



Project's Financial Statements and Independent Auditor's Report

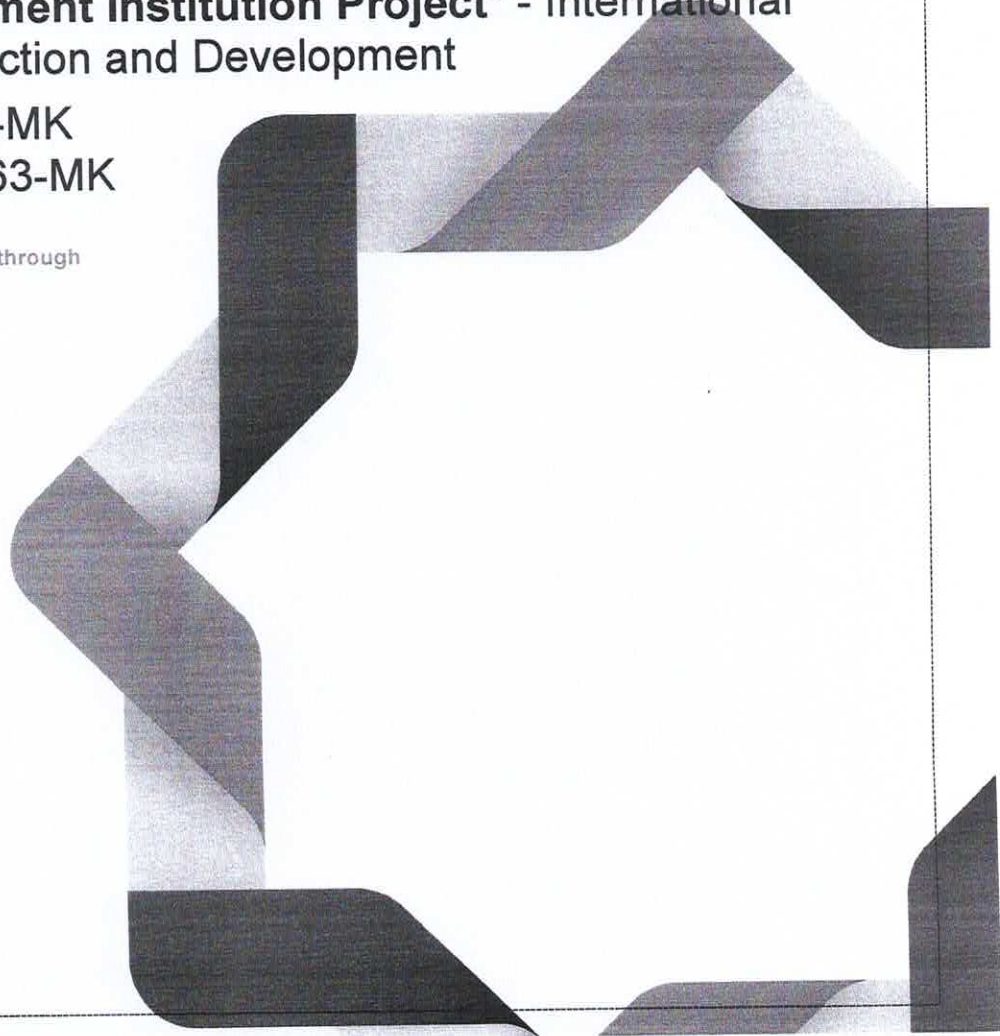
Ministry of Finance of the Republic of North Macedonia

**"Building Effective, Transparent and Accountable Project
Financial Management Institution Project" - International
Bank for Reconstruction and Development**

Loan number 9454-MK

Grant number B9863-MK

For the period from 1 January 2024 through
31 December 2024



Contents

	Page
Independent Auditor's Report	1
Management Responsibility	3
Statement of Sources and Uses of Funds – Loan number 9454-MK & Grant number B9863-MK	4
Statement of Uses of Funds by Project Activity–Loan number 9454-MK & Grant number B9863-MK	5
Statement of Withdrawals – Designated Accounts-IBRD Loan number 9454-MK	7
Statement of Withdrawals – Designated Accounts-Grant number B9863-MK	8
Statement of Designated Accounts- IBRD Loan number 9454-MK-EUR	9
Statement of Designated Accounts-Grant number B9863-MK-EUR	10
Statement of Treasury Accounts (Mirror Designated Accounts)-IBRD Loan number 9454-MK-MKD	11
Statement of Treasury Accounts (Mirror Designated Accounts)-Grant number B9863-MK-MKD	12
Statement of Petty Cash in Denar Account- IBRD Loan number 9454-MK	13
Statement of Petty Cash in Denar Account- Grant number B9863-MK	14
Notes to Project's financial statements	15

