

Report on the Federation Part of the Project Financial
Statements of the

DRINA FLOOD PROTECTION

of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Financed by:

- IDA Credit No. 5444-BA

For the year ended 31 December 2020 and
for the period ended 12 May 2021

DRINA FLOOD PROTECTION PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

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DRINA FLOOD PROTECTION PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

1. Introduction

1.1 Objectives of the Project

The main objective of the Drina Flood Protection Project (the "Project") is to provide increased protection from flood events to agricultural and commercial interest and communities in the Project area.

1.2 The Project Description

Part B: Flood Protection works in the Federation of Bosnia and Herzegovina

Strengthening flood protection on the Drina river in the Bosnia Podrinje Canton around Goražde, including Project management support, through the provision of works, goods, consultants' services, Training and Incremental Operating Costs.

1.3 Financing of the Project by International Development Association

The State of Bosnia and Herzegovina ("B&H") is the recipient of Credit No. 5444-BA made available by International Development Association in total amount of XDR 15,600,000.

Under the terms of a Subsidiary Finance Agreement between the State and the Federation of Bosnia and Herzegovina ("FBiH"), funds of XDR 6,630,000 have been lent to the FBiH.

Categories of cost items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit category and the percentage of expenditure for cost items so to be financed in each category are as follows:

| Item | Amount of the Financing allocated (in XDR) | % of expenditure to be financed (inclusive of Taxes) |
|--|---|--|
| (1) Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs under Part B of the Project | 6,630,000 | 100% |
| Total | 6,630,000 | |

IDA Credit No. 5444-BA became effective on 21 May 2015. Planned closing date was 31 December 2019, but it was extended until 31 December 2020. Application date is 30 April 2021.

Independent Auditor's Report

To the State of Bosnia and Herzegovina,

Ministry of Finance and Treasury

Attn. of Minister of Finance and Treasury H.E. Mr. Vjekoslav Bevanda

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Report on the Project Financial Statements**Opinion**

We have audited the accompanying project financial statements of the Federation part of the Drina Flood Protection Project (the "Project"), which comprise of Summary of sources and uses of funds, Balance sheet, Designated account, local bank accounts and petty cash statements, Statements of credit withdrawals as of and for the year ended 31 December 2020 and for the period ended 12 May 2021, and a summary of significant accounting policies and other explanatory notes for the year then ended, financed under IDA Credit Agreement No. 5444-BA.

In our opinion, the accompanying project financial statements present fairly, in all material aspects, the financial position of the Project as of 31 December 2020 and for the period ended 12 May 2021, and of the funds received and disbursed during the year then ended, in accordance with the cash basis of accounting based on International Public Sector Accounting Standard ("IPSAS"), as described in Note 4.1.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and "Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities" issued by FMSB. In conducting audit we were also guided by the Bank's financial reporting and auditing requirements, Disbursement Guidelines for Investment Project Financing, the Loan Handbook for World Bank Borrowers and the World Bank's Procurement Framework. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Ministry of Finance and Treasury in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Project Financial Statements

The management of project implementation unit is responsible for the preparation of these project financial statements in accordance with the cash basis of accounting based on IPSAS, as described in Note 4.1., Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities, and for such internal control as management determines is necessary to enable the preparation of project financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the financial reporting process.

Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other requirements

In addition, with respect to the Statement of Expenditure, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditure incurred; and all expenditure included in withdrawal applications and reimbursed against are eligible for financing under the project. Also, respective reports issued during the period were in agreement with the underlying books of account.

Signed on behalf of Baker Tilly Re Opinion d.o.o. Sarajevo

Nihad Fejzić, Director and Certified Auditor

Sarajevo, 18 May 2021



Elma Mešinović, Certified Auditor

DRINA FLOOD PROTECTION PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended
31 December 2020

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2020

3.1 Summary of Sources and Uses of funds under IDA Credit 5444-BA and Other income

| | Ref. | Actual 2020 | Cumulative 2020 | Cumulative 2019 | Cumulative budget | Cumulative variance |
|------------------------|------------|------------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| IDA Credit 5444-BA | 3.1.1 | 1,720,139 | 8,284,749 | 6,564,610 | 7,908,158 | (376,591) |
| Other income | 3.1.2 | 495,518 | 1,980,634 | 1,485,116 | - | (1,980,634) |
| TOTAL FINANCING | 3.2 | 2,215,657 | 10,265,383 | 8,049,726 | 7,908,158 | (2,357,225) |

