

**“Agricultural Commercialization Project”  
Grant No. H964-TJ, Grant No. D259-TJ,  
Credit No. 6167-TJ**

**The project financial statements**  
for the year ended December 31, 2019

**and independent auditors’ report**

**“AGRICULTURAL COMMERCIALIZATION PROJECT”  
GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**

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**“AGRICULTURAL COMMERCIALIZATION PROJECT”**  
**GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**

**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**

The following statement, which should be read in conjunction with the independent auditors’ report is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the project financial statements of the Project “Agricultural Commercialization Project”, Grant No. H964-TJ, Grant No. D259-TJ, Credit No. 6167-TJ (the “Project”).

Management is responsible for the preparation of the project financial statements that present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components of the Project for the year ended December 31, 2019 in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”).

In preparing the project financial statements, management is responsible for:


- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- preparing the project financial statements on a going concern basis, unless it is inappropriate to presume that the Project will be implemented in accordance with the established period.

Management is also responsible for:


- designing, implementing and maintaining effective and sound system of internal control and for revealing risks in system of internal control;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Project, and which enable them to ensure that the project financial statements of the Project comply with IPSAS and WB Guidelines;
- compliance with laws and regulations of the Republic of Tajikistan, accounting system of the Project and the requirements of the World Bank;
- taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- detecting and preventing fraud and other irregularities.

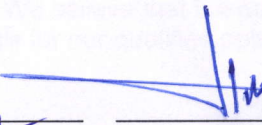
The project financial statements for the year ended December 31, 2019 were approved and authorized for issue on August 14, 2020 by the management of the Project.

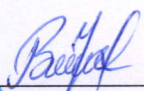
**On behalf of the Management:**

  
**Sadullozoda H.**  
Director of  
AED PMU

August 14, 2020  
Dushanbe, the Republic of Tajikistan

  
**Jaloliddinov B.**  
Chief Accountant of  
AED PMU

  
**Nozimov I.**  
Acting Director of  
MOF PMU

  
**Gafforov B.**  
Chief Accountant of  
MOF PMU

## INDEPENDENT AUDITORS' REPORT

To the management of the Project "Agricultural Commercialization Project" under the Ministry of Finance of the Republic of Tajikistan and Ministry of Agriculture of the Republic of Tajikistan and the State Committee on Investments and Government Property Management of the Republic of Tajikistan:

### Report on the project financial statements

#### Qualified opinion

- [1] We have audited the project financial statements of the Project "Agricultural Commercialization Project" (the "Project") which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2019 and a summary of significant accounting policies and other explanatory information (the "project financial statements").
- [2] In our opinion, except for the effects of the matter described in paragraph [3], the accompanying project financial statements present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components of the Project for the year ended December 31, 2019 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

#### Basis for qualified opinion

- [3] We were unable to obtain sufficient and appropriate audit evidence to identify correctness of cash balances in CJSC TJSC IBRR "Tajprombank" in the amount of 207,361 US dollars as at December 31, 2019 due to inability of the CJSC TJSC IBRR "Tajprombank" to provide us confirmation letter. It was not practicable to perform alternative audit procedures sufficient to satisfy ourselves as to correctness of balances in the summary of funds received and expenditures paid. As a result, we have not identified what adjustments should have been made in respect of recorded or unrecorded elements making up the project financial statements.
- [4] 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 Project 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 project financial statements, 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 qualified opinion.

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### **Emphasis of matter**

- [5] Without further qualifying our opinion, we draw attention to the following matters:
- a. We draw attention to the Note 4 “Cash and cash equivalents”, in which present cash balances in CJSC TJSC IBRR “Tajprombank” (the “Bank”) in the amount of 2,008,746 Tajik somoni (207,361 US dollars) as at December 31, 2019. The National Bank of Tajikistan revoked license of this Bank on February 24, 2017. The Bank is in the process of liquidation. Therefore, the Project has no access to its bank accounts in CJSC TJSC IBRR “Tajprombank” as at date of issuing this project financial statements.
  - b. We draw attention to Note 2 to the project financial statements, which describes the basis of accounting. These project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing agreements requirements.
  - c. We draw attention to Note 13 to the financial statements of the project, which describes the situation with the COVID-19 pandemic.

### **Other matter**

- [6] The project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the project financial statements may not be suitable for another purpose.

