

# Audited Project Financial Statements

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Project Number: 44458-013

Loan: 3025/3026-UZB

Period covered: 01 January 2019 to 31 December 2019

## UZB: Amu-Bukhara Irrigation System Rehabilitation Project

Prepared by the Agency for Implementation of Water Sector Projects under the Ministry of Water Resources of the Republic of Uzbekistan

For the Asian Development Bank

Date accepted by ADB: 22 September 2020

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 Access to Information Policy and as agreed between ADB and the Ministry of Water Resources of the Republic of Uzbekistan.

**AMU-BUKHARA IRRIGATION SYSTEM  
REHABILITATION PROJECT  
ADB LOAN 3025-UZB/ADB LOAN 3026-UZB (SF)**

**INDEPENDENT AUDITOR'S REPORT AND  
SPECIAL FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Management of the Agency for Implementation  
of Water Sector Projects under the Ministry of Water  
Resources of the Republic of Uzbekistan,  
Amu –Bukhara Irrigation System Rehabilitation Project

### *Opinion*

We have audited the attached special financial statements (hereinafter referred to as the financial statements) of the «Amu-Bukhara Irrigation System Rehabilitation» Project (hereinafter referred to as the Project) financed by the Asian Development Bank (hereinafter - ADB) under the financial agreements Loan No. 3025/3026-UZB of 21 November 2013 (hereinafter referred to as the Financing Agreement) for the period from 01 January 2019 to 31 December 2019. The financial statements include: The statement of cash receipts and payments, Statement of budgeted versus actual expenditures, Statement of direct payments, Statement of reimbursements of funds, Statement of funds withdrawn with SOE procedures, Statement of imprest account and Explanatory notes to the special financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special financial statements reflect fairly, in all material respects, the cash receipts and payments of the Project as at and for the year ended 31 December 2019, in accordance with the terms of the Financing Agreement and IPSAS.

In addition:

- (i) The Project has utilized the proceeds of the loan withdrawn from ADB only for purposes of the Project as agreed between the ADB and Republic of Uzbekistan in accordance with the Loan Agreements; and no proceeds of the Loan have been utilized for other purposes;
- (ii) The adequate supporting documentation has been maintained to authenticate claims stated on the statement of expenditures (SOE), where applicable, for reimbursement of eligible expenditures incurred and liquidation of advances provided to the imprest account under Loan Agreement No.3025-UZB and No. 3026-UZB (SI) and
- (iii) The imprest account gives fair view of the receipts collected and payments made during the reporting period and these receipts and payments support the imprest account liquidations/replenishments during the year ended 31 December 2019.



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## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of financial statements" section of our opinion. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS: "Financial reporting on the cash basis of accounting" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 confidence is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement that exists. Misstatement 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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.
- 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are



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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 appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosure made by management;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Partner:

Sh.N. Nosirov

Auditor:

N.N. Yulchiev



23 June 2020

Tashkent, Uzbekistan

# STATEMENTS OF CASH RECEIPTS AND PAYMENTS

	Actual		Budget	Variance	Variance %
	2019	Cumulative total			
<b>Opening Cash Balances</b>	<b>100 209</b>				
<b>Receipts</b>					
Direct Payments	26 402 828	41 236 463			
Advance Payments	-	13 750 000			
Reimbursements	15 041	273 128			
<b>Total ADB Loan №3025-UZB</b>	<b>26 417 869</b>	<b>55 259 591</b>	<b>42 749 000</b>		
Direct Payments	9 486 417	20 777 582			
Additional/Initial Advance Payment	-	454 585			
Reimbursements	780	111 560			
Replenishments	178 040	640 819			
<b>Total ADB Loan №3026-UZB (SF)</b>	<b>9 665 237</b>	<b>21 984 547</b>	<b>174 000 000</b>		
Uzbek Government Co-financing	40 229	203 338			
Tax&Customs Benefits*	7 186 667	8 584 638			
<b>Total Uzbek Government Contributions</b>	<b>7 226 886</b>	<b>8 787 976</b>	<b>64 456 900</b>		
Tender and other proceeds	7 202	109 800			
Other receipts	-	1 956			
<b>Total Cash Available</b>	<b>43 417 403</b>	<b>86 143 870</b>	<b>281 205 900</b>		
<b>Payments</b>					
1. Turnkey	26 314 590	40 153 478	148 937 892	108 784 414	27%
1A. New Amu-Bukhara-I Pump Station	7 567 690	7 567 690	92 040 000	84 472 310	8%
1B. Kizil-Tepa Pump Station	18 746 900	32 585 788	56 897 892	24 312 104	57%
2. Works	103 279	1 362 749	5 040 000	3 677 251	27%
3. Unallocated	-	-	6 272 108	6 272 108	0%
4. Work Claims in Agriculture Sector	-	13 750 000	13 750 000	-	100%
<b>Total ADB Loan №3025-UZB</b>	<b>26 417 869</b>	<b>55 266 227</b>	<b>174 000 000</b>	<b>118 733 773</b>	<b>32%</b>
1. Turnkey-Kuyu Mazar Pump Station	8 657 356	15 797 597	27 962 564	12 164 967	56%
2. Works	-	-	319 400	319 400	0%
3. Equipment	95 674	1 283 285	4 120 400	2 837 115	31%
4. Consulting Services	741 804	3 865 012	6 420 700	2 555 688	60%
5. Project Management&Monitoring	180 182	1 004 095	1 360 300	356 205	74%
6. Unallocated	-	-	2 565 636	2 565 636	0%
<b>Total ADB Loan №3026-UZB (SF)</b>	<b>9 675 016</b>	<b>21 949 988</b>	<b>42 749 000</b>	<b>20 799 012</b>	<b>51%</b>



