

# **Project Financial Statements and Independent Auditor's Report**

**"Road Department" Fund**

**Lifeline Road Network Improvement Project**

**IBRD Loan Number 8957-AM**

As of 27 April 2023 and for the period from 1 January 2022 to  
27 April 2023



# Contents

Independent auditor's report	3
Statement of financial position	6
Statement of the Project sources and uses of funds	7
Statement of uses of funds by Project activities	8
SOE withdrawal schedule	9
Designated account statement	10
Designated account statement	11
Notes to the Project financial statements	12

# Independent auditor's report

---

**Գրանթ Թորնթոն ՓԲԸ**  
Երևան Պլազա բիզնես կենտրոն  
ՀՀ, ք. Երևան 0015  
Գրիգոր Լուսավորչի 9  
Հ. + 374 10 50 09 64/61

**Grant Thornton CJSC**  
Yerevan Plaza Business Center  
9 Grigor Lusavorich Street,  
Yerevan 0015, Republic of Armenia  
T + 374 10 50 09 64/61

To the Government of the Republic of Armenia,

## *Opinion*

We have audited the accompanying 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 8957-AM, which comprise the statements of financial position as of 27 April 2023 and as of 31 December 2022, the statements of the Project sources and uses of funds, the statements of uses of funds by Project activities, the designated account statements as of 27 April 2023 and for the period from 1 January 2023 to 27 April 2023 and as of and for the year ended 31 December 2022, as well as the statements of expenditures ("SOE") withdrawal schedule submitted to the World Bank for the year ended 31 December 2022 in support of the Loan Agreement 8957-AM withdrawals, and a summary of significant accounting policies and other explanatory information.

In our opinion, the Project financial statements give a true and fair view of the financial position of the Lifeline Road Network Improvement Project (Loan Agreement 8957-AM) as of 27 April 2023 and 31 December 2022 and the funds received and funds used for the period from 1 January 2023 to 27 April 2023 and for the year ended 31 December 2022, in accordance with the accounting policies described in note 2 to the Project financial statements, the World Bank guidelines, and the relevant points of the Loan Agreement 8957-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 8957-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 Project Financial Statements* section of our report. We are independent of the "Road Department" Fund 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 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 Project financial statements, which describes the basis of accounting. The Project financial statements are prepared to assist the management of the “Road Department” Fund to meet the requirements of the financial reporting of the World Bank. As a result, the 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 31 December 2022. Our opinion is not modified in respect of this matter.

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

Management of the “Road Department” Fund is responsible for the preparation and fair presentation of these Project financial statements in accordance with the accounting policies described in note 2 to the Project financial statements, the World Bank guidelines, and the relevant points of the Loan Agreement 8957-AM, and for such internal control as management determines is necessary to enable the preparation of these 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 Project 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 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 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 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” Fund's internal control.

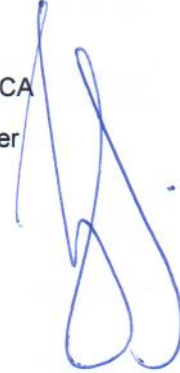
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated Project financial statements, including the disclosures, and whether the consolidated 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

28 April 2023

A large, stylized handwritten signature in blue ink, likely belonging to Emil Vassilyan.

# Statement of financial position

In Euro	Note	As of 27 April 2023	As of 31 December 2022
<b>Assets</b>			
Accumulated Project expenses		16,193,285	16,163,844
Bank balances	4	364,482	666,674
<b>Total assets</b>		<b>16,557,767</b>	<b>16,830,518</b>
<b>Funds and liabilities</b>			
World Bank financing	5	13,400,000	13,400,000
Government co-financing	6	3,260,489	3,308,727
Other income	7	191,410	191,410
Exchange rate differences		(294,132)	(294,591)
Accounts payable		-	224,972
<b>Total funds and liabilities</b>		<b>16,557,767</b>	<b>16,830,518</b>

The Project financial statements were approved on 28 April 2023 by:

Gor Avetisyan  
Executive Director



Marina Safaryan  
Head of Financial Management and Accounting  
Department/ Chief Accountant




This statement is to be read in conjunction with the notes to and forming part of the Project financial statements set out on pages 12 to 18.