### **Responsibilities of management and those charged with governance for the project financial statements**

- [7] Management is responsible for the preparation and fair presentation of the project financial statements in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”), and for such internal control as management determines is necessary to enable the preparation of the project financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibilities for the audit of the project financial statements**

- [8] 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 the project 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 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 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 project 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. However, future events or conditions may cause the Project to cease to continue as a going concern.
- 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.

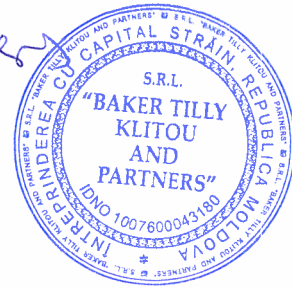
[9] We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

*Baker Tilly Klitou and Partners*

**Baker Tilly Klitou and Partners SRL**

Chisinau, the Republic of Moldova  
August 14, 2020

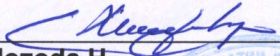


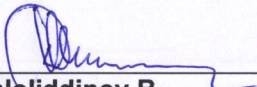
**“AGRICULTURAL COMMERCIALIZATION PROJECT”  
GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**


**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(in US dollars)**

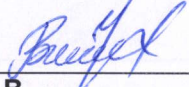
	Notes	For the year ended December 31, 2019			For the year ended December 31, 2018			Cumulative
		AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
Opening balance	4	496,490	229,809	726,299	301,184	409,531	710,716	-
<b>Funds received</b>								
Grant H964-TJ	5	3,258,391	1,328,122	4,586,513	2,689,010	1,964,137	4,653,147	18,118,747
Grant D259-TJ		-	507,181	507,181	-	100,000	100,000	607,181
Credit 6167-TJ		-	-	-	-	-	-	-
<b>Total funds received:</b>		<b>3,258,391</b>	<b>1,835,303</b>	<b>5,093,694</b>	<b>2,689,010</b>	<b>2,064,137</b>	<b>4,753,147</b>	<b>18,725,928</b>
Other income		10	-	10	4,016	-	4,016	6,254
<b>Total receipts</b>		<b>3,258,401</b>	<b>1,835,303</b>	<b>5,093,704</b>	<b>2,693,026</b>	<b>2,064,137</b>	<b>4,757,163</b>	<b>18,732,182</b>
<b>Project expenses</b>								
Sub-loans under Component II. A	6	-	983,980	983,980	-	2,014,819	2,014,819	7,290,091
Commercialization Grants under Component II. B	6	1,187,788	-	1,187,788	418,037	-	418,037	2,586,845
Goods, works, operating costs, training, non-consulting services and consultants' services	6	2,128,714	468,130	2,596,844	2,040,394	228,447	2,268,841	7,781,774
<b>Total project expenses</b>		<b>3,316,502</b>	<b>1,452,110</b>	<b>4,768,612</b>	<b>2,458,431</b>	<b>2,243,266</b>	<b>4,701,697</b>	<b>17,658,710</b>
Foreign exchange losses		5,564	6	5,570	39,289	593	39,882	27,651
<b>Closing balance</b>	4	<b>432,825</b>	<b>612,996</b>	<b>1,045,821</b>	<b>496,490</b>	<b>229,809</b>	<b>726,299</b>	<b>1,045,821</b>

On behalf of the Management:

  
Sadullozoda H.  
Director of  
AED PMU

  
Jaloliddinov B.  
Chief Accountant of  
AED PMU

  
Nozimov I.  
Acting Director of  
MOF PMU

  
Gafforov B.  
Chief Accountant of  
MOF PMU

August 14, 2020  
Dushanbe, the Republic of Tajikistan

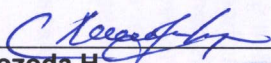
The notes on pages 8-20 form an integral part of the project financial statements. The independent auditors' report is on pages 3-5.

