

**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  
FOR THE PERIOD FROM JANUARY 01, 2021 TO DECEMBER 31, 2021**

**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.8824-UZ)</b> .....	<b>18</b>
<b>STATEMENT OF EURO DESIGNATED ACCOUNT OF PIU (EU GRANT NO.TF0A7910)</b> .....	<b>19</b>
<b>STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (EU GRANT NO.TF0A7910)</b> .....	<b>20</b>
<b>NOTES TO PROJECT SPECIAL PURPOSE FINANCIAL STATEMENTS</b> .....	<b>21</b>
1. <b>DESCRIPTION OF THE PROJECT</b> .....	<b>21</b>
2. <b>GOING CONCERN</b> .....	<b>25</b>
3. <b>ACCOUNTING POLICY</b> .....	<b>25</b>
4. <b>OPENING BALANCE ADJUSTMENT</b> .....	<b>26</b>
5. <b>PRESENTED FINANCIAL STATEMENTS</b> .....	<b>29</b>
6. <b>CASH AND CASH EQUIVALENTS</b> .....	<b>30</b>
7. <b>RECONCILIATION OF DISBURSEMENTS FROM THE DESIGNATED ACCOUNT</b> .....	<b>33</b>
8. <b>SUB-LOANS</b> .....	<b>34</b>
9. <b>TAXES</b> .....	<b>37</b>
10. <b>RECONCILIATION OF FINANCING</b> .....	<b>37</b>
11. <b>EVENTS AFTER THE REPORTING DATE</b> .....	<b>37</b>
12. <b>UZS OPERATIONAL ACCOUNT STATEMENT (IBRD LOAN No.8393-UZ)</b> .....	<b>38</b>
13. <b>UZS OPERATIONAL ACCOUNT STATEMENT (IBRD LOAN No.8824-UZ)</b> .....	<b>38</b>
14. <b>UZS CURRENT ACCOUNT STATEMENT (IBRD LOAN No.8824-UZ)</b> .....	<b>39</b>
15. <b>UZS OPERATIONAL ACCOUNT STATEMENT (EU GRANT No.TF0A7910)</b> .....	<b>39</b>
16. <b>UZS CURRENT ACCOUNT STATEMENT (EU GRANT No.TF0A7910)</b> .....	<b>40</b>
17. <b>UZS CURRENT ACCOUNT STATEMENT (EU GRANT No.TF0A7910)</b> .....	<b>40</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 at 31 December 2021 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 on 31 December 2021 and for the period from 01 January 2021 to 31 December 2021 in accordance with the accounting principles of the IPSAS;
- (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 at December 31, 2021 of the cash flows for the period from January 01, 2021 to December 31, 2021, 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, 27 June 2022**






**STATEMENT OF SOURCES AND USES OF FUNDS**  
for the period from and January 01, 2021 to 31 December 2021  
(USD)

	Note	Actual		
		2021	2020	Cumulative
<b>Opening Cash Balance</b>				
USD Designated Account (IBRD Loan 8393-UZ)	6	30 185	49 328	
UZS Operational Account (IBRD Loan 8393-UZ)	6	1 023	1 510	
Plastic card in UZS (IBRD Loan 8393-UZ)	6	703	34	
Plastic card in UZS (IBRD Loan 8393-UZ)	6	223	11	
Plastic card in UZS (IBRD Loan 8393-UZ)	6	633	0	
USD Designated Account (IBRD Loan 8824-UZ)	6	969 919	5 911 548	
Euro Current Account (USD equivalent) (IBRD Loan 8824-UZ)	6	0	0	
UZS Operational Account (IBRD Loan 8824-UZ)	6	766	368	
UZS Current Account (Loan 8824-UZ)	6	215	0	
UZS Current Account (IBRD Loans)	6	0	636	
EURO Designated Account (EU Grant No.TF0A7910)	6	612 273	273 164	
EURO Designated Account (EU Grant No.TF0A7910)	6	0	2	
USD Designated Account (EU Grant No.TF0A7910)	6	1	0	
UZS Operational Account (EU Grant No.TF0A7910)	6	1 526	4 731	
UZS Current Account (EU Grant No.TF0A7910)	6	0	0	
Plastic card in UZS (EU Grant No.TF0A7910)	6	116	80	
<b>Total</b>		<b>1 617 583</b>	<b>6 241 412</b>	
<b>Add:</b>				
<b>Sources of Funds</b>				
<b>IBRD Loan No.8393-UZ:</b>				
Financing IBRD	5,6	146 527	278 729	146 354 745
<b>Total</b>		<b>146 527</b>	<b>278 729</b>	<b>146 354 745</b>
<b>IBRD Loan No.8824-UZ</b>				
Financing IBRD	5,6	5 617 665	29 420 514	475 888 121
<b>Total</b>		<b>5 617 665</b>	<b>29 420 514</b>	<b>475 888 121</b>
<b>Grant EU No.TF0A7910</b>				
Financing IBRD	5,6	7 976 403	7 330 861	17 578 264
<b>Total</b>		<b>7 976 403</b>	<b>7 330 861</b>	<b>17 578 264</b>
<b>Total Project Financing</b>		<b>13 740 595</b>	<b>37 030 104</b>	<b>639 821 130</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	6 053	6 322	234 817
3. Investment and Working Capital sub-loans & Lease financing		0	0	144 028 407
4. Incremental Operating Costs	6	166 579	292 035	1 640 415
5. Front-end fee		0	0	375 000
<b>Total</b>		<b>172 632</b>	<b>298 357</b>	<b>146 348 991</b>

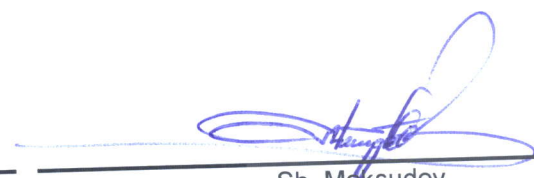
“Statement of Sources and Uses of Funds” to be read in conjunction with Notes (pages from 21 to 40) thereto forming an integral part of the Project special purpose financial statements.



