



REPORT NO.: RES43317

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
BANKING SECTOR STRENGTHENING PROJECT

APPROVED ON APRIL 28, 2017

TO

BIH MINISTRY OF FINANCE AND TREASURY

FINANCE, COMPETITIVENESS AND INNOVATION

EUROPE AND CENTRAL ASIA

Regional Vice President:	Anna M. Bjerde
Country Director:	Linda Van Gelder
Regional Director:	Lalita M. Moorty
Practice Manager/Manager:	Mario Guadamilas
Task Team Leader(s):	Johanna Jaeger, Ruvejda Aliefendic



ABBREVIATIONS AND ACRONYMS

AQR	Asset Quality Review
BA	Banking Agency
BARS	Banking Agency of the Republika Srpska
BiH	Bosnia and Herzegovina
DB	Development Bank
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Results
EBA	European Banking Authority
EU	European Union
FBA	Federal Banking Agency
FBiH	Federation of Bosnia and Herzegovina
IRBRS	Investment Development Bank of the Republika Srpska
KM	Bosnia and Herzegovina Convertible Marka
MoF	Ministry of Finance
MoFT	Ministry of Finance and Treasury
PDO	Project Development Objective
PIT	Project Implementation Team
PP	Procurement Plan
QIS	Quantitative Impact Study
RBFBiH	Development Bank of the Federation of Bosnia and Herzegovina
RS	Republika Srpska
RS IDB	RS Investment Development Bank
SME	Small and Medium-sized Enterprise
SOE	Statement of Expenditure
SORT	Systematic Operations Risk-Rating Tool
SREP	Supervisory Review and Evaluation Process
WB	World Bank



BASIC DATA

Product Information

Project ID	Financing Instrument
P158387	Investment Project Financing
Original EA Category	Current EA Category
Not Required (C)	Not Required (C)
Approval Date	Current Closing Date
28-Apr-2017	30-Jun-2021

Organizations

Borrower	Responsible Agency
BiH Ministry of Finance and Treasury	Republika Srpska Ministry of Finance,FBiH Ministry of Finance

Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is to improve the soundness of the banking sector by enhancing bank regulation, supervision and resolution capacity and by enhancing the governance of the Entity development banks.

Current PDO

The Project Development Objective (PDO) is to improve the soundness of the banking sector by enhancing bank regulation, supervision and resolution capacity and by enhancing the development finance framework for Covid-19 affected enterprises.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-87410	28-Apr-2017	31-Oct-2017	25-Oct-2018	30-Jun-2021	60.00	54.70	9.00



Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. **This Restructuring Paper seeks approval to restructure the Project to help address challenges of the Covid-19 pandemic as well as implementation delays of the development banks reforms in order to increase the likelihood of meeting the Project Development Objective (PDO).** The Bank received a request for restructuring from the Ministry of Finance and Treasury (MoFT) on October 13, 2020, preceded by the request from the Ministry of Finance (MoF) of Federation BiH (FBiH) on October 6, 2020. The rationale for the restructuring was underlined by the need to secure resources for the FBiH to address the continued impact of the Covid-19 pandemic on the economy. The restructuring includes the following elements: (i) revision to the project Disbursement Linked Indicators (DLIs), (ii) reallocation of proceeds between components and disbursement categories, (iii) revision to the results indicators, and (iv) restructuring of Component 4 in response to Covid-19 and the delays faced as part of the development banks reforms. The project closing date was previously extended during a restructuring of the Republika Srpska part from December 31, 2020 to June 30, 2021. The restructuring was completed and an Amendment No. 1 to the Loan Agreement signed on July 2, 2020.

2. **The Project is designed to support the authorities in strengthening Bosnia and Herzegovina's (BiH) banking sector** by improving bank regulation and supervision, addressing weaknesses in the banking sector, establishing the new bank resolution frameworks, and enhancing the governance and operation of the entity development banks. The Project's objectives remain highly relevant, especially during and in the aftermath of the Covid-19 pandemics.

3. **The project design continues to be unique and ensures that activities related to the banking sector are fully harmonized between the entities, creating a uniform environment for banking sector operation.** In a fragmented environment this design provides stability, transparency, and predictability for banks and supervisors alike, creating a more stable and resilient financial sector benefiting businesses and citizens.

A. Overall Project Status

4. **The project continues to deliver strongly, and the ratings for the progress towards achieving the PDO is Moderately Satisfactory, while the implementation progress was upgraded to Satisfactory during the last Implementation Status and results Report (ISR) filed on September 8, 2020.** The MS rating of the PDO reflects delays primarily because reforms related to the development banks were stalled by elections and post-election delays in the formation of a government in the Federation of Bosnia and Herzegovina (FBiH) and at the level of BiH institutions. In addition, deliberations of the working group in the RS took longer than anticipated, having completed its findings only in early 2020. Both entities have taken steps to address the delays and deal with institutional improvements, starting by nominating a new management in both entities. As the work on the development bank component got back on track in FBiH, the outbreak of Covid-19 and economic unravelling has put these plans back on hold. In FBiH, the authorities have restarted the work on preparation of the new FBiH Development Bank Law, aiming to address long-standing deficiencies of the existing legislation and to bring it in line with the FBiH Law on Banks. A multi-institutional working group comprising MoF, Development Bank (DB) and the Federation Banking Agency (FBA) representatives



was established during the summer 2020 to facilitate this work and has already met to discuss the scope of the new DB law. The Entity Governments remain fully committed to the development bank reform agenda, once the emergency mode passes.

