

1. CAS Data

Country: Bosnia and Herzegovina (BiH)

CAS Year: FY2005

CAS Period: FY2005 – FY2007

CASCR Review Period: FY2005 – FY2007

Date of this review: November 2007

2. Executive Summary

i. The FY05-FY07 CAS was developed to support BiH's Medium Term Development Strategy (MTDS). The objectives of the MTDS were to create conditions for sustainable and balanced economic development, reduce poverty, and accelerate EU integration. The CAS was structured around the major challenges that BiH faced in achieving the MTDS goals, and had three pillars: improving public finance and strengthening institutions, promoting sustainable private-sector-led growth, and investing in key social and economic infrastructure.

ii. The CASCR provides evidence of progress achieved under each pillar; however, the description of accomplishment of the pillars' objectives is very general and brief. There is no discussion of donor coordination in the country. IEG rates the progress towards the first pillar *moderately unsatisfactory* since most of the outlined objectives were either not or partially achieved; the outcome under the second pillar is rated *moderately satisfactory* because progress was shown in promoting private-sector led growth; the results under the third pillar are rated *moderately unsatisfactory* since inefficiencies in key social and environmental sectors still remain to be addressed despite improvements in developing economic infrastructure. IEG gives particular weight to public sector, corporate finance and key social reforms. Since very little improvement was achieved in these areas, the overall CAS outcome is rated *moderately unsatisfactory*. The Bank's performance is rated *moderately satisfactory*.

iii. As a lesson, this review points at the need for the new strategy to be less ambitious and correspond to BiH's capacity and its government's commitment to stick to the outlined strategy. This suggests that the Bank should more realistically evaluate capacity, as well as political and economic constraints before defining the lending program.

3. CASCR Summary

Overview of CAS Relevance:

1. During the FY05-FY07 CAS period, BiH experienced consecutive years of stable macroeconomic performance. GDP grew at rates between 5 and 6 percent, while inflation was under control. The current account deficit was cut to about 11 percent of GDP in 2006, from 21 percent in 2003. Because of the positive economic changes, BiH received an improved credit rating by Moody's Investor Service (upgraded from B3 to B2) in early 2006.

2. BiH operates in a fragmented political environment, with two mainly autonomous Entities, the Croat-Bosniak Federation of Bosnia & Herzegovina (FBiH) and Republika Srpska (RS). It also has a state-level government. The complex government structure makes it difficult to implement structural reforms.

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3. In 2004, all levels of the government agreed on the following three development objectives outlined in MTDS: (i) create conditions for sustainable and balanced economic development; (ii) by 2007, reduce poverty by 20 percent from the 2004 level; and (iii) accelerate EU integration. The FY05-FY07 CAS was consistent with the MTDS goals and was presented to the Board in September 2004. BiH revised its MTDS in 2006, disaggregating the three development objectives while maintaining them within the same broad original concepts. The CAS remained relevant within the new definition of the objectives. The CAS also marked the end of exceptional post-conflict levels of IDA assistance to BiH.

4. The FY05-07 CAS was structured around three pillars that should have been mutually reinforcing, and that focused on improving public finance and strengthening institutions, promoting sustainable private-sector-led growth, and investing in key social and economic infrastructure. The pillars addressed the major challenges BiH faced in achieving the MTDS goals. Each pillar had well-defined objectives; outcome measures and intermediate performance indicators were relevant and well spelled out. The suggested lending and non-lending assistance was relevant and consistent with the strategy. The major focus of the lending program was public sector reform, as well as social and private sectors development. The planned AAA was to address public and private sector management, poverty and infrastructure, and included an environmental assessment. Macroeconomic projections were modest: the aimed GDP growth gradually increasing from 3.5 percent in 2005 to 5 percent in 2007 respectively, as well as stable prices and a lower external imbalance. Actual GDP growth was 6 percent in 2004, 5 percent in 2005 and 6 percent in 2006.

5. Nonetheless, the proposed reform strategy was too ambitious and complex given the risks outlined in the CAS. The main assumption for the base-case scenario was the continued commitment of the government to reforms and satisfactory reform performance. The CAS listed numerous triggers (90 total) to be met by different levels of the fragmented government. Yet, the assumption and triggers were not met. National elections in October 2006 stalled the reform progress (especially veterans' benefits reform and privatization). The outlined CAS triggers were difficult to meet and coordinate under a complex government structure. Inadequate account of the political-economic situation and slower than anticipated reforms implementation resulted in a reduced lending program: the three-year Policy Development Programmatic Credit (PDPC) (over 40 percent of planned lending) was not delivered. A number of other programs failed to be affective or lapsed (e.g., EMSAC, SOSAC II). Complex signing and ratification procedures in three levels of government caused significant delays in project implementation.

Overview of CAS Implementation:

6. Implementation of the CAS objectives was supported by an IDA base case of \$172.5 million (IDA \$152 million; GEF 20.5 million), covering 21 projects and programs. BiH was deemed not to have fully met the base-case triggers, due to the developments mentioned in paragraph 5 above. Accordingly, the lending program was reduced to the low case and resulted in disbursements of \$132.9 million (77 percent of the base case). Out of eight projects planned for the base case, two were dropped (\$65 million PDPC and \$24 million SEE Regional II); two were delayed (\$8 million GEF Integrated Ecosystem Management and \$4 million GEF Biodiversity Conservation); two were fully disbursed (\$36 million SEE Energy APL and \$8.5 million GEF Water Quality Protection); \$10 million out of planned \$12 million were disbursed under the Education Restructuring Project; and \$16 million instead of \$15 million planned were disbursed under the Health Scale-Up project. To compensate, three new non-programmed projects and four additional financing projects' (total of \$62.4 million, see Annex Table 1) were opened.

7. Out of 29 projects expected to be open during the CAS period (21 projects approved under the previous CAS; eight newly-planned projects), three were dropped (SOCAC II, PDPC and SEE Regional II) and two lapsed (PTAC and EMSAC). For one project, BAC, the closing date was extended ten times due to the slower than anticipated progress. The general quality of the projects that remained open and/or closed during the CAS period was good, according to IEG and project

status report ratings. Out of 10 projects closed, eight were rated by IEG as having satisfactory and moderately satisfactory outcomes. Out of 22 projects that are still open (including supplemental and additional finance operations), 12 are rated as satisfactory and moderately satisfactory in the latest project status report. In general, QAG ratings for BiH projects ratings have been consistently good: from FY97 to FY05, of the eight projects assessed by QAG, seven were rated as having a satisfactory quality of supervision or better; nine out of ten projects received satisfactory quality at entry or better rating.

8. Out of 12 planned AAA products, three were delivered on time, five were completed a year later than planned, three are going to be delivered in FY08 and one was postponed. Four additional tasks were added to the program: two Programmatic Poverty Assessments were delivered in FY06 and FY07 as a part of Western Balkans Poverty Assessment PA; and Corporate Finance Country Assessment and Review of Financial Oversight Arrangements in Public Enterprises (SOEs) were completed in FY06 and FY07, respectively. The non-lending program was targeted to support operations. The Public Expenditure and Institutional Review (PEIR) was the major analytical product supporting the implementation of the first pillar, and reportedly helped foster relevant policy dialogue. Ten Policy Notes were prepared for the newly elected government examining the priority areas to be addressed over the upcoming four years. Two of the non-programmed AAA targeted the areas where BiH had difficulties in meeting the triggers: corporate reform and privatization.

