

Report on the Consolidated Financial  
Statements of the

**RURAL COMPETITIVENESS DEVELOPMENT  
PROJECT**

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

- IFAD Loan Agreement No. 2000001440
- IFAD Grant Agreement No. 2000001441

For the year ended 31 December 2018

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT  
of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

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## **RURAL COMPETITIVENESS DEVELOPMENT PROJECT of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

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### **1. Introduction**

#### **1.1 Objectives of the Project**

The State of Bosnia and Herzegovina (the "State"), through its Ministry of Finance and Treasury, obtained Loan No. 2000001440 and Grant No. 2000001441 from the International Fund for Agriculture Development (IFAD).

The Federation of Bosnia and Herzegovina ("FB&H") and Republika Srpska ("RS") have agreed to carry out the Rural Business Development Project (the "Project") and agreed subsidiary agreements with the State.

The goal of the Programme will be to contribute to sustainable rural poverty reduction in B&H. The Programme development objective is to enable smallholders to take advantage of fruits, vegetable, non-timber forest products and other potential subsector development for the sustainable improvement of their social and economic conditions and those of other poor rural groups.

**Programme area:** The Programme will be implemented at national level through value chain clusters. Initially, twelve clusters have been pre-identified thus constituting the project area for its first cycle. Given the focus on supporting the most vulnerable groups (poor farmers, women and youth) the project will foster the inclusion of poor municipalities in the context of larger municipal clusters. Typically, these municipalities will either be close to the areas currently active in the selected value chains or municipalities where important 'poverty pockets' still subsist. Clusters will be identified on the basis of common characteristics in terms of socio-economic and institutional potential.

**Target group:** The programme will reach out to three target groups: the **very poor, poor and borderline poor**, by analysing their specific constraints and challenges to access selected sub-sectors and in particular the constraints faced by **women** and **youth**. The targeting strategy and efforts will respond to these challenges with specific enabling measures. The programme will target poor, non-commercial farmers that are not yet (or insufficiently) linked to market while support their insertion in rewarding supply chains in order to become competitive commercial farmers. Direct beneficiaries will be rural poor, both women and men, young and adults, organized in Producers' Associations (PAs) and cooperatives active in selected value chains (VCs).

#### **1.2 Components and activities of the Project**

The Programme shall consist of the following components:

##### ***Component 1: Enabling Environment for Inclusive Subsector Development***

The outcome of Component 1 will be: "The improved policy and institutional environment attracts smallholders and investors to the selected subsectors". Five elements of the subsector development approach of the Programme will be implemented through the component: (i) subsector governance by all concerned private and public stakeholders through consultations and joint strategic planning of interventions; (ii) developing relevant institutions' capacities in the subsectors to ensure adequate supply of specialized services; and (iii) an enabling policy framework in order to tackle the related trade, policy and institutional issues and promote local economic development; (iv) subsector performance monitoring and accountability, and (v) strengthening relevant institutions' capacities.

The expected results are the following: (i) stakeholder's platforms at cluster level and subsector level improve value chain coordination and subsector governance, orient public policies and investment in order to warrant long term subsector competitiveness; and (ii) appropriate technical and business development services are made available at local and entity level.

## **RURAL COMPETITIVENESS DEVELOPMENT PROJECT of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

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### **1. Introduction (continued)**

#### **1.2. Components and activities of the Project (continued)**

##### ***Component 2: Sustainable inclusion of smallholders in the thriving/successful value chains***

The outcome of Component 2 will be: "Sustainable inclusion of poor smallholders and vulnerable groups in selected subsectors. The expected results are the following: (i) inclusive business proposals developed and implemented; and (ii) very poor and poor farmers, woman and youth have successfully integrated into competitive and rewarding value chains.

This Component is intended to: (i) help improve the livelihood of small scale producers and poor collectors through sustainable and profitable farming; (ii) consolidate their organisations and their capabilities to identify forthcoming business opportunities (in terms of markets, marketing channels, new products etc.) to expand their business; and (iii) have a voice and play an active role in the multi-stakeholders coordination platforms, both at cluster level and at subsector level. The Programme will take advantage of existing value chain dynamics in selected value chains in which the private sector (i.e. agro input dealers, collectors, processors, traders, wholesalers, retailers) is actively engaging with smallholders, either organised or individually.