	Note	Actual		
		2021	2020	Cumulative
<b>IBRD Loan No.8824-UZ</b>				
1. Goods, Works, Consulting & Non-consulting services & Training	6	87 008	8 268 094	8 355 102
2. Non- and Consulting services, Training & Incremental Operating Costs	6	154 338	154 479	685 798
3. Investment and Working Capital sub-loans & Lease financing	6,8	5 484 461	25 938 958	464 733 361
4. Front-end fee		0	0	1 250 000
<b>Total</b>		<b>5 725 807</b>	<b>34 361 531</b>	<b>475 024 261</b>
<b>EU Trust Fund Grant TFOA7910</b>				
1. Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	6	8 239 999	6 993 174	17 227 812
<b>Total</b>		<b>8 239 999</b>	<b>6 993 174</b>	<b>17 227 812</b>
<b>TOTAL EXPENDITURE INCURRED</b>		<b>14 138 438</b>	<b>41 653 062</b>	<b>638 601 064</b>
<b>Exchange rate difference</b>		<b>39</b>	<b>(871)</b>	<b>(287)</b>
<b>Closing Cash Balance</b>				
USD Designated Account (IBRD Loan 8393-UZ)	6	5 533	30 185	5 533
UZS Operational Account (IBRD Loan 8393-UZ)	6	203	1 023	203
Plastic card in UZS (IBRD Loan 8393-UZ)	6	372	703	372
Plastic card in UZS (IBRD Loan 8393-UZ)	6	457	223	457
Plastic card in UZS (IBRD Loan 8393-UZ)	6	23	633	23
USD Designated Account (IBRD Loan 8824-UZ)	6	861 201	969 919	861 201
Euro Current Account (USD equivalent) (IBRD Loan 8824-UZ)	6	0	0	0
UZS Operational Account (IBRD Loan 8824-UZ)	6	1 525	766	1 525
UZS Current Account (Loan 8824-UZ)	6	0	215	0
UZS Current Account (IBRD Loans)	6	0	0	0
EURO Designated Account (EU Grant No.TF0A7910)	6	269 962	612 273	269 962
USD Designated Account (EU Grant No.TF0A7910)	6	79 093	1	79 093
UZS Operational Account (EU Grant No.TF0A7910)	6	453	1 526	453
UZS Current Account (EU Grant No.TF0A7910)	6	0	0	0
Plastic card in UZS (EU Grant No.TF0A7910)	6	957	116	957
<b>Total</b>		<b>1 219 779</b>	<b>1 617 583</b>	<b>1 219 779</b>

Signed by management on 01 June 2022

  
A. Shukurov  
Center Director

  
Sh. Maksudov  
Chief Accountant of Project

“Statement of Sources and Uses of Funds” to be read in conjunction with Notes (pages from 21 to 40) 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, 2021 to December 31, 2021  
(USD)

Component	Actual		Budget	Unused Funds
	2021	Cumulative from the beginning of the Project		
1. Agricultural Support Services	6 053	305 167	1 851 200	1 546 033
2. Access to Loans		144 403 407	144 466 200	62 793
3. Project Management	166 579	1 640 417	3 682 600	2 042 183
<b>Sub-Total</b>	<b>172 632</b>	<b>146 348 991</b>	<b>150 000 000</b>	<b>3 651 009</b>

Signed by management on 01 June 2022

  
  
**A. Shukurov**  
 Center Director

  
**Sh. Maksudov**  
 Chief Accountant of Project


“Statement of Uses of Funds by Project Components” to be read in conjunction with Notes (pages from 21 to 40) 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, 2021 to December 31, 2021  
(USD)

Component	Actual		Budget	Unused Funds
	2021	Cumulative from the beginning of the Project		
1. Agricultural Support Services	125 487	8 393 581	21 611 400	13 217 819
2. Access to Loans	5 484 461	465 983 361	476 277 730	10 294 369
3. Project Management	115 859	647 319	2 110 870	1 463 551
<b>Sub-Total</b>	<b>5 725 807</b>	<b>475 024 261</b>	<b>500 000 000</b>	<b>24 975 739</b>

Signed by management on 01 June 2022

  
  
**A. Shukurov**  
 Center Director

  
**Sh. Maksudov**  
 Chief Accountant of Project

“Statement of Uses of Funds by Project Components” to be read in conjunction with Notes (pages from 21 to 40) 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, 2021 to December 31, 2021  
(USD)

Component	Actual		Budget*	Unused Funds
	2021	Cumulative from the beginning of the Project		
1. Agricultural Support Services	8 239 999	17 227 812	22 618 039	5 390 227
<b>Sub-Total</b>	<b>8 239 999</b>	<b>17 227 812</b>	<b>22 618 039</b>	<b>5 390 227</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 01 June 2022

A.Shukurov  
Center Director



Sh. Maksudov  
Chief Accountant of Project


“Statement of Uses of Funds by Project Components” to be read in conjunction with Notes (pages from 21 to 40) 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, 2021 to December 31, 2021  
(USD)

Category	Actual		Budget	Unused Funds
	2021	Cumulative from the beginning of the Project		
1. Goods	0	70 352	1 207 600	1 137 248
2. Works and Consulting services including Auditing services & Training	6 053	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	166 579	1 640 415	2 475 000	834 585
5. Front-end fee	0	375 000	375 000	0
<b>Sub-Total</b>	<b>172 632</b>	<b>146 348 991</b>	<b>150 000 000</b>	<b>3 651 009</b>

Signed by management on 01 June 2022

  
  
**A. Shukurov**  
 Center Director

  
**Sh. Maksudov**  
 Chief Accountant of Project


“Statement of Uses of Funds by Project Categories” to be read in conjunction with Notes (pages from 21 to 40) 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, 2021 to December 31, 2021  
(USD)

Category	Actual		Budget	Unused Funds
	2021	Cumulative from the beginning of the Project		
1. Goods, Works, Consulting & Non-consulting services & Training	87 008	8 355 102	20 361 400	12 006 298
2. Non- and Consulting services, Training & Incremental Operating Costs	154 338	685 798	2 110 870	1 425 072
3. Investment and Working Capital sub-loans & Lease financing	5 484 461	464 733 361	476 277 730	11 544 369
4. Front-end fee	0	1 250 000	1 250 000	0
<b>Sub-Total</b>	<b>5 725 808</b>	<b>475 024 261</b>	<b>500 000 000</b>	<b>24 975 739</b>

Signed by management on 01 June 2022



A. Shukurov  
Center Director



Sh. Maksudov  
Chief Accountant of Project

“Statement of Uses of Funds by Project Categories” to be read in conjunction with Notes (pages from 21 to 40) 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, 2021 to December 31, 2021  
(USD)

Category	Actual		Budget*	Unused Funds
	2021	Cumulative from the beginning of the Project		
1.Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	8 239 999	17 227 812	22 618 039	5 390 227
<b>Sub-Total</b>	<b>8 239 999</b>	<b>17 227 812</b>	<b>22 618 039</b>	<b>5 390 227</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 01 June 2022

  
A. Shukurov  
Center Director

  
Sh. Maksudov  
Chief Accountant of Project

“Statement of Uses of Funds by Project Categories” to be read in conjunction with Notes (pages from 21 to 40) thereto forming an integral part of the Project special financial statements.