9. There were no apparent safeguard or fiduciary issues.

10. Aside from the political economy issues mentioned above, there were no exogenous shocks that would have caused a change in the Banks assistance strategy.

Overview of Achievement by Objective:

11. Pillar 1: Improving public finances and strengthening institutions.

To achieve this pillar's objective, the base-case scenario planned to use EMSAC, SOSAC II (pre-approved under the previous CAS) as well as PDPC, Health-Scale-Up and Education Restructuring Project. Eight AAA products were planned to support this pillar (see Annex Table 9 for detailed discussion of lending and AAA instruments).

Achievement of Pillar I objectives, according to its components:

- *A leaner and more efficient public administration.* This objective was **PARTIALLY** achieved. The share of public expenditures fell between 2003 and 2006 from 52.2 percent to 47.6 percent. However, the authorities failed to maintain legislated nominal freeze at the 2005 levels.
- *Institutionalization of fiscal coordination between various levels of the government.* This objective was **PARTIALLY** achieved. During the CAS period, intergovernmental transfers were rationalized and formalized through revenue assignment mechanism; budget reporting improved as well. There have been improvements in fiscal and economic coordination between various levels of the government, but reform of the National Fiscal Council has not progressed.
- *More efficient and higher-quality education administration.* This objective was **NOT** achieved. There has been very little progress in improving the efficiency of the education sector. The law on higher education was passed, but adequate funding of higher education through Entity budgets was not secured.
- *Better targeted and more efficient social safety nets.* This objective was **NOT** achieved. No new pension strategy was adopted. New veteran legislation, introduced in September 2006, increased existing veterans' benefits by 30 percent over the targeted level.
- *Greater transparency and accountability of public resource management.* This objective was **PARTIALLY** achieved. There has been improvement in fiscal coordination between

different levels of the government. The revenue assignment mechanism has been clarified, and the budget practices and reporting have been strengthened. However, a lot remains to be done. In particular, BiH needs to improve the composition, quality and effectiveness of public spending.

12. IEG rates the outcome of Pillar I as *moderately unsatisfactory*.

13. **Pillar II: Promoting sustainable private-sector-led growth.**

In order to accomplish this pillar's objective, the base-case scenario included lending through BAC, PTAC, LIP II, PELRP, SESP, TTSE, BEEF, FDCP and Small-Scale Commercial Agriculture Development Project (pre-approved under the previous CAS) together with PDPC. Three AAA products were planned to be prepared under this pillar (see Annex Table 9).

Achievement of Pillar II objectives, based on its components:

- *Lower barriers to business activity.* This objective was **ACHIEVED**. The new bankruptcy laws started being used. New inspection pledges and business registration laws were adopted. The business inspection system was rationalized across the Entities. Also, the time to register a business (limited partnership company) in BiH was reduced by 30 percent.
- *More competitive, investment friendly enterprises.* This objective was **PARTIALLY** achieved. There have been noticeable advances in the legislative and regulatory framework required for divesting "strategic" companies. However, sustainable SOE management practices were not established. In general, little progress was made in privatization of SOEs.
- *Improved corporate sector operations.* This objective was **NOT** accomplished. Corporate restructuring was supposed to be addressed by PDPC. However, the government demonstrated little actual commitment to the issue, and the project was dropped.
- *More robust private sector financing services.* This objective was **ACHIEVED**. The scope of bank and non-bank financial institutions' services was expanded. As the result of the Bank-supported microfinance operations, micro and small enterprises got sustainable access to credit services.
- *Raised efficiency and access to core economic infrastructure.* This objective was **ACHIEVED**. Progress has been made in developing core infrastructure. The Solid Waste Management Project, the GEF Water Quality Protection, and the Mostar Water Supply Project delivered satisfactory results. Efficiency of roads management improved, and the accident rate at "black spots" was reduced.
- *More efficient and sustainable natural resource allocation.* This objective was **PARTIALLY** achieved. Some progress was made in water utility management. Standards for sustainable forest management were developed; however, their implementation remains to be seen.

14. IEG rates the outcome of Pillar II as *moderately satisfactory*.

15. **Pillar III: Investing in key social and economic infrastructure.**

Under this Pillar, the planned base-case lending included SOCAC II, SITAP, EDP, Small-Scale Commercial Agriculture Development Project, CDP, LDP, Urban Infrastructure and Service Delivery Project, Mostar Water Supply and Sanitation Project, Pilot Cultural Heritage Project, SWMP, Power III (pre-approved under the previous CAS) as well as PDPC, Education Restructuring Project, SEE Energy APL, SEE Regional II, GEF Water Quality Protection, GEF Integrated Ecosystem Management, and GEF Biodiversity Conservation projects. Five AAA products were planned to be completed (see Annex Table 9).

Achievement of Pillar III objectives, according to its components:

- *Promoting effective protection of the vulnerable groups through a fiscally sustainable social*

safety net, including rationalized veterans' benefits. This objective was **NOT** achieved. No new pension strategy was adopted. The annual budget for veterans' benefits introduced before 2006 elections exceeded the level of 2005 budget freeze by almost one third.

- *Improved health sector management and better access to quality health care.* This objective was **PARTIALLY** achieved. A rationalization of hospital services plan was developed and approved by the Entities; the plan's implementation has yet to take place and the share of population covered by health insurance has not increased since 2004.
- *Improved service quality in water sanitation, electricity and local roads.* This objective was **ACHIEVED**. As it has been discussed under Pillar II (para.13), water quality and sanitation projects showed satisfactory performance; there were improvements in roads reconstruction and management. The Third Electric Power Reconstruction Project as well as SEE Energy APL showed progress during the CAS period.
- *A higher quality and more equitable education system.* This objective was **NOT** achieved. As discussed under Pillar I (para. 11), there has been very little progress in reforming the education sector, and major inefficiencies (e.g. sustainable funding) still remain to be addressed.
- *Greater rural agriculture productivity and profitability.* This objective was **PARTIALLY** achieved. Agricultural output showed a 9.3 percent growth in 2006. Two non-programmed projects undertaken during the CAS period addressed rural agriculture development: the Avian Flu and the Agriculture and Rural Development projects. However, there is no information on whether profitability of rural agriculture increased.
- *Conservation of critical forests and mountain ecosystems.* This objective was **NOT** achieved. The guidelines for high conservation value forests and preparation work on investment program for protected areas were completed. However, the progress on implementation of the above programs remains to be seen.

16. IEG rates the outcome of Pillar III as *moderately unsatisfactory*.

17. Despite some progress in economic infrastructure and agricultural sectors, the above rating reflects the unsatisfactory progress in improving social protection nets, reforming education sector and conserving critical ecosystems.

18. Overall IEG rates the outcome of the CAS as *moderately unsatisfactory*, in light of the above considerations. The CASCR, however, rates the outcome as moderately satisfactory.

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Pillar I	n/a	Moderately Unsatisfactory	Despite progress shown, most of the planned objectives under this pillar were either not achieved or partially achieved: veterans' benefits legislation was not implemented; education and pension reform showed little progress; and transparency of the public sector and coordination between different levels of the government needs further improvement. Although the poor outcome of some pillar objectives was influenced by the lack of government's commitment to the reforms, especially with the 2006 general elections, and the Bank tried to adjust to this challenge, the Bank's strategy for this pillar was too ambitious. Not enough attention was paid to the political economy of BiH when the CAS was developed; too many conditions were to be met by the fragmented government.

