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**HORTICULTURE DEVELOPMENT PROJECT**

**IBRD LOAN NO.8393-UZ AND NO.8824-UZ**

**EU GRANT TRUST FUND NO.TF0A7910**

**INDEPENDENT AUDITOR'S REPORT  
ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022, AND FOR THE YEAR THEN ENDED**



**CONTENT**

<b>CONTENT</b> .....	<b>2</b>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	<b>3</b>
<b>STATEMENT OF SOURCES AND USES OF FUNDS</b> .....	<b>5</b>
<b>STATEMENT OF USES OF IBRD LOAN NO.8393-UZ FUNDS BY PROJECT COMPONENTS</b> .....	<b>7</b>
<b>STATEMENT OF USES OF IBRD LOAN NO.8824-UZ FUNDS BY PROJECT COMPONENTS</b> .....	<b>8</b>
<b>STATEMENT OF USES OF EU GRANT NO.TF0A7910 FUNDS BY PROJECT COMPONENTS</b> .....	<b>9</b>
<b>STATEMENT OF USES OF IBRD LOAN NO.8393-UZ FUNDS BY PROJECT CATEGORIES</b> .....	<b>10</b>
<b>STATEMENT OF USES OF IBRD LOAN NO.8824-UZ FUNDS BY PROJECT CATEGORIES</b> .....	<b>11</b>
<b>STATEMENT OF USES OF EU GRANT NO.TF0A7910 FUNDS BY PROJECT CATEGORIES</b> .....	<b>12</b>
<b>SOE WITHDRAWAL SCHEDULE IBRD LOAN NO.8393-UZ</b> .....	<b>13</b>
<b>SOE WITHDRAWAL SCHEDULE IBRD LOAN NO.8824-UZ</b> .....	<b>14</b>
<b>SOE WITHDRAWAL SCHEDULE EU GRANT NO.TF0A7910</b> .....	<b>15</b>
<b>BALANCE SHEET</b> .....	<b>16</b>
<b>STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8393-UZ)</b> .....	<b>17</b>
<b>STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8393-UZ)</b> .....	<b>18</b>
<b>STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8824-UZ)</b> .....	<b>19</b>
<b>STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8824-UZ)</b> .....	<b>20</b>
<b>STATEMENT OF EURO DESIGNATED ACCOUNT OF PIU (EU GRANT NO.TF0A7910)</b> .....	<b>21</b>
<b>STATEMENT OF EURO DESIGNATED ACCOUNT OF PIU (EU GRANT NO.TF0A7910)</b> .....	<b>22</b>
<b>NOTES TO PROJECT SPECIAL PURPOSE FINANCIAL STATEMENTS</b> .....	<b>23</b>
1. <b>DESCRIPTION OF THE PROJECT</b> .....	<b>23</b>
2. <b>GOING CONCERN</b> .....	<b>27</b>
3. <b>ACCOUNTING POLICY</b> .....	<b>27</b>
4. <b>OPENING BALANCE ADJUSTMENT</b> .....	<b>28</b>
5. <b>PRESENTED FINANCIAL STATEMENTS</b> .....	<b>30</b>
6. <b>CASH AND CASH EQUIVALENTS</b> .....	<b>31</b>
7. <b>RECONCILIATION OF DISBURSEMENTS FROM THE DESIGNATED ACCOUNT</b> .....	<b>35</b>
8. <b>SUB-LOANS</b> .....	<b>36</b>
9. <b>TAXES</b> .....	<b>38</b>
10. <b>RECONCILIATION OF FINANCING</b> .....	<b>38</b>
11. <b>EVENTS AFTER THE REPORTING DATE</b> .....	<b>38</b>
12. <b>UZS OPERATIONAL ACCOUNT STATEMENT (IBRD LOAN No.8393-UZ)</b> .....	<b>39</b>
13. <b>UZS OPERATIONAL ACCOUNT STATEMENT (IBRD LOAN No.8393-UZ)</b> .....	<b>39</b>
14. <b>EURO OPERATIONAL ACCOUNT STATEMENT (IBRD LOAN No.8824-UZ)</b> .....	<b>40</b>
15. <b>EURO OPERATIONAL ACCOUNT STATEMENT (IBRD LOAN No.8824-UZ)</b> .....	<b>40</b>
16. <b>UZS OPERATIONAL ACCOUNT STATEMENT (IBRD LOAN No.8824-UZ)</b> .....	<b>41</b>
17. <b>UZS OPERATIONAL ACCOUNT STATEMENT (IBRD LOAN No.8824-UZ)</b> .....	<b>41</b>
18. <b>USD OPERATIONAL ACCOUNT STATEMENT (EU GRANT No.TF0A7910)</b> .....	<b>42</b>
19. <b>USD OPERATIONAL ACCOUNT STATEMENT (EU GRANT No.TF0A7910)</b> .....	<b>42</b>
20. <b>UZS OPERATIONAL ACCOUNT STATEMENT (EU GRANT No. TF0A7910)</b> .....	<b>43</b>
21. <b>UZS OPERATIONAL ACCOUNT STATEMENT (EU GRANT No. TF0A7910)</b> .....	<b>43</b>
22. <b>UZS CURRENT ACCOUNT STATEMENT (EU GRANT No. TF0A7910)</b> .....	<b>44</b>
23. <b>UZS DEPOSIT ACCOUNT STATEMENT (EU GRANT No. TF0A7910)</b> .....	<b>44</b>

**INDEPENDENT AUDITOR'S REPORT**

**Addressee: Management of the International Center for Strategic Development and Research in the Field of Food and Agriculture under the Ministry of Agriculture of the Republic of Uzbekistan**

We have audited the accompanying Special Purpose Financial Statements of «**Horticulture Development Project**» (hereinafter – Project) under the International Center for Strategic Development and Research in the Field of Food and Agriculture under the Ministry of Agriculture of the Republic of Uzbekistan (hereinafter – Center) financed from loan proceeds of the International Bank for Reconstruction and Development (hereinafter – IBRD) according to the Loan agreements No.8393-UZ dated 08 April 2015 and No.8824-UZ dated 17 May 2018 (hereinafter – Loan agreement), and from grant proceeds of the European Union (hereinafter – EU) according to the Grant Agreement dated 07 September 2018 (hereinafter – Grant Agreement) **as of 31 December 2022 and for the year then ended.**

Special Purpose Financial Statements include Statements of Sources and Uses of Funds, Statements of Uses of Funds by Project Components, Statements of Uses of Funds by Project Categories, SOE Withdrawal Schedules, Balance Sheet, Designated Account Statements and Notes to Financial Statements.

Special Purpose Financial Statements prepared by the management of the Center based on the cash basis in accordance with International Public Sector Accounting Standards (hereinafter - IPSAS) issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants.

**Opinion**

In our opinion,

- (i) The above-stated Special Purpose Financial Statements give a true and fair view of the sources and uses of the “**Horticulture Development Project**” Project funds as of 31 December 2022 and for the period from 01 January 2022 to 31 December 2022 and complies with conditions of the Loan Agreements, Grant Agreement and IPSAS – cash basis of accounting;
- (ii) All proceeds allocated by IBRD have been used solely for the Project objectives as endorsed by the Loan Agreements and Grant Agreement; and no Loan proceeds and Grant proceeds have been used for other purposes;
- (iii) With respect to SOEs, adequate supporting documentation has been maintained to support claims to IBRD for recovered of expenditures incurred under the Credit and the expenditures comply with objectives stipulated in the Loan Agreements and Grant Agreement; and
- (iv) The Project's Designated Accounts Statement gives a true and fair view of the financial position of the Designated Accounts of the Project as of December 31, 2022 of the cash flows for the period from January 01, 2022 to December 31, 2022, and complies with the World Bank's guidelines.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 are independent of PIU in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to Note 3 to the Special Purpose Financial Statements which describes the basis of accounting. The Special Purpose Financial Statements are prepared to assist Project to comply with the financial reporting provisions on the requirements conditions of the IPSAS-cash basis. As a result, the Special Purpose Financial Statements may not be suitable for another purpose.

**Other Matter**

Financial Audit reports and opinions according to the requirements of the World Bank are uploaded, published and made publicly available on the World Bank's website.



### Management's Responsibility

The management of the Center is responsible for preparation and fair presentation of these special purpose financial statements based on the cash flow basis in accordance with IPSAS-cash basis. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements present the underlying transactions and in a manner that achieves fair presentation.

We communicate with the Center management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Center management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Auditors:**  
**TSIAR-FINANS LLC**  
 2a, Chust Street, Tashkent,  
 100077, Republic of Uzbekistan

Sobir Safaev, Director

Tashkent, 22 June 2023





**STATEMENT OF SOURCES AND USES OF FUNDS**  
for the period from and January 01, 2022 to 31 December 2022  
(USD)

	Note	Actual		
		2022	2021	Cumulative
<b>Opening Cash Balance</b>				
USD Designated Account (IBRD Loan 8393-UZ)	6	5 533	30 185	
UZS Operational Account (IBRD Loan 8393-UZ)	6	203	1 023	
Plastic card in UZS (IBRD Loan 8393-UZ)	6	96	703	
Plastic card in UZS (IBRD Loan 8393-UZ)	6	457	223	
Plastic card in UZS (IBRD Loan 8393-UZ)	6	23	633	
USD Designated Account (IBRD Loan 8824-UZ)	6	861 201	969 919	
Euro Current Account (USD equivalent) (IBRD Loan 8824-UZ)	6	0	0	
UZS Operational Account (IBRD Loan 8824-UZ)	6	1 525	766	
UZS Current Account (Loan 8824-UZ)	6	0	215	
EURO Designated Account (EU Grant No.TF0A7910)	6	294 382	612 273	
USD Operational Account (EU Grant No.TF0A7910)	6	79 093	1	
UZS Operational Account (EU Grant No.TF0A7910)	6	453	1 526	
UZS Current Account (EU Grant No.TF0A7910)	6	0	0	
Plastic card in UZS (EU Grant No.TF0A7910)	6	526	116	
<b>Total</b>		<b>1 243 492</b>	<b>1 617 584</b>	
<b>Add:</b>				
<b>Sources of Funds</b>				
<b>IBRD Loan No.8393-UZ:</b>				
Financing IBRD	5,6	6 526	146 527	146 361 271
<b>Total</b>		<b>6 526</b>	<b>146 527</b>	<b>146 361 271</b>
<b>IBRD Loan No.8824-UZ</b>				
Financing IBRD	5,6	404 668	5 617 665	476 292 789
<b>Total</b>		<b>404 668</b>	<b>5 617 665</b>	<b>476 292 789</b>
<b>Grant EU No.TF0A7910</b>				
Financing IBRD	5,6	2 485 832	7 976 403	20 064 096
<b>Total</b>		<b>2 485 832</b>	<b>7 976 403</b>	<b>20 064 096</b>
<b>Total Project Financing</b>		<b>2 897 026</b>	<b>13 740 595</b>	<b>642 718 156</b>
<b>Less:</b>				
<b>Project Expenditures</b>				
<b>IBRD Loan No.8393-UZ</b>				
1. Goods	6	0	0	(70 352)
2. Works and Consulting services including Auditing services & Training	6	0	(6 053)	(234 817)
3. Investment and Working Capital sub-loans & Lease financing		0	0	(144 028 407)
4. Incremental Operating Costs	6	(12 749)	(166 855)	(1 653 440)
5. Front-end fee		0	0	(375 000)
<b>Total</b>		<b>(12 749)</b>	<b>(172 908)</b>	<b>(146 362 016)</b>
<b>Other expenses from the proceeds of IBRD Loan No. 8393-UZ</b>	6	<b>(119)</b>	<b>0</b>	<b>(119)</b>

