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REPORT ON THE IBRD LOAN ACCOUNT

OF THE MINISTRY OF WATER AND FOREST

LOAN (8597 - RO) FOR THE INTEGRATED NUTRIENTS POLLUTION CONTROL PROJECT

FOR THE PERIOD STARTING FROM JANUARY 01th, 2018 UP TO DECEMBER 31st, 2018

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INDEPENDENT AUDITORS' REPORT

To the Ministry of Waters and Forests – Project Management Unit - Integrated Nutrients Pollution Control Project, financed by IBRD Loan 8597-RO

Report on the Project Financial Statements

Opinion

We have audited the accompanying Project Financial Statements of of the Integrated Nutrients Pollution Control Project which comprise statement of resources and uses of founds, statement of expenditures, financial statement of loan, statement of treasury account and other explanatory notes for the period January 01, 2018 – December 31, 2018. The project is funded the International Bank for Reconstruction and Development (IBRD) through the Loan no. 8597 – RO signed on April 14, 2016, ratified through the decision no. 46 on April 03, 2017.

In our opinion, the accompanying Project Financial Statements for the year ended 31 December 2018 is prepared, in all material respects, in accordance with the basis of accounting procedures and to meet the requirements of the General Conditions for the loans issued by IBRD.

Basis for Opinion

We conducted our audit in accordance with *International Standards on Auditing (ISAs), including ISA 800 "Special Considerations — Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks"*. 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 ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 5 to the Project Financial Statements, which describes the basis of preparation. The Project Financial Statements are prepared to assist the Project to meet the requirements of the Contract. As a result, the Project Financial Statements may not be suitable for another purpose. Our report is intended solely for the UMP and IBRD, should not be distributed to parties other than the UMP or the IBRD. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the Project Financial Statements in accordance with the General Conditions for the loans issued by IBRD, and for such internal control as management determines is necessary to enable the preparation of the Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Project Financial Statements, management is responsible for assessing the UMP's ability to continue as a going concern in accordance with agreements provisions, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the UMP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the UMP's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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 and 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 a basis of these Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 and 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 conclusion 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.

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.

MAMAS KOUTSOYIANNIS

registered on the Romanian Chamber of Financial Auditors no. 1515/25.09.2003

registered with the Authority for the Public Oversight of the Statutory Audit Activity (ASPAAS) with the number AF 19 TEMP 140 / 11.02.2019

On behalf of MOORE STEPHENS KSC ASSURANCE S.R.L.:

SOCIETATEA COMERCIALA MOORE STEPHENS KSC ASSURANCE S.R.L. BUCUREȘTI - ROMÂNIA

registered with the Chamber of Financial Auditors in Romania
with number 1266 / 07.09.2015
registered with the Authority for the Public Oversight of the Statutory Audit Activity (ASPAAS) with the number FA 19 TEMP 29 / 11.02.2019

Bucharest, June 13, 2019

LIST OF ABBREVIATIONS

GoR – Government of Romania

INPCP - Integrated Nutrients Pollution Control Project

INPCP-AF - Integrated Nutrients Pollution Control Project Additional Financing

IBRD - International Bank for Reconstruction and Development

Loan - the IBRD Loan (8597 – RO) for the Integrated Nutrients Pollution Control Project

MoPF – Ministry of Public Finance

MoWF - MINISTRY OF WATERS AND FORESTS

PMU – Project Management Unit established within MoWF for the implementation of the INPCP

MINISTRY OF WATER AND FOREST
LOAN (8597 – RO) FOR THE INTEGRATED NUTRIENTS POLLUTION CONTROL
31 DECEMBER 2018 – *all the amounts are expressed in EUR, unless otherwise stated*

GENERAL INFORMATION

Reporting entity

The Project is implemented by the Ministry of Water and Forest of Romania by means of the PMU within the entity.

Loan Agreement

The Government of Romania implemented starting with 2008 the "Integrated Nutrients Pollution Control Project" – the Original Project (INPCP), having a total value of EUR 60 million, financed through an International Bank for Reconstruction and Development loan, a Global Environmental Facility grant and local funds. The INPCP became effective on December 8, 2008 for a total IBRD loan of EUR 50 million (LN 4873-RO) and GEF Grant of US$5.5 million (WBTF058040-RO), respectively. The Project Development Object is to support the Government of Romania to meet the European Union (EU) Nitrates Directive requirements by (a) reducing nutrient discharges to water bodies, (b) promoting behavioral change at the commune level, and (c) strengthening institutional and regulatory capacity.