STATEMENTS CASH RECEIPTS AND PAYMENTS (CONTINUED)

	Actual		Budget	Variance	Variance %
	2019	Cumulative total			
1. Project Management (SSP)	40 229	201 771	257 900	56 129	78%
2. Financing during investment period	-	1 922	16 531 400	16 529 478	0%
3. Tax&Customs benefits*	7 186 657	8 584 638	45 997 600	37 412 962	19%
4. Cost of existing fixed assets	-	-	1 670 000	1 670 000	0%
<b>Total Expenditures by Uzbek Government</b>	<b>7 226 886</b>	<b>8 788 331</b>	<b>64 456 900</b>	<b>55 668 569</b>	<b>14%</b>
Other expenditures	14 898	28 319			
<b>Total Other Expenditures</b>	<b>14 898</b>	<b>28 319</b>			
Effect of foreign exchange difference, net	(1 292)	(29 562)			
<b>Total payments</b>	<b>43 335 962</b>	<b>86 062 428</b>	<b>281 205 900</b>	<b>195 143 472</b>	<b>31%</b>
<b>Closing Cash Balances</b>	<b>81 442</b>	<b>81 442</b>			

\* This amount for 7 186 657 US dollars contains only the value added tax (VAT) and does not include benefits for customs and other obligatory payments.

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU



G.K. Kasimov

*[Signature]*

Chief Accountant

O.A. Akhmedova

*[Signature]*



STATEMENT OF BUDGETED VERSUS ACTUAL EXPENDITURES, ADB LOAN 3025-UZB

Category of expenditures	Actual expenditures		Budgeted expenditures	Variance
	2 019	Cumulative total	Cumulative total	
Category 1A: Turnkey: New Amu-Bukhara 1 Pump Station	7 567 690	7 567 690	92 040 000	84 472 310
<b>Total</b>	<b>7 567 690</b>	<b>7 567 690</b>	<b>92 040 000</b>	<b>84 472 310</b>
Category 1B: Turnkey: Kizil-Tepa Pump Station	18 746 900	32 585 788	56 897 892	24 312 104
<b>Total</b>	<b>18 746 900</b>	<b>32 585 788</b>	<b>56 897 892</b>	<b>24 312 104</b>
Category 2: Works	103 279	1 362 749	5 040 000	3 677 251
<b>Total</b>	<b>103 279</b>	<b>1 362 749</b>	<b>5 040 000</b>	<b>3 677 251</b>
Category 3: Unallocated	-	-	6 272 108	6 272 108
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6 272 108</b>	<b>6 272 108</b>
Category 4: Work claims in agriculture sector	-	13 750 000	13 750 000	-
<b>Total</b>	<b>-</b>	<b>13 750 000</b>	<b>13 750 000</b>	<b>-</b>
<b>Total Project Expenditures</b>	<b>26 417 869</b>	<b>55 266 228</b>	<b>174 000 000</b>	<b>118 733 772</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov

Chief Accountant

O.A. Akhmedova

STATEMENT OF BUDGETED VERSUS ACTUAL EXPENDITURES, ADB LOAN 3026-UZB (SF)

Category of expenditures	Actual expenditures		Budgeted expenditures	Variance
	2 019	Cumulative total	Cumulative total	
Category 1: Turnkey: Kuyu Mazar Pump Station	8 657 356	15 797 597	27 962 564	12 164 967
<b>Total</b>	<b>8 657 356</b>	<b>15 797 597</b>	<b>27 962 564</b>	<b>12 164 967</b>
Category 2: Works	-	-	319 400	319 400
<b>Total</b>	<b>-</b>	<b>-</b>	<b>319 400</b>	<b>319 400</b>
Category 3: Equipment	95 674	1 283 285	4 120 400	2 837 115
<b>Total</b>	<b>95 674</b>	<b>1 283 285</b>	<b>4 120 400</b>	<b>2 837 115</b>
Category 4: Consulting services	741 804	3 865 011	6 420 700	2 555 689
<b>Total</b>	<b>741 804</b>	<b>3 865 011</b>	<b>6 420 700</b>	<b>2 555 689</b>
Category 5: Project Management and Monitoring	180 182	1 004 095	1 360 300	356 205
<b>Total</b>	<b>180 182</b>	<b>1 004 095</b>	<b>1 360 300</b>	<b>356 205</b>
Category 6: Unallocated	-	-	2 565 636	2 565 636
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2 565 636</b>	<b>2 565 636</b>
<b>Total Project Expenditures</b>	<b>9 675 016</b>	<b>21 949 987</b>	<b>42 749 000</b>	<b>20 799 012</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU



G.K. Kasimov

*[Signature]*

Chief Accountant

O.A. Akhmedova

*[Signature]*

STATEMENT OF DIRECT PAYMENTS, ADB LOAN №3025-UZB

W/A number	Year	Category of expenditures			Total
		01A-Turnkey (NKH PS)	01B-Turnkey (KT PS)	02-Works	
00023	2019	-	584 337	-	584 337
00024	2019	-	2 024	-	2 024
00028	2019	-	46 150	-	46 150
00029	2019	-	7 150 927	-	7 150 927
00030	2019	-	11 618	-	11 618
00031	2019	-	3 383 243	-	3 383 243
00032	2019	-	10 147	-	10 147
00033	2019	-	3 188 881	-	3 188 881
00034	2019	7 567 690	-	-	7 567 690
00035	2019	-	1 347 484	-	1 347 484
00036	2019	-	5 898	-	5 898
00037	2019	-	613 559	-	613 559
00040	2019	-	-	61 926	61 926
00041	2019	-	2 327 255	-	2 327 255
00042	2019	-	75 378	-	75 378
00043	2019	-	-	26 312	26 312
<b>Total</b>		<b>7 567 690</b>	<b>18 746 900</b>	<b>88 238</b>	<b>26 402 828</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov

Chief Accountant

O.A. Akhmedova

STATEMENT OF DIRECT PAYMENTS, ADB LOAN №3026-UZB (SF)

W/A number	Year	Category of expenditures			Total
		01-Turnkey (KM PS)	03-Equipment	04-Consulting services	
00068	2019	25 477	-	-	25 477
00069	2019	1 600 703	-	-	1 600 703
00070	2019	-	-	131 980	131 980
00072	2019	-	-	113 358	113 358
00073	2019	59 135	-	-	59 135
00074	2019	2 613 458	-	-	2 613 458
00075	2019	-	-	57 501	57 501
00076	2019	2 289	-	-	2 289
00077	2019	1 182 471	-	-	1 182 471
00078	2019	-	-	82 878	82 878
00079	2019	555	-	-	555
00080	2019	475 583	-	-	475 583
00081	2019	-	-	140 311	140 311
00082	2019	1 110 029	-	-	1 110 029
00084	2019	182 975	-	-	182 975
00085	2019	10 104	-	-	10 104
00087	2019	-	-	142 289	142 289
00088	2019	-	2 922	-	2 922
00089	2019	-	1 554	-	1 554
00090	2019	-	1 197	-	1 197
00092	2019	-	89 220	-	89 220
00093	2019	1 372 626	-	-	1 372 626
00094	2019	21 951	-	-	21 951
00095	2019	-	-	65 850	65 850
<b>Total</b>		<b>8 657 356</b>	<b>94 894</b>	<b>734 166</b>	<b>9 486 417</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov

Chief Accountant

O.A. Akhmedova

STATEMENT OF REIMBURSEMENTS OF FUNDS, ADB LOAN №3025-UZB

W/A number	Year	Category of expenditures				Total amount to be recovered
		01-Turnkey	02-Works	03-Unallocated	04-Work claims in agriculture sector	
00038	2019	-	2 883	-	-	2 883
00039	2019	-	12 158	-	-	12 158
<b>Total</b>		-	<b>15 041</b>	-	-	<b>15 041</b>

\* The reimbursement of USD 15 040,94 (equivalent to 142 885 812,04 UZS) on the ADB Loan No. 3025-UZB was made directly by ADB to the account of the Ministry of Finance of the Republic of Uzbekistan, as payment to counterparties was made through the account of the Ministry of Finance. This expenditure was not made through the imprest accounts of the Project.

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov

Chief Accountant

O.A. Akhmedova

STATEMENT OF REIMBURSEMENTS OF FUNDS, ADB LOAN №3026-UZB (SF)

W/A number	Year	Category of expenditures						Total amount to be recovered
		01-Turnkey	02-Works	03-Equipment	04-Consulting services	05-Project management and monitoring	06-Unallocated	
00091	2019	-	-	780	-	-	-	780
<b>Total</b>		-	-	<b>780</b>	-	-	-	<b>780</b>

\* Analogically, reimbursement of USD 780 (equivalent to 7 406 426,91 UZS) on the ADB Loan No. 3026-UZB (SF) was made directly by ADB to the account of the Ministry of Finance of the Republic of Uzbekistan, as payment to counterparties was made through the account of the Ministry of Finance. This expenditure was not made through the imprest accounts of the Project.

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov

Chief Accountant

O.A. Akhmedova



STATEMENT OF ADB FUNDS WITHDRAWN WITH SOE PROCEDURES, ADB LOAN №3026-UZB (SF)

WIA number	Year	Category of expenditures						Total to be replenished	Total amount recovered
		01-Turnkey	02-Works	03-Equipment	04-Consulting services	05-Project management and monitoring	06-Unallocated		
00071*	2019	-	-	-	-	-	-	-	69 094
00083	2019	-	-	-	-	45 762	-	45 762	45 762
00086	2019	-	-	-	7 638	55 546	-	63 184	63 184
00097**	2020	-	-	-	-	78 874	-	78 874	-
<b>Total</b>		-	-	-	<b>7 638</b>	<b>180 182</b>	-	<b>187 820</b>	<b>178 040</b>

\*Expenditures for the amount 69 094 US dollars were incurred in 2018, but the withdrawal application No.71 was submitted to Asian Development Bank for replenishment and liquidation of these expenditures in 2019.

