



Grant Thornton

Project's Financial Statements and
Independent Auditors' Report

Ministry of Finance of the Republic of Macedonia

"Municipal Services Improvement Project" - International
Bank for Reconstruction and Development
Loan number 7699-MK and Loan number 8158-MK

31 December 2014

Contents

	Page
Management Responsibility	1
Independent Auditors' Report	2
Statement of Sources and Uses of Funds	4
Statement of Uses of Funds by Project Activity	5
Statement of Unit of Output by Project Activity	11
Statement of Breakdown of Loans and Grants	25
Statement of Withdrawals – Designated Account	36
Statement of Designated Account – EUR	37
Statement of Treasury Account (Mirror Designated Account) – MKD	38
Statement of Petty Cash in Denar Account	40
Statement of Petty Cash in Euro Account	41
Notes to Project's financial statements	42

Management Responsibility

The accompanying financial statements comprising of Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, Statement of Unit of Output by Project Activity, Statement of Breakdown of Loans and Grants, Statements of Withdrawals (SOE's), Designated Account Statements and related disclosure Notes (further referred as to "Project's Financial Statements"), of the Ministry of Finance of the Republic of Macedonia (MoF), "Municipal Services Improvement Project" (further referred to as the "Project"), financed under International Bank for Reconstruction and Development Loan (IBRD) numbered 7699-MK ("Original loan") and Loan numbered 8158-MK ("Additional financing") as at and for the year ended 31 December 2014 on pages 4 to 44, 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 MoF 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 Loan Agreement numbered 7699-MK dated 29 June 2009, Disbursement letter, dated 29 June 2009 and Loan Agreement numbered 8158-MK dated 7 June 2012.

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, Independent Auditors, have been engaged to audit these Project's financial statements in accordance with the International Standards on Auditing. Their report is included on pages 2 and 3.

Malgorzata Markiewicz-Bogov

Malgorzata Markiewicz-Bogov,

Project Director

9 June 2015



Grant Thornton

Independent Auditors' Report

Grant Thornton DOO
Sv. Kiril I Metodij 52b/1-20
1000 Skopje
Macedonia

T +389 2 3214 700
F +389 2 3214 710
www.grant-thornton.com.mk

To the Management of the Project

We have audited the accompanying financial statements of the Ministry of Finance of the Republic of Macedonia (MoF), "Municipal Services Improvement Project" (further referred to as the "Project"), financed under International Bank for Reconstruction and Development, Loan numbered 7699-MK and Loan numbered 8158-MK comprising of the Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, Statement of Unit of Output by Project Activity, 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") as at and for the year ended 31 December 2014 and included on pages 4 to 44.

Management's responsibility for financial statements

These Project's financial statements are compiled for the purposes of reporting to the MoF and the International Bank of Reconstruction and Development (IBRD) management, and are the responsibility of the management of the Project. The Projects' 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 Loan Agreement numbered 7699-MK dated 29 June 2009, and the Disbursement letter, dated 29 June 2009 and Loan Agreement numbered 8158-MK dated 7 June 2012. 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 International Standards on Auditing. 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.

Opinion

In our opinion, the financial statements of "Municipal Services Improvement Project", financed under International Bank for Reconstruction and Development, Loan numbered 7699-MK and Loan numbered 8158-MK, present fairly, in all material respects, the Project's financial position as at 31 December 2014, and the movement on the Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, Statement of Unit of Output by Project Activity, Statement of Breakdown of Loans and Grants, Statement of Withdrawals and Designated Account Statements as at and for the year ended 31 December 2014, 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 Loan Agreement numbered 7699-MK dated 29 June 2009, and the Disbursement letter, dated 29 June 2009 and Loan Agreement numbered 8158-MK dated 7 June 2012.

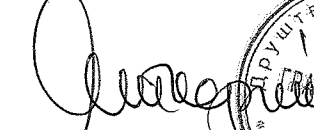
In addition:

- Adequate supporting documentation has been maintained to support claims to the World Bank for replenishment of expenditures incurred, and which expenditures are eligible for financing under the Loan Agreement numbered 7699-MK and Loan Agreement numbered 8158-MK,
- Adequate procurement procedures have been established and implemented, in compliance with the World Bank Procurement regulations and guidelines, and
- In regard to the provided Sub-loans funds to the municipalities, the applied procedures and supporting documents confirms that funds are utilized in efficient manner and for the purposes intended, in accordance with the separate on-lending agreements and provisions stipulated in the Loan Agreement numbered 7699-MK and Loan Agreement numbered 8158-MK.

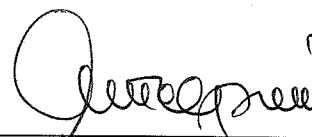
Skopje,

9 June 2015

Grant Thornton



Director
Suzana Stavrik



Certified Auditor
Suzana Stavrik

Financial Statements
 31 December 2014

Statement of Sources and Uses of Funds

	For the period from 01 January 2014 through 31 December 2014			For the period from 01 January 2013 through 31 December 2013			(Amounts in EUR) Cumulative up to 31 December	
	Actually disbursed	Budget	Variance	Actually disbursed	Budget	Variance	2014	2013
Sources of funds								
IBRD Original Loan 7699-MK	2,819,801	4,000,000	1,180,199	3,980,355	4,000,000	19,645	15,543,131	12,723,330
IBRD Additional Financing 8158-MK	4,104,130	6,000,000	1,895,870	2,100,000	2,600,000	500,000	6,297,130	2,193,000
Total sources of funds	6,923,931	10,000,000	3,076,069	6,080,355	6,600,000	519,645	21,840,261	14,916,330
Uses of funds								
Financed by IBRD								
Municipal Investment	5,808,249	5,888,307	80,058	5,342,570	5,815,223	472,653	18,962,614	13,154,365
Capacity Building and Institutional Reform	6,270	11,270	5,000	7,875	7,875	-	39,377	33,107
Performance-Based Investment Grants	249,539	252,772	3,233	79,912	79,912	-	329,451	79,912
Performance Management and Operating Cost	149,390	158,362	8,972	107,985	101,557	(6,428)	513,815	364,425
Subtotal - Financed by IBRD	6,213,448	6,310,711	97,263	5,538,342	6,004,567	466,225	19,845,257	13,631,809
Front-end fee	-	-	-	-	-	-	140,250	140,250
Total uses of funds	6,213,448	6,310,711	97,263	5,538,342	6,004,567	466,225	19,985,507	13,772,059
Balance	710,483	3,689,289	2,978,806	542,013	595,433	53,420	1,854,754	1,144,271
Reconciliation to the balance of unspent funds:								
Unspent funds, at beginning of the period	1,144,271	2,839,921	1,695,650	602,258	2,244,488	1,642,230	-	-
Unspent funds, at end of the period	1,854,754	6,529,210	4,674,456	1,144,271	2,839,921	1,695,650	1,854,754	1,144,271

The Project's Financial Statements have been approved by the MoF on 9 June 2015 and signed on its behalf by:

Markiewicz-Bogov
 Malgorzata Markiewicz-Bogov,
 Project Director

Financial Statements
 31 December 2014

Statement of Uses of Funds by Project Activity

Project's expenditures by activity:	For the period from 01 January 2014 through 31 December 2014			(Amounts in EUR) For the period from 01 January 2013 through 31 December 2013		
	Actually disbursed	Budget	Variance	Actually disbursed	Budget	Variance
A. Municipal Investment						
Municipal Services Improvement Project - Original Loan						
A.1 Sub Loan MSIP 01 - Kocani (Pipe Replacement - 6 km)						
A.1.i. Contract MSIP 01/1-NCB	-	-	-	-	-	-
A.1.ii. Contract MSIP 01/2-CQ	-	-	-	-	-	-
A.2 Sub Loan MSIP 02 - Bogdanci (Street Lighting)						
A.2.i. Contract MSIP 02/1-NCB	-	-	-	-	-	-
A.2.ii. Contract MSIP G NSB 004/11	-	-	-	-	-	-
A.3. Sub Loan MSIP 03 - Skopje (Vehicle and bins for solid waste)						
A.3.i. Contract MSIP 03/1-ICB	-	-	-	-	-	-
A.3.ii. Contract MSIP 03/2-ICB	-	-	-	-	-	-
A.3.ii. Remaining loan funds (VAT)	-	-	-	-	-	-
A.4 Sub Loan MSIP 04 - Ilinden (Heating and Cooling of Municipality Building)						
A.4.i. Contract MSIP NCB 003/10	-	-	-	-	-	-
A.4 Sub Loan MSIP 04-2 - ILINDEN (Heating and Cooling in House of Culture)						
A.4.ii. Contract MSIP NCB	94,051	95,000	949	-	-	-
A.5. Sub Loan MSIP 05 - Kisela Voda (Drainage Systems)						
A.5.i. Contract MSIP NCB 004/11	-	-	-	-	-	-
A.5 Sub Loan MSIP 05/2 - KISELA VODA (Water supply systems)						
A.5.i. Contract MSIP W ICB 003/11-Lot1	-	-	-	51,588	51,588	-
A.5.i. Contract MSIP W ICB 003/11-Lot2	-	-	-	11,453	11,453	-
A.5.i. Contract MSIP W NCB 005/11	-	-	-	157,977	139,239	(18,738)
A.6 Sub Loan MSIP 06 STIP (Arrangement of the central city area)						
A.6.i. Contract MSIP W NCB-008/11	-	-	-	35,945	73,444	37,499
A.6.ii. Contract MSIP W ICB	-	-	-	16,785	16,785	-
Returned sub-loan funds due to termination of the Sub-loan Agreement*	(24,383)	-	24,383	(160,277)	-	160,277
A.7 Sub Loan MSIP 07- PEHCEVO (Vehicles for solid waste)						
A.7.i. Contract MSIP G NCB-004/11	-	-	-	-	-	-
A.8 Sub Loan MSIP 08-1 - VELES (Extension of water supply system)						
A.8.i. Contract MSIP W NCB	136,061	136,061	-	495,127	500,000	4,873
A.8 Sub Loan MSIP 08-2 - VELES (Street lighting)	-	-	-	-	-	-
A.8.ii. Contract MSIP W NCB	323,213	323,213	-	-	-	-

(Amounts in EUR)

Statement of Uses of Funds by Project Activity (continued)