After the first loan, no. 4873-RO, ratified by law 228/2008, Romania has received the Additional Loan, no. 8597-RO in amount of 48 million Euros from the International Bank for Reconstruction and Development (IBRD) to support the implementation of the "Integrated Nutrients Pollution Control Project-Additional Financing". The Loan agreement no. 8597 RO between Romania and IBRD was signed at Bucharest on April 14, 2016 and ratified by law no. 46/03.04.2018. The subsidiary agreement between Ministry of Public Finance and Ministry of Water and Forest was signed on May 08th, 2017.

The Integrated Nutrients Pollution Control Project – Additional Financing (financed by the IBRD loan no. LN8597-RO) continues to support the scaling up of activities initiated under the original Project. The Project remains highly relevant for Romania's obligations related to the implementation of the requirements of EU Nitrates Directive, in light of continued challenges Romania is facing with nutrient pollution countrywide, and successful experiences gained by the original Project; it continues to be the only project in Romania that finances direct investments in rural communities, bringing, at the same time important environmental as well as social-economic benefits. INPCP-AF helps with promoting environmentally-friendly, sustainable development of natural resources and agriculture in rural areas and strengthening Romania's institutional and regulatory capacity for meeting EU requirements.

The Project Development Objective (PDO) is to support the Borrower with a view of meeting the requirements of the EU Nitrates Directive at national level. This shall be accomplished by:

a) Investment promotion in local communities for reducing nutrient discharges in water courses;

b) Enhancing institutional capacity and coordination within ministries, institutions, agencies and all relevant stakeholders at local and national level for the regulation, implementation, monitoring and inspection of the requirements of the EU Nitrates Directive, and
c) Promoting behavioral changes and good agricultural practice at local community level.

The Loan was declared effective on April 13, 2017, and has a closing date of March 31, 2022 and a four-month grace period ending on July 31, 2022.

Destination of Borrowed Funds

The Project is structured in four parts, as described below:

Part I: Investments in Local Communities to Reduce Nutrient Pollution (EUR 35 million)
Part II: Institutional Strengthening and Capacity Building (EUR 5.5 million)
Part III: Public Awareness and Information Support (EUR 3.5 million)
Part IV: Project Management (EUR 4 million).

The aforementioned parts of the Project are further presented below:

Part I: Investments in Local Communities to Reduce Nutrient Pollution.

Implementation of Sub-projects proposed by Beneficiaries in any of the areas set forth in the Operational Manual, including the following: (i) developing local community storage, composting and handling systems, packing/pelleting stations and biogas facilities, all to promote better management of livestock and household waste; (ii) planting of vegetative buffer strips, including tree planting and afforestation; (iii) sewage and wastewater treatment activities; and (iv) provision of equipment to upgrade the existing manure storage and/or composting facilities

Part II:Institutional Strengthening and Capacity Building.

1. Providing support to:
   (a) ANAR to monitor and report to the MEWF and EU on the quality of surfacewater and groundwater under the EU Nitrates Directive and the EU Water Framework Directive, through *inter alia*:
      (i) the acquisition of equipment for groundwater wells;
      (ii) the construction of groundwater wells;
      (iii) the acquisition of laboratory equipment and related software; and
      (iv) the provision of technical assistance for, *inter alia,* the carrying out of studies and the development of software; and
   (b) institutions represented in the Inter-Ministerial Committee for Application of the EU Nitrates Directive (ICA).
2. Carrying out of a comprehensive training program for the staff of the relevant national, regional and county level agencies on monitoring, control and reporting under the EU Nitrates Directive and EU Water Framework Directive.
3. Improving the capacity building system able to support the scaling up, at the national level, of the implementation process of the EU Nitrate Directive and Water Framework Directive.
4. Providing technical assistance to: (i) update the Code of Good Agricultural Practices and revise action programs; and (ii) carry out activities to promote the adoption by the farmers of the improved nutrient management practices set forth in the Code of Good Agricultural Practices.

