AUDIT REPORT

ON SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PROJECT

“COMPETITIVENESS AND EXPORT READINESS”

FOR THE PERIOD ENDED 31 DECEMBER 2018

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

Prishtina, July 2018
The National Audit Office of the Republic of Kosovo is the highest institution of economic and financial control which, for its work 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.

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.

This audit is carried out in line with internationally recognized public sector auditing standards and good European practices.

The Auditor General has decided on the audit opinion on the Annual Financial Report for the project “Competitiveness and Export Readiness”, in consultation with the Assistant Auditor General, Vlora Spanca, who supervised the audit.

The report issued is a result of the audit carried out by Jetmira Isufi (Team Leader) and Jehona Krasniqi (team member) under the management of the Head of Audit Department Mujë Gashi.
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Executive Summary

This report summarises key issues arising from our audit of Special Purpose Annual Financial Statements for the project “Competitiveness and Export Readiness”, for the year ended 31.12.2018, which includes the Opinion of the Auditor General. Examination of special purpose Financial Statements 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 engagement to conduct the audit was determined depending on the quality of internal control implemented by the management of the Ministry of Trade and Industry and the Project Coordination Unit.

Opinion of the Auditor General

Unmodified Opinion with emphasis of matter

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

Emphasis of matter

We draw your attention to the fact that Special Purpose Financial Statements are prepared in accordance with the framework for special purposes and as a consequence the financial statements cannot be used for another purpose.

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-IDA;
- Whether financial statements comply with the requirements of the special agreement between the Ministry of Trade and Industry and the World Bank;
- 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.
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 “Competitiveness and Export Readiness” financed by the World Bank for the year ended 31.12.2018, 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 “Competitiveness and Export Readiness” for the year ended 31.12.2018 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 the fact that Special Purpose Financial Statements are prepared in accordance with the framework for special purposes and as a consequence the financial statements cannot be used for another purpose. These statements are prepared to assist the Ministry of Trade and Industry to meet requirements set by the World Bank. As a result of this, these financial statements 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 Ministry of Trade and Industry is responsible for true and fair preparation of the special purpose financial statements, according to the agreement signed between the Republic of Kosovo represented by the Minister of Finance and the International Development Association. This information is comprised of the Statement of Funds and Their Use, and the Statement of Withdrawal of Funds and disclosures.

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, 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 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: Letter Confirmation

LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjeturat e Auditorit të Përgjithshëm në Raportin e Auditimit për vitin 2018 dhe për zbatimin e rekombandimeve

Për: Zyrën Kombëtare të Auditimit

Të ndieruar,

Përëmës kësaj shkruar, konfirmoj se:

- Kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Raportit/Pasqyrave Financiare për qëllime të veçanta për projektin e financuar nga Banka Botërore "Konkurrueshmëria dhe Gatişhmëria për Eksport", për vitin e përfunduar më 31 dhjetor 2018.

- Pajtohem me të gjeturat dhe rekombandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit; si dhe

- Brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për zbatimin e rekombandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjigjës për zbatimin e tyre.

Endrit SHALA

Ministër
Annex III: Special purpose financial statements of the project for 2018
Competitiveness and Export Readiness
Project
(IDA Credit number 6035 - XK)
(P 152881)

Financial Statements
for the year ended December 31, 2018
## Content

**Financial Statements of the project**

<table>
<thead>
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<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Sources and Uses of Funds for the year ended 31 December 2018</td>
<td>1</td>
</tr>
<tr>
<td>Statement of expenditures for the year ended 31 December 2018</td>
<td>2-3</td>
</tr>
<tr>
<td>Notes to the Financial Statements as at 31 December 2018</td>
<td>4-12</td>
</tr>
<tr>
<td><em>Supplementary schedule to the Financial Statements:</em></td>
<td></td>
</tr>
<tr>
<td>Accumulated statement of expenditures for the period from 18 May 2018</td>
<td>i - ii</td>
</tr>
</tbody>
</table>
Competitiveness and Export Readiness Project
(IDA Credit No. 6035 - XK)

