

Project's Financial Statements and Independent Auditor's Report

Ministry of Labour and Social Policy of the Republic of
North Macedonia

"North Macedonia emergency COVID-19 Response
Project"

International Bank for Reconstruction and Development
Loan number 9109- MK

31 December 2021

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Management Responsibility

The accompanying financial statements comprising the Statement of Cash Receipts and Payments, Balance sheet, Statement of Uses of Funds by Project Activity, Breakdown of transfers under Component 1 and Component 2, Statement of Withdrawals, Designated Accounts' Statements and related disclosure Notes (further referred as to "Project's Financial Statements"), of the Ministry of Labour and Social Policy of the Republic of North Macedonia ("the Ministry"), "North Macedonia emergency COVID-19 Response Project" (further referred to as "the Project"), financed under International Bank for Reconstruction and Development Loan ("IBRD") numbered 9109-MK as at and for the period from 01 January 2021 to 31 December 2021 included on pages 3 to 23, are the responsibility of, and have been approved by the Project's management.

The accompanying Project's financial statements have been prepared by the Project's management, for the purposes of reporting to the Ministry and the IBRD 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 9109-MK dated 19 October 2020.

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

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

29 June 2022



Elizabeta Kunovska

Project Manager



Olivera Krsteska

Project Financial Manager

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.

Independent Auditor's Report

To the Management of the Project

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We have audited the accompanying financial statements of the Ministry of Labour and Social Policy of the Republic of North Macedonia ("the Ministry"), "North Macedonia emergency COVID-19 Response Project" ("the Project"), financed under International Bank for Reconstruction and Development ("IBRD"), Loan numbered 9109-MK, comprising the Statement of Cash Receipts and Payments, Balance sheet, Statement of Uses of Funds by Project Activity, Breakdown of transfers under Component 1 and Component 2, Statement of Withdrawals, Designated Accounts' Statements and related disclosure Notes (the Project's Financial Statements") as at and for the period from 01 January 2021 to 31 December 2021.

Management's responsibility for Project's financial statements

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

The Project's Management policy is to prepare the accompanying Project's financial statements on the cash receipts and disbursement basis in conformity with the related requirements of the World Bank's financial reporting guidelines and in compliance with the relevant provisions set out in the Loan Agreement numbered 9109-MK dated 19 October 2020. 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 the 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 "North Macedonia emergency COVID-19 response Project", financed under IBRD, Loan numbered 9109-MK, present fairly, in all material respects, the Project's financial position as at 31 December 2021, and the movement on the Cash Receipts and Payments, Statement of Uses of Funds by Project Activity, Breakdown of transfers under Component 1 and Component 2, Statement of Withdrawals and Designated Accounts' Statements as at and for the period from 01 January 2021 to 31 December 2021, 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 9109-MK dated 19 October 2020.

Suzana Stavrikj

Director

Grant Thornton DOO

Skopje, 30 June 2022

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 Cash Receipts and Payments

	For the period from 01 January 2021 through 31 December 2021			For the period from 01 January 2020 through 31 December 2020			Amounts in EUR		
	Actual	Budget	Variance	Actual	Budget	Variance	Cumulative to date		
	For the period	For the period	For the period	For the period	For the period	For the period	Actual For the period	Budget For the period	Variance For the Period
Sources of Funds									
Loan funds	28,913,416.68	-	28,913,416.68	31,524,570.15	-	31,524,570.15	60,437,986.83	-	60,437,986.83
Front-end Fee	-	-	-	225,000.00	-	225,000.00	225,000.00	-	225,000.00
Direct Payment	1,836,819.67	-	1,836,819.67	-	-	-	1,836,819.67	-	1,836,819.67
Interest Earned	-	-	-	-	-	-	-	-	-
Total sources	30,750,236.35	-	30,750,236.35	31,749,570.15	-	31,749,570.15	62,499,806.50		62,499,806.50
Less: Uses of Funds	42,544,045.23	30,717,680.00	11,826,365.23	16,018,144.43	16,093,099.00	(74,954.57)	58,562,189.66	46,810,779.00	11,751,410.66
Comp.1 Emergency COVID 19 Response	19,903,696.93	7,778,454.00	12,125,242.93	404,120.56	2,837,008.00	(2,432,887.44)	20,307,817.49	10,615,462.00	9,992,355.49
Comp.2 Household Support and Enabling Social Distancing	22,583,605.05	22,764,230.00	(180,624.95)	15,609,262.78	13,211,382.00	2,397,880.78	38,192,867.83	35,975,612.00	2,217,255.83
Comp.3 Project implementation, communications, community engagement and monitoring	56,743.25	174,996.00	(118,252.75)	4,761.09	44,709.00	(39,947.91)	61,504.34	219,705.00	(158,200.66)
Front-end Fee	-	-	-	225,000.00	-	225,000.00	225,000.00	-	225,000.00
Total uses of funds	42,544,045.23	30,717,680.00	11,826,365.23	16,243,144.43	16,093,099.00	150,045.43	58,787,189.66	46,810,779.00	11,976,410.66
Net increase/(Decrease) in cash flow	(11,793,808.88)			15,506,425.72			3,712,616.84		
Bank Balances beginning of period	15,506,424.75			-			-		
Foreign exchange differences	0.02			(0.97)			(0.95)		
Bank Balances end of period	3,712,615.89			15,506,424.75			3,712,615.89		