5. Developing knowledge and training activities (through providers), and supporting on-farm demonstrations to improve the adoption and compliance by farmers of the Code of Good Agricultural Practices.

Part III: Public Awareness and Information Support.

1. Carrying out of public awareness activities at the local, river basin, national and regional levels, including meetings, workshops, field trips, study tours and mass media events and products, to introduce the Project and its benefits, to promote improved rural sanitation and implementation of good agricultural practices.
2. Providing training and support to potential Beneficiaries during the preparation and implementation of Sub-projects.

Part IV: Project Management

Supporting the PMU in connection with Project implementation, monitoring, reporting, evaluation and impact assessment through the provision of: (i) funds for Incremental Operating Costs and for the acquisition of goods (including cars); and (ii) non-consultant services and consultants' services including, *inter alia,* audit and social surveys; and (iii) training.

The Loan has only one disbursement category

The following table sets forth the types of items to be financed out of the proceeds of the Loan under the single disbursement category and the percentage of expenditure to be financed from the Loan:

Loan allocation

In compliance with the Loan Agreement, the categories of expenditures financed through the IBRD loan proceeds comprise of the following:

Code	***Category Description***	***Amount allocated from the loan EUR***	***Amount allocated from the loan RON***
1	Goods, works, non-consulting services, consultants` services (including audits), training and incremental operating costs for the parts of the Project set out in Schedule 1 to the Agreement.	***48.000.000***	***216.873.600***
	Total project financing	***48.000.000***	***216.873.600***

Disbursement is monitored in the Loan currency - Euro.

Note: For the purposes of determining the value of the loan, the euro / lei rate used was that registered on 13 April 2017, the date of entry into force of the project, at the NBR exchange rate 4,5182 lei / euro.

The Project is financed from the State Budget through the State Treasury. The MoPF makes withdrawals from the Loan based on the statement of expenditures (SOEs) and documentation provided by the PMU within MoWF. All eligible expenditures are 100% financed from the Loan, tax included.

For the purposes of this report:

a) the terms "Statement of Expenditures" and "Summary Sheets" mean expense pre-defined reports prepared by the PMU and used by the Borrower to submit to the IBRD with the applications for reimbursement of payments made by the PMU for project purposes.

b) the term "State Treasury Account" means: a bank account opened at the State Treasury of Bucharest where MoWF is receiving the requested financing from the MoPF. No Designated Account is used for the project. MoWF would use pre-financing from State Budget funds and then the MoPF would disburse periodically funds from the IBRD loan using the reimbursement method for project eligible payments incurred. The Treasury makes the monthly budgetary openings as requested, and the Project would receive its allocations in title number 65 in the Treasury system. The Borrower would submit withdrawal applications for the eligible expenditures. The supporting documentation for disbursements would include summary sheets and statement of expenditures

The account in commercial bank used for foreign expenditures under the project is:
- RO25RNCB0484154021370004 for Euro currencies
- RO41RNCB0484154021370007 for USD currencies

GOVERNMENT OF ROMANIA – MINISTRY OF WATER AND FOREST
IBRD LOAN (8597-RO) FOR THE INTEGRATED NUTRIENTS POLLUTION CONTROL PROJECT

Project Financial Statements

for the period starting from January 01th 2018 up to December 31th 2018

1. STATEMENT OF RESOURCES AND USES OF FUNDS

1.1. Statement of the IBRD Loan Account as at 31 December 2018 - disbursed amounts

Loan No 8597 RO – INPCP

	EUR	EUR
	31-Dec-17	31-Dec-18
Loan amount approved	48.000.000	48.000.000
Less: Total drawings from loan	165.237	5.608.303
Loan amount not disbursed	47.834.763	42.391.697

	31-Dec-17	31-Dec-18
IBRD loan		
Opening disbursed amounts	-	165.237
Disbursements	165.237	5.443.066
Closing disbursed amounts	**165.237**	**5.608.303**
Net amounts	165.237	5.608.303
Not disbursed amounts in balance	**47.834.763**	**42.391.697**