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<b>IBRD Loan No.8824-UZ</b>				
1. Goods, Works, Consulting & Non-consulting services & Training	6	(840 917)	(87 008)	(9 196 019)
2. Non- and Consulting services, Training & Incremental Operating Costs	6	(398 552)	(154 338)	(1 084 349)
3. Investment and Working Capital sub-loans & Lease financing		0	(5 484 461)	(464 733 361)
4. Front-end fee		0	0	(1 250 000)
<b>Total</b>		<b><u>(1 239 469)</u></b>	<b><u>(5 725 808)</u></b>	<b><u>(476 263 729)</u></b>
<b>EU Trust Fund Grant TFOA7910</b>				
1. Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	6	(9 215 511)	(8 240 430)	(26 443 755)
Refunds from suppliers	20, 21	10 290 595	0	10 290 595
<b>Total</b>		<b><u>1 075 084</u></b>	<b><u>(8 240 430)</u></b>	<b><u>(16 153 160)</u></b>
<b>Other expenses from EU Grant No. TF0A7910</b>		<b><u>(237)</u></b>	<b><u>0</u></b>	<b><u>(237)</u></b>
<b>TOTAL EXPENDITURE INCURRED</b>		<b><u>(177 490)</u></b>	<b><u>(14 139 146)</u></b>	<b><u>(638 779 261)</u></b>
<b>Exchange rate difference</b>		<b><u>(140 351)</u></b>	<b><u>24 459</u></b>	<b><u>(116 218)</u></b>
<b>Closing Cash Balance</b>				
USD Designated Account (IBRD Loan 8393-UZ)	6	0	5 533	0
UZS Operational Account (IBRD Loan 8393-UZ)	6	0	203	0
USD Designated Account (IBRD Loan 8824-UZ)	6	27 706	861 201	27 706
Euro Current Account (USD equivalent) (IBRD Loan 8824-UZ)	6	0	0	0
UZS Operational Account (IBRD Loan 8824-UZ)	6	314	1 525	314
EURO Designated Account (EU Grant No.TF0A7910)	6	654 320	294 382	654 320
USD Operational Account (EU Grant No.TF0A7910)	6	21 126	79 093	21 126
UZS Operational Account (EU Grant No.TF0A7910)	6	1 299	453	1 299
UZS Current Account (EU Grant No.TF0A7910)	6	0	0	0
UZS Deposit Account (EU Grant No.TF0A7910)	6	3 117 912	0	3 117 912
<b>Total</b>		<b><u>3 822 677</u></b>	<b><u>1 243 492</u></b>	<b><u>3 822 677</u></b>

Signed by management on 15 June 2023

A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

“Statement of Sources and Uses of Funds” to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special purpose financial statements.

**STATEMENT OF USES OF IBRD LOAN No.8393-UZ FUNDS BY PROJECT COMPONENTS**  
for the period January 01, 2022 to December 31, 2022  
(USD)

Component	Actual		Budget	Unused Funds
	2022	Cumulative from the beginning of the Project		
1. Agricultural Support Services		(305 169)	1 851 200	1 546 031
2. Access to Loans		(144 028 407)	144 091 200	62 793
3. Project Management	(12 749)	(1 653 440)	3 682 600	2 029 160
4. Interest Charge (Front-end fee)		(375 000)	375 000	0
<b>Sub-Total</b>	<b>(12 749)</b>	<b>(146 362 016)</b>	<b>150 000 000</b>	<b>3 637 984</b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director



A. Gafurov  
PIU Finance Specialist

“Statement of Uses of Funds by Project Components” to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

**STATEMENT OF USES OF IBRD LOAN No.8824-UZ FUNDS BY PROJECT COMPONENTS**  
for the period January 01, 2022 to December 31, 2022  
(USD)

Component	Actual		Budget	Unused Funds
	2022	Cumulative from the beginning of the Project		
1. Agricultural Support Services	(840 917)	(9 234 498)	21 611 400	12 376 902
2. Access to Loans		(464 733 361)	475 027 730	10 294 369
3. Project Management	(398 552)	(1 045 870)	2 110 870	1 065 000
4. Interest Charge (Front-end fee)		(1 250 000)	1 250 000	0
<b>Sub-Total</b>	<b>(1 239 469)</b>	<b>(476 263 729)</b>	<b>500 000 000</b>	<b>23 736 271</b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director



A. Gafurov  
PIU Finance Specialist

"Statement of Uses of Funds by Project Components" to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

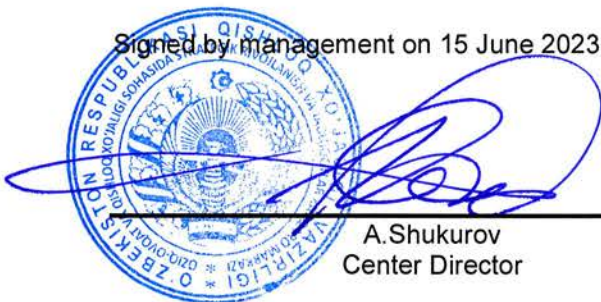


**STATEMENT OF USES OF EU GRANT No.TF0A7910 FUNDS BY PROJECT COMPONENTS**  
for the period January 01, 2022 to December 31, 2022  
(USD)

Component	Actual		Budget*	Unused Funds
	2022	Cumulative from the beginning of the Project		
1. Agricultural Support Services	(9 215 511)	(26 443 755)	22 618 039	6 464 879
Refunds from suppliers	10 290 595	10 290 595		
<b>Sub-Total</b>	<b>1 075 084</b>	<b>(16 153 160)</b>	<b>22 618 039</b>	<b>6 464 879</b>

(\*) Project budget under Grant EC No. TFOA7910 is nominated in the USD equivalent of EUR on the Date of Effectiveness of Grant Agreement (Cross exchange rate EUR/USD on 07<sup>th</sup> September 2018 is 1,15989942534)

Signed by management on 15 June 2023



A. Shukurov  
Center Director



A. Gafurov  
PIU Finance Specialist

"Statement of Uses of Funds by Project Components" to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

**STATEMENT OF USES OF IBRD LOAN No.8393-UZ FUNDS BY PROJECT CATEGORIES**  
for the period January 01, 2022 to December 31, 2022  
(USD)

Category	Actual		Budget	Unused Funds
	2022	Cumulative from the beginning of the Project		
1. Goods		(70 352)	1 207 600	1 137 248
2. Works and Consulting services including Auditing services & Training		(234 817)	1 476 200	1 241 383
3. Investment and Working Capital sub-loans & Lease financing		(144 028 407)	144 466 200	437 793
4. Incremental Operating Costs	(12 749)	(1 653 440)	2 475 000	821 560
5. Interest Charge (Front-end fee)		(375 000)	375 000	0
<b>Sub-Total</b>	<b>(12 749)</b>	<b>(146 362 016)</b>	<b>150 000 000</b>	<b>3 637 984</b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

“Statement of Uses of Funds by Project Categories” to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

**STATEMENT OF USES OF IBRD LOAN No.8824-UZ FUNDS BY PROJECT CATEGORIES**  
for the period January 01, 2022 to December 31, 2022  
(USD)

Category	Actual		Budget	Unused Funds
	2022	Cumulative from the beginning of the Project		
1. Goods, Works, Consulting & Non-consulting services & Training	(840 917)	(9 196 019)	20 361 400	11 165 381
2. Non- and Consulting services, Training & Incremental Operating Costs	(398 552)	(1 084 349)	2 110 870	1 026 521
3. Investment and Working Capital sub-loans & Lease financing	0	(464 733 361)	476 277 730	11 544 369
4. Interest Charge (Front-end fee)	0	(1 250 000)	1 250 000	0
<b>Sub-Total</b>	<b>(1 239 469)</b>	<b>(476 263 729)</b>	<b>500 000 000</b>	<b>23 736 271</b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

"Statement of Uses of Funds by Project Categories" to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

**STATEMENT OF USES OF EU GRANT No.TF0A7910 FUNDS BY PROJECT CATEGORIES**  
for the period January 01, 2022 to December 31, 2022  
(USD)

Category	Actual		Budget*	Unused Funds
	2022	Cumulative from the beginning of the Project		
1.Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	(9 215 511)	(26 443 755)	22 618 039	6 464 879
Refunds from suppliers	10 290 595	10 290 595		
<b>Sub-Total</b>	<b>1 075 084</b>	<b>(16 153 160)</b>	<b>22 618 039</b>	<b>6 464 879</b>

(\* ) Project budget under Grant EC No. TFOA7910 is nominated in the USD equivalent of EUR on the Date of Effectiveness of Grant Agreement (Cross exchange rate EUR/USD on 07<sup>th</sup> September 2018 is 1,15989942534)

Signed by management on 15 June 2023



*[Signature]*  
A.Shukurov  
Center Director



A.Gafurov  
PIU Finance Specialist

*[Signature]*  
"Statement of Uses of Funds by Project Categories" to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

**SOE WITHDRAWAL SCHEDULE IBRD Loan No.8393-UZ  
for the period from January 01, 2022 to December 31, 2022  
(USD)**

Withdrawal application No	Expenditure Types		Total amount of expenditures	Accounted as advance payment received earlier
	Works and Consulting services including Auditing services & Training	Incremental Operating Costs		
97	2 458	24 067	26 526	6 526
<b>TOTAL</b>	<b><u>2 458</u></b>	<b><u>24 067</u></b>	<b><u>26 526</u></b>	<b><u>6 526</u></b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director



A. Gafurov  
PIU Finance Specialist

"SOE Withdrawal Schedule" to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

**SOE WITHDRAWAL SCHEDULE IBRD LOAN No.8824-UZ**  
for the period from January 01, 2022 to December 31, 2022  
(USD)

Withdrawal application No	Expenditure Types			Total amount of expenditures	Accounted as advance payment received earlier
	Goods, Works, Consulting & Non-consulting services & Training	Investment and Working Capital sub-loans & Lease financing	Goods, Works, Non-Consulting & Consulting services, Training & Incremental Operating Costs		
121	8 216 645		9 462 934	17 679 579	100
122		147 527		147 527	147 527
123	31 549			31 549	31 549
124			22 054	22 054	22 054
125			33 825	33 825	33 825
126			46 657	46 657	46 657
127			31 157	31 157	31 157
128			41 800	41 800	41 800
<b>TOTAL</b>	<b><u>8 248 194</u></b>	<b><u>147 527</u></b>	<b><u>9 638 427</u></b>	<b><u>18 034 148</u></b>	<b><u>354 669</u></b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

“SOE Withdrawal Schedule” to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

**SOE WITHDRAWAL SCHEDULE EU GRANT No.TF0A7910**  
for the period from January 01, 2022 to December 31, 2022  
(USD)

Withdrawal application No	Expenditure Types	Total amount of expenditures	Accounted as advance payment received earlier
	Goods, works, non-consulting services, consulting services, Training and Incremental Operating Costs for the Project		
28	168 163	168 163	168 163
29	1 500 788	1 500 788	114 260
30	396 313	396 313	113 405
31	137 112	137 112	137 112
32	146 877	146 877	146 877
<b>TOTAL</b>	<b><u>2 349 253</u></b>	<b><u>2 349 253</u></b>	<b><u>679 817</u></b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director



A. Gafurov  
PIU Finance Specialist

“SOE Withdrawal Schedule” to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.

