

**“Agricultural Commercialization Project”
Grant No. H964-TJ**

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

and independent auditors’ report

**“AGRICULTURAL COMMERCIALIZATION PROJECT”
GRANT NO. H964-TJ**

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

The following statement, which should be read in conjunction with the independent auditors’ report is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the project financial statements of the Project “Agricultural Commercialization Project”, Grant No. H964-TJ (the “Project”).

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

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

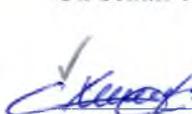
- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and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

Management is also responsible for:

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

The project financial statements for the year ended December 31, 2017 were approved and authorized for issue on June 18, 2018 by the management of the Project.

On behalf of the Management:


Sadullaev H.
Director of
AED PMU


Satorov P.
Chief Accountant of
AED PMU




Nozimov I.
Acting Director of
MOF PMU


Gafforov B.
Chief Accountant of
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June 18, 2018
Dushanbe, the Republic of Tajikistan



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INDEPENDENT AUDITOR'S REPORT

To the management of the Project “Agricultural Commercialization Project” under the Ministry of Finance of the Republic of Tajikistan and Ministry of Agriculture of the Republic of Tajikistan and the State Committee on Investments and Government Property Management of the Republic of Tajikistan.

Report on the project financial statements

Qualified opinion

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

Basis for qualified opinion

- [3] We were unable to obtain sufficient and appropriate audit evidence to identify correctness of cash balances in CJSC TJSC IBRR “Tajprombank” in the amount of 257,195 US dollars as at December 31, 2017 due to inability of the CJSC TJSC IBRR “Tajprombank” to provide us confirmation letter. It was not practicable to perform alternative audit procedures sufficient to satisfy ourselves as to correctness of balances in the summary of funds received and expenditures paid. As a result, we have not identified what adjustments should have been made in respect of recorded or unrecorded elements making up the project financial statements.
- [4] We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the project financial statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the project financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of matter

[5] Without further qualifying our opinion, we draw attention to the following matters:

- a. We draw attention to Note 4 from the project financial statements that present cash balances in CJSC TJSC IBRR “Tajprombank” (the “Bank”) in the amount of 257,195 US dollars as at December 31, 2017. The National Bank of Tajikistan withdrew license of this Bank on February 24, 2017. The Bank is in the process of liquidation.
- b. We draw attention to Note 2 to the project financial statements, which describes the basis of accounting. These project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing agreements requirements

Other matter

[6] The project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the project financial statements may not be suitable for another purpose.

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

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

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

[8] Our objectives are to obtain reasonable assurance about whether the project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the project financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project’s internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the project financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

[9] We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[10] We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Baker Tilly Klitou and Partners

Baker Tilly Klitou and Partners SRL

Chisinau, Republic of Moldova
June 18, 2018



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"AGRICULTURAL COMMERCIALIZATION PROJECT" GRANT NO. H964-TJ

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

(in US dollars)

	Notes	For the year ended December 31, 2017			For the year ended December 31, 2016			Cumulative
		AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
Opening balance	4	457,257	299,517	756,774	438,765	260,435	699,200	-
Funds received								
Grant H964-TJ	5	2,038,610	3,398,800	5,437,410	779,616	1,519,906	2,299,522	8,879,087
Total funds received:		<u>2,038,610</u>	<u>3,398,800</u>	<u>5,437,410</u>	<u>779,616</u>	<u>1,519,906</u>	<u>2,299,522</u>	<u>8,879,087</u>
Other income		-	-	-	2,059	-	2,059	2,228
Total receipts		<u>2,038,610</u>	<u>3,398,800</u>	<u>5,437,410</u>	<u>781,675</u>	<u>1,519,906</u>	<u>2,301,581</u>	<u>8,881,315</u>
Project expenses								
Sub-loans under Component II.A	6	-	3,135,942	3,135,942	-	1,155,350	1,155,350	4,291,292
Commercialization Grants under Component II.B	6	981,020	-	981,020	-	-	-	981,020
Goods, works, operating costs, training, non-consulting services and consultants' services	6	1,213,402	169,251	1,382,653	763,158	324,341	1,087,499	2,916,089
Total project expenses		<u>2,194,422</u>	<u>3,305,193</u>	<u>5,499,615</u>	<u>763,158</u>	<u>1,479,691</u>	<u>2,242,849</u>	<u>8,188,401</u>
Foreign exchange losses / (gains)		261	(16,407)	(16,146)	25	1,133	1,158	(17,801)
Closing balance	4	<u>301,184</u>	<u>409,531</u>	<u>710,715</u>	<u>457,257</u>	<u>299,517</u>	<u>756,774</u>	<u>710,715</u>

On behalf of the Management:

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AED PMU

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Acting Director of
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Gafforov B.
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June 18, 2018
Dushanbe, the Republic of Tajikistan

The notes on pages 5-10 form an integral part of the financial statements.
The independent auditor's report is on page 11.

