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**«CLIMATE ADAPTATION AND MITIGATION PROGRAM
FOR ARAL SEA BASIN» PROJECT**

IDA CREDIT NO.5741-UZ

**INDEPENDENT AUDITOR'S REPORT
ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021 AND FOR THE YEAR THEN ENDED**

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INDEPENDENT AUDITOR'S REPORT

Addressee: Management of the National Coordination Unit (NCU) of the Project under the Agency for implementation of projects in the field of agroindustry and food security

We have audited the accompanying Special Purpose Financial Statements of Project «**Climate adaptation and mitigation program for Aral Sea basin**» (hereinafter – Project) financed from credit proceeds of the International Development Association (hereinafter – Association, IDA) according to the Financing Agreement No.5741-UZ dated 13 March 2017 (hereinafter – Financing Agreement), for the year ended as at 31 December 2021. Special Purpose Financial Statements include Statement of Sources and Uses of Funds, Statement of Uses of Funds on Expenditure Components, Statement of Financial Position, Designated Account Statement, SOE Withdrawal Schedule and Notes to Financial Statements.

Special Purpose Financial Statements prepared by the management of National Unit of Coordination (hereinafter – NCU) based on the cash flow basis in accordance with International Public Sector Accounting Standards (hereinafter - IPSAS) issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants.

Auditor's opinion

In our opinion,

- The above-stated Special Purpose Financial Statements give a true and fair view of the sources and uses of the “**Climate adaptation and mitigation program for Aral Sea basin**” Project funds **as at 31 December 2021 and for the period then ended** in accordance with the basis of accounting of the International Public Sector Accounting Standards;
- All proceeds of the Loan withdrawn from IDA has utilized only for purposes of the Project as agreed in accordance with the Financing Agreement; and no proceeds of the Loan have been utilized for other purposes;
- Moreover, with respect to SOEs, adequate supporting documentation has been maintained to support claims to the IDA for recovered of expenditures incurred under the Loan No. 5741-UZ and the expenditures comply with objectives stipulated in the Financing Agreement No.5741-UZ; and
- The Designated Account on Loan No.5741-UZ for the period from 01 January 2021 to 31 December 2021 give a true and fair view of the financial position of the accounts of the Project as at 31 December 2021 and of the cash flows during the period from 01 January 2021 to 31 December 2021 give and complies with the World Bank's 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 Financial Statements section of our report. We are independent of NCU in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Important circumstances - accounting principles

We draw attention to Note 3 to the Special Purpose Financial Statements, which describes the basis of accounting. The Special Purpose Financial Statements are prepared to assist Project to comply with the financial reporting provisions on the requirements conditions of the IPSAS-cash basis. As a result, the Special Purpose Financial Statements may not be suitable for another purpose.

Other Matter

Financial Audit reports and opinions, as ruled by the requirements set by the World Bank, shall be uploaded, published and publicly accessible on the World Bank's website.

Management's Responsibility

The management of the Project is responsible for preparation and fair presentation of these special purpose financial statements based on the cash flow basis in accordance with IPSAS-cash basis. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements present the underlying transactions and in a manner, that achieves fair presentation.

We communicate with the Project management 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.

We also provide the Project management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors:

TSIAR-FINANS LLC

2a, Chust Street, Tashkent,

100077, Republic of Uzbekistan

TSIAR-FINANS LLC

28 March 2022



STATEMENT OF SOURCES AND USES OF FUNDS
for the period from 01 January 2021 to 31 December 2021
(USD)

