



Republika Srpska Railways Restructuring Project (P161122)

EUROPE AND CENTRAL ASIA | Bosnia and Herzegovina | Transport Global Practice |
IBRD/IDA | Investment Project Financing | FY 2018 | Seq No: 9 | ARCHIVED on 01-Aug-2022 | ISR52254 |

Implementing Agencies: Bosnia and Herzegovina, Republika Srpska, Republika Srpska Railways

Key Dates

Key Project Dates

Bank Approval Date: 07-Dec-2017

Effectiveness Date: 31-Aug-2018

Planned Mid Term Review Date: 30-Jun-2020

Actual Mid-Term Review Date: 22-Oct-2020

Original Closing Date: 31-Dec-2021

Revised Closing Date: 31-Dec-2022

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Overall Development Objective of the Transport Sector Modernization Program (TSMP) is to improve transport connectivity of the country along priority transport links and to support improvements in transport operations and asset management practices. The Program is multi-phased with a First Phase including road sections in the Federation of Bosnia and Herzegovina, and the Second Phase including railways in the Republika Srpska.

The Development Objective of the Second Phase of the TSMP is to improve the operational efficiency and financial sustainability of the railways in Republika Srpska.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name

Financial restructuring:(Cost \$139.02 M)

Workforce restructuring:(Cost \$4.13 M)

Organizational restructuring:(Cost \$5.90 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate

Implementation Status and Key Decisions

Project implementation has been steadily progressing over past months, yet with important milestones to be achieved for the restructuring of the railways sector in Republika Srpska. This milestones include the creation of the modernized ZRS - ZRS Holding and its subsidiary companies: ZRS Infrastructure, ZRS Passenger and ZRS Cargo. While most ZRS arrears have been cleaned up, the financial restructuring - involving a conversion of ZRS debt into State-owned equity - is still pending. Finally, ZRS's commercial revenues have been increasing, progressively recovering from the Covid-19 period, which puts the whole sector in a better dynamics for modernization and restructuring.



Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	☐ Substantial	☐ Moderate	☐ Substantial
Macroeconomic	☐ Substantial	☐ Moderate	☐ Moderate
Sector Strategies and Policies	☐ Substantial	☐ Substantial	☐ Substantial
Technical Design of Project or Program	☐ Substantial	☐ Moderate	☐ Moderate
Institutional Capacity for Implementation and Sustainability	☐ Substantial	☐ Substantial	☐ Substantial
Fiduciary	☐ Substantial	☐ Substantial	☐ Substantial
Environment and Social	☐ Substantial	☐ Substantial	☐ Substantial
Stakeholders	☐ Substantial	☐ Substantial	☐ Substantial
Other	--	☐ Moderate	☐ Moderate
Overall	☐ Substantial	☐ Moderate	☐ Moderate

Results

PDO Indicators by Objectives / Outcomes

Financial Restructuring				
▶ ZRS Working Ratio (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.70	0.98	1.79	1.00
Date	31-Dec-2016	04-Oct-2021	31-Dec-2021	31-Dec-2022

Workforce Restructuring				
▶ ZRS labor productivity (Number (Thousand), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	146.00	276.00	193.00	200.00



Date	01-May-2017	04-Oct-2021	31-Dec-2021	31-Dec-2022
Organizational Restructuring				
▶ Public Service Obligations Contract for passenger services (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Implemented and fully covering passenger operations deficit.
Date	01-Mar-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022
▶ Multi-annual infrastructure contract (MAIC) (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	None	None	None	Contract implemented, fully covering infrastructure investments
Date	30-Apr-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022

Intermediate Results Indicators by Components

Workforce restructuring				
▶ Size of ZRS workforce (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3,098.00	2,064.00	1,991.00	2,098.00
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022
▶ Share of female employees of ZRS (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	15.00	16.00	15.40	15.00
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022
□ Percentage of ZRS employed women who applied for job retraining opportunities in the company are retrained (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	75.00



► Percent of workers' grievances resolved (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	78.00	100.00	100.00
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022
► ZRS managers trained on topics related to gender equality and safety at work (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00
Date	30-Jun-2021	04-Oct-2021	30-Jun-2022	31-Dec-2022
Organizational restructuring				
► Accounting separation for infrastructure and operations implemented (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022
► ZRS 5-year Business Plans approved (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022
► Railways asset management system implemented (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022
► Customers' complaints (Percent from Baseline) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100.00	6.00	12.00	40.00
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022