**BALANCE SHEET**  
as of December 31, 2022  
(USD)

Indicator	Note	as at 31 December 2022	as at 31 December 2021
<b>ASSETS</b>			
<b>Cash and cash equivalents (IBRD Loan No.8393-UZ)</b>		-	<b>6 312</b>
USD Designated Account of PIU	6	-	5 533
UZS Operational Account of PIU	6	-	203
Plastic card in UZS (Loan 8393-UZ)		-	96
Plastic card in UZS (Loan 8393-UZ)		-	457
Plastic card in UZS (Loan 8393-UZ)		-	23
<b>Cash and cash equivalents (IBRD Loan No.8824-UZ)</b>		<b>28 020</b>	<b>862 727</b>
USD Designated Account of PIU	5	27 706	861 201
UZS Current Account of PIU	5	0	0
UZS Operational Account of PIU		314	1 525
<b>Cash and cash equivalents (EU Grant No.TF0A1079)</b>		<b>3 794 657</b>	<b>374 453</b>
EURO Designated Account of PIU	5	654 320	294 382
USD Designated Account of PIU	5	21 126	79 093
UZS Operational Account of PIU		1 299	453
UZS Current Account of PIU		-	-
UZS Deposit Account of PIU		3 117 912	-
Plastic card in UZS (EU Trust Fund Grant)		-	526
<b>Total Uses of Funds</b>			
<i>Total Uses of Funds - IBRD Loan No.8393-UZ</i>	5	146 362 016	146 349 267
<i>Total Uses of Funds - IBRD Loan No.8824-UZ</i>	5	476 263 729	475 024 261
<i>Total Uses of Funds - EU Grant TF0A1079</i>	5	26 443 755	17 228 243
<i>Refunds from Suppliers (EU Grant No. TF0A7910)</i>	5	(10 290 595)	-
<i>Other expenses</i>	5	356	-
<i>Exchange rate difference</i>		116 218	-
<b>TOTAL ASSETS</b>		<b>642 718 156</b>	<b>639 845 263</b>
<b>OWN FUNDS/FINANCING</b>			
Financing of IBRD Loan No.8393-UZ	5,6	146 361 271	146 354 745
Financing of IBRD Loan No.8824-UZ	5,6	476 292 789	475 888 121
Financing of EU Grant TF0A1079	5,6	20 064 096	17 578 264
Exchange rate difference		-	24 132
<b>TOTAL OWN FUNDS/FINANCING</b>		<b>642 718 156</b>	<b>639 845 263</b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

"Balance Sheet" to be read in conjunction with Notes (pages from 23 to 44) thereto forming an integral part of the Project special financial statements.



**STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8393-UZ)  
for the period from January 01, 2022 to April 06, 2022**

Account No.	2021 0840 5050 4936 2032
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	8393-UZ (IBRD)
Currency	USD

USD

**Balance as of 01 January 2022**

**5 533**

**Inflow:**

Financing of IBRD	6 526
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<b>Total inflow:</b>	<b>6 526</b>
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**Outflow:**

Sale of foreign currency	5 800
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Transfer of funds when closing an account	6 242
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Bank commission	17
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<b>Total outflow:</b>	<b>12 059</b>
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**Balance as of 06 April 2022 (closing account date)**

**0**

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

**STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8393-UZ)  
for the period from April 06, 2022 to December 31, 2022**

Account No.	2021 0840 3055 0847 9009
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	8393-UZ (IBRD)
Currency	USD

USD

**Balance as of 06 April 2022 (opening account date)** **0**

**Inflow:**

Financing of IBRD (IBRD Loan 8393-UZ)	22 054
Transfer of funds when opening an account	6 242
<b>Total inflow:</b>	<b>28 296</b>

**Outflow:**

Sale of foreign currency	12 842
Transfer into USD Designated account of PIU (IBRD Loan No.8824-UZ)	15 423
Bank commission (IBRD Loan 8824-UZ)	31
<b>Total outflow:</b>	<b>28 296</b>

**Balance as of 31 December 2022** **0**

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

**STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8824-UZ)  
for the period from January 01, 2022 to April 07, 2022**

Account No.	2021 0840 6050 4936 2031
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	8824-UZ (IBRD)
Currency	USD

USD

<b>Balance as of 01 January 2022</b>	<b>861 201</b>
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**Inflow:**

Financing of IBRD	147 627
<b>Total inflow:</b>	<b>147 627</b>

**Outflow:**

Transfer of funds when closing an account	29 756
Transfer into Euro Current Account of PIU (IBRD №8824-UZ) (Conversion)	840 917
Transfer into UZS Operational Account of PIU (IBRD №8824-UZ) (Conversion)	63 000
Expenses on related categories	75 105
Bank commission	50
<b>Total outflow:</b>	<b>1 008 828</b>

<b>Balance as of 07 April 2022 (closing account date)</b>	<b>0</b>
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Signed by management on 15 June 2023



A. Shukurov  
Center Director



A. Gafurov  
PIU Finance Specialist

**STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8824-UZ)  
for the period from April 07, 2022 to December 31, 2022**

Account No.	2021 0840 7055 0847 9010
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	8824-UZ (IBRD)
Currency	USD

USD

**Balance as of 07 April 2022 (opening account date)**

**0**

**Inflow:**

Financing of IBRD	234 987
Transfer of funds when opening an account	29 756
Transfer from USD Designated account of PIU (IBRD Loan No.8393-UZ)	15 423
<b>Total inflow:</b>	<b>280 166</b>

**Outflow:**

Transfer into UZS Operational account of PIU (IBRD №8824-UZ) (Conversion)	232 400
Transfer into Euro Current Account of PIU (IBRD №8824-UZ) (Conversion)	19 876
Bank commission	184
<b>Total outflow:</b>	<b>252 460</b>

**Balance as of 31 December 2022**

**27 706**

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

**STATEMENT OF EURO DESIGNATED ACCOUNT OF PIU (EU GRANT NO.TF0A7910)  
for the period from January 01, 2022 to May 24, 2022**

Account No.	2269 6978 5050 4936 2004
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TF0A7910
Currency	EURO

	<i>EURO</i>	<i>USD</i>
<b>Balance as of 01 January 2022</b>	<b>258 196</b>	<b>294 382</b>
<b>Inflow:</b>		
Financing of IBRD	611 583	679 817
<b>Total inflow:</b>	<b>611 583</b>	<b>679 817</b>
<b>Outflow:</b>		
Transfers into USD Grant Account (Conversion)	361 275	407 975
Transfer into UZS Current Account (Conversion)	361 000	409 623
Transfer of funds when closing an account	141 803	150 301
Expenses on related categories	5 351	5 910
Bank commission	350	390
<b>Total outflow:</b>	<b>869 778</b>	<b>974 199</b>
<b>Balance as of 24 May, 2022 (closing account date)</b>	<b>0</b>	<b>0</b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

**STATEMENT OF EURO DESIGNATED ACCOUNT OF PIU (EU GRANT NO.TF0A7910)  
for the period from April 06, 2022 to December 31, 2022**

Account No.	2269 6978 0055 0847 9001
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TF0A7910
Currency	EURO

	<i>EURO</i>	<i>USD</i>
<b>Balance as at 06 April 2022 (opening account date)</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Financing of IBRD	1 800 000	1 806 015
Transfer of funds when opening an account	141 803	150 301
<b>Total inflow:</b>	<b>1 941 803</b>	<b>1 956 316</b>
<b>Outflow:</b>		
Transfers into USD Grant Account (Conversion)	633 858	648 548
Transfer into UZS Current Account (Conversion)	645 800	653 164
Bank commission	280	284
<b>Total outflow:</b>	<b>1 279 938</b>	<b>1 301 996</b>
<b>Balance as at 31 December, 2022</b>	<b>661 865</b>	<b>654 320</b>

Signed by management on 15 June 2023



A. Shukurov  
Center Director

A. Gafurov  
PIU Finance Specialist

**NOTES TO PROJECT SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**for the period January 01, 2022 to December 31, 2022**

**1. Description of the Project**

In accordance with the Loan Agreement between the Republic of Uzbekistan and International Bank for Reconstruction and Development ("Bank", "IBRD") No.8993-UZ dated April 8, 2015 ("Loan Agreement"), the Bank agreed to lend the Republic of Uzbekistan the amount of USD 150,000,000 (one hundred and fifty million) on the terms and conditions stipulated in the Loan Agreement, for the purpose of co-financing the Horticulture Development Project ("Project") with the repayment term of 25 years, including 5 years of grace period.

Decree No.2410 dated 21 September 2015 of the President of the Republic of Uzbekistan designates the Ministry of Agriculture and Water Resources as an executive agency responsible for the target and effective use of loan proceeds. Rural Restructuring Agency ("the Agency") is responsible for the steering, implementation coordinating and managing the Project. Participating commercial banks are responsible for the credit management, timely disbursement and eligible use of IBRD's funds, monitoring and reporting on the sub-project implementation progress.

To ensure the coordination of works under the Project Agency has established the Project Implementation Unit (hereinafter –PIU) responsible for the overall Project Management, control and accounting of the Project funds in compliance with the Bank guidelines and relevant national regulatory requirements. PIU of the Project located at 1A, Block A, Labzak Street, Shaykhantahur Area, Tashkent, Republic of Uzbekistan.

The project will be implemented in the Republic of Karakalpakstan, Andijan, Jizzakh, Kashkadarya, Namangan, Samarkand, Tashkent, Ferghana and Khorezm regions.

Pursuant to the Uzbekistan Presidential Decree No.УП-5330 dated 12 February 2018 «On arrangements fundamentally improving corporate governance of the agriculture and water economy sectors», were newly established Ministry of Agriculture of the Republic of Uzbekistan and Ministry of Water Economy of the Republic of Uzbekistan on the base of earlier Ministry of Agriculture and Water Economy of Uzbekistan.

Pursuant to the Uzbekistan Presidential Resolution No.ПП-3671 dated 17 April 2018 «On arrangements facilitating operations of the Ministry of a Agriculture of the Republic of Uzbekistan», Ministry of Agriculture of the Republic of Uzbekistan is a legal successor of Ministry of Agriculture and Water Economy of the Republic of Uzbekistan on all its liabilities, responsibilities and contractual obligations in part of agriculture.

In accordance with the Loan Agreement between the Republic of Uzbekistan and International Bank for Reconstruction and Development ("Bank", "IBRD") No. 8824-UZ dated May 17, 2018 ("Loan Agreement"), the Bank agreed to lend the Republic of Uzbekistan the amount of USD 500,000,000 (five hundred million) on the terms and conditions stipulated in the Loan Agreement, for the purpose of additional financing the Horticulture Development Project ("Project") with the repayment term of 25 years, including 5 years of grace period.

Pursuant to the Uzbekistan Presidential Resolution No.ПП-3790 dated 20 June 2018 «On supplementary measures to facilitate implementation of the project «Horticulture Development Project in the Republic of Uzbekistan» with assistance of the International Bank of Reconstruction and Development», to include in the project area Bukhara, Navoi, Surkhandarjya and Syrdarya regions along with earlier approved Republic of Karakalpakstan, Andizhan, Dzhizak, Kashkadarya, Namangan, Samarqand, Tashkent, Ferghana and Khorezm regions.

According to the Loan Agreements No.8993-UZ and No. 8824-UZ and Uzbekistan Presidential Resolution No.ПП-2410 dtd 21 September 2015 on arrangements facilitating implementation of the Project «Horticulture Development Project» with assistance of International Bank for Reconstruction Development (hereinafter – UP Resolution) and Uzbekistan Presidential Resolution No.ПП-3790 dtd 20 June 2018 on additional arrangements facilitating implementation of the Project «Horticulture Development Project» with assistance of International Bank for Reconstruction Development, Project will be funded by IBRD Loans, GOU and Beneficiaries contributions. Contribution of Uzbekistan in the project implementation is, in equivalent of USD M339.1, including GOU contribution in equivalent of USD M183.9 and contribution of Project participants (beneficiaries) – in equivalent of USD M155.2.

Key target project beneficiaries are individual farmers, farmer groups, private enterprises, agriculture firms and enterprises involved in the processing agriculture production and planning their business operations in the national fruit and vegetables production sub-sector. Secondary beneficiaries include participating financial organizations (hereinafter "PFOs"), in particular: commercial banks, that are legally authorized and/or licensed in line with relevant regulatory requirements of the Republic of Uzbekistan and selected for the eligibility assessment procedure to apply for credit financing.

