



WORLD BANK GROUP

Bosnia and Herzegovina



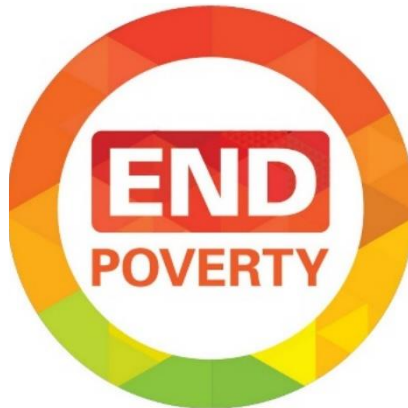
March 2023

Who we are



Our shareholders: 189 countries
(including BiH)

Our staff: more than 10,000
people from 170+ countries in
130 offices



Our objectives: End poverty,
increase shared prosperity
\$46 billion in 12,000 projects
supporting emerging economies



Bosnia and Herzegovina: member of the World Bank since 1993



WORLD BANK GROUP

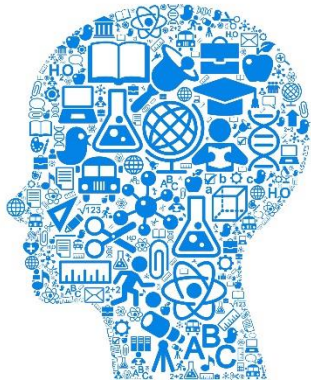


- The **International Development Association (IDA)** assists the poorest countries with a per capita income of less than \$885--to which it provides interest-free loans, technical assistance and policy advice. BiH graduated from IDA on June 30, 2014.
- The **International Bank for Reconstruction and Development (IBRD)** provides assistance to middle income countries. IBRD obtains most of its funds through the sales of bonds in international capital markets.
- The **International Finance Corporation (IFC)** promotes growth in client countries by financing private sector investments.
- The **Multilateral Investment Guarantee Agency (MIGA)** helps encourage foreign investment by providing guarantees to foreign investors against loss caused by non-commercial risks in developing countries, thereby creating investment opportunities in those countries. In BiH, MIGA has provided 29 guarantees mostly to commercial banks.
- The **International Centre for Settlement of Investment Disputes (ICSID)** provides facilities for the settlement by conciliation or arbitration of investment disputes between foreign investors and their host countries.



INSTRUMENTS

KNOWLEDGE



Technical Assistance

Analysis

Policy dialogue

IFC Advisory Services

FINANCING

INVESTMENT PROJECT FINANCING

Lending for productive purposes

Money tracked

Fiduciary and safeguard policies

Example: FBiH Road Sector Modernization Project

DEVELOPMENT POLICY LENDING

Budget support

Disbursement against policy actions

Money not tracked

Example: Business Environment DPL

PROGRAM FOR RESULTS

Newest instrument

Co-financing of new or ongoing program

Use of country systems

Not yet used in BiH

GUARANTEES

MIGA guarantees

Example: Raiffeisen Leasing

IBRD can also provide guarantees;

not yet used in BiH

IFC INVESTMENTS

Example: Renewable energy small hydro power plants project

CONVENING

Conferences

South-South Exchange

Facilitation



What have we done in Bosnia and Herzegovina?



What have we done in Bosnia and Herzegovina?

\$2.5 billion in more than 120 projects

Reconstruction

- 2300 kms of roads
- Railway
- Airport
- Electricity lines
- Power plants
- Water supply
- Gas and heating

Building foundations for growth

- Protecting the environment (solid waste, wastewater treatment, forestry)
- Reducing environment risks (floods protection)
- Enhancing the efficiency of the government

Jobs!