**PROJECT
EXPENDITURE**

By Category

Goods, works, non-consulting services, consultants' services, Training and Incremental

Operating Costs for Part B of the Project

| | | | | | | |
|--------------------|------------|------------------|------------------|------------------|------------------|------------------|
| TOTAL | | 2,562,977 | 8,829,954 | 6,266,977 | 7,908,158 | (921,796) |
| EXPENDITURE | 3.2 | 2,562,977 | 8,829,954 | 6,266,977 | 7,908,158 | (921,796) |

**PROJECT
EXPENDITURE**

By Component

I. Flood Protection Works and Support for Goražde area

2,535,380 8,749,924 6,214,544 7,678,076 (1,071,848)

II. Project Implementation Support

27,597 80,030 52,433 230,082 150,052

| | | | | | | |
|--------------------|------------|------------------|------------------|------------------|------------------|------------------|
| TOTAL | | 2,562,977 | 8,829,954 | 6,266,977 | 7,908,158 | (921,796) |
| EXPENDITURE | 3.2 | 2,562,977 | 8,829,954 | 6,266,977 | 7,908,158 | (921,796) |

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Project financial statements for the period ended

12 May 2021

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2021

3.1. Summary of Sources and Uses of funds under IDA Credit 5444-BA and Other income

| | Ref. | Actual 2021 | Cumulative 2021 | Cumulative 2020 | Cumulative budget | Cumulative variance |
|------------------------|------------|----------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| IDA Credit 5444-BA | 3.1.1 | (197) | 8,284,552 | 8,284,749 | 7,908,158 | (376,394) |
| Other income | 3.1.2 | - | 1,980,634 | 1,980,634 | - | (1,980,634) |
| TOTAL FINANCING | 3.2 | (197) | 10,265,186 | 10,265,383 | 7,908,158 | (2,357,028) |

**PROJECT
EXPENDITURE**

By Category

Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs for Part B of the Project

| | | | | | | |
|--------------------------|------------|----------------|------------------|------------------|------------------|--------------------|
| | | 276,235 | 9,106,189 | 8,829,954 | 7,908,158 | (1,198,031) |
| TOTAL EXPENDITURE | 3.2 | 276,235 | 9,106,189 | 8,829,954 | 7,908,158 | (1,198,030) |

**PROJECT
EXPENDITURE**

By Component

I. Flood Protection Works and Support for Goražde area

267,658 9,017,582 8,749,924 7,678,076 (1,339,506)

II. Project Implementation Support

8,577 88,607 80,030 230,082 141,475

| | | | | | | |
|--------------------------|------------|----------------|------------------|------------------|------------------|--------------------|
| TOTAL EXPENDITURE | 3.2 | 276,235 | 9,106,189 | 8,829,954 | 7,908,158 | (1,198,031) |
|--------------------------|------------|----------------|------------------|------------------|------------------|--------------------|

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Project financial statements for the year ended
31 December 2020

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2020 (continued)

3.1.1 Summary of Sources and Uses of funds under the IDA Credit 5444-BA

| | Ref. | Actual 2020 | Cumulative 2020 | Cumulative 2019 | Cumulative budget | Cumulative variance |
|--|------|------------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| IDA Credit 5444-BA | | | | | 7,908,158 | |
| Initial deposit | | - | 1,000,000 | 1,000,000 | | |
| SoE replenishments | | 1,700,833 | 7,265,401 | 5,564,568 | | |
| Direct Payment | | 19,344 | 19,344 | - | | |
| Interest income | | (38) | 4 | 42 | | |
| TOTAL FINANCING | 3.1 | 1,720,139 | 8,284,749 | 6,564,610 | 7,908,158 | (376,591) |
| PROJECT EXPENDITURE | | | | | | |
| <i>By Category</i> | | | | | | |
| Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs for Part B of the Project | | 1,967,657 | 8,234,580 | 6,266,923 | 7,908,158 | (326,422) |
| TOTAL EXPENDITURE | 3.2 | 1,967,657 | 8,234,580 | 6,266,923 | 7,908,158 | (326,422) |

DRINA FLOOD PROTECTION PROJECT
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Project financial statements for the period ended
12 May 2021

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2021 (continued)

