

Report on the Federation part of the Project
Financial Statements of the

**Agriculture Resilience and
Competitiveness Project**

of the Ministry of Finance and Treasury of Bosnia and
Herzegovina

Financed by:

- IBRD Loan Number 9359-BA

For the period ended 31 December 2025

CONTENTS

1	Introduction	2
2	Independent Auditor's Report	4
3	Project Financial Statements for the period ended 31 December 2025	7
4	Notes to the Project Financial Statements	10

APPENDICES

A	Designated account statement - IBRD Loan Number 9359 - BA	11
B	SoE Withdrawal Schedule of IBRD Loan Number 9359 for the year ended 31 December 2025	12
C	Reconciliation between World Bank's disbursement statements in EUR and IBRD Loan account in EUR according to the balance sheet as of 31 December 2025; SoE Withdrawal Schedule of IBRD Loan Number 9359 - BA	13

AGRICULTURE RESILIENCE AD COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025

(all amounts in EUR, unless otherwise stated)

1. Introduction

1.1. Objectives and activities of the Project

The objective of the Project is to increase climate resilience and competitiveness of the agriculture sector. The Project consists of the following parts:

Part A. The Federation of Bosnia and Herzegovina

A.1. Enhancing public support resilience and traceability

(a) Enhancing agriculture information systems, though, inter alia: (i) enhancement of the farm and client register, including establishing new registers, information systems and web portals, as might be necessary; (ii) development of a payment system; (iii) strengthening the existing agricultural information system; and (iv) establishment of the Farm Accountancy Data Network;

(b) Supporting climate-resilient agriculture, though, inter alia: (i) activities to increase farmers' awareness of possible climate change impacts; and (ii) improvement of extension services delivery, including through developing of related information systems, registers and web portals, as well as providing support to producers to comply with good agricultural practices, integrated pest management and climate risk assessment and interventions in value chains;

(c) Enhancing agriculture information system's capacities for the benefit of MoFTE

A.2. Improving agriculture productivity, adaptation to climate change, and enhancing linkages with markets

(a) Strengthening value chains and developing productive partnerships through: (i) provision of Matching Grants to eligible Beneficiaries for carrying out Matching Grant Subprojects with the aim to support: input supply, marketing of horticulture and livestock products in the internal and external markets, and increase of knowledge and capacity of the Beneficiaries; (ii) technical assistance to the Beneficiaries to comply with the market requirements; and (iii) awareness activities to promote the Matching Grants.

(b) Improving irrigation and drainage systems for climate change adaptation Sub- projects, including: (i) construction of new, and rehabilitation and modernization of selected existing irrigation and drainage systems, including the preparation of the feasibility and design studies; and (ii) strengthening of irrigation and drainage management institutions, including capacity building of selected local administrative bodies, WUAs and local utility companies, development of a database of all irrigation systems and assessment of their functionalities, and development of the drainage information management system.

AGRICULTURE RESILIENCE AD COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025

(all amounts in EUR, unless otherwise stated)

1. Introduction (continued)

A.3. Enhancing Food Quality and Safety

(a) Enhancing food quality and safety standards, though, inter alia: (i) strengthening selected food quality and safety institutions' capacities in disease and pests controls, traceability, inspections, risk assessment, as well as laboratory capacity and testing in food safety, veterinary -6- and phytosanitary areas; (ii) alignment with the relevant EU legislation and international standards and requirements; (iii) investments into veterinary, inspection, food quality and safety infrastructure, including procurement of necessary laboratory and IT equipment, as well as consumables, and Training.

(b) Strengthening IT systems for food safety enhancement with the purpose of alignment and compliance with EU requirements, though, inter alia, development and upgrading of IT software and hardware systems in veterinary, food safety and plant health areas.

(c) Review and upgrade of the veterinary IT systems, upgrade of the phytosanitary system, and of the food safety system for the benefit of MoFTER and FSA.

A.4. Project Management

Carrying out Project management activities including: (a) the carrying out of financial management and procurement requirements of the Project; (b) the monitoring and evaluation of the Project, including beneficiary surveys implementation reports, communication and beneficiary feedback activities; (c) if needed, the recruitment of additional staff/consultants responsible for overall administration, procurement, and financial management; and (d) the carrying out of the environment and social requirements of the Project, as well as communication and outreach activities, including, among other, stakeholder/citizen engagement.