Business Proposals (BPs), allowing business partners (producers and agribusiness) to plan, coordinate and carry out mutually benefiting investments, will be one of the main Programme instruments under Component 2. The BP will be the main instrument of the business partners (small-scale producers and collectors and their organisations, agribusiness companies) to foster the sustainable development of their joint businesses in the selected sub-sectors and value chains. BPs will also frame partners' needs in terms of capacity development and the part of the investments to be addressed by public (project) funds.

**Component 3: The Project Management, Monitoring and Evaluation Component** would finance all the incremental costs of project management, coordination, monitoring and evaluation by the existing Agriculture Project Coordination Unit.

#### **1.3. Financing of the Project**

The Programme is financed from:

- IFAD Loan
- IFAD Grant
- Government contribution and
- Beneficiaries contribution.

##### **1.3.1. IFAD Loan Agreement 2000001440**

The State is the borrower of the International Fund for Agricultural Development (IFAD) Loan No. 2000001440, amounting to EUR 11,120,000.

In accordance to terms of subsidiary finance agreement between the State and FBiH and State and RS, funds of the equivalent of EUR 6,440,000 have been lent to FBiH and funds of the equivalent of EUR 4,680,000 have been lent to RS.

##### **1.3.2. IFAD Grant Agreement No. 2000001441**

IFAD Grant No. 2000001441 allocations for B&H are EUR 470,000.

In accordance to terms of subsidiary finance agreement between the State and FBiH and State and RS, funds of the equivalent of EUR 270,000 have been granted to FBiH and funds of the equivalent of EUR 200,000 have been granted to RS.

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT  
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**1. Introduction (continued)**

**1.3. Financing of the Project (continued)**

Categories of eligible expenditure to be financed by the Loan and the Grant and the allocation of the amounts of the Loan and the Grant to each category and the percentages of expenditures to be financed in each category can be presented as follows:

Category	Loan amount allocated (EUR)	Grant amount allocated (EUR)	% of expenditures to be financed (all net of tax and government contributions)
Goods, services and inputs	8,655,000	-	100%
Consultancies	810,000	470,000	100%
Equipment	70,000	-	100%
Operating costs	1,025,000	-	100%
Unallocated	560,000	-	-
<b>Total – Part A of the Project in FBiH and RS</b>	<b>11,120,000</b>	<b>470,000</b>	

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## **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

### **Report on the Consolidated Project Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated project financial statements of the Rural Competitiveness Development Project (the "Project"), which comprise of Summary of sources and uses of funds, Balance sheet, Designated accounts, local bank accounts and petty cash statements, Statements of loan and grant withdrawals as of and for the year ended 31 December 2018, and a summary of significant accounting policies and other explanatory notes for the year then ended, financed under IFAD Loan No. 2000001440 and IFAD Grant No. 2000001441.

In our opinion, the accompanying consolidated project financial statements present fairly, in all material aspects, the financial position of the Project as of 31 December 2018, 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 the International Fund for Agricultural Development Guidelines for Project Audits ("IFAD Guidelines"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated 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 Consolidated Project Financial Statements**

The management of programme coordination unit in FBiH and management of project coordination unit in RS are responsible for the preparation of separate project financial statements in accordance with the cash basis of accounting based on IPSAS, as described in Note 4.1., the International Fund for Agricultural Development Guidelines for Project Audits, and for such internal control as management determines is necessary to enable the preparation of separate project financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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. These consolidated financial statements are sum of separate project financial statements.

### **Responsibilities for the Audit of Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated project financial statements, including the disclosures, and whether the consolidated 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 SoE withdrawal schedule, adequate supporting documentation has been maintained to support claims for reimbursements of expenditures occurred and such expenditure were eligible under IFAD Loan No. 2000001440 and IFAD Grant No. 2000001441.