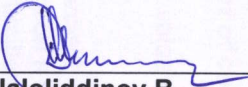
**“AGRICULTURAL COMMERCIALIZATION PROJECT”**  
**GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**

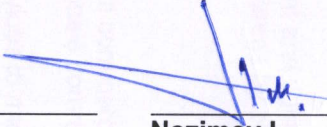
**SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
*(in US dollars)*

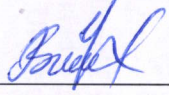
	For the year ended December 31, 2019			For the year ended December 31, 2018			Cumulative
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
Component I. Improvement of technical knowledge and skills in support of commercialization	1,591,540	-	1,591,540	1,385,542	-	1,385,542	3,685,655
Component II. Access to finance for agribusiness enterprises and small-scale commercial farms	1,187,788	983,980	2,171,768	418,037	2,099,509	2,517,546	10,221,852
Component III. Institutional capacity building and project management	537,174	271,673	808,847	654,852	143,757	798,609	3,554,746
Component IV: Entrepreneurship training and business development services to micro,small and medium size enterprises	-	196,457	196,457	-	-	-	196,457
	<u>3,316,502</u>	<u>1,452,110</u>	<u>4,768,612</u>	<u>2,458,431</u>	<u>2,243,266</u>	<u>4,701,697</u>	<u>17,658,710</u>

**On behalf of the Management:**

  
**Sadullozoda H.**  
**Director of**  
**AED PMU**

  
**Jaloliddinov B.**  
**Chief Accountant of**  
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**Nozimov I.**  
**Acting Director of**  
**MOF PMU**

  
**Gafforov B.**  
**Chief Accountant of**  
**MOF PMU**

August 14, 2020  
 Dushanbe, the Republic of Tajikistan

The notes on pages 8-20 form an integral part of the project financial statements. The independent auditors' report is on pages 3-5.



**“AGRICULTURAL COMMERCIALIZATION PROJECT”**  
**GRANT NO. H964-TJ, GRANT NO. D259-TJ, CREDIT NO. 6167-TJ**

**NOTES TO THE PROJECT FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
*(in US dollars)*

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**1. GENERAL INFORMATION**

According to the Agreement between the Republic of Tajikistan and International Development Association (the “IDA”, “World Bank”) signed on July 30, 2014, the IDA provided a Grant No. H964-TJ in amount of 14,300,000 Special Drawing Rights to the Republic of Tajikistan. The period of duration of the Grant is from July 30, 2014 to June 30, 2021.

The Grants were provided for the Project “Agricultural Commercialization Project” (the “Project”).

On January 18, 2018 was signed the Financing Agreement for additional financing for the Project “Agriculture Commercialization Project” between the Republic of Tajikistan and IDA. IDA provided the Grant No. D259-TJ in amount of 5,400,000 Special Drawing Rights and the Credit No. 6167-TJ in amount of 7,500,000 US dollars. According to Financing Agreement there were changes in the objective of the Project, in the component II and III of the Project and were added new Component IV. The name of Component II was amended to “Component II: Access to finance” and were added new sub-component II.D. In Component III there were amendment in sub-component III.E and sub-component III.F is hereby replaced in its entirety. The period of duration of the Grant and Credit is from January 18, 2018 to June 30, 2022.

**Project purpose**

The objectives of the Project are to increase the commercialization of farm and agribusiness products and support micro, small and medium enterprise development in Project areas by providing better access to finance and strengthened capacity of Project beneficiaries.

The Project comprises the following components:

Component I: Improvement of technical knowledge and skills in support of commercialization;  
Component II: Access to finance for agribusiness enterprises and small-scale commercial farms;  
Component III: Institutional capacity building and project management.  
Component IV: Entrepreneurship training and business development services to micro, small and medium size enterprises

***Component I: Improvement of technical knowledge and skills in support of commercialization***

Improving of technical knowledge and skills of participants in key agricultural value chains and productive partnerships by:

- a. Supporting building value chains and productive partnerships under the project, by providing research and improvement of technical knowledge and skills of project beneficiaries on a variety of agriculture-related subjects, and assistance in identifying and pursuing market opportunities. Provision of advisory services and training by a reputable consulting firm with relevant expertise acceptable to the Association, to assist with value chain development activities under Component I, II.B and III of the Project.
- b. Providing training and advisory services at the producer level. Establishing a network of demonstration plots, to conduct comparisons and testing between various agricultural production practices and supporting participation of farmer groups in trade fairs and other events.
- c. Providing training and advisory services for agro processors and agribusiness enterprises on a variety of subjects related to their business operations. Providing training on issues relating to child and forced labor. Supporting attendance at trade fairs and providing mentoring services.

