

Completion and Learning Review

Bosnia and Herzegovina

FY16-FY21 Country Partnership Framework

June 30, 2022

Ratings

	CLR Rating	CLRR (IEG) Rating
Development Outcome:	Moderately Satisfactory	Moderately Unsatisfactory
WBG Performance:	Good	Fair

I. Executive Summary

- i. This review of the World Bank Group's (WBG) Completion and Learning Review (CLR) covers the period FY16-FY20 of the Country Partnership Framework (CPF), and its adjustments at the FY19 Performance and Learning Review (PLR) stage.
- ii. The WBG program sought to address some of Bosnia and Herzegovina's (BiH) main development challenges: its disproportionately large public sector and its heavy dependence on remittances, fueling consumption-based growth. The CPF addressed problems identified in the 2015 Systematic Country Diagnostics for BiH, which were included in the Reform Agenda 2015-2018, a document agreed in July 2015 between the Council of Ministers of BiH, the Governments of the Federation of Bosnia and Herzegovina (FBiH), Republika Srpska (RS), the Brčko District, and the 10 cantons that make the territory of BiH. The Reform Agenda listed six areas of importance: (i) public finance, taxation and fiscal sustainability; (ii) business climate and competitiveness; (iii) labor market; (iv) social welfare and pension reform; (v) rule of law and good governance; and (iv) public administration reform. The areas covered the nine constraints the Systematic Country Diagnostic (SCD) identified, most of them addressed in the CPF's three Focus Areas (FA) of increasing public sector efficiency and effectiveness (FA I),

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creating conditions for accelerated private sector growth (FA II), and building resilience to natural shocks (FA III).

iii. **IEG rates the CPF development outcome as Moderately Unsatisfactory. Of the eight objectives, one was achieved, two were mostly achieved, and five were partially achieved.** Substantive outcome gains in Focus Area I (increasing public sector efficiency and effectiveness) included: making data on public sector arrears in RS and FBIH publicly available (objective 1, partially achieved), reducing the amounts transferred to the pension system in FBIH and improving the financial sustainability of the railways in Republika Srpska (Objective 2, partially achieved), and aligning and raising taxes on tobacco to European Union (EU) standards and improving services of water and wastewater (Objective 3, partially achieved). There were no gains in reducing public sector arrears and general government pension expenditure (Objective) or in reducing the fiscal burden of SOEs (Objective 2), and there is no evidence of improvements in the quality of health services (Objective 3). In Focus Area II (creating conditions for accelerated private sector growth) there were some gains in expanding finance for MSME and in increasing formal employment in the private sector and employment through IFC investments (Objective 4, mostly achieved); there were temporary gains in improving the targeting of social assistance programs but not in increasing labor force participation (Objective 5, partially achieved) and in saving energy and expanding renewable energy capacity but not in reducing travel time among major growth poles (Objective 6, mostly achieved). There were no gains in improving the business climate. (Objective 4). In Focus Area III (building resilience to natural shocks) there were gains in assisting people in areas prone to or affected by floods and strengthening the capacity to manage floods (Objective 8, achieved), but not in expanding the collection rate and the disposal capacity of landfills to reach minimum EU standards (Objective 7, partially achieved).

iv. **WBG performance was Fair.** The WBG designed a relevant strategy and produced a results framework which reflected the twin goals. The CPF addressed the issues identified in the Systematic Country Diagnostic and the Reform Agenda as preventing BiH from having more jobs, faster and more sustainable economic growth, and more effective social assistance programs. Despite these solid foundations, it is unclear if the selection of objectives was guided by the analytic work or by the activities carried out and their expected results at the time the CPF was approved, thereby putting into question the program's coherence. Although program objectives were relevant, in some instances the logical chain between objectives, activities and results was not coherent, as the choice of results indicators was inadequate to measure outcomes and achievement of objectives. That mismatch makes it reasonable to ask if the relevance of objectives derives from chance or design. The CPF did not define baseline or target values for some indicators, a deficiency remedied at the PLR stage. These shortcomings did not affect program implementation, which the WBG implemented well. When political conditions in support of reform ceased to exist, it appropriately curtailed the program's financial scope by two-thirds and focused on investment project operations, ASA activities, and policy dialogue in

key sectors in support of the CPF objectives. IFC and the WB collaborated on the response to floods and the COVID pandemic, on the green transition, on designing interventions related to SOEs, and on the work on energy that supported the transformation of the sector. The WBG cooperated with bilateral partners, such as the United States, Great Britain, Switzerland and Sweden, and multilateral partners such as the IMF, EU, EIB and EBRD. Complex country procedures delayed the effectiveness dates of projects by 11 months on average. The WBG had little control over this. To overcome this constraint, the WBG strengthened the dialogue with the authorities but did not succeed, as the country's complex legal system and institutions make it hard to reduce and simplify procedures. WBG monitored compliance with safeguards and INT reviewed complaints on fiduciary issues. This CLRR rates the program outcome lower than average project ratings, indicating a disconnect between project outcomes and achievement of CPF objectives, as some indicators cannot measure achievement of objectives and there are gaps in evidence on the achievement of outcomes. The additional evidence presented in the CLR is insufficient to compensate for shortcomings in the results framework.

v. **Some of the WBG supported achievements on BiH's development priorities included:**

- Helping to advance the Compact for Growth Initiative and the Reform Agenda.
- Reducing transfers to finance in the pension system in FBiH.
- Improving the financial sustainability of the railways in Republika Srpska.
- Aligning excise taxes on tobacco with EU standards.
- Raising the proportion of collected wastewater that is treated.
- Increasing lifetime energy savings and the capacity to produce renewable energy.
- Strengthening the capacity to manage water resources.

vi. **IEG agrees with most of the CLR's lessons**, in particular with regard to (a) engaging citizen/stakeholders early in project preparation and building evidence to support their design and implementation; (b) collaborating early on with the relevant counterparts to reduce the time it takes for projects to become effective; (c) furthering market creation efforts through key reforms and interventions in specific sectors and (d) paying special attention to selecting the results indicators.

II. Strategic Focus

Relevance of the CPF

1. **Country Context.** Bosnia and Herzegovina (BiH) comprise the Brčko District and the entities of Federation of Bosnia and Herzegovina (FBiH or FBH) and Republika Srpska (RS) –see map below. FBiH covers 51 percent of BiH's total area and RS covers 49 percent. The Brčko District in the north of the country was created in 2000, out of land from the two entities; the District functions under a decentralized system of local government and neither of the entities govern it. Ten cantons in FBiH represent the third level of political subdivision, and each has a cantonal government which is under the law of FBiH. Municipalities constitute the fourth level of political division, of which 79 are in FBiH and 64 in RS. The country has a parliamentary representative democracy, whereby the Council of Ministers of BiH exercises executive power.

Legislative power is vested in both the Council of Ministers and the Legislative Assembly of BiH. The Presidency of BiH consists of three members (Bosniak, Serb, Croat) and the Chair of the Presidency rotates among the three, each elected as the chair for an eight-month term within the four-year term as a member. FBIH voters vote for the Bosniak, and Croat Presidency members and RS voters vote for the Serb.¹

2. **BiH is an upper middle-income country and IBRD borrower. The last census reported a population of 3,531,159 in 2013, higher than the 2022 population estimate of 3,252,560 from the United Nations.**² Annual GDP growth averaged 1.9 percent during 2016-2020, below the 2.1 percent average for countries in the Europe and Central Asian region (ECA). BiH's gross national income (GNI) per capita averaged US\$14,600 (PPP, current international \$) during 2016-2020, about 32 percent of the income in the European Union (EU) and 65 percent of that in the ECA region. Life expectancy at birth was 77.4 years in 2019. Household poverty in 2015, based on the national poverty line, was 16.5 percent in BiH, 17.4 percent in Republika Srpska's (RS) and 16.0 percent in the Federation of Bosnia and Herzegovina's (FBIH); poverty rates were 19 percent in rural areas and 9 percent in urban areas. Information on poverty rates has not been updated since 2015. Its Gini coefficient was 33 percent in 2007, the latest available.



¹ https://en.wikipedia.org/wiki/Bosnia_and_Herzegovina

² <https://worldpopulationreview.com/countries/bosnia-and-herzegovina-population>

3. **BiH has a disproportionately large public sector, which employed 29 percent of all workers and 39 percent of all formal sector workers in 2016.**³ Remittances combined with the large public sector, which favors spending on wages and transfers over investments, support the country's consumption driven economic model. Most of the population dependent on social programs live in rural areas, and lack of jobs in urban areas keep them there. To eliminate poverty and reaching higher income levels will require reducing the footprint of the public sector and better integrate the country with international markets, especially the European Union. To achieve this, BiH must invest and export more, for which it needs a business environment more conducive to creating companies that can compete abroad.

4. **The WBG's Systematic Country Diagnostic (SCD) for BiH (2015) identified nine priorities for increasing shared prosperity and sustainable development.** These are classified in three groups. **Group 1, top priorities** (rebalancing incentives for shared prosperity and sustainable development): (i) reforming the labor market, improving social protection delivery, and reducing the cost of labor; (ii) improving competitiveness, entrepreneurship, and the investment climate; (iii) reducing the size of the public sector, ensuring fiscal sustainability, and improving public service delivery; (iv) investing in economic infrastructure. **Group 2, high priorities** (securing a resilient and long-term future): (v) cope with adverse natural events and (vi) improving education services and labor market skills. **Group 3, medium priorities** (ensuring stable and sustainable economic opportunities) were: (vii) maintaining financial stability and expanding access to finance; (viii) reducing pollution and protecting the environment; (ix) increasing agricultural productivity and opportunities. These priorities remained largely unchanged in the SCD of 2020.

5. **Government Strategy and CPF.** The government strategy resulted from an agreement reached in July 2015 between the Council of Ministers of BiH, the Governments of FBiH, RS, Brcko District and the 10 cantons that make the territory of BiH. The Reform Agenda covered the period 2015-2018 and listed six areas of importance: (i) public finance, taxation and fiscal sustainability; (ii) business climate and competitiveness; (iii) labor market; (iv) social welfare and pension reform; (v) rule of law and good governance; and (vi) public administration reform. The SCD contributed to the Compact for Growth Initiative in Bosnia-Herzegovina which helped guide the discussions that led to adopting the *Reform Agenda for Bosnia and Herzegovina 2015-2018*. All levels of government agreed "not to challenge, hamper or block the implementation of arrangements with International Financial Institutions who are directly and indirectly related to the reform process that is implemented or being implemented by a particular level of authority within its constitutional jurisdiction" (*Reform Agenda for Bosnia and Herzegovina 2015-2018, Final*, numeral 17).

