Republika e Kosovës
Republika Kosova
Republic of Kosovo

Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

Nr. i Dokumentit: 21.22.7-2017-08

RAPORT I AUDITIMIT PËR PASQYRAT FINANCIARE VJETORE PËR QËLLIME TË VECANTA PËR PROJEKTIN - EFIÇENCA E ENERGJISË DHE ENERGJIA E RIPËRTËRITSHME NË KOSOVË

PËR PERIUDHËN 01.01.2017 deri më 31.12.2017

Auditim në bazë të marrëveshjes për projektin e financuar nga mjetet e ndara prej Bankës Botërore

Prishtinë, shtator 2018

Zyra Kombëtare e Auditimit e Republikës së Kosovës është institucioni më i lartë i kontrollit ekonomik e financiar, i cili me Kushtetutën dhe ligjet e vendit gëzon pavarësi funksionale, financiare dhe operative. Zyra e Kombëtare e Auditimit kryen auditime të rregullsisë dhe të performancës dhe për punën e vet i jep llogari Kuvendit të Kosovës.

Misioni ynë është që përmes auditimeve cilësore të fuqizojmë llogaridhënien në administratën publike për përdorimin efektiv, efikas dhe ekonomik të burimeve kombëtare.

Ne kryejmë auditime në përputhje me standardet e njohura ndërkombëtare të auditimit në sektorin publik si dhe me praktikat e mira evropiane.

Raportet e Zyrës Kombëtare të Auditimit promovojnë drejtpërsëdrejti llogaridhënien e institucioneve publike pasi që ato ofrojnë bazë të qëndrueshme për të kërkuar llogari nga menaxherët e çdo organizate buxhetore. Në këtë mënyrë ne rrisim besimin në shpenzimin e fondeve publike dhe luajmë një rol aktiv në sigurimin e interesit të taksapaguesve dhe të palëve tjera të interesit në rritjen e përgjegjësisë publike.

Auditori i Përgjithshëm ka vendosur në lidhje me opinionin e auditimit për Raportin Vjetor Financiar për Projektin "Efiçenca e Energjisë dhe Energjia e Ripërtishme në Kosovë", në konsultim me Ndihmës Auditorin e Përgjithshëm Emine Fazliu, e cila e ka mbikëqyrur auditimin.

Raporti është rezultat i auditimit të kryer nga Qëndresa Sogojeva (udhëheqëse ekipi), Alban Beka dhe Naim Neziri (anëtar), nën menaxhimin e Udhëheqësit të Departamentit të Auditimit Samir Zymberi.

ZYRA KOMBËTARE E AUDITIMIT - Adresa: Lagjja Arbëria, Rr. Ahmet Krasniqi", nr. 210, Prishtinë 10000, Kosovë

Tel: +381(0) 38 60 60 04/1011
http://zka-rks.org

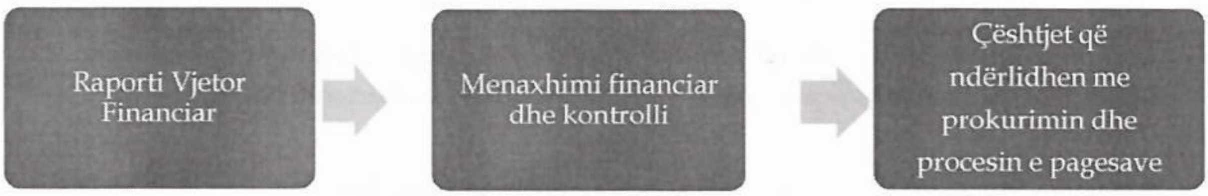
TABELA E PËRMBAJTJES

Përmbledhje e përgjithshme

Hyrje

Ky raport përmbledh çështjet kryesore që dalin nga auditimi i Pasqyrave Financiare Vjetore për Qëllime të Veçanta për projektin Efiçenca e Energjisë dhe Energjia e Ripërtëritshme në Kosovë për periudhën 01.01 2017 deri më 31.12.2017, (më tutje periudha audituese) i cili e përcakton Opinionin e dhënë nga Auditori i Përgjithshëm. Ekzaminimi i pasqyrave financiare për qëllime të veçanta për periudhën audituese është kryer në përputhje me Standardet Ndërkombëtare të Institucioneve Supreme të Auditimit (SNISA). Qasja jonë ka përfshirë testet dhe procedurat, të cilat ishin të nevojshme për të arritur në një opinion lidhur me raportin financiar.

Auditimi ynë është fokusuar në:



Puna e ndërmarrë nga Zyra e Kombëtare e Auditimit për të përfunduar auditimin për periudhën audituese është përcaktuar varësisht nga shpenzimet e ndodhura për këtë periudhë.

Zyra Kombëtare e Auditimit vlerëson Menaxhmentin e Ministrisë së Zhvillimit Ekomomik dhe stafin e Njësisë Implementuese të Projektit (NJIP), për bashkëpunim gjatë procesit të auditimit.

Opinioni i Auditorit të Përgjithshëm

Opinion i pamodifikuar me theksim të çështjes

Pasqyrat Financiare Vjetore për Qëllime të Veçanta *paraqesin një pamje të drejtë dhe të vërtetë* në të gjitha aspektet materiale.

Theksim i çështjes

Ne tërheqim vëmendjen tuaj për faktin se PFV-të janë përgaditur sipas parimit të kontabilitetit të bazuar në para të gatshme.

Më gjerësisht shih pjesën 2.1 të këtij raporti.

Shtojca I, shpjegon llojet e ndryshme të opinioneve të aplikuara nga Zyra Kombëtare e Auditimit.

1 Fushëveprimi dhe metodologjia e auditimit

Hyrje

Zyra Kombëtare e Auditimit (ZKA) është përgjegjëse për kryerjen e auditimit të rregullsisë që përfshin ekzaminimin dhe vlerësimin e raportit financiar dhe të dhënave tjera financiare, si dhe dhënien e opinionit:

- Nëse pasqyrat financiare për qëllime të veçanta japin një pamje të drejtë dhe të vërtetë të llogarive dhe çështjeve financiare për periudhën e auditimit;
- Nëse të gjitha fondet e jashtme janë përdorur në përputhje me kushtet e marrëveshjeve përkatëse të financimit;
- Nëse të dhënat, sistemet dhe transaksionet financiare janë në pajtim me ligjet dhe rregulloret në zbatim për fondet e ndara nga Banka Botërore;
- Nëse pasqyrat financiare janë në pajtim me kërkesat e marrëveshjes ndërmjet Republikës së Kosovës përfaqësuar nga Ministri i Financave dhe Asociacionit Ndërkombëtar për Zhvillim[1];
- Për përshtatshmërinë e funksioneve të kontrollit të brendshëm; dhe
- Për të gjitha çështjet të cilat dalin apo kanë të bëjnë me auditimin.

Metodologjia e auditimit, jemi fokusuar në ekzaminimin e të dhënave dhe transaksioneve financiare, përfshirë dokumentacionin mbështetës. Kemi përcaktuar nivelin e testeve të hollësishme, që janë të nevojshme për të siguruar dëshmitë që mbështesin opinionin e AP-së.

Të gjeturat e auditimit nuk duhet të konsiderohen si një pasqyrë gjithëpërfshirëse e të gjitha dobësive që mund të ekzistojnë, apo e të gjitha përmirësimeve që mund të bëhen në sistemet dhe procedurat që kanë operuar. Në raport do të vendosen gjetjet që janë pjesë e opinionit për pasqyra financiare. Ndërsa gjetjet që kanë të bëjnë me aspektin e menaxhimit financiar, funksionimin e kontrollit të brendshëm dhe çështjet e pajtueshmërisë do të përmblidhen në letër për menaxhment.

[1] Numri kredisë 5508 XK IDA- financuar nga Banka Botërore

2 Pasqyrat financiare vjetore për qëllime të veçanta dhe opinioni i auditimit

Hyrje

Auditimi ynë i pasqyrave vjetore financiare për qëllime të veçanta merr parasysh pajtueshmërinë me kërkesat për raportim konform marrëveshjes si dhe cilësinë dhe saktësinë e informacionit të prezantuar në pasqyra financiare.

2.1 Opinioni i auditimit

Opinioni i pamodifikuar me theksim të çështjes

Ne kemi audituar pasqyrat financiare për qëllime të veçanta të projektit të financuar nga Banka Botërore "Efiçenca e Energjisë dhe Energjia e Ripërtëritshme në Kosovë", për periudhën 01.01.2017 deri më 31.12.2017, i cili përfshinë një përmbledhje të burimit të fondeve dhe shpenzimeve të realizuara, pasqyrën e aplikimeve për tërheqjen e fondeve dhe shpalosjet.

Sipas opinionit tonë, pasqyrat financiare për qëllime të veçanta në lidhje me projektin "Efiçenca e Energjisë dhe Energjia e Ripërtëritshme në Kosovë " për periudhën 01.01.2017 deri më 31.12.2017, paraqesin një pamje të drejtë dhe të vërtetë në të gjitha aspektet materiale, në përputhje me kërkesat për raportim në marrëveshjen në mes të palëve, duke respektuar parimet e kontabilitetit të bazuar në para të gatshme.

Baza për opinion

Auditimi është kryer në përputhje me Standardet Ndërkombëtare të Institucioneve Supreme të Auditimit (SNISA). Sipas këtyre standardeve, përgjegjësitë tona janë përshkruar më poshtë tek pjesa 'Përgjegjësitë e Auditorit për Auditimin e Pasqyrave Financiare'. Besojmë se dëshmitë e auditimit që kemi marrë janë të mjaftueshme dhe të duhura për sigurimin e bazës për opinion.

Theksim i çështjes - Baza për kontabilitet

Në dëshirojmë të tërheqim vëmendjen lidhur me shënimin nr.2 të PFV, e cila shpjegon bazën e përdorur të kontabilitetit në këto pasqyra financiare (parimi i kontabilitetit të bazuar në para të gatshme). Këto pasqyra janë përgatitur që t'i ndihmojnë Ministrisë për të plotësuar kërkesat nga Banka Botërore. Si rezultat i kësaj këto pasqyra financiare mund të mos jenë të përshtatshme për ndonjë qëllim tjetër. Opinioni ynë nuk është i modifikuar në lidhje me këtë çështje.

Përgjegjësia e menaxhmentit dhe personave të ngarkuar me qeverisje

Menaxhmenti i MZHE/Njësia Implementuese e Projektit është përgjegjës për përgatitjen e drejtë dhe të vërtetë të pasqyrave financiare për qëllime të veçanta, konform marrëveshjes së nënshkruar në mes të Republikës së Kosovës dhe Asociacionit Ndërkombëtar për Zhvillim, këto informata përbëhen nga Pasqyra e Fondeve dhe Përdorimi i Tyre si dhe nga Pasqyra e tërheqjes së Fondeve.

Përgjegjësia e Auditorit të Përgjithshëm për auditimin

Përgjegjësia jonë është që të shprehim një opinion për pasqyrat financiare për qëllime të veçanta në bazë të auditimit të kryer. Auditimi është kryer në përputhje me SNISA. Këto standarde kërkojnë që t'i përmbahemi kërkesave etike, të planifikojmë dhe të kryejmë auditimin për të marrë siguri të arsyeshme se pasqyrat financiare nuk përmbajnë keq-deklarime materiale.

Siguria e arsyeshme është një nivel i lartë i sigurisë, por nuk garanton se një auditim i kryer në pajtim me SNISA-t do të zbuloj çdo keq-deklarim material që mund të ekzistoj. Keq-deklarimet mund të rezultojnë nga mashtrimi ose gabimi dhe konsiderohen materiale nëse, individualisht ose së bashku, mund të ndikojnë në vendimet e marra mbi bazën e këtij raporti financiar.

Auditimi përfshinë kryerjen e procedurave për të marrë dëshmi në lidhje me informatat financiare dhe shpalosjet në pasqyrat financiare për qëllime të veçanta. Procedurat e zgjedhura varen nga gjykimi i auditorit, duke përfshirë edhe vlerësimin e rreziqeve nga keq-deklarimet materiale në raportin financiar, qoftë për shkak të mashtrimit apo gabimit. Gjatë vlerësimit të rrezikut, auditori merr në konsideratë kontrollin e brendshëm që është relevant në përgatitjen e pasqyrave financiarë për qëllime të veçanta nga ministria, në mënyrë që të dizajnoj procedura të auditimit që janë të përshtatshme për rrethanat e entitetit, por jo për qëllim të shprehjes së opinionit mbi efektivitetin e kontrolleve të brendshme të entitetit.

Auditimi përfshinë edhe vlerësimin e përshtatshmërisë së politikave kontabël të përdorura, arsyeshmërinë e përllogaritjeve kontabël të bëra nga menaxhmenti, si dhe vlerësimin e prezantimit të raportit financiar.

Shtojca I: Shpjegim i llojeve të ndryshme të opinioneve të aplikuara nga ZKA

(e shkëputur nga ISSAI 200)

Forma e opinionit

147. Auditori duhet të japë një **opinion të pa-modifikuar** nëse arrin në përfundimin se pasqyrat financiare janë përgatitur, në të gjitha aspektet materiale, në pajtim me kornizën e zbatueshme financiare.

Nëse auditori, bazuar mbi dëshmitë e marra të auditimit, arrin në përfundimin se pasqyrat financiare si tërësi përmbajnë keq-deklarime materiale ose nuk arrin të marrë dëshmi të mjaftueshme auditimi për të nxjerrë përfundimin se pasqyrat financiare si tërësi nuk përmbajnë keq-deklarime materiale, atëherë ai duhet të modifikojë opinionin në raportin e auditorit sipas pjesës që flet për 'Përcaktimin e llojit të modifikimit që i bëhet opinionit të auditorit'.