5. The project was made effective for the RS component on October 25, 2018, while the conditions for withdrawal in the FBiH were lifted on April 28, 2020, three years after the Board date. The Project progress against disbursement linked results (DLRs)¹ was strong from the onset of the project implementation in both entities, resulting in full achievement of all DLRs for Components 1 through 3 for both entities. These components included i) strengthening regulation and supervision aligned with the Basel III regime, tailoring it to the level of development of the banking system in BiH, ii) enhancement of the terms of reference for asset quality reviews (AQRs) of banks and the subsequent enforcement of the AQRs findings, and iii) introducing and making operational of the new bank resolution frameworks. A total of 40.6 m Euros was withdrawn to date, amounting to 85 percent of the overall project.

Table 1: Disbursement status by Component, as of October 16, 2020

Total Revised Loan Amount (EUR)		Disbursed (EUR)			
	RS	FBiH	RS	FBiH	Total (%)
Component 1	8,539,250	6,039,250	8,539,250	6,039,250	100
Component 2	7,080,000	7,080,000	7,080,000	7,080,000	100
Component 3	7,080,000	7,080,000	7,080,000	7,080,000	100
Component 4	5,530,000	7,080,000	5,000,000	0	39.7
Unallocated technical assistance component	0	950,000	0	70,000	7.3
Front-end fee	141,500		141,500		100
Total	56,600,000		27,699,250 (including front-end fee)	20,269,250	85

6. The need for Project restructuring arises because of two reasons. First, in response to the Covid-19 outbreak, the authorities have requested the World Bank to refocus part of the unspent resources under Component 4 and the unallocated technical assistance component on expanding the existing development finance framework in FBiH by enabling one of their development finance institutions (FBiH Development Bank) to launch a temporary partial credit guarantee scheme providing financing to COVID-19 affected enterprises through adoption of framework for this scheme by adopting a Government Decree to govern details of its implementation. The Project will not capitalize this guarantee scheme nor provide financing for the firms but rather help the authorities to set up an appropriate framework for such emergency mechanisms. The Bank team worked in close coordination with other IFIs, particularly the European Bank for Reconstruction and Development (EBRD) who are planning to provide a stand-by credit line backstop the credit guarantee fund. Given the renewed delays to the structural development bank reform agenda due to the pandemic, there is a need to strike a balance between a somewhat reduced level of reform ambition under Component 4 while keeping the strategic refocusing of the Entity development banks part of the project. The focus being on strategic direction of the reforms now and in the post-pandemic time, providing a key first step in putting these banks on sounder footing. The FBiH Ministry of Finance supports continuation of the reforms of the development bank under

¹ The terminology Performance-Based Condition (PBC) has replaced Disbursement Linked Indicator (DLI) and Disbursement Linked Result (DLR). For consistency purposes with the Project Appraisal Document DLI and DLI are being used in this restructuring paper.



an extended timeline once the Covid-19 pandemic gives the authorities a much-needed break from addressing health and immediate economic issues. This is confirmed in the letter seeking project restructuring. As the economic impact of the pandemic on the economy is being addressed by the authorities, the Bank and the authorities are reengaging on the strategic direction and drafting of the new Development Bank law. This activity will spill over into first half of 2021 with a new deadline for achievement of the DLR set at end-June 2021. Furthermore, an additional reform step in the operationalization of the new Supervisory Review and Evaluation Processes (SREP) methodology adopted in December 2019 is added as a new DLR under Component 1. Therefore, this restructuring is meant to reprogram unallocated funds and revise Component 4 under an extended project timeline to allow for full disbursement in line with the PDO revised in July 2020.

7. Fiduciary arrangements for the Project are acceptable. The procurement risk rating of the Project is moderate, as neither of the implementing agencies have experience in Bank-procurement, nor have a procurement specialist in place. However, the use of procurement is highly limited as per Project's design. In the FBiH, the procurement plan contained in the disclosed PAD is updated to include the selection of two consultants (Project Manager and Financial Management Specialist), and small shopping for the equipment for the Project Implementation Team's (PIT) and has been disclosed on the Bank's external website on August 10, 2020. Financial management arrangements of the Project continue to be adequate as per the latest desk review undertaken on September 10, 2020. There are currently no overdue project audit reports and interim unaudited financial statements. The Project audit report for the FY 2019 have been received tamely and were found acceptable. No accounting issues and internal controls deficiencies were reported by the auditors in the management recommendation letters.

8. The original project does not include activities that have associated environmental and social impacts and therefore does not trigger any WB environmental and social safeguards policies. Therefore, the project has been assigned a Category 'C' in accordance with the WB safeguard policy OP/BP/GP 4.01. The activities proposed under the restructuring also do not have any environmental and social impacts or implications and as such, there are no changes to the environmental category assigned, nor is there any change in the due diligence.

9. Citizen engagement indicators remain unchanged.

II. DESCRIPTION OF PROPOSED CHANGES

10. The proposed changes include the following elements: (i) revision to the project Disbursement Linked Indicators (DLIs), (ii) reallocation of proceeds between components and disbursement categories, (iii) revision to the results indicators and (iv) restructuring of Component 4 in response to Covid-19 and the delays faced as part of the development banks reforms.