	Note	Actual		
		2021	2020	Cumulative
Financing				
<u>IDA Funds</u>				
Designated Accounts Replenishment	6	11 637	131 013	13 425 030
Direct Payments	8	0	0	17 000
<u>Total</u>		<u>11 637</u>	<u>131 013</u>	<u>13 442 030</u>
<u>Uses of Funds</u>				
Sub-loans	9	0	0	12 640 000
Goods, works, consultants' services non-consulting services, incremental operating costs and training	6	71 015	108 607	794 131
<u>Total</u>		<u>71 015</u>	<u>108 607</u>	<u>13 434 131</u>
<u>Excess of Receipts over Payments</u>		<u>(59 378)</u>	<u>22 406</u>	<u>7 899</u>
Opening Cash Balance				
USD Designated Account of credit line of NCU		0	0	
USD Designated Account of NCU	6	67 277	43 700	
UZS Operational Account of NCU	14	0	1 170	
Plastic card for travel expenses	16	0	0	
Plastic card for fuel acquisition	15	0	0	
<u>Total</u>		<u>67 277</u>	<u>44 870</u>	
Net Available Funds		7 899	67 277	
Closing Cash Balance				
USD Designated Account of credit line of NCU		0	0	0
USD Designated Account of NCU	6	7 561	67 277	7 561
UZS Operational Account of NCU	14	338	0	338
Plastic card for travel expenses	16	0	0	0
Plastic card for fuel acquisition	15	0	0	0
<u>Total</u>		<u>7 899</u>	<u>67 277</u>	<u>7 899</u>

Signed by management on 15 February 2022

NCU Accountant
Balkiev F.T.

STATEMENT OF USES OF FUNDS ON EXPENDITURE COMPONENTS
for the period from 01 January 2021 to 31 December 2021
(USD)

	Actual		Budget	Cumulative	Variance	
	2021	Cumulative	2021		2021	Cumulative
Component 2.	<u>0</u>	<u>12 896 709</u>	<u>0</u>	<u>13 300 000</u>	<u>0</u>	<u>403 291</u>
Subcomponent 2.1. Investments Financing	<u>0</u>	<u>12 640 000</u>	<u>0</u>	<u>12 640 000</u>	<u>0</u>	<u>0</u>
Subcomponent 2.2. Capacity Building and Community Support, including:	<u>0</u>	<u>256 709</u>	<u>0</u>	<u>660 000</u>	<u>0</u>	<u>403 291</u>
Investment planning assistance (communications, implementation planning and support, monitoring)	0	256 709	0	460 000	0	203 291
PFO Training	0	0	0	200 000	0	200 000
Component 3.	<u>71 015</u>	<u>537 422</u>	<u>75 100</u>	<u>700 000</u>	<u>4 085</u>	<u>162 578</u>
Subcomponent 3.2. National Coordination	71 015	537 422	75 100	700 000	4 085	162 578
Project Management	71 015	537 422	75 100	700 000	4 085	162 578
Total	<u>71 015</u>	<u>13 434 131</u>	<u>75 100</u>	<u>14 000 000</u>	<u>4 085</u>	<u>565 869</u>

Signed by management on 15 February 2022

NCU Accountant
Balkiev F.T.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(USD)

	Note	Actual as at 31 December 2021	Actual as at 31 December 2020
<u>Assets</u>			
Cash and cash equivalents, including:		7 899	67 277
<i>Designated Accounts</i>	6	7 561	67 277
<i>Operational Account</i>	6	338	0
<i>Plastic cards</i>	6	0	0
Total Uses of Funds, including:		13 434 131	13 363 116
- NCU		794 131	723 116
- Sub-loans	9	12 640 000	12 640 000
<u>Total assets</u>		<u>13 442 030</u>	<u>13 430 393</u>
<u>Funding:</u>			
IDA Credit to Credit line		12 640 299	12 640 299
IDA Credit to NCU		801 731	790 094
<u>Total funding</u>		<u>13 442 030</u>	<u>13 430 393</u>

Signed by management on 15 February 2022



NCU Accountant
 Balkiev F.T.

USD DESIGNATED ACCOUNT STATEMENT OF NCU
for the period from 01 January 2021 to 31 December 2021

Account No.	2021 0840 6050 4936 2005
Depository Bank	JSCMB "Ipoteka Bank"
Address	15 Mustaqillik Street, Tashkent, Republic of Uzbekistan
Credit	No.5741-UZ
Currency	USD

USD

Opening Balance as at 01 January 2021**67 277****Cash inflow:**

IDA financing 11 637

Total cash inflow:**11 637****Cash outflow:**

Sale of foreign currency 71 327

Bank charges 26

Total cash outflow:**71 353****Balance as at 31 December 2021****7 561**

Signed by management on 15 February 2022

Agency Deputy Director
Ganiev G.F.NCU Accountant
Balkiev F.T.

