

Consolidated Project Financial Statements and Independent Auditor's Report

"Road Department" SNCO

Lifeline Road Network Improvement Project

IBRD Loan Number 8229-AM

IBRD Loan Number 8523-AM

As of and for the year ended 31 December 2020



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Independent auditor's report

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To the Government of the Republic of Armenia,

Opinion

We have audited the accompanying consolidated Project financial statements of the Lifeline Road Network Improvement Project (the "Project"), financed by the International Bank for Reconstruction and Development (the "IBRD") Loan Agreement 8229-AM and Loan Agreement 8523-AM, which comprise the consolidated statement of financial position as of 31 December 2020, the consolidated statement of the Project sources and uses of funds, the consolidated statement of uses of funds by Project activities, the designated account statements as of and for the year ended 31 December 2020, as well as the statements of expenditures ("SOE") submitted to the World Bank for the year ended 31 December 2020 in support of the Loan Agreement 8229-AM and Loan Agreement 8523-AM withdrawals, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated Project financial statements give a true and fair view of the consolidated financial position of the Lifeline Road Network Improvement Project (Loan Agreement 8229-AM and Loan Agreement 8523-AM) as of 31 December 2020, and of the consolidated funds received and consolidated expenses incurred for the year then ended, in accordance with the accounting policies described in note 2 to the consolidated Project financial statements, the World Bank guidelines, and the relevant points of the Loan Agreement 8229-AM and Loan Agreement 8523-AM.

In addition, in our opinion, the SOEs submitted together with the internal controls and procedures involved in their preparation can be relied upon to support the applications for the Loan Agreement 8229-AM and Loan Agreement 8523-AM withdrawals.

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 Consolidated Project Financial Statements* section of our report. We are independent of the "Road Department" SNCO in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

- We draw attention to note 2 to the consolidated Project financial statements, which describes the basis of accounting. The consolidated Project financial statements are prepared to assist the management of the "Road Department" SNCO to meet the requirements of the financial reporting of the World Bank. As a result, the consolidated Project financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.
- We draw attention to note 3 to the Project financial statements, which describes that the closing date of the Project is 30 December 2021. Our opinion is not modified in respect of this matter.

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

Management of the "Road Department" SNCO is responsible for the preparation and fair presentation of these consolidated Project financial statements in accordance with the accounting policies described in note 2 to the consolidated Project financial statements, the World Bank guidelines, and the relevant points of the Loan Agreement 8229-AM and Loan Agreement 8523-AM, and for such internal control as management determines is necessary to enable the preparation of these consolidated Project financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated Project 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 consolidated 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 "Road Department" SNCO's internal control.

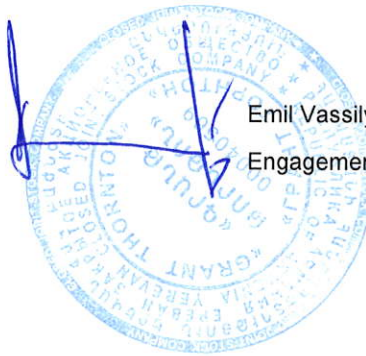
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated Project financial statements, including the disclosures, and whether the consolidated Project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management, 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.

Armen Hovhannisyan
Chief Executive Officer

Emil Vassilyan, FCCA
Engagement Partner

30 June 2021

A handwritten signature in blue ink, likely belonging to Emil Vassilyan, the Engagement Partner.