Withdrawal of Loan Proceeds

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table: Amount of the Loan Percentage of Expenditures Allocated to be financed Category (expressed in EUR) (inclusive of Taxes) (1) Goods, works, non- 26,797,250 100% consulting services, consulting services, Training and Operating Costs for Part A of the Project, except Parts A.1 (c), 3 (c) and 4 (b). (2) Goods, works, non- 1,576,000 100% consulting services, consulting services, Training and Operating Costs for Part A.1 (c), 3 (c) and 4 (b) of the Project. (3) Matching Grants under 2,250,000 100% of the disbursed Part A.2(a) of the Project. amount

AGRICULTURE RESILIENCE AD COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025

(all amounts in EUR, unless otherwise stated)

1.3. Financing of the Project

The State of Bosnia and Herzegovina ("B&H") is the borrower of International Bank for Reconstruction and Development (IBRD) Loan No. 9359-BA amounting to the equivalent of EUR 61,400,000.

Under the terms of a subsidiary finance agreement between B&H and RS, funds of the equivalent of EUR 30,700,000 have been lent to FB&H.

Categories of cost items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each category and the percentage of expenditure for cost items so to be financed in each category are as follows:

Item	Loan amount allocated (EUR)	% of expenditures to be financed
(1) Goods, works, non-consulting services, consulting services, training and operating costs for the Project (except for Part A.1. (c); 3 (c) and 4 (b)).	26,797,250	100%
(2) Goods, works, non-consulting services, consulting services, training and operating costs for Part A.1. of the Project	1,576,000	100%
(3) Matching Grants under Part A.2 (a) of the Project	2,250,000	100%
		Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
Front-end Fee	76,750	
Total	30,700,000	

IBRD Loan 9359 - BA became effective on 30 August 2022. Planned closing date was 31 December 2027.

Independent Auditor's Report

To the State of Bosnia and Herzegovina,
Ministry of Finance and Treasury
Attn. of Minister of Finance and Treasury

Report on the Project Financial Statements**Opinion**

We have audited the accompanying project financial statements of the Federation of Bosnia and Herzegovina part of the Agriculture Resilience and Competitiveness Project (the "Project"), which comprise of Summary of sources and uses of funds, Balance sheet, Designated account, Statement of loan withdrawals as of and for the year ended 31 December 2025, and a summary of significant accounting policies and other explanatory notes for the year then ended, financed under IBRD Loan Number 9359-BA.

In our opinion, the accompanying project financial statements present fairly, in all material aspects, the financial position of the Project as of 31 December 2025, and of the funds received and disbursed during the period then ended, in accordance with the cash basis of accounting based on International Public Sector Accounting Standard ("IPSAS"), as described in Note 4.1.

Basis for Opinion**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and "Guidelines: Annual Financial Reporting and Auditing for World Bank – Financed Activities" issued by FMSB. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Ministry of Finance and Treasury in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Project Financial Statements

The management of project coordination unit is responsible for the preparation of these project financial statements in accordance with the cash basis of accounting based on IPSAS, as described in Note 4.1., and for such internal control as management determines is necessary to enable the preparation of project financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the financial reporting process.

Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

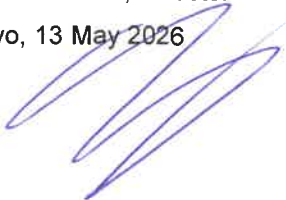
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other requirements

In addition, with respect to the Statement of Expenditure, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditure incurred; and all expenditure included in withdrawal applications and reimbursed against are eligible for financing under the project.

Signed on behalf of Baker Tilly Re Opinion d.o.o. Sarajevo

Jasmina Oručević, Director
Sarajevo, 13 May 2026



Aldijana Gabela, Certified Auditor



AGRICULTURE RESILIENCE AND COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the period ended 31 December 2025