□ Passenger customers complaints (Percent from Baseline) (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100.00	0.00	0.00	40.00
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022
□ Freight customers complaints (percent from Baseline) (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100.00	8.00	15.00	40.00
Date	01-May-2017	04-Oct-2021	30-Jun-2022	31-Dec-2022

Financial restructuring				
▶ Arrears related to employees benefits and social contributions (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	42,700,000.00	150,000.00	150,000.00	0.00
Date	01-May-2017	04-Oct-2021	04-Oct-2021	31-Dec-2022

Performance-Based Conditions

▶ PBC 1 DLR1.1(a): ŽRS restructuring plan has been approved by the RS Government (Yes/No, Intermediate Outcome, 1,000,000.00, 0%)				
	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	Yes	Yes	Yes
Date	--	21-Dec-2018	21-Dec-2018	--

▶ PBC 2 DLR 1.1(b): Arrears paid for 500 ŽRS workers (Number, Intermediate Outcome, 2,000,000.00, 0%)				
	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	0.00	500.00	500.00	500.00
Date	--	21-Dec-2018	21-Dec-2018	--



►PBC 3 DLR 1.2 Arrears paid for the remaining 2,598 ZRS workers, for a total of 3,098 (Number, Intermediate Outcome, 12,000,000.00, 50.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	0.00	2,519.00	2,519.00	2,598.00
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 4 DLR 1.3 More than 90% of ZRS' capital is owned by RS, as evidenced by registry certificate issued by the Banja Luka Stock (Yes/No, Process, 3,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 5 DLR 2.1 Retrenchment Plans have been implemented, or voluntary separation of retirement have taken place for 500 ZRS wokers (Number, Intermediate Outcome, 2,000,000.00, 0%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	0.00	500.00	500.00	500.00
Date	--	07-Feb-2019	07-Feb-2019	--

►PBC 6 DLR 2.2 Retrenchment Plans have been implemented, or voluntary separation or retirement have taken place for an additional 200 ZRS workers, for a total of 700 ZRS workers (Number, Outcome, 5,000,000.00, 0%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	0.00	200.00	200.00	200.00
Date	--	30-Jun-2019	30-Jun-2019	--



►PBC 7 DLR 2.3 Retrenchment Plan have been implemented, or voluntary separation of retirement have taken place for the remaining 300 ZRS worker, for a total of 1000 workers (Number, Outcome, 6,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	0.00	150.00	150.00	0.00
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 8 DLR 3.1(a) Consultants selected for ZRS reorganization (Yes/No, Process, 1,000,000.00, 0%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	Yes	Yes	Yes
Date	--	28-Feb-2020	28-Feb-2020	--

►PBC 9 DLR 3.1 (b) Consultants selected for ZRS business plans and contracts (Yes/No, Process, 1,000,000.00, 0%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	Yes	Yes	Yes
Date	--	30-Sep-2020	30-Sep-2020	--

►PBC 10 DLR 3.2 (a) Draft reports completed on the consultancies referred to in DLR 3.1 (a) (Yes/No, Process, 1,500,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	Yes
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 11 DLR 3.2 (b) Draft reports completed on the consultancies referred to in DLR 3.1 (b) (Yes/No, Process, 1,500,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	Yes



Date	--	30-Sep-2020	30-Jun-2022	--
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►PBC 12 DLR 3.3 (a) Implementation of the regulatory and functional review recommendations identified by the consulting services set forth in DLR 3.1 (a) (Yes/No, Process, 1,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 13 DLR 3.3 (b) new ZRS organization structure including separate management and accounting of operations and infrastructure in place as evidenced by an RS letter to the WB (Yes/No, Process, 1,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 14 DLR 3.3 (c) PSO, TAC, MAIC and Performance Contracts signed by the respective parties thereto (Yes/No, Process, 1,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 15 DLR 3.3 (d) Asset management plans in place as evidenced by report on asset conditions generated by asset management system (Yes/No, Process, 1,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--



►PBC 16 DLR 3.3 (e) ZRS business plans for operations, infrastructure and workshops approved by its board (Yes/No, Process, 1,000,000.00, 0.00%)				
	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 17 DLR 3.3 (f) Financial accounting system and a human resources management system acquired (Yes/No, Process, 1,000,000.00, 0.00%)				
	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 18 DLR 3.4 (a) Financial accounting system and a human resources management system installed and fully functional (Yes/No, Outcome, 2,000,000.00, 0.00%)				
	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 19 DLR 3.4 (b) The PSO and MAIC are fully funded as evidenced by the RS confirmation of financial commitments (Yes/No, Outcome, 3,000,000.00, 0.00%)				
	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