Pillar II	n/a	Moderately Satisfactory	Most of the objectives under this pillar were either achieved or partially achieved: business conducting environment has improved, access to financial services and major infrastructure became better; some progress has been made in natural resources management. However, a lot remains to be done in the areas of corporate restructuring and privatization.
Pillar III	n/a	Moderately Unsatisfactory	Despite improvements in economic infrastructure, inefficiencies in key social and environmental sectors remain to be addressed.

Comments on Bank Performance:

19. The Bank's strategy was aimed to address major challenges of BiH in achieving its' MTDS goals, including better public finance, improved social protection of the vulnerable groups, private sector development and improvements in key social and economic infrastructure. However, with hindsight this strategy was not realistic. First, the political-economic situation in BiH was complicated during the CAS implementation period by municipal and general elections. Second, the Bank's strategy presumed 90 conditions to be met and coordinated between different levels of the fragmented government. As a result, the main strategic objectives of the CAS were not achieved. The 2004 BiH CAE recommendation to develop a less ambitious assistance strategy apparently did not receive enough consideration in the FY05-07 CAS.

20. AAA was targeted to support the planned operations. It covered such key areas as poverty, public expenditures, labor market, energy and environment. As noted above, the PEIR, the major analytical product supporting the implementation of the first pillar, is reportedly being debated publicly.

21. Because of the overly ambitious CAS agenda, two of the planned projects were dropped; one of the projects, PDPC, was responsible for 40 percent of planned IDA funding. However, the Bank team maintained close relationship with the client. The Bank also showed flexibility in re-allocating resources from the planned program to the projects that showed progress. Three new non-programmed projects were introduced together with four additional-finance and supplemental projects.

22. There is no information on donor coordination in achieving the CAS results. BiH receives assistance from a long list of bilateral and multilateral donors (see Annex Table 6). The Bank's assistance to BiH is second only to the EU. Hence, successful achievement of the CAS objectives is dependent on coordination with other donors.

23. Bank performance is rated as *moderately satisfactory*.

4. Overall IEG Assessment

Outcome:	<i>Moderately Unsatisfactory</i>
Bank Performance:	<i>Moderately Satisfactory</i>

24. The outcome rating gives particular weight to the areas emphasized in the CAS: public sector, corporate finance and key social reforms. Over 40 percent of planned lending program was to address public sector and corporate finance reforms; however, very little improvement has been achieved in these areas. There was no progress in key social reforms. The Bank's strategy appeared to be overly ambitious in light of the political and economic situation. Despite reasonable success achieved under Pillar II, the CASCR admits that BiH did not meet many of the triggers, and hence the lending program was between low and base cases. The extensive list of lessons at the end of the CASCR reinforces the *moderately unsatisfactory* outcome rating

5. Assessment of CAS Completion Report

25. The CASCR is consistent with the CAS in its discussion of objectives and project implementation. It gives a good overview of BiH's political and economic situation. The CASCR presents enough information on all outcome measures on which to base the evaluation. However, the CASCR does not tie in well the description of the outcomes with the objectives. The discussion on achieving the pillars is general and brief. The more detailed goals and major outcome measures outlined in the CAS are barely discussed.

26. Implementation of the lending program was discussed in detail; special attention was given to the projects that were not implemented or were altered, but very little was given to whether or not BiH was ready to transit from IDA to IBRD. The CASCR admits that one of the reasons for the poor performance in achieving some objectives was overly ambitious strategy of the Bank. A major shortcoming of the CASCR is the absence of information on donor coordination, which is a major factor in BiH.

27. IEG agrees with most of the CASCR lessons. However, perhaps the lessons could be sharper and more precise. Also, the suggested project design that rewards the better performing segments of BiH (lesson 8.4) may turn out to be quite harmful in a fragile federal state, marred by deep political issues.

28. The CASCR could have usefully included a list of the acronyms used.

6. Findings and Lessons

29. The most important lesson of this review is that the new strategy for BiH assistance should be tailored to the capacity, ability and commitment of the government, and be less ambitious in its objectives. This suggests that the Bank should realistically evaluate capacity as well as political and economic constraints before suggesting the lending program, and it should include an assessment of political economy considerations as a part of any preparation activities.

ANNEXES

- Annex Table 1: Planned and Actual Lending (FY2005-FY2007)**
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Annex Table 1: Planned and Actual Lending (FY2005-FY2007)

Base Case Scenario				
	Proposed FY	Approval FY	Proposed Amount	Approved Amount
<i>Programmed Projects</i>				
Policy Development Programmatic Credit (PDPC) ^{a/}	2005	dropped	20.0	dropped
Education Restructuring	2005	2005	12.0	10.0
Health scale-up	2005	2005	15.0	16.0
GEF Water Quality	2005	2005	8.5	8.5
Policy Development Programmatic Credit (PDPC) ^{a/}	2006	dropped	25.0	dropped
SEE Energy APL	2006	2006	36.0	36.0
GEF Neretva - Trevinsnjica River Basin Protection ^{b/}	2006	Postponed FY08	8.0	Postponed FY08
GEF Forest and Mountain Protected Areas Project ^{c/}	2007	pipeline	4.0	pipeline
Policy Development Programmatic Credit (PDPC) ^{a/}	2007	dropped	20.0	dropped
SEE Regional II	2007	dropped	24.0	dropped
Total FY05-07			172.5	70.5
<i>Non programmed projects</i>				
Solid Waste Management Supplemental Project		2005		8.0
Land Registration		2006		15.0
Avian Flu		2007		5.0
Agriculture and Rural Development		2007		21.0
Forest Additional Financing Project		2007		3.4
Urban Infrastructure Additional Finance		2007		5.0
Community Development Supplemental Project		2007		5.0
Total FY05-07			172.5	132.9

a/ Also referred to as Programmatic Structural Adjustment Credit (PSAC)

b/ Previously known as GEF Integrated Ecosystem project

c/ Previously known as GEF Biodiversity Conservation Project

Source: Bosnia CAS FY05, CAS Progress Report FY02 and WB Business Warehouse as of September 24, 2007.

Annex Table 2: Planned (High Case scenario) and Actual Analytical and Advisory Work, FY05-07

Planned FY	Products	Delivered to Client FY	Delivery Status
FY 05	Labor Market Update	Delivered FY06	Actual
	Energy Sector Strategy	To deliver FY08	
	Environmental Benchmarking 1/	Delivered FY07	Actual
	Poverty and Social Impact Analysis - Enterprise Restructuring 2/	Delivered FY05	Actual
	Country Economic Memorandum (CEM)	FY05	Actual
FY 06	Country Financial Accountability Assessment (CFAA)	Delivered FY07	Actual
	Pension Support Study	Delivered FY07	Actual
	Debt Sustainability Analysis	Delivered FY07	Actual
	Financial Sector Assessment Program (FSAP)	To deliver FY08	Active
	Infrastructure Study 3/	To deliver FY08	Active
	Youth Strategy	Delivered FY05	Actual
	Public Expenditure and Institutional Review (PEIR)	FY06	Actual
	Rural Development Options	Dropped	
	Additional		
	Corporate Governance Country Assessment	FY06	Actual
	Programmatic Poverty Assessment 4/	FY06	Actual
FY 07	Poverty Assessment PA	Postponed	
	Country Procurement Assessment Review (CPAR) 3/	Delivered FY07	Actual
	Policy Notes for Upcoming Government	FY07	Actual
	Additional		
	Review of Financial Oversight Arrangements in Public Enterprises (SOES)	FY07	Actual
	Programmatic Poverty Assessment 4/	FY07	Actual

1/ Study called "Journey to a Cleaner Future Investing in people and institutions that make Environmental Laws Work"

2/ CAS 2005: Funded in part by PREM anchor

3/ "Strengthening Local Governance for Service Delivery"

3/ Completed as part of Fiduciary Update

4/ Part of Western Balkans Poverty Assessment PA

Sources: Bosnia and Herzegovina CAS 2005, WB Business Warehouse, IRIS, and Integrated Controller's Systems, as of October 1, 2007.