3.1. Summary of Sources and Uses of Funds under the IBRD Loan No. 9359 - BA

	Ref.	Actual 2025	Cumulative 2025	Cumulative 2024	Cumulative budget	Cumulative variance
FINANCING						
IBRD Loan No. 9359-BA	3.1.1	-	2,000,000	2,000,000	30,623,250	28,623,250
Front-end Fee		-	76,750	76,750	76,750	-
TOTAL FINANCING	3.2	-	2,076,750	2,076,750	30,700,000	28,623,250
PROJECT EXPENDITURE						
By Category						
Goods, works, non-consulting services, consulting services, training and operating costs for the Part A.1 of the Project, except Parts A.1 (c), 3 (c) and 4 (b)		73,406	75,962	2,556	26,797,250	26,721,288
Goods, works, non-consulting services, consulting services, training and operating costs for Part A.1 (c), 3 (c) and 4 (b) of the Project		-	-	-	1,576,000	1,576,000
Matching Grants under Part A.2 (a) of the Project		-	-	-	2,250,000	2,250,000
Front-end Fee		-	76,750	76,750	76,750	-
TOTAL EXPENDITURE	3.2	73,406	152,712	79,306	30,700,000	30,547,288
PROJECT EXPENDITURE						
By Component						
Enhancing public support resilience and traceability		73,406	75,962	2,556	4,072,890	3,996,928
Improving agriculture productivity, adaptation to climate change, and enhancing linkages with markets		-	-	-	18,912,687	18,912,687
Enhancing Food Quality and Safety		-	-	-	6,331,834	6,331,834
Project Management		-	-	-	1,305,839	1,305,839
Front-end Fee		-	76,750	76,750	76,750	-
TOTAL EXPENDITURE	3.2	73,406	152,712	79,306	30,700,000	30,547,288

AGRICULTURE RESILIENCE AND COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the period ended 31 December 2025 (continued)

3.1.1 Summary of Sources and Uses of Funds under the IBRD Loan No. 9359 - BA

	Ref.	Actual 2025	Cumulative 2025	Cumulative 2024	Cumulative budget	Cumulative variance
FINANCING						
IBRD Loan No. 9359-BA	3.1.1	-	2,000,000	2,000,000	30,623,250	28,623,250
Front-end Fee		-	76,750	76,750	76,750	-
TOTAL FINANCING	3.2	-	2,076,750	2,076,750	30,700,000	28,623,250
PROJECT EXPENDITURE						
By Category						
Goods, works, non-consulting services, consulting services, training and operating costs for the Part A.1 of the Project, except Parts A.1 (c), 3 (c) and 4 (b)		73,406	75,962	2,556	26,797,250	26,721,288
Goods, works, non-consulting services, consulting services, training and operating costs for Part A.1 (c), 3 (c) and 4 (b) of the Project		-	-	-	1,576,000	1,576,000
Matching Grants under Part A.2 (a) of the Project		-	-	-	2,250,000	2,250,000
Front-end Fee		-	76,750	76,750	76,750	-
TOTAL EXPENDITURE	3.2	73,406	152,712	79,306	30,700,000	30,547,288
PROJECT EXPENDITURE						
By Component						
Enhancing public support resilience and traceability		73,406	75,962	2,556	4,072,890	3,996,928
Improving agriculture productivity, adaptation to climate change, and enhancing linkages with markets		-	-	-	18,912,687	18,912,687
Enhancing Food Quality and Safety		-	-	-	6,331,834	6,331,834
Project Management		-	-	-	1,305,839	1,305,839
Front-end Fee		-	76,750	76,750	76,750	-
TOTAL EXPENDITURE	3.2	73,406	152,712	79,306	30,700,000	30,547,288

AGRICULTURE RESILIENCE AND COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025

(all amounts in EUR, unless otherwise stated)

3. Project financial statements for the year 2025 (continued)

3.2 Balance sheet as of 31 December 2025 showing accumulated funds of the Project and bank balances concerning World Bank funding

	Ref.	31 December 2025	31 December 2024
ASSETS			
Project expenditure IBRDD Loan No. 9359-BA	3.1.1	152,712	79,306
		152,712	79,306
Designated account - IBRD Loan No. 9359-BA	A.1	1,924,038	1,997,444
		1,924,038	1,997,444
Total assets		2,076,750	2,076,750
LIABILITIES			
IBRD Loan No. 9359-BA	3.1.1	2,076,750	2,076,750
Total liabilities		2,076,750	2,076,750

Signed and authorised by:



 Nijaz Brković
 Project manager
 Sarajevo, 13 May 2026




 Meliha Habul
 Financial Manager

AGRICULTURE RESILIENCE AND COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025
(all amounts in EUR, unless otherwise stated)

4. Notes to the project financial statements

4.1 Basis of preparation and accounting records

These project financial statements have been prepared in accordance with the International Public Sector Accounting Standard: "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the accounting policies below, which have been consistently followed in all material respects and comply with the "Guidelines: Annual Financial Reporting and Auditing for World Bank – Financed Activities", issued by the Financial Management Sector Board.