	Actually disbursed	For the period from 01 January 2014 through 31 December 2014		Actually disbursed	For the period from 01 January 2013 through 31 December 2013	
		Budget	Variance		Budget	Variance
A.9 Sub Loan MSIP 09 - VEVCANI (Vehicles for solid waste and Backhoe)						
A.9.i. Contract MSIP G NCB-005/11-Lot1	-	-	-	-	-	-
A.9.ii. Contract MSIP G NCB-005/11-Lot2	-	-	-	-	-	-
A.10. Contract MSIP G NCB-009/11	-	-	-	-	-	-
A.11 Sub Loan MSIP 11 - KICEVO (Vehicles for solid waste and Street reconstruction)						
A.11.i Contract MSIP G ICB 004-11	-	-	-	-	-	-
A.11.ii Contract MSIP W NCB 012-12	-	-	-	403,923	403,923	-
A.12 Sub Loan MSIP 12 - NOVACI (Street lighting)						
A.12.i Contract MSIP W NCB	-	-	-	55,625	55,625	-
A.13 Sub Loan MSIP 13 - DOLNENI (Rehabilitation of local roads)	-	-	-	-	-	-
A.13.i Contract MSIP W NCB	-	-	-	122,390	122,390	-
A.14 Sub Loan MSIP 14 - GJORCE PETROV(Streets reconstruction)						
A.14.i Contract MSIP W ICB	258,944	258,944	-	341,766	341,766	-
A.15 Sub Loan MSIP 15 - GRADSKO (Vehicle and bins for solid waste)	-	-	-	-	-	-
A.15.i Contract MSIP G NSB	-	-	-	-	-	-
A.15.ii Contract MSIP G SH	-	-	-	-	-	-
A.16 Sub Loan MSIP 16 - VASILEVO (Construction of the water supply network)						
A.16.i Contract MSIP W NCB	-	-	-	111,591	114,570	2,979
A.17 Sub Loan MSIP 17-BOSILOVO (Construction of bridge)						
A.17.i Contract MSIP W NCB	-	-	-	54,896	54,896	-
A.18 Sub Loan MSIP 18 - MOGILA (Reconstruction of House of Culture)						
A.18.i Contract MSIP W NCB	-	-	-	38,075	38,075	-
A.18 Sub Loan MSIP 18/2 - MOGILA (Construction vehicle - Backhoe)						
A.18.ii Contract MSIP G NCB	34,161	34,161	-	-	-	-
A.19 Sub Loan MSIP 19 - GOSTIVAR (Street lighting and Supply of basic equipment for public hygiene)						
A.19.i. Contract MSIP ICB	-	-	-	458,000	458,000	-
A.19.ii. Contract MSIP NCB	100,879	100,879	-	241,094	250,000	8,906
- Remaining loan funds	-	-	-	42,702	-	(42,702)
- VAT and Customs	-	-	-	-	-	-
A.20 Sub Loan MSIP 20 - PRILEP (Streets reconstruction)						
A.20.i. Contract MSIP NCB	-	-	-	445,089	445,089	-
A.21 Sub Loan MSIP 21 - CAIR (School/Kindergarten Insulation Project)						
A.21.i. Contract MSIP NCB	130,344	130,344	-	354,180	496,000	141,820
A.22 Sub Loan MSIP - GAZI BABA (Reconstruction of School)	-	-	-	-	-	-
A.22.i. Contract MSIP NCB	816,810	820,000	3,190	118,374	118,000	(374)
A.23 Sub Loan MSIP 34- BUTEL (Construction of School-phase II)	-	-	-	-	-	-
A.23.i. Contract MSIP ICB	216,400	220,000	3,600	-	-	-
A.24 Sub Loan MSIP - KAVADARCI (Reconstruction of Schools)						
A.24.i. Contract MSIP NCB	-	-	-	-	-	-
Other Sub - Loan	-	-	-	-	-	-
Sub-total Component A - Original Loan	2,086,480	2,118,602	32,122	3,396,303	3,690,843	294,540

Financial Statements
 31 December 2014

(Amounts in EUR)

Statement of Uses of Funds by Project Activity (continued)

	Actually disbursed	For the period from 01 January 2014 through 31 December 2014		Actually disbursed	For the period from 01 January 2013 through 31 December 2013	
		Budget	Variance		Budget	Variance
Municipal Services Improvement Project - Additional Financing						
A.AF.01 Sub Loan MSIP 22 - BEROVO (Streets reconstruction)						
A.AF.1.i Contract MSIP W NCB	35,007	35,007	-	346,630	390,000	43,370
A.AF.02 Sub Loan MSIP 23 - MAVROVO ROSTUSE (Streets reconstruction)						
A.AF.1.i Contract MSIP W NCB	199,227	199,227	-	-	-	-
A.AF.03 Sub Loan MSIP - VINICA (Vehicles for solid waste)						
A.AF.03 Sub Loan MSIP 24-2 - VINICA (Construction of storm water system and construction of street)	554,708	600,000	45,292			-
A.AF.1.i Contract MSIP G NCB	-	-	-	141,897	141,897	-
A.AF.1.i.i Contract MSIP W NCB	-	-	-	-	-	-
A.AF.04 Sub Loan MSIP - KRIVA PALANKA (Streets reconstruction)						
A.AF.1.i Contract MSIP W NCB	90,778	90,778	-	214,608	214,608	-
A.AF.1.i Contract MSIP G NCB	147,641	147,641	-	388,090	400,000	11,910
A.AF.05 Sub Loan MSIP 27 - RANKOVCE (Streets reconstruction)						
A.AF.1.i Contract MSIP W NCB	109,797	109,797	-	168,165	300,000	131,835
A.AF.06 Sub Loan MSIP 26 - BOSILOVO (Streets reconstruction)						
A.AF.1.i Contract MSIP W NCB	-	-	-	400,087	400,087	-
A.AF.07 Sub Loan MSIP 29 - PRILEP (Streets reconstruction)						
A.AF.1.i Contract MSIP W NCB	696,444	696,444	-	77,788	77,788	-
A.AF.08 Sub Loan MSIP 30 - PETROVEC (Reconstruction of School)						
A.AF.1.i Contract MSIP W NCB	1,008,199	1,000,000	(8,199)	209,002	200,000	(9,002)
A.AF.09 Sub Loan MSIP 31 - CASKA (Street reconstruction and water reservoir)						
A.AF.9.i Contract MSIP W NCB	531,266	531,266	-	-	-	-
A.AF.10 Sub Loan MSIP 32 - PROBISHTIP (Street reconstruction)						
A.AF.10.i Contract MSIP W NCB	234,600	240,000	5,400	-	-	-
A.AF.11 Sub Loan MSIP 33 - PEHCEVO (Street reconstruction)						
A.AF.11.i Contract MSIP W NCB	105,557	111,000	5,443	-	-	-
A.AF.12 Sub Loan MSIP 35 - KRUSEVO (Installation of water meters)						
A.AF.12.i Contract MSIP W NCB	8,545	8,545	-	-	-	-
A.AF.13 Sub Loan MSIP 36 - DOJRAN (Purchasing of communal vehicles)						
A.AF.13.i Contract MSIP W NCB	-	-	-	-	-	-
A.AF.14 Sub Loan MSIP 37 - OHRID (Purchasing of communal vehicles and street reconstruction)						
A.AF.14.i Contract MSIP G ICB	-	-	-	-	-	-
A.AF.14.ii Contract MSIP W ICB	-	-	-	-	-	-
A.AF.15 Sub Loan MSIP 38 - KARPOSH (Street and storm water reconst.)						
A.AF.15.i Contract MSIP W ICB	-	-	-	-	-	-
A.AF.16 Sub Loan MSIP 39 - SHUTO ORIZARI (Water supply system)						
A.AF.16.i Contract MSIP W ICB	-	-	-	-	-	-
A.AF.17 Sub Loan MSIP 40 - CITY OF SKOPJE (Water supply system)						
A.AF.17.i Contract MSIP W ICB	-	-	-	-	-	-

(Amounts in EUR)

Statement of Uses of Funds by Project Activity (continued)

	Actually disbursed	For the period from 01 January 2014 through 31 December 2014		Actually disbursed	For the period from 01 January 2013 through 31 December 2013	
		Budget	Variance		Budget	Variance
A.AF.18 Sub Loan MSIP 41 - ZELINO (Street and storm water reconst.)						
A.AF.18.i Contract MSIP W ICB	-	-	-	-	-	-
A.AF.19 Sub Loan MSIP 42 - ROSOMAN (Water reservoir)						
A.AF.19.i Contract MSIP W ICB	-	-	-	-	-	-
A.AF.20 Sub Loan MSIP 43 - KOCANI (Street construction)						
A.AF.20.i Contract MSIP W ICB	-	-	-	-	-	-
A.AF.21 Sub Loan MSIP 44 - GORCE PETROV (Street construction)						
A.AF.21.i Contract MSIP W ICB	-	-	-	-	-	-
A.AF.22 Sub Loan MSIP 45 - NEGOTINO (Water pipe replacement)						
A.AF.22.i Contract MSIP W ICB	-	-	-	-	-	-
Other Sub-Loans	-	-	-	-	-	-
Sub-total Component A - Additional Financing	3,721,769	3,769,705	47,936	1,946,267	2,124,380	178,113
Sub-total Component A	5,808,249	5,888,307	80,058	5,342,570	5,815,223	472,653
B. Capacity Building and Institutional Reform						
Municipal Services Improvement Project-Original Loan						
B.1 TA to Municipalities and CSE's for Sub-project preparation						
B.1.i: IBNET consultant	6,270	6,270	-	7,200	7,200	-
B.1.ii: TA for Preparation of PADs for the Municipalities		5,000	5,000	-	-	-
B.2.Strengthening Capacity of Mun. and CSE's to Improve Services	-	-	-	-	-	-
B.3.Development strategy for Fin. Intermediaries in Mun. Investments	-	-	-	-	-	-
B.4.Project Introduction and sub-project implementation workshop	-	-	-	-	-	-
B.5 TA for review of legal, regulatory framework for sovereign debt	-	-	-	-	-	-
B.5.ii.Contract MSIP PMU-CS-SSS-B5-1	-	-	-	-	-	-
B.5.i.Contract MSIP PMU-CS-SSS-B5-2	-	-	-	-	-	-
B.5.iii Workshop	-	-	-	-	-	-
Payments without contract	-	-	-	675	675	-
B.4. Follow-up workshop on feasibility study preparation	-	-	-	-	-	-
B.4. IBNET workshop	-	-	-	-	-	-
B.4. Procurement workshop	-	-	-	675	675	-
Sub-total Component B - Original Loan	6,270	11,270	5,000	7,875	7,875	-
Municipal Services Improvement Project - Additional Financing						
B.1.AF. Contract	-	-	-	-	-	-
B.2.AF. Contract	-	-	-	-	-	-
B.3.AF. Contract	-	-	-	-	-	-
B.4.AF. Contract	-	-	-	-	-	-
Sub-total Component B - Additional Financing	-	-	-	-	-	-
Sub-total Component B	6,270	11,270	5,000	7,875	7,875	-

(Amounts in EUR)

Statement of Uses of Funds by Project Activity (continued)