Annex Table 3a: Project Rating for Republic of Bosnia and Herzegovina, FY05-07

Project Name	Approval FY	Exit FY	IEG Outcome	IEG Sustainability*	IEG ID Impact*
LOCAL DEVT	1999	2005	SATISFACTORY	LIKELY	MODEST
MOSTAR WS & SAN	2000	2005	SATISFACTORY	LIKELY	HIGH
EDUC 3	2000	2005	SATISFACTORY	LIKELY	SUBSTANTIAL
CULTL HERITAGE PILOT	1999	2005	SATISFACTORY	LIKELY	SUBSTANTIAL
LOC INIT 2	2001	2005	MODERATELY SATISFACTORY	LIKELY	SUBSTANTIAL
EMG LABOR REDEPLOYMENT PILOT	2000	2005	MODERATELY SATISFACTORY	LIKELY	MODEST
PRIV SECT CRDT	2002	2005	MODERATELY SATISFACTORY	LIKELY	MODEST
ENTERPRISE EXPORT FACILITY (BEEF)	1999	2005	MODERATELY SATISFACTORY	LIKELY	SUBSTANTIAL
TRADE & TRANS FACIL IN SE EUR	2001	2006	SATISFACTORY	LIKELY	SUBSTANTIAL
SOSAC 2	2004	2006	NOT RATED 1/	#	#
PRIV TA	2001	2007	UNSATISFACTORY	#	#
EMSAC	2004	2007	MODERATELY UNSATISFACTORY	#	#

1/ Not rated because project was not effective

*Results based on evaluations between FY05-06. With IEG's new methodology for evaluating projects, institutional development impact and Sustainability are no longer rated separately.

Annex Table 3b: IEG Project Rating for Bosnia and Herzegovina and Comparators FY 05-07

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)*	Inst Dev Impact % Subst (No)*	Sustainability % Likely (\$)*	Sustainability % Likely (No)*
Bosnia and Herzegovina	119.7	11	87.8	80.0	59	62.5	100.0	100.0
Albania	180.5	13	83.7	76.9	80	72.7	91.1	90.9
Croatia	188.8	6	83.7	66.7	9	25.0	100.0	100.0
Macedonia	115.8	7	94.8	85.7	72	75.0	100.0	100.0
Serbia	228.3	9	100.0	100.0	79	83.3	100.0	100.0
ECA	5,567.3	142	92.1	84.8	76	64.9	94.8	91.3
Bankwide Average	38,775.5	638	87.2	81.1	63	56.0	89.8	83.5

*Results based on evaluations between FY05-06. With IEG's new methodology for evaluating projects, institutional development impact and Sustainability are no longer rated separately.

Source: WB Business Warehouse tables 4a.5 and 4a.6 as of September 29, 2007.

Annex Table 4: Portfolio Status Indicators by FY05-07

Country	2005	2006	2007
<u>Bosnia and Herzegovina</u>			
# Proj	16	16	15
Net Comm Amt	349.5	336.5	292.0
# Proj At Risk	4	4	1
% At Risk	25.0	25.0	6.7
Comm At Risk	118.5	70.8	10.0
% Commit at Risk	33.9	21.0	3.4
<u>Albania</u>			
# Proj	14	16	17
Net Comm Amt	224.4	250.8	261.7
# Proj At Risk	0	2	2
% At Risk	0.0	12.5	11.8
Comm At Risk	0.0	18.5	12.0
% Commit at Risk	0.0	7.4	4.6
<u>Croatia</u>			
# Proj	11	13	16
Net Comm Amt	425.3	574.0	1,091.1
# Proj At Risk	0	1	0
% At Risk	0.0	7.7	0.0
Comm At Risk	0.0	45.7	0.0
% Commit at Risk	0.0	8.0	0.0
<u>Macedonia</u>			
# Proj	10	10	11
Net Comm Amt	84.4	121.9	176.9
# Proj At Risk	0	0	0
% At Risk	0.0	0.0	0.0
Comm At Risk	0.0	0.0	0.0
% Commit at Risk	0.0	0.0	0.0
<u>Serbia</u>			
# Proj	17	18	9
Net Comm Amt	261.0	283.5	384.4
# Proj At Risk	1	5	1
% At Risk	5.9	27.8	11.1
Comm At Risk	20.0	42.0	25.0
% Commit at Risk	7.7	14.8	6.5
<u>ECA</u>			
# Proj	276.0	294.0	286.0
Net Comm Amt	15,675	16,295	16,473
# Proj At Risk	24.0	28.0	26.0
% At Risk	8.7	9.5	9.1
Comm At Risk	1,413.0	1,177.8	1,647.9
% Commit at Risk	9.0	7.2	10.0

Source: WB Business Warehouse tables 3a.4 as of September 26, 2007.

Annex Table 5: IBRD/IDA Net Disbursements and Charges Summary Report for Bosnia and Herzegovina (US \$ millions)

Fiscal Year	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2005	86.6	24.1	62.5	20.8	0.8	41.0
2006	30.9	23.7	7.3	27.3	0.6	-20.6
2007	29.2	31.0	-1.8	32.3	0.4	-34.5
Total (FY 05-07)	146.7	78.8	68.0	80.4	1.8	-14.2

Source: WB Client Connections, Net Disbursements and Charges Report of September 25, 2007.

**Annex Table 6: Total Net Disbursements of Official Development Assistance and Official Aid
FY 2001-2005 (US \$ Million)**