3.1.1. After payment of expenses in year 2021 Summary of sources and uses of funds under IDA Credit may be presented as follows:

| | Ref. | Actual 2021 | Cumulative 2021 | Cumulative 2020 | Cumulative budget | Cumulative variance |
|--|------|----------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| IDA Credit 5444-BA | | | | | 7,908,158 | |
| Initial deposit | | - | 1,000,000 | 1,000,000 | | |
| SoE replenishments | | - | 7,265,401 | 7,265,401 | | |
| Direct Payment | | | 19,344 | 19,344 | | |
| Interest income | | (4) | - | 4 | | |
| Refund to WB | | (193) | (193) | | | |
| TOTAL FINANCING | 3.1 | (197) | 8,284,552 | 8,284,749 | 7,908,158 | (376,394) |
| PROJECT EXPENDITURE | | | | | | |
| <i>By Category</i> | | | | | | |
| Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs for Part B of the Project | | 49,972 | 8,284,552 | 8,234,580 | 7,908,158 | (376,394) |
| TOTAL EXPENDITURE | 3.2 | 49,972 | 8,284,552 | 8,234,580 | 7,908,158 | (376,394) |

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Project financial statements for the year ended
31 December 2020

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2020 (continued)

3.1.2 Summary of sources and uses of funds under Other income

| | Ref. | Actual 2020 | Cumulative 2020 | Cumulative 2019 | Cumulative budget | Cumulative variance |
|--|------|----------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| Return of VAT | | 495,518 | 1,213,061 | 717,543 | | (1,213,061) |
| Sava river watershed Agency payment | | - | 766,938 | 766,938 | | (766,938) |
| Tender documentation sold – Other income account | | - | 635 | 635 | | (635) |
| TOTAL FINANCING | 3.1 | 495,518 | 1,980,634 | 1,485,116 | | (1,980,634) |
| PROJECT EXPENDITURE | | | | | | |
| <i>By Category</i> | | | | | | |
| Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs for Part B of the Project | | 595,320 | 595,374 | 54 | | (595,374) |
| TOTAL EXPENDITURE | 3.2 | 595,320 | 595,374 | 54 | | (595,374) |

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Project financial statements for the period ended
12 May 2021

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2021 (continued)

3.1.2. After payment of expenses in year 2021 Summary of sources and uses of funds under Other income may be presented as follows:

| | Ref. | Actual 2021 | Cumulative 2021 | Cumulative 2020 | Cumulative budget | Cumulative variance |
|--|------|----------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| Return of VAT | | - | 1,213,061 | 1,213,061 | | (1,213,061) |
| Sava river watershed Agency payment | | - | 766,938 | 766,938 | | (766,938) |
| Tender documentation sold – Other income account | | - | 635 | 635 | | (635) |
| TOTAL FINANCING | 3.1 | - | 1,980,634 | 1,980,634 | | (1,980,634) |
| PROJECT EXPENDITURE | | | | | | |
| <i>By Category</i> | | | | | | |
| Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs for Part B of the Project | | 226,263 | 821,637 | 595,374 | | (821,637) |
| TOTAL EXPENDITURE | 3.2 | 226,263 | 821,637 | 595,374 | | (821,637) |

DRINA FLOOD PROTECTION PROJECT
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Project financial statements for the year ended
31 December 2020

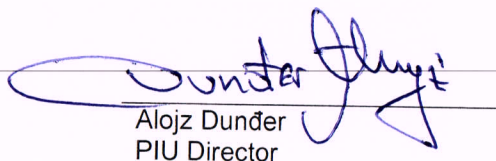
(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2020 (continued)


3.2 Balance sheet as of 31 December 2020 showing accumulated funds of the Project and bank balances concerning World Bank funding

| | Ref. | 31 December 2020 | 31 December 2019 |
|---|------------|-------------------|------------------|
| ASSETS | | | |
| Project expenditure under IDA Credit | 3.1.1 | 8,234,580 | 6,266,923 |
| Project expenditure under Other income | 3.1.2 | 595,374 | 54 |
| | 3.1 | 8,829,954 | 6,266,977 |
| Designated account – IDA Credit 5444-BA | A.1 | 49,919 | 297,339 |
| Petty cash – IDA Credit 5444-BA | A.2 | 250 | 348 |
| Local bank account - Other income | A.3 | 1,385,260 | 1,485,062 |
| | | 1,435,429 | 1,782,749 |
| Total assets | | 10,265,383 | 8,049,726 |
| LIABILITIES | | | |
| IDA Credit 5444-BA | 3.1.1 | 8,284,749 | 6,564,610 |
| Other income | 3.1.2 | 1,980,634 | 1,485,116 |
| Total liabilities | 3.1 | 10,265,383 | 8,049,726 |

