MFSA and UA MACEDONIA

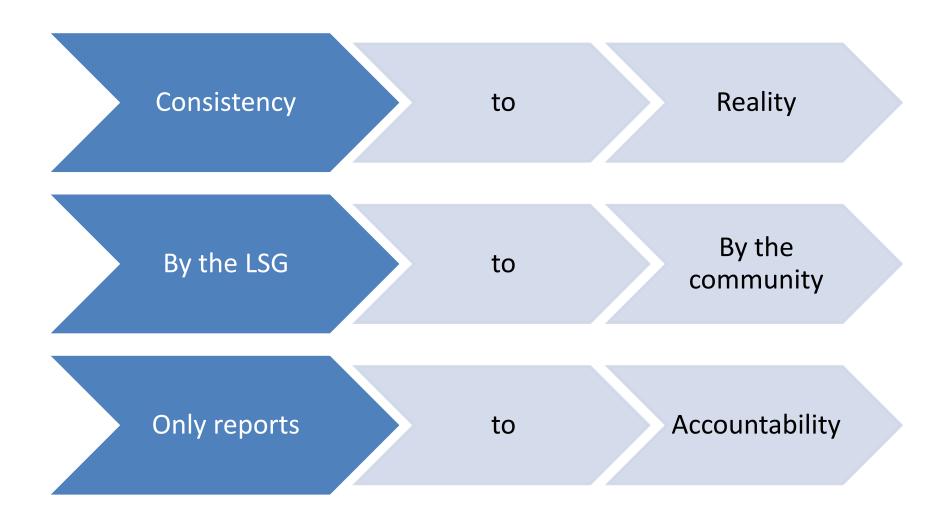
Marjan Nikolov Marina Trajcovska Elena Dimitrovska

MFSA and UA

Tools but not only tools

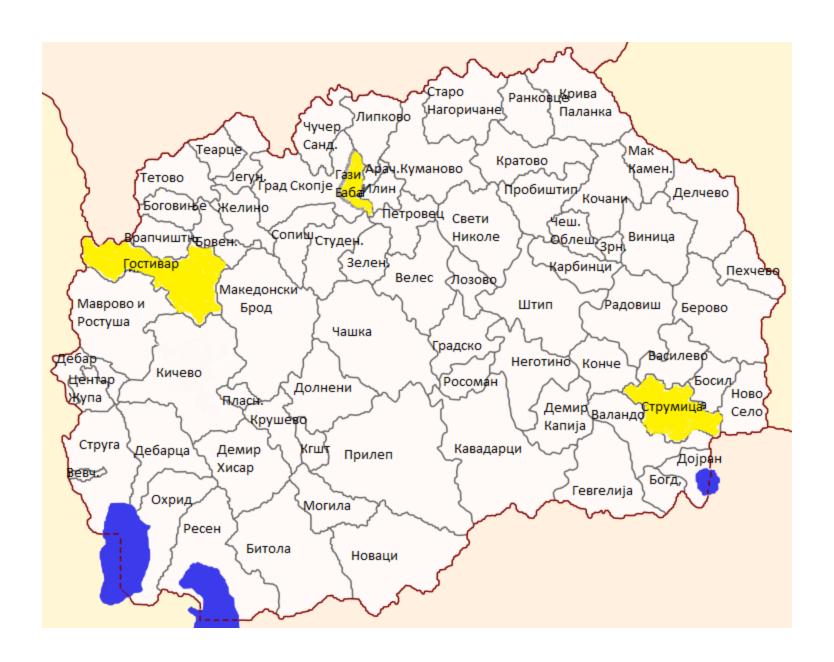
Brings new value in the country but also in the municipalities

