

Audited Project Financial Statements

Project Number: 45366-004

Loan Number: 3067

Period covered: 1 January 2020 to 31 December 2020

Uzbekistan: Solid Waste Management Improvement Project

Prepared by ECOVIS LLC (Tajikistan)

For the Asian Development Bank

Date received by ADB: 01 July 2021

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 2020 to 31
December 2020

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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 "SE PIU") which comprise the Statement of Financial Position as at 31 December 2020, Statement of Sources of funds, Statement of Expenditures, Statement of Compliance to Financial Covenants and Statement of Imprest Accounts and other explanatory notes (hereinafter collectively referred as the "Project Financial Statements") for the period from 1 January 2020 to 31 December 2020 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 2020 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 SE PIU in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

Slow progress of Project implementation - We draw your attention to Note 9 of the Project Financial Statements disclosing that though the initial and extended Project's closing date, only 31% of cash-basis completion of the Project (net of "Tax and other fees" line) is completed as at 31 December 2020 as well as measures taken by the management of the SE PIU.

Financial and non-financial covenants - We draw your attention to Statement of Compliance with Financial Covenants for the year ended 31 December 2020, which describe the financial covenants to be followed by the SUE "MAXSUSTRANS" and status of compliance each of them as at 31 December 2020.

Cash basis of accounting - We draw your attention to Note 2.1 to these project financial statements, which describe the basis of accounting. The statement is prepared to assist the SUE and SE 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 SE 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 SE 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:

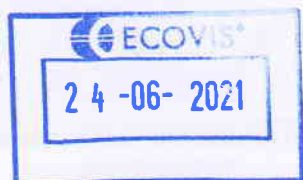
- Identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not 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 SE 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 2020 TO 31 DECEMBER 2020

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 2020, 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 2020 to 31 December 2020 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 SE 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 2020, 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 2020 is prepared, in all material respects, in accordance with the financial reporting provisions of the Agreements.

In preparing the Project Financial Statements, SE 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 Loan Agreement have been followed, subject to any material departures disclosed and explained in the Project Financial Statements.

SE PIU's Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the SE 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 SE PIU;
- Detecting and preventing fraud and other irregularities.

Those Project Financial Statements for the year ended 31 December 2020 were authorized for issue on 24 June 2021 by SE PIU's Management.



Director, SUE "MAXSUSTRANS"
Karshiev R.M.

On behalf of the Management



Head, SE PIU
Hamidov J.A.

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

Statement of Financial Position
as at 31 December 2020

	31 December 2020	31 December 2019
ASSETS		
Cash and cash equivalents	3,692,192	6,770,635
Cash and Cash equivalents held as guarantee under Letter of Credit	1,554,657	-
Cash deposited in SUE Maxsustrans	111,369	-
TOTAL assets	5,358,218	6,770,635
ACCUMULATED FUNDS & LIABILITIES		
Cumulative project expenditures	(81,882,862)	(66,578,285)
Financing from ADB	35,350,266	31,336,256
Financing from Government	51,876,742	42,001,266
Other financing	14,072	11,398
TOTAL accumulated funds and liabilities	5,358,218	6,770,635



Director, SUE "MAXSUSTRANS"
Karshiev R.M.

On behalf of the Management



Head, SE PIU
Hamidov J.A.

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 2020

	USD		
USD Project Imprest Account of SE PIU	6,769,301		
UZS Project Imprest Account of SE PIU	1,333		
Cash and Cash equivalent available as at 31 December 2019	6,770,634		
	Cumulative as at 31 December 2019	Current period - 2020FY	Cumulative as at 31 December 2020
	USD	USD	USD
Replenishment on Imprest account	10,276,042	-	10,276,042
Direct payments	21,060,214	4,014,010	25,074,224
Total ADB Loan	31,336,256	4,014,010	35,350,266
In kind contribution - through exemption from taxes and duties	41,946,280	9,867,716	51,813,996
Total financing from the Government of Uzbekistan	41,946,280	9,867,716	51,813,996
Replenishment to Imprest account	54,986	7,760	62,746
Total financing from SUE "Maxsustrans"	54,986	7,760	62,746
Proceeds from sale of bidding documents	11,536	2,674	14,210
Return of the proceeds from sale of bidding documents	(1,091)	-	(1,091)
Other financing	952	-	952
Total other funds	11,398	2,674	14,072
TOTAL SOURCE OF FINANCING RECEIVED	73,348,920	13,892,160	87,241,080
TOTAL FUNDS AVAILABLE	80,119,554	20,662,795	



Director, SUE "MAXSUSTRANS"
Karshiev R.M.