In addition, in our opinion, the accompanying designated account statements present fairly, in all material aspects, the funds received and disbursements made from the designated accounts of the Project for the year ended 31 December 2018, in accordance with the basis of accounting described in Note 4.1.

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

  
Nihad Fejzić, Director and Certified Auditor  
Sarajevo, 24 May 2019



  
Ema Sinanović, Certified Auditor

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT  
of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

Consolidated project financial statements for the year ended 31 December 2018

*(all amounts in EUR, unless otherwise stated)*

**3. Consolidated project financial statements for the year 2018**

**3.1. Summary of Sources and Uses of Funds under IFAD Loan No. 2000001440, IFAD Grant No. 2000001441, Government contribution and Beneficiaries contribution**

	Ref.	Actual 2018	Cumulative 2018	Cumulative 2017	Cumulative budget	Cumulative variance
<b>FINANCING</b>						
IFAD Loan 2000001440	3.1.1	330,000	1,230,000	900,000	11,120,000	9,890,000
IFAD Grant 2000001441	3.1.2	300,000	300,000	-	470,000	170,000
Government contribution	3.1.3	172,714	172,714	-	3,422,467	3,249,753
Beneficiaries contribution	3.1.4	13,427	13,427	-	6,452,778	6,439,351
<b>TOTAL FINANCING</b>	<b>3.2</b>	<b>816,141</b>	<b>1,716,141</b>	<b>900,000</b>	<b>21,465,245</b>	<b>19,749,104</b>
<b>PROJECT EXPENDITURE</b>						
<i>By Category</i>						
Goods, services and inputs		22,378	22,378	-	17,801,486	17,779,108
Consultancies		98,339	98,339	-	1,620,238	1,521,899
Equipment		-	-	-	97,242	97,242
Operating costs		65,868	65,868	-	1,386,279	1,320,411
Unallocated		-	-	-	560,000	560,000
<b>TOTAL EXPENDITURE</b>	<b>3.2</b>	<b>186,585</b>	<b>186,585</b>	<b>-</b>	<b>21,465,245</b>	<b>21,278,660</b>
<b>PROJECT EXPENDITURE</b>						
<i>By Component</i>						
Enabling environment for inclusive subsector development		65,099	65,099	-	1,194,566	1,129,467
Sustainable inclusion of smallholds in the thriving/successful value chains		55,620	55,620	-	18,346,420	18,290,801
Project coordination, monitoring and evaluation		65,866	65,866	-	1,364,258	1,298,392
Unallocated		-	-	-	560,000	560,000
<b>TOTAL EXPENDITURE</b>	<b>3.2</b>	<b>186,585</b>	<b>186,585</b>	<b>-</b>	<b>21,465,245</b>	<b>21,278,660</b>

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**3. Consolidated project financial statements for the year 2018 (continued)**

**3.1.1 Summary of Sources and Uses of Funds under the IFAD Loan No. 2000001440**

Ref.	Actual 2018	Cumulative 2018	Cumulative 2017	Cumulative budget	Cumulative variance
<b>FINANCING</b>					
IFAD Loan 2000001440				<b>11,120,000</b>	
Initial deposit	330,000	1,230,000	900,000		
Direct payments	-	-	-		
SoE replenishments	-	-	-		
<b>TOTAL FINANCING</b>	<b>3.2</b>	<b>330,000</b>	<b>1,230,000</b>	<b>900,000</b>	<b>11,120,000</b>
<b>PROJECT EXPENDITURE</b>					
<i>By Category</i>					
Goods, services and inputs	8,951	8,951	-	3,620,000	3,611,049
Consultancies	79,016	79,016	-	4,409,783	4,330,767
Equipment	-	-	-	-	-
Operating costs	63,531	63,531	-	2,530,217	2,466,686
Unallocated	-	-	-	560,000	560,000
<b>TOTAL EXPENDITURE</b>	<b>3.2</b>	<b>151,498</b>	<b>151,498</b>	<b>-</b>	<b>11,120,000</b>
					<b>10,968,502</b>

