

Audited Project Financial Statements

Project Number: 44458–013
Loan/Grant Number: 3025, 3026
Period covered: 1 January 2018 to 31 December 2018

UZB: Amu Bukhara Irrigation System Rehabilitation Project

Prepared by Ministry of Water Resources, Republic of Uzbekistan

For the Asian Development Bank
Date received by ADB: 25 June 2019

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.

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 2018



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INDEPENDENT AUDITOR'S REPORT

To the Management of the Agro Industries and
Food Security Agency, «Amu-Bukhara Irrigation
System Rehabilitation Project»

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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) Loan No. 3025/3026-UZB under the financial agreements from 21 November 2013 (hereinafter referred to as the Financing Agreement) for the period from 01 January 2018 to 31 December 2018. The financial statements include: The financial statements on the sources and uses of funds, Statement on the uses of funds by category, Statement on direct payments, Statement on reimbursements of funds, Statement on replenishments of funds, Statement on special and other bank accounts and Notes to the special financial statements, including a summary of significant accounting policies.

The financial statements were prepared by the management of the Project Implementation Unit of the Agro Industries and Food Security Agency (formerly PIU, hereinafter referred to as the Agency) on a cash basis of accounting, in accordance with the International Public Sector Accounting Standards (hereinafter referred to as IPSAS) issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants.

In our opinion, the attached special financial statements reflect fairly in all material respects the financial position of the Project as at and for the year ended 31 December 2018, in accordance with the terms of the Financing Agreement and IPSAS.

In addition:

- (i) The Project has utilized all 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) With respect to Statements of Expenditure, adequate supporting documentation has been maintained to support claims to the ADB for reimbursements of expenditure incurred; and which expenditures are eligible for financing under Loan Agreement No.3025-UZB and No. 3026-UZB (SF);
- (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 2018.



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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the section "Auditor's responsibility for the audit of financial statements" of our opinion. We are independent of the Project in accordance with the ethical requirements applicable to our audit of financial statements in the Republic of Uzbekistan, and we have fulfilled other ethical duties 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.

Responsibility of the Management and Those Charged with Corporate Governance for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IPSAS: "Financial reporting on the cash basis of accounting" and for the internal control system that management considers necessary for 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 with the project, disclosing, where applicable, issues related to ongoing activities and the use of the basis for accounting, unless management intends to complete or terminate the Project or not have a realistic alternative for doing so.

The persons responsible for the management are responsible for overseeing the preparation of the financial statements of the Project.

Auditor's Responsibility for the Audit of Financial Statements

Our objective is to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error, and in the issuance of an audit report that contains our opinion. Reasonable confidence is a high degree of certainty, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing always reveals significant distortions if they exist. Distortions can be the result of unfair acts or mistakes and are considered significant if one can reasonably assume that individually or collectively they can affect the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we apply professional judgment to retain professional skepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or error; develop and conduct audit procedures in response to these risks; we obtain audit evidence that is sufficient and appropriate to serve as a basis for expressing our opinion. The risk of non-detection of material as a result of unfair acts is higher than the risk of not detecting a significant distortion as a result of an error, since unfair acts may include conspiracy, fraud, intentional omission, misrepresentation of information or actions bypassing the internal control system;
- get an understanding of the internal control system that is relevant to the audit, in order to develop audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control system;
- assess the proper nature of the accounting policies applied and the reasonableness of accounting estimates and the corresponding disclosure of information prepared by management;
- make a conclusion about the legitimacy of management's use of the assumption of business continuity, and on the basis of the obtained audit evidence - the conclusion whether there is a significant uncertainty in connection with events or conditions that may raise significant doubts in the ability of the Project to



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continue its business continuously. If we conclude that there is significant uncertainty, we must draw attention to our disclosure in the financial statements, or, if such disclosure is inappropriate, modify our opinion. Our conclusions are based on the audit evidence received before the date of our audit report. However, future events or conditions may lead to the Project losing the ability to continue its business continuously;

- assess the presentation of the financial statements in general, its structure and content, including disclosure of information, as well as whether the financial statements present the underlying operations and events in a manner that ensures their reliable representation;
- obtain sufficient appropriate audit evidence relating to the financial information of the organization or activities within the Project in order to express an opinion on the financial statements. We are responsible for the management, control and conduct of the Project's audit. We remain fully responsible for our audit opinion.

