

**“Private Sector Competitiveness Project”  
Grant No. H771-TJ**

**The project financial statements**  
for the year ended December 31, 2017

**and independent auditors’ report**

**“PRIVATE SECTOR COMPETITIVENESS PROJECT”  
GRANT NO. H771-TJ**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017**

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The following statement, which should be read in conjunction with the independent auditors' responsibilities is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the project financial statements of the Project "Private Sector Competitiveness Project", Grant No. H771-TJ (the "Project").

Management is responsible for the preparation of the project financial statements that present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2017 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

In preparing the project financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- preparing the project financial statements on a going concern basis, unless it is inappropriate to presume that the Project will continue its activity for the foreseeable future.

Management is also responsible for:

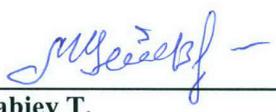
- designing, implementing and maintaining effective and sound system of internal control and for revealing risks in system of internal control;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Project, and which enable them to ensure that the project financial statements comply with IPSAS and WB Guidelines;
- compliance with laws and regulations of the Republic of Tajikistan, accounting system of the Project and the requirements of the World Bank;
- taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- detecting and preventing fraud and other irregularities.

The project financial statements for the year ended December 31, 2017 were approved and authorized for issue on June 1, 2018 by the management of the Project.

**On behalf of the Management**

  
**Khamralizoda F.**  
**Chairman of the State Committee for Investment and State Property Management of the Republic of Tajikistan**

June 1, 2018  
Dushanbe, the Republic of Tajikistan

  
**Nabiev T.**  
**Chief Accountant of the State Committee for Investment and State Property Management of the Republic of Tajikistan**

June 1, 2018  
Dushanbe, the Republic of Tajikistan



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## INDEPENDENT AUDITORS' REPORT

To the management of the Project “Private Sector Competitiveness Project” under the State Committee on Investments and Government Property Management of the Republic of Tajikistan:

### Report on the project financial statements

#### Qualified opinion

- [1] We have audited the project financial statements of the Project “Private Sector Competitiveness Project” (the “Project”), which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2017, and a summary of significant accounting policies and other explanatory information (the “project financial statements”).
- [2] In our opinion, except for the effects of the matters described in paragraphs [3] and [4], the accompanying project financial statements present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components of the Project for the year ended December 31, 2017 in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”).

#### Basis for qualified opinion

- [3] The project financial statements for the year ended December 31, 2016 were audited by another auditor. Due to unwillingness of predecessor auditor to collaborate with us to discuss and resolve material differences encountered in the opening balances we are unable to satisfy ourselves as to the correctness of the opening balances, cumulative financing and expenses under audit. There were no alternative audit procedures that we could perform to confirm independently the correctness of the opening balances. We were also unable to determine whether adjustments might be necessary for the project financial statements for the year ended December 31, 2016.
- [4] We obtained a confirmation letter in respect of cash balances on designated account 202068405001252 opened in CJSC TJSC IBRR “Tajprombank” in the amount of 539,746 US dollars as at December 31, 2017. In accordance with the confirmation letter, the indicated amount was translated to Tajik somoni using exchange rate of National Bank of Tajikistan (the “NBT”) as at March 3, 2017 based on the decision of economic court of Dushanbe city dated May 16, 2017 and approved by the decision of economic court of Dushanbe city dated December 29, 2017. Amount translated to national currency is equal to 4,317,322 Tajik somoni using exchange rate of NBT as at March 3, 2017. As at December 31, 2017 the equivalent of the amount in Tajik somoni equals to 489,548 US dollars, thus being lower with 50,198 US dollars in comparison with the cash balances presented in the accompanying project financial statements.