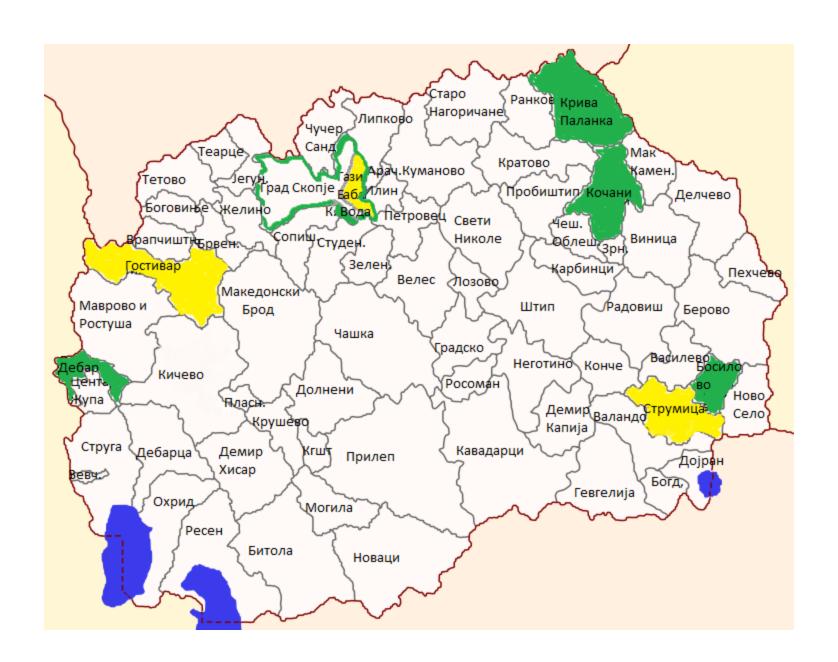
What is the value added?

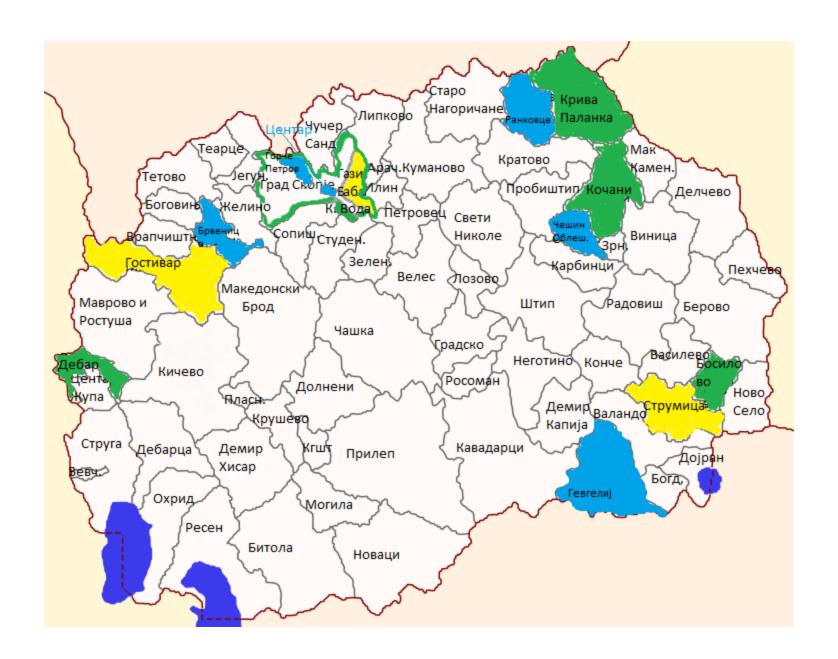


MFSA and UA in Macedonia

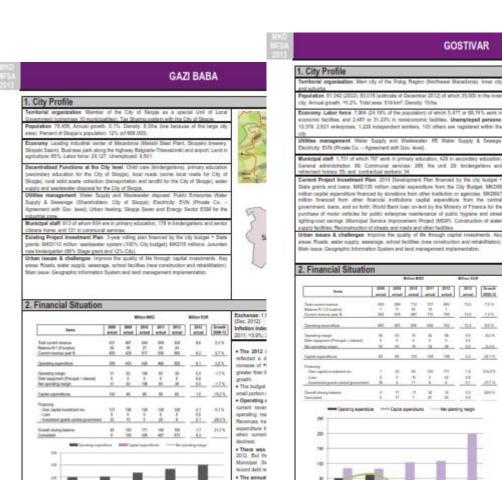
Municipality	Population (18%)	MFSA	UA
Strumica	54,676	X	X
Gazi Baba	72,617	X	X
Gostivar	81,042	X	X-
Kisela Voda	57,236	X	
Kocani	38,092	X	X-
Debar	19,542	X-	
Kriva Palanka	20,820	X	X
Bosilovo	14,260	X-	
Total	358,285		
Macedonia	2,022,547		







