

Audited Project Financial Statements

Project Number: 44482-023
Grant Number: 0327/0328
Period covered: 21 December 2012 to 20 December 2013

AFG: Transport Network Development Investment Program, Tranche 2 Cofinanced by Afghanistan Infrastructure Trust Fund (AITF)

Prepared by Ministry of Public Works

For the Asian Development Bank

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy (2011) and as agreed between ADB and the Ministry of Public Works.

Ministry of Public Works

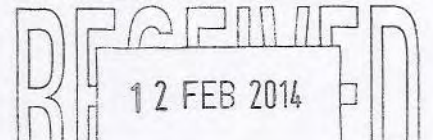
TRANSPORT NETWORK DEVELOPMENT INVESTMENT PROGRAM - TRANCHE 2

**FUNDED BY
ASIAN DEVELOPMENT BANK**

Grant No. 0327-AFG-SF & 0328-AFG-EF

FOR THE PERIOD FROM 04 APRIL 2013 TO 20 DECEMBER 2013

ASIAN DEVELOPMENT BANK



Ministry of Public Works

**ASIAN DEVELOPMENT BANK
FUNDED PROJECT**

**TRANSPORT NETWORK DEVELOPMENT INVESTMENT PROGRAM - TRANCHE 2
Grant No. 0327-AFG-SF & 0328-AFG-EF**

FOR THE PERIOD FROM 04 APRIL 2013 TO 20 DECEMBER 2013

	Pages
TABLE OF CONTENTS	
ABBREVIATIONS AND ACRONYMS	4
TRANSMITTAL LETTER	5
INDEPENDENT AUDITORS' REPORT	6 - 7
STATEMENT OF RECEIPTS AND PAYMENTS	8
NOTES TO THE ACCOUNT	9 - 12
MANAGEMENT LETTER - Annexure I	

ABBREVIATIONS AND ACRONYMS

1	AFG	Afghanistan
2	SF	Special Fund
3	ADB	Asian Development Bank
4	MPW	Ministry of Public Works
5	PMO	Project Management Office
6	EA	Executing Agency
7	UNOPS	United Nations Office for Project Services
8	DAB	Da Afghanistan Bank

TRANSMITTAL LETTER

Date: 11 February, 2014

To

Engineer Noor Gul Mangal
Deputy Minister Technical
Ministry of Public Works
Kabul, Afghanistan

Subject: External Auditing of Transport Network Development Investment Program - Tranche 2
financed under the Asian Development Bank Grant No. 0327-AFG-SF and Grant No 0328-
AFG- EF, for the period from 04 April 2013 to 20 December 2013.

Dear Sir

Please find enclosed our final audit report on the above mentioned assignment containing the following:

- 1 Independent Auditors' Report
- 2 Statement of Receipts and Payments
- 3 Notes to the Account
- 4 Management Letter

We wish to place on record our appreciation for the courtesy and cooperation extended to us by Project Management Office/MPW at all levels during the course of our audit.

Thank You

Sincerely Yours,

Abid Ali, Manager



INDEPENDENT AUDITORS' REPORT

THE DEPUTY MINISTER - Technical,
Ministry of Public Works
Kabul, Afghanistan

We have audited the accompanying statement of receipts and payments (Pages 08 to 12) of the **Transport Network Development Investment Program - Tranche 2** financed under the Asian Development Bank Grant No. 0327-AFG-SF & 0328-AFG-EF as of 20 December 2013 for the Period ended.

These statement of receipts and payments are the responsibility of the management of Ministry of Public Works ("herein under referred to as MPW"). Our responsibility is to express an opinion on the accompanying statements based on our audit.

We conducted our examination in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of receipts and payments are free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of receipts and payments. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as evaluating the overall statement of receipts and payments presentation. We believe that our audit provides a reasonable basis for our opinion.

The MPW policy is to prepare the accompanying statements in the format agreed between the Asian Development Bank and the Government of Afghanistan for the Grant on a cash receipts and disbursements basis in which cash is recognized when received and expenses are recognized when paid, rather than when incurred.