- **Supply:** Supporting the private sector as a source of jobs. Entrepreneurship, innovation.
- **Market:** Reducing inefficiencies in the labor market and public employment
- **Demand:** Skills, education, incentive

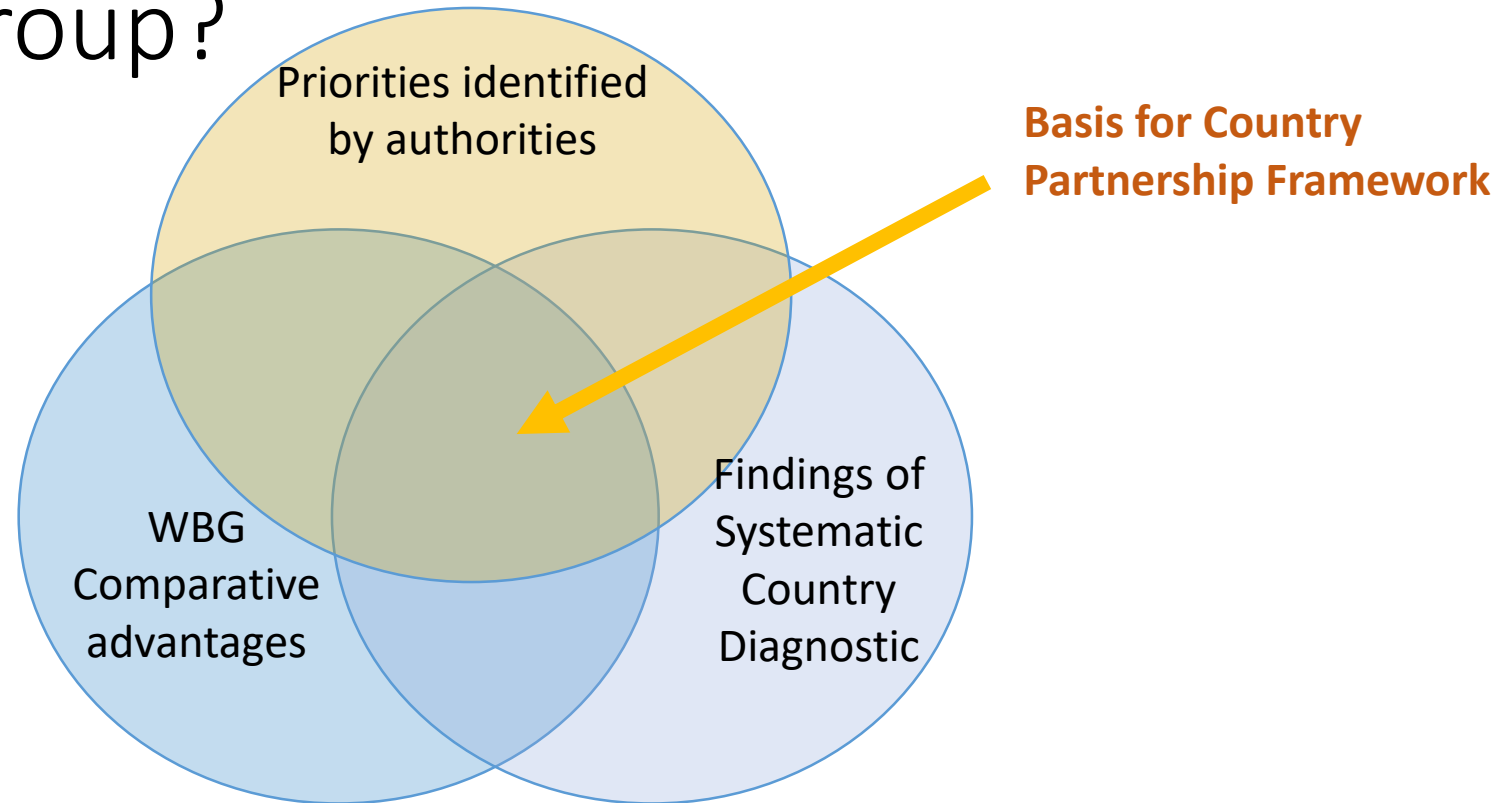
Results

- **48,000** households most affected by COVID received social assistance
- **65.3m USD** financing available to enterprises affected by COVID
- **36.2m USD** in emergency assistance to the healthcare sector in response to COVID
- **2,500,000** people have certainty over their real estate property
- **62** of schools and **18** hospitals refurbished
- **500** km of roads reconstructed and renovated
- **3** tunnels and **41** bridges constructed
- **22,000** job seekers matched with employers
- **58,000** households with piped water connections
- **7,500** hectares of land with improved irrigation
- **10,000** agricultural households supported
- **3,300** hectares and **22,000** people protected from floods
- **350,000** citizens connected to waste water treatment plants. **250,000 m³ per day** of wastewater treated