***Component II: Access to finance for agribusiness enterprises and small-scale commercial farms***

Enhancing access to medium and long-term finance for agribusiness enterprises and small-scale commercial farms by:

- a. Establishing and operating of a credit line facility through PFIs to support: (a) medium-term loans and leases for investment for financing modern technological plant and equipment; and (b) value chain financing products and value chain and productive linkage support, and (c) investment and working capital needs for a broad range of micro, small and medium enterprises in Project areas.
- b. Providing Commercialization Grants to support investment and input needs by smaller farmers in producer groups or productive partnerships unable to qualify for a commercial loan.
- c. Supporting the value chain development by providing capacity building of the PFIs related to new financial products in lending for value chain and productive partnership development activities, accessing suitability and effectiveness of new financial products, and on mitigation of the related risks. Providing training to the PFIs on environmental and social safeguard issues.
- d. Providing Matching Grants to Sub-borrowers on terms and conditions set forth in the Matching Grant Program Manual to complement Sub-loans under Part A of this Component II.

***Component III: Institutional capacity building and project management.***

Strengthening the critical elements of the institutional framework and agricultural sector's academic knowledge base required to support commercial activity by:

- a. Supporting curriculum modernization of the Tajikistan Agrarian University.
- b. Supporting expansion of the farmer training programs at the agricultural colleges through updating of curricula and teaching materials, in conjunction with curriculum modernization under Component III. (a) above; upgrading equipment and upgrading of facilities of the Agricultural Colleges.
- c. Improving market information systems for farmers and agribusinesses by: (i) supporting the establishment of a public-private partnership between the Tajikistan National Statistics Agency, other relevant state agencies and private service providers on facilitating delivery of commercial market information; and (ii) providing related technical assistance to the Tajikistan National Statistics Agency, other relevant state agencies and private service providers.
- d. Strengthening the MOA's capacity for policy and regulatory reform in the field of agriculture by funding selected studies on critical issues concerning agricultural commercialization.
- e. Supporting the Agricultural Entrepreneurship Development Project Management Unit ("AED PMU") and Ministry of Finance Project Management Unit ("MOF PMU") for the effective implementation of the Project, through provision of goods, works, consultants' services, audit, training and operating costs, for purposes of Project management and implementation, including monitoring and evaluation. (ii) establishing and maintaining for the duration of the Project, the Grievance Redress Mechanism
- f. Building capacity of financial intermediaries acting in rural areas of the Recipient, including: (i) provision of training to PFI's on start-up business financing modalities, including risk identification and appraisal, and structuring of financing repayment, as well as on key environmental aspects associated with rural business financing; and (ii) provision of technical assistance to selected smaller microfinance institutions with good potential to grow and expand the opportunities for access to finance for small rural and agricultural businesses.

***Component IV: Entrepreneurship training and business development services to micro, small and medium size enterprises***

- a. Provision of entrepreneurship training and business development services to start-ups with more intensive support to youth led, women-led enterprises and enterprises led by, and/or employing, persons with disabilities.
- b. Carrying out innovative approaches to promote start-up growth and job creation, including opening an entrepreneurship hub in a selected location and development and implementation of business mentoring and training programs.

*Project management*

The Project is implemented by the Agricultural Entrepreneurship Development Project Management Unit (the "AED PMU") and Ministry of Finance Project Management Unit (the "MOF PMU") within the scope of the Ministry of Agriculture and Ministry of Finance of the Republic of Tajikistan, respectively.

Duration of the Project is July 30, 2014 to June 30, 2022.

## **2. PRESENTATION OF THE PROJECT FINANCIAL STATEMENTS**

### **Basis of preparation**

These project financial statements have been prepared in accordance with the International Public Sector Accounting Standard (the "IPSAS") "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received or provided.

The Project's approved budget disclosed by categories of expenses is not publicly available and as such comparison of budget and actual amounts is not presented.

These project financial statements consist of:

- Summary of funds received and expenditures paid;
- Summary of expenditures paid by project components;
- Notes to the project financial statements, including short description of main statements of accounting policy and other descriptive notes.

The reporting currency of these project financial statements is US dollars (the "USD").

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Cash basis of accounting**

The project financial statements are prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the Project. The project financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the project financial statements is balances of cash and changes therein.

### **Foreign currency**

Operations in foreign currency initially are counted in functional currency by the official currency exchange rate settled by the National Bank of Tajikistan (the "NBT") on a date of operation.

Funds received are translated into USD at official exchange rate of Special Drawing Rights (the "SDR") at the date of funds receipt. All payments made in local currency are translated into USD at the official exchange rate defined by NBT, at the date of transaction.

