



Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

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**AUDIT REPORT**  
**ON SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE**  
**PROJECT “KOSOVO HEALTH”**  
**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, September 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 Health", 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 Florë Berisha-Kutllovci (Team Leader) and Ylber Sadiku (team member) under the management of the Head of Audit Department Bujar Bajraktari.

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## Executive Summary

This report summarises key issues arising from our audit of the 2017 Annual Financial Statements for special purpose for the project “Kosovo Health”, 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 and the Staff of the project for cooperation during the audit process.

### Opinion of the Auditor General

#### **Unmodified Opinion with emphasis of matter**

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 the International Development Association;
- 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 with emphasis of matter**

We have audited the Special Purpose Financial Statements of the project financed by the World Bank “Kosovo Health” 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 Health” 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 related to the basis of accounting based on which were prepared these financial statements. These statements are prepared on the basis of IPSAS, based on the cash principle and their purpose is to assist the Ministry 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 Health as project implementer is responsible for true and fair preparation of the special purpose financial statements, according to the agreement

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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.

### **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<sup>19</sup> 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

### Statement of Sources and Uses of Funds

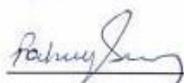
For the Year ended December 31, 2017

(In EUR unless otherwise stated)

Kosovo Health Project

IDA Credit No. 5442-XK

| Sources and uses                              | Notes | Period ended        |                       |                    | Up to  | Cumulative  |
|---|-------|---------------------|-----------------------|--------------------|--|---|
|   |       | 31-Dec-17           | 31-Dec-16             | 31-Dec-15          | May 13, 2014<br>(Inception date)<br>to<br>December<br>31, 2014 | from<br>May 13, 2014<br>(Inception date)<br>to:<br>December<br>31, 2017 |
| <b>Sources of Funds:</b>                      |       |                     |                       |                    |  |   |
| IDA Credit No. 5442 -<br>XK funding           | 4     | 495,467.36          | 56,736.65             | 31,323.48          | -  | 583,527.49  |
| Temporary advances by<br>Government of Kosovo | 5     | 345,512.01          | 1,556,608.45          | 25,413.17          | 31,323.48  | 1,958,857.11  |
| <b>Total sources</b>                          |       | <b>840,979.37</b>   | <b>1,613,345.10</b>   | <b>56,736.65</b>   | <b>31,323.48</b>   | <b>2,542,384.60</b>   |
| <b>Uses of Funds:</b>                         |       |                     |                       |                    |  |   |
| Goods   | 6     | (161,237.60)        | (1,330,845.46)        | (4,160.00)         | -  | (1,496,243.06)  |
| Technical Services                            | 7     | -                   | -                     | -                  | (11,095.00)  | (11,095.00)   |
| Consulting services                           | 8     | (269,013.49)        | (265,864.03)          | (47,599.84)        | (20,228.48)  | (602,705.84)  |
| Training and workshop                         | 9     | -                   | (12,818.00)           | (4,111.75)         | -  | (16,929.75)   |
| Incremental Costs                             | 10    | (11,400.20)         | (3,817.61)            | (865.06)           | -  | (16,082.87)   |
| Capitation payments                           | 11    | (397,938.14)        | -                     | -                  | -  | (397,938.14)  |
| <b>Total uses</b>                             |       | <b>(839,589.43)</b> | <b>(1,613,345.10)</b> | <b>(56,736.65)</b> | <b>(31,323.48)</b>   | <b>(2,540,994.66)</b>   |
| Exchange rate<br>differences                  | 13    | (1,389.94)          | -                     | -                  | -  | (1,389.94)  |
| <b>Balance at the end of<br/>the year</b>     |       | <b>(840,979.37)</b> | <b>(1,613,345.10)</b> | <b>(56,736.65)</b> | <b>(31,323.48)</b>   | <b>(2,542,384.60)</b>   |