On behalf of the Management



Head, SE PIU
Hamidov J.A.

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

Statement of Expenditures
For the period 1 January 2020 to 31 December 2020

Part	Category	Name of Component	BUDGET		ACTUAL		UNUSED FUNDS	
			Total budget of Project	Cumulative as at 31 December 2019	Current period - 2020FY	Cumulative as at 31 December 2020	Cumulative as at 31 December 2020	in %
			USD	USD	USD	USD	USD	
PART - I "ADB funding part"								
1	Civil Works							
1A		Landfill Construction	23,531,000	-	-	-	23,531,000	100%
1B		Dumpsite Closure	-	-	-	-	0	0%
1C		Transfer Station, Garages & Collection Points	7,779,000	-	-	-	7,779,000	100%
1D		Design & Supervision	2,290,480	1,177,547	103,641	1,281,187	1,009,293	44%
		Total Civil Works	33,600,480	1,177,547	103,641	1,281,187	32,319,293	96%
2	Plant & Equipment							
2A		Landfill Equipment & Machinery	3,800,000	-	225,023	225,023.00	3,574,977	94%
2B		Waste Collection & Transfer trucks	17,188,900	12,988,900	4,189,000	17,177,900	11,000	0%
2C		Bins & Other Equipment	5,768,000	5,767,673	-	5,767,673	327	0%
		Total Plant & Equipment	26,756,900	18,756,573	4,414,023	23,170,596	3,586,304	13%
3	Project Management, Capacity Development & Studies							
3A		Project Management Personnel & Support	2,517,958	1,653,805	281,424	1,935,229	582,729	23%
3B		Capacity Support Programs	1,650,235	1,502,973	41,959	1,544,932	105,303	6%
		Total Project Management, Capacity Development & Studies	4,168,193	3,156,778	323,382	3,480,161	688,032	17%

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 Expenditures
For the period 1 January 2020 to 31 December 2020

Part	Category	Name of Component	BUDGET		ACTUAL		UNUSED FUNDS	
			Total budget of Project	Cumulative as at 31 December 2019	Current period - 2020FY	Cumulative as at 31 December 2020	Cumulative as at 31 December 2020	in %
			USD	USD	USD	USD	USD	
4		Interst and Commitment Charges	4,474,427	1,481,082	590,289	2,071,371	2,403,056	54%
5		Unallocated	-	-	-	-	-	-
		Subtotal - Part I	69,000,000	24,571,980	5,431,335	30,003,316	38,996,684	57%
PART - II "Government and SUE funding part"								
		Project Management (Single Social Payment)	332,700	59,731	5,209	64,940	267,760	80%
		Tax and other fees	5,820,000	41,946,280	9,867,716	51,813,996	(45,993,996)	(790%)
		Financial costs during investment period	309,000	-	-	-	309,000	100%
		Unallocated	859,000	-	-	-	859,000	100%
		Subtotal - Part II	7,320,700	42,006,011	9,872,925	51,878,936	(44,558,236)	(609%)
		Exchange rate diff		294	317	611	(611)	-
		TOTAL	76,320,700	66,578,285	15,304,577	81,882,862	(5,562,162)	(7%)

On behalf of the Management


Director, SUE "MAXSUSTRANS"
 Karshiev R.M.


Head, SE PIU
 Hamidov J.A.

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 Compliance with Financial Covenants
as at 31 December 2020

		Required	Actual ^(*) 31 December 2020	Result
Financial covenants				
1.1.	Cash recovery operation ratio	≤ 1	0.99	Compliance
1.2.	Review of tariffs at least once a year	Yes	No	Non-compliance
1.3.	Aggregate tariff collection rate from all customers	≥ 90%	90.58%	Compliance

* The actual figures are taken from audited financial statements of SUE Maxsustrans for the year ended 31 December 2020 which was issued on 8th June 2021.



Director, SUE "MAXSUSTRANS"
Karshiev R.M.

On behalf of the Management



Head, SE PIU
Hamidov J.A.

