

NORTH-SOUTH ROAD CORRIDOR INVESTMENT PROGRAM-PROJECT 2

LOAN NUMBER 2729-ARM

FINANCED BY ASIAN DEVELOPMENT BANK

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

**YEREVAN
June 2022**

CONTENT

	Page
STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION OF THE FINANCIAL STATEMENTS.....	3
INDEPENDENT AUDITOR'S REPORT.....	4
STATEMENT OF CASH RECEIPTS AND PAYMENTS.....	6
NOTES TO THE FINANCIAL STATEMENTS.....	7
ANNEX. EXPENDITURE DETAILS BY ITEMS	20

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The management of the "Road Department" Fund (the "Organization" or "Fund") is responsible for the preparation and fair presentation of the special purpose financial statements for the year ended 31 December 2021 of "North-South Road Corridor Investment Program - Project 2" (the Project) financed by the Asian Development Bank Loan 2729-ARM ("Loan Agreement") in compliance with the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting" (IPSAS-Cash Basis) issued by the International Public Sector Accounting Standards Board (IPSASB) and the "Loan Disbursement Handbook" (as updated) issued by ADB.

In preparing the special purpose financial statements, Organization's management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional required disclosures for the year ended 31 Dec 2021.

Organization's Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions, and which enable them to ensure that the special purpose financial statements of the Project comply with IPSAS - Cash Basis and the ADB Guidelines;
- Taking such steps that are reasonably available to them to safeguard the assets of the Project and to affirm that funds received have been used in accordance with the Loan Agreement, and ADB related guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- Insuring that the Government's co-financing is provided and used accordance with the Loan Agreement and for the purposes for which it has been provided;
- Complying with the financial covenants under Article IV of the Loan Agreement;
- Procuring financed Works, Goods and Services in accordance with the Loan Agreement; and
- Preventing and detecting fraud and other errors.

The special purpose financial statements for the year ended 31 Dec 2021 were signed on 30 June 2022 by the management of "Road Department" Fund.

Gor Avetisyan
Executive Director



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

A blue ink signature of Marina Safaryan.

INDEPENDENT AUDITOR'S REPORT

To the Management of the "Road Department" Fund

Opinion

We have audited the special purpose financial statements of "North-South Road Corridor Investment Program - Project 2" ("the Project") financed by the Asian Development Bank Loan 2729-ARM ("Loan Agreement") concluded between the Republic of Armenia ("RoA") and Asian Development Bank ("ADB"), and implemented by the "Road Department" Fund (the "Organization" or "Fund"), which comprise the statement of cash receipts and payments for the year ended 31 December 2021, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash flows for the year ended 31 December 2021 in accordance with International Public Sector Accounting Standards: Financial Reporting Under the Cash Basis of Accounting, (IPSAS-Cash Basis) and the "Loan Disbursement Handbook" (as updated) issued by ADB.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Project and of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical requirements in accordance with IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Cash Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes that financial statements are prepared in accordance with cash basis framework, as a result, they may not be suitable for another purposes. Our opinion is not modified in respect of this matter.

Emphasis of Matter -Slow progress of Project implementation

Without modifying our opinion, we draw your attention to Note 7 of these special purpose financial statements disclosing reasons for slow progress of the Project implementation and the measures taken by the Organisation's management.

Responsibilities of the Management for the Financial Statements

Management of the Organization is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board ("IPSASB") and "Loan Disbursement Handbook" (as updated) issued by ADB, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and 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 special purpose 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 special purpose 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures.

We communicate with management 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.

Report on Other Legal Requirements

To comply with the terms of the Loan Agreement, the Organization's management shall insure that:

1. Loan funds have been used in accordance with the conditions of the Loan Agreement concluded between the Asian Development Bank (ADB) and the Republic of Armenia, and ADB Guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
2. The Government's co-financing is provided and used accordance with the Loan Agreement and for the purposes for which it has been provided
3. The financial covenants under Article IV of the Loan Agreement have been complied with.
4. Financed Works, Goods and Services have been procured in accordance with the Loan Agreement.

