

Audited Project Financial Statements

Project Number: 45366-004

Loan Number: 3067

Period covered: 1 January 2019 to 31 December 2019

UZB: Solid Waste Management Improvement Project

Prepared by BDO LLC (Tajikistan)

For the Asian Development Bank

Date received by ADB: 01 July 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 State Unitary Enterprise "Maxsustrans".

**STATE UNITARY ENTERPRISE
"MAXSUSTRANS"**

Special Purpose Financial Statements and
Independent Auditor's Report of the
Project "Solid Waste Management
Improvement Project"

For the period from 1 January 2019 to 31
December 2019

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INDEPENDENT AUDITOR'S REPORT

To the Asian Development Bank and Management of State Unitary Enterprise "MAXSUSTRANS"

Opinion

We have audited the accompanying Special Purpose Financial Statements of the Project "Solid Waste Management Improvement Project" (hereinafter "Project") implemented by State Unitary Enterprise "MAXSUSTRANS" through State Enterprise "Project Implementation Unit of the Solid Waste Management Improvement" (hereinafter "PIU") which comprise the Statement of Financial Position as at 31 December 2019, Statement of Sources of Funds, Statement of Expenditures, Statement of Compliance to Financial Covenants, Statement of Imprest Accounts and other explanatory notes (hereinafter collectively referred as the "Project Financial Statements") for the period from 1 January 2019 to 31 December 2019 financed by the Asian Development Bank (hereinafter "ADB") and the Government of Uzbekistan under Loan Agreement No. 3067-UZB dated 27 February 2014 (hereinafter "Loan Agreement").

In our opinion,

1. accompanying Project Financial Statements present fairly, in all material respect, the cash flows for the year ended 31 December 2019 in accordance with International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting, (IPSAS-Cash Basis);
2. funds have been used in accordance with the condition of the Loan Agreement concluded between the Asian Development Bank and the Government of Uzbekistan, and ADB related guidelines with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
3. supporting documents, records and accounts have been maintained to support claims for reimbursement of expenditures incurred. Expenditures included in the withdrawal applications and either paid directly or reimbursed against are eligible for financing under the Loan Agreement.
4. the Imprest Accounts used have been maintained in accordance with the provision of the Loan Agreement, and ADB related guidelines.

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 the Project Financial Statements* section of our report. We are independent of the PIU in accordance with the ethical requirements that are relevant to our audit of the Project Financial Statements in 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.

Emphasis of Matters

Financial and non-financial covenants - We draw your attention to Statement of Compliance with Financial Covenants for the year ended 31 December 2019, which describe the financial covenants to be followed by the SUE "MAXSUSTRANS" and status of compliance each of them as at 31 December 2019.

Those financial covenants have been calculated base on unaudited financial statements of SUE "Maxsustrans" because according to Decree No.5978 dated 3 April 2020 of the President of Republic of Uzbekistan, the deadline for submission audited financial statements postponed till 1 October 2020 due to Covid-19 pandemic.

Correction the Statement of Financial Position of the Project as at 31 December 2018 - We draw your attention to Note 10 of the Project Financial Statements which describes the reclassification correction made between two lines of Statement of Financial Position as at 31 December 2018 with no impact to other statements of accompanied Project Financial Statements.

Cash basis of accounting - We draw your attention to Note 2.1 to these Project Financial Statements, which describe the basis of accounting. The Project Financial Statements are prepared to assist the SUE and PIU in complying with the requirements of Loan Agreement for the preparation of the Project Financial Statements. As a result, the Project Financial Statements may not be suitable for another purpose. Our report is intended solely for ADB, SUE "MAXSUSTRANS" and PIU and should not be distributed or used by other parties.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and those Charged with Governance for the Project Financial Statements

Management is responsible for the preparation and fair presentation of the Project Financial Statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board (IPSASB) of the IFAC and ADB guidelines and for such internal control as Management determines is necessary to enable the preparation of Project Financial Statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the PIU's financial reporting process.

Auditor's Responsibilities for the Audit of the Project Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PIU's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Evaluate the overall presentation, structure and content of the Project Financial Statements, including the disclosures, and whether the Project Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Bakhtiyor Rustamov,
Audit Partner

Republic of Tajikistan, Dushanbe



STATE ENTERPRISE "PROJECT IMPLEMENTATION UNIT OF THE SOLID WASTE MANAGEMENT IMPROVEMENT"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 DECEMBER 2019

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditor's report, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the project financial statements of "Solid Waste Management Improvement" Project including the Statement of Financial Position as at 31 December 2019, Statement of Sources of funds, Statement of Expenditures, Statement of Compliance to Financial Covenants and Statement of Imprest Accounts and other explanatory notes for the period from 1 January 2019 to 31 December 2019 financed by the Asian Development Bank and the Government of Uzbekistan under Loan Agreement No. 3067-UZB dated 27 February 2014. The project financial statements have been prepared by management of State Enterprise "Project Implementation Unit of the Solid Waste Management Improvement" in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board (IPSASB) of the IFAC and ADB guidelines.