Fatime ARËNLIU QOSAJ

Project Coordinator



Nexhip SHEHOLLI

Financial Management Specialist

Kovova Health Project  
IDA Credit No. 5442-XK

Accumulated statement of expenditures  
Supplementary schedule for the period May 13, 2014 to December 31, 2017  
(In EUR unless otherwise stated)

| Withdrawal application             | Type of application | Appl. Pym. Amt      | Disbursed in Euro   | Goods               | Consulting services | Technical services | Capitation payments | Training        | Incremental operating costs | SOE                 | Debitured | Date received | Value date |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|-----------------|-----------------------------|---------------------|-----------|---------------|------------|
| KHP/06                             | Reimbursement       | 211,293.55          | 211,293.55          |                     | 36,815.65           |                    | 172,504.70          |                 | 2,173.20                    | 211,293.55          |           | 17-Jan-17     | 16-Jan-17  |
| KHP/05                             | Reimbursement       | 284,173.81          | 284,173.81          | 176,000.09          | 147,117.01          |                    |                     |                 | 1,056.80                    | 284,173.81          |           | 28-Mar-17     | 4-Apr-17   |
| KHP/04                             | Reimbursement       | 1,511,669.50        | 1,511,669.50        | 1,328,825.23        | 181,143.28          |                    |                     |                 | 3,881.00                    | 1,513,849.50        |           | 1-Aug-17      | 23-Aug-17  |
| KHP/03                             | Reimbursement       | 99,495.60           | 99,495.60           | 2,020.24            | 93,529.75           |                    |                     |                 | 3,945.61                    | 99,495.60           |           | 20-Dec-17     | 28-Dec-17  |
| KHP/02                             | Reimbursement       | € 58,736.65         | 58,736.65           | 4,160.00            | 47,599.84           |                    |                     | 4,111.75        | 865.00                      | 56,736.65           |           | 7-Apr-16      | 27-Apr-16  |
| KHP/01                             | Reimbursement       | € 31,323.48         | 31,323.48           |                     | 20,228.48           | 11,095.00          |                     |                 |                             | 31,323.48           |           | 23-Oct-15     | 5-Nov-15   |
| <b>Total reimbursement</b>         |                     | <b>2,196,872.59</b> | <b>2,196,872.59</b> | <b>1,471,005.46</b> | <b>528,434.01</b>   | <b>11,095.00</b>   | <b>172,504.70</b>   | <b>4,111.75</b> | <b>11,021.67</b>            | <b>2,196,872.59</b> |           |               |            |
| EP                                 | Direct payment      |                     |                     |                     |                     |                    |                     |                 |                             |                     |           |               |            |
| <b>Total DP</b>                    |                     |                     |                     |                     |                     |                    |                     |                 |                             |                     |           |               |            |
| <b>IDA Credit No. 5442 funding</b> |                     | <b>2,196,872.59</b> | <b>2,196,872.59</b> | <b>1,471,005.46</b> | <b>528,434.01</b>   | <b>11,095.00</b>   | <b>172,504.70</b>   | <b>4,111.75</b> | <b>11,021.67</b>            | <b>2,196,872.59</b> |           |               |            |

*Fatime ABENLIU QISAJ*  
Project Coordinate

*Neelap SHEKHOLI*  
Financial Management Specialist

| <b>1) General (continued)</b>   |  |                            |   |
|---|--|----------------------------|---|
| <b>IDA Credit No.5442-XK</b>  |  |                            |   |
| <b>Category</b>   | <b>Amount of the financing allocated</b>                                     | <b>Amount Equivalent</b>   | <b>% of expenditures to be financed</b> |
|   | <b>(expressed in SDR)</b>  | <b>(expressed in \$US)</b> | <b>(inclusive of taxes)</b>             |
| 1) Goods, non-consulting services, consultants' services Training and Operating costs for the Project, including audits | 8,411,000  | 12,998,800                 | 100%                                    |
| 2) Capitation Payments under Part B of the Project  | 8,089,000  | 12,501,200                 | 100%                                    |
| <b>Total amount</b>   | <b>16,500,000</b>  | <b>25,500,000</b>          |   |
|   |  |                            |   |
|   |  |                            |   |
|   |  |                            |   |
| <b>Date Payment Due</b>   | <b>Principal Amount of the Credit repayable (expressed as a percentage)*</b> |                            |   |
| On each April 15 and October 15, in each year:  |  |                            |   |
| Commencing on October 15, 2019, to and including, April 15, 2029  | 1.65%  |                            |   |
| Commencing April 15, 2029, to and including, April 15, 2039.  | 3.35%  |                            |   |
|   |  |                            |   |

