

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

IRRIGATION DEVELOPMENT PROJECT

of the Ministry of Finance and Treasury of Bosnia and Herzegovina

Financed by:
- IDA Credit No. 5098-BA

For the year ended 31 December 2020

IRRIGATION DEVELOPMENT PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina

CONTENTS

| | | |
|---|--|----|
| 1 | Introduction | 1 |
| 2 | Independent Auditor's Report | 3 |
| 3 | Project Financial Statements for the year 2020 | 5 |
| 4 | Notes to the Project Financial Statements | 10 |

APPENDICES

| | | |
|-----|---|----|
| A.1 | Designated account statement - IDA Credit No. 5098-BA | 12 |
| A.2 | Local bank account statement - Government contribution | 13 |
| A.3 | Petty cash statement – Government contribution | 14 |
| B | SoE Withdrawal Schedule of IDA Credit No. 5098-BA | 15 |
| C | Reconciliation between World Bank's disbursement statements in XDR and IDA Credit account in EUR according to the balance sheet as at 31 December 2020; SoE Withdrawal Schedule of IDA Credit No. 5098-BA | 16 |

IRRIGATION DEVELOPMENT PROJECT

of the Ministry of Finance and Treasury of Bosnia and Herzegovina

1. Introduction

1.1 Objectives of the Project

The Project objective of the Irrigation Development Project (the "Project") is to improve the performance of the irrigation systems and the irrigation institutions to support agricultural producers in the project areas.

The Project objective would be achieved through:

- (i) rehabilitating irrigation and drainage infrastructure, including construction, reconstruction, upgrading, and modernization, on existing agricultural land;
- (ii) introduction of new technologies in irrigated agriculture; and
- (iii) institutional development, strengthening of water resources management institutions and introducing a participatory approach to water management.

The Project would support better water resources planning and management for sustainable use of the water resources in irrigation and drainage, mitigation of the impact of droughts and floods, and in general preparing more suitable adaptation strategies that can also cope with climate change.

1.2 Components and activities of the Project

The Project is comprised of the following three components:

Component 1: Infrastructure Investment

The main activities include rehabilitation with some construction, reconstruction, upgrading and modernization and also the introduction of new technologies that promote water use efficiency such as drip irrigation and low-pressure sprinklers. This component will finance the implementation of irrigation and drainage infrastructure rehabilitation of about 12-13 subprojects, of which 6 each located in Republika Srpska ("RS") and the Federation of Bosnia and Herzegovina ("FB&H"). The subprojects are selected from the long-lists of potential sub-projects that were prepared by the two Ministries. In FB&H this was based notably on proposals submitted by the cantons. The sub-projects are all located in existing agricultural land that in the past has been supplied with irrigation on existing agricultural lands.

The Project will be implemented in three phases. Phase I will comprise about 4 schemes - Mostarsko polje, Široki Brijeg and Goražde in FB&H, and Novo Selo, Bijeljina and Pelagicevo in RS, that would be completely prepared, in order to start the works during the first year of the project. About 9 additional sub-projects will be in different stages of readiness by effectiveness and will be grouped into Phases 2 and 3. This component will fund the Phases 2 and 3 sub-projects preparation, as well as for their subsequent implementation.

Component 2: Irrigation Modernization

This component includes strengthening the capacity of Ministries, the Water Agencies, Irrigation Extension services in FB&H and RS including participating municipalities and cantons, in addressing new sector policies, establishing and facilitating the capacity of WUAs, oversight and maintenance arrangements for the introduced infrastructure and facilities, the fee determination, fee collection and management, sub-project level equipment for demonstrating water-monitoring good practices, and related water resources and irrigation management.

IRRIGATION 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)

This Component includes 3 main Subcomponents:

- (i) **Subcomponent (2a) Agency-level Strengthening:** these subcomponents will support the: (i) Development of the regulatory framework for operating irrigation schemes (tariff methodology, benchmarking of financial and technical performance, etc.) and (ii) Support the preparation of future irrigation strategies for the Entities. This sub-component would also support establishing a Technical Working Group comprising representatives of both Entities to enhance the learning from experiences across the country and help improve policy coordination.
- (ii) **Subcomponent (2b) Farm-level Irrigation Advisory Service (IAS) and Modernization:** This subcomponent would finance: (i) Strengthening the knowledge of the Entities field-level advisors on IAS, train WUAs on Operations and Maintenance, including on water quality and environmental aspects of irrigation and drainage); (ii) support on-farm demonstrations of water-saving good practices and (iii) finance on-farm water-management equipment for each Subproject serving no less than 1,000 ha (soil-moisture monitoring kits, water-flow meters, etc.
- (iii) **Subcomponent (2c) On-demand training:** This will finance demand-driven training for WUAs, related to improved agricultural technologies and practices and linking to markets.