\*\* Expenditures for the amount of 78 874 US dollars were incurred in 2019, but the withdrawal application No.97 was submitted to Asian Development Bank for replenishment and liquidation of these expenditures in 2020.

Signed on behalf of PIU Management on 12 June 2020.



Manager of PIU  
 G.K. Kasimov

Chief Accountant

O.A. Akhmedova



STATEMENT OF IMREST ACCOUNT IN USD

Account No	20210840804122849019
Depository Bank	JSCB "AGROBANK"
Address	43, Mukumiy Street, Tashkent, 100096
Related Loan	3025-UZB/3026-UZB (SF)
Currency	In US Dollars
Balance as at 01.01.2019	43 812
Receipts	-
Total cash available	43 812
Payments	
Transfer of funds to special account in UZS	43 800
Transfer of remaining balance resulting from the renaming of organization from Center to Agency	12
Total payments	43 812
Balance as at 31.12.2019	-

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU



G.K. Kasimov

*[Signature]*

Chief Accountant

O.A. Akhmedova

*[Signature]*

STATEMENT OF IMREST ACCOUNT IN USD

Account No	20210840705049362017
Depository Bank	JSCB "AGROBANK"
Address	43, Mukumiy Street, Tashkent, 100096
Related Loan	3025-UZB/3026-UZB (SF)
Currency	In US Dollars
Balance as at 01.01.2019	-
<b>Receipts</b>	
ADB Replenishment	178 040
Transfer of funds from tender account in USD	12 000
Transfer of remaining balance resulting from the renaming of organization from Center to Agency	12
<b>Total cash available</b>	<b>190 051</b>
<b>Payments</b>	
Transfer of funds to current account in UZS	112 423
Transfer of funds to tender account in USD	12 500
Bank comission (Citibank)	27
<b>Total payments</b>	<b>124 950</b>
<b>Balance as at 31.12.2019</b>	<b>65 101</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov



Chief Accountant

O.A. Akhmedova

STATEMENT OF CURRENT ACCOUNT IN UZS

Account No	20210000904122849026	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumiy Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency	In thousands of UZS	In US dollars
Balance as at 01.01.2019	13 912	1 669
<b>Receipts</b>		
Transfer of funds from special account in USD	366 511	43 800
Refunds of overpaid income tax	45 929	5 489
Return of balance from corporate card resulting from the renaming of organization from Center to Agency	968	116
<b>Total cash available</b>	<b>427 321</b>	<b>51 073</b>
<b>Payments</b>		
PIU eligible expenditures	354 325	42 356
Overpaid income tax	45 929	5 491
Transfer of remaining balance resulting from the renaming of organization from Center to Agency	17 158	2 048
Transfer of funds to corporate card in UZS	8 880	1 061
Bank charges	1 028	123
<b>Total payments</b>	<b>427 321</b>	<b>51 079</b>
Effect of foreign exchange difference		5
<b>Balance as at 31.12.2019</b>	<b>-</b>	<b>-</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU



G.K. Kasimov

*[Handwritten signature of G.K. Kasimov]*

Chief Accountant

O.A. Akhmedova

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STATEMENT OF CURRENT ACCOUNT IN UZS

Account No	20210000105049362012	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumiy Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency	In thousands of UZS	In US dollars
<b>Balance as at 01.01.2019</b>	-	-
<b>Receipts</b>		
Transfer of funds from special account in USD	1 039 851	112 423
Transfer of funds from tender account in USD	260 470	30 500
Transfer of funds from tender account in UZS	118 180	13 953
Refunds from MIB	38 798	4 543
Refunds of overpaid income tax	26 410	2 958
Transfer of remaining balance resulting from the renaming of organization from Center to Agency	17 158	2 048
Refunds of incorrectly paid amount	4 274	500
Repayment of cost of oversued fuel	1 169	137
<b>Total cash available</b>	<b>1 506 310</b>	<b>167 062</b>
<b>Payments</b>		
PIU eligible expenditures	1 214 768	133 541
Transfer of funds to tender account in UZS	97 941	10 671
Consulting services	68 880	7 838
Transfer of funds to MIB	38 798	4 305
Overpaid income tax	26 410	3 088
Transfer of funds to corporate card in UZS	25 581	2 841
PIU expenditures from tender account funds	20 239	2 393
Bank charges	4 616	503
<b>Total payments</b>	<b>1 497 233</b>	<b>164 980</b>
Effect of foreign exchange difference		(1 129)
<b>Balance as at 31.12.2019</b>	<b>9 076</b>	<b>954</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov

Chief Accountant

O.A. Akhmedova

STATEMENT OF TENDER ACCOUNT IN USD

Account No	20210840004122849020
Depository Bank	JSCB "AGROBANK"
Address	43, Mukumiy Street, Tashkent, 100096
Related Loan	3025-UZB/3026-UZB (SF)
Currency	In US Dollars
Balance as at 01.01.2019	41 473
Receipts	-
Total cash available	41 473
Payments	
Transfer of remaining balance resulting from the renaming of organization from Center to Agency	41 473
Total payments	41 473
Balance as at 31.12.2019	-