	For the period from 01 January 2014 through 31 December 2014			For the period from 01 January 2013 through 31 December 2013		
	Actually disbursed	Budget	Variance	Actually disbursed	Budget	Variance
C. Performance - Based Investment Grants						
Municipal Services Improvement Project - Original Loan						
C.01. KOCANI GA-01	-	-	-	60,029	60,029	-
C.02. CITY of SKOPJE GA-02	148,425	148,425	-	-	-	-
C.03. VEVCHANI GA-03	-	-	-	19,883	19,883	-
C.04. VASILEVO GA-04	38,343	38,343	-	-	-	-
C.05. MOGILA GA-05	36,162	36,162	-	-	-	-
C.06. KRUSHEVO GA-06	9,842	9,842	-	-	-	-
C.07. BOGDANCI GA-07	16,767	20,000	3,233	-	-	-
Contract 8	-	-	-	-	-	-
Contract 4	-	-	-	-	-	-
Sub- total Component C - Original Loan	249,539	252,772	3,233	79,912	79,912	-
Municipal Services Improvement Project - Additional Financing						
C.1.AF. Contract	-	-	-	-	-	-
C.2.AF. Contract	-	-	-	-	-	-
C.3.AF. Contract	-	-	-	-	-	-
C.4.AF. Contract	-	-	-	-	-	-
Sub- total Component C - Additional Financing	-	-	-	-	-	-
Sub-total Component C	249,539	252,772	3,233	79,912	79,912	-
D. Project Management and Operating Cost						
Municipal Services Improvement Project - Original Loan						
PMU staff						
MSIP PMU 01 - Project director	-	-	-	-	-	-
MSIP PMU 07 - Project director	14,430	15,730	1,300	15,470	10,400	(5,070)
MSIP PMU 02 - FM specialist	12,210	13,310	1,100	13,090	13,090	-
MSIP PMU 03 - Procurement specialist	-	-	-	-	-	-
MSIP PMU 08 - Procurement specialist	12,210	13,310	1,100	13,090	13,090	-
MSIP PMU 04 - Civil Engineer	12,765	13,915	1,150	13,684	13,684	-
MSIP PMU 05 - Office Manager	-	-	-	-	-	-
MSIP PMU 09 - Office Manager 2	7,770	8,470	700	7,280	7,280	-
MSIP PMU 11 - Civil engineer 2	11,100	12,100	1,000	11,900	11,900	-
MSIP PMU 12 - Administrative officer	7,770	8,470	700	8,330	8,330	-
MSIP PMU 13- Civil engineer 2	4,000	5,000	1,000	-	-	-
Part time personnel						
MSIP PMU 06 - Environment consultant	9,193	9,200	7	9,240	9,240	-
MSIP PMU 10 - Performance grant consultant	6,120	6,200	80	-	1,000	1,000
Project Financial Audit	5,740	5,740	-	4,263	4,263	-
Other costs	-	-	-	-	-	-
MSIP PMU - Furniture	5,744	6,000	256	-	-	-
MSIP PMU 01 - SH - IT equipment	859	900	41	-	-	-
MSIP PMU 02 - SH - Vehicle	27,178	27,178	-	-	-	-
MSIP PMU SH 04 FM software	-	-	-	-	-	-
Training for the PMU staff	839	839	-	4,280	4,280	-
Payments without contract	11,462	12,000	538	7,358	5,000	(2,358)
Sub-total Component D - Original Loan	149,390	158,362	8,972	107,985	101,557	(6,428)

(Amounts in EUR)

Statement of Uses of Funds by Project Activity (continued)

	Actually disbursed	For the period from 01 January 2014 through 31 December 2014		Actually disbursed	For the period from 01 January 2013 through 31 December 2013	
		Budget	Variance		Budget	Variance
Municipal Services Improvement Project - Additional Financing						
D.1.AF.Contract	-	-	-	-	-	-
D.2.AF.Contract	-	-	-	-	-	-
D.3.AF.Contract	-	-	-	-	-	-
Sub-total Component D - Additional Financing	-	-	-	-	-	-
Sub-total Component D	149,390	158,362	8,972	107,985	101,557	(6,428)
Front End Fee - Original Loan	-	-	-	-	-	-
Front End Fee - Additional Financing	-	-	-	-	-	-
Total Project Expenditures by activity	6,213,448	6,310,711	97,263	5,538,342	6,004,567	466,225

Statement of Unit of Output by Project Activity

Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted amount in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid amount original currency	Contract amount local currency MKD	Paid amount local currency MKD	Cumulative for the period from 29 June 2009 through 31 December 2014	
									EUR	MKD
Component A: MUNICIPAL INVESTMENTS										
Municipal Services Improvement										
Project-Original Loan										
A.1 Sub Loan MSIP 01 - KOCANI (Pipe Replacement (6km))										
A.1.i.ContractMSIPO1/1-NCB	570,000	577,034	577,034	NCB	35,335,224 MKD	35,335,224 MKD	35,335,224	35,335,224	-	-
A.1.ii.ContractMSIPO1/2-CQ	30,000	22,966	22,966	CQ	23,010 EUR	22,966 EUR	1,412,386	1,406,481	-	-
Remaining sub-loan funds	-	-	-				-	-	-	-
A.2 Sub Loan MSIP 02 - BOGDANCI (Street lighting)										
A.2.i. Contract MSIP 02/1-NCB	87,341	87,341	87,341	NCB	5,345,018 MKD	5,345,018 MKD	5,345,018	5,345,018	-	-
A.2.2. ii. Contract MSIP G NSB 004/11	13,151	13,151	13,151	NCB	804,983 MKD	804,983 MKD	804,983	804,983	-	-
A.3 Sub Loan MSIP 03-SKOPJE (Vehicles and bins for solid waste)										
A.3.i.Contract MSIP 03/ 1-ICB	1,798,300	1,798,300	1,798,300	ICB	1,798,300 EUR	1,798,300 EUR	110,207,127	110,207,127	-	-
A.3.ii.Contract MSIP 03/2-ICB	748,800	748,800	748,800	ICB	748,800 EUR	748,800 EUR	45,838,024	45,838,024	-	-
VAT	427,722	427,722	427,722	N/A	427,722 EUR	427,722 EUR	26,187,300	26,187,300	-	-

Ministry of Finance of the Republic of Macedonia
 "Municipal Services Improvement Project"
 IBRD Loan number 7699-MK and Loan number 8158-MK

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)							Cumulative for the period from 29 June 2009 through 31 December 2014		
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR MKD
A.4 Sub Loan MSIP 04 - ILINDEN (Heating and Cooling of Municipal Buildings)									
A.4.i.ContractMSIPNCB003/10	230,486	230,486	230,486	NCB	14,108,696 MKD	14,108,696 MKD	14,108,696	14,108,696	-
A.4 Sub Loan MSIP 04-2 - ILINDEN (Heating and Cooling in House of Culture)									
A.4.ii. Contract MSIP NCB (Drainage Systems)	145,723	145,723	94,051	NCB	8,961,938MKD	5,756,174MKD	8,961,938	5,756,174	3,205,764
A.5 Sub Loan MSIP 05/2 - KISELA VODA (Water supply systems)									
A.5.i. Contract MSIP W ICB 003/11-Lot1	680,744	680,744	680,744	ICB	41,674,783 MKD	41,674,783 MKD	41,674,783	41,674,783	-
A.5.ii. Contract MSIP W ICB 003/11-Lot2	229,634	229,634	229,634	ICB	14,054,281 MKD	14,054,281 MKD	14,054,281	14,054,281	-
A.5.iii. Contract MSIP W NCB 005/11	638,379	638,379	638,379	NCB	39,085,146 MKD	39,085,146 MKD	39,085,146	39,085,146	-
A.6 Sub Loan MSIP 06 STIP (Arrangement of the central city area)									
A.6.i. Contract MSIP W NCB 008-11	278,445	278,445	278,445	NCB	17,053,273MKD	17,053,273MKD	19,430,595	17,053,273	-
A.6.ii. Contract MSIP W ICB	271,679	271,679	271,679	ICB	271,679EUR	271,679EUR	16,708,250	16,632,574	-
Returned sub-loan funds due to termination of the Sub-loan Agreement	(184,660)	(184,660)	(184,660)				(11,305,247)	(11,305,247)	-
A.7 Sub Loan MSIP 07- PEHCEVO (Vehicles for solid waste)									
A.7.i. Contract MSIP W NCB from the sub-loan	68,551	68,551	68,551	NCB	4,195,000 MKD	4,195,000 MKD	4,195,000	4,195,000	-

Ministry of Finance of the Republic of Macedonia
 "Municipal Services Improvement Project"
 IBRD Loan number 7699-MK and Loan number 8158-MK

13

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)							Cumulative for the period from 29 June 2009 through 31 December 2014			
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR	MKD
A.8 Sub Loan MSIP 08-1 - VELES (Extension of water supply system)										
A.8.i. Contract MSIP W NCB	685,560	685,549	685,549	NCB	42,000,000MKD	41,999,428MKD	42,000,000	41,999,428	-	572
- Remaining loan funds		11								
Sub Loan MSIP 08-2 - VELES (Street lighting)										
A.8.ii. Contract MSIP W NCB	378,543	323,213	323,213	NCB	19,809,656MKD	19,809,656MKD	19,809,656	19,809,656	-	-
- Remaining loan funds		55,330								
A.9 Sub Loan MSIP 09 - VEVCANI (Vehicles for solid waste and Backhoe)										
A.9.i. Contract MSIP W NCB- Lot 1 from the sub-loan	99,686	53,190	53,190	NCB	3,255,000 MKD	3,255,000 MKD	3,255,000	3,255,000	-	-
A.9.ii. Contract MSIP W NCB-Lot 2 from the sub-loan		46,496	46,496	NCB	2,845,000 MKD	2,845,000 MKD	2,845,000	2,845,000	-	-
A.10 Sub Loan MSIP10 - KRUSEVO (Vehicles for solid waste)										
A.10. Contract MSIP W NCB 009-11	49,218	49,218	49,218	NCB	3,011,655 MKD	3,011,655 MKD	3,011,655	3,011,655	-	-
A.11 Sub Loan MSIP 11 - KICEVO (Vehicles for solid waste and Street reconstruction)										
A.11.1 Contract MSIP G ICB 004-11		201,434	201,434	ICB	12,327,885 MKD	12,327,883 MKD	12,327,883	12,327,883	-	-
A.11.2 Contract MSIP W NCB 012-12	764,228	448,947	448,947	NCB	27,536,275 MKD	27,536,275 MKD	27,536,275	27,536,275	-	-
- Remaining loan funds		113,847								
A.12 Sub Loan MSIP 12 - NOVACI (Street lighting)										
A.12.i Contract MSIP W NCB	130,711	130,711	130,711	NCB	8,000,000 MKD	7,999,998 MKD	8,000,000	7,999,998	-	2
A.13 Sub Loan MSIP 13 - DOLNENI (Rehabilitation of local roads)										
A.13.i Contract MSIP W NCB	266,778	266,778	266,778	NCB	16,345,302 MKD	16,345,302 MKD	16,345,302	16,345,302	-	-

Ministry of Finance of the Republic of Macedonia
 "Municipal Services Improvement Project"
 IBRD Loan number 7699-MK and Loan number 8158-MK