Adjustment of DLIs

11. Full matrix of proposed adjustment to DLIs is provided in performance-based conditions matrix and a simplified version is attached as Annex 1. Summary of the changes includes:

Component 1. Strengthen bank regulation and supervision aligned with Basel II/III regimes



12. An additional DLR 1.4 (FBA adopted the SREP operational procedure) will be included, with an allocation of EUR 2.5mln and a timeline by end December 2020. This is a key reform step in the operationalization of the new SREP methodology that was adopted in December 2019.

Component 2 and 3: No changes are proposed.

Component 4. Improved governance and business model of the FBiH development bank

13. The title of Component 4 will be changed to “Promote access to finance of COVID-19 affected enterprises through liquidity measures while maintaining financial stability as well as improving the governance of the FBiH development bank”

14. DLR 4.2. and 4.3 will be dropped to adjust to the increased importance of the role of development finance institutions in providing counter-cyclical financing to COVID-19 affected enterprises. The new DLRs focus on the creation of a development finance framework in FBiH by enabling a framework for the FBiH Development Bank to launch and administer a partial credit guarantee scheme to provide financing to COVID-19 affected enterprises. The new framework is created on the basis of the Law on mitigating the negative economic consequences (The Covid Law) FBiH (Official Gazette FBiH N° 28/20) and via adoption of a Government Decree to create conditions for institutional and operational arrangements for a partial credit guarantee scheme. The Decree is a government-adopted act that specifies the operational arrangements the FBiH DB would administer as a response to COVID-19, including its nature, the terms and conditions, eligibility, institutional and administrative management. However, given the Government’s continued focus and determination to reform the FBiH development bank, current DLR 4.1 will be kept and expanded (now as DLR 4.2: FBiH Government to approve a strategic statement for RBFBIH future development and adopt a draft² new Law on Development Bank), but its timeline will be shifted to end-June 2021 to reflect the implementation delays and allow enough time to complete this vital reform step supported by the Project.

Changes in the Results Framework

15. The PDI 3 indicator will be adjusted to read as follows: “Development finance framework for Covid-19 affected enterprises enhanced.”

Description: The FBiH Government has adopted measures expanding the existing development finance framework in FBiH by enabling FBiH Development Bank to launch a partial credit guarantee scheme providing financing to COVID-19 affected enterprises through adoption of a detailed Government Decree.

16. Changes to several intermediate indicators are provided in the results framework. These reflect the proposed adjustments to the project implementation and the revised closing date outlined above.

Reallocation of proceeds between components and disbursement categories

FBiH

17. As discussed above, in response to the Covid-19 outbreak, the authorities have requested the World Bank to refocus part of the unspent resources under Component 4 and the unallocated technical assistance component to measures addressing liquidity shortages of Covid-19 affected businesses as well as an additional reform step in the operationalization of the new SREP methodology adopted in December 2019. The unallocated technical assistance component will remain at 70,000 Euros to be used for agreed purposes until June 30, 2021.

² Draft Law refers to the version adopted by Government and ready for the Parliament’s first reading.



18. Under Component 1, a new DLR³ 1.4 (FBA adopted the SREP operational procedure) is being introduced with an allocation of EUR 2.5 million. This DLR is an additional key reform in the operationalization of the new SREP methodology to be achieved by end-2020.

19. Under Component 4, the original DLR 4.1. becomes an expanded DLR 4.2 (Adoption by the FBiH Government of a strategic statement for RBFBiH future development and adoption of a draft new Law on Development Bank) with an appropriately increased allocation of EUR 2.96 million. The original DLIs 4.2 will be dropped to reflect the expanded new DLR 4.2, while 4.1. will be replaced by measures focused on expanding the existing development finance framework in FBiH by enabling one of their development finance institutions (FBiH Development Bank) to launch a partial credit guarantee scheme providing financing to COVID-19 affected enterprises through adoption of a Government Decree with an allocation of EUR 2.5 million.⁴

Other issues

Following the restructuring, the Project Operations Manual will be revised to reflect the adjustments to the Project, including the verification protocols for the revised DLIs and the new implementation arrangements.

³ The terminology Performance-Based Condition (PBC) has replaced Disbursement Linked Indicator (DLI) and Disbursement Linked Result (DLR). For consistency purposes with the Project Appraisal Document DLI and DLI are being used in this restructuring paper.

⁴ Beyond liquidity support measures taken, in March 2020 in response to the COVID-19 crisis, the Banking Agencies in FBiH and RS introduced a decision on a 6-month moratorium on credit repayments of COVID-19 affected borrowers as well as measures to preserve banks' capital. The moratorium was extended by 6 months and the grace period up to 12 months by subsequent decision adopted in August 2020.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
PBCs	✓	
Reallocation between Disbursement Categories	✓	
Implementation Schedule	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)



REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IBRD-87410-001	Currency: EUR			
iLap Category Sequence No: 1	Current Expenditure Category: FBiH Eligible Expenditure Program			
27,279,250.00	20,199,250.00	28,159,250.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: G, non-CS, CS, TR, IOC for Part A.5			
950,000.00	0.00	70,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: RS Eligible Expenditure Program			
28,229,250.00	27,699,250.00	28,229,250.00	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: G, non-CS, CS, TR, IOC for Part B.5			
0.00	0.00	0.00	100.00	100.00
iLap Category Sequence No: 6	Current Expenditure Category: PREMIUM FOR CAPS/COLLARS			
0.00	0.00	0.00		
Total	56,458,500.00	47,898,500.00	56,458,500.00	

**Results framework**

COUNTRY: Bosnia and Herzegovina
Banking Sector Strengthening Project

Project Development Objectives(s)