148. Nëse pasqyrat financiare të përgatitura sipas kërkesave të një kornize për prezantim të drejtë nuk arrijnë të japin një paraqitje të drejtë, auditori duhet të diskutojë çështjen me menaxhmentin dhe, varësisht nga kërkesat e kornizës së zbatueshme për raportim financiar dhe nga mënyra se si zgjidhet çështja, të përcaktojë nëse është e nevojshme të modifikojë opinionin e auditimit.

Modifikimet që i bëhen opinionit në raportin e auditorit

151. Auditori duhet të modifikojë opinion në raportin e auditorit në rast se, duke u bazuar në dëshmitë e marra të auditimit, arrin në përfundimin se pasqyrat financiare si tërësi përmbajnë gabime materiale, ose në qoftë se auditori nuk ka mundur të marrë dëshmi auditimi të mjaftueshme dhe të përshtatshme për të nxjerrë përfundimin se pasqyrat financiare si tërësi nuk përmbajnë keq-deklarime materiale. Auditorët mund të japin tri lloje opinionesh të modifikuara: opinion të kualifikuar, opinion të kundërt dhe mohim të opinionit.

Përcaktimi i llojit të modifikimit që i bëhet opinionit të auditorit

152. Vendimi se cili lloj i opinionit të modifikuar është i përshtatshëm varet nga:

- natyra e çështjes që i jep shkas modifikimit – d.m.th nëse pasqyrat financiare përmbajnë keq-deklarime materiale ose, në rast se ishte e pamundur për të marrë dëshmi auditimi të mjaftueshme dhe të përshtatshme, mund të përmbajnë keqdeklarime materiale; dhe
- gjykimi i auditorit rreth përhapjes së efekteve ose efekteve të mundshme që çështja ka në pasqyrat financiare.

153. Auditori duhet të japë një **opinion të kualifikuar nëse**: (1) pasi ka marrë dëshmi auditimi të mjaftueshme dhe të përshtatshme, auditori arrin në përfundimin se keqdeklarimet, ose individualisht ose së bashku, janë materiale por nuk janë përhapur në pasqyrat financiare, ose (2) nëse auditori nuk ka mundur të marrë dëshmi auditimi të mjaftueshme dhe të përshtatshme në të cilat të bazojë një opinion, por arrin në përfundimin se efektet e çdo gabimi të pazbuluar mbi pasqyrat financiare kanë mundur të jenë materiale por jo të përhapura.

154. Auditori duhet të japë një **opinion të kundërt nëse**, pasi ka marrë dëshmi auditimi të mjaftueshme dhe të përshtatshme, auditori arrin në përfundimin se keqdeklarimet, ose individualisht ose së bashku, janë edhe materiale edhe të përhapura në pasqyrat financiare.

155. Auditori duhet japë **mohim të opinionit nëse**, pasi nuk ka mundur të marrë dëshmi auditimi të mjaftueshme dhe të përshtatshme në të cilat të bazojë një opinion, auditori arrin në përfundimin se efektet e çdo gabimi të pazbuluar mbi pasqyrat financiare kanë mundur të jenë edhe materiale edhe të përhapura. Nëse, pas pranimit të angazhimit, auditori bëhet i vetëdijshëm se menaxhmenti ka imponuar një kufizim të fushëveprimit të auditimit, për të cilin auditori konsideron se mund të rezultojë në nevojën për të shprehur një opinion të kualifikuar ose mohim opinioni mbi pasqyrat financiare, auditori duhet të kërkojë nga menaxhmenti ta heqë atë kufizimin.

156. Nëse auditori jep një opinion të modifikuar, ai duhet të modifikojë edhe titullin për të korresponduar me llojin e opinionit i shprehur. ISSAI 1705 jep udhëzime shtesë rreth gjuhës specifike që duhet përdorur kur jepet një opinion dhe për të përshkruar përgjegjësinë e auditorit. Ajo gjithashtu përfshin shembuj ilustrues të raporteve.

Paragrafët e Theksimit të Çështjes dhe paragrafët e Çështjeve të Tjera në raportin e auditorit

157. Nëse auditori e konsideron të nevojshme për të tërhequr vëmendjen e përdoruesve në një çështje të paraqitur ose shpalosur në pasqyrat financiare, e cila është sa e rëndësishme aq edhe thelbësore që ata të kuptojnë pasqyrat financiare, por ka prova të mjaftueshme e të përshtatshme se çështja nuk përmban keqdeklarime materiale në pasqyrat financiare, auditori duhet të përfshijë një paragrafi të Theksimit të Çështjes në raportin e tij. Paragrafët për Theksimin e Çështjes duhet t'i referohen vetëm informacionit të paraqitur ose shpalosur në pasqyrat financiare.

158. Një paragraf i theksimit të çështjes duhet:

- të përfshihet menjëherë pas opinionit;
- të ketë titullin 'theksim i çështjes' ose ndonjë titull tjetër të përshtatshëm;
- të përmbajë një referencë të qartë ndaj çështjes që theksohet dhe të tregojë se në ç'pjesë të pasqyrave financiare mund të gjenden shpalosjet relevante që e përshkruajnë plotësisht çështjen; dhe
- të tregojë se opinioni i auditimit nuk është modifikuar për sa i përket çështjes të theksuar.

159. Nëse auditori e konsideron të nevojshme për ta komunikuar një çështje, përveç atyre që janë paraqitur ose shpalosur në pasqyrat financiare, e cila, në gjykimin e auditorit, është e rëndësishme për përdoruesit në mënyrë që ta kuptojnë auditimin, përgjegjësitë e auditorit apo raportin e auditimit, dhe me kusht që kjo nuk është e ndaluar me ligj ose rregullore, duhet të përpilohet një paragraf me titullin "Çështje Të Tjetra", apo ndonjë titull tjetër të përshtatshëm. Ky paragraf duhet të paraqitet menjëherë pas opinionit dhe pas çdo paragrafi të Theksimit të Çështjes.

Shtojca II: Pasqyrat Financiare Vjetore për Qëllime të Veçanta të projektit për vitin 2017

Kosovo Energy Efficiency and Renewable Energy Project

(IDA Credit No. 5508-XK)

(P143055)

Financial Statements

for the year ended December 31, 2017

Content

Financial Statements of the project **Page**

Statement of Sources and Uses of Funds
For the year ended December 31, 2017
(in EUR unless otherwise stated)

		Year ended			Up to	Cumulative from March 01, 2014 to
Sources and uses	Notes	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2017
Sources of Funds:						
IDA Credit No. 5508 - XK funding	4	2,749,307.40	920,603.86	20,640.00	-	3,690,551.26
Temporary advances by Government of Kosovo	5	-	(75,905.17)	55,265.17	20,640.00	-
Total sources		**2,749,307.40**	**844,698.69**	**75,905.17**	**20,640.00**	**3,690,551.26**
Uses of Funds:						
Renovation of public buildings	12	(2,380,470.66)	-	-	-	(2,380,470.66)
Consulting services	6	(361,284.46)	(829,581.99)	(75,675.17)	(20,640.00)	(1,287,181,62)
Incremental Costs	7	(7,552.28)	(15,116.70)	(230.00)	-	(22,898.98)
Total uses	9	**(2,749,307.40)**	**(844,698.69)**	**(75,905.17)**	**(20,640.00)**	**(3,690,551.26)**
Exchange rate differences			-	-	-	-
Surplus (Deficit)		-	-	-	-	-

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 3 to 12 and forming an integral part of the financial statements.

The financial statements of the "Kosovo Energy Efficiency and Renewable Energy" Project were authorised for issue by the management of the Project on July 6, 2018 and signed on its behalf by:

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist

Statement of expenditures (Withdrawal schedule)
For the year ended December 31, 2017
(in EUR, unless otherwise stated)

IDA Credit No. 5508 – XK

Withdrawal Application	Type of application	Appl. Pym. Amt	Disbursed in Euro	Renovation of public buildings	Consulting services	Training	Incremental operating costs	SOE	Deducted	Date received	Value Date
01/55080	Reimbursement	20,640	20,640	-	20,640	-	-	20,640	-	2-Nov-15	10-Nov-15
02/55080	Reimbursement	75,905	75,905	-	75,675	-	230	75,905.17	-	25-Jan-16	12-Feb-16
03/55080	Reimbursement	190,609	190,609	-	175,492	-	15,117	190,608.54	-	21-Dec-16	28-Dec-16
04/55080	Reimbursement	90,318	90,318	-	90,318	-	-	90,318	-	12-May-17	31-May-17
05/55080	Reimbursement	106,196	106,196	-	104,396	-	1,800	106,196	-	23-Oct-17	10-Nov-17
06/55080	Reimbursement	172,322	172,322	-	166,570	-	5,752	172,322	-	19-Dec-17	28-Dec-17
Total Reimbursement		**655,990**	**655,990**	**-**	**633,091**	**-**	**22,899**	**655,990**	**-**		
01/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	6-Sep-16	22-Sep-16
02/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	27-Sep-16	4-Oct-16
03/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	15-Dec-16	21-Dec-16
01/JVGINTASALFAI	Direct Payment	125,110	125,110	125,110	-	-	-	-	-	3-May-17	29-Jun-17
02/JVGINTASALFAI	Direct Payment	231,960	231,960	231,960	-	-	-	-	-	12-Jul-17	16-Aug-17
03/JVGINTASALFAI	Direct Payment	443,202	443,202	443,202	-	-	-	-	-	19-Sep-17	29-Sep-17
01/2T SH.P.K	Direct Payment	342,266	342,266	342,266	-	-	-	-	-	27-Sep-17	11-Oct-17
04/JVGINTASALFAI	Direct Payment	490,204	490,204	490,204	-	-	-	-	-	27-Nov-17	8-Dec-17
02/2T SH.P.K	Direct Payment	214,172	214,172	214,172	-	-	-	-	-	16-Dec-17	22-Dec-17
05/JVGINTASALFAI	Direct Payment	351,152	351,152	351,152	-	-	-	-	-	16-Dec-17	22-Dec-17
06/JVGINTASALFAI	Direct Payment	182,403	182,403	182,403	-	-	-	-	-	18-Dec-17	22-Dec-17
Total DP		**3,034,561**	**3,034,561**	**2,380,471**	**654,090**	**-**	**-**	**-**	**-**		
IDA Credit No. 5508 funding		**3,690,551**	**3,690,551**	**2,380,471**	**1,287,182**	**-**	**22,899**	**655,990**	**-**		

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

1) General

The Financing Agreement for the Kosovo Energy Efficiency and Renewable Energy Project (IDA Credit 5508 - XK) - (the "Project'), was signed between the International Development Association ("Association") and the Republic of Kosovo "Recipient") on January 15, 2015. The June 18, 2014 is the Bank approval date and June 05, 2015 is the effective date of the project.

The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to the Agreement, a credit (variously, "Credit" and "Financing"), in an amount equivalent to twenty million one hundred thousand Special Drawing Rights (SDR 20,100,000) to assist in financing. The project will have a total estimated cost of USD 32.50 million. The project will be implemented over six years through Investment Project Financing, financed by an IDA credit of USD 31.0 million, and co - financing in amount of USD 1.5 million from local governments under Component 1b – Pilot EE Investment Program for Municipalities[1].

The Recipient shall through Ministry of Economic Development (MoED): (i) implement the Project, with Kosovo Energy Efficiency Agency (KEEA) in MoED as the main executing agency and, (ii) establish and thereafter, operate and maintain at all times during the implementation of the Project, a Project Implementation Unit (PIU) under the management of KEEA with functions and responsibilities satisfactory to the Association.

To this end, the Recipient shall through MoED appoint a procurement specialist, a financial management specialist and other staff on as needed basis with resources, qualifications, experience and under terms of reference satisfactory to the Association.

The Recipient through MoED shall maintain throughout the implementation of the Project, a Coordination Group (CG), chaired by the Chief Executive Officer of the KEEA with functions, responsibilities satisfactory to the Association, including, (i) overall coordination of the investments in energy efficiency and renewable energy measures in government owned buildings, (ii) providing technical guidance in connection with subproject pipelines, (iii) inter-ministerial coordination, (iv) budgeting and procurement and (v) resolving implementation issues.

To this end the Recipient shall through MoED designate representatives of the Ministry of Finance (MoF), Ministry of Education, Science and Technology (MoEST), Ministry of Health (MoH), Ministry of Public Administration (MPA), Ministry of Local Government Administration (MoLGA), Ministry of Environmental and Spatial Planning (MoESP), Ministry of Justice (MoJ) and Ministry of Culture, Youth and Sports (MoCYS).

At December 31, 2017, the Project had 6 employees.

Project Description

The objectives of the Project

The objectives of the Project are to:

(a) Reduce energy consumption and fossil fuel use in public buildings through energy efficiency and renewable energy investments, and

(b) Enhance the policy and regulatory environment for renewable energy and energy efficiency.

---

[1] See Chapter III "Project Description", point B "project cost and financing" of PAD

1) **General (continued)**

The Project consists of the following Parts:

Part 1. Energy Efficiency and Renewable Energy Investments in Public Buildings

Promoting efficient use of energy in public buildings through:

a. Carrying out energy efficient and renewable energy Subprojects in central government owned buildings through provision of works;

b. Carrying out pilot energy efficient Subprojects in municipal government owned buildings to test the various financing options to develop a broader program for the municipal market through provision of works;

c. Conducting technical studies and supervision, including conducting building energy audits, development of designs and bidding documents, and carrying out construction supervision and waste disposal studies; and

d. Providing targeted training to design firms, construction companies and other energy efficient and renewable energy service providers and disseminating information on project impacts and results.