In our opinion, the Organization's management has complied with the above requirements for the year ended 31 December 2021.

"BDO Armenia" CJSC
30 June 2022

Vahagn Sahakyan, FCCA
Managing Partner



Gnel Khachatryan, FCCA
Engagement Partner

STATEMENT OF CASH RECEIPTS AND PAYMENTS

North-South Road Corridor Investment Program -Project 2

ADB Loan 2729-ARM

For the year ended 31 December 2021

		Year ended 31.12.2021	Cumulative as at 31.12.2021	Year ended 31.12.2020	Cumulative as at 31.12.2020
	Note	USD	USD	USD	USD
Cash Receipts					
ADB Loan 2729-ARM financing	10	280,579	113,348,934	54,394	113,068,355
The Republic of Armenia co-financing		252,139	18,901,601	24,443	18,649,462
Total financing		532,718	132,250,535	78,837	131,717,817
Payments for	8				
Works		-	99,940,076	-	99,940,076
Consulting Services		280,579	9,408,858	54,394	9,128,279
Interest		-	4,000,000	-	4,000,000
Taxes, duties		47,675	18,094,352	2,091	18,046,677
Other works (dismantling of billboards)		-	146,899	-	146,899
Other consulting Services		194,172	234,381	23,296	40,209
Total Payments		522,426	131,824,566	79,781	131,302,140
Foreign currency gain/(loss)		1,191	(414,474)	(16)	(415,665)
Net increase/(decrease) in cash		11,483	11,495	(960)	12
Opening cash balance	11	12	-	972	-
Closing cash balance	11	11,495	11,495	12	12

The financial statements were signed by the management of "Road Department" Fund on 30 June 2022. The accompanying notes form an integral part of these project financial statements

Gor Avetisyan
Executive Director




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



NOTES TO THE FINANCIAL STATEMENTS

North-South Road Corridor Investment Program-Project 2

ADB Loan 2729-ARM

For the year ended 31 December 2021

1. General information

1.1. Project financing

According to the Scope Financing Agreement between the Republic of Armenia (RoA) and the Asian Development Bank (ADB) signed on 15 September 2009, ADB agreed to provide the RoA multi-tranche financial facility in the total amount of 500 million USD (United States Dollars) to finance the North-South Road Corridor Investment Program.

Financing tranches may be made available by ADB provided matters continue to be in accordance with the general understandings and expectations on which the Facility is based. Each loan constitutes a separate tranche. Each tranche may be financed under terms different from the financing terms of previous or subsequent tranches. Tranches may be provided in sequence or simultaneously, and some may overlap in time with each other.

According to the Loan Agreement North-South Road Corridor Investment Program-Project 2 (special operations) ("Project", or "Tranche 2") between the RoA and the ADB on 30 May 2011, ADB provided the RoA the Loan 2729-ARM in the total amount of 170,000,000 USD. The Loan is provided for financing the Tranche-2.

In accordance with letter agreement dated 17 June 2016, submitted between Ministry of Transport, Communication and Information Technology of the RoA and the ADB, a reallocation of ADB 2729-ARM loan from Tranche 2 was agreed to fund USD 6,000,000 expenditures of the Tranche 1.

Co-financing is provided through the state budget resources of the RoA. The co-financing is provided to cover taxes and duties applicable.

The Closing date of the Tranche 2 is set at 31 Dec 2023 (as updated).

1.2. Project objectives

The Project's goals financed by the loan 2729-ARM are:

- (i) Facilitate efficient sub regional road transport transit;
- (ii) Increase trade flows and competitiveness;
- (iii) Lower transport costs,
- (iv) Increase mobility and accessibility to markets, jobs and social services;
- (v) Improve governance.:

The Project's components are:

- Reconstruction of approximately 41.3 km of two-lane road section between towns of Ashtarak and Talin and widening it into four-lane road
- Consulting services and Project management, including preparation of feasibility studies and detailed design of subsequent Project's proposed for financing under the Investment Program, construction supervision, preparation of tender documents, procurement and capacity building:

1.3. The Project Budget

The Project updated budget totals to 210,000,000 US dollars.