Independent Auditor's Report

To the Minister of Finance and Management of the Project

Grant Thornton DOO
Sv. Kiril I Metodij 52b-1/20
1000 Skopje
North Macedonia
T +389 (0)2 3214 700
F +389 (0)2 3214 710
E Contact@mk.gt.com
VAT No. 4030003475973

We have audited the accompanying Project's financial statements of the Ministry of Finance of the Republic of North Macedonia ("the Ministry" or "MoF"), "Building Effective, Transparent and Accountable Project Financial Management Institution Project" (further referred to as "the Project"), financed under International Bank for Reconstruction and Development, Loan Agreement number 9454-MK and the EU under the European Commission - World Bank Partnership Programme Part III for Europe and Central Asia Programmatic Single-Donor Trust Fund, Grant Agreement number B9863-MK, signed between the Republic of North Macedonia ("Borrower/Recipient") and the International Bank of Reconstruction and Development (acting as the administrator of the Trust Fund) dated 25th of January 2023, comprising the Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, 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 01 January to 31 December 2024 included on pages 3 to 17.

Management's responsibility for the Project financial statements

The Project's management is responsible for the preparation and fair presentation of these financial statements and for such internal control as management determines is necessary to enable the preparation of Project's 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 number 9454-MK dated 25 January 2023 and Grant Agreement number B9863-MK dated 25 January 2023. 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 Project's financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Project's financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Project's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Project's 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 Project's financial statements.

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

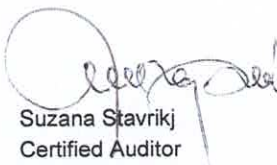
¹ International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no. 79 from 2010.

Opinion

In our opinion, the accompanying Project's financial statements of "Building Effective, Transparent and Accountable Project Financial Management Institution Project", financed under International Bank for Reconstruction and Development, Loan number 9454-MK and Grant number B9863-MK, present fairly, in all material respects, the Project's financial position as at 31 December 2024, and the movement on the Statement of Uses of Funds, Statement of Uses of Funds by Project Activity, Statement of Withdrawals and Designated Accounts' Statements as at and for the period from 01 January to 31 December 2024, in conformity with the accounting policies described on Note 3, the related requirements of the World Bank's financial reporting guidelines and in compliance with the relevant provisions set out in the Loan Agreement number 9454-MK dated 25 January 2023 and Grant Agreement number B9863-MK dated 25 January 2023.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 3 to the Project's financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Project's management to comply with the financial reporting provisions of the Agreements referred to above. Our report is intended solely for the Project Management, the Ministry of Finance of the Republic of North Macedonia and the International Bank for Reconstruction and Development and should not be distributed to or used by parties other than the Ministry and the IBRD.


Suzana Stavrikj
Director
Grant Thornton DOO, Skopje
Suzana Stavrikj
Certified Auditor

Skopje, 17 June 2025

Management Responsibility


The accompanying financial statements comprising of Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, Statements of Withdrawals, Designated Account Statements and related disclosure Notes (further referred as to "Project's Financial Statements"), of the Ministry of finance of the Republic of North Macedonia (further referred as to "MoF"), "Building Effective, Transparent and Accountable Project Financial Management Institution Project" (further referred to as "the Project"), financed under International Bank for Reconstruction and Development (IBRD) Loan number 9454-MK and the EU under the European Commission - World Bank Partnership Programme Part III for Europe and Central Asia Programmatic Single-Donor Trust Fund, Grant number B9863-MK, for the period 1 January 2024 to 31 December 2024 on pages 4 to 17, 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 number 9454-MK and Grant Agreement numbered B9863-MK signed between the Republic of North Macedonia ("Borrower/Recipient") and the International Bank of Reconstruction and Development ("World Bank" and acting as the administrator of the Trust Fund) both dated 25th of January 2023.