Consolidated statement of financial position

In US dollars	Note	As of 31 December 2020	As of 31 December 2019
Assets			
Accumulated Project expenses (Loan Agreement 8229-AM and Loan Agreement 8523-AM)		104,202,322	99,922,564
Advances	4	1,721	470,715
Bank balances	5	66,133	618,617
Total assets		104,270,176	101,011,896
Funds and liabilities			
Accumulated Project financing (Loan Agreement 8229-AM)		43,320,669	43,270,669
Accumulated Project financing (Loan Agreement 8523-AM)		40,000,000	36,775,999
Government co-financing (Loan Agreement 8229-AM)		10,789,685	10,780,492
Government co-financing (Loan Agreement 8523-AM)		9,957,627	8,998,177
Other		69,225	69,225
Exchange rate differences		129,305	86,961
Accounts payable	6	3,665	1,030,373
Total funds and liabilities		104,270,176	101,011,896

The consolidated Project financial statements were approved on 30 June 2021 by:

Stepan Machyan
General Director

Marina Safaryan
Head of Financial Management and
Accounting, Acting Chief Accountant





This statement is to be read in conjunction with the notes to and forming part of the consolidated Project financial statements set out on pages 12 to 19.

Consolidated statement of the Project sources and uses of funds

In US dollars	Actual		Budget		Variance		Life of Project
	Year ended 31 December 2020	As of 31 December 2020	Year ended 31 December 2020	As of 31 December 2020	Year ended 31 December 2020	As of 31 December 2020	
Sources of funds							
World Bank financing (note 7)							
IBRD Loan Agreement 8229-AM	50,000	43,320,669					
IBRD Loan Agreement 8523-AM	3,224,001	40,000,000					
Government co-financing (note 8)							
IBRD Loan Agreement 8229-AM	9,193	10,789,685					
IBRD Loan Agreement 8523-AM	959,450	9,957,627					
Other	-	69,225					
Total	4,242,644	104,137,206					
Gain from exchange rate differences	42,344	129,305					
Less: Uses of funds							
IBRD Loan Agreement 8229-AM							
Goods, works, non-consulting services, consultants' services, and Operating Costs under the Project (note 9)	45,643	54,013,202	89,566	57,900,248	(43,923)	(3,887,046)	56,109,375
Front-end Fee	-	112,500		112,500	-	-	112,500
Total IBRD Loan Agreement 8229-AM	45,643	54,125,702	89,566	58,012,748	(43,923)	(3,887,046)	56,221,875
IBRD Loan Agreement 8523-AM							
Goods, works, non-consulting services, consultants' services, Operating Costs and Training under the Project (except for Parts 1(e) and 2(b) (i) of the Project) (note 9)	4,234,115	49,976,620	5,038,173	56,044,177	(804,058)	(6,067,557)	49,900,000
Front-end Fee	-	100,000		100,000	-	-	100,000
Total IBRD Loan Agreement 8523-AM	4,234,115	50,076,620	5,038,173	56,144,177	(804,058)	(6,067,557)	50,000,000
Total	4,279,758	104,202,322	5,127,739	114,156,925	(847,981)	(9,954,603)	106,221,875
Net increase in working capital (note 10)	5,230	64,189					

This statement is to be read in conjunction with the notes to and forming part of the consolidated Project financial statements set out on pages 12 to 19.