**KOSOVO HELTH PROJECT****(IDA Credit no. 5442-XK )****Notes to Statement of Sources and Uses of Funds***(in EUR unless otherwise stated)***1) IDA Credit No. 5442-XK funding**

IDA funding is composed are detailed as follows

| <b>Credit</b>   | <b>Year ended</b> | <b>Year ended</b> | <b>Year ended</b> |            |
|-----------------|-------------------|-------------------|-------------------|------------|
|                 | <b>31-Dec-17</b>  | <b>31-Dec-16</b>  | <b>31-Dec-15</b>  |            |
| Reimbursements  | 495,467.36        | 56,736.65         | 31,323.48         |            |
| Direct payments |                   | -                 | -                 |            |
| <b>Total</b>    | <b>495,467.36</b> | <b>56,736.65</b>  | <b>31,323.48</b>  | 583,527.49 |

**KOSOVO HELTH PROJECT****(IDA Credit no. 5442-XK )****Notes to Statement of Sources and Uses of Funds***(in EUR unless otherwise stated)***1) Temporary advances received by government of Kosovo**

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

| <b>Financed by:</b>                | <b>Year ended</b> | <b>Year ended</b>   | <b>Year ended</b> | <b>Year ended</b> |
|------------------------------------|-------------------|---------------------|-------------------|-------------------|
|                                    | <b>31-Dec-17</b>  | <b>31-Dec-16</b>    | <b>31-Dec-15</b>  | <b>31-Dec-14</b>  |
| Temporary advances received by GOK | 345,512.01        | 1,556,608.45        | 25,413.17         | 31,323.48         |
| <b>Total</b>                       | <b>345,512.01</b> | <b>1,556,608.45</b> | <b>25,413.17</b>  | <b>31,323.48</b>  |

| <b>KOSOVO HELTH PROJECT</b>                              |                                 |                                 |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|
| <b>(IDA Credit no. 5442-XK)</b>                          |                                 |                                 |                                 |
| <b>Notes to Statement of Sources and Uses of Funds</b>   |                                 |                                 |                                 |
| <i>(in EUR unless otherwise stated)</i>                  |                                 |                                 |                                 |
| <b>6) Goods</b>  |                                 |                                 |                                 |
| <b>Item</b>  | <b>Year ended<br/>31-Dec-17</b> | <b>Year ended<br/>31-Dec-16</b> | <b>Year ended<br/>31-Dec-15</b> |
| Computers  |                                 | -                               | 4,160.00                        |
| Office Furniture   |                                 | 2,020.24                        | -                               |
| IT Equipment   | 25,237.60                       | 31,115.20                       | -                               |
| Contracts for Medical Equipment L-2 Diagnostic equipment |                                 | 328,000.00                      | -                               |
| Medical Equipment L-2 - Customs expense                  |                                 | 14,146.06                       | -                               |
| Medical Equipment L-1                                    | 136,000.00                      | 758,330.35                      | -                               |
| Medical Equipment L-3&L-5                                |                                 | 190,038.00                      | -                               |
| Medical Equipment L-3&L-5 - Customs expense              |                                 | 7,195.61                        | -                               |
| <b>Total</b>   | <b>161,237.60</b>               | <b>1,330,845.46</b>             | <b>4,160.00</b>                 |

