

Project's Financial Statements and Independent Auditor's Report

Cabinet of the Deputy Prime Minister in Charge of Economic
Affairs, Coordination of Economic Departments and
Investments

"Local and Regional Competitiveness Project" - International
Bank for Reconstruction and Development Grant number
TF0A1779

For the period from 1 January 2020 to 4 November 2021



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Management Responsibility

The accompanying financial statements comprising the Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, Balance sheet, Statement of Breakdown of Loans and Grants, Statement of Withdrawals, Designated Account Statements and related disclosure Notes (further referred as to "Project's Financial Statements"), of the Cabinet of the Deputy Prime Minister in Charge of Economic Affairs, Coordination of Economic Departments and Investments ("the Cabinet"), "Local and Regional Competitiveness Project" (further referred to as "the Project"), financed under International Bank for Reconstruction and Development Grant ("IBRD") numbered TF0A1779 as at and for the period from 1 January 2020 to 4 November 2021 included on pages 4 to 23, are the responsibility of, and have been approved by the Project's management.

The accompanying Project's financial statements have been compiled by the Project's management, for the purposes of reporting to the Cabinet and the International Bank for Reconstruction and Development, in conformity with the related requirements of the World Bank's financial reporting guidelines and in compliance with the relevant provisions set out in the Grant Agreement numbered TF0A1779 dated 14 January 2016.

Project's management, in furtherance of the integrity and objectivity of the Project's financial statements, has developed and maintained an internal control structure, including the appropriate control environment, accounting systems and control procedures. Project's management believes that internal controls provide assurance that financial records are reliable and form a proper basis for the preparation of financial statements, and that assets are properly accounted for and safeguarded. There are, however, inherent limitations that should be recognized in considering the assurances provided by the internal control structure. The internal control process also includes management's communication to employees of policies, which govern ethical business conduct.

Grant Thornton DOO Skopje, Independent Auditors, have been engaged to audit these Project's financial statements in accordance with the International Standards on Auditing accepted in the Republic of North Macedonia¹. Their report is included on pages 2 and 3.

15 November 2021



Fatmir Bytyqi
Deputy President of the Government in
Charge of Economic Affairs, Coordination
of Economic Sectors and Investments

Antonia Sisak
Project Director

Stojance Mitovski
Financial Management
Specialist

Independent Auditor's Report

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To the Management of the Project

We have audited the accompanying financial statements of the Cabinet of the Deputy Prime Minister in Charge of Economic Affairs, Coordination of Economic Departments and Investments ("the Cabinet"), "Local and Regional Competitiveness Project" (further referred to as "the Project"), financed under International Bank for Reconstruction and Development, Grant numbered TF0A1779, comprising the Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, Balance sheet, Statement of Breakdown of Loans and Grants, Statement of Withdrawals, Designated Account Statements and related disclosure Notes (further referred to as "the Project's Financial Statements") as at and for the period from 1 January 2020 to 4 November 2021 and included on pages 4 to 23.

Management's responsibility for the Project's financial statements

These Project's financial statements are compiled for the purposes of reporting to the Cabinet and the International Bank of Reconstruction and Development management, and are the responsibility of the management of the Project. The Project's management is responsible for developing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The Project's Management policy is to prepare the accompanying Project's financial statements on the cash receipts and disbursement basis in conformity with the related requirements of the World Bank's financial reporting guidelines and in compliance with the relevant provisions set out in the Grant Agreement numbered TF0A1779 dated 14 January 2016. On this basis, cash receipts are recognized when received rather than when earned and cash expenditures are recognized when paid rather than when incurred.

Auditor's responsibility

Our responsibility is to express an opinion on these Project's financial statements based on our audit. We conducted our audit in accordance with auditing standards accepted in the Republic of North Macedonia¹. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Project's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

¹ International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no. 79 from 2010.

Opinion

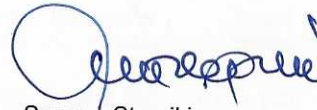
In our opinion, the accompanying Project's financial statements of "Local and Regional Competitiveness Project", financed under International Bank for Reconstruction and Development, Grant numbered TF0A1779, present fairly, in all material respects, the Project's financial position as at 4 November 2021, and the movements on the Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, Statement of Breakdown of Loans and Grants, Statement of Withdrawals and Designated Account Statements for the period from 1 January 2020 to 4 November 2021, in conformity with the related requirements of the World Bank's financial reporting guidelines and in compliance with the relevant provisions set out in the Grant Agreement numbered TF0A1779 dated 14 January 2016.