We collaborate with persons responsible for corporate governance, including, among other things, information on the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify in the course of the audit.

Partner:



Sh. N. Nosirov

Auditor:



N. N. Yulchiev

24 June 2019
Tashkent, Uzbekistan

FINANCIAL STATEMENTS ON THE SOURCES AND USES OF FUNDS

	Actual		Budget	Variance	Variance %
	2018	Cumulative total			
Opening Funds Balance	156 607				
Add: Sources					
Direct Payments	3 903 647	14 833 635			
Advance Payments	-	13 750 000			
Reimbursements	66 347	258 087			
Total ADB Loan №3025-UZB	3 969 994	28 841 722	42 749 000		
Direct Payments	2 930 623	11 291 166			
Additional/Initial Advance Payment	88 183	454 585			
Reimbursements	58 548	110 780			
Replenishments	65 765	462 779			
Total ADB Loan №3026-UZB (SF)	3 143 120	12 319 310	174 000 000		
Uzbek Government Co-financing	43 020	163 109			
Tax&Customs Benefits*	1 397 980	1 397 980			
Total Uzbek Government Contributions	1 441 000	1 561 089	64 456 900		
Tender and other proceeds	-	102 598			
Other receipts	-	1 956			
Total Cash Available	8 710 722	42 826 675	281 205 900		
Less: Uses of funds					
1. Turnkey	3 461 017	13 838 888	148 937 892	135 099 004	9%
1A. New Amu-Bukhara-I Pump Station	-	-	92 040 000	92 040 000	0%
1B. Kizil-Tepa Pump Station	3 461 017	13 838 888	56 897 892	43 059 004	24%
2. Works	508 978	1 259 470	5 040 000	3 780 530	25%
3. Unallocated	-	-	6 272 108	6 272 108	0%
4. Work Claims in Agriculture Sector	-	13 750 000	13 750 000	-	100%
Total ADB Loan №3025-UZB	3 969 994	28 848 358	174 000 000	145 151 642	17%
1. Turnkey-Kuyu Mazar Pump Station	1 973 235	7 140 241	27 962 564	20 822 323	26%
2. Works	-	-	319 400	319 400	0%
3. Equipment	384 178	1 187 611	4 120 400	2 932 789	29%
4. Consulting Services	640 179	3 123 207	6 420 700	3 297 493	49%
5. Project Management&Monitoring	191 015	823 913	1 360 300	536 387	61%
6. Unallocated	-	-	2 565 636	2 565 636	0%
Total ADB Loan №3026-UZB (SF)	3 188 607	12 274 972	42 749 000	30 474 028	29%

FINANCIAL STATEMENTS ON THE SOURCES AND USE OF FUNDS (CONTINUED)

	Actual		Budget	Variance	Variance %
	2018	Cumulative total			
1. Project Management (SSP)	43 020	161 542	257 900	96 358	63%
2. Financing during investment period	-	1 922	16 531 400	16 529 478	0%
3. Tax&Customs benefits*	1 397 980	1 397 980	45 997 600	44 599 620	3%
4. Cost of existing fixed assets	-	-	1 670 000	1 670 000	0%
Total Expenditures by Uzbek Government	1 441 000	1 561 445	64 456 900	62 895 455	2%
Other expenditures	-	13 421			
Total Other Expenditures	-	13 421			
Forex Exchange Rate Difference	(10 910)	(28 270)			
Total Used	8 610 512	42 726 467	281 205 900	238 479 433	15%
Closing Funds Balance	100 209	100 209			

* This amount for 1 397 980 US dollars contains only the value added tax (VAT) and does not include benefits for customs and other obligatory payments.

