

Project's Financial Statements and Independent Auditor's Report

Ministry of Education and Science of the Republic of North
Macedonia

"Primary Education Improvement Project"-
International Bank for Reconstruction and
Development Loan number 9182-MK

For the period from 1 January 2023 through
31 December 2023



Contents

	Page
Management Responsibility	1
Independent Auditor’s Report	2
Statement of Sources and Uses of Funds	3
Statement of Uses of Funds by Project Activity-MoES	4
Statement of Breakdown of Loans and Grants-MoES	8
Statement of Withdrawals – Designated Accounts	11
Statement of Designated Account – EUR (Ministry of Education and Science)	12
Statement of Treasury Account (Mirror Designated Account) – MKD (MoES)	13
Statement of Petty Cash in MKD (Ministry of Education and Science)	14
Statement of Petty Cash in EUR (Ministry of Education and Science)	15
Notes to the Project’s financial statements	16

Management Responsibility

The accompanying financial statements comprising the Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity-MoES, Statement of Breakdown of Loans and Grants, Statement of Withdrawals, Designated Accounts' Statements and related disclosure Notes (further referred as to "Project's Financial Statements"), of the Ministry of Education and Science of the Republic of North Macedonia ("the Ministry" or "MoES"), "Primary Education Improvement Project" (further referred to as "the Project"), financed under International Bank for Reconstruction and Development Loan ("IBRD") numbered 9182-MK as at and for the period from 1 January 2023 to 31 December 2023 included on pages 3 to 18, 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 Ministry and the IBRD, 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 numbered 9182-MK dated 20 April 2021.

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.

r, inherent limitations that should be recognized in considering the assurances provided by the internal control structure. The internal control process also includes management's communication to employees of policies, which govern ethical business conduct.

Grant Thornton DOO Skopje, Independent Auditors, have been engaged to audit these Project's financial statements in accordance with the auditing standards accepted in the Republic of North Macedonia¹. Their report is included on page 2.

12 June 2024



Doc. Dr. Jeton Shadiq
Minister of Education and
Science

Igor Krstevski
Project Director

Aleksandra Davitkovska
Financial Manager

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

s Board ("IAASB"), effective from 15

Independent Auditor's Report

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

To the Management of the Project

We have audited the accompanying financial statements of the Ministry of Education and Science of the Republic of North Macedonia ("the Ministry" or "MoES"), "Primary Education Improvement Project" (further referred to as "the Project"), financed under International Bank for Reconstruction and Development, Loan numbered 9182-MK, comprising the Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity-MoES, Statement of Breakdown of Loans and Grants, Statement of Withdrawals, Designated Accounts' Statements and related disclosure Notes (further referred to as "Project's Financial Statements") as at and for the period from 1 January 2023 to 31 December 2023 included on pages 3 to 18.

Management's responsibility for Project's financial statements

These Project's financial statements are compiled for the purposes of reporting to the Ministry and the International Bank of Reconstruction and Development management, and are the responsibility of the management of the Project. The Project's management is responsible for developing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. The Project's Management policy is to prepare the accompanying Project's financial statements on the cash receipts and disbursement basis in conformity with the accounting policies described in 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 numbered 9182-MK dated 20 April 2021. On this basis, cash receipts are recognized when received rather than when earned and cash expenditures are recognized when paid rather than when incurred.

Auditor's responsibility

Our responsibility is to express an opinion on these Project's financial statements based on our audit. We conducted our audit in accordance with auditing standards accepted in the Republic of North Macedonia¹. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Project's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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


Opinion

In our opinion, the accompanying financial statements of "Primary Education Improvement Project", financed under International Bank for Reconstruction and Development, Loan numbered 9182-MK, present fairly, in all material respects, the Project's financial position as at 31 December 2023, and the Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Activity-MoES, Statement of Breakdown of Loans and Grants, Statement of Withdrawals, Designated Accounts' Statements as at and for the period from 1 January 2023 to 31 December 2023, 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 numbered 9182-MK dated 20 April 2021.