Part 2. Policy and Regulatory Support for Renewable Energy and Energy Efficiency

Strengthening the Recipient's policy and regulatory regime for renewable energy and energy efficiency including:

(a) Providing support to the Energy Regulatory Office to promote sustainable development of renewable energy generation capacity including:

i. Improving the renewable energy regulatory regime , including Feed in tariffs (FiTs) and consumption based district heating tariffs;

ii. Streamlining the permitting, licensing processes and the mechanisms for monitoring licenses;

iii. Developing specific rules for: (a) integrating renewable energy generation capacity into the grid and (b) grid connection agreements; and

iv. Conducting analyses for socially conscious tariff reform including FIT cost recovery and tariff increase impacts on consumer affordability; and

v. Carrying out assessments for renewable energy resources, through provision of technical advisory services, goods and Training;

(b) Providing support to the MoED to create an enabling regulatory environment for energy efficiency implementation including:

i. Undertaking a technical review of available information and developing the operating procedures for establishing a sustainable municipal energy efficiency financing scheme to scale up the piloting of the energy efficiency Subprojects under Part 1(b) of the Project; and

ii. Reviewing public procurement rules in the context of procuring energy efficient equipment and services and developing appropriate procurement guidelines; and developing an implementation plan to establish homeowner associations and piloting some energy efficient measures.

(c) 1) General (continued)

Part 3. Project Implementation Support

(a) Establishing a Project Implementation Unit within KEEA and recruiting staff to carry out procurement, financial management and monitoring and evaluation of the Project.

(b) Providing training to KEEA and PIU staff on effective implementation of the Project and sustainability of project activities and goals.

The Recipient shall through MoED ensure that the Project is carried out in accordance with the Project Operations Manual.

Central Government Subprojects

In implementing Part 1 (a) of the Project, the Recipient, through MoED and in consultation with the various line ministries, shall select the buildings to be renovated on the basis of criteria set forth in the Project Operations Manual which shall inter alia include, the requirements that buildings should:

- Be fully owned by the central government (excluding public owned enterprises);
- Be structurally sound and have not had comprehensive energy efficient renovations in the last 10 years and be at least 5 years old;
- Not be candidates for office moves, closure or privatization; and
- Not be used for security or defense purposes e.g. police or prisons;

Municipal Government Subprojects

In implementing Part 1 (b) of the Project, the Recipient shall through MoED:

- Issue a letter of invitation to all the municipalities and provide them with information about the municipal Subprojects and request them to apply and indicate the buildings to be renovated and rehabilitated to promote more efficient energy use;
- Select the municipalities (Participating Municipalities) and the Subprojects to be financed by the Financing in accordance with eligibility criteria set forth in the Project Operations Manual.

Withdrawal Conditions; Withdrawal Period

Notwithstanding the provisions of Part A, Section IV of the Financing Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed €250,000 equivalent may be made for payments made prior to this date but on or after March 1, 2014 for Eligible Expenditures

The disbursements methods may be used under the Financing are Reimbursement, Direct Payment and Special Commitment.

The Closing Date is August 31, 2020.

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

IDA CREDIT No.5508-XK

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

Category	Amount of the financing allocated (expressed in SDR)	Amount Equivalent (expressed in $US)	% of expenditures to be financed (inclusive of taxes)
1. Subprojects under Part 1(a) of the Project	14,260,000	22,000,000	100%
2. Subprojects under Part 1(b) of the Project	2,900,000	4,500,000	75 %
3. Consultant services, goods under Part 1 (c) 1(d), 2 and 3 of the Project	2,900,000	4,435,000	100%
4. Operating Costs	40,000	65,000	100%
Total amount	**20,100,000**	**31,000,000**	

The Government of Kosovo will repay the principal amount of the Credit in semi-annual instalments payable as of describe in following:

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each 15th October and 15th April in each year:	
Commencing 15th October, 2019 to and including 15th April, 2029	1.65%
Commencing on 15th October, 2029 to and including 15th April, 2039	3.35%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

The maximum Commitment Charge Rate payable by the Recipient on the unwithdrawn Financing Balance shall be 0, 5% per annum

The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

As at December 31, 2017 EUR 3,690,551.26 (2016: EUR 941,243.86) was disbursed from the Credit.

2) Basis of preparation

The financial statements of the project for the year ended December 31, 2017 have been prepared for the purpose of complying with the provisions of the Project's objectives, the World Bank guidelines and terms and conditions of the IDA Credit No. 5508-XK.

The financial statements comprise the statement of sources (Cash Receipts) and uses (Payments); the statement of expenditures used as the basis for the submission of withdrawal applications for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory notes.

The cumulative statements of expenditure used as the basis for the submission of withdrawal applications for the period from inception date on March 1, 2014 till December 31, 2017, are presented as supplementary schedules. Cumulative information on receipts and disbursements from the Project's Bank approval date to December 31, 2017 is presented in the Statement of Sources and Uses of Funds for information purposes only.

The financial statements have been prepared in accordance with cash basis IPSAS - Financial Reporting under the Cash Basis of Accounting, which differs from Kosovo and International Financial Reporting Standards. On this basis, income is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred. Accordingly, direct and indirect payments of the Project's expenses, which are made from the proceeds of the credit, are recognised as sources and uses of funds at the time the payment is made.

The financial statements prepared for the special purpose are presented in Euro ("EUR"), unless otherwise stated.

3) Summary of significant accounting policies

A summary of significant accounting policies underlying the preparation of the Project's financial statements is presented below.

3.1 Foreign currency transactions

The project accounts are maintained in Euro ("EUR").

Transactions in foreign currencies are translated to the functional currency at exchange rates on the dates of the transactions.

Initial credit amount are maintained at the historical exchange rates. The project translates the undrawn credit balance at the rates in effect on the year end.

The exchange rates in effect as at December 31, 2017, were as follows:

Period Currency	31.12.2017	31.12.2016
EUR/ USD	1.20	1.06
USD/EUR	0.83	0.95
SDR/EUR	1.19	1.27
SDR/$US	1.42	1.34

3) Summary of significant accounting policies (continued)

3.2 Recognition of income and expenses

Income is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

3.3 Taxation

The Project is not exempt from income Tax, Value Added Tax (VAT) and Custom Duties for the credits part. The local employees of the project are liable for personal tax and social security contributions.

4) IDA Credit No. 5508-XK funding

IDA funding is composed are detailed as follows:

Credit	Year ended 31 December 2017	Year ended 31 December 2016
Reimbursements	368,836.74	266,513.71
Direct payments	2,380,470.66	654,090.15
Special Commitment	-	-
Total	**2,749,307.40**	**920,603.86**

Reimbursements represent the IDA funds for cover the payments already made by Government of Kosovo for this project using withdrawal applications prepared by the Project.

5) Temporary advances received by government of Kosovo

The temporary advances received by Government of Kosovo are detailed as follows:

Financed by:	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015	Up to 31 December 2014
Temporary advances received by GOK	(-)	(75,905.17)	55,265.17	20,640.00
Total	(-)	(75,905.17)	55,265.17	20,640.00

6) Consulting services

Expenditures for Consultant services are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
PIU Project Manager	14,112.00	14,414.40
Procurement Specialist	10,299.60	9,172.60
Environmental specialist	-	960.96
Construction engineer	11,782.20	12,012.00
Civil engineer	6,368.40	-
Financial management specialist	8,996.52	7,917.00
Project Assistant	5,428.20	5,460.00
Tax Administration of Kosova	6,267.88	4,660.20
Kosovo Pension Savings Trust – Employee	1,417.00	-
Detailed design and technical specification including supervision and commissioning for energy efficiency building renovation	196,330.53	46,530.00
Home Owner Association	89,500.00	-
Social Survey	9,094.13	-
Audit service	1,688.00	1,688.00
Total	**361,284.46**	**829,581.99**

7) Incremental operating costs

Expenditures for incremental operating costs are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Kosovo Pension Savings Trust – Employer	1,417.00	-
Travel expenses and Per Diems	1,065.18	-
Office supply	4,969.80	14,985.40
Visa expenses	100.30	131.30
Total	**7,552.28**	**15,116.70**

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

8) Expenditures by sources of funds

Pursuant to the financing agreement, all project expenditures incurred so far under Category 1. Subprojects under Part 1(a), Category 3. Consultant services, goods under Part 1(c), 1(d), 2 and 3 of the Project and Category 4. Operating costs are financed 100% by the financing proceeds IDA Credit No.5508-XK.

9) Expenditures by parts:

The expenditures by Project Parts are detailed as follows:

Parts		Renovation of public buildings	Consultant services	Training	Incremental operating costs	Total December 31, 2017
Part I	*Energy Efficiency and Renewable Energy Investments in Public Buildings*					
1. (a)	Energy Efficiency and Renewable Energy Investments in Central Government Buildings	2,380,470.66	-	-	-	2,390,470.66
Part I	*Energy Efficiency and Renewable Energy Investments in Public Buildings*					
1. (c)	Technical Studies and supervision	-	205,424.66	-	-	205,424.66
Part II	Policy and Regulatory Support for Renewable Energy and Energy Efficiency					
2. (b)	Support to MED for Energy Efficiency Secondary Legislation	-	89,500.00	-	-	89,500.00
Part III.	Project Implementation Support	-	66,359.80	-	7,552.28	73,912.08
Total 2017		**2,380,470.66**	**361,284.46**	-	**7,552.28**	**2,749,307.40**
Total 2016		-	**829,581.99**	-	**15,116.70**	**844,698.69**

10) Un-drown credit facilities.

The balance of the undrawn credit from IDA Credit No. 5508 - XK as of December 31, 2017 in USD is 24,301,863.02 and in SDR 17,064,357.20.

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

11) Liabilities

Liabilities related to year end December 31, 2017 and paid in following year are as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Tax Administration of Kosova	406.40	-
Kosovo Pension Savings Trust - Employee	284.00	-
Kosovo Pension Savings Trust – Employer	284.00	-
Total	974.40	-

The expenditures incurred due to Tax Administration of Kosova and Kosovo Pension Savings Trust – Employee are under the Category 3, whereas the expenditure incurred due to Kosovo Pension Savings Trust – Employer are under the Category 4.

12) Renovation of public buildings

Expenditures for renovation of public building as per packages are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Renovation of 14 public buildings (Package #2)	1,824,032.09	-
Renovation of 20 public buildings (Package #3)	556,438.57	-
Total	2,380,470.66	-

Kosovo Energy Efficiency and Renewable Energy
(IDA Credit 5508 - XK)

Statement of Cumulative Expenditures Withdrawal Schedule

(Supplementary schedule
to the Annual Financial Statements)

for the period March 1, 2014 up to December 31,
2017

Accumulated statement of expenditures
Supplementary schedule
For the period from March 1, 2014
up to December 31, 2017
(in EUR, unless otherwise stated)

IDA Credit No. 5508 – XK

Withdrawal Application	Type of application	Appl. Pym. Amt	Disbursed in Euro	Renovation of public buildings	Consulting services	Training	Incremental operating costs	SOE	Deducted	Date received	Value Date
01/55080	Reimbursement	20,640	20,640	-	20,640	-	-	20,640	-	2-Nov-15	10-Nov-15
02/55080	Reimbursement	75,905	75,905	-	75,675	-	230	75,905.17	-	25-Jan-16	12-Feb-16
03/55080	Reimbursement	190,609	190,609	-	175,492	-	15,117	190,608.54	-	21-Dec-16	28-Dec-16
04/55080	Reimbursement	90,318	90,318	-	90,318	-	-	90,318	-	12-May-17	31-May-17
05/55080	Reimbursement	106,196	106,196	-	104,396	-	1,800	106,196	-	23-Oct-17	10-Nov-17
06/55080	Reimbursement	172,322	172,322	-	166,570	-	5,752	172,322	-	19-Dec-17	28-Dec-17
Total Reimbursement		**655,990**	**655,990**	-	**633,091**	-	**22,899**	**655,990**	-		
01/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	6-Sep-16	22-Sep-16
02/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	27-Sep-16	4-Oct-16
03/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	15-Dec-16	21-Dec-16
01/JVGINTASALFAI	Direct Payment	125,110	125,110	125,110	-	-	-	-	-	3-May-17	29-Jun-17
02/JVGINTASALFAI	Direct Payment	231,960	231,960	231,960	-	-	-	-	-	12-Jul-17	16-Aug-17
03/JVGINTASALFAI	Direct Payment	443,202	443,202	443,202	-	-	-	-	-	19-Sep-17	29-Sep-17
01/2T SH.P.K	Direct Payment	342,266	342,266	342,266	-	-	-	-	-	27-Sep-17	11-Oct-17
04/JVGINTASALFAI	Direct Payment	490,204	490,204	490,204	-	-	-	-	-	27-Nov-17	8-Dec-17
02/2T SH.P.K	Direct Payment	214,172	214,172	214,172	-	-	-	-	-	16-Dec-17	22-Dec-17
05/JVGINTASALFAI	Direct Payment	351,152	351,152	351,152	-	-	-	-	-	16-Dec-17	22-Dec-17
06/JVGINTASALFAI	Direct Payment	182,403	182,403	182,403	-	-	-	-	-	18-Dec-17	22-Dec-17
Total DP		**3,034,561**	**3,034,561**	**2,380,471**	**654,090**	-	-	-	-		
IDA Credit No. 5508 funding		**3,690,551**	**3,690,551**	**2,380,471**	**1,287,182**	-	**22,899**	**655,990**	-		

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist

Republika e Kosovës
Republika Kosova
Republic of Kosovo

Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

Br. Dokumenta: 21.22.7-2017-08

IZVEŠTAJA REVIZIJE

O GODIŠNJIM FINANSIJSKIM IZVEŠTAJIMA

SA POSEBNE SVHRE PROJEKTA – ENERGETSKA EFIKASNOST I OBNOVLJIVA ENERGIJA NA KOSOVU

ZA PERIOD 01.01.2017 do 31.12.2017

Revizija na osnovu sporazuma za projekat finansiran sredstvima dodeljenim od Svetske Banke

Priština, septembar 2018

Nacionalna Kancelarija Revizije Republike Kosovo je najviša institucija ekonomske i finansijske kontrole, koja prema Ustavu i zakonima zemlje uživa funkcionalnu, finansijsku i operativnu nezavisnost. Nacionalna Kancelarija Revizije obavlja revizije regularnosti i performanse i za svoj rad odgovara Skupštini Kosova.