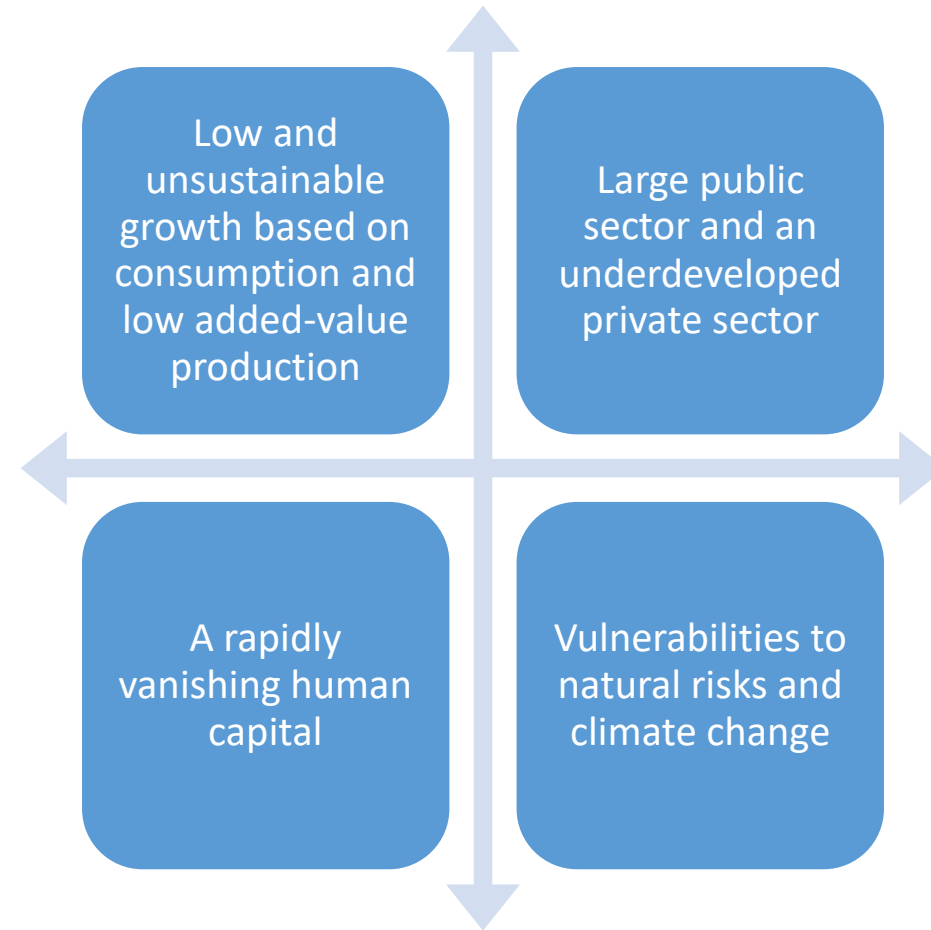


OUR PRIORITIES FOR THE NEXT FIVE YEARS

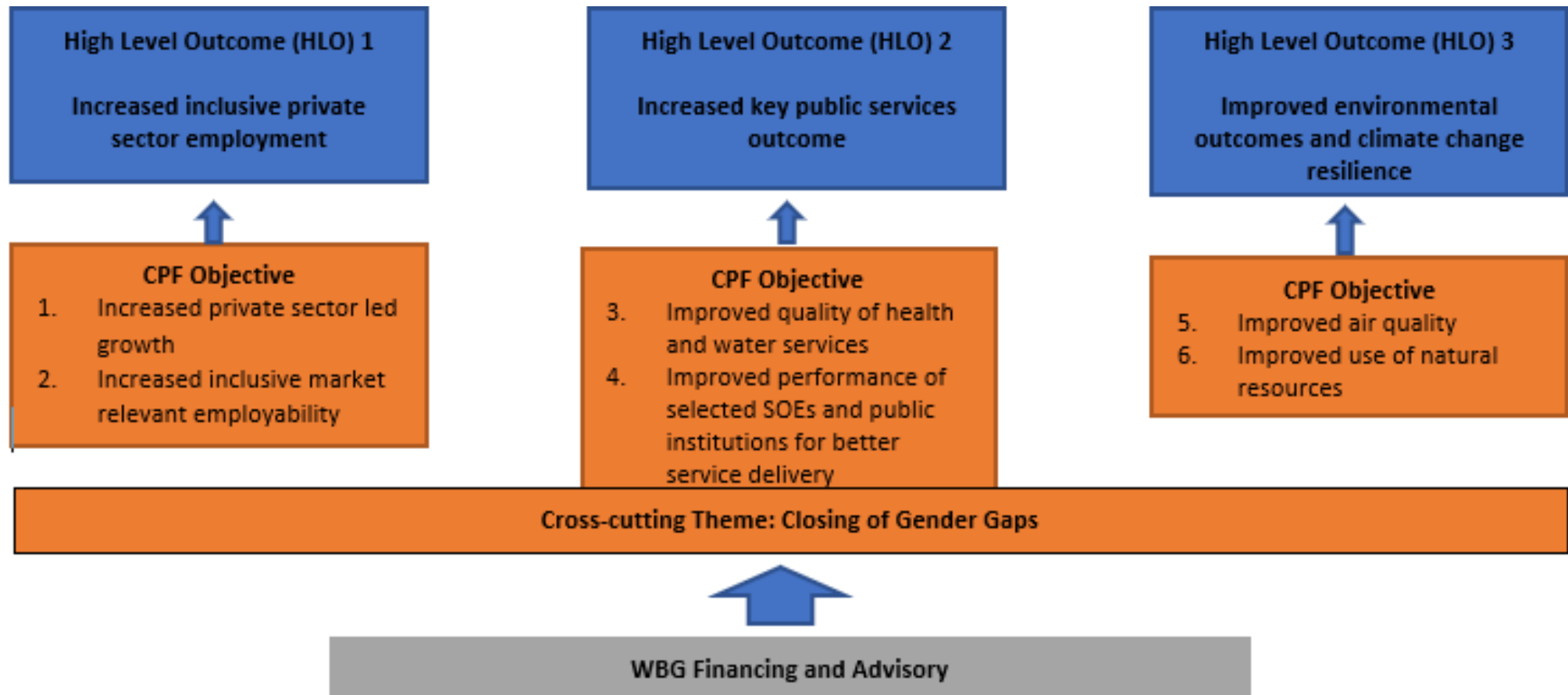
How do we define the priorities for the work of the World Bank Group?



What has hampered the development of BiH?



New Country Partnership Framework FY23-FY27



The current World Bank program

Current projects	Project amount (US\$ million)	Objective
BiH Emergency COVID-19	36.20	Financing of supplies and equipment for healthcare and social protection programs for 48,000 families
BiH Firm Recovery and Support	65.30	Financing to companies affected by the pandemic and companies underserved by the financial sector
Energy Efficiency	63.99	Refurbishment of schools and hospitals to improve service and reduce energy consumption
Real Estate Registration	56.36	Improve public service delivery
FBiH Road Sector Modernization	64.60	Renovation of 42 kms of roads and 3 tunnels and new construction of 38 kms of roads and 2 tunnels
Regional Sava and Drina River Corridors Integrated Development Program	32.60	Improve flood protection and enhance transboundary water cooperation
RS Railways Restructuring	60.60	Enhance the financial sustainability and improve competitiveness of the railways company
Agriculture Resilience and Competitiveness	68.50	Enhance the competitiveness of agriculture sector through assistance to producers
Water Supply and Sanitation Modernization	60.90	Improve the sustainability and quality of water supply and sanitation
Health Systems Improvement	75.00	Enhance the capacity of the healthcare sector and quality of service through investment
Employment Support 2	45.00	Support to newly unemployed people, matching of employers to job seekers, support to employers and training

Total: 11 Investment operations

629.05

Future Financing under new CPF 2023 - 2027

Upcoming new projects

Projects under preparation	Indicative amount (USD)	Objective
Healthcare Sector Reform Development Policy Operation 1	100.00	Support a first package of reforms to enhance the financial sustainability of the healthcare sector
Healthcare Sector reform Development Policy Operation 2	75.00	Support a second package of reforms to enhance the financial sustainability of the healthcare sector
Forest Economy Development	50.00	Support the better use of natural resources to sustainably create better jobs and economic growth
Air Quality Improvement	50.00	Support the improvement of air quality in major cities
AF Sava Drina Integrated Corridors Project	40.00	Improve flood protection and enhance transboundary water cooperation
Multimodal Transport Project	50.00	Enhance the sustainability of the roads company and rehabilitate and improve roads infrastructure
Just Transition (PROPOSED)	TBC	Support in transitioning away from the coal to an affordable, reliable and clean energy system
Solid Waste Management (PROPOSED)	TBC	Enhance the better management of the solid waste
TOTAL	365.00	