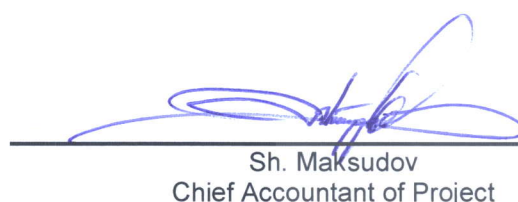


**SOE WITHDRAWAL SCHEDULE IBRD Loan No.8393-UZ**  
for the period from January 01, 2021 to December 31, 2021  
(USD)

Withdrawal application No	Expenditure Types	Total amount of expenditures	Accounted as advance payment received earlier
	Incremental Operating Costs		
90	28 796	28 796	28 796
92	11 337	11 337	11 337
93	32 213	32 213	32 213
94	25 484	25 484	25 484
95	16 014	16 014	16 014
96	32 683	32 683	32 683
<b>TOTAL</b>	<b><u>146 527</u></b>	<b><u>146 527</u></b>	<b><u>146 527</u></b>

Signed by management on 01 June 2022

  
 A. Shukurov  
 Center Director

  
 Sh. Maksudov  
 Chief Accountant of Project


“SOE Withdrawal Schedule” to be read in conjunction with Notes (pages from 21 to 40) 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, 2021 to December 31, 2021  
(USD)

Withdrawal application No	Expenditure Types		Total amount of expenditures	Accounted as advance payment received earlier
	Investment and Working Capital sub-loans & Lease financing	Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs		
111	300 000		300 000	300 000
112	1 400 100		1 400 100	1 400 100
113	1 876 900	1 169	1 878 069	1 878 069
114	70 000		70 000	70 000
115	125 100		125 100	125 100
116	1 008 000		1 008 000	1 008 000
117	65 000		65 000	65 000
118	507 397		507 397	507 397
120	264 000		264 000	264 000
<b>TOTAL</b>	<b><u>5 616 497</u></b>	<b><u>1 169</u></b>	<b><u>5 617 665</u></b>	<b><u>5 617 665</u></b>

Signed by management on 01 June 2022

  
  
 A. Shukurov  
 Center Director

  
 Sh. Maksudov  
 Chief Accountant of Project




**SOE WITHDRAWAL SCHEDULE EU GRANT No.TF0A7910**  
for the period from January 01, 2021 to December 31, 2021  
(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		
18	196 058	196 058	196 058
19	382 080	382 080	382 080
20	1 098 128	1 098 128	1 098 128
21	607 019	607 019	607 019
22	1 574 880	1 574 880	1 574 880
23	613 816	613 816	613 816
24	1 479 211	1 479 211	1 479 211
26	1 781 672	1 781 672	1 781 672
27	243 540	243 540	243 540
<b>TOTAL</b>	<b><u>7 976 404</u></b>	<b><u>7 976 404</u></b>	<b><u>7 976 404</u></b>

Signed by management on 01 June 2022




A. Shukurov  
Center Director



Sh. Maksudov  
Chief Accountant of Project


“SOE Withdrawal Schedule” to be read in conjunction with Notes (pages from 21 to 40) thereto forming an integral part of the Project special financial statements.

**BALANCE SHEET**  
as at December 31, 2020 and December 31, 2021  
(USD)

Indicator	Note	as at 31 December 2021	as at 31 December 2020
<b>ASSETS</b>			
<b>Cash and cash equivalents (IBRD Loan No.8393-UZ)</b>		<b>6 588</b>	<b>32 766</b>
USD Designated Account of PIU	5	5 533	30 185
UZS Operational Account of PIU	5	203	1 023
Plastic card in UZS (Loan 8393-UZ)		372	702
Plastic card in UZS (Loan 8393-UZ)		457	223
Plastic card in UZS (Loan 8393-UZ)		23	633
<b>Cash and cash equivalents (IBRD Loan No.8824-UZ)</b>		<b>862 726</b>	<b>970 901</b>
USD Designated Account of PIU	5	861 201	969 919
IBRD Loan – Euro Current Account (USD equivalent) (Loan 8824-UZ)	5	-	-
UZS Operational Account of PIU	5	1 525	766
UZS Current Account of PIU		-	215
IBRD Loans – Current Account / Cash in UZS (USD equivalent)		-	-
<b>Cash and cash equivalents (EU Grant No.TF0A1079)</b>		<b>350 465</b>	<b>613 916</b>
EURO Designated Account of PIU	5	269 962	612 273
USD Designated Account of PIU	5	79 093	1
UZS Operational Account of PIU		453	1 526
UZS Current Account of PIU		-	-
Plastic card in UZS (EU Trust Fund Grant)		957	116
<b>Total Uses of Funds</b>			
<i>Total Uses of Funds - IBRD Loan No.8393-UZ</i>	5	146 348 991	146 176 359
<i>Total Uses of Funds - IBRD Loan No.8824-UZ</i>	5	475 024 261	469 298 454
<i>Total Uses of Funds - EU Grant TF0A1079</i>	5	17 227 812	8 987 813
<i>Exchange rate difference</i>		(287)	(327)
<b>TOTAL ASSETS</b>		<b>639 821 130</b>	<b>626 080 535</b>
<b>OWN FUNDS/FINANCING</b>			
Financing of IBRD Loan No.8393-UZ	5,6	146 354 745	146 208 218
Financing of IBRD Loan No.8824-UZ	5,6	475 888 121	470 270 456
Financing of EU Grant TF0A1079	5,6	17 578 264	9 601 861
<b>TOTAL OWN FUNDS/FINANCING</b>		<b>639 821 130</b>	<b>626 080 535</b>

Signed by management on 01 June 2022

  
  
