Financial Statements of Projects Funded By the International Bank For Reconstruction and Development - Loan #8705 LE (Roads and Employment Project)

And Auditor's Report

Council for Development and Reconstruction
Year Ended December 31, 2018
Contents

Independent Auditor's Report 3

Statement of Special Account of Projects Funded by the International Bank For Reconstruction and Development - Loan #8705 LE (Roads and Employment Project) 4

Statement of Project Expenditures of Projects Funded by the International Bank For Reconstruction and Development - Loan #8705 LE (Roads and Employment Project) 5

Statement of Expenditures of Projects Funded by the International Bank For Reconstruction and Development - Loan #8705 LE (Roads and Employment Project) 6

Notes to the Financial Statements/ Project Expenditures 7-9
INDEPENDENT AUDITOR'S REPORT

President
Council for Development and Reconstruction
World Bank Loan No. 8705 LE
Roads and Employment Project
Beirut, Lebanon

We have audited the accompanying financial statements comprising of the statement of Special Account, Project Expenditures, and Statement of Expenditures of Project Funded by the International Bank for Reconstruction & Development, CDR's share of Loan #8705 LE, for the year ending and cumulatively as at December 31, 2018. The Project financial statements are the responsibility of the Council for Development and Reconstruction’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited compliance with the laws, regulations, guidelines and provisions governed by the Loan Agreement for the year ended December 31, 2018.

We conducted our audits in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the "Roads and Employment Project” has complied with the laws, regulations, guidelines and provisions governed by the Loan Agreement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion:

(a) The accompanying Financial Statements present fairly, in all material respects, the cash receipts and payments of the Roads and Employment Project for the year ending December 31, 2018 and showing cumulative balances as at December 31, 2018 in accordance with the International Public Sector Accounting Standards (IPSAS), under the cash basis of accounting;

(b) Internal control over financial reporting involved in the preparation of replenishments, direct payments, payments through special commitments, and reimbursements i.e. expenditures reimbursed on the basis of Statements of Expenditures can be relied upon to support the related withdrawals as of December 31, 2018;

(c) The project was in all material respects in compliance with the laws, regulations, guidelines and provisions governed by the Loan agreement.

June 10, 2019
MENAF

Jihad Anouti
Managing Partner
Statement of Special Account (8705 LE)

<table>
<thead>
<tr>
<th>Note</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1, 2018</td>
<td>-</td>
</tr>
<tr>
<td><strong>Add:</strong></td>
<td></td>
</tr>
<tr>
<td>World Bank replenishments</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Cash Receipt</td>
<td></td>
</tr>
<tr>
<td><strong>Deduct:</strong></td>
<td></td>
</tr>
<tr>
<td>Payments for project expenditures funded by the Grant:</td>
<td></td>
</tr>
<tr>
<td>Goods, Works, Non Cons Ser &amp; Cons Ser Tr &amp; IncOC</td>
<td>3</td>
</tr>
<tr>
<td><strong>Balance December 31, 2018</strong></td>
<td>10,000,000</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
Statement of Project Expenditures

<table>
<thead>
<tr>
<th>Note</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>53,900</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
Statement of Expenditures

No withdrawals against the statement of expenditures were made during 2018.
Council for Development and Reconstruction
Roads and Employment Project – Loan No. 8705
Financial Statements
31 December 2018

Notes to the Financial Statements

1. Project Background

The objectives of the Projects are to:
   i. Improve transport Connectivity along select paved Road Sections, and
   ii. Create short term jobs for Lebanese and Syrians

Part A. Roads Rehabilitation and Maintenance
   1. Carrying out a program of activities to rehabilitate, upgrade and maintain selected primary,
      secondary and tertiary roads, including road safety and spot improvements ("Sub-projects")
   2. Provision of technical assistance for the design, procurement and supervision of said Sub-
      projects and for preparation of safeguards Instruments for the Project.

Part B. Improving Road Emergency Response Capacity

Strengthening the capacity of MoPWT to respond to weather and other emergencies affecting the road
networks, through:
   1. Provision of emergency road works related tools, equipment and vehicles; and
   2. Provision of technical assistance for updating its emergency response systems and procedures

Part C. Capacity Building and Implementation Support
   1. Strengthening national road asset management through, inter alia, the establishment of a national
      road asset database for the trunk network, review and updating of road network sign and
      maintenance standards, preparation of a routine and periodic maintenance manual for small
      contractors, preparation of bidding documents for small contractors, and provision of training on
      performance based contracts for periodic and routine road maintenance.
   2. Strengthening implementation of road safety measures though, inter alia, preparation and
      implementation of a national strategy and action plan on road safety.
   3. Undertaking required feasibility studies, technical designs, financial, environmental and social
      impact studies.
   4. Provision of training for key CDR and MoPWT Staff, workers and small contractors on:
      a. Proper routine and periodic maintenance standards, environmental and social safeguards
         measures as well as health and safety measures and,
      b. Preparation of supervision manual
   5. Strengthening the Capacity of the CDR for project implementation and management (including
      monitoring and evaluation), through the provision of technical assistance, operating costs and
      acquisition of goods for the purpose.

2. Summary of Significant Accounting Policies

The accompanying statement of special account, project expenditures and statement of expenditures are
prepared on the cash basis of accounting. On this basis, disbursements from loan are recognized when
received and expenses are recognized when paid rather than when incurred.
3. Details of Expenditures

Expenditures paid from the Roads and Employment Project Special account and direct payments paid during the year 2018 are detailed as follows:

<table>
<thead>
<tr>
<th>Contractor's Name</th>
<th>Description</th>
<th>Amount financed from loan proceeds (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, Works, Non Cons Ser &amp; Cons Ser Tr &amp; IncOC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simon Mouawad</td>
<td>Procurement officer</td>
<td>53,900</td>
</tr>
<tr>
<td><strong>Amount paid from special account</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Payment</td>
<td></td>
<td>53,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>53,900</td>
</tr>
</tbody>
</table>
 Council for Development and Reconstruction  
Roads and Employment Project – Loan No. 8705  
Financial Statements  
31 December 2018  

4. **Cumulative Statement of Special Account**  
The cumulative drawings and payments made in this account since inception up to December 31, 2018 are detailed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Bank initial deposit</td>
<td>10,000,000</td>
</tr>
<tr>
<td>World Bank replenishments</td>
<td>-</td>
</tr>
<tr>
<td>Increase of the special account</td>
<td>-</td>
</tr>
<tr>
<td>Interest earned</td>
<td>-</td>
</tr>
</tbody>
</table>

**Deduct:**  
Payments for project expenditures funded by the Loan:  
Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC |

**Balance – December 31, 2018**  
10,000,000
5. **Cumulative Statement of Project Expenditures**

<table>
<thead>
<tr>
<th>Description</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, Works, Non Cons, Ser, Cons, Ser Tr &amp; IncOC</td>
<td>53,900</td>
</tr>
</tbody>
</table>