Project's Financial Statements have been approved by the Ministry on 29 June 2022 and signed on its behalf by:


 Elizabeta Kunovska
 Project Manager


 Olivera Krsteska
 Project Financial Manager

Balance sheet

In EUR	31 December 2021	31 December 2020
Assets		
Bank balances	3,712,615.89	15,506,424.75
Total assets	3,712,615.89	15,506,424.75
Funds and liabilities		
Unspent funds	3,712,615.89	15,506,424.75
Total Funds and liabilities	3,712,615.89	15,506,424.75

Statement of Uses of Funds by Project Activity

	For the period from 01 January 2021 to 31 December 2021			For the period from 29 October 2020 to 31 December 2020			Cumulative to Date		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date
A. Component 1 - Emergency COVID-19 Response	19,903,696.93	7,778,454.00	12,125,242.93	404,120.56	2,837,008.00	(2,432,887.44)	20,307,817.49	10,615,462.00	9,692,355.49
1.1. Case detention, confirmation , contact tracing, reporting and monitoring	4,207,917.78	4,269,329.00	(61,411.22)	404,120.56	1,122,000.00	(717,879.44)	4,612,038.34	5,391,329.00	(779,290.66)
1.1.6.Repurpos.of Health Care facili. (furniture)	-	-	-	-	300,000.00	(300,000.00)	-	300,000.00	(300,000.00)
1.1.7Modular prefabricated containers	3,567,716.94	3,630,402.00	(62,685.06)	404,120.56	822,000.00	(417,879.44)	3,971,837.50	4,452,402.00	(480,564.50)
1.1.8 Procurement of medical equipment (furniture)	640,200.84	638,927.00	1,273.84	-	-	-	640,200.84	638,927.00	1,273.84
1.2. Health system strengthening	9,348,966.75	3,509,125.00	5,839,841.75	-	1,715,008.00	(1,715,008.00)	9,348,966.75	5,224,133.00	4,124,833.75
1.2.1Person.protective equip. and medical equipment-DELETED	-	-	-	-	818,000.00	(818,000.00)	-	818,000.00	(818,000.00)
1.2.2 Supply of drugs	-	-	-	-	897,008.00	(897,008.00)	-	897,008.00	(897,008.00)
1.2.2.1 Supply of drugs REMDESIVIR	959,100.00	-	959,100.00	-	-	-	959,100.00	-	959,100.00

Ministry of Labour and Social Policy of the Republic of North Macedonia
 "North Macedonia emergency COVID-19 Response Project"
 IBRD Loan number 9109- MK

Project's Financial Statements
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	For the period from 01 January 2021 to 31 December 2021			For the period from 29 October 2020 to 31 December 2020			Cumulative to Date		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date
1.2.2.2.1 Supply of drugs- TOCILIZUMAB	187,786.95	-	187,786.95	-	-	-	187,786.95	-	187,786.95
1.2.2.2.2 Supply of drugs- XOFLUZA	464,047.32	702,133.00	(238,085.68)	-	-	-	464,047.32	702,133.00	(238,085.68)
1.2.2.3 Supply of drugs- FAVIPIRAVIR	218,812.21	-	218,812.21	-	-	-	218,812.21	-	218,812.21
1.2.3 Procurement of SARS-CoV-2 Rapid antigen detection tests	383,207.88	-	383,207.88	-	-	-	383,207.88	-	383,207.88
1.2.4 Procurement of medical equipment through UNOPS	4,060,192.72	-	4,060,192.72	-	-	-	4,060,192.72	-	4,060,192.72
1.2.5 Procurement of medical equipment from Mindray -BFP	1,836,819.67	-	1,836,819.67	-	-	-	1,836,819.67	-	1,836,819.67
1.2.8 Supply of the drugs -cocktail" of casirivimab and imdevimab	1,239,000.00	-	1,239,000.00	-	-	-	1,239,000.00	-	1,239,000.00
1.2.10 Procurement of medical equipment through UNOPS-2	-	2,806,992.00	(2,806,992.00)	-	-	-	-	2,806,992.00	(2,806,992.00)
1.3. Providing Health Insurance Coverage for GMI and unemployment insurance for beneficiaries	6,346,812.40	-	6,346,812.40	-	-	-	6,346,812.40	-	6,346,812.40
1.3.1 Bonuses for Health Workers	6,346,812.40	-	6,346,812.40	-	-	-	6,346,812.40	-	6,346,812.40