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Notes</th>
<th>Year ended on December 31, 2018</th>
<th>Year ended on December 31, 2017</th>
<th>From May 18, 2018 (Inception date) to December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Credit No. 6035 - XK</td>
<td>4</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Temporary advances by Government of Kosovo</td>
<td>5</td>
<td>(41,526.97)</td>
<td>0.00</td>
<td>(41,526.97)</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td></td>
<td><strong>(41,526.97)</strong></td>
<td><strong>0.00</strong></td>
<td><strong>(41,526.97)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th></th>
<th>Year ended on December 31, 2018</th>
<th>Year ended on December 31, 2017</th>
<th>From May 18, 2018 (Inception date) to December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>6</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Goods</td>
<td>7</td>
<td>(4,293.00)</td>
<td>0.00</td>
<td>(4,293.00)</td>
</tr>
<tr>
<td>Non Consulting Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting services</td>
<td>8</td>
<td>(27,588.45)</td>
<td>0.00</td>
<td>(27,588.45)</td>
</tr>
<tr>
<td>Training and workshop</td>
<td>9</td>
<td>(1,324.24)</td>
<td>0.00</td>
<td>(1,324.24)</td>
</tr>
<tr>
<td>Incremental operating costs</td>
<td>10</td>
<td>(8,321.28)</td>
<td>0.00</td>
<td>(8,321.28)</td>
</tr>
<tr>
<td><strong>Total Uses of Funds</strong></td>
<td></td>
<td><strong>(41,526.97)</strong></td>
<td><strong>(0.00)</strong></td>
<td><strong>(41,526.97)</strong></td>
</tr>
</tbody>
</table>

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 4 to 13 and forming an integral part of the financial statements.

The financial statements of the Competitiveness and Export Readiness Project (IDA Credit No. 6035) were authorised for issue by the management of the Project under Ministry of Trade and Industry on May 2019 and signed on its behalf by:

Gazmend MEZIŅI
Project Coordinator

Adile OSMANI
Financial Management Officer
Competitiveness and Export Readiness Project
(IDA Credit number 6635 - XK)

Notes to the financial statements
for the year ended 31 December 2018
(in EUR unless otherwise stated)

1. General

The Financing Agreement for the Competitiveness and Export Readiness Project (CERP) (IDA Credit number 6635 - XK) (the “Project”), was signed between the International Development Association (“Association”) and the Republic of Kosovo or the “Recipient” on 02 August, 2017 and be effective on date May 18, 2018.

At the commencement of the Project, the Government of Kosovo (the “Recipient”) established a Project Implementation Unit (“PIU”) within Ministry of Trade and Industry to implement, monitor, control and completes the operation of the Project.

At 31 December 2018, the Project had 5 employees.

The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred this Agreement, a Credit in the amount of fourteen million three hundred thousand Euros (EUR 14,300,600) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

Project Description

The objective of the Project is to assist the Recipient in supporting product certification for export markets, strengthening the capacity of export-oriented firms and reducing the cost of business inspections.

The Project consists of the following parts:

Part 1. Enhancing Business Environment and Export Readiness

A. Supporting international recognition of National Quality Infrastructure ("NQI")

Provision of goods and technical assistance to improve, and obtain international recognition of, the Recipient's NQI, by specifically:

(i) supporting the Kosovo Metrology Agency ("KMA") to upgrade selected metrology laboratories, train its staff to use the newly procured equipment, and build its staffs capacity to improve traceability and inter-laboratory comparisons;

(ii) supporting the Kosovo Accreditation Directorate ("KAD") and Kosovo Standardization Agency to enhance their information technology systems with respect to data interoperability and exchange, and to facilitate their access to information on standards and test results, and, specifically for KAD, to accredit laboratories in line with international best practices; and

(iii) supporting the establishment of an NQI Committee ("NQC") with private sector participation, and improving public awareness of international standards and harmonization requirements.

B. Supporting Small and Medium Enterprises ("SMEs ") to improve export readiness

(i) Establishment and administration of a Matching Grant program; and
Competitiveness and Export Readiness Project
(IDA Credit No. 6035 - XK)

Notes to the financial statements
for the year ended 31 December 2018
(in EUR, unless otherwise stated)

(i) Provision of Matching Grants to provide technical assistance to Selected SMEs with export potential to carry out Matching Grant Subprojects that (a) implement international standards and receive certifications required for export markets, and (b) gain access to business development services.

C. Reforming business inspections system

Reforming the Recipient's business inspections system by reducing the administrative burden to businesses and improving the efficiency and effectiveness of inspection services, through the provision of:

(i) an electronic inspector data management system;
(ii) a business inspection interoperability data exchange system;
(iii) equipment for inspectors to conduct field analyses, sampling and evidence gathering; and
(iv) support for institutional set-up and capacity building for inspectors.

Part 2. Project Implementation and Coordination Support

Provision of goods, services, Training and Operating Costs in support of Project implementation and coordination, including the provision of equipment and of technical assistance in Project management, coordination, and fiduciary and monitoring and evaluation functions.