Suzana Stavrikj
Director

Grant Thornton DOO, Skopje
Skopje, 14 June 2024

Biljana Mitrevska
Certified Auditor



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.

Statement of Sources and Uses of Funds

	(Amounts in EUR)					
	For the period from 01 January 2023 to 31 December 2023					
	Actual		Planned		Variance	
	Current period	Cumulative to date	Current period	Cumulative to date	Current period	Cumulative to date
Sources of funds						
World bank DA (Designated Account-Ministry of Education and Science)	3,957,702	11,660,020	3,957,702	11,660,020	-	-
Interests Earned	-	-	-	-	-	-
Total sources of funds	3,957,702	11,660,020	3,957,702	11,660,020	-	-
Foreign exchange difference						
Foreign Exchange gains	-	310	-	-	-	310
Foreign Exchange losses	(54)	(108)	-	-	(55)	(108)
Foreign exchange differences, net	(54)	202	-	-	(55)	202
Uses of funds						
Financed by WB						
Component 1: Improving learning at the school level	2,676,541	8,458,903	2,676,537	8,459,081	4	(178)
Component 2: Reform of the monitoring and evaluation of the National Progress in Learning	244,853	746,876	244,853	747,306		(431)
Component 3: Enhancing Teacher, Multi-Professional Support Teams, and School Leader Competencies	631,922	712,140	631,922	712,092	-	48
Component 4: Sector Management, Project Management and M&E	389,684	923,159	389,686	923,428	(3)	(268)
Subtotal - Financed by WB	3,943,000	10,841,078	3,942,998	10,841,907	1	(829)
Front-end fee	-	53,750	-	53,750	-	-
Total uses of funds	3,943,000	10,894,828	3,942,998	10,895,657	1	(829)
Bank balances, at beginning of the period	750,746	-	-	-	-	-
Bank balances, at end of the period	765,394	765,394	-	-	-	-

The Project's Financial Statements have been approved by the Project's management on 12 June 2024 and signed on its behalf by:

Doc- Dr. Jeton Shagiri

Igor Krstevski

Aleksandra Davitkovska

Minister of Education and Science

Project Director

Financial Manager



Statement of Uses of Funds by Project Activity - MoES

	(Amounts in EUR)					
	For the period from 01 January 2023 to 31 December 2023					
	Actual		Planned		Variance	
	Current period	Cumulative to Date	Current period	Cumulative to Date	Current period	Cumulative to Date
Component 1: School Grants and School Improvement Plants						
Sub component 1.1 School Grants and School Improvement Plans						
Contract 1: TA for revision of school improvement framework, functional analysis and design and rollout of school grant program	137,159	154,447	137,159	154,447	-	-
Contract 2: Primary Education Coordinator	-	10,003	-	10,000	-	3
Contract 3: Primary Education Coordinator	-	1,925	-	1,925	-	-
School Grants						
Contract 1: Grants Coordinator	23,420	60,862	23,420	60,919	-	(57)
Contract 2: Grants Financial Officer	-	13,049	-	13,032	-	17
Contract 3: Individual consultant for designing programming options for implementation of learning recovery and tutorial programs in North Macedonia	23,100	23,100	23,100	23,100	-	-
Contract 4: School Improvement Plants Grant Administrator	6,548	6,548	6,548	6,548	-	-
Sub component 1.2 Improving the Learning Environment						
Contract 1: Preparation of designs for upgrade of the physical learning environment	143,019	332,679	143,020	332,679	(1)	-
Contract 2: School Infrastructure Specialist	23,360	60,685	23,360	60,729	-	(44)
Contract 3: Architect	17,618	46,981	17,617	46,926	1	55
Contract 4: Architect	17,691	47,204	17,690	47,242	1	(38)
Contract 5: School Infrastructure Assistant	16,200	22,723	16,199	22,723	1	-
Contract 6: Procurement of network infrastructure for primary schools	-	285,359	-	285,358	-	1
Contract 7: Procurement of ICT equipment of primary schools	-	1,038,139	-	1,038,140	-	(1)
Contract 8: Procurement of school furniture for primary schools	-	1,237,474	-	1,237,512	-	(38)
Contract 9: Procurement of science laboratories equipment and resources for primary schools	-	1,606,186	-	1,606,190	-	(3)
Contract 10: Printing of learning materials	-	108,280	-	108,280	-	-
Contract 11: Procurement of Interactive Boards for Primary Schools	-	43,100	-	43,100	-	-
Contract 12: Design and Development of Interactive Digital Educational Materials for Languages and History Curricula	-	192,182	-	192,190	-	(8)
Contract 13: Development of Interactive Materials for Mathematics and Natural sciences	-	222,008	-	222,050	-	(42)
Contract 14: Digital Learning Coordinator	-	6,600	-	6,600	-	-
Contract 15: Curriculum and Instructional Specialist in Mathematics for Primary Education	-	7,704	-	7,698	-	6
Contract 16: Curriculum and Instructional Specialist in Society for Primary Education	-	5,974	-	5,969	-	4

