



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

**AUDIT REPORT
ON THE SPECIAL-PURPOSE ANNUAL FINANCIAL
STATEMENTS ON ENERGY EFFICIENCY AND RENEWABLE
ENERGY PROJECT IN KOSOVO FOR THE PERIOD ENDED IN
31 OCTOBER 2024**

Prishtina, July 2025

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1 Audit Opinion

This report summarises the key issues arising from the audit of the special-purpose annual financial statements of the Special-Purpose Annual Financial Statements on Energy Efficiency And Renewable Energy Project in Kosovo for the for the period 1 January to 31 October 2024, which sets out the Opinion of the Auditor General. Examination of the special purpose financial statements for the audit period was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our approach included tests and procedures which were necessary to obtain an opinion on the financial report.

We have no matter to report to the management regarding controls and implementation of recommendations

1.1 Audit Opinion on the annual financial statements of Energy Efficiency And Renewable Energy Project in Kosovo

Our audit of the special-purpose annual financial statements considers compliance with reporting requirements under the agreement and the quality and accuracy of the information presented in the financial statements.

Unmodified opinion

We have audited the special-purpose financial statements of the project funded by the World Bank for the period 1 January 2024 to 31 October 2024, which involves a summary of funds resources and expenditures incurred, statement of applications for withdrawal of funds and the disclosures.

In our opinion, the special-purpose annual financial statements of the Energy Efficiency And Renewable Energy Project in Kosovo for the for the period 1 January to 31 October 2024, give a true and fair view in all material respects, in accordance with reporting requirements agreed by both parties and in accordance with the principles of cash based accounting.

Basis for opinion

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

Emphasis of Matter – Basis of accounting

- 1 We would like to draw your attention to the fact that the special-purpose financial statements have been prepared in compliance with special purpose framework. As a result, they cannot be used for any other purpose

Our audit opinion was not modified in this respect.

Responsibilities of Management and Those Charged with Governance

The Management is responsible for the preparation and fair presentation of special-purpose financial statements in accordance with the Agreement entered into between the Government of Kosovo, represented by the Minister of Finance, and the International Development Association. This information consist of the Statement of Funds and their Use and the Statement of Funds Withdrawal

The Minister is responsible to ensure the oversight of the Ministry of Economy's financial reporting.

Auditor General's Responsibility for the audit

We conducted our audit in accordance with the Law on National Audit Office and INTOSAI Framework of Professional Pronouncements (IFPP). This law and these standards require that we honour the ethical criteria and plan and carry out the audit to obtain reasonable assurance that the financial statements are free from material misstatements.

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 AFS, whether due to fraud or error. The audit also includes assessing the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as assessing the overall presentation of the financial statements.

In carrying out the risk assessment procedure we consider the relevant internal control regarding the entity's preparation of the preparation of the financial statements but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate in written any significant shortcoming in internal control relevant to the audit of the financial statements, which we identify during the audit.

2 Audit Scope and Methodology

The National Audit Office (NAO) under the agreement/contract with the World Bank is responsible to carry out financial and compliance audit. This audit involves the examination and evaluation of financial statements and other financial records as follows:

- Whether the financial statements give a true and fair view of the accounts and financial affairs for the audit period;
- Whether all external funds have been used in accordance with respective terms of funding agreements;
- Whether the financial records, systems and transactions comply with laws and regulations applicable for funds allocated by the World Bank;
- Whether financial statements comply with the requirements of the agreement concluded between the Republic of Kosovo represented by the Minister of Finance and the International Development Association

Our audit was focused on risk assessment. We have analysed the operations of the Energy Efficiency And Renewable Energy Project in Kosovo and the extent the management controls could be relied to in order to determine the level of in-depth testing required to obtain evidence supporting the Auditor General's opinion.

Our procedures have included a review of internal controls, accounting systems and interrelated substantive tests, as well as related governance arrangements to the extent considered necessary for the effective conduct of audit.

Vlora Spanca, Auditor General

Faruk Rrahmani, Audit Director

Arnisa Aliu, Team leader

Leonora Hasani, Team member

Annex I: Explanation of the Different Types of Opinion Applied by 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 170519 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.