Suzana Stavrikj

Director

Grant Thornton DOO, Skopje DOO



Suzana Stavrikj

Certified auditor

Skopje, 30 November 2021

Statement of Sources and Uses of Funds

	(Amounts in EUR)						
	Actual			Planned		Variance	
	Current period (1 January 2021-4 November 2021)	Current period (1 January 2020-31 December 2020)	Cumulative to date	Current period	Cumulative to date	Current period	Cumulative to date
Sources of funds							
IBRD Grant	2,907,203	3,107,682	11,318,500	6,014,885	11,318,500	-	-
IBRD Grant (Direct payments)	719,650	-	719,650	719,650	719,650	-	-
National co-financing	954,556	1,536,757	2,994,556	2,491,313	2,994,556	-	-
Infrastructure investments - co-financing	295,697	326,618	877,839	622,315	877,839	-	-
Soft-infrastructure grants - co-financing	313,132	733,361	1,916,299	1,046,493	1,916,299	-	-
Matching grants - co-financing	850	35,008	195,371	35,858	195,371	-	-
Interests earned	-	-	-	-	-	-	-
Total sources of funds	5,191,088	5,739,426	18,022,215	10,930,514	18,022,215	-	-
Uses of funds							
Financed by WB							
Component 2: Strengthening destination management & enabling environment							
2.1 Central level capacity, coordination and policy	6,013	99,667	293,489	105,680	293,489	-	-
2.2 Destination management	-	-	-	-	-	-	-
Component 3: Investment in tourism-related infrastructure & linkages at destination	6,013	99,667	293,489	105,680	293,489	-	-
Component 3: Investment in tourism-related infrastructure & linkages at destination							
3.1 Infrastructure investments	6,499,837	6,046,052	15,915,115	12,545,889	15,915,115	-	-
3.2.1 Soft-infrastructure grants	5,321,444	4,356,138	10,655,026	9,677,582	10,655,026	-	-
3.2.2 Matching grants	1,065,384	1,259,053	3,643,562	2,324,437	3,643,562	-	-
Component 4: Strengthening project management	113,009	430,861	1,616,527	543,870	1,616,527	-	-
Front end fee	343,779	406,783	1,813,611	750,562	1,813,611	-	-
	-	-	-	-	-	-	-
Total uses of funds	6,849,629	6,552,502	18,022,215	13,402,131	18,022,215	-	-
Balance	(1,658,541)	(813,076)	-	-	-	-	-
Bank balances, at beginning of the period	1,658,541	2,471,617	-	-	-	-	-
Bank balances, at end of the period	-	1,658,541	-	-	-	-	-

The Project's Financial Statements have been approved by the Cabinet and the Project's management on 15 November 2021 and signed on its behalf by:

Fatmir Bytyqi
Deputy President of the Government in Charge of Economic Affairs, Coordination of Economic Sectors and Investments

Antonia Sisak
Project Director

Stojance Mrtovski
Financial Management Specialist

Project’s Financial Statements
 For the period from 1 January 2020 to 4 November 2021

Statement of Uses of Funds by Project Activity

	(Amounts in EUR)						
			For the period from 1 January 2020 to 4 November 2021		Planned		Variance
	Current period (1 January 2021-4 November 2021)	Actual Current period (1 January 2020-31 December 2020)	Cumulative to Date	Current period	Cumulative to Date	Current period	Cumulative to Date
Component 2: Strengthening destination management & enabling environment							
2.1 Central level capacity, coordination & policy							
2/1 Training in public private dialogue and tourism development	-	-	-	-	-	-	-
2/2 Design of software for data gathering	-	-	-	-	-	-	-
2/3 Equipment for data gathering system	-	-	-	-	-	-	-
2/4 Technical assistance (TA) for implementation of business licensing reforms	-	-	-	-	-	-	-
2/5 TA for implementation of standards improvement	-	-	-	-	-	-	-
2/6 TA for regulatory simplification and design of platform for electronic issuing of licenses and permits in tourism	-	-	-	-	-	-	-
-Payments without contract	-	-	-	-	-	-	-
2.2 Destination management							
2/7 TA on destination Management: Study tours (several)	-	-	-	-	-	-	-
2/7-1 TA on Destination Management: Stakeholder mapping; Design of structured PPD platform and process; Training on Destination Management; Development of toolkits and manuals	-	31,794	159,379	31,794	159,379	-	-
2/7-1.1 Study Tour	-	-	53,336	-	53,336	-	-
2/8 Supporting activities for development of DM Process	6,013	6,011	12,024	12,024	12,024	-	-
2/9 Equipment to support destination management (computers, office furniture, others)	-	-	-	-	-	-	-
2/10 Annual survey of the project’s impact on beneficiaries and local economies	-	61,862	68,750	61,862	68,750	-	-
Payments without contract	-	-	-	-	-	-	-
Sub-total Component 2	6,013	99,667	293,489	105,680	293,489	-	-
Component 3: Investment in tourism-related infrastructure & linkages at destination							
3.1 Infrastructure investments	5,321,444	4,356,138	10,655,026	9,677,582	10,655,026	-	-
3.2.1 Soft-infrastructure grants	1,065,384	1,259,053	3,643,562	2,324,437	3,643,562	-	-
3.2.2 Matching grants	113,009	430,861	1,616,527	543,870	1,616,527	-	-
Payments without contract	-	-	-	-	-	-	-
Sub-total Component 3	6,499,837	6,046,052	15,915,115	12,545,889	15,915,115	-	-

“Local and Regional Competitiveness Project”
IBRD Grant number TF0A1779

Project’s Financial Statements

For the period from 1 January 2020 to 4 November 2021

Statement of Uses of Funds by project activity (continued)