Ministry of Education and Science of the Republic of North Macedonia
 "Primary Education Improvement Project"
 IBRD Loan number 9182-MK

Project's Financial Statements

For the period from 01 January 2023 to 31 December 2023

Statement of Uses of Funds by Project Activity (continued)

(Amounts in EUR)

	For the period from 01 January 2023 to 31 December 2023					
	Actual		Planned		Variance	
	Current period	Cumulative to Date	Current period	Cumulative to Date	Current period	Cumulative to Date
Contract 17: Curriculum and Instructional Specialist in Natural Science for Primary Education	-	6,727	-	6,721	-	6
Contract 18: Preparation, printing and distribution of learning materials for primary education	20,391	552,868	20,390	552,868	1	-
Contract 19: Architect	17,053	17,053	17,052	17,052	1	1
Contract 20: Minor renovations in primary schools	999,348	999,348	999,348	999,348	-	-
Contract 21: Procurement of IT and network infrastructure for primary schools	340,037	340,037	340,037	340,037	-	-
Sub component 1.3 Promoting accountability through information sharing	-	-	-	-	-	-
Contract 1: Procurement of office equipment	-	4,766	-	4,800	-	(34)
Contract 2: Procurement of hardware for MoES	488	105,719	488	105,719	-	-
Contract 3: Individual consultant for system support and management of MoES hardware and software infrastructure	-	8,064	-	8,070	-	(6)
Contract 4: Procurement of teaching and visual means for social sciences	891,109	891,109	891,109	891,109	-	-
Sub-totals	2,676,541	8,458,903	2,676,537	8,459,081	4	(178)

Component 2: Reform of the Monitoring and Evaluation of the National Progress in Learning

Sub component 2.1 Development of a National Assessment Program

Contract 1: Technical assistance and strengthening the NEC and MoES capacities for development and implementation of NAP and training for data analysis and reporting following international standards

178,036 489,599 178,036 489,599 - -

Contract 2: Administrative Assistant for NEC

- 14,670 - 15,166 - (496)

Contract 3: Coordinator for National Assessment

23,389 60,868 23,389 60,807 - 61

Contract 4: Operating costs for NEC - Membership in international organizations 2022 PISA

- 48,000 - 48,000 - -

Operating costs for NEC training costs

829 829 829 829 - -

Contract 1: Procurement of laptop computers for NEC

- 49,285 - 49,280 - 5

Contract 2: IT specialist for NEC

22,200 43,577 22,200 43,579 - (2)

Contract 3: IT assistant for NEC

20,399 40,048 20,399 40,046 - 1

244,853 746,876 244,853 747,306 (431)