SOE WITHDRAWAL SCHEDULE
for the period from 01 January 2021 to 31 December 2021
(USD)

Withdrawal application No	Components	Total Amount of expenses	Accounted as advance payment received earlier	Replenished in 2021
	Component 3.2. National Coordination			
56	33 646	33 646	33 646	
57	26 616	26 616	26 616	
58	13 011	13 011	13 011	
59	1 637	1 637	1 637	1 637
60	15 648	15 648	15 648	10 000
Total	90 558	90 558	90 558	11 637

Signed by management on 15 February 2022



NCU Accountant
Balkiev F.T.

NOTES TO PROJECT SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 01 January 2021 to 31 December 2021

1. Description of the Project

With the objective to further deepen the agriculture economic reforms, mitigate negative impact of the climate change, improve financial sustainability of the agriculture enterprises and expand the scope of collaboration with the International Development Association, on 03 November 2015, the Board of Governors of the World bank has approved credit by the International Development Association for the Republic of Uzbekistan for financing the Project «Climate adaptation and mitigation program for Aral sea basin».

International Development Association (hereinafter – Association, IDA) and Government of the Republic of Uzbekistan (hereinafter – Government) on 13 March 2017 have signed Financing Agreement for lending to the Republic of Uzbekistan (hereinafter – Financing Agreement) for total of M10.0 Special Drawing Rights (hereinafter - SDR) or in equivalent USD M14.0 for implementation of the "Climate adaptation and mitigation program for Aral sea basin" Project (hereinafter – the Project) with the repayment term of 25 years, including 5 years of grace period.

According to the Financing Agreement and Uzbekistan Presidential Resolution No.ПП-2784 dated 16 February 2017 on arrangements facilitating implementation of the Project «Climate adaptation and mitigation program for Aral Sea basin» with assistance of International Development Association (hereinafter – UP Resolution), Project will be funded by IDA Credit, GOU and Beneficiaries contributions. Contribution of Uzbekistan in the project implementation is, in equivalent of USD 6,71 M, including GOU contribution in equivalent of USD 3,55 M and contribution of project participants (beneficiaries) – in equivalent of USD 3,16 M.

Among direct Project beneficiaries are the rural population, farmers and farmer groups, private enterprises, agricultural firms, and also resource user groups (for example, water and pastures) interested in the introduction of the climate change measures (adaptation and mitigation). Secondary beneficiaries include participating financial organizations (hereinafter PFO) through improving skills and acquiring more diverse adapted financial products.

The objective of the Project is to enhance regionally coordinated access to improved climate change knowledge services for key stakeholders (e.g., policy makers, communities, and civil society) in participating Central Asian countries as well as to increase investments and capacity building that, combined, will address climate challenges common to these countries.

Project financing plan is stated below:

	USD
IDA funds	14 000 000
Beneficiary funds	3 160 000
Government funds	3 550 000
Total	20 710 000

GOU contribution is exemptions or compensation: non-resident income tax for income generated in Uzbekistan, value added tax, customs duties and taxes (excluding customs fee), mandatory contributions and fees to the public/state ear-marked funds, including Road Fund and Fund for rehabilitation, capital refurbishment and equipping general secondary schools, vocational colleges, academical lyceums and health care institutions under Ministry of Finance of the Republic of Uzbekistan. These exemptions are also effective and applicable for goods (works, services), procured by farms and agriculture organizations on the account of Project refinanced funds.

Pursuant to the UP Resolution for the purposes of implementation of the Project «Climate adaptation and mitigation program for Aral sea basin», the Government of the Republic of Uzbekistan and participating financial organizations (commercial banks) have signed Agreement on the sub-lending of portion of the IDA credit funds (subsidiary loan). Participating financial organizations (commercial banks) are responsible for the repayment of subsidiary loans under signed Subsidiary Credit Agreements signed with the following PFOs:

- ✓ Joint Stock Commercial Mortgage Bank «IPOTEKA-bank»;
- ✓ Joint Stock Commercial Bank «Uzpromstroybank»;
- ✓ Joint Stock Commercial Bank «Xalk-bank».