MFSA – first phase



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STRUMICA

1. City Profile

Territorial organization: Strumos municipality is located in the studiesation part of the Republic of Macadonia, and includes the city proper and 24 settlements. The City Master Plan is divided into retre-united districts, of which the maidential zone is composed of eight communes or materials communities.

Population: 54,616 (latest cerears 2002) of whom 25,311 live in the municipality certis Armad growth, 0.1 is Arma: 32,165 has Dennity; 1.7 lyis. Economy: A return before infrastructure aftern with a B1 Moody's credit militor. The lot

cost of dring business is attending more new restricts and investments here Create. Griscos. Turkey, and Germany. It is part of an extression approximate area, othering opportunities to invest in the boot production industry and in exporting of quality agreeables product. Lather trees 20 (27 Cheroploguet 5:001.

DRIBes manuscrapent Vision South and Workswater. PEr Komunities. Electricitis. ELIVI.

Jelities management Water Supply and Waterstate: PE Kontunesis; Electricity: E private company). Licture healing: PE Strumon GAS.

Municipal staff: 1,436 of which 523 in primary education, 205 in secondary education, 156 in kindengarients and service officers frome, 337 in communal services, 15 in dvil works, and 156 in garyenal scinnishation.

Existing Project Investment Plan: 3-year rolling plan financial by the city budget * grants - MHCO40 million New Square (100% City budget)

MKD220 million: Gas Network (Basic Budget and Municipal bonds)

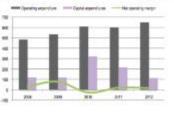
MKD37 million: Local road Poposvo (World Bank Grant)

Urban lasses & challenger improve the quality of the through capital investments. Key anser. Roods, seller supply assemble, actual facilities (new construction and rehabilitation), Main lasses Geographic Information Systems (GIS) and land management



2. Financial Situation

	- Million MCD							Million S (M)				
lens .		100		1000		ars sou		SIT I		alife etect	3911 motod	309.10
Total content recorders Balances (N.T. (F scooled)	-	118		÷		311		678 10		-	166	14%
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Eschange: 1 MKD = 0.01622 EUR / 1 EUR = 61.62 MKD (Dac. 2012)

Inflation Indiaz. 2008; +6.3%; 2009; -6.9%; 2010; +1.6%; 2011; +3.5%; 2012; +4.7%

 2013 Actual Budget of the City of Shumbo is EURIS million of which EURISOS million current revenue.
 Average strougl growth of current revenues is +7% (excluding current supplies Y-V).

 Operating expenditure increased basin than current revenues, with a dread impact on operating margin which has been very low and even negative in 2010.

There were no debt services in the period under review.
 Investment capacity is about EURO million per year or about one third of current revenue. It is mainly francial by

land salas and leases, and does not depend on current revenue trends.

• A large amount of investment is financial of-budget with

sets from the EU and the State Government.

Overall operating balance is less than 5% of operating expenditures.