	RON	RON
	31-Dec-17	31-Dec-18
Loan amount approved	216.873.600	216.873.600
Less: Total drawings from loan	757.098	26.154.544
Loan amount not disbursed	216.116.502	190.719.056

	31-Dec-17	31-Dec-18
IBRD loan	-	757.098
Opening disbursed amounts	757.098	25.397.446
Disbursements	**757.098**	**26.154.544**
Closing disbursed amounts	757.098	26.154.544
Net amounts	**216.116.502**	**190.719.056**
Not disbursed amounts in balance		

1.2.Statement of the IBRD Loan Account as at 31 December 2018 – disbursed amounts

Sources - IBRD contribution per component	*Transferred Sources April 13, 2017 - December 31, 2017*	*Transferred Sources January 01, 2018- December 31, 2018*	*Cumulated Sources until December 31, 2017*	*Cumulated Sources until December 31, 2018*	*Project Allocation*
	EUR	*EUR*	*EUR*	*EUR*	*EUR*
Part I	-	1.900.361	-	1.900.361	35.000.000
Part II	-	2.706.100	-	2.706.100	5.500.000
Part III	-	121.413	-	121.413	3.500.000
Part IV	165.237	715.192	165.237	880.429	4.000.000
TOTAL	**165.237**	**5.443.066**	**165.237**	**5.608.303**	**48.000.000**

Sources - IBRD contribution per component	*Transferred Sources April 13, 2017 - December 31, 2017*	*Transferred Sources January 01, 2018- December 31, 201*	*Cumulated Sources until December 31, 2017*	*Cumulated Sources until December 31, 2018*	*Project Allocation*
	RON	*RON*	*RON*	*RON*	*RON*
Part I	-	8.867.120	-	8.867.120	158.137.000
Part II	-	12.626.709	-	12.626.709	24.850.100
Part III	-	566.517	-	566.517	15.813.700
Part IV	757.098	3.337.100	757.098	4.094.198	18.072.800
TOTAL	**757.098**	**25.397.446**	**757.098**	**26.154.544**	**216.873.600**

During the year 2017 the withdrawal application No.1 for the period June 06th, 2017-October 20th, 2017 in amount of EUR 165.237 (RON 757.098) was disbursed; withdrawal applications no. 2-9 for the period 21.10.2017 – 30.11.2018 in amount of EUR 5.443.066 (RON 25.397.446) were disbursed in 2018; the withdrawal application no. 10 in amount of EUR 642.878 (RON 2.992.804) was disbursed by IBRD in 2019, for expenditures corresponding to 01.12.2018-31.12.2018.

1. STATEMENT OF RESOURCES AND APPLICATION OF FUNDS (CONTINUED)

1.3.Summary of Funds Received and Uses of Funds at December 31, 2018

Description	*April 13, 2017 - December 31, 2017 - EUR*	*01 January 2018- 31 December 2018 -EUR*	*Cumulative at December 31, 2017 - EUR*	*Cumulative at 31 December 2018- EUR*
Opening cash balance	-	-	-	-
Add: cash receipts	**260.624**	**5.990.557**	**260.624**	**6.251.181**
Funds pre-financed by MoPF and disbursed by IBRD in 2017	165.237	5.443.066	165.237	5.608.303
Funds pre-financed by MoPF and disbursed by IBRD in 2018	95.387	642.878	95.387	642.878
Less: project expenditures	**260.624**	**5.990.557**	**260.624**	**6.251.181**
Closing cash and cash equivalents balance	-	-	-	-

Description	*April 13, 2017 - December 31, 2017 - RON*	*01 January 2018- 31 December 2018 -RON*	*Cumulative at 31 December 2017 - RON*	*Cumulative at 31 December 2018 -RON*
Opening cash balance	-	-	-	-
Add: cash receipts	**1.198.304**	**27.949.044**	**1.198.304**	**29.147.348**
Funds pre-financed by MoPF and disbursed by IBRD in 2017	757.098	25.397.446	757.098	26.154.544
Funds pre-financed by MoPF and disbursed by IBRD in 2018	441.206	2.992.804	441.206	2.992.804
Less: project expenditures	**1.198.304**	**27.949.044**	**1.198.304**	**29.147.348**
Closing cash and cash equivalents balance	-	-	-	-