#### Offices:

|                            |  |                             |   |                         |
|----------------------------|--|-----------------------------|---|-------------------------|
| <b>Moldova</b>             | <b>Cyprus</b>  | <b>Romania</b>              | <b>Greece</b>                               | <b>Bulgaria</b>         |
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- [5] 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 project financial statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

- [6] Without further qualifying our opinion, we draw attention to the following matters:
- a) We draw attention to note 4 from the project financial statements that present cash balances in CJSC TJSC IBRR “Tajprombank” (the “Bank”) in the amount of 589,992 US dollars as at December 31, 2017. The National Bank of Tajikistan revoked license of this Bank on February 24, 2017. The Bank is in the process of liquidation.
  - b) We draw attention to Note 2 to the project financial statements, which describes the basis of accounting. These project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing agreement requirements.

**Other matter**

- [7] The project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the project financial statements may not be suitable for another purpose.
- [8] We draw attention to the fact that the World Bank rated progress towards achievement of the Project development objective as moderately unsatisfactory in implementation status and results report as at May 23, 2018.

**Responsibilities of management and those charged with governance for the project financial statements**

- [9] Management is responsible for the preparation and fair presentation of the project financial statements in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”), and for such internal control as management determines is necessary to enable the preparation of the project financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor’s responsibilities for the audit of the project financial statements**

- [10] Our objectives are to obtain reasonable assurance about whether the project 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 the project financial statements.

Offices:

|                            |  |                             |   |                         |
|----------------------------|--|-----------------------------|---|-------------------------|
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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 project 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 project 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. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

[11] We communicate with those charged with governance 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.

[12] We also provide those charged with governance 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.



**Baker Tilly Klitou and Partners SRL**

Chisinau, the Republic of Moldova  
June 1, 2018



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**“PRIVATE SECTOR COMPETITIVENESS PROJECT”  
GRANT NO. H771-TJ**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID  
FOR THE YEAR ENDED DECEMBER 31, 2017**

*(in US dollars)*

|  | Notes | For the year<br>ended<br>December 31,<br>2017 | For the year<br>ended<br>December 31,<br>2016 | Cumulative |
|--|-------|---|---|------------|
| Opening balance  | 4     | 550,250                                       | 420,631                                       | -          |
| <b>Funds received</b>  |       |   |   |            |
| IDA Grant No. H771TJ   | 5     | 880,305                                       | 1,240,428                                     | 4,418,933  |
| <b>Total funds received</b>  |       | 880,305                                       | 1,240,428                                     | 4,418,933  |
| Other income   |       | -   | 149   | 1,541      |
| <b>Total receipts</b>  |       | 880,305                                       | 1,240,577                                     | 4,420,474  |
| <b>Project expenses</b>  |       |   |   |            |
| Goods, non-consulting services, consultants’<br>services, training and incremental operating<br>expenses | 6     | 833,641                                       | 1,110,682                                     | 3,822,960  |
| <b>Total project expenses</b>  |       | 833,641                                       | 1,110,682                                     | 3,822,960  |
| Other expenses   |       | -   | 139   | 381        |
| Foreign exchange loss  |       | 4,179   | 137   | 4,398      |
| <b>Closing balance</b>   | 4     | 592,735                                       | 550,250                                       | 592,735    |

On behalf of the Management:

  
**Khamralizoda F.**  
Chairman of the State Committee for Investment  
and State Property Management of the Republic  
of Tajikistan

June 1, 2018  
Dushanbe, the Republic of Tajikistan

  
**Nabiev T.**  
Chief Accountant of the State Committee for  
Investment and State Property Management of  
the Republic of Tajikistan

June 1, 2018  
Dushanbe, the Republic of Tajikistan

The notes on pages 8-16 form an integral part of the project financial statements.  
The independent auditors’ report is on pages 3-5.