In our Opinion;

(A) the aforementioned statement of receipts and payments and appended notes that were also the subject of the audit, present fairly in all material respects the financial position of the **Transport Network Development Investment Program - Tranche 2** as at 20 December 2013 and the results of its operations for the period from 04 April 2013 to 20 December 2013, in conformity with International Public Sector Accounting Standard, applied on a consistent basis in all material respects with that of the previous year;

(B) The MPW has utilized all proceeds of the Grant withdrawn from the Asian Development Bank only for the purpose of the Project as agreed between the Asian Development Bank and the MPW in accordance with the Grant Agreement; and no proceeds of the grant have been utilized for other purpose, and

(C) The MPW was in compliance as at the date of the statement of receipts and payments of the period of audit with all financial covenants of the Grant Agreement.

In addition

(i) There was no Imprest account opened.

(ii) There was no monetary contribution from the Government for the project during the period ending 20 December 2013.

(iii) We reviewed the procedures for procurement and found in conformity with the ADB procurement guidelines.

Alliott Gulf



**ALLIOTT GULF LIMITED
CHARTERED ACCOUNTANTS &
MANAGEMENT CONSULTANTS**

Kabul, Afghanistan

11 February, 2014

Ministry of Public Works

Project Name: Transport Network Development Investment Program - Tranche 2

Funded by: Asian Development Bank

Grant No: 0327-AFG-SF & 0328-AFG-EF

Statement of Receipts and Payments

For the Period from 04 April 2013 to 20 December 2013

Particulars	Notes	During the Year	20 December 2013 US \$
Receipts			
Direct Payments	3	16,499,757	16,499,757
Government financing		-	-
		<u>16,499,757</u>	<u>16,499,757</u>
Payments			
Civil Work	4		
Under Grant 0327		-	-
Under Grant 0328		16,499,757	16,499,757
Consulting Services		-	-
Resettlement Costs		-	-
Good - Asset Management System		-	-
Land Acquisition		-	-
Taxes and duties		-	-
		<u>16,499,757</u>	<u>16,499,757</u>
Excess of Receipts Over Payments		<u>-</u>	<u>-</u>

The annexed notes 1 to 4 form an integral part of these statement of receipts and payments.

Mr. Ahmad Tariq
Finance Manager
Ministry of Public Works
Islamic Republic of Afghanistan
Date: 11 February, 2014

Engineer Noor Gul Mangal
Deputy Minister Technical
Ministry of Public Works
Islamic Republic of Afghanistan
Date: 11 February, 2014

Ministry of Public Works

Project Name: Transport Network Development Investment Program - Tranche 2

Funded by: Asian Development Bank

Grant No: 0327-AFG-SF & 0328-AFG-EF

Notes to the Account

For the Period from 04 April 2013 to 20 December 2013

1 Background

The Asian Development Bank (ADB) has provided with Grant No.0327 and Grant No.0328 dated 07 March 2013 to the Islamic Republic of Afghanistan ("Recipient") from ADB's Special Funds resources and the Afghanistan Infrastructure Trust Fund (AITF) in an amount of US Dollar 176 million and US Dollar 60 million respectively. On 23 July 2013 an amendment was agreed upon and signed between ADB and Ministry of Finance on behalf of Islamic Republic of Afghanistan which reduced Grant No.0327 to an amount of US Dollar 149 million and subsequently increased Grant No.0328 to an amount of US Dollar 87 million.

As per Grant agreement, Grant No.0327 and Grant No.0328 is to be utilized for: (A) Transport Infrastructure Development Component: (i) Reconstruction and widening of the approximately 106 km Sapary to Jalalabad Road (the second section of the Kabul Jalalabad Road). (ii) Rehabilitation of the approximately 32 km Chah-e-Anjir to Gereshk Road (Section 2 of Lashkar Gah to Greshk Road). (iii) Reconstruction of approximately 50 km of the Sharan to Angoor Ada Road. (B) Transport Network Management Capacity Development Component: (i) Provision of support for pre-feasibility study for Bamyán to Kandahar Road. (ii) Capacity building for MPW including support for restructuring based on a revised business plan. (iii) Provision of support for project implementation by MPW including procurement, detailed design, construction and contract supervision, and safeguard policy implementation.