"AGRICULTURAL COMMERCIALIZATION PROJECT"
GRANT NO. H964-TJ

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

(in US dollars)

	For the year ended December 31, 2017			For the year ended December 31, 2016			Cumulative
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
Component I. Improvement of technical knowledge and skills in support of commercialization.	637,652	-	637,652	70,921	-	70,921	708,573
Component II. Access to finance for agribusiness enterprises and small-scale commercial farms.	981,020	3,179,069	4,160,089	-	1,372,449	1,372,449	5,532,538
Component III. Institutional capacity building and project management.	575,750	126,124	701,874	692,237	107,242	799,479	1,947,290
	<u>2,194,422</u>	<u>3,305,193</u>	<u>5,499,615</u>	<u>763,158</u>	<u>1,479,691</u>	<u>2,242,849</u>	<u>8,188,401</u>

On behalf of the Management:

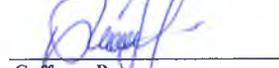

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June 18, 2018
 Dushanbe, the Republic of Tajikistan

The notes on pages 80-82 form an integral part of these financial statements.
 The independent auditor's report is on page 90.

**“AGRICULTURAL COMMERCIALIZATION PROJECT”
GRANT NO. H964-TJ**

**NOTES TO THE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(in US dollars)**

1. GENERAL INFORMATION

According to the Agreement between the Republic of Tajikistan and International Development Association (the “IDA”, “World Bank”) signed on July 30, 2014, the IDA provided a Grant No. H964-TJ in amount of 14,300,000 Special Drawing Rights to the Republic of Tajikistan. The period of duration of the Grant from July 30, 2014 to June 30, 2021.

The Grants were provided for the Project “Agricultural Commercialization Project” (the “Project”).

Project purpose

The objective of the project is to increase the commercialization of farm and agri-business products, by improving the performance of selected value chains and productive partnerships through increased access to finance and strengthened capacity of project beneficiaries.

The Project comprises the following components:

Component I: Improvement of technical knowledge and skills in support of commercialization;
Component II: Access to finance for agribusiness enterprises and small-scale commercial farms;
Component III: Institutional capacity building and project management.

Component I: Improvement of technical knowledge and skills in support of commercialization.

Improving of technical knowledge and skills of participants in key agricultural value chains and productive partnerships by:

- a) Supporting building value chains and productive partnerships under the project, by providing research and improvement of technical knowledge and skills of project beneficiaries on a variety of agriculture-related subjects, and assistance in identifying and pursuing market opportunities. Provision of advisory services and training by a reputable consulting firm with relevant expertise acceptable to the Association, to assist with value chain development activities under Component I, II.B and III of the Project.
- b) Providing Training and advisory services at the producer level. Establishing a network of demonstration plots, to conduct comparisons and testing between various agricultural production practices and supporting participation of farmer groups in trade fairs and other events.
- c) Providing Training and advisory services for agro processors and agribusiness enterprises on a variety of subjects related to their business operations. Providing Training on issues relating to child and forced labor. Supporting attendance at trade fairs and providing mentoring services.

Component II: Access to finance for agribusiness enterprises and small-scale commercial farms.

Enhancing access to medium and long-term finance for agribusiness enterprises and small-scale commercial farms by:

- a) Establishing and operating of a credit line facility through PFIs to support: (a) medium-term loans and leases for investment for financing modern technological plant and equipment; and (b) value chain financing products and value chain and productive linkage support.
- b) Providing Commercialization Grants to support investment and input needs by smaller farmers in producer groups or productive partnerships unable to qualify for a commercial loan.
- c) Supporting the value chain development by providing capacity building of the PFIs related to new financial products in lending for value chain and productive partnership development activities, accessing suitability and effectiveness of new financial products, and on mitigation of the related risks. Providing Training to the PFIs on environmental and social safeguard issues.