Key project objective of the «Horticulture Development Project in the Republic of Uzbekistan» is improving efficiency and cost recovery of the fruit and vegetables production sub-sector, advancement of the scientific and research capacity in seed selection and production, pest and weed management, introduction of the international quality assurance standards.

Total cost of «Horticulture Development Project» is USD 989.115 M. Project financing plan is stated below:

	USD	% from the total project cost
IBRD funds	650 000 000	65.7%
Beneficiary funds	155 185 980	15.7%
Government funds	183 929 650	18.6%
<b>Total</b>	<b>989 115 630</b>	<b>100.0%</b>

The IBRD Loan No.8393-UZ funds available for the Project implementation are intended for financing the following categories:

No.	Category	Amount of the Loan allocated	Percentage of Expenditures to be Financed (exclusive of Taxes other than Withheld Taxes)
1.	Goods	1 207,6	100%
2.	Works and Consulting services including Auditing services & Training	1 476,2	100%
3.	Investment and Working Capital sub-loans & Lease financing	135 599,2	100%
4.	Incremental Operating Costs	7 216,0	100%
5.	Unallocated	4 126,0	
6.	Front-end fee	375,0	100%
<b>Total</b>		<b>150 000,0</b>	

Project Budget was revised following the IBRD letter dated 12<sup>th</sup> September 2017. Following is the final Project Financing Plan:

No.	Category	Amount of the Loan allocated	Percentage of Expenditures to be Financed (exclusive of Taxes other than Withheld Taxes)
1.	Goods	1 207,6	100%
2.	Works and Consultants` services (including auditing services and training)	1 476,2	100%
3.	Investment and working capital sub-loans and lease financing	144 466,2	100%
4.	Incremental Operating Costs	2 475,0	100%
5.	Front-end fee	375,0	100%
<b>Total</b>		<b>150 000,0</b>	

The IBRD Loan No.8824-UZ funds available for the Project implementation are intended for financing the following categories:

No.	Category	Amount of the Loan allocated	Percentage of Expenditures to be Financed (exclusive of Taxes other than Withheld Taxes)
1.	Goods, Works, Consulting & Non-consulting services & Training	20 361.4	100%
2.	Non- and Consulting services, Training & Incremental Operating Costs	2 110.9	100%
3.	Investment and Working Capital sub-loans & Lease financing	476 277.7	100%
4.	Front-end fee	1 250.0	100%
<b>Total</b>		<b>500 000.0</b>	

Beneficiary contribution of 20% from the total cost of subproject is generated on the account of their own funds. GOU contribution is in kind of preferences/exemptions/privileges on the tax and customs fees and charges, and financial costs in the investment period.

Pursuant to the Uzbekistan President Resolution No.ПП-4883 dated 06 November 2020 «On ensuring the efficiency of sovereign investment projects» the Agricultural Industry Agency (AIA) under Uzbekistan Ministry



of Agriculture was winded up and its approved legal successor, according to the COM Resolution No.169 dated 30 March 2021 «On establishing International Cooperation and Development Agency under Uzbekistan Ministry of Investment and Foreign trade», is Uzbekistan Ministry of Agriculture.

Pursuant to the Uzbekistan President Resolution No.ПП-58 dated 22 December 2021 on arrangements further advancing food and agriculture reform, strategic planning and management, it was decided to establish (under Uzbekistan Ministry of Agriculture) the International Centre of food and agriculture strategic development and study (hereinafter - Centre) on the base of Scientific & Research Institute of food and agriculture economy in the system of the National Centre for Agriculture Knowledge and Innovations. Centre is responsible for the implementation of IFI and IGFI credit- and grant-financed projects (hereinafter - IFI and IGFI) carried out by the Uzbekistan Ministry of Agriculture and authorized public agency for implementation of food and agriculture projects and scientific research financed by the grants and investments from IFI, IGFI and GOU.

Pursuant to the UP Resolution for the purposes of implementation of the «Horticulture Development Project», the Government of the Republic of Uzbekistan, the Agriculture Agency UZAIFSA and Participating Financial Organizations (commercial banks) have signed Agreements on the sub-lending of portion of the IBRD Loan funds (subsidiary loan).

In terms of the IBRD Loan **No.8393-UZ (subsidiary credit)**, Agreements on sub-lending were signed with the following PFOs:

- ✓ Joint Stock Commercial Bank «Qishloq qurilish bank»;
- ✓ Joint Stock Commercial Bank «Turon Bank»;
- ✓ Joint Stock Commercial Bank «Uzpromstroybank»;
- ✓ Joint Stock Commercial Xalq Bank;
- ✓ Joint-Stock Company National Bank for Foreign Economic Activity of the Republic of Uzbekistan;
- ✓ Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»;
- ✓ Joint Stock Commercial Innovation Bank «Ipak Yuli»;
- ✓ Joint Stock Commercial Bank «ASAKA»;
- ✓ Joint Stock Commercial Bank «Hamkorbank».

Subsidiary lending is available for each of listed PFOs in line with Agreements on the sub-lending as per following break-down:

Name of Bank	USD
Joint Stock Commercial Bank «Qishloq qurilish bank»	14 230 425,56
Joint Stock Commercial Bank «Turon Bank»	17 037 593,98
Joint Stock Commercial Bank «Uzpromstroybank»	5 012 531,33
Joint Stock Commercial Xalq Bank	10 025 062,66
Joint-Stock Company National Bank for Foreign Economic Activity of Uzbekistan	50 000 000,00
Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»	8 521 303,26
Joint Stock Commercial Innovation Bank «Ipak Yuli»	13 150 000,00
Joint Stock Commercial Bank «ASAKA»	21 176 000,00
Joint Stock Commercial Bank «Hamkorbank»	5 313 283,21
<b>TOTAL</b>	<b>144 466 200,00</b>

In terms of the IBRD Loan **No.8824-UZ (subsidiary credit)**, Agreements on sub-lending were signed with the following PFOs:

- ✓ Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»
- ✓ Joint Stock Commercial Bank «Uzpromstroybank»
- ✓ Joint Stock Commercial Bank «ASAKA»
- ✓ Joint Stock Commercial «Aloqabank»
- ✓ Joint Stock Commercial Bank «Asia Alliance Bank»
- ✓ Joint-Stock Company National Bank for Foreign Economic Activity of the Republic of Uzbekistan
- ✓ Joint Stock Commercial Bank «Qishloq qurilish bank»
- ✓ Joint Stock Commercial Bank «Turon Bank»
- ✓ Joint Stock Commercial Innovation Bank «Ipak Yuli»
- ✓ Joint Stock Commercial Xalq Bank

Subsidiary lending is available for each of listed PFOs in line with Agreements on the sub-lending as per following break-down:

Name of Bank	USD
Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»	25 062 656,64
Joint Stock Commercial Bank «Uzpromstroybank»	72 458 877,19
Joint Stock Commercial Bank «ASAKA»	110 275 689,22
Joint Stock Commercial «Aloqabank»	11 528 822,05
Joint Stock Commercial Bank «Asia Alliance Bank»	10 025 062,66
Joint-Stock Company National Bank for Foreign Economic Activity of Uzbekistan	119 799 498,74
Joint Stock Commercial Bank «Qishloq qurilish bank»	34 085 213,04
Joint Stock Commercial Bank «Turon Bank»	25 062 656,64
Joint Stock Commercial Innovation Bank «Ipak Yuli»	9 022 556,39
Joint Stock Commercial Xalq Bank	60 150 375,94
<b>TOTAL</b>	<b>477 471 408,51</b>

The Project consists of the following components (parts):

Component 1: Agricultural Support Services

1. *Institutional Support Services*

(a) Strengthening the capacity of Participating Research Institutes to conduct research and genetic material multiplication activities through, *inter alia*: (i) the improvement of their laboratory facilities; (ii) the provision of Training to their staff on the horticultural sector value chain development; (iii) the development of pest surveillance maps of horticulture crops; and (iv) the creation of a seed storage facility for the Research Institute for Vegetables, Melons and Potatoes;

(b) improving food production and handling practices through, *inter alia*: (i) the carrying out of comparative studies between existing domestic regulations and international standards on food safety; (ii) the development of manuals for quality management and packaging requirements; and (iii) the provision of support for gathering and dissemination of information about private-sector standards for food safety and quality in destination markets

2. *Market-led agricultural technology transfer*

Bridging the knowledge and experience gap in the horticulture sector related to new production techniques, storage methods, post-harvest handling, marketing and business management knowledge by:

(a) (i) Establishing a knowledge management and market information system aimed to collect, organize, analyze and disseminate data on the horticulture value chain development; and (ii) carrying out of market studies.

(b) Carrying out of open-field demonstration activities and Training for Beneficiaries on, *inter alia*, greenhouse vegetables and potatoes, fruits and berries production techniques, post-harvesting handling and storage methods.

(c) Developing the value chain through, *inter alia*: (i) the creation of partnerships between producers, processors and traders; (ii) the establishment of a promotional association for fruits and vegetables; (iii) the provision of support to producer participation in national and international trade events; and (iv) the assessment of the Borrower's export and domestic marketing policies and the subsequent development of recommendations to improve said policies.

Component 2: Access to Credit

(a) Provision through selected PFIs of Investment and Working Capital Sub-Loans and Lease Financings to Beneficiaries.

(b) Provision of technical assistance and Training to PFIs to increase their capacity in managing a range; of innovatively structured finance products that support, *inter alia*, the development of value chains.

Component 3 Project Management

Provision of goods, technical assistance and Training to RRA for the implementation of the Project (including the areas of financial management, procurement, disbursement, monitoring and evaluation) and financing of Incremental Operating Costs.

Below is the information in part of the full investment project cost by the Project components:

000'USD

Component	IBRD Loans	Republic of Uzbekistan		Total
		Government	Beneficiary	
Component 1: "Agricultural Support Services"	23 462,60			23 462,60
Component 2: "Access to Credit"	620 743,93		155 185,98	775 929,91
Component 3: "Project Management"	5 793,47	276,90		6 070,37
Financial costs		54 257,53		54 257,53
Tax and custom privileges		129 295,22		129 395,22
<b>Total</b>	<b>650 000,00</b>	<b>183 929,65</b>	<b>155 185,98</b>	<b>989 115,63</b>

In order to implement and finance component 1. "Agriculture support services" of the Horticulture Development project, it is expected the allocation of grant funds of the European Union (EU) for total of EURO 19.5 mln.

EU grant to be directed to finance following activities of the "Agriculture support services" component: (i) To modernize and strengthen the material and technical base of scientific research institutes, and plant protection services, by providing the central and regional laboratories of institutions necessary laboratory equipment to improve the quality of soil analysis, detection and control of agricultural pests and diseases, and quarantine objects; (ii) Create demonstration sites for the cultivation of fruit and vegetable crops, demonstration of modern water and energy saving technologies, the selection of high-yielding and adapted to soil and climatic conditions of project areas of seeds and seedlings, the demonstration of modern methods of storage, sorting, processing, packaging and export of fruit and vegetables produced, for farmers and agricultural firms.

The EU Grant No.TF0A7910 funds available for the Project implementation are intended for financing the following categories:

No.	Category	Amount of the Loan allocated (Mln. euro)	Percentage of Expenditures to be financed (exclusive of Taxes other than Withheld Taxes)
1.	Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	19.5	100%
	<b>Total</b>	<b>19.5</b>	

## 2. Going concern

According to the Loan Agreement, the Loans Closure Date is June 30, 2023. According to the Grant Agreement, Grant closing date is 31 December 2020. Following, according to the WB Letter No.0371o/20 dated 05 October 2020, newly set Grant Closing Date is 28 February 2023.

