ROAD INFRASTRUCTURE AND SAFETY PROJECT

Key Dates:
Approved: December 13, 2007
Effective: September 19, 2008
Closing: December 31, 2011

Financing from all co-financiers, million US Dollars:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Credit</td>
<td>25.0</td>
</tr>
<tr>
<td>Government of Bosnia and Herzegovina</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>30.0</strong></td>
</tr>
</tbody>
</table>

World Bank Disbursements, million US Dollars *:

<table>
<thead>
<tr>
<th>IDA Credit</th>
<th>Total</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25.0</td>
<td>20.69</td>
<td>4.91</td>
</tr>
</tbody>
</table>

* as of April, 2011.

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Road traffic in and around major urban areas in BH is growing five percent each year. For roads, the current network appears adequate but traffic growth is accelerating, calling for medium-term upgrading and capacity enhancements. The quality of the road network remains inadequate despite a decade of substantial expenditures. Large expenditure needs that reflect a legacy of conflict and neglect are currently not fully met. Road safety remains a serious social and public health issue in BH. The state of the road network, driver behavior and limited education, poor or nonexistent enforcement, and significant growth in vehicle ownership and use have increased traffic accidents – there were 436 fatalities and 8470 injuries in 2004. The 2008 rates declined slightly to 5.3 fatalities per 10,000 vehicles, but the rate is still nearly 3 times higher than the EU-27 average. Hence, road safety is a significant and growing concern that requires a comprehensive response.

The Project Development Objectives are to reduce user costs on the priority sections of the trunk and regional roads, to improve road safety, and to modernize road maintenance practices.

The Project addresses a range of interconnected sector issues by (1) financing of main and regional road and bridge rehabilitation; (2) financing of technical assistance to assist implement the recommendations of the 2007 Road Safety Management Capacity Review; (3) financing of technical assistance for the introduction of output and performance based road maintenance contracts on a pilot basis in each entity.

Results achieved:
- Out of 241 km of roads to be rehabilitated by the project and financed from the IDA credit, 61 km have been rehabilitated in the Federation of Bosnia and Herzegovina and 43 km in Republika Srpska, which has reduce road user costs.
- There is significant progress with the development of the institutional framework for road safety, with the approval of entity level road safety strategies, and the establishment in the Republika Srpska of a road safety agency.
- Modernization of road maintenance is progressing more slowly, with a pilot output and performance based maintenance contract signed in March 2010 in the Federation of Bosnia and Herzegovina.

Key Partners:
The (i) Federation Road Directorate and the Republika Srpska Road Directorate; (ii) RS Ministry of Transport and Communications; and (iii) State and Entity Ministries of Transport and Communications

Key Development Partners include EBRD and EIB, who are providing parallel financing as part of a program of US$210 million of magistral and regional roads rehabilitation, with the former providing US$75 million and the latter Euro 80 million (US$105 million). The EBRD has contributed to the introduction of output and performance based maintenance contracts, while EIB has financed preparation and design for rehabilitation works.