Component III: Institutional capacity building and project management.

Strengthening the critical elements of the institutional framework and agricultural sector's academic knowledge base required to support commercial activity by:

- a) Supporting curriculum modernization of the Tajikistan Agrarian University.
- b) Supporting expansion of the farmer training programs at the agricultural colleges through updating of curricula and teaching materials, in conjunction with curriculum modernization under Component III. (a) above; upgrading equipment and upgrading of facilities of the Agricultural Colleges.
- c) Improving market information systems for farmers and agribusinesses by: (i) supporting the establishment of a public-private partnership between the Tajikistan National Statistics Agency, other relevant state agencies and private service providers on facilitating delivery of commercial market information; and (ii) providing related technical assistance to the Tajikistan National Statistics Agency, other relevant state agencies and private service providers.
- d) Strengthening the MOA's capacity for policy and regulatory reform in the field of agriculture by funding selected studies on critical issues concerning agricultural commercialization.
- e) Supporting the Agricultural Entrepreneurship Development Project Management Unit ("AED PMU") and Ministry of Finance Project Management Unit ("MOF PMU") for the effective implementation of the Project, through provision of goods, works, consultants' services, audit, Training and Operating Costs, for purposes of Project management and implementation, including monitoring and evaluation.
- f) Establishing and maintaining for the duration of the Project, the Grievance Redress Mechanism.

Project management

The Project is implemented by the Agricultural Entrepreneurship Development Project Management Unit (the "AED PMU") and Ministry of Finance Project Management Unit (the "MOF PMU") within the scope of the Ministry of Agriculture and Ministry of Finance of the Republic of Tajikistan, respectively.

Duration of the Project is July 30, 2014 to June 30, 2021.

2. PRESENTATION OF THE PROJECT FINANCIAL STATEMENTS

Basis of preparation

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

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

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

These project financial statements consist of:

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash basis of accounting

The project financial statements are prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the Project. The project financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the project financial statements is balances of cash and changes therein.

Foreign currency

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

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

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

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

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

Cash and cash equivalents

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

Taxes

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

Project expenses

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

Sources of funds

The funds were provided by the World Bank to the Project by advance, reimbursement of expenses or through direct payment to the end supplier of goods and/or services.

4. CASH AND CASH EQUIVALENTS

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

	Currency	December 31, 2017		Total
		AED PMU	MOF PMU	
Designated account	USD	301,184	409,470	710,654
Transit account	TJS	-	2	2
Advances to employees	TJS	-	59	59
		<u>301,184</u>	<u>409,531</u>	<u>710,715</u>

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

	Currency	December 31, 2016		Total
		AED PMU	MOF PMU	
Designated account	USD	457,256	299,514	756,770
Transit account	TJS	1	3	4
		<u>457,257</u>	<u>299,517</u>	<u>756,774</u>

5. FUNDS RECEIVED

The funds received are presented by the following financing methods:

	For the year ended December 31, 2017		
	AED PMU	MOF PMU	Total
Direct payments	257,982	-	257,982
Reimbursement of expenses	<u>1,780,628</u>	<u>3,398,800</u>	<u>5,179,428</u>
	<u>2,038,610</u>	<u>3,398,800</u>	<u>5,437,410</u>
	For the year ended December 31, 2016		
	AED PMU	MOF PMU	Total
Reimbursement of expenses	<u>779,616</u>	<u>1,519,906</u>	<u>2,299,522</u>
	<u>779,616</u>	<u>1,519,906</u>	<u>2,299,522</u>
	Cumulative		Total
	AED PMU	MOF PMU	
Advances	600,000	400,000	1,000,000
Direct payments	257,982	-	257,982
Reimbursement of expenses	<u>2,702,399</u>	<u>4,918,706</u>	<u>7,621,105</u>
	<u>3,560,381</u>	<u>5,318,706</u>	<u>8,879,087</u>

