

**“Agricultural Commercialization Project”  
Grant No. H964-TJ, Grant No. D259-TJ,  
Credit No. 6167-TJ**

**The project financial statements**  
for the year ended December 31, 2018

**and independent auditors’ report**

**“AGRICULTURAL COMMERCIALIZATION PROJECT”  
GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**

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**TABLE OF CONTENTS**

	<b>Page</b>
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018	2
INDEPENDENT AUDITORS’ REPORT	3-5
PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018	
Summary of funds received and expenditures paid	6
Summary of expenditures paid by project components	7
Notes to the project financial statements	8-20

## **STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**

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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, Grant No. D259-TJ, Credit No. 6167-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, 2018 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, 2018 were approved and authorized for issue on May 31, 2019 by the management of the Project.

**On behalf of the Management:**

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**Sadullaev H.**  
Director of  
AED PMU

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**Satorov F.**  
Chief Accountant of  
AED PMU

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**Nozimov I.**  
Acting Director of  
MOF PMU

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**Gafforov B.**  
Chief Accountant of  
MOF PMU

May 31, 2019  
Dushanbe, the Republic of Tajikistan

## INDEPENDENT AUDITORS' 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, 2018 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 paragraph [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, 2018 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 212,876 US dollars as at December 31, 2018 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 qualified 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 foreign exchange loss in the statement of funds received and expenditures paid. In accordance with the decision of economic court of Dushanbe city of the Republic of Tajikistan dated May 16, 2017 CJCS TJSC IBRR “Tajprombank” had to transfer their US dollars’ accounts to Tajik somoni using the exchange rate of the National Bank of Tajikistan as at March 3, 2017. CJCS TJSC IBRR “Tajprombank” transfer the Project’s special account on March 30, 2018 in the amount of 233,082 US dollars to the Project’s transit account in Tajik somoni in the amount of 2,057,250 Tajik somoni (257,195 US dollars). The difference of 24,113 US dollars was recognized as foreign exchange loss.
  - b. We draw attention to the Note 4 “Cash and cash equivalents”, in which present cash balances in CJSC TJSC IBRR “Tajprombank” (the “Bank”) in the amount of 2,007,250 Tajik somoni (212,876 US dollars) as at December 31, 2018. The National Bank of Tajikistan revoked license of this Bank on February 24, 2017. The Bank is in the process of liquidation. Therefore, the Project has no access to its bank accounts in CJSC TJSC IBRR “Tajprombank” as at date of issuing this project financial statements.
  - c. 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.

- 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.

**Baker Tilly Klitou and Partners SRL**

Chisinau, the Republic of Moldova  
May 31, 2019

**“AGRICULTURAL COMMERCIALIZATION PROJECT”  
GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID  
FOR THE YEAR ENDED DECEMBER 31, 2018**

*(in US dollars)*

	Notes	For the year ended December 31, 2018			For the year ended December 31, 2017			Cumulative
		AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
<b>Opening balance</b>	4	301,184	409,531	710,716	457,257	299,517	756,774	-
<b>Funds received</b>								
Grant H964-TJ	5	2,689,010	1,964,137	4,653,147	2,038,610	3,398,800	5,437,410	13,532,234
Grant D259-TJ		-	100,000	100,000	-	-	-	100,000
Credit 6167-TJ		-	-	-	-	-	-	-
<b>Total funds received:</b>		2,689,010	2,064,137	4,753,147	2,038,610	3,398,800	5,437,410	13,632,234
Other income		4,016	-	4,016	-	-	-	6,244
<b>Total receipts</b>		2,693,026	2,064,137	4,757,163	2,038,610	3,398,800	5,437,410	13,638,478
<b>Project expenses</b>								
Sub-loans under Component II. A	6	-	2,014,819	2,014,819	-	3,135,942	3,135,942	6,306,111
Commercialization Grants under Component II. B	6	418,037	-	418,037	981,020	-	981,020	1,399,057
Goods, works, operating costs, training, non-consulting services and consultants' services	6	2,040,394	228,447	2,268,841	1,213,402	169,251	1,382,653	5,184,930
<b>Total project expenses</b>		2,458,431	2,243,266	4,701,697	2,194,422	3,305,193	5,499,615	12,890,098
Foreign exchange losses/(gains)		39,289	593	39,882	261	(16,407)	(16,146)	22,081
<b>Closing balance</b>	4	496,490	229,809	726,299	301,184	409,531	710,715	726,299

**On behalf of the Management:**

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**Sadullaev H.**  
Director of  
AED PMU

\_\_\_\_\_  
**Satorov F.**  
Chief Accountant of  
AED PMU

\_\_\_\_\_  
**Nozimov I.**  
Acting Director of  
MOF PMU

\_\_\_\_\_  
**Gafforov B.**  
Chief Accountant of  
MOF PMU

May 31, 2019  
Dushanbe, the Republic of Tajikistan

The notes on pages 8-19 form an integral part of the project financial statements. The independent auditors' report is on pages 3-5.