 A. Shukurov  
 Center Director

  
 Sh. Maksudov  
 Chief Accountant of Project

“Balance Sheet” to be read in conjunction with Notes (pages from 21 to 40) 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, 2021 to December 31, 2021**

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 at 01 January 2021**

**30 185**

**Inflow:**

Financing of IBRD	146 527
<b>Total inflow:</b>	<b>146 527</b>

**Outflow:**

Sale of foreign currency	171 000
Bank commission	179
<b>Total outflow:</b>	<b>171 179</b>


**Balance as at 31 December 2021**

**5 533**

Signed by management on 01 June 2022

  
A. Shukurov  
Center Director



  
Sh. Maksudov  
Chief Accountant of Project

**STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (IBRD LOAN NO.8824-UZ)  
for the period from January 01, 2021 to December 31, 2021**

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

**Balance as at 01 January 2021** **969 919**

**Inflow:**

Financing of IBRD	5 617 665
<b>Total inflow:</b>	<b>5 617 665</b>


**Outflow:**

Lend Sub Loans	5 484 461
Sale of foreign currency	241 600
Bank commission	322
<b>Total outflow:</b>	<b>5 726 383</b>

**Balance as at 31 December 2021** **861 201**

Signed by management on 01 June 2022

  
A. Shukurov  
Center Director

  
Sh. Maksudov  
Chief Accountant of Project



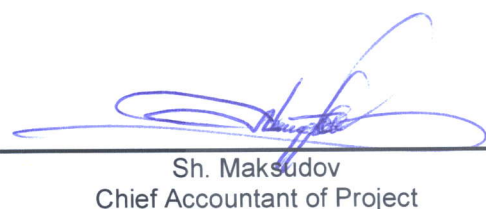
**STATEMENT OF EURO DESIGNATED ACCOUNT OF PIU (EU GRANT NO.TF0A7910)  
for the period from January 01, 2021 to December 31, 2021**

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 at 01 January 2021</b>	<b>500 060</b>	<b>612 273</b>
<b>Inflow:</b>		
Financing of IBRD	6 591 768	7 976 403
<b>Total inflow:</b>	<b>6 591 768</b>	<b>7 976 403</b>
<b>Outflow:</b>		
Transfers into USD Grant Account (Conversion)	992 891	1 182 367
Transfer into UZS Current Account (Conversion)	5 811 450	7 101 449
Expenses on related categories	28 661	34 137
Bank commission	630	761
<b>Total outflow:</b>	<b>6 833 632</b>	<b>8 318 714</b>
<b>Balance as at 31 December, 2021</b>	<b>258 196</b>	<b>269 962</b>

Signed by management on 01 June 2022

  
A. Shukurov  
Center Director

  
Sh. Maksudov  
Chief Accountant of Project

**STATEMENT OF USD DESIGNATED ACCOUNT OF PIU (EU GRANT NO.TF0A7910)**  
for the period from January 01, 2021 to December 31, 2021

Account No.	2269 6840 2050 4936 2010
Depository Bank	PJSCB "Orient Finans Bank"
Address	5, Osiyo Street, Tashkent
Loan	EU TF Grant TF0A7910
Currency	USD

USD

**Balance as at 01 January 2021**

**1**

**Inflow:**

Financing of IBRD	1 182 367
<b>Total inflow:</b>	<b>1 182 367</b>

**Outflow:**

Expenses on related categories	1 103 275
<b>Total outflow:</b>	<b>1 103 275</b>

**Balance as at 31 December, 2021**

**79 093**

Signed by management on 01 June 2022

A. Shukurov  
Center Director

Sh. Maksudov  
Chief Accountant of Project



**NOTES TO PROJECT SPECIAL PURPOSE FINANCIAL STATEMENTS**  
for the period January 01, 2021 to December 31, 2021

**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 the Republic 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 sucesor 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, Kashkadarja, Namanghan, 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 wended 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 agroculture 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 parts:

Part 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.

Part 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.

Part 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:

Component	IBRD Loans	Republic of Uzbekistan		Total
		Government	Beneficiary	
		000'USD		
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 (hereinafter referred to as "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;
- 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 balance on Project bank accounts are revalued at the official exchange rate of CBU effective at the reporting date. As at 31 December 2021 CBU's official exchange rate was UZS 10 837,66/USD 1.

## 4. Opening Balance adjustment

In 2021 Project has introduced adjustments to the Special Purpose Financial Statements for the period from 01 January 2020 through 31 December 2020, in particular:

- Corrected technical error when adding accrual total project expenditures under Loan No.8393-UZ;
- Corrected technical error when reporting accrual total project expenditures in cost category «Goods» under Loan No.8393-UZ;
- Total project operational expenditures under IBRD Loan No.8824-UZ were reduced for closing balance on the PIU Current UZS account under IBRD Loan No.8824-UZ, that was mistakenly included in the total expenditures and not accounted in the project closing cash balance on the 31 December 2020;
- Total project operational expenditures under IBRD Loan No.8824-UZ were reduced for cumulative adjustment of the opening bank balance.
- Adjusted total of budget figure under EU Grant No. TFOA7910 that was earlier wrongly computed in the USD equivalent. Adjusted amount is fixed in the USD equivalent at the EUR exchange rate on the Date of Effectiveness of the Grant Agreement (cross exchange rate EUR/USD on 07 September 2018 is 1,15989942534).

The corresponding adjustments reflected in the Project's financial statements for 2020 are as follows:

#### ✓ Statement of Sources and Uses of Funds

Indicator	Actual (cumulative to date as at 31 December 2020)	Adjustments of previous period	Actual cumulative as of December 31, 2020 after adjustments
<b>Add:</b>			
<b>Financing:</b>			
<b>Sources of Funds</b>			
<b>IBRD Loan No.8393-UZ</b>			
Financing IBRD	146 208 218		146 208 218
<b>Total</b>	<b>146 208 218</b>		<b>146 208 218</b>
<b>IBRD Loan No.8824-UZ</b>			
Financing IBRD	470 270 456		470 270 456
<b>Total</b>	<b>470 270 456</b>		<b>470 270 456</b>