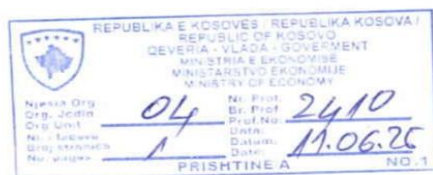
Emphasis of Matter paragraphs and Other Matters paragraphs in the auditor's report

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.



Kosovo Energy Efficiency and Renewable Energy Project

(Credit No.5508-XK, TFB1487 and GoK contribution)
(P143055)

Project Financial Statements

for the period from January 1, up to October 31, 2024

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Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)

Statement of Sources and Uses of Funds

for the period from January 1, 2024, up to October 31, 2024

(in EUR, unless otherwise stated)

Sources and uses of funds	Notes	Period from January 1, up to October 31, 2024	Year ended on December 31, 2023	Cumulative since inception date (March 1, 2014) to October 31, 2024
Sources of funds				
IDA Financing (IDA - 5508-XK)	4	1,858,269	3,643,148	22,949,395
Grant Financing (TF B1487)	5	1,247,654	3,236,145	8,426,426
Government of Kosovo contribution to KEEF	6	-	5,000,000	9,000,000
Temporary advance received by GoK to ME/ KEEA	7	(303,172)	(1,012,579)	-
Receipts from investment returns	8	324,810	151,411	476,115
Other incomes		-	-	30
Total Sources of funds		3,127,561	11,018,126	40,851,965
Uses of funds:				
Sub-projects under Part 1(a) of the Project (Renovation of public buildings)	9	(813,868)	(490,370)	(14,820,903)
Consulting services under KEEA part	10	(51,700)	(95,928)	(3,590,042)
Sub-projects under Part 1(b) of the Project KEEF	11	(2,425,561)	(5,832,354)	(13,277,848)
Consulting services and payroll under KEEF	12	(697,289)	(556,820)	(2,479,480)
Incremental operating costs under ME/KEEA	13	(763)	(2,949)	(51,384)
Incremental operating costs under KEEF	14	(63,086)	(32,337)	(131,230)
Goods purchasing	15	(92,758)	(72,491)	(165,250)
Total Uses of funds		(4,145,026)	(7,083,248)	(34,516,137)
Excess of receipts over payments		(1,017,464)	3,934,878	6,335,828
Cash beginning of period	16	7,335,907	3,401,030	
Cash end of period	16	6,318,440	7,335,907	

Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)


Statement of expenditures (Withdrawal schedule)

for the period from January 1, 2024, up to October 31, 2024


(in EUR, unless otherwise stated)

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 3 to 19 and forming an integral part of the financial statements

The project financial statements were authorised for issue by the management of the Project on June 11, 2025 and signed on its behalf by:



Njomze Blakaj SULQOGLU
Project Coordinator, PIU



Qëndresa THAQI
Financial Management Specialist

Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)

Statement of expenditures (Withdrawal schedule)
for the period from January 1, 2024, up to October 31, 2024
(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	Incremental operating costs	Date received	Value Date
22/55080	Reimbursement	442,890	442,890	404,586	37,917	386	13-Mar-24	3-Apr-24
23/55080	Reimbursement	787,957	787,957	777,281	10,167	508	18-Jun-24	25-Jun-24
24/55080	Reimbursement	627,422	627,422	588,549	38,758	115	21-Oct-24	24-Oct-24
Total Reimbursement		1,858,269	1,858,269	1,770,417	86,842	1,010		

