

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 2019

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

CONTENTS

1	Introduction	2
2	Independent Auditor's Report	5
3	Consolidated Project Financial Statements for the year 2019	8
4	Notes to the Consolidated Project Financial Statements	14

APPENDICES

A.1	Designated account statement - IFAD Loan 2000001440 (FBiH)	15
A.2	Designated account - IFAD Loan No. 2000001440 (RS)	16
A.3	Designated sub-account statement - IFAD Loan 2000001440 (FBiH)	17
A.4	Designated account statement – IFAD Grant 2000001441 (FBiH)	18
A.5	Designated sub-account statement – IFAD Grant 2000001441 (FBiH)	19
A.6	Designated account statement – IFAD Grant No 2000001441 (RS)	20
A.7	Local bank account – Government contribution (FBiH)	21
A.8	Local bank account - Government contribution (RS)	22
A.9	Local bank account – Beneficiary contribution (RS)	23
A.10	Petty cash under IFAD Loan 2000001440 (FBiH)	24
B.1	SoE Withdrawal Schedule of IFAD Loan No. 2000001440 for the year ended 31 December 2019	25
B.2	SoE Withdrawal Schedule of IFAD Grant No. 2000001441 for the year ended 31 December 2019	26
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 2019; SoE Withdrawal Schedule of IFAD Loan No. 2000001440	27
C.2	Reconciliation between IFAD's Historic Transaction Report and IFAD Grant account in EUR according to the balance sheet as of 31 December 2019; SoE Withdrawal Schedule of IFAD Grant No. 2000001441	28

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

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

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
of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

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	-	-
Total – Part A of the Project in FBiH and RS	11,120,000	470,000	

Baker Tilly Re Opinion d.o.o.
Grbavička 4
71000 Sarajevo
Bosna i Hercegovina

T: +387 (0) 33 552 150
F: +387 (0) 33 552 152

info@bakertilly.ba
www.bakertilly.ba

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 2019, 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 2019, 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 FB&H 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 2019, 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, 12 May 2020



Ezita
Ezita Imamović, 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 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019

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 2019	Cumulative 2019	Cumulative 2018	Cumulative budget	Cumulative variance
FINANCING						
IFAD Loan 2000001440	3.1.1	2,375,765	3,605,765	1,230,000	10,795,000	7,189,235
IFAD Grant 2000001441	3.1.2	-	300,000	300,000	470,000	170,000
Government contribution	3.1.3	172,685	345,399	172,714	3,422,467	3,077,068
Beneficiaries contribution	3.1.4	106,255	119,682	13,427	6,452,778	6,333,096
TOTAL FINANCING	3.2	2,654,705	4,370,846	1,716,141	21,140,245	16,769,399

PROJECT EXPENDITURE

By Category

Goods, services and inputs	1,857,648	1,880,026	22,378	17,801,486	15,921,461	
Consultancies	208,135	306,475	98,339	1,620,238	1,313,763	
Equipment	-	-	-	97,242	97,242	
Operating costs	332,552	398,420	65,868	1,386,279	987,859	
Unallocated	-	-	-	235,000	235,000	
TOTAL EXPENDITURE	3.2	2,398,335	2,584,921	186,585	21,140,245	18,555,325

PROJECT EXPENDITURE

By Component

Enabling environment for inclusive subsector development	150,796	229,188	78,393	2,864,674	2,635,486	
Sustainable inclusion of smallholds in the thriving/successful value chains	1,911,589	1,953,915	42,326	16,478,367	14,524,452	
Project coordination, monitoring and evaluation	335,950	401,816	65,866	1,562,203	1,160,387	
Unallocated	-	-	-	235,000	235,000	
TOTAL EXPENDITURE	3.2	2,398,335	2,584,920	186,585	21,140,245	18,555,325

**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 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019 (continued)

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

	Ref.	Actual 2019	Cumulative 2019	Cumulative 2018	Cumulative budget	Cumulative variance
FINANCING						
IFAD Loan 2000001440					11,120,000	
Initial deposit		1,086,000	2,316,000	1,230,000		
Direct payments		-	-	-		
SoE replenishments		1,289,765	1,289,765	-		
TOTAL FINANCING	3.2	2,375,765	3,605,765	1,230,000	11,120,000	7,514,235
PROJECT EXPENDITURE						
<i>By Category</i>						
Goods, services and inputs		1,544,943	1,553,894	8,951	8,410,182	6,856,288
Consultancies		155,031	234,047	79,016	884,554	650,508
Equipment		-	-	-	-	-
Operating costs		320,068	383,599	63,531	1,265,264	881,665
Unallocated		-	-	-	235,000	235,000
TOTAL EXPENDITURE	3.2	2,020,042	2,171,540	151,498	10,795,000	8,623,460