The closing date is: October 30, 2022
Notes to the financial statements
for the year ended 31 December 2018
(in EUR, unless otherwise stated)

**Competitiveness and Export Readiness Project**

(IDA Credit No. 6035 - 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit allocated (expressed in EUR)</th>
<th>Percentage of expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Goods, non-consulting services, consultants services for the project except for Part 1.B(ii)</td>
<td>12,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>2) Part 1.B(ii) of the Project</td>
<td>2,300,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,300,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**IDA Credit 6035-XK (continued)**

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

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15, and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing on October 15, 2022 to and including April 15, 2032</td>
<td>1.65%</td>
</tr>
<tr>
<td>and commencing on October 15, 2032 to and including April 15, 2042</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* 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 payment currency is Euro

The Closing date of the project is October 30, 2022
Competition and Export Readiness Project
(IDA Credit number 6035 - XK)

Notes to the financial statements
for the year ended 31 December 2018
(in EUR unless otherwise stated)

2. Basis of preparation

The special purpose financial statements of the project for the year ended December 31, 2018 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. 6035 - XK.

The special purpose financial statements comprise the Statement of Sources (Cash Receipts) and Uses (Payments); the Statement of Expenditure used as the basis for the submission of withdrawal applications for the year ended December 31, 2018 and a summary of significant accounting policies and other explanatory notes.

The Cumulative Statements of Expenditures used as the basis for the submission of withdrawal applications for the period from inception on May 18, 2018 till December 31, 2018 are presented as supplementary schedules. Cumulative information on receipts and disbursements from the Project’s inception date till December 31, 2018 is presented in the Statement of Sources and Uses of Funds for information purposes only.

The special purpose 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 recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. Accordingly, direct and indirect payments of the Project’s expenses, which are made from the proceeds of the Grants & Credit, are recognized as sources and uses of funds at the time the payment is made.

The special purpose financial statements are presented in Euros (“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 Euros (“EUR”) the legal currency of Kosovo. The Project deals predominantly in EUR, while the foreign currencies the Project deals with are predominantly in Special Drawing Rights (“SDR”) and United States Dollars (“USD”).

Initial grant amounts are maintained at the historical exchange rates. The Project translates the undrawn grant balance at the rates in effect on the year end. The exchange rates in effect as at April 1, 2017 were as follows:

<table>
<thead>
<tr>
<th>Currency</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD/XDR</td>
<td>0.71</td>
<td>0.72</td>
</tr>
<tr>
<td>XDR/USD</td>
<td>1.40</td>
<td>1.39</td>
</tr>
<tr>
<td>EUR/XDR</td>
<td>0.80</td>
<td>0.79</td>
</tr>
<tr>
<td>XDR/EUR</td>
<td>1.23</td>
<td>1.25</td>
</tr>
<tr>
<td>EUR/USD</td>
<td>1.06</td>
<td>1.07</td>
</tr>
</tbody>
</table>
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 Value Added Tax (VAT) and Custom Duties for the credits part. The local employees of the project are liable for personal income tax and social security contributions.

4. IDA Credit No. 6035 - XK funding

IDA Credit funding is composed as follows:

<table>
<thead>
<tr>
<th>Funding</th>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursements</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

As at 31 December 2018, we did not have any reimbursement from the Credit

5. Temporary advances received by government of Kosovo

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

<table>
<thead>
<tr>
<th>Funding</th>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Credit 6035-XK temporary advances received by GoK</td>
<td>(41,526.97)</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>(41,526.97)</td>
<td>0.00</td>
</tr>
</tbody>
</table>

6. Goods

Expenditures for goods are detailed as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Equipment for PIU Staff</td>
<td>4,293.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>4,293.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
Notes to the financial statements
for the year ended 31 December 2018
(In EUR, unless otherwise stated)

7. Consultant services
Consultant services are detailed as following:

<table>
<thead>
<tr>
<th>Item</th>
<th>Year ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31-Dec-18</td>
<td>31-Dec-17</td>
</tr>
<tr>
<td>Staff Salaries</td>
<td>27,588.45</td>
<td>-</td>
</tr>
<tr>
<td>Gazmend Mejzini Net Salaries for Jun- Dec'18</td>
<td>8,491.65</td>
<td>-</td>
</tr>
<tr>
<td>Aferdita Selmani Net Salaries for May-Dec'18</td>
<td>8,214.60</td>
<td>-</td>
</tr>
<tr>
<td>Adile Osmani Salaries Net for July-Dec'18</td>
<td>5,211.90</td>
<td>-</td>
</tr>
<tr>
<td>Valmire Morina Salaries Net for Nov-Dec'18</td>
<td>939.80</td>
<td>-</td>
</tr>
<tr>
<td>Mimoza Ramadani Salaries Net for Nov-Dec'18</td>
<td>810.60</td>
<td>-</td>
</tr>
<tr>
<td>Taxes for staff salaries from May-Nov'18</td>
<td>1,684.90</td>
<td>-</td>
</tr>
<tr>
<td>Pension Contribution from Employee 5% for staff salaries from May Nov'18</td>
<td>1,117.50</td>
<td>-</td>
</tr>
<tr>
<td>Pension Contribution from Employer 5% for staff salaries from May- Nov'18</td>
<td>1,117.50</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>27,588.45</td>
<td>-</td>
</tr>
</tbody>
</table>