	(Amounts in EUR)						
			For the period from 1 January 2020 to 4 November 2021			Variance	
	Current period (1 January 2021-4 November 2021)	Actual Current period (1 January 2020-31 December 2020)	Cumulative to Date	Planned Current period	Cumulative to Date	Current period	Cumulative to Date
Component 4: Strengthening Project Management							
4/1 PIU Director Contract No. LRCP-IC-4/1	22,050	29,409	157,926	51,459	157,926	-	-
4/2 FM Specialist Contract No. LRCP-IC-4/2	16,200	21,606	99,488	37,806	99,488	-	-
4/2-2 Financial Assistant Contract No. LRCP-IC-4/2-2	9,901	14,404	43,505	24,305	43,505	-	-
4/3 Procurement Specialist Contract No. LRCP-IC-4/3	14,401	21,606	102,819	36,007	102,819	-	-
4/3-2 Procurement Specialist No. LRCP-IC-4/3-2	16,200	21,606	68,405	37,806	68,405	-	-
4/5 Civil Engineer Contract No. LRCP-IC-4/4	14,042	21,606	107,827	35,648	107,827	-	-
4/5 Civil Engineer Contract No. LRCP-IC-4/5-1	12,588	22,505	36,893	35,093	36,893	-	-
4/6 Architect and Cultural Heritage Specialist No. LRCP-IC-4/6	7,201	14,404	42,878	21,605	42,878	-	-
4/6 Architect and Cultural Heritage Specialist No. LRCP-IC-4/6-1	16,200	18,000	34,200	34,200	34,200	-	-
4/7 Tourism Development Specialist Contract No. LRCP-IC-4/7	16,200	21,606	119,771	37,806	119,771	-	-
4/8 Regional Development Specialist Contract No. LRCP-IC-4/8	10,802	21,606	114,374	32,408	114,374	-	-
4/9 Architect Expert	-	-	4,270	-	4,270	-	-
4/9-1 Architect Expert	-	-	4,100	-	4,100	-	-
4/10 Skills Expert	-	-	5,440	-	5,440	-	-
4/10-1 Skills Expert	-	-	4,820	-	4,820	-	-
4/11 Civil Engineer Expert	-	-	3,799	-	3,799	-	-
4/11-1 Civil Engineer Expert	-	-	2,610	-	2,610	-	-
4/11-1/1 Business Development Expert	-	-	6,970	-	6,970	-	-
4/11-1/2 Business Development Expert	-	-	4,940	-	4,940	-	-
4/11-2/1 Tourism Expert	-	-	6,630	-	6,630	-	-
4/11-2/2 Tourism Expert	-	-	6,656	-	6,656	-	-
4/12 M&E and Communication Specialist Contract No. LRCP-IC-4/12	7,201	14,404	50,118	21,605	50,118	-	-
4/13 Environmental Specialist Contract No. LRCP-IC-4/13	16,200	21,606	85,926	37,806	85,926	-	-
4/13-1 Environmental Assistant Contract No LRCP-IC-4/13-1	1,600	14,799	25,299	16,399	25,299	-	-
4/14 Procurement Officer Contract No. LRCP-IC-4/14	-	-	34,243	-	34,243	-	-
4/14-1 Procurement Officer Contract No. LRCP-IC-4/14-1	-	-	17,999	-	17,999	-	-
4/15 Administrative / assistant / operative / translator Contract No. LRCP-IC-4/15	-	-	39,717	-	39,717	-	-
4/16 Financial/accounting Software and support and maintenance for the project duration	-	-	3,353	-	3,353	-	-
4/17 Office equipment (computers, furniture)	-	-	40,140	-	40,140	-	-
4/18 Project Vehicle	-	-	25,150	-	25,150	-	-
4/19 Training for PIU staff	-	-	-	-	-	-	-
4/20 Project audit	-	5,380	12,975	5,380	12,975	-	-
4/21 Visibility and Promotional Campaign	130,549	86,727	264,345	217,276	264,345	-	-

Statement of Uses of Funds by project activity (continued)

	(Amounts in EUR)						
				For the period from 1 January 2020 to 4 November 2021			
	Current period (1 January 2021-4 November 2021)	Actual Current period (1 January 2020-31 December 2020)	Cumulative to Date	Planned		Variance	
			Current period	Cumulative to Date	Current period	Cumulative to Date	
4/22 Operational cost	29,519	34,482	231,417	64,001	231,417	-	-
4/23 IT Specialist	2,486	496	2,982	2,982	2,982	-	-
Petty cash	439	531	1,626	970	1,626	-	-
Payments without contract	-	-	-	-	-	-	-
Sub-total Component 4	343,779	406,783	1,813,611	750,562	1,813,611	-	-
Front end fee	-	-	-	-	-	-	-
Total Project Expenditures	6,849,629	6,552,502	18,022,215	13,402,131	18,022,215	-	-

Balance sheet

In EUR	4 November 2021	31 December 2020	31 December 2019
Assets			
Bank balances	-	1,658,541	2,471,617
Total assets	-	1,658,541	2,471,617
Funds and liabilities			
Unspent funds	-	1,658,541	2,471,617
Total Fund and liabilities	-	1,658,541	2,471,617

Project’s Financial Statements
 For the period from 1 January 2020 to 4 November 2021

Statement of Breakdown of Loans and Grants

(Amounts in EUR)