According to the UP Resolution, the Project implementation area includes Republic of Karakalpakstan and Khorezm oblast, and also, in consultation with IDA, in Bukhara and Navoi oblasts of the Republic of Uzbekistan. Ministry of Agriculture and Water Resources of the Republic of Uzbekistan (hereinafter – MAWR) is an executive agency responsible for timely project implementation, targeted and effective use of credit funds. Rural Restructuring Agency under MAWR (hereinafter – RRA) is responsible for project implementation and management. In order to ensure effective implementation of the Project, the National Coordination Unit was established under RRA (hereinafter NCU) for the «Climate adaptation and mitigation program for Aral sea basin» Project.

Also, pursuant to the Uzbekistan Presidential Decree No.5418 dated 18th April 2018 “On organizational arrangements on the radical improvement of the system of public governance of agriculture and water economy” it is established that as of 1st July 2018 on the basis of the Rural Restructuring Agency and Centre for implementation of the investment projects in agriculture and water economy shall be established Agency for implementation of the projects in the area of agroindustry and food security (hereinafter - Agroindustry and food security Agency «UZAIFSA») that will be responsible for assistance in the design and implementation of projects, including investment projects covered by the Uzbekistan COM Complex of investment, innovative development, coordination of activity of free economic and small industrial zones, and tourism.

NCU of the Project located at 1A, Block A, Labzak Street, Shaykhantahur District, Tashkent, Uzbekistan.

Following components are implemented under the «Climate adaptation and mitigation program for Aral Sea basin» by the World Bank with the objective to assist to the countries of Central Asia in improving their resilience to the aggravating climate impact:

Component 1 «Regional Climate Knowledge Services»

Component 1 will provide participating countries with equipment, software, and technical assistance to improve knowledge and decision support methods, provide the basis for a single regional integrated analytical platform for climate assessment and decision-making in Central Asia.

Component 2 «Regional Climate Investment Facility» consist of subcomponents:

- ✓ Subcomponent 2.1. «Investments Financing»;
- ✓ Subcomponent 2.2. «Capacity Building and Community Support».

This component provides financing (through sub-loans) of rural communities to address the challenges posed by climate change in those areas that are considered by the participating countries as a priority for scaling up activities to reduce the negative impact of climate change. In addition, technical assistance and support will be provided to rural communities in the planning, implementation and management of investments.

Component 3 «Regional and National Coordination» consist of subcomponents.

- ✓ Subcomponent 3.1. «Regional Coordination»
- ✓ Subcomponent 3.2. «National Coordination».

Under implementation of the «Climate adaptation and mitigation program for Aral sea basin» in the project areas of the Republic of Uzbekistan is implemented only component 2 and subcomponent 3.2.

Below is the information in part of the full investment project cost by the Project components:

				USD
Component	Total	IDA	Beneficiary	Republic of Uzbekistan
<u>Component 2 Regional Climate Investment Facility</u>	19 120 000	13 300 000	3 160 000	2 660 000
<u>Component 3 Regional and National Coordination</u>				
<i>Subcomponent 3.2. National Coordination</i>	860 000	700 000	0	160 000
<i>Financial expenses</i>	730 000	0	0	730 000
Total by Project	20 710 000	14 000 000	3 160 000	3 550 000

The IDA funds available for the Project implementation are intended for financing the following categories:

USD

Category	Amount
Sub-loans	12 640 000
Goods, works, consultants' services, non-consulting services, incremental operating costs, training	1 360 000
Total	14 000 000

2. Going concern

The closing date of the Credit according to the Financing Agreement is April 30, 2021. Pursuant to an IDA letter dated April 30, 2021, IDA has approved a 12-month extension of the loan expiration date from April 30, 2021 to April 30, 2022.

3. Accounting policy

These Special Purpose Financial Statements have been prepared, in accordance with requirements of International Public Sector Accounting Standards (hereinafter - IPSAS) issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, following the cash flow basis and compliant with the World Bank recommendations.