Grant No. TF B1487

Withdrawal Application	Type of application	Appl. payment amount	Disbursed in Euro	(2) Subproject under Part 1 (b) of the Project	(3) Goods, consultant services, and non-consulting services under Part 1 (c) and 1 (d) procured by KEEF under the Project	(4) Goods, consultant services, and non-consulting services under Part 3 (c) of the Project	Date received	Value Date
WA 11	DA-A	808,070	808,070	699,371	82,957	25,742	1-Feb-24	7-Feb-24
WA 12	DA-A	350,000	943,889	753,469	155,429	34,990	18-Apr-24	24-Apr-24
WA 13	DA-A	100,000	-	-	-	-	26-Apr-24	3-May-24
WA 14	DA-A	-	495,662	194,451	205,792	95,420	31-May-24	3-Jun-24
	Refunds							
Run: RN00000043435	Application	(10,385,53)	(10,385,53)	-	-	-	5-Sep-24	3-Sep-24
Total grant funding		1,247,684	2,237,235	1,647,291	444,178	156,152		

Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)

Notes to the Financial Statements

for the period from January 1, 2024, up to October 31, 2024
(in EUR, unless otherwise stated)

1) General

The project is financed by two sources of funding: IDA55080 for an overall amount of XDR 20.1 million and TF-B1487 for an overall amount of Euro 9.4 ml.

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, for an amount equivalent to SDR 20,100,000. The project became effective on June 5, 2015, and its closing date initially set on December 31, 2023, has been extended to April 30, 2024, for the Grant Agreement and to June 30, 2024, for the Financing Agreement following the request for project extension submitted by the Government of Kosovo on October 9, 2023.

Pursuant to the Financing Agreement, the Ministry of Economy ("ME" or the "Ministry") is responsible for overall Project implementation with due diligence and efficiency, in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices and in accordance with the provisions of the Financing Agreement. The Project was designed to focus on central government buildings for the first four years under a budget-financed model (i.e., no repayments) and expand to municipal government buildings in the latter two years once the capacity of the PIU had been built and appropriate financing mechanisms for supporting municipal buildings further developed. With the approval of the Energy Efficiency (EE) Law and Kosovo Energy Efficiency Fund (KEEF)¹ set-up, it was envisaged that the municipal buildings program would be implemented under KEEF starting in 2020, once the Fund becomes operational.

Project restructuring and additional financing

The project was restructured on February 12, 2020, consisting in the following modifications: (i) allow the Ministry to delegate implementation of Component 1b to KEEF and include municipal-owned and operated public lighting as eligible sub-projects, (ii) introduce € 9.4 million of EU-IPA grant funds (channeled through the Bank) for KEEF; (iii) extend the Project's Closing Date for about two years (from August 31, 2020 to December 31, 2022); and (iv) update the Results Framework. The Grant Agreement between the Republic of Kosovo ("Recipient") and the International Development Association acting as administrator of the European Commission - World Bank Partnership Programme Part III for Europe and Central Asia Programmatic Single-Donor Trust Fund - Kosovo Energy Efficiency Fund – KEEF Activities ("World Bank") for the Kosovo Energy Efficiency and Renewable Energy Project and the Project Agreement between the World Bank and the Kosovo Energy Efficiency Fund was signed in April 3, 2020. The AF TFB1487 (granted from EU-IPA instrument) became effective on July 7, 2020, and its closing date initially set on December 31, 2022, has been extended to April 30, 2024.

¹ Kosovo Energy Efficiency Fund has been established as an independent, autonomous, and sustainable non-profit legal entity, at the service of the public interest, with full legal personality and legal identity that is separate and distinct from the KEEF Board of Directors and Executives. KEEF has full operational and administrative autonomy and functions outside the framework of the Kosovo governmental structures and the Kosovo Civil Service and is not considered as budget organization in terms of Law No. 03/L-048 on Public Finance Management and Accountability (OG No. 2008/27) and Law on Budget of Republic of Kosovo. (Art. 25/4).

Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)

Notes to the Financial Statements

for the period from January 1, up to October 31, 2024

(in EUR, unless otherwise stated)

Another restructuring took place on September 1, 2023, consisting in the reallocation of funds between categories of expenditure for both sources of funds. Subsequently, the IDA financing agreement was extended by 6 months, until June 30, 2024, and together with the reallocation of funds between categories of expenditures, to allow the successful completion of the activities.