## 3. Accounting policy

Special Purpose Financial Reporting is prepared, in accordance with requirements of International Public Sector Accounting Standards (hereinafter - IPSAS) issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, following the cash flow basis and compliant with the World Bank recommendations.

### 3.1. Basis of presentation

Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Components, Statement of Uses of Funds by Project Categories, Balance Sheet, SOE Withdrawal Schedule, Designated Account Statement are developed on cash flow basis to record transactions under the Project in accordance with the following principles.

### 3.2. Financing

The Project financing is recognized when the funds from the IBRD Loan accounts are disbursed to the Project's USD Designated and Grant Accounts for expenditures and credit financing (revenues) with using the Advance Method. Upfront commissions are recognized as the Project financing once the disbursement from the IBRD Loan accounts.

### 3.3. Expenditure

Project expenditures are recognized as such and reported on the cash basis method in the Project Special Purpose Financial Statements when:

- payments to the suppliers of goods or services are made from the Project's Designated, Grant, Operational and other accounts or directly from IBRD Loan accounts under the procedure of Direct payments or Special Commitment;
- funds are transferred from the Project's Designated and Operational accounts to the PFO account for lending to Beneficiaries.

### 3.4. Reporting currency and currency exchange methodology

Currency nominated for the financing of Project costs and financial reporting is the United States Dollar ("USD"), which is the Project functional and financial reporting currency. The following foreign exchange policy is exercised for the purpose of the Project Financial Reporting by IBRD funds:

- In order to generate the Statement of Expenditure (SOE) the UZS (Uzbek Soum) revenues and expenditures are converted into USD at the respective CBU (the Central Bank of Uzbekistan) exchange rate effective on the date of receipt or payment of particular expenditures;
- Revenues and expenditures in EUR from EU grant financing TFOA7910 are translated into USD at the cross-rate in Client Connection on the date of payment receipt;
- IBRD fund expenditures under the procedure of Direct payments in currency other than US dollar are exchanged into US dollars according to exchange rate presented in Client Connection;
- UZS balances on Project bank accounts are revalued at the official exchange rate of CBU effective at the reporting date. As at 31 December 2022 CBU's official exchange rate was UZS 11 225,46/USD 1.

## 4. Opening Balance adjustment

In 2022 Project has introduced adjustments to the Special Purpose Financial Statements for the period from 01 January 2021 through 31 December 2021, in particular:

- Adjustments are introduced to the cash balance on the UZS corporate card (EU grant financing TFOA7910) on December 31st, 2021, accrued total cost under Category 4 «Additional operational costs» on December 31st, 2021, accrued total cost under Category 3 «Project Management» on December 31st, 2021;
- Adjustments are introduced to the cash balance on the UZS corporate card (IBRD Loan №8393-UZ) on December 31st, 2021, accrued total cost under Category «Goods, works, non-consultancy and consultancy services, training and additional operational costs» on December 31st, 2021 and accrued total cost under Category «Technical assistance to the agriculture» on December 31st, 2021;
- Adjustments are introduced to the cash balance on the PIU Special Account (EU grant financing TFOA7910) on December 31st, 2021, exchange difference on the PIU USD Operational Account for 2021, accrued total exchange difference on December 31st, 2021;
- Financial cost (one-time fee) is excluded from total cost of component «Access to borrowings» under IBRD Loan №8393-UZ and №8824-UZ.

The corresponding adjustments reflected in the Project's financial statements for 2021 are as follows:

✓ **Statement of Sources and Uses of Funds**

Indicator	Actual (cumulative to date as at 31 December 2021)	Adjustments of previous period	Actual cumulative as of December 31, 2021 after adjustments
<b>Less:</b>			
<b>IBRD Loan No.8393-UZ</b>			
Goods	70 352		70 352
Works and Consulting services including Auditing services& Training	234 817		234 817
Investment and Working Capital sub-loans & Lease financing	144 028 407		144 028 407
Incremental Operating Costs	1 640 415	276	1 640 691
Front-end fee	375 000		375 000
<b>Total</b>	<b>146 348 991</b>	<b>276</b>	<b>146 349 267</b>
<b>EU Grant No.TF0A7910</b>			
Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	17 227 812	431	17 228 243
<b>Total</b>	<b>17 227 812</b>	<b>431</b>	<b>17 228 243</b>
<b>TOTAL EXPENDITURE INCURRED</b>	<b>638 601 064</b>	<b>707</b>	<b>638 601 772</b>
<b>Exchange rate difference</b>	<b>(288)</b>	<b>24 420</b>	<b>24 132</b>
<b>Closing Cash Balance</b>			
USD Designated Account (IBRD Loan 8393-UZ)	5 533		5 533
UZS Operation Account (IBRD Loan 8393-UZ)	203		203
Plastic card in UZS (IBRD Loan 8393-UZ)	372	(276)	96
Plastic card in UZS (IBRD Loan 8393-UZ)	457		457
Plastic card in UZS (IBRD Loan 8393-UZ)	23		23
USD Designated Account (IBRD Loan 8824-UZ)	861 201		861 201
Euro Current Account (USD equivalent) (IBRD Loan 8824-UZ)	-		-
UZS Operational Account (IBRD Loan 8824-UZ)	1 525		1 525
EURO Designated Account (EU Grant No.TF0A7910)	269 962	24 420	294 382
USD Operational Account (EU Grant No.TF0A7910)	79 093		79 093
UZS Operational Account (EU Grant No.TF0A7910)	453		453
UZS Current Account (EU Grant No.TF0A7910)	-		-
Plastic card in UZS (EU Grant No.TF0A7910)	957	(431)	526
<b>Total</b>	<b>1 219 779</b>	<b>23 713</b>	<b>1 243 492</b>

✓ **Statement of Uses of Funds by Project Components**

Component	Actual (cumulative to date as at 31 December 2021)	Adjustments of previous period	Actual cumulative as of December 31, 2021 after adjustments
<b>IBRD Loan No.8393-UZ</b>			
1. Agricultural Support Services	305 169		305 169
2. Access to Loans	144 403 407	(375 000)	144 028 407
3. Project Management	1 640 415	276	1 640 691
4. Interest Charge (front-end fee)	0	375 000	375 000
<b>Sub-Total</b>	<b>146 348 991</b>	<b>276</b>	<b>146 349 267</b>
<b>EU Trust Fund Grant</b>			
1. Agricultural Technical Assistance	17 227 812	431	17 228 243
<b>Sub-Total</b>	<b>17 227 812</b>	<b>431</b>	<b>17 227 381</b>
<b>IBRD Loan No.8824-UZ</b>			
1. Agricultural Support Services	8 393 581		8 393 581
2. Access to Loans	465 983 361	(1 250 000)	464 733 361
3. Project Management	647 320		647 320
4. Interest Charge (front-end fee)	0	1 250 000	1 250 000
<b>Sub-Total</b>	<b>475 024 262</b>		<b>475 024 262</b>
<b>Total Project's expenses:</b>	<b>638 601 063</b>	<b>707</b>	<b>638 601 770</b>

✓ **Statement of Uses of Funds by Project Categories**

Category	Actual (cumulative to date as at 31 December 2021)	Adjustments of previous period	Actual cumulative as of December 31, 2021 after adjustments
<b>IBRD Loan No.8393-UZ</b>			
1. Goods	70 352		70 352
2. Works and Consulting services including Auditing services & Training	234 817		234 817
3. Investment and Working Capital sub-loans & Lease financing	144 028 407		144 028 407
4. Incremental Operating Costs	1 640 415	276	1 640 691
5. Front-end fee	375 000		375 000
<b>Sub-Total</b>	<b>146 348 991</b>	<b>276</b>	<b>146 349 267</b>
<b>EU Trust Fund Grant</b>			
1. Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	17 227 812	431	17 228 243
<b>Sub-Total</b>	<b>17 227 812</b>	<b>431</b>	<b>17 228 243</b>
<b>IBRD Loan No.8824-UZ</b>			
1. Goods, Works, Consulting & Non-consulting services & Training	8 355 102		8 355 102
2. Non- and Consulting services, Training & Incremental Operating Costs	685 798		685 798
3. Investment and Working Capital sub-loans & Lease financing	464 733 361		464 733 361
4. Front-end fee	1 250 000		1 250 000
<b>Sub-Total</b>	<b>475 024 261</b>		<b>475 024 261</b>
<b>Total Project's expenses:</b>	<b>638 601 064</b>	<b>707</b>	<b>638 601 771</b>

✓ **Balance Sheet**

Indicator	Actual (cumulative to date as at 31 December 2021)	Adjustments of previous period	Actual cumulative as of December 31, 2021 after adjustments
<b>ASSETS</b>			
Plastic card in UZS (Loan 8393-UZ)	372	(276)	96
EU Trust Fund Grant – Designated Account in EURO	269 962	24 420	294 382
Plastic card in UZS (EU Trust Fund Grant)	957	(431)	526
<b>Total</b>	<b>1 219 779</b>	<b>23 713</b>	<b>1 243 492</b>
Exchange rate difference	(288)	24 420	24 132

**5. Presented Financial Statements**

The Project Special Financial Statements have been prepared by the management of the International Center for Food and Agriculture strategic development and research under Uzbekistan Ministry of Agriculture (hereinafter – the Center). Authorized signatories of the Project Special Purpose Financial Statements dated 15<sup>st</sup> June 2023 are the Center Director A. Shukurov and PIU Finance Specialist A. Gafurov.

The Project Special Purpose Financial Statements prepared in accordance with IPSAS based on the cash method and include the following statements.

**5.1. Statement of Sources and Uses of Funds**

Statement of Sources and Uses of Funds includes data on the IBRD financing and Project expenditures for the reporting period.

**Financing**

The total amount of financing of the Project for 2022 fee is 2,897,026 USD, including:

- by IBRD Loan No.8393-UZ: USD 6 526 was financed in the form of replenishment of Project's Designated Account to finance the funds intended for the implementation of Component 3 «Project Management»;

- by IBRD No.8824-UZ: USD 404 668 was financed in the form of replenishment of Project's Designated Account to finance the funds intended for the implementation of Component 1 «Agricultural Technical Assistance» and Component 3 «Project Management»;
- by EU Grant No.TF0A7910: USD 2 485 832 was financed in the form of replenishment of Project's Designated Account to finance the funds intended for the implementation of Component «Agricultural Technical Assistance».

### **Expenditures**

The total cost of the Project for the reporting period amounted to USD 177,490, including:

- for IBRD loan No. 8393-UZ: USD 12,749, including expenses include:
  - USD 12 749 – expenses under Component 3 «Project Management».
- for IBRD loan No. 8824-UZ: USD 1 239 469, including expenses include:
  - USD 840 917 - expenses under Component 1 «Agricultural Technical Assistance»;
  - USD 398 552 – expenses under Component 3 «Project Management».
- by EU Grant No.TF0A7910:
  - USD 9 215 511 - expenses under Component 1 «Agricultural Technical Assistance»;
  - 2021-2022 total expenditures include amount of USD10 290 595 returned by the Supplier. Thus, the amount returned by the Supplier is beyond total expenditures for the reporting period (USD1 075 084).
- Also included in other expenses of the Project, in the amount of USD 356, is the amount of transfer of balances on corporate plastic cards under IBRD Loan No. 8393-UZ and under EU Grant No. TF0A7910 upon their closing to the main account of the Center.

This Statement includes data on the opening and closing cash balance for the reporting period. Closing balance is the IBRD and EU Grant financing for total of USD 3 822 677.

### **5.2. Statement of Uses of Funds by Project Components**

Statement of Uses of Funds by Project Components includes breakdown of the Project expenditures by its components and Project budget and difference between budgeted and actual costs.