# Statement of the Project sources and uses of funds

In Euro	Actual			Budget	Variance	
	Year ended 31 December 2022	For the period from 1 January 2023 to 27 April 2023	As of 27 April 2023	As of 27 April 2023	As of 27 April 2023	Life of Project
<b>Sources of funds</b>						
World Bank financing (note 5)	3,233,889	-	13,400,000			
Government co-financing (note 6)	801,430	(48,238)	3,260,489			
Other income (note 7)	166,820	-	191,410			
<b>Total</b>	<b>4,202,139</b>	<b>(48,238)</b>	<b>16,851,899</b>			
Loss from exchange rate differences	(36,793)	459	(294,132)			
<b>Less: Uses of funds</b>						
Goods, works, training, operating costs, non-consulting services, and consulting services under Parts 1 and 2 of the Project (note 8)	3,668,410	29,441	16,159,785	16,716,500	(556,715)	16,716,500
Front-end Fee	-	-	33,500	33,500	-	33,500
<b>Total</b>	<b>3,668,410</b>	<b>29,441</b>	<b>16,193,285</b>	<b>16,750,000</b>	<b>(556,715)</b>	<b>16,750,000</b>
Net decrease in working capital (note 9)	496,936	(77,220)	364,482			

This statement is to be read in conjunction with the notes to and forming part of the Project financial statements set out on pages 12 to 18.

# Statement of uses of funds by Project activities

In Euro		Actual		Budget	Variance	
	Year ended	For the period				
	31	from 1				
	December	January 2023				
	2022	to 27 April	As of 27	As of 27	As of 27	Life of Project
		2023	April 2023	April 2023	April 2023	
Part 1: Lifeline Road Improvement	2,958,071	-	15,157,385	15,536,500	(379,115)	15,066,500
Road Rehabilitation Works	2,474,189	-	13,415,312	13,500,000	(84,688)	11,750,000
Supervision and Technical Designs	483,882	-	1,742,073	2,036,500	(294,427)	3,316,500
Part 2: Project Management and Institutional Strengthening	710,339	29,441	1,002,400	1,180,000	(177,600)	1,650,000
Project Management and Implementation, including audits	531,428	29,441	794,386	1,000,000	(205,614)	1,650,000
Technical Assistance	178,911	-	208,014	180,000	28,014	-
<b>Total</b>	<b>3,668,410</b>	<b>29,441</b>	<b>16,159,785</b>	<b>16,716,500</b>	<b>(556,715)</b>	<b>16,716,500</b>

The statement of uses of funds by Project activities does not include the Front-end Fee at the amount of Euro 33,500 as of 27 April 2023.

The Budget has been revised due to termination of the Project.

This statement is to be read in conjunction with the notes to and forming part of the Project financial statements set out on pages 12 to 18.



# SOE withdrawal schedule

For the year ended 31 December 2022

IBRD Loan Agreement 8957-AM

In Euro

<i>Application No.</i>	<i>Category</i>	
	<i>Goods, works, training, operating costs, non-consulting services, and consulting services under Parts 1 and 2 of the Project</i>	
11-DA		906,143
12-DA		558,030
13-DA		842,226
14-DA		463,690
15-DA		286,132
Total		3,056,221

This statement is to be read in conjunction with the notes to and forming part of the Project financial statements set out on pages 12 to 18.

# Designated account statement

As of and for the year ended 31 December 2022

IBRD Loan Agreement 8957-AM

In Euro

Balance as of 1 January 2022		259,975
Add:		
Cumulative unexplained discrepancy	-	
Loan replenishment during the year*	3,233,564	
	<u>3,233,564</u>	<u>3,233,564</u>
Less:		
Refund to the World Bank from the designated account during the year		-
Present outstanding amount advanced to the designated account (1)		<u>3,493,539</u>
Balance as of 31 December 2022		536,495
Add:		
Amount of eligible expenditures paid during the year	2,957,044	
Service charges (if applicable)	-	
	<u>2,957,044</u>	<u>2,957,044</u>
Less:		
Interest earned (if credited into the designated account)		-
Total advance accounted for (2)		<u>3,493,539</u>
Discrepancy (1) – (2) to be explained		-

\* During the reporting year the Fund has received Euro 3,233,889 loan replenishment from the World Bank, of which Euro 325 were charged by the intermediate bank for transfer services.

This statement is to be read in conjunction with the notes to and forming part of the Project financial statements set out on pages 12 to 18.