**“PRIVATE SECTOR COMPETITIVENESS PROJECT”  
GRANT NO. H771-TJ**

**SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

*(in US dollars)*

|   | For the year<br>ended<br>December 31,<br>2017 | For the year<br>ended<br>December 31,<br>2016 | Cumulative       |
|---|---|---|------------------|
| Part 1. Encouraging competitiveness and development of the mining industry              | 475,031                                       | 136,003                                       | 1,581,484        |
| Part 2. Strengthening business registration systems and processes                       | 56,011  | 366,277                                       | 501,617          |
| Part 3. Institutional strengthening to support a single window for construction permits | 27,000  | 478,394                                       | 550,043          |
| Part 4. Improvement of financial infrastructure   | 190,257                                       | 14,608  | 502,194          |
| Part 5. Project management  | 85,342  | 115,400                                       | 687,622          |
|   | <u>833,641</u>                                | <u>1,110,682</u>                              | <u>3,822,960</u> |

**On behalf of the Management:**

**Khamralizoda F.**  
**Chairman of the State Committee for Investment  
and State Property Management of the Republic  
of Tajikistan**

June 1, 2018  
Dushanbe, the Republic of Tajikistan

**Nabiev T.**  
**Chief Accountant of the State Committee for  
Investment and State Property Management of  
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June 1, 2018  
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The notes on pages 8-16 form an integral part of the project financial statements.  
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**“PRIVATE SECTOR COMPETITIVENESS PROJECT”  
GRANT NO. H771-TJ**

**NOTES TO THE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

*(in US dollars)*

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**1. GENERAL INFORMATION**

According to the Financing Agreement between the Republic of Tajikistan and International Development Association (the “IDA”, “World Bank”) dated June 8, 2012, the World Bank provided a Grant No. H771-TJ in the amount of 6,500,000 Special Drawing Rights to the Republic of Tajikistan.

According to the initial agreement the Project consisted from 3 Parts. According to amendment to the agreement dated September 22, 2014 the Project was extended until September 30, 2017 and the Project was divided into 5 parts, the disbursement of Grant funds by parts were reallocated accordingly. On November 9, 2016 the Project was extended until June 30, 2018.

The Financing was provided for implementation of the Project “Private Sector Competitiveness Project” (“the Project”).

**Project purpose**

The objective of the Project is to foster increased efficiency in key areas that influence private sector competitiveness, including business registration, infrastructure underlying access to financial services, and the mining industry.

The Project comprises the following parts:

- Part 1. Encouraging competitiveness and development of the mining industry;
- Part 2. Strengthening business registration systems and processes;
- Part 3. Institutional strengthening to support a single window for construction permits;
- Part 4. Improvement of financial infrastructure;
- Part 5. Project management.

***Part 1. Encouraging competitiveness and development of the mining industry***

Developing an environment conducive to business in the mining sector through the following activities:

- (i) supporting the preparation of revised mining sector laws and regulations through technical assistance and capacity building activities;
- (ii) developing a modern mining cadastre and building capacity regarding said cadastre through the provision of technical assistance, training, and equipment;
- (iii) modernizing the geological survey function through technical assistance, training, and equipment;
- (iv) providing technical assistance to stakeholders concerning development of the mining sector through workshops and training; and
- (v) conducting a Strategic Environmental and Social Assessment to ensure the technical assistance recommendations conform with international standards.

***Part 2. Strengthening business registration systems and processes***

Improving the investment climate through improvements to the business registration processes and related institutions through the following activities:

- (i) Reviewing the structure, processes, systems, relationships, and monitoring and evaluation of business registration, as well as raising public awareness to enable the Business Registration One Stop Shop (the “OSS”) to be effectively implemented.

- (ii) Supporting institutional strengthening through IT and locally-based training in appropriate methods for operating an OSS (excluding foreign learning trips).
- (iii) Purchasing relevant IT infrastructure (hardware and software required for the OSS to be operational, including but not limited to computers, telephones, internet connections and OSS software).

***Part 3. Institutional strengthening to support a single window for construction permits***

Increasing public awareness of the single window for construction permits and strengthening of capacity at the Construction Committee through the following activities:

- (i) Institutional strengthening of the Construction Committee of the Republic of Tajikistan through training and capacity building and procurement of specialist/technical equipment and IT systems (computers, printers, internet connections, etc.).
- (ii) Organizing and conducting Dushanbe City Construction Permits Single Window public awareness raising campaign, including enhancing the website and promoting transparency across multiple dimensions (city master plan, processes, steps, fees, timelines, etc.).