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltayev

O. Akhmedova



STATEMENT ON THE USES OF FUNDS BY CATEGORY, ADB LOAN 3025-UZB

Category of expenditures	Actual expenditures	
	2 018	Cumulative total
Category 1A: New Amu-Bukhara 1 Pump Station	-	-
Total	-	-
Category 1B: Rehabilitation of Kizil-Tepa Pump Station	3 461 017	13 838 888
Total	3 461 017	13 838 888
Category 2: Works	508 978	1 259 470
Total	508 978	1 259 470
Category 3: Unallocated	-	-
Total	-	-
Category 4: Work claims in agriculture sector	-	13 750 000
Total	-	13 750 000
Total Project Expenditures	3 969 994	28 848 358

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev



O. Akhmedova

STATEMENT ON THE USES OF FUNDS BY CATEGORY, ADB LOAN 3026-UZB (SF)

Category of expenditures	Actual expenditures	
	2 018	Cumulative total
Category 1: Rehabilitation of Kuyu Mazar Pump Station	1 973 235	7 140 241
Total	1 973 235	7 140 241
Category 2: Works	-	-
Total	-	-
Category 3: Equipment	384 178	1 187 611
Total	384 178	1 187 611
Category 4: Consulting services	640 179	3 123 207
Total	640 179	3 123 207
Category 5: Project Management and Monitoring	191 015	823 913
Total	191 015	823 913
Category 6: Unallocated	-	-
Total	-	-
Total Project Expenditures	3 188 607	12 274 972

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev



O. Akhmedova

STATEMENT ON DIRECT PAYMENTS, ADB LOAN №3025-UZB

W/A number	Year	Category of expenditures		Total
		01-Turnkey	02-Works	
00014	2018	428 969	-	428 969
00017	2018	-	186 209	186 209
00018	2018	607 608	-	607 608
00019	2018	164 143	-	164 143
00020	2018	121 041	-	121 041
00021	2018	-	92 010	92 010
00025	2018	-	164 411	164 411
00026	2018	2 117 803	-	2 117 803
00027	2018	21 452	-	21 452
Total		3 461 017	442 630	3 903 647

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

W/A number	Year	Category of expenditures			Total
		01-Turnkey	03-Equipment	04-Consulting services	
00043	2018	283 143	-	-	283 143
00045	2018	-	-	224 840	224 840
00049	2018	-	54 328	-	54 328
00050	2018	491 447	-	-	491 447
00051	2018	-	-	93 590	93 590
00052	2018	-	-	105 861	105 861
00053	2018	147 600	-	-	147 600
00054	2018	-	4 325	-	4 325
00055	2018	-	2 123	-	2 123
00056	2018	-	1 802	-	1 802
00058	2018	-	-	49 720	49 720
00059	2018	229 686	-	-	229 686
00060	2018	-	252 510	-	252 510
00061	2018	-	-	39 777	39 777
00062	2018	-	-	53 055	53 055
00063	2018	-	-	64 914	64 914
00065	2018	18 054	-	-	18 054
00066	2018	-	10 543	-	10 543
00067	2018	803 305	-	-	803 305
Total		1 973 235	325 630	631 758	2 930 623

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev

O. Akhmedova



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

Application number	Year	Category of expenditures				Total Amount to be Recovered	Amount of Replenishment
		01-Turnkey	02-Works	03-Unallo- cated	04-Work claims in agriculture sector		
00015	2018	-	32 680	-	-	33 030	32 680
00016	2018	-	10 016	-	-	10 134	10 016
00022	2018	-	23 651	-	-	23 630	23 651
Total		-	66 347	-	-	66 793	66 347

* The reimbursement of USD 66 347 (equivalent to 543 610 530 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 for 543 610 530 UZS (equivalent to USD 66 793) was made through the account of the Ministry of Finance. This expenditure was not made through the imprest accounts of the Project. As a result, amount of USD 446,00 appeared in the form of exchange differences.