The Project Development Objective (PDO) is to improve the soundness of the banking sector by enhancing bank regulation, supervision and resolution capacity and by enhancing the development finance framework for Covid-19 affected enterprises.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Banking Sector Strengthening						
PDI 1.a. (RS): All RS banks remain well-capitalized (Text)		No	No	No	No	Yes
PDI 1.a. (FBiH): All FBiH banks remain well-capitalized (Text)		No	No	No	No	Yes
PDI 1.b. (FBiH): FBA reviews and efficiently responds to cases when banks do not meet prudential norms for capital adequacy (Text)		No	No	No	No	Yes
PDI 1.b. (RS): BARS reviews and efficiently responds to cases when banks do not meet prudential norms for capital adequacy (Text)		No	No	No	No	Yes
PDI 2 (FBiH): FBA performing its legally mandated technical functions in bank resolution (Text)		No	No	No	No	Yes



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
PDI 2 (RS): BARS performs its legally mandated technical functions in bank resolution (Text)	No	No	No	No	No	Yes
PDI 3 (RS): Development finance framework for Covid-19 affected enterprises enhanced (Text)	No	No	No	No	No	Yes
PDI 3 (FBiH): Development finance f/w for Covid-19 affected enterprises enhanced. (Text)	No	No	No	No	No	Yes
Action: This indicator has been Revised						

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Strengthen bank regulation and supervision (Action: This Component has been Revised)						
IRI 1 (FBiH): Quantitative impact study on liquidity and capital regulations completed (Text)	PBC 1	No	Yes	Yes	Yes	Yes
IRI 2 (FBiH): Bylaws adopted on (i) capital; (ii) liquidity; (iii) risk management standards; (iv) ICAAP; and (v) consolidated supervision (Text)	PBC 2	No	No	Yes	Yes	Yes



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
IRI 3 (FBiH): Adoption of new risk-based supervisory review and evaluation process (SREP) methodology aligned with EU (European Banking Authority EBA) standards (Text)	PBC 3, 26	No	No	No	Yes	Yes
IRI 1 (RS): Quantitative impact study on liquidity and capital regulations completed. (Text)	PBC 4	No	Yes	Yes	Yes	Yes
IRI 2 (RS): Bylaws adopted on (i) capital; (ii) liquidity; (iii) risk management standards; (iv) ICAAP; and (v) consolidated supervision (Text)	PBC 5	No	No	Yes	Yes	Yes
IRI 3 (RS): Adoption of new risk based SREP methodology aligned with EU (EBA) standards (Text)	PBC 6	No	No	No	Yes	Yes
IRI 3a (RS): BARS adopted the SREP operational procedure (Text)	PBC 7	No				Yes
IRI 3a (FBiH): FBA adopted the SREP Operational Procedures (Text)		No				Yes
Action: This indicator is New						
Address weaknesses in the domestic banking sector						
IRI 4 (FBiH): FBA (i) adopted a harmonized 2017 AQR framework; (ii) approved the final reports of AQRs of all banks in FBiH not previously subject to an AQR based	PBC 8	No	Yes	Yes	Yes	Yes



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
on the harmonized 2017 AQR framework. (Text)						
IRI 5 (FBiH): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs (Text)	PBC 9	No	No	Yes	Yes	Yes
IRI 4 (RS): BARS (i) adopted a harmonized 2017 AQR framework; (ii) approved the final reports of AQRs of all banks in RS not previously subject to an AQR based on the harmonized 2017 AQR framework. (Text)	PBC 11	No	Yes	Yes	Yes	Yes
IRI 5 (RS): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs (Text)	PBC 12	No	No	Yes	Yes	Yes
Improve Banking Agencies' ability to undertake bank recovery and resolution functions						
IRI 6 (FBiH): Bylaw on recovery plans adopted by FBA (Text)	PBC 14	No	Yes	Yes	Yes	Yes
IRI 7 (FBiH): Resolution unit in FBA established and made operational (Text)	PBC 15	No	No	Yes	Yes	Yes



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
IRI 8 (FBiH): Number of recovery plans submitted and assessed in line with internal assessment methodology (Number)	PBC 16	0.00	0.00	8.00	15.00	15.00
IRI 6 (RS): Bylaw on recovery plans adopted by BARS (Text)	PBC 17	No	Yes	Yes	Yes	Yes
IRI 7 (RS): Resolution unit in BARS established and made operational (Text)	PBC 18	No	No	Yes	Yes	Yes
IRI 8 (RS): Number of recovery plans submitted and assessed in line with internal assessment methodology (Number)	PBC 19	0.00	0.00	4.00	8.00	8.00
Improved governance and business model of the BiH development banks (Action: This Component has been Revised)						
IRI 9 (FBiH): FBiH Government to approve a strategic statement for RBFBiH future development and adopt a draft new Law on Development Bank (Text)	PBC 20, 20	No	Yes	Yes	Yes	Yes
Action: This indicator has been Revised						
IRI 10 (FBiH): RBFBiH's business plan for 2018-20 approved by the Shareholders Assembly (Text)	PBC 21	No	No	Yes	Yes	Yes
Action: This indicator has been Marked for Deletion						
IRI 11 (FBiH): Gov't decision adopted detailing eligibility and	PBC 22, 22	No	No	No	Yes	Yes