**“AGRICULTURAL COMMERCIALIZATION PROJECT”  
GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**

**SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

*(in US dollars)*

	For the year ended December 31, 2018			For the year ended December 31, 2017			Cumulative
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
Component I. Improvement of technical knowledge and skills in support of commercialization	1,385,542	-	1,385,542	637,652	-	637,652	2,094,115
Component II. Access to finance for agribusiness enterprises and small-scale commercial farms	418,037	2,099,509	2,517,546	981,020	3,179,069	4,160,089	8,050,084
Component III. Institutional capacity building and project management	654,852	143,757	798,609	575,750	126,124	701,874	2,745,899
	<u>2,458,431</u>	<u>2,243,266</u>	<u>4,701,697</u>	<u>2,194,422</u>	<u>3,305,193</u>	<u>5,499,615</u>	<u>12,890,098</u>

**On behalf of the Management:**

\_\_\_\_\_  
**Sadullaev H.**  
Director of  
AED PMU

\_\_\_\_\_  
**Satorov F.**  
Chief Accountant of  
AED PMU

\_\_\_\_\_  
**Nozimov I.**  
Acting Director of  
MOF PMU

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**Gafforov B.**  
Chief Accountant of  
MOF PMU

May 31, 2019  
Dushanbe, the Republic of Tajikistan

The notes on pages 8-19 form an integral part of the project financial statements. The independent auditors' report is on pages 3-5.

**“AGRICULTURAL COMMERCIALIZATION PROJECT”**  
**GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**

**NOTES TO THE PROJECT FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
*(in US dollars)*

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**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 is from July 30, 2014 to June 30, 2021.

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

On January 18, 2018 was signed the Financing Agreement for additional financing for the Project “Agriculture Commercialization Project” between the Republic of Tajikistan and IDA, IDA provided the Grant No. D259-TJ in amount of 5,400,000 Special Drawing Rights and the Credit No. 6167-TJ in amount of 7,500,000 US dollars. According to Financing Agreement there were changes in the objective of the Project, in the component II and III of the Project and were added new Component IV for. The name of Component II was amended to “Component II: Access to finance” and were added new sub-component II.D. In Component III there were amendment in sub-component III.E and sub-component III.F is hereby replaced in its entirety. The period of duration of the Grant and Credit is from January 18, 2018 to June 30, 2022.

**Project purpose**

The objectives of the Project are to increase the commercialization of farm and agribusiness products and support micro, small and medium enterprise development in Project areas by providing better 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;

Component III: Institutional capacity building and project management.

Component IV: Entrepreneurship training and business development services to micro, small and medium size enterprises

***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***

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, and (c) investment and working capital needs for a broad range of micro, small and medium enterprises in Project areas.
- 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.
- d. Providing Matching Grants to Sub-borrowers on terms and conditions set forth in the Matching Grant Program Manual to complement Sub-loans under Part A of this Component II.

***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. (ii) establishing and maintaining for the duration of the Project, the Grievance Redress Mechanism
- f. Building capacity of financial intermediaries acting in rural areas of the Recipient, including: (i) provision of Training to PFI's on start-up business financing modalities, including risk identification and appraisal, and structuring of financing repayment, as well as on key environmental aspects associated with rural business financing; and (ii) provision of technical assistance to selected smaller microfinance institutions with good potential to grow and expand the opportunities for access to finance for small rural and agricultural businesses.

***Component IV: Entrepreneurship training and business development services to micro, small and medium size enterprises***

- a. Provision of entrepreneurship Training and business development services to start-ups with more intensive support to youth led, women-led enterprises and enterprises led by, and/or employing, persons with disabilities.
- b. Carrying out innovative approaches to promote start-up growth and job creation, including opening an entrepreneurship hub in a selected location and development and implementation of business mentoring and training programs.

*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, 2022.