Indicator	Actual (cumulative to date as at 31 December 2020)	Adjustments of previous period	Actual cumulative as of December 31, 2020 after adjustments
<b>EU Grant No. TF0A7910</b>			
Financing IBRD	9 601 861		9 601 861
<b>Total</b>	<b>9 601 861</b>		<b>9 601 861</b>
<b>TOTAL FINANCING</b>	<b>626 080 535</b>		<b>626 080 535</b>
<b>Less:</b>			
<b>Project expenditures</b>			
<b>IBRD Loan No.8393-UZ</b>			
Goods	70 352		70 352
Works and Consulting services including Auditing services & Training	228 764		228 764
Investment and Working Capital sub-loans & Lease financing	144 028 407		144 028 407
Incremental Operating Costs	1 473 836		1 473 836
Front-end fee	375 000		375 000
<b>Total</b>	<b>146 176 350</b>	<b>9</b>	<b>146 176 359</b>
<b>IBRD Loan No.8824-UZ</b>			
Goods, Works, Consulting & Non-consulting services & Training	8 268 094		8 268 094
Non- and Consulting services, Training & Incremental Operating Costs	532 778	(1 318)	531 460
Investment and Working Capital sub-loans & Lease financing	459 248 900		459 248 900
Front-end fee	1 250 000		1 250 000
<b>Total</b>	<b>469 299 772</b>	<b>(1 318)</b>	<b>469 298 454</b>
<b>EU Grant No. TF0A7910</b>			
Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	8 987 813		8 987 813
<b>Total</b>	<b>8 987 813</b>		<b>8 987 813</b>
<b>TOTAL EXPENDITURE INCURRED</b>	<b>624 463 943</b>	<b>(1 318)</b>	<b>624 462 626</b>
<b>Exchange rate difference</b>	<b>(327)</b>		<b>(327)</b>
<b>Closing Cash Balance</b>			
USD Designated Account (IBRD Loan 8393-UZ)	30 185		30 185
UZS Operation Account (IBRD Loan 8393-UZ)	1 023		1 023
Plastic card in UZS (IBRD Loan 8393-UZ)	703		703
Plastic card in UZS (IBRD Loan 8393-UZ)	223		223
Plastic card in UZS (IBRD Loan 8393-UZ)	633		633
USD Designated Account (IBRD Loan 8824-UZ)	969 919		969 919
Euro Current Account (USD equivalent) (IBRD Loan 8824-UZ)	0		0
UZS Operational Account (IBRD Loan 8824-UZ)	766		766
UZS Current Account (Loan 8824-UZ)	0	215	215
UZS Current Account (IBRD Loans)	0		0
EURO Designated Account (EU Grant No. TF0A7910)	612 273		612 273
USD Designated Account (EU Grant No. TF0A7910)	1		1
UZS Operational Account (EU Grant No. TF0A7910)	1 526		1 526
UZS Current Account (EU Grant No. TF0A7910)	0		0
Plastic card in UZS (EU Grant No. TF0A7910)	116		116
<b>Total</b>	<b>1 617 369</b>	<b>215</b>	<b>1 617 583</b>



## ✓ Statement of Uses of Funds by Project Components

Component	Actual (cumulative to date as at 31 December 2020)	Adjustments of previous period	Actual cumulative as of December 31, 2020 after adjustments
<b>IBRD Loan No.8393-UZ</b>			
1. Agricultural Support Services	299 114		299 114
2. Access to Loans	144 403 407		144 403 407
3. Project Management	1 473 836	2	1 473 838
<b>Sub-Total</b>	<b>146 176 357</b>		<b>146 176 359</b>
<b>EU Trust Fund Grant</b>			
1. Agricultural Technical Assistance	8 987 813		8 987 813
<b>Sub-Total</b>	<b>8 987 813</b>		<b>8 987 813</b>
<b>IBRD Loan No.8824-UZ</b>			
1. Agricultural Support Services	8 268 094		8 268 094
2. Access to Loans	460 498 900		460 498 900
3. Project Management	532 778	(1 318)	531 460
<b>Sub-Total</b>	<b>469 299 772</b>	<b>(1 318)</b>	<b>469 298 454</b>
<b>Total Project's expenses:</b>	<b>624 463 942</b>	<b>(1 316)</b>	<b>624 462 626</b>

## ✓ Statement of Uses of Funds by Project Categories

Category	Actual (cumulative to date as at 31 December 2020)	Adjustments of previous period	Actual cumulative as of December 31, 2020 after adjustments
<b>IBRD Loan No.8393-UZ</b>			
1. Goods	70 362	(10)	70 352
2. Works and Consulting services including Auditing services & Training	228 764		228 764
3. Investment and Working Capital sub-loans & Lease financing	144 028 407		144 028 407
4. Incremental Operating Costs	1 473 836		1 473 836
5. Front-end fee	375 000		375 000
<b>Sub-Total</b>	<b>146 176 369</b>	<b>(10)</b>	<b>146 176 359</b>
<b>EU Trust Fund Grant</b>			
1. Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	8 987 813		8 987 813
<b>Sub-Total</b>	<b>8 987 813</b>		<b>8 987 813</b>
<b>IBRD Loan No.8824-UZ</b>			
1. Goods, Works, Consulting & Non-consulting services & Training	8 268 094		8 268 094
2. Non- and Consulting services, Training & Incremental Operating Costs	532 778	(1 318)	531 460
3. Investment and Working Capital sub-loans & Lease financing	459 248 900		459 248 900
4. Front-end fee	1 250 000		1 250 000
<b>Sub-Total</b>	<b>469 299 772</b>	<b>(1 318)</b>	<b>469 298 454</b>
<b>Total Project's expenses:</b>	<b>624 463 954</b>	<b>(1 328)</b>	<b>624 462 626</b>

✓ **Balance Sheet**

Indicator	Actual (cumulative to date as at 31 December 2020)	Adjustments of previous period	Actual cumulative as of December 31, 2020 after adjustments
<b>ASSETS</b>			
Cash and cash equivalents (IBRD Loans)	1 003 568	215	1 003 783
Cash and cash equivalents (EU TF Grant)	613 800		613 800
<b>TOTAL ASSETS</b>	<b>1 617 368</b>	<b>215</b>	<b>1 617 583</b>
<b>OWN FUNDS/FINANCING</b>			
Financing from IBRD	616 478 674		616 478 674
Other financing (EU TF Grant)	9 601 861		9 601 861
Less: Cumulative expenditures, net including:	(624 464 270)	(1 318)	(624 462 952)
<i>FX difference</i>	(327)		(327)
<i>Cumulative opening bank balance adjustment</i>	1 103	(1 103)	0
<b>TOTAL OWN FUNDS/FINANCING</b>	<b>1 617 368</b>		<b>1 617 583</b>