►PBC 20 DLR 3.4 (c) PSO and MAIC reviewed and if required updated after their first year of implementation (Yes/No, Outcome, 3,000,000.00, 0.00%)				
	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022



Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

► PBC 21 DLR 3.4 (d) Approved ZRS business plans for operations infrastructure and workshops reviewed and if required updated after their first year of implementation (Yes/No, Outcome, 1,171,750.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	Dec. 31, 2022
Value	No	No	No	No
Date	--	30-Sep-2020	30-Jun-2022	--

Data on Financial Performance

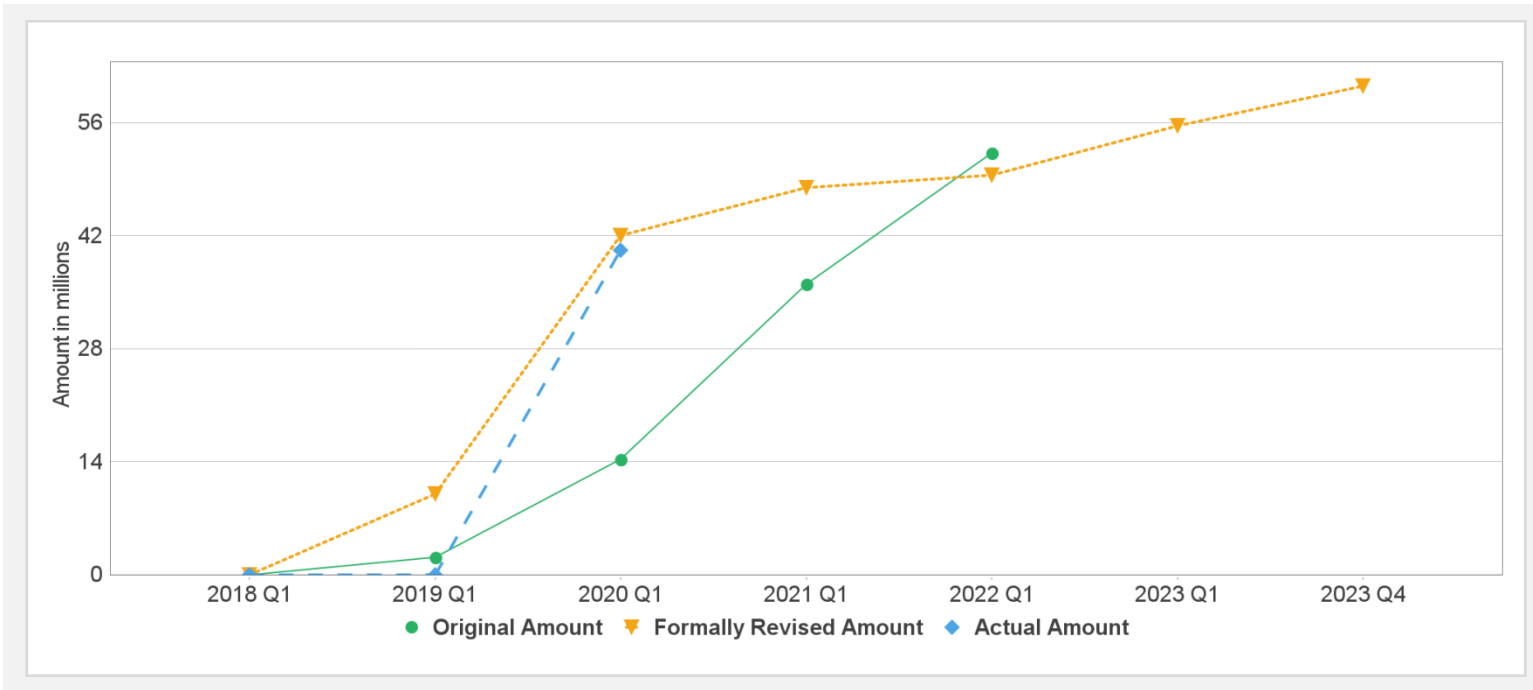
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P161122	IBRD-88080	Effective	USD	60.60	60.60	0.00	47.84	10.36	82%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P161122	IBRD-88080	Effective	07-Dec-2017	06-Mar-2018	31-Aug-2018	31-Dec-2021	31-Dec-2022

Cumulative Disbursements



Restructuring History

Level 2 Approved on 20-Sep-2021

Related Project(s)

There are no related projects.