## **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 NBT, 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, replenishment of designated account 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, 2018 comprise:

	Grant	Currency	AED PMU	December 31, 2018 MOF PMU	Total
Designated account	H964-TJ	USD	283,613	129,722	413,335
Designated account	D259-TJ	USD	-	99,965	99,965
Transit account	H964-TJ	TJS	212,877	16	212,893
Cash on hand	H964-TJ	TJS	-	106	106
			<u>496,490</u>	<u>229,809</u>	<u>726,299</u>

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

	Grant	Currency	AED PMU	December 31, 2017 MOF PMU	Total
Designated account	H964-TJ	USD	301,184	409,470	710,654
Transit account	H964-TJ	TJS	-	2	2
Advances to employees	H964-TJ	TJS	-	59	59
			<u>301,184</u>	<u>409,531</u>	<u>710,715</u>

## 5. FUNDS RECEIVED

The funds received are presented by the following financing methods:

	For the year ended December 31, 2018		
	AED PMU	MOF PMU	Total
<b>Grant No. H964-TJ</b>			
Direct payments	499,262	-	499,262
Reimbursement of expenses	<u>2,189,748</u>	<u>1,964,137</u>	<u>4,153,885</u>
	<u>2,689,010</u>	<u>1,964,137</u>	<u>4,653,147</u>
<b>Grant No. D259-TJ</b>			
Advances	-	<u>100,000</u>	<u>100,000</u>
	-	<u>100,000</u>	<u>100,000</u>

**For the year ended December 31, 2017**

	<b>AED PMU</b>	<b>MOF PMU</b>	<b>Total</b>
<b>Grant No. H964-TJ</b>			
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>
		<b>Cumulative</b>	
	<b>AED PMU</b>	<b>MOF PMU</b>	<b>Total</b>
<b>Grant No. H964-TJ</b>			
Advances	600,000	400,000	1,100,000
Direct payments	757,244	-	757,243
Reimbursement of expenses	<u>4,892,147</u>	<u>6,882,843</u>	<u>11,774,991</u>
	<u>6,249,391</u>	<u>7,282,843</u>	<u>13,532,234</u>
<b>Grant No. D259-TJ</b>			
Advances	<u>-</u>	<u>100,000</u>	<u>100,000</u>
	<u>-</u>	<u>100,000</u>	<u>100,000</u>

## 6. PROJECT EXPENSES

The Project expenses by components are presented in the summary of expenditures paid by project components. The 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, 2018			For the year ended December 31, 2017		
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total
CJSC MDO "Imon International"	-	357,952	357,952	-	1,554,602	1,554,602
LLC MDO "Humo"	-	1,305,031	1,305,031	-	1,038,443	1,038,443
LLC MDO "Arvand"	-	351,836	351,836	-	542,897	542,897
	-	2,014,819	2,014,819	-	3,135,942	3,135,942
		<b>Cumulative</b>				
	<b>AED PMU</b>	<b>MOF PMU</b>	<b>Total</b>			
CJSC MDO "Imon International"	-	2,348,501	2,348,501			
LLC MDO "Humo"	-	1,968,709	1,968,709			
LLC MDO "Arvand"	-	1,494,137	1,494,137			
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			
	-	6,306,111	6,306,111			

### Commercialization Grants under Component II.B

	For the year ended December 31, 2018			For the year ended December 31, 2017		
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total
Grants	418,037	-	418,037	981,020	-	981,020
	418,037	-	418,037	981,020	-	981,020
		<b>Cumulative</b>				
	<b>AED PMU</b>	<b>MOF PMU</b>	<b>Total</b>			
Grants	1,399,057	-	1,399,057			
	1,399,057	-	1,399,057			

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

	For the year ended December 31, 2018			For the year ended December 31, 2017		
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total
Payroll and related taxes	303,895	113,764	417,659	283,642	114,475	398,117
Trainings	741,005	-	741,005	315,059	-	315,059
Consulting services	594,445	14,533	608,978	301,932	-	301,932
Goods	-	-	-	5,275	-	5,275
Trainings for PMU	-	84,690	84,690	10,746	30,560	41,306
Consultants' services	139,872	-	139,872	68,040	-	68,040
Stationery	11,548	1,310	12,858	41,880	2,632	44,512
Agribusiness forum	37,842	-	37,842	36,024	-	36,024
Business trips	40,329	1,602	41,931	18,282	3,666	21,948
Business demos	42,049	-	42,049	17,809	-	17,809
Translation services	40,257	-	40,257	4,463	-	4,463
Office renovation	1,048	-	1,048	2,891	-	2,891
Fuel expenses	14,082	5,202	19,284	12,498	4,336	16,834
Communication	7,002	1,866	8,868	9,031	2,160	11,191
Transportation	-	-	-	14,525	5,398	19,923
Audit costs	8,236	-	8,236	11,882	-	11,882
Purchase of vehicle	21,967	-	21,967	-	-	-
Vehicle maintenance	5,412	2,563	7,975	5,955	631	6,586
Utility	6,170	-	6,170	395	-	395
Non-consulting services	-	-	-	11,452	-	11,452
Bank services	2,871	713	3,584	1,951	864	2,815
Advertising	-	-	-	377	-	377
Other	22,364	2,204	24,568	39,293	4,529	43,822
	<u>2,040,394</u>	<u>228,447</u>	<u>2,268,841</u>	<u>1,213,402</u>	<u>169,251</u>	<u>1,382,653</u>