6. **Relevance of Design.** In line with the SCD and the Government's 2015-2018 Reform Agenda, the WBG-supported program sought to change the priorities of the country's development model so that the private sector would play a larger role in driving growth, the tax burden on work and investment would fall significantly, and the public sector's size would decline. The interventions were appropriate to address the CPF objectives and the

³ The World Bank, Bosnia and Herzegovina: Growth and Jobs, Report No. AUS0000930, December 2019

problems identified, but the results chain faltered in measuring properly the program's outcomes and the achievement of objectives, as explained below. Focus Areas and objectives remained unchanged over the period, and weaknesses in the results chain were not addressed at the PLR stage. The design of the CPF took into account the lessons from the CLR for the FY12-FY15 country partnership strategy on being more selective, adopting a flexible approach to programming and ensuring that the client owned and engaged with the program and had a dialogue with stakeholders when designing and implementing projects. The COVID pandemic did not affect in any significant manner the lending and ASA program, but the WBG added a loan to support BiH's effort to manage it.

Results Framework

7. **The results framework contains adequate information about WBG interventions (lending and ASA) that would contribute to delivering the expected results, but its ability to capture results and progress towards objectives was limited.** In some instances, the indicators could be measured, and the information obtained. In other instances, outcome indicators and their baseline and target values had measurement and definitional problems that make it difficult to assess performance with confidence. First, some data could be found. Second, other indicators were not well defined, (e.g., tobacco taxes in objective 3, for which it was unclear whether the indicator referred to the ad-valorem rate or the absolute amount per pack of 20, or the indicator for outpatient expenditure on drugs). Third, some indicators are not drawn from the projects or ASA that formed part of the WBG program, such as the indicator on travel time savings. In some instances, like improve service delivery (objective 3), flexible labor market (objective 5), and degradation of natural resources (objective 7) the indicators do not provide adequate information to assess progress toward objectives.

Alignment

8. **The program implemented during the CPF period was broadly aligned with the WBG's twin goals; however, lack of updated poverty data since 2015 made measuring progress difficult.** The interventions the program supported could lead to faster growth, better standards of living, better use of natural resources and more resilience to shocks. Focus Area I (increasing public sector efficiency and effectiveness) sought to reduce waste in the government sector and make space for private sector growth, which could lead to faster growth, and thus poverty reduction and increasing shared prosperity. Focus area II (creating conditions for accelerated private sector growth) sought to help increase employment, cut red tape, improve access to finance for MSME and expand housing finance, and increase the participation of working age population in the labor force, especially of women, thereby improving people's chance to raise their income. Focus area III (building resilience to natural shocks) sought to improve access to water and sanitation services, help people and communities to manage better the risks of floods, and to manage land resources in a sustainable manner. While this did not address poverty reduction directly, it helped improve the standards of living of the poor, as they were more likely to lack water and sanitation services, access to non-degraded land and adequate protection from natural disasters. The program was also aligned with corporate priorities in climate change in supporting the expansion of renewable energy sources, the

adoption of sustainable land management practices, better water and wastewater services, better management and control of floods and the expansion of collection rate and disposal capacity of landfills.

III. CPF Description and Performance Data

Advisory Services and Analytics

9. **World Bank. The ASA program consisted of 34 tasks across 14 global practices that helped build knowledge about BiH and its entities, and to inform the policy advice and the lending program.** An important contribution came from activities that supported the Compact for Growth and the report on “Revving Up the Engines of Growth and Prosperity in the Western Balkans.” The compact was a short collection of policy notes (FY16) that identified problems and recommended actions to address them. The notes covered governance and public sector reform, social assistance and pensions, labor markets, and competitiveness and business environment. The CPF addressed these challenges in Focus Areas I and II. The report (FY2017) consisted of an extensive analysis that came to similar conclusions and recommendations than the shorter policy notes that supported the BiH Compact for Growth Initiative. Advisory activities for reforming debt management, clearing public sector arrears, recording expenditure arrears, macro-modelling and diagnosing fiscal policy, modernizing the SOE sector and building capacity for medium-term fiscal planning and forecasting supported the dialogue and filled knowledge gaps on pension and public finance reform, debt management and public sector arrears. Technical assistance on the practice of commercial justice examined how courts operate in commercial processes and identified areas where their performance and, as a result, the business environment, could be improved. The work on growth and jobs found that the obstacles to the growth of employment arose from skills mismatches, the State’s large footprint as employer and economic actor, and the high levels of remittances and public transfers. The report is unlikely to have influenced the CPF’s performance and results, as it was published in 2019, but it provided a basis for discussing further reforms to drive jobs and growth. The railways policy note (October 2016) diagnosed the problems in the sector and the structural arrangements that the two railways’ companies, one in RS and other in FBiH, needed to adopt to comply with the EU railways acquis, and their implications for the train operating companies and the infrastructure management companies. It informed the design of the railways project in RS. The advisory activities on solid waste management reviewed municipal solid waste management in BiH and contributed to better understand actions needed to advance the sector in line with the EU acquis. The report helped dispel the prevailing idea that investment of infrastructure was sufficient to solve problems in the sector, and it made clear that a strong institutional and financial framework was necessary to have sustainable waste management operations in the country.

10. **IFC Advisory projects targeted regulations from cantons and municipalities to entities and country level that hampered private sector development.** For example, the projects targeted legal obstacles to viable debt resolution, barriers to investment and access to external markets, expanding financial education or the environment in which microcredit organizations

operate. The projects targeted relevant issues, but the COVID-19 outbreak may affect their impact as business conditions deteriorated in BiH during the past two years. IFC, though, sought to help alleviate the impact of COVID through its Distresses Asset Recovery Program. See discussion of objective 4 in the Development Outcome section for more details.

Lending and Investments

11. **During the CPF period, lending was less than the amount planned due to weaker-than-expected commitment to policy reform.** Outstanding commitments at the start of the CPF period amounted to US\$581 million while new ones reached US\$477 million. Four development policy financing operations for US\$375 million accounted for one third of the total planned. New commitments reached only about one third of what was planned in the CPF (US\$1.04 billion) because the four DPL operations were dropped, and eight others planned for in the CPF did not advance due to a lack of interest in the underlying policy reforms in BiH. While the objectives of the CPF remained unchanged, financial support for Focus Area I with four DPLs disappeared as the authorities did not pursue the expected SOE and fiscal policy reforms. Lending for finance, competitiveness and innovation fell to US\$60 million from US\$190 million before the CPF; on the other hand, lending for social protection rose to US\$56 million from US\$15 million before the CPF, reflecting the need to protect the vulnerable and better target expenditure. Besides agriculture and food, the largest drop occurred in urban, resilience and land, with US\$22 million during the CPF compared with US\$175 million before the CPF, as there were no floods and support to wastewater and solid waste management did not require additional resources. The additional projects consisted of an IDA19 Crisis Response Window credit for a US\$36 million emergency COVID project (FY20) and US\$65 million for a firm recovery and support project (FY21) to assist BiH in weathering the impact of the COVID pandemic. Additional support to address the effects of the pandemic came through restructuring of an employment support project to help people who had lost their jobs because of the pandemic. The new lending reflected well the CPF objectives and the changing political circumstances in the country, where the appetite for reform was weaker than expected.

12. **Eleven trust funds financed US\$56 million in projects mostly in water and solid waste management,** but also in forest and landscape management, and activities in finance, competitiveness and innovation (US\$3.8 million), health (US\$1.4 million), and governance (US\$0.2 million). Seven trust funds that financed projects in water and wastewater management supported objectives 3 and 7 of the CPF. The other trust funds provided grants seeking to support hard to employ and newly unemployed job seekers who lost their jobs due to COVID-19 pandemic to transition into formal private sector jobs (Objective 5), building capacity of forestry sector stakeholders for sustainable forest and land management (Objective 7), reducing selected non-communicable diseases risk factors by promoting tobacco and alcohol control in selected beneficiaries (Objective 3), improving the inspections system to reduce the risks of conducting business in BiH (Objective 4), and to strengthen fiscal responsibility and sound financial management and control in the F BiH's budget cycle (Objective 1).

13. **Most IEG validated projects show positive results.** Of 12 validated projects, IEG rated the outcome of five as Satisfactory, another five as Moderately Satisfactory, and two as

Moderately Unsatisfactory. IEG rated the risk to development of outcome for five of the 12 as high in one, significant in two, and moderate in two.⁴ Self-ratings for ongoing projects show satisfactory performance at exit—project outcomes rated moderately satisfactory or better – 83 percent of projects or 96 percent when weighted by commitment size, above the averages for the ECA region (83%, 81%) and the World Bank (78%, 83%).

14. During the CPF period, projects at risk declined and performed better than comparators in ECA or the World Bank, both as a share of projects and weighted by net commitments. Self-ratings in recent implementation status reports of five active projects show that progress towards achievement of project development outcomes is satisfactory or moderately satisfactory; one project closed on June 30, 2021, and IEG evaluated and rated it as moderately satisfactory.

15. IFC invested US\$13.2 million in the chemicals and finance and insurance sectors during FY16-21. At the start of the CPF period, IFC's outstanding portfolio was US\$61.1 million, with net commitments in finance and insurance (9% of total), manufacturing of non-metallic mineral products (35%) and industrial and consumer products (56%). The investments supported objectives 4 (microfinance) and 6 (energy efficiency) of the CPF; investments supporting objective 6 indirectly helped improve the environment.

16. Five IFC advisory services supported objective 4 (competitive business environment and access to finance) and objective 6 (upgrade economic infrastructure-renewable energy) and four had their development outcomes rated as Mostly Successful or higher. Two of the projects were approved in FY11, one in renewable energy (US\$3.29 million) and other in microfinance (US\$0.1 million). During FY16-FY21, IFC approved US\$12.3 million for advisory services projects for sub-national investment climate (US\$8.2 million), debt resolution in BiH (US\$1.6 million), and improving the investment climate and access to markets (US\$2.5 million). The energy project closed in FY16 and IEG rated it as Mostly Successful; the other four projects are still active and IFC self-rated the development results as successful for one, mostly successful for two and mostly unsuccessful for one. The energy project supported the objective of upgrading economic infrastructure through (a) improvements in the regulatory framework for developing renewable energy, and (b) the work with private developers to improve their design and business plans for small hydropower plants and with selected financial intermediaries to improve their internal capacities and knowledge of project financing and hydropower plants.