Signed and authorised by:


Alojz Dunder
PIU Director

Sarajevo, 12 May 2021


Suada Muminagić
Financial Specialist

DRINA FLOOD PROTECTION PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the period ended
12 May 2021

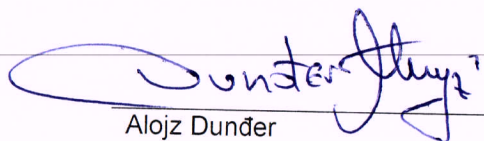
(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2021 (continued)

3.3 Balance sheet as of 12 May 2021 showing accumulated funds of the Project and bank balances concerning World Bank funding

| | Ref. | 12 May 2021 | 31 December 2020 |
|---|------------|-------------------|-------------------|
| ASSETS | | | |
| Project expenditure under IDA Credit | 3.1.1 | 8,284,552 | 8,234,580 |
| Project expenditure under Other income | 3.1.2 | 821,637 | 595,374 |
| | 3.1 | 9,106,189 | 8,829,954 |
| Designated account – IDA Credit 5444-BA | A.1 | - | 49,919 |
| Petty cash – IDA Credit 5444-BA | A.2 | - | 250 |
| Local bank account - Other income | A.3 | 1,158,997 | 1,385,260 |
| | | 1,158,997 | 1,435,429 |
| Total assets | | 10,265,186 | 10,265,383 |
| LIABILITIES | | | |
| IDA Credit 5444-BA | 3.1.1 | 8,284,552 | 8,284,749 |
| Other income | 3.1.2 | 1,980,634 | 1,980,634 |
| Total liabilities | 3.1 | 10,265,186 | 10,265,383 |

Signed and authorised by:



Alojz Dunder
PIU Director

Sarajevo, 12. May, 2021



Suada Muminagić
Financial Specialist

DRINA FLOOD PROTECTION PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended
31 December 2020

(all amounts in EUR, unless otherwise stated)

4. Notes to the project financial statements

4.1 Basis of preparation and accounting records

These project financial statements have been prepared on the cash basis of accounting based on International Public Sector Accounting Standards: "Financial Reporting under the Cash Basis of Accounting", issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the accounting policies below, which have been consistently followed in all material respects and comply with the "Guidelines: Annual Financial Reporting and Auditing for World Bank – Financed Activities", issued by the Financial Management Sector Board.

4.2 Accounting policies

The Project's fiscal year is January 1 to December 31 for the recording of all transactions.

Cash basis of accounting

All receipts and expenses under IDA Credit are recorded on actual receipt and payment basis of accounting as per approved categories.

Project expenditure is stated at original cost on the balance sheet.

Direct payments

Direct payments concern the amounts paid directly from the IDA Credit account of the World Bank.

Statement of Expenditure (SoE)

Statements of Expenditure are used to state the expenditure under IDA Credit during a certain period. These statements are sent to the World Bank's disbursement specialist who authorises the payment of the expenditure through the Designated account.

Currency conversions

The reporting currency is EUR. Sources and use of funds (payments to suppliers and contractors) in currencies other than EUR have been converted to EUR using the currency rate at the moment of the transaction.

Bank balances, recorded on the balance sheet at year-end, have been converted at year-end rate.

Designated account

This is the total amount of the withdrawals from the IDA Credit account for the Project. IDA Credit account is in EUR.

Local bank account

This concerns bank account at local bank (other than Designated account) in local currency translated at the exchange rate at the date of the balance sheet.

Other income

Other income includes tender documentation sold and return of VAT.

Interest on Designated account

Interest earned on the Designated account belongs to the Borrower.

DRINA FLOOD PROTECTION PROJECT
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Project financial statements for the year ended
31 December 2020

(all amounts in EUR, unless otherwise stated)

4. Notes to the project financial statements (continued)

4.2 Accounting policies (continued)

Interest on local bank account

Interest earned on the local bank account used for the other income is treated as additional source of financing of the Project.