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

	AED PMU	Cumulative MOF PMU	Total
Payroll and related taxes	982,286	382,274	1,364,560
Trainings	1,104,023	29,290	1,133,313
Consulting services	1,045,863	14,533	1,060,396
Goods	304,476	45,885	350,361
Trainings for PMU	14,265	295,922	310,187
Consultants' services	208,750	37,226	245,976
Stationery	98,479	8,144	106,623
Agribusiness forum	73,866	-	73,866
Business trips	66,029	5,710	71,739
Business demos	59,858	-	59,858
Translation services	57,049	-	57,049
Office renovation	44,017	-	44,017
Fuel expenses	33,103	10,517	43,620
Communication	27,339	7,132	34,471
Transportation	22,444	9,850	32,294
Audit costs	28,901	-	28,901
Purchase of vehicle	21,967	-	21,967
Vehicle maintenance	13,578	3,512	17,090
Utility	13,077	-	13,077
Non-consulting services	12,333	-	12,333
Bank services	7,375	2,509	9,884
Advertising	3,294	453	3,747
Other	77,893	11,708	89,601
	<u>4,320,265</u>	<u>864,665</u>	<u>5,184,930</u>

## 7. FINANCIAL POSITION

Financial position as at December 31, 2018 comprise of:

	AED PMU	December 31, 2018 MOF PMU	Total
<b>ASSETS AND EXPENSES</b>			
Cash and cash equivalents	496,490	229,809	726,299
Cumulative expenses	5,719,322	7,170,776	12,890,098
Foreign exchange losses/(gains)	39,823	(17,742)	22,081
<b>TOTAL ASSETS AND EXPENSES</b>	<b>6,255,635</b>	<b>7,382,843</b>	<b>13,638,478</b>
<b>FINANCING</b>			
Funds received	6,249,391	7,382,843	13,632,234
Other income	6,244	-	6,244
<b>TOTAL FINANCING</b>	<b>6,255,635</b>	<b>7,382,843</b>	<b>13,638,478</b>

Financial position as at December 31, 2017 comprise of:

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

## 8. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2018 comprise:

Implementation unit	Sources of financing	Application	Value date	Advances	Direct payments	Goods, works, operating costs, training, non-consulting services and consultants' services	Total
MOF	H964-TJ	26	February 9, 2018	-	-	207,882	207,882
		27	April 20, 2018	-	-	352,990	352,990
		28	May 24, 2018	-	-	160,043	160,043
		29	July 12, 2018	-	-	347,207	347,207
		30	September 13, 2018	-	-	379,487	379,487
		31	October 5, 2018	-	-	353,720	353,720
		32	November 15, 2018	-	-	162,808	162,808
						-	-
MOF	D259-TJ	01	December 13, 2018	100,000	-	-	100,000
				100,000	-	-	100,000
AED	H964-TJ	19	January 16, 2018	-	31,854	-	31,854
		21	January 16, 2018	-	-	305,602	305,602
		22	February 6, 2018	-	-	254,665	254,665
		23	April 20, 2018	-	-	147,466	147,466
		24	April 20, 2018	-	233,704	-	233,704
		25	May 24, 2018	-	-	187,020	187,020
		26	June 20, 2018	-	-	340,217	340,217
		27	June 17, 2018	-	-	233,525	233,525
		28	September 20, 2018	-	-	185,678	185,678
		29	October 19, 2018	-	233,704	-	233,704
		30	October 25, 2018	-	-	154,466	154,466
		31	November 26, 2018	-	-	171,486	171,486
		32	December 28, 2018	-	-	209,623	209,623
						-	499,262
				100,000	499,262	4,153,885	4,753,147

Deleted withdrawal applications for the year ended December 31, 2018 comprise:

