13	13	11
# Proj At Risk	1	3	2	2	2
% Proj At Risk	11.1	30.0	15.4	15.4	18.0
Net Comm Amt	380.2	413.8	572.0	590.8	489.2
Comm At Risk	3.4	75.5	61.0	69.8	52.4
% Commit at Risk	0.9	18.2	10.7	11.8	10.4
ECA					
# Proj	209	194	208	213	206
# Proj At Risk	47	47	37	36	42
% Proj At Risk	22.5	24.2	17.8	16.9	20.4
Net Comm Amt	22,957.9	24,571.3	26,733.6	26,278.9	25,135.4
Comm At Risk	2,652.6	3,834.9	2,635.4	3,507.2	3,157.5
% Commit at Risk	11.6	15.6	9.9	13.3	12.6
World					
# Proj	1,501	1,465	1,514	1,525	1,501
# Proj At Risk	333	368	354	366	355
% Proj At Risk	22.2	25.1	23.4	24.0	23.7
Net Comm Amt	168,430.1	171,245.8	185,123.7	193,634.0	179,608.4
Comm At Risk	23,723.1	40,131.0	40,124.1	44,818.6	37,199.2
% Commit at Risk	14.1	23.4	21.7	23.1	20.6

Source: WB AO as of 11/14/15



Annex Table 8: Disbursement Ratio for the Bosnia and Herzegovina, FY12-15

Fiscal Year	2012	2013	2014	2015	Overall Result
BiH					
Disbursement Ratio (%)	40.71	8.08	24.13	24.12	23.13
Inv Disb in FY	76.02	20.91	66.29	82.18	245.39
Inv Tot Undisb Begin FY	186.72	258.74	274.75	340.75	1,060.96
ECA					
Disbursement Ratio (%)	25.92	24.15	22.78	23.49	24.16
Inv Disb in FY	3,498.43	2,925.82	2,611.49	2,663.82	11,699.57
Inv Tot Undisb Begin FY	13,495.75	12,113.73	11,466.36	11,341.47	48,417.31
World					
Disbursement Ratio (%)	20.79	20.60	20.79	21.78	20.99
Inv Disb in FY	21,048.24	20,510.39	20,756.98	21,852.73	84,168.34
Inv Tot Undisb Begin FY	101,234.29	99,588.04	99,852.72	100,343.74	401,018.79

* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.
BW disbursement ratio table as of 10/11/15

Annex Table 9: Net Disbursement and Charges for Bosnia and Herzegovina, FY12-15

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
Jul 2011 - Jun 2012	80,644,987	47,794,328	32,850,658	8,196,537	9,156,007	15,498,115
Jul 2012 - Jun 2013	26,556,904	49,357,086	(22,800,182)	7,475,800	8,857,938	(39,133,921)
Jul 2013 - Jun 2014	65,720,630	51,578,198	14,142,432	6,019,766	9,179,358	(1,056,692)
Jul 2014 - Jun 2015	80,126,087	53,227,951	26,898,135	5,474,663	8,086,511	13,336,962
Report Total	253,048,607	201,957,564	51,091,043	27,166,766	35,279,814	(11,355,536)

Source: World Bank Client Connection 10/5/15



Annex Table 10: Total Net Disbursements of Official Development Assistance and Official Aid for Bosnia and Herzegovina

Development Partners	2012	2013
Australia	0.01	0.01
Austria	27.78	22.65
Belgium	-0.25	-0.24
Canada	1.01	0.12
Czech Republic	3.17	3.54
Denmark	0.29	0.4
Finland	0.72	0.56
France	2.64	2.71
Germany	42.9	35.83
Greece	0.44	0.15
Iceland	0.02	..
Ireland	0.15	0.03
Italy	3.7	4.51
Japan	2.64	6.53
Korea	11.84	2.25
Netherlands	7.78	6.06
Norway	19.34	14.31
Poland	1.68	-1.24
Portugal	0	-0.47
Slovak Republic	0.33	0.2
Slovenia	0.83	1.07
Spain	-3.91	-4.65
Sweden	29.49	30.07
Switzerland	18.74	22.88
United Kingdom	3.58	2.88
United States	38.48	38.97
DAC Countries, Total	213.4	189.13
EU Institutions	311.7	310.02
GAVI	..	-0.01
GEF	3.16	2.38
Global Fund	6.54	11.82
IAEA	0.15	0.52
IBRD	..	..
IDA	-1.45	-2.32
IFAD	2.21	1.2
IFC	..	..
OFID	-1.51	0.23
OSCE	16.4	14.97
UNDP	0.59	0.61
UNFPA	0.41	0.41
UNHCR	0.03	..
UNICEF	1.06	1.02
WHO	0.03	0.06
Multilateral, Total	339.32	340.91
Cyprus	0.42	0.03
Hungary	0.06	0.16
Israel	0.09	0.02
Kuwait (KFAED)	-4.04	-3.13
Romania	..	0.01
Russia	0.05	..
Turkey	21.3	22.28
United Arab Emirates	0.54	..
Non-DAC Countries, Total	18.42	19.37
Development Partners Total	571.14	549.41