In accordance with the commitment letters dated May 30, 2022, and July 17, 2023, issued by the Ministry of Economy, the Ministry has undertaken the responsibility to finance through its own resources all outstanding activities associated with the contracts under KEEREP 1A6-R/2022 (Lot 1 and Lot 2), as well as the post-project supervision contract, beyond the project's official closing date.

General (continued)

Pursuant to the above mentioned agreement, the Recipient shall through the Ministry: (i) cause KEEA and KEEF to implement respective parts of the Project, (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, and cause KEEF to fully establish itself and, thereafter, maintain operations, all in a manner acceptable to the Association for the satisfactory implementation of the Project, (iii) cause KEEA, KEEA PIU, and KEEF, respectively, with functions and responsibilities satisfactory to the Association, including ensuring prompt and efficient overall coordination with the various line ministries, municipalities and other beneficiaries on the day-to-day implementation of, and communication relating to, Project and activities and results.

To this end, the Recipient through the Ministry shall appoint, and/or cause the relevant parties to appoint, procurement specialist, financial management specialist and other staff in each the KEEA PIU and KEEF, on an as-needed basis, with resources, qualifications, experience and under terms of reference satisfactory to the Association.

The Recipient through the Ministry 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.

The Recipient shall cause KEEF to maintain throughout the Implementation of the Project, a Board of Directors (BoD) within KEEF with functions, as set forth in the Energy Efficiency Law, and as shall be satisfactory to the Association.

Pursuant to the Law no. 08/I-123 "On amending and supplementing the laws related to the rationalization and establishment of accountability lines of executive agencies", in May 17, 2023 the Kosovo Energy Efficiency Agency (KEEA), has been dissolved and the staff has been accommodated under the Energy Department of the Ministry of Economy, until the consolidation of the Efficiency Division under the same Ministry. As for the project, the PIU currently is under the Secretary General of MoE.

As of October 31, 2024, the Project had 2 employees in ME PIU and 5 employees in KEEF.

Project Description

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

Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)

Notes to the Financial Statements

for the period from January 1, up to October 31, 2024

*(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 pilot some energy efficient measures.

Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)

Notes to the Financial Statements

for the period from January 1, up to October 31, 2024

*(in EUR, unless otherwise stated)***1) General (continued)****Part 3. Project Implementation Support**

- (a) Establishing a Project Implementation Unit within KEEA (KEEA PIU") and recruiting staff for KEEA PIU to carry out procurement, financial management and monitoring and evaluation of the Project, with terms of reference acceptable to the Association.
- (b) Providing training to KEEA PIU staff on effective Project implementation, particularly capacity building on fiduciary aspects of the Project, and sustainability of Project activities and goals.
- (c) (i) Establishing and recruiting staff for KEEF.
(ii) Providing training to, and capacity building of KEEF staff on effective Project implementation, particularly the fiduciary aspects of the Project, and sustainability of the Project activities and goals.
(iii) Developing and implementing: (A) a KEEF management information system("MIS") integrated with the financial MIS; and (B) detailed internal KEEF regulations related to fiduciary, staffing plan/human resources and other relevant aspects of Project implementation, all in line with KEEF regulations."

Financing Agreement 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 as per original and amended financing agreements.

Category	Amount of the financing allocated (expressed in XDR)	Percentage of expenditures to be financed (inclusive of taxes)	Revised Amount of the financing allocated (expressed in XDR)	Percentage of expenditures to be financed (inclusive of taxes)
(1) Sub-projects under Part 1(a) of the Project	14,260,000	100%	12,209,464	100%
(2) Sub-projects under Part 1(b) of the Project	2,900,000	75%	3,648,945	35%
(3) Goods, Consultant Services and Non-consulting services under Parts 1 (c) and 1 (d) procured by KEEA, and Part 2 of the Project		100%	2,504,937	100%
(4) Goods, Consultant services, and non-consulting services under Parts 3 (a) and 3 (b) of the Project	2,900,000		427,236	100%
(5) Operating costs	40,000	100%	41,559	100%
Cancelled			1,267,860	
Total Amount	20,100,000		20,100,000	

Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)

Notes to the Financial Statements

for the period from January 1, up to October 31, 2024

(in EUR, unless otherwise stated)

1) General (continued)

Grant Agreement TFB1487

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the grant ("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 as per Grant Agreement.