The Management of the PIU is responsible for the preparation of the Project Financial Statements such as that the financial information in the Statement of Financial Position as at 31 December 2019, Statement of Sources of funds, Statement of Expenditures, Statement of Compliance to Financial Covenants and Statement of Imprest Accounts for the year ended 31 December 2019 is prepared, in all material respects, in accordance with the financial reporting provisions of the Loan Agreement.

In preparing the Project Financial Statements, PIU's Management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether requirements of Agreement have been followed, subject to any material departures disclosed and explained in the Project Financial Statements.

PIU's Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the PIU;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial reports of the Project, and which enable them to ensure that the Project Financial Statements comply with the requirements of Loan Agreement;
- Maintaining statutory accounting records in compliance with legislation and requirements of Loan Agreement;
- Taking such steps as are reasonably available to them to safeguard the assets of the PIU;
- Detecting and preventing fraud and other irregularities.

These Project Financial Statements for the year ended 31 December 2019 were authorised for issue on 24th June 2020 by PIU's Management.



Director, SUE "MAXSUATRANS"
Karshiev R.M.

On behalf of the Management



24.06.2020
Head, PIU
Shukurov R.H.

SUE "MAXSUSTRANS"

SE "Solid Waste Management Improvement Project Implementation Unit"

Loan No. 3067-UZB

Statement of Financial Position

as at 31 December 2019

	31 December 2019	31 December 2018
		Restated*
ASSETS		
Cash and cash equivalents	6,770,635	93,570
TOTAL assets	6,770,635	93,570
ACCUMULATED FUNDS & LIABILITIES		
Cumulative project expenditures	(66,578,285)	(63,250,537)
Financing from ADB	31,336,256	21,827,256
Financing from Government	42,001,266	41,511,464
Other financing	11,398	5,387
TOTAL accumulated funds and liabilities	6,770,635	93,570

* For restatement of 2018 financial year, please refer to Note 10.

On behalf of the Management



Director, SUE "MAXSUSTRANS"
Karshiev R. M.



Head, PIU
Shukurov R. H.

The annexed notes 1 to 11 form an integral part of these Project Financial Statements

SUE "MAXSUSTRANS"

SE "Solid Waste Management Improvement Project Implementation Unit"

Loan No. 3067-UZB

Statement of Source of Funds

as at 31 December 2019

	USD		
USD Project Imprest Account of PIU	92,238		
UZS Project Imprest Account of PIU	1,333		
<i>Cash and Cash equivalent available as at 31 December 2018</i>	93,570		
	Cumulative as at 31 December 2018	Current period - 2019FY	Cumulative as at 31 December 2019
	USD	USD	USD
Replenishment on Imprest account	3,550,007	6,726,035	10,276,042
Direct payments	18,277,249	2,782,965	21,060,214
Total ADB Loan	21,827,256	9,509,000	31,336,256
Replenishment to Imprest account	-	-	-
In kind contribution - through exemption from taxes and duties	41,467,916	478,364	41,946,280
Total financing from the Government of Republic of Uzbekistan	41,467,916	478,364	41,946,280
Replenishment to Imprest account	43,548	11,438	54,986
Total financing from SUE "Maxsustrans"	43,548	11,438	54,986
Proceeds from sale of bidding documents	4,519	7,017	11,536
Return of the proceeds from sale of bidding documents	(84)	(1,007)	(1,091)
Other financing	952	-	952
Total other funds	5,387	6,010	11,398
TOTAL SOURCE OF FINANCING RECEIVED	63,344,107	10,004,812	73,348,920
TOTAL FUNDS AVAILABLE	63,437,677	10,098,383	

On behalf of the Management



Director, SUE "MAXSUSTRANS"

Karshiev R. M.



Head, PIU
Shukurov R. H.