**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 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019 (continued)

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

	Ref.	Actual 2019	Cumulative 2019	Cumulative 2018	Cumulative budget	Cumulative variance
FINANCING						
IFAD Grant 2000001441					470,000	
Initial deposit		300,000	300,000	-		
Direct payment		-	-	-		
SoE replenishments		-	-	-		
TOTAL FINANCING	3.2	300,000	300,000	-	470,000	170,000
PROJECT EXPENDITURE						
<i>By Category</i>						
Goods, services and inputs		-	-	-	-	-
Consultancies		45,560	55,981	10,421	470,000	414,019
Equipment		-	-	-	-	-
Operating costs		-	4	4	-	(4)
TOTAL EXPENDITURE	3.2	45,560	55,985	10,425	470,000	414,015

**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 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019 (continued)

3.1.3 Summary of sources and uses of fund under Government contribution

	Ref.	Actual 2019	Cumulative 2019	Cumulative 2018	Cumulative budget	Cumulative variance
FINANCING						
<i>Government contribution</i>						
Government contribution FBiH		121,556	243,141	121,585	2,484,858	2,241,717
Government contribution RS		51,129	102,258	51,129	937,609	835,351
TOTAL FINANCING	3.2	172,685	345,399	172,714	3,422,467	3,077,068
PROJECT EXPENDITURE						
<i>By Category</i>						
Goods, services and inputs		213,695	213,695	-	3,003,014	2,789,319
Consultancies		7,545	16,447	8,902	188,579	172,131
Equipment		-	-	-	-	-
Operating costs		12,484	14,817	2,332	230,874	216,058
TOTAL EXPENDITURE	3.2	233,725	244,959	11,234	3,422,467	3,177,508

**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 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019 (continued)

3.1.4 Summary of sources and uses of fund under Beneficiaries contribution (RS Only)

	Ref.	Actual 2019	Actual 2019	Cumulative 2018	Cumulative budget	Cumulative variance
FINANCING						
Beneficiaries contribution		106,255	119,682	13,427	6,452,778	6,333,096
TOTAL FINANCING	3.2	106,255	119,682	13,427	6,452,778	6,333,096
PROJECT EXPENDITURE						
<i>By Category</i>						
Goods, services and inputs		99,009	112,436	13,427	6,452,778	6,340,342
TOTAL EXPENDITURE	3.2	99,009	112,436	13,427	6,452,778	6,340,342

**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 2019

(all amounts in EUR, unless otherwise stated)

3. Consolidated project financial statements for the year 2019 (continued)

3.2 Balance sheet as of 31 December 2019 showing accumulated funds of the Project and bank balances concerning IFAD Funding, Government contribution and Beneficiaries contribution

	Ref.	31 December 2019	31 December 2018
ASSETS			
Project expenditure IFAD Loan 2000001440	3.1.1	2,171,540	151,498
Project expenditure IFAD Grant 2000001441	3.1.2	55,985	10,425
Project expenditure under Government contribution	3.1.3	244,959	11,234
Project expenditure under Beneficiaries contribution	3.1.4	112,436	13,427
		2,584,920	186,585
Designated account - IFAD Loan 2000001440 (FBiH)	A.1	1,038,911	805,465
Designated account - IFAD Loan 2000001440 (RS)	A.2	395,162	272,822
Designated sub-account - IFAD Loan 2000001440 (FBiH)	A.3	-	-
Designated account – IFAD Grant 2000001441 (FBiH)	A.4	136,615	140,033
Designated sub-account – IFAD Grant 2000001441 (FBiH)	A.5	-	-
Local bank account – IFAD Grant No 2000001441 (RS)	A.6	107,400	149,542
Local bank account – Government contribution (FBiH)	A.7	9,094	111,760
Local bank account - Government contribution (RS)	A.8	18,455	42,614
Local bank account – Beneficiary contribution (RS)	A.9	7,173	-
Petty Cash under IFAD Loan 2000001440 (FBiH)	A.10	146	221
		1,712,956	1,522,456
VAT receivables		72,970	7,100
Total assets		4,370,846	1,716,141
LIABILITIES			
IFAD Loan 2000001440	3.1.1	3,605,765	1,230,000
IFAD Grant 2000001441	3.1.2	300,000	300,000
Government contribution	3.1.3	345,399	172,714
Beneficiaries contribution	3.1.4	119,682	13,427
Total liabilities		4,370,846	1,716,141