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

Component	Budget as at 31 December 2020)	Adjustments of previous period	Budget as at 31 December 2020 after adjustments
<b>EU Trust Fund Grant</b>			
1. Agricultural Technical Assistance	21 948 810	669 229	22 618 039
<b>Total</b>	<b>21 948 810</b>	<b>669 229</b>	<b>22 618 039</b>

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

Category	Budget as at 31 December 2020	Adjustments of previous period	Budget as at 31 December 2020 after adjustments
<b>EU Trust Fund Grant</b>			
1.Goods, Works, Non- Consulting & Consulting services, Training & Incremental Operating Costs	21 948 810	669 229	22 618 039
<b>Total</b>	<b>21 948 810</b>	<b>669 229</b>	<b>22 618 039</b>

## 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 01<sup>st</sup> June 2022 are the Center Director A. Shukurov and Chief Accountant of Project Sh. Maksudov.

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 2021 fee is 13,740,595 USD, including:

- by IBRD Loan No.8393-UZ: USD 146 527 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 IBRD No.8824-UZ: USD 5 617 665 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», Component 2 «Access to Loans» and Component 3 «Project Management»;
- by EU Grant No.TF0A7910: USD 7 976 403 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 14,138,438, including:

- for IBRD loan No. 8393-UZ: USD 172,632, including expenses include:
  - USD 6 053 – expenses under Component 1 «Agricultural Technical Assistance»;
  - USD 166 579 – expenses under Component 3 «Project Management».
- for IBRD loan No. 8824-UZ: USD 5 725 808, including expenses include:
  - USD 125 487 - expenses under Component 1 «Agricultural Technical Assistance»;
  - USD 5 484 461 – expenses for issuing Sub-loans for the implementation of Component 2 «Access to Loans»;
  - USD 115 860 – expenses under Component 3 «Project Management».
- by EU Grant No.TF0A7910: USD 8 239 999 disbursed for sub-lending for the implementation of Component 1 «Agricultural Technical Assistance».

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 1 219 779.

### **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 Designated Account (EU Grant No.TF0A7910)
- UZS Operational Account (EU Grant No.TF0A7910)
- UZS Current Account (EU Grant No.TF0A7910)
- UZS Current Account (IBRD Loans)



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

During the period from January 01, 2021 to December 31, 2021, USD 146 527 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». During the period from January 01, 2021 to December 31, 2021, the Project spent USD 179 from the Designated Account (IBRD Loan No.8393-UZ) for the implementation of Component 3 «Project Management».

During the reporting period, the amount of USD 6 053 was spent from the Operational Account in UZS (IBRD Loan No.8393-UZ) for the implementation of Component 1 «Agricultural Support Services», the amount of USD 159 638 for the implementation of Component 3 «Project Management», the amount of USD 461 was transferred to the UZS Current account IBRD loans, and the amount of USD 5 645 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, 2021 to December 31, 2021, USD 5 617 665 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 for the issuance of Sub-loans for the implementation of Component 2 «Access to Loans». During the period from January 01, 2021, to December 31, 2021, the Project spent USD 322 from the Designated Account (IBRD Loan No.8824-UZ) for the implementation of Component 3 «Project Management», and the amount of USD 5 484 461 for the issuance of Sub-loans for the implementation of Component 2 «Access to Loans».

During the reporting period from January 01, 2021 to December 31, the amount of USD 125 487 was spent from the Operational Account in UZS (IBRD Loan No.8824-UZ) for the implementation of Component 1 «Agricultural Support Services», and the amount of USD 115 528 for the implementation of Component 3 «Project Management».

During the period from January 01, 2021, to December 31, the amount of USD 10 was spent from the Current Account in UZS (IBRD Loan No.8824-UZ) for the implementation of Component 3 «Project Management».

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

During the period from January 01, 2021 to December 31, 2021, USD 7 976 403 was received to the 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, 2021 to December 31, 2021, the amount of USD 34 898 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, 2021 to December 31, 2021, the amount of USD 1 103 275 was spent from the USD Designated Account (EU Grant No.TF0A7910) for the implementation of Component «Agricultural Support Services».

During the period from January 01, 2021 to December 31, 2021, the amount of USD 7 098 747 was spent from the Operational Account in UZS (EU Grant No.TF0A7910) for the implementation of Component «Agricultural Support Services».

During the period from January 01, 2021 to December 31, 2021, the amount of USD 592 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 3 212 was used to replenish corporate plastic card of the Project to cover current expenses.

### **UZS Current Account**

During the period from January 01, 2021 to December 31, 2021, the amount of USD 595 was used from the Current Account in UZS (IBRD Loans) to replenish corporate plastic card of the Project to cover current expenses.

## **6.2. Plastic cards**

Project has corporate plastic cards for the payments of costs associated with business trip and fuel. In 2021 total of business trip expenditures covered from the plastic cards was in equivalent of USD 1 463 and for fuel was in equivalent of USD 7 786. Below is the consolidated cash flow of the Project on plastic corporate card:

✓ <u>Plastic card in UZS (IBRD Loan No.8393-UZ)</u>		
	USD	000'UZS
<b>Balance as at 01 January, 2021</b>	<b>703</b>	<b>7 360</b>
<b>Cash inflow:</b>		
Replenishment of corporate plastic card for business trip expenditures	555	5 803
<b>Total Cash inflow:</b>	<b>555</b>	<b>5 803</b>
<b>Cash outflow:</b>		
Expenses on related categories	859	9 132
Exchange rate difference	27	
<b>Total Cash outflow:</b>	<b>886</b>	<b>9 132</b>
<b>Balance as at 31 December, 2021</b>	<b>372</b>	<b>4 031</b>

✓ <u>Plastic card in UZS (IBRD Loan No.8393-UZ)</u>		
	USD	000'UZS
<b>Balance as at 01 January, 2021</b>	<b>223</b>	<b>2 333</b>
<b>Cash inflow:</b>		
Replenishment of corporate plastic card for fuel acquisition	5 552	58 953
<b>Total Cash inflow:</b>	<b>5 552</b>	<b>58 953</b>
<b>Cash outflow:</b>		
Expenses on related categories	5 299	56 337
Exchange rate difference	18	
<b>Total Cash outflow:</b>	<b>5 318</b>	<b>56 337</b>
<b>Balance as at 31 December, 2021</b>	<b>457</b>	<b>4 949</b>