# Designated account statement

As of 27 April 2023 and for the period from 1 January 2023 to 27 April 2023

IBRD Loan Agreement 8957-AM

In Euro

Balance as of 1 January 2023		536,495
Add:		
Cumulative unexplained discrepancy	-	
Loan replenishment during the year	-	
	<u>-</u>	<u>-</u>
Less:		
Refund to the World Bank from the designated account during the year		-
		<u>-</u>
Present outstanding amount advanced to the designated account (1)		<u>536,495</u>
Balance as of 27 April 2023		361,061
Add:		
Amount of eligible expenditures paid during the year	175,434	
Service charges (if applicable)	-	
	<u>175,434</u>	<u>175,434</u>
Less:		
Interest earned (if credited into the designated account)		-
		<u>-</u>
Total advance accounted for (2)		<u>536,495</u>
Discrepancy (1) – (2) to be explained		-

This statement is to be read in conjunction with the notes to and forming part of the Project financial statements set out on pages 12 to 18.

# Notes to the Project financial statements

## 1 Activity

The "Road Department" Fund (the "Fund") 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. According to N 1298-U decision of the Republic of Armenia dated 6 August 2021 the "Road Department" SNCO was reorganized into Fund.

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.

On 10 October 2019 another Loan Agreement 8957-AM (Second 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 Euro 13,400,000.

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 Fund to manage the Lifeline Road Network.

The Project consists of the following parts:

### Part 1: Lifeline Road Improvement

- Carrying out improvement works for approximately 450 kilometres of selected roads within the Lifeline Road Network.
- (i) Carrying out, on a pilot basis, 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 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.

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 MoTAI personnel for the use of said database, (ii) acquisition of road survey equipment for surveying road conditions and traffic, (iii) acquisition of road laboratory equipment for testing the quality of works carried out under the Project, 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 MoTAI and Traffic Police personnel in road safety management topics, (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, (vi) the implementation of selected activities of the action plan developed under Part 2(c)(v) of the Project, and (vii) the development and installation of a crash data collection and management system and the provision of a training program for Traffic Police, MoTAI, and other stakeholders as needed in using the system.
- 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, (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, including the carrying out of a risk assessment of natural hazards to road infrastructure.

Part 3: Contingent Emergency Response Component

Provision of support upon occurrence of an Eligible Emergency, as needed.

In accordance with the Loan Agreement 8957-AM dated 10 October 2019, 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 Euro)
Goods, works, training, operating costs, non-consulting services, and consulting services under Parts 1 and 2 of the Project	80%	13,366,500
Emergency expenditures under Part 3 of the Project	100%	-
Front-end Fee		33,500
Total		<u>13,400,000</u>

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 Euro) (inclusive of taxes)	Government financing (in Euro)	Total Cost (in Euro)
Lifeline Road Improvement	12,046,500	3,020,000	15,066,500
Project Management and Institutional Strengthening	1,320,000	330,000	1,650,000
Total Project Costs	13,366,500	3,350,000	16,716,500
Front-end fee	33,500	-	33,500
Total	13,400,000	3,350,000	16,750,000

The operating address of the Fund is Government House 3, Republic Square, Yerevan, Armenia.

During the reporting period the average number of the staff involved in the Project was 17 (17 in 2021).

## 2 Significant accounting policies

### 2.1 Basis of preparation

The 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 8957-AM. Significant accounting policies are disclosed below.

### 2.2 Functional and presentation currency

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

In preparing the Project financial statements, transactions in currencies other than Euro 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 426.85 Armenian drams for 1 Euro as of 27 April 2023 and 420.06 Armenian drams for 1 Euro as of 31 December 2022 (31 December 2021: drams 542.61 for 1 Euro). Any exchange rate differences are recognized in the statement of the Project sources and uses of funds and the accumulated figure of exchange rate difference is disclosed in the statement of financial position under "Exchange rate differences".

### 2.3 Project financing

The financing received in the framework of the Loan Agreement 8957-AM is recorded in the statement of financial position as "Accumulated Project financing" and is recognized at each replenishment. In addition, the current period funds received are disclosed in the 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 8957-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 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 statement of financial position. In addition, current period expenses are disclosed in the statement of Project sources and uses of funds and the statement of uses of funds by Project activities. Additionally, a further breakdown of expenses by categories is disclosed in note 8.

## 2.5 Advances

Advances, which comprise amounts paid for services and works 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 8957-AM, the Project closing date was defined as 31 December 2022.

## 4 Bank balances

In Euro	As of 27 April 2023	As of 31 December 2022
Designated account	361,061	536,495
Local account	3,421	130,179
	<u>364,482*</u>	<u>666,674</u>

\* This balance will be used to pay the audit fee of drams 3,393 thousand from the designated account and drams 848 thousand from the local account. The remaining amounts will be refunded to the World Bank and to the State Budget.