MFSA + Urban Audit + MSIP 2 GOAL: quality of life and quality of services

UA: To identify key investment needs in a rational and consultative way

MFSA: To calculate available resources

MSIP 2: To implement the goal and vision







Clear criteria for the allocation of capital transfers from the central government to the municipalities

Strengthen internal control and internal audit

Main urban challenges in mid term development plan

Additional financial resources-loans from MSIP 2

Efforts for capital investing-PPP

Increasing own revenues

Revenue enhancing needs

Lowering current expenditures

Enhancing fiscal capacity





- Kisela Voda: 58,000 inhabitants
- Urban/Rural = 60%/40%
- MSIP 1
- Financial sustainability:
 Borrowing





- Expecting MSIP 2, thus MFSA is useful because:
 - Assessment of the borrowing possibility,
 - Increase transparency
 - Identify declining revenues in years
 - Identify actions for the Action plan to improve our revenues
 - Consolidated presentation of our financial capacity for capital investments

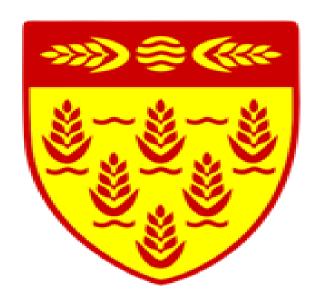
	Item	Calculation	2012 Realized	2013 Realized	2014 Realized	2015 Plan
1 2	Total current revenues Balance N-1 (sufficit/deficit	·)	435.698.070 0	435.044.422 2.852.400	472.740.962 16.858.390	693.523.000 0
3	Current revenues	(1 - 2)	435.698.070	432.192.022	455.882.572	693.523.000
4	Operating expenditures		450.366.842	449.989.532	445.567.570	601.679.000
5 6	Operating margin Debt	(1 - 4)	-14.668.772 7.351.778	-14.945.110 11.090.567	27.173.392 10.466.434	91.844.000 12.980.000
7	Net margin	(5 - 6)	-22.020.550	-26.035.677	16.706.958	78.864.000
8	Capital, expenditures		177.223.450	102.322.225	87.355.072	324.604.000
9 10 11	Financing needs Own capital revenues Transfers	(8-7)	199.244.000 155.950.990 4.352.107	128.357.902 117.291.601 0	70.648.114 68.492.872 0	245.740.000 238.240.000 0
12	Donations		4.352.107	0	0	5.500.000
13	Loans	(9- (10+11+12))	38.940.903	11.066.301	2.155.242	2.000.000
14	Investment balance	(8 - (7+10+11+12+13)) (1+10+11+12+13) -	0	0	0	0
15	General balance	(4+6+8)	0	0	0	0
16	Balance		-34.119.967	-5.145.791	-98.331	0



• Specifically:

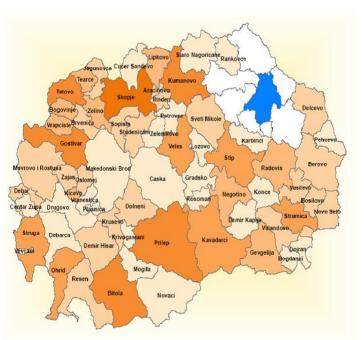
- Management identified weaknesses in 2012 and 2013 (negative net margin) thus, MFSA helps easily to identify actions in the Action Plan for improving our finances
- In 2014 with net positive margin we assess that we have own resources for capital projects
- In that regards and in expectation of MSIP 2, MFSA can help us with the GAF to easily identify amount of additional finances in need for projects from MSIP 2

Kocani





City Information



- Inhabitants 38092
- Area 382 km2
- Settlements 28

 Kocani is well known by: Rice, Geothermal water & Ponikva



Municipal Service Improvement Project

- 2009 Loan 600.000 Euro
 Reconstruction of part of the water supply system in the middle pressure zone
- 2013 Grant 60.000 Euro
 Construction of street Krum Vraninski
- 2014 Loan 1.000.000 Euro
 Construction of 10 local roads



2015 Joining UPP

Municipality of Kocani prepared MSFA and UA as complemented tools for improvement of management of budget spending, strategic planning, investment programming, increasing staff capacity and transparency



 MSFA – To determine fiscal capacity for prioritization of projects and planning of budget spending, identify actions for improving mobilization of local resources, creditworthiness and access to external funding

 Urban Audit – to asses infrastructure and service gaps, increase transparency and citizens participation in process of investment programing

Thank you