Consolidated statement of uses of funds by Project activities

In US dollars	Actual		Budget		Variance		Life of Project
	Year ended 31 December 2020	As of 31 December 2020	Year ended 31 December 2020	As of 31 December 2020	Year ended 31 December 2020	As of 31 December 2020	
IBRD Loan Agreement 8229-AM							
Part 1: Lifeline Road Improvement	-	51,785,215	-	54,703,862	-	(2,918,647)	52,390,000
Road Rehabilitation Works	-	42,106,838	-	44,766,473	-	(2,659,635)	41,510,000
Pilot on Rehabilitation and Maintenance Contract	-	5,600,786	-	5,562,400	-	38,386	6,760,000
Pilot for Routine Maintenance through Microenterprises	-	-	-	-	-	-	170,000
Supervision and Technical Designs	-	3,861,349	-	4,154,989	-	(293,640)	3,700,000
Road Safety Engineering and Black Spot Improvement	-	216,242	-	220,000	-	(3,758)	250,000
Part 2: Project Management and Institutional Strengthening	45,643	2,227,987	89,566	3,196,386	(43,923)	(968,399)	3,719,375
Project Management and Implementation, including audits	3,643	913,193	89,566	1,194,069	(85,923)	(280,876)	1,109,375
Road Asset Management System and Survey Equipment	-	427,197	-	1,134,668	-	(707,471)	500,000
Road Safety Technical Assistance	-	-	-	-	-	-	250,000
Technical Assistance	42,000	887,597	-	867,649	42,000	19,948	1,860,000
Total IBRD Loan Agreement 8229-AM	45,643	54,013,202	89,566	57,900,248	(43,923)	(3,887,046)	56,109,375
IBRD Loan Agreement 8523-AM							
Part 1: Lifeline Road Improvement	4,003,816	48,221,557	4,780,878	53,482,724	(777,062)	(5,261,167)	46,710,000
Road Rehabilitation Works	2,685,595	42,491,919	3,196,375	45,585,656	(510,780)	(3,093,737)	37,420,000
Pilot on Rehabilitation and Maintenance Contract	-	-	-	-	-	-	5,090,000
Supervision and Technical Designs	1,318,221	5,729,638	1,584,503	7,897,068	(266,282)	(2,167,430)	4,200,000
Part 2: Project Management and Institutional Strengthening	230,299	1,755,063	257,295	2,561,453	(26,996)	(806,390)	3,190,000
Project Management and Implementation, including audits	230,299	1,024,078	257,295	1,061,471	(26,996)	(37,393)	1,040,000
Road Asset Management System and Survey Equipment	-	692,315	-	1,181,850	-	(489,535)	440,000
Road Safety Technical Assistance	-	-	-	-	-	-	230,000
Technical Assistance	-	38,670	-	318,132	-	(279,462)	1,480,000
Total IBRD Loan Agreement 8523-AM	4,234,115	49,976,620	5,038,173	56,044,177	(804,058)	(6,067,557)	49,900,000
Total	4,279,758	103,989,822	5,127,739	113,944,425	(847,981)	(9,954,603)	

The consolidated statement of uses of funds by Project activities does not include the Front-end Fees at the amount of US dollars 212,500 as of 31 December 2020.

This statement is to be read in conjunction with the notes to and forming part of the consolidated Project financial statements set out on pages 12 to 19.

SOE withdrawal schedule

For the year ended 31 December 2020

In US dollars

IBRD Loan Agreement 8229-AM

Category	
Application No.	Goods, works, non-consulting services, consultants' services, and Operating Costs under the Project
32-DA	39,370
Total	39,370

IBRD Loan Agreement 8523-AM

Category	
Application No.	Goods, works, non-consulting services, consultants' services, Operating Costs and Training under the Project (except for Parts 1(e) and 2(b)(i) of the Project)
32-DA	953,647
33-DA	399,082
34-DA	2,159,965
35-DA	731,680
36-DA	670,165
Total	4,914,539

This statement is to be read in conjunction with the notes to and forming part of the consolidated Project financial statements set out on pages 12 to 19.

Designated accounts statements

As of and for the year ended 31 December 2020

IBRD Loan Agreement 8229-AM

In US dollars

Balance as of 1 January 2020		38,995
Add:		
Cumulative unexplained discrepancy	-	
Loan replenishment during the year	50,000	
	<u>50,000</u>	<u>50,000</u>
Less:		
Refund to the World Bank from the designated account during the year		-
Present outstanding amount advanced to the designated account (1)		<u>88,995</u>
Balance as of 31 December 2020		52,501
Add:		
Amount of eligible expenditures paid during the year	36,494	
Service charges (if applicable)	-	
	<u>36,494</u>	<u>36,494</u>
Less:		
Interest earned (if credited into the designated account)		-
Total advance accounted for (2)		<u>88,995</u>
Discrepancy (1) – (2) to be explained		-

This statement is to be read in conjunction with the notes to and forming part of the consolidated Project financial statements set out on pages 12 to 19.