Cumulative for the period from 1 January 2020 through 4 November 2021

Contract details						Transfer / eligible payments by LRCP and national contribution (1 Jan 2021-4 Nov 2021)	Transfer / eligible payments by LRCP and national contribution (1 Jan 2020-31 Dec 2020)	Transfer by Beneficiary-cash contribution (1 Jan 2021-4 Nov 2021)	Transfer by Beneficiary-cash contribution (1 Jan 2020-31 Dec 2020)	Actual Costs (1 Jan 2021-4 Nov 2021)	Actual Costs (1 Jan 2020-31 Dec 2020)	Opening Balance at the beginning of the period-Beneficiary Account	Closing Balance at the end of the period - Beneficiary Account
Grant No.	Approved Grant /Contract Amount	LRCP Grant	Beneficiary in cash contribution	Beneficiary in kind contribution									
Component 3: Investment in tourism-related infrastructure & linkages at destinations													
3.1 Infrastructure investments													
Municipality of Krusevo	LRCP-1/17-SG/1	749,414	648,243	69,153	32,018	215,682	141,387	33,138	2,402	248,888	152,113	8,392	-
Municipality of Vevcani	LRCP-1/17-SG/2	985,604	838,089	4,927	142,588	204,163	291,372	1,079	2,932	205,241	294,305	-	-
Municipality of Bosilovo	LRCP-1/17-SG/3	66,228	58,704	7,524	-	-	5,313	-	-	-	5,313	-	-
Municipality of Cair	LRCP-1/17-SG/4	572,199	505,941	66,258	-	77,671	362,574	24,982	35,876	116,777	384,326	-	-
Municipality of Karbinci	LRCP-1/18-SG/20	453,033	405,284	19,268	28,481	123,979	203,339	7,475	5,702	143,263	203,339	6,107	-
Municipality of Centar Zupa	LRCP-1/18-SG/19	227,574	204,816	22,758	-	230	193,576	-	21,563	230	215,139	-	-
Municipality of Negotino	LRCP-1/18-SG/22	256,762	215,531	30,903	10,328	25,047	193,967	4,412	-	29,460	193,966	-	-
Municipality of Karpos	LRCP-1/18-SG/31	906,718	770,620	119,785	16,313	108,952	543,930	46,202	59,459	214,613	543,930	-	-
Municipality of Bitola	LRCP-1/18-SG/30	959,096	863,187	95,909	-	67,425	719,236	(8,262)	-	155,249	719,236	96,086	-
Municipality of Konce	LRCP-1/18-SG/23	315,897	279,695	26,179	10,023	73,359	5,703	1,629	-	74,988	5,703	-	-

Project’s Financial Statements
 For the period from 1 January 2020 to 4 November 2021

Statement of Breakdown of Loans and Grants (continued)

(Amounts in EUR)
 Cumulative for the period from 1 January 2020 through 4 November 2021

Contract details						Transfer / eligible payments by LRCP and national contribution (1 Jan 2021-4 Nov 2021)		Transfer / eligible payments by LRCP and national contribution (1 Jan 2020-31 Dec 2020)		Transfer by Beneficiary-cash contribution (1 Jan 2021-4 Nov 2021)		Transfer by Beneficiary-cash contribution (1 Jan 2020-31 Dec 2020)		Actual Costs (1 Jan 2021-4 Nov 2021)	Actual Costs (1 Jan 2020-31 Dec 2020)	Opening Balance at the beginning of the period - Beneficiary Account	Closing Balance at the end of the period - Beneficiary Account
Grant No.	Approved Grant /Contract Amount	LRCP Grant	Beneficiary in cash contribution	Beneficiary in kind contribution	Transfer / eligible payments by LRCP and national contribution (1 Jan 2021-4 Nov 2021)	Transfer / eligible payments by LRCP and national contribution (1 Jan 2020-31 Dec 2020)	Transfer by Beneficiary-cash contribution (1 Jan 2021-4 Nov 2021)	Transfer by Beneficiary-cash contribution (1 Jan 2020-31 Dec 2020)	Actual Costs (1 Jan 2021-4 Nov 2021)	Actual Costs (1 Jan 2020-31 Dec 2020)	Opening Balance at the beginning of the period - Beneficiary Account	Closing Balance at the end of the period - Beneficiary Account					
Municipality of Veles	LRCP-1/18-SG/34	1,090,894	977,114	90,659	23,121	383,994	589,282	(79,069)	-	383,994	592,682	82,469	-				
Municipality of Kocani	LRCP-1/18-SG/33	595,422	528,867	21,491	45,064	297,357	2,659	(2,942)	-	297,357	2,659	2,942	-				
Municipality of Dojran	LRCP-1/18-SG/38	639,669	537,194	82,181	20,294	355,547	132,987	(9,364)	82,065	428,248	132,987	-	-				
Municipality of Strumica	LRCP-1/18-SG-50	721,630	606,169	115,461	-	-	7,709	-	-	-	7,709	-	-				
Municipality of Kicevo	LRCP-1/18-SG/37	653,763	575,312	63,247	15,204	305,903	224,856	59,633	-	365,536	224,856	-	-				
Museum of city of Skopje	LRCP-1/17-SG/43	904,048	752,811	-	151,237	594,517	153,734	-	-	594,517	153,734	-	-				
Municipality of Prilep	LRCP-1/18-SG-39	807,305	710,428	86,384	10,493	418,176	48,533	60,844	-	479,020	48,533	-	-				
Municipality of Kavadarci	LRCP-1/18-SG-54	643,602	540,626	102,976	-	261,949	277,320	5,779	97,071	364,799	277,320	-	-				
Municipality of Kriva Palanka	LRCP-1/18-SG-55	786,746	680,166	106,580	-	673,268	5,950	86,939	19,548	779,755	5,950	-	-				
Municipality of Struga	LRCP-1/18-SG-56	652,566	587,309	65,257	-	376,288	192,337	63,222	-	439,509	192,338	-	-				

Project's Financial Statements
 For the period from 1 January 2020 to 4 November 2021

Statement of Breakdown of Loans and Grants (continued)

(Amounts in EUR)
 Cumulative for the period from 1 January 2020 through 4 November 2021