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SUE "MAXSUSTRANS"
SE "Solid Waste Management Improvement Project Implementation Unit"
Loan No. 3067-UZB

Statement of Expenditures
for the period from 1 January 2019 to 31 December 2019

Part	Category	Name of Component	BUDGET *	ACTUAL			UNUSED FUNDS	
			Total budget of Project USD	Cumulative as at 31 December 2018 USD	Current period - 2019FY USD	Cumulative as at 31 December 2019 USD	Cumulative as at 31 December 2019 USD	in %
PART - I "ADB funding part"								
1		Civil Works						
1A		Landfill Construction	23,531,000	-	-	-	23,531,000	100%
1B		Dumpsite Closure	-	-	-	-	-	-
		Transfer Station, Garages &						
1C		Collection Points	7,779,000	-	-	-	7,779,000	100%
1D		Design & Supervision	2,290,480	202,640	974,907	1,177,547	1,112,933	49%
		Total Civil Works	33,600,480	202,640	974,907	1,177,547	32,422,933	96%
2		Plant & Equipment						
2A		Landfill Equipment & Machinery	3,800,000	-	-	-	3,800,000	100%
2B		Waste Collection & Transfer trucks	17,188,900	12,988,900	-	12,988,900	4,200,000	24%
2C		Bins & Other Equipment	5,768,000	5,767,673	-	5,767,673	327	-
		Total Plant & Equipment	26,756,900	18,756,573	-	18,756,573	8,000,327	30%
		Project Management, Capicity						
3		Development & Studies						
		Project Management Personnel &						
3A		Support	2,517,958	998,781	655,024	1,653,805	864,153	34%
3B		Capacity Support Programs	1,650,235	1,037,598	465,376	1,502,973	147,262	9%
		Total Project Management,						
		Capicity Development & Studies	4,168,193	2,036,378	1,120,400	3,156,778	1,011,415	24%
4		Interest and Commitment Charges	4,474,427	737,594	743,488	1,481,082	2,993,345	67%
5		Unallocated	-	-	-	-	-	-
		Subtotal - Part I	69,000,000	21,733,185	2,838,795	24,571,980	44,428,020	64%

SUE "MAXSUSTRANS"
SE "Solid Waste Management Improvement Project Implementation Unit"
Loan No. 3067-UZB

Statement of Expenditures
for the period from 1 January 2019 to 31 December 2019

Part	Category	Name of Component	BUDGET *	Cumulative as at 31 December 2018 USD	ACTUAL	Cumulative as at 31 December 2019 USD	UNUSED FUNDS	
			Total budget of Project USD		Current period - 2019FY USD		Cumulative as at 31 December 2019 USD	in %
PART - II "Government and SUE funding part"								
		Project Management (Single Social Payment)	332,700	49,232	10,500	59,731	272,969	82%
		Tax and other fees	5,820,000	41,467,916	478,364	41,946,280	(36,126,280)	-621%
		Financial costs during investment period	309,000	-	-	-	309,000	100%
		Unallocated	859,000	-	-	-	859,000	100%
		Subtotal - Part II	7,320,700	41,517,147	488,864	42,006,011	(34,685,311)	-474%
		Exchange rate diff		204	89	293	(293)	
		TOTAL	76,320,700	63,250,537	3,327,748	66,578,285	9,742,415	13%

(*) According to the letter request of the Ministry of Finance of the Republic of Uzbekistan No. 07/38-03-01-35/1236 dated 10 August 2019 on "Budget Reallocation", which was approved by ADB on 22 August 2019 by letter No.URM-2019-642 Project funds were reallocated. Please refer to Note 3 for details.



Director, SUE "MAXSUSTRANS"
Karshiev R. M.

On behalf of the Management



Head, PIU
Shukurov R. M.

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SUE "MAXSUSTRANS"

SE "Solid Waste Management Improvement Project Implementation Unit"

Loan No. 3067-UZB


Statement of Compliance with Financial Covenants
as at 31 December 2019

		Required	Actual* 31 December 2019	Result
Financial covenants				
1.1.	Cash recovery operation ratio	≤ 1	0.88	Comply
1.2.	Review of tariffs at least once a year	Yes	Yes	Comply
1.3.	Aggregate tariff collection rate from all customers	$\geq 90\%$	92%	Comply

*The financial covenants have been calculated base on unaudited financial statements of SUE "Maxsustrans" because according to Decree No.5978 dated 3 April 2020 of the President of Republic of Uzbekistan, the deadline for submission audited financial statements postponed till 1 October 2020 due to Covid-19 pandemic.

On behalf of the Management




Director, SUE "MAXSUSTRANS"
Karshiev R. M.





Head, PIU
Shukurov R.H.