As of and for the year ended 31 December 2020

IBRD Loan Agreement 8523-AM

In US dollars

Balance as of 1 January 2020		570,230
Add:		
Cumulative unexplained discrepancy	-	
Loan replenishment during the year	3,224,001	
	<u>3,224,001</u>	<u>3,224,001</u>
Less:		
Refund to the World Bank from the designated account during the year		-
		<u>3,794,231</u>
Present outstanding amount advanced to the designated account (1)		
Balance as of 31 December 2020		4,958
Add:		
Amount of eligible expenditures paid during the year	3,789,273	
Service charges (if applicable)	-	
	<u>3,789,273</u>	<u>3,789,273</u>
Less:		
Interest earned (if credited into the designated account)		-
		<u>3,794,231</u>
Total advance accounted for (2)		
Discrepancy (1) – (2) to be explained		-

This statement is to be read in conjunction with the notes to and forming part of the consolidated Project financial statements set out on pages 12 to 19.

Notes to the consolidated Project financial statements

1 Activity

The "Road Department" SNCO (the "Organization") implements the Lifeline Road Network Improvement Project (the "Project"), which is financed under the Loan Agreement number 8229-AM signed between the International Bank for Reconstruction and Development (the "IBRD") and the Government of the Republic of Armenia on 11 February 2013.

The objective of the Project is to improve access of rural communities to markets and services through the upgrading of selected Lifeline Roads, and to strengthen the capacity of the Organization to manage the Lifeline Road Network.

The Project consists of the following parts:

Part 1: Lifeline Road Improvement

- Carrying out improvement works for approximately 147 kilometres of selected roads within the Lifeline Road Network.
- Carrying out, on a pilot basis, rehabilitation and routine maintenance works of approximately 23 kilometres of selected segments of the Lifeline Road Network, under the terms of a Rehabilitation and Maintenance Contract.
- Carrying out detailed design studies, related technical supervision activities and independent technical audits for rehabilitation activities under the Project.
- Carrying out road safety improvement works, including Black Spots improvements.

Part 2: Project Management and Institutional Strengthening

- Provision of support for Project coordination and implementation through, the financing of operating costs required for Project administration and monitoring (including financial audits).
- Carrying out a road safety program, including, inter alia, (i) the detailed design for carrying out of Black Spots improvement works; (ii) the provision of training programs for ARD personnel; (iii) road safety educational practices in Safe Villages schools, and (iv) carrying out of road safety campaigns linked to the Lifeline Road Network.
- Provision of technical assistance for, inter alia, the: (i) carrying out of a feasibility study for the rehabilitation and maintenance of roads using a performance-based approach, including the identification of at least one road section; (ii) carrying out of studies on social monitoring and evaluation related to the Project, as well as road sector financial sustainability; (iii) provision of training to MOTAI staff and local contractors on the new concepts introduced by the Project, including design and implementation of multi-year performance based contracts, efficient design standards, and planning and contract monitoring for MOTAI and ARD staff; and (iv) carrying out of technical studies and detailed designs required for the preparation of potential future investments in the road sector.

In accordance with the Loan Agreement 8229-AM dated 11 February 2013, the financing of the Project is implemented through the following categories:

Category	Percentage of expenditures to be financed (inclusive of taxes)	Amount of the Loan allocated (in US dollars)
Goods, works, non-consulting services, consultants' services, and Operating Costs under the Project	80 %	44,887,500
Front-end Fee		112,500
Total		45,000,000

The Front-end Fee payable by the Republic of Armenia shall be equal to one quarter of one percent (0.25%) of the Loan amount.

The Project's amounts are allocated to the following components:

Summary by components	Bank financing (in US dollars) (inclusive of taxes)	Government financing (in US dollars)	Total Cost (in US dollars)
Lifeline Road Improvement	41,912,000	10,478,000	52,390,000
Project Management and Institutional Strengthening	2,975,500	743,875	3,719,375
Total Project Costs	44,887,500	11,221,875	56,109,375
Front-end fee	112,500	-	112,500
Total	45,000,000	11,221,875	56,221,875

On 26 August 2015 the new Loan Agreement 8523-AM (Additional Financing for the Lifeline Road Network Improvement Project) has entered into force between the International Bank for Reconstruction and Development (the "IBRD") and the Government of the Republic of Armenia, providing additional financing for the Lifeline Road Network Improvement Project at the amount of US dollars 40,000,000.