March 22: WORLD WATER DAY

- March 22 - UN World Water Day and is celebrated worldwide since 1992
- UN 2023 Water Conference - opportunity to review increase progress across the global water and water-related challenges – including climate, food and energy, through water action.
- Sustainable Development Goal 6 (SDG 6) – to ensure availability and sustainable management of water and sanitation for all.
- At the same time, water has the potential to be a power to leverage and achieve all the SDGs



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CLEAN WATER AND SANITATION

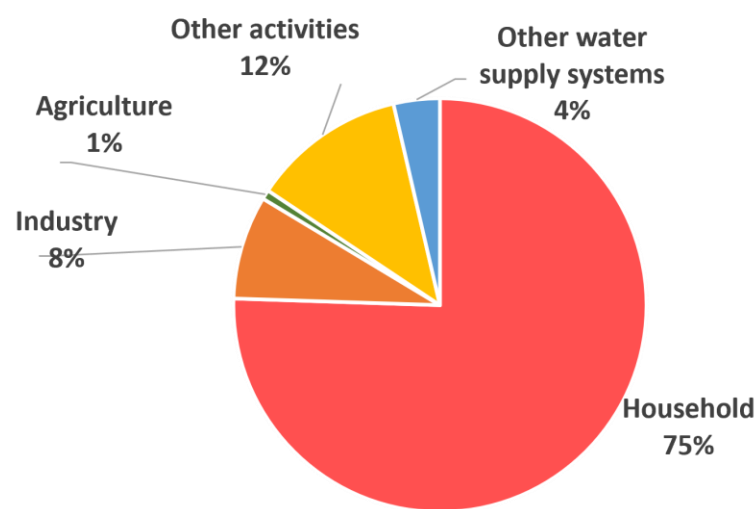


SDG 6 – by 2030

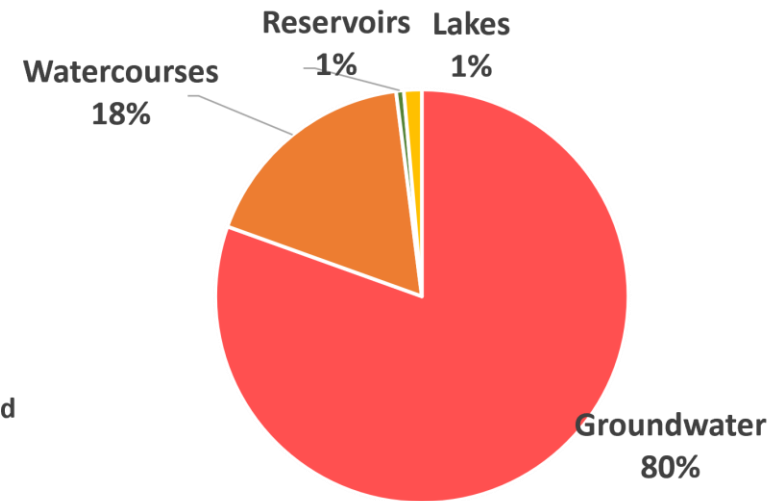
- achieve universal and equitable access to safe and affordable drinking water for all
- achieve access to adequate and equitable sanitation and hygiene for all
- improve water quality by reducing pollution, halving the proportion of untreated wastewater
- substantially increase water-use efficiency across all sectors
- implement integrated water resources management at all levels, including through transboundary cooperation
- protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes
- expand international cooperation and capacity-building
- support and strengthen the participation of local communities in improving water and sanitation management

WATER RESOURCES MANAGEMENT IN BiH

- BiH has abundant water resources, but they are unevenly distributed throughout the country
- Although BiH ranks favorably in terms of interannual and seasonal variability (medium-high rank) it faces potential risk from climate change.
- BiH utilizes only a small portion of its renewable water resources and can increase its water use with improved water use monitoring and accounting