Component 3: Enhancing Teacher, Multi-Professional Support Teams, and School Leader Competencies

Sub component 3.1 Implementing Teacher, Multi-Professional Support Teams, and School Leader standards

Contract 1: Coordinator for professional development

14,700 44,190 14,699 44,187 1 3

Contract 2: Career development specialist

19,979 39,777 19,979 39,735 - 42

Sub component

3.2 Modernizing In-service Professional Development

- - - - - -

Ministry of Education and Science of the Republic of North Macedonia
 "Primary Education Improvement Project"
 IBRD Loan number 9182-MK

Project's Financial Statements

For the period from 01 January 2023 to 31 December 2023

Statement of Uses of Funds by Project Activity (continued)

(Amounts in EUR)

	For the period from 01 January 2023 to 31 December 2023					
	Actual		Planned		Variance	
	Current period	Cumulative to Date	Current period	Cumulative to Date	Current period	Cumulative to Date
Contract 1: TA for Modernizing INSET	-	-	-	-	-	-
Contract 2: Consultant for improvement of the design of the INSET provision and implementation of professional development program for teachers	-	3,000	-	3,000	-	-
Contract 3: Operating cost for BDE related to modernizing INSET	-	-	-	-	-	-
Contract 4: Training of teachers and MPST	585,243	585,243	585,244	585,244	(1)	(1)
Contract 5: Procurement of software for BDE	-	-	-	-	-	-
Contract 6: IT Specialist for the Bureau of Development of Education	-	10,245	-	10,244	-	1
Sub component 3.3. Introducing changes to Pre-service and new Teacher Selection	-	-	-	-	-	-
Contract 1: Administrative Officer for teacher pre-service training for the needs of the BDE	12,000	29,685	12,000	29,682	-	3
Sub-total	631,922	712,140	631,922	712,092	-	48
Component 4: Sector Management, Project Management and M&E						
Sub component 4.1 Improving evidence based sector management						
Contract 1: Improving cost efficiency in primary and secondary education	97,623	266,733	97,623	266,733	-	-
Sub component 4.2 Project management, Monitoring and Evaluation						
Contract 1: Project Director	27,852	72,608	27,852	72,651	-	(43)
Contract 2: Procurement Specialist	23,362	60,765	23,362	60,734	-	31
Contract 3: Financial Specialist	23,125	60,078	23,124	60,127	1	(49)
Contract 4: Coordinator for processing and analyzing data	-	13,943	-	13,940	-	3
Contract 5: Monitoring and Evaluation Specialist	23,443	61,067	23,444	61,087	(1)	(18)
Contract 6: IT Consultant	-	36,465	-	36,491	-	(26)
Contract 7: IT Specialist	23,382	60,782	23,383	60,760	(1)	22
Contract 8: Social Specialist	-	12,757	-	12,733	-	24
Contract 9: Citizen Engagement Consultant	-	14,670	-	14,655	-	15
Contract 11: FM Software maintenance	11,946	24,501	11,947	24,494	(1)	7
Contract 12: Project Audit	5,000	10,000	5,000	10,000	-	-
Contract 13: Legal Adviser	2,167	4,663	2,167	4,663	-	-
Contract 14: Expert in measuring the teaching practices (TEACH)	14,375	35,311	14,375	35,311	-	-
Contract 15: Data collection for measuring the teaching practices in primary education	33,652	42,093	33,652	42,093	(1)	-
Contract 16: Hardware and office equipment for PMU	42,244	42,244	42,244	42,244	-	-
Contract 17: Stakeholder engagement and social aspect coordinator	15,500	15,500	15,499	15,499	1	1
Contract 18: Financial Management Assistant	8,453	8,453	8,453	8,453	-	-
Training for the PMU						
Training study visit to Rome, Italy National Fair of Small and Medium Publishing	4,514	4,514	4,514	4,514	-	-