The Project consists of the following parts:

Part 1: Lifeline Road Improvement

- Carrying out of improvement works for approximately 360 kilometres of selected roads within the Lifeline Road Network.
- Carrying out, on a pilot basis, (i) rehabilitation and routine maintenance works of approximately 23.4 kilometres of selected segments of the Lifeline Road Network, under the terms of a Rehabilitation and Maintenance Contract; and (ii) carrying out rehabilitation and routine maintenance works of approximately 23 kilometres of selected segments of the Lifeline Road Network, under the terms of two Rehabilitation and Maintenance Contracts.
- Carrying out of detailed design studies, related technical supervision activities and independent technical audits for rehabilitation activities under the Project.
- Carrying out of road safety improvement works, including: (i) Black Spots improvements; (ii) works associated with the implementation of the Safe Villages in all roads rehabilitated under the Project; and (iii) the acquisition and installation of road signs.
- If an Eligible Emergency has occurred and the requirements set forth in this Agreement have been met, provide support to respond to an Eligible Emergency through the design and carrying out of selected roads sector investments within the Borrower's territory.

Part 2: Project Management and Institutional Strengthening

- Provision of support for Project coordination and implementation through: (i) the financing of Operating Costs required for Project administration and monitoring; and (ii) the carrying out of Project financial audits.
- (i) Acquisition of a road asset management system database, including installation and training to ARD personnel for the use of said database, (ii) acquisition of road survey equipment for surveying road conditions and traffic; and (iv) carrying out Lifeline Road Network data collection for the road asset management system.
- Carrying out of a road safety program, including inter alia, (i) the detailed design for carrying out of Black Spots improvement works; (ii) the provision of technical assistance and training programs for ARD personnel; (iii) the carrying out of road safety educational practices in Safe Villages schools, (iv) the carrying out of road safety campaigns linked to the Lifeline Road Network; (v) the development of a road safety action plan; and (vi) the implementation of selected activities of the action plan developed under Part 2(c)(v) of the Project.
- Provision of technical assistance for, inter alia, the: (i) carrying out of a feasibility study for the rehabilitation and maintenance of roads using a performance-based approach, including the identification of at least one road section ; (ii) carrying out of studies on social monitoring and evaluation related to the Project, as well as road sector financial sustainability; (iii) provision of training to MOTAI staff and local contractors on the new concepts introduced by the Project, including design and implementation of multi-year performance based contracts, efficient design standards, and planning and contract monitoring for MOTAI and ARD staff; (iv) carrying out of technical studies and detailed designs required for the preparation of potential future investments in the road sector; (v) preparing a strategic development plan for the Lifeline Road Network; and (vi) enhancing disaster risk preparedness for the road sector.

In accordance with the Loan Agreement 8523-AM dated 26 August 2015, the financing of the Project is implemented through the following categories:

Category	Percentage of expenditures to be financed (inclusive of taxes)	Amount of the Loan allocated (in US dollars)
Goods, works, non-consulting services, consultants' services, Operating Costs and Training under the Project (except for Parts 1(e) and 2(b) (i) of the Project)	80 %	39,900,000
Front-end Fee		100,000
Total		40,000,000

The operating address of the Organization is Government House 3, Republic Square, Yerevan, Armenia.
During the reporting year the average number of the staff involved in the Project was 14.

2 Significant accounting policies

2.1 Basis of preparation

The consolidated Project financial statements have been prepared in accordance with the accrual basis of accounting, as well as the World Bank guidelines and the relevant points of the Loan Agreement 8229-AM and Loan Agreement 8523-AM. Significant accounting policies are disclosed below.

These consolidated Project financial statements include the Project financial statements prepared in the framework of the Loan Agreement 8229-AM and Loan Agreement 8523-AM.