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

Statement of Imprest Account – USD currency
as at 31 December 2020

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 2020

6,769,301

Add:

Amount credited into the account by
replenishment of the Loan fund from
ADB

Proceeds from sale of bidding
documents

1,074

1,074

Less:

Funds used for project expenses

1,256,700

Funds withdrawal for Letter of Credit

1,779,680

Conversion USD into UZS

44,353

3,080,733

Balance as at 31 December 2020

3,689,643

On behalf of the Management



Head of SUE "MAXSUSTRANS"
Karshiev R.M.



SE PIU Manager
Hamidov J.A.

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 currency
as at 31 December 2020

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 2020	1,333	12,674
Add:		
Received from conversions USD into UZS	44,353	447,303
SUE "MAXSUSTRANS" financing	7,760	77,073
Proceeds from sale of bidding documents	1,600	16,268
	53,713	540,644
Less:		
Funds used for project expenses	52,180	526,612
Exchange rate difference	317	-
	52,497	526,612
Balance as at 31 December 2020	2,549	26,706



Director, SUE "MAXSUSTRANS"
Karshiev R.M.

On behalf of the Management



Head, SE PIU
Hamidov J.A.

The annexed notes 1 to 11 form an integral part of these project financial statements

Notes to the Project Financial Statement
For the year ended 31 December 2020

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

SUE "MAXSUSTRANS"

SE "Solid Waste Management Improvement Project Implementation Unit"

Loan No. 3067-UZB

Notes to the Project Financial Statement

For the year ended 31 December 2020

- Transfer and logistic study
- O&M Support for SWM for systems operation

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 Special Purpose 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 SE 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 SE 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 2020 and 31 December 2020 which are 1USD=9,507.56UZS and 1USD=10,476.92UZS 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 SE PIU.

SUE "MAXSUSTRANS"**SE "Solid Waste Management Improvement Project Implementation Unit"**

Loan No. 3067-UZB

Notes to the Project Financial Statement

For the year ended 31 December 2020

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

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

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.

Notes to the Project Financial Statement

For the year ended 31 December 2020

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 directly;
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 SE PIU.
2. **In kind** - all goods (services, works) and purchase of vehicles financing under the ADB'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 2020:

Funding Sources:	Cumulative as at 31 December 2019	During 2020FY	Cumulative as at 31 December 2020
	USD	USD	USD
Loan No. 3067-UZB	31,336,256	4,014,010	35,350,266
Government:			
' By SUE "MAXSUSTRANS"	54,986	7,760	62,746
' In kind - in type of exempted from taxes and duties	41,946,280	9,867,716	51,813,996
Other non operating income	11,398	2,674	14,072
Total funding:	73,348,919	13,892,160	87,241,080

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

Notes to the Project Financial Statement
For the year ended 31 December 2020

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 exemptions:

- 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 2020 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 at 31 December 2019				41,946,280
Exemptions applied for allowed transactions during 2020FY:				
JV "GWCC-INTERVAL-UVP-Dohwa-Al Mar"	Contract No.: SUE/Maxsustrans/QC BS-Cons_3 dated 12 September 2017	Capacity Development Program Consultants	CIT tax from non-resident and VAT	5,094
H.P Gauff Ingenieure GmbH	Contract No.: SUE/Maxsustrans/QC BS-Cons_1-2016-1 dated 11 January 2017	SE PIU Consultants	CIT tax from non-resident and VAT	15,416
China Urban Construction Design & Research Institute Co.	Contract No.: SUE/Maxsustrans/QC BS-Cons_2-2016-1 dated 16 November 2018	Sanitary Landfill Design and Supervision Consultants	CIT tax from non-resident and VAT	8,156
Posco International Corporation	Contract No.: SUE/MAXSUSTRANS/ICB-GB-02 dated 28 Feb 2020	Waste collection trucks	VAT and Custom payments	9,778,969
THG Technik Handelsgesellschaft	Contract No.: SUE/Maxsustrans/ICB -G1, Lot-1	Landfill Equipment & Machinery	VAT and Custom payments	60,081
				9,867,716
Cumulative in-kind contribution of the Government as at 31 December 2020:				51,813,996

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NOTE 6: WITHDRAWAL APPLICATION SCHEDULE