17. IFC's loan portfolio by end-FY21 had one of two projects performing well. For the FY16-21 period IEG validated two XPSR, and rated Mostly Successful one manufacturing, agriculture and services project and Mostly Unsuccessful one financial sector project.

18. MIGA had six active political risk guarantees supporting investments in the financial sector during the period, for a total of US\$529 million. These had been approved prior to the CPF period. Five guarantees were for commercial banks, and one was to insure mandatory reserves at the Central Bank. No new guarantees were approved during the CPF period.

⁴ IEG has recently stopped rating risk to development outcome in ICRRs although it is still discussed.

IV. Development Outcome

A. Overall Assessment and Rating

19. **IEG rates the CPF development outcome as Moderately Unsatisfactory.** Of the eight objectives, one was achieved, two were mostly achieved, and five were partially achieved. Substantive outcome gains in Focus Area I (increasing public sector efficiency and effectiveness) included: making data on public sector arrears in RS and FBIH publicly available (Objective 1, partially achieved), reducing the amounts transferred to the pension system in FBIH and improving the financial sustainability of the railways in Republika Srpska (Objective 2, partially achieved), aligning and raising taxes on tobacco with European Union (EU) standards and improving services of water and wastewater (Objective 3, partially achieved). There were no gains in reducing public sector arrears and general government pension expenditure (Objective 1, partially achieved) or in reducing the fiscal burden of SOEs (Objective 2), and there is no evidence of improvements in the quality of health services (Objective 3). In Focus Area II (creating conditions for accelerated private sector growth) there were some gains in expanding finance for MSME and in increasing formal employment in the private sector and employment through IFC investments (Objective 4, mostly achieved); there were temporary gains in improving the targeting accuracy of social assistance programs but not in increasing labor force participation (Objective 5, partially achieved); there were gains in saving energy and expanding renewable energy capacity but not in reducing travel time among major growth poles (Objective 6, mostly achieved). There were no gains in improving the business climate (Objective 4). In Focus Area III (building resilience to natural shocks) there were gains in assisting people in areas prone to or affected by floods and strengthening the capacity to manage floods (Objective 8, achieved), but not in expanding the collection rate and the disposal capacity of landfills to reach minimum EU standards (Objective 7, partially achieved).

Objectives	CLR Rating	CLRR (IEG) Rating
Focus Area I: Increasing public sector efficiency and effectiveness	Moderately Satisfactory	Moderately Unsatisfactory
Objective 1: Improve management and efficiency of public finances	Not Achieved	Partially Achieved
Objective 2: Strengthen the governance and reduce the fiscal burden of SOEs	Mostly Achieved	Partially Achieved
Objective 3: Improve public service delivery	Mostly Achieved	Partially Achieved
Focus Area II: Creating conditions for accelerated private sector growth	Moderately Satisfactory	Moderately Satisfactory
Objective 4: Support a competitive business environment and access to finance	Mostly Achieved	Mostly Achieved
Objective 5: Improve labor market flexibility and social protection	Not Achieved	Partially Achieved
Objective 6: Upgrade economic infrastructure	Mostly Achieved	Mostly Achieved
Focus Area III. Building resilience to natural shocks	Moderately Satisfactory	Moderately Satisfactory
Objective 7: Prevent the degradation of natural resources	Partially Achieved	Partially Achieved
Objective 8: Build resilience to floods	Mostly Achieved	Achieved

B. Assessment by Focus Area/Objective

Focus Area I: Increasing public sector efficiency and effectiveness

20. Focus Area I supported the government's policy of improving public sector efficiency and effectiveness through better management and efficiency of public finances, stronger governance and lower fiscal burden of state-owned enterprises (SOE), and better delivery of public services.

21. **Objective 1: Improve management and efficiency of public finances.** The objective was supported by: (a) one public finance DPL (FY17); (b) technical assistance on wage bill management (FY16), macro modelling (FY18), public sector arrears (FY18), and debt sustainability and expenditure arrears recording (FY19); and (c) a study on health sector arrears (FY18). The DPL's eight prior actions sought to (a) improve the transparency of public finances by strengthening the medium-term management of public assets and liabilities and (b) lower the fiscal pressures related to public employment, insolvency, and pharmaceuticals by enhancing their regulatory framework. The expected results were the reporting of debt and arrears of budget users and of the health sector, a lower public wage bill in BiH, resolving insolvency of public enterprises and reducing the maximum wholesale drug price of 20 prescription medicines. The technical assistance supported activities aimed at improving the management of public expenditure while the study on health sector arrears recommended actions to improve health financing and purchasing, the efficiency and quality of health service

delivery and the governance, stewardship and accountability of the health system. The interventions were relevant to address and help solve problems in public finance.

22. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Public sector arrears are documented, publicly available and updated on a regular basis and the level of such arrears is reduced as share of GDP.	No data (2015)	Public sector arrears data available and updated on website of relevant ministries, and level of arrears reduced relative to initial estimates (2020)	Data on arrears to the tax office (contribution for health, pension, and other obligations envisioned by Law) exist and are available in the web sites of the FBIH and RS tax administrations. IEG could not verify the reduction in arrears.	Partially Achieved
Reduction in general government pension expenditure as share of GDP	10.4% (2015)	9.4% (2020)	10.3% (2020)	Not Achieved

23. **The review rates the objective as *Partially Achieved*.** The information on public sector arrears for RS and FBIH is now publicly available and updated regularly; IEG could not verify if the level of arrears as a share of GDP had fallen by 2020.

24. **Objective 2: Strengthen the governance and reduce the fiscal burden of SOEs.** The WBG contributed with: (a) one public finance DPL; (b) one investment loan for the railway company in the Republika Srpska; (c) two TAs for Western Balkans pensions; (d) one trust funded activity supporting stronger legislative scrutiny in the Western Balkans; and (e) note on social expenditure in BiH. The DPL addressed several aspects of public finance one of which was the reform of the pension system as controlling pension expenditure was essential to control the growth of contingent liabilities. The loan for the railway company aimed at controlling arrears by improving its financial performance due to substantial losses in passenger services which more than offset the surplus on its freight operations.

25. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Reduction in financing transfer to the pension system in FBH excluding transfers for unpaid past pension contribution.	1.3 percent of GDP (2015)	1.1 percent of GDP (2020)	0.8% (2020).	Achieved
Improving financial sustainability of the railways in Republika Srpska by reducing working ratio in Public Company RS Railways.	RS Railways working ratio 1.7 (2015)	1.0 (2020)	0.98 (October 2021).	Achieved

26. **The review rates the objective as *Partially Achieved*.** The indicator on pension expenditure in objective one measures what happens with total government expenditure in pensions in BiH. Therefore, it is unclear why the CPF added a second indicator for pension expenditure for one entity, FBiH, and what is its relation to SOEs governance and fiscal burden. Comparing the path of pension expenditure in BiH and in FBiH suggests that pension in the rest of BiH worsened during the CPF period and that such expenditure is not yet under control. While the financial performance of the railways –just one SOE among many– improved, from that result it cannot be concluded that governance of SOEs improved and the fiscal burden of SOEs declined.

27. **Objective 3: Improve public service delivery.** The WBG contributed with (a) one public finance DPL, one trust-funded project to reduce health risk factors (e.g., smoking), one GEF-funded project for protecting water quality, one investment project for the Danube Water Program, and one loan for Sarajevo wastewater; and (b) one public expenditure review. The DPL supported updating the rulebook designed to regulate wholesale prices of prescription medicine.

28. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Tobacco excise taxes are aligned with EU standards.	min. 51 EUR per 1000 cigarettes (2015)	min. 75 EUR per 1000 cigarettes (2020)	176 BAM/1000 or 89.8 Euro/1000 (2019 and 2021)	Achieved
Reduce expenditures on outpatient drugs	KM 72 million (2015)	10 percent reduction (2020)	Not Verified	Not Verified
Improved services of water and wastewater.	3% of collected wastewater is treated (2015)	30% of collected wastewater is treated (2020)	44% (2020)	Achieved

29. **The review rates the objective as *Partially Achieved*.** The tax on tobacco was expected to lower its consumption thereby improving health outcomes via lower incidence of non-communicable diseases, more revenues for the health insurance system and better services in the sector. Access to water, sanitation and wastewater treatment is limited, with the lowest coverage for poor people: among the poorest quintile of the population, 76 and 21 percent of this group have access to piped water in the home or yard and to a piped sewer system; the bottom 40 percent of the population use septic tanks, endangering water sources and the hygiene and health of the poorest. The government also adopted a Rulebook on Pharmaceuticals which regulates pharmaceutical prices; controlling prices neither shows nor proves that expenditure on outpatient drugs fell. The interventions may have been appropriate for the objective, but the three indicators do not measure quality of public service delivery other than for increasing the proportion of wastewater treated.

30. **IEG rates the outcome of WBG support under Focus Area I as Moderately Unsatisfactory** based on the assessment of objectives 1-3 above.

Focus Area II: Creating conditions for accelerated private sector growth

31. Focus Area II supported efforts to create a competitive business environment, improve access to finance, flexibility in the labor market. and to upgrade economic infrastructure.

32. **Objective 4: Support a competitive business environment and access to finance.** The WB contributed with (a) one loan to improve SME access to finance and one loan to strengthen banking supervision and the governance of development banks; (b) one renewable energy trust-funded operation to improve the quality of infrastructure and the investment climate and IBRD tasks covering bank resolution framework and supervision (WB/FinSAC), and TA to strengthen financial reporting under the Road to Europe Program of Accounting Reform and Institutional Strengthening (REPARIS); and; (c) three ASA to improve commercial case management in the FBIH's courts, strengthen the financial sector in BiH, and prepare a corporate governance program. IFC's advisory services sought, among other things, to (a) simplify regulations to improve the local business environment, encourage digitalization and facilitate trade; (b) identify legislative obstacles to implementing viable debt resolution mechanisms or broadening to more localities the reach of reforms at the subnational level; and (c) strengthen the environment in which microcredit organizations operate and improve the quality of their services.

33. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Improve Doing Business Distance to Frontier (after 2019 name changed to Ease of Doing Business Score and methodology adjusted).	60.55 (2015)	63 (2020) Note: expected change=2.45 or 4% over baseline value	Given the change in methodology, only numbers from DB16 to DB20 can be compared Values: 64.1 (2016) 65.4 (2020) Change: 1.3 or 2% change over 2016 value	Partially Achieved The rating is the same when using the Distance to Frontier indicator, for which the data goes up to 2018; for more detail, see Annex Table 1.
New and sustained jobs through real sector investments	Total sustained jobs: 950 (existing 2015) Total new jobs: 0 (existing clients - 2015)	Total sustained jobs: 1700 (existing + new clients 2020) Total new jobs: up to 400 (existing clients 2020)	Total sustained jobs: 4,815 (2020) Total new jobs: 1,560 (2020), rising over 2018, 2019 and 2020 as follows: 653, 573 and 552.	Achieved

By FY20 at least double outstanding MSME and housing finance of IFC portfolio clients	a. Outstanding MSME portfolio: US\$ 58 million (2015) b. Housing finance outstanding portfolio: US\$ 83 million (2015)	a. MSME outstanding portfolio: US\$ 124 million (2020) b. Housing finance outstanding portfolio: US\$ 147 million (2020)	a. Outstanding SME portfolio in 2017: US\$108 million b. Outstanding housing finance portfolio in 2019-2020: US\$101 million	Mostly Achieved
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34. **The review rates the objective as *Mostly Achieved*.** One result was achieved, one was mostly achieved, and one was partially achieved, leading to the overall rating posted. The indicators are adequate measures of the objective.

35. **Objective 5: Improve labor market flexibility and social protection.** The WBG contributed with (a) two investment finance projects for an employment support program (FY10, FY17) in BiH and one project on social safety nets and employment (FY10); and (b) two ASA, one on strengthening employment outcomes in BiH and other on education in the Western Balkans.

36. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Decrease the number of inactive persons: ⁵ a. men aged 15 to 64, reduce by 10% b. women aged 15 to 64, reduce by 10%	a. Men: 346,000 (2015) b. Women: 580,000 (2015)	a. Men: 311,400 (2020) b. women 522,000 (2020) (Source: LFS)	People aged 15-64 outside the labor force: a. 342,000 men (2021-Q2) b. 616,000 women (2021-Q2)	Not Achieved
Increase in private sector formal employment: a. men by 10%, b. women by 10%,	a. Men: 390,204 (2015)	a. Men: 441,000 (2020) b. women 265,000 (2020) (source: LFS,	Non-public sector employment (June 2021): a. 419,011 men b. 326,172 women ⁶	Mostly Achieved

⁵ "The inactivity rate is the share of persons outside the labour force (inactive population) in the total working age population." Labour Force Survey, II quarter 2021, Demography and Social Statistics, Year II, Number 2, Sarajevo 17.11.2021, p. 12. The Surveys now report on people outside the labor force, not the inactive population; both seem to measure the same thing.

⁶ Data for private sector employment are calculated as the difference between total paid employment and employment in the public sector (Sector O in the Classification of Economic Activities – people employed

	b. Women 232,083 (2015)	administrative data)		
Improve targeting accuracy of last resort social assistance: percentage of last resort social assistance benefits reaching the poorest quintile.	40% (2015)	65% (2020)	Not Verified	Not Verified

37. **The review rates the objective as *Partially Achieved*.** Total private sector formal employment increased by substantially more than the target: 159,000 increases vs. 84,000 targets. While there is no direct measure available of the extent of labor market flexibility, labor market outcomes show improvement. IEG could not verify if the targeting of social assistance had improved by 2020.

38. **Objective 6: Upgrade economic infrastructure.** The WBG contributed with (a) investment projects to support the modernization of railways in RS, road transport improvements, and energy efficiency; and (b) a power sector note.

39. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Travel time saving as a measure of connectivity between major economic growth poles.	0.0 (2015)	15 percent savings (2020)	There is no baseline	Not Verified
Increase lifetime energy savings.	No saving (2015)	650,000 MWh (2020)	909,747 MWh (by July 1, 2021)	Achieved
Additional Renewable Energy capacity facilitated	0 MW (2015)	50 MW (2020)	225 MW -2020.	Achieved

40. **The review rates the objective as *Mostly Achieved*.**

41. **IEG rates the outcome of WBG support under Focus Area II as Moderately Satisfactory** based on the assessment of objectives 4-6 above.

Focus Area III: Building resilience to natural shocks

42. Focus Area III supported efforts to prevent the degradation of natural resources and build resilience to floods.

43. **Objective 7: Prevent the degradation of natural resources.** The WBG contributed with: (a) four investment projects, one for solid waste management (FY09), two for Sarajevo

in public administration and defense, and compulsory social security). The source is the BiH Statistics report Demography and Social Statistics, Year XV, number 6, which has data on persons in paid employment by activity.

wastewater, and one for sustainable forest and landscape management; and (b) one AAA for BiH solid waste management.

44. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Adoption of a plan for management of hot spots in BiH ⁷	No plan for management of hot spots in BiH (2015)	Adoption of a plan for management of hot spots in BiH in the period covered by the CPF (2020).	RS adopted a waste management strategy for period 2017-2026.	Partially Achieved
Collection rate and disposal capacity of engineered landfills expanded to reach minimum EU sector standards	50% of generated solid waste appropriately disposed per year (2015)	65% of generated solid waste appropriately disposed per year (2020)	There is not information on the share of solid waste generated that is disposed properly.	Not Verified
Increased area where sustainable land management practices were adopted.	117 ha (2015)	3000 ha (2020)	3,525 has (2019)	Achieved

45. **The review rates the objective as *Partially Achieved*.** Adopting a plan does not imply nor show that hot spots management improved. On sustainable land management, while the quantitative target was achieved, there is no information on the state of BiH's natural resources and whether degradation has been reduced or prevented.

46. **Objective 8: Build resilience to floods.** The WB contributed with (a) five projects for flood protection in the Drina river, flood emergency recovery for BiH, water resources management in the Drina River Basin, a climate and water adaptation plan for the Sava River Basin, and a GEF/SCCF regional Drina River Basin management project; and (b) AAA one joint flood forecasting and management, diagnostic study and policy dialogue on the Drina river, and a framework for investment priorities funded by the Western Balkans Investment Framework. BiH is vulnerable to natural hazards, particularly floods, droughts, heavy snow falls and landslides. These phenomena have increased in frequency and severity, floods in particular, affecting regions around the largest rivers such as Sava, Drina, Bosna, and Vrbas, which have many agriculture holdings, a growing SME sector and industrial facilities, including for energy production, and touristic sites. The emergency recovery project responded to the crisis triggered by devastating floods in early/mid May 2014 which led to declaring a state of

⁷ The CPF, PLR and CLR do not define what the documents mean by hot spots, a term with many meanings, which change with the context. A more general definition could be "a place of more than usual interest, activity, or popularity" ([Hot spot Definition & Meaning - Merriam-Webster](#)), but it could be something else. If it refers to waste management, it should have been defined with precision to ensure that the assessment of problems and solutions is correct.

emergency in the country as about one million people had been affected in 60 of BiH's 142 municipalities.

47. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
People in flood affected/prone areas benefiting from goods received and infrastructure rehabilitated with projects' support.	0 (2015)	300,000 (2020)	869,000 (2020)	Achieved
Strengthened capacity in water resources management, including flood management, forecasting and warning, in Drina and Sava River basins	No plans; no forecasting and warning systems, fragmented hydrological models (2015)	Two river basin management (RBM) plans developed and agreed by key counterparts; forecasting and warning system and hydrological model for Sava basin in BiH established (2020)	A Sava River Basin management plan developed, a report on water resources management in the Drina River Basin (FY18), one flood risk management plan, and one flood forecasting and warning system operational since. (2021)	Achieved

48. **The review rates the objective as *Achieved*.** The WB funding supported delivery of a diversity of goods that the communities needed: logistical, reconstruction and emergency goods, energy and power sector goods as well as agricultural recovery goods, with an initial priority set of fuel, food and emergency goods. About 26 percent of farms affected by the floods benefitted from the support, exceeding the target of 20 percent. About 450 public service facilities were recovered to pre-flood conditions; regarding infrastructure, the following ones were rehabilitated (round numbers): 58,000 piped household water connections, 260 kms of rural roads, 64 kms of non-rural roads, 35 bridges, 53,000meters of flood protection, 56 landslides, and 19 public facilities (schools, health, public buildings, drainage ditches). On management of water resources, there is now an operating flood forecasting and warning system, reflecting the improved capacity to manage them.

49. **IEG rates the outcome of WBG support under Focus Area III as *Moderately Satisfactory*** based on the assessment of objectives 7 and 8.

V. WBG Performance

Ownership, Learning, and Adaptation

50. **The government's commitment to the program waned over the CPF period.** Program implementation advanced well during the program's first year but slowed as a result of general elections in October 2018 and the formation of governments in FBiH and at the BiH state level. Interest in reform and in reforms needed to support development policy financing faded, and the reform agenda that Focus Areas I and II sought to support did not advance. The WB abandoned plans for development policy lending, since the political conditions for advancing reform did not exist. On the policy dialogue it is worth highlighting the ASA work that supported the compact for growth initiative and the Reform Agenda; two reports on railways modernization and the power sector contributed to the policy dialogue on infrastructure. There is no evidence that the WBG used country systems to carry out the program, but it is clear that insufficient knowledge of Bank regulations delayed the implementation of some projects, such as railways. On the other hand, the projects complied with safeguards in a satisfactory manner.

Risk Identification and Mitigation

51. **The CPF identified and mitigated risks to the achievement of development objectives well.** Political and governance risk was rated high and risks from sector strategies and policies, institutional capacity for implementation, environment and social and stakeholders were rated substantial. Risks from macroeconomic, fiduciary and technical design of project or program were rated moderate. The political and governance risk materialized, throwing the country reform agenda off-track, which led the WBG to cancel plans for budget support and instead focus on investment lending, ASA activities and policy dialogue. Compliance with safeguards and fiduciary aspects was good. Procurement risks were rated moderate for most projects, but procurement delays were present in the RS railways and the Federation Road Sector Modernization projects as a result of low capacity in the first and land acquisition issues in the second. The problems in procurement signal an incongruence between the risk ratings, substantial for institutional capacity and moderate for procurement.