Contract details					Transfer / eligible payments by LRCP and national contribution (1 Jan 2021-4 Nov 2021)		Transfer by Beneficiary-cash contribution (1 Jan 2020-31 Dec 2020)		Actual Costs (1 Jan 2021-4 Nov 2021)		Actual Costs (1 Jan 2020-31 Dec 2020)		Opening Balance at the beginning of the period - Beneficiary Account	Closing Balance at the end of the period - Beneficiary Account
Beneficiary	Grant No.	Approved Grant /Contract Amount	LRCP Grant	Beneficiary in cash contribution	Beneficiary in kind contribution	Transfer / eligible payments by LRCP and national contribution (1 Jan 2021-4 Nov 2021)	Transfer / eligible payments by LRCP and national contribution (1 Jan 2020-31 Dec 2020)	Transfer by Beneficiary-cash contribution (1 Jan 2020-31 Dec 2020)	Transfer by Beneficiary-cash contribution (1 Jan 2021-4 Nov 2021)	Actual Costs (1 Jan 2021-4 Nov 2021)	Actual Costs (1 Jan 2020-31 Dec 2020)	Opening Balance at the beginning of the period - Beneficiary Account	Closing Balance at the end of the period - Beneficiary Account	
Beneficiary Hotel Montenegro	LRCP-1/18-SG-26	56,218	28,109	28,109	-	-	-	147	-	-	151	4	-	
Beneficiary Podgorski An	LRCP-1/18-SG-28	488,548	242,515	246,033	-	121,495	121,086	15,268	175,369	216,103	217,425	310	-	
Beneficiary Global DVD	LRCP-1/18-SG-32	239,207	92,432	146,775	-	-	-	(28,624)	-	-	4,420	33,044	-	
Beneficiary Ski Centar Mavrovo	LRCP-1/18-SG-42	519,538	259,769	259,769	-	227,480	-	218,478	4,077	445,958	4,077	-	-	
Beneficiary Tikvesh	LRCP-1/18-SG-35	316,173	148,777	167,396	-	-	145,954	43	-	53,560	133,133	40,696	-	
Beneficiary Hotel Teatar Bitola	LRCP-1/18-SG-36	33,216	16,608	16,608	-	-	16,585	-	17,005	-	33,590	-	-	
Beneficiary Dereban	LRCP-1/18-SG-58	181,826	90,913	90,913	-	73,586	-	74,614	-	148,200	-	-	-	
Beneficiary VIP Tours	LRCP-1/18-SG-52	33,012	16,506	16,506	-	-	16,482	-	16,499	-	32,981	-	-	
Beneficiary H. Tims	LRCP-1/18-SG-45	231,280	100,163	131,117	-	-	100,023	285	130,932	2,470	228,770	-	-	
Beneficiary Aero Club	LRCP-1/18-SG-48	209,826	100,326	109,500	-	(2,419)	100,185	-	109,346	5,414	201,698	-	-	
Beneficiary Mikei	LRCP-1/18-SG-49	381,990	176,061	205,929	-	175,834	-	4,444	214,087	193,679	200,686	-	-	

Project’s Financial Statements

For the period from 1 January 2020 to 4 November 2021

Statement of Breakdown of Loans and Grants (continued)

(Amounts in EUR)

Cumulative for the period from 1 January 2020 through 4 November 2021

Contract details					Transfer / eligible payments by LRCP and national contribution (1 Jan 2021-4 Nov 2021)	Transfer / eligible payments by LRCP and national contribution (1 Jan 2020-31 Dec 2020)	Transfer by Beneficiary-cash contribution (1 Jan 2021-4 Nov 2021)	Transfer by Beneficiary-cash contribution (1 Jan 2020-31 Dec 2020)	Actual Costs (1 Jan 2021-4 Nov 2021)	Actual Costs (1 Jan 2020-31 Dec 2020)	Opening Balance at the beginning of the period - Beneficiary Account	Closing Balance at the end of the period - Beneficiary Account
Grant No.	Approved Grant /Contract Amount	LRCP Grant	Beneficiary in cash contribution	Beneficiary in kind contribution								
Sub-total 3.2.1	3,909,293	1,874,235	2,035,058	-	595,976	581,252	313,132	733,361	1,065,384	1,259,053	100,716	-
3.2.2 Matching grants												
Beneficiary Krste Jon	LRCP-1/17-SG-5	272,834	245,545	27,289	-	73,560	-	35	-	83,567	9,972	-
Beneficiary Macedonian Adventure Discipline	LRCP-1/18-SG-1	55,873	50,163	5,710	-	-	-	-	-	-	-	-
Beneficiary Malesevska Korija	LRCP-1/18-SG-2	52,248	47,023	5,225	-	-	-	-	-	-	-	-
Beneficiary Polar	LRCP-1/18-SG-3	137,979	115,902	22,077	-	-	-	-	-	-	-	-
Beneficiary Dzeben Vodic	LRCP-1/18-SG-4	44,005	39,274	4,731	-	-	-	-	-	-	-	-
Beneficiary Serpa	LRCP-1/18-SG-5	57,688	48,458	9,230	-	-	-	-	-	-	-	-
Beneficiary Youth Forum for Cooperation	LRCP-1/18-SG-6	55,179	49,661	5,518	-	-	-	-	-	-	-	-
Beneficiary Sojuz na Stopanski Komori	LRCP-1/18-SG-7	83,112	74,580	8,532	-	20,440	25	-	16,726	48,398	44,659	-
Beneficiary Sojuz na izvidnici na Makedonija	LRCP-1/18-SG-8	49,950	44,955	4,995	-	(43)	31,430	3	-	34,179	2,789	-