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*(all amounts in EUR, unless otherwise stated)*

**3. Consolidated project financial statements for the year 2018 (continued)**

**3.1.2 Summary of sources and uses of fund under IFAD Grant 2000001441**

	Ref.	Actual 2018	Cumulative 2018	Cumulative 2017	Cumulative budget	Cumulative variance
<b>FINANCING</b>						
IFAD Grant 2000001441					<b>470,000</b>	
Initial deposit		300,000	300,000	-		
Direct payment		-	-	-		
SoE replenishments		-	-	-		
<b>TOTAL FINANCING</b>	3.2	<b>300,000</b>	<b>300,000</b>	-	<b>470,000</b>	<b>170,000</b>
<b>PROJECT EXPENDITURE</b>						
<i>By Category</i>						
Goods, services and inputs		-	-	-	-	-
Consultancies		10,421	10,421	-	470,000	459,579
Equipment		-	-	-	-	-
Operating costs		4	4	-	-	(4)
<b>TOTAL EXPENDITURE</b>	3.2	<b>10,425</b>	<b>10,425</b>	-	<b>470,000</b>	<b>459,575</b>

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT**  
**of the Ministry of Finance and Treasury of Bosnia and Herzegovina**  
 Consolidated project financial statements for the year ended 31 December 2018  
*(all amounts in EUR, unless otherwise stated)*

**3. Consolidated project financial statements for the year 2018 (continued)**

**3.1.3 Summary of sources and uses of fund under Government contribution**

	Ref.	Actual 2018	Cumulative 2018	Cumulative 2017	Cumulative budget	Cumulative variance
<b>FINANCING</b>						
<i>Government contribution</i>						
Government contribution FBiH		121,585	121,585	-	2,484,858	2,363,273
Government contribution RS		51,129	51,129	-	937,609	886,480
<b>TOTAL FINANCING</b>	3.2	<b>172,714</b>	<b>172,714</b>	-	<b>3,422,467</b>	<b>3,249,753</b>
<b>PROJECT EXPENDITURE</b>						
<i>By Category</i>						
Goods, services and inputs		-	-	-	734,231	734,231
Consultancies		8,902	8,902	-	2,305,580	2,296,677
Equipment		-	-	-	-	-
Operating costs		2,332	2,332	-	382,657	380,324
<b>TOTAL EXPENDITURE</b>	3.2	<b>11,234</b>	<b>11,234</b>	-	<b>3,422,467</b>	<b>3,411,232</b>

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**3. Consolidated project financial statements for the year 2018 (continued)**

**3.1.4 Summary of sources and uses of fund under Beneficiaries contribution**

	Ref.	Actual 2018	Cumulative 2018	Cumulative 2017	Cumulative budget	Cumulative variance
<b>FINANCING</b>						
Beneficiaries contribution -						
RS		13,427	13,427	-	6,452,778	6,439,351
<b>TOTAL FINANCING</b>	<b>3.2</b>	<b>13,427</b>	<b>13,427</b>	<b>-</b>	<b>6,452,778</b>	<b>6,439,351</b>
<b>PROJECT EXPENDITURE</b>						
<i>By Category</i>						
Goods, services and inputs		13,427	13,427	-	6,452,778	6,439,351
Consultancies		-	-	-	-	-
Operating costs		-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>3.2</b>	<b>13,427</b>	<b>13,427</b>	<b>-</b>	<b>6,452,778</b>	<b>6,439,351</b>

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT**  
**of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

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Consolidated project financial statements for the year ended 31 December 2018

(all amounts in EUR, unless otherwise stated)

**3. Consolidated project financial statements for the year 2018 (continued)**

**3.2 Balance sheet as of 31 December 2018 showing accumulated funds of the Project and bank balances concerning IFAD Funding, Government contribution and Beneficiaries contribution**