| <b>KOSOVO HELTH PROJECT</b>   |                                 |                                 |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|
| <b>(IDA Credit no. 5442-XK)</b>   |                                 |                                 |                                 |
| <b>Notes to Statement of Sources and Uses of Funds</b>                                |                                 |                                 |                                 |
| <i>(in EUR unless otherwise stated)</i>   |                                 |                                 |                                 |
| <b>8) Consultant services</b>   |                                 |                                 |                                 |
| <b>Item</b>   | <b>Year ended<br/>31-Dec-17</b> | <b>Year ended<br/>31-Dec-16</b> | <b>Year ended<br/>31-Dec-15</b> |
| PCU project manager   | 18,734.40                       | 19,689.60                       | 21,600.00                       |
| Financial management specialist   | 14,630.40                       | 15,353.60                       | 16,800.00                       |
| Procurement Specialist  | 12,578.40                       | 13,185.60                       | 9,199.84                        |
| Personal income tax PCU project manager   | 1,785.60                        | 1,190.40                        | -                               |
| The employee pension contribution PCU   | 1,080.00                        | 720.00                          | -                               |
| The employer pension contribution PCU   | 1,080.00                        | 720.00                          | -                               |
| Personal income tax FMS   | 1,329.60                        | 886.40                          | -                               |
| The employee pension contribution FMS   | 840.00                          | 560.00                          | -                               |
| The employee pension contribution FMS   | 840.00                          | 560.00                          | -                               |
| Personal income tax PS  | 1,101.60                        | 734.40                          | -                               |
| The employee pension contribution PS  | 720.00                          | 480.00                          | -                               |
| The employee pension contribution PS  | 720.00                          | 480.00                          | -                               |
| Support to the MoH to develop design parameters for an outpatient drug benefit system | 97,041.05                       | 94,902.68                       | -                               |
| Support to the MoH to develop design parameters for an outpatient drug benefit system |                                 | 26,070.00                       | -                               |
| Improving Quality of Care   | 97,144.44                       | 73,122.35                       | -                               |
| Improving Quality of Care   | 1,389.94                        | 13,200.00                       | -                               |
| External Audit for KHP  | 1,688.00                        | 1,688.00                        | -                               |
| External Audit for KHP grant  | -                               | 2,321.00                        | -                               |
| External Technical Audit KHP for CBPP   | 17,700.00                       |                                 | -                               |
| <b>Total</b>  | <b>270,403.43</b>               | <b>265,864.03</b>               | <b>47,599.84</b>                |

| <b>KOSOVO HELTH PROJECT</b>                               |                                 |                                 |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|
| <b>(IDA Credit no. 5442-XK)</b>                           |                                 |                                 |                                 |
| <b>Notes to Statement of Sources and Uses of Funds</b>    |                                 |                                 |                                 |
| <i>(in EUR unless otherwise stated)</i>                   |                                 |                                 |                                 |
| <b>9) Training and workshop</b>                           |                                 |                                 |                                 |
| <b>Item</b>   | <b>Year ended<br/>31-Dec-17</b> | <b>Year ended<br/>31-Dec-16</b> | <b>Year ended<br/>31-Dec-15</b> |
| Training of PCU project manager                           | -                               | -                               | 747.15                          |
| Training Financial management specialist                  | -                               | -                               | 758.65                          |
| Training Procurement Specialist                           | -                               | -                               | 600.32                          |
| Training of UKCK-biochemist                               | -                               | -                               | 878.98                          |
| Training of chief of budget and administration department | -                               | -                               | 946.65                          |
| Workshop  |                                 | -                               | 180                             |
| Study Tour MoH in Ankara -Turkey                          | -                               | 12,818.00                       | -                               |
| <b>Total</b>  | <b>0.00</b>                     | <b>12,818.00</b>                | <b>4,111.75</b>                 |

| <b>KOSOVO HELTH PROJECT</b>   |                                 |                                 |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|
| <b>(IDA Credit no. 5442-XK)</b>                                       |                                 |                                 |                                 |
| <b>Notes to Statement of Sources and Uses of Funds</b>                |                                 |                                 |                                 |
| <i>(in EUR unless otherwise stated)</i>                               |                                 |                                 |                                 |
| <b>10) Incremental operating costs</b>                                |                                 |                                 |                                 |
| Expenditures for incremental operating costs are detailed as follows: |                                 |                                 |                                 |
| <b>Item</b>   | <b>Year ended<br/>31-Dec-17</b> | <b>Year ended<br/>31-Dec-16</b> | <b>Year ended<br/>31-Dec-15</b> |
| Mobile phone and postal expenses                                      | 960.00                          | 960.00                          | 320.00                          |
| Office supplies   | -                               | 947.53                          | 149.66                          |
| Costs for meetings and conferences                                    | 9,840.20                        | 1,054.90                        | 295.40                          |
| Publications of advertisements  | 600.00                          | 855.18                          | 100.00                          |
| <b>Total</b>  | <b>11,400.20</b>                | <b>3,817.61</b>                 | <b>865.06</b>                   |