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
pricing criteria, impl'n arrangements for the temporary partial credit guarantee scheme providing financing to Covid-19 affected enterpr (Text)						
Action: This indicator has been Revised						
IRI 9 (RS): Approval by the RS Government of a statement governing IRBRS's future development. (Text)	PBC 25	No	Yes	Yes	Yes	Yes
IRI 10 (RS): Adoption of a Government decree on a temporary partial credit guarantee scheme providing financing to COVID-19 affected enterprises (Text)	PBC 23	No	No	Yes	Yes	Yes
IRI 11 (RS): Gov't decision adopted detailing eligibility and pricing criteria, implement'n arrangements for the temporary partial credit guarantee scheme providing financing to Covid-19 affected ente (Text)	PBC 24	No	No	No	Yes	Yes
Citizen engagement						
IRI 12 (FBiH): Citizen Engagement: % of Project-supported bylaws reflecting outcomes of consultations. (Percentage)		0.00	0.00	0.00	0.00	100.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
IRI 12 (RS): Citizen Engagement: % of Project-supported bylaws reflecting outcomes of consultations. (Percentage)		0.00	0.00	0.00	0.00	100.00

Performance-Based Conditions Matrix

PBC 1	DLR 1.1 (FBiH): Quantitative impact study on liquidity and capital regulations completed and results published				
Type of PBC	Scalability		Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes		Text	1,319,250.00	0.00
Period	Value		Allocated Amount (USD)	Formula	
Baseline	No				
June 2021	Yes		1,319,250.00	Amount denominated in EURO as per Loan Agreement	
PBC 2	DLR 1.2 (FBiH): Bylaws adopted on (i) capital; (ii) liquidity; (iii) risk management standards; (iv) ICAAP; and (v) consolidated supervision				
Type of PBC	Scalability		Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes		Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula	



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Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 3	DLR 1.3 (FBiH): Adoption of new risk-based supervisory review and evaluation process (SREP) methodology aligned with EU (European Banking Authority EBA) standards			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 4	DLR 1.1 (RS): Quantitative impact study on liquidity and capital regulations completed and results published.			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	1,319,250.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		1,319,250.00	Amount denominated in EURO as per Loan Agreement



The World Bank

Banking Sector Strengthening Project (P158387)

PBC 5	DLR 1.2 (RS): Bylaws adopted on (i) capital; (ii) liquidity; (iii) risk management standards; (iv) ICAAP; and (v) consolidated supervision			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 6	IRI 1.3 (RS): Adoption of new risk based SREP methodology aligned with EU (EBA) standards			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 7	DLR 1.4 (RS): BARS adopted the SREP operational procedure			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,500,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula



Baseline	No			
June 2021	Yes	2,500,000.00	Amount denominated in EURO as per Loan Agreement	
PBC 8	DLR 2.1 (FBiH): FBA (i) adopted a harmonized 2017 AQR framework; (ii) approved the final reports of AQRs of all banks in FBiH not previously subject to an AQR based on the new AQR framework.			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes	2,360,000.00	Amount denominated in EURO as per Loan Agreement	
PBC 9	DLR 2.2 (FBiH): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes	2,360,000.00	Amount denominated in EURO as per Loan Agreement	



The World Bank

Banking Sector Strengthening Project (P158387)

PBC 10	DLR 2.3 (FBiH): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Yes/No	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 11	DLR 2.1 (RS): BARS (i) adopted a harmonized 2017 AQR framework; (ii) approved the final reports of AQRs of all banks in RS not previously subject to an AQR based on the harmonized 2017 AQR framework.			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement



The World Bank

Banking Sector Strengthening Project (P158387)

PBC 12	DLR 2.2 (RS): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 13	DLR 2.3 (RS): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Yes/No	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 14	DLR 3.1 (FBiH): Bylaw on recovery plans adopted by FBA			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula



The World Bank

Banking Sector Strengthening Project (P158387)

Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 15	DLR 3.2 (FBiH): Resolution unit in FBA established and made operational			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 16	DLR 3.3 (FBiH): Number of recovery plans submitted and assessed in line with internal assessment methodology			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Number	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
June 2021	15.00		2,360,000.00	Amount denominated in EURO as per Loan Agreement



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Banking Sector Strengthening Project (P158387)

PBC 17	DLR 3.1 (RS): Bylaw on recovery plans adopted by BARS			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 18	DLR 3.2 (RS): Resolution unit in BARS established and made operational			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 19	DLR 3.3 (RS): Number of recovery plans submitted and assessed in line with internal assessment methodology			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Number	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			



June 2021	8.00		2,360,000.00	Amount denominated in EURO as per Loan Agreement
PBC 20	IRI 9 (FBiH): FBiH Government to approve a strategic statement for RBFBiH future development and adopt a draft new Law on Development Bank			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement

Action: This PBC has been Revised. See below.

