



## Banking Sector Strengthening Project (P158387)

EUROPE AND CENTRAL ASIA | Bosnia and Herzegovina | Finance & Markets Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2017 | Seq No: 1 | ARCHIVED on 26-Sep-2017 | ISR29515 |

Implementing Agencies: BiH Ministry of Finance and Treasury, Republika Srpska Ministry of Finance, FBiH Ministry of Finance

### Key Dates

#### Key Project Dates

Bank Approval Date:28-Apr-2017

Effectiveness Date:--

Planned Mid Term Review Date:05-Nov-2018

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2020

Revised Closing Date:31-Dec-2020

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

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.

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

No

### Components

Name

Banking Sector Strengthening:(Cost \$60.00 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Satisfactory
Overall Implementation Progress (IP)	--	● Satisfactory
Overall Risk Rating	--	● Substantial

### Implementation Status and Key Decisions

The ratification process for the BSSP project is currently ongoing, having been delayed by the holiday season. The authorization to sign the Loan Agreement should be issued by the Presidency of BiH at their next session to be held in September/October. Republika Srpska has completed the



process needed for accepting the BSSP loan; while Federation of BiH is waiting for the next Parliamentary session for completion.

## Risks

### Systematic Operations Risk-rating Tool

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

## Results

### Project Development Objective Indicators

#### ► PDI 1.a. (FBiH): All FBiH banks remain well-capitalized (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

#### ► PDI 1.b. (FBiH): FBA reviews and efficiently responds to cases when banks do not meet prudential norms for capital adequacy (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure	Yes



Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020
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► PDI 2 (FBiH): FBA performing its legally mandated technical functions in bank resolution (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► PDI 3 (FBiH): New governance and business model for RBFBIH adopted (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► PDI 1.a. (RS): All RS banks remain well-capitalized (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► PDI 1.b. (RS): BARS reviews and efficiently responds to cases when banks do not meet prudential norms for capital adequacy (Text, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► PDI 2 (RS): BARS performs its legally mandated technical functions in bank resolution (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► PDI 3 (RS): New governance and business model for IRBRS adopted (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

Overall Comments

**Intermediate Results Indicators**

► IRI 1 (FBiH): Quantitative impact study on liquidity and capital regulations completed (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	QIS completed. FBA submitted all relevant documents for review by the team.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020



► IRI 2 (FBIH): Bylaws adopted on (i) capital; (ii) liquidity; (iii) risk management standards; (iv) ICAAP; and (v) consolidated supervision (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Work ongoing as planned. All draft by-laws have been published on the FBA website for public consultation. The team is reviewing the text, as agreed.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 3 (FBIH): Adoption of new risk-based supervisory review and evaluation process (SREP) methodology aligned with with EU (European Banking Authority EBA) standards (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Work not started yet.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► 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 on the harmonized 2017 AQR framework. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Harmonised AQR 2017 adopted. AQR reviews ongoing as planned.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 5 (FBIH): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	No	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020



► IRI 6 (FBiH): Bylaw on recovery plans adopted by FBA (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure, although the work is ongoing.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 7 (FBiH): Resolution unit in FBA established and made operational (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 8 (FBiH): Number of recovery plans submitted and assessed in line with internal assessment methodology (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	15.00
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 9 (FBiH): FBiH Government to approve a strategic statement for RBFBIH future development (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020



► IRI 10 (FBIH): RBFBIH's business plan for 2018-20 approved by the Shareholders Assembly (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 11 (FBIH): RBFBIH's risk management strengthened (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 12 (FBIH): Citizen Engagement: % of Project-supported bylaws reflecting outcomes of consultations. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100.00
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 1 (RS): Quantitative impact study on liquidity and capital regulations completed. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. QIS completed. the team is reviewing the documents.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020



► IRI 2 (RS): Bylaws adopted on (i) capital; (ii) liquidity; (iii) risk management standards; (iv) ICAAP; and (v) consolidated supervision (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	All draft bylaws have been completed by the client. The team is reviewing the final output.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 3 (RS): Adoption of new risk based SREP methodology aligned with EU (EBA) standards (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► 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, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Harmonized 2017 AQR framework adopted. AQR reviews ongoing as planned.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 5 (RS): All undercapitalized banks have in place either mandatory time bound corrective action programs or resolution/liquidation programs (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020





► IRI 6 (RS): Bylaw on recovery plans adopted by BARS (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Work ongoing.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 7 (RS): Resolution unit in BARS established and made operational (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 8 (RS): Number of recovery plans submitted and assessed in line with internal assessment methodology (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	8.00
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 9 (RS): Approval by the RS Government of a statement governing IRBRS's future development. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Work ongoing.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020