14

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)										Cumulative for the period from 29 June 2009 through 31 December 2014	
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR	MKD	
A.14 Sub Loan MSIP 14 - GJORCE PETROV (Streets reconstruction)	1,291,416	1,291,416	1,291,416	ICB	79,136,435MKD	79,136,435MKD	79,136,435	79,136,435	-	-	-
A.14.i Contract MSIP W ICB - Remaining loan funds											
A.15 Sub Loan MSIP 15 - GRADSKO (Vehicle and bins for solid waste)											
A.15.i Contract MSIP G NCB	77,097	77,097	77,097	NCB	4,718,820 MKD	4,718,820 MKD	4,718,820	4,718,820	-	-	-
A.15.ii Contract MSIP G SH	22,401	22,401	22,401	SH	1,371,160 MKD	1,371,160 MKD	1,371,160	1,371,160	-	-	-
A.16 Sub Loan MSIP 16 - VASILEVO (Construction of the water supply network)											
A.16.i Contract MSIP W NCB	383,578	383,578	383,578	NCB	23,493,724 MKD	23,493,724 MKD	23,493,724	23,493,724	-	-	-
A.17 Sub Loan MSIP 17-BOSILOVO (Construction of bridge)											
A.17.i Contract MSIP W NCB	136,507	136,507	136,507	NCB	8,357,469 MKD	8,357,469 MKD	8,357,469	8,357,469	-	-	-
A.18 Sub Loan MSIP 18 - MOGILA (Reconstruction of House of Culture)											
A.18.i Contract MSIP W NCB	180,856	180,856	180,856	NCB	11,073,076 MKD	11,073,076 MKD	11,073,076	11,073,076	-	-	-
A.18 Sub Loan MSIP 18/2 - MOGILA (Construction vehicle - Backhoe)											
A.18.ii Contract MSIP G NCB	34,161	34,161	34,161	NCB	2,092,055MKD	2,092,055MKD	2,092,055	2,092,055	-	-	-
A.19 Sub Loan MSIP 19 - GOSTIVAR (Street lighting and Supply of basic equipment for public hygiene)											
A.19.i Contract MSIP ICB	458,000	458,000	458,000	ICB	458,000MKD	458,000MKD	458,000	458,000	-	-	-
A.19.ii Contract MSIP NCB - VAT	341,973	341,973	341,973	NCB	20,963,883MKD	20,963,883MKD	20,963,883	20,963,883	-	-	-
A.20 Sub Loan MSIP 20 - PRILEP (Streets reconstruction)	42,702	42,702	42,702		2,619,251MKD	2,619,251MKD	2,619,251	2,619,251	-	-	-
A.20.i Contract MSIP NCB											
A.21 Sub Loan MSIP 21 - CAIR (School/Kindergarten Insulation Project)	501,619	501,619	501,619	NCB	30,754,250 MKD	30,754,250 MKD	30,754,250	30,754,250	-	-	-
A.21.i Contract MSIP NCB	484,523	484,523	484,523	NCB	29,678,832MKD	29,678,832MKD	29,678,832	29,678,832	-	-	-

Statement of Unit of Output by Project Activity (continued)

**Municipal Services Improvement
Project-Additional Financing**

External Financing					
A.A.F.01 Sub Loan MSIP 22 - BEROVO (Streets reconstruction)					
A.A.F.1.i Contract MSIP W NCB	381,637	381,637	NCB	23,374,144MKD	23,374,144
A.A.F.02 Sub Loan MSIP 23 - MAVROVO ROSTUSE (Streets reconstruction)					
A.A.F.2.i Contract MSIP W NCB	199,227	199,227	NCB	12,203,575MKD	12,203,575
A.A.F.02 Sub Loan MSIP 23-2 - MAVROVO ROSTUSE (Street lighting)					
A.A.F.2.ii Contract MSIP W NCB	104,498	-	NCB	-	-
A.A.F.03 Sub Loan MSIP - VINICA Vehicles for solid waste)					
A.A.F.03 Sub Loan MSIP 24-2 - VINICA (Street/storm water)					
A.A.F.3.i Contract MSIP G NCB	141,897	141,897	NCB	8,708,400 MKD	8,708,400
A.A.F.03 Sub Loan MSIP 24-2 - VINICA (Street/storm water)					
A.A.F.3.ii Contract MSIP W NCB	719,451	711,179	NCB	43,737,525MKD	34,001,275MKD
Remaining loan funds		8,272		43,737,525	34,001,275
					9,736,250

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Cumulative for the period from 29 June 2009 through 31 December 2014	
									EUR	MKD
Activities from the MSIP Procurement Plan										
A.AF.04 Sub Loan MSIP - KRIVA PALANKA (Streets reconstruction)	172,171	172,171	172,171	NCB	10,567,362 MKD	10,567,362 MKD	10,567,362	10,567,362	-	-
A.AF.4.i Contract MSIP G NCB	668,946	668,946	668,946	NCB	40,983,177 MKD	40,983,177 MKD	40,983,177	40,983,177	-	-
A.AF.4.ii Contract MSIP W NCB										
A.AF.05 Sub Loan MSIP - RANKOVCE (Streets reconstruction)	341,463	277,963	277,963	NCB	17,042,511 MKD	17,042,511 MKD	17,042,511	17,042,511	-	-
A.AF.5.i Contract MSIP W NCB - Remaining loan funds		63,500								
A.AF.06 Sub Loan MSIP - BOSILOVO (Streets reconstruction)	400,087	400,087	400,087	NCB	24,499,519 MKD	24,499,519 MKD	24,499,519	24,499,519	-	-
A.AF.6.i Contract MSIP W NCB										
A.AF.07 Sub Loan MSIP 29 - PRILEP (Streets reconstruction)	789,198	774,232	774,232	NCB	47,497,381.00	47,497,381.00	47,497,381	47,497,381	-	-
A.AF.7.i Contract MSIP W NCB - Remaining loan funds		14,966								
A.AF.08 Sub Loan MSIP 30 - PETROVEC (Reconstruction of School)	1,424,856	1,311,678	1,217,201	ICB	80,668,219 MKD	74,616,772 MKD	80,668,219	74,616,772	-	6,051,447
A.AF.8.i Contract MSIP W NCB - Remaining loan funds		113,178								
A.AF.09 Sub Loan MSIP 31 - CASKA (Street reconstruction and water reservoir)	531,266	531,266	531,266	NCB	32,578,904 MKD	32,578,904 MKD	32,578,904	32,578,904	-	-
A.AF.9.i Contract MSIP W NCB										
A.AF.10 Sub Loan MSIP 32 - PROBISHTIP (Street reconstruction)	464,095	354,054	234,600	NCB	21,774,350 MKD	21,774,350 MKD	21,774,350	14,373,408	-	7,400,942
A.AF.10.i Contract MSIP W NCB - Remaining loan funds		110,041								
A.AF.11 Sub Loan MSIP 33 - PEHCEVO (Street reconstruction)	125,289	112,513	105,557	NCB	6,919,535 MKD	6,474,038 MKD	6,919,535	6,474,038	-	445,497
A.AF.11.i Contract MSIP W NCB - Remaining loan funds		12,776								
A.AF.12 Sub Loan MSIP 35 - KRUSEVO (Installation of water meters)	87,416	85,289	8,545	NCB	5,245,289 MKD	524,529 MKD	5,245,289	524,529	-	4,720,760
A.AF.12.i Contract MSIP W NCB - Remaining loan funds		2,127								

Ministry of Finance of the Republic of Macedonia
 "Municipal Services Improvement Project"
 IBRD Loan number 7699-MK and Loan number 8158-MK

17

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)							Cumulative for the period from		
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR
A.A.F. 13 Sub Loan MSIP 36 - DOJRAN (Purchasing of communal vehicles)									
A.A.F. 13.i Contract MSIP G NCB	130,033	130,033	-	NCB	7,997,000MKD		7,997,000	-	7,997,000
A.A.F. 14 Sub Loan MSIP 37 - OHRID (Purchasing of communal vehicles and street reconstruction)	2,065,914	-	-				-	-	-
A.A.F. 14.i Contract MSIP G ICB									
A.A.F. 14.ii Contract MSIP W ICB									
A.A.F. 15 Sub Loan MSIP 38 - KARPOSH (Street and storm water reconst.)	787,397	-	-				-	-	-
A.A.F. 15.i Contract MSIP W ICB									
A.A.F. 16 Sub Loan MSIP 39 - SHUTO ORIZARI (Water supply system)	495,571	-	-				-	-	-
A.A.F. 16.i Contract MSIP W ICB									
A.A.F. 17 Sub Loan MSIP 40 - CITY OF SKOPJE (Water supply system)	1,725,224	-	-				-	-	-
A.A.F. 17.i Contract MSIP W ICB									
A.A.F. 18 Sub Loan MSIP 41 - ZELINO (Street and storm water reconst.)	225,619	-	-				-	-	-
A.A.F. 18.i Contract MSIP W ICB									
A.A.F. 19 Sub Loan MSIP 42 - ROSOMAN (Water reservoir)	69,547	-	-				-	-	-
A.A.F. 19.i Contract MSIP W ICB									
A.A.F. 20 Sub Loan MSIP 43 - KOCANI (Street construction)	999,591	-	-				-	-	-
A.A.F. 20.i Contract MSIP W ICB									
A.A.F. 21 Sub Loan MSIP 44 - GORCE PETROV (Street construction)	1,299,641	-	-				-	-	-
A.A.F. 21.i Contract MSIP W ICB									
A.A.F. 22 Sub Loan MSIP 45 - NEGOTINO (Water pipe replacement)	912,517	-	-				-	-	-
A.A.F. 22.i Contract MSIP W ICB									
A. Other Sub Loans AF	16,210,449	-	-				-	-	-
Sub-total Component A AF	31,473,000	6,577,032	5,668,037				383,796,891	347,444,995	36,351,896
Total Component A	48,013,650	21,603,757	18,962,614				1,272,190,169	1,161,814,047	107,917,219

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)							Cumulative for the period from		
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	29 June 2009 through 31 December 2014
									Commitments in contract currency EUR
									MKD
Component B: CAPACITY BUILDING AND INSTITUTIONAL STRENGTHENING									
Municipal Services Improvement Project-Original Loan									
B.1 TA support to Municipalities and CSE's for Sub-project preparation (Multiply Contracts)									
B.1.i: IBNET consultant	59,500	59,550	15,870	ICS	59,550EUR	15,870EUR	3,662,325	958,209	43,680
B.1.ii: TA for Preparation of PADs for the Municipalities	70,000	70,000	-	CQ	70,000EUR	-	4,305,000	-	70,000
B.1.ii: Contract	8,000	-	-	-	-	-	-	-	-
Total B.1	137,500	129,550	15,870				7,967,325	958,209	113,680
B.2 Strengthening Capacity of Municipalities and CSE's to Improve Performance in Services									
B.2.i: Monitoring and evaluation of CSE's									
B.2.ii: Financial and accounting systems	-	-	-	-	-	-	-	-	-
B.2.iii: Programmes for reduction of non-revenue waters	-	-	-	-	-	-	-	-	-
B.2.iv: Development of models for water tariffs	-	-	-	-	-	-	-	-	-
Total B.2	50,000	-	-				-	-	-
B.3: Development of strategy for Involvement of Financial Intermediaries in Municipal Investments (Multiply Contracts)									
B.3.i: Contract 1	-	-	-	-	-	-	-	-	-
B.3.i: Contract 2	-	-	-	-	-	-	-	-	-
Total B.3	40,000	-	-				-	-	-

Statement of Unit of Output by Project Activity (continued)										Cumulative for the period from 29 June 2009 through 31 December 2014	
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR	MKD	
B.4 Project Introduction and sub-project implementation workshop for strengthening the Capacity of Municipalities and CSE's (Multiply Workshop)											
B.4.i: Follow-up seminar of feasibility study preparation for sub-projects (multiply)	2,000	506	506	Training							
B.4.ii: Preparation of detailed design and tender documents (multiply)	2,000	-	-								
B.4.iii: Contract Management and Administration training workshop (multiply)	2,167	-	-								
B.4.iv: Operation and maintenance (multiply)	2,500	3,118	3,118	Training	191,193MKD	191,193MKD	191,193	191,193			
Total B.4	8,667	3,624	3,624				191,193	191,193			
B.5 TA for review of legal, regulatory framework for sovereign debt											
B.5.ii.Contract MSIP PMU-CS-SSS-B5-1	12,215	12,215	12,215	SSS	15,800USD	15,800USD	750,255	750,255			
B.5.i.Contract MSIP PMU-CS-SSS-B5-2	7,470	7,470	7,470	SSS	10,300USD	10,300USD	459,127	459,127			
B.5.iii Workshop	198	198	198	N/A	12,127MKD	12,127MKD	12,127	12,127			
Total B.5	19,883	19,883	19,883				1,221,509	1,221,509			
Sub-total Component B OL	256,050	153,057	39,377				9,380,027	2,370,911		113,680	
Municipal Services Improvement Project-Additional Financing											
B.1.AF. Contract	-	-	-								
B.2.AF. Contract	-	-	-								
B.3.AF. Contract	-	-	-								
B.4.AF. Contract	-	-	-								
Sub-total Component B AF	1,824,700	-	-								
Total Component B	2,080,750	153,057	39,377				9,380,027	2,370,911		113,680	