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SUE "MAXSUSTRANS"

SE "Solid Waste Management Improvement Project Implementation Unit"

Loan No. 3067-UZB

Statement of Imprest Account - USD currency
as at 31 December 2019

Account number:	2021 0840 7004 2118 3001
Imprest account opened with:	JSCIB "Ipoteka-Bank" Shaykhantakhur branch
Address:	16 A, Uzbekistan street, Tashkent, Uzbekistan
Loan No.:	3067-UZB
Currency:	USD

	USD
Balance as at 1 January 2019	92,238
Add:	
Amount credited into the account by replishment of the Loan fund from ADB	6,726,022
Proceeds from sale of bidding documents	2,610
	<u>6,728,632</u>
Less:	
Funds used for project expenses	3,019
Exchange USD into UZS	48,550
	<u>51,569</u>
Balance as at 31 December 2019	<u><u>6,769,301</u></u>

On behalf of the Management



Director, SUE "MAXSUSTRANS"
Karshiev R. M.

Head, PIU
Shukurov R. R.



The annexed notes 1 to 11 form an integral part of these Project Financial Statements

SUE "MAXSUSTRANS"
 SE "Solid Waste Management Improvement Project Implementation Unit"
 Loan No. 3067-UZB

Statement of Imprest Account - UZS
 as at 31 December 2019

Account number:	2021 0000 6004 2118 3001
Imprest account opened with:	JSCIB "Ipoteka-Bank" Shaykhantakhur branch
Address:	16 A, Uzbekistan street, Tashkent, Uzbekistan
Loan No.:	3067-UZB
Currency:	UZS

	USD	000' UZS
Balance as at 1 January 2019	1,333	11,112
Add:		
Received from conversions USD into UZS	48,550	433,516
SUE "MAXSUSTRANS" financing	11,438	99,774
Proceeds from sale of bidding documents	3,400	32,089
	<u>63,388</u>	<u>565,380</u>
Less:		
Funds used for project expenses	63,299	563,817
Exchange rate difference	89	-
	<u>63,388</u>	<u>563,817</u>
Balance as at 31 December 2019	<u><u>1,333</u></u>	<u><u>12,674</u></u>

On behalf of the Management



Director, SUE "MAXSUSTRANS"
 Karshiev R. M.

Head, PIU
 Shukurov R. H.



The annexed notes 1 to 11 form an integral part of these Project Financial Statements

SUE "MAXSUSTRANS"

SE "Solid Waste Management Improvement Project Implementation Unit"

Loan No. 3067-UZB

Notes to the Project Financial Statement

For the period from 1 January to 31 December 2019

NOTE 1: DESCRIPTION OF THE PROJECT

The Republic of Uzbekistan signed Loan Agreement No. Loan 3067-UZB for the "Solid Waste Management Improvement" Project with Asian Development Bank on 27 February 2014 and later Project Agreement dated 12 March 2014 was signed between Asian Development Bank, Tashkent City Municipality and State Unitary Enterprise "MAXSUSTRANS".

The approved loan amount was \$69 million from the Asian Development Bank's ordinary capital resources to finance the "Solid Waste Management Improvement" Project. The total project cost is \$76 million equivalent, inclusive of taxes and duties, and financial charges during implementation period.

Later, on 10th December 2014 the Sub-lending agreement was signed between the Ministry of Finance on behalf of the Government of Republic of Uzbekistan, Tashkent City Municipality and State Unitary Enterprise "MAXSUSTRANS" for the whole amount of loan.

The project aims to provide an improved solid waste management system in Tashkent, the capital city, to upgrade urban infrastructure and services. The project will develop a sanitary landfill that meets international standards, rehabilitate transfer stations, and modernize the waste collection and transfer fleet. It will build capacity in waste management and help formulate a national strategy on solid waste management.

The Project outputs include:

(i) **Output 1:** Rehabilitated and expanded SWM system in Tashkent.

By the project completion it is expected that:

- i. rehabilitation of transfer stations and possible closure of an existing transfer stations.
- ii. 3 million tons of disposal capacity established with international environmental standards, and
- iii. 1,950 tons per day of disposal and operational capacity established.

(ii) **Output 2:** Strengthened operational capacity.

By the project completion it is expected that:

- i. at least 90% of households actively segregating waste at source;
- ii. campaign to raise awareness will reach 90% of households on waste segregation with women households members' participation;
- iii. improved management and operations of Maxsustrans, including a 20% improvement (reduction) in cost per ton of waste disposal, and (iv) an IT-supported MSW collection system based on a geographic information system (GIS) database is implemented and 80% of trips monitored by the system is achieved.

(iii) **Output 3:** National SWM Strategy.

The draft national SWM strategy will be prepared and submitted to the Government of Uzbekistan and ADB.