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 Auditor, has been engaged to audit these Project's financial statements in accordance with the auditing standards accepted in the Republic of North Macedonia¹. Their report is included on pages 2 and 3.

Aleksandar Najdovski
Project Manager
16 June 2025



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.

Project's Financial Statements
 1 January 2024 through 31 December 2024

Statement of Sources and Uses of Funds – Loan number 9454-MK & Grant number B9863-MK

(Amounts in EUR)
 For the period from 1 January 2024 through 31 December 2024

	Actual		Budget		Variance	
	Current period	Cumulative	Current period*	Cumulative	Current period	Cumulative
Sources of funds						
IBRD Loan 9454-MK	150,848.25	1,210,728.95	150,848.25	1,210,728.95	-	-
Grant B9863-MK	6,642.69	406,529.69	6,642.69	406,529.69	-	-
Front-end Fee	-	50,000.00	-	-	-	50,000.00
Loan - Bank charges/fee (retained amount as sender charges)	226.00	452.00	-	-	226.00	452.00
Grant - Bank charges/fee (retained amount as sender charges)	26.00	139.00	-	-	26.00	139.00
Total sources of funds	157,742.94	1,667,849.64	157,490.94	1,617,258.64	252.00	50,591.00
Uses of funds						
Financed by IBRD						
Component 1. Supporting Public Expenditure Management Reforms	20,814.23	20,927.23	3,872,882.00	4,334,882.00	(3,852,067.77)	(4,313,954.77)
Component 2. Strengthening Tax Administration Practices and Systems in PRO	25,830.83	25,830.83	357,532.00	383,532.00	(331,701.17)	(357,701.17)
Component 3. Change Management, Coordination and Project Implementation Support	113,249.25	202,396.77	330,773.64	457,115.10	(217,524.39)	(254,718.33)
Subtotal - Financed by IBRD	159,894.31	249,154.83	4,561,187.64	5,175,529.10	(4,401,293.33)	(4,926,374.27)
Front-end fee	-	50,000.00	-	-	-	50,000.00
Total uses of funds	159,894.31	299,154.83	4,561,187.64	5,175,529.10	(4,401,293.33)	(4,876,374.27)
Balance	(2,151.37)	1,368,694.81				
Net increase/ (decrease) in cash flow	(2,151.37)					
Bank balances beginning of period	1,370,846.18					
Bank and petty cash balance end of period	1,368,694.81	1,368,694.81				

* The budgeted amounts for the current period are projected amounts by the Project Implementation Unit

The Project's Financial Statements have been approved by the MoF on 16 June 2025 and signed on its behalf by:

Aleksandar Najdovski
 Project Manager

Sonja Jovanovska
 Financial Management Specialist

Project's Financial Statements
 1 January 2024 through 31 December 2024

Statement of Uses of Funds by Project Activity–Loan number 9454-MK & Grant number B9863-MK