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

Chief Accountant

G.K. Kashimov

O.A. Akhtmedova



# STATEMENT OF TENDER ACCOUNT IN USD

Account No	20210840605049362016	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumiy Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency		In US Dollars
Balance as at 01.01.2019		-
<b>Receipts</b>		
Transfer of remaining balance resulting from the renaming of organization from Center to Agency		41 473
Transfer of funds from special account in USD		12 500
Tender proceeds		1 500
<b>Total cash available</b>		<b>55 473</b>
<b>Payments</b>		
Transfer of funds to current account in UZS		30 500
Transfer of funds to special account in USD		12 000
Bank charges		474
<b>Total payments</b>		<b>42 974</b>
<b>Balance as at 31.12.2019</b>		<b>12 499</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov 

Chief Accountant

O.A. Akhmedova 

STATEMENT OF 'TENDER ACCOUNT' IN UZS

Account No	20210000904122849025	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumiy Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency	In thousands of UZS	In US dollars
Balance as at 01.01.2019	107 061	12 838
Receipts	-	-
Total cash available	107 061	12 838
Payments		
Transfer of remaining balance to new tender account in UZS	81 368	9 628
PIU eligible expenditures	17 050	2 030
Bank charges	8 643	1 030
Total payments	107 061	12 687
Effect of foreign exchange difference		(150)
Balance as at 31.12.2019	-	-

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov

Chief Accountant

O.A. Akhmedova



# STATEMENT OF TENDER ACCOUNT IN UZS

Account No	20210000005049362020	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumiy Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency	In thousands of UZS	In US dollars
Balance as at 01.01.2019	-	-
<b>Receipts</b>		
Transfer of funds from current account in UZS	97 941	10 671
Transfer of funds from tender account in UZS	81 368	9 628
Proceeds from the sale of tender documents	48 320	5 702
Refunds from MIB	2 924	341
<b>Total cash available</b>	<b>230 552</b>	<b>26 342</b>
<b>Payments</b>		
Transfer of funds to current account in UZS	118 180	13 953
PIU eligible expenditures	69 843	7 787
Bank charges	13 107	1 420
Transfer to MIB	2 924	341
<b>Total payments</b>	<b>204 053</b>	<b>23 502</b>
Effect of foreign exchange difference		(53)
<b>Balance as at 31.12.2019</b>	<b>26 499</b>	<b>2 787</b>

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

G.K. Kasimov

Chief Accountant

O.A. Akhmedova

# STATEMENT OF TREASURY ACCOUNT IN UZS

Account No	20210000005049362024	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumiy Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency	In thousands of UZS	In US dollars
Balance as at 01.01.2019	-	-
Receipts		
Replenishment by Ministry of the Republic of Uzbekistan	150 292	15 836
Total cash available	150 292	15 836
Payments		
Works	142 886	15 055
Equipment	7 406	780
Total payments	150 292	15 836
Balance as at 31.12.2019	-	-

Signed on behalf of PIU Management on 12 June 2020.

Manager of PIU

Chief Accountant

G.K. Kasimov

O.A. Akhmedova

## EXPLANATORY NOTES TO SPECIAL FINANCIAL STATEMENTS

### 1. PROJECT DESCRIPTION

The Government of the Republic of Uzbekistan received financing from the Asian Development Bank for the implementation of the «Amu-Bukhara Irrigation System Rehabilitation» Project.

The funds were allocated on the basis of Loan Agreements No. 3025-UZ/3026-UZB (SF) approved on 21 November 2013 between the Republic of Uzbekistan and the Asian Development Bank (ADB). The loans were declared effective on 21 January 2014.

This project is carried out in accordance with the Decree of the President of the Republic of Uzbekistan dated 25 August 2015 No. PD-2396 "On additional measures for the implementation of the "Amu-Bukhara Irrigation System Rehabilitation" Project". The estimated completion date is February 2020.

The Project addresses the issues of irrigated agriculture and water management in the Amu-Bukhara irrigation system (ABIS) in the Bukhara and Navoi regions. The Project will result in sustainable economic and social welfare in the communities dependent on ABIS.

The output will be achieved through the following stages:

**Output 1.** One new pump station will be built and four existing pump stations will be modernized and rehabilitated. This covers: (a) the replacement of the pump station Amu-Bukhara I (Khamza 1) including its auxiliary pump stations at the new Amu-Bukhara I pump station (Khamza 1); (b) modernization and rehabilitation (M&R) of the Kuyu-Mazar pump station; (c) the M&R of the pump station "Amu-Bukhara II"; and (d) the M&R of the pump station "Kizil-Tepa" and its auxiliary pump stations.

**Output 2.** The efficiency of the transfer in the main channel of the ABIS will increase. This includes: (a) M&R from 22 key regulatory and / or water intake facilities; (b) installation of water meters; and (c) the installation of wireless radio systems over the primary channel of the ABIS.