2. STATEMENT OF EXPENDITURES

2.1 Uses of funds – IBRD contribution

	Period end at December 31, 2017 -EUR-	*Period end at December 31, 2018* -EUR-
Payments through treasury account	260.624	5.990.557
Total	**260.624**	**5.990.557**

	Period end at December 31, 2017 -RON-	*Period end at December 31, 2018* -RON-
Payments through treasury account	1.198.304	27.949.044
Total	**1.198.304**	**27.949.044**

2.2 Uses of funds – IBRD contribution

Using of funds - IBRD contributions per component	*Period end at December 31, 2017* -EUR-	*Period end at December 31, 2018* -EUR-
Payments through treasury account		
Part 1 - Investments in Local Communities to Reduce Nutrient Pollution	-	2.091.811
Part 2 - Institutional Strengthening and Capacity Building	-	2.712.018
Part 3 - Public Awareness and Information Support	758	522.224
Part 4 - Project Management	259.866	664.504
Total	**260.624**	**5.990.557**

	Period end at December 31, 2017 -RON	*Period end at December 31, 2018 -RON*
Payments through treasury account		
Part 1 - Investments in Local Communities to Reduce Nutrient Pollution	-	9.753.475
Part 2 - Institutional Strengthening and Capacity Building	-	12.645.312
Part 3 - Public Awareness and Information Support	3.464	2.435.040
Part 4 - Project Management	1.194.840	3.115.217
Total	**1.198.304**	**27.949.044**

3. FINANCIAL STATEMENT OF THE LOAN

Total disbursements as at 31 December 2018

Loan IBRD 8597 – RO	***December 31, 2017 – EUR-***	***December 31, 2018 – EUR-***
Opening disbursed amounts	-	165.237
Total Opening disbursed amounts	**-**	**165.237**
Disbursements	165.237	5.443.066
Total Disbursements	**165.237**	**5.443.066**
Closing disbursed amounts	165.237	5.608.303
Total closing disbursed amounts	**165.237**	**5.608.303**
Net amount - loan amount	48.000.000	48.000.000
Unused loan account	***47.834.763***	***42.391.697***
	December 31	***December 31***
	2017 –RON-	***2018 – RON-***
Opening disbursed amounts	-	757.098
Total Opening disbursed amounts	**-**	**757.098**
Disbursements	757.098	25.397.446
Total Disbursements	**757.098**	**25.397.446**
Closing disbursed amounts	757.098	26.154.544
Total closing disbursed amounts	**757.098**	**26.154.544**
Net amount - loan amount	216.873.600	216.873.600
Unused loan account	***216.116.502***	***190.719.056***

During the year 2017 the withdrawal application No.1 for the period June 06th-October 20th, 2017, in amount of EUR 165.237(RON 757.098) was disbursed, EUR 5.443.066 (RON 25.397.446) were disbursed in 2018; the withdrawal application no. 10 in amount of EUR 642.878 (RON 2.992.804) was disbursed by IBRD in 2019, for expenditures corresponding to 01.12.2018-31.12.2018.

4. PROJECT COMMITMENTS AS AT 31 DECEMBER 2018

On December 31st, 2018, MWF – PMU had in place the following commitments for the signed contracts:

No.	Contract Date	Contractor Name	Nationality	Contract Currency	Contract Value (share of MWF PMU INPC) VAT including	Contract Value (EUR)	Paid Amount (EUR) at December 31st, 2018	Balance Amount (EUR) at December 31st, 2018
1	3	4	5	6	7	9	10	11
1	December 15th, 2017	SC Laurentiu H SRL and SC Gavella Com SRL	Romanian	RON	9.888.414	2.134.482	2.037.893	96.589
2	December 15th, 2017	SC EGIS ROMANIA SRL	Romanian	RON	246.316	53.169	48.444	4.725
3	November 23th, 2017	JV Mott MacDonald SRL and Mott MacDonald Ltd UK	Romanian	EUR	315.540	315.540	151.469	164.071
4	August 24th, 2017	Heliosoly SRL	Romanian	RON	129.472	28.158	19.730	0
5	November 28th, 2017	Anna Maria Mares (physical authorized person)	Romanian	RON	178.200	38.380	20.600	17.780
6	December 22, 2018	SC Gradinariu Import Export SR	Romanian	EUR	741.597	741.597	0	741.597
7	December 12th, 2018	JV NIER (leader)& Pro Agro& CBPE Poland& ICPA& ACOR& USAMV Iasi & UCV	Romanian	EUR	795.574	795.574	0	795.574
8	December 12th, 2018	JV NIER (leader)& Pro Agro& CBPE Poland& ICPA& ACOR& USAMV Bucharest	Romanian	EUR	848.885	848.885	0	848.885
9	December 12th, 2018	JV NIER (leader)& Pro Agro& CBPE Poland& ICPA& ACOR& UCV	Romanian	EUR	771.001	771.001	0	771.001
10	November 7th, 2018	JV ICPA and USAMV Bucuresti	Romanian	EUR	83.859	83.859	0	83.859
11	October 16th, 2018	SC MHS Bus & Truck SRL	Romanian	RON	571.884	122.556	0	122.556
12	November 14th, 2018	EGIS Romania SA	Romanian	RON	197.675	42.420	3.996	38.424
13	October 23rd, 2018	Media One SRL	Romanian	EUR	1.349.837	1.349.837	270.449	1.079.388
14	May 23rd, 2018	JV Deloitte Consultanta SRL & Ramboll South East Europe SR	Romanian	EUR	190.341	190.341	89.880	100.461

MINISTRY OF WATER AND FOREST
LOAN (8597 – RO) FOR THE INTEGRATED NUTRIENTS POLLUTION CONTROL
31 DECEMBER 2018 – *all the amounts are expressed in EUR, unless otherwise stated*

No.	Contract Date	Contractor Name	Nationality	Contract Currency	Contract Value (share of MWF PMU INPC) VAT including	Contract Value (EUR)	Paid Amount (EUR) at December 31st, 2018	Balance Amount (EUR) at December 31st, 2018
1	3	4	5	6	7	9	10	11
15	June 7th, 2018	SC Dendrio Solutions SRL	Romanian	RON	32.201	6.923	6.901	0
16	June 7th, 2018	SC Graitec Roumanie SRL	Romanian	RON	45.394	9.757	9.728	0
17	November 7th, 2018	Luiza Maria Ionescu (physical authorized person)	Romanian	RON	260.100	55.768	775	54.993
18	April 3rd, 2018	SHIMADZU HANDELSGESELLSHAFT m.b.H	German	RON	1.323.042	284.232	284.000	0
19	January 18th, 2018	SEBA HYDROMETRY	German	EUR	1.581.898	1.581.898	1.581.898	0
20	January 25th, 2018	SC HYDROMET SERVICE SRL	Romanian	EUR	845.828	845.828	845.828	0
21	March 7th, 2018	JV CURS SRL & NOVEL RESEARCH SRL	Romanian	EUR	137.112	137.112	50.889	86.223
22	April 4th, 2018	Moore Stephens KSC Assurance SRL	Romanian	EUR	29.028	29.028	6211	22.817
23	March 24th, 2018	Renault Commercial Roumaine SRL	Romanian	RON	82.952	17.796	17.783	0
24	April 17th, 2018	S.C. LUXOFFICE CENTER SRL	Romanian	RON	16.454	3.559	3.559	0
25	March 28th, 2018	OBSIDIAN COM S.R.L.	Romanian	RON	1.471	316	316	0
26	March 28th, 2018	OBSIDIAN COM S.R.L.	Romanian	RON	1.471	316	316	0
27	March 28th, 2018	OBSIDIAN COM S.R.L.	Romanian	RON	1.471	316	316	0
28	March 28th, 2018	OBSIDIAN COM S.R.L.	Romanian	RON	211	45	45	0
29	March 28th, 2018	ECOPIER SRL	Romanian	RON	619	133	133	0
30	March 28th, 2018	SC Manoprinting System SRL	Romanian	RON	8.854	1.904	1.904	0
31	April 4th, 2018	MEDA CONSULT S.R.L.	Romanian	RON	2.810	603	603	0
			TOTAL			**10.134.627**	**5.050.907**	**5.012.941**

*Note: The balance amount is not represented by the difference between the value of existent commitments at December 31st, 2018 and the amount paid by the same date, because there are completed contracts with final values lower than the contracts.