	Ref.	31 December 2018	31 December 2017
<b>ASSETS</b>			
Project expenditure IFAD Loan 2000001440	3.1.1	151,498	-
Project expenditure IFAD Grant 2000001441	3.1.2	10,425	-
Project expenditure under Government contribution	3.1.3	11,234	-
Project expenditure under Beneficiaries contribution	3.1.4	13,427	-
		<b>186,585</b>	-
Designated account - IFAD Loan 2000001440 (FBiH)	A.1	805,465	900,000
Designated account - IFAD Loan 2000001440 (RS)	A.2	272,822	
Designated sub-account - IFAD Loan 2000001440 (FBiH)	A.3	-	-
Designated account – IFAD Grant 2000001441 (FBiH)	A.4	140,033	-
Designated sub-account – IFAD Grant 2000001441 (FBiH)	A.5	-	-
Local bank account – IFAD Grant No 2000001441 (RS)	A.6	149,542	-
Local bank account – Government contribution (FBiH)	A.7	111,760	-
Local bank account - Government contribution (RS)	A.8	42,614	-
Local bank account – Beneficiary contribution (RS)	A.9	-	-
Petty Cash under IFAD Loan 2000001440 (FBiH)	A.10	221	-
		<b>1,522,456</b>	900,000
VAT receivables		<b>7,100</b>	-
<b>Total assets</b>		<b>1,716,141</b>	<b>900,000</b>
<b>LIABILITIES</b>			
IFAD Loan 2000001440	3.1.1	1,230,000	900,000
IFAD Grant 2000001441	3.1.2	300,000	-
Government contribution	3.1.3	172,714	-
Beneficiaries contribution	3.1.4	13,427	
<b>Total liabilities</b>		<b>1,716,141</b>	<b>900,000</b>

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT  
of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

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Consolidated project financial statements for the year ended 31 December 2018

(all amounts in EUR, unless otherwise stated)

**4. Notes to the consolidated project financial statements**

**4.1 Basis of preparation and accounting records**

These consolidated project financial statements have been prepared on the cash basis of accounting based on International Public Sector Accounting Standards 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.

**4.2 Accounting policies**

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

***Cash basis of accounting***

All receipts and expenses under IFAD Loan 2000001440 and IFAD Grant 2000001441 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 IFAD Loan 2000001440 and IFAD Grant 2000001441 account.

***Statement of Expenditure (SoE)***

Statements of Expenditure are used to state the expenditure under IFAD Loan 2000001440 and IFAD Grant 2000001441 during a certain period. These statements are sent to the IFAD disbursement specialist who authorizes the payment of the expenditure through the Designated account.

***Currency conversions***

The reporting currency is Euro (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 IFAD Loan account and IFAD Grant account for the Project. IFAD Loan account is in EUR.

***Local bank accounts***

This concerns bank accounts at local banks (other than Designated account) in EUR and BAM translated at the exchange rate at the date of the balance sheet.

***Other income***

Other income includes interest earned on cash funds at the bank accounts.

***Interest on Designated accounts***

Interest earned on the Designated accounts belongs to the Borrower.

***Interest on local bank accounts***

Interest earned on the local bank account used for the payments from IFAD Loan funds and IFAD Grant funds belongs to the Borrower; interest earned on the local bank accounts used for the payments from Government contribution is treated as additional source of financing of the Project.

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT**  
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 Consolidated project financial statements for the year ended 31 December 2018  
*(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 3478 0724  
**Depository Bank:** Sparkasse Bank d.d.  
**Address:** Zmaja od Bosne 7, 71000 Sarajevo  
**Related Credit:** IFAD Loan No. 2000001440  
**Currency:** EUR

	Ref.	EUR
<b>Opening balance 1 January 2018</b>	3.2	900,000
Add:		
IFAD replenishments	B.1	-
		<u>900,000</u>
Deduct:		
Transfer to designated sub-account	A.3	94,535
		<u>94,535</u>
<b>Ending balance 31 December 2018</b>	<b>3.2</b>	<b>805,465</b>

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT**  
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*(all amounts in EUR, unless otherwise stated)*