PMU	Sources of financing	Application	Value date	Advances	Direct payments	Goods, works, operating costs, training, non-consulting services and consultants' services	Total
MOF	D259-TJ	01	December 10, 2018	100,000	-	-	100,000
				100,000	-	-	100,000

## 9. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the year ended December 31, 2018 comprises:

<i>Designated accounts Implementation agency Bank</i>	Grant No. H964-TJ AED PMU	Grant No. H964-TJ AED PMU	Grant No. H964-TJ MOF PMU	Grant No. D259-TJ MOF PMU	Total
<i>Currency</i>	US Dollars	US Dollars	US Dollars	US Dollars	
<i>Bank account</i>	202068402001284	20206840818210031476	20206840880800000257	20206840400020100469	
<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	16 N. Karaboev str, Dushanbe, the Republic of Tajikistan	
<b>Balance as at January 1, 2018</b>	257,195	43,989	409,470	-	710,654
Advances	-	-	-	100,000	-
Reimbursement of expenses	-	2,189,748	1,964,137	-	4,153,885
Transfer between accounts	-	107	-	-	107
<b>Total funds received</b>	-	2,189,855	1,964,137	100,000	4,153,992
Expenses paid	-	186,835	19,437	35	206,272
Transferred to transit account	233,082	1,751,032	2,224,448	-	4,193,650
Transferred to cash desk	-	12,364	-	-	12,364
Foreign exchange rate loss	24,113	-	-	-	39,025
<b>Balance as at December 31, 2018</b>	-	283,613	129,722	99,965	413,335

## 10. UNDRAWN FUNDS

For the year ended December 31, 2018 undrawn funds are presented as follows:

	Grant No. H964-TJ in SDR	Grant No. D295-TJ in SDR	Credit No.6167-TJ In USD
Approved financing amount	14,300,000	5,400,000	7,500,000
Disbursed during the period from July 30, 2014 to December 31, 2018 (AED PMU)	4,442,980	-	-
Disbursed during the period from July 30, 2014 to December 31, 2018 (MOF PMU)	5,228,451	72,248	-
	<u>4,628,569</u>	<u>5,327,752</u>	<u>7,500,000</u>
Undrawn financing amount			
Financing received as at January 1, 2018	6,382,863	-	-
Disbursed in 2018 (AED PMU)	1,898,335	-	-
Disbursed in 2018 (MOF PMU)	1,390,232	72,248	-
	<u>9,671,431</u>	<u>72,248</u>	<u>-</u>
Financing received as at December 31, 2018			

## 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, 2018 was as follows:

Counterparty	Contract No.	Contract Currency	Contract value	Paid up to December 31, 2018	Remaining amount to be paid
International Company "Nras" (Sweden)	AED/PMU/QCBS/2015-01	USD	1,679,747	806,260	873,487
"Sarchashmai hayot" LLC	AED/PMU/CQS/2015-07	USD	168,910	152,016	16,894
"Oriyon" LLC	AED/PMU/CQS/2017-05	USD	173,929	106,868	67,061
"AL Mar Consulting" LLC	AED/PMU/CQS/2017-03	USD	267,601	69,972	197,629
"Zarzamin" LLC	AED/PMU/CQS/2017-04	USD	90,000	71,063	18,937
"Agro-service Consulting" LLC	AED/PMU/CQS/2017-06	USD	34,996	12,653	22,343
"Oriyon" LLC	AED/PMU/CQS/2018-01	USD	43,291	12,331	30,960
Gent University (Belgium)	AED/PMU/CQS/2016-04	USD	277,654	27,765	249,889
"Zerkalo" LLC	AED/PMU/CQS/2016-03	USD	101,289	99,469	1,820

## 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:

<b>Financing source</b>	<b>Application</b>	<b>Implementation unit</b>	<b>Financing method</b>	<b>Date</b>	<b>Total</b>
<b>Grant No. H964-TJ</b>	33	MOF	Reimbursement of expenses	January 14, 2019	287,898
	34	MOF	Reimbursement of expenses	February 12, 2019	181,895
	35	MOF	Reimbursement of expenses	April 11, 2019	372,476
	33	AED	Reimbursement of expenses	January 25, 2019	159,812
	34	AED	Reimbursement of expenses	February 27, 2019	228,945
	35	AED	Direct payment	March 18, 2019	60,360
	36	AED	Direct payment	April 16, 2019	219,098
	37	AED	Reimbursement of expenses	April 16, 2019	133,881

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.