Naša misija je da preko kvalitetnih revizija jačamo polaganje odgovornosti u javnoj upravi zarad korišćenje nacionalnih resursa na jedan efektivan, efikasan i ekonomičan način.

Mi obavljamo revizije u skladu sa međunarodno priznatim standardima revizije na javnom sektoru kao i sa najboljim evropskim praksama.

Izveštaji Nacionalne Kancelarije Revizije na direktan način promovišu polaganje odgovornosti javnih institucija pošto oni pružaju održivu osnovu za zahtevanje odgovornosti od strane menadžera svake budžetske organizacije. Tako mi povećavamo poverenje u trošenju javnih fondova i odigravamo aktivnu ulogu u obezbeđivanju interesa poreskih platiša i ostalih interesnih strana u povećanju javne odgovornosti.

Generalni Revizor je odlučio o mišljenju revizije o Godišnjem Finansijskom Izveštaju Projekta "Energetska efikasnost i obnovljiva energija na Kosovu", u konsultaciji sa Pomoćnicom Generalnog Revizora Emine Fazliu, koja je nadgledala reviziju.

Izveštaj rezultat revizije izvršene od strane (vođe tima) Qëndresa Sogojeva i (članova tima) Alban Beka i Naim Neziri pod upravljanjem Rukovodioca Departmana Revizije Samir Zymberi.

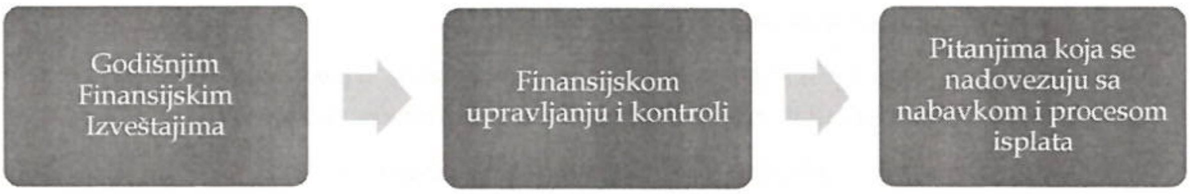
TABELA SADRŽAJA

Opšti sažetak

Uvod

Ovaj izveštaj rezimira glavna pitanja koja proističu sa revizije Godišnjih finansijskih izveštaja za Posebne svrhe projekta Energetska efikasnost i obnovljiva energija na Kosovu za period 01.01 2017 do 31.12.2017 (u daljem tekstu revidirani period), koji određuje Mišljenje koje je dato od strane Generalnog Revizora. Pregled finansijskih izveštaja za posebne svrhe za revidirani period izvršen je u skladu sa Međunarodnim standardima revizije Vrhovnih Institucija Revizije (MSVIR). Naš pristup je uključio testiranja i procedure koje su bile potrebne da dođemo do mišljenja u vezi sa finansijskim izveštajima.

Naša revizija se fokusira na:



Radnje koje su preduzete od strane Nacionalne Kancelarije Revizije za izvršenje revizije za revidirani period određene su u zavisnosti troškova koji su nastali u ovom periodu.

Nacionalna Kancelarija Revizije ceni visoki menadžment Ministarstva za Ekonomski Razvoj i osoblje Jedinice za Sprovođenje Projekta (JSP) za saradnju tokom procesa revizije.

Mišljenje Generalnog Revizora

Ne modifikovano mišljenje sa Isticanjem Pitanja

Godišnji Finansijski Izveštaji za Posebne svrhe 2017 godinu *predstavljaju objektivan i istinit prikaz* u svim materijalnim aspektima.

Isticanje Pitanja

Skrećemo vam pažnju na činjenicu da su GFI pripremljeni prema principu računovodstva zasnovanog na gotovini.

Za opširnije vidite Odeljak 2.1 ovog Izveštaja.

Dodatak I, objašnjava različite vrste mišljenja koja se primenjuju od strane Nacionalne Kancelarije Revizije.

1 Delokrug i metodologija revizije

Uvod

Nacionalna Kancelarija Revizije (NKR) je odgovorna za obavljanje revizije regularnosti koje uključuje pregled i procenu finansijskih izveštaja i ostalih finansijskih podataka, kao i davanje mišljenja :

- Da li finansijski izveštaji za posebne svrhe pružaju pravilan i istinit prikaz finansijskih računa i pitanja za period revizije;
- Da li su sva spoljna sredstva iskorišćena u skladu sa relevantnim sporazumima o finansiranju:
- Da li su finansijski sistemi i transakcije u skladu sa primenljivim zakonima i pravilnicima u vezi sa sredstvima koja se izdvajaju od Svetske banke;
- Da li je finansijski izveštaj u skladu sa zahtevima sporazuma između Republike Kosovo zastupljene od Ministarstva Finansija i Međunarodnog Udruženja za Razvoj[1];
- O usaglašenosti funkcija unutrašnje kontrole i unutrašnje revizije; i
- O svim pitanjima koje proističu iz ili se tiču revizije.

Metodologija revizije je fokusirana na pregledu finansijskih podataka i transakcija uključujući i prateću dokumentaciju. Odredili smo nivo detaljnih testova, koji su potrebni za obezbeđivanje dokaza koji potkrepljuju mišljenje GR-a.

Nalazi revizije se ne trebaju smatrati kao opšti pregled svih slabosti koje mogu postojati, ili pak svih poboljšanja koja se mogu izvršiti na sistemima i postupcima koje su delovale. Na izveštaju će se navesti nalazi koji su deo mišljenja o finansijskim izveštajima. A nalazi koji se tiču aspekta finansijskog upravljanja, funkcionisanja unutrašnje kontrole i pitanja usaglašenosti biće sažeta u pismu za menadžment.

[1] Broj kredita 5508 XK IDA- finansiran od Svetske Banke

2 Godišnji finansijski izveštaji za posebne svrhe i mišljenje revizije

Uvod

Naš pregled godišnjih finansijskih izveštaja za posebne svrhe uzima u obzir usaglašenost sa okvirom izveštavanja u skladu sa sporazumom kao i kvalitet i tačnost informacija koje su predstavljene finansijskim izveštajima.

2.1 Mišljenje Revizije

Ne- modifikovano mišljenje sa isticanjem pitanja

Revidirali smo finansijske izveštaje za posebne svrhe projekta koji je finansiran od Svetske Banke "Energetska efikasnost i obnovljiva energija na Kosovu" za period 01.01 2017 do 31.12.2017, koji uključuju izveštaj izvora fondova i ostvarenih troškova, izveštaj o apliciranju za podizanje fondova, i obelodanjivanja.

Prema našem mišljenju, godišnji finansijski izveštaji za posebne svrhe u vezi sa projektom godinu "Energetska efikasnost i obnovljiva energija na Kosovu" za period 01.01 2017 do 31.12.2017, predstavljaju pravilan i istinit prikaz u svim materijalnim aspektima, u skladu sa zahtevima za izveštavanje koji su navedeni u sporazumu između stranaka, poštujući načela računovodstvu zasnovanom na gotovom novcu.

Osnova za Mišljenje

Revizija je izvršena u skladu sa Međunarodnim Standardima Vrhovnih Institucija Revizije (MSVIR). Prema ovim standardima naše odgovornosti su opisane ispod kod dela 'Odgovornosti Revizora za Reviziju Finansijskih Izveštaja'. Verujemo da su dokazi revizije koje smo prikupili dovoljni i odgovarajući za obezbeđivanje osnove za naše mišljenje.

Isticanje Pitanja - Osnova za računovodstvo

Želimo da vam skrenemo pažnju vezano za belešku 2 GFI-a, koja objašnjava osnovu za računovodstvo u ovim finansijskim izveštajima (računovodstvu zasnovanom na gotovini). Ovi izveštaji su pripremljeni da bi pomogli Ministarstvu da ispuni svoje zahteve od Svetske Banke. Kao rezultat toga moguće je da ovi finansijski izveštaji ne budu pogodni za neku drugu svrhu. Naše mišljenje nije modifikovano u vezi sa ovim pitanjem:

Odgovornost Menadžmenta i osoba koje su odgovorne za upravljanje

Menadžment MER/Odeljenje za sprovođenje projekta je odgovorno za pripremu i tačno predstavljanje Finansijskih Izveštaja za posebne svrhe u skladu sa sporazumom koji je potpisna između Republike Kosovo i Međunarodnog Udruženja za Razvoj, ove informacije se sastoje od Izveštaj o fondovima i njihovom korišćenju kao i od izveštaja o podizanju fondova.

Odgovornost Generalnog Revizora za reviziju

Naša je odgovornost da izrazimo mišljenje na osnovu naše revizije finansijskih izveštaja za posebne svrhe. Revizija je izvršena u skladu sa MSVIR. Ovi standardi zahtevaju da se pridržavamo etičkih zahteva i da planiramo i izvršimo reviziju kako bismo stekli razumnu sigurnost o tome da finansijski izveštaji ne sadrže materijalno pogrešna prikazivanja

Razumna sigurnost je visoki stepen sigurnosti međutim ne garantuje da će revizija koja se vrši u skladu sa MSVIR uvek identifikovati svako materijalno pogrešno prikazivanje koje može postojati. Materijalno pogrešna prikazivanja se mogu pojaviti usled prevare ili greške a smatraju se materijalnim ukoliko, pojedinačno ili u grupi mogu da utiču na odluke koje se donose na osnovu ovih finansijskih izveštaja.

Revizija uključuje obavljanje postupaka radi dobijanja dokaza u vezi sa finansijskim informacijama i obelodanjivanjima u finansijskim izveštajima. Izabrani postupci zavise od procene revizora, uključujući i procenu rizika od materijalno pogrešnih prikazivanja u finansijskom izveštaju kako usled prevare tako usled greške. Tokom procene rizika, revizor uzima u obzir unutrašnje kontrole koje su relevantne za sastavljanje finansijskih izveštaja od strane entiteta, kako bi dizajnirao revizorske postupke koje su odgovarajući za okolnosti entiteta, ali ne u cilju izražavanja mišljenja o efektivnosti unutrašnjih kontrola entiteta.

Revizija uključuje i procenu prikladnosti korišćenih računovodstvenih politika, opravdanost računovodstvenih procena izvršenih od strane menadžmenta, kao i procenu prezentacije finansijskih izveštaja.

Dodatak I: Objašnjenja različitih vrsta mišljenja revizije primenjenih od strane NKR

(odlomak od MSVIR 200)

Vrsta mišljenja

147. Revizor treba da izrazi **jedno ne-modifikovano mišljenje revizije ukoliko** se zaključi da su finansijski izveštaji pripremljeni, sa svih materijalnih gledišta u skladu sa važećim finansijskim okvirom.

Ukoliko revizor zaključi da, na osnovu prikupljenih dokaza revizije, finansijski izveštaji kao celina nisu bez materijalnih grešaka, ili nije u mogućnosti da dobije dovoljno odgovarajućih dokaza revizije da bi zaključio da su finansijski izveštaji kao celina bez materijalnih grešaka, revizor treba da izmeni mišljenje revizije na izveštaju revizora u skladu sa odeljkom "Određivanje vrste modifikacije mišljenja revizora".

148. Ukoliko finansijski izveštaji pripremljeni u skladu sa zahtevima okvira prikazivanja, ne postignu pravično prikazivanje, revizor treba da razmotri pitanje sa menadžmentom, i na osnovu zahteva primenljivog okvira finansijskog izveštavanja i načina na koji je to pitanje rešeno, da odredi da li je neophodno da se izmeni mišljenje revizije.

Modifikacije mišljenja revizije na revizorskom izveštaju

151. Revizor treba da modifikuje mišljenje revizije na revizorskom izveštaju ukoliko se zaključi da, na osnovu prikupljenih dokaza revizije, finansijski izveštaji kao celina nisu bez materijalnih grešaka, ili nije u mogućnosti da dobije dovoljno odgovarajućih dokaza revizije da bi zaključio da su finansijski izveštaji kao celina bez materijalno pogrešnih prikazivanja. Revizori mogu dati tri vrste modifikovanih mišljenja revizije: kvalifikovano mišljenje, protivno mišljenje i odricanje od mišljenja.

Određivanje vrste modifikacije koje se čini revizorskom mišljenju

152. Odluka o tome koja vrsta modifikovanog mišljenja je prikladna, zavisi od:

- prirode pitanja koje je dovelo do modifikacije – što podrazumeva, da li su finansijski izveštaji sadrže materijalno pogrešna prikazivanja ili, u slučaju da je bilo nemoguće prikupiti dovoljno odgovarajućih dokaza revizije, mogu sadržati materijalno pogrešna prikazivanja; i
- sud revizora o rasprostranjenosti uticaja ili mogućih uticaja pitanja na finansijskim izveštajima.

153. Revizor treba da izrazi **kvalifikovano mišljenje ukoliko**: (1) nakon dobijanja dovoljno odgovarajućih i prikladnih dokaza revizije, revizor zaključuje da netačne tvrdnje, pojedinačno ili zajednički, su materijalne, ali nisu rasprostranjene, na finansijskim izveštajima; ili (2) revizor nije bio u stanju da dobije dovoljno odgovarajućih dokaza revizije na osnovu kojih može da podrži jedno mišljenje revizije, ali zaključuje da uticaj na finansijskim izveštajima bilo kojih neotkrivenih netačnih tvrdnji mogu biti materijalne ali ne i rasprostranjene.