Donors	Calendar Years				
	2001	2002	2003	2004	2005
Arab Countries	19.22	14.03	1.54	7.5	4.03
Australia	0.01				
Austria	14.19	10.89	15.2	18.59	25.93
Belgium	6.04	1.88	0.66	0.54	1.54
Canada	10.55	6.89	7.31	5.89	7.69
Czech Republic	0.45		3.93	1.03	1.34
Denmark	7.88	0.43	1.91	2.72	1.14
Finland	4.78	4.66	6.99	6	3.9
France	2.1	2.39	2.07	3.37	28.47
Germany	27.04	19.42	21.81	29.92	26.1
Greece	8.82	5.73	5.31	7.17	1.27
Hungary			0.41	18.63	0.06
Iceland	0.02		0.06	0.05	0.22
Ireland	1.54	1.55	1.05	0.74	1.46
Italy	5.01	6.44	4.91	7.73	2.67
Japan	9.64	14.74	53.97	22.21	16.69
Korea	0.35	0.02	0.05		
Luxembourg	0.58	0.34	0.65	0.35	0.2
Netherlands	52.91	37.34	25.16	24.82	21.09
Norway	16.87	23.83	21.62	17.01	17.69
Poland	0.08	0.01	0.02	0.01	0.01
Portugal	0.89	2.18	1.12	7.37	9.48
Slovak Republic			0.18	0.2	1.39
Spain	25.16	27.8	30.67	24.73	6.11
Sweden	29.02	26.98	35.4	34.08	46.88
Switzerland	12.49	15.77	14.04	12.69	16.63
Turkey	0.2	6.42	0.66	5.79	18.62
United Kingdom	6.13	7.28	12.62	10.98	6.56
United States	135.06	75.78	68.74	61.92	46.14
Other Bilateral Donors	0.01	0.03	0.2	0.22	0.38
Bilaterals Total	397.0	312.8	338.3	332.3	313.7
Arab Agencies	0.05	0.03	0.5	2.46	2.27
BRD	1.94	1.66	1.01	0.26	0.8
EC	154.26	129.26	135.83	124.56	164.52
IDA	61.74	96.84	48.19	208.55	55.59
IFAD		1.08	0.59	1.82	2.15
UNDP	0.21	1.06	1.61	0.8	0.85
UNFPA	0.06	0.06	0.35	0.24	0.34
UNHCR	22.28	19.7	13.02	10.95	8.18
UNICEF	0.44	0.54	0.56	0.79	0.94
UNTA	0.9	0.38	0.37	0.94	0.78
Multilateral, Total	241.88	250.61	202.03	351.37	236.42
ALL Donors, Total	638.9	563.4	540.3	683.6	550.1
<i>DAC Countries, Total</i>	<i>376.7</i>	<i>292.3</i>	<i>331.2</i>	<i>298.8</i>	<i>287.6</i>
<i>DAC EU Members, Total</i>	<i>192.1</i>	<i>155.3</i>	<i>165.5</i>	<i>179.1</i>	<i>182.8</i>
<i>Non-DAC Bilateral Donors, Total</i>	<i>20.3</i>	<i>20.5</i>	<i>7.1</i>	<i>33.4</i>	<i>26.1</i>
<i>G7, Total</i>	<i>195.5</i>	<i>132.9</i>	<i>171.4</i>	<i>142.0</i>	<i>134.3</i>

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid - Disbursements as of October 1, 2007.

Annex Table 7: Economic and Social Indicators

Series Name	Bosnia and Herzegovina						Bosnia and Herzegovina	Albania	Croatia	Macedonia	Serbia	Lower Middle Income
	2001	2002	2003	2004	2005	2006	Average 2001 - 2006					
Growth												
GDP growth (annual %)	4.0	5.0	4.0	6.0	5.0	6.0	5.1	5.5	4.7	1.7	5.2	7.5
GNI per capita, Atlas method (current US\$)	1,480	1,580	1,840	2,280	2,680	2,980	2,037	4,928	6,537	2,293	2,806	1,498
GNI per capita, PPP (current international \$)	..	..	..	..	..	..	..	2,003	11,522	6,587	..	5,505
GDP per capita growth (annual %)	3.0	5.0	4.0	6.0	5.0	6.0	4.6	5.0	5.0	1.7	5.7	6.5
Agriculture, value added (% of GDP)	12.0	11.0	10.0	11.0	10.0	..	11.0	24.8	7.7	12.7	15.4	12.8
Industry, value added (% of GDP)	25.0	24.0	26.0	25.0	25.0	..	25.2	20.6	30.0	30.0	27.0	42.3
Services, etc., value added (% of GDP)	64.0	65.0	64.0	64.0	64.0	..	64.0	54.8	62.0	57.2	57.8	44.8
Macroeconomic Indicators												
Gross capital formation (% of GDP)	19.0	20.0	20.0	19.0	19.0	..	19.7	27.5	29.3	20.5	21.8	32.2
Gross domestic savings (% of GDP)	-31.0	-30.0	-29.0	-25.0	-25.0	..	-28.3	3.5	20.3	2.3	1.0	33.3
Inflation, consumer prices (annual %)	..	..	..	..	..	..	0.0	2.8	..	..	..	..
Real effective exchange rate index (2000 = 100)	..	..	..	..	..	..	..	..	107.3	101.0	..	..
Official exchange rate (LCU per US\$, period average)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	117.7	6.8	55.5	62.3	..
Gross national expenditure (% of GDP)	150.0	150.0	149.0	144.0	145.0	..	148.2	123.7	109.0	118.0	121.2	..
External Balance												
Exports of goods and services (% of GDP)	30.0	26.0	28.0	32.0	36.0	..	30.5	20.8	47.0	42.0	23.2	34.2
Imports of goods and services (% of GDP)	80.0	77.0	78.0	76.0	81.0	..	79.0	44.5	55.8	60.0	44.3	32.8
Current account balance (% of GDP)	-14.0	-19.0	-21.0	-19.0	-21.0	-11.0	-16.1	..	..	..	..	..
External debt (% of GNI)	45.0	47.0	54.0	54.0	53.0	..	50.3	23.6	81.4	41.2	..	30.8
Total debt service (% of GNI)	5.0	3.0	3.0	2.0	3.0	..	3.7	1.0	16.4	5.2	..	3.8
Gross domestic savings (% of GDP)	19.0	20.0	20.0	19.0	19.0	..	19.7	3.5	20.3	2.3	1.0	33.3
Gross fixed capital formation (% of GDP)	-31.0	-30.0	-29.0	-25.0	-25.0	..	-28.3	27.5	26.3	17.0	15.2	30.7
IBRD loans and IDA credits (PPG DOD, million current US\$)	983	1,115	1,223	1,454	1,403	..	1,190	525.4	662.1	509.3	..	81,684
Fiscal Accounts (% of GDP) ^{1/}												
1. Total Revenue and grants	..	..	50.4	47.5	48.8	50.6	49.3	..	..	..	..	..
Of which: grants	..	..	6.3	3.3	3.2	2.6	3.9	..	..	..	..	..
2. Total Expenditure	..	..	52.2	48.1	47.8	47.6	48.9	..	..	..	..	..
Of which: investment expenditure	..	..	10.8	7.5	7.3	6.4	8.0	..	..	..	..	..
3. Overall Balance	..	..	-1.8	-0.5	1.0	3.0	0.4	..	..	..	..	..
Social Indicators												
Health												
Life expectancy at birth, total (years)	..	74.0	..	..	74.0	..	74.0	75.0	75.3	73.5	..	70.5
Immunization, DPT (% of children ages 12-23 months)	91.0	80.0	87.0	84.0	93.0	..	86.7	97.4	95.0	94.6	..	85.0
Improved sanitation facilities (% of population with access)	..	..	..	95.0	..	..	95.0	91.0	100.0	..	..	55.0
Improved water source (% of population with access)	..	..	..	97.0	..	..	97.0	96.0	100.0	..	..	81.0
Mortality rate, infant (per 1,000 live births)	..	..	..	..	13.0	..	13.5	16.0	6.3	15.0	..	31.0
Education												
School enrollment, preprimary (% gross)	..	..	..	..	..	..	..	48.0	45.8	31.2	..	35.6
School enrollment, primary (% gross)	..	..	..	..	..	..	..	106.0	94.5	98.4	..	112.2
School enrollment, secondary (% gross)	..	..	..	..	..	..	..	76.5	87.3	84.2	..	69.6
Population												
Population, total (in million)	3.9	3.9	3.9	3.9	3.9	3.9	3.90	3.1	4.4	2.0	7.5	2,226
Population growth (annual %)	1.0	1.0	0.0	0.0	0.0	0.0	0.71	0.5	-0.2	0.0	0.0	1.0
Urban population (% of total)	44.0	44.0	45.0	45.0	46.0	46.0	44.71	44.3	56.3	67.8	..	45.3
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	..	..	..	98.0	96.0	..	89.0