The Project components include:

(i) **Civil Works** - These include the establishment of a sanitary landfill establishment, transfer stations and garage rehabilitation, dumpsite closure, garage rehabilitation and design and supervision.

(ii) **Plant and Equipment** - These include the procurement of landfill equipment and machinery, waste collection and transfer trucks, waste collection bins and other equipment.

(iii) **Project Management Capacity Development & Studies** - These are the project management and support through consulting services, and the capacity development programs listed below:

- National SWM Strategy Formulation
- Waste Minimization and recycling
- Media and public awareness campaign
- Transfer and logistic study
- O&M Support for SWM for systems operation

SUE "MAXSUSTRANS"

SE "Solid Waste Management Improvement Project Implementation Unit"

Loan No. 3067-UZB

Notes to the Project Financial Statement

For the period from 1 January to 31 December 2019

Implementing agencies

The President of Republic of Uzbekistan issued Decree No. 2255 dated 31 October 2014 and designates the SUE "MAXSUSTRANS" and Khokimiyat of Tashkent City as an executive agencies responsible for the implementation of the Project and effective use of loan proceeds.

Also the per above mentioned Decree, the Project Implementation Unit was established under SUE "MAXSUSTRANS" and later registered in state authority as State Enterprise "Solid Waste Management Improvement Project Implementation Unit" to support the Project implementation. This support includes project management, financial management, procurement, contract administration, safeguards implementation, monitoring and evaluation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following basic accounting provisions have been applied in preparing the project financial statements. They have been applied consistently throughout the reporting period.

2.1. Basis of accounting

The Project Financial Statements are prepared by the Project Management on cash basis of accounting and in accordance with International Public Sector Accounting Standard: Financial reporting Under the Cash Basis of Accounting (IPSAS-Cash Basis) and ADB Guidelines.

According to cash basis of accounting, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

2.2. Presentational and Functional currency

The national currency of the Republic of Uzbekistan is Uzbek Soum ("UZS"). The PIU's functional currency is the United States Dollar ("USD") because it reflects the economic substance of the underlying events and circumstances relevant to the PIU and Project. The Loan Agreement with ADB is signed in USD and direct payments to contractors and replenishment to imprest account are done in USD.

The presentation currency of Project is United States Dollars (USD).

2.3 Transactions in the Foreign Currency

The Project Financial Statements are presented in USD. Expenditures incurred in Uzbek Soum were converted into presentational currency using the exchange rate of Central Bank of Uzbekistan on the date of transaction.

The opening and closing cash balances denominated in other currencies were converted into USD by using rate of Central Bank of Uzbekistan at 1 January 2019 and 31 December 2019 which are 1 USD = 8,339.55 UZS and 1 USD = 9,507.56 UZS respectively.

2.4 Project expenditures

The Project expenditures are recognized and included in Project Financial Statements when payments are made to suppliers for the goods, work and services. The payments could made either directly from the Loan funds or from Imprest Accounts of PIU.

SUE "MAXSUSTRANS"

SE "Solid Waste Management Improvement Project Implementation Unit"

Loan No. 3067-UZB

Notes to the Project Financial Statement

For the period from 1 January to 31 December 2019

NOTE 3: BUDGET OF PROJECT

The table below represents the source of financing of the Project during the implementation period:

					USD	
No.	Category	ADB financing*	Government financing		Initial TOTAL BUDGET	REVISED BUDGET**
		As per Loan Agreement Directly	Decree No.2255 dd 31 October 2014 Directly	Through SUE "Maxsustrans"		
1	Civil Works					
1A	Landfill Construction	17,831,000	-	-	17,831,000	23,531,000
1B	Dumpsite Closure	5,700,000	-	-	5,700,000	-
1C	Transfer Station, Garages & Collection Points	5,400,000	-	-	5,400,000	7,779,000
1D	Design & Supervision	2,546,000	-	-	2,546,000	2,290,480
	Total Civil Works	31,477,000	-	-	31,477,000	33,600,480
2	Plant & Equipment					
2A	Landfill Equipment & Machinery	1,858,500	-	-	1,858,500	3,800,000
2B	Waste Collection & Transfer trucks	13,642,000	-	-	13,642,000	17,188,900
2C	Bins & Other Equipment	7,955,000	-	-	7,955,000	5,768,000
	Total Plant & Equipment	23,455,500	-	-	23,455,500	26,756,900
3	Project Management, Capacity Development & Studies					
	Project Management Personnel & Support					
3A	Support	2,236,700	-	-	2,236,700	2,517,958
3B	Capacity Support Programs	2,170,500	-	-	2,170,500	1,650,235
	Total Project Management, Capacity Development & Studies	4,407,200	-	-	4,407,200	4,168,193
4	Interest and Commitment Charges	1,501,000	-	-	1,501,000	4,474,427
5	Unallocated	8,159,300	-	-	8,159,300	-
1	Project Management (Single Social Payment)	-	-	332,700	332,700	332,700
2	Tax and other fees	-	5,820,000	-	5,820,000	5,820,000
3	Financial costs during investment period	-	-	309,000	309,000	309,000
4	Unallocated	-	-	859,000	859,000	859,000
	TOTAL	69,000,000	5,820,000	1,500,700	76,320,700	76,320,700

(*) The ADB financing does not include any taxes and duties charged in the Republic of Uzbekistan.