154. Revizor treba da izrazi **protivno mišljenje ukoliko**, nakon dobijanja dovoljno odgovarajućih dokaza revizije, revizor zaključuje da netačne tvrdnje, pojedinačno ili zajednički, su materijalne i rasprostranjene na finansijskim izveštajima.

155. Revizor treba da izrazi **odricanje od mišljenja ukoliko**, pošto nije bio u stanju da dobije dovoljno odgovarajućih dokaza revizije na osnovu kojih može da podrži mišljenje revizije, revizor zaključuje da uticaj na finansijskim izveštajima bilo kojih neotkrivenih netačnih tvrdnji mogu biti materijalne i rasprostranjene. Ukoliko nakon prihvatanja angažovanja, revizor postaje svestan da je menadžment nametnuo ograničenje na delokrug revizije za koju revizor smatra da će verovatno dovesti do potrebe izražavanja kvalifikovanog mišljenja ili odricanje od mišljenja o finansijskim izveštajima, revizor treba da zahteva od menadžmenta da ukloni to ograničenje.

156. Ukoliko revizor daje modifikovano mišljenje, revizor će takođe modifikovati naslov kako bi odgovarao vrsti izraženog mišljenja revizije. MSVIR 1705 pruža dodatna uputstva o specifičnom jezičnom izražavanju koje će se koristiti kada se izdaje mišljenje i kada se opisuje odgovornost revizora. Takođe sadrži ilustrovane primere izveštaja.

Paragrafi Isticanja Pitanja i paragrafi Ostalih Pitanja na revizorskom izveštaju

157. Ukoliko revizor smatra potrebnim da skrene pažnju na pitanje prikazano ili obelodanjeno na finansijskim izveštajima koja je od velikog značaja za njihovo razumevanje finansijskih izveštaja, ali postoje dovoljno prikladnih dokaza da to pitanje nije materijalno pogrešno prikazano na finansijskim izveštajima, revizor će u revizorskom izveštaju uključiti jedan paragraf o Isticanju Pitanja. Isticanje Pitanja se treba odražavati samo na informaciju prikazanu ili obelodanjenu na finansijskim izveštajima.

158. Paragraf o isticanju pitanja treba:

- da se uključi odmah nakon mišljenja revizije;
- da koristi naslov "Isticanje Pitanja" ili neki drugi prikladni naslov;
- da uključi jasnu referencu na pitanje koje se ističe i da naznači gde se mogu naći relevantna obelodanjivanja na finansijskim izveštajima koja u potpunosti opisuju to pitanje; i
- ukazati da revizorsko mišljenje nije modifikovano u odnosu na istaknuto pitanje.

159. Ukoliko revizor smatra neophodnim da komunicira određeno pitanje, osim onih koje su predstavljene ili obelodanjene u finansijskim izveštajima, koja po prosudi revizora je važna za korisniku cilju shvatanja revizije, a pod uslovom da to nije zabranjeno zakonom ili pravilima, treba da se pripremi paragraf sa naslovom "Ostala Pitanja", ili nekim drugim pogodnim naslovom. Ovaj paragraf treba da se pojavi odmah iza mišljenja i nakon svakog pasusa kod Isticanja Pitanja.

Dodatak II: Dodatak II: Finansijski izveštaji projekta za posebne svrhe za 2017 godinu

Kosovo Energy Efficiency and Renewable Energy Project

(IDA Credit No. 5508-XK)

(P143055)

Financial Statements

for the year ended December 31, 2017

Content

Financial Statements of the project **Page**

Statement of Sources and Uses of Funds

For the year ended December 31, 2017

(in EUR unless otherwise stated)

			Year ended		Up to	Cumulative from March 01, 2014 to
Sources and uses	Notes	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2017
Sources of Funds:						
IDA Credit No. 5508 - XK funding	4	2,749,307.40	920,603.86	20,640.00	-	3,690,551.26
Temporary advances by Government of Kosovo	5	-	(75,905.17)	55,265.17	20,640.00	-
Total sources		**2,749,307.40**	**844,698.69**	**75,905.17**	**20,640.00**	**3,690,551.26**
Uses of Funds:						
Renovation of public buildings	12	(2,380,470.66)	-	-	-	(2,380,470.66)
Consulting services	6	(361,284.46)	(829,581.99)	(75,675.17)	(20,640.00)	(1,287,181,62)
Incremental Costs	7	(7,552.28)	(15,116.70)	(230.00)	-	(22,898.98)
Total uses	9	**(2,749,307.40)**	**(844,698.69)**	**(75,905.17)**	**(20,640.00)**	**(3,690,551.26)**
Exchange rate differences			-	-	-	-
Surplus (Deficit)		-	-	-	-	-

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 3 to 12 and forming an integral part of the financial statements.

The financial statements of the "Kosovo Energy Efficiency and Renewable Energy" Project were authorised for issue by the management of the Project on July 6, 2018 and signed on its behalf by:

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist

Statement of expenditures (Withdrawal schedule)
For the year ended December 31, 2017
(in EUR, unless otherwise stated)

IDA Credit No. 5508 – XK

Withdrawal Application	Type of application	Appl. Pym. Amt	Disbursed in Euro	Renovation of public buildings	Consulting services	Training	Incremental operating costs	SOE	Deducted	Date received	Value Date
01/55080	Reimbursement	20,640	20,640	-	20,640	-	-	20,640	-	2-Nov-15	10-Nov-15
02/55080	Reimbursement	75,905	75,905	-	75,675	-	230	75,905.17	-	25-Jan-16	12-Feb-16
03/55080	Reimbursement	190,609	190,609	-	175,492	-	15,117	190,608.54	-	21-Dec-16	28-Dec-16
04/55080	Reimbursement	90,318	90,318	-	90,318	-	-	90,318	-	12-May-17	31-May-17
05/55080	Reimbursement	106,196	106,196	-	104,396	-	1,800	106,196	-	23-Oct-17	10-Nov-17
06/55080	Reimbursement	172,322	172,322	-	166,570	-	5,752	172,322	-	19-Dec-17	28-Dec-17
Total Reimbursement		**655,990**	**655,990**	**-**	**633,091**	**-**	**22,899**	**655,990**	**-**		
01/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	6-Sep-16	22-Sep-16
02/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	27-Sep-16	4-Oct-16
03/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	15-Dec-16	21-Dec-16
01/JVGINTASALFAI	Direct Payment	125,110	125,110	125,110	-	-	-	-	-	3-May-17	29-Jun-17
02/JVGINTASALFAI	Direct Payment	231,960	231,960	231,960	-	-	-	-	-	12-Jul-17	16-Aug-17
03/JVGINTASALFAI	Direct Payment	443,202	443,202	443,202	-	-	-	-	-	19-Sep-17	29-Sep-17
01/2T SH.P.K	Direct Payment	342,266	342,266	342,266	-	-	-	-	-	27-Sep-17	11-Oct-17
04/JVGINTASALFAI	Direct Payment	490,204	490,204	490,204	-	-	-	-	-	27-Nov-17	8-Dec-17
02/2T SH.P.K	Direct Payment	214,172	214,172	214,172	-	-	-	-	-	16-Dec-17	22-Dec-17
05/JVGINTASALFAI	Direct Payment	351,152	351,152	351,152	-	-	-	-	-	16-Dec-17	22-Dec-17
06/JVGINTASALFAI	Direct Payment	182,403	182,403	182,403	-	-	-	-	-	18-Dec-17	22-Dec-17
Total DP		**3,034,561**	**3,034,561**	**2,380,471**	**654,090**	**-**	**-**	**-**	**-**		
IDA Credit No. 5508 funding		**3,690,551**	**3,690,551**	**2,380,471**	**1,287,182**	**-**	**22,899**	**655,990**	**-**		

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist

1) General

The Financing Agreement for the Kosovo Energy Efficiency and Renewable Energy Project (IDA Credit 5508 - XK) - (the "Project'), was signed between the International Development Association ("Association") and the Republic of Kosovo "Recipient") on January 15, 2015. The June 18, 2014 is the Bank approval date and June 05, 2015 is the effective date of the project.

The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to the Agreement, a credit (variously, "Credit" and "Financing"), in an amount equivalent to twenty million one hundred thousand Special Drawing Rights (SDR 20,100,000) to assist in financing. The project will have a total estimated cost of USD 32.50 million. The project will be implemented over six years through Investment Project Financing, financed by an IDA credit of USD 31.0 million, and co - financing in amount of USD 1.5 million from local governments under Component 1b – Pilot EE Investment Program for Municipalities[1].

The Recipient shall through Ministry of Economic Development (MoED): (i) implement the Project, with Kosovo Energy Efficiency Agency (KEEA) in MoED as the main executing agency and, (ii) establish and thereafter, operate and maintain at all times during the implementation of the Project, a Project Implementation Unit (PIU) under the management of KEEA with functions and responsibilities satisfactory to the Association.

To this end, the Recipient shall through MoED appoint a procurement specialist, a financial management specialist and other staff on as needed basis with resources, qualifications, experience and under terms of reference satisfactory to the Association.

The Recipient through MoED shall maintain throughout the implementation of the Project, a Coordination Group (CG), chaired by the Chief Executive Officer of the KEEA with functions, responsibilities satisfactory to the Association, including, (i) overall coordination of the investments in energy efficiency and renewable energy measures in government owned buildings, (ii) providing technical guidance in connection with subproject pipelines, (iii) inter-ministerial coordination, (iv) budgeting and procurement and (v) resolving implementation issues.

To this end the Recipient shall through MoED designate representatives of the Ministry of Finance (MoF), Ministry of Education, Science and Technology (MoEST), Ministry of Health (MoH), Ministry of Public Administration (MPA), Ministry of Local Government Administration (MoLGA), Ministry of Environmental and Spatial Planning (MoESP), Ministry of Justice (MoJ) and Ministry of Culture, Youth and Sports (MoCYS).

At December 31, 2017, the Project had 6 employees.

Project Description

The objectives of the Project

The objectives of the Project are to:

(a) Reduce energy consumption and fossil fuel use in public buildings through energy efficiency and renewable energy investments, and

(b) Enhance the policy and regulatory environment for renewable energy and energy efficiency.

---

[1] See Chapter III "Project Description", point B "project cost and financing" of PAD

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

1) **General (continued)**

The Project consists of the following Parts:

Part 1. Energy Efficiency and Renewable Energy Investments in Public Buildings

Promoting efficient use of energy in public buildings through:

a. Carrying out energy efficient and renewable energy Subprojects in central government owned buildings through provision of works;

b. Carrying out pilot energy efficient Subprojects in municipal government owned buildings to test the various financing options to develop a broader program for the municipal market through provision of works;

c. Conducting technical studies and supervision, including conducting building energy audits, development of designs and bidding documents, and carrying out construction supervision and waste disposal studies; and

d. Providing targeted training to design firms, construction companies and other energy efficient and renewable energy service providers and disseminating information on project impacts and results.

Part 2. Policy and Regulatory Support for Renewable Energy and Energy Efficiency

Strengthening the Recipient's policy and regulatory regime for renewable energy and energy efficiency including:

(a) Providing support to the Energy Regulatory Office to promote sustainable development of renewable energy generation capacity including:

i. Improving the renewable energy regulatory regime , including Feed in tariffs (FiTs) and consumption based district heating tariffs;

ii. Streamlining the permitting, licensing processes and the mechanisms for monitoring licenses;

iii. Developing specific rules for: (a) integrating renewable energy generation capacity into the grid and (b) grid connection agreements; and

iv. Conducting analyses for socially conscious tariff reform including FIT cost recovery and tariff increase impacts on consumer affordability; and

v. Carrying out assessments for renewable energy resources, through provision of technical advisory services, goods and Training;

(b) Providing support to the MoED to create an enabling regulatory environment for energy efficiency implementation including:

i. Undertaking a technical review of available information and developing the operating procedures for establishing a sustainable municipal energy efficiency financing scheme to scale up the piloting of the energy efficiency Subprojects under Part 1(b) of the Project; and

ii. Reviewing public procurement rules in the context of procuring energy efficient equipment and services and developing appropriate procurement guidelines; and developing an implementation plan to establish homeowner associations and piloting some energy efficient measures.

(c) 1) General (continued)

Part 3. Project Implementation Support

(a) Establishing a Project Implementation Unit within KEEA and recruiting staff to carry out procurement, financial management and monitoring and evaluation of the Project.

(b) Providing training to KEEA and PIU staff on effective implementation of the Project and sustainability of project activities and goals.

The Recipient shall through MoED ensure that the Project is carried out in accordance with the Project Operations Manual.

Central Government Subprojects

In implementing Part 1 (a) of the Project, the Recipient, through MoED and in consultation with the various line ministries, shall select the buildings to be renovated on the basis of criteria set forth in the Project Operations Manual which shall inter alia include, the requirements that buildings should:

- Be fully owned by the central government (excluding public owned enterprises);
- Be structurally sound and have not had comprehensive energy efficient renovations in the last 10 years and be at least 5 years old;
- Not be candidates for office moves, closure or privatization; and
- Not be used for security or defense purposes e.g. police or prisons;

Municipal Government Subprojects

In implementing Part 1 (b) of the Project, the Recipient shall through MoED:

- Issue a letter of invitation to all the municipalities and provide them with information about the municipal Subprojects and request them to apply and indicate the buildings to be renovated and rehabilitated to promote more efficient energy use;
- Select the municipalities (Participating Municipalities) and the Subprojects to be financed by the Financing in accordance with eligibility criteria set forth in the Project Operations Manual.

Withdrawal Conditions; Withdrawal Period

Notwithstanding the provisions of Part A, Section IV of the Financing Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed €250,000 equivalent may be made for payments made prior to this date but on or after March 1, 2014 for Eligible Expenditures

The disbursements methods may be used under the Financing are Reimbursement, Direct Payment and Special Commitment.