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	For the period from 01 January 2021 to 31 December 2021			For the period from 29 October 2020 to 31 December 2020			Cumulative to Date		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date
B. Component 2 - Household Support and Enabling Social Distancing	22,583,605.05	22,764,230.00	(180,624.95)	15,609,262.78	13,211,382.00	2,397,880.78	38,192,867.83	35,975,612.00	2,217,255.83
2.1. Temporary social assistancesupport	22,583,605.05	22,764,230.00	(180,624.95)	15,609,262.78	13,211,382.00	2,397,880.78	38,192,867.83	35,975,612.00	2,217,255.83
2.1.1 GMI cash transfers to vulnerable households	21,931,497.91	22,764,230.00	(832,732.09)	15,609,262.78	13,211,382.00	2,397,880.78	37,540,760.69	35,975,612.00	1,565,148.69
2.1.2 Emergency in kind support (food and higien supplies)	652,107.14	-	652,107.14	-	-	-	652,107.14	-	652,107.14
2.2. Temporary unemployment insurance support	-	-	-	-	-	-	-	-	-
C. Component 3 - Project Implementation, Communications, Community Engagement, and Monitoring	56,743.25	174,996.00	(118,252.75)	4,761.09	44,709.00	(39,947.91)	61,504.34	219,705.00	(158,200.66)
3.1 Health component coordinator	22,988.47	24,000.00	(1,011.53)	2,850.79	8,126.00	(5,275.21)	25,839.26	32,126.00	(6,286.74)
3.2 Health specialist-DELETED		24,000.00			0			24,000.00	-
3.3 Health assistant	10,375.00	15,000.00	(4,625.00)	1,900.53	4,063.00	(2,162.47)	12,275.53	19,063.00	(6,787.47)
3.5 Enviromental and Social Safeguards Consultant-DELETED	-	7,162.00	(7,162.00)	-	-	-	-	7,162.00	(7,162.00)
3.6 Project Audit	4,144.42	5,000.00	(855.58)	-	-	-	4,144.42	5,000.00	(855.58)
3.7 Accounting software adjucement	3,468.35	-	3,468.35	-	-	-	3,468.35	-	3,468.35

Ministry of Labour and Social Policy of the Republic of North Macedonia
 "North Macedonia emergency COVID-19 Response Project"
 IBRD Loan number 9109- MK

Project's Financial Statements
 For the period from 01 January 2021 to 31 December 2021

	For the period from 01 January 2021 to 31 December 2021			For the period from 29 October 2020 to 31 December 2020			Cumulative to Date		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date
3.8 Public campaign	-		-	-	16,260.00	(16,260.00)	-	16,260.00	(16,260.00)
3.10 Phone survey	-	50,000.00	(50,000.00)	-	16,260.00	(16,260.00)	-	66,260.00	(66,260.00)
3.13 Procurement Assistant	9,579.50	47,398.00	(37,818.50)	-	-	-	9,579.50	47,398.00	(37,818.50)
3.14 IOC	6,187.51	2,436.00	3,751.51	9.77	-	9.77	6,197.28	2,436.00	3,761.28
Total	42,544,045.23	30,717,680.00	11,826,365.23	16,018,144.43	16,093,099.00	(74,954.57)	58,562,189.66	46,810,779.00	11,751,410.66
Front end fee	-	-	-	225,000.00	-	225,000.00	225,000.00	-	225,000.00
Total Project Expenditures	42,544,045.23	30,717,680.00	11,826,365.23	16,243,144.43	16,093,099.00	150,045.43	58,787,189.66	46,810,779.00	11,976,410.66

Breakdown of transfers under Component 1 and Component 2

The Table below presents the cash transfer performed under Component 1 and Component 2, expenses of which are included in the Statement of Uses of Funds by Project Activity.