✓ <u>Plastic card in UZS (IBRD Loan No.8393-UZ)</u>		
	USD	000'UZS
<b>Balance as at 01 January, 2021</b>	<b>633</b>	<b>6 633</b>
<b>Cash inflow:</b>		
Replenishment of corporate plastic card for business trip expenditures	0	0
<b>Total Cash inflow:</b>	<b>0</b>	<b>0</b>
<b>Cash outflow:</b>		
Expenses on related categories	604	6 383
Exchange rate difference	6	
<b>Total Cash outflow:</b>	<b>610</b>	<b>6 383</b>
<b>Balance as at 31 December, 2021</b>	<b>633</b>	<b>6 633</b>
<b>Balance as at 31 December, 2021</b>	<b>23</b>	<b>250</b>

✓ <u>Plastic card in UZS (EU Grant No.TF0A7910)</u>		
	USD	000'UZS
<b>Balance as at 01 January, 2021</b>	<b>116</b>	<b>1 219</b>
<b>Cash inflow:</b>		
Replenishment of corporate plastic card for fuel acquisition	3 346	35 574
<b>Total Cash inflow:</b>	<b>3 346</b>	<b>35 574</b>
<b>Cash outflow:</b>		
Expenses on related categories	2 487	26 424
Exchange rate difference	18	
<b>Total Cash outflow:</b>	<b>2 505</b>	<b>26 424</b>
<b>Balance as at 31 December, 2021</b>	<b>957</b>	<b>10 369</b>



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

	000'UZS	USD
<b>Opening Cash Balance as at 01 January, 2021</b>		
USD Designated Account (IBRD Loan No.8393-UZ)		30 185
UZS Operational Account (IBRD Loan No.8393-UZ)	10 720	1 023
Plastic card in UZS (IBRD No.8393-UZ)	7 360	703
Plastic card in UZS (IBRD No.8393-UZ)	2 333	223
Plastic card in UZS (IBRD No.8393-UZ)	6 633	633
USD Designated Account (IBRD Loan No.8824-UZ)		969 919
Euro Current Account (USD equivalent) (IBRD Loan 8824-UZ)		0
UZS Operational Account (IBRD Loan No.8824-UZ)	8 029	766
UZS Current Account (IBRD Loan No.8824-UZ)	2 256	215
UZS Current Account IBRD Loans	0	0
EURO Designated Account (EU TF Grant TF0A7910)		612 273
USD Designated Account (EU TF Grant TF0A7910)		1
UZS Operational Account (EU TF Grant TFOA7910)	15 984	1 526
UZS Current Account (EU TF Grant TF0A7910)	0	0
Plastic card in UZS (EU TF Grant TFOA7910)	1 219	116
<b>Total funds</b>	<b>54 533</b>	<b>1 617 583</b>
<b>Closing Balance as at 31 December, 2021</b>		
USD Designated Account (IBRD Loan No.8393-UZ)		5 533
UZS Operation Account (IBRD Loan No.8393-UZ)	2 204	203
Plastic card in UZS (IBRD No.8393-UZ)	372	372
Plastic card in UZS (IBRD No.8393-UZ)	4 949	457
Plastic card in UZS (IBRD No.8393-UZ)	250	23
USD Designated Account (IBRD Loan No.8824-UZ)		861 201
Euro Current Account (USD equivalent) (IBRD Loan 8824-UZ)		0
UZS Operation Account (IBRD Loan No.8824-UZ)	16 532	1 525
UZS Current Account (IBRD Loan No.8824-UZ)	0	0
UZS Current Account IBRD Loans	0	0
EURO Designated Account (EU TF Grant TF0A7910)	258 196	269 962
USD Designated Account (EU TF Grant TF0A7910)		79 093
UZS Operation Account (EU TF Grant TFOA7910)	4 902	453
UZS Current Account (EU TF Grant TF0A7910)	0	0
Plastic card in UZS (EU TF Grant TFOA7910)	10 369	957
<b>Total funds</b>	<b>297 773</b>	<b>1 219 779</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 2021</b>	<b>32 767</b>
Replenishment of the USD Designated Account for the reporting period	146 527
<b>Total IBRD funds for the reporting period</b>	<b>179 294</b>
2021 expenditures claimed to IBRD in the reporting period	48 697
2021 expenditures not yet claimed to IBRD as of December 31, 2021	123 935
Exchange rate difference	74
<b>Total expenses for the reporting period</b>	<b>172 706</b>
<b>Undisbursed Project financing</b>	<b>6 588</b>
<b>Cash Balance of IBRD Loan No.8393-UZ funds as at 31 December 2021</b>	<b>6 588</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 2021</b>	<b>970 901</b>
Replenishment of the USD Designated Account for the reporting period	5 617 665
<b>Total IDA funds for the reporting period</b>	<b>6 588 566</b>
2021 expenditures not yet claimed to IBRD as of December 31, 2021	5 725 808
Exchange rate difference	31
<b>Total expenses for the reporting period</b>	<b>5 725 839</b>
<b>Undisbursed Project financing</b>	<b>862 727</b>
<b>Cash Balance of IBRD Loan No.8824-UZ funds as at 31 December 2021</b>	<b>862 727</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 2021</b>	<b>613 916</b>
Replenishment of the EURO Designated Account for the reporting period	7 976 403
Exchange rate difference	163
<b>Total EU Grant No.TF0A7910 funds for the reporting period</b>	<b>8 590 482</b>
2021 expenditures claimed to IBRD in the reporting period	6 208 246
2021 expenditures not yet claimed to IBRD as of December 31, 2021	2 031 753
Exchange rate difference	18
<b>Total expenses for the reporting period</b>	<b>8 240 017</b>
<b>Undisbursed Project financing</b>	<b>350 465</b>
<b>Cash Balance of EU Grant No.TF0A7910 funds as at 31 December 2021</b>	<b>350 465</b>
<b>Variance</b>	<b>0</b>

## 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 though 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 Beneficiary 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 2021 through 31 December 2021, the IBRD has approved disbursement application for Credit line for eligible expenditures, and respectively the PIU has disbursed to the PFO accounts total of USD 5,848,461 under implementation of Component 2 «Access to Loans».