**Output 3.** The capacity of the Basin Irrigation System Administration (BISA), Irrigation System Administration (ISA), water consumer associations (WCAs) and farmers to adapt to climate change will increase. This covers (a) the M&R of inter farm and on-farm canals and regulatory structures in three demonstration sites; (b) the introduction of climate-adapted agronomic methods, farming models and water-saving irrigation technologies in three demonstration sites; (c) development of a climate adapted modernized water management and management plan in an area that improves water productivity based on a detailed water balance assessment using remote sensing and actual water measurements; and (d) capacity development of the Bukhara BMIS, three MIS and three WUAs in Bukhara I.

**Output 4:** The project and ABIS will be effectively managed. This will cover Project management, institutional and operational support during the project implementation to the Management of Amu-Bukhara Irrigation System (MABIS), which is responsible management of the main pump stations and the main channel of ABIS. This will comprise: (a) compliance with security requirements; and (b) project supervision, detailed design, procurement and financial management. The second includes institutional strengthening, capacity building, operation and management of ABIS and MABIS.

#### Project financing and payments

For the implementation of the Project, it is envisaged to receive the following funds:

- 174,0 thousands of US dollars - a loan from ordinary capital resources (OCR) of ADB with a 25-year maturity, including a 7 year grace period;
- 30,535 SDRs (equivalent to 42,7 thousands of US dollars) - loan from ADB's concessional resources with a 25-year maturity, including a 5 year grace period;

## PROJECT DESCRIPTION (CONTINUED)

### Project financing and payments (Continued)

- the contribution of the Government of the Republic of Uzbekistan in the equivalent of 80,564 thousands of US dollars, including 68,084 thousands of US dollars (originally 64,46 thousands of US dollars, including 46,0 thousands of US dollars) in the form of tax benefits and other mandatory payments.

The government also requested parallel funding from the Japan International Cooperation Agency (JICA) to approximately USD 100 million to finance the modernization and rehabilitation of the auxiliary pump stations Amu-Bukhara II (Khamza 2) and Kizil Tepa under Result 1 of the Project and the cost of consulting services for the management and monitoring of this M&R at these pump stations on the result of 4 projects.

ADB funds are intended to finance the following expenditure items:

Allocation and Withdrawal of Loan 3025-UZB Proceeds			
No	Item	Total Amount Allocated for ADB Financing (in US dollars)	Basis for Withdrawal from the Loan Account
1	Turnkey		
1A	New Amu Bukhara-I Pump Station	92 040 000	100% of total expenditure claimed *
1B	Kizil Tepa Pump Station	56 897 892	100% of total expenditure claimed *
2	Works	5 040 000	100% of total expenditure claimed *
3	Unallocated	6 272 108	
4	Work Claims in Agriculture Sector	13 750 000	100% of total expenditure claimed *
<b>Total</b>		<b>174 000 000</b>	

\* Exclusive of taxes and duties imposed within the territory of the Borrower

Allocation and Withdrawal of Loan 3026-UZB (SF) Proceeds			
No	Item	Total Amount Allocated for ADB Financing (in US dollars)	Basis for Withdrawal from the Loan Account
1	Turnkey (Kuyu Mazar Pump Station)	27 962 564	100% of total expenditure claimed *
2	Works	319 400	100% of total expenditure claimed *
3	Equipment	4 120 400	100% of total expenditure claimed *
4	Consulting Services	6 420 700	100% of total expenditure claimed *
5	Project Management and monitoring	1 360 300	100% of total expenditure claimed *
6	Unallocated	2 565 636	
<b>Total</b>		<b>42 749 000</b>	

\* Exclusive of taxes and duties imposed within the territory of the Borrower

### Going concern

According to the Loan Agreement № 3025-UZ and № 3026-UZ (SF), the closing date of the Project was expected to be 31 August 2020 and 29 February 2020, respectively. However, with its Letter № 01/38-03-01-35/112 of 6 December 2019 to Asian Development Bank, Ministry of Finance of the Republic of Uzbekistan sent the request to extend the closing of Loan № 3026-UZB (SF) from 31 August 2020 to 31 August 2022.

## 2. ACCOUNTING POLICY

### Presentation of Financial Statements

Special financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS): "Financial reporting under the cash basis of accounting", promulgated by the International Public Sector Accounting Standards Board (IPSASB), as required "Handbook for borrowers on the financial management and analysis of projects financed by the Asian Development Bank", issued by ADB. According to the requirements of these standards, cash receipts are recognized as valid if received, and the expenditure of funds becomes effective at the time of payments, and not when incurring in cash. The accounting policies have been applied consistently throughout the period. Financial statements based on the cash basis of accounting provides the users information about the sources of cash, the analytical report on profits and losses.

The financial statements prepared and presented general purpose financial statements which include the following components:

- A statement of cash receipts and payments which recognizes all cash receipts, cash payments and cash balances controlled by the PIU;
- Accounting policies and explanatory notes; and
- Approved budget, a comparison of budget and actual amounts.

The financial statements consist only cash and cash equivalents inflows and outflows as required IPSAS "Financial Reporting under Cash Basis of Accounting". Non-monetary assets are not included and disclosed in the financial statements.

### Cash and Cash Equivalents

Cash and cash equivalents are recorded at cost and include cash on hand, cash on current and other special accounts in national banks, and cash on hand.