Signed on behalf of the Project Management on 24 June 2019,

Acting Manager of PIU

Chief Accountant

U. Boltaev

O. Akhmedova



Amu-Bukhara Irrigation System Rehabilitation Project, ADB Loan №3025-UZB / ADB Loan №3026-UZB (SF)
Special Financial Statements for the period from 01 January 2018 to 31 December 2018
(all amounts are in US dollars, unless otherwise stated)

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

Application number	Year	Category of expenditures					Total Amount to be Recovered	Amount of Replenishment
		01-Turnkey	02-Works	03-Equipment	04-Consulting services	05-Project Management and Monitoring		
00048	2018	-	-	32 464	-	-	32 847	32 464
00062	2018	-	-	26 084	-	-	26 060	26 084
Total		-	-	58 548	-	-	58 908	58 548

* Analogically, reimbursement of USD 58 548 (equivalent to 480 275 971 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 for 480 275 971 UZS (equivalent to USD 58 908) was made through the account of the Ministry of Finance. This expenditure was not made through the imprest accounts of the Project. As a result, amount of USD 360,00 appeared in the form of exchange differences.

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

U. Boltaev



Chief Accountant

O. Akhmedova

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

Application number	Year	Category of expenditures					Total
		01-Turnkey	02-Works	03-Equipment	04-Consulting services	05-Project management	
00046	2018	-	-	-	-	64 577	64 577
00057	2018	-	-	-	1 744	64 022	65 765
00071*	2019	-	-	-	6 677	62 416	69 094
Total		-	-	-	8 421	191 015	199 436

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

** According to Application No. 47, the amount of 88 183 US dollars was replenished by ADB to the special account of the PIU in US dollars as an advance payment.

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev

O. Akhmedova



STATEMENT ON SPECIAL ACCOUNT IN USD

Account No	20210840500302140003	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumiy Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency		In US Dollars
Balance as at 01.01.2018		89 409
Add: Sources		-
Total cash available		89 409
Less: Uses of funds		
Transfer to special account in USD		89 409
Total uses of funds		89 409
Balance as at 31.12.2018		-

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

U. Boltaev



Chief Accountant

O. Akhmedova

STATEMENT ON SPECIAL 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 01.01.2018		-
Add: Sources		
ADB Replenishment		153 949
Transfer from special account in USD		89 409
Total cash available		243 358
Less: Uses of funds		
Transfer to current account in UZS		199 528
Bank comission (Citibank)		18
Total uses of funds		199 546
Balance as at 31.12.2018		43 812

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

U. Boltayev



Chief Accountant

O. Akhmedova

STATEMENT ON CURRENT ACCOUNT IN UZS

Account No	20210000900302140001	
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 01.01.2018	14 606	1 799
Add: Sources	-	-
Total cash available	14 606	1 799
Less: Uses of funds		
PIU eligible expenditures	6 700	821
Transfer of remaining balance to special account in UZS	5 741	712
Transfer to corporate card in UZS	2 100	258
Bank charges	65	8
Total uses of funds	14 606	1 799
Balance as at 31.12.2018	-	-

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltayev

O. Akhmedova



STATEMENT ON CURRENT ACCOUNT IN UZS

Account No	20210000904122849026	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumly Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency	In thousands of UZS	In US dollars
Balance as at 01.01.2018	-	-
Add: Sources		
Transfer from special account in USD	1 607 813	199 528
Transfer of remaining balance from current account in UZS	5 741	712
Transfer from tender account in UZS	1 143	142
Refunds	737	88
Foreign exchange coverage	42	5
Total cash available	1 615 476	200 475
Less: Uses of funds		
PIU eligible expenditures	1 487 310	184 670
Consulting services	68 880	8 406
Transfer to corporate card in UZS	32 520	4 031
Bank charges	10 854	1 339
Transfer to tender account in UZS	2 000	253
Foreign exchange gain/loss	-	(107) added
Total uses of funds	1 601 563	198 699 198,592
Balance as at 31.12.2018	13 912	1 669 1776