Below is the analytical data on Sub-loans by the Participating Banks, on the amount of the contribution of each Beneficiary (Sub-borrower).

000'USD

<i>Participating Bank</i>	<i>Funds</i>	
	<i>IBRD</i>	<i>Beneficiary*</i>
<i>Borrower</i>		
JCS National Bank for Foreign Economic Activity of Uzbekistan	3 566 300	2 009 660
Joint Stock Commercial Bank «ASAKA»	263 500	319 222
Joint Stock Commercial Xalq Bank	1 507 134	1 923 393
Joint Stock Commercial Innovation Bank «Ipak Yuli»	147 527	416 200
<b>Total</b>	<b>5 484 461</b>	<b>4 668 475</b>

*\*Beneficiary contributions are recorded on the basis of cumulative data furnished by PFOs to the PIU, and is total of contribution (investment), requested by Beneficiary in the feasibility study and sub-project budget from the own sources of Beneficiary in cash or kind, in the amount of at least 20% from total sub-project cost.*



## 9. Taxes

Pursuant to the Presidential Resolution No.ПП-2410 dated 21st 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, 2021 is stated below:

	<i>Client Connection</i>	<i>Project</i>	<i>Difference</i>
IBRD Loan No.8393-UZ funds	146 354 745	146 354 745	0
IBRD Loan No.8824-UZ funds	475 888 121	475 888 121	0
EU Grant No.TF0A7910 funds	17 578 264	17 578 264	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, 2021 to December 31, 2021

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

	<i>USD</i>	<i>000'UZS</i>
<b>Balance as at 01 January 2021</b>	<b>1 023</b>	<b>10 720</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency	171 000	1 809 358
<b>Total inflow:</b>	<b>171 000</b>	<b>1 809 358</b>
<b>Outflow:</b>		
Expenses on related categories	165 691	1 753 118
Replenishment of corporate plastic card	5 645	59 932
Transfer into the account at Ipak Yuli Bank	461	4 824
Exchange rate difference	22	
<b>Total outflow:</b>	<b>171 820</b>	<b>1 817 874</b>
<b>Balance as at 31 December, 2021</b>	<b>203</b>	<b>2 204</b>

**13. UZS Operational Account Statement (IBRD Loan No.8824-UZ)**  
for the period from January 01, 2021 to December 31, 2021

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 2021</b>	<b>766</b>	<b>8 029</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency	241 600	2 560 133
Transfer from the account opened at Uzpromstroybank	205	2 156
<b>Total inflow:</b>	<b>241 805</b>	<b>2 562 289</b>
<b>Outflow:</b>		
Expenses on related categories	241 015	2 553 785
Exchange rate difference	31	
<b>Total outflow:</b>	<b>241 046</b>	<b>2 553 785</b>
<b>Balance as at 31 December, 2021</b>	<b>1 525</b>	<b>16 532</b>



**14. UZS Current Account Statement (IBRD Loan No.8824-UZ)**  
for the period from January 01, 2021 to December 31, 2021

Account No.	2021 0000 2050 4936 2022	
Depository Bank	JSCB "Uzpromstroybank" (Tashkent city regional branch)	
Address	5, Mustaqillik avenue, Mirzo-Ulugbek district, Tashkent	
Loan	8824-UZ (IBRD)	
Currency	UZS	
	<i>USD</i>	<i>000'UZS</i>
<b>Balance as at 01 January, 2021</b>	<b>215</b>	<b>2 256</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency	0	0
<b>Total inflow:</b>	<b>0</b>	<b>0</b>
<b>Outflow:</b>		
Expenses on related categories	10	100
Transfer into the account at Orient Finans Bank	205	2 156
Exchange rate difference	1	
<b>Total outflow:</b>	<b>215</b>	<b>2 256</b>
<b>Balance as at 31 December, 2021</b>	<b>0</b>	<b>0</b>

**15. UZS Operational Account Statement (EU Grant No.TF0A7910)**  
for the period from January 01, 2021 to December 31, 2021

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, 2021</b>	<b>1 526</b>	<b>15 984</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency	7 101 449	74 588 062
Exchange rate difference	163	
<b>Total inflow:</b>	<b>7 101 612</b>	<b>74 588 062</b>
<b>Outflow:</b>		
Transfer into the account at Ipak Yuli Bank	133	1 398
Transfer into the main account for replenishment of corporate plastic card	3 805	40 438
Expenses on related categories	7 098 747	74 557 309
<b>Total outflow:</b>	<b>7 102 685</b>	<b>74 599 144</b>
<b>Balance as at 31 December, 2021</b>	<b>453</b>	<b>4 902</b>

**16. UZS Current Account Statement (EU Grant No.TF0A7910)  
for the period from January 01, 2021 to December 31, 2021**

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, 2021</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency	3 805	40 438
<b>Total inflow:</b>	<b>3 805</b>	<b>40 438</b>
<b>Outflow:</b>		
Transfer into the current account at Ipak Yuli Bank	592	6 261
Expenses on related categories	3 212	34 177
<b>Total outflow:</b>	<b>3 805</b>	<b>40 438</b>
<b>Balance as at 31 December, 2021</b>	<b>0</b>	<b>0</b>

**17. UZS Current Account Statement (EU Grant No.TF0A7910)  
for the period from January 01, 2021 to December 31, 2021**

Account No. 2021 0000 0050 4936 2001  
 Depository Bank JSICB "Ipak yuli Bank" Head Office  
 Address 2, Kadiri Street, Yunusabad district, Tashkent  
 Loan EU TF Grant TFOA7910  
 Currency UZS

	USD	000'UZS
<b>Balance as at 01 January, 2021</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Transfer from the account at Orient Finans Bank (EU Grant No.TF0A7910)	133	1 398
Transfer from the account at Orient Finans Bank (IBRD Loan No.8393-UZ)	461	4 824
<b>Total inflow:</b>	<b>595</b>	<b>6 221</b>
<b>Outflow:</b>		
Replenishment of corporate plastic card (EU Grant No.TF0A7910)	133	1 398
Replenishment of corporate plastic card (IBRD Loan No.8393-UZ)	461	4 824
<b>Total outflow:</b>	<b>595</b>	<b>6 221</b>
<b>Balance as at 31 December, 2021</b>	<b>0</b>	<b>0</b>