2.2 Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian dram ("dram"). These consolidated Project financial statements are presented in US dollars (presentation currency).

In preparing the consolidated Project financial statements, transactions in currencies other than US dollar are recorded at the rates of exchange announced by the Central Bank of Armenia prevailing on the previous dates of the transactions. For direct payments denominated in Armenian drams to the contractor/consultant from the World Bank share, the exchange rates set out for the presentation of the operation in the system client connection (<https://clientconnection.worldbank.org>) are used. At each reporting date bank balances, advances and payables denominated in foreign currencies are retranslated at the rate announced by the Central Bank of Armenia prevailing on that date, which is 522.59 Armenian drams for 1 US dollar as of 31 December 2020 (31 December 2019: drams 479.7 for 1 US dollar). Any exchange rate differences are recognized in the consolidated statement of the Project sources and uses of funds and the accumulated figure of exchange rate difference is disclosed in the consolidated statement of financial position under "Exchange rate differences".

2.3 Project financing

The financing received in the framework of the Loan Agreement 8229-AM and Loan Agreement 8523-AM is recorded in the consolidated statement of financial position as "Accumulated Project financing" and is recognized at each replenishment. In addition, the current year funds received are disclosed in the consolidated statement of Project sources and uses of funds, showing the sources of funds.

The World Bank financing

To finance eligible expenditures for the Loan Agreement 8229-AM and Loan Agreement 8523-AM, the World Bank disburses proceeds from the Project account using one or more of the disbursement methods, which are stated below:

a) Reimbursement

The Bank may reimburse the borrower to finance eligible expenditures that the borrower has pre-financed from its own resources.

b) Advance

The Bank may advance loan proceeds into a designated account of the borrower to finance eligible expenditures as they are incurred and for which supporting documents will be provided at a later date.

c) Direct payments

The Bank may make payments, at the borrower's request, directly to a third party for eligible expenditures.

d) Special commitment

The Bank may pay amounts to a third party for eligible expenditures under special commitments entered into, in writing, at the borrower's request and on terms and conditions agreed between the Bank and the borrower.

Government co-financing

The amounts of the Government co-financing are recognized as such and included in the consolidated Project financial statements when the funds are transmitted to the Project current account (the "Government co-financing account"), which is opened in the State Treasury of the Republic of Armenia.

2.4 Project expenses

The Project expenses are recognized on the accrual basis of accounting. The accumulated Project expenses are disclosed in the consolidated statement of financial position. In addition, current year expenses are disclosed in the consolidated statement of Project sources and uses of funds and the consolidated statement of uses of funds by Project activities. Additionally, a further breakdown of expenses by categories is disclosed in note 9.

2.5 Advances

Advances, which comprise amounts paid for services and goods not yet received are stated at nominal value.

2.6 Accounts payable

Payables comprise the amounts to be paid and are stated at nominal value.

3 Closing date of the Project

According to the Loan Agreement 8229-AM and Loan Agreement 8523-AM, the Project closing date was defined as 30 December 2021.

4 Advances

In US dollars	As of 31 December 2020	As of 31 December 2019
Advances for construction works	-	468,315
Other	1,721	2,400
	<u>1,721</u>	<u>470,715</u>

5 Bank balances

In US dollars	As of 31 December 2020	As of 31 December 2019
Designated account (Loan Agreement 8229-AM)	52,501	38,995
Designated account (Loan Agreement 8523-AM)	4,958	570,230
Local account (Loan Agreement 8229-AM)	68	-
Local account (Loan Agreement 8523-AM)	8,606	9,392
	<u>66,133</u>	<u>618,617</u>

6 Accounts payable

In US dollars	As of 31 December 2020	As of 31 December 2019
Retention payables to contractors	-	787,718
Payables to contractors	3,665	222,507
Other	-	20,148
	<u>3,665</u>	<u>1,030,373</u>

7 World Bank financing

IBRD Loan Agreement 8229-AM

In US dollars	For the year ended 31 December 2020	As of 31 December 2020
SOE procedures	39,370	19,323,513
Other procedures	-	23,714,428
Designated account advance/(redemption), net	10,630	170,228
Front-end fee	-	112,500
	<u>50,000</u>	<u>43,320,669</u>