***Part 4. Improvement of financial infrastructure***

Strengthening the banking regulation and supervision framework through the provision of technical assistance and information technology support for:

- (i) enhancement of the secured transactions and debt resolution legal and regulatory framework, and IT system, including: (a) conducting a feasibility study to identify the optimal model and location for the collateral registry; (b) procuring necessary IT capacity for moveable collateral registry; and (c) strengthening the capacity of those using the moveable collateral registry system, through technical assistance, training, and information technology support;
- (ii) modernization of the payment systems infrastructure, through: (a) strengthening the legal and regulatory framework governing the national payments system; (b) procuring of an Automated Transfer System and Central Securities Depository, including relevant IT support; and (c) providing training and capacity building through the Republic of Georgia's Central Bank; and
- (iii) strengthening bank regulation and supervision, through: (a) review and revision of legislation and regulations of the National Bank of Tajikistan; and (b) upgrading the IT system of the National Bank of Tajikistan for bank supervision.

***Part 5. Project management***

Support the operation of the Project Management Unit, including establishing a monitoring and evaluation framework for the Project, through the provision of technical assistance, Training, and Incremental Operating Costs, and financing the hiring of an additional procurement specialist and a Project Coordinator.

*Project management*

The project is implemented by Project Management Unit (the "PMU") within the State Committee on Investments and Government Property Management of the Republic of Tajikistan.

Duration of the Project is from the June 8, 2012 to June 30, 2018.

## **2. PRESENTATION OF THE PROJECT FINANCIAL STATEMENTS**

### **Basis of preparation**

These project financial statements have been prepared in accordance with the International Public Sector Accounting Standard (the "IPSAS") "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received or provided.

The Project's approved budget disclosed by categories of expenses is not publicly available and as such comparison of budget and actual amounts is not presented.

These project financial statements consist of:

- Summary of funds received and expenditures paid;
- Summary of expenditures paid by project components;
- Notes to the project financial statements, including short description of main statements of accounting policy and other descriptive notes.

The reporting currency of these project financial statements is US dollars (the "USD").

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Cash basis of accounting**

The project financial statements are prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the Project. The project financial statements prepared under the cash basis provide information on the sources of funds, the purpose of uses of funds, and cash balances at the reporting date. The measurement focus in the project financial statements is balances of cash and changes therein.

### **Foreign currency**

Operations in foreign currency initially are counted in functional currency by the official currency exchange rate settled by the National Bank of Tajikistan (the "NBT") on a date of operation.

Funds received are translated into US dollars at official exchange rate of Special Drawing Rights (the "SDR") at the date of funds receipt. All payments made in local currency are translated into US dollars at the official exchange rate defined by the National Bank of Tajikistan, at the date of transaction.

Monetary assets and liabilities expressed in foreign currency are converted to functional currency at official exchange rate on a date settled by the NBT.

All foreign exchange differences resulted from maturity or recounting are included in the summary of funds received and expenditures paid.

Non-monetary items are valued according to their historic cost in foreign currency, which are recalculated on rates of the initial operation date.

## Cash and cash equivalents

Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term. Balances of advances paid to employees at the end of the period are also part of closing cash position.

## Taxes

Calculation and payment of personal income tax and social security contributions from income of local staff and consultants is made in accordance with the requirements and rates of the Tax Code of the Republic of Tajikistan and relevant legislation of the Republic of Tajikistan.

## Project expenses

The expenses are recorded in the period when they were actually paid.