### **5.3. Statement of Uses of Funds by Project Categories**

Statement of Uses of Funds by Project Categories includes breakdown of the Project expenditures by its categories and Project budget and difference between budgeted and actual costs.

## **6. Cash and cash equivalents**

For the purposes of Project implementation, the Project has opened the following accounts:

### **6.1. Designated and Operational accounts**

PIU maintains eleven accounts for financing eligible expenditures:

- USD Designated Account (IBRD Loan No.8393-UZ)
- UZS Operational Account (IBRD Loan No.8393-UZ)
- USD Designated Account (IBRD Loan No.8824-UZ)
- Euro Current Account (IBRD Loan 8824-UZ)
- UZS Operational Account (IBRD Loan No.8824-UZ)
- UZS Current Account (IBRD Loan No.8824-UZ)
- EURO Designated Account (EU Grant No.TF0A7910)
- USD Operational Account (EU Grant No.TF0A7910)
- UZS Operational Account (EU Grant No.TF0A7910)
- UZS Current Account (EU Grant No.TF0A7910)
- UZS Deposit Account (EU Grant No.TF0A7910)

During the reporting period, all accounts opened in the Private Joint Stock Commercial Bank "ORIENT FINANS" (hereinafter - PJSCB "ORIENT FINANS") were closed and reopened in the same bank.

**USD Designated Account and UZS Operational Account (IBRD Loan No.8393-UZ)**

During the period from January 01, 2022 to December 31, 2022, USD 6 526 was received to the Designated Account (IBRD Loan No.8393-UZ) in the form of financing from the IBRD to finance the funds intended for the implementation of Component 1 «Agricultural Support Services» and Component 3 «Project Management» and USD 22 054 in the form of financing from the IBRD to finance the funds intended for the implementation of Project (IBRD Loan No.8824-UZ).

During the period from January 01, 2022 to December 31, 2022, the Project spent USD 17 from the Designated Account (IBRD Loan No.8393-UZ) in the form of payment of a bank commission for the implementation of Component 3 «Project Management» and USD 31 from the Designated Account (IBRD Loan No.8393-UZ) in the form of payment of a bank commission for the implementation of Component 3 «Project Management» (IBRD Loan No.8824-UZ), USD 15 423 was transferred into the USD Designated Account (IBRD Loan No.8824-UZ).

During the reporting period, the amount of USD 66 and 4 046 was received from the Operational Account in UZS (IBRD Loan No.8824-UZ) and the Operational Account in UZS (EU Grant No.TF0A7910).

During the reporting period, was spent from the Operational Account in UZS (IBRD Loan No.8393-UZ):

- the amount of USD 11 806 for the implementation Component 3 «Project Management»;
- the amount of USD 6 663 for the implementation Component 3 «Project Management» (IBRD Loan No.8824-UZ);
- the amount of USD 4 046 for the implementation Component 1 «Agricultural Support Services» (EU Grant No.TF0A7910);
- and the amount of USD 707 was used to replenish corporate plastic card of the Project to cover current expenses.

**USD Designated Account,  
UZS Operational Account and UZS Current Account (IBRD Loan No.8824-UZ)**

During the period from January 01, 2022 to December 31, 2022, USD 382 614 was received to the Designated Account (IBRD Loan No.8824-UZ) in the form of financing from the IBRD to finance the funds intended for the implementation of Component 1 «Agricultural Support Services» and Component 3 «Project Management» and USD 15 423 was received from the USD Designated Account (IBRD Loan No.8393-UZ). During the period from January 01, 2022, to December 31, 2022, the Project spent USD 75 339 from the Designated Account (IBRD Loan No.8824-UZ) for the implementation of Component 3 «Project Management».

During the reporting period from January 01, 2022 to December 31, the amount of USD 840 917 was spent from the Current Account in EURO (IBRD Loan No.8824-UZ) for the implementation of Component 1 «Agricultural Support Services», and the amount of USD 19 876 for the implementation of Component 3 «Project Management».

During the reporting period from January 01, 2022 to December 31, the amount of USD 3 was received from the UZS Operational Account (IBRD Loan No.8393-UZ) and the amount of USD 337 was received from the UZS Operational Account (EU Grant No.TF0A7910).

During the reporting period from January 01, 2022 to December 31, was spent from the Operational Account in UZS (IBRD Loan No.8824-UZ):

- the amount of USD 296 643 for the implementation of Component 3 «Project Management»;
- the amount of USD 337 for the implementation of Component 1 «Agricultural Support Services» (EU Grant No.TF0A7910);
- the amount of USD 66 was transferred into the UZS Operational Account (IBRD Loan No.8393-UZ) for replenishment of corporate plastic card for fuel acquisition.

**EURO Designated Account,  
USD Designated Account and UZS Operational Account (EU Grant No.TF0A7910)**

During the period from January 01, 2022 to December 31, 2022, USD 2 485 832 was received to the EURO Designated Account (EU Grant No.TF0A7910) in the form of financing from the IBRD to finance the funds intended for the implementation of Component «Agricultural Support Services». During the period from January 01, 2022 to December 31, 2022, the amount of USD 6 584 was spent from the EURO Designated Account (EU Grant No.TF0A7910) for the implementation of Component «Agricultural Support Services».



During the period from January 01, 2022 to December 31, 2022, the amount of USD 1 105 808 was spent from the USD Operational Account (EU Grant No.TF0A7910) for the implementation of Component «Agricultural Support Services».

During the period from January 01, 2022 to December 31, 2022, the amount of USD 10 920 595 was returned into the Operational Account in UZS (EU Grant No.TF0A7910) from suppliers.

During the period from January 01, 2022 to December 31, 2022, was spent from the Operational Account in UZS (EU Grant No.TF0A7910):

- the amount of USD 8 097 969 for the implementation of Component «Agricultural Support Services»;
- the amount of USD 3 148 238 Total used to deposit in the Tashkent branch of JSB «Agrobank».

During the period from January 01, 2022 to December 31, 2022, the amount of USD 2 was spent from the Current Account in UZS (EU Grant No.TF0A7910) for the implementation of Component «Agricultural Support Services», and the amount of USD 503 was used to replenish corporate plastic card of the Project to cover current expenses.

## 6.2. Plastic cards

As of the beginning of the reporting period, the Project had corporate plastic cards for the payments of costs associated with business trip and fuel, which were closed during 2022 due to a change of accounts. In April 2022, the Project reopened plastic cards.

Below is the consolidated cash flow of the Project on plastic corporate card:

### ✓ Plastic card in UZS (IBRD Loan No.8393-UZ)

	USD	000'UZS
<b>Balance as at 01 January, 2022</b>	<b>457</b>	<b>4 949</b>
<b>Cash inflow:</b>		
Replenishment of corporate plastic card	707	7 810
<b>Total Cash inflow:</b>	<b>707</b>	<b>7 810</b>
<b>Cash outflow:</b>		
Expenses on related categories	926	10 224
Reimbursement of funds to the PIU Operational Account in UZS	222	2 535
Exchange rate difference	16	
<b>Total Cash outflow:</b>	<b>1 164</b>	<b>12 759</b>
<b>Balance as at 05 April, 2022 (closing account date)</b>	<b>0</b>	<b>0</b>

### ✓ Plastic card in UZS (IBRD Loan No.8393-UZ)

	USD	000'UZS
<b>Balance as at 01 January, 2022</b>	<b>96</b>	<b>1 043</b>
<b>Cash inflow:</b>		
Replenishment of corporate plastic card	0	0
<b>Total Cash inflow:</b>	<b>0</b>	<b>0</b>
<b>Cash outflow:</b>		
Transfer of funds to the main account of the Center upon closing	96	1 043
<b>Total Cash outflow:</b>	<b>96</b>	<b>1 043</b>
<b>Balance as at 31 December, 2022</b>	<b>0</b>	<b>0</b>

✓ Plastic card in UZS (IBRD Loan No.8393-UZ)

	USD	000'UZS
<b>Balance as at 01 January, 2022</b>	<b>23</b>	<b>250</b>
<b>Cash inflow:</b>		
Replenishment of corporate plastic card	0	0
<b>Total Cash inflow:</b>	<b>0</b>	<b>0</b>
<b>Cash outflow:</b>		
Transfer of funds to the main account of the Center upon closing	23	250
<b>Total Cash outflow:</b>	<b>23</b>	<b>250</b>
<b>Balance as at 31 December, 2022</b>	<b>0</b>	<b>0</b>

✓ Plastic card in UZS (EU Grant No.TF0A7910)

	USD	000'UZS
<b>Balance as at 01 January, 2022</b>	<b>526</b>	<b>5 697</b>
<b>Cash inflow:</b>		
Replenishment of corporate plastic card for fuel acquisition	503	5 470
<b>Total Cash inflow:</b>	<b>503</b>	<b>5 470</b>
<b>Cash outflow:</b>		
Expenses on related categories	765	8 469
Transfer of funds to the main account of the Center upon closing	237	2 697
Exchange rate difference	26	
<b>Total Cash outflow:</b>	<b>1 029</b>	<b>11 167</b>
<b>Balance as at 31 December, 2022</b>	<b>0</b>	<b>0</b>

Balances of the Project's bank accounts are summarized in the following table:

	USD
<b>Opening Cash Balance as at 01 January, 2022</b>	
USD Designated Account (IBRD Loan No.8393-UZ)	5 533
UZS Operation Account (IBRD Loan No.8393-UZ)	203
Plastic card in UZS (IBRD No.8393-UZ)	96
Plastic card in UZS (IBRD No.8393-UZ)	457
Plastic card in UZS (IBRD No.8393-UZ)	23
USD Designated Account (IBRD Loan No.8824-UZ)	861 201
UZS Operation Account (IBRD Loan No.8824-UZ)	1 525
EURO Designated Account (EU TF Grant TF0A7910)	294 382
USD Operational Account (EU TF Grant TF0A7910)	79 093
UZS Operation Account (EU TF Grant TFOA7910)	453
UZS Deposit Account (EU TF Grant TF0A7910)	0
Plastic card in UZS (EU TF Grant TFOA7910)	526
<b>Total funds</b>	<b>1 243 492</b>
<b>Closing Balance as at 31 December, 2022</b>	
USD Designated Account (IBRD Loan No.8393-UZ)	0
UZS Operational Account (IBRD Loan No.8393-UZ)	0
USD Designated Account (IBRD Loan No.8824-UZ)	27 706
UZS Operational Account (IBRD Loan No.8824-UZ)	314
EURO Designated Account (EU TF Grant TF0A7910)	654 320
USD Operational Account (EU TF Grant TF0A7910)	21 126
UZS Operational Account (EU TF Grant TFOA7910)	1 299
UZS Deposit Account (EU TF Grant TF0A7910)	3 117 912
<b>Total funds</b>	<b>3 822 677</b>

## 7. Reconciliation of disbursements from the Designated Account

Statement of Expenditure (SOE) procedure is used by the Project to replenish IBRD funds on the Designated Accounts, in line with the Loan Agreement and Grant Agreement.