Component 3: Project Implementation Support

This would cover costs of project management/PIU, including Monitoring and Evaluation, safeguards (EMPs), audits, MIS, procurement and FM training, office and mobile equipment, and baseline and (final) impact assessment surveys.

1.3 Financing of the Project

1.3.1 IDA Credit No. 5098-BA

The State of Bosnia and Herzegovina ("B&H") is the borrower of the International Development Association (IDA) Credit No. 5098-BA amounting to the equivalent of XDR 25,800,000.

Under the terms of a subsidiary finance agreement between B&H and FB&H, funds of the equivalent of XDR 12,578,000 have been lent to FB&H.

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

| Item | Amount of the Credit allocated (in XDR) | % of expenditure to be financed |
|--|---|------------------------------------|
| (1) Goods, works, non-consulting services, consulting services, training and incremental operating costs for Part A of the Project | 12,578,000 | 85% |
| Subtotal | 12,578,000 | |

IDA Credit No. 5098-BA became effective on 29 March 2013. Planned closing date was 31 December 2017. Another amendment to the Financing Agreement Credit 5098-BA was signed on 29 June 2017 (to extend the Closing Date until 30 November 2019).

Amendment to the Financing Agreement Credit 5098-BA was signed on 28 November 2019 (to extend the Closing Date until 02 March 2020)

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

T: +387 (0) 33 552 150

F: +387 (0) 33 552 152

Report on the Project Financial Statements**Opinion**

We have audited the accompanying project financial statements of the Federation part of the Irrigation Development Project (the "Project"), which comprise of Summary of sources and uses of funds, Balance sheet, Designated account, local bank account and petty cash statement, Statements of Credit withdrawals as of and for the year ended 31 December 2020, and a summary of significant accounting policies and other explanatory notes for the year then ended, financed under IDA Credit No. 5098-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 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), a "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:

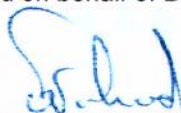
- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not 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 documentation supporting Disbursement Linked Indicators or Performance Based Conditions and underlying expenditures has been maintained to support claims for reimbursements of expenditures occurred and such expenditure were eligible and incurred for the purpose intended under IDA credit 5098-BA. 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, 12 March 2021



Elma Mešinović, Certified Auditor

IRRIGATION DEVELOPMENT 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 No. 5098-BA, Government contribution and Other income

| | Ref. | Actual 2020 | Cumulative 2020 | Cumulative 2019 | Cumulative budget | Cumulative variance |
|--|------------|------------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| IDA Credit No. 5098-BA | 3.1.1 | 4,659,060 | 12,694,844 | 8,035,784 | 14,237,409 | 1,542,565 |
| Government contribution | 3.1.2 | 1,308,982 | 3,614,718 | 2,305,736 | 2,512,488 | (1,102,230) |
| Other income | 3.1.3 | 159 | 2,809 | 2,650 | - | (2,809) |
| TOTAL FINANCING | 3.2 | 5,968,201 | 16,312,371 | 10,344,170 | 16,749,897 | 437,526 |
| PROJECT EXPENDITURE | | | | | | |
| By Category | | | | | | |
| Goods, works, non-consulting services, consulting services, training and incremental operating costs for Part A of the Project | | 6,223,946 | 15,144,477 | 8,920,531 | 16,749,897 | 1,605,420 |
| TOTAL EXPENDITURE | 3.2 | 6,223,946 | 15,144,477 | 8,920,531 | 16,749,897 | 1,605,420 |
| PROJECT EXPENDITURE | | | | | | |
| By Component | | | | | | |
| Infrastructure Investment | | 5,768,774 | 13,070,752 | 7,301,978 | 13,018,717 | (52,035) |
| Irrigation Modernization | | 259,340 | 1,483,399 | 1,224,059 | 2,903,551 | 1,420,152 |
| Project implementation support | | 195,832 | 590,326 | 394,494 | 827,629 | 237,303 |
| TOTAL EXPENDITURE | 3.2 | 6,223,946 | 15,144,477 | 8,920,531 | 16,749,897 | 1,605,420 |