**APPENDIX A.2**

**DESIGNATED ACCOUNT STATEMENT**

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

**Account No.:** 5672410000732213

**Depository Bank:** Sberbank a.d. Banjaluka

**Address:** Jevrejska 71, Banjaluka

**Related Credit:** IFAD Loan No. 2000001440

**Currency:** EUR

	Ref.	EUR
<b>Opening balance 1 January 2018</b>	3.2	-
Add:		
IFAD replenishments	B.1	<u>330,000</u>
		<b><u>330,000</u></b>
Deduct:		
Payments to suppliers - Expenditure under IFAD Loan		<u>57,178</u>
		<b><u>57,178</u></b>
<b>Ending balance 31 December 2018</b>	<b>3.2</b>	<b>272,822</b>

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**APPENDIX A.3**

**DESIGNATED SUB-ACCOUNT STATEMENT**

**Account owned by:** Ministry of Finance and Treasury of Bosnia and Herzegovina  
**Account No.:** 1994 9900 3478 0724  
**Depository Bank:** Sparkasse Bank d.d.  
**Address:** Zmaja od Bosne 7, 71000 Sarajevo  
**Related Credit:** IFAD Loan No. 2000001440  
**Currency:** BAM

	Ref.	BAM	EUR
<b>Opening balance 1 January 2018</b>	3.2	-	-
Add:			
Transfer from Designated account	A.1	184,894	94,535
		<u>184,894</u>	<u>94,535</u>
Deduct:			
Expenses paid during the period		178,894	91,467
Transfer to petty cash	A.10	6,000	3,068
		<u>184,894</u>	<u>94,535</u>
<b>Ending balance 31 December 2018</b>	3.2	-	-

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**APPENDIX A.4**

**DESIGNATED ACCOUNT STATEMENT**

**Account owned by:** Ministry of Finance and Treasury of Bosnia and Herzegovina  
**Account No.:** BA39 1994 9900 3478 0918  
**Depository Bank:** Sparkasse bank d.d.  
**Address:** Zmaja od Bosne 7, 71000 Sarajevo  
**Related Credit:** IFAD Grant No. 2000001441  
**Currency:** EUR

	<b>Ref.</b>	<b>EUR</b>
<b>Opening balance 1 January 2018</b>	3.2	-
Add:		
IFAD Grant replenished	B.2	<u>150,000</u>
		<u>150,000</u>
Deduct:		
Transfer to Designated sub-account	A.5	<u>9,967</u>
		<u>9,967</u>
<b>Ending balance 31 December 2018</b>	<b>3.2</b>	<b>140,033</b>

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**APPENDIX A.5**

**DESIGNATED SUB-ACCOUNT STATEMENT**

**Account owned by:** Ministry of Finance and Treasury of Bosnia and Herzegovina  
**Account No.:** 1994 9900 3478 0918  
**Depository Bank:** Sparkasse bank d.d.  
**Address:** Zmaja od Bosne 7, 71000 Sarajevo  
**Related Credit:** IFAD Grant No. 2000001441  
**Currency:** BAM

	Ref.	BAM	EUR
<b>Opening balance 1 January 2018</b>	3.2	-	-
Add:			
Transfers from Designated account	A.4	19,494	9,967
		19,494	9,967
Deduct:			
Expenditures paid during the period		19,494	9,967
		19,494	9,967
<b>Ending balance 31 December 2018</b>	3.2	-	-

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**APPENDIX A.6**

**DESIGNATED ACCOUNT STATEMENT**

**Account owned by:** Ministry of Finance and Treasury of Bosnia and Herzegovina  
**Account No.:** 5672410000732407  
**Depository Bank:** Sberbank a.d. Banjaluka  
**Address:** Jevrejska 71, Banjaluka  
**Related Credit:** IFAD Grant No. 2000001441  
**Currency:** EUR

	Ref.	EUR
<b>Opening balance 1 January 2018</b>	3.2	-
Add:		
IFAD Grant replenishments	B.2	150,000
		<b>150,000</b>
Deduct:		
Payments to suppliers - Expenditure under IFAD Grant		458
		<b>458</b>
<b>Ending balance 31 December 2018</b>	<b>3.2</b>	<b>149,542</b>