Project's Financial Statements
 For the period from 1 January 2020 to 4 November 2021

Statement of Breakdown of Loans and Grants (continued)

(Amounts in EUR)
 Cumulative for the period from 1 January 2020 through 4 November 2021

Contract details		Cumulative for the period from 1 January 2020 through 4 November 2021											
Beneficiary	Grant No.	Approved Grant /Contract Amount	LRCP Grant	Beneficiary in cash contribution	Beneficiary in kind contribution	Transfer / eligible payments by LRCP and national contribution (1 Jan 2021- 4 Nov 2021)	Transfer / eligible payments by LRCP and national contribution (1 Jan 2020- 31 Dec 2020)	Transfer by Beneficiary-cash contribution (1 Jan 2021- 4 Nov 2021)	Transfer by Beneficiary-cash contribution (1 Jan 2020- 31 Dec 2020)	Actual Costs (1 Jan 2021- 4 Nov 2021)	Actual Costs (1 Jan 2020- 31 Dec 2020)	Opening Balance at the beginning of the period - Beneficiary Account	Closing Balance at the end of the period - Beneficiary Account
Beneficiary NAITAM	LRCP-1/18-SG-9	65,047	49,884	15,163	-	-	-	-	-	-	-	-	-
Beneficiary Aero Klub Skopje	LRCP-1/18-SG-12	42,019	37,817	4,202	-	-	-	-	-	-	-	-	-
Beneficiary ALBIZ	LRCP-1/18-SG-17	68,355	61,519	6,836	-	-	-	-	-	-	-	-	-
Beneficiary ALKA	LRCP-1/18-SG-18	93,197	83,868	9,329	-	-	-	17	-	22,211	22,194	-	-
Beneficiary Mustseedonia	LRCP-1/18-SG-21	135,545	121,990	13,555	-	-	36,555	(255)	-	36,315	15	-	-
Beneficiary Finance think	LRCP-1/18-SG-29	99,975	89,977	9,998	-	-	(1,854)	11	-	400	2,243	-	-
Beneficiary CEED	LRCP-1/18-SG-40	42,085	37,456	4,629	-	(4,054)	26,185	4,617	-	26,748	-	-	-
Beneficiary Vanco Pitosevski	LRCP-1/18-SG-41	56,297	50,667	5,630	-	21,689	27,717	5,622	21,689	33,339	-	-	-
Beneficiary Kocka	LRCP-1/18-SG-46	109,850	95,850	14,000	-	28,714	67,001	13,981	29,462	80,289	-	-	-
Beneficiary MAQS	LRCP-1/18-SG-44	55,154	49,639	5,515	-	-	49,568	5,508	-	55,076	-	-	-
Beneficiary House of Sokolovi	LRCP-1/18-SG-53	54,724	49,252	5,472	-	14,804	34,428	5,469	45,132	10,339	-	-	-
Sub-total 3.2.2		1,631,116	1,443,480	187,636	-	61,110	365,030	850	35,008	113,009	430,861	81,872	-
Sub-total 3.2		5,540,409	3,317,715	2,222,694	-	657,086	946,282	313,982	768,369	1,178,393	1,689,914	182,588	-
Total		18,528,579	14,603,821	3,419,594	505,164	5,220,593	5,242,046	609,679	1,094,987	6,499,837	6,046,052	378,584	-

Statement of Withdrawals – Designated Account

(Amounts in EUR)

For the period from 1 January 2020 to 4 November 2021

Application # and date	Total Requested (1 January 2021- 4 November 2021)	Total Requested (1 January 2020-31 December 2020)	Total Disbursed	Difference
IBRD Grant TF0A1779				
#7 Application / 26.02.2020	-	689,885	689,885	-
#8 Application / 25.06.2020	-	1,120,273	1,120,273	-
#9 Application / 26.10.2020	-	1,297,524	1,297,524	-
#10 Application / 29.01.2021	1,793,941	-	1,793,941	-
#11 Application / 22.09.2021	1,113,262	-	1,113,262	-
	2,907,203	3,107,682	6,014,885	-
Direct payments				
#12 Application / 27.10.2021	563,130	-	563,130	-
#13 Application / 03.11.2021	156,520	-	156,520	-
	719,650	-	719,650	-
	3,626,853	3,107,682	6,734,535	-

Application no. 12 and Application no. 13 are related to the direct payments from World Bank for the civil works for the Municipality of Kriva Palanka and Municipality of Prilep.