(**) According to the letter request of the Ministry of Finance of the Republic of Uzbekistan No. 07/38-03-01-35/1236 dated 10 August 2019 on "Budget Reallocation", which was approved by ADB on 22 August 2019 by letter No.URM-2019-642 Project funds were reallocated.

Notes to the Project Financial Statement
For the period from 1 January to 31 December 2019

NOTE 4: PROJECT FUNDING

Financing from ADB

The Project Financial Statements reflect all payments of the ADB funds within the framework of the Project implementation, including direct payments, reimbursements of incurred expenditures and replenishment of special accounts.

Disbursement procedures consist of four major types, described briefly as the:

1. **Direct payment procedure** - where the ADB, at the borrower's request, pays a designated beneficiary
2. **Reimbursement procedure** - where ADB pays from the loan account to the borrower's account for eligible expenditures which have been incurred and paid for by the project out of its budget allocation or its own resources.
3. **Imprest fund procedure** - where ADB makes an advance disbursement from the loan account for deposit to an imprest account to be used exclusively for ADB's share of eligible expenditures.
4. **Commitment procedure** - where ADB, at the borrower's request, provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit (LC) financed from the loan account.

Financing from Government

The financing of the Government of Uzbekistan for this Project under Loan Agreement is:

1. **In cash** - the SUE "MAXSUSTRANS" transfers the funds to imprest account of Project as reimbursement of single social tax by PIU.
2. **In kind** - all goods (services, works) and purchase of vehicles financing under the ABD's loan proceeds as well as CIT tax of entities - non residents and income tax of individuals-non residents are exempted from the taxes and duties as per Decree No.2255 dated 31 October 2014 of the President of Republic of Uzbekistan. Those exemptions are presented as contribution of the Government to this Project. Please refer to Note 5 of the Project Financial Statements for the details.

Other financing

Other financing comprises of proceeds received from sale of bidding documents.

The table below presents the financing received from the parties under this Project as at 31 December 2019:

Funding Sources:	Cumulative as at 31 December 2018	During 2019FY	Cumulative as at 31 December 2019
	USD	USD	USD
Loan No. 3067-UZB	21,827,256	9,509,000	31,336,256
Government:			
- By SUE "MAXSUSTRANS"	43,548	11,438	54,986
- In kind - in type of exempted from taxes and duties	41,467,916	478,364	41,946,280
Other non operating income	5,387	6,010	11,398
Total funding:	63,344,107	10,004,812	73,348,920

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Notes to the Project Financial Statement

For the period from 1 January to 31 December 2019

NOTE 5: IN-KIND CONTRIBUTION OF THE GOVERNMENT

The Decree No.2255 dated 31 October 2014 of the President of Republic of Uzbekistan provides following

- i. Goods, work, services and vehicles purchased from the ADB Loan are exempted from customs payments (except of custom duties), Value Added Tax (VAT), mandatory payments to Government Trust Funds;
- ii. Entities - nonresident of Republic of Uzbekistan from cooperate income tax (CIT); and
- iii. Individuals - nonresident from income tax.

All those exemptions are calculated and included in Statement of sources of funds as in-kind contribution of the Government and as project expenditures in Statement of Expenditures.

The in-kind contribution of the Government as at 31 December 2019 is provided below:

	Refer to Contract	Object of the Contract	Exemption imposed	Taxes and Duties exempted amount in USD
Cumulative in-kind contribution of the Government as taxes and duties exemption as at 31 December 2018:				41,467,916
Exemptions applied for allowed transactions during 2019FY:				
JV "GWCC-INTERIVAL-UIP-Dohwa-Al Mar"	Contract No.: SUE/Maxsustrans/QCBS-Cons_3 dated 12 September 2017	Capacity Development Program Consultants	CIT tax from non-resident and VAT	110,507
H.P Gauff Ingenieure GmbH	Contract No.: SUE/Maxsustrans/QCBS-Cons_1-2016-1 dated 11 January 2017	PIU Consultants	CIT tax from non-resident and VAT	130,073
China Urban Construction Design & Research Institute Co.	Contract No.: SUE/Maxsustrans/QCBS-Cons_2-2016-1 dated 16 November 2018	Sanitary Landfill Design and Supervision Consultants	CIT tax from non-resident and VAT	237,785
				478,364
Cumulative in-kind contribution of the Government as taxes and duties exemption as at 31 December 2019:				41,946,280