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)										Cumulative for the period from 29 June 2009 through 31 December 2014	
Activities from the MSP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR	MKD	
Component C: PERFORMANCE GRANTS											
Municipal Services Improvement											
Project-Original Loan											
C.01 KOCANI GA-01	60,029	60,029	60,029	NCB	3,674,171 MKD	3,674,170 MKD	3,674,171	3,674,170	-	1	
C.02 CITY of SKOPJE GA-02	148,425	148,425	148,425	NCB	9,111,620MKD	9,111,620MKD	9,111,622	9,111,620	-	-	
C.03 VEVCANI GA-03	19,883	19,883	19,883	NCB	1,220,000 MKD	1,220,000 MKD	1,220,000	1,220,000	-	-	
C.03 VASILEVO GA-04	38,343	38,343	38,343	NCB	2,349,372MKD	2,349,372MKD	2,349,372	2,349,372	-	-	
C.05 MOGILA GA-05	36,162	36,162	36,162	NCB	2,214,615MKD	2,214,615MKD	2,214,615	2,214,615	-	-	
C.06 KRUSHEVO GA-06	9,842	9,842	9,842	NCB	602,330MKD	602,330MKD	602,331	602,330	-	1	
C.07 BOGDANCI GA-07	20,000	16,767	16,767	NCB	1,028,610MKD	1,028,610MKD	1,028,610	1,028,610	-	-	
C.07 BOGDANCI GA-07 -Remaining grant funds		3,233									
C.05 Other Contracts	967,316	-	-								
Sub-total component C OL	1,300,000	332,684	329,451				20,200,721	20,200,717	-	2	
Municipal Services Improvement											
Project-Additional Financing											
C.1.A.F. Contract	-	-	-				-	-	-	-	
C.2.A.F. Contract	-	-	-				-	-	-	-	
C.3.A.F. Contract	-	-	-				-	-	-	-	
C.4.A.F. Contract	-	-	-				-	-	-	-	
Sub-total component C AF	2,902,000	-	-				-	-	-	-	
Total Component C	4,202,000	332,684	329,451				20,200,721	20,200,717	-	2	

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)										Cumulative for the period from 29 June 2009 through 31 December 2014	
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR	Commitments in contract currency MKD	
Component D: PROJECT MANAGEMENT AND OPERATING COST											
Municipal Services Improvement Project-Original Loan											
D.1 Project Management Unit											
D.1/1 PMU staff											
D.1/1.i. -1 Project Director	18,000	18,000	18,000	ICS	18,000 EUR	18,000 EUR	1,098,000	1,098,446	-	-	
D.1/1.i. - 2 Project Director	66,000	66,000	64,700	ICS	66,000 EUR	64,700 EUR	4,026,000	3,963,637	1,300	-	
D.1/1.ii. - Financial Management Specialist											
D.1/1.iv. - 1 Procurement Manager	63,600	63,600	62,500	ICS	63,600 EUR	62,500 EUR	3,879,600	3,827,256	1,100	-	
D.1/1.iv. - 2 Procurement Manager	7,632	7,600	7,600	ICS	7,600 EUR	7,600 EUR	341,542	341,541	-	-	
D.1/1.iv. - 2 Procurement Manager	55,364	55,364	54,264	ICS	55,364 EUR	54,264 EUR	3,377,204	3,314,327	1,100	-	
D.1/1.vi. - Civil engineer	57,953	57,953	56,803	ICS	57,953 EUR	56,803 EUR	3,535,133	3,479,813	1,150	-	
D.1/1.vii. - 1 Office Manager	7,200	7,200	7,200	ICS	7,200 EUR	7,200 EUR	439,200	440,920	-	-	
D.1/1.vii. - 2 Office Manager	20,849	20,849	20,149	ICS	20,849 EUR	20,149 EUR	1,271,789	1,234,846	700	-	
D.1/1.viii. 2 Civil engineer	28,355	28,355	27,355	ICS	28,355 EUR	27,355 EUR	1,729,655	1,676,503	1,000	-	
D.1/1.ix. - Administrative officer	19,849	19,849	19,148	ICS	19,849 EUR	19,148 EUR	1,210,789	1,173,551	701	-	
D.1/1.x- 3 Civil engineer	5,000	5,000	4,000	ICS	5,000 EUR	4,000 EUR	305,000	245,220	1,000	-	
Total D.1/1	349,802	349,770	341,719				21,213,912	20,796,060	8,051	-	
D.1/2.: Part time specialists (environmental, social, CBA specialist, legal specialist, monitoring, supervision...)											
D.1/2.i - Independent Specialist for Monitoring of Performance Grants Compliance											
D.1/2.ii - Safeguards Specialist (environmental)	31,365	31,365	7,560	ICS	31,365EUR	7,560EUR	1,928,948	463,403	23,805	-	
D.1/2.x- Other specialists											
D.1/2.x- Other specialists	71,832	71,832	30,853	ICS	71,832EUR	30,853EUR	4,381,752	1,983,423	40,979	-	
D.1/2.x- Other specialists	53,167	-	-				-	-	-	-	
Total D1/2	156,364	103,197	38,413				6,310,700	2,446,826	64,784	-	
Total D1	506,166	452,967	380,132				27,524,612	23,242,886	72,835	-	

Financial Statements
 31 December 2014

Statement of Unit of Output by Project Activity (continued)										Cumulative for the period from 29 June 2009 through 31 December 2014	
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR		
D.2 Project Financial Audit	41,300	41,300	17,237	LCS	2,539,950MKD	1,055,290MKD	2,539,950	1,055,290		1,484,660	
D.2 Project Financial Audit	41,300	41,300	17,237				2,539,950	1,055,290		1,484,660	
Total D2:											
D.3: Operating costs											
D.3.i: Furniture	5,744	5,744	5,744	DC	352,596MKD	352,596MKD	352,596	352,596			
D.3.ii: IT equipment	14,700	6,280	6,280	SH	357,932MKD	357,932MKD	357,931	357,931			
D.3.iii: Vehicle	56,940	41,930	41,930	SH	2,571,982MKD	2,571,982MKD	2,571,982	2,571,982			
D.3.iv: Software	5,000	3,171	3,171	SH	194,040MKD	194,040MKD	194,040	194,040			
D.3.v: Training for PIU staff	30,000	14,837	14,837	Training	14,837EUR	14,837EUR	910,455	910,455			
D.3.vi: Other operating costs (payments without contracts)	96,200	44,484	44,484		2,752,650MKD	2,752,650MKD	2,752,650	2,752,650			
- communications	10,000	5,226	5,226		314,083MKD	314,083MKD	314,083	314,083			
- advertising	10,000	6,901	6,901		422,217MKD	422,217MKD	422,217	422,217			
- translation	4,000	2,141	2,141		130,348MKD	130,348MKD	130,348	130,348			
- bank provision	1,000	256	256		15,654MKD	15,654MKD	15,654	15,654			
- petty cash	10,000	3,527	3,527		215,671MKD	215,671MKD	215,671	215,671			
- other operating costs	61,200	26,433	26,433		1,654,677MKD	1,654,677MKD	1,654,677	1,654,677			
Total D.3	208,584	116,446	116,446				7,139,654	7,139,654			
Sub-total component D OL	756,050	610,713	513,815				37,204,216	31,437,830	72,835	1,484,660	
Municipal Services Improvement Project-Additional Financing											
D.1 AF Project Management Unit											
D.1/1 AF: PMU staff											
D.1/1 AF.i - 2 Project Director (continuation)	64,995	64,995	-		64,995EUR		3,997,193	-	64,995	-	
D.1/1 AF.ii - Financial Management Specialist (continuation)	55,020	55,020	-		55,020EUR		3,383,730	-	55,020	-	

Statement of Unit of Output by Project Activity (continued)							Cumulative for the period from 29 June 2009 through 31 December 2014		
Activities from the MSIP Procurement Plan	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Commitments in contract currency EUR MKD
D.1/1 AF.iii. - Financial Management Assistant	35,000	-	-	-	-	-	-	-	-
D.1/1 AF.iv. - 2 Procurement Manager (continuation)	55,156	55,156	-	-	55,156EUR	-	3,392,094	-	55,156
D.1/1 AF.v. - Procurement Assistant	35,000	-	-	-	-	-	-	-	-
D.1/1 AF.vi. - Civil engineer (continuation)	57,552	57,552	-	-	57,552EUR	-	3,539,448	-	57,552
D.1/1 AF.vii. - 2 Office Manager (continuation)	37,551	37,551	-	-	37,551EUR	-	2,309,387	-	37,551
D.1/1 AF.viii. 2 Civil engineer (continuation)	49,660	49,660	-	-	49,660EUR	-	3,054,090	-	49,660
D.1/1 AF.ix. - Administrative officer (continuation)	34,751	34,751	-	-	34,751EUR	-	2,137,187	-	34,751
D.1/1 AF.x. - 3 Civil engineer (continuation)	50,015	50,015	-	-	50,015EUR	-	3,075,923	-	50,015
Other local consultants	50,000	-	-	-	-	-	-	-	-
Total D.1/1	524,700	404,700	-	-	-	-	24,889,052	-	404,700
D.1/2 AF: Part time specialists	-	-	-	-	-	-	-	-	-
D.1/2 AF.i. Contract	20,000	-	-	-	-	-	-	-	-
D.1/2 AF.ii. Contract	22,600	-	-	-	-	-	-	-	-
Total D.1/2	42,600	-	-	-	-	-	-	-	-
Total D.1	567,300	404,700	-	-	-	-	24,889,052	-	404,700
D.2.AF. Project Financial Audit	-	-	-	-	-	-	-	-	-
D.2.AF. Audit extension	10,000	-	-	-	-	-	-	-	-
Total D.2	10,000	-	-	-	-	-	-	-	-

Statement of Unit of Output by Project Activity (continued)	Procurement plan amount Euro	Contracted in Euro equivalent	Paid amount in Euro equivalent	Procurement method	Contract amount original currency	Paid original currency	Contract amount local currency MKD	Paid amount local currency MKD	Cumulative for the period from 29 June 2009 through 31 December 2014	
									contract currency EUR	Commitments in contract currency MKD
Activities from the MSIP Procurement Plan										
D.3.AF: Operating costs										
D.3.AF.i: Contract	5,000	-	-				-	-	-	-
D.3.AF.ii: Contract	5,000	-	-				-	-	-	-
D.3.AF.iii: Contract	5,000	-	-				-	-	-	-
D.3.AF.iv: Training for PIU staff	15,000	-	-				-	-	-	-
D.3.AF.v: Other operating costs (payments without contracts)	300,000	-	-				-	-	-	-
Total D.3	330,000	-	-				-	-	-	-
Sub-total component D AF	907,300	404,700	-				24,889,052	-	404,700	-
Total Component D	1,663,350	1,015,413	513,815				62,093,268	31,437,830	477,535	1,484,660
Front and Fee-Original Loan	47,250	47,250	47,250				2,905,875	2,905,875	-	-
Front and Fee-Additional Financing	93,000	93,000	93,000				5,719,500	5,719,500	-	-
Total Project	56,100,000	23,245,161	19,985,507				1,372,489,560	1,224,448,880	591,215	109,401,881