5. ACCOUNTING POLICIES AND RECORDS

Basis of preparation

The special purpose Project Financial Statements are prepared under the historical cost convention, in accordance with and comply with relevant World Bank guidelines. The amounts presented in these financial statements are expressed in EUR (for monitoring the disbursement in the Loan currency) and RON (the currency of the expenses pre-financed from State Budget). The EUR amounts have been derived by applying the RON/EUR exchange rate as at the time of payment, for the internal payments using NBR exchange rate and for the external payments using auctions exchange rate given by the bank (Romanian Commercial Bank - BCR).

Fixed assets

Fixed assets are recognized at acquisition cost under property, plant and equipment category. Following their accounting transfer to the beneficiaries on the basis of the handover minutes, they are recognized on costs (after all documents have been submitted by the vendor).

Liabilities

i) Recording the loan

The loan will be recorded as a use of funds as the withdrawals take place. The entire amount of the loan will not appear as a debt element in the accounting of the PMU as repayment is done by MoPF.

ii) Acquisition of goods and services

The acquisition of goods and services is recorded as assets and expenditures respectively at the time of the payment, and is allocated between the different sub-projects and activities to which they refer.

PMU does not record the loan amounts received from the IBRD, this being done at MoPF level.

Use of funds

The funds used represent the amounts paid for the purpose of the Project by the PMU, funds pre-financed by the MoPF and channeled through the budgetary mechanism and classification within MoFW.

Foreign currency translation

Project expenditures are pre-funded from the State Budget, and then the eligible expenses are reimbursed from the Loan. The RON amounts are converted into EUR at the exchange rate RON/EUR of the National Bank of Romania, in force at the date of payments.

6. BANK ACCOUNTS UTILIZED WITHIN THE PROJECT, STATEMENT OF DESIGNATED ACCOUNT

All the funds are received through the Ministry`s State Treasury Account. The internal payments are done through this account and for the external payments the funds are transferred to the Ministry`s bank account from BCR (The Romanian Commercial Bank). No material balances are maintained in the commercial bank accounts which are used solely for external payments as Treasury cannot accommodate payments in foreign currencies.

Based on the Order of the Public Finance Ministry no 2004/2013, starting with 01 st of January 2014 the PMU does not represent a separate entity from the MoWF in relation to the Treasury account and only uses the following treasury account for the reimbursable funds:

Account No.	RO74TREZ23A700502650100X
Depository Bank	State Treasury Treasury Activity and Public Accounting of the Bucharest Municipality
Branch	Bucharest Municipality
Address	No. 6-8, Splaiul Unirii, 4th District, 040032
Related loan/credit	Loan no. 8597 – RO
Account Currency	RON

MINISTRY OF WATER AND FOREST
LOAN (8597 – RO) FOR THE INTEGRATED NUTRIENTS POLLUTION CONTROL
31 DECEMBER 2018 – *all the amounts are expressed in EUR, unless otherwise stated*

State treasury account as at 31 December 2017 in EUR

	IBRD EUR	Total EUR	IBRD RON	Total RON
Opening balance 1 January 2017	-	-	-	-
Cash receipts from MoPF for funds approved by funds providers	165.237	165.237	757.098	757.098
Other cash receipts from MoPF:	-	-	-	-
- pre-financing for costs to be supported from IBRD funds	95.387	95.387	441.206	757.098
- other	-	-	-	-
Total cash receipts	**260.624**	**260.624**	**1.198.304**	**1.198.304**
Total payments from the State Treasury Account	**260.624**	**260.624**	**1.198.304**	**1.198.304**
Closing balance 31 DECEMBER 2017	-	-	-	-