Ministry of Education and Science of the Republic of North Macedonia
 "Primary Education Improvement Project"
 IBRD Loan number 9182-MK

Project's Financial Statements

For the period from 01 January 2023 to 31 December 2023

Statement of Uses of Funds by Project Activity (continued)

	(Amounts in EUR)					
	For the period from 01 January 2023 to 31 December 2023					
	Actual		Planned		Variance	
	Current period	Cumulative to Date	Current period	Cumulative to Date	Current period	Cumulative to Date
Payments without contract						
Operating Cost for the PMU	28,439	64,972	28,439	64,979	-	(7)
Operating costs: Bank provision	872	2,068	873	2,066	(1)	2
Operating costs: Petty cash	2,152	4,058	2,152	4,287	-	(230)
Sub-total	389,684	923,159	389,686	923,428	(3)	(268)
Front and fee	-	53,750	-	53,750	-	-
Total	3,943,000	10,894,828	3,942,998	10,895,657	1	(829)

Statement of Breakdown of Loans and Grants

	Grant No.	Grant amount	Paid Grant amount	Remaining balance	Outstanding payments	(Amounts in EUR)
						Cumulative for the period from 1 January 2023 through 31 December 2023
						Payment requests processed (number of transactions)
Component 1 School Grants and School Improvement Plans						
Transfers (Grants) School Grants and School Improvement Plans						
Grant 1						
Remaining funds		-	-	-	-	-
Grant 2						
Remaining funds		-	-	-	-	-
Grant 3						
Remaining funds		-	-	-	-	-
Grant 4						
Remaining funds		-	-	-	-	-
Grant 5						
Remaining funds		-	-	-	-	-
Grant 6						
Remaining funds		-	-	-	-	-

Ministry of Education and Science of the Republic of North Macedonia
 "Primary Education Improvement Project"
 IBRD Loan number 9182-MK

Project's Financial Statements
 For the period from 01 January 2023 to 31 December 2023

Statement of breakdown of Loans and Grants-MoES (continued)

Grant No.	Grant amount	Paid Grant amount	Remaining balance	Outstanding payments	(Amounts in EUR)
					Cumulative for the period from 1 January 2023 through 31 December 2023 Payment requests processed (number of transactions)
Grant 7					
Remaining funds	-	-	-	-	-
Grant 8					
Remaining funds	-	-	-	-	-
Grant 9					
Remaining funds	-	-	-	-	-
Grant 10					
Remaining funds	-	-	-	-	-
Sub-Total					
Transfers (Grants) School Grants and School Improvement Plans					
Grant 11					
Remaining funds	-	-	-	-	-
Grant 12					
Remaining funds	-	-	-	-	-
Grant 13					
Remaining funds	-	-	-	-	-
Grant 14					
Remaining funds	-	-	-	-	-
Grant 15					
Remaining funds	-	-	-	-	-
Grant 16					
Remaining funds	-	-	-	-	-

Ministry of Education and Science of the Republic of North Macedonia
 "Primary Education Improvement Project"
 IBRD Loan number 9182-MK

Project's Financial Statements
 For the period from 01 January 2023 to 31 December 2023

Grant No.	Grant amount	Cumulative for the period from 1 January 2023 through 31 December 2023				(Amounts in EUR)
		Paid Grant amount	Remaining balance	Outstanding payments	Payment requests processed (number of transactions)	
Grant 17						
Remaining funds	-	-	-	-	-	
Grant 18						
Remaining funds	-	-	-	-	-	
Grant 24						
Remaining funds	-	-	-	-	-	
Grant 25						
Remaining funds	-	-	-	-	-	
Grant 26						
Remaining funds	-	-	-	-	-	
Grant 27						
Remaining funds	-	-	-	-	-	
Grant 28						
Remaining funds	-	-	-	-	-	
Grant 29						
Remaining funds	-	-	-	-	-	
Grant 30						
Remaining funds ⁸	-	-	-	-	-	
Total						