3.1. Basis of presentation

Statement of Sources and Uses of Funds, Statement of Uses of Funds on Expenditure Components, Statement of Financial Position and Designated Accounts Statements are developed on cash flow basis to reflect operations conducted within the Project's frames in accordance with below-stated principles.

3.2. Financing

IDA Financing of the Project is recognized:

- when suppliers of material resources or services are paid by the IDA under Direct payment procedures;
- when funds are transferred from IDA Credit account to the Project Designated account of NCU and Designated account of Credit line of NCU with using the Advance method.

3.3. Expenditure

Project expenditures are recognized and entered in the Project Special Financial Statements generated on the cash basis when:

- Payments to the suppliers of goods or services are made from the Project Designated and Operational Accounts as well as corporate plastic cards or directly from IDA Credit Account under the procedure of Direct payments;
- Transfer of funds from PFOs for disbursement of credit funds to the beneficiaries.

3.4. Reporting currency and currency exchange methodology

As financing from IDA is carried out in United States Dollars (hereinafter referred to as "USD"), the Special Purpose Financial Statements also presented in USD, which is the functional and presentation currency of Project. Items included in the Special Financial Statements are measured using that functional currency.

While developing the Project Financial Statements the following exchange rate principles were used: for IDA funds, all expenses and cash balance in currency different from USD are converted into USD at the acquiring commercial bank exchange rate, effective on the date of conversion.

4. Presented Financial Statements

The Project Special Financial Statements have been prepared by the National Coordination Unit (NCU) under Agency - the Projective executive agency pursuant to the UP Resolution ПП-No.2784 dated 16 March 2017.

The Project Special Purpose Financial Statements have been signed by the NCU management, namely by the Agency Deputy Director G. Ganiev and NCU accountant F. Balkiev on 15 February 2022.

Project Reporting Period is the same as conventional calendar year and cover the period from 01 January 2021 to 31 December 2021. The Project Special Financial Statements prepared in accordance with IPSAS, based on the cash method and comprise the following statements.

4.1. Statement of Sources of Financing

Statement of Sources and Uses of Funds includes data on IDA financing. In the reported period, Project was financed by IDA Credit at USD 11 637 in the form of replenishment of the Designated Account of NCU for financing current expenditures (see Note 6 and 7).

The total Project expenditures for 2021 amount USD 71 015. This Statement includes data on the opening and closing cash balance for the reported period. Closing balance is the IDA financing for total of USD 7 899.

4.2. Statement of Uses of Funds on Expenditure Components

Statement of Uses of Funds on Expenditure Components includes breakdown by Project expenditures for categories of the Project, IDA-financed expenditures by components, and also Project budget for the reporting period and difference between budgeted and actual costs.

4.3. Statement of Financial Position

Statement of Financial Position is based on the cash method and includes following data:

- Assets – “Cash and cash equivalents” and “Total Uses of Funds” by IDA;
- Funding - cumulative Project financing from all sources by IDA.

Item “Cash and cash equivalents” includes remaining cash from IDA-funded credit. Item “Total Uses of Funds” includes all expenditures related to the Project implementation and funded from all sources.

5. Property, Plant and Equipment

Property, Plant and Equipment procured by the Project with the purposes effective achievement of Project objectives are entered to the Cost Records right after being received. For the purposes of this financial reporting all the PPE recorded at the historical cost and are not being depreciated. PPE include assets purchased for the operational needs of NCU.

Below is the list of Property, Plant and Equipment administered by the NCU as of December 31, 2021:

	Vehicle	Furniture and office equipment	Computer equipment	Other	Total
Opening balance as at 01/01/2021	17 077	12 964	7 260	2 277	39 577
Purchases	0	0	0	0	0
Disposals	0	0	0	0	0
Closing balance as at 31/12/2021	17 077	12 964	7 260	2 277	39 577

6. Cash and cash equivalents

For the purposes of Project implementation, the Project have opened accounts:

6.1. Designated account of NCU

NCU maintains Designated account for financing eligible expenditures in USD are opened in the Joint-Stock Mortgage Commercial Bank “Ipoteka-bank” (hereinafter – JSMCB “Ipoteka-bank”) in Tashkent City. During reporting period, the IDA disbursed financing on the USD Designated account was total of USD 11 637. Total bank expenditures paid from the USD Designated Account is USD 26.