Description	For the period from 01 January to 31 December 2021			For the period from 29 October 2020 to 31 December 2020			Cumulative to Date		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date	Cumulative to Date
A. Component 1 - Emergency COVID-19 Response	6,346,812.40	-	6,346,812.40	-	-	-	6,346,812.40	-	6,346,812.40
1.3. Providing Health Insurance Coverage for GMI and unemployment insurance for beneficiaries	-	-	-	-	-	-	-	-	-
1.3.1 Bonuses for Health Workers	6,346,812.40	-	6,346,812.40	-	-	-	6,346,812.40	-	6,346,812.40
Transfer 1- Bonuses for Health Workers for the period March & April 2021	1,847,967.93	-	1,847,967.93	-	-	-	1,847,967.93	-	1,847,967.93
Transfer 2- Bonuses for Health Workers for the period May & June 2021	959,549.12	-	959,549.12	-	-	-	959,549.12	-	959,549.12
Transfer 3- Bonuses for Health Workers for the period July & August 2021	1,420,765.41	-	1,420,765.41	-	-	-	1,420,765.41	-	1,420,765.41
Transfer 4- Bonuses for Health Workers for the period September & October 2021	1,414,831.35	-	1,414,831.35	-	-	-	1,414,831.35	-	1,414,831.35
Transfer 5- Bonuses for Health Workers for the period November 2021	703,698.59	-	703,698.59	-	-	-	703,698.59	-	703,698.59

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Project's Financial Statements
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Description	For the period from 01 January to 31 December 2021			For the period from 29 October 2020 to 31 December 2020			Cumulative to Date		
	Actual Cumulative to Date	Budget Cumulative to Date	Variance Cumulative to Date	Actual Cumulative to Date	Budget Cumulative to Date	Variance Cumulative to Date	Actual Cumulative to Date	Budget Cumulative to Date	Variance Cumulative to Date
B. Component 2 - Household Support and Enabling Social Distancing	21,931,497.91	22,764,230.00	(832,732.09)	15,609,262.78	13,211,382.00	2,397,980.78	37,540,760.69	35,975,612.00	1,565,248.69
2.1. Temporary social assistancesupport	-	-	-	-	-	-	-	-	-
2.1.1 GMI cash transfers to vulnerable hosholds	-	-	-	-	-	-	-	-	-
Transfer 1 - GMI cash transfers- to vulnerable hosholds (August 2020 and September 2020)/ Retroactive financing	-	-	-	7,403,113.48	-	7,403,113.48	7,403,113.48	-	7,403,113.48
Transfer 2 - GMI cash transfers to vulnerable hosholds (Octomber 2020)	-	-	-	4,121,455.76	6,605,691.00	(2,484,135.24)	4,121,455.76	6,605,691.00	(2,484,135.24)
Transfer 3 - GMI cash transfers to vulnerable hosholds (November 2020)	-	-	-	4,084.693,54	6,605,691.00	(2,520,997.46)	4,084.693,54	6,605,691.00	(2,520,997.46)
Transfer 4 - GMI cash transfers to vulnerable hosholds (December 2020)	4,212,917.02	4,552,846.00	(339,928.98)	-	-	-	4,212,917.02	4,552,846.00	(339,928.98)
Transfer 5 - GMI cash transfers to vulnerable hosholds (August 2021)	4,421,979.20	4,552,846.00	(130,866.80)	-	-	-	4,421,979.20	4,552,846.00	(130,866.80)
Transfer 6 - GMI cash transfers to vulnerable hosholds (September 2021)	4,411,055.77	4,552,846.00	(141,790.23)	-	-	-	4,411,055.77	4,552,846.00	(141,790.23)
Transfer 7 - GMI cash transfers to vulnerable hosholds (October 2021)	4,449,480.47	4,552,846.00	(103,365.53)	-	-	-	4,449,480.47	4,552,846.00	(103,365.53)
Transfer 8 - GMI cash transfers to vulnerable hosholds (November 2021)	4,436,065.45	4,552,846.00	(116,780.55)	-	-	-	4,436,065.45	4,552,846.00	(116,780.55)
TOTAL	28,278,310.31	22,764,230.00	5,514,080.31	15,609,262.78	13,211,382.00	2,397,980.78	43,887,573.09	35,975,612.00	7,912,061.09

Statement of Withdrawals – Designated Account

(Amounts in EUR)

Withdrawal application No.	Disbursement categories					(2a) Grants	(2b) Grants	Total claimed	Total received	Difference	Date of application
	FRONT AND FEE	Direct Payment	Reimbursement	Authorized Allocation	Goods, works, non-consulting services, Training, consulting services, Operating costs under the Project(except Grants)						
2020											
0	225,000.00	-	-	-	-	-	225,000.00	-	-	-	-
1B	-	-	-	10,000,000.00	-	-	10,000,000.00	-	-	-	deleted
1C	-	-	-	10,000,000.00	-	-	10,000,000.00	10,000,000.00	-	-	11/5/2020
1	-	-	11,168,503.00	-	-	-	11,168,503.00	-	-	-	deleted
3B	-	-	4,121,455.76	-	-	-	4,121,455.76	4,121,455.76	-	-	11/30/2020
2B	-	-	7,403,114.39	-	-	-	7,403,114.39	7,403,114.39	-	-	11/30/2020
1A	-	-	-	10,000,000.00	-	-	10,000,000.00	10,000,000.00	-	-	12/3/2020
Total	225,000.00	-	22,693,073.15	30,000,000.00	-	-	52,918,073.15	31,524,570.15	-	-	