Statement of Withdrawals – Designated Accounts

(Amounts in EUR)

For the period from 1 January 2023 to 31 December 2023

Application # and date	Total Requested	Total Received	Difference
Original Loan 9182-MK			
#09 Application / 14.03.2023 ¹	749,841	749,841	
#10 Application / 11.05.2023	679,545	679,545	-
#11 Application / 28.06.2023	386,653	386,653	-
#12 Application / 08.08.2023	516,202	516,202	-
#13 Application / 28.09.2023	992,253	992,253	-
#14 Application / 24.11.2023	633,208	633,208	-
#15 Application / 28.12.2023	487,546	-	-
	4,445,248	3,957,702	-

¹ Referring to the application no.9 the total amount requested is 749,841 euro. The total amount received is 749,741 euro. The difference of 100 euro is intermediary bank charges charged by the intermediary bank during the transfer of funds,

Statement of Designated Account – EUR (Ministry of Education and Science)

Account number	MK 07 100701000184373
Depository Bank	National Bank of the Republic of North Macedonia
Address	Complex of Banks, 1000 Skopje, Republic of North Macedonia
Loan Number	9182-MK
Currency	EUR

(Amounts in EUR)
For the period from 1 January 2023 to 31
December 2023

At 1 January 2023	741,947
<hr/>	
Add: Inflows	
Replenishment during the period	3,957,702
	3,957,702
<hr/>	
Deduct: Outflows	
Transfer to treasury account (Mirror designated account) - MKD	(3,929,389)
Transfer to treasury account (Mirror designated account) – MKD for transfer to petty cash – EUR	(5,604)
	(3,934,993)
<hr/>	
At 31 December 2023	764,656

Statement of Treasury Account (Mirror Designated Account) – MKD (Ministry of Education and Science)

Account number	160010032978670
Depository Bank	National Bank of the Republic of North Macedonia
Address	Complex of Banks, 1000 Skopje, Republic of North Macedonia
Loan Number	9182-MK
Currency	Macedonian Denars ("MKD")

(Amounts in EUR)
For the period from 1 January 2023 to 31 December 2023

At 1 January 2023	8,056
Add: Inflows	
Transfer from designated account – EUR	3,929,389
Transfer to petty cash - EUR	5,604
	3,934,993
Deduct: Outflows	
Amount of eligible expenses paid during the period	(3,934,369)
Transfer to Petty Cash in MKD	(2,338)
Transfer to Petty Cash in EUR	(5,605)
Foreign exchange losses	(54)
	(3,942,366)
At 31 December 2023	683

Statement of Petty Cash in MKD (Ministry of Education and Science)

Loan Number 9182-MK
Currency Macedonian Denars ("MKD")

(Amounts in EUR)
For the period from 1 January 2023 to 31
December 2023

At 1 January 2023	275
<hr/>	
Add: Inflows	
Transfer from Mirror Designated Account – MKD	2,338
	2,338
<hr/>	
Deduct: Outflows	
Amount of eligible expenses paid during the period	(2,565)
	(2,565)
At 31 December 2023	48

Statement of Petty Cash in EUR (Ministry of Education and Science)

Loan Number 9182-MK
Currency EUR

(Amounts in EUR)
For the period from 1 January 2023 to 31 December
2023

At 1 January 2023	468
<hr/>	
Add: Inflows	
Transfer from Mirror Designated Account – EUR	5,605
<hr/>	
	-
Deduct: Outflows	
Amount of eligible expenses paid during the period	(6,066)
<hr/>	
At 31 December 2023	7

Notes to the Project’s financial statements

1 General

On 20 April 2021, the Ministry of Education and Science of the Republic of North Macedonia (“the Ministry” or “the Borrower”), entered into the Loan Agreement numbered 9182-MK with the International Bank for Reconstruction and Development (“IBRD”) for financing the “Primary Education Improvement Project” (further referred to as “the Project”) in the amount of EUR 21,500,000.