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev

O. Akhmedova



STATEMENT ON TENDER ACCOUNT IN USD

Account No	20210840900302140005	
Depository Bank	JSCB "AGROBANK"	
Address	43, Mukumiy Street, Tashkent, 100096	
Related Loan	3025-UZB/3026-UZB (SF)	
Currency		In US dollars
Balance as at 01.01.2018		41 473
Add: Sources		-
Total cash available		41 473
Less: Uses of funds		-
Transfer to tender account in USD		41 473
Total uses of funds		41 473
Balance as at 31.12.2018		-

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev



O. Akhmedova

STATEMENT ON 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 01.01.2018	-
Add: Sources	-
Transfer from tender account in USD	41 473
Total cash available	41 473
Less: Uses of funds	-
Total uses of funds	-
Balance as at 31.12.2018	41 473

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev

O. Akhmedova



STATEMENT ON 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 01.01.2018	194 272	23 925
Add: Sources		
Transfer from current account in UZS	2 000	253
Total cash available	196 272	24 178
Less: Uses of funds		
PIU eligible expenditures	86 232	10 634
Bank charges	1 836	227
Transfer to current account in UZS	1 143	142
Foreign exchange gain/loss	-	(338)
Total uses of funds	89 211	11 002
Balance as at 31.12.2018	107 061	12 838

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev



O. Akhmedova

STATEMENT ON TREASURY ACCOUNT IN UZS

Account No	20210000400302140003	
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 01.01.2018	-	-
Add: Sources	-	-
Total cash available	-	-
Less: Uses of funds	-	-
Total uses of funds	-	-
Balance as at 31.12.2018	-	-

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev



O. Akhmedova

STATEMENT ON TREASURY ACCOUNT IN UZS

Account No	20210000904122849027	
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 01.01.2018	-	-
Add: Sources		
Ministry of Finance of the RUz Replenishment	1 023 887	124 895
Foreign exchange gain/loss		806
Total cash available	1 023 887	125 701
Less: Uses of funds		
Works	543 611	66 793
Equipment	480 276	58 908
Total uses of funds	1 023 887	125 701
Balance as at 31.12.2018	-	-

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev

O. Akhmedova



STATEMENT ON CORPORATE CARD IN UZS

Account No	8600043267755285	
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 01.01.2018	0,44	0,05
Add: Sources		
Transfer from current account in UZS	8 480	1 051
Total cash available	8 480	1 051
Less: Uses of funds		
PIU eligible expenses	6 919	856
Foreign exchange gain/loss	-	(8)
Total uses of funds	6 919	856
Balance as at 31.12.2018	1 562	187

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Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev

O. Akhmedova



STATEMENT ON CORPORATE CARD IN UZS

Account No	8600043297227941	
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 01.01.2018	0,35	0,04
Add: Sources		
Transfer from current account in UZS	8 480	1 051
Total cash available	8 480	1 051
Less: Uses of funds		
PIU eligible expenses	7 807	965
Foreign exchange gain/loss	-	(5)
Total uses of funds	7 807	965
Balance as at 31.12.2018	673	80

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

U. Boltayev



Chief Accountant

O. Akhmedova

STATEMENT ON CORPORATE CARD IN UZS

Account No	8600043244930894	
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 01.01.2018	5	1
Add: Sources		
Transfer from current account in UZS	9 180	1 137
Total cash available	9 185	1 137
Less: Uses of funds		
PIU eligible expenses	8 525	1 054
Foreign exchange gain/loss	-	(4)
Total uses of funds	8 525	1 054
Balance as at 31.12.2018	660	79.85

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

Chief Accountant

U. Boltaev

O. Akhmedova



STATEMENT ON CORPORATE CARD IN UZS

Account No	8600043248470244	
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 01.01.2018	10	1
Add: Sources		
Transfer from current account in UZS	8 480	1 051
Total cash available	8 490	1 051
Less: Uses of funds		
PIU eligible expenses	7 894	977
Foreign exchange gain/loss	-	(3)
Total uses of funds	7 894	977
Balance as at 31.12.2018	596	71

Signed on behalf of the Project Management on 24 June 2019.