Taxes and duties imposed by the tax laws of the Republic of Armenia are not paid through the Loan funds. Those are paid from co-financing funds provided by the Republic of Armenia.

Category	ADB Loan 2729-ARM /Project-2/			The Republic of Armenia	Total
	Initial	Reallocated	Updated		
	USD	USD	USD		
Works	149,700,000	6,000,000	155,700,000	-	155,700,000
Consulting Services	7,000,000	3,000,000	10,000,000	-	10,000,000
Interest	10,000,000	(6,000,000)	4,000,000	-	4,000,000
Other (including local taxes)	-	-	-	32,000,000	32,000,000
Unallocated	3,300,000	(3,000,000)	300,000	8,000,000	8,300,000
Total	170,000,000	-	170,000,000	40,000,000	210,000,000

1.4. The Project Implementation Unit

The Project is implemented by "Road Department" Fund (the "Organization" or "Fund"). The Fund is the legal successor of the "Organization for Implementation of North-South Road Corridor Investment Program" State Non-Commercial Organization and "Transport Project Implementation Unit" State Institution. The reorganization was implemented in accordance with the Government of the Republic of Armenia Decree N 1304-A dated 15.12.2016.

Accordance with the Government of the RoA Decree N 1298 dated 06.08.2021 "Road Department" Non-Commercial Organization has been reorganized to the "Road Department" Fund.

The Fund is a non-commercial legal entity. Until 20 June 2019 the governing state authority of the Organization was the Ministry of Transport, Communication and Information Technology of the Republic of Armenia, then the Ministry of Territorial Administration and Infrastructure accordance with the Government of the Republic of Armenia Decree N733-N dated 06.06.2019.

The main goal of the Organization is the efficient implementation of projects in the transport sector in Republic of Armenia, including the implementation program of modernization of North-South Road Corridor Investment Program and Northern Corridor.

The legal and operating address of the Fund is: Government House 3, Yerevan, the Republic of Armenia.

1.5. *Land Acquisition and Resettlement Plan (LARP)*

The Project implementation requires land acquisition and resettlement of persons affected. The Republic of Armenia Government by the decree N 1139-N dated 6 Sept 2012 approved land acquisition and resettlement plan for North-South Road Corridor Investment Program-Project 2 (road section between towns of Ashtarak and Talin).

LARP is wholly financed by the Republic of Armenia Government. The cost of LARP was determined as 2,304,485 thousand Armenian Drams. The Government provided total amount to "Organization for Implementation of North-South Road Corridor Investment Program" State Non-Commercial Organization in year 2012. In accordance with the Republic of Armenia Government Decree N 603-N dated 12.06.2014, on 21 July 2014 an additional amount of 958,826 thousand AMD was provided for financing of LARP.

According to Government of the Republic of Armenia Decree N 626-N dated 23.05.2019 the lands necessary for the replacement of the existing communication lines on from 40+000-km to 47+400-km section of the Ashtarak-Talin have been recognized as of public superior interest.

According to Government of the Republic of Armenia Decree N 777-N dated 20.06.2019 the lands necessary for the replacement of the existing communication lines on from 37+544.68-km to 40+000 and from 47+400-km to 71+500-km section of the Ashtarak-Talin have been recognized as of public superior interest.

For the inspection, measurement, inventory and assessment of the alienated property the contract is concluded on 15.11.2018 between "Transport Project Implementation Organization" SNCO and "Uptime" LLC. A contract for the provision of consulting services has been signed. At present, the has been completed the inspection, measurement, inventory and ownership assessment of the aliened areas of the 8 km road section (29+600-km to 37+544.68-km) bypassing the archeological sites near Agarak community of Aragatsotn region of the Republic of Armenia and to those of communication lines of Ashtarak-Talin section (29+600-km to 37+544.68-km).