IRRIGATION DEVELOPMENT 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 (continued)

3.1.1 Summary of sources and uses of funds under the IDA Credit No. 5098-BA

| | Ref. | Actual 2020 | Cumulative 2020 | Cumulative 2019 | Cumulative budget | Cumulative variance |
|--|------|------------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| IDA Credit No. 5098-BA | | | | | 14,237,409 | |
| Initial deposit | | (475,334) | 724,666 | 1,200,000 | | |
| Direct payments | | 3,108,136 | 4,095,296 | 987,160 | | |
| SoE replenishments | | 2,026,258 | 7,874,882 | 5,848,624 | | |
| TOTAL FINANCING | 3.1 | 4,659,060 | 12,694,844 | 8,035,784 | 14,237,409 | 1,542,565 |
| PROJECT EXPENDITURE | | | | | | |
| <i>By Category</i> | | | | | | |
| Goods, works, non-consulting services, consulting services, training and incremental operating costs for Part A of the Project | | 5,174,373 | 12,756,822 | 7,582,449 | 14,237,409 | 1,480,587 |
| TOTAL EXPENDITURE | 3.2 | 5,174,373 | 12,756,822 | 7,582,449 | 14,237,409 | 1,480,587 |

IRRIGATION DEVELOPMENT 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 (continued)

3.1.2 Summary of sources and uses of funds under the Government contribution

| | Ref. | Actual 2020 | Cumulative 2020 | Cumulative 2019 | Cumulative budget | Cumulative variance |
|--|------------|------------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| Government contribution | | - | 1,623,171 | 1,623,171 | 2,512,488 | 889,317 |
| VAT return | | 1,308,982 | 1,991,547 | 682,565 | - | (1,991,547) |
| TOTAL FINANCING | 3.1 | 1,308,982 | 3,614,718 | 2,305,736 | 2,512,488 | (1,102,230) |
| PROJECT EXPENDITURE | | | | | | |
| <i>By Category</i> | | | | | | |
| Goods, works, non-consulting services; consulting services, training and incremental operating costs for Part A of the Project | | 1,049,573 | 2,387,655 | 1,338,082 | 2,512,488 | 124,833 |
| TOTAL EXPENDITURE | 3.2 | 1,049,573 | 2,387,655 | 1,338,082 | 2,512,488 | 124,833 |

IRRIGATION DEVELOPMENT 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 (continued)

3.1.3 Summary of sources and uses of funds under Other income

| | Ref. | Actual 2020 | Cumulative 2020 | Cumulative 2019 | Cumulative budget | Cumulative variance |
|--|------------|----------------|--------------------|--------------------|----------------------|------------------------|
| FINANCING | | | | | | |
| Interest - Government | | 107 | 507 | 400 | - | (507) |
| Tender documentation sold | | 52 | 2,302 | 2,250 | - | (2,302) |
| TOTAL FINANCING | 3.1 | 159 | 2,809 | 2,650 | - | (2,809) |
| PROJECT EXPENDITURE | | | | | | |
| <i>By Category</i> | | | | | | |
| Goods, works, non- consulting services, consulting services, training and incremental operating costs for Part A of the Project | | - | - | - | - | - |
| TOTAL EXPENDITURE | 3.2 | - | - | - | - | - |

IRRIGATION DEVELOPMENT 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 (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 No. 5098-BA | 3.1.1 | 12,756,822 | 7,582,449 |
| Project expenditure under Government contribution | 3.1.2 | 2,387,655 | 1,338,082 |
| | | 15,144,477 | 8,920,531 |
| Designated account - IDA Credit No. 5098-BA | A.1 | - | 525,505 |
| Local bank account - Government contribution | A.2 | 1,167,427 | 897,943 |
| Petty cash | A.3 | 467 | 191 |
| | | 1,167,894 | 1,423,639 |
| Total assets | | 16,312,371 | 10,344,170 |
| LIABILITIES | | | |
| IDA Credit No. 5098-BA | C.1 | 12,694,844 | 8,035,784 |
| Government contribution | 3.1.2 | 3,614,718 | 2,305,736 |
| Other income | 3.1.3 | 2,809 | 2,650 |
| Total liabilities | | 16,312,371 | 10,344,170 |

Signed and authorized by:

Alojz Dunder
 PIU Director

Azra Bukva
 Financial Manager

Sarajevo, 12 March 2021

IRRIGATION DEVELOPMENT 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 in accordance with the International Public Sector Accounting Standard: "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 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 authorizes 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 Credit account for the Project. The Credit account is in XDR.