(Amounts in EUR)						
For the period from 1 January 2024 through 31 December 2024						
	Actual		Budget		Variance	
	Current period	Cumulative	Current period*	Cumulative	Current period	Cumulative
Component 1: Supporting Public Expenditure Management Reforms						
1.1 Implementation of adjustments to legal frameworks	6,581.69	6,694.69	247,500.00	295,000.00	(240,918.31)	(288,305.31)
1.1.1. Supporting implementation of the OBL (advisory + training)	-	-	-	47,500.00		(47,500.00)
1.1.1.1 EViews	6,527.12	6,527.12	6,970.00	6,970.00	(442.88)	(442.88)
1.1.1.2 Supporting implementation of the OBL (advisory + training)	-	-	240,500.00	240,500.00	(240,500.00)	(240,500.00)
1.1.1.3. Operating costs - EViews	28.57	28.57	30.00	30.00	(1.43)	(1.43)
1.1.2. Supporting the implementation of PIM (advisory + training)	-	-	-	-	-	-
1.1.3. Operating costs- Bank fee /retained amount Grant	26.00	139.00	-	-	26.00	139.00
1.2 Development of GovTech Solutions to Support PFM Reports	-	-	2,370,006.00	2,697,506.00	(2,370,006.00)	(2,697,506.00)
1.2.1. Development of IFMIS (custom SW development)	-	-	896,250.00	896,250.00	(896,250.00)	(896,250.00)
1.2.2. Enhancement of IFMIS infrastructure (HW, NW eq for data centers)	-	-	1,211,256.00	1,501,256.00	(1,211,256.00)	(1,501,256.00)
1.2.3 MRC-DRC network secure back-up connection	-	-	262,500.00	300,000.00	(262,500.00)	(300,000.00)
1.3 Development of State Aid MIS and capacity building	14,232.54	14,232.54	287,880.00	299,880.00	(273,647.46)	(285,647.46)
1.3.1. Development of State Aid MIS and capacity building			210,000.00	210,000.00	(210,000.00)	(210,000.00)
1.3.2. Advisory support to SAMIS Working Body during implementation	14,232.54	14,232.54	77,880.00	89,880.00	(63,647.46)	(75,647.46)
1.4 Institutional Structures and Enabling Environment	-	-	967,496.00	1,042,496.00	(967,496.00)	(1,042,496.00)
1.4.1. Advisory support to new Working Body for IFMIS implementation	-	-	270,000.00	324,000.00	(270,000.00)	(324,000.00)
1.4.2. Strengthening digital skills of the Working Body (training+certification)	-	-	126,000.00	147,000.00	(126,000.00)	(147,000.00)
1.4.3. Develop business continuity plan & disaster recovery skills (advisory)	-	-	82,500.00	82,500.00	(82,500.00)	(82,500.00)
1.4.4. Enhancing the Network Security	-	-	325,000.00	325,000.00	(325,000.00)	(325,000.00)
1.4.5. Training of IFMIS central & local users (functional & digital skills)	-	-	163,996.00	163,996.00	(163,996.00)	(163,996.00)
Total Component 1	20,814.23	20,927.23	3,872,882.00	4,334,882.00	(3,852,067.77)	(4,313,954.77)
Comp.2 Strengthening Tax Administration Practices and Systems in PRO						
2.1 Improvements in the effectiveness of revenue management	-	-	124,600.00	124,600.00	(124,600.00)	(124,600.00)
2.1.1. Support for implementation of compl risk mgmt	-	-	41,600.00	41,600.00	(41,600.00)	(41,600.00)
2.1.2. Strengthening administrative capacity in functional areas	-	-	44,000.00	44,000.00	(44,000.00)	(44,000.00)
2.1.3. Large Taxpayer Office (LTO) capacity building	-	-	39,000.00	39,000.00	(39,000.00)	(39,000.00)
2.1.4. Implementation of international conventions	-	-	-	-	-	-
2.1.5. Support for the modernization of taxpayer services	-	-	-	-	-	-