## Sources of funds

The funds were provided by the World Bank to the Project by advance, direct payments and reimbursement.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2017 and 2016 comprise:

|                    | Bank                         | Currency     | December 31,<br>2017 | December 31,<br>2016 |
|--------------------|------------------------------|--------------|----------------------|----------------------|
| Designated account | CJSC TJSC IBRR "Tajprombank" | US dollar    | 539,746*             | 547,237              |
| Designated account | National Bank of Tajikistan  | US dollar    | 2,965                | -                    |
| Transit account    | CJSC TJSC IBRR "Tajprombank" | Tajik somoni | 49,361               | 2,128                |
| Tender account     | CJSC TJSC IBRR "Tajprombank" | Tajik somoni | 660                  | 885                  |
| Transit account    | National Bank of Tajikistan  | Tajik somoni | 3                    | -                    |
|                    |                              |              | <u>592,735</u>       | <u>550,250</u>       |

On February 24, 2017, the National Bank of Tajikistan revoked license of CJSC TJSC IBRR "Tajprombank". The Bank is in the process of liquidation.

According to the confirmation letter from CJSC TJSC IBRR "Tajprombank" cash in US dollars on designated account was translated using exchange rate of National Bank of Tajikistan (the "NBT") as at March 3, 2017 to national currency based on the decision of economic court of Dushanbe city dated May 16, 2017 and approved by the decision of economic court of Dushanbe city dated December 29, 2017. Amount translated to national currency is equal to 4,317,322 Tajik somoni using exchange rate of NBT as of March 3, 2017.

## 5. FUNDS RECEIVED

The funds received are presented by the following financing methods:

|                           | For the year<br>ended<br>December 31,<br>2017 | For the year<br>ended<br>December 31,<br>2016 | Cumulative       |
|---------------------------|---|---|------------------|
| Advances                  | 100,000                                       | -   | 850,000          |
| Direct payments           | 593,508                                       | 909,991                                       | 1,503,499        |
| Reimbursement of expenses | 186,797                                       | 330,437                                       | 2,065,434        |
|                           | <u>880,305</u>                                | <u>1,240,428</u>                              | <u>4,418,933</u> |

## 6. PROJECT EXPENSES

Project expenses by components are presented in the summary of expenditures paid by project components. The Project expenses on major categories are presented in the summary of funds received and expenditures paid. Breakdown of the Project expenses by nature is presented as follows:

|  | For the year<br>ended<br>December 31,<br>2017 |
|--|---|
| Trainings, workshops and public consultations under Part 1                                   | 314,982                                       |
| Modernization of mining cadastre of the Republic of Tajikistan                               | 139,215                                       |
| Strengthening of banking regulation and supervision functions of National Bank of Tajikistan | 118,920                                       |
| Payroll and related taxes  | 75,329  |
| Individual consultants under Part 4  | 71,337  |
| Equipment  | 47,834  |
| Business trip expenses   | 36,665  |
| Trainings  | 13,231  |
| Air tickets  | 6,115   |
| Communication services   | 3,587   |
| Fuel   | 3,582   |
| Other  | 2,844   |
|  | <u>833,641</u>                                |

## 7. FINANCIAL POSITION

Financial position as at December 31, 2017 and 2016 comprises:

|                                | December 31,<br>2017 | December 31,<br>2016 |
|--------------------------------|----------------------|----------------------|
| <b>ASSETS AND EXPENDITURES</b> |                      |                      |
| Cash and cash equivalents      | 592,735              | 550,250              |
| Cumulative project expenses    | 3,822,960            | 2,989,319            |
| Foreign exchange loss          | 4,398                | 219                  |
| Other expenses                 | 381                  | 381                  |
|                                | <u>4,420,474</u>     | <u>3,540,169</u>     |
| <b>FINANCING</b>               |                      |                      |
| Other income                   | 1,541                | 1,541                |
| Funds received                 | 4,418,933            | 3,538,628            |
|                                | <u>4,420,474</u>     | <u>3,540,169</u>     |