Statement of Withdrawals – Designated Account (continued)

											(Amounts in EUR)
2021											
4C	-	-	-	-	-	-	4,084,693.54	4,084,693.54	4,084,693.54	-	1/22/2021
5A	-	725,893.75	-	-	-	-	-	725,893.75	725,893.75	-	5/5/2021
6A	-	348,402.45	-	-	-	-	-	348,402.45	348,402.45	-	6/21/2021
7B	-	-	-	7,000,000.00	-	-	-	7,000,000.00	7,000,000.00	-	5/18/2021
8A	-	-	-	-	5,737,967.61	-	-	5,737,967.61	5,737,967.61	-	7/13/2021
9A	-	762,523.47	-	-	-	-	-	762,523.47	762,523.47	-	8/16/2021
10C	-	-	-	-	-	-	-	-	-	-	deleted
10C FOR DA-C	-	-	-	-	-	-	9,012,916.53	9,012,916.53	9,012,916.53	-	9/28/2021
11C	-	-	-	-	-	-	3,077,839.00	3,077,839.00	3,077,839.00	-	11/9/2021
12B	-	-	-	-	-	2,807,317.00	-	2,807,317.00	-	2,807,317.00	11/4/2021
Total	-	1,836,819.67	-	7,000,000.00	5,737,967.61	2,807,317.00	16,175,449.07	33,557,553.35	30,750,236.35	2,807,317.00	-
Total disbursed	225,000.00	1,836,819.67	22,693,073.15	37,000,000.00	5,737,967.61	2,807,317.00	16,175,449.07	86,475,626.50	62,274,806.50	2,807,317.00	-

Statement of Designated Account A – EUR

Account number	70100000-978-1812.6
Depository Bank	National Bank of the Republic of North Macedonia Complex of Banks, 1000 Skopje, Republic of North Macedonia
Address	
Loan Number	9109- MK
Currency	EUR
Designated Account A	Loan category 1

(Amounts in EUR)

	Account No. 70100000-978-1812.6	Account No. 70100000-978-1812.6
IBRD Designated Account in NBRM	For the period from 01 January to 31 December 2021	For the period from 29 October 2020 to 31 December 2020
Opening balance as at 1 January	9,591,111.00	-
Add:		
IBRD replenishment during the year	5,737,967.61	10,000,000.00
Foreign exchange gain	-	-
	15,329,078.61	10,000,000.00
Deduct:		
Transfers to Treassory mirror account	12,428,908.02	408,889.00
Bank commission	19.59	
Project expenditures	-	-
Foreign exchange loss	-	-
	12,428,927.61	408,889.00
Ending balance at 31 December	2,900,151.00	9,591,111.00

Project's Financial Statements
 For the period from 01 January 2021 to 31 December 2021

Statement of Designated Account B – EUR

Account number	70100000-978-1813.4
Depository Bank	National Bank of the Republic of North Macedonia Complex of Banks, 1000 Skopje, Republic of North Macedonia
Address	
Loan Number	9109- MK
Currency	EUR
Designated Account B	Loan category 2 (a), Transfers to HIF

	(Amounts in EUR)	
IBRD Designated Account in NBRM	Account No. 70100000-978-1813.4	Account No. 70100000-978-1813.4
	For the period from 01 January to 31 December 2021	For the period from 29 October 2020 to 31 December 2020
Opening balance as at 1 January	-	-
Add:		
IBRD replenishment during the year	7,000,000.00	-
Foreign exchange gain	-	-
	<u>7,000,000.00</u>	<u>-</u>
Deduct:		
Transfers to Treassory mirror account	6,347,136.97	-
Project expenditures	-	-
Foreign exchange loss	-	-
	<u>6,347,136.97</u>	<u>-</u>
Ending balance at 31 December	<u>652,863.03</u>	<u>-</u>

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 For the period from 01 January 2021 to 31 December 2021

Statement of Designated Account C – EUR

Account number	70100000-978-1814.2
Depository Bank	National Bank of the Republic of North Macedonia Complex of Banks, 1000 Skopje, Republic of North Macedonia
Address	
Loan Number	9109- MK
Currency	EUR
Designated Account C	Loan category 2(b), Cash Benefits and Cash Transfers