DRINA FLOOD PROTECTION PROJECT
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Project financial statements for the year ended
31 December 2020 and period ended 12 May 2021

(all amounts in EUR, unless otherwise stated)

APPENDIX A.1

DESIGNATED ACCOUNT STATEMENT

Account owned by: Ministry of Finance and Treasury of Bosnia and Herzegovina

Account No.: BA39 1994 9900 3150 4549

Depository Bank: Sparkasse bank dd BiH

Address: Zmaja od Bosne 7, Sarajevo

Related Credit: IDA Credit N0.5444-BA

Currency: EUR

| | Ref. | EUR |
|---|------|------------------|
| Opening balance 1 January 2020 | 3.2 | 297,339 |
| Add: | | |
| World Bank replenishments | B | 1,700,833 |
| Interest | | 336 |
| | | <u>1,701,169</u> |
| | | 1,998,508 |
| Deduct: | | |
| Payments to suppliers - Expenditure under IDA Credit | | 1,948,215 |
| Transfer of interest to the Ministry of Finance and Treasury of B&H | | 374 |
| | | <u>1,948,589</u> |
| Ending balance 31 December 2020 | 3.2 | 49,919 |

Changes on Designated Account in year 2021 may be presented as follows:

| | Ref. | EUR |
|---|------|---------------|
| Opening balance 1 January 2021 | 3.2 | 49,919 |
| Add: | | |
| Interest | | 8 |
| Transfer from petty cash | A.2 | 195 |
| | | <u>203</u> |
| | | 50,122 |
| Deduct: | | |
| Payments to suppliers - Expenditure under IDA Credit | | 49,917 |
| Transfer of interest to the Ministry of Finance and Treasury of B&H | | 12 |
| Refund to World Bank | | 193 |
| | | <u>50,122</u> |
| Ending balance 12 May 2021 | 3.2 | - |

DRINA FLOOD PROTECTION PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended
31 December 2020 and period ended 12 May 2021

(all amounts in EUR, unless otherwise stated)

APPENDIX A.2

PETTY CASH STATEMENT

Address: PIU, Sarajevo
Related Credit: IDA Credit 5444-BA
Currency: BAM

| | Ref. | BAM | EUR |
|--|------|------------|------------|
| Opening balance 1 January 2020 | 3.2 | 681 | 348 |
| | | 681 | 348 |
| Deduct: | | | |
| Payments to suppliers - Expenditure under IDA Credit | | 192 | 98 |
| | | 192 | 98 |
| Ending balance 31 December 2020 | 3.2 | 489 | 250 |

Changes in petty cash in year 2021 may be presented as follows:

| | Ref. | BAM | EUR |
|--|------|------------|------------|
| Opening balance 1 January 2021 | 3.2 | 489 | 250 |
| Deduct: | | | |
| Payments to suppliers - Expenditure under IDA Credit | | 108 | 55 |
| Transfer to Credit Designated Account | | 381 | 195 |
| | | 489 | 250 |
| Ending balance 12 May 2021 | 3.2 | - | - |

DRINA FLOOD PROTECTION PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Project financial statements for the year ended
31 December 2020 and period ended 12 May 2021

(all amounts in EUR, unless otherwise stated)

APPENDIX A.3

LOCAL BANK ACCOUNT STATEMENT

Account owned by: Federal Ministry of Agriculture, Water Management and Forestry

Account No.: 1027080000004907

Depository Bank: Union banka d.d. Sarajevo

Address: Hamdije Kreševljakovića 19, Sarajevo

Related Credit: Government contribution (Indirect Taxation Authority – VAT return; Sava River Watershed Agency – co-financing of the Project in accordance with Contract No. 1051-12/17 dated 22 December 2017)

Currency: BAM

| | Ref. | BAM | EUR |
|--|------|------------------|------------------|
| Opening balance 1 January 2020 | 3.2 | 2,904,528 | 1,485,062 |
| Add: | | | |
| VAT return | | 969,150 | 495,518 |
| | | 969,150 | 495,518 |
| | | 3,873,678 | 1,980,580 |
| Deduct: | | | |
| Payments to suppliers - Expenditure under Other income | | 1,164,344 | 595,320 |
| | | 1,164,344 | 595,320 |
| Ending balance 31 December 2020 | 3.2 | 2,709,334 | 1,385,260 |