The Closing Date is August 31, 2020.

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

IDA CREDIT No.5508-XK

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

Category	Amount of the financing allocated (expressed in SDR)	Amount Equivalent (expressed in $US)	% of expenditures to be financed (inclusive of taxes)
1. Subprojects under Part 1(a) of the Project	14,260,000	22,000,000	100%
2. Subprojects under Part 1(b) of the Project	2,900,000	4,500,000	75 %
3. Consultant services, goods under Part 1 (c) 1(d), 2 and 3 of the Project	2,900,000	4,435,000	100%
4. Operating Costs	40,000	65,000	100%
Total amount	**20,100,000**	**31,000,000**	

The Government of Kosovo will repay the principal amount of the Credit in semi-annual instalments payable as of describe in following:

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each 15th October and 15th April in each year:	
Commencing 15th October, 2019 to and including 15th April, 2029	1.65%
Commencing on 15th October, 2029 to and including 15th April, 2039	3.35%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

The maximum Commitment Charge Rate payable by the Recipient on the unwithdrawn Financing Balance shall be 0, 5% per annum

The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

As at December 31, 2017 EUR 3,690,551.26 (2016: EUR 941,243.86) was disbursed from the Credit.

2) Basis of preparation

The financial statements of the project for the year ended December 31, 2017 have been prepared for the purpose of complying with the provisions of the Project's objectives, the World Bank guidelines and terms and conditions of the IDA Credit No. 5508-XK.

The financial statements comprise the statement of sources (Cash Receipts) and uses (Payments); the statement of expenditures used as the basis for the submission of withdrawal applications for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory notes.

The cumulative statements of expenditure used as the basis for the submission of withdrawal applications for the period from inception date on March 1, 2014 till December 31, 2017, are presented as supplementary schedules. Cumulative information on receipts and disbursements from the Project's Bank approval date to December 31, 2017 is presented in the Statement of Sources and Uses of Funds for information purposes only.

The financial statements have been prepared in accordance with cash basis IPSAS - Financial Reporting under the Cash Basis of Accounting, which differs from Kosovo and International Financial Reporting Standards. On this basis, income is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred. Accordingly, direct and indirect payments of the Project's expenses, which are made from the proceeds of the credit, are recognised as sources and uses of funds at the time the payment is made.

The financial statements prepared for the special purpose are presented in Euro ("EUR"), unless otherwise stated.

3) Summary of significant accounting policies

A summary of significant accounting policies underlying the preparation of the Project's financial statements is presented below.

3.1 Foreign currency transactions

The project accounts are maintained in Euro ("EUR").

Transactions in foreign currencies are translated to the functional currency at exchange rates on the dates of the transactions.

Initial credit amount are maintained at the historical exchange rates. The project translates the undrawn credit balance at the rates in effect on the year end.

The exchange rates in effect as at December 31, 2017, were as follows:

Period Currency	31.12.2017	31.12.2016
EUR/ USD	1.20	1.06
USD/EUR	0.83	0.95
SDR/EUR	1.19	1.27
SDR/$US	1.42	1.34

3) Summary of significant accounting policies (continued)

3.2 Recognition of income and expenses

Income is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

3.3 Taxation

The Project is not exempt from income Tax, Value Added Tax (VAT) and Custom Duties for the credits part. The local employees of the project are liable for personal tax and social security contributions.

4) IDA Credit No. 5508-XK funding

IDA funding is composed are detailed as follows:

Credit	Year ended 31 December 2017	Year ended 31 December 2016
Reimbursements	368,836.74	266,513.71
Direct payments	2,380,470.66	654,090.15
Special Commitment	-	-
Total	**2,749,307.40**	**920,603.86**

Reimbursements represent the IDA funds for cover the payments already made by Government of Kosovo for this project using withdrawal applications prepared by the Project.

5) Temporary advances received by government of Kosovo

The temporary advances received by Government of Kosovo are detailed as follows:

Financed by:	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015	Up to 31 December 2014
Temporary advances received by GOK	(-)	(75,905.17)	55,265.17	20,640.00
Total	(-)	(75,905.17)	**55,265.17**	**20,640.00**

6) Consulting services

Expenditures for Consultant services are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
PIU Project Manager	14,112.00	14,414.40
Procurement Specialist	10,299.60	9,172.60
Environmental specialist	-	960.96
Construction engineer	11,782.20	12,012.00
Civil engineer	6,368.40	-
Financial management specialist	8,996.52	7,917.00
Project Assistant	5,428.20	5,460.00
Tax Administration of Kosova	6,267.88	4,660.20
Kosovo Pension Savings Trust – Employee	1,417.00	-
Detailed design and technical specification including supervision and commissioning for energy efficiency building renovation	196,330.53	46,530.00
Home Owner Association	89,500.00	-
Social Survey	9,094.13	-
Audit service	1,688.00	1,688.00
Total	**361,284.46**	**829,581.99**

7) Incremental operating costs

Expenditures for incremental operating costs are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Kosovo Pension Savings Trust – Employer	1,417.00	-
Travel expenses and Per Diems	1,065.18	-
Office supply	4,969.80	14,985.40
Visa expenses	100.30	131.30
Total	**7,552.28**	**15,116.70**

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

8) Expenditures by sources of funds

Pursuant to the financing agreement, all project expenditures incurred so far under Category 1. Subprojects under Part 1(a), Category 3. Consultant services, goods under Part 1(c), 1(d), 2 and 3 of the Project and Category 4. Operating costs are financed 100% by the financing proceeds IDA Credit No.5508-XK.

9) Expenditures by parts:

The expenditures by Project Parts are detailed as follows:

Parts		Renovation of public buildings	Consultant services	Training	Incremental operating costs	Total December 31, 2017
Part I	*Energy Efficiency and Renewable Energy Investments in Public Buildings*					
1. (a)	Energy Efficiency and Renewable Energy Investments in Central Government Buildings	2,380,470.66	-	-	-	2,390,470.66
Part I	*Energy Efficiency and Renewable Energy Investments in Public Buildings*					
1. (c)	Technical Studies and supervision	-	205,424.66	-	-	205,424.66
Part II	Policy and Regulatory Support for Renewable Energy and Energy Efficiency					
2. (b)	Support to MED for Energy Efficiency Secondary Legislation	-	89,500.00	-	-	89,500.00
Part III.	Project Implementation Support	-	66,359.80	-	7,552.28	73,912.08
Total 2017		**2,380,470.66**	**361,284.46**	-	**7,552.28**	**2,749,307.40**
Total 2016		-	**829,581.99**	-	**15,116.70**	**844,698.69**

10) Un-drown credit facilities.

The balance of the undrawn credit from IDA Credit No. 5508 - XK as of December 31, 2017 in USD is 24,301,863.02 and in SDR 17,064,357.20.

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

11) Liabilities

Liabilities related to year end December 31, 2017 and paid in following year are as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Tax Administration of Kosova	406.40	-
Kosovo Pension Savings Trust - Employee	284.00	-
Kosovo Pension Savings Trust – Employer	284.00	-
Total	**974.40**	-

The expenditures incurred due to Tax Administration of Kosova and Kosovo Pension Savings Trust – Employee are under the Category 3, whereas the expenditure incurred due to Kosovo Pension Savings Trust – Employer are under the Category 4.

12) Renovation of public buildings

Expenditures for renovation of public building as per packages are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Renovation of 14 public buildings (Package #2)	1,824,032.09	-
Renovation of 20 public buildings (Package #3)	556,438.57	-
Total	**2,380,470.66**	-

Kosovo Energy Efficiency and Renewable Energy
(IDA Credit 5508 - XK)

Statement of Cumulative Expenditures Withdrawal Schedule

(Supplementary schedule
to the Annual Financial Statements)

for the period March 1, 2014 up to December 31,
2017

Accumulated statement of expenditures
Supplementary schedule
For the period from March 1, 2014
up to December 31, 2017
(in EUR, unless otherwise stated)

IDA Credit No. 5508 – XK

Withdrawal Application	Type of application	Appl. Pym. Amt	Disbursed in Euro	Renovation of public buildings	Consulting services	Training	Incremental operating costs	SOE	Deducted	Date received	Value Date
01/55080	Reimbursement	20,640	20,640	-	20,640	-	-	20,640	-	2-Nov-15	10-Nov-15
02/55080	Reimbursement	75,905	75,905	-	75,675	-	230	75,905.17	-	25-Jan-16	12-Feb-16
03/55080	Reimbursement	190,609	190,609	-	175,492	-	15,117	190,608.54	-	21-Dec-16	28-Dec-16
04/55080	Reimbursement	90,318	90,318	-	90,318	-	-	90,318	-	12-May-17	31-May-17
05/55080	Reimbursement	106,196	106,196	-	104,396	-	1,800	106,196	-	23-Oct-17	10-Nov-17
06/55080	Reimbursement	172,322	172,322	-	166,570	-	5,752	172,322	-	19-Dec-17	28-Dec-17
Total Reimbursement		**655,990**	**655,990**	-	**633,091**	-	**22,899**	**655,990**	-		
01/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	6-Sep-16	22-Sep-16
02/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	27-Sep-16	4-Oct-16
03/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	15-Dec-16	21-Dec-16
01/JVGINTASALFAI	Direct Payment	125,110	125,110	125,110	-	-	-	-	-	3-May-17	29-Jun-17
02/JVGINTASALFAI	Direct Payment	231,960	231,960	231,960	-	-	-	-	-	12-Jul-17	16-Aug-17
03/JVGINTASALFAI	Direct Payment	443,202	443,202	443,202	-	-	-	-	-	19-Sep-17	29-Sep-17
01/2T SH.P.K	Direct Payment	342,266	342,266	342,266	-	-	-	-	-	27-Sep-17	11-Oct-17
04/JVGINTASALFAI	Direct Payment	490,204	490,204	490,204	-	-	-	-	-	27-Nov-17	8-Dec-17
02/2T SH.P.K	Direct Payment	214,172	214,172	214,172	-	-	-	-	-	16-Dec-17	22-Dec-17
05/JVGINTASALFAI	Direct Payment	351,152	351,152	351,152	-	-	-	-	-	16-Dec-17	22-Dec-17
06/JVGINTASALFAI	Direct Payment	182,403	182,403	182,403	-	-	-	-	-	18-Dec-17	22-Dec-17
Total DP		**3,034,561**	**3,034,561**	**2,380,471**	**654,090**	-	-	-	-		
IDA Credit No. 5508 funding		**3,690,551**	**3,690,551**	**2,380,471**	**1,287,182**	-	**22,899**	**655,990**	-		

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist

Republika e Kosovës
Republika Kosova
Republic of Kosovo

Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

Document No: 21.22.7-2017-08

AUDIT REPORT

ON SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PROJECT "KOSOVO ENERGY EFFICIENCY AND RENEWABLE ENERGY"

FOR THE PERIOD 01.01.2017 to 31.12.2017

Audit based on the agreement for the project financed from funds allocated by the World Bank

Prishtina, Septembar 2018

The National Audit Office of the Republic of Kosovo is the highest institution of economic and financial control which, according to the Constitution and domestic laws, enjoys functional, financial and operational independence. The National Audit Office undertakes regularity and performance audits and is accountable to the Assembly of Kosovo.

Our Mission is through quality audits strengthen accountability in public administration for an effective, efficient and economic use of national resources.

We perform audits in line with internationally recognized public sector auditing standards and good European practices.

The reports of the National Audit Office directly promote accountability of public institutions as they provide a base for holding managers' of individual budget organisations to account. We are thus building confidence in the spending of public funds and playing an active role in securing taxpayers' and other stakeholders' interests in enhancing public accountability.

The Auditor General has decided on the audit opinion on the Annual Financial Report for the project "Kosovo Energy Efficiency and Renewable Energy", in consultation with the Assistant Auditor General, Emine Fazliu, who supervised the audit.

The report issued is a result of the audit carried out by Qëndresa Sogojeva (Team Leader) Alban Beka and Naim Neziri (team members) under the management of the Head of Audit Department (Samir Zymberi).

NATIONAL AUDIT OFFICE: Address - Lagjja Arbëria, St. Ahmet Krasniqi", no. 210, Prishtina 10000, Kosovo
Tel: +381(0) 38 60 60/1011
http://zka-rks.org

TABLE OF CONTENTS

Executive Summary

Introduction

This report summarises key issues arising from our audit of the 2017 Annual Financial Statements for special purpose for the project "Kosovo Energy Efficiency and Renewable Energy", for the period 01.01.2017 to 31.12.2017 (hereinafter audited period), which determines the Opinion given by the Auditor General. The examination of special purpose Financial Statements for the audited period was undertaken in accordance with the International Standards on Supreme Audit Institutions (ISSAIs). Our approach included such tests and procedures as we deemed necessary to arrive at an opinion on the financial report.

Our audit focus has been on:

The level of work undertaken by the National Audit Office to complete the audit for the audited period has been determined depending on expenditures incurred for this period.

The National Audit Office acknowledges the Management of the Ministry for Economic Development and the staff of Project Implementation Unit (PIU) for the cooperation during the audit process.

Opinion of the Auditor General

<u>**Unmodified Opinion with emphasis of matter**</u>

The Annual Financial Statements for Special Purpose *present a true and fair view* in all material aspects.

Emphasis of matter

We would like to draw your attention to the fact that the AFS have been prepared based on the cash basis of accounting.

For more, please refer to Section 2.1 of this report.

Annex I explains the different types of Opinions applied by the National Audit Office.