## 5 World Bank financing

In Euro	For the year ended 31 December 2022	For the period from 1 January 2023 to 27 April 2023	As of 27 April 2023
SOE procedures	3,056,221	-	11,379,904
Other procedure	187,307	-	959,084
Designated account advance/(redemption), net	(9,639)	-	1,027,512
Front-end fee	-	-	33,500
	<u>3,233,889</u>	<u>-</u>	<u>13,400,000</u>

## 6 Government co-financing

For all expenses under the IBRD Loan Agreement 8957-AM, there is a 20% of Government co-financing. For the year ended 31 December 2022 the Government co-financing amounts to Euro 857,817 and returned amount made Euro 56,387 (with net amount of Euro 801,430). For the period from 1 January 2023 to 27 April 2023 the Government co-financing amounts to Euro 83,335 and returned amount made Euro 131,573 (with negative net amount of 48,238) (as of 27 April 2023: Euro 3,260,489).

## 7 Other income

As a result of significant violations of the contract made by J/V Zangezurttranshin OJSC and HAEKSHIN Construction CJSC a demand letter was drawn up. According to the reference, the compensation in the amount of drams 58,331 thousand was calculated from the cost of works in progress. Besides, taking into account that the contractor did not complete the works, the refund at the amount of drams 10,386 thousand from the deductions was considered to be inapplicable. Thus drams 68,717 thousand (Euro 166,820) was recognized as other income.



## 8 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 8957-AM. For the convenience of certain users, the breakdown of the uses of funds according to subcategories is disclosed in the table below:

In Euro	For the year ended 31 December 2022	For the period from 1 January 2023 to 27 April 2023	As of 27 April 2023
Works	2,474,189	-	13,415,312
Consultants' services*	833,427	-	2,130,774
Operating Costs and training	360,794	29,441	613,699
Front-end Fee	-	-	33,500
	<u>3,668,410</u>	<u>29,441**</u>	<u>16,193,285</u>

\* The payment requests submitted by KOCKS CONSULT GMBH from May to December 2022 were partially approved by the Fund. According to the Fund's assessment, the expected amounts by the submitted payment requests significantly exceeded the number of roads to be monitored in the above-mentioned period and the amount corresponding to the volume of works performed on those roads. Recalculations of the cost of the services provided by the Consultant for the specified period were made based on the Contract terms. The unaccepted amount is not included in expenses.

\*\* Expenses for the period from 1 January 2023 to 27 April 2023 relate to Government co-financing.

## 9 Net increase/(decrease) in working capital

In Euro	For the year ended 31 December 2022	For the period from 1 January 2023 to 27 April 2023	As of 27 April 2023
Increase/(decrease) in bank balances	349,866	(302,192)	364,482
Decrease in advances	(20,434)	-	-
Increase in accounts payable	167,504	224,972	-
	<u>496,936</u>	<u>(77,220)</u>	<u>364,482</u>

## 10 Reconciliation between the amounts received by the Fund and disbursed by the World Bank

For the period from 1 January 2022 to 27 April 2023

In Euro

Category	Appl.	Fund	WB	Difference
Goods, works, training, operating costs, non-consulting services, and consulting services under Parts 1 and 2 of the Project				
	11-DA	981,057	981,057	-
	12-DA	670,423	670,423	-
	13-DA	842,226	842,226	-
	14-DA	463,690	463,690	-
	15-DA	286,132	286,132	-
		<u>3,243,528</u>	<u>3,243,528</u>	<u>-</u>
Designated account advance redemption				
	15-DA	(9,639)	(9,639)	-
		<u>(9,639)</u>	<u>(9,639)</u>	<u>-</u>
Total		<u><u>3,233,889</u></u>	<u><u>3,233,889</u></u>	<u><u>-</u></u>

## 11 Legal commitments

There is one lawsuit against the Fund as of the reporting date. Zangezurtransshin OJSC and HAEKSHIN Construction CJSC (the "plaintiff") filed a lawsuit against the Fund for recognizing the contractual obligations "duly fulfilled" and for not returning the amount of the performance, environmental and social guarantees. The plaintiff along with the claim, submitted a motion to the court to apply security for the claim and prohibit the Bank to pay the guarantees to the Fund, which was granted by the court. There is no final judicial act on the case yet. The Project is already terminated thus the lawsuit will not affect the Project.

## 12 Subsequent events

On 27 April 2023 the Fund presented to the World Bank application 17-DA amounted Euro 665,891 and on 28 April 2023 application 18-DA amounted Euro 7,989. The World Bank approved the applications on 28 April 2023. The difference of Euro 560 are bank transfer fees through the Project.