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.

IRRIGATION DEVELOPMENT 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 (continued)

4.2 Accounting policies (continued)

Other income

Other income includes tender documentation sold and interest income.

Interest on Designated account

Interest earned on the Designated account belongs to the Borrower.

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.

IRRIGATION DEVELOPMENT 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)

APPENDIX A.1

DESIGNATED ACCOUNT STATEMENT

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

Account No.: 555 11010 10450806

Depository Bank: Nova banka a.d. Banja Luka

Address: Kralja Alfonsa XIII 37 a, Banja Luka

Related Credit: IDA Credit No. 5098-BA

Currency: EUR

| | Ref. | EUR |
|--|------|------------------|
| Opening balance 1 January 2020 | 3.2 | 525,505 |
| Add: | | |
| World Bank replenishments | B | 1,550,926 |
| | | 2,076,431 |
| Deduct: | | |
| Payments to suppliers - Expenditure under IDA Credit | | 2,037,513 |
| Transfer to local account | | 38,918 |
| | | 2,076,431 |
| Ending balance 31 December 2020 | 3.2 | - |

Note:

Less paid from IDA funds in the year 2020 in amount of EUR 28,726 and less paid from IDA funds for the year 2019 in amount of EUR 10,192 was paid in the year 2020. Total amount of funds for reconciliation is EUR 38,918. This amount was transferred to the BAM account – Government Contribution (A.2), reconciliation completed and designated account zeroed.

IRRIGATION DEVELOPMENT 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)

APPENDIX A.2

LOCAL BANK ACCOUNT STATEMENT

Account owned by: Ministry of Agriculture, Water Management and Forestry of FB&H

Account No.: 3387202238028138

Depository Bank: UniCredit Bank d.d

Address: Kardinala Stepinca b.b., Mostar

Related Credit: Government contribution

Currency: BAM

| | Ref. | BAM | EUR |
|--|------|------------------|------------------|
| Opening balance 1 January 2020 | 3.2 | 1,756,225 | 897,943 |
| Add: | | | |
| VAT returns (considered as Government contribution) | | 2,560,147 | 1,308,982 |
| Transfer from Designated account | | 76,117 | 38,918 |
| Tender documentation sold | | 100 | 52 |
| Interest | | 207 | 106 |
| | | 4,392,796 | 2,246,001 |
| Deduct: | | | |
| Payments to suppliers - Expenditure under Government | | 2,103,507 | 1,075,506 |
| Transfer to petty cash | | 6,000 | 3,068 |
| | | 2,109,507 | 1,078,574 |
| Ending balance 31 December 2020 | 3.2 | 2,283,289 | 1,167,427 |

Note:

| | Amount in BAM |
|---|---------------------|
| Amount of 15% Government FBiH co-financing per applications for justification | 710,154.76 |
| Direct payment 15% co-financing Government FBiH | 933,156.18 |
| 100% payment Government FBiH till 30 June 2020 | 104,772.96 |
| 100% payment Government FBiH after 30 June 2020 | 304,705.54 |
| Supposed to be paid | 2,052,786.44 |
| Paid from Government FBiH for the year 2020 | 2,103,507.00 |
| Paid from petty cash Government FBiH for the 2020 | 5,460.00 |
| Paid total | 2,108,968 |

Paid more from the Government FBiH funds for BAM 56,182 or EUR 28,726 + debt from the year 2019 in the amount of EUR 10,192. This amount was transferred to the Government FBiH account (table above).