## 8. WITHDRAWAL APPLICATIONS

Withdrawal applications for year ended December 31, 2017 comprise:

| Application | Date               | Advance        | Goods, non-consulting services, consultants' services, training and incremental operating expenses | Total          |
|-------------|--------------------|----------------|--|----------------|
| PSCP-15     | February 24, 2017  | -              | 24,225   | 24,225         |
| PSCP-16     | March 7, 2017      | -              | 8,888  | 8,888          |
| PSCP-17     | March 15, 2017     | -              | 71,993   | 71,993         |
| PSCP-18     | April 3, 2017      | -              | 27,000   | 27,000         |
| PSCP-19     | May 4, 2017        | 100,000        | -  | 100,000        |
| PSCP-20     | May 4, 2017        | -              | 33,694   | 33,694         |
| PSCP-21     | May 16, 2017       | -              | 45,287   | 45,287         |
| PSCP-22     | July 18, 2017      | -              | 90,931   | 90,931         |
| PSCP-23     | September 29, 2017 | -              | 67,388   | 67,388         |
| PSCP-24     | September 25, 2017 | -              | 95,867   | 95,867         |
| PSCP-25     | October 6, 2017    | -              | 29,548   | 29,548         |
| PSCP-26     | October 6, 2017    | -              | 29,387   | 29,387         |
| PSCP-27     | October 6, 2017    | -              | 29,484   | 29,484         |
| PSCP-28     | October 6, 2017    | -              | 29,700   | 29,700         |
|             | October 16, 2017   | -              | *(29,650)  | *(29,650)      |
| PSCP-29     | December 8, 2017   | -              | 49,246   | 49,246         |
| PSCP-31     | December 8, 2017   | -              | 49,140   | 49,140         |
| PSCP-30     | December 11, 2017  | -              | 48,978   | 48,978         |
| PSCP-32     | December 11, 2017  | -              | 79,199   | 79,199         |
|             |                    | <u>100,000</u> | <u>780,305</u>   | <u>880,305</u> |

\*Direct payment to "Smart", LLC, based on the contract PSCP/CQS-6 was not received by the counterparty due to the fact that Transkapitalbank JSC terminated correspondent relationships with Deutsche Bank Trust Company Americas. The payment to "Smart" LLC was made on December 11, 2017 based on withdrawal application PSCP-32.

## 9. STATEMENT OF DESIGNATED ACCOUNT

Designated account for the year ended December 31, 2017 comprise:

|   | CJSC TJSC IBRR<br>"Tajprombank"                                    | National Bank of<br>Tajikistan                                       |              |
|---|--|--|--------------|
| <i>Bank</i>   | US Dollars   | US Dollars   |              |
| <i>Currency</i>   | 202068405001252  | 24296840100002   |              |
| <i>Bank account</i>                                       | 22 Rudaki str.,<br>Dushanbe, 734003, the<br>Republic of Tajikistan | 107A Rudaki str.,<br>Dushanbe, 734003, the<br>Republic of Tajikistan |              |
| <i>Bank's location</i>                                    |  |  | <b>Total</b> |
| <b>Balance as at January 1, 2017</b>                      | 547,237  | -  | 547,237      |
| Advances received   | -  | 100,000  | 100,000      |
| Reimbursement of expenses                                 | -  | 186,797  | 186,797      |
| <b>Total funds received to the<br/>designated account</b> | -  | 286,797  | 286,797      |
| Expenditures paid   | (4,288)  | 29,556   | 25,268       |
| Transfer to transit account and cash on<br>hands          | 11,779   | 254,276  | 266,055      |
| <b>Balance as at December 31, 2017</b>                    | 539,746  | 2,965  | 542,711      |

## 10. UNDRAWN FUNDS

As at December 31, 2017 undrawn funds are presented as follows:

|   |   |
|---|---|
|   | <b>Grant No.<br/>H771-TJ<br/>in SDR</b> |
| Approved grant amount   | 6,500,000                               |
| Disbursed for the period from June 8, 2012 to December 31, 2017 | 3,102,338                               |
| Undrawn amount  | 3,397,662                               |
|   | <b>Grant No.<br/>H771-TJ<br/>in SDR</b> |
| Grant received as at January 1, 2017                            | 2,470,065                               |
| Disbursed in 2017   | 632,273                                 |
| Grant received as at December 31, 2017                          | 3,102,338                               |