Below is the table with cumulative data on replenished and occurred expenditures **IBRD Loan No.8393-UZ**:

<b>Cash Balance of IBRD Loan No.8393-UZ funds as at 01 January 2022</b>	<b>6 312</b>
Replenishment of the USD Designated Account for the reporting period	6 526
Exchange rate difference	30
<b>Total IBRD funds for the reporting period</b>	<b>12 868</b>
<b>Total expenditures for the reporting period recovered according to the SOE:</b>	<b>6 526</b>
<b>Less</b> expenditures of 2021 for WA No.97	6 526
<b>Add</b> 2022 expenditures not yet claimed to IBRD as of December 31, 2022	12 749
<b>Total expenses for the reporting period</b>	<b>12 749</b>
<b>Other expenses</b>	<b>119</b>
<b>Undisbursed Project financing</b>	<b>0</b>
<b>Cash Balance of IBRD Loan No.8393-UZ funds as at 31 December 2022</b>	<b>0</b>
<b>Variance</b>	<b>0</b>

Below is the table with cumulative data on replenished and occurred expenditures **IBRD Loan No.8824-UZ**:

<b>Cash Balance of IBRD Loan No.8824-UZ funds as at 01 January 2022</b>	<b>862 727</b>
Replenishment of the USD Designated Account for the reporting period	404 668
Exchange rate difference	94
<b>Total IDA funds for the reporting period</b>	<b>1 267 488</b>
<b>Total expenditures for the reporting period recovered according to the SOE:</b>	<b>354 668</b>
<b>Less</b> expenditures of 2020-2021 for WA No.121, 123, 124, 125, 126, 127, 128	354 668
<b>Add</b> 2022 expenditures not yet claimed to IBRD as of December 31, 2022	1 239 469
<b>Total expenses for the reporting period</b>	<b>1 239 469</b>
<b>Undisbursed Project financing</b>	<b>28 019</b>
<b>Cash Balance of IBRD Loan No.8824-UZ funds as at 31 December 2022</b>	<b>28 019</b>
<b>Variance</b>	<b>0</b>

Below is the table with cumulative data on replenished and occurred expenditures **EU Grant No.TF0A7910**:

<b>Cash Balance of EU Grant No.TF0A7910 funds as at 01 January 2022</b>	<b>374 453</b>
Replenishment of the EURO Designated Account for the reporting period	2 485 832
Refunds from Suppliers (EU Grant No. TF0A7910)	10 290 595
<b>Total EU Grant No.TF0A7910 funds for the reporting period</b>	<b>13 150 880</b>
<b>Total expenditures for the reporting period recovered according to the SOE:</b>	<b>395 828</b>
<b>Less</b> expenditures of 2021 for WA No.28, 29, 30	395 828
<b>Add</b> 2022 expenditures claimed to IBRD in the reporting period	283 989
<b>Add</b> 2022 expenditures not yet claimed to IBRD as of December 31, 2022	8 931 522
Exchange rate difference	140 475
<b>Total expenses for the reporting period</b>	<b>9 355 986</b>
<b>Other expenses</b>	<b>237</b>
<b>Undisbursed Project financing</b>	<b>3 794 657</b>
<b>Cash Balance of EU Grant No.TF0A7910 funds as at 31 December 2022*</b>	<b>3 794 657</b>
<b>Variance</b>	<b>0</b>

(\*)- Closing balance of the grant financing EC TF0A1079 on December 31st, 2022 includes amount transferred onto the deposit account in line with deposit contracts signed with Tashkent branch of JSB «Agrobank»

## 8. Sub-loans

Key project objective of «Agriculture Development in the Republic of Uzbekistan» is achieved through implementation of three components:

- *Component 1: Agricultural Support Services.*
- *Component 2: Access to Loans;*
- *Component 3: Project Management.*

This Note provides disclosure in part of Project implementation through implementation arrangements under Component 2 «Access to Loans», with the key objective to support inclusion of long-term and grace credits to agriculture enterprises and small farms engaged in the fruit and vegetable production in the project covered area, through participating commercial banks and leasing companies and capacity building for participating financial organizations in agriculture lending and leasing as well as environmental protection and assessment.

In line with the Project feasibility study drafted the costs of implementation of Component 2 «Access to Loans» are covered from the following sources:

- IBRD funds for total of USD 622,094.2 thousand;
- GOU for total of USD 123, 593.6 thousand (tax and customs exemptions);
- Project Beneficiaries for total of USD 155,186.0 thousand.

Credit line is carried out through participating financial organizations (hereinafter - PFO) to ensure larger liquidity when disbursing microcredits and micro-loans in Ferghana valley. Credit line is maintained in line with the special Project document «Guideline provisions on the use of IBRD Credit line» (IBRD Credit guidelines), agreed with Uzbekistan MOF and in line with the respective WB Guidelines (World Bank Guidance for Financial Intermediary Financing).

Pursuant to the UP Resolution for the purposes of implementation of the Project «Agriculture Modernization Project», the Government of Uzbekistan, the Agriculture Agency UZAIFSA and Participating Financial Organizations (commercial banks) have signed Agreements on the sub-lending of portion of the IBRD Loan funds (subsidiary loan).

In part of financing from **IBRD Loan No.8393-UZ (subsidiary credit)**, Agreements on subsidiary lending were signed with the following PFOs:

- ✓ Joint Stock Commercial Bank «Qishloq qurilish bank»;
- ✓ Joint Stock Commercial Bank «Turon Bank»;
- ✓ Joint Stock Commercial Bank «Uzpromstroybank»;
- ✓ Joint Stock Commercial Xalq Bank;
- ✓ Joint-Stock Company National Bank for Foreign Economic Activity of the Republic of Uzbekistan;
- ✓ Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»;
- ✓ Joint Stock Commercial Innovation Bank «Ipak Yuli»;
- ✓ Joint Stock Commercial Bank «ASAKA»;
- ✓ Joint Stock Commercial Bank «Hamkorbank».

Subsidiary lending is available for each of listed PFOs in line with Agreements on the sub-lending as per following break-down:

Name of Bank	Total (in USD)
Joint Stock Commercial Bank «Qishloq qurilish bank»	14 230 425,56
Joint Stock Commercial Bank «Turon Bank»	17 037 593,98
Joint Stock Commercial Bank «Uzpromstroybank»	5 012 531,33
Joint Stock Commercial Xalq Bank	10 025 062,66
Joint-Stock Company National Bank for Foreign Economic Activity of Uzbekistan	50 000 000,00
Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»	8 521 303,26
Joint Stock Commercial Innovation Bank «Ipak Yuli»	13 150 000,00
Joint Stock Commercial Bank «ASAKA»	21 176 000,00
Joint Stock Commercial Bank «Hamkorbank»	5 313 283,21
<b>TOTAL</b>	<b>144 466 200,00</b>

In part of financing from **IBRD Loan No.8824-UZ (subsidiary credit)**, Agreements on subsidiary lending were signed with the following PFOs:

- ✓ Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»;
- ✓ Joint Stock Commercial Bank «ASAKA»;
- ✓ Joint Stock Commercial Bank «Uzpromstroybank»;
- ✓ Joint Stock Commercial Bank «Aloqa Bank»;
- ✓ Joint Stock Commercial Bank «Asia Alliance Bank»;
- ✓ Joint-Stock Company National Bank for Foreign Economic Activity of the Republic of Uzbekistan;
- ✓ Joint Stock Commercial Bank «Qishloq qurilish bank»;
- ✓ Joint Stock Commercial Bank «Turon Bank»;
- ✓ Joint Stock Commercial Innovation Bank «Ipak Yuli»;
- ✓ Joint Stock Commercial Xalq Bank.

Subsidiary lending is available for each of listed PFOs in line with Agreements on the sub-lending as per following break-down:

Name of Bank	Total (in USD)
Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»	25 062 656,64
Joint Stock Commercial Bank «Uzpromstroybank»	72 458 877,19
Joint Stock Commercial Bank «ASAKA»	110 275 689,22
Joint Stock Commercial «Aloqabank»	11 528 822,05
Joint Stock Commercial Bank «Asia Alliance Bank»	10 025 062,66
Joint-Stock Company National Bank for Foreign Economic Activity of Uzbekistan	119 799 498,74
Joint Stock Commercial Bank «Qishloq qurilish bank»	34 085 213,04
Joint Stock Commercial Bank «Turon Bank»	25 062 656,64
Joint Stock Commercial Innovation Bank «Ipak Yuli»	9 022 556,39
Joint Stock Commercial Xalq Bank	60 150 375,94
<b>TOTAL</b>	<b>477 471 408,51</b>

In line with the IBRD Credit guidelines the PFOs can participate in co-financing and disbursement of sub-loans from own or other resources, in the proportion of not more than 25% from total cumulative amount disbursed to Sub-borrower (beneficiary) from Credit line.

Above IBRD Credit guidelines also refer to the Beneficiary's responsibility to provide contributions (investments) to cover the costs of Sub-projects from own resources in cash and kind, at least in 20% from the total cost of Sub-projects (investments), in confirmation of which the latter should provide feasibility study (business-plan) demonstrating technical and financial viability of proposed business initiatives satisfactory forecasted cash flow and credibility to repay the sub-borrowings.

In line with the requirement of IBRD Credit guidelines, PFO is responsible for detailed Sub-project assessment, using its own internal procedures, including compliance with its internal corporate collateral policy.

Assessment, conducted by PFO, includes, at least, the following aspects of proposed Sub-project:

- Technical feasibility, as well as financial and commercial viability of proposed Sub-project;
- Structure of Sub-borrower assets, financial position and solvency, business performance, as well as organizational and management structure;
- Availability of technical human resources (in Sub-borrower), required competence, expertise and qualifications, other resources ensuring successful implementation of Sub-project;
- Health, safety, security and other relevant compliance;
- Compliance with the IBRD policy on environment and procurement.

PFOs are responsible for identification of potential sub-borrowers, type of Sub-projects for financing and compliance assessment for eligibility of proposed business operations and sub-loan Beneficiaries in line with the Sub-loan Agreement, IBRD Credit guidelines and IDA Credit guidelines. PFOs are fully independent in review and approval of Sub-lending and fully responsible for credit risks.

Sub-loan financing is directly or otherwise disbursed from the Beneficiary account to PFO on the account of supplier in line with documents (invoice, account details and etc.), supporting any procurement transaction. Credit line financing is transferred by PFO to the credit account of Beneficiate in PFO not later than in 3 (three) business days after receiving such financing.

Each PFO is responsible for its accounting records with respective account details for identification of sub-loans allocated under Credit line. PFO is responsible for storage of all reporting related with secondary credit, allocated Sub-loans, including accounts, contracts, orders, invoices, receipts and other documents in support of expenditures financed from Sub-loans.

From time to time, in consultation with PIU, the PFO is responsible for drafting the Statement of Expenditures (referred in Annex 1 to the IBRD credit guidelines). SOEs are furnished to the Center for review and approval, together with the Datasheet on Sub-projects (Annex 2 to the IBRD credit guidelines, forms 1, 2 and 3) and other supporting documents on Sub-loans, for the review by Center. After receiving the disbursement application/request, PIU under Center shall review these requests and other supporting documents. PIU is responsible for written notification of PFO on approval (Letter of approval, Annex 4A) or refusal (Letter of refusal, Annex 4B) for disbursement, compiling SOEs from PFO and sending withdrawal request to IBRD for Credit line financing and for eligible expenses and transferring funds to the PFO account (s), as stated in the SOE received from PFO.

For the reporting period from 01 January 2022 through 31 December 2022 there were no disbursements from Credit Line to finance eligible expenditures requested by PIU.

## 9. Taxes

Pursuant to the Presidential Resolution No.ПП-2410 dated 21th September 2015 on arrangements facilitating the implementation of «Horticulture Development Project» Project with the support of International Bank for Reconstruction and Development, the Project is exempted from tax and customs duties. Total exemptions are the GOU co-financing in kind.

Pursuant to the Uzbekistan Presidential Resolution No.ПП-3790 dated 20 June 2018 «On supplementary measures to facilitate implementation of the project «Horticulture Development Project in the Republic of Uzbekistan» with assistance of the International Bank of Reconstruction and Development», privileges granted under Uzbekistan Presidential Resolution No.ПП-2410 dated 21 September 2015, are extended to the goods, works and services and vehicles purchased from the additional financing provided by the International Bank of Reconstruction and Development.