Category	Amount of the Financing Allocated (expressed in Euro)	Revised Amount of the Financing Allocated (expressed in Euro)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Subprojects under Part 1(a) of the Project	-	-	-
(2) Subprojects under Part 1(b) of the Project	7,555,866	6,808,156	54% [1]
(3) Goods, consultant services, and non- consulting services under Parts 1(c) and 1 (d) procured by KEEF under the Project	1,000,000	1,275,530	100%
(4) Goods, consultant services, and non- consulting services under Parts 3 (c) of the Project	800,000	342,797	100%
(5) Operating Costs	-	-	-
TF B1487 XK	-	64	-
Cancelled		929,340	
Total Amount	9,355,886	9,355,886	

As of October 31, 2024, EUR 22,949,394 or SDR 18,832,140.01 (December 31, 2023, EUR 21,091,126 or SDR 17,430,682) was disbursed from the Credit proceeds. As of October 31, 2024, Euro 8,426,546 was disbursed from the Grant proceeds.

On October 31, 2024, the remaining balance of the credit in the amount of SDR 1.26 million was cancelled from the original amount of SDR 20.1 million. On September 3, 2024, the remaining balance of the Grant in the amount EUR 929,340 EUR was cancelled from a total amount of EUR 9.3 million.

Kosovo Energy Efficiency and Renewable Energy Project
(Credit No. 5508-XK, TFB1487, GoK)

Notes to the Financial Statements

for the period from January 1, up to October 31, 2024

*(in EUR, unless otherwise stated)***2) Basis of preparation**

The financial statements of the project as at and for the period from January 1, up to October 31, 2024, 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 and TFB1487.

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 period from January 1, up to October 31, 2024, 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 October 31, 2024, are presented as supplementary schedules. Cumulative information on receipts and disbursements from the Project's Bank approval date to October 31, 2024, 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 is 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 of October 31, 2024, and December 31, 2023, were as follows:

Currency	October 31 2024	December 31, 2023
EUR/ USD	1.09	1.11
USD/EUR	0.92	0.90
SDR/EUR	1.23	1.21
SDR/USD	1.33	1.34

Kosovo Energy Efficiency and Renewable Energy Project
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Notes to the Financial Statements

for the period from January 1, up to October 31, 2024

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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 activities financed out of the credit. Whilst, the activities financed out of the Grant, inclusive of those financed by the credit, are exempted from VAT. 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 of disbursement methods as follows:

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Reimbursements	1,858,269	3,643,148
Direct payments	-	-
Total	1,858,269	3,643,148

Reimbursements represent the IDA financing disbursed to cover the payments already made by the Ministry of Economy for project eligible expenditure. Reimbursements are claimed at least on a quarterly basis and project eligible expenditures are documented by statement of expenditure. Direct payments represent the payments made directly from the credit proceeds to the vendors.

5) Grant TFB1487 funding

The Grant TFB1487 funding represents disbursements made for KEEF during the year as follows:

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Advances to Designated Account	1,258,040	3,236,145
Refund to the Bank	(10,386)	-
Total	1,247,654	3,236,145

The application deadline for the grant was May 31, 2024. The final application for the documentation of the advance was submitted on the same date, and the remaining unused advance was returned to the Bank in September 2024.

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6) Government of Kosovo Contribution to KEEF

The government contribution to KEEF represents transfers executed during 2023, through the Kosovo Energy Efficiency Agency (KEEA), pursuant to the annual memorandum of understanding signed between KEEA and KEEF. These contributions are transferred to KEEF bank account no: 170802600000153.