**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 2019

(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
of the Ministry of Finance and Treasury of Bosnia and Herzegovina**

Consolidated project financial statements for the year ended 31 December 2019

(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
Opening balance 1 January 2019	3.2	805,465
Add:		
IFAD replenishments	B.1	1,875,765
Transfer from designated sub-account	A.3	32,314
		<u>1,908,079</u>
Deduct:		
Transfer to designated sub-account	A.3	1,674,633
		<u>1,674,633</u>
Ending balance 31 December 2019	3.2	1,038,911

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 2019
(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
Opening balance 1 January 2019	3.2	272,822
Add:		
IFAD replenishments	B	500,000
		500,000
Deduct:		
Payments to suppliers - Expenditure under IFAD Loan		377,660
		377,660
Ending balance 31 December 2019	3.2	395,162

**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 2019

(all amounts in EUR, unless otherwise stated)

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
Opening balance 1 January 2019	3.2	-	-
Add:			
Transfer from designated account	A.1	3,275,298	1,674,633
		<u>3,275,298</u>	<u>1,674,633</u>
Deduct:			
Expenses paid during the period		3,202,597	1,637,462
Transfer to designated account	A.1	63,201	32,314
Transfer to petty cash	A.10	9,500	4,857
		<u>3,275,298</u>	<u>1,674,633</u>
Ending balance 31 December 2019	3.2	-	-

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 2019
(all amounts in EUR, unless otherwise stated)

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

	Ref.	EUR
Opening balance 1 January 2019	3.2	140,033
Add:		
Transfer from Designated sub-account	A.5	<u>3,144</u>
		<u>3,144</u>
Deduct:		
Transfer to Designated sub-account	A.5	<u>6,562</u>
		<u>6,562</u>
Ending balance 31 December 2019	3.2	136,615

**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 2019

(all amounts in EUR, unless otherwise stated)

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
Opening balance 1 January 2019	3.2	-	-
Add:			
Transfers from Designated account	A.4	12,834	6,562
		<u>12,834</u>	<u>6,562</u>
Deduct:			
Transfer to Designated account	A.4	6,150	3,144
Expenditures paid during the period		6,684	3,418
		<u>12,834</u>	<u>6,562</u>
Ending balance 31 December 2019	3.2	-	-

**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 2019

(all amounts in EUR, unless otherwise stated)

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
Opening balance 1 January 2019	3.2	149,542
Add:		
IFAD Grant replenishments		-
		-
Deduct:		
Payments to suppliers - Expenditure under IFAD Grant		42,142
		42,142
Ending balance 31 December 2019	3.2	107,400

**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 2019

(all amounts in EUR, unless otherwise stated)

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

	Ref.	BAM	EUR
Opening balance 1 January 2019	3.2	218,583	111,760
Add:			
Government replenishments		237,640	121,503
Interest		104	53
		<u>237,744</u>	<u>121,556</u>
Deduct:			
Expenditures paid during the period		438,540	224,222
		<u>438,540</u>	<u>224,222</u>
Ending balance 31 December 2019	3.2	17,788	9,094

**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 2019

(all amounts in EUR, unless otherwise stated)

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
Opening balance 1 January 2019	3.2	83,345	42,614
Add:			
Government Contribution		100,000	51,129
		100,000	51,129
Deduct:			
Payments to suppliers - Expenditure under Government		147,251	75,288
		147,251	75,288
Ending balance 31 December 2019	3.2	36,094	18,455

**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 2019

(all amounts in EUR, unless otherwise stated)

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
Opening balance 1 January 2019	3.2	-	-
Add:			
Municipality Contribution	106,255	207,818	207,818
	106,255	207,818	
Deduct:			
Payments to suppliers - Expenditure under Beneficiaries	99,082	193,789	193,789
	99,082	193,789	
Ending balance 31 December 2019	3.2	7,173	14,029

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 2019
(all amounts in EUR, unless otherwise stated)

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
Opening balance 1 January 2019	3.2	432	221
Add:			
Transfer from designated sub-account	A.2	9,500	4,857
		9,500	4,857
Deduct:			
Expenditure paid during the period		9,646	4,932
		9,646	4,932
Ending balance 31 December 2019	3.2	286	146