PBC 20	DLR 4.2 (FBiH): FBiH Government to approve a strategic statement for RBFBiH future development and adopt a draft new Law on Development Bank			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,960,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,960,000.00	Amount denominated in EURO as per Loan Agreement



The World Bank

Banking Sector Strengthening Project (P158387)

PBC 21	DLR 4.2 (FBiH): RBFBiH's business plan for 2018-20 approved by the Shareholders Assembly			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,360,000.00	Amount denominated in EURO as per Loan Agreement
<i>Action: This PBC has been Marked for Deletion</i>				
PBC 22	IRI 11 (FBiH): Gov't decision adopted detailing eligibility and pricing criteria, impl'n arrangements for the temporary partial credit guarantee scheme providing financing to Covid-19 affected enterpr			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,360,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	No		2,360,000.00	Amount denominated in EURO as per Loan Agreement
<i>Action: This PBC has been Revised. See below.</i>				



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Banking Sector Strengthening Project (P158387)

PBC 22	<i>DLR 4.1 (FBIH): Gov't decree adopted detailing eligibility and pricing criteria, impl'n arrangements for the temporary partial credit guarantee scheme providing financing to Covid-19 affected enterpr</i>			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,500,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	No		2,500,000.00	Amount denominated in EURO as per Loan Agreement
PBC 23	DLR 4.1 (RS): Adoption of a Government decree on a temporary partial credit guarantee scheme providing financing to COVID-19 affected enterprises			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	2,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
June 2021	Yes		2,000,000.00	Amount denominated in EURO as per Loan Agreement



The World Bank

Banking Sector Strengthening Project (P158387)

PBC 24	DLR 4.2 (RS): Gov't decision adopted detailing eligibility and pricing criteria, implement'n arrangements for the temporary credit guarantee scheme providing financing to Covid-19 affected ente				
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount	
Output	No	Text	3,000,000.00	0.00	
Period	Value		Allocated Amount (USD)	Formula	
Baseline	No				
June 2021	Yes		3,000,000.00	Amount denominated in EURO as per Loan Agreement	
PBC 25	DLR 4.3 (RS): Approval by the RS Government of a statement governing IRBRS's future development.				
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount	
Output	No	Text	530,000.00	0.00	
Period	Value		Allocated Amount (USD)	Formula	
Baseline	No				
June 2021	Yes		530,000.00	Amount denominated in EURO as per Loan Agreement	
PBC 26	DLR 1.4 (FBiH) FBA adopted the SREP operational procedure				
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount	
Output	No	Text	2,500,000.00	0.00	
Period	Value		Allocated Amount (USD)	Formula	



Baseline	NO		
June 2021		2,500,000.00	
Action: This PBC is New			

Verification Protocol Table: Performance-Based Conditions

PBC 1	DLR 1.1 (FBiH): Quantitative impact study on liquidity and capital regulations completed and results published
Description	The indicator was achieved in June 2017.
Data source/ Agency	Official letters from MoFT confirming that the quantitative impact study on liquidity and capital regulations has been completed and results been published on the respective BAs website, with a copy of the respective QIS report attached.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 2	DLR 1.2 (FBiH):Bylaws adopted on (i) capital; (ii) liquidity; (iii) risk management standards; (iv) ICAAP; and (v) consolidated supervision
Description	The indicator was achieved in October 2017.
Data source/ Agency	Official letters from MoFT confirming that bylaws on i) capital; (ii) liquidity; (iii) risk management standards, including risk appetite framework and internal governance; (iv) internal capital adequacy assessment process (ICAAP), and (v) consolidated supervision have been adopted by FBA/BARS respectively, with a copy of the respective regulations attached.



Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.</p>
PBC 3	DLR 1.3 (FBiH): Adoption of new risk-based supervisory review and evaluation process (SREP) methodology aligned with EU (European Banking Authority EBA) standards
Description	The SREP methodology was adopted in December 2019.
Data source/ Agency	Official letters from MoFT confirming that a new risk based SREP methodology has been adopted by FBA/BARS respectively, with a copy of the respective methodology report attached.
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.</p>
PBC 4	DLR 1.1 (RS): Quantitative impact study on liquidity and capital regulations completed and results published.
Description	The indicator was achieved in June 2017.



Data source/ Agency	Official letters from MoFT confirming that the quantitative impact study on liquidity and capital regulations has been completed and results been published on the respective BAs website, with a copy of the respective QIS report attached.
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.</p>
PBC 5	DLR 1.2 (RS): Bylaws adopted on (i) capital; (ii) liquidity; (iii) risk management standards; (iv) ICAAP; and (v) consolidated supervision
Description	The indicator was achieved in December 2017.
Data source/ Agency	Official letters from MoFT confirming that bylaws on i) capital; (ii) liquidity; (iii) risk management standards, including risk appetite framework and internal governance; (iv) internal capital adequacy assessment process (ICAAP), and (v) consolidated supervision have been adopted by FBA/BARS respectively, with a copy of the respective regulations attached.
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.</p>



PBC 6	IRI 1.3 (RS): Adoption of new risk based SREP methodology aligned with EU (EBA) standards
Description	The SREP methodology was adopted in December 2019.
Data source/ Agency	Official letters from MoFT confirming that a new risk based SREP methodology has been adopted by FBA/BARS respectively, with a copy of the respective methodology report attached.
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.</p>
PBC 7	DLR 1.4 (RS): BARS adopted the SREP operational procedure
Description	
Data source/ Agency	
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information from the respective development bank.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH</p>
PBC 8	DLR 2.1 (FBiH): FBA (i) adopted a harmonized 2017 AQR framework; (ii) approved the final reports of AQRs of all banks in FBiH not previously subject to an AQR based on the new AQR framework.
Description	The indicator was achieved in December 2017.



Data source/ Agency	Official letter from MoFT confirming that (i) harmonized 2017 AQR framework was adopted by respective Banking Agency and (ii) AQRs undertaken in 2017 for all respective banks not previously subject to an AQR based on harmonized 2017 AQR framework developed with support of the WB have been completed and approved by FBA/BARS respectively.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 9	DLR 2.2 (FBiH): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs
Description	FBA confirmed that as of end 2018 and end 2019 that from the banks participating in Phase 3 of the AQR none are undercapitalized.
Data source/ Agency	Official letter from MoFT confirming that all undercapitalized banks stemming from the 2017 AQR have in place either mandatory time bound corrective action programs or resolution/liquidation programs approved by FBA/BARS respectively.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.