► IRI 10 (RS): Transfer of identified Funds' assets to IRBRS in compliance with (i) amended IRBRS Law and (ii) IRBRS regulations and BARS bylaw governing the application of banking regulations to IRBRS. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 11 (RS): IRBRS in full compliance with BARS bylaw governing the application of banking regulations to IRBRS. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Initial ISR. Too early to measure.	Yes
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

► IRI 12 (RS): Citizen Engagement: % of Project-supported bylaws reflecting outcomes of consultations. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100.00
Date	31-Dec-2016	--	05-Sep-2017	31-Dec-2020

Overall Comments

## Data on Financial Performance

### Disbursements (by loan)

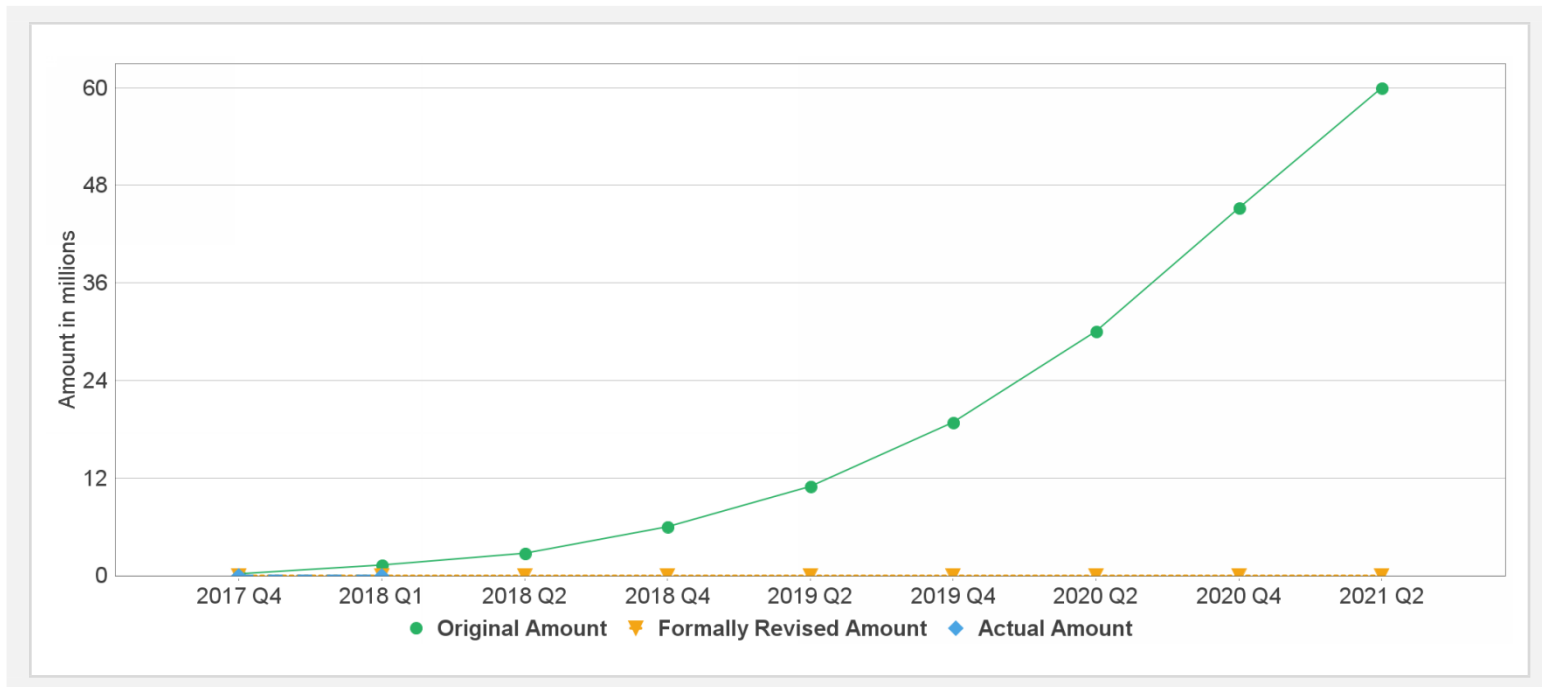
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P158387	IBRD-87410	Not Effective	USD	60.00	60.00	0.00	0.00	60.00	0%

### Key Dates (by loan)



Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P158387	IBRD-87410	Not Effective	28-Apr-2017	--	--	31-Dec-2020	31-Dec-2020

**Cumulative Disbursements**



**Restructuring History**

There has been no restructuring to date.

**Related Project(s)**

There are no related projects.