1 Audit Scope and Methodology

Introduction

The National Audit (NAO) is responsible for carrying out a Regularity Audit which involves the examination and evaluation of the financial report and other financial records, and expression of opinion on:

- Whether special purpose financial statements give a true and fair view of the accounts and financial affairs for the audited period;
- Whether foreign funds have been used in compliance with conditions of respective financing agreements;
- Whether the data, financial systems, and transactions comply with applicable laws and regulations for funds allocated by the World Bank;
- Whether financial statements comply with the requirements of the special agreement between the republic of Kosovo represented by the Minister of Finance and International Development Association[1];
- The appropriateness of internal control functions; and
- All matters arising from or relating to the audit.

Audit methodology was focused on examination of financial data and transactions, including the supporting documentation. We have determined the level of detailed tests needed to provide evidence that support the opinion of the AG.

Audit findings should not be considered as a comprehensive overview of all weaknesses that may exist, or of all improvements that can be done in operated systems and procedures. In the report shall be presented findings that are part of the opinion on the financial statements. While findings related to the financial management aspect, internal control functioning, and compliance issues will be summarised in the management letter.

[1] Loan number 5508 XK IDA- financed by the World Bank

2 Special Purpose Annual Financial Statements and the audit opinion

Introduction

Our audit of the Special Purpose Annual Financial Statements considers compliance with the reporting requirements according to the agreement, and the quality and accuracy of information presented in the financial statements.

2.1 Audit Opinion

Unmodified Opinion

We have audited the Special Purpose Financial Statements of the project financed by the World Bank "Kosovo Energy Efficiency and Renewable Energy" for the period 01.01.2017 to 31.12.2017, which includes a summary of sources of funds and expenditures incurred, statement of applications for withdrawal of funds and disclosures.

In our opinion, audited Special Purpose Financial Statements of the project "Kosovo Energy Efficiency and Renewable Energy" for the period 01.01.2017 to 31.12.2017 present a true and fair view in all material respects in accordance with reporting requirements under the agreement between parties, by adhering to principles of cash based accounting.

Basis for the opinion

Our audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that audit evidence obtained is sufficient and appropriate to provide a basis for the opinion.

Emphasis of Matter – Basis for accounting

We draw your attention to Note No. 2 of the AFS, which explains the accounting basis used in these financial statements (cash based accounting). These statements have been prepared to assist the Ministry meet the requirements of the World Bank. As a result of this, these AFS may not be suitable for another purpose. Our opinion is not modified in this regard.

Responsibility of Management and Persons Charged with Governance

The management of the MED/Project Implementation Unit is responsible for true and fair preparation of the special purpose financial statements, according to the agreement signed between the Republic of Kosovo and the International Development Association. This information is comprised of the Statement of Funds and Their Use, and the Statement of Withdrawal of Funds.

Auditor General's Responsibility for the Audit

Our responsibility is to express an opinion on the special purpose financial statements based on the audit carried out. We conducted our audit in accordance with ISSAIs. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that financial statements are free from material misstatements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will detect any material misstatement that might exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could influence the decisions taken on the basis of this financial report.

The audit involves performing procedures to obtain evidence about the financial records and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of special purpose financial statements by the Ministry, in order to design audit procedures that are appropriate for entity's circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control.

The audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluation of the presentation of the financial report.

Annex I: Explanation of the different types of opinion applied by the NAO

(extract from ISSAI 200)

Form of opinion

147. The auditor should express **an unmodified opinion if** it is concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.

If the auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement, the auditor should modify the opinion in the auditor's report in accordance with the section on "Determining the type of modification to the auditor's opinion".

148. If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor should discuss the matter with the management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, determine whether it is necessary to modify the audit opinion.

Modifications to the opinion in the auditor's report

151. The auditor should modify the opinion in the auditor's report if it is concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or if the auditor was unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Auditors may issue three types of modified opinions: a qualified opinion, an adverse opinion and a disclaimer of opinion.

Determining the type of modification to the auditor's opinion

152. The decision regarding which type of modified opinion is appropriate depends upon:

- The nature of the matter giving rise to the modification – that is, whether the financial statements are materially misstated or, in the event that it was impossible to obtain sufficient appropriate audit evidence, may be materially misstated; and
- The auditor's judgment about the pervasiveness of the effects or possible effects of the matter on the financial statements.

153. The auditor should express a **qualified opinion if**: (1) having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (2) the auditor was unable to obtain sufficient appropriate audit evidence on which to base an opinion, but concludes that the effects on the financial statements of any undetected misstatements could be material but not pervasive.

154. The auditor should express an **adverse opinion if**, having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

155. The auditor should **disclaim an opinion if**, having been unable to obtain sufficient appropriate audit evidence on which to base the opinion, the auditor concludes that the effects on the financial statements of any undetected misstatements could be both material and pervasive. If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the audit scope that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor should request that management remove the limitation.

156. If expressing a modified audit opinion, the auditor should also modify the heading to correspond with the type of opinion expressed. ISSAI 1705[19] provides additional guidance on the specific language to use when expressing a modified opinion and describing the auditor's responsibility. It also includes illustrative examples of reports.

Emphasis of Matter paragraphs and Other Matters paragraphs in the auditor's report

157. If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that is of such importance that it is fundamental to their understanding of the financial statements, but there is sufficient appropriate evidence that the matter is not materially misstated in the financial statements, the auditor should include an Emphasis of Matter paragraph in the auditor's report. Emphasis of Matter paragraphs should only refer to information presented or disclosed in the financial statements.

158. An Emphasis of Matter paragraph should:

- be included immediately after the opinion;
- use the Heading "Emphasis of Matter" or another appropriate heading;
- include a clear reference to the matter being emphasised and indicate where the relevant disclosures that fully describe the matter can be found in the financial statements; and
- indicate that the auditor's opinion is not modified in respect of the matter emphasised.

159. If the auditor considers it necessary to communicate a matter, other than those that are presented or disclosed in the financial statements, which, in the auditor's judgement, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report, and provided this is not prohibited by law or regulation, this should be done in a paragraph with the heading "Other Matter," or another appropriate heading. This paragraph should appear immediately after the opinion and any Emphasis of Matter paragraph.

Annex II: Special purpose financial statements of the project for 2017

Kosovo Energy Efficiency and Renewable Energy Project

(IDA Credit No. 5508-XK)

(P143055)

Financial Statements

for the year ended December 31, 2017

Content

Financial Statements of the project Page

Kosovo Energy Efficiency and Renewable Energy Project

(IDA Credit No. 5508-XK

Statement of Sources and Uses of Funds

For the year ended December 31, 2017

(in EUR unless otherwise stated)

Sources and uses	Notes	Year ended December 31, 2017	December 31, 2016	December 31, 2015	Up to December 31, 2014	Cumulative from March 01, 2014 to December 31, 2017
Sources of Funds:						
IDA Credit No. 5508 - XK funding	4	2,749,307.40	920,603.86	20,640.00	-	3,690,551.26
Temporary advances by Government of Kosovo	5	-	(75,905.17)	55,265.17	20,640.00	-
Total sources		**2,749,307.40**	**844,698.69**	**75,905.17**	**20,640.00**	**3,690,551.26**
Uses of Funds:						
Renovation of public buildings	12	(2,380,470.66)	-	-	-	(2,380,470.66)
Consulting services	6	(361,284.46)	(829,581.99)	(75,675.17)	(20,640.00)	(1,287,181,62)
Incremental Costs	7	(7,552.28)	(15,116.70)	(230.00)	-	(22,898.98)
Total uses	9	**(2,749,307.40)**	**(844,698.69)**	**(75,905.17)**	**(20,640.00)**	**(3,690,551.26)**
Exchange rate differences			-	-	-	-
Surplus (Deficit)		-	-	-	-	-

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 3 to 12 and forming an integral part of the financial statements.

The financial statements of the "Kosovo Energy Efficiency and Renewable Energy" Project were authorised for issue by the management of the Project on July 6, 2018 and signed on its behalf by:

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist

Statement of expenditures (Withdrawal schedule)
For the year ended December 31. 2017
(in EUR, unless otherwise stated)

IDA Credit No. 5508 – XK

Withdrawal Application	Type of application	Appl. Pym. Amt	Disbursed in Euro	Renovation of public buildings	Consulting services	Training	Incremental operating costs	SOE	Deducted	Date received	Value Date
01/55080	Reimbursement	20,640	20,640	-	20,640	-	-	20,640	-	2-Nov-15	10-Nov-15
02/55080	Reimbursement	75,905	75,905	-	75,675	-	230	75,905.17	-	25-Jan-16	12-Feb-16
03/55080	Reimbursement	190,609	190,609	-	175,492	-	15,117	190,608.54	-	21-Dec-16	28-Dec-16
04/55080	Reimbursement	90,318	90,318	-	90,318	-	-	90,318	-	12-May-17	31-May-17
05/55080	Reimbursement	106,196	106,196	-	104,396	-	1,800	106,196	-	23-Oct-17	10-Nov-17
06/55080	Reimbursement	172,322	172,322	-	166,570	-	5,752	172,322	-	19-Dec-17	28-Dec-17
Total Reimbursement		655,990	655,990	-	633,091	-	22,899	655,990	-		
01/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	6-Sep-16	22-Sep-16
02/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	27-Sep-16	4-Oct-16
03/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	15-Dec-16	21-Dec-16
01/JVGINTASALFAI	Direct Payment	125,110	125,110	125,110	-	-	-	-	-	3-May-17	29-Jun-17
02/JVGINTASALFAI	Direct Payment	231,960	231,960	231,960	-	-	-	-	-	12-Jul-17	16-Aug-17
03/JVGINTASALFAI	Direct Payment	443,202	443,202	443,202	-	-	-	-	-	19-Sep-17	29-Sep-17
01/2T SH.P.K	Direct Payment	342,266	342,266	342,266	-	-	-	-	-	27-Sep-17	11-Oct-17
04/JVGINTASALFAI	Direct Payment	490,204	490,204	490,204	-	-	-	-	-	27-Nov-17	8-Dec-17
02/2T SH.P.K	Direct Payment	214,172	214,172	214,172	-	-	-	-	-	16-Dec-17	22-Dec-17
05/JVGINTASALFAI	Direct Payment	351,152	351,152	351,152	-	-	-	-	-	16-Dec-17	22-Dec-17
06/JVGINTASALFAI	Direct Payment	182,403	182,403	182,403	-	-	-	-	-	18-Dec-17	22-Dec-17
Total DP		3,034,561	3,034,561	2,380,471	654,090	-	-	-	-		
IDA Credit No. 5508 funding		3,690,551	3,690,551	2,380,471	1,287,182	-	22,899	655,990	-		

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist

1) General

The Financing Agreement for the Kosovo Energy Efficiency and Renewable Energy Project (IDA Credit 5508 - XK) - (the "Project'), was signed between the International Development Association ("Association") and the Republic of Kosovo "Recipient") on January 15, 2015. The June 18, 2014 is the Bank approval date and June 05, 2015 is the effective date of the project.

The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to the Agreement, a credit (variously, "Credit" and "Financing"), in an amount equivalent to twenty million one hundred thousand Special Drawing Rights (SDR 20,100,000) to assist in financing. The project will have a total estimated cost of USD 32.50 million. The project will be implemented over six years through Investment Project Financing, financed by an IDA credit of USD 31.0 million, and co - financing in amount of USD 1.5 million from local governments under Component 1b – Pilot EE Investment Program for Municipalities[1].

The Recipient shall through Ministry of Economic Development (MoED): (i) implement the Project, with Kosovo Energy Efficiency Agency (KEEA) in MoED as the main executing agency and, (ii) establish and thereafter, operate and maintain at all times during the implementation of the Project, a Project Implementation Unit (PIU) under the management of KEEA with functions and responsibilities satisfactory to the Association.

To this end, the Recipient shall through MoED appoint a procurement specialist, a financial management specialist and other staff on as needed basis with resources, qualifications, experience and under terms of reference satisfactory to the Association.

The Recipient through MoED shall maintain throughout the implementation of the Project, a Coordination Group (CG), chaired by the Chief Executive Officer of the KEEA with functions, responsibilities satisfactory to the Association, including, (i) overall coordination of the investments in energy efficiency and renewable energy measures in government owned buildings, (ii) providing technical guidance in connection with subproject pipelines, (iii) inter-ministerial coordination, (iv) budgeting and procurement and (v) resolving implementation issues.

To this end the Recipient shall through MoED designate representatives of the Ministry of Finance (MoF), Ministry of Education, Science and Technology (MoEST), Ministry of Health (MoH), Ministry of Public Administration (MPA), Ministry of Local Government Administration (MoLGA), Ministry of Environmental and Spatial Planning (MoESP), Ministry of Justice (MoJ) and Ministry of Culture, Youth and Sports (MoCYS).

At December 31, 2017, the Project had 6 employees.

Project Description

The objectives of the Project

The objectives of the Project are to:

(a) Reduce energy consumption and fossil fuel use in public buildings through energy efficiency and renewable energy investments, and

(b) Enhance the policy and regulatory environment for renewable energy and energy efficiency.

---

[1] See Chapter III "Project Description", point B "project cost and financing" of PAD

1) General (continued)

The Project consists of the following Parts:

Part 1. Energy Efficiency and Renewable Energy Investments in Public Buildings

Promoting efficient use of energy in public buildings through:

a. Carrying out energy efficient and renewable energy Subprojects in central government owned buildings through provision of works;

b. Carrying out pilot energy efficient Subprojects in municipal government owned buildings to test the various financing options to develop a broader program for the municipal market through provision of works;

c. Conducting technical studies and supervision, including conducting building energy audits, development of designs and bidding documents, and carrying out construction supervision and waste disposal studies; and

d. Providing targeted training to design firms, construction companies and other energy efficient and renewable energy service providers and disseminating information on project impacts and results.