PBC 10	DLR 2.3 (FBiH): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs
Description	Achieved as of end 2019.
Data source/ Agency	Official letter from MoFT confirming that all undercapitalized banks stemming from the 2017 AQR have in place either mandatory time bound corrective action programs or resolution/liquidation programs approved by FBA/BARS respectively.
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.</p>
PBC 11	DLR 2.1 (RS): BARS (i) adopted a harmonized 2017 AQR framework; (ii) approved the final reports of AQRs of all banks in RS not previously subject to an AQR based on the harmonized 2017 AQR framework.
Description	The indicator was achieved in December 2017.
Data source/ Agency	Official letter from MoFT confirming that (i) harmonized 2017 AQR framework was adopted by respective Banking Agency and (ii) AQRs undertaken in 2017 for all respective banks not previously subject to an AQR based on harmonized 2017 AQR framework developed with support of the WB have been completed and approved by FBA/BARS respectively.
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.</p>



PBC 12	DLR 2.2 (RS): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs
Description	BARS confirmed that as of end 2018 and end 2019 that from the banks participating in Phase 3 of the AQR none are undercapitalized.
Data source/ Agency	Official letter from MoFT confirming that all undercapitalized banks stemming from the 2017 AQR have in place either mandatory time bound corrective action programs or resolution/liquidation programs approved by FBA/BARS respectively.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 13	DLR 2.3 (RS): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs
Description	Achieved as of end 2019.
Data source/ Agency	Official letter from MoFT confirming that all undercapitalized banks stemming from the 2017 AQR have in place either mandatory time bound corrective action programs or resolution/liquidation programs approved by FBA/BARS respectively.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.



	FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 14	DLR 3.1 (FBiH): Bylaw on recovery plans adopted by FBA Description The indicator was achieved in October 2017. Data source/ Agency Official letter from MoFT confirming the adoption of a bylaw on recovery plans by FBA/BARS respectively, with a copy of the respective regulation attached. Verification Entity World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 15	DLR 3.2 (FBiH): Resolution unit in FBA established and made operational Description Data source/ Agency Official letter from MoFT confirming that FBA/BARS respectively have established and made operational resolution units which are adequately resourced and staffed as well as organizationally and functionally independent from supervision. Verification Entity World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.



	FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 16	DLR 3.3 (FBiH): Number of recovery plans submitted and assessed in line with internal assessment methodology
Description	
Data source/ Agency	Official letter from the MOFT confirming that FBA/BARS have received and assessed recovery plans submitted by all banks licensed in their respective territory in line with newly developed internal assessment methodology.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 17	DLR 3.1 (RS): Bylaw on recovery plans adopted by BARS
Description	The indicator was achieved in December 2017.
Data source/ Agency	Official letter from MoFT confirming the adoption of a bylaw on recovery plans by FBA/BARS respectively, with a copy of the respective regulation attached.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.



	FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 18	DLR 3.2 (RS): Resolution unit in BARS established and made operational
Description	The indicator was achieved in December 2018.
Data source/ Agency	Official letter from MoFT confirming that FBA/BARS respectively have established and made operational resolution units which are adequately resourced and staffed as well as organizationally and functionally independent from supervision.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.
PBC 19	DLR 3.3 (RS): Number of recovery plans submitted and assessed in line with internal assessment methodology
Description	
Data source/ Agency	Official letter from the MOFT confirming that FBA/BARS have received and assessed recovery plans submitted by all banks licensed in their respective territory in line with newly developed internal assessment methodology.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information through direct communication with the BAs, the website of banking agencies and respective official gazettes. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.



	<p>FBiH/RS MoFs send the evidence of achievement of DLIs when they have been achieved to WB TTL for verification, via Ministry of Finance and Treasury BiH.</p>
PBC 20	<p>IRI 9 (FBiH): FBiH Government to approve a strategic statement for RBFBiH future development and adopt a draft new Law on Development Bank</p>
Description	<p>FBiH Government approves a strategic statement for RBFBiH's future development foreseeing that the bank will: comply with the Banking Law and will be supervised by the Federation Banking Agency (FBA) under a regulatory scheme adapted to the bank's funding model; operate on a financially sustainable basis; conform to the regulations of the FBA in the structure of governance and risk management of the bank; and operate predominantly as a wholesale institution.</p>
Data source/ Agency	<p>Official letter from the MoFT confirming that FBiH and RS Governments have each adopted and gazetted a strategic statement for future development of RBFBiH and IRBRS requiring that: the banks will comply with the respective Banking Law and will be supervised by the BAs under a regulatory scheme adapted to the banks' funding model; will operate on a financially sustainable basis; the structure of governance and risk management of the banks will conform to the regulations of the BAs; and the RBFBiH will operate predominantly as a wholesale institution - with the exception of participation in syndicated credits involving at least two other domestic or foreign banks or IFIs - while IRBRS will operate as a wholesale institution only (as regards to credit and guarantee agreements entered into by the bank after 1 January 2018).</p>
Verification Entity	<p>World Bank team</p>
Procedure	<p>FBiH/RS PITs collect and compile information from the respective development bank. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH</p>
PBC 20	<p>DLR 4.2 (FBiH): FBiH Government to approve a strategic statement for RBFBiH future development and adopt a draft new Law on Development Bank</p>
Description	<p>FBiH Government approves a strategic statement for RBFBiH's future development was prepared and is being finalized accordingly. Adoption is delayed due to the Covid-19 emergency situation. Draft new Law on development bank foresees that the bank will: comply with the Banking Law and will be supervised by the Federation Banking Agency (FBA) under a</p>