Statement of Breakdown of Loans and Grants

Municipality	Loan/grant No. / WB approved date	Cumulative for the period from 29 June 2009 through 31 December 2014					(Amounts in EUR)
		Loan/grant amount	Paid loan/grant amount	Remaining balance	Outstanding payments	Payment requests processed	
COMPONENT A							
Municipal Services Improvement Project-Original Loan							
KOCANI							
A.1 Sub-Loan MSIP 01 - (Pipe Replacement (6km)	Sub-loan MSIP 01/ 14 December 2009	600,000					
A.1.i.Contract MSIP 01/ 1 – NCB		577,034	577,034	-	-	-	
A.1.ii.Contract MSIP 01/2 – CQ		22,966	22,966	-	-	-	
Remaining loan funds		-	600,000	-	-	-	
BOGDANCI							
A.2 Sub Loan MSIP 02 - BOGDANCI (Street lighting)	Sub-loan MSIP 02/ 13 April 2010	100,492					
A.2.i. Contract MSIP 02/1-NCB		87,341	87,341	-	-	-	
A.2.ii. Contract MSIP G NSB 004/11		13,151	13,151	-	-	-	
Remaining loan funds		-	100,492	-	-	-	

Statement of Breakdown of Loans and Grants (continued)				Cumulative for the period from 29 June 2009 through 31 December 2014			(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	Paid loan/Grant amount	Remaining balance	Outstanding payments	Payment requests processed	
CITY OF SKOPJE							
A.3 Sub Loan MSIP 03-Skopje (Vehicles and bins for solid waste)	Sub-loan MSIP 03/ 7 July 2010	2,974,822					
A.3.i.Contract MSIP 03/ 1-ICB		1,798,300	1,798,300	-	-	-	
A.3.ii.Contract MSIP 03/2-ICB		748,800	748,800	-	-	-	
Loan funds (VAT)		427,722	427,722	-	-	-	
Remaining loan funds		-	2,974,822	-	-	-	
ILINDEN							
A.4 Sub Loan MSIP 04 - ILINDEN (Heating and Cooling of Municipal Buildings)	Sub-loan MSIP 04/ 24 September 2010	230,486					
A.4.i. Contract MSIP NCB 003/10		230,486	230,486	-	-	-	
Remaining loan funds		-	230,486	-	-	-	
A.4 Sub Loan MSIP 04 - ILINDEN (Heating and Cooling of Municipal Buildings)	Sub-loan MSIP 04-2/ 11 November 2013	145,723					
A.4.ii. Contract MSIP NCB		145,723	94,051	51,672	-	-	
Remaining loan funds		-	94,051	51,672	-	-	
KISELA VODA							
A.5 Sub Loan MSIP 05- KISELA VODA (Drainage Systems)	Sub-loan MSIP 05/ 27 November 2010	910,378					
A.5.i. Contract MSIP W ICB 003/11-Lot1		680,744	680,744	-	-	-	
A.5.ii. Contract MSIP W ICB 003/11-Lot2		229,634	229,634	-	-	-	
Remaining loan funds		-	910,378	-	-	-	
A.5 Sub Loan MSIP 05/2 - KISELA VODA (Water supply systems)	Sub-loan MSIP 05-2/ 14 March 2011	638,379					
Municipal co-financing		43,448					
A.5.iii. Contract MSIP W NCB 005/11		681,827	681,827	-	-	-	
Remaining loan funds		-	681,827	-	-	-	

Statement of Breakdown of Loans and Grants (continued)					Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	Paid loan/grant amount	Remaining balance	Outstanding payments	Payment requests processed			
STIP									
A.6 Sub Loan MSIP 06 STIP (Arrangement of the central city area)	Sub-loan MSIP 06/ 5 April 2011	365,464							
A.6.i. Contract MSIP W NCB		278,445	278,445	-	-	-			
A.6.ii. Contract MSIP W ICB		271,679	271,679	-	-	-			
Returned sub-loan funds		(184,660)	(184,660)	-	-	-			
Remaining loan funds		-	365,464	-	-	-			
PEHCEVO									
A.7 Sub Loan MSIP 07 - PEHCEVO (Vehicles for solid waste)	Sub-loan MSIP 07/ 6 April 2011	68,551							
Municipal co-financing		10,283							
A.7.i. Contract MSIP W NCB		78,834	78,834	-	-	-			
Remaining loan funds		-	78,834	-	-	-			
VELES									
A.8 Sub Loan MSIP 08-1 - VELES (Extension of water supply system)	Sub-loan MSIP 08/ 12 April 2011	685,560							
A.8.i. Contract MSIP W NCB		685,549	685,549	-	-	-			
Remaining loan funds		11	685,549	-	-	-			
A.8 Sub Loan MSIP 08-2 - VELES (Street lighting)	Sub-loan MSIP 08-2/ 26 October 2012	378,543							
A.8.ii. Contract MSIP W NCB		323,213	323,213	-	-	-			
Remaining loan funds		55,330	323,213	-	-	-			
VEVCANI									
A.9 Sub Loan MSIP 09 - VEVCANI (Vehicles for solid waste and Backhoe)	Sub-loan MSIP 09/ 14 April 2011	99,686							
Municipal co-financing		6,666							
A.9.i. Contract MSIP W NCB- Lot 1**		53,190	53,190	-	-	-			
A.9.ii. Contract MSIP W NCB-Lot 2**		53,162	53,162	-	-	-			
Remaining loan funds		-	106,352	-	-	-			
KRUSEVO									
A.10 Sub Loan MSIP 10 - KRUSEVO (Vehicles for solid waste)	Sub-loan MSIP 10/ 31 August 2011	49,218							
A.10. Contract MSIP W NCB 009-11		49,218	49,218	-	-	-			
Remaining loan funds		-	49,218	-	-	-			

Financial Statements
 31 December 2014

Statement of Breakdown of Loans and Grants (continued)

Statement of Breakdown of Loans and Grants (continued)		Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	Paid loan/Grant amount	Remaining balance	Outstanding payments	Payment requests processed
KICEVO						
A.11 Sub Loan MSIP 11 - KICEVO (Vehicles for solid waste and Street reconstruction)	Sub-loan MSIP 11/ 1 September 2011	764,227				
A.11.1 Contract MSIP G ICB 004-11		201,434	201,434	-	-	-
A.11.2 Contract MSIP W NCB 012-12		448,947	448,947	-	-	-
Remaining loan funds		113,846	650,381	-	-	-
NOVACI						
A.12 Sub Loan MSIP 12 - NOVACI (Street lighting)	Sub-loan MSIP 12/ 5 September 2011	130,711				
Municipal co-financing		4,706				
A.12.i Contract MSIP W NCB		135,417	135,417	-	-	-
Remaining loan funds		-	135,417	-	-	-
DOLNENI						
A.13 Sub Loan MSIP 13 - DOLNENI (Rehabilitation of local roads)	Sub-loan MSIP 13/ 31 August 2011	266,777				
Municipal co-financing		18,955				
A.13.i Contract MSIP W NCB		285,732	285,732	-	-	-
Remaining loan funds		-	285,732	-	-	-
GJORCE PETROV						
A.14 Sub Loan MSIP 14 - Gjorce Petrov (Streets reconstruction)	Sub-loan MSIP 14/ 20 November 2011	1,291,416				
A.14.i Contract MSIP W ICB		1,291,416	1,291,416	-	-	-
Remaining loan funds		-	1,291,416	-	-	-
GRADSKO						
A.15 Sub Loan MSIP 15 - Gradsko (Vehicle and bins for solid waste)	Sub-loan MSIP 15/ 17 November 2011	99,498				
A.15.i Contract MSIP G NCB		77,097	77,097	-	-	-
A.15.ii Contract MSIP G SH		22,401	22,401	-	-	-
Remaining loan funds		-	99,498	-	-	-

Statement of Breakdown of Loans and Grants (continued)					Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	Paid loan/grant amount	Remaining balance	Outstanding payments	Payment requests processed			
VASILEVO									
A.16 Sub Loan MSIP 16 - Vasilevo (Construction of the water supply network)	Sub-loan MSIP 16/ 27 December 2011	383,578							
A.16.i Contract MSIP W NCB		383,578	383,578	-	-	-			
Remaining loan funds		-	383,578	-	-	-			
BOSILOVO									
A.17 Sub Loan MSIP 17-Bosilovo (Construction of bridge)	Sub-loan MSIP 17/ 6 May 2012	136,507							
A.17.i Contract MSIP W NCB		136,507	136,507	-	-	-			
Remaining loan funds		-	136,507	-	-	-			
MOGILA									
A.18 Sub Loan MSIP 18 - Mogila (Reconstruction of House of Culture)	Sub-loan MSIP 18/ 25 May 2012	180,856							
A.18.i Contract MSIP W NCB		180,856	180,856	-	-	-			
Remaining loan funds		-	180,856	-	-	-			
A.AF.06 Sub Loan MSIP - BOSILOVO (Streets reconstruction)	Sub Loan MSIP 18/2 / January 31, 2014	34,161							
A.AF.6.i Contract MSIP W NCB		34,161	34,161	-	-	-			
Remaining loan funds		-	34,161	-	-	-			
GOSTIVAR									
A.19 Sub Loan MSIP 19 - GOSTIVAR (Street lighting and Supply of basic equipment for public hygiene)	Sub-loan MSIP 19/ 12 July 2012	842,675							
Municipal co-financing		45,318							
A.19.i. Contract MSIP ICB		458,000	458,000	-	-	-			
A.19.ii. Contract MSIP NCB		341,973	341,973	-	-	-			
VAT and Customs		88,020	88,020	-	-	-			
Remaining loan funds		-	887,993	-	-	-			
PRILEP									
A.20 Sub Loan MSIP 20 - PRILEP (Streets reconstruction)	Sub-loan MSIP 20/ 2 July 2012	501,620							
Municipal co-financing		90,223							
A.20.i. Contract MSIP NCB		591,843	591,843	-	-	-			
Remaining loan funds		-	591,843	-	-	-			