In accordance with IPSAS "Financial Reporting under Cash Basis of Accounting" cash is controlled by an entity when the entity can use the cash for the achievement of its own objectives or otherwise benefit from the cash and exclude or regulate the access of others to that benefit.

During the year the PIU controlled cash inflows, cash outflows and cash balances of the bank accounts (hereinafter – the "Imprest Account") opened in the JSCB "Agrobank" Tashkent branch, Republic of Uzbekistan. These Imprest Accounts opened for the purpose of financing the Project by the source of ADB. All cash inflows and cash outflows of the Imprest Accounts occur due to the ADB source.

During the 2019 fiscal year, the funds disbursed to the Project comprised 15 041 US dollars (reimbursement) by Loan 3025-UZB.

During the 2019 fiscal year, funds disbursed to the Project comprised 780 dollars (reimbursement) and 178 040 US dollars (replenishment) by Loan 3026-UZB (SF).

### Uses of funds

Special financial statements under the cash basis of accounting are prepared based upon accounting records of the PMO, which are maintained both in USD and in UZS. Initial accounting records consist of a summary of disbursement documents and other payment vouchers. Accounting for PMO within the framework of the

## ACCOUNTING POLICY (CONTINUED)

Project is conducted in accordance with the current legislation of the Republic of Uzbekistan with a specific implementation of the Project, including using the cash method.

Management policy programs also include the preparation of a statement of expenditure (SOE) on a cash basis in accordance with International Public Sector Accounting Standards. Accounting is done manually using Excel sheets.

In accounting, the following articles are used:

- Taking into account the actual costs;
- Accounting for cash;
- Accounting of cash transactions;
- Accounting of fixed assets;
- Accounting of stocks;
- Accounting of remuneration;
- Settlements with debtors and creditors;
- Reporting.

Financial management of the project is carried out by the following main points:

1. Analysis of the performance costs;
2. Analysis of cash expenditures for transfers;
3. Analysis of financial condition;
4. Analysis of budget execution.

The analytical report on the amounts received by the Financing Project is separated from the breakdown of the total amount financed by expenditure categories.

At the end of each month/quarter, all items of expenditure for the quarter and for the period from the beginning of the year are calculated in order to determine the balance and similarly record the money costs for transfers.

### The reporting currency and the method of exchange rate translation

The financial statements have been prepared in the US dollar. A significant portion of the Project's cash inflows and outflows made in US dollars. Nevertheless, the Project has accounts in Uzbek Soums (hereinafter the - "UZS"), which are used to receive funds and pay expenses, including for payment to foreign contractors and suppliers.

Cash inflows and outflows in UZS were converted to US dollars using the following conversion principles:

Cash inflows and outflows in UZS were converted to US dollar using the following conversion principles:

- For the source of ADB, cash inflows were converted into US dollars using historical exchange rate of commercial bank on the date of conversion of US dollars into UZS, cash outflows were converted into US dollars using historical exchange rate of CBRU on the date of conversion of US dollars into UZS;
- For the source of Uzbekistan, cash inflows and outflows were converted into US dollar using the official exchange rate CBRU on the date of transaction and the balance amount of the Imprest Account converted into US dollar using the exchange rate on the date of December 31, 2019.

The balance of funds in UZS in the bank accounts of the Project is revalued at the official exchange rate of the Central Bank of the Republic of Uzbekistan at the reporting date. As of 31 December 2019, the exchange rate of the Central Bank of Uzbekistan is UZS 9 507,56 / USD 1.

## ACCOUNTING POLICY (CONTINUED)

### Accounting of Uzbek Government Contribution

The ongoing project with the participation of ADB envisages the contribution of the Republic of Uzbekistan, which in accordance with the Decrees of the President of the Republic of Uzbekistan No. PD-2156 of 28 March 2014 "On measures for the implementation of the "Amu-Bukhara Irrigation System Rehabilitation" Project and No. PD- 2396 of 25 August 2015 "On additional measures for the implementation of the "Amu-Bukhara Irrigation System Rehabilitation" Project is equivalent to 80,564 thousands of US dollars, including 68,084 thousands of US dollars in the form of provision of tax benefits and other mandatory payments.

### 3. IMPREST AND CURRENT ACCOUNTS

During 2019, the following main accounts opened in JSCB "Agrobank" were used for the implementation of the Project:

- Imprest account in USD;
- Current account in UZS
- Account for tender proceeds in USD;
- Account for tender proceeds in UZS
- Corporate cards in UZS for fuel costs.

Account number	Account description
20210840804122849019	ADB imprest account in USD
ADB imprest account is an account opened in JSCB Agrobank in foreign currency - US dollars (USD), on which ADB funds are accumulated. Funds in the imprest account in US dollars are used to convert US dollars into local or any other currency stipulated by the agreements to pay for the Project expenditures in US dollars.	
20210000904122849026	Current account in UZS
Current account in national currency Uzbek soums (UZS) opened in Agrobank for accounting of funds from conversion, which are used to pay for local suppliers in accordance with the categories of expenditures, employee remuneration, local individual consultants and other project expenditures in UZS. This account was valid until the end of April 2019, then it was closed due to the reorganization of the Center into Agency for the Implementation of Investment Projects. The closing balance in the account was transferred to a new current account opened in the same bank.	
Account number	Account description
20210840605049362016	Tender account in USD
A tender account in US dollars opened in JSCB Agrobank is used to receive funds in foreign currency (USD) from the implementation of tender documents.	
20210000904122849025	Tender account in UZS
A tender account in UZS opened in JSCB Agrobank is used to receive funds in national currency from the implementation of tender documents.	
22620000905049362501	Corporate Cards in UZS
22620000905049362502	
22620000405049362504	
22620000705049362500	
Corporate debit cards opened in Uzbek soums are intended to account for funds used to pay for project expenditures, such as fuel costs.	