## 10. Reconciliation of financing

Reconciliation between Client Connection data and Project data as of December 31, 2022 is stated below:

	<i>Client Connection</i>	<i>Project</i>	<i>Difference</i>
IBRD Loan No.8393-UZ funds	146 361 271	146 361 271	0
IBRD Loan No.8824-UZ funds	476 292 789	476 292 789	0
EU Grant No.TF0A7910 funds	20 064 096	20 064 096	0

## 11. Events after the reporting date

There are no subsequent events subject to disclosure in the Project financial statements.

**12. UZS Operational Account Statement (IBRD Loan No.8393-UZ)  
for the period from January 01, 2022 to April 06, 2022**

Account No.	2021 0000 1050 4936 2035
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	8393-UZ (IBRD)
Currency	UZS

	USD	000'UZS
<b>Balance as at 01 January 2022</b>	<b>203</b>	<b>2 204</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency from USD Designated Account of PIU	5 800	63 753
Refund from a corporate plastic card	222	2 535
Exchange rate difference	11	
<b>Total inflow:</b>	<b>6 033</b>	<b>66 288</b>
<b>Outflow:</b>		
Expenses on related categories	4 833	52 763
Replenishment of corporate plastic card	707	7 810
Transfer of funds when closing an account	696	7 919
<b>Total outflow:</b>	<b>6 236</b>	<b>68 492</b>
<b>Balance as at 06 April, 2022 (closing account date)</b>	<b>0</b>	<b>0</b>

**13. UZS Operational Account Statement (IBRD Loan No.8393-UZ)  
for the period from April 06, 2022 to December 31, 2022**

Account No.	2021 0000 2055 0847 9009
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	8393-UZ (IBRD)
Currency	UZS

	USD	000'UZS
<b>Balance as at 06 April 2022 (opening account date)</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency from USD Designated Account of PIU	12 842	141 223
Transfer of funds when opening an account	696	7 919
Transfer from UZS Operational Account of PIU (IBRD Loan No.8824-UZ)	66	727
Transfer from UZS Operational Account of PIU (EU TF Grant TFOA7910)	4 046	44 711
Exchange rate difference	34	
<b>Total inflow:</b>	<b>17 684</b>	<b>194 580</b>
<b>Outflow:</b>		
Expenses on related categories	6 973	76 804
Expenses on related categories (IBRD Loan No.8824-UZ)	6 663	73 028
Expenses on related categories (EU TF Grant TFOA7910)	4 046	44 711
Transfer into UZS Operational Account of PIU (IBRD Loan No.8824-UZ)	3	37
<b>Total outflow:</b>	<b>17 684</b>	<b>194 580</b>
<b>Balance as at 31 December, 2022</b>	<b>0</b>	<b>0</b>

**14. EURO Operational Account Statement (IBRD Loan No.8824-UZ)  
for the period from January 01, 2022 to April 06, 2022**

Account No.	2021 0978 8050 4936 2010
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	8824-UZ (IBRD)
Currency	EURO

	<i>EURO</i>	<i>USD</i>
<b>Balance as at 01 January 2022</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency from USD Designated Account of PIU	770 000	840 917
<b>Total inflow:</b>	<b>770 000</b>	<b>840 917</b>
<b>Outflow:</b>		
Expenses on related categories	770 000	840 917
<b>Total outflow:</b>	<b>770 000</b>	<b>840 917</b>
<b>Balance as at 06 April, 2022 (closing account date)</b>	<b>0</b>	<b>0</b>

**15. EURO Operational Account Statement (IBRD Loan No.8824-UZ)  
for the period from May 24, 2022 to December 31, 2022**

Account No.	2021 0978 3055 0847 9003
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	8824-UZ (IBRD)
Currency	EURO

	<i>EURO</i>	<i>USD</i>
<b>Balance as at 24 May, 2022 (opening account date)</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency	19 334	19 876
<b>Total inflow:</b>	<b>19 334</b>	<b>19 876</b>
<b>Outflow:</b>		
Expenses on related categories	19 334	19 876
<b>Total outflow:</b>	<b>19 334</b>	<b>19 876</b>
<b>Balance as at 31 December, 2022</b>	<b>0</b>	<b>0</b>



**16. UZS Operational Account Statement (IBRD Loan No.8824-UZ)  
for the period from January 01, 2022 to April 07, 2022**

Account No.	2021 0000 2050 4936 2034		
Depository Bank	PJSCB "Orient Finans Bank"		
Address	5, Osiyo Street, Tashkent		
Loan	8824-UZ (IBRD)		
Currency	UZS		
		<i>USD</i>	<i>000'UZS</i>
<b>Balance as at 01 January, 2022</b>		<b>1 525</b>	<b>16 532</b>
<b>Inflow:</b>			
Proceeds from sale of foreign currency from USD Designated Account of PIU		63 000	693 272
Exchange rate difference		11	
<b>Total inflow:</b>		<b>63 011</b>	<b>693 272</b>
<b>Outflow:</b>			
Expenses on related categories		64 536	709 804
<b>Total outflow:</b>		<b>64 536</b>	<b>709 804</b>
<b>Balance as at 07 April, 2022 (closing account date)</b>		<b>0</b>	<b>0</b>

**17. UZS Operational Account Statement (IBRD Loan No.8824-UZ)  
for the period from April 07, 2022 to December 31, 2022**

Account No.	2021 0000 6055 0847 9010		
Depository Bank	PJSCB "Orient Finans Bank"		
Address	5, Osiyo Street, Tashkent		
Loan	8824-UZ (IBRD)		
Currency	UZS		
		<i>USD</i>	<i>000'UZS</i>
<b>Balance as at 07 April, 2022 (opening account date)</b>		<b>0</b>	<b>0</b>
<b>Inflow:</b>			
Proceeds from sale of foreign currency from USD Designated Account of PIU		232 400	2 567 482
Transfer from UZS Operational Account of PIU (EU Grant No.TF0A7910)		337	3 765
Transfer from UZS Operational Account of PIU (IBRD Loan No.8393-UZ)		3	37
Exchange rate difference		83	
<b>Total inflow:</b>		<b>232 823</b>	<b>2 571 284</b>
<b>Outflow:</b>			
Expenses on related categories		232 107	2 563 270
Expenses on related categories (EU TF Grant TFOA7910)		337	3 765
Transfer into UZS Operational Account of PIU (IBRD Loan No.8393-UZ)		66	727
<b>Total outflow:</b>		<b>232 509</b>	<b>2 567 762</b>
<b>Balance as at 31 December, 2022</b>		<b>314</b>	<b>3 522</b>



**18. USD Operational Account Statement (EU Grant No.TF0A7910)  
for the period from January 01, 2022 to April 06, 2022**

Account No.	2269 6840 2050 4936 2010
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TFOA7910
Currency	USD

	<i>USD</i>
<b>Balance as at 01 January, 2022</b>	<b>79 093</b>

**Inflow:**

Proceeds from sale of foreign currency from EURO Designated Account of PIU	407 975
<b>Total inflow:</b>	<b>407 975</b>

**Outflow:**

Expenses on related categories	481 258
Transfer of funds when closing an account	5 350
Exchange rate difference	460
<b>Total outflow:</b>	<b>487 068</b>

<b>Balance as at 06 April, 2022 (closing account date)</b>	<b>0</b>
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**19. USD Operational Account Statement (EU Grant No.TF0A7910)  
for the period from April 06, 2022 to December 31, 2022**

Account No.	2269 6840 8055 0847 9003
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TFOA7910
Currency	USD

	<i>USD</i>
<b>Balance as at 06 April, 2022 (opening account date)</b>	<b>0</b>

**Inflow:**

Proceeds from sale of foreign currency from EURO Designated Account of PIU	648 548
Transfer of funds when opening an account	5 350
<b>Total inflow:</b>	<b>653 899</b>

**Outflow:**

Expenses on related categories	624 550
Transfer into UZS Operational Account of PIU (Conversion)	2 050
Exchange rate difference	6 173
<b>Total outflow:</b>	<b>632 773</b>

<b>Balance as at 31 December, 2022</b>	<b>21 126</b>
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**20. UZS Operational Account Statement (EU Grant No.TF0A7910)  
for the period from January 01, 2022 to May 11, 2022**

Account No.	2269 6000 1050 4936 2009
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TFOA7910
Currency	UZS

	<i>USD</i>	<i>000'UZS</i>
<b>Balance as at 01 January, 2022</b>	<b>453</b>	<b>4 902</b>

**Inflow:**

Proceeds from sale of foreign currency from EURO Designated Account of PIU	409 623	4 434 464
Refunds from suppliers	5 101 983	56 710 437
<b>Total inflow:</b>	<b>5 511 606</b>	<b>61 144 901</b>

**Outflow:**

Transfer into UZS Operational Account of PIU (EU Grant No.TF0A7910)	505	5 497
Expenses on related categories	412 097	4 521 394
Transfer of funds when closing an account	5 072 798	56 622 912
Exchange rate difference	26 659	
<b>Total outflow:</b>	<b>5 512 059</b>	<b>61 149 803</b>

<b>Balance as at 11 May, 2022 (closing account date)</b>	<b>0</b>	<b>0</b>
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**21. UZS Operational Account Statement (EU Grant No.TF0A7910)  
for the period from April 06, 2022 to December 31, 2022**

Account No.	2269 6000 9055 0847 9003
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TFOA7910
Currency	UZS

	<i>USD</i>	<i>000'UZS</i>
<b>Balance as at 06 April, 2022 (opening account date)</b>	<b>0</b>	<b>0</b>

**Inflow:**

Proceeds from sale of foreign currency from EURO Designated Account of PIU	653 164	7 292 908
Proceeds from sale of foreign currency from USD Operational Account of PIU	2 050	22 929
Transfer of funds when opening an account	5 072 798	56 622 912
Refunds from suppliers	5 188 612	56 613 001
<b>Total inflow:</b>	<b>10 916 624</b>	<b>120 551 750</b>

**Outflow:**

Transfer into UZS Operational Account of PIU (IBRD Loan No.8393-UZ)	4 046	44 711
Transfer into UZS Operational Account of PIU (IBRD Loan No.8824-UZ)	337	3 765
Expenses on related categories	7 685 873	85 488 694
Transfer into UZS Deposit Account of PIU	3 148 238	35 000 000
Exchange rate difference	76 831	
<b>Total outflow:</b>	<b>10 915 325</b>	<b>120 537 170</b>

<b>Balance as at 31 December, 2022</b>	<b>1 299</b>	<b>14 580</b>
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**22. UZS Current Account Statement (EU Grant No.TF0A7910)  
for the period from January 01, 2022 to March 29, 2022**

Account No.	2021 0000 1050 4936 2035
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TFOA7910
Currency	UZS

	USD	000'UZS
<b>Balance as at 01 January, 2022</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Transfer from UZS Operational Account of PIU (EU Grant No.TF0A7910)	505	5 497
<b>Total inflow:</b>	<b>505</b>	<b>5 497</b>
<b>Outflow:</b>		
Expenses on related categories	2	27
Replenishment of corporate plastic card	503	5 470
<b>Total outflow:</b>	<b>505</b>	<b>5 497</b>
<b>Balance as at 29 March, 2022 (closing account date)</b>	<b>0</b>	<b>0</b>

**23. UZS Deposit Account Statement (EU Grant No.TF0A7910)  
for the period from November 04, 2022 to December 31, 2022**

Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TFOA7910
Currency	UZS

	USD	000'UZS
<b>Balance as at 04 November, 2022 (opening account date)</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Opening a deposit	3 148 238	35 000 000
<b>Total inflow:</b>	<b>3 148 238</b>	<b>35 000 000</b>
<b>Outflow:</b>		
Exchange rate difference	30 326	0
<b>Total outflow:</b>	<b>30 326</b>	<b>0</b>
<b>Balance as at 31 December, 2022</b>	<b>3 117 912</b>	<b>35 000 000</b>