(Amounts in EUR)

For the period from 1 January 2019 to 31 December 2019

Application # and date	Total Requested	Total Disbursed	Difference
IBRD Grant TF0A1779			
#5 Application / 20.06.2019	691,217	691,217	-
#6 Application / 14.10.2019	1,054,128	1,054,128	-
	1,745,345	1,745,345	-

Statement of Designated Account – EUR

Account number	00 701 0001585.2
Depository Bank	National Bank of the Republic of North Macedonia
Address	Complex of Banks, 1000 Skopje, Republic of North Macedonia
Grant Number	TF0A1779
Currency	EUR

	For the period from 1 January 2021 to 4 November 2021	(Amounts in EUR) For the period from 1 January 2020 to 31 December 2020
Opening balance	983,489	2,091,224
Add: Inflows		
Replenishment during the period	2,907,203	3,107,682
Interest received	-	-
	2,907,203	3,107,682
Deduct: Outflows		
Transfer to treasury account (Mirror designated account) - MKD	(3,890,682)	(4,215,417)
Bank fees	(10)	-
	(3,890,692)	(4,215,417)
Closing balance	-	983,489

	(Amounts in EUR) For the period from 1 January 2019 to 31 December 2019
At 1 January 2019	2,887,281
Add: Inflows	
Replenishment during the period	1,745,345
Interest received	-
	1,745,345
Deduct: Outflows	
Transfer to treasury account (Mirror designated account) - MKD	(2,539,172)
Transfer to treasury account (Mirror designated account) – MKD for Petty cash in EUR	(2,230)
	(2,541,402)
At 31 December 2019	2,091,224

Statement of Treasury Account (Mirror Designated Account) – MKD

Account number	10000000063095
Depository Bank	National Bank of the Republic of North Macedonia
Address	Complex of Banks, 1000 Skopje, Republic of North Macedonia
Grant Number	TF0A1779
Currency	Macedonian Denars (“MKD”)

	For the period from 1 January 2021 to 4 November 2021	(Amounts in EUR) For the period from 1 January 2020 to 31 December 2020
Opening balance	5,373	1,654
Add: Inflows		
Transfer from designated account – EUR	3,890,682	4,215,417
Returned funds from beneficiaries	20,829	1,854
	3,911,511	4,217,271
Deduct: Outflows		
Amount of eligible expenses paid during the period	(349,333)	(505,920)
Transfers to Beneficiaries special accounts	(3,546,387)	(3,705,289)
Transfers to Beneficiaries special accounts that are not used	(20,829)	(1,854)
Transfer to Petty Cash in MKD	(326)	(489)
Bank fees	(9)	-
	(3,916,884)	(4,213,552)
Closing balance	-	5,373

	(Amounts in EUR) For the period from 1 January 2019 to 31 December 2019
At 1 January 2019	60
Add: Inflows	
Transfer from designated account – EUR	2,539,172
Transfer from designated account – EUR for Petty cash in EUR	2,230
	2,541,402
Deduct: Outflows	
Amount of eligible expenses paid during the period	(577,364)
Transfers to Beneficiaries special accounts	(1,959,724)
Transfer to Petty Cash in EUR	(2,230)
Transfer to Petty Cash in MKD	(490)
	(2,539,808)
At 31 December 2019	1,654

Statement of Petty Cash in EUR

	For the period from 1 January 2021 to 4 November 2021	(Amounts in EUR) For the period from 1 January 2020 to 31 December 2020
Opening balance	-	-
Add: Inflows		
Transfer from Mirror Designated Account – MKD	-	-
Deduct: Outflows		
Amount of eligible expenses paid during the period	-	-
Closing balance	-	-

	(Amounts in EUR) For the period from 1 January 2019 to 31 December 2019
At 1 January 2019	-
Add: Inflows	
Transfer from Mirror Designated Account – MKD	2,230
	2,230
Deduct: Outflows	
Amount of eligible expenses paid during the period	(2,230)
	(2,230)
At 31 December 2019	-

Statement of Petty Cash in MKD

Grant Number TF0A1779
 Currency Macedonian Denars (“MKD”)

	For the period from 1 January 2021 to 4 November 2021	(Amounts in EUR) For the period from 1 January 2020 to 31 December 2020
Opening balance	114	155
Add: Inflows		
Transfer from Mirror Designated Account – MKD	326	489
	326	489
Deduct: Outflows		
Amount of eligible expenses paid during the period	(440)	(530)
	(440)	(530)
Closing balance	-	114

	(Amounts in EUR) For the period from 1 January 2019 to 31 December 2019
At 1 January 2019	181
Add: Inflows	
Transfer from Mirror Designated Account – MKD	490
	490
Deduct: Outflows	
Amount of eligible expenses paid during the period	(516)
	(516)
At 31 December 2019	155

Statement of Special Accounts of Beneficiaries – MKD

Grant Number TF0A1779
 Currency Macedonian Denars (“MKD”)

	For the period from 1 January 2021 to 4 November 2021	(Amounts in EUR) For the period from 1 January 2020 to 31 December 2020
Opening balance	669,565	378,584
Add: Inflows		
Transfers by LRCP	3,546,387	3,705,289
Transfers by LRCP-Direct payments (Municipality of Prilep and Municipality of Kriva Palanka)	719,650	-
Transfers by national contribution	954,556	1,536,757
Transfers by Beneficiaries-cash contribution	609,679	1,094,987
	5,830,272	6,337,033
Deduct: Outflows		
Amount of eligible expenses paid during the period (Actual costs)	(6,499,837)	(6,046,052)
	(6,499,837)	(6,046,052)
Closing balance	-	669,565

	(Amounts in EUR) For the period from 1 January 2019 to 31 December 2019
At 1 January 2019	-
Add: Inflows	
Transfers by LRCP	1,959,724
Transfers by national contribution	503,243
Transfers by Beneficiaries-cash contribution	1,284,843
	3,747,810
Deduct: Outflows	
Amount of eligible expenses paid during the period (Actual costs)	(3,369,226)
	(3,369,226)
At 31 December 2019	378,584

Notes to Project’s financial statements

1 General

On 14 January 2016, the Cabinet of the Deputy Prime Minister in Charge of Economic Affairs, Coordination of Economic Departments and Investments (“the Cabinet” or “the Recipient”), entered into the Grant Agreement numbered TF0A1779 with the International Bank for Reconstruction and Development (“IBRD”) for financing the “Local and Regional Competitiveness Project” (further referred to as “the Project”) in the amount of EUR 21,664,925.