## STATEMENT OF CORPORATE CARDS IN UZS

<b>Account No</b>		
<b>Depository Bank</b>	<b>JSCB "AGROBANK"</b>	
<b>Address</b>	<b>43, Mukumly Street, Tashkent, 100096</b>	
<b>Related Loan</b>	<b>3025-UZB/3026-UZB (SF)</b>	
<b>Currency</b>	<b>In thousands of UZS</b>	<b>In US dollars</b>
<b>Balance as at 01.01.2019</b>	<b>3 491</b>	<b>434</b>
<b>Receipts</b>		
Transfer from current account in UZS	34 340	3 889
<b>Total cash available</b>	<b>37 831</b>	<b>4 323</b>
<b>Payments</b>		
Petrol expenses	35 914	4 142
Transfer of remaining balance resulting from the renaming of organization from Center to Agency	968	116
<b>Total uses of funds</b>	<b>36 882</b>	<b>4 258</b>
Effect of foreign exchange difference		35
<b>Balance as at 31.12.2018</b>	<b>949</b>	<b>100</b>

## 4. FIXED ASSETS

The fixed assets purchased or received for the effective implementation of the Project's tasks are accounted for on the cost items as soon as these funds are received. For the purposes of these financial statements, property, plant and equipment are not depreciated and are recorded at fair (revalued) cost.

Control over the safety of used fixed assets is carried out by conducting an annual inventory. The last inventory count was carried out on 31 December 2018.

The fixed assets at the disposal of the PTU are presented in the following composition:

Name	Balance as at 01.01.2019		Receipts in 2019		Balance as at 31.12.2019	
	in UZS	in USD	in UZS	in USD	in UZS	in USD
Furniture and Office Equipment	138 645	16 625	18 886	2 079	157 530	16 569
Computers	44 696	5 359	56 201	5 911	100 896	10 612
Transport	180 726	21 671	3 178 475	378 608	3 359 201	353 319
Other Fixed Assets	8 020	962	210	22	8 230	866
<b>Total</b>	<b>372 086</b>	<b>44 617</b>	<b>3 253 772</b>	<b>386 621</b>	<b>3 625 857</b>	<b>381 366</b>
Effect of changes in foreign exchange rate	-	-	-	-	-	49 872
<b>Total</b>	<b>372 086</b>	<b>44 617</b>	<b>3 253 772</b>	<b>386 621</b>	<b>3 625 857</b>	<b>431 238</b>

The basis for the revaluation of property is the current legislation of Uzbekistan, according to which, all enterprises, organizations and institutions of the Republic of Uzbekistan, regardless of ownership and departmental subordination, must revalue the value of fixed assets as of 1 January.

## 5. LEGAL STATUS, TAXES AND CHARGES

Pursuant to the Presidential Decree of the Republic of Uzbekistan dated from April 17, 2018 №5418 "On measures to radically improve the system of state management of agriculture and water economy" and in order to create a unified system the implementation of projects in the field of agriculture and water resources aimed at enhancing agricultural productivity and enterprise development, a Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on November 21, 2018 №940 "On organization of activities of the Agency for implementation of projects in the field of agroindustry and food security" was established, according to which, on the basis of the Rural Restructuring Agency and the Investment Projects Implementation Center in agriculture and water management, the Agency for implementation of projects in the field of agroindustry and food security was formed.

The Agency is a state body empowered to assist in the development and organization of large projects implementation, including investment, in the field of agriculture and food security for the active development and support of entrepreneurship.

According to the Decree of the President of the Republic of Uzbekistan No. PD-2156 of 28 March, 2014 and of 25 August, 2015 No. 2396, the goods, works and services purchased under the Project are exempted for the duration of the project and the warranty period from:

- customs payments (excluding customs duties), value added tax, fees to state trust funds for goods (work, services), equipment and vehicles purchased from ADB Loans;
- payment of legal entities income tax - non-residents of the Republic of Uzbekistan;
- payment of personal income tax - foreign individuals involved in the implementation of the contract.

## 6. SUBSEQUENT EVENTS

Pandemic due to the spread of coronavirus infection (COVID-19) in the Republic of Uzbekistan and around the world, entailed consequences that had a significant impact on the functioning of business in various sectors of the economy. In particular, the restrictive measures taken in connection with the current pandemic situation had the consequences with regard to financial and economic activities of the "Amu-Bukhara Irrigation System Rehabilitation" Project too. Within the framework of the project, these restrictions led to a slowdown in the pace of work, there was no possibility of the arrival of foreign narrowly specialized professionals, there were temporary delays in the shipment and transportation of goods, limited movement of specialists between regions/districts.