WBG Collaboration

52. **The CPF envisaged drawing on synergies among the three institutions in access to finance and supporting a competitive environment, improving labor market flexibility, and upgrading economic infrastructure.** WB, IFC and MIGA activities were complementary in the financial sector, as IFC supported access to finance, while MIGA guaranteed political risks for six investments in the financial sector, and WB scaled up successful projects to improve access to finance for small and medium enterprises. However, there is no evidence that this work was coordinated. IFC and the WB worked together on post-flood emergency assessment and support operation, on green transition, in designing the SOE interventions, and on the work on energy that supported the transformation of the energy sector. The WB support sought to reduce the costs and risks of conducting businesses (e.g., by improving inspection systems) and commercial case management in FBiH while IFC supported expanding the program for corporate governance.

Partnerships and Development Partner Coordination

53. **The WBG worked with development partners in executing some of the program's activities.** The WBG worked with the IMF, EU and other development partners on the dialogue on structural reforms, analyses on jobs and growth, and modernization of state-owned-enterprises. The EU provided grants for projects in water agriculture, public financial management and public sector management reform, and wastewater and solid waste management. The Bank worked with the IMF on the Compact for Growth Initiative, on public financial management, and SOEs financial situation. The WBG also collaborated with the EU, European Bank for Reconstruction and Development and the European Investment Bank on transport, energy and the environment. With bilateral donors, the WBG worked with Sweden, Great Britain, Switzerland and the US on water and sanitation services such as financing the preparation of a review on the municipal solid waste management sector.

Safeguards and Fiduciary Issues

54. **Safeguards compliance was satisfactory during the implementation of the CPF with adequate mitigation of environmental risk in all operations.** IEG validated thirteen projects during the CPF period in the agriculture, social protection & labor, trade & competitiveness, water, finance & market, social development, macroeconomics, environment & natural resources, and the land sectors. The CLR reports adequate environmental and social risk management with no outstanding implementation issues. Project ICRs and ICRRs indicate good compliance with the safeguard's requirements despite some challenges. These included poor local stakeholder engagement, some delays and difficulties in waterflood and drainage, waste management system defects as well as weak reporting mechanisms. These were promptly addressed through the promotion by the Bank of environmentally sound practices. No inspection panel cases were registered during the CPF.

55. **Fiduciary issues.** No new investigations were opened by INT in BiH during this period. Two Final Investigation Reports (FIRs) finding substantiated cases of corruption were provided to the Bank President during this period, though the offenses to which they related occurred before FY16.⁸

⁸ The World Bank Group (WBG) Integrity Vice Presidency (INT) investigates allegations of fraud, corruption, collusion, and coercion affecting WBG-supported projects. Each of these practices – along with the obstruction of an INT investigation – is misconduct sanctionable by the WBG. INT conducts its investigations under the WBG's own anti-corruption framework, applies the WBG's definitions of these sanctionable practices, and assesses whether they occurred by applying a preponderance of the evidence or "more likely than not" – standard of proof. If INT substantiates allegations of misconduct by finding evidence that, more likely than not, a sanctionable practice occurred in relation to a WBG-supported project, the WBG has multiple remedies that it can apply to address the issue. These include procurement remedies, such as declaring misprocurement or refusing to finance a particular contract; project-level remedies, such as suspending disbursements until corrective actions are taken which are satisfactory to the WBG; and/or the imposition of WBG sanctions, such as debarment, upon firms, NGOs, and individuals through decisions made in the WBG's administrative sanctions system.

Overall Assessment and Rating

56. **Overall, IEG rates World Bank Group performance as Fair.**

Design

57. **Program design was fair.** The CPF sought to address a number of the issues preventing BiH from having more jobs, faster and sustainable economic growth, and more effective social assistance programs which the Reform Agenda identified. The SCD and the report in support of the Compact for Growth Initiative informed well about the main economic problems and constraints and the actions needed to address them. Despite these solid foundations, it is unclear if the selection of objectives was guided by the analytic work or by the activities carried out and their expected results. Program objectives were relevant and the logical chain between objectives, activities and results was coherent in some instances. Results indicators were measurable and appropriate to gauge achievement of objectives in some instances, but they were inadequate in other cases such as in objectives 3 (service delivery, tobacco taxes and lower drug prices), 4 (competition and distance to frontier), 5 (labor market flexibility and employment), 7 (degradation of natural resources and plan to manage hot spots). At the PLR stage baseline and target values were introduced for some indicators which lacked them, but the inadequacies of the logical chain pointed out were not corrected. As for program risks, the CPF identified the risks arising from weak institutional capacity but underestimated its impact on the delays in implementing the program and complying with WBG procedures such as procurement. IEG concludes that the program design failed to contribute to the achievement of a significant number of CPF objectives.

Implementation

58. **The WBG implemented the program well.** When the political support for reform disappeared, the WBG cancelled budget support operations, reduced the program's financial scope and focused it on investment project operations, ASA activities, and policy dialogue in key sectors such as railroads and power that led to financing investment projects in railroads and renewable energy. The 2015 SCD contributed to the process that led to the Reform Agenda adopted by the BiH Council of Ministers, the governments of the constituent entities and the self-governing Brčko District. The WB, IFC and MIGA worked together in preparing the program and IFC and the WB collaborated in the response to floods and the COVID pandemic, on the green transition, in designing the SOE interventions for the CPF, and on the work on energy that supported the transformation of the sector. The WBG cooperated with bilateral partners, such as the United States, Great Britain, Switzerland and Sweden, and multilateral partners such as the GEF, EU, EIB and EBRD which provided financial support for projects such as wastewater in Sarajevo, water quality in Neretva and Spreča rivers, and solid waste management. The WBG paid adequate attention to safeguard and fiduciary issues, of which compliance is considered satisfactory during the CPF period. Complex country procedures delayed the effectiveness dates of projects by 11 months on average and engagement with the country did not succeed as the legal systems and institutions make it hard to reduce and

simplify them. There is no evidence that the WBG made efforts to improve alignment of its procedures with country systems.

VI. Assessment of CLR

59. **The CLR assesses the achievements of the program well.** For the period covered the CLR analyzes in adequate manner country outcomes and the WBG contribution to them. The CLR describes well the developments in the program and its achievements, and in most instances the information presented to assess results is adequate. The report explains well what motivated program design and how implementation was carried out, discusses ownership, risk identification and mitigation, compliance with safeguards and fiduciary issues and collaboration within WBG and with other development partners. The CLR overrates the achievements of Focus Areas I and II, rating both as Moderately Satisfactory when they should have been rated Moderately Unsatisfactory had the report rated outcomes following the WBG Guidance on Country Engagement.

VII. Lessons

60. **IEG agrees with most of the CLR's lessons,** in particular with regard to (a) engaging citizen/stakeholders early in project preparation and building evidence to support their design and implementation; (b) collaborating early on with the relevant counterparts to reduce the time it takes for projects to become effective; (c) furthering market creation efforts through key reforms and interventions in specific sectors and (d) paying special attention to selecting the results indicators.

Annexes

Annex 1: Achievement of CPF Objectives (Results Framework)

Annex 2: Comments on Lending Portfolio

Annex 3: Comments on ASA Portfolio

Annex 4: Comments on Trust Funded Portfolio

Annex 5: IEG Project Ratings

Annex 6: Portfolio Status for Bosnia and Herzegovina and Comparators, FY16-21

Annex 7: Comments on IFC Investments in Bosnia and Herzegovina

Annex 8: Comments on IFC Advisory Services in Bosnia and Herzegovina

Annex 9: Comments on MIGA Guarantees

Annex 10: Economic and Social Indicators for Bosnia and Herzegovina FY16-20

Annex 1: Summary of Achievements of CPF Objectives – Bosnia and Herzegovina

CPF FY16-FY20	Actual Results	IEG Comments
Focus Area 1: Increasing Public Sector Efficiency and Effectiveness		
Objective 1: Improve Management and Efficiency of Public Finances		
<p>Indicator 1: Public sector arrears are documented, publicly available and updated on a regular basis and the level of such arrears is reduced as a share of GDP.</p> <p>Baseline: No data (2015) Target: Public sector arrears data available and updated on governments' website and level of arrears reduced relative to initial estimates (2020)</p>	<p>Partially Achieved 2020: Data on public sector arrears is publicly available. On the RS Tax Administration's website it can be found under the title 'List of Biggest Debtors'. RS Source: https://poreskaupravar.org/ FBiH source: http://pufbih.ba/v1/public/upload/files/DUG%20PREKO%205000000%20KM%20NA%20DAN%2031_12_2020.pdf Verification on whether arrears fell by 2020 was not possible because there is no baseline value with which to compare. There is no information on amount of arrears reduced relative to GDP over its baseline value. Additional Evidence 2017: Republika Srpska (RS) established a system for regular reporting on accumulated liabilities. Source: (P149768) page #4 2017: Federation of Bosnia and Herzegovina (FBiH) introduced reporting requirements on arrears for budget users FBiH in January 2016 (Prior Action). Data collection process (arrears) launched. (P149768) FY17, page #4</p>	<p>PLR added reference to "BiH" institutions</p> <p>Indicator supported by Bosnia and Herzegovina: Public Finances DPL (P149768, FY17); Macro modelling TA (P164744, FY18); Debt Sustainability and Expenditure Arrears Recording TA (P168029, FY19); Wage Bill Management TA (P159365, FY16). Public Sector Arrears TA (P159248, FY18); Western Balkans Regional Health Engagement and Health Sector Arrears Study (P161510, FY18)</p>
<p>Indicator 2: Reduction in general government pension expenditure as a share of GDP</p> <p>Baseline: 10.4 percent (2015) Target: 9.4 percent (2020)</p>	<p>Not Achieved 2020: 10.3 percent of GDP Source: Budget of the Federation of Bosnia and Herzegovina, FBH Ministry of Finance Ministry of Finance</p>	<p>Indicator supported by Bosnia and Herzegovina: Public Finances DPL (P149768, FY17); Debt Sustainability Analysis (P157105, FY16)</p>
CPF Objective 2: Strengthen the Governance and Reduce the Fiscal Burden of SOEs		
<p>Indicator 1: Reduction in financing transfer to the pension system in FBH excluding transfers for unpaid past pension contribution.</p> <p>Baseline: 1.3 percent of GDP (2015)</p>	<p>Achieved 2020: 0.8 percent of GDP Source: Budget of the Federation of Bosnia and Herzegovina, FBH Ministry of Finance Ministry of Finance</p>	<p>Indicator supported by Bosnia and Herzegovina Public Finances DPL (P149768, FY17); Western Balkans Pension Technical Assistance (P165103, FY2018); Western Balkans Pension TA FY2019-20 (P168178, FY19-20);</p>