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**APPENDIX A.7**

**LOCAL BANK ACCOUNT STATEMENT**

**Account owned by:** Ministry of Agriculture, Water Management and Forestry of FBiH  
**Account No.:** 1994 9900 1072 3948  
**Depository Bank:** Sparkasse bank d.d.  
**Address:** Zmaja od Bosne 7, 71000 Sarajevo  
**Related Credit:** Government contribution - FB&H  
**Currency:** BAM

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	Ref.	BAM	EUR
<b>Opening balance 1 January 2018</b>	3.2	-	-
Add:			
Government replenishments		237,640	121,503
Interest		160	82
		<u>237,800</u>	<u>121,585</u>
Deduct:			
Expenditures paid during the period		19,217	9,825
		<u>19,217</u>	<u>9,825</u>
<b>Ending balance 31 December 2018</b>	<b>3.2</b>	<b>218,583</b>	<b>111,760</b>

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**APPENDIX A.8**

**LOCAL BANK ACCOUNT STATEMENT**

**Account owned by:** Ministry of Agriculture, Forestry and Water Management of RS  
**Account No.:** 5672418200003406  
**Depository Bank:** Sberbank a.d. Banjaluka  
**Address:** Jevrejska 71, Banjaluka  
**Related Credit:** Government contribution - RS  
**Currency:** BAM

	Ref.	BAM	EUR
<b>Opening balance 1 January 2018</b>	3.2	-	-
Add:			
Government Contribution		100,000	51,129
		<b>100,000</b>	<b>51,129</b>
Deduct:			
Payments to suppliers - Expenditure under Government		2,769	1,415
VAT		13,886	7,100
		<b>16,655</b>	<b>8,515</b>
<b>Ending balance 31 December 2018</b>	3.2	<b>83,345</b>	<b>42,614</b>

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**APPENDIX A.9**

**LOCAL BANK ACCOUNT STATEMENT**

**Account owned by:** Ministry of Agriculture, Forestry and Water Management of RS  
**Account No.:** 56724182000022-42  
**Depository Bank:** Sberbank a.d. Banjaluka  
**Address:** Jevrejska 71, Banjaluka  
**Related Credit:** Beneficiary contribution - RS  
**Currency:** BAM

	Ref.	EUR	BAM
<b>Opening balance 1 January 2018</b>	3.2	-	-
Add:			
Municipality Contribution	13,427	26,261	<b>26,261</b>
Deduct:			
Payments to suppliers - Expenditure under Beneficiaries	13,427	26,261	<b>26,261</b>
<b>Ending balance 31 December 2018</b>	3.2	-	-

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**APPENDIX A.10**

**PETTY CASH**

**Account owned by:** Ministry of Finance and Treasury of Bosnia and Herzegovina  
**Related Credit:** IFAD Loan No. 2000001440  
**Currency:** BAM

	Ref.	BAM	EUR
<b>Opening balance 1 January 2018</b>	3.2	-	-
Add:			
Transfer from Designated sub-account	A.3	6,000	3,068
		6,000	3,068
Deduct:			
Expenditure paid during the period		5,568	2,847
		5,568	2,847
<b>Ending balance 31 December 2018</b>	3.2	<b>432</b>	<b>221</b>

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**APPENDIX B.1 SoE Withdrawal Schedule of IFAD Loan No. 2000001440 for the year ended 31 December 2018**

	Goods, services and inputs					Operating costs	Total application	Total disbursed
	Initial deposit	Consultancies	Equipment					
<b>Previous years</b>								
FBiH	900,000	-	-	-	-	-	-	900,000
RS	-	-	-	-	-	-	-	-
<b>Total previous years</b>	<b>900,000</b>	-	-	-	-	-	-	<b>900,000</b>
<b>Total direct payments</b>								
Application 1 (RS)	330,000	-	-	-	-	-	-	330,000
<b>Total initial deposit</b>	<b>330,000</b>	-	-	-	-	-	-	<b>330,000</b>
Application 1* (FBiH)	-	8,951	62,693	-	31,621	94,314	-	-
Application 2 (RS)	-	-	16,323	-	31,910	57,184	-	-
<b>Total SoE application 2018</b>	<b>-</b>	<b>8,951</b>	<b>79,016</b>	-	<b>63,531</b>	<b>151,498</b>	-	-
<b>Cumulative 2018</b>	<b>330,000</b>	<b>8,951</b>	<b>79,016</b>	-	<b>63,531</b>	<b>151,498</b>	<b>330,000</b>	-
<b>Cumulative as of 31 December 2018</b>	<b>1,230,000</b>	<b>8,951</b>	<b>79,016</b>	-	<b>63,531</b>	<b>151,498</b>	<b>1,230,000</b>	-