Part 2. Policy and Regulatory Support for Renewable Energy and Energy Efficiency

Strengthening the Recipient's policy and regulatory regime for renewable energy and energy efficiency including:

(a) Providing support to the Energy Regulatory Office to promote sustainable development of renewable energy generation capacity including:

   i. Improving the renewable energy regulatory regime , including Feed in tariffs (FiTs) and consumption based district heating tariffs;

   ii. Streamlining the permitting, licensing processes and the mechanisms for monitoring licenses;

   iii. Developing specific rules for: (a) integrating renewable energy generation capacity into the grid and (b) grid connection agreements; and

   iv. Conducting analyses for socially conscious tariff reform including FIT cost recovery and tariff increase impacts on consumer affordability; and

   v. Carrying out assessments for renewable energy resources, through provision of technical advisory services, goods and Training;

(b) Providing support to the MoED to create an enabling regulatory environment for energy efficiency implementation including:

   i. Undertaking a technical review of available information and developing the operating procedures for establishing a sustainable municipal energy efficiency financing scheme to scale up the piloting of the energy efficiency Subprojects under Part 1(b) of the Project; and

   ii. Reviewing public procurement rules in the context of procuring energy efficient equipment and services and developing appropriate procurement guidelines; and developing an implementation plan to establish homeowner associations and piloting some energy efficient measures.

(c) 1) General (continued)

Part 3. Project Implementation Support

(a) Establishing a Project Implementation Unit within KEEA and recruiting staff to carry out procurement, financial management and monitoring and evaluation of the Project.

(b) Providing training to KEEA and PIU staff on effective implementation of the Project and sustainability of project activities and goals.

The Recipient shall through MoED ensure that the Project is carried out in accordance with the Project Operations Manual.

Central Government Subprojects

In implementing Part 1 (a) of the Project, the Recipient, through MoED and in consultation with the various line ministries, shall select the buildings to be renovated on the basis of criteria set forth in the Project Operations Manual which shall inter alia include, the requirements that buildings should:

- Be fully owned by the central government (excluding public owned enterprises);
- Be structurally sound and have not had comprehensive energy efficient renovations in the last 10 years and be at least 5 years old;
- Not be candidates for office moves, closure or privatization; and
- Not be used for security or defense purposes e.g. police or prisons;

Municipal Government Subprojects

In implementing Part 1 (b) of the Project, the Recipient shall through MoED:

- Issue a letter of invitation to all the municipalities and provide them with information about the municipal Subprojects and request them to apply and indicate the buildings to be renovated and rehabilitated to promote more efficient energy use;
- Select the municipalities (Participating Municipalities) and the Subprojects to be financed by the Financing in accordance with eligibility criteria set forth in the Project Operations Manual.

Withdrawal Conditions; Withdrawal Period

Notwithstanding the provisions of Part A, Section IV of the Financing Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed €250,000 equivalent may be made for payments made prior to this date but on or after March 1, 2014 for Eligible Expenditures

The disbursements methods may be used under the Financing are Reimbursement, Direct Payment and Special Commitment.

The Closing Date is August 31, 2020.

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

IDA CREDIT No.5508-XK

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

Category	Amount of the financing allocated (expressed in SDR)	Amount Equivalent (expressed in $US)	% of expenditures to be financed (inclusive of taxes)
1. Subprojects under Part 1(a) of the Project	14,260,000	22,000,000	100%
2. Subprojects under Part 1(b) of the Project	2,900,000	4,500,000	75 %
3. Consultant services, goods under Part 1 (c) 1(d), 2 and 3 of the Project	2,900,000	4,435,000	100%
4. Operating Costs	40,000	65,000	100%
Total amount	**20,100,000**	**31,000,000**	

The Government of Kosovo will repay the principal amount of the Credit in semi-annual instalments payable as of describe in following:

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each 15th October and 15th April in each year:	
Commencing 15th October, 2019 to and including 15th April, 2029	1.65%
Commencing on 15th October, 2029 to and including 15th April, 2039	3.35%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

The maximum Commitment Charge Rate payable by the Recipient on the unwithdrawn Financing Balance shall be 0, 5% per annum

The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

As at December 31, 2017 EUR 3,690,551.26 (2016: EUR 941,243.86) was disbursed from the Credit.

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

2) Basis of preparation

The financial statements of the project for the year ended December 31, 2017 have been prepared for the purpose of complying with the provisions of the Project's objectives, the World Bank guidelines and terms and conditions of the IDA Credit No. 5508-XK.

The financial statements comprise the statement of sources (Cash Receipts) and uses (Payments); the statement of expenditures used as the basis for the submission of withdrawal applications for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory notes.

The cumulative statements of expenditure used as the basis for the submission of withdrawal applications for the period from inception date on March 1, 2014 till December 31, 2017, are presented as supplementary schedules. Cumulative information on receipts and disbursements from the Project's Bank approval date to December 31, 2017 is presented in the Statement of Sources and Uses of Funds for information purposes only.

The financial statements have been prepared in accordance with cash basis IPSAS - Financial Reporting under the Cash Basis of Accounting, which differs from Kosovo and International Financial Reporting Standards. On this basis, income is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred. Accordingly, direct and indirect payments of the Project's expenses, which are made from the proceeds of the credit, are recognised as sources and uses of funds at the time the payment is made.

The financial statements prepared for the special purpose are presented in Euro ("EUR"), unless otherwise stated.

3) Summary of significant accounting policies

A summary of significant accounting policies underlying the preparation of the Project's financial statements is presented below.

3.1 Foreign currency transactions

The project accounts are maintained in Euro ("EUR").

Transactions in foreign currencies are translated to the functional currency at exchange rates on the dates of the transactions.

Initial credit amount are maintained at the historical exchange rates. The project translates the undrawn credit balance at the rates in effect on the year end.

The exchange rates in effect as at December 31, 2017, were as follows:

Period Currency	31.12.2017	31.12.2016
EUR/ USD	1.20	1.06
USD/EUR	0.83	0.95
SDR/EUR	1.19	1.27
SDR/$US	1.42	1.34

3) Summary of significant accounting policies (continued)

3.2 Recognition of income and expenses

Income is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

3.3 Taxation

The Project is not exempt from income Tax, Value Added Tax (VAT) and Custom Duties for the credits part. The local employees of the project are liable for personal tax and social security contributions.

4) IDA Credit No. 5508-XK funding

IDA funding is composed are detailed as follows:

Credit	Year ended 31 December 2017	Year ended 31 December 2016
Reimbursements	368,836.74	266,513.71
Direct payments	2,380,470.66	654,090.15
Special Commitment	-	-
Total	**2,749,307.40**	**920,603.86**

Reimbursements represent the IDA funds for cover the payments already made by Government of Kosovo for this project using withdrawal applications prepared by the Project.

5) Temporary advances received by government of Kosovo

The temporary advances received by Government of Kosovo are detailed as follows:

Financed by:	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015	Up to 31 December 2014
Temporary advances received by GOK	(-)	(75,905.17)	55,265.17	20,640.00
Total	(-)	(75,905.17)	55,265.17	**20,640.00**

Notes to the Financial Statements

For the year ended December 31, 2017
(in EUR, unless otherwise stated)

6) Consulting services

Expenditures for Consultant services are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
PIU Project Manager	14,112.00	14,414.40
Procurement Specialist	10,299.60	9,172.60
Environmental specialist	-	960.96
Construction engineer	11,782.20	12,012.00
Civil engineer	6,368.40	-
Financial management specialist	8,996.52	7,917.00
Project Assistant	5,428.20	5,460.00
Tax Administration of Kosova	6,267.88	4,660.20
Kosovo Pension Savings Trust – Employee	1,417.00	-
Detailed design and technical specification including supervision and commissioning for energy efficiency building renovation	196,330.53	46,530.00
Home Owner Association	89,500.00	-
Social Survey	9,094.13	-
Audit service	1,688.00	1,688.00
Total	**361,284.46**	**829,581.99**

7) Incremental operating costs

Expenditures for incremental operating costs are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Kosovo Pension Savings Trust – Employer	1,417.00	-
Travel expenses and Per Diems	1,065.18	-
Office supply	4,969.80	14,985.40
Visa expenses	100.30	131.30
Total	**7,552.28**	**15,116.70**

8) Expenditures by sources of funds

Pursuant to the financing agreement, all project expenditures incurred so far under Category 1. Subprojects under Part 1(a), Category 3. Consultant services, goods under Part 1(c), 1(d), 2 and 3 of the Project and Category 4. Operating costs are financed 100% by the financing proceeds IDA Credit No.5508-XK.

9) Expenditures by parts:

The expenditures by Project Parts are detailed as follows:

Parts		Renovation of public buildings	Consultant services	Training	Incremental operating costs	Total December 31, 2017
Part I	*Energy Efficiency and Renewable Energy Investments in Public Buildings*					
1. (a)	Energy Efficiency and Renewable Energy Investments in Central Government Buildings	2,380,470.66	-	-	-	2,390,470.66
Part I	*Energy Efficiency and Renewable Energy Investments in Public Buildings*					
1. (c)	Technical Studies and supervision	-	205,424.66	-	-	205,424.66
Part II	Policy and Regulatory Support for Renewable Energy and Energy Efficiency					
2. (b)	Support to MED for Energy Efficiency Secondary Legislation	-	89,500.00	-	-	89,500.00
Part III.	Project Implementation Support	-	66,359.80	-	7,552.28	73,912.08
Total 2017		**2,380,470.66**	**361,284.46**	-	**7,552.28**	**2,749,307.40**
Total 2016		-	**829,581.99**	-	**15,116.70**	**844,698.69**

10) Un-drown credit facilities.

The balance of the undrawn credit from IDA Credit No. 5508 - XK as of December 31, 2017 in USD is 24,301,863.02 and in SDR 17,064,357.20.

Notes to the Financial Statements

For the year ended December 31, 2017.
(in EUR, unless otherwise stated)

11) Liabilities

Liabilities related to year end December 31, 2017 and paid in following year are as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Tax Administration of Kosova	406.40	-
Kosovo Pension Savings Trust - Employee	284.00	-
Kosovo Pension Savings Trust – Employer	284.00	-
Total	**974.40**	-

The expenditures incurred due to Tax Administration of Kosova and Kosovo Pension Savings Trust – Employee are under the Category 3, whereas the expenditure incurred due to Kosovo Pension Savings Trust – Employer are under the Category 4.

12) Renovation of public buildings

Expenditures for renovation of public building as per packages are detailed as follows:

Item	Year ended 31 December 2017	Year ended 31 December 2016
Renovation of 14 public buildings (Package #2)	1,824,032.09	-
Renovation of 20 public buildings (Package #3)	556,438.57	-
Total	**2,380,470.66**	-

Kosovo Energy Efficiency and Renewable Energy
(IDA Credit 5508 - XK)

Statement of Cumulative Expenditures Withdrawal Schedule

(Supplementary schedule
to the Annual Financial Statements)

for the period March 1, 2014 up to December 31, 2017

Accumulated statement of expenditures
Supplementary schedule
For the period from March 1, 2014
up to December 31, 2017
(in EUR, unless otherwise stated)

IDA Credit No. 5508 – XK

Withdrawal Application	Type of application	Appl. Pym. Amt	Disbursed in Euro	Renovation of public buildings	Consulting services	Training	Incremental operating costs	SOE	Deducted	Date received	Value Date
01/55080	Reimbursement	20,640	20,640	-	20,640	-	-	20,640	-	2-Nov-15	10-Nov-15
02/55080	Reimbursement	75,905	75,905	-	75,675	-	230	75,905.17	-	25-Jan-16	12-Feb-16
03/55080	Reimbursement	190,609	190,609	-	175,492	-	15,117	190,608.54	-	21-Dec-16	28-Dec-16
04/55080	Reimbursement	90,318	90,318	-	90,318	-	-	90,318	-	12-May-17	31-May-17
05/55080	Reimbursement	106,196	106,196	-	104,396	-	1,800	106,196	-	23-Oct-17	10-Nov-17
06/55080	Reimbursement	172,322	172,322	-	166,570	-	5,752	172,322	-	19-Dec-17	28-Dec-17
Total Reimbursement		**655,990**	**655,990**	-	**633,091**	-	**22,899**	**655,990**	-		
01/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	6-Sep-16	22-Sep-16
02/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	27-Sep-16	4-Oct-16
03/Fichtner	Direct Payment	218,030	218,030	-	218,030.05	-	-	-	-	15-Dec-16	21-Dec-16
01/JVGINTASALFAI	Direct Payment	125,110	125,110	125,110	-	-	-	-	-	3-May-17	29-Jun-17
02/JVGINTASALFAI	Direct Payment	231,960	231,960	231,960	-	-	-	-	-	12-Jul-17	16-Aug-17
03/JVGINTASALFAI	Direct Payment	443,202	443,202	443,202	-	-	-	-	-	19-Sep-17	29-Sep-17
01/2T SH.P.K	Direct Payment	342,266	342,266	342,266	-	-	-	-	-	27-Sep-17	11-Oct-17
04/JVGINTASALFAI	Direct Payment	490,204	490,204	490,204	-	-	-	-	-	27-Nov-17	8-Dec-17
02/2T SH.P.K	Direct Payment	214,172	214,172	214,172	-	-	-	-	-	16-Dec-17	22-Dec-17
05/JVGINTASALFAI	Direct Payment	351,152	351,152	351,152	-	-	-	-	-	16-Dec-17	22-Dec-17
06/JVGINTASALFAI	Direct Payment	182,403	182,403	182,403	-	-	-	-	-	18-Dec-17	22-Dec-17
Total DP		**3,034,561**	**3,034,561**	**2,380,471**	**654,090**	-	-	-	-		
IDA Credit No. 5508 funding		**3,690,551**	**3,690,551**	**2,380,471**	**1,287,182**	-	**22,899**	**655,990**	-		

Naim BUJUPI
Project Manager

Njomza HOXHA
Financial Management Specialist