(Amounts in EUR)

IBRD Designated Account in NBRM	Account No.	Account No.
	70100000-978-1814.2	70100000-978-1814.2
	For the period from 01 January to 31 December 2021	For the period from 29 October 2020 to 31 December 2020
Opening balance as at 1 January	5,915,296.00	-
Add:		
IBRD replenishment during the year	16,175,449.07	10,000,000.00
BankPRE	9.78	-
Foreign exchange gain	-	-
	<u>22,090,754.85</u>	<u>10,000,000.00</u>
Deduct:		
Transfers to Treasury mirror account	21,931,498.15	4,084,704.00
Project expenditures	-	-
Bank provision	9.78	-
Foreign exchange loss	-	-
	<u>21,931,507.93</u>	<u>4,084,704.00</u>
Ending balance at 31 December	<u>159,246.92</u>	<u>5,915,296.00</u>

Project's Financial Statements
 For the period from 01 January 2021 to 31 December 2021

Statement of Treasury Account (Mirror Designated Account) – MKD

Account number	150010029978670
Depository Institution	Ministry of Finance of the Republic of North Macedonia
Loan Number	9109- MK
Currency	Macedonian Denars ("MKD")

IBRD Treassory Mirror Account within treassory	(Amounts in EUR)	
	Account No. 150010029978670 For the period from 01 January to 31 December 2021	Account No. 150010029978670 For the period from 29 October 2020 to 31 December 2020
Opening balance as at 1 January	7.33	-
Add:		
Transfers from DA during the year	12,428,908.02	408,889.00
Foreign exchange gain	-	-
	12,428,915.35	408,889.00
Deduct:		
Project expenditures	12,428,895.66	408,881.65
Foreign exchange loss	0.02	0.02
	12,428,895.68	408,881.67
Ending balance at 31 December	19.67	7.33

Project's Financial Statements
 For the period from 01 January 2021 to 31 December 2021

Statement of Treasury Account (Mirror Designated Account) – MKD

Account number	150010029978684
Depository Institution	Ministry of Finance of the Republic of North Macedonia
Loan Number	9109- MK
Currency	Macedonian Denars ("MKD")

	(Amounts in EUR)	
IBRD Treassory Mirror Account within treassory	Account No. 150010029978684 For the period from 01 January to 31 December 2021	Account No. 150010029978684 For the period from 29 October 2020 to 31 December 2020
Opening balance as at 1 January	-	-
Add:		
Transfers from DA during the year	6,347,136.97	-
Foreign exchange gain	-	-
	6,347,136.97	-
Deduct:		
Project expenditures	6,346,812.40	-
Foreign exchange loss	-	-
	6,346,812.40	-
Ending balance at 31 December	324.57	-

Project's Financial Statements
 For the period from 01 January 2021 to 31 December 2021

Statement of Treasury Account (Mirror Designated Account) – MKD

Account number	150010029978699
Depository Institution	Ministry of Finance of the Republic of North Macedonia
Loan Number	9109- MK
Currency	Macedonian Denars ("MKD")

IBRD Treassory Mirror Account within treassory	(Amounts in EUR)	
	Account No. 150010029978699 For the period from 01 January to 31 December 2021	Account No. 150010029978699 For the period from 29 October 2020 to 31 December 2020
Opening balance as at 1 January	10.42	-
Add:		
Transfers from DA during the year	21,931,498.15	4,084,704.00
Transfers from WB reimbursement method - during the year	-	11,524,570.15
Foreign exchange gain	-	-
	<u>21,931,508.57</u>	<u>15,609,274.15</u>
Deduct:		
Project expenditures	21,931,497.91	15,609,262.78
Foreign exchange loss	-	0.95
	<u>21,931,497.91</u>	<u>15,609,263.73</u>
Ending balance at 31 December	10.66	10.42

Notes to the Project's financial statements

1 General

On 19 October 2020 Loan Agreement for implementation of the North Macedonia emergency COVID-19 Response Project ("ECRP" or "the Project") was signed by the International Bank for Reconstruction and Development ("IBRD") and the Borrower, the Republic of North Macedonia/Ministry of Labour and Social Policy of RM ("MLSP") which became effective on 29 October 2020. Closing date of the project according to the Loan Agreement is 30 June 2022. IBRD agreed to lend the Ministry of Labour and Social Policy of the Republic of North Macedonia amount equal to 9--0 EUR to assist in financing the Project.

In accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of the Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating costs under the Project	25,137,000.00	100 %
(2) (a) Health Insurance Premia (b) Cash Benefit and cash transfers	10,638,000.00 54,000,000.00	100 % 100 %
(2) Front end FEE	225,000.00	Amount payable pursuant to Section 2.03 of Loan Agreement in Accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or interest Rate Collar premium	0.00	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	90,000,000.00	

On 16 December 2021 the Amendment to the Loan Agreement has been sign in order to enable financing of COVID – 19 Vaccine and Bonuses for the Health Workers. The table for Loan funds allocation has been changed as given below:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of the Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating costs under the Project	36,075,000.00	100 %
(2) (a) Bonuses for Health Workers; (b) Cash Benefit and cash transfers	7,700,000.00 46,000,000.00	100 % 100 %
(2) Front end FEE	225,000.00	Amount payable pursuant to Section 2.03 of Loan Agreement in Accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or interest Rate Collar premium	-	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	90,000,000.00	

Project's Financial Statements
For the period from 01 January 2021 to 31 December 2021

2 Project Objectives, Activities and Institutional Arrangements

Project Objectives

The Project Development Objectives is to improve the quality of services in administering social insurance and strengthen the regulatory framework for people with disabilities and hazardous occupations.

Project Beneficiaries

The expected project beneficiaries will be a subset of the population at large who will be affected by the COVID-19 response supported by the project. Given the nature of the disease, they would include infected people; at-risk populations, particularly the elderly and people with chronic conditions; medical and emergency personnel; medical and testing facilities; and public health agencies engaged in the response in the Republic of North Macedonia. Depending on the spread of the pandemic, the number of indirect beneficiaries would potentially be 2.1 million people, 20.6 percent of whom are older than 60 years (age bracket in which case fatalities are concentrated).

The Project has the following three components:

• **Component 1 – Emergency COVID-19 Response**

Subcomponent 1.1: Enhancing case detection, confirmation, contact tracing, reporting and monitoring

Subcomponent 1.2: Health system strengthening

Subcomponent 1.3: Financing of Health Insurance Premia for Vulnerable Beneficiaries, Regarding the Amendment to the Loan agreement the name of this sub component was change in Financing of Bonuses for Health Workers and the new subcomponent 1.4 Procurement of Project COVID – 19 vaccines was add

• **Component 2 – Household Support to Enable Social Distancing**

Subcomponent 2.1: Temporary social assistance support

Subcomponent 2.2: Temporary unemployment insurance support

Component 3. Project Implementation, Communications, Community Engagement, and Monitoring

Component 1: Emergency COVID-19 Response

This component would provide immediate support to the Republic of North Macedonia to limit the local transmission of COVID-19 through containment strategies. It would support enhancement of case detection capacities through the provision of technical expertise, laboratory equipment and systems to ensure prompt case finding and contact tracing, consistent with WHO guidelines in the Strategic Response Plan. It would enable North Macedonia to mobilize surge response capacity through financing the salaries of trained and well-equipped frontline health workers who were not envisioned in the state budget. Support will also be provided for limited renovations and purchase of equipment if needed to operationalize additional ICU beds, and for medical waste management and disposal systems. It is important to note that the operational and financial landscape of the response is subject to rapid change; therefore, the planned interventions will be continually assessed against ongoing and emerging needs and adjustments will be made as required to best support the country in achieving the best outcomes.

Component 2. Household Support to Enable Social Distancing

This component will finance temporary income support to eligible individuals and households to enable them to comply with the social distancing measures the government has introduced to contain the COVID-19 pandemic. The component will finance the provision of temporary social assistance support through: (a) the financing of cash transfers to vulnerable households adversely affected by the economic consequences of COVID-19; and (b) the provision of food and basic supplies to quarantined populations and COVID-19 affected households. Additionally, it will finance the temporary unemployment insurance support through the provision of a cash benefit for those who have lost their jobs due to the crisis.

Component 3. Project Implementation, Communications, Community Engagement, and Monitoring

This component will support the administrative and human resources needed to implement the project and monitor and evaluate progress. It will finance staff, consultant costs, and operating costs associated with project implementation, coordination and management, including support for procurement, financial management, environmental and social safeguards, outreach activities, communication campaigns, monitoring and evaluation, reporting and stakeholder engagement; information system maintenance; operating and administrative costs; technical assistance to strengthen the Project's emergency response (e.g. development of testing, treatment, referral and discharge protocols, streamlining of the EA procedures); and longer-term capacity-building for pandemic response and preparedness.

Institutional and Implementation Arrangements

The project will be implemented over a period of up to two years, with the Ministry of Health ("MoH") and MLSP as the key implementing agencies.

The MoH and MLSP will be accountable for the execution of Project activities and implementation would rely on their existing structures, with the additional support of an existing Project Management Unit (PMU) already established within the MLSP.