Source: OECD Stat, [DAC2a] as of 10/11/15

Annex Table 11: List of IFC Investments in Bosnia and Herzegovina

Project ID	Cmt FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan
33754	2015	Active	Finance & Insurance	G	5,355	5,275	-	5,275	-	-	5,275
35851	2015	Active	Finance & Insurance	G	5,612	5,479	-	5,479	-	-	5,479
32491	2013	Active	Industrial & Consumer Products	E	10,394	10,394	-	10,394	-	-	10,394
33387	2013	Active	Nonmetallic Mineral Product Manufacturing	E	67,000	21,437	-	21,437	-	-	21,437
33532	2013	Active	Finance & Insurance	G	10,000	704	-	704	-	-	704
33999	2013	Active	Nonmetallic Mineral Product Manufacturing	E	1,200	1,200	-	1,200	734	-	466
Sub-Total					99,560	44,488	-	44,488	734	-	43,754

Investments Committed pre-FY12 but active during FY12-15

Project ID	Cmt FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan
29692	2011	Active	Nonmetallic Mineral Product Manufacturing	E	42,141	19,505	-	19,505	-	-	19,505
25602	2010	Active	Finance & Insurance	E	2,513	1,840	-	1,840	-	-	1,840
26191	2008	Active	Health Care	G	24,329	6,428	-	6,428	2,069	-	4,359
26693	2008	Active	Industrial & Consumer Products	E	79,464	34,491	-	34,491	-	-	34,491
25557	2007	Active	Chemicals	E	65,288	31,578	-	31,578	-	-	31,578
23939	2005	Active	Finance & Insurance	G	16,328	15,505	-	15,505	-	-	15,505
27425	2009	Closed	Finance & Insurance	E	11,000	8,944	-	8,944	6,737	-	2,208
Sub-Total					241,062	118,291	-	118,291	8,806	-	109,485
TOTAL					340,622	162,779	-	162,779	9,539	-	153,239



Annex Table 12: List of IFC Advisory Services for Bosnia and Herzegovina Approved in FY12-FY15

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
598007	Bosnia & Herzegovina Health	2014	2015	TERMINATED	PPP	452,000
599655	Bosnia & Herzegovina G&A	2014	2017	ACTIVE	CAS	493,011
598047	Bosnia PPP Road	2013	2016	ACTIVE	CAS	1,500,429
587227	Bosnia and Herzegovina Investment Climate Project (ISCRA)	2012	2015	ACTIVE	TAC	3,013,881
	Sub-Total					5,459,321

Advisory Services Approved pre-FY12 but active during FY12-15

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
569807	Microfinance Bosnia	2011	2017	ACTIVE	FAM	2,047,715
575567	Renewable Energy Bosnia Small Hydro Power	2011	2016	ACTIVE	CAS	1,526,840
559505	WWB TA for Mi Bospo Transformation in Bosnia	2009	2012	CLOSED	A2F	205,600
565707	ISTR BiH Exten	2009	2012	CLOSED	SBA	524,122
567010	CorpGovBOS-II	2009	2012	CLOSED	SBA	519,446
546045	Nova Banka TA	2008	2012	CLOSED	A2F	379,962
555367	Bosnia Sub-national Competitiveness	2008	2012	CLOSED	IC	3,020,106
	Sub-Total					8,223,791
	TOTAL					13,683,112

Regional Advisory Services active during FY12-15

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
572687	Trade Logistics South East Europe	2012	2016	ACTIVE	TAC	2,731,924
595887	WBC Agribusiness study	2012	2013	CLOSED	SBA	139,848
595107	Southeast Europe Regional Tax Transparency & Simplification Project	2013	2017	ACTIVE	TAC	2,886,574
586209	ECA Corporate Governance Project	2011	2016	ACTIVE	SBA	5,175,199
	TOTAL					10,933,545

Source: IFC AS Data as of June 30, 2015



Annex Table 13: IFC Net Commitment Activity for Bosnia and Herzegovina

	2012	2013	2014	2015	Total
Financial Markets	-	-	-	10,125,950	10,125,950
Trade Finance (TF)	-	-	703,870	0	703,870
Manufacturing	-	33,215,375	-	(733,725)	32,481,650
Consumer & Social Services	(284,250)	73,050	(1,960,125)	-	(2,171,325)
Total	(284,250)	33,288,425	(1,256,255)	9,392,225	41,140,145