CPF FY16-FY20	Actual Results	IEG Comments
Target: 1.1 percent of GDP (2020)		Strengthening Legislative Scrutiny in the Western Balkans (SAFE TF) (P160487, FY20). BiH Social Expenditure Technical Note Series (P165794, FY18)
Indicator 2: Improving financial sustainability of the railways in Republika Srpska by reducing working ratio in Public Company RS Railways. Baseline: RS Railways working ratio 1.7 (2015) Target: 1.0 (2020)	Mostly Achieved 2020: 1.2 by December 31, 2020 Source: P161122 - Sequence No: 08 Page#2	Indicator supported by Support to Railway Modernization (P156961, FY17); Republika Srpska Railways Restructuring IPF, (P161122, FY18)
CPF Objective 3: Improve Public Service Delivery		
Indicator 1: Tobacco excise taxes are aligned with EU standards. Baseline: min. 51 EUR per 1000 cigarettes (2015). Target: min. 90 EUR per 1000 cigarettes (2020)	Achieved "The legally prescribed ceiling of the total excise tax on cigarettes of 176 BAM/1000 cigarettes was reached for all price categories of cigarettes in 2019, the harmonization with EU standards in the field of cigarette taxation was completed". At the exchange rate of 1.96 BAM per Euro, the tax equals 89.8 Euro: Macroeconomic Unit of the Governing Board of the Indirect Tax Authority, Bulletin No. 197/198, November/December 2021, p. 4 Oma Bilten eng 197_198.pdf (uino.gov.ba)	Indicator supported by Reducing Health Risk Factors TF (P160512, FY17)
Indicator 2: Reduce expenditures on outpatient drugs: Baseline: KM 72 million (2015) Target: 10 percent reduction (2020)	Not Verified 2017: Based on calculations from the BiH Agency for Medicinal Products and Medical Devices, the pricing of the top 20 prescription medicines by INNs decreased from 162 million BAM in 2015 to 141 million BAM in 2017 for the same volume as in 2015. This was a 13.0% reduction. Source: ICR P149768 . Page#10	There is evidence that the target was achieved in 2017, but no evidence that progress was sustained to the target year of 2020. Indicator supported by Bosnia and Herzegovina: Public Finances DPL (P149768, FY17); Public Expenditure Review (P151519, FY17); BiH Social Expenditure Technical Note Series (P16579, FY18)
Indicator 3: Improved services of water and wastewater. Baseline: 3% of collected wastewater is treated (2015) Target: 30% of collected wastewater is treated (2020)	Achieved 2020: Total wastewater in 2020 amounted to 118,250,000m, of which 51,784,000 m3 was treated (or 44% Most wastewater was treated by a secondary treatment method (94.2%). 3. Source: BIH Statistics , pp. 1-2	Indicator Supported by GEF Water Quality Protection (P085112, FY16); Danube Water Programme (P128416, FY12); Sarajevo Wastewater (for. Mun. Dev. (P090675, FY10);

CPF FY16-FY20	Actual Results	IEG Comments
Focus Area 2: Creating Conditions For Accelerated Private Sector Growth		
CPF Objective 4: Support a Competitive Business Environment and Access to Finance		
Indicator 1: Improve Doing Business Distance to Frontier . Baseline: 60.55 (2015) Target: 63 (2020)	Partially Achieved 2020: Ease of Doing Business. 65.4 (score), 90 (rank). Source: DB 2020 page #4 2018: DTF 64.20 (score), 86 (rank) Source: DOING BUSINESS 2018 page #4 Per the 2019 report, the name of the Doing Business distance to frontier score was changed to “ease of doing business score” to better reflect the main idea of the measure—a score indicating an economy’s position to the best regulatory practice. Nevertheless, the process for calculating the score remains the same DB uses different methodologies across the years, and the only one that has information for 2015 and 2020 is the DB17-20 methodology, for which the values are 64.1 for 2015 and 65.4 for 2020. The two numbers show that the indicator increased 2 percent, less than the expected increase of 4 percent. Source: https://tcdata360.worldbank.org/indicators/h5d1baded?country=BIH&indicator=42553&viz=line_chart&years=2015,2019	Objective supported by Enhancing SME Access to Finance – Additional Financing (P111780, FY10); Improving Quality Infrastructure and Investment Climate (RETF) (P128212, FY12); Improving Commercial Case Management in the Federation BH (under Good Governance and Investment Climate Reform TF Management and Knowledge) FY19); BiH Financial Sector Strengthening (P158166, FY18). Improving Governance and Business Model of Development Banks (P166374, FY20); FinSAC Bank Resolution TA (P143745) WB) Corporate Governance Program (planned extension) (IFC); Microfinance in BiH (IFC); Advisory Services Center) EU REPARIS (Road to Europe - Program of Accounting Reform and Institutional Strengthening. BiH Financial Sector Strengthening AA (P158166, FY18); Public Arrears Clearance in BiH (P159248, FY18). Bosnia and Herzegovina: Debt sustainability and Expenditure Arrears Recording (P168029, FY19)
Indicator 2: New and sustained jobs through real sector investments Total sustained jobs baseline: 950 (existing 2015) Total sustained jobs target: 1700 (existing + new clients 2020) Total new jobs baseline: 0 (existing clients - 2015) Total new jobs target: up to 400 (existing clients 2020)	Achieved Total sustained jobs: 4,815 for 2018-2020 Total new jobs: 1,560 (for 2020) 1) 653 (2018) + 573 (2019) + 552 (2020) Source: Company profile for CIMOS "TMD Automobilska industrija" doo Gradajac. Table: Income statement. 2) 506 (2018) + 510 (2019) + 507 (2020) Source: SISECAM SODA LUKAVAC	Enhancing Small and medium Enterprises Access to Finance (P111780, FY09)

CPF FY16-FY20	Actual Results	IEG Comments
	3. 509 (2019) + 504 (2020) + 501 (2021) Source: Development Outcome Tracking System, SISECAM Bosnia	
Indicator 3: By FY20 at least double outstanding MSME and housing finance of IFC portfolio clients. MSME outstanding portfolio Baseline: US\$ 58 million (2015) Target: US\$ 124 million (2020) Housing finance outstanding portfolio Baseline: US\$ 83 million (2015) Target: US\$ 147 million (2020)	Partially Achieved <u>1. Outstanding SME Portfolio.</u> 2017: US\$108,400,000 Of which 2017: US\$9,081,000 for microfinance Source: MF Banka #33754. Page 2 <u>2. Outstanding Housing Finance Portfolio</u> 2019-2020: US\$ 101,189,000 Source: Raiffeisen Housing #53312. Page 2	Enhancing Small And Medium Enterprises Access To Finance (P111780, FY10); Small and Medium Enterprises ACCESS TO FINANCE Additional Finance (P129914, FY12); Compact for Growth BiH TA (P154817, FY16); Public Arrears Clearance in BiH AA (P159248, FY18). Bosnia and Herzegovina: Debt sustainability and Expenditure Arrears Recording (P168029, FY19); BiH Fiscal Policy Diagnostics (P168195, FY19); MF Banka SL IFC (33754, FY 14); Raiffeisen-BOS IFC (53312, FY16)
CPF Objective 5 Improve Labor Market Flexibility and Social Protection		
Indicator 1: Decrease the number of inactive persons: men aged 15 to 64, reduce by 10% Baseline: 346,000 (2014) Target: 311,400 Women aged 15 to 64, reduce by 10% Baseline: 580,000 (2014) Target: 522,000 (source: LFS)	Not Achieved The 2021-Q2 labor force survey shows that people aged 15-64 outside the labor force were: a. 342,000 men (Not Achieved) b. 616,000 women (Not Achieved) LAB_00_2021_Q2_1_BS.pdf (bhas.gov.ba) https://bhas.gov.ba/data/Publikacije/Saopštenja/2020/LAB_00_2020_Q2_0_BS.pdf	BiH Employment Support Program (P116774, FY10); Strengthening Employment Outcomes in BiH (P152347, F17); Western Balkans Education Engagement (P165698, FY18); Strengthening Employment Outcomes in Bosnia and Herzegovina ASA (P162489, FY19)
Indicator 2: Increase in private sector formal employment Increase in private sector formal employment: 10% men and women Men: Baseline: 401,000 (2013) Target: 441,000 (2020) Women: Baseline: 240,000 (2013) Target: 265,000 (source: LFS and administrative data)	Mostly Achieved Total employment minus employment in public administration as of June 2021 Women: 326,172 (Achieved) Men: 419,011 (Partially Achieved) Source: LAB_02_2021_06_2_BS.pdf (bhas.gov.ba) .	BiH Employment Support Program (P116774, FY10); Strengthening Employment Outcomes in BiH (P152347, F17); Western Balkans Education Engagement (P165698, FY18); Strengthening Employment Outcomes in Bosnia and Herzegovina ASA (P162489, FY19)
Indicator 3: Improve targeting accuracy of last resort social assistance: percentage of last resort social assistance benefits reaching the poorest quintile.	Not Verified 2020: information is unavailable.	BiH Employment Support Program (P116774, FY10); Strengthening Employment Outcomes in BiH (P152347, F17);