In order to carry out the process of ownership transfer process of the lands a consulting contract is concluded on 15.11.2018 between "Transport Project Implementation Organization" SNCO and "Media-Model" LLC. At present, the drafts of acquisition contracts for lands aligned to 8 km road bypassing the archeological site of Agarak community of Aragatsotn region of the Republic of Armenia (29+600-km to 37+544.68-km) and those of Ashtarak-Talin section (40+000-km to 47+400-km) in order to send them to the affected persons. The process of acquiring the mentioned alienated property is expected to be completed before signing a contract with the constructor.

During 2021, the expenses related to LARP amounted to 544,462 thousand Armenian drams (2020: 406,272 thousand AMD).

2. Significant accounting policies

2.1 Preparation and presentation of financial statements

The Project financial statements are prepared in accordance with the International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" issued by the International Public Sector Accounting Standards Board (IPSASB) and presented in accordance with "Loan Disbursement Handbook" (updated) issued by Asian Development Bank.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.2 Cash basis of accounting

The financial statements are prepared and presented using the cash basis of accounting. Cash basis means a basis of accounting under which transactions and other events are recognized only when cash or its equivalent is received or paid. Financial statements prepared under the cash basis provide information about the sources of cash raised during the period, the purpose for which cash was used and the cash balances at the reporting date.

2.3 Reporting currency

The Project functional statements are presented in United States Dollars (USD).

2.4 Foreign currency transactions

Foreign currency is a currency other than the reporting currency of the Project. Project accounts are maintained and transactions are made in USD and Armenian Drams (AMD). Transactions denominated in AMD are translated into USD as follows:

- a) Contributions of the Republic of Armenia and expenditures covered through them expressed in AMD are translated into USD at the exchange rate announced at the previous date of transaction.
- b) Payments to contractors and suppliers expressed in AMD that are covered through the financing received from ADB are translated into USD:
 - Before 1 March 2021, at the exchange rates announced at the previous date of payment.
 - Since 1 March 2021, at the foreign exchange selling rates set by the Central Bank of RoA at the date of payment.

The exchange rate issued by the CBA as at 31 December 2021 is USD 1 =480.14 AMD (in 31.12.2020: USD 1=522.59).

2.5 Cash

Cash comprise bank accounts balances.

2.6 Taxes

All applicable taxes are paid in accordance with tax regulations of the Republic of Armenia.

2.7 Budget

Expenditure budget is created based on actual accumulated expenditures for the last period plus the updated annual budget for the reporting period.

3. Statement of loan withdrawals

ADB Loan 2729-ARM

For the year ended 31 December 2021

In USD

Application number	Value date	Expenditure category	
		Consulting services	Total
		02	
WA00093	08/04/20	19,011.61	19,011.61
WA00094	01/06/2020	24,963.67	24,963.67
WA00095	05/08/2020	10,418.39	10,418.39
Total for 2020		54,393.67	54,393.67
WA00096	07-May-21	1,191	1,191
WA00097	09-Aug-21	5,509	5,509
WA00098	03-Sep-21	16,124	16,124
WA00099	01-Sep-21	65,098	65,098
WA000100	14-Sep-21	3,053	3,053
WA000101	12-Oct-21	59,408	59,408
WA000102	29-Oct-21	65,098	65,098
WA000103	17-Nov-21	65,098	65,098
Total for 2021		280,579	280,579

4. Statement of project resources

The Statement of Project Resources discloses assets, liabilities and net assets of the Project as at reporting date. It is prepared in accrual basis that is transactions are recognized when they occur (and not when cash is received or paid).