\*This amount refers to expenses made in 2018 that will be submitted for replenishment in upcoming periods.

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT**  
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**APPENDIX B.2 SoE Withdrawal Schedule of IFAD Grant No. 2000001441 for the year ended 31 December 2018**

		Goods, Initial deposit	services and inputs	Consultancies	Equipment	Operating costs	Total application	Total disbursed
<b>Previous years</b>								
Initial deposit (FBiH)	150,000	-	-	-	-	-	-	150,000
Application 1 (RS)	150,000	-	-	-	-	-	-	150,000
<b>Total initial deposit 2018</b>	<b>300,000</b>							<b>300,000</b>
<b>Total direct payments</b>								
2018	-	-	-	-	-	-	-	-
Application 1* (FBiH)	-	-	9,967	-	-	-	9,967	-
Application 2 (RS)	-	-	454	-	-	4	458	-
<b>Total SoE application</b>								
<b>2018</b>	<b>-</b>		<b>10,421</b>			<b>4</b>	<b>10,425</b>	
<b>Cumulative 2018</b>	<b>300,000</b>		<b>10,421</b>			<b>4</b>	<b>10,425</b>	<b>300,000</b>
<b>Cumulative as of 31 December 2018</b>	<b>300,000</b>		<b>10,421</b>			<b>4</b>	<b>10,425</b>	<b>300,000</b>

\*This amount refers to expenses made in 2018 that will be submitted for replenishment in upcoming periods.

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT**  
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**APPENDIX C.1**      **Reconciliation between IFAD's Historic Transaction Report and  
 IFAD Loan account in EUR according to the to the balance sheet as of  
 31 December 2018; SoE Withdrawal Schedule of IFAD Loan No.  
 2000001440**

	<b>Changes in    IFAD Loan    (in EUR)</b>
<b>Original amount</b>	<b>11,120,000</b>
Withdrawal 1 (FBiH)	900,000
<b>Total disbursed in 2017</b>	<b>900,000</b>
Withdrawal 1 (RS)	330,000
<b>Total disbursed in 2018</b>	<b>1,230,000</b>
<b>Cumulative disbursements</b>	<b>1,230,000</b>
<b>Calculated undisbursed balance as of 31 December 2018</b>	<b>9,890,000</b>
<b>Undisbursed balance as per IFAD's Historic Transaction Report</b>	<b>9,890,000</b>
<b>Exchange rate gain</b>	<b>-</b>

**RURAL COMPETITIVENESS DEVELOPMENT PROJECT  
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**APPENDIX C.2      Reconciliation between IFAD's Historic Transaction Report and  
IFAD Grant account in EUR according to the to the balance sheet as of  
31 December 2018; SoE Withdrawal Schedule of IFAD Grant No.  
2000001441**

	<b>Changes in IFAD Grant (in EUR)</b>
<b>Original amount</b>	<b>470,000</b>
Withdrawal 1 (FBiH)	150,000
Withdrawal 1 (RS)	150,000
<b>Total disbursed in 2018</b>	<b>300,000</b>
 <b>Cumulative disbursements</b>	 <b>300,000</b>
 <b>Calculated undisbursed balance as of 31 December 2018</b>	 <b>170,000</b>
<b>Undisbursed balance as per IFAD's Historic Transaction Report</b>	<b>170,000</b>
<b>Potential exchange rate gain</b>	<b>-</b>