Statement of Breakdown of Loans and Grants (continued)				Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	Paid loan/grant amount	Remaining balance	Outstanding payments	Payment requests processed		
CAIR								
A.21 Sub Loan MSIP 21 - CAIR (School/Kindergarten Insulation Project)	Sub-loan MSIP 21/ 29 October 2012	484,523						
A.21.i. Contract MSIP NCB		484,523	484,523	-	-	-	-	-
Remaining loan funds		-	484,523	-	-	-	-	-
GAZI BABA								
A.22 Sub Loan MSIP - GAZI BABA (Reconstruction of School)	Sub-loan MSIP 28/ April 19, 2013	1,472,905						
A.22.i. Contract MSIP NCB		1,177,967	935,184	242,783	-	-	-	-
Remaining loan funds		294,938	935,184	242,783	-	-	-	-
BUTEL								
A.23 Sub Loan MSIP - BUTEL (Construction of School)	Sub-loan MSIP 34/ June 25, 2014	1,189,969	216,400	973,569	-	-	-	-
A.23.i. Contract MSIP ICB		1,081,077	-	-	-	-	-	-
- Remaining loan funds		108,892	216,400	973,569	-	-	-	-
Municipal Services Improvement Project-Additional Financing								
BEROVO								
A.AF.01 Sub Loan MSIP 22 - BEROVO (Streets reconstruction)	Sub-loan MSIP 22/ October 10, 2012	381,637						
A.AF.1.i Contract MSIP W NCB		381,637	381,637	-	-	-	-	-
Remaining loan funds		-	381,637	-	-	-	-	-
MAVROVO ROSTUSE								
A.AF.02 Sub Loan MSIP 23 - MAVROVO ROSTUSE (Streets reconstruction)	Sub-loan MSIP 23/ December 4, 2012	199,227						
A.AF.2.i Contract MSIP W NCB		199,227	199,227	-	-	-	-	-
Remaining loan funds		-	199,227	-	-	-	-	-
A.AF.02 Sub Loan MSIP 23-2 - MAVROVO ROSTUSE (Street lighting)	Sub-loan MSIP 23-2/ December 25, 2013	104,498						
A.AF.2.ii Contract MSIP W NCB		-	-	-	-	-	-	-
Remaining loan funds		104,498	-	-	-	-	-	-

Statement of Breakdown of Loans and Grants (continued)

Statement of Breakdown of Loans and Grants (continued)		Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	Paid loan/Grant amount	Remaining balance	Outstanding payments	Payment requests processed
VINICA						
A.AF.03 Sub Loan MSIP 24-1 - VINICA (Vehicles for solid waste)	Sub-loan MSIP 24-1/ December 4, 2012	141,897				
A.AF.3.i Contract MSIP G NCB		141,897	141,897	-	-	-
Remaining loan funds		-	141,897	-	-	-
A.AF.03 Sub Loan MSIP 24-2 - VINICA (Construction of storm water system and construction of street)	Sub-loan MSIP 24-2/ July 12, 2013	719,451				
A.AF.3.ii Contract MSIP W NCB		711,179	554,708	156,471	-	-
Remaining loan funds		8,272	554,708	156,471	-	-
KRIVA PALANKA						
A.AF.04 Sub Loan MSIP - KRIVA PALANKA (Streets reconstruction)	Sub-loan MSIP 25 / November 11, 2012	841,117				
A.AF.4.i Contract MSIP W NCB		172,171	172,171	-	-	-
A.AF.4.ii Contract MSIP W NCB		668,946	668,946	-	-	-
Remaining loan funds		-	841,117	-	-	-
RANKOVCE						
A.06 Sub Loan MSIP - Rankovce (Streets reconstruction)	Sub-loan MSIP 27/ December 26, 2012	341,463				
A.AF.6 Contract MSIP NCB		277,963	277,963	-	-	-
Remaining loan funds		63,500	277,963	-	-	-
BOSILOVO						
A.05 Sub Loan MSIP 26-BOSILOVO (Streets reconstruction)	Sub Loan MSIP /26 December 27, 2012	400,087				
A.5.ii Contract MSIP W NCB		400,087	400,087	-	-	-
Remaining loan funds		-	400,087	-	-	-
PRILEP						
A.AF.07 Sub Loan MSIP 29 - PRILEP (Streets reconstruction)	Sub-loan MSIP 29/ May 21, 2013	789,198				
A.AF.1.i Contract MSIP W NCB		774,232	774,232	-	-	-
Remaining loan funds		14,966	774,232	-	-	-

Statement of Breakdown of Loans and Grants (continued)

Municipality	Loan/grant No. / WB approved date	Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
		Loan/grant amount	loan/Grant amount Paid	Remaining balance	Outstanding payments	Payment requests processed
PETROVEC						
A.AF.08 Sub Loan MSIP 30 - PETROVEC (Reconstruction of School)	Sub-loan MSIP 30/ May 14, 2013	1,424,856				
A.AF.1.i Contract MSIP W NCB		1,311,678	1,217,202	94,476		
Remaining loan funds		113,178	1,217,202	94,476		
CASKA						
A.AF.09 Sub Loan MSIP 31 - CASKA (Street reconstruction and water reservoir)	Sub-loan MSIP 31/ October 24, 2013	531,266				
A.AF.9.i Contract MSIP W NCB		531,266	531,266			
Remaining loan funds		-	531,266			
PROBISHTIP						
A.AF.10 Sub Loan MSIP 32 - PROBISHTIP (Street reconstruction)	Sub-loan MSIP 32/ October 22, 2013	484,095				
A.AF.10.i Contract MSIP W NCB		354,054	234,600	119,454		
Remaining loan funds		110,041	234,600	119,454		
PEHCEVO						
A.AF.11 Sub Loan MSIP 33 - PEHCEVO (Street reconstruction)	Sub-loan MSIP 33/ December 10, 2013	125,289				
A.AF.11.i Contract MSIP W NCB		112,513	105,557	6,956		
Remaining loan funds		12,776	105,557	6,956		
KRUSEVO						
A.AF.12 Sub Loan MSIP 35 - KRUSEVO (Installation of water meters)	Sub-loan MSIP 35/ June 30, 2014	87,416				
A.AF.12.i Contract MSIP W NCB		85,289	8,545	76,744		
Remaining loan funds		2,127	8,545	76,744		
DOJARAN						
A.AF.13 Sub Loan MSIP 36 - DOJARAN (Purchasing of communal vehicles)	Sub-loan MSIP 36/ August 19, 2014	130,033				
Municipal co-financing		6,550				
A.AF.13.i Contract MSIP G NCB		136,583	-	136,583		
Remaining loan funds		-	-	136,583		

Statement of Breakdown of Loans and Grants (continued)		Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	loan/Grant amount Paid	Remaining balance	Outstanding payments	Payment requests processed
OHRID						
A.AF.14 Sub Loan MSIP 37 - OHRID (Purchasing of communal vehicles and street reconstruction)	Sub-loan MSIP 37/ November 17, 2014	2,065,914	-	-	-	-
A.AF.14.i Contract MSIP G ICB		-	-	-	-	-
A.AF.14.ii Contract MSIP W ICB		-	-	-	-	-
- Remaining loan funds		2,065,914	-	-	-	-
KARPOSH						
A.AF.15 Sub Loan MSIP 38 - KARPOSH (Street and storm water reconst.)	Sub-loan MSIP 38/ December 10, 2014	787,397	-	-	-	-
A.AF.15.i Contract MSIP W ICB		-	-	-	-	-
- Remaining loan funds		787,397	-	-	-	-
SHUTO ORIZARI						
A.AF.16 Sub Loan MSIP 39 - SHUTO ORIZARI (Water supply system)	Sub-loan MSIP 39/ November 24, 2014	495,571	-	-	-	-
A.AF.16.i Contract MSIP W ICB		-	-	-	-	-
- Remaining loan funds		495,571	-	-	-	-
CITY OF SKOPJE						
A.AF.17 Sub Loan MSIP 40 - CITY OF SKOPJE (Water supply system)	Sub-loan MSIP 40/ November 24, 2014	1,725,224	-	-	-	-
A.AF.17.i Contract MSIP W ICB		-	-	-	-	-
- Remaining loan funds		1,725,224	-	-	-	-
ZELINO						
A.AF.18 Sub Loan MSIP 41 - ZELINO (Street and storm water reconst.)	Sub-loan MSIP 42/ December 25, 2014	225,619	-	-	-	-
A.AF.18.i Contract MSIP W ICB		-	-	-	-	-
- Remaining loan funds		225,619	-	-	-	-

Statement of Breakdown of Loans and Grants (continued)				Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	Remaining balance	Outstanding payments	Payment requests processed			
ROSOMAN								
A.AF.19 Sub Loan MSIP 42 - ROSOMAN (Water reservoir)	Sub-loan MSIP 42/ December 25, 2014	69,547	-	-	-			
A.AF.19.i Contract MSIP W ICB								
- Remaining loan funds		69,547	-	-	-			
KOCANI								
A.AF.20 Sub Loan MSIP 43 - KOCANI (Street construction)	Sub-loan MSIP 43/ December 24, 2014	999,591	-	-	-			
A.AF.20.i Contract MSIP W ICB								
- Remaining loan funds		999,591	-	-	-			
GORCE PETROV								
A.AF.21 Sub Loan MSIP 44 - GORCE PETROV (Street construction)	Sub-loan MSIP 44/ December 23, 2014	1,299,641	-	-	-			
A.AF.21.i Contract MSIP W ICB								
- Remaining loan funds		1,299,641	-	-	-			
NEGOTINO								
A.AF.22 Sub Loan MSIP 45 - NEGOTINO (Water pipe replacement)	Sub-loan MSIP 45/ December 25, 2014	912,517	-	-	-			
A.AF.22.i Contract MSIP W ICB								
- Remaining loan funds		912,517	-	-	-			
COMPONENT C:								
Municipal Services Improvement Project-Additional Financing								
KOCANI								
C.01 KOCANI GA-01	GA MSIP 01 / December 26, 2012	60,029	60,029	-	-			
Remaining loan funds		-	60,029	-	-			
CITY OF SKOPJE								
Municipal co-financing	GA MSIP 02 / December 28, 2012	148,425						
C.02 CITY OF SKOPJE GA-02		2,282						
Remaining loan funds		150,707	150,707	-	-			
		-	150,707	-	-			

Statement of Breakdown of Loans and Grants (continued)					Cumulative for the period from 29 June 2009 through 31 December 2014				(Amounts in EUR)
Municipality	Loan/grant No. / WB approved date	Loan/grant amount	Paid loan/grant amount	Remaining balance	Outstanding payments	Payments requests processed			
VEVCANI									
Municipal co-financing	GA MSIP 03 / December 26, 2012	19,883							
C.03 VEVCANI GA-03		8,618							
Remaining loan funds		28,456	28,456	-	-	-			
VASILEVO									
Municipal co-financing	GA MSIP 04/ November 11, 2013	38,343							
C.04 VASILEVO GA-04		21,127							
Remaining loan funds		59,470	59,470	-	-	-			
MOGILA									
C.05 MOGILA GA-05	GA MSIP 05/ January 11, 2014	36,162							
Remaining loan funds		36,162	36,162	-	-	-			
KRUSHEVO									
C.06 KRUSHEVO GA-06	GA MSIP 06/ November 11, 2013	9,842							
Remaining loan funds		9,842	9,842	-	-	-			
BOGDANCI									
C.07 BOGDANCI GA-07	GA MSIP 04/ November 11, 2013	20,000							
Remaining loan funds		16,767	16,767	-	-	-			
		3,233	16,767	-	-	-			

Financial Statements
 31 December 2014

Statement of Withdrawals – Designated Account

(Amounts in EUR)

For the period from 01 January 2014 through 31 December 2014

Application # and date	Total Requested	Total Disbursed	Difference
Original Loan 7699-MK			
#1/ 04 April 2014	1,548,024	1,548,024	-
#2/ 16 October 2014	1,271,777	1,271,777	-
	2,819,801	2,819,801	-
Additional Financing 8158-MK			
#1/ 03 February 2014	1,490,845	1,490,845	-
#2/ 12 June 2014	1,176,436	1,176,436	-
#3/ 22 September 2014	1,436,849	1,436,849	-
	4,104,130	4,104,130	-