^{1/} IMF Bosnia and Herzegovina: 2007 Article IV Consultation - Staff Report, August 2007. Sources: WB DDP Database as of September 18, 2006 and IMF 2007 Article IV Consultation

Annex Table 8: Bosnia and Herzegovina - Millennium Development Goals

	1990	1994	1997	2000	2003	2005
Goal 1: Eradicate extreme poverty and hunger						
Income share held by lowest 20%	..	..	..	..	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	4	..	..
Poverty gap at \$1 a day (PPP) (%)	..	..	..	..	..	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	..	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..	20	..
Prevalence of undernourishment (% of population)	..	..	..	..	9	9
Goal 2: Achieve universal primary education						
Literacy rate, youth total (% of people ages 15-24)	..	..	..	..	..	..
Persistence to grade 5, total (% of cohort)	..	..	..	..	..	..
Primary completion rate, total (% of relevant age group)	..	..	..	..	..	..
School enrollment, primary (% net)	..	..	..	..	..	..
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliament (%)	..	..	..	29.0	17.0	16.7
Ratio of girls to boys in primary and secondary education (%)	..	..	..	..	..	..
Ratio of young literate females to males (% ages 15-24)	..	..	..	..	..	..
Share of women employed in the nonagricultural sector (% of total)	36	..	..	..	..	..
Goal 4: Reduce child mortality						
Immunization, measles (% of children ages 12-23 months)	..	57.0	86.0	80.0	84.0	90.0
Mortality rate, infant (per 1,000 live births)	18	..	..	14	..	13
Mortality rate, under-5 (per 1,000)	22	..	..	17	..	15
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	..	..	..	99.6	..	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	31.0	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
Contraceptive prevalence (% of women ages 15-49)	..	..	..	48	..	..
Incidence of tuberculosis (per 100,000 people)	93.8	89.0	81.3	62.7	54.4	51.6
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	..	0
Tuberculosis cases detected under DOTS (%)	..	..	..	69.9	51.4	70.6
Goal 7: Ensure environmental sustainability						
CO2 emissions (metric tons per capita)	1.6	1.1	3.6	5.0	4.9	..
Forest area (% of land area)	43	..	..	43	..	43
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	..	4	6	5	5	5
Improved sanitation facilities (% of population with access)	..	..	..	..	..	95
Improved water source (% of population with access)	97	..	..	..	..	97
Nationally protected areas (% of total land area)	..	..	..	..	..	0.5
Goal 8: Develop a global partnership for development						
Aid per capita (current US\$)	..	111.8	246.9	191.5	137.9	139.8
Debt service (PPG and IMF only, % of exports of G&S, excl. workers')	..	..	..	13	5	4
Fixed line and mobile phone subscribers (per 1,000 people)	..	70.8	89.4	227.0	513.7	656.0
Internet users (per 1,000 people)	0.0	..	0.6	10.4	38.3	206.4
Personal computers (per 1,000 people)	..	..	..	..	..	..
Total debt service (% of exports of goods, services and income)	..	..	..	10	5	5
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..	..	..
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..	..	..
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	..	..	..
Other						
Fertility rate, total (births per woman)	1.7	..	1.5	1.3	1.3	1.2
GNI per capita, Atlas method (current US\$)	..	..	1,080.0	1,420.0	1,840.0	2,700.0
GNI, Atlas method (current US\$) (billions)	..	..	3.8	5.5	7.2	10.5
Gross capital formation (% of GDP)	..	..	42.0	21.2	20.4	19.2
Life expectancy at birth, total (years)	72.1	..	73.1	73.6	73.9	74.4
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	..
Population, total (millions)	4.3	3.5	3.5	3.8	3.9	3.9
Trade (% of GDP)	..	101.8	100.6	113.6	105.8	116.9

Source: World Development Indicators database, April 2006.

Annex Table 9: Summary of Achievements of the CAS Objectives

BiH CAS 05-07: Pillar 1 Improving public finance and strengthening institutions		Actual Results (as of Oct 07)	Comments
<u>Objectives</u>	1. A leaner and more efficient public administration and civil service	PARTIALLY ACHIEVED	
	2. Institutionalization of fiscal coordination between various levels of government	PARTIALLY ACHIEVED	
	3. More efficient and higher-quality education administration	NOT ACHIEVED	
	4. Better targeted and more efficient social safety nets	NOT ACHIEVED	
	5. Greater transparency and accountability of public resource management	PARTIALLY ACHIEVED	
<u>Major Outcome Measures</u>	1. The level of Entity payroll expenses falls within approved budgets	Not accomplished	At the beginning of the CAS period, the BiH's payroll expenses absorbed 31% of total expenses. In 2005, this share remained almost unchanged -- 28%.
	2. State and Entity budgets are consistent with the national aggregate fiscal policy target beginning in 2005	Not accomplished	Legislated nominal freeze at 2005 level was not maintained in the FBIH.
	3. Higher education is adequately funded through Entity budgets beginning 2005	Not accomplished	Little progress in improving the efficiency of the education sector. Law on Higher Education passed, but higher education expenses not established at Entity levels.
	4. A new policy of employment services (on active and passive) labor markets is operational	Partially accomplished	New policy of employment services on active and passive labor market programs is being developed.
	5. Laws on fiscal responsibilities (across governments) are approved.	Partially accomplished	Intergovernmental transfers rationalized and formalized; revenue assignments clarified; budget reporting improved; however, reform on the National Fiscal Council has not been met
<u>Ongoing pre-CAS 05-07 IDA Support</u>	Economic Management Structural Adjustment Credit (EMSAC)	Closed Dec 31, 2006; IEG rating: moderately unsatisfactory Second tranche lapsed	Lack of progress in meeting the agreed conditions. From IEG ICR review: "The outcome of the operation is moderately unsatisfactory. While the objectives of the operation were relevant, the design of some of the second tranche conditions fell short of achieving the conditions' intended objectives. With respect to the two program objectives, the first one of rationalizing expenditure and intergovernmental fiscal arrangements was met to a negligible extent, and the second one of improving public sector management and governance was met to a modest extent."
	Second Social Sector Adjustment Credit (SOSAC II)	Project was not effective	RS came some way toward meeting the credit conditions; however, FBIH gave into political pressures and back-tracked; FBIH authorities were unable to undertake a minimum credible package of reforms. As a result, two years after its approval, the credit could not have been declared effective and lapsed in June, 2006.
<u>New IDA Lending Support</u>	Base Case/High Case:	PDPC was not delivered	PDPC was planned to address corporate restructuring. However, the government demonstrated little actual commitment to the issue, so it was decided the Credit was not warranted. On the other hand, the CAS did not clearly define conditions for PDPC; it is only noted its structure (a set of one year programs; each building upon the preceding one).
	<ul style="list-style-type: none"> Policy Development Programmatic Credit (PDPC) /Public Sector Reform/PDS Reform -- 20mn(FY05)+25mn(FY06)+20mn(FY07)/ 		