| KOSOVO HELTH PROJECT                            |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
| (IDA Credit no. 5442-XK)                        |                         |                         |                         |
| Notes to Statement of Sources and Uses of Funds |                         |                         |                         |
| <i>(in EUR unless otherwise stated)</i>         |                         |                         |                         |
| 11) Capitation Payments                         |                         |                         |                         |
| Item  | Year ended<br>31-Dec-17 | Year ended<br>31-Dec-16 | Year ended<br>31-Dec-15 |
| Capitation paymenmts                            | 397,938.14              | -                       | -                       |
|   | -                       | -                       | -                       |
| <b>Total</b>                                    | <b>397,938.14</b>       | <b>-</b>                | <b>-</b>                |

| KOSOVO HELTH PROJECT                            |                                     |                                |                            |
|---|-------------------------------------|--------------------------------|----------------------------|
| (IDA Credit no. 5442-XK)                        |                                     |                                |                            |
| Notes to Statement of Sources and Uses of Funds |                                     |                                |                            |
| <i>(in EUR unless otherwise stated)</i>         |                                     |                                |                            |
| 12) Expendiyure by sources of funds             |                                     |                                |                            |
| Item  | IDA Credit No. 5442 -<br>XK funding | Temporary advances<br>from GOK | Total December 31,<br>2017 |
| Goods   | -                                   | 161,237.60                     | 161,237.60                 |
| Consultant services                             | -                                   | 269,013.49                     | 267,573.49                 |
| Training & workshop                             | -                                   | -                              | -                          |
| Exchange rate differences                       | -                                   | 1,389.94                       | 1,389.94                   |
| Incremental operation costs                     | -                                   | 11,400.20                      | 12,840.20                  |
| CBPP payment                                    | -                                   | 397,938.14                     | 397,938.14                 |
| <b>Total 31.12.2016</b>                         | <b>-</b>                            | <b>840,979.37</b>              | <b>840,979.37</b>          |

| KOSOVO HELTH PROJECT  |                     |                       |                        |                        |                                |                         |                     |
|---|---------------------|-----------------------|------------------------|------------------------|--------------------------------|-------------------------|---------------------|
| (IDA Credit no. 5442-XK)  |                     |                       |                        |                        |                                |                         |                     |
| Notes to Statement of Sources and Uses of Funds                                   |                     |                       |                        |                        |                                |                         |                     |
| <i>(in EUR unless otherwise stated)</i>   |                     |                       |                        |                        |                                |                         |                     |
| 13) Expenditures by parts   |                     |                       |                        |                        |                                |                         |                     |
| Parts   | Goods               | Technical<br>services | Consulting<br>services | Training<br>&work shop | Incremental<br>operating costs | Capitation<br>paymenmts | Total 31.12.2017    |
| Part A Improving Financial Protection and Quality of Care                         | 161,237.60          | -                     | 270,403.43             | -                      | 11,400.20                      | 397,938.14              | 840,979.37          |
| 1 Provision of support to improve financial protection against health care costs  | 136,000.00          | -                     | 97,041.05              | -                      | -                              | -                       | 233,041.05          |
| 2 Provision of support to improve the quality of health care and service delivery | 25,237.60           | -                     | 98,534.38              | -                      | -                              | -                       | 123,771.98          |
| 3 Carrying out annual Independent Technical Audits                                | -                   | -                     | 19,388.00              | -                      | -                              | -                       | 19,388.00           |
| Part B Strengthening Primary Care   | -                   | -                     | -                      | -                      | -                              | 397,938.14              | 397,938.14          |
| Part C Project Management   | -                   | -                     | 55,440.00              | -                      | 11,400.20                      | -                       | 60,397.85           |
| <b>Total 31.12.2017</b>   | <b>161,237.60</b>   | <b>-</b>              | <b>270,403.43</b>      | <b>-</b>               | <b>11,400.20</b>               | <b>397,938.14</b>       | <b>840,979.37</b>   |
| <b>Total 31.12.2016</b>   | <b>1,330,845.46</b> | <b>-</b>              | <b>265,864.03</b>      | <b>12,818.00</b>       | <b>3,817.61</b>                | <b>-</b>                | <b>1,613,345.10</b> |
| <b>Total 31.12.2015</b>   | <b>4,160.00</b>     | <b>-</b>              | <b>47,599.84</b>       | <b>4,111.75</b>        | <b>865.06</b>                  | <b>-</b>                | <b>56,736.65</b>    |