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Deposit to KEEF's bank account	-	5,000,000
Total	-	5,000,000

7) Temporary advances received by Government of Kosovo to ME/KEEA

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Government Funds on January 1	303,172	1,315,751
Project eligible expenditure paid from government funds	1,555,096	2,630,569
Reimbursements from IDA credit	1,858,269	3,643,148
Direct payments	-	-
Government Funds Movement during the period	(303,172)	(1,012,579)
Government Funds at end of the period	-	303,172

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8) Receipts from investment returns by Municipalities

Receipts from investment returns represent the revolving scheme of KEEF. Pursuant to article 37 of Law No.06/L-079 on Energy Efficiency, the funds that KEEF invests in energy efficiency projects at the public entities, are compensated to KEEF based on energy efficiency savings over a period of 15 years. Such provisions are foreseen in the bilateral agreements between KEEF and municipalities for energy efficiency projects under the scope of component Part 1(b) of the Project. The following table presents the installments paid for by each municipality during the period.

	Period from January 1, up to October 31, 2024	Year ended on December 31, 2023
Kamenice Municipality	17,628	21,309
Hani Elezit Municipality	7,718	3,921
Podujeve Municipality	6,562	27,490
Mamushe Municipality	7,553	9,970
Drenas Municipality	16,324	32,648
Malisheve Municipality	56,092	17,500
Rahovec Municipality	10,000	2,413
Novobërdë Municipality	-	24,701
Vushtrri Municipality	11,459	11,459
Gjakovë Municipality	22,802	-
Gjilan Municipality	27,178	-
Klinë Municipality	14,175	-
Prizren Municipality	55,159	-
Ranillug Municipality	2,694	-
Shtime Municipality	37,099	-
Skenderaj Municipality	32,263	-
Interest Accrued	107	-
Total	324,810	151,411

9) Sub-projects under Part 1(a) of the Project (Renovation of public buildings)

The subprojects under Part 1(a) comprise renovation works of public buildings owned by central government entities and financed 100% out of the IDA credit proceeds.

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Renovation of 12 public buildings (Package #6)	325,914	490,370
Renovation of 6 public buildings (Package #6 Lot 2)	487,954	-
Total	813,868	490,370

The Ministry of Economy has undertaken the responsibility to finance all outstanding obligations associated with the contracts under KEEREP 1A6-R/2022 (Lot 1 and Lot 2), as well as the respective supervision contract, which goes beyond the project's official closing date.

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The outstanding commitments until 31 October 2024 (grace period) for the KEEREP/1A6-R- LOT 1 contract was EUR 158,310.58 while for the KEEREP-1A6-Retender-LOT 2 contract, EUR 457,512.14

The contract ref. KEEREP/1A6-R- LOT 1 was closed on 20.05.2024, but the works were completed with 100 days of delay (penalties were applied according to clause GCC 49.1-Liquidated damages) The technical acceptance was issued in early October 2024.

The contract KEEREP-1A6-Retender-LOT 2 was closed on December 20, 2024. For both contracts the DLP period continues in 2025.

As for the supervision contract ref. 1C6 /2019, the contract ended on 31.12.2024 and the remaining payment due by the Ministry of Economy is EUR 63,180.

10) Consulting services under KEEA

The consulting services procured by KEEA are funded from the IDA credit under the following project parts:

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Design, supervision and commissioning for energy efficiency building renovation	36,450	48,190
Consultant Services under Parts 1 (c) and 1 (d) and Part 2 of the Project	36,450	48,190
PIU KEEA staff salaries, net	13,172	31,074
Personal income tax	1,316	4,016
Employee pension contribution	763	2,388
Contract for consulting services-Solution Architect	-	5,130
Contract for consulting services-Software Engineer	-	5,130
Consultant services under Parts 3 (a) and 3 (b) of the Project	15,250	47,738
Total	51,700	95,928

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11) Sub-projects under Part 1(b) of the Project under KEEF

The subprojects under Part 1(b) comprise renovation of building/street lighting of public buildings financed 54% for the EU grant, 35% for the IDA credit and 11% from GOK.