6.2. Designated Account of Credit Line

Project maintains USD Designated Account of the Credit line opened in the JSMCB «Ipoteka Bank» of the Tashkent City. This account is intended for sub-lending to facilitate implementation of the Project Subcomponent 2.1. «Investment Financing». During the reporting period, no transactions were made on this account.

6.3. Other Accounts

Operational Account (pls. see Note 14)

NCU maintains UZS Operational Account opened in the JSMCB «Ipoteka Bank» of the Tashkent City. During 2021 UZS Operational Account were used to the Project payroll, for paying to audit services as well as other operating costs. During reporting period total of USD 69 637 from the UZS Operational Account was expended to cover Project recurrent expenses under Subcomponent 3.2. «National Coordination». Also total of USD 1 352 was expended to replenish Project corporate plastic cards to cover current expenses (pls. see Note 15 and 16).

Plastic cards (pls. see Note 15, 16)

Project has corporate plastic cards for the payments of costs associated with business trips and fuel. In 2021 total of travel expenditures covered from the plastic cards was USD 190 (in equivalent of UZS 2,000.0 thousand) and for fuel was USD 1 162 (in equivalent of UZS 12,322.0 thousand).

Balances of the Project's bank accounts are summarized in the following table:

	000' UZS	USD
<u>Balance as at January 01, 2021</u>		
USD Designated Account of NCU	-	67 277
UZS Operational Account of NCU	-	-
Total	0	67 277
<u>Balance as at December 31, 2021</u>		
USD Designated Account of NCU		7 561
UZS Operational Account of NCU	3 660	338
Total	3 660	7 899

7. Reconciliation of disbursements from the Designated Account and Statement of Expenditures

Statement of Expenditure (SOE) procedure is used by the Project to replenish funds on the Designated Accounts, in line with the Financing Agreement and Project Operational Manual. Below is the table with cumulative data on replenished and recovered expenditures according to the SOE:

Opening Balance of IDA funds as at 01 January 2021	67 277
Financing of IDA for reporting period	11 637
Total expenditures for the reporting period recovered according to the SOE:	90 558
Less expenditures of 2020 for WA №56	(33 646)
Adding the Q42021 expenditures un-submitted for review to IDA as on 31.12.2021	14 236
Less 2021 expenditures mistakenly submitted for review to IDA under SOE procedure	(133)
Total expenditures for the reporting period	71 015
Undisbursed Project financing	7 899
Closing Balance of IDA funds as at 31 December 2021	7 899
<u>Difference</u>	0

8. Direct payments procedure

Funding for the procedure of direct payments in 2021 by the IDA was not made. Below is the summary of IDA-financed total under the Direct Payment Procedure (from the Project beginning):

Reporting year	The payment amount of a cut of cost categories (USD) Category 2. Goods, works, consultants' services non-consulting services, incremental operating costs and training by component 2.2, 3.2.	Total amount in USD
2017	17 000	17 000
2018	0	0
2019	0	0
2020	0	0
2021	0	0
Total	17 000	17 000

9. Sub-Loans

As on the 31st of December 2021 all agreed sub-lending amount financed by the IDA Credit has been disbursed by the participating financial organizations as intended for financing of the business activities in the eligible project regions. During 2021, no Sub-loans were financed from the Credit Line account. Below is the detailed data on the sub-lending by every participating bank starting from Project implementation:

Bank	2017	2018	2019	2020	2021	TOTAL	Allocations by the Sub-lending Agreement	Execution rate
JSCB «Uzpromstroybank»	712 050	1 256 274	671 676	0	0	2 640 000	2 640 000	100%
JSCMB "Ipoteka Bank"	927 945	4 857 260	214 795	0	0	6 000 000	6 000 000	100%
JSB "Xalq bank"	3 428 820	343 662	227 518	0	0	4 000 000	4 000 000	100%
Total	5 068 815	6 457 196	1 113 989	0	0	12 640 000	12 640 000	