(Amounts in EUR)

For the period from 01 January 2013 through 31 December 2013

Application # and date	Total Requested	Total Disbursed	Difference
Original Loan 7699-MK			
#1/ February 5, 2013	1,497,741	1,497,741	-
#2/ July 31, 2013	1,266,322	1,266,322	-
#3/ November 11, 2013	1,216,292	1,216,292	-
	3,980,355	3,980,355	-
Additional Financing 8158-MK			
#1/ February 18, 2013	600,000	600,000	-
#2/ July 31, 2013	1,500,000	1,500,000	-
	2,100,000	2,100,000	-

Financial Statements
 31 December 2014

Statement of Designated Account – EUR

Account number	0701-978-001129.6
Depository Bank	National Bank of the Republic of Macedonia
Address	Complex of Banks, 1000 Skopje, Republic of Macedonia
Loan Number	7699-MK
Currency	EUR

(Amounts in EUR)
 For the period from
 01 January 2014 through 31 December 2014 01 January 2013 through 31 December 2013

At 01 January	829,129	459,035
Add: Inflows		
Replenishment during the period	2,819,801	3,980,355
Interest received	7,118	5,545
	2,826,919	3,985,900
Deduct: Outflows		
Transfer to treasury account (Mirror designated account) - MKD	(2,346,017)	(3,610,261)
Interest paid to Ministry of Finance	(7,118)	(5,545)
	(2,353,135)	(3,615,806)
At 31 December	1,302,913	829,129

Account number	0701 -978- 001360.4
Depository Bank	National Bank of the Republic of Macedonia
Address	Complex of Banks, 1000 Skopje, Republic of Macedonia
Loan Number	8158-MK
Currency	EUR

(Amounts in EUR)
 For the period from
 01 January 2014 through 31 December 2014 01 January 2013 through 31 December 2013

At 01 January	153,732	-
Add: Inflows		
Replenishment during the period	4,104,130	2,100,000
Interest received	5,258	3,939
	4,109,388	2,103,939
Deduct: Outflows		
Transfer to treasury account (Mirror designated account) - MKD	(3,721,769)	(1,946,268)
Interest paid to Ministry of Finance	(5,258)	(3,939)
	(3,727,027)	(1,950,207)
At 31 December	536,093	153,732

Financial Statements
 31 December 2014

Statement of Treasury Account (Mirror Designated Account) – MKD

Account number	090010016778666
Depository Bank	National Bank of the Republic of Macedonia
Address	Complex of Banks, 1000 Skopje, Republic of Macedonia
Loan Number	7699-MK
Currency	Macedonian Denars ("MKD")

(Amounts in EUR)
 For the period from
 01 January 2014 through 31 December 2014 01 January 2013 through 31 December 2013

At 01 January	161,045	142,204
Add: Inflows		
Transfer from designated account – EUR	2,346,017	3,610,261
Returned sub loan funds on treasury account*	24,383	160,277
	2,578,544	3,770,538
Deduct: Outflows		
Amount of eligible expenses paid during the period	(2,514,116)	(3,749,318)
Transfer to Petty Cash in Denar account	(1,060)	-
Transfer to Petty Cash in Euro account	(1,000)	(1,400)
	(2,724,320)	(3,751,697)
At 31 December	15,269	161,045

* On November 19, 2013 based on the mutual agreement between the Ministry of Finance and the Municipality of Stip (as signatories of the Agreement), the Government of the Republic of Macedonia made a decision to terminate Sub-loan Agreement No. MSIP 06/ 5 April 2011, before the completion of the sub-project "Arrangement of the central city area in Stip". According to the Sub-loan Agreement conditions the Municipality of Stip is obliged to return the used amount received prior to the termination of this Sub-loan agreement. On 17 December 2013, the Municipality of Stip returned portion of the disbursed sub-loan funds to the MSIP project. During the second half of 2014, additional portion of the disbursed sub-loan in the amount of 24,383 EUR was returned to MSIP project in 5 equal instalments. These funds are deposited on the MSIP Treasury account and are used for financing of the Project's eligible expenditures.

Statement of Treasury Account (Mirror Designated Account) – MKD (continued)

Account number	090010016778685
Depository Bank	National Bank of the Republic of Macedonia

Financial Statements
 31 December 2014

Address	Complex of Banks, 1000 Skopje, Republic of Macedonia
Loan Number	8158-MK
Currency	Macedonian Denars ("MKD")

(Amounts in EUR)
 For the period from
 01 January 2014 through 01 January 2013 through
 31 December 2014 31 December 2013

At 01 January	-	-
Add: Inflows		
Transfer from designated account – EUR	3,721,769	1,946,268
	3,721,769	1,946,268
Deduct: Outflows		
Amount of eligible expenses paid during the period	(3,721,769)	(1,946,268)
	(3,721,769)	(1,946,268)
At 31 December	-	-

Financial Statements
 31 December 2014

Statement of Petty Cash in Denar Account

Loan Number
 Currency

7699-MK
 Macedonian Denars ("MKD")

(Amounts in EUR)
 For the period from
 01 January 2014 through 01 January 2013 through
 31 December 2014 31 December 2013

At 01 January	146	167
Add: Inflows		
Transfer from Mirror Designated Account – MKD	1,060	979
	1,060	979
Deduct: Outflows		
Amount of eligible expenses paid during the period	(1,110)	(1,000)
	(1,110)	(1,000)
At 31 December	96	146

Financial Statements
 31 December 2014

Statement of Petty Cash in Euro Account

Loan Number
 Currency

7699-MK
 EUR

(Amounts in EUR)
 For the period from
 01 January 2014 through 01 January 2013 through
 31 December 2014 31 December 2013

At 01 January	219	852
Add: Inflows		
Transfer from Mirror Designated Account – MKD	1,000	1,400
Returned advances for business trip	161	-
	1,161	1,400
Deduct: Outflows		
Amount of eligible expenses paid during the period	(836)	(2,033)
Advances for business trip	(161)	-
	(997)	(2,033)
At 31 December	383	219

Notes to Project's financial statements

1 General

On 29 June 2009, the Ministry of Finance of the Republic of Macedonia (MoF), entered into the Loan Agreement numbered 7699-MK with the International Bank for Reconstruction and Development ("IBRD") for financing the "Municipal Services Improvement Project" (further referred to as "the Project") in the amount of EUR 18,900,000. On 04 August 2009, IBRD accepted the evidence submitted in fulfilling the conditions precedent to the effectiveness of the Loan Agreement and consequently the Project and the Loan Agreement became effective on the aforementioned date. Reallocation of the loan proceeds was done on 20 December 2011. According to the amendment of the Loan Agreement signed on 7 June 2012, the Closing Date of the Project is 30 November 2017, which was subsequently extended with the Loan Amendment signed on 24 December 2014. The Closing Date of the project is March 2019. In response to high demand of municipalities and allocation of funds under Component A in December 2011, MoF formally requested IBRD to Provide additional financing. The loan was signed on 7 June 2012 and funds became effective on 10 July 2012 for additional financing in the amount of EUR 37,200,000.

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

Category	Amount of the Loan allocated (expressed in Euro) Revised original values	Amount of the Loan allocated (expressed in Euro) Additional financing values	Total (expressed in Euro)	Percentage of the Expenditures to be financed
1. Sub-loans under Component A of the Project	16,540,650	31,473,000	48,013,650	100%
2. Goods, Works, Consultants' services and Training for the Project	256,050	1,824,700	2,080,750	100%
3. Grants under Component C of the Project	1,300,000	2,902,000	4,202,000	100%
4. Operating Costs	756,050	907,300	1,663,350	100%
5. Front-end Fee	47,250	93,000	140,250	0.25%
Total	18,900,000	37,200,000	56,100,000	

According to the provisions of the Loan Agreement, the Borrower is liable to repay the principal amount of the Loan in semi-annual installments in the amount of EUR 1,181,250 payable each 15th February and 15th August, commencing 15 August 2014 through 15 February 2022. The Borrower is liable to pay to IBRD a front-end fee equal to 1/4 of 1% (0.25%) of the Loan amount and interest for each interest period equal to LIBOR for the Loan Currency plus a Variable Spread.

Notes to the Projects' financial statements (continued)

2 Project Objectives, Activities and Institutional Arrangements

Project Objectives and Activities

The objective of the Project is to improve transparency, financial sustainability and delivery of targeted municipal services in the Participating Municipalities. The Project consists of four components:

Component A: Municipal Investments

Provision of Sub-loans to the Participating Municipalities to finance Sub-projects in the area of water and sanitation services, solid waste management and other revenue-generating or cost saving investments in communal services selected in accordance with the criteria and procedures set forth in the Project Operational Manual.

Component B: Capacity Building and Institutional Reform

1. Provision of consultants' services and Training to the Participating Municipalities to assist with Sub-projects preparation and implementation.
2. Provision of consultants' services and Training to the Participating Municipalities and their communal service enterprises to strengthen their capacity in service provision, communications and public outreach activities and in meeting the selection criteria for Performance-based Investment Grants under Component C of the Project.
3. Institutional strengthening of the Borrower's national agencies through study of policy issues and strategy development related to the financial sustainability of municipal services.

Component C: Performance-based Investment Grants

Provision of Performance-based Investment Grants to selected Participating Municipalities that meet the performance criteria set forth in the POM as an incentive and reward for improving the performance of municipal service delivery.

Component D: Project Management, Monitoring and Evaluation

Strengthening the capacity of PMU, Participating Municipalities and their communal service enterprises for Project management, monitoring and evaluation through the provision of goods, consultant services, including Project audit, Training, and financing of Operating Costs.

As of 24 December 2014, with the Amendments to both Loan Agreements, a new Component E has been added to Schedule.

Component E: IPA Rural Investment Window

1. Provision of investment Sub-Grants to EC IPA Participating Municipalities
2. Provision of technical assistance in the form of consulting services, including technical assistance, surveys, studies and trainings to EC IPA Participating Municipalities, for the preparation of technical documentation, relevant analysis and studies for potential sub-projects, assistance on procedural and accounting issues, facilitation of workshop on common constraints, lessons learnt and best practices, etc. The technical assistance is to insure all EC IPA Participating Municipalities are able to benefit from investment Sub-Grants.
3. Financing of operational expenditure of the PMU related to the implementation of the part titled component E.

Notes to the Projects' financial statements (continued)

Project Objectives, Activities and Institutional Arrangements (continued)

Institutional Arrangements

At all times during the implementation of the Project the Borrower shall maintain the Project Coordination Committee with a composition, resources and terms of reference satisfactory to the Bank.

Throughout the duration of the Project the Borrower shall maintain the Project Management Unit responsible for overall management, coordination, monitoring and evaluation of the Project with a composition, staff, resources and terms of reference satisfactory to the Bank.

The Borrower 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 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 loan received for the completion of the Project's objectives, in accordance with the respective provisions set out in the Loan Agreement numbered 7699-MK and Loan numbered 8158-MK signed between the IBRD and MoF. 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 Loan Agreement numbered 7699-MK dated 29 June 2009, Disbursement letter dated 29 June 2009 and Loan Agreement numbered 8158-MK dated 7 June 2012.

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

The financial statements have been prepared for the period from 01 January 2014 through 31 December 2014.

Currency translation

All accounts 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 Macedonia for international payment operations of the government bodies of Republic of Macedonia prevailing at the date of the transaction.