Project's Financial Statements
 1 January 2024 through 31 December 2024

For the period from 1 January 2024 through 31 December 2024						
	Actual		Budget		Variance	
	Current period	Cumulative	Current period*	Cumulative	Current period	Cumulative
2.2 Enhancing and expending PRO's tax revenue information systems (ITIS)	25,830.83	25,830.83	232,932.00	258,932.00	(207,101.17)	(233,101.17)
2.2.1. Support for the development of requirements and bidding docs	25,830.83	25,830.83	102,932.00	128,932.00	(77,101.17)	(103,101.17)
2.2.2. Supporting the dev of DW / BI tools	-	-	130,000.00	130,000.00	(130,000.00)	(130,000.00)
2.2.3. Support for additional ITIS modules (e-Invoice) & data exchange with EU and other inst & Help Desk	-	-	-	-	-	-
2.2.4. Modernization of PRO's data center & DRC	-	-	-	-	-	-
2.3 Strengthening of PRO management functions	-	-	-	-	-	-
2.3.1. Supporting the adoption of new HRM procedures	-	-	-	-	-	-
2.3.2. Strengthening PRO's analytical capacity	-	-	-	-	-	-
2.3.3. Support for adoption of a modern information governance structure	-	-	-	-	-	-
2.3.4. Support for implementation of innovative tax compliance approaches	-	-	-	-	-	-
2.3.5. Support for acapacity building activities	-	-	-	-	-	-
Total Component 2	25,830.83	25,830.83	357,532.00	383,532.00	(331,701.17)	(357,701.17)
Comp.3 Change Management,Coordination and Project Impl Support						
3.1 Support for change management to MOF,PRO+Support to PFA	-	-	107,500.00	107,500.00	(107,500.00)	(107,500.00)
3.1.1 Support for change management to MOF,PRO+Support to PFA	-	-	107,500.00	107,500.00	(107,500.00)	(107,500.00)
3.2 Monitoring the results of IFMIS,SAMIS,and PRO operations	-	-	-	-	-	-
3.2.1 Monitoring the results of IFMIS,SAMIS,and PRO operations	-	-	-	-	-	-
3.3 Support for the Project Implementation Unit (PIU) within the MOF	113,249.25	202,396.77	223,273.64	349,615.10	(110,024.39)	(147,218.33)
3.3.1 Support for the Project Implementation Unit (PIU) within the MOF	-	-	-	-	-	-
3.3.1.1 Project Manager	30,799.19	56,596.84	33,600.00	59,408.70	(2,800.81)	(2,811.86)
3.3.1.10 Operating costs - Bank charges/fee (retained amount as sender charges)	226.00	452.00			226.00	452.00
3.3.1.11 Procurement of laptops - IFMIS WB	10,550.14	10,550.14	10,576.00	30,112.59	(25.86)	(19,562.45)
3.3.1.12 ICT Specialist	-	-	29,820.00	30,300.08	(29,820.00)	(30,300.08)
3.3.1.13 PIU members	-	-	42,175.77	42,175.77	(42,175.77)	(42,175.77)
3.3.1.14 Project Audit	9,250.45	9,250.45	9,251.00	9,251.00	(0.55)	(0.55)
3.3.1.2 Procurement Specialist	27,334.31	47,210.73	29,820.00	49,700.00	(2,485.69)	(2,489.27)
3.3.1.3 Financial Management Specialist	27,334.31	47,210.73	29,820.00	49,700.00	(2,485.69)	(2,489.27)
3.3.1.4 Operating Costs - bank provision	160.25	189.67	2,000.00	6,308.94	(1,839.75)	(6,119.27)
3.3.1.5 Operating Costs - Office Supplies	697.88	1,094.68	15,300.81	16,682.92	(14,602.94)	(15,588.25)
3.3.1.6 Operating Costs - Procurement notice	596.66	2,756.17	8,008.13	10,447.56	(7,411.47)	(7,691.39)
3.3.1.7 Operating Costs	6,300.07	7,287.19	12,901.93	25,527.54	(6,601.86)	(18,240.35)
3.3.1.8 Office IT Equipment	-	15,091.17	-	15,000.00	-	91.17
3.3.1.9 FMS	-	4,707.01	-	5,000.00	-	(292.99)
Total Component 3	113,249.25	202,396.77	330,773.64	457,115.10	(217,524.39)	(254,718.33)
Front-end Fee	-	50,000.00	-	-	-	50,000.00
Total Project Expenditures	159,894.31	299,154.83	4,561,187.64	5,175,529.10	(4,401,293.33)	(4,876,374.27)

* The budgeted amounts for the current period are projected amounts by the Project Implementation Unit

Project's Financial Statements
 1 January 2024 through 31 December 2024

Statement of Withdrawals – Designated Accounts-IBRD Loan number 9454-MK

(Amounts in EUR)			
1 January 2024 through 31 December 2024			
Application # and date of application	Total Requested	Total Received	Difference
IBRD Loan number 9454-MK			
#3 / 11.03.2024	55,630.19	55,517.19	113.00
#4/ 06.09.2024	95,444.06	95,331.06	113.00
Total	151,074.25	150,848.25	226.00

The differences between "Total requested" and "Total received" funds presented in the table above, represents costs for a bank fee, precisely the retained amount as the sender charges (intermediate bank)

(Amounts in EUR)			
20 April 2023 through 31 December 2023			
Application # and date of application	Total Requested	Total Received	Difference
IBRD Loan number 9454-MK			
#1 / 13.06.2023	1,000,000.00	999,887.00	113.00
#2/ 09.11.2023	60,106.70	59,993.70	113.00
Total	1,060,106.70	1,059,880.70	226.00

The differences between "Total requested" and "Total received" funds presented in the table above, represents costs for a bank fee, precisely the retained amount as the sender charges (intermediate bank)