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Sub-projects under Part 1(b) of the Project (GoK)	788,876	641,559
Sub-projects under Part 1(b) of the Project (TFB1487)	947,920	3,149,472
Sub-projects under Part 1(b) of the Project (IDA – 5508 - XK)	688,766	2,041,323
Total	2,425,561	5,832,354

The payments out of the grant proceeds represent payment up to 54% of the invoices received up to April 30, 2024, while payments out of IDA proceeds represent payments up to 35% of invoices received up to June 30, 2024. All outstanding commitments under KEEF contracts beyond such date have been taken over by the KEEF/ government funds: the payments made through KEEF funds for projects financed by three different sources amounted to EUR 361,501.16, whereas outstanding payments still to be finalized are in total amount of EUR 19,023.51.

12) Consultant Services and Payroll under KEEF

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Staff salaries, net	29,750	91,520
Personal income tax	-	-
Employee pension contribution	-	-
Per Diem	-	224
Audit	9,000	9,000
<i>Consultant services under Parts 3 (c) of the Project</i>	<i>38,750</i>	<i>100,744</i>
Energy audits, Detailed Designs, Technical Specifications including Supervisions, Commissioning and Management Supervision for Energy Efficient Building Renovations	361,221	217,613
<i>Consultant services under Part 1 (c) and 1 (d) procured by KEEF</i>	<i>361,221</i>	<i>217,613</i>

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Total financed by Grant TF B1487	399,971	318,357
Staff salaries, net	190,632	139,931
Personal income tax	25,297	25,295
Employee pension contribution	29,800	24,601
Board members remuneration	19,909	16,635
<i>Salary expense financed by Government financing</i>	<i>265,638</i>	<i>206,462</i>
Monitoring and Verification	31,679	32,000
<i>Consultant services under Part I (c) and I (d) procured by KEEF</i>	<i>31,679</i>	<i>32,000</i>
Total financed by Government financing	297,318	238,462
Total	697,289	556,820

Pursuant to the grant agreement TF B1487, taxes withheld on staff salaries are not eligible for financing out of the grant proceeds.

13) Incremental operating costs ME/KEEA

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Travel, accommodation and per diems	-	561
Employer pension contribution (PIU staff)	763	2,388
Other expenses	-	-
Total	763	2,949

14) Incremental Operating Costs under KEEF

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Advertising	3,607	1,336
Fuel	4,164	1,260
Internet	270	597
Office expenses (various: supply, parking, photocopies, AC services)	12,692	6,854
Per diem	-	1,092
Representation expenditures	1,401	2,816
Phone expenditures	1,896	2,551
Travel expenses	1,561	299
Translation services	1,066	3,230
Bank provision	35	298

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Notes to the Financial Statements

for the period from January 1, up to October 31, 2024

(in EUR, unless otherwise stated)

Vehicle Rent Expenses	-	4,379
Training and workshops	340	286
Other expenses	8,956	3,942
Offices Renovation	26,283	-
Total financed by Government financing	62,270	28,940
Bank provisions	816	3,397
Total financed by the Grant TF B1487	816	3,397
Total	63,086	32,337

15) Goods purchasing KEEF

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
PC and internet and network equipment	-	19,044
Telephone for offices	58	22
Accounting Software MIS	-	8,364
Microphone and camera	-	174
Vehicle	-	44,887
Camera for regional office	48	-
TV Mount	18	-
AC	990	-
Appliance for check-in and check-out	800	-
Total financed by Government financing	1,914	72,491
IT equipment	10,155	-
Work equipment and tools	27,339	-
Accounting Software	2,200	-
VC equipment	2,800	-
Office furniture	48,350	-
Total financed by the Grant TF B1487	90,844	-
Total	92,758	72,491

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Notes to the Financial Statements

for the period from January 1, up to October 31, 2024

*(in EUR, unless otherwise stated)***16) Cash at banks**

Cash at banks as of October 31, 2024, and December 31, 2023 represent current accounts maintained by KEEF whereby TF B1487 proceeds, and government contribution are deposited as follows:

	Period from January 1, up to October 31, 2024	Year ended on 31 December 2023
Current account # 1708020600000347 NLB bank EUR - TF B1487 designated account	-	191,896
Principal current account # 170802600000153 NLB bank - Government contribution	1,318,440	7,144,011
Term deposits PCB Bank - Government Contribution	5,000,000	-
Total balance at the end of the period	6,318,440	7,335,907