For Component 1 activities, decisions are made by the MoH in coordination with the Institute and Centers of Public Health and other institutions involved in COVID related activities.

Project's Financial Statements
For the period from 01 January 2021 to 31 December 2021
Notes to the Project's financial statements (continued)
Project Objectives, Activities and Institutional Arrangements (continued)

Component 2 activities, decisions are made by the MLSP and the Employment Agency in coordination with their local offices (Centers for Social Work and Employment Agency offices).

The project implementation structure are consisted of:

Minister of Labour and Social Policy or Deputy Minister of Labour and Social Policy¹
Minister of Health
Project Management Unit – PMU.

Minister of Labour and Social Policy

The Minister of Labour and Social Policy or Deputy Minister of Labour and Social Policy (see footnote 1) – is the implementing authority and is entitled to make decisions and approve project annual working plans, budgets and reports. The Minister is entitled to sign contracts and payment documents awarded under the Project.

1. Minister of Health

The Minister of Health is the implementing authority and is entitled to make decisions for Component 1 activities, in coordination with the Institute and Centers of Public Health and other institutions involved in COVID related activities.

2. Project Management Unit.

The PMU report to the MoH and MLSP Ministers and is responsible for day-to-day project implementation, overall project coordination, monitoring activities, safeguards and fiduciary functions (procurement, disbursement and accounting), and reporting. The PMU is housed in the MLSP and headed by a project manager.

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 Project's financial statements have been prepared for the purposes of reporting to IBRD, on the activities of the Project related to the funds received for the completion of the Project's objectives, in accordance with the respective provisions set out in the Loan Agreement Loan number 9109-MK signed between the IBRD and 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 Loan number 9109-MK dated 19 October 2020 and Amendment No. 1 to the Loan Agreement.

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

The financial statements have been prepared for the period from 01 January 2021 to 31 December 2021.

The accounting policies have been applied consistently throughout the period.

Reporting Currency

The Project's Financial Statements are prepared in EURO ("EUR") as this is the reporting currency of the Project.

Transactions denominated in currencies other than EURO are translated using the buying foreign exchange rate the National Bank of Republic North Macedonia at the date of transaction. Cash balances at the yearend are translated into EURO ("EUR") using the foreign exchange rates ruling at the balance sheet date.

¹ During the periods of technical/transitional government, extraordinary circumstance, or other circumstances in which there is no Minister in place

Project's Financial Statements
For the period from 01 January 2021 to 31 December 2021
Notes to the Project's financial statements (continued)

4 Disbursement arrangement and procedures

In order to enable smooth implementation of the Project and timely payments for expenditures and transfers incurred under the Project, the project administrated three designated account's (DA) in EUR for different loan category.

1. Designated Account A for Loan category 1
2. Designated Account B for Loan category 2(a), Transfers to HIF
3. Designated Account C for Loan category 2(b), Cash Benefits and Cash Transfers.

These accounts will be replenished under Reimbursement, Advance (into a Designated Account) disbursement method or by direct payment, issued on the basis of withdrawal applications supported with the relevant Statement of Expenditures ("SOE") or relevant documentation. Advances to these accounts is based on forecast of funds required for the semester and approved by the WB Project TTL's Recognition of eligible expenditures for Category 2 depends on Task Team verification of transfers to HIF and the Cash Benefits and cash Transfers Statement of Expenditure evidencing eligible expenditures.

Documentation requirements for replenishment follow the standard Bank procedures as described in the Disbursement Handbook and Disbursement and Financial Information Letter. The Withdrawal Application are supported by the necessary documentation (SOE) and, designated account ("DA") statements.

The World Bank disbursed funds for the Project using the method based on Statements of Expenditure (SOE). Method of disbursement of funds by the World Bank includes application for withdrawal for advances and replenishments to a Designated Account.

For each DA, a mirror Denar account is opened within the Treasury Single Account to serve as an operating account for withdrawals from the foreign currency account. All transfers take place through these accounts accordingly with a corresponding transfer of the Denar-equivalent amount from the DA. The accounts in Denar are transit account with immaterial or zero balance.

Additionally, for the purposes of Category 2 (b)-transfers to the Employment Agency (EA), the EA should open and maintain treasury account/program within the Treasury Single Account. This account/program will serve as an operating account/program and will be used only for the project funds, for cash transfers to the final beneficiaries.

For the purposes of Loan Category 2(a)-transfers to Health Insurance Fund (HIF), HIF should open and maintain treasury account/program within the Treasury Single Account. This account/program will serve as an operating account and will be used only for the project funds.

For the purposes of retroactive financing of MOH eligible cost, MOH should open and maintain treasury account/program within the Treasury Single Account. This account/program will serve as an operating account/program and will be used only for the project funds.



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