Acting Manager of PIU

U. Boltaev



Chief Accountant

O. Akhmedova

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 DESCRIPTION (CONTINUED)

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;
- 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			
№	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 *
Total		174 000 000	

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

Allocation and Withdrawal of Loan 3026-UZB (SF) Proceeds			
№	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	
Total		42 749 000	

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

Going concern

According to the Loan Agreement, the Project is expected to complete on 29 February, 2020.

2. ACCOUNTING POLICY

Presentation of Financial Statements

Special financial statements prepared in accordance with the International Public Sector Accounting Standards (IPSAS): "Financial reporting under the cash basis of accounting", issued by the International Federation of Accountants (IFAC), 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. 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. Special financial statements are based on the results of receipts and payments, which are an integrated basis for accounting.

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.

During the 2018 fiscal year, the funds disbursed to the Project comprised 66 347 US dollars (reimbursement) by Loan 3025-UZB.

During the 2018 fiscal year, funds disbursed to the Project comprised 88 183 US dollars (additional advance payment), 58 548 US dollars (reimbursement) and 65 765 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 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.
-

ACCOUNTING POLICY (CONTINUED)

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 reporting currency of the special financial statements of the Project is the US dollar, and the bulk of the Project's financing and expenditures have also been made in US dollars. However, the project also has special accounts in Uzbek soums (UZS), which are used to receive funds in soums and to pay expenses in soums for Project Management.

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 2018, the exchange rate of the Central Bank of Uzbekistan is UZS 8 339,55 / USD 1.

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 of 28 March 2014 No. PD-2156 "On measures for the implementation of the "Amu-Bukhara Irrigation System Rehabilitation" Project and from 25 August 2015 No. PD- 2396 "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. SPECIAL AND CURRENT ACCOUNTS

During 2018, the Project used the following main accounts in JSCB "Agrobank":

Account number	Account description
20210840804122849019	ADB Special account in USD
ADB Special Account is an account opened in JSCB Agrobank in foreign currency - US dollars (USD), on which ADB funds are accumulated. Funds in the Special 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.	
20210000900302140001	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 2018, then it was closed due to the reorganization of the PIU into the Center for the Implementation of Investment Projects. The closing balance in the account was transferred to a new current account opened in the same bank.	
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. Due to the reorganization of the PIU into the Center for the implementation of Investment Projects, previous current account in UZS was closed and this account became valid from February 2018.	

In addition, the Project used the following accounts opened in JSCB "Agrobank":

- 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 Special 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.	
8600043267755285	Corporate Cards in UZS
8600043297227941	
8600043244930894	
8600043248470244	
Corporate debit cards opened in Uzbek soums are intended to account for funds used to pay for project expenditures, such as fuel costs.	

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 Agency are presented in the following composition:

Name	Balance as at 01.01.2018	Receipts in 2018	Revaluation in 2018	Disposals in 2018	Balance as at 31.12.2018
Furniture and Office Equipment	138 204	440	-	-	138 644
Computers	44 695	-	-	-	44 695
Transport	180 726	-	-	-	180 726
Other Fixed Assets	8 020	-	-	-	8 020
Total	371 645	440	-	-	372 085

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

The Agro Industries and Food Security Agency is a legal entity acting on the basis of the Charter No. 241 of 22 March 2019, registered on the basis of the Presidential Decree of the Republic of Uzbekistan of April 17, 2018 No. PD-5418 "On measures to fundamentally improve the system of state administration in agriculture and water management and the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 21.11.2018 No. 940 "On the organization of the Agency's activities in implementing projects in the field of agro-industrial complex and food supply" on the basis of the Agency for Restructuring Agricultural Enterprises and the Center for the Implementation of Investment Projects in Agriculture and Water Management".

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.