Project's Financial Statements
 1 January 2024 through 31 December 2024

Statement of Withdrawals – Designated Accounts-Grant number B9863-MK

(Amounts in EUR)			
1 January 2024 through 31 December 2024			
Application # and date of application	Total Requested	Total Received	Difference
Grant number B9863-MK			
#2/ 15.03.2024	6,668.69	6,642.69	26.00
#3/ 13.09.2024 *	-	-	-
Total	6,668.69	6,642.69	26.00

The differences between "Total requested" and "Total received" funds presented in the table above, represents costs for a bank fee, precisely the retained amount as the sender charges (intermediate bank)

*The third application's purpose is to document a prior advance to the designated account without any withdrawal.

(Amounts in EUR)			
20 April 2023 through 31 December 2023			
Application # and date	Total Requested	Total Received	Difference
Grant number B9863-MK			
#1 / 29.09.2023	400,000.00	399,887.00	113.00
	400,000.00	399,887.00	113.00

The differences between "Total requested" and "Total received" funds presented in the table above, represents costs for a bank fee, precisely the retained amount as the sender charges (intermediate bank)

Project's Financial Statements
1 January 2024 through 31 December 2024

Statement of Designated Accounts- IBRD Loan number 9454-MK-EUR

Account number
Depository Bank

Address
Loan Number
Currency

007010001937.8
National Bank of the Republic of North Macedonia
Blvd Kuzman Josifovski Pitu 1, 1000 Skopje, Republic of North
Macedonia
9454-MK
EUR

	(Amounts in EUR)	
	1 January 2024 through 31 December 2024	For the period from 20 April 2023 through 31 December 2023
At 1 January 2024 /At 20 April 2023	970,959.18	-
Add: Inflows		
Replenishment during the period	151,074.25	1,110,106.70
	151,074.25	1,110,106.70
Deduct: Outflows		
Transfer to treasury account (Mirror designated account) - MKD	153,102.62	88,921.52
Front-end Fee	-	50,000.00
Intermediate Bank fee	226	226.00
	153,328.62	139,147.52
At 31 December 2024 / At 31 December 2023	968,704.81	970,959.18

Project's Financial Statements
1 January 2024 through 31 December 2024

Statement of Designated Accounts-Grant number B9863-MK-EUR

Account number
Depository Bank

Address
Grant Number
Currency

007010001938.6
National Bank of the Republic of North Macedonia
Blvd Kuzman Josifovski Pitu 1, 1000 Skopje, Republic of North
Macedonia
B9863-MK
EUR

	(Amounts in EUR)	
	1 January 2024 through 31 December 2024	For the period from 20 April 2023 through 31 December 2023
At 1 January 2024 / At 20 April 2023	399.887,00	-
Add: Inflows		
Replenishment during the period	6,668.69	400,000.00
	6,668.69	400,000.00
Deduct: Outflows		
Transfer to treasury account (Mirror designated account) - MKD	6,555.69	-
Intermediate Bank fee	26	113.00
	6,581.69	113.00
At 31 December 2024 / At 31 December 2023	399,974,00	399.887,00

Project's Financial Statements
1 January 2024 through 31 December 2024

Statement of Treasury Accounts (Mirror Designated Accounts)-IBRD Loan number 9454-MK-MKD

Account number
Depository Bank

Address
Loan Number
Currency

0900100167786A9
National Bank of the Republic of North Macedonia
Blvd Kuzman Josifovski Pitu 1, 1000 Skopje, Republic of North Macedonia
9454-MK
Macedonian Denars ("MKD")

	(Amounts in EUR)	
	1 January 2024 through 31 December 2024	For the period from 20 April 2023 through 31 December 2023
At 1 January 2024 / At 20 April 2023	-	-
Add: Inflows		
Transfer from designated account – EUR	153,102.62	88,921.52
	153,102.62	88,921.52
Deduct: Outflows		
Amount of eligible expenses paid during the period	152,102.62	88,921.52
Transfer to petty cash	1,000.00	-
	153,102.62	88,921.52
At 31 December 2024 / At 31 December 2023	-	-

Project's Financial Statements
1 January 2024 through 31 December 2024

Statement of Treasury Accounts (Mirror Designated Accounts)-Grant number B9863-MK-MKD