Changes on local bank Account in year 2021 may be presented as follows:

| | Ref. | BAM | EUR |
|--|------|------------------|------------------|
| Opening balance 1 January 2021 | 3.2 | 2,709,334 | 1,385,260 |
| Deduct: | | | |
| Payments to suppliers - Expenditure under Other income | | 442,531 | 226,263 |
| | | 442,531 | 226,263 |
| Ending balance 12 May 2021 | 3.2 | 2,266,803 | 1,158,997 |

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APPENDIX B **SoE Withdrawal Schedule of IDA Credit No.5444-BA for the year ended 31 December 2020 and period ended 12 May 2021**

| | Initial deposit | Goods, works, non- consulting services, consultants' services, Training and Incremental Operating Costs for Part B of the Project | Total application | Total replenished |
|------------------------------------|--------------------|---|----------------------|----------------------|
| Previous years | 1,000,000 | 6,266,923 | 6,266,923 | 6,564,568 |
| Application 26 | - | 19,344 | 19,344 | 19,344 |
| Total direct payments 2020 | - | 19,344 | 19,344 | 19,344 |
| Application 21* | - | - | - | 702,355 |
| Application 22 | - | 458,638 | 458,638 | 458,638 |
| Application 23 | - | 369,921 | 369,921 | 369,922 |
| Application 24** | (460,515) | 630,433 | 630,433 | 169,918 |
| Application 25*** | (469,450) | 469,450 | 469,450 | - |
| Application 27*** | (19,871) | 19,871 | 19,871 | - |
| Total SOE applications 2020 | (949,836) | 1,948,313 | 1,948,313 | 1,700,833 |
| Total 2020 | (949,836) | 1,967,657 | 1,967,657 | 1,720,177 |
| As of 31 December 2020 | 50,164 | 8,234,580 | 8,234,580 | 8,284,745 |
| Application 28**** | (49,971) | 49,972 | 49,972 | - |
| Less: Refund of DA-B | (193) | - | - | (193) |
| Total 2021 | (50,164) | 49,972 | 49,972 | (193) |
| As of 12 May 2021 | - | 8,284,552 | 8,824,552 | 8,284,552 |

* Application No.21 was replenished in 2020, but expenses were made in 2019.

** Application No.24 was replenished in the amount of 169,918 EUR; other part of 460,515 EUR was reduced from Initial deposit.

*** Application No.25 and No.27 were reduced from initial deposit.

**** Application No.28 was reduced from initial deposit.

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APPENDIX C

Reconciliation between World Bank's disbursement statements in XDR and IDA Credit Account in EUR according to the balance sheet as of 31 December 2020 and period ended 12 May 2021; SoE Withdrawal Schedule of IDA Credit No.5444-BA

| | Changes in IDA Credit (in XDR) | Exchange rate used | Changes in IDA Credit (in EUR) |
|---|--------------------------------------|-----------------------|--------------------------------------|
| Original amount | 6,630,000 | 1.192784 | 7,908,158 |
| Disbursed in previous years | 5,236,623 | | 6,564,568 |
| Withdrawal 21 | 565,425 | 1.2421718 | 702,355 |
| Withdrawal 22 | 371,448 | 1.2347320 | 458,638 |
| Withdrawal 23 | 299,606 | 1.2359770 | 369,922 |
| Withdrawal 24 | 515,584 | 1.2063156 | 630,433 |
| Refund for Appl. 24-B | (374,727) | | (460,515) |
| Withdrawal 26 | 16,078 | | 19,344 |
| Total disbursed in 2020 | 1,393,415 | | 1,720,177 |
| Cumulative disbursements as of 31 December 2020 | 6,630,038 | | 8,284,745 |
| Calculated undisbursed balance as of 31 December 2020 | (38) | | (376,587) |
| Undisbursed balance as per World Bank Summary for 31 December 2020 | (38) | | - |
| Potential exchange rate gain | - | | (376,587) |
| Less: Refund DA-B | (154) | | (193) |
| Less: Refund Excess Amount | 38 | | - |
| Cumulative disbursement as of 12 May 2021 | 6,629,846 | | 8,284,552 |
| Calculated undisbursed balance as of 12 May 2021 | 154 | | (376,394) |
| Undisbursed balance as per World Bank Summary for 12 May 2021 | 154 | 1.1857419 | 182 |
| Potential exchange rate gain | - | | (376,212) |