Under the following categories, subject to such modifications thereof as the Recipient and ADB may agree upon from time to time to achieve such objectives:

- (a) Civil Works
- (b) Consulting Services
- (c) Resettlement Costs
- (d) Goods - Asset Management System
- (e) Unallocated

The Ministry of Public Works (MPW), Islamic Republic of Afghanistan is the Executing Agency (EA) under the grant No.0327 and grant No.0328 for the implementation of the transport infrastructure development Projects and for the transport network management capacity development. For the day to day management, monitoring and implementation of the project, a Program Management office (PMO) has been established.

Ministry of Public Works

Project Name: Transport Network Development Investment Program - Tranche 2

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Notes to the Account

For the Period from 04 April 2013 to 20 December 2013

2 Civil Works and Construction Supervision Contracts

A contract (No.MPW/1591/ADB/ICB) has been signed between MPW and Xinjiang Beixin Road and Bridge Group Co.,Ltd, Republic Of China, (hereinafter referred to as 'contractor') on 04 December 2013 for a contract value of US Dollar 109,998,379 for reconstruction and Rehabilitation of the Kabul to Jalalabad Highway - Sapary (km 50+0000) to Surkhroad (Km 150+0000). The payments against the claims raised by the contractor are made through direct payment by ADB.

A contract (No.MPW/1280/QCBS) has been signed between MPW and Angel Lazaro and Associates International Consulting Engineers and Architects in Association with RCOMTECH Engineering (hereinafter referred to as 'consultant') on 09 November 2013 for a contract value of US Dollar 5,969,680 for providing Consulting Services for Construction Supervision of Chah-e-Anjir to Gereskh Road Project (31.6 km). The payments against the claims raised by the consultant are made through direct payments by ADB.

Disbursement is yet to be made out of the Grant No.0327 however out of Grant No.0328 in respect of Civil Works US\$ 16,499,757/- represents the disbursement made by ADB till December 20, 2013 against advance payments to the contractor for these contracts.

Ministry of Public Works

Project Name: Transport Network Development Investment Program - Tranche 2

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Notes to the Account

For the Period from 04 April 2013 to 20 December 2013

2 Significant Accounting Policies

2.2 Basis of Preparation

These Project Accounts have been prepared on a cash receipts and disbursements basis using the cash based International Public Sector Accounting Standards (IPSAS) promulgated by the International Federation of Accountants.

2.3 Receipts and Payments

The Project Accounts are based on the transactions pertaining to the period ended 20 December 2013.

- (a) Value dates of the releases made by ADB in respect of the payments under the direct payment procedure of ADB; and
- (b) Releases made out of the Imprest Account maintained with Da Afghanistan Bank (DAB).

2.4 Reporting Currency

The currency used for reporting is US Dollar. All the disbursements have been made or converted in US Dollar at the exchange rates prevailing on the date of the transaction.

2.5 General

The figures have been rounded off to the nearest US dollars.

Mr. Ahmad Tariq
Finance Manager of PMO
Islamic Republic of Afghanistan
Date: 11 February 2014

Engineer Noor Gul Mangal
Deputy Minister Technical
Islamic Republic of Afghanistan
Date: 11 February 2014

Ministry of Public Works

Project Name: Transport Network Development Investment Program - Tranche 2

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Notes to the Account

For The Period from 04 April 2013 to 20 December 2013

3. DIRECT PAYMENTS

Direct payments were made for Civil Works amounting US dollars 16,499,757 for the year ended 20 December 2013.

4. CIVIL WORKS

Particulars	W/A No/(M16)	Amount Released	Value Date
Advance payments	J-0001/(425)	16,499,757	20-Dec-13
Total Civil Works Cost		<u>16,499,757</u>	