NOTE 6: STATEMENT OF EXPENDITURES (SOE) SUBMITTED TO ADB

During 2019, the PIU prepare and submit to ADB a withdrawal application #6022 dated 9 December 2019 with attached Summary of Statement of Expenditures for further replenishment to imprest account in amount of 6,726,035 USD.

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Notes to the Project Financial Statement

For the period from 1 January to 31 December 2019

NOTE 7. WITHDRAWAL APPLICATION SCHEDULE

During the period 1 January 2019 to 31 December 2019, following withdrawal applications were prepared and submitted to ADB for payments from Loan Funds:

Refer. of WA	Date of submission	Date of approval	Type of Disburse ment	Supplier/Expenses	Currency of payment	Total requested Amount in USD	Category wise breakdown of the total paid amount						Diff between requested and paid
							Design & Supervi- sion	Provision of Funds to the Project	Project Management Personnel & Support	Capacity Support Programs	Interest and Commitment Charges	Total approved and paid amount	
1	2	3	4	5	6	7	8	9	10	11	12	13=8+9+10 +11+12	14=13-7
0042	28-Feb-19	7-Mar-19	Direct Payment	H.P. GAUFF INGENIEURE GMBH & CO. KG-JBG (J/V)	USD	118,767	-	-	118,767	-	-	118,767	-
0043	28-Feb-19	7-Mar-19	Direct Payment	GWCC-INTERIVAL ZT GMBH	USD	115,220	-	-	-	115,220	-	115,220	-
0044	20-Mar-19	5-Apr-19	Direct Payment	CHINA URBAN CONSTRUCTION DESIGN & RESEARCH	USD	45,005	45,005	-	-	-	-	45,005	-
0045	27-May-19	3-Jun-19	Direct Payment	H.P. GAUFF INGENIEURE GMBH & CO. KG-JBG (J/V)	USD	102,429	-	-	102,429	-	-	102,429	-
0046	27-May-19	4-Jun-19	Direct Payment	GWCC-INTERIVAL ZT GMBH	USD	121,460	-	-	-	121,460	-	121,460	-
0047	15-Jun-19	24-Jun-19	Direct Payment	CHINA URBAN CONSTRUCTION DESIGN & RESEARCH	USD	313,374	313,374	-	-	-	-	313,374	-
0048	26-Jul-19	6-Aug-19	Direct Payment	H.P. GAUFF INGENIEURE GMBH & CO. KG-JBG (J/V)	USD	97,535	-	-	97,535	-	-	97,535	-
0049	14-Aug-19	27-Aug-19	Direct Payment	CHINA URBAN CONSTRUCTION DESIGN & RESEARCH	USD	110,500	110,500	-	-	-	-	110,500	-

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Notes to the Project Financial Statement

For the period from 1 January to 31 December 2019

NOTE 7. WITHDRAWAL APPLICATION SCHEDULE (continued)