CPF FY16-FY20	Actual Results	IEG Comments
Baseline: 40 percent Target: 65 percent (2020)		Western Balkans Education Engagement (P165698, FY18). Strengthening Employment Outcomes in Bosnia and Herzegovina ASA (P162489, FY19)
CPF Objective 6: Upgrade Economic Infrastructure		
Indicator 1: Travel time saving as a measure of connectivity between major economic growth poles. Baseline: 0.0 (2015) Target: 15 percent savings (2020)	Not Verified There is not baseline This was not tracked by any project. Information from three websites shows that driving time by car and taxi between Stolac and Neum (49 kms) of 48, 56 and 67 minutes as of February 2022. The CLR reports an original travel time of 54 minutes in March 2020, but does not specify the type of vehicle. Sources: https://www.rome2rio.com/s/Stolac/Neum (48 minutes) https://www.distancesfrom.com/ba/distance-from-Stolac-to-Neum-Bosna-i-Hercegovina-via-neum-Federation-of-Bosnia-and-Herzegovina/DistanceHistory/25972641.aspx (56 minutes) https://www.distancesto.com/travel-time/ba/stolac-to-neum/history/1176768.html (67 minutes)	Indicator supported by the Federation Roads Sector Modernization Project (P152406, FY17) Support to Railway Modernization (P156961, FY17); Enhancing climate resilience in transport in the Western Balkans (P163348, FY19); Updating Regional Transport Study -REBIS (P143125, FY16)
Indicator 2: Increase lifetime energy savings. Baseline: No saving (2015) Target: 650 thousand MWh (2020)	Achieved By July 1, 2021 lifetime energy savings reached 909,747 MWh Source: ISR #16, P143580	Indicators 2 and 3 supported by the Energy Efficiency Project (P143580, FY14)
Indicator 3: Additional Renewable Energy capacity facilitated Baseline: 0 MW (2015) Target: 50 MW (2020)	Achieved As of 2020 renewable energy capacity was 1,954 MW of which 1,829 were from hydro/marine sources, 35 from solar, 87 from wind and 3 from bioenergy. Between 2015 and 2020 capacity expanded 7% in hydro marine, 327% in solar, and 28,900% in wind, for a total increase of 13%. The 13% increase represents a total increase of 225 MW, which exceeds	

CPF FY16-FY20	Actual Results	IEG Comments
	the target. IEG could not verify how much of it IFC facilitated. Source: IRENA, Energy Profile, Bosnia and Herzegovina, International Renewable Energy Agency (Energy Profile)	
Focus Area 3: Building Resilience To Natural Shocks		
Objective 7: Prevent the degradation of natural resources		
Indicator 1: Adoption of a plan for management of hot spots in BiH Baseline: No plan for management of hot spots in BiH (2015) Target: Adoption of a plan for management of hot spots in BiH in the period covered by the CPF (2020).	Partially Achieved Respublika Srpska (RS) adopted Waste Management Strategy for period 2017-2026 Source: Municipal Solid Waste Management Sector Review	PLR defined the baseline and target years as well as their values. CPF did not have that information. Neither the CPF nor the PLR define what is a hot spot for the purpose of this indicator. Nonetheless, the PLR refers to management of hot spots in the context of the degradation of natural resources, and water resources management (par. 36), and the CPF mentions air and environmental hot spots (par. 83, and page 43). Indicator supported by Solid Waste Management (P107998, FY09); Sarajevo Wastewater Project FY17 TF A1998; Sarajevo Wastewater (for. Mun. Dev.) (P090675, FY10); BiH: Solid Waste Management AA (P162181, FY19)
Indicator 2: Collection rate and disposal capacity of engineered landfills expanded to reach minimum EU sector standards Baseline: 50% of generated solid waste appropriately disposed per year (2015) Target: 65% of generated solid waste appropriately disposed per year (2020)	Not Achieved 2020: RS. 84% Waste generated 396,200 ton; Waste disposed in landfills, 334,713 ton. Source: RS Institute of Statistics FBH 92% Waste collected 611,854 ton Waste disposed in landfills, 565,561 ton Source: Institute for Statistics FBH Note: Official statistics does not offer information about which landfills are "sanitary" and meet minimum EU sector standards. According to publicly available resources, the rate of appropriately disposed waste at sanitary landfills as a share of total	PLR added years and baseline and target values because the CPF did not define them. Indicator supported by Solid Waste Management (P107998, FY09); Sarajevo Wastewater Project FY17 TF A1998.

CPF FY16-FY20	Actual Results	IEG Comments
	generated waste in 2020 stood at around 50%. (The ICR Report No: ICR00004181, p. 37 noted that in 2017 the rate of properly disposed waste at regional landfills was 48%)	
Indicator 3: Increased area where sustainable land management practices were adopted Baseline: 117 ha (2016) Target: 3,000 ha (2020)	Achieved 2019: 3,525 ha Source: (P129961) ICRR , page, #8	Target supported by Sustainable Forest and Landscape MGT (P129961, FY14) ; BiH: Solid Waste Management AA (P162181)
CPF Objective 8 Build Resilience to Flood		
Indicator 1: People in flood affected/prone areas benefiting from goods received and infrastructure rehabilitated with projects' support. Baseline: 0 (2015) Target: 300,000 (2020)	Achieved 2020: 868,895 people in flood-protected areas benefited from emergency disaster recovery goods and rehabilitated regional and local infrastructure. Source: P151157 FY14, page#5	PLR defined year and values for baseline and target Indicator supported by Drina Flood Protection Project (P143844, FY14) ;BiH Floods Emergency Recovery Project (P151157, FY14); Support to Water Resources Management in Drina River Basin (P147105, FY18)
Indicator 2: Strengthened capacity in water resources management, including flood management, forecasting and warning, in Drina and Sava River basins. Baseline: no plans; no forecasting and warning systems, fragmented hydrological models (2015) Target: 2 RBM plans developed and agreed by key counterparts; forecasting and warning system and hydrological model for Sava basin in BiH established (2020)	Achieved. The target was achieved. CPF period goes to FY2021. By June 2021, all studies had been prepared 2018 - Sava Flood Forecasting and Early Warning System operational since 2018. Hydrological model updated. Source: International Sava River Basin Commission . Main page. 2019 – First Sava Flood Risk Management Plan (2019) Source: Flood Risk Management Plan 2021 - Update of the Sava River Basin Management Plan (2021). https://www.savacommission.org/flood-forecasting-and-warning-system/579#:~:text=The%20Sava%20FFWS%2C%20as%20a,to%20reducing%20consequences%20of%20flooding. 2019 - First Sava Flood Risk Management Plan developed and approved by the five countries of the river basin in 2019. Source: Flood Risk Management Plan	PLR added the information missing on a baseline and target values and their corresponding years. Per the Flood Risk Management Plan documentation, the plan was approved October 2019. Indicator supported by Sava - Water & Climate Adaptation Plan for the Sava River Basin (2009-2016); Joint Flood Forecasting and Management ASA (WBIF funded) (P153325,FY19); Drina - Diagnostic Study and Policy Dialogue ASA (2012 – 2014); Investment Priority Framework ASA (WBIF-funded) (2014 – 2017); A Regional Program for the Integrated Development of

CPF FY16-FY20	Actual Results	IEG Comments
	<p>2021 - The Drina River Basin Strategic Action Plan is finalized, and Plan has been endorsed by all countries in June 2021, while Study on Hydraulic and Hydrological Models is finalized and delivered to institutions for further usage in April 2021.</p>	

Annex 2: Comments on Lending Portfolio

IEG's review found the following lending project that was not presented in the CLR:

Project ID	Project Name	Approval FY	Closing FY	Approved IBRD Amount	Practice
P174604	BiH Firm Recovery and Support Project	2021	active	65.3	Finance, Competitiveness and Innovation

Source: Bosnia and Herzegovina CPF, WB Business Intelligence Table 2a.1, 2a.4 and 2a.7 as of 03/08/2022

Annex 3: Comments on ASA Portfolio

IEG's review found the following ASA tasks that were not presented in the CLR:

Project ID	ASA	FY	Practice	Product Line
P154817	Compact for Growth BiH	2016	Public Admin	TA
P159365	Wage Bill Management TA	2016	Public Admin	TA
P151538	BiH 20/Growth and Shared Prosperity	2017	Public Admin	EW
P151538	BiH 20/Growth and Shared Prosperity	2017	Education	EW
P151538	BiH 20/Growth and Shared Prosperity	2017	Health	EW
P157714	Power Sector Note	2017	Energy & Extractives	EW
P156961	Support to Railway Modernization	2017	Transportation	EW
P132190	COUNCIL OF EUROPE DEVELOPMENT BANK	2018	Health, Nutrition & Population	TA
P159248	Public Arrears Clearance in BiH	2018	Macroeconomics, Trade and Investment	AA
P162489	Strengthening Employment Outcomes in Bosnia and Herzegovina	2019	Social Protection & Jobs	AA
P168029	Bosnia and Herzegovina: Debt sustainability and Expenditure Arrears Recording	2019	Macroeconomics, Trade and Investment	AA
P168195	BiH Fiscal Policy Diagnostics	2019	Macroeconomics, Trade and Investment	AA
P169651	Bosnia and Herzegovina: Estimation of the Effect of the New CEFTA on Bosnia and Herzegovina Trade Flows	2019	Macroeconomics, Trade and Investment	AA
P171092	Bosnia and Herzegovina Entrepreneurship and Innovation Assessment	2019	Finance, Competitiveness and Innovation	AA
P169004	Growth and Jobs in Bosnia and Herzegovina	2020	Governance	AA
P171972	Bosnia and Herzegovina Structural Reform Dialog	2020	Macroeconomics, Trade and Investment	AA
P172006	SOE sector modernization BiH	2021	Governance	AA
P172704	Improving Disaster, Climate and Urban Resilience through Urban Regeneration: Skenderija Complex - Sarajevo	2021	Urban, Resilience and Land	AA
P164107	BiH Remittances and Payments	2021	Finance, Competitiveness and Innovation	AA

Source: WB Business Intelligence AAA Sector Summary Report and standard report as of 3/08/2022

Annex 4: Comments on Trust Fund Portfolio

IEG's review found the following trust-funded activities were not presented in the CLR:

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount	Practice
P090675	Sarajevo Wastewater Project	TF 12937	2013	2016	9.9	Water
P155649	Strengthening Financial Management and Control	TF A0656	2016	2017	0.2	Governance
P085112	QUALITY PROTECT (GEF)	TF 15208	2014	2017	6.4	Water
P085112	QUALITY PROTECT (GEF)	TF 99534	2012	2017	5.7	Water
P085112	QUALITY PROTECT (GEF)	TF 55265	2006	2017	8.9	Water
P090675	Sarajevo Wastewater Project	TF A1998	2017	2017	2.6	Water
P107998	Second Solid Waste Management	TF 15881	2015	2017	4.8	Urban, Resilience and Land
P107998	Second Solid Waste Management	TF 11456	2013	2017	6.5	Urban, Resilience and Land
P128212	Improving Quality Infrastructure and Investment Climate	TF 11205	2013	2018	3.8	Finance, Competitiveness and Innovation
P129961	Sustainable Forest and Landscape Management Project	TF 16646	2014	2019	5.6	Environment, Natural Resources & the Blue Economy
P171433	Bosnia and Herzegovina Provision of Private Employment Services	TF B2955	2021	2022	0.9	Social Protection & Jobs

Source: Client Connection as of 3/08/2022

** IEG Validates RETF that are 5M and above

Annex 5: IEG Project Ratings

IEG Project Ratings for Bosnia and Herzegovina, FY16-21

Exit FY	Proj ID	Project name	Total Evaluated	IEG Outcome	IEG Risk to DO
2016	P101213	AG & RURAL DEVT	19.2	MODERATELY UNSATISFACTORY	MODERATE
2016	P116774	SOCIAL SAFETY NETS & EMPL	14.0	MODERATELY SATISFACTORY	SIGNIFICANT
2016	P146740	BiH DPL	42.5	SATISFACTORY	MODERATE
2017	P085112	QUALITY PROTECT (GEF)	0.0	MODERATELY UNSATISFACTORY	#
2017	P090675	Sarajevo Wastewater (for. Mun. Dev.)	24.8	MODERATELY SATISFACTORY	#
2017	P111780	SME ACCESS TO FINANCE	157.7	SATISFACTORY	HIGH
2018	P107998	SOLID WASTE MGT 2	18.6	MODERATELY SATISFACTORY	#
2018	P149768	BH Fiscal Resources for Growth	91.8	SATISFACTORY	SIGNIFICANT
2019	P129961	SUSTAINABLE FOREST & LANDSCAPE MGT	0.0	MODERATELY SATISFACTORY	#
2019	P151157	BiH Floods Emergency Recovery Project	87.3	SATISFACTORY	#
2020	P115954	IRRIG DEVT	33.3	SATISFACTORY	#

2021	P143844	Drina Flood Protection Project	19.0	MODERATELY SATISFACTORY	#
2021	P158387	Banking Sector Strengthening Project	64.7	MODERATELY SATISFACTORY	#
Total			572.9		

IEG Project Ratings for Bosnia and Herzegovina and Comparators, FY16-21

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Bosnia and Herzegovina	573.0	13.0	96.6	84.6	19.0	40.0
ECA	19,016.1	173	81.5	83.8	35.3	42.5
World	134,257.5	1,322	83.4	78.7	35.7	37.6

Source: WB AO as of 3/8/2022

Annex 6: Portfolio Status for Bosnia and Herzegovina and Comparators, FY16-21

Fiscal year	2016	2017	2018	2019	2020	2021	Ave FY16-21
Bosnia and Herzegovina							
# Proj	7	10	9	8	8	7	8
# Proj At Risk	3	1	2	2	0	0	1
% Proj At Risk	42.9	10.0	22.2	25.0	0	0	17
Net Comm Amt (\$M)	300.8	516.1	471.1	401.4	420.0	403.0	419
Comm At Risk (\$M)	110.7	40.0	64.0	62.3	0	0	46
% Commit at Risk	36.8	7.8	13.6	15.5	0	0	12
ECA							
# Proj	197	202	204	215	228	236	214
# Proj At Risk	40	34	45	42	28	27	36
% Proj At Risk	20.3	16.8	22.1	19.5	12.3	11.4	17
Net Comm Amt (\$M)	27,213.5	25,219.5	26,524.9	27,132.1	29,783.5	32,248.9	28,020
Comm At Risk (\$M)	4,288.2	5,460.1	4,138.4	4,379.3	2,728.6	3,038.7	4,006
% Commit at Risk	15.8	21.7	15.6	16.1	9.2	9.4	15
World							
# Proj	1,398	1,459	1,496	1,570	1,723	1,763	1,568
# Proj At Risk	336	344	348	346	311	331	336
% Proj At Risk	24.0	23.6	23.3	22.0	18.0	18.8	22
Net Comm Amt (\$M)	207,350.0	212,502.9	229,955.6	243,812.2	262,930.6	279,167.9	239,287
Comm At Risk (\$M)	42,715.1	50,837.9	48,148.8	51,949.5	47,640.5	42,668.7	47,327
% Commit at Risk	20.6	23.9	20.9	21.3	18.1	15.3	20

Source: WB AO as of 3/9/2022

Agreement type: IBRD/IDA Only

Annex 7: Comments on IFC Investments in Bosnia and Herzegovina

IEG's review found no differences in IFC investment data vs. what is presented in the CLR.

Annex 8: Comments on IFC Advisory Services in Bosnia and Herzegovina

IEG's review found the following IFC advisory services that are not included in the portfolio presented in the CLR:

Advisory Services Approved in FY16-20

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Area	Total Funds Managed by IFC
600904	Bosnia and Herzegovina Sub-national Investment climate project	2016	2021	ACTIVE	REG	8.21
601099	Debt Resolution BiH	2016	2022	ACTIVE	REG	1.57
601646	Improving Investment Climate and Access to Markets	2016	2021	ACTIVE	REG	2.50
Sub-Total						12.28

Advisory Services Approved pre-FY16 but active during FY16-20

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Area	Total Funds Managed by IFC
569807	Microfinance Bosnia	2011	2021	ACTIVE	REG	3.29
575567	Renewable Energy Bosnia Small Hydro Power	2011	2016	CLOSED	INR	0.10
Sub-Total						3.39
TOTAL						15.7

Source: IFC AS Portal Data as of 9/30/2021

Annex 9: Comments on MIGA Guarantees

IEG's review found no differences in MIGA guarantees vs. what is presented in the CLR.

Annex 10: Economic and Social Indicators for Bosnia and Herzegovina FY16-20

Series Name						Bosnia and Herzegovina	ECA	World
	2016	2017	2018	2019	2020	Average 2016-2020		
Growth and Inflation								
GDP growth (annual %)	3.1	3.2	3.7	2.8	(3.2)	1.9	2.1	1.7
GDP per capita growth (annual %)	4.5	4.2	4.6	3.5	(2.6)	2.8	1.7	0.6
GNI per capita, PPP (current international \$)	13,090.0	13,640.0	14,830.0	15,840.0	15,600.0	14,600.0	22,145.7	16,607.9
GNI per capita, Atlas method (current US\$)	5,130.0	5,120.0	5,750.0	6,180.0	6,080.0	5,652.0	8,412.3	10,914.0
Inflation, consumer prices (annual %)	(1.6)	0.8	1.4	0.6	(1.1)	0.0	2.2	2.1
Composition of GDP (%)								
Agriculture, forestry, and fishing, value added (% of GDP)	6.4	5.6	5.9	5.6	6.1	5.9	5.1	4.2
Industry (including construction), value added (% of GDP)	23.2	24.0	24.5	24.0	24.6	24.1	29.6	26.6
Services, value added (% of GDP)	55.4	55.7	54.9	55.7	55.8	55.5	54.6	63.3
Gross fixed capital formation (% of GDP)	20.7	21.9	22.8	23.0	22.2	22.1	22.8	24.9
Gross domestic savings (% of GDP)	0.9	3.3	5.7	7.0	5.5	4.5	26.9	26.5
External Accounts								
Exports of goods and services (% of GDP)	36.3	40.9	42.5	40.5	34.5	38.9	34.2	28.0
Imports of goods and services (% of GDP)	53.0	57.1	57.3	55.2	48.5	54.2	31.9	27.3
Current account balance (% of GDP)	(4.8)	(4.8)	(3.3)	(2.8)	(3.8)	(3.9)		
External debt stocks (% of GNI)	68.7	72.7	66.1	65.5	72.1	69.0		
Total debt service (% of GNI)	7.3	7.5	10.2	7.7	8.4	8.2	8.7	
Total reserves in months of imports	6.5	7.0	6.6	7.3	10.1	7.5	10.3	12.1
Fiscal Accounts ¹								
General government revenue (% of GDP)	42.3	42.3	42.7	41.7	41.6	42.1		
General government total expenditure (% of GDP)	42.0	40.5	41.0	40.4	45.7	41.9		
General government net lending/borrowing (% of GDP)	0.3	1.8	1.7	1.4	(4.1)	0.2		
General government gross debt (% of GDP)	44.1	39.2	34.3	32.5	36.7	37.4		
Health								
Life expectancy at birth, total (years)	77.0	77.1	77.3	77.4	..	77.2	73.9	72.5

Series Name						Bosnia and Herzegovina	ECA	World
	2016	2017	2018	2019	2020	Average 2016-2020		
Immunization, DPT (% of children ages 12-23 months)	78.0	75.0	73.0	73.0	..	74.8	93.4	85.7
People using at least basic sanitation services (% of population)	37.0	38.6	40.3	..	..	38.6	68.0	51.5
People using at least basic drinking water services (% of population)	96.2	96.1	96.1	96.1	96.1	96.1	96.4	89.3
Mortality rate, infant (per 1,000 live births)	5.3	5.3	5.2	5.1	4.9	5.2	10.4	29.4
Education								
School enrollment, preprimary (% gross)	16.2	23.4	26.0	24.6	27.3	23.5	61.7	59.8
School enrollment, primary (% gross)	..	..	..	..	..	..	99.1	102.8
School enrollment, secondary (% gross)	..	..	..	..	..	..	99.8	75.8
School enrollment, tertiary (% gross)	50.8	47.8	43.5	40.2	37.9	44.0	71.8	38.7
Population								
Population, total (Millions)	3,386,263.0	3,351,534.0	3,323,929.0	3,300,998.0	3,280,815.0	3,328,707.8	458,713,862.0	7,600,039,871.0
Population growth (annual %)	(1.3)	(1.0)	(0.8)	(0.7)	(0.6)	(0.9)	0.4	1.1
Urban population (% of total)	47.5	47.9	48.2	48.6	49.0	48.3	66.3	55.3
Rural population (% of total pop)	52.5	52.1	51.8	51.4	51.0	51.7	33.7	44.7
Poverty								
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of pop)	..	..	..	..	..	..	1.2	9.5