6. PROJECT EXPENSES

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

Sub-loans under Component II. A

	For the year ended December 31, 2017			For the year ended December 31, 2016		
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total
CJSC MDO "Imon International"	-	1,554,602	1,554,602	-	435,947	435,947
LLC MDO "Humo"	-	1,038,443	1,038,443	-	103,858	103,858
LLC MDO "Arvand"	-	542,897	542,897	-	120,781	120,781
LLC MDO "Dastras"	-	-	-	-	319,934	319,934
OJSC "Bank Eskhata"	-	-	-	-	87,615	87,615
LLC MDO "Muzaffariyat"	-	-	-	-	70,885	70,885
CJSC "AccessBank Tajikistan"	-	-	-	-	16,330	16,330
	-	3,135,942	3,135,942	-	1,155,350	1,155,350
		Cumulative				
	AED PMU	MOF PMU	Total			
CJSC MDO "Imon International"	-	1,990,549	1,990,549			
LLC MDO "Humo"	-	1,142,301	1,142,301			
LLC MDO "Arvand"	-	663,678	663,678			
LLC MDO "Dastras"	-	319,934	319,934			
OJSC "Bank Eskhata"	-	87,615	87,615			
LLC MDO "Muzaffariyat"	-	70,885	70,885			
CJSC "AccessBank Tajikistan"	-	16,330	16,330			
	-	4,291,292	4,291,292			

Commercialization Grants under Component II.B

	For the year ended December 31, 2017			For the year ended December 31, 2016		
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total
Grants	981,020	-	981,020	-	-	-
	<u>981,020</u>	<u>-</u>	<u>981,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
	AED PMU	Cumulative MOF PMU	Total			
Grants	981,020	-	981,020			
	<u>981,020</u>	<u>-</u>	<u>981,020</u>			

Goods, works, operating costs, training, non-consulting services, and consultants' services

	For the year ended December 31, 2017			For the year ended December 31, 2016		
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total
Payroll and related taxes	283,642	114,475	398,117	245,947	99,362	345,309
Trainings	315,059	-	315,059	47,959	29,290	77,249
Consulting services	301,932	-	301,932	149,486	-	149,486
Consultants' services	68,040	-	68,040	838	-	838
Stationery	41,880	2,632	44,512	38,871	2,616	41,487
Trainings for PMU	10,746	30,560	41,306	1,149	180,672	181,821
Agrobusiness forum	36,024	-	36,024	-	-	-
Business trips	18,282	3,666	21,948	5,611	442	6,053
Transportation	14,525	5,398	19,923	7,919	4,452	12,371
Business demos	17,809	-	17,809	-	-	-
Fuel	12,498	4,336	16,834	5,764	979	6,743
Audit	11,882	-	11,882	8,783	-	8,783
Non-consulting services	11,452	-	11,452	-	-	-
Communication	9,031	2,160	11,191	5,851	2,835	8,686
Vehicle maintenance	5,955	631	6,586	2,211	318	2,529
Goods	5,275	-	5,275	197,258	-	197,258
Translation services	4,463	-	4,463	8,137	-	8,137
Office renovation	2,891	-	2,891	16,136	-	16,136
Bank services	1,951	864	2,815	1,575	690	2,265
Utility	395	-	395	2,935	-	2,935
Advertising	377	-	377	773	-	773
Other	39,293	4,529	43,822	15,955	2,685	18,640
	<u>1,213,402</u>	<u>169,251</u>	<u>1,382,653</u>	<u>763,158</u>	<u>324,341</u>	<u>1,087,499</u>

Goods, works, operating costs, training, non-consulting services, and consultants' services

	AED PMU	Cumulative MOF PMU	Total
Payroll and related taxes	678,391	268,510	946,901
Consulting services	451,418	-	451,418
Trainings	363,018	29,290	392,308
Goods	304,476	45,885	350,361
Trainings for PIU	14,265	211,232	225,497
Consultants services	68,878	37,226	106,104
Stationery	86,931	6,834	93,765
Office renovation	42,969	-	42,969
Agrobusiness forum	36,024	-	36,024
Transportation	22,444	9,850	32,294
Business trips	25,700	4,108	29,808
Communication	20,337	5,266	25,603
Fuel	19,021	5,315	24,336
Audit costs	20,665	-	20,665
Business demos	17,809	-	17,809
Translation services	16,792	-	16,792
Non-consulting services	12,333	-	12,333
Vehicle maintenance	8,166	949	9,115
Utility	6,907	-	6,907
Bank services	4,504	1,796	6,300
Advertising	3,294	453	3,747
Other	55,529	9,504	65,033
	<u>2,279,871</u>	<u>636,218</u>	<u>2,916,089</u>

7. FINANCIAL POSITION

Financial position as at December 31, 2017 comprise of:

	December 31, 2017		
	AED PMU	MOF PMU	Total
ASSETS AND EXPENSES			
Cash and cash equivalents	301,184	409,531	710,715
Cumulative project expenses	3,260,891	4,927,510	8,188,401
Foreign exchange losses / (gains)	<u>534</u>	<u>(18,335)</u>	<u>(17,801)</u>
TOTAL ASSETS AND EXPENSES	<u>3,562,609</u>	<u>5,318,706</u>	<u>8,881,315</u>
FINANCING			
Funds received	3,560,381	5,318,706	8,879,087
Other income	<u>2,228</u>	<u>-</u>	<u>2,228</u>
TOTAL FINANCING	<u>3,562,609</u>	<u>5,318,706</u>	<u>8,881,315</u>

Financial position as at December 31, 2016 comprise of:

	December 31, 2016		
	AED PMU	MOF PMU	Total
ASSETS AND EXPENSES			
Cash and cash equivalents	457,257	299,517	756,774
Cumulative project expenses	1,066,469	1,622,317	2,688,786
Foreign exchange losses / (gains)	<u>273</u>	<u>(1,928)</u>	<u>(1,655)</u>
TOTAL ASSETS AND EXPENSES	<u>1,523,999</u>	<u>1,919,906</u>	<u>3,443,905</u>
FINANCING			
Funds received	1,521,771	1,919,906	3,441,677
Other income	<u>2,228</u>	<u>-</u>	<u>2,228</u>
TOTAL FINANCING	<u>1,523,999</u>	<u>1,919,906</u>	<u>3,443,905</u>

8. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2017 comprise:

PMU	Application	Dates	Direct payments	Goods, works, operating costs, training, non-consulting services and consultants' services	Total	
MOF	11	January 12, 2017	-	102,411	102,411	
	12	February 6, 2017	-	306,680	306,680	
	13	February 22, 2017	-	209,185	209,185	
	14	March 17, 2017	-	187,684	187,684	
	15-A	April 11, 2017	-	267,864	267,864	
	16	April 25, 2017	-	201,527	201,527	
	17	May 5, 2017	-	195,031	195,031	
	18	May 25, 2017	-	325,677	325,677	
	19	July 13, 2017	-	299,536	299,536	
	20	August 21, 2017	-	232,738	232,738	
	21	September 27, 2017	-	197,899	197,899	
	22	October 12, 2017	-	133,128	133,128	
	23	November 29, 2017	-	298,450	298,450	
	24	December 6, 2017	-	135,465	135,465	
	25	December 29, 2017	-	305,525	305,525	
				-	3,398,800	3,398,800
	AED	8	March 27, 2017	-	202,425	202,425
		9A	March 28, 2017	146,065	-	146,065
		10	May 25, 2017	-	123,909	123,909
		11	July 11, 2017	-	183,933	183,933
		12	July 10, 2017	87,639	-	87,639
		13	September 5, 2017	-	165,870	165,870
		14	October 12, 2017	-	129,962	129,962
		14A	October 23, 2017	-	79,031	79,031
		15*	November 3, 2017	15,495	-	15,495
16		October 24, 2017	8,783	-	8,783	
17		November 21, 2017	-	306,474	306,474	
18		December 7, 2017	-	280,340	280,340	
20		December 21, 2017	-	308,684	308,684	
			257,982	1,780,628	2,038,610	
			257,982	5,179,428	5,437,410	

* Direct payment under Withdrawal application No.15 was equal to 135,582.08 TJS in original currency.

Deleted withdrawal applications for the year ended December 31, 2017 comprise:

PMU	Application	Dates	Direct payments	Goods, works, operating costs, training, non-consulting services and consultants' services	Total
MOF	15	March 30, 2017	-	268,824	268,824
AED	9	February 28, 2017	146,065	-	146,065
			146,065	268,824	414,889

9. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the year ended December 31, 2017 comprises:

<i>Implementation agency</i>	AED PMU	AED PMU	MOF PMU	
<i>Bank</i>	CJSC “Tadjprombank”	CJSC “The First Micro Finance Bank”	CJSC “Spitamen Bank”	
<i>Currency</i>	US Dollars	US Dollars	US Dollars	
<i>Bank account</i>	202068402001284	20206840818210031476	20206840880800000257	
<i>Bank’s location</i>	22 Rudaki Ave., Dushanbe, the Republic of Tajikistan	113 Shevchenko str., Dushanbe, the Republic of Tajikistan	4, Shamsi str., Dushanbe, the Republic of Tajikistan	
				Total
Balance as at January 1, 2017	257,195	200,061	299,514	756,770
Reimbursement of expenses	-	1,780,628	3,398,800	5,179,428
Total funds received	-	1,780,628	3,398,800	5,179,428
Expenses paid	-	53,642	173,107	226,749
Transferred to transit account	-	1,876,152	3,115,737	4,991,889
Transferred to cash desk	-	6,906	-	6,906
Balance as at December 31, 2017	<u>257,195</u>	<u>43,989</u>	<u>409,470</u>	<u>710,654</u>