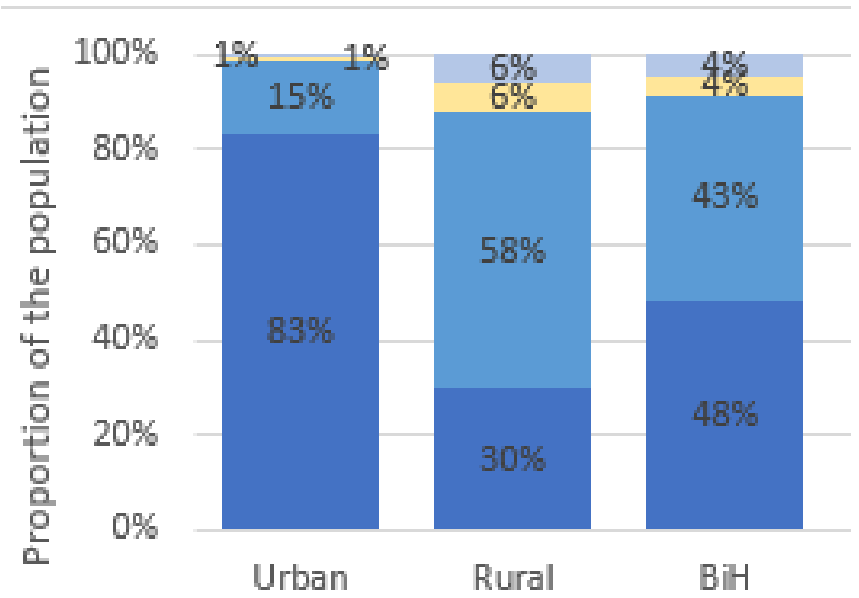
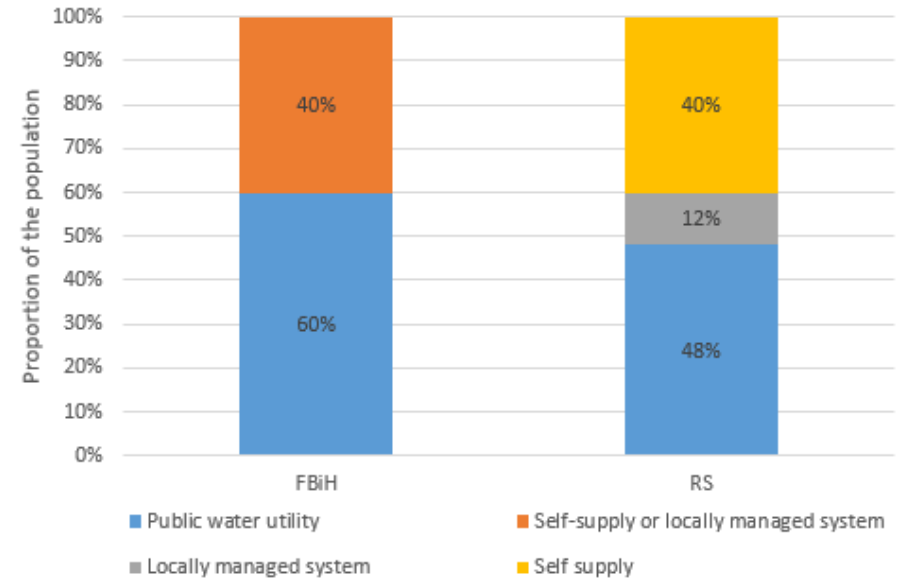
a) Water withdrawal per sector



b) Water withdrawal based on source

WATER RESOURCES MANAGEMENT IN BiH

- Access to public water and sanitation services in BiH is low by regional standards, and a significant part of the population still relies on informal operators, or self-supply
- Around 55 % of the population connected to public water supply and 48% connected to sewerage systems and only 15 percent of collected wastewater is being treated
- BiH's water supply and wastewater treatment systems are relatively old and require substantial investments to serve in the future and also meet EU standards



WATER RESOURCES MANAGEMENT IN BiH



- Hydropower plays a critical role in the electricity production in BiH,
- Hydropower potential of more than 6,000 MW, of which only 2,504 MW (35%) is currently exploited