The objectives of the Project are to: (i) to enhance the contribution of tourism to local economic development; and (ii) improve the capacity of the Recipient’s government and public entities to foster tourism growth and facilitate destination management.

The Borrower has established the Project Implementation Unit (“PIU”), responsible for the day- to- day activities and for procurement, financial management, disbursement and monitoring and reporting for the entire Project.

The following table underlines the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocation of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for the Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in Euro)	National Contribution	Beneficiaries’ Contribution	Percentage of the Expenditures to be Financed (exclusive of Taxes, other than personal income taxes)
1.Goods, operating costs, training, non-consulting services, and consultants’ services under Component 2 and 4 of the Project	2,500,000	-	-	100%
2.Subprojects under Component 3 of the Project	13,260,000	3,176,471	2,728,454	100%
Total	15,760,000	3,176,471	2,728,454	

The Closing Date of the Project was 31 December 2019. At 31 October 2019 the IBRD sent to the Ministry of Finance of the Republic of North Macedonia the extension letter for extending the Closing date of the Project until 31 December 2020. At 23 December 2020 the IBRD sent to the Ministry of Finance of the Republic of North Macedonia the extension letter for extending the Closing date of the Project until 30 June 2021. At 29 June 2021 the IBRD sent to the Ministry of Finance of the Republic of North Macedonia the extension letter for extending the Closing date of the Project until 30 September 2021. The Disbursement deadline date is four months after the Closing date of the Project until 31 January 2022.

2 Project Objectives, Activities and Institutional Arrangements

Project Objectives and Activities

The Project consists of four components:

Component 1: Technical assistance for tourism development (Bank-executed)

Provision of technical assistance to (i) improve the capacity of public and private stakeholders in supporting tourism development at the national level in a number of areas, including, inter alia, institutional coordination, data usage, and business environment; and (ii) support the Recipient-executed activities under Components 2, 3 and 4 of the Project.

Component 2: Strengthening destination management and enabling environment

2.1: Strengthening the Recipient’s institutional capacity and coordination at the central governmental level through, inter alia: (i) carrying out of training in public-private dialogue and tourism development; (ii) supplying software systems and equipment to implement improvements in data-and information-gathering; and (iii) provision of technical assistance.

2.2: Developing destination management capacity of key stakeholders (including, inter alia, tour operators, municipalities, centers for regional development, NGOs, skills development institutions, national parks authorities) in selected locations within the Recipient’s territory, through the provision of technical assistance, training, equipment and software systems, all in accordance with the relevant criteria set forth in the Project Operations Manual.

Component 3: Investment in tourism-related infrastructure and linkages at destinations

3.1: Provision of technical assistance and financing to selected infrastructure Subprojects that are aimed to improve the physical condition, access and marketing of touristic local attractions, cultural and natural heritage sites.

3.2: Provision of financing to selected non-infrastructure Subprojects (relating to, inter alia, promotional activities, capacity building and technological innovation in connection with tourism products and services) aimed to enhance tourism service-delivery and benefit local economies.

Component 4: Strengthening project management

Improving the institutional capacity of the PIU through the provision of consultant services, training, goods, and operating costs associated with the implementation, monitoring and evaluation of the Recipient-executed activities under Component 2, 3 and 4 of the Project.

Institutional Arrangements

Throughout the duration of the Project, the Recipient shall maintain the PIU with a composition, adequate staff and resources, functions and responsibilities (including the responsibility to manage, coordinate, monitor and evaluate the implementation of the Project) satisfactory to the World Bank.

The Recipient shall carry out the Project in accordance with the Project Operational Manual and shall not amend, suspend, abrogate, repeal or waive any provision of said Manual without the prior approval of the Bank.

3 Accounting policies

Following are the principle’s accounting policies adopted in preparation of these financial statements. These accounting policies are consistently applied to all financial periods presented.

Basis of preparation

The accompanying financial statements have been prepared for the purposes of reporting to IBRD, on the activities of the Project related to the grant received for the completion of the Project’s objectives, in accordance with the respective provisions set out in the Grant Agreement numbered TF0A1779 signed between the IBRD and the Cabinet of the Deputy Prime Minister in Charge of Economic Affairs, Coordination of Economic Departments and Investments. These financial statements are prepared on the cash receipts and disbursement basis and include all Project - related expenditures incurred, which are financed under the provisions set out in Grant Agreement numbered TF0A1779 dated 14 January 2016.

These instructions closely follow the World Bank’s Disbursement Guidelines for Projects.

The financial statements have been prepared for the period from 1 January 2020 through 4 November 2021.

Currency translation

Project’s financial statements are kept in Euro as this is the reporting currency of the Project. Transactions denominated in currencies other than Euro are translated using the buying foreign exchange rates of the National Bank of the Republic of North Macedonia for international payment operations of the government bodies of Republic of North Macedonia by which each instalment of EUR is transferred to Denar account in bank, until that Denar amount is spent.

4 Commitments

As at 4 November 2021, commitment amounting to Euro 5,359 related to audit services for the Project is not included in Total uses of funds and not paid. As of the date of the approval of this Project’s financial statements, this commitment is settled.



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