	BiH CAS 05-07: Pillar 1 Improving public finance and strengthening institutions	Actual Results (as of Oct 07)	Comments
	<ul style="list-style-type: none"> Health Scale-Up -- 15mln (FY05) Education Restructuring Project -- 12mln (FY05) 	Open, 10 mln disbursed	Latest PDO rating: moderately satisfactory
	<ul style="list-style-type: none"> Health Scale-Up -- 20mln (FY05) Public Sector Reform Project in 2006 -- 8mln (FY06) 	Open, 16 mln disbursed	Latest PDO rating: moderately unsatisfactory
	<u>Low Case:</u> <ul style="list-style-type: none"> PDPC substituted with two smaller IDA credits 		
Planned AAA	1. Public Expenditure and Institutional Review (PEIR) (FY06)	completed FY06	
	2. Environmental Benchmarking (FY05)	completed FY07	Renamed; "Journey to a Cleaner Future. Investing in People and Institutions that Make Environmental Laws Work"
	3. Energy Sector AAA works (FY05)	to be completed FY08	
	4. Country Financial Accountability Assessment (CFAA) (FY06)	completed FY07	
	5. Poverty Assessment (FY07)	postponed	
	6. Country Procurement Assessment Review (CPAR) (FY07)	completed FY07	
	7. Pensions Reform Study (FY06)	completed FY07	Pension Support Study
	8. Policy Notes (FY07)	completed FY07	
Additional AAA	1. Programmatic Poverty Assessment	completed FY06	Part of Western Balkans Poverty Assessment PA
	2. Programmatic Poverty Assessment	completed FY07	Part of Western Balkans Poverty Assessment PA
	BiH CAS 05-07: Pillar 2 Promoting sustainable private-sector-led growth	Actual Results (as of Oct 07)	Comments
Objectives	1. Lower barriers to business activity	ACHIEVED	
	2. More competitive, investment-friendly enterprises	PARTIALLY ACHIEVED	
	3. Improved corporate sector operations	NOT ACHIEVED	
	4. More robust private sector financing services	ACHIEVED	
	5. Raised efficiency and access to core economic infrastructure	ACHIEVED	
	6. More efficient and sustainable natural resources allocation	PARTIALLY ACHIEVED	

BiH CAS 05-07: Pillar 2 Promoting sustainable private-sector-led growth		Actual Results (as of Oct 07)	Comments
<u>Major Outcome Measures</u>	1. New bankruptcy laws implemented	Partially accomplished	Passed in 2003; during CAS period harmonized with business registration: new inspection pledges/movable registry and business registration laws adopted. However, how to check implementation??
	2. Business inspections rationalized across Entities	Fully accomplished	Business inspection system rationalized across Entities, standard guidelines identified.
	3. Strategic enterprises categorized by their readiness for privatization and governments agree to a comprehensive debt resolution strategy for priority SOEs	Partially accomplished	Instruments to divest strategic SOEs are in place. There is progress on developing privatization strategy for select utility SOEs in RS. However, there is no minimum legal, regulatory and institutional framework to resolve existing outstanding claims.
	4. Transport time and costs lowered	Accomplished	Traffic flows improved; accident rate reduced; number of accidents at "black spots" drastically decreased; efficiency of roads management increased and budget sufficiency improved, but not fully achieved.
<u>Ongoing pre-CAS 05-07 IDA Support</u>	Business Enabling Environment Adjustment Credit (BAC)	Closing date of the credit has been extended 10 times	Slower than originally anticipated; progress continues to be made; latest PDO rating: moderately satisfactory
	Privatization Technical Assistance Credit (PTAC)	Lapsed Aug 06; IEG rating: unsatisfactory	Lapsed five years after approval. Lack of enthusiasm on the part of the authorities. From IEG ICR review: "The project's development outcome is negligible, but seems sustainable. The privatization already done is irreversible. The institutional capacity created by the project is also likely to be maintained."
	Local Initiatives Project II (LIP II)	Closed June 30, 2005; IEG rating: moderately satisfactory	From IEG ICR review: "Although outreach has been significant, the overall outcome is rated moderately satisfactory based on the delay in legislative reforms which limits the institutional options available to MFIs, and the fact that subsidized funds still account for the largest share of external resources to the MFIs."
	Pilot Emergency Labor Redeployment Project (PELRP)	Closed Sept 30, 2004; IEG rating: moderately satisfactory	From IEG ICR review: "While the project partially achieved its two objectives (to provide ex-soldiers of BiH with the means for self-reliant existence and To test different active labor market program measures to encourage employment generation, small business creation for the benefit of ex-soldiers and to provide stimulus to local training and consultancy firms -- Y.S.), it was with shortcomings in efficiency -- measured by unit costs per beneficiary."
	Second Employment Support Project (SESP)	Open	Implementation Status Results and Report completed Aug, 2007; PDO rating: satisfactory
	Trade and Transport Facilitation in Southeast Europe Project (TTFSE)	Closed Sept 30, 2005; IEG rating: satisfactory	From IEG ICR review: "Reduce the non-tariff costs to trade and transport - substantial achievement... Reduce smuggling and corruption at border crossings - substantial achievement."
	Enterprise Export Facility Project (BEEF)	Closed Sept 31, 2004; IEG rating: moderately satisfactory	From IEG ICR review: "The value of exports supported by the project is about half the value estimated at appraisal. As a result, any economic benefits attributable to the project must be lower than the potential benefit expected at appraisal."
	Small-Scale Commercial Agriculture Development Project	Open	Supervision mission has been scheduled for Oct 8-9, 2007; latest PDO rating: satisfactory
Forestry Development and Conservation Project (FDCP)	Extended to Nov 07	Latest PDO rating: moderately satisfactory	

<u>BiH CAS 05-07: Pillar 2</u> Promoting sustainable private-sector-led growth		Actual Results (as of Oct 07)	Comments
<u>New IDA Lending Support</u>	<u>Base Case/High Case:</u> <ul style="list-style-type: none"> Policy Development Programmatic Credit (PDPC) /Public Sector Reform/PDS Reform -- 20mln(FY05)+25mln(FY06)+20mln (FY07)/ 	PDPC was not delivered	PDPC was planned to address corporate restructuring. However, the government demonstrated little actual commitment to the issue, so it was decided the Credit was not warranted. On the other hand, the CAS did not clearly define conditions for PDPC; it is only noted its structure (a set of one year programs; each building upon the preceding one).
	<u>Low Case:</u> <ul style="list-style-type: none"> Social/Rural Development Investment -- 7mln (FY07) 	<u>Non-programmed projects:</u> <ul style="list-style-type: none"> Land Registration -- 15mln (FY06) Forrest Additional Financing Project -- 3.4mln (FY07) (3.5 disbursed) 	Low-case scenario is not well-spelled out in the CAS. Latest PDO rating: satisfactory Latest PDO rating: n/a
<u>Planned AAA</u>	1. Labor Market Study (FY05)	completed FY06	
	2. Debt Sustainability Analysis (FY06)	completed FY07	
	3. Financial Sector Assessment Program (FSAP) (FY06)	to be completed FY08	
<u>BiH CAS 05-07: Pillar 3</u> Investing in Key Social and Economic Infrastructure		Actual Results (as of Oct 07)	Comments
<u>Additional AAA</u>	1. Corporate Finance Country Assessment	completed FY06	
	2. Review of Financial Oversight Arrangements in Public Enterprises (SOES)	completed FY07	
<u>Objectives</u>	1. Promoting effective protection of the vulnerable through a fiscally sustainable social safety net, including rationalized veterans benefits	NOT ACHIEVED	
	2. Improved health sector management and better access to quality health care	PARTIALLY ACHIEVED	
	3. Improved service quality in water and sanitation, electricity and local roads	ACHIEVED	
	4. A higher quality and more equitable education system	NOT ACHIEVED	
	5. Greater rural agriculture productivity and profitability	PARTIALLY ACHIEVED	
	6. Conservation of critical forests and mountain ecosystems.	NOT ACHIEVED	
<u>Major Outcome Measures</u>	1. Veteran's legislation is implemented	Not accomplished	Annual budget for veterans' benefits in 2006 exceeded 2005 allocations by 30% with additional benefits for veterans and demobilized soldiers legislated in Sept 2006
	2. A pension policy is harmonized between the Entities.	Not accomplished	No new pension strategy adopted yet
	3. A master plan for the rationalization of hospital services is completed	Partially accomplished	Master plan for rationalization of hospital services developed and approved by both Entities. Plans for Implementation being drafted.