| Accumulated statement of expenditures                                  |                     |                     |                     |                     |                     |                    |                     |                 |                             |                     |          |               |            |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|-----------------|-----------------------------|---------------------|----------|---------------|------------|
| Supplementary schedule for the period May 13, 2014 to Decembar 31,2017 |                     |                     |                     |                     |                     |                    |                     |                 |                             |                     |          |               |            |
| Withdrawal application   | Type of application | Appl. Pym. Amt      | Disbursed in Euro   | Goods               | Consulting services | Technical services | Capitation payments | Training        | Incremental operating costs | SOE                 | Deducted | Date received | Value date |
| KHP/06   | Reimbursement       | 211,293.55          | 211,293.55          |                     | 36,815.65           |                    | 172,304.70          |                 | 2,173.20                    | 211,293.55          |          | 17-Jan-17     | 26-Jan-17  |
| KHP/05   | Reimbursement       | 284,173.81          | 284,173.81          | 136,000.00          | 147,117.01          |                    |                     |                 | 1,056.80                    | 284,173.81          |          | 28-Mar-17     | 4-Apr-17   |
| KHP/04   | Reimbursement       | 1,513,849.50        | 1,513,849.50        | 1,328,825.22        | 181,143.28          |                    |                     |                 | 3,881.00                    | 1,513,849.50        |          | 1-Aug-17      | 23-Aug-17  |
| KHP/03   | Reimbursement       | 99,495.60           | 99,495.60           | 2,020.24            | 93,529.75           |                    |                     |                 | 3,945.61                    | 99,495.60           |          | 20-Dec-17     | 28-Dec-17  |
| KHP/02   | Reimbursement       | € 56,736.65         | 56,736.65           | 4,160.00            | 47,599.84           |                    |                     | 4,111.75        | 865.06                      | 56,736.65           |          | 7-Apr-16      | 27-Apr-16  |
| KHP/01   | Reimbursement       | € 31,323.48         | 31,323.48           |                     | 20,228.48           | 11,095.00          |                     |                 |                             | 31,323.48           |          | 23-Oct-15     | 5-Nov-15   |
| <b>Total reimbursement</b>   |                     | <b>2,196,872.59</b> | <b>2,196,872.59</b> | <b>1,471,005.46</b> | <b>526,434.01</b>   | <b>11,095.00</b>   | <b>172,304.70</b>   | <b>4,111.75</b> | <b>11,921.67</b>            | <b>2,196,872.59</b> | <b>-</b> |               |            |
| DP   | Direct payment      | -                   | -                   | -                   | -                   | -                  | -                   | -               | -                           | -                   | -        | -             | -          |
| <b>Total DP</b>  |                     | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>           | <b>-</b>            | <b>-</b>        | <b>-</b>                    | <b>-</b>            | <b>-</b> | <b>-</b>      | <b>-</b>   |
| <b>IDA Credit No. 5442 funding</b>                                     |                     | <b>2,196,872.59</b> | <b>2,196,872.59</b> | <b>1,471,005.46</b> | <b>526,434.01</b>   | <b>11,095.00</b>   | <b>172,304.70</b>   | <b>4,111.75</b> | <b>11,921.67</b>            | <b>2,196,872.59</b> | <b>-</b> |               |            |