	Note	As at 31.12.2021 USD	As at 31.12.2020 USD
ASSETS			
Cash	11	11,495	12
Prepayments	12	27,612,508	27,612,508
Total assets		27,624,003	27,612,520
LIABILITIES			
Payables	13	9,242,809	9,055,748
Total liabilities		9,242,809	9,055,748
NET ASSETS			
Funds received			
ADB Loan 2729-ARM	10	113,348,934	113,068,355
Government of RoA co-financing		18,901,601	18,649,462
		132,250,535	131,717,817
Cumulative expenses			
Project expenses		(109,453,815)	(108,653,274)
Interest		(4,000,000)	(4,000,000)
		(113,453,814)	(112,653,274)
Foreign currency loss		(415,527)	(507,771)
Total net assets		18,381,194	18,556,772

5. Statement of uses of funds by project activity

For the year ended 31 Dec 2021

In USD

Project Activity	Expenditures		Financing source		Financing source	
	Total		ADB Loan 2729-ARM	RoA financing	ADB Loan 2729-ARM	RoA financing
	Year ended 31.12.2021	Cumulative as at 31.12.2021				
Reconstruction of 41.3 km of two-lane road section between towns of Ashtarak and Talin and widening it into four-lane road	-	113,452,802	-	-	99,940,076	13,512,726
Other works (dismantling of billboards)	-	146,899	-	-	-	146,899
Consulting services and Project management	522,426	14,224,865	280,579	241,847	9,408,858	4,816,007
Interest	-	4,000,000	-	-	4,000,000	-
Total	522,426	131,824,566	280,579	241,847	113,348,934	18,475,632

For the year ended 31 Dec 2020

In USD

Project Activity	Expenditures		Financing source		Financing source	
	Total		ADB Loan 2729-ARM	RoA financing	ADB Loan 2729-ARM	RoA financing
	Year ended 31.12.2020	Cumulative as at 31.12.2020				
Reconstruction of 41.3 km of two-lane road section between towns of Ashtarak and Talin and widening it into four-lane road	-	113,452,802	-	-	99,940,076	13,512,726
Other works (dismantling of billboards)	-	146,899	-	-	-	146,899
Consulting services and Project management	79,781	13,702,439	54,394	25,387	9,128,279	4,574,160
Interest	-	4,000,000	-	-	4,000,000	-
Total	79,781	131,302,140	54,394	25,387	113,068,355	18,233,785

6. Compliance with the covenants in the Loan agreement

Financial covenants under Article IV of the Loan Agreement ADB 2729-ARM is follows:

Covenant description	Note
Maintain separate accounts for the Project.	ADB Loan financing is wholly done through Direct Payments -so no separate account is held by the Organization; the Government of RoA co-financing is done through separate account.
Related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by the independent auditors whose qualifications, experience and terms of reference are acceptable by ADB.	Financial statements are audited annually in accordance with ISAs; the auditor is selected from the short-listed audit firms whose qualification and experience are preliminary confirmed by the ADB; terms of reference are preliminary confirmed by the ADB.
Furnish to ADB audited financial statements till six months after the end of each related financial year.	The financial statements for the year ended 31 Dec 2021 will be submitted to ADB by 30 June 2022.
Furnish to ADB other information concerning to accounts and financial statements and the audit thereof as ADB shall from time to time reasonable request	Any requested information by the ADB was furnished at due time.
Enable ADB upon its request to discuss the financial statements of the Project and its financial affairs related to the Project with the auditor appointed, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB.	The Organization will follow the covenant when such request by the ABD is made.
The Organization shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.	The Organization enables any such request by the ADB.

7. Report on Project's implementation progress

Category	Cumulative as at 31.12.2021	Budget	Implementation*
	USD	USD	%
Works	99,940,076	155,700,000	64%
Consulting Services	9,408,858	10,000,000	94%
Interest	4,000,000	4,000,000	100%
Other (including local taxes)	18,475,632	32,000,000	58%
Unallocated	-	8,300,000	n/a
Total	131,824,566	210,000,000	63%

(*) The Loan Agreement was signed on 30 May 2011, the deadline for loan disbursements was initially set at 31 Dec 2014, then extended till 30 June 2017, then extended till 14 Sept 2019. On 27 May 2019 the Ministry of Finance of Republic of Armenia requested from ADB to extend Closing Loan Agreement till 31 December 2024. The Closing date of the Tranche 2 is set at 31 Dec 2023. As at 31 Dec 2021 the payments were done at 63% of projected expenditures, while only 54% of the works are completed considering the outstanding prepayments (Note 12) and payables (Note 13).

The slow progress of the Tranche 2 implementation is due to:

- Project redesign and approval of a new 8km section of road by passing archeological sites discovered in the territory Agarak Historical and Preservation Zone and related land ownership transfer process. According to Government of the Republic of Armenia Decree N 626-N dated 23.05.2019 the lands aliened to section of the Ashtarak-Talin 8km (29+600-km to 37+544.68-km) bypassing the arch have been recognized as of public superior interest.
- Considering that the contractor suspended the construction works since the end of 2018 and leaved the Armenia; in 18 July 2019 the Corsan Corviam Construcccion S.A. was informed of termination of the contract due to numerous incomliances to the contract terms, as well as due to illiquidity of the contractor. In November 2019 the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia submitted a petition to the International Trade Chamber to initiate arbitrage process against the Corsan Corviam Construcccion S.A.. The arbitrage process is suspended.
- Measures are taken to continue construction works through contracting other vendors. Particularly the construction is planned to carry out in two parts. In 2022, the project refinement and development of new tender documents for the 8 km section have been completed. An international open tender for constructor's selection has held. The financial package opening has taken place in June 2022 and has sent to the ADB for approval. The contract is expected to be signed in July 2022. New tender documents for the 34 km section have been prepared and it is planned to hold an International open tender for Contractor selection in July 2022. The construction of the Project is expected to be completed in the second half of 2024.

8. Report on project's disbursement progress

For the year ended 31 Dec 2021

In USD

Category	Actual		Budget		Variance	
	Year ended	Cumulative as at	Year ended	Cumulative as at	Year ended	Cumulative as at
	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021
Works	-	99,940,076	-	99,940,076	-	-
Consulting Services	280,579	9,408,858	453,440	9,581,719	172,861	172,861
Interest	-	4,000,000	-	4,000,000	-	-
Other (taxes)	47,675	18,094,352	743,811	18,790,488	696,136	696,136
Other works (dismantling of billboards)	-	146,899	-	146,899	-	-
Other consulting services	194,172	234,381	-	40,209	(194,172)	(194,172)
Total	522,426	131,824,566	1,197,251	132,499,391	674,825	674,825

For the year ended 31 Dec 2020

In USD

Category	Actual		Budget		Variance	
	Year ended	Cumulative as at	Year ended	Cumulative as at	Year ended	Cumulative as at
	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
Works	-	99,940,076	-	99,940,076	-	-
Consulting Services	54,394	9,128,279	620,119	9,694,004	(565,725)	(565,725)
Interest	-	4,000,000	-	4,000,000	-	-
Other (taxes)	2,091	18,046,676	400,118	18,444,703	(398,027)	(398,027)
Other works (dismantling of billboards)	-	146,899	-	146,899	-	-
Other consulting services	23,296	40,210	-	16,914	23,296	23,296
Total	79,781	131,302,140	1,020,237	132,242,596	(940,456)	(940,456)

9. Report on actual withdrawn amounts

For the year ended 31 Dec 2021

In USD

Category	Year ended 31.12.2021			Cumulative as at 31.12.2021		
	ADB Loan 2729-ARM	Government of RoA co- financing	Total	ADB Loan 2729-ARM	Government of RoA co- financing	Total
Works	-	-	-	99,940,076	13,512,726	113,452,802
Consulting Services	280,579	47,675	328,254	9,408,858	4,581,626	13,990,484
Interest	-	-	-	4,000,000	-	4,000,000
Other works (dismantling of billboards)	-	-	-	-	146,899	146,899
Other consulting services	-	194,172	194,172	-	234,381	234,381
Total	280,579	241,847	522,426	113,348,934	18,475,632	131,824,566

For the year ended 31 Dec 2020

In USD

Category	Year ended 31.12.2020			Cumulative as at 31.12.2020		
	ADB Loan 2729-ARM	Government of RoA co- financing	Total	ADB Loan 2729-ARM	Government of RoA co- financing	Total
Works	-	-	-	99,940,076	13,512,726	113,452,802
Consulting Services	54,394	2,091	56,485	9,128,279	4,533,950	13,662,229
Interest	-	-	-	4,000,000	-	4,000,000
Other works (dismantling of billboards)	-	-	-	-	146,899	146,899
Other consulting services	-	23,296	23,296	-	40,210	40,210
Total	54,394	25,387	79,781	113,068,355	18,233,785	131,302,140

10. ADB Loan 2729-ARM financing

	Year ended 31.12.2021 USD	Cumulative as at 31.12.2021 USD	Year ended 31.12.2020 USD	Cumulative as at 31.12.2020 USD
Direct Payment	280,579	109,348,934	54,394	109,068,355
Interest	-	4,000,000	-	4,000,000
Total	280,579	113,348,934	54,394	113,068,355

11. Cash

	As at 31.12.2021 USD	As at 31.12.2020 USD
Current account, RoA co-financing, in AMD	11,495	12
Total	11,495	12

12. Prepayments

Prepayments	As at 31.12.2021 USD	As at 31.12.2020 USD
On civil works*	27,612,508	27,612,508
Total	27,612,508	27,612,508

(*) The outstanding prepayment as at reporting date relates to Corsan Corviam Construcción S.A. (note 7).

13. Payables

Payables	As at 31.12.2021 USD	As at 31.12.2020 USD
Post warranty amounts*	8,977,715	9,054,371
On consultancy / tax liabilities/	265,094	-
Other consulting services	-	1,377
Total	9,242,809	9,055,748

(*) Post warranty amounts are retained at 10% of the amount on the presented IPC on civil works, 5% of which is payable after the approval of the certificate of acceptance of the construction works (taking over certificate), and the remaining 5% one year after the acceptance of certificate.

14. Litigations

a) As at reporting date and as at approval date of these financial statements, there are 8 pending litigations, which mainly related to the LARP (note 1.5).

The LARP is wholly financed by the Republic of Armenia Government, and its financial information is presented in these financial statements only for informative purpose, and are not included in the statement of cash receipts and payments of the Project.

On the Project's management opinion, those litigations don't have significant implication on these financial statements.

b) In November 2019 the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia submitted a petition to the International Trade Chamber to initiate arbitration process against the Corsan Corviam Construcción S.A.. The arbitration process is suspended until 5 August 2022 on the basis of parallel trial in the Commercial Court in Madrid. The mentioned pending litigations are in the current stage, and for now it is not possible to predict outcome or settlement date.

ANNEX. EXPENDITURE DETAILS BY ITEMS

North-South Road Corridor Investment Program -Project 2

ADB Loan 2729-ARM

For the year ended 31 December 2021

In USD

Description	Paid amount	Contract
Consulting services		
Engineering service	195,293	ADB/NS/CS/SSS/01-T1
Implementation of CAP/LARP addendum	59,409	Contract for consultants services dated 15 Nov 2018
Audit consulting	5,509	Contract for auditing services dated 16.10.2017 02CS0004
Measurement, assets inventory and valuation for utility relocation	16,124	Contract for consultants services dated 15.11.2018 ADB/NS/CS/CQS/2018-1
Environmental impact assessment	4,244	ADB/NS/CS/IC/2020-1
Total Consulting services (financing ADB)	280,579	
Taxes and consulting services financing from GOA		
Consulting	46,457	
Arbitration payments	190,000	
Other consulting services	5,390	
Total expenses GOA fund	241,847	
Total expenditures	522,426	