IBRD Loan Agreement 8523-AM

In US dollars	For the year ended 31 December 2020	As of 31 December 2020
SOE procedures	4,914,539	29,527,466
Other procedures	608,033	8,274,179
Designated account advance/(redemption), net	(2,298,571)	2,098,355
Front-end fee	-	100,000
	<u>3,224,001</u>	<u>40,000,000</u>

8 Government co-financing

For all expenses under the IBRD Loan Agreement 8229-AM, there is a 20% of Government co-financing. During the reporting year the Government co-financing amounted to US dollars 9,193 (as of 31 December 2020: US dollars 10,789,685).

For all expenses under the IBRD Loan Agreement 8523-AM, there is a 20% Government co-financing. During the reporting year the Government co-financing amount to US dollars 959,450 (as of 31 December 2020: 9,957,627).

9 Uses of funds by category descriptions

The statement of the Project sources and uses of funds discloses the expenses in two categories, one of which combines a number of subcategories as reflected in the Loan Agreement 8229-AM and Loan Agreement 8523-AM. For the convenience of certain users, the breakdown of the uses of funds according to subcategories is disclosed in the table below:

IBRD Loan Agreement 8229-AM

In US dollars	For the year ended 31 December 2020	As of 31 December 2020
Works	-	47,923,866
Goods	-	427,235
Consultants' services	45,643	4,794,623
Operating Costs and training	-	867,478
Front-end Fee	-	112,500
	<u>45,643</u>	<u>54,125,702</u>

IBRD Loan Agreement 8523-AM

In US dollars

	For the year ended 31 December 2020	As of 31 December 2020
Works	2,685,596	42,491,920
Goods	-	731,671
Consultants' services	1,335,686	5,847,089
Operating Costs and training	212,833	905,940
Front-end Fee	-	100,000
	<u>4,234,115</u>	<u>50,076,620</u>

10 Net increase in working capital

In US dollars

	For the year ended 31 December 2020	As of 31 December 2020
Increase/(decrease) in bank balances	(552,484)	66,133
Increase/(decrease) in advances	(468,994)	1,721
Decrease/(increase) in accounts payable	1,026,708	(3,665)
	<u>5,230</u>	<u>64,189</u>

11 Reconciliation between the amounts received by the Organization and disbursed by the World Bank

For the year ended 31 December 2020

In US dollars

IBRD Loan Agreement 8229-AM

Category	Appl.	Organization	WB	Difference
Goods, works, non-consulting services, consultants' services, and Operating Costs under the Project				
	32-DA	39,370	39,370	-
		<u>39,370</u>	<u>39,370</u>	-
Designated account advance/ (redemption)				
	32-DA	(39,370)	(39,370)	-
	33-DA	50,000	50,000	-
		<u>10,630</u>	<u>10,630</u>	-
Total		<u>50,000</u>	<u>50,000</u>	-

IBRD Loan Agreement 8523-AM

Category	Appl.	Organization	WB	Difference
Goods, works, non-consulting services, consultants' services, Operating Costs and Training under the Project (except for Parts 1(e) and 2(b)(i) of the Project)	32-DA	1,024,862	1,024,862	-
	33-DA	493,745	493,745	-
	34-DA	2,308,090	2,308,090	-
	35-DA	922,964	922,964	-
	36-DA	772,911	772,911	-
		<u>5,522,572</u>	<u>5,522,572</u>	<u>-</u>
Designated account advance/ (redemption)	34-DA	(1,308,090)	(1,308,090)	-
	35-DA	(622,964)	(622,964)	-
	36-DA	(472,911)	(472,911)	-
	37-DA	105,394	105,394	-
		<u>(2,298,571)</u>	<u>(2,298,571)</u>	<u>-</u>
Total		<u>3,224,001</u>	<u>3,224,001</u>	<u>-</u>