Monetary assets and liabilities expressed in foreign currency are converted to functional currency at official exchange rate on a date settled by the NBT.

All foreign exchange differences resulted from maturity or recounting are included in the summary of funds received and expenditures paid.

Non-monetary items are valued according to their historic cost in foreign currency, which are recalculated on rates of the initial operation date.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term. Balances of advances paid to employees at the end of the period are also part of closing cash position.

## Taxes

Calculation and payment of personal income tax and social security contributions from income of local staff and consultants is made in accordance with the requirements and rates of the Tax Code of the Republic of Tajikistan and relevant legislation of the Republic of Tajikistan.

## Project expenses

The expenses are recorded in the period when they were actually paid.

## Sources of funds

The funds were provided by the World Bank to the Project by advance, reimbursement or through direct payment to the end supplier of goods and/or services.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2019 comprise:

	Grant	Currency	AED PMU	December 31, 2019 MOF PMU	Total
Designated account	H964-TJ	USD	225,463	298,189	523,652
Designated account	D259-TJ	USD	-	285,918	285,918
Transit account	H964-TJ	TJS	207,362	1	207,363
Transit account	D259-TJ	TJS	-	28,888	28,888
			<u>432,825</u>	<u>612,996</u>	<u>1,045,821</u>

Cash and cash equivalents as at December 31, 2018 comprise:

	Grant	Currency	AED PMU	December 31, 2018 MOF PMU	Total
Designated account	H964-TJ	USD	283,613	129,722	413,335
Designated account	D259-TJ	USD	-	99,965	99,965
Transit account	H964-TJ	TJS	212,877	16	212,893
Cash on hand	H964-TJ	TJS	-	106	106
			<u>496,490</u>	<u>229,809</u>	<u>726,299</u>

## 5. FUNDS RECEIVED

The funds received are presented by the following financing methods:

	For the year ended December 31, 2019		
	AED PMU	MOF PMU	Total
<b>Grant No. H964-TJ</b>			
Reimbursement of expenses	2,774,443	1,328,122	4,102,565
Direct payments	<u>483,948</u>	<u>-</u>	<u>483,948</u>
	<u>3,258,391</u>	<u>1,328,122</u>	<u>4,586,513</u>
<b>Grant No. D259-TJ</b>			
Reimbursement of expenses	<u>-</u>	<u>507,181</u>	<u>507,181</u>
	<u>-</u>	<u>507,181</u>	<u>507,181</u>

**For the year ended December 31, 2018**

	<b>AED PMU</b>	<b>MOF PMU</b>	<b>Total</b>
<b>Grant No. H964-TJ</b>			
Reimbursement of expenses	2,189,748	1,964,137	4,153,885
Direct payments	499,262	-	499,262
	<u>2,689,010</u>	<u>1,964,137</u>	<u>4,653,147</u>
<b>Grant No. D259-TJ</b>			
Advances	-	100,000	100,000
	<u>-</u>	<u>100,000</u>	<u>100,000</u>
	<b>AED PMU</b>	<b>Cumulative MOF PMU</b>	<b>Total</b>
<b>Grant No. H964-TJ</b>			
Advances	600,000	400,000	1,000,000
Direct payments	1,241,192	-	1,241,192
Reimbursement of expenses	7,666,590	8,210,965	15,877,555
	<u>9,507,782</u>	<u>8,610,965</u>	<u>18,118,747</u>
<b>Grant No. D259-TJ</b>			
Advances	-	100,000	100,000
Reimbursement of expenses	-	507,181	507,181
	<u>-</u>	<u>607,181</u>	<u>607,181</u>

## 6. PROJECT EXPENSES

The Project expenses by components are presented in the summary of expenditures paid by project components. The Project expenses on major categories are presented in the summary of funds received and expenditures paid. Breakdown of project expenses by categories and natures is presented as follows:

### Sub-loans under Component II. A

	For the year ended December 31, 2019			For the year ended December 31, 2018			AED PMU	Cumulative	
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total		MOF PMU	Total
<b>Grant No. H964-TJ</b>									
CJSC MDO "Imon International"	-	200,670	200,670	-	357,952	357,952	-	2,549,171	2,549,171
LLC MDO "Arvand"	-	252,320	252,320	-	1,305,031	1,305,031	-	2,221,029	2,221,029
LLC MDO "Humo"	-	530,990	530,990	-	351,836	351,836	-	2,025,127	2,025,127
LLC MDO "Dastras"	-	-	-	-	-	-	-	319,934	319,934
OJSC "Bank Eshkata"	-	-	-	-	-	-	-	87,615	87,615
LLC MDO "Muzaffariyat"	-	-	-	-	-	-	-	70,885	70,885
CJSC "AccessBank Tajikistan"	-	-	-	-	-	-	-	16,330	16,330
	<u>-</u>	<u>983,980</u>	<u>983,980</u>	<u>-</u>	<u>2,014,819</u>	<u>2,014,819</u>	<u>-</u>	<u>7,290,091</u>	<u>7,290,091</u>

### Commercialization Grants under Component II.B

	For the year ended December 31, 2019			For the year ended December 31, 2018			AED PMU	Cumulative	
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total		MOF PMU	Total
<b>Grant No. H964-TJ</b>									
Grants	<u>1,187,788</u>	<u>-</u>	<u>1,187,788</u>	<u>418,037</u>	<u>-</u>	<u>418,037</u>	<u>2,586,845</u>	<u>-</u>	<u>2,586,845</u>
	<u>1,187,788</u>	<u>-</u>	<u>1,187,788</u>	<u>418,037</u>	<u>-</u>	<u>418,037</u>	<u>2,586,845</u>	<u>-</u>	<u>2,586,845</u>

**Goods, works, operating costs, training, non-consulting services, and consultants' services**

	For the year ended December 31, 2019			For the year ended December 31, 2018			AED PMU	Cumulative	
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total		MOF PMU	Total
<b>Grant No. H964-TJ</b>									
Trainings	1,073,898	-	1,073,898	741,005	-	741,005	2,177,921	29,290	2,207,211
Payroll and related taxes	317,260	124,903	442,163	303,895	113,764	417,659	1,299,546	507,177	1,806,723
Consulting services	491,724	-	491,724	594,445	14,533	608,978	1,537,587	14,533	1,552,120
Goods	392	-	392	-	-	-	304,868	45,885	350,753
Consultants' services	84,276	-	84,276	139,872	-	139,872	293,026	37,226	330,252
Trainings for PMU	-	-	-	-	84,690	84,690	14,265	295,922	310,187
Business demos	89,638	-	89,638	42,049	-	42,049	149,496	-	149,496
Stationery	6,794	2,500	9,294	11,548	1,310	12,858	105,273	10,644	115,917
Business trips	8,305	1,875	10,180	40,329	1,602	41,931	74,334	7,585	81,919
Agribusiness forum	-	-	-	37,842	-	37,842	73,866	-	73,866
Translation services	1,601	-	1,601	40,257	-	40,257	58,650	-	58,650
Fuel expenses	-	4,853	4,853	14,082	5,202	19,284	33,103	15,370	48,473
Office renovation	-	-	-	1,048	-	1,048	44,017	-	44,017
Vehicle maintenance	25,229	1,631	26,860	5,412	2,563	7,975	38,807	5,143	43,950
Communication	6,840	1,803	8,643	7,002	1,866	8,868	34,179	8,935	43,114
Audit costs	9,859	-	9,859	8,236	-	8,236	38,760	-	38,760
Transportation	-	-	-	-	-	-	22,444	9,850	32,294
Printing handouts	-	32,025	32,025	-	-	-	-	32,025	32,025
Purchase of vehicle	-	-	-	21,967	-	21,967	21,967	-	21,967
Bank services	2,480	748	3,228	2,871	713	3,584	9,855	3,257	13,112
Utility	-	-	-	6,170	-	6,170	13,077	-	13,077
Non-consulting services	-	-	-	-	-	-	12,333	-	12,333
Advertising expenses	-	-	-	-	-	-	3,294	453	3,747
Other	10,418	5,434	15,852	22,364	2,204	24,568	88,311	17,142	105,453
	<u>2,128,714</u>	<u>175,772</u>	<u>2,304,486</u>	<u>2,040,394</u>	<u>228,447</u>	<u>2,268,841</u>	<u>6,448,979</u>	<u>1,040,437</u>	<u>7,489,416</u>