During the period 1 January 2020 to 31 December 2020, 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 & Super- vision	Waste Collection & Transfer trucks	Project Manage- ment Personnel &Support	Capacity Support Programs	Interstand Committ- ment 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	
P0062	18-Mar-20	25-Mar-20	Direct Payment	Quality Planning Co. LTD	USD	13,260	13,260					13,260		
P0063	18-Mar-20	25-Mar-20	Direct Payment	Quality Planning Co. LTD	USD	17,118	17,118					17,118		
P0064	27-Mar-20	1-Apr-20	Direct Payment	POSCO International Cooperation	USD	2,513,400		2,513,400				2,513,400		
P0065	5-May-20	12-May-20	Direct Payment	H.P. Gauff Ingenieure GmbH & Co.KG-JBG	USD	100,507			100,507			100,507		
P0067	6-Aug-20	14-Aug-20	Direct Payment	Quality Planning Co. LTD	USD	14,598	14,598					14,598		
P0068	6-Aug-20	14-Aug-20	Direct Payment	Quality Planning Co. LTD	USD	11,384	11,384					11,384		
P0069	27-Aug-20	16-Sep-20	Direct Payment	BDO LLC	USD	8,000				8,000		8,000		
P0070	8-Sep-20	21-Sep-20	Direct Payment	China Urban Construction Design and Research Institute Co. Ltd	USD	38,753	38,753					38,753		
P0072	18-Sep-20	29-Sep-20	Direct Payment	GWCC-Interval ZT GmbH (JV)	USD	33,959				33,959		33,959		

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**Notes to the Project Financial Statement
For the year ended 31 December 2020**

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13=8+9+10 +11+12</u>	<u>14=13-7</u>
P0073	29-Oct-20	9-Nov-20	Direct Payment	China Urban Construction Design and Research Institute Co. Ltd	USD	8,527	8,527					8,527	-
P0078	1-Dec-20	7-Dec-20	Direct Payment	POSCO International Cooperation	USD	418,900		418,900				418,900	-
P0079	10-Dec-20	16-Dec-20	Direct Payment	Infratech Consulting SDN Ltd.	USD	245,315			245,315			245,315	-
9200		15-Sep-20	Others	ADB-Interest withdrawals	USD	223,456					223,456	223,456	-
920A		15-Mar-20	Others	ADB-Interest withdrawals	USD	19,919					19,919	19,919	-
920K		15-Sep-20	Others	ADB-Interest withdrawals	USD	346,914					346,914	346,914	-
TOTAL						4,014,010	103,641	2,932,300	345,822	41,959	590,289	4,014,010	-

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**Notes to the Project Financial Statement
For the year ended 31 December 2020****NOTE 9: PROJECT EXPENDITURES BUDGET EXECUTION**

No.	Main Category	Total Budget	Cumulative as at 31 December 2020	Execution (a)
		USD	USD	%
PART - I "ADB funding part"				
1	Civil Works	33,600,480	1,281,187	4%
2	Plant & Equipment	26,756,900	23,170,596	87%
3	Project Management, Capicity Development & Studies	4,168,193	3,480,161	83%
4	Interst and Commitment Charges	4,474,427	2,071,371	46%
5	Unallocated	-	-	-
	Subtotal Part-I "ADB Funding"	69,000,000	30,003,316	43%
PART - II "Government and SUE funding part"				
6	Project Management (Single Social Payment)	332,700	64,940	20%
7	Tax and other fees	5,820,000	51,813,996	890%
8	Financial costs during investment period	309,000	-	0%
9	Unallocated	859,000	-	0%
	Exchange rate differences	-	611	-
	Subtotal Part-II "Government and SUE funding"	7,320,700	51,879,547	709%
	TOTAL	76,320,700	81,882,862	107%

- (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 2020 exceeds the total budget of the Project, which is mostly because of recognition of expenses in equivalent amount of the Government's non-cash contribution as tax and duties exemptions applied to services consulting of non-resident consultants and supply of Waste Collection Trucks and Landfill Equipment & Machineries. However, the cash-basis completion of the Project (net of "Tax and other fees" line) will be 43% as at 31 December 2020.

NOTE 10: 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 SE PIU.

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

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NOTE 11: GENERAL

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



Director, SUE "MAXSUSTRANS"
Karshiev R.M.

On behalf of the Management



Head, SE PIU
Hamidov J.A.