Account number
Depository Bank

Address
Grant Number
Currency

090010016778550
National Bank of the Republic of North Macedonia
Blvd Kuzman Josifovski Pitu 1, 1000 Skopje, Republic of North Macedonia
B9863-MK
Macedonian Denars ("MKD")

	(Amounts in EUR)	
	For the period from	
	1 January 2024 through 31 December 2024	20 April 2023 through 31 December 2023
At 1 January 2024 / At 20 April 2023	-	-
Add: Inflows		
Transfer from designated account – EUR	6.555,69	-
	6.555,69	-
Deduct: Outflows		
Amount of eligible expenses paid during the period	6.555,69	-
Transfer to petty cash	-	-
	6.555,69	-
At 31 December 2024 / At 31 December 2023	-	-

Project's Financial Statements
 1 January 2024 through 31 December 2024

Statement of Petty Cash in MKD- IBRD Loan number 9454-MK

Loan Number
 Currency

9454-MK
 Macedonian Denars ("MKD")

	(Amounts in EUR)	
	For the period from	
	1 January 2024 through 31 December 2024	20 April 2023 through 31 December 2023
At 1 January 2024 / At 20 April 2023	-	-
Add: Inflows		
Transfer from Mirror Designated Account – MKD	-	-
		-
Deduct: Outflows		
Amount of eligible expenses paid during the period	-	-
		-
At 31 December 2024 / At 31 December 2023	-	-

Statement of Petty Cash in EUR- IBRD Loan number 9454-MK

Loan Number
 Currency

9454-MK
 EUR ("EUR")

	(Amounts in EUR)	
	For the period from	
	1 January 2024 through 31 December 2024	20 April 2023 through 31 December 2023
At 1 January 2024 / At 20 April 2023	-	-
Add: Inflows		
Transfer from Mirror Designated Account	1,000.00	-
	1,000.00	-
Deduct: Outflows		
Amount of eligible expenses paid during the period	984.00	-
	984.00	-
At 31 December 2024 / At 31 December 2023	16.00	-

Project's Financial Statements
1 January 2024 through 31 December 2024

Statement of Petty Cash in MKD- Grant number B9863-MK

Grant Number
Currency

B9863-MK
Macedonian Denars ("MKD")

	(Amounts in EUR)	
	For the period from	
	1 January 2024 through 31 December 2024	20 April 2023 through 31 December 2023
At 1 January 2024 / At 20 April 2023	-	-
Add: Inflows		
Transfer from Mirror Designated Account – MKD	-	-
		-
Deduct: Outflows		
Amount of eligible expenses paid during the period	-	-
		-
At 31 December 2024 / At 31 December 2023	-	-

Notes to Project's financial statements

1 General

The Building Effective, Transparent and Accountable Public Financial Management Institutions Project will be financed through a EUR 20 million Investment Project Financing (IPF) from the IBRD and EUR 4.9 million in Recipient-executed grant financed from the EU under the European Commission - World Bank Partnership Programme Part III for Europe and Central Asia Programmatic Single-Donor Trust Fund. The Loan Agreement number 9454-MK and the Grant Agreement number B9863-MK ("Loan/Grant Agreement") between the Republic of North Macedonia ("Borrower/Recipient") and the International Bank of Reconstruction and Development ("World Bank" and acting as the administrator of the Trust Fund), for the Building Effective, Transparent and Accountable Public Financial Management Institutions in North Macedonia were signed on 25th of January 2023. The Building Effective, Transparent and Accountable Public Financial Management Institutions Project is planned to be carried out over the course of four years.

The following table underlines the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan No. 9454-MK ("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)	Percentage of the Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services and consulting services, Training and Operating costs for the Project	19,950,000.00	100%
(2) Front End Fee	50,000.00	amount payable pursuant to Section 2.03 of the Loan agreement in accordance with Section 2.07 (b) of the General Conditions
Total	20,000,000.00	

The following table underlines the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant No. B9863-MK ("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)	Percentage of the Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs for Parts 1.1 (a), 1.2 (b) and (c), 1.4 (a) and (c) of the Project	4,900,000.00	100%
Total	4,900,000.00	