**Goods, works, operating costs, training, non-consulting services, and consultants' services (continue)**

	For the year ended December 31, 2019			For the year ended December 31, 2018			AED PMU	Cumulative	
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total		MOF PMU	Total
<b>Grant No. D259-TJ</b>									
Trainings	-	111,480	111,480	-	-	-	-	111,480	111,480
Consulting services	-	106,566	106,566	-	-	-	-	106,566	106,566
Payroll and related taxes	-	56,919	56,919	-	-	-	-	56,919	56,919
Technical support	-	8,800	8,800	-	-	-	-	8,800	8,800
Goods	-	6,875	6,875	-	-	-	-	6,875	6,875
Bank services	-	431	431	-	-	-	-	431	431
Business trips	-	323	323	-	-	-	-	323	323
Stationery	-	260	260	-	-	-	-	260	260
Communication	-	106	106	-	-	-	-	106	106
Other	-	598	598	-	-	-	-	598	598
	-	292,358	292,358	-	-	-	-	292,358	292,358
	<u>2,128,714</u>	<u>468,130</u>	<u>2,596,844</u>	<u>2,040,394</u>	<u>228,447</u>	<u>2,268,841</u>	<u>6,448,979</u>	<u>1,332,795</u>	<u>7,781,774</u>



## 7. FINANCIAL POSITION

Financial position as at December 31, 2019 comprise of:

	AED PMU	December 31, 2019 MOF PMU	Total
<b>ASSETS AND EXPENSES</b>			
Cash and cash equivalents	432,825	612,996	1,045,821
Cumulative expenses	9,035,824	8,622,886	17,658,710
Foreign exchange losses/(gains)	45,387	(17,736)	27,651
<b>TOTAL ASSETS AND EXPENSES</b>	<b>9,514,036</b>	<b>9,218,146</b>	<b>18,732,182</b>
<b>FINANCING</b>			
Funds received	9,507,782	9,218,146	18,725,928
Other income	6,254	-	6,254
<b>TOTAL FINANCING</b>	<b>9,514,036</b>	<b>9,218,146</b>	<b>18,732,182</b>

Financial position as at December 31, 2018 comprise of:

	AED PMU	December 31, 2018 MOF PMU	Total
<b>ASSETS AND EXPENSES</b>			
Cash and cash equivalents	496,490	229,809	726,299
Cumulative expenses	5,719,322	7,170,776	12,890,098
Foreign exchange losses/(gains)	39,823	(17,742)	22,081
<b>TOTAL ASSETS AND EXPENSES</b>	<b>6,255,635</b>	<b>7,382,843</b>	<b>13,638,478</b>
<b>FINANCING</b>			
Funds received	6,249,391	7,382,843	13,632,234
Other income	6,244	-	6,244
<b>TOTAL FINANCING</b>	<b>6,255,635</b>	<b>7,382,843</b>	<b>13,638,478</b>

## 8. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2019 comprise:

Implementation unit	Sources of financing	Application	Value date	Direct payments	Goods, works, operating costs, training, non-consulting services and consultants' services	Total
MOF	H964-TJ	33	January 14, 2019	-	287,898	287,898
		34	February 12, 2019	-	181,895	181,895
		35	April 11, 2019	-	372,476	372,476
		36	May 8, 2019	-	269,325	269,325
		37	June 12, 2019	-	216,528	216,528
				-	1,328,122	1,328,122
MOF	D259-TJ	2	August 19, 2019	-	300,000	300,000
		3	December 5, 2019	-	207,181	207,181
				-	507,181	507,181
AED	H964-TJ	33	February 14, 2019	-	159,811	159,811
		34	March 20, 2019	-	228,945	228,945
		35	April 4, 2019	60,360	-	60,360
		36	April 29, 2019	219,097	-	219,097
		37	April 29, 2019	-	133,881	133,881
		38	May 28, 2019	-	179,552	179,552
		39	June 10, 2019	-	321,094	321,094
		40	June 26, 2019	-	210,104	210,104
		42	July 26, 2019	204,491	-	204,491
		41	July 29, 2019	-	307,705	307,705
		43	August 26, 2019	-	318,862	318,862
		44	September 24, 2019	-	321,364	321,364
		45	October 24, 2019	-	330,767	330,767
46	December 2, 2019	-	262,358	262,358		
				483,948	2,774,443	3,258,391
				483,948	4,609,746	5,093,694

Deleted withdrawal applications for the year ended December 31, 2019 comprise:

Implementation unit	Sources of financing