4.2 Accounting policies

The Project's fiscal year is 1 January to 31 December for the recording of all transactions.

Cash basis of accounting

All receipts and expenses under IBRD Loan are recorded on actual receipt and payment basis of accounting as per approved categories.

Project expenditure is stated at original cost on the Balance sheet.

Direct payments

Direct payments concern the amounts paid directly from the Loan account of the World Bank.

Statement of Expenditure (SoE)

Statements of Expenditure are used to state the expenditure under IBRD Loan during a certain period. These statements are sent to the World Bank's disbursement specialist who authorises the payment of the expenditure through the Designated account.

Currency conversions

The reporting currency is Euro (EUR). Sources and use of funds (payments to suppliers and contractors) in currencies other than EUR have been converted to EUR using the currency rate at the moment of the transaction.

Bank balances, recorded on the Balance sheet at year-end, have been converted at year-end rate.

Designated account

This is the total amount of the withdrawals from the Loan account for the Project. The Loan account is in EUR.

Interest on Designated accounts

Interest earned on the Designated accounts belongs to the Borrower.

AGRICULTURE RESILIENCE AND COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
 Project financial statements for the year ended 31 December 2025
(all amounts in EUR, unless otherwise stated)

APPENDIX A.1 DESIGNATED ACCOUNT STATEMENT

Account owned by: Ministry of Finance and Treasury of Bosnia and Herzegovina

Account No.: 1994990007257168

Depository Bank: Sparkasse bank d.d.

Address: Zmaja od Bosne 7, 71000 Sarajevo

Related Credit: IBRD Loan No. 9359-BA

Currency: EUR

	Ref.	EUR
Opening balance 1 January 2025	3.2	1,997,444
Add:		
World Bank replenishments		-
		-
Deduct:		
Payments to suppliers - Expenditure under IBRD Loan		73,406
		73,406
Ending balance 31 December 2025	3.2	1,924,038

AGRICULTURE RESILIENCE AND COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025
(all amounts in EUR, unless otherwise stated)

APPENDIX B. SoE Withdrawal Schedule of IBRD Loan No. 9359 - BA for the year ended 31 December 2025

	Goods, works, non-consulting services, consulting services, training and operating costs for the Part A.1 of the Project, except Parts A.1 (c), 3 (c) and 4 (b)	Goods, works, non-consulting services, consulting services, training and operating costs for Part A.1 (c), 3 (c) and 4 (b) of the Project	Matching Grants under Part A.2 (a) of the Project	Front- end Fee	Total application	Total replenished
Initial deposit	2,000,000	2,556	-	76,750	79,306	2,076,750
Previous period	2,000,000	2,556	-	76,750	79,306	2,076,750
Total SoE applications 2025	-	73,406	-	-	73,406	-
Cumulative 2025	2,000,000	75,962	-	76,750	152,712	2,076,750

AGRICULTURE RESILIENCE AND COMPETITIVENESS PROJECT
of the Ministry of Finance and Treasury of Bosnia and Herzegovina
Project financial statements for the year ended 31 December 2025
(all amounts in EUR, unless otherwise stated)

APPENDIX C Reconciliation between World Bank's disbursement statements in EUR and IBRD Loan account in EUR according to the balance sheet; SOE Withdrawal Schedule of IBRD Loan Number 9359 - BA

	Changes in IBRD Loan (EUR)	Exchange rate used	Changes in IBRD Loan (EUR)
Original amount	30,700,000	-	30,700,000
Disbursements from previous period	2,076,750	-	2,076,750
Disbursements 2025	-		-
Disbursements during 2025	-	-	-
Total disbursements as of 31 December 2025	2,076,750	-	2,076,750
Calculated undisbursed balance as od 31 December 2025	28,623,250	-	28,623,250
Undisbursed balance as per World Bank Summary for December 2025	28,623,250	-	28,623,250
Potential exchange rate loss			-