The objective of the Project is to improve conditions for learning in primary education.

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

The following table underlines the categories of Eligible Expenditures that may be financed out of the proceeds of the 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	Percentage of the Expenditures to be financed (inclusive of taxes)
1. Grants	941,600	100%
2. Goods, works, non-consulting services, consulting services, Training and Operating Costs for the Project	20,504,650	100%
3. Front and Fee	53,750	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
4. Interest Rate Cap or Interest Rate Collar premium	-	Amount due pursuant to Section 4.05 (c) of the General Conditions
Total	21,500,000	

According to the provisions of the Loan Agreement, the Borrower is liable to repay the principal amount of the Loan in semi-annual installments, payable each on each March 15 and September 15. Beginning 15 March 2024 through 15 September 2031, 6.25% of the total principal amount of the Loan payable on each Principal Payment Date.

The Closing Date of the Project is 27 February 2026.

Notes to the Project's financial statements (continued)

2 Project Objectives, Activities and Institutional Arrangements

Project Objectives and Activities

1. The proposed Project Development Objective is to improve conditions for learning in primary education.
2. The proposed project will be organized around three main elements that need to be aligned to complement each other.
 - The core element (Component 1) focuses on school-level interventions, which are closest to students and most likely to affect learning while also mitigating and recovering learning losses generated by COVID-19. Component 1 will directly contribute to PDO indicator 1 on classrooms with improved learning environments. Two enabling elements are system-level reforms, which would create the necessary enabling conditions so that teachers are empowered with data on learning and up-to-date training.
 - any enabling conditions so that teachers are empowered with data on learning and up-to-date training.
 - Component 2 would develop a comprehensive National Assessment Program (NAP) to inform both school improvement planning (contributing to PDO indicator 2) and professional development programs serving to link the school and system levels.
 - Component 3 would put into practice professional competences for educators, thereby contributing to PDO indicator 3 on improved quality of teaching practices. Together, these elements will provide adequate information, tools, training, and support to create effective and improved conditions for learning (as in the PDO) that build on the schools' preexisting level of autonomy and ultimately increase student achievement.
 - roved conditions for learning (as in the PDO) that build on the schools' preexisting level of autonomy and ultimately increase student achievement.
 - Component 4 would strengthen evidence-based sector management, project management, and monitoring and evaluation (M&E), in light of the recent COVID-19 pandemic and its consequences on the sector. The legal framework for implementation of the abovementioned reform interventions was recently adopted and there is an adequate institutional setup to embed and further enhance them.

Institutional Arrangements

The PMU shall be maintained by the MoES throughout the entire duration of the project. The PMU shall be responsible for day-to-day project implementation, overall project coordination, monitoring activities, safeguards, fiduciary functions (procurement, disbursement and accounting), official communication with the WB and reporting. The PMU staff is retained for the lifetime of the Project, subject to satisfactory performance. The establishment of the PMU is supported by Loan funds and PMU staff shall work under respective TORs acceptable to the Bank and be remunerated on the basis of negotiated consultancy rates in order to avoid fluctuation of skilled staff. The PMU is built on the foundation of the SDISP PMU.

3 Accounting policies

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

Basis of preparation

The accompanying Project's 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 9182-MK signed between the IBRD and Ministry of Education and Science of the Republic of North Macedonia. 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 9182-MK dated 20 April 2021.

Notes to the Project’s financial statements (continued)
Accounting policies (continued)

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

The Project’s financial statements have been prepared for the period from 1 January 2023 through 31 December 2023.

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 North Macedonia for international payment operations of the government bodies of Republic of North Macedonia prevailing at the date of the transaction. Cash balances at the year-end are translated into EURO (“EUR”) using the buying foreign exchange rates of the National Bank of the Republic of North Macedonia at the balance sheet date.



Grant Thornton

© 2021 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.