IRRIGATION DEVELOPMENT 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)

APPENDIX A.3

PETTY CASH STATEMENT

Address: PIU; Sarajevo

Related Credit: Government contribution

Currency: BAM

| | Ref. | BAM | EUR |
|--|------|--------------|--------------|
| Opening balance 1 January 2020 | 3.2 | 373 | 191 |
| Add: | | | |
| Transfer from Local account | | 6,000 | 3,068 |
| | | 6,373 | 3,259 |
| Deduct: | | | |
| Payments to suppliers - Expenditure under Government | | 5,460 | 2,792 |
| | | 5,460 | 2,792 |
| Ending balance 31 December 2020 | 3.2 | 913 | 467 |

IRRIGATION DEVELOPMENT 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)

APPENDIX B SoE Withdrawal Schedule of IDA Credit No. 5098-BA

| | Initial deposit | Goods, works, non- consulting services, consulting services, training and incremental operating costs for Part A of the Project | Total application | Total replenished |
|-------------------------------------|--------------------|--|----------------------|----------------------|
| Previous periods | 1,122,063 | 7,520,471 | 7,520,471 | 8,035,784 |
| Application 34-2 | | 305,991 | 305,991 | 305,991 |
| Application 35 | | 98,492 | 98,492 | 98,492 |
| Application 38 | | 555,843 | 555,843 | 555,843 |
| Application 40 | | 403,556 | 403,556 | 403,556 |
| Application 42 | | 607,245 | 607,245 | 607,245 |
| Application 43 | | 598,812 | 598,812 | 598,812 |
| Application 44 | | 538,197 | 538,197 | 538,197 |
| Total Direct payments | - | 3,108,136 | 3,108,136 | 3,108,136 |
| Application 36* | - | - | - | 295,921 |
| Application 37* | - | - | - | 310,829 |
| Application 39 | - | 700,637 | 700,637 | 700,637 |
| Application 41 | - | 192,623 | 192,623 | 192,623 |
| Application 45 | - | 526,248 | 526,248 | 526,248 |
| Application 46** | (276,090) | 276,090 | 276,090 | - |
| Application 47** | (370,639) | 370,639 | 370,639 | - |
| Total SoE applications | (646,729) | 2,066,237 | 2,066,237 | 2,026,258 |
| Return of initial deposit*** | (475,334) | | | (475,334) |
| Total 2020 | (1,122,063) | 5,174,372 | 5,174,372 | 4,659,060 |
| Cumulative 2020 | - | 12,694,843 | 12,694,843 | 12,694,844 |

* Applications No. 36 and No. 37 was replenished in 2019, but expenses were made in 2020.

** Applications No. 46 and No. 47 was replenished in 2020, but expenses were made in 2019.

*** Refund of unspent initial deposit in the amount of 475,334.15. Received at the World Bank 475,259.15 difference of 75 EUR is the fee of the intermediary bank.

IRRIGATION DEVELOPMENT 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)

APPENDIX C Reconciliation between World Bank's disbursement statements in XDR and IDA Credit account in EUR according to the balance sheet as at 31 December 2020; SoE Withdrawal Schedule of IDA Credit No. 5098-BA

| | Changes in IDA Credit (in XDR) | Exchange rate used | Changes in IDA Credit (in EUR) |
|--|--------------------------------------|-----------------------|--------------------------------------|
| Original amount | 12,578,000 | 1.1319295 | 14,237,409 |
| Total disbursed in 2019 | 6,603,045 | | 8,035,784 |
| Withdrawal 34-2 | 246,079 | 1.2434665 | 305,991 |
| Withdrawal 35 | 79,363 | 1.2410317 | 98,492 |
| Withdrawal 36 | 238,229 | 1.2421703 | 295,921 |
| Withdrawal 37 | 249,705 | 1.2447848 | 310,829 |
| Withdrawal 38 | 440,869 | 1.2607894 | 555,843 |
| Withdrawal 39 | 555,713 | 1.2607892 | 700,637 |
| Withdrawal 40 | 325,390 | 1.2402225 | 403,556 |
| Withdrawal 41 | 153,260 | 1.2568380 | 192,623 |
| Withdrawal 42 | 485,921 | 1.2496784 | 607,245 |
| Withdrawal 43 | 482,668 | 1.2406291 | 598,812 |
| Withdrawal 44 | 433,810 | 1.2406285 | 538,197 |
| Withdrawal 45 | 426,218 | 1.2346921 | 526,248 |
| Total disbursed in 2020 | 4,117,225 | | 5,134,394 |
| Cumulative disbursements in 2020 | 10,720,270 | | 13,170,178 |
| Return in WB | (397,550) | | (475,334) |
| Calculated undisbursed balance as of 31 December 2020 | 10,322,720 | | 12,694,844 |
| Undisbursed balance as per World Bank Summary for December 2020 | 10,322,720 | 1.202846 | 12,416,642 |
| Potential exchange rate loss | - | | (278,202) |