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 2019

(all amounts in EUR, unless otherwise stated)

APPENDIX B.1 SoE Withdrawal Schedule of IFAD Loan No. 2000001440 for the year ended 31 December 2019

	Initial deposit	Goods, services and inputs	Consultancies	Equipment	Operating costs	Total application	Total disbursed
Previous years							
FBiH	900,000	-	62,693	-	31,621	94,314	900,000
RS	330,000	8,951	16,323	-	31,910	57,184	330,000
Total previous years	1,230,000	8,951	79,016	-	63,531	151,498	1,230,000
Total direct payments	-	-	-	-	-	-	-
Application 2 (FB&H)	586,000	-	-	-	-	-	586,000
Application 2 (RS)	500,000	-	-	-	-	-	500,000
Total initial deposit	1,086,000	-	-	-	-	-	1,086,000
Application 3 (FB&H)	-	564,994	22,056	-	11,385	598,436	692,750
Application 4 (FB&H)	-	531,910	53,889	-	11,216	597,015	597,015
Application 5* (FB&H)	-	263,545	14,600	-	168,799	446,943	-
Application 3 (RS)	-	184,494	64,486	-	128,668	377,648	-
Total SoE application 2019	-	1,544,943	155,031	-	320,068	2,020,042	1,289,765
Cumulative 2019	1,086,000	1,544,943	155,031	-	320,068	2,020,042	2,375,765
Cumulative as of 31 December 2019	2,316,000	1,553,894	234,047	-	383,599	2,171,540	3,605,765

*This amount refers to expenses made in 2019 that will be submitted for replenishment in upcoming period.

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

Project financial statements for the year ended 31 December 2019

(all amounts in EUR, unless otherwise stated)

APPENDIX B.2 SoE Withdrawal Schedule of IFAD Grant No. 2000001441 for the year ended 31 December 2019

	Initial deposit	Goods, services and inputs	Consultancies	Equipment	Operating costs	Total application	Total disbursed
Previous years							
FBiH	150,000	-	9,967	-	-	9,967	150,000
RS	150,000	-	454	-	4	458	150,000
Total previous years	300,000	-	10,421	-	4	10,425	300,000
Total initial deposit 2019	-	-	-	-	-	-	-
Total direct payments 2019	-	-	-	-	-	-	-
Application* (FBiH)	-	-	3,418	-	-	3,418	-
Application 2 (RS)	-	-	42,142	-	-	42,142	-
Total SoE application 2019	-	-	45,560	-	-	45,560	-
Cumulative 2019	-	-	45,560	-	-	45,560	-
Cumulative as of 31 December 2019	300,000	-	55,981	-	4	55,895	300,000

*This amount refers to expenses made in 2019 that will be submitted for replenishment in upcoming period.

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 2019
(all amounts in EUR, unless otherwise stated)

APPENDIX C.1 **Reconciliation between IFAD's Historic Transaction Report and IFAD Loan account in EUR according to the balance sheet as of 31 December 2019; SoE Withdrawal Schedule of IFAD Loan No. 2000001440**

	Changes in IFAD Loan (in EUR)
Original amount	11,120,000
Withdrawal 1 (FBiH)	900,000
Total disbursed in 2017	900,000
Withdrawal 1 (RS)	330,000
Total disbursed in 2018	330,000
Withdrawal 2 (FBiH)	586,000
Withdrawal 3 (FBiH)	692,750
Withdrawal 4 (FBiH)	597,015
Withdrawal 2 (RS)	500,000
Total disbursed in 2019	2,375,765
Cumulative disbursements	3,605,765
Calculated undisbursed balance as of 31 December 2019	7,514,235
Undisbursed balance as per IFAD's Historic Transaction Report	7,514,235
Exchange rate gain	-

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 2019
(all amounts in EUR, unless otherwise stated)

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 2019; SoE Withdrawal Schedule of IFAD Grant No. 2000001441**

	Changes in IFAD Grant (in EUR)
Original amount	470,000
Withdrawal 1 (FBiH)	150,000
Withdrawal 1 (RS)	150,000
Total disbursed in 2018	300,000
 Total disbursed in 2019	 -
 Cumulative disbursements	 300,000
 Calculated undisbursed balance as of 31 December 2019	 170,000
 Undisbursed balance as per IFAD's Historic Transaction Report	 170,000
 Potential exchange rate gain	 -