	BiH CAS 05-07: Pillar 3 Investing in Key Social and Economic Infrastructure	Actual Results (as of Oct 07)	Comments
	4. The share of population covered by health insurance is increased	Not accomplished	Unchanged proportion of insured since 2004
	5. An increased share of populations has access to basic services	Partially accomplished	3 out of 7 planned solid waste sites were established; law on water management adopted; framework for the rationalization of responsibilities for the roads rehabilitation has not been developed
	6. Assessment performance measures for math and literacy are established.	Accomplished	Standards and Assessment Agency operations sustained
	7. Rural agriculture productivity increased	Accomplished	9.3% growth in agriculture outputs in 2006
	8. Critical forests and mountain ecosystems conserved	Not Accomplished	Guidelines for high conservation value forests were designed but not implemented
<u>Ongoing pre-CAS 05-07 IDA Support</u>	Second Social Sector Adjustment Credit (SOSAC II)	Project was not effective	RS came some way toward meeting the credit conditions; however, FBIH gave into political pressures and back-tracked; FBIH authorities were unable to undertake a minimum credible package of reforms. As a result, two years after its approval, the credit could not have been declared effective and lapsed in June, 2006.
	Social Insurance Technical Assistance Project (SITAP)	Open	Continued though slower than expected progress Latest PDO rating: moderately satisfactory
	Education Development Project (EDP)	Closed Dec 31, 2004; IEG rating: satisfactory	From IEG ICR review: "Improvements are likely to be sustainable..."
	Small-Scale Commercial Agriculture Development Project	Open	Supervision mission has been scheduled for Oct 8-9, 2007; latest PDO rating: satisfactory
	Forestry Development and Conservation Project (FDCP)	Extended to Nov 07	Latest PDO rating: moderately satisfactory
	Community Development Project (CDP)	Open	Latest PDO rating: satisfactory
	Local Development Pilot Project (LDP)	Closed May 31, 2005; IEG rating: satisfactory	From IEG ICR review: "Efficiency is assessed as modest."
	Urban Infrastructure and Service Delivery Project	Open	Latest PDO rating: satisfactory
	Mostar Water Supply and Sanitation Project	Closed June 30, 2005; IEG rating: satisfactory	From IEG ICR review: "The project identified and monitored key performance indicators that were relevant to the stated objectives. Well defined physical targets were also set for each engineering, civil works and business goal. These were all monitored and fed back into guiding project implementation."
	Pilot Cultural Heritage Project	Closed Dec 31, 2004; IEG rating: satisfactory	From IEG ICR review: "The multiethnic nature of the project coordinating unit helped to further reconciliation; and the unit left a permanent legacy in the shape of a city-level agency which will continue to protect Mostar's cultural heritage."
	Solid Waste Management Project (SWMP)	Open	Latest PDO rating: satisfactory
	Road Management and Safety Project (RMSP)	Open	Latest PDO rating: n/a
Third Electric Power Reconstruction Project (Power III) (with other donors)	Open	Latest PDO rating: satisfactory	

<u>BiH CAS 05-07: Pillar 3</u> Investing in Key Social and Economic Infrastructure		Actual Results (as of Oct 07)	Comments
<u>New IDA Lending Support</u>	<u>Base Case:</u>		
	<ul style="list-style-type: none"> Policy Development Programmatic Credit (PDPC) /Public Sector Reform/PDS Reform -- 20mln(FY05)+25mln(FY06)+20mln (FY07)/ 	PDPC was not delivered	PDPC was planned to address corporate restructuring. However, the government demonstrated little actual commitment to the issue, so it was decided the Credit was not warranted. On the other hand, the CAS did not clearly define conditions for PDPC; it is only noted its structure (a set of one year programs; each building upon the preceding one).
	<ul style="list-style-type: none"> Education Restructuring Project -- 12mln (FY05) 	Open, 16 mln disbursed	Latest PDO rating: moderately unsatisfactory
	<ul style="list-style-type: none"> Adaptable Lending for Energy in South East Europe (SEE Energy APL): Power Sector Project /12mln(FY06)+24mln(FY06)/ 	Open	Latest PDO rating: satisfactory
	<ul style="list-style-type: none"> Second Regional IDA Project (SEE Regional II) /8mln(FY07)+16(FY07)/ 	Dropped	
	<ul style="list-style-type: none"> Global Environmental Facility (GEF) Water Quality Protection-- 8.5mln (FY05) 	Open	Latest PDO rating: satisfactory
	<ul style="list-style-type: none"> GEF Integrated Ecosystem Management -- 8mln (FY06) GEF Biodiversity Conservation -- 4mln (FY06) 	Delayed Delayed	Is currently scheduled for GEF board presentation in FY08 Will be delivered in FY08
	<u>Low Case:</u>	<u>Non-programmed projects:</u>	
	<ul style="list-style-type: none"> Social Service Delivery -- 8mln (FY07) Rural Development Project -- 7mln (FY07) Adaptable Lending for Energy in South East Europe (APL): Power Sector Project /12mln(FY06)+24mln(FY06)/ 	<ul style="list-style-type: none"> Solid Waste Supplement Project -- 8mln (FY05) Avian Flu -- 5mln (FY07) Agriculture and Rural Development -- 21mln (FY07) Urban Infrastructure Additional Finance -- 5mln (FY07) Community Development Supplemental Project -- 5mln (FY07) 	Latest PDO ratings: n/a
	<u>High Case:</u>		
	<ul style="list-style-type: none"> Programmatic Structural Adjustment Credit for Public Sector Reform and Private Sector Development (PDPC) /Public Sector Reform/PDS Reform -- 20mln(FY05)+25mln(FY06)+20mln (FY07)/ Second Regional IDA Project (SEE Regional II) /8mln(FY07)+16(FY07)/ IBRD Infrastructure Loan -- 30mln(FY07) 		
<u>Planned AAA</u>	1. Infrastructure Study (FY06)	to be completed FY08	
	2. Debt Sustainability Analysis (FY06)	completed FY07	
	3. Energy Sector Strategy (FY05)	to be completed FY08	
	4. Environmental Benchmarking (FY06)	completed FY07	Renamed: "Journey to a Cleaner Future. Investing in People and Institutions that Make Environmental Laws Work"
	5. Pension Reform Study (FY06)	completed FY07	Pension Support Study