Refer. of WA	Date of submission	Date of approval	Type of Disburse- ment	Supplier/Expenses	Currency of payment	Total requested Amount in USD	Category wise breakdown of the total paid amount						Diff between requested and paid amount
							Design & Supervision	Provision of Funds to the Project	Project Management Personnel & Support	Capacity Support Programs	Interest and Commitment Charges	Total approved and paid amount	
1	2	3	4	5	6	7	8	9	10	11	12	13=8+9+10 +11+12	14=13-7
0050	18-Oct-19	29-Oct-19	Direct Payment	GWCC-INTERIVAL ZT GMBH	USD	117,491	-	-	-	117,491	-	117,491	-
0051	24-Oct-19	15-Nov-19	Direct Payment	BDO LLC	USD	8,000	-	-	-	8,000	-	8,000	-
0052	20-Nov-19	27-Nov-19	Direct Payment	H.P. GAUFF INGENIEURE GMBH & CO. KG-JBG (J/V)	USD	126,922	-	-	126,922	-	-	126,922	-
0053	28-Nov-19	9-Dec-19	Direct Payment	QUALITY PLANNING CO., LTD.	USD	12,808	12,808	-	-	-	-	12,808	-
0054	28-Nov-19	9-Dec-19	Direct Payment	QUALITY PLANNING CO., LTD.	USD	14,897	14,897	-	-	-	-	14,897	-
0055	6-Dec-19	13-Dec-19	Direct Payment	GWCC-INTERIVAL ZT GMBH	USD	100,186	-	-	-	100,186	-	100,186	-
0056	6-Dec-19	13-Dec-19	Direct Payment	QUALITY PLANNING CO., LTD.	USD	13,001	13,001	-	-	-	-	13,001	-
6022	9-Dec-19	17-Dec-19	Others	Advance withdrawal	USD	6,726,035	-	6,726,035	-	-	-	6,726,035	-
0057	10-Dec-19	20-Dec-19	Direct Payment	CHINA URBAN CONSTRUCTION DESIGN & RESEARCH	USD	465,323	465,323	-	-	-	-	465,323	-
0058	10-Dec-19	16-Dec-19	Direct Payment	H.P. GAUFF INGENIEURE GMBH & CO. KG-JBG (J/V)	USD	156,560	-	-	156,560	-	-	156,560	-
919A		15-Mar-19	Others	ADB-Interest withdrawal	USD	357,155	-	-	-	-	357,155	357,155	-
9190		15-Sep-19	Others	ADB-Interest withdrawal	USD	386,333	-	-	-	-	386,333	386,333	-
TOTAL						9,509,000	974,907	6,726,035	602,213	462,357	743,488	9,509,000	-

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Notes to the Project Financial Statement

For the period from 1 January to 31 December 2019

NOTE 8: PROJECT EXPENDITURES BUDGET EXECUTION

No.	Main Category	Revised Budget	Cumulative as at 31 December 2019	Execution (a)
PART - I "ADB funding part"		USD	USD	%
1	Civil Works	33,600,480	1,177,547	4%
2	Plant & Equipment	26,756,900	18,756,573	70%
3	Project Management, Capacity Development & Studies	4,168,193	3,156,778	76%
4	Interest and Commitment Charges	4,474,427	1,481,082	33%
5	Unallocated	-	-	0%
PART - II "Government and SUE funding part"				
6	Project Management (Single Social Payment)	332,700	59,731	18%
7	Tax and other fees	5,820,000	41,946,280	721%
8	Financial costs during investment period	309,000	-	0%
9	Unallocated	859,000	-	0%
	Exchange rate differences	-	293	
	TOTAL	76,320,700	66,578,285	87%

- (a) The Closing Date of the Project is set on 31 December 2018 and Loan Closing Date is set 30 June 2019. The Loan Closing Date and Project Completion were extended till 30 June 2021 and 30 December 2020 as per email of ADB dated 18 December 2018 respectively.

The completion of the Project as at 31 December 2019 is 87%, which is mostly because of recognition of expenses in equivalent amount of the Government's non-cash contribution as tax and duties exemptions. However the cash-basis completion of the Project (net of "Tax and other fees" line) will be 35% as at 31 December 2019.

Delay is only in "Civil work" budget line and it is mainly due to long expertise, negotiations with state authorities as well as registration contracts.

NOTE 9: TAXES

According to the Tax Code and the Laws of the Republic of Uzbekistan, withholding and payment of income tax and social security contributions from salaries of employees must be carried out on a monthly basis, what has been done by the PIU.

However, the PIU is non-commercial organization and it is exempted from CIT taxes and other taxes and fees of entities as per Tax Code of the Republic of Uzbekistan.

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Notes to the Project Financial Statement

For the period from 1 January to 31 December 2019

NOTE 10: CORRESPONDING FIGURES

In 2019 financial year, the PIU identified an error in reclassification between "Cumulative project expenditures" and "Financing from Government" lines of Statement of Financial Position of the Project.

Effect of above correction to financial reports provided below:

Effect of Statement of Financial Position

	As at 31 December 2018		
	As previous reported	Restated	Difference
	USD	USD	USD
ACCUMULATED FUNDS & LIABILITIES			
Cumulative project expenditures	(63,225,196)	(63,250,537)	(25,341)
Financing from ADB	21,827,256	21,827,256	-
Financing from Government	41,486,123	41,511,464	25,341
Other financing	5,387	5,387	-
TOTAL accumulated funds and liabilities	93,570	93,570	-

No impact to other statements of accompanied Project Financial Statements as at 31 December 2018.

NOTE 11: GENERAL

Figures have been rounded to the nearest USD and UZS and minor rounding differences may occur.



Director, SUE "MAXSUSTRANS"
Karshiev R. M.

On behalf of the Management

Head, PIU
Shukurov R. H.