State treasury account as at 31 December 2018 in EUR

	IBRD EUR	Total EUR	IBRD RON	Total RON
Opening balance 1 January 2018	**165.237**	**165.237**	**757.098**	**757.098**
Cash receipts from MoPF for funds approved by funds providers	5.443.066	5.443.066	25.397.446	25.397.446
Other cash receipts from MoPF:	-	-	-	-
- pre-financing for costs to be supported from IBRD funds	642.878	642.878	2.992.804	25.397.446
- other	-	-	-	-
Total cash receipts	**6.251.181**	**6.251.181**	**29.147.348**	**29.147.348**
Total payments from the State Treasury Account	**6.251.181**	**6.251.181**	**29.147.348**	**29.147.348**
Closing balance 31 DECEMBER 2018	-	-		

Note :
PMU could use the Treasury account for several projects financed under reimbursable foreign loans, including the current one. The statement above represents only an extract of the project-related transactions channeled through the single Treasury account used by the Ministry. MoPF provides financing according to the budgets requested by the PMUs, therefore in case the budgets are not used, the remaining available financing may be reallocated to other projects. The expenses incurred are recorded separately under each project. Any remaining balances at the year-end are cancelled, as required by the budgetary legislation.

NOTES TO THE PROJECT FINANCIAL STATEMENTS

Note 1. Sources of funds in EUR

Application for withdrawal No.	Payment details	Amount requested from State Treasury Account	CCY	Total
1	State Treasury Account	165.237	EUR	165.237
2	State Treasury Account	554.555	EUR	554.555
3	State Treasury Account	411.437	EUR	411.437
4	State Treasury Account	1.135.456	EUR	1.135.456
5	State Treasury Account	524.062	EUR	524.062
6	State Treasury Account	1.001.982	EUR	1.001.982
7	State Treasury Account	884.031	EUR	884.031
8	State Treasury Account	400.235	EUR	400.235
9	State Treasury Account	531.309	EUR	531.309
10	State Treasury Account	642.878	EUR	642.878
TOTAL		**6.251.181**	**EUR**	**6.251.181**

Note 2. Expenditure by components

Expenses	April 13, 2017- December 31, 2017 *-EUR-*	January 01, 2018 – December 31, 2018 *-EUR-*	Cumulative at December 31, 2017 *-EUR-*	Cumulative at December 31, 2018 *-EUR-*
Part I	-	2.091.811	-	2.091.811
Part II	-	2.712.018	-	2.712.018
Part III	758	522.224	758	522.982
Part IV	259.866	664.504	259.866	924.370
TOTAL IBRD financed	**260.624**	**5.990.557**	**260.624**	**6.251.181**

Expenses	April 13, 2017- December 31, 2017 *-RON-*	January 01, 2018 – December 31, 2018 *-RON-*	Cumulative at December 31, 2017 *-RON-*	Cumulative at December 31, 2018 *-RON-*
Part I	-	9.753.475	-	9.753.475
Part II	-	12.645.312	-	12.645.312
Part III	3.464	2.435.040	3.464	2.438.504
Part IV	1.194.840	3.115.217	1.194.840	4.310.057
TOTAL IBRD financed	**1.198.304**	**27.949.044**	**1.198.304**	**29.147.348**

Nota 3. Legislation and Fiscal Environment in Romania

The legislation and fiscal environment in Romania and their implementation into practice change frequently and are subject to different interpretations by various Ministries of the Government. Over recent years, Romania has undergone substantial legal and economic changes.

Therefore, it is not possible to estimate what changes may occur or the resulting effect of any such changes on the Project development or future results of its development

Nota 4. Project financial statements presentation

The special-purpose Project Financial Statements are prepared on the cash basis of accounting. On this basis sources of funds are recognized when received rather than when earned, and uses are recognized when paid rather than when incurred. The special - purpose Project Financial Statements were prepared for complying with the Loan requirements and with the appropriate
World Bank guidelines, and are not intended to be a complete presentation of the Project's operations.

Nota 5. Subsequent events

The project's implementation has continued by launching new bidding procedures, according to the project's Procurement Plan and Implementation Plan. For 2019, the project's budget provides an amount of RON 23 Million in budgetary credits, and RON 55 Million in commitment credits, respectively.

Date: 13 June 2019

Mrs. NAIANA MILEA
PMU Director

Mrs. STEFANIA BURBEA
Financial Manager, PMU

Stamp of the Ministry of Waters and Forests