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Notes to the Financial Statements
for the period from January 1, 2024, up to October 31, 2024
(in EUR, unless otherwise stated)

17) Expenditures by parts:

The project expenditures by Project Parts, cumulative for three sources of funding are detailed as follows:

Parts	Renovation of public buildings	Consultant Services	Incremental operating costs	Period from January 1, up to October 31, 2024	Total year ended on December 31, 2023
Part 1	Energy Efficiency and Renewable Energy Investments in Public Buildings				
(a)	Carrying out energy efficient and renewable energy Subprojects in central government owned buildings through provision of works	429,351	-	3,668,779	6,629,528
(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	-	-	813,868	490,370
(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	392,901	-	2,818,462	6,090,968
(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	36,450	-	36,450	48,190
Part 2	Policy and Regulatory Support for Renewable Energy and Energy Efficiency				
(a)	Providing support to the Energy Regulatory Office to promote sustainable development of renewable energy generation capacity including	-	-	-	-
(b)	Providing support to the MoED to create an enabling regulatory environment for energy efficiency implementation including:	-	-	-	-
Part 3	Project Implementation Support	412,397	63,849	476,246	453,721
(a)	Establishing a Project Implementation Unit within KEEA (KEEA PIU ^(*)) and recruiting staff for KEEA PIU to carry out procurement, financial management and monitoring and evaluation of the Project, with terms of reference acceptable to the Association	-	-	-	-
(b)	Providing training to KEEA PIU staff on effective Project implementation, particularly capacity building on fiduciary aspects of the Project, and sustainability of Project activities and goals	15,250	763	16,013	50,687
(c)	Establishing KEEF	397,147	-	-	-
			63,086	460,233	189,402
	Period from January 1, up to October 31, 2024	841,748	63,849	4,145,026	7,083,248

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Notes to the Financial Statements

for the period from January 1, 2024, up to October 31, 2024
(in EUR, unless otherwise stated)

18) Expenditures by categories and sources of funding

The expenditures by categories and sources of funding are detailed as follows:

	Period from January 1, up to October 31, 2024				Year ended on 31 December, 2023			
	IDA 5508-XK	TF0B1487	GoK contribution	Total	IDA 5508-XK	TF0B1487	GoK contribution	Total
Subprojects under Part 1 (a) of the Project (in central government)	813,868	-	-	813,868	490,370	-	-	490,370
Subprojects under Part 1 (b) of the Project (in municipal level)	688,766	947,920	788,876	2,425,561	2,041,323	3,149,472	641,559	5,832,354
Consultant services and payroll under KEEA part	51,700	-	-	51,700	95,928	-	-	95,928
Consultant services and payroll under KEEF part	-	399,971	297,318	697,289	-	318,357	238,462	556,820
Incremental operating costs under KEEA	763	-	-	763	2,949	-	-	2,949
Incremental operating costs under KEEF	-	816	62,270	63,086	-	3,397	28,940	32,337
Goods purchasing	-	90,844	1,914	92,758	-	-	72,491	72,491
TOTAL	1,555,096	1,439,551	1,150,378	4,145,026	2,630,569	3,471,226	981,452	7,083,248

19) Un-drawn credit and grant facilities

The balance of the undrawn credit from IDA Credit No.5508 - XK as of October 31, 2024, is SDR 1,267,860

The balance of the undrawn grant proceeds from TFB1487 as of October 31, 2024, is EUR 929,340

Kosovo Energy Efficiency and Renewable Energy Project
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Supplementary schedule to the Financial Statements
for the period from January 1, 2024, up to October 31, 2024
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Kosovo Energy Efficiency and Renewable Energy Project
(Credit 5508 - XK&TFB1487&Gok)

Statement of Cumulative Expenditures Withdrawal Schedule
(Supplementary schedule
to the Annual Financial Statements)

Project Financial Statements
for the period 1, 2014 (inception date) up to October
31, 2024