Annex Table 14: List of MIGA Activities in Bosnia and Herzegovina for FY09-FY15

ID	Contract Enterprise	FY	Project Status	Sector	Investor	Max Gross Issuance
12945	Mercator BH d.o.o.	2015	Proposed	Services	Slovenia	22
12893	RBI Central Bank Reserves Coverage	2015	Active	Banking	Austria	130
10174	Mercator – BH Bosnia and Herzegovina	2012	Active	Services	Slovenia	43
10163	M – BL Bosnia and Herzegovina	2012	Active	Services	Slovenia	38
10204	Mercator – BH Bosnia and Herzegovina	2012	Not Active	Services	Slovenia	6
11034	Mercator – BH Bosnia and Herzegovina	2012	Active	Services	Slovenia	14
9188	ProCredit Group Central Bank Mandatory Reserves Coverage	2011	Active	Banking	Germany	13
7591	Raiffeisen Leasing d.o.o. Sarajevo	2009	Active	Leasing	Austria	48
Total						313

Source: MIGA 10-13-15

Annex Table 15: Economic and Social Indicators for Bosnia and Herzegovina, FY12-15

Series Name	2012	2013	2014	2015	BiH	ECA	World
						Average 2012-2015	
Growth and Inflation							
GDP growth (annual %)	-1.2	2.5	1.2	..	0.8	0.6	2.4
GDP per capita growth (annual %)	-1.1	2.6	1.4	..	1.0	0.2	1.1
GNI per capita, PPP (current international \$)	9,460.0	9,670.0	10,040.0	..	9,723.3	28,134.0	14,405.3
GNI per capita, Atlas method (current US\$)	4,610.0	4,790.0	4,780.0	..	4,726.7	25,244.4	10,618.5
Inflation, consumer prices (annual %)	2.0	-0.1	-0.9	..	0.3	1.7	3.0
Composition of GDP (%)							
Agriculture, value added (% of GDP)	7.7	8.5	7.6	..	7.9	1.98	3.07
Industry, value added (% of GDP)	26.6	27.1	26.8	..	26.9	25.00	26.62
Services, etc., value added (% of GDP)	65.7	64.4	65.6	..	65.2	73.02	70.35
Gross fixed capital formation (% of GDP)	18.6	17.9	..	..	18.2	19.55	21.83
Gross domestic savings (% of GDP)	-5.1	-3.0	..	..	-4.1	22.02	22.33
External Accounts							
Exports of goods and services (% of GDP)	30.9	32.0	..	..	31.4	40.9	29.9
Imports of goods and services (% of GDP)	55.2	53.1	..	..	54.1	38.6	29.8
Current account balance (% of GDP)	-8.9	-5.8	-7.6	..	-7.4	..	..
External debt stocks (% of GNI)	62.2	60.9	..	..	61.6	..	..
Total debt service (% of GNI)	6.2	6.2	..	..	6.2	..	..
Total reserves in months of imports	5.3	5.9	5.3	..	5.5	6.6	13.5
Fiscal Accounts ¹							
General government revenue (% of GDP)	46.3	45.3	45.9	46.5	46.0	..	..
General government total expenditure (% of GDP)	48.9	47.2	48.8	48.1	48.3	..	..
General government net lending/borrowing (% of GDP)	-1.9	-1.2	-2.2	-0.7	-1.5	..	..
General government gross debt (% of GDP)	43.6	41.6	44.8	45.5	43.8	..	..
Social Indicators							
Health							
Life expectancy at birth, total (years)	76.1	76.3	..	..	76.2	76.7	70.8
Immunization, DPT (% of children ages 12-23 months)	92.0	89.0	86.0	..	..	95.7	85.7
Improved sanitation facilities (% of population with access)	94.8	94.8	94.8	94.8	..	92.9	66.7
Improved water source, rural (% of rural population with access)	99.5	99.7	100.0	100.0	99.8	95.6	83.4
Mortality rate, infant (per 1,000 live births)	5.9	5.6	5.4	5.1	5.5	10.3	33.2
Education							
School enrollment, preprimary (% gross)	..	..	..	..	..	76.2	53.5
School enrollment, primary (% gross)	..	..	..	..	..	102.2	108.2
School enrollment, secondary (% gross)	..	..	..	..	..	102.4	74.6
Population							
Population, total (Millions)	3,828,419.0	3,823,533.0	3,817,554.0	..	3,823,168.7	898,965,230.3	7,174,800,300.7
Population growth (annual %)	-0.1	-0.1	-0.2	..	-0.1	0.4	1.2
Urban population (% of total)	39.4	39.5	39.6	..	39.5	70.5	52.9

Source: WDI Central 9/24/15

¹International Monetary Fund, World Economic Outlook Database, October 2015

