January 14, 2014

H.E. Zoran Stavreski  
Vice-Prime Minister and Minister of Finance  
Ministry of Finance  
Mito Hadzivasilev Jasmin 50  
1000 Skopje

Re: Former Yugoslav Republic of Macedonia: Public Accounting Certification Training (PACT) Project (SAFE Grant No TF015604)

Excellency:

In response to the request for financial assistance made on behalf of the Former Yugoslav Republic of Macedonia ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by Swiss State Secretariat of Economic Affairs (SECO) ("Donor") under the Multi-donor Trust Fund for Strengthening Accounting and the Fiduciary Environment (SAFE), proposes to extend to the Recipient a grant in an amount not to exceed two hundred thousand United States Dollars (U.S.$ 200,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Ellen Goldstein
Country Director, Southeast Europe
Europe and Central Asia Region

AGREED:

RECIPIENT

By:

(Authorized Representative)

Name:

Staneck

Title:

Deputy Prime Minister and Minister of Finance

Date:

28.01.2014

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I
Standard Conditions; Definitions

1.01.  **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02.  **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

   (a) “CIPFA” means Chartered Institute of Public Finance and Accountancy, a professional institute for accountants working in public services, established in the United Kingdom in 1886 and granted a royal charter in January 6, 1959.

   (b) "MoF" means the Recipient's ministry of finance and any successor thereto.

   (c) “Working Group” means the group established within the MoF through Decision Registry No. 03-28823/1, dated September 13, 2013 and referred to in Section 2.03 of this Agreement.

Article II
Project Execution

2.01.  **Project Objectives and Description.** The objective of the Project is to strengthen the capacity of the accounting profession in the Recipient’s public sector through the implementation of an international certification training program for public accountants.

The Project consists of the following Parts:

Part 1: Implementation of the Training Program

   (a) Development of training modules for the international certification training program, in line with CIPFA requirements, at the certificate level and diploma level.

   (b) Carrying out of “train the trainer” and supervision activities for local staff serving as tutors of the international certification training program.

   (c) Carrying out of training and tutoring activities under the international certification training program: (A) at the certificate level for public accountants; and (B) at the diploma level for public accounting managers.

   (d) Translation of the materials for the international certification training program, in line with CIPFA requirements.

   (e) Provision of technical assistance to review and propose amendments to the Recipient's legal framework to include legal recognition of the international certification training program.
Part 2: Capacity Building of the Recipient

Carrying out of capacity building activities for the Recipient’s public sector entities, aimed at supporting the institutionalization and delivery of the international certification training program.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through its MoF, shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and other Arrangements. Notwithstanding the provisions of Section 2.02, the Recipient shall maintain, throughout the implementation of the Project, a working group (“Working Group”) with terms of reference qualifications and scope of responsibilities, satisfactory to the World Bank, to be responsible for providing the Recipient with strategic guidance and recommendations for the institutionalization of the international certification training program.

2.04 Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor’s to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of (1) one calendar semester, and shall be furnished to the World Bank not later than (45) forty-five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than (6) six months after the Closing Date.

2.06. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than (45) forty-five days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, upon the World Bank’s request, have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statement shall cover the period indicated in the World Bank’s request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the date of the World Bank’s request.

2.07. Procurement. All goods, works, non-consulting services, and/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Procurement Guidelines”), and the “Guidelines: Selection and

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

Article III
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** (a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (i) Article III of the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of consultants’ services and Training and Workshops, inclusive of Taxes.

   (b) For the purpose of this paragraph, the term “Training and Workshops” means the reasonable costs (excluding consultants’ services), as shall have been approved by the World Bank, for training and workshops conducted under the Project, including travel and subsistence cost for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training and workshop preparation and implementation.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2015.

Article IV
Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Vice-Prime Minister and Minister of Finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

   Ministry of Finance
   Mito Hadzivasilev Jasmin 50
   1000 Skopje

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

   International Bank for Reconstruction and Development
   1818 H Street, N.W.
   Washington, D.C. 20433
   United States of America
   Facsimile: 1-202-477-6391