- The irrigation infrastructure in BiH is underdeveloped and there is a large potential for improving its coverage and status.
- The agricultural sector in BiH suffers from - dependence on weather condition from inadequate irrigation



WATER RESOURCES MANAGEMENT IN BiH

- Climate-change-related risks in BiH
 - increase in the average temperature across all seasons and across all climate scenarios
 - precipitation is expected to decrease mainly during the warmer months of the year
- BiH has a relatively high flood risk both in terms of population affected and damage as percentage of GDP (2014 floods €2.0 billion - 15 percent of GDP).
- BiH is insufficiently prepared to manage droughts despite its large socio-economic impacts. 2000 – 2021 every second year was declared as drought year

Year/Source	Damage
2000	Worst drought on record in 120 years. About 60% of agricultural production affected
2003	€ 200 million
2007	Over 40% of agricultural production destroyed About 250 hectares of land affected
2012	Losses of \$1 billion in agricultural production, 70% reduced grain and vegetable yields
2015	\$176 million

WATER RESOURCES MANAGEMENT IN BiH

- An adequate legal framework is in place in the BiH but requires continued efforts to improve and operationalize it to achieve a very high level of harmony with the EU Law.
- Further improvement of legislation and regulation in the field of water and organization of administration for the purpose of effective approximation of EU regulations in water legislation is needed.

WATER RESOURCES MANAGEMENT IN BiH

- Water remains central to BiH's economy, driving agricultural productivity, powering industry, and contributing to the country's energy production through cooling thermoelectric power plants and hydropower
- There is potential for further sustainable use of BiH's water resources.
- There is a high potential for increased irrigation in BiH - The agricultural sector in BiH is politically and economically very important. In 2021, the agricultural sector contributed over 6% to GDP, and around 18% to total employment
- Tourism in BiH is a fast-growing sector making up an important part in the economy of the country. Tourism, however, relies on high quality water bodies – both coastal and freshwater - as well as high quality services of water supply and sanitation



- Long term engagement on water issues in BiH
- USD 380 million invested in different projects:
 - Integrated Water Resources Management
 - Disaster risk reduction
 - Irrigation
 - Water supply and sanitation

ONGOING ENGAGEMENT

- **SAVA DRINA INTEGRATED DEVELOPMENT PROJECT – BiH, Serbia, MNE (2021 – 2030)**
 - USD 340 million (170 million Phase I and 170 million Phase II)
 - improved flood and drought protection with enhanced climate adaptation capacity,
 - increased navigability with reduced levels of transport-related emissions of greenhouse gases
 - revitalized regional tourism along the Sava and Drina Rivers Corridors
 - enable transboundary water cooperation based on a strengthened integrated decision support system
- **AGRICULTURE RESILIENCE AND COMPETITIVENESS PROJECT (2022 – 2027)**
 - USD 68.5 million to increase climate resilience and competitiveness of the agriculture sector.
 - Improving Irrigation and Drainage Systems for Climate Change Adaptation (USD 35 million)
- **WATER AND SANITATION SERVICES MODERNIZATION PROJECT (2022 – 2027)**
 - USD 68.5 million to strengthen capacity for improved efficiency of WSS service delivery
 - Improving the institutional capacity for sector modernization
 - Supporting improved governance and capacity of the water services sector at the local level
 - Improving access to safely managed WSS services and the efficiency of WSS service providers

WATER ALLIANCE IN BiH

- Platform of the international development organizations active in water services sector.
- invested more than 210 million EUR in the sector over the past decade.
- ... negative trends in the sector, i.e some facilities never become operational; many started operations but became non-operational and not sustainable, some even in bankruptcy.
- Capital investments insufficient => need for improving institutional and regulatory framework and apply performance-based approach.
- Discussion with policy makers since 2020 with setting clear milestones for the sector.
- In 2022 Entity Governments adopted new modernization program to secure more efficient and sustainable services => new Law on Provision of Water Services, establishment of the country – wide benchmarking system, enhanced regulatory framework, new mechanism for financing sector, etc.



EUROPEAN UNION
DELEGATION TO BOSNIA AND
HERZEGOVINA
SPECIAL REPRESENTATIVE



European Bank
for Reconstruction and Development



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Embassy of the Czech Republic
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