2 Project Objectives, Activities and Institutional Arrangements

Project Objectives and Activities

Reflecting the objectives of the Government's 2022-2025 PFM reform program and building from the recent World Bank advisory support to the development and preparation for the implementation of the new OBL, the new State Aid Management Information System, and system modernization requirements to support the implementation of tax reforms, the Project Development Objective of Building Effective, Transparent and Accountable Public Financial Management Institutions Project is to improve the efficiency, transparency and sustainability of public expenditure and increase the effectiveness of revenue administration in North Macedonia. The Project will pursue a comprehensive approach to strengthening both the expenditure and revenue sides of the public financial management cycle that takes into account both fiscal and climate change sustainability. In particular, it contemplates:

- Support to public expenditure management reforms and the development of the IFMIS and the SAMIS; and
- Strengthening of tax administration processes and systems in the PRO.

These advances will be supported by activities focused on regulatory and institutional reforms, systems modernization, and capacity building. Given the importance of change management and strategic stakeholder engagement within the reform agenda, related activities will be an integral part of the proposed Project. Components 1 and 2 include the purchase of goods (software, hardware, network equipment) and services (consultancy, training); Component 3 mainly contemplates services (change management, PIU expenses) and project management/operational costs.

Component 1: Supporting Public Expenditure Management Reforms

The objective of Component 1 is to support the implementation of PFM reforms by strengthening institutional capacity and improving the processes and technology platforms in line with the new OBL, including the introduction of an IFMIS, SAMIS and other GovTech solutions in North Macedonia. These activities are key to establishing the foundations for the implementation of the OBL and improving the efficiency, transparency, and sustainability of public expenditure, including reducing the accumulation rate of government arrears through coverage of expenditure cycle from budget formulation and expenditure commitment to expenditure verification and payment. In order to demonstrate more tangibly the impact of these reforms, at the beginning of implementation, pilot ministries in which the implementation of public expenditure management reforms can be tested, will be selected.

Component 2: Strengthening Tax Administration Practices and Systems in PRO

The objective of Component 2 is to strengthen operational effectiveness of PRO operations with focus on strengthening its tax compliance management system and selected management functions. It will finance selected activities that are complementary to the PRO's ongoing investments in the development of the core modules (Registration, Filing and Service Management, Accounting, Payments, and Refunds, Debt management, Assessments, Legal, and Audit) of the Integrated Tax Information System (ITIS) being undertaken under the national budget.

Notes to Project's financial statements (continued)
Project Objectives and Activities (continued)

Component 3: Supporting Change Management, Donor Coordination and Project Management

The objective of Component 3 is to build ownership and catalyze action for reforms by providing continuous support to the implementation of work under Components 1 and 2 through activities focused on change management for effective stakeholder engagement, and reform management based on a change management plan (to be developed under the Project). Increased ownership and a focus on results will contribute to addressing current challenges in inter-institutional coordination; state-society relations; and institutional capacity constraints; all of which have the potential to hinder the implementation of planned public expenditure and revenue management activities. This component will support change management activities for improved organizational learning, facilitating collaboration on key areas of the reform, including on associated cross-cutting issues linked to the country's priorities in areas such as climate change and gender equality, and the achievement of results. It will take an adaptive management approach by employing methods with strong stakeholder feedback loops. The adaptive management approach will also ensure flexible and responsive capacity development support that can be adjusted over time.

The overall project size is EUR 24,900,000, including Front-End Fees paid out of the loan funds, provided by the World Bank and EU Delegation. The World Bank confirmed the conditions for the effectiveness of the Loan Agreement and Grant Agreement on 20th of April 2023. The closing date of the project is 30th of September 2027.

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 Loan numbered 9454-MK and Grant Agreement numbered B9863-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 9454-MK and Grant Agreement numbered B9863-MK dated 25th of January 2023.

The financial statements have been prepared for the period from 1 January 2024 to 31 December 2024.

Currency translation

All amounts of the Project's financial statements are presented in Euro as this is the reporting currency of the Project. The exchange rates used for preparation of the Project's financial statements is 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 is transferred to a Denar ("MKD") denominated account in the bank, until that Denar amount is spent.

Budgeted amounts included in the Statement of Uses of Funds by Project Activity are translated from MKD into Euro using an exchange rate **61.5 MKD for 1 Euro**.



Grant Thornton

[granthornton.mk](https://www.granthornton.mk)

© 2025 Grant Thornton DOO. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.