	regulatory scheme adapted to the bank's funding model; and conform to the regulations of the FBA in the structure of governance and risk management of the bank; and operate predominantly as a wholesale institution.
Data source/ Agency	Official letter from the MoFT confirming that FBiH and RS Governments have each adopted and gazetted a strategic statement for future development of RBFBiH and IRBRS requiring that: the banks will comply with the respective Banking Law and will be supervised by the BAs under a regulatory scheme adapted to the banks' funding model; will operate on a financially sustainable basis; the structure of governance and risk management of the banks will conform to the regulations of the BAs; and the RBFBiH will operate predominantly as a wholesale institution - with the exception of participation in syndicated credits involving at least two other domestic or foreign banks or IFIs - while IRBRS will operate as a wholesale institution only (as regards to credit and guarantee agreements entered into by the bank after 1 January 2018).
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information from the respective development bank. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH
PBC 21	DLR 4.2 (FBiH): RBFBiH's business plan for 2018-20 approved by the Shareholders Assembly
Description	Initial work has started on developing a new business plan but progress on this indicator is pending on adoption of the strategic statement.
Data source/ Agency	Official letter from the MoFT confirming that the Shareholders Assembly of RBFBiH has approved the bank's business plan for 2018-2020 in line with the FBiH Governments strategic statement, with a copy of the respective business plan attached.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information from the respective development bank. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.



	FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH
PBC 22	IRI 11 (FBiH): Gov't decision adopted detailing eligibility and pricing criteria, impl'n arrangements for the temporary partial credit guarantee scheme providing financing to Covid-19 affected enterpr
Description	
Data source/ Agency	Official letter from the MoFT confirming that IRBRS adopted measures to fully comply with BARS bylaw governing the application of banking regulations to IRBRS.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information from the respective development bank. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH
PBC 22	DLR 4.1 (FBiH): Gov't decree adopted detailing eligibility and pricing criteria, impl'n arrangements for the temporary partial credit guarantee scheme providing financing to Covid-19 affected enterpr
Description	
Data source/ Agency	Official letter from the MoFT confirming that IRBRS adopted measures to fully comply with BARS bylaw governing the application of banking regulations to IRBRS.
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information from the respective development bank. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH



PBC 23	<p>DLR 4.1 (RS): Adoption of a Government decree on a temporary partial credit guarantee scheme providing financing to COVID-19 affected enterprises</p>
Description	<p>Taking into account the complexity and heterogenous nature of the assets being managed by the RS IDB, the RS government does not believe a consolidation of assets (banking assets of the Funds) onto the balance sheet of the RS IDB will be feasible in the foreseeable future but instead committed to placing RS IDB and the three funds containing banking assets (Development and Employment Fund, the Eastern Republic of Srpska Development Fund, the Housing Fund) to regulation and supervision by the RS Banking Agency (BARS).</p>
Data source/ Agency	
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information from the respective development bank.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH</p>
PBC 24	<p>DLR 4.2 (RS): Gov't decision adopted detailing eligibility and pricing criteria, implement'n arrangements for the temporary credit guarantee scheme providing financing to Covid-19 affected ente</p>
Description	<p>Initial work has started on developing the new BARS bylaw but progress on this indicator is pending on adoption of the strategic statement and amendments to the RS IDB Law.</p>
Data source/ Agency	
Verification Entity	World Bank team
Procedure	<p>FBiH/RS PITs collect and compile information from the respective development bank.</p> <p>FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.</p> <p>FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH</p>



PBC 25	DLR 4.3 (RS): Approval by the RS Government of a statement governing IRBRS's future development.
Description	A formal government conclusion on the way forward of RS IDB was adopted on March 6, 2020. A draft strategic statement was prepared and finalized accordingly. Adoption is expected to be delayed due to the Covid-19 emergency situation.
Data source/ Agency	Official letter from the MoFT confirming that FBiH and RS Governments have each adopted and gazetted a strategic statement for future development of RBFBiH and IRBRS requiring that: the banks will comply with the respective Banking Law and will be supervised by the BAs under a regulatory scheme adapted to the banks' funding model; will operate on a financially sustainable basis; the structure of governance and risk management of the banks will conform to the regulations of the BAs; and the RBFBiH will operate predominantly as a wholesale institution - with the exception of participation in syndicated credits involving at least two other domestic or foreign banks or IFIs - while IRBRS will operate as a wholesale institution only (as regards to credit and guarantee agreements entered into by the bank after 1 January 2018).
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information from the respective development bank. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB. FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH
PBC 26	DLR 1.4 (FBiH) FBA adopted the SREP operational procedure
Description	
Data source/ Agency	
Verification Entity	World Bank team
Procedure	FBiH/RS PITs collect and compile information from the respective development bank. FBiH/RS PITs collect and prepare for the entity MoFs quarterly interim unaudited financial reports (IFRs) on eligible expenditures to be sent to the WB.



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Banking Sector Strengthening Project (P158387)

	FBiH/RS MoFs send evidence of DLIs achievement to WB TTL for verification that they have been achieved, via Ministry of Finance and Treasury BiH
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