10. Project Budget performance

	2021	2020	2019	2018	period from 28 April 2017 to 31 December 2017	Cumulative from the Project beginning
<i>IDA funds</i>						
Direct Payments	0	0	0	0	17 000	17 000
Designated Account Replenishment	11 637	131 013	120 013	355 259	166 810	784 731
Designated Account of credit line Replenishment	0	0	1 114 054	5 832 060	5 694 185	12 640 299
Total Financing by IDA	11 637	131 013	1 234 066	6 187 319	5 877 995	13 442 030
Total budget by IDA						14 000 000
Financing percentage of IDA Credit						96,01%

11. Budget performance on the financing the Project expenditures/Disbursements

	2021	2020	2019	2018	period from 28 April 2017 to 31 December 2017	Cumulative from the Project beginning
<i>IDA funds</i>						
Sub-loans	0	0	1 113 989	6 457 196	5 068 815	12 640 000
Goods, works, consultants' services non-consulting services, incremental operating costs and training	71 015	108 607	105 101	375 811	133 598	794 131
Total Project Expenditures by IDA Credit	71 015	108 607	1 219 089	6 833 007	5 202 413	13 434 131
Total budget						14 000 000
IDA Credit disbursement rate			0	0	0	95,96%

12. Legal Status and Taxes

Pursuant to the Presidential Resolution No. ПП-2784 dated 16 February 2017 on arrangements facilitating the implementation of «Climate adaptation and mitigation program for Aral Sea basin » Project with the support of International Development Association, the Project is exempted of tax and customs duties.

13. Reconciliation of IDA Credit financing

Reconciliation between Client Connection data and Project data as of December 31, 2021 is stated below:

	<i>Client Connection</i>	<i>Project</i>	<i>Difference</i>
IDA funds	13 442 030	13 442 030	0

14. Statement of UZS Designated Account of NCU

Account No.	2021 0000 5050 4936 2005
Depository Bank	JSCMB "Ipoteka Bank"
Address	15 Mustaqillik Street, Tashkent, Republic of Uzbekistan
Credit	No.5741-UZ
Currency	UZS

	<i>USD</i>	<i>000'UZS</i>
Opening Balance as at 01 January 2021	0	0
Cash inflow:		
Proceeds from sale of foreign currency	71 327	754 283
Total Cash inflow:	71 327	754 283
Cash outflow:		
Expenses on related categories	69 637	736 300
Replenishment of corporate plastic card for fuel acquisition	1 162	12 323
Replenishment of the corporate plastic card for travel expenses	190	2 000
Total cash outflow:	70 989	750 623
Balance as at 31 December 2021	338	3 660

15. Statement of UZS Plastic card for fuel acquisition

No. of card	2262 0000 0050 4936 2033		
Depository Bank	JSICB "Ipak Yuli"		
Address	Tashkent, str. Abdulla Kadiri,2		
Credit	5741-UZB		
Currency	UZS		
Opening Balance as at 01 January 2021		<i>USD</i> 0	<i>000'UZS</i> 0
Cash inflow:			
Replenishment of corporate plastic card from UZS Operational Account of NCU		1 162	12 323
Total Cash inflow:		1 162	12 323
Cash outflow:			
Expenses on related categories		1 162	12 323
Total Cash outflow:		1 162	12 323
Balance as at 31 December 2021		0	0

16. Statement of UZS Plastic card for travel expenses

No. of card	2262 0000 9050 4936 2032		
Depository Bank	JSICB "Ipak Yuli"		
Address	Tashkent, str. Abdulla Kadiri,2		
Credit	5741-UZB		
Currency	UZS		
Opening Balance as at 01 January 2021		<i>USD</i> 0	<i>000'UZS</i> 0
Cash inflow:			
Replenishment of corporate plastic card from UZS Operational Account of NCU		190	2 000
Total Cash inflow:		190	2 000
Cash outflow:			
Expenses on related categories		190	2 000
Total Cash outflow:		190	2 000
Balance as at 31 December 2021		0	0