*Liabilities from 2018 that were paid on 2019:
- closing advances for official travel - Study Tour in Turkey in amount of 6,357.75 Euro for PIU and MTI staff
- closing Petty Cash for office expenses made during the year 2018 in amount 1,119.18 Euro
- payment for Taxes for Kosovo Administration for PIU staff salaries for December’18 in amount of 353.55 Euro
- Pension Contribution from Employer 5% for staff salaries for Dec’18 in amount of 244.50
- Pension Contribution from Employer 5% for staff salaries for Dec’18 in amount of 244.50
In total: 8,319.48 Euro

8. Training
Expenditures for training are detailed as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Year ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2018</td>
<td>December 31, 2017</td>
</tr>
<tr>
<td>PIU and MTI staff participation on Study Tour in Turkey</td>
<td>1,324.24</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1,324.24</td>
<td>0.00</td>
</tr>
</tbody>
</table>
## Competitiveness and Export Readiness Project
(IDA Credit No. 6035 - XX)

### Notes to the financial statements
for the year ended 31 December 2018
(in EUR, unless otherwise stated)

### 9. Incremental operating costs

Expenditures for Incremental operating costs are detailed as follows

<table>
<thead>
<tr>
<th>Item</th>
<th>Year ended December 31, 2018</th>
<th>Year ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost for Translation services</td>
<td>351.46</td>
<td></td>
</tr>
<tr>
<td>Cost for advertisements</td>
<td>240.00</td>
<td></td>
</tr>
<tr>
<td>Telecommunication costs</td>
<td>1,820.00</td>
<td></td>
</tr>
<tr>
<td>Office Supplies -IT Equipment</td>
<td>1,590.00</td>
<td></td>
</tr>
<tr>
<td>Office supply</td>
<td>3,994.82</td>
<td></td>
</tr>
<tr>
<td>Costs for Internet services</td>
<td>108.00</td>
<td></td>
</tr>
<tr>
<td>Cost for official lunch</td>
<td>217.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,321.28</strong></td>
<td></td>
</tr>
</tbody>
</table>
**Notes to the financial statements**
for the year ended 31 December 2018
(in EUR, unless otherwise stated)

### 10. Expenditures by project part
The expenditures by Project Parts are as follows:

<table>
<thead>
<tr>
<th>Parts</th>
<th>Grants</th>
<th>Goods</th>
<th>Consult. Services</th>
<th>Training</th>
<th>Non Consulting</th>
<th>IOC</th>
<th>Total 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhancing business environment and export readiness</td>
<td></td>
<td>9,045.64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subcomp. 1.1 Supporting Internat. recognition of NQI</td>
<td>4,293.00</td>
<td>1,324.24</td>
<td>5,617.24</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subcomp. 1.2 Supporting SMEs to improve export readiness</td>
<td></td>
<td>3,428.4</td>
<td>3,428.40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subcomp. 1.3 Reforming the business inspection system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part B</td>
<td></td>
<td>24,160.05</td>
<td></td>
<td></td>
<td></td>
<td>8,321.28</td>
<td>32,481.33</td>
</tr>
<tr>
<td>Project Implementation and Coordination</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,293.00</td>
<td>27,585.45</td>
<td>1,324.24</td>
<td></td>
<td>8,321.28</td>
<td>41,526.97</td>
<td></td>
</tr>
</tbody>
</table>
Competitiveness and Export Readiness Project
(IDA Credit number 6035 - XK)
(P152881)

Statement of cumulative expenditures withdrawal schedule
For the period from 18 May 2018 (inception date) to ended 31 December 2018
(Supplementary schedule to the Annual Financial Statements)
Financial Management Officer

Chairman/CEO

Project Coordinator

ZIRA KOMBËTARE E AUDITIMIT - NACIONALNA KANCELARIJA REVIZIJE - NATIONAL AUDIT OFFICE