10. UNDRAWN FUNDS

For the year ended December 31, 2017 undrawn funds are presented as follows:

	For the period from July 30, 2014 to December 31, 2017 in SDR
Approved grant amount	14,300,000
Disbursed during the period from July 30, 2014 to December 31, 2017 (AED PMU)	2,544,644
Disbursed during the period from July 30, 2014 to December 31, 2017 (MOF PMU)	<u>3,838,219</u>
Undrawn grant amount	<u><u>7,917,137</u></u>
	For the year ended December 31, 2017 in SDR
Grant received as at January 1, 2017	2,472,602
Disbursed in 2017 (AED PMU)	1,456,724
Disbursed in 2017 (MOF PMU)	<u>2,453,537</u>
Grant received as at December 31, 2017	<u><u>6,382,863</u></u>

11. COMMITMENTS

In the normal course of activities, the Project concludes agreements with suppliers of goods and services in accordance with the established budget and procurement plan.

Contract value of obligations valid as at December 31, 2017 was as follows:

PMU	Counterparty	Contract No.	Contract CCY	Contract value (in CCY)	Paid up to December 31, 2017 (in CCY)	Remaining amount to be paid (in CCY)
AED	Niras Sweden AB	AED/PMU/QCBS/2015-01	USD	1,679,747	268,760	1,410,987
AED	"Source of life" LLC	ACP/PMU/G/SH/2016-02	USD	168,910	61,746	107,164
AED	"Latif" LLC	AED/PMU/CS-SSS/2017-03	USD	77,849	7,785	70,064
AED	"Zarzamin" LLC	AED/PMU/CS-SSS/2017-02	USD	69,840	15,514	54,326
AED	"Bonuvoni Khatlon" LLC	AED/PMU/CS-SSS/2017-01	USD	53,826	9,911	43,915
AED	"Zerkalo" LLC	AED/PMU/CQS/2016-03	USD	96,304	25,039	71,265
MOF	"BDO Academia" LLC	MOF/PMU/CQS/2017-01	USD	94,100	9,410	84,690

12. LEGAL CASES

There were no any legal claims related to the Project.

13. EVENTS AFTER THE REPORTING DATE

During 2018 until the date of issue of these project financial statements the World Bank provided financing to the Project as follows:

Source of financing	PMU	Financing method	Date	Application	Total
Grant No. H964-TJ	MOF	Reimbursement of expenses	February 9, 2018	26	207,882
Grant No. H964-TJ	MOF	Reimbursement of expenses	April 20, 2018	27	352,990
Grant No. H964-TJ	MOF	Reimbursement of expenses	May 24, 2018	28	160,043
Grant No. H964-TJ	AED	Direct payments	January 16, 2018	19*	31,854
Grant No. H964-TJ	AED	Reimbursement of expenses	January 16, 2018	21	305,602
Grant No. H964-TJ	AED	Reimbursement of expenses	February 6, 2018	22	254,665
Grant No. H964-TJ	AED	Reimbursement of expenses	April 20, 2018	23	147,466
Grant No. H964-TJ	AED	Direct payments	April 20, 2018	24	233,704
Grant No. H964-TJ	AED	Reimbursement of expenses	May 24, 2018	25	187,020
					<u>1,881,226</u>

* Direct payment under Withdrawal application No.19 was equal to 280,318.14 TJS in original currency.

On January 16, 2018 a Financing Agreement was signed for additional financing for Agriculture Commercialization Project between Republic of Tajikistan and IDA (Grant No. D259-TJ, Credit No. 6167-TJ) for total amount of Grant 5,400,000 SDR and Credit 7,500,000 USD with closing date on June 30, 2022. However, even if financing agreement is signed, the Project did not receive official approval from the World Bank on activation of additional financing.

As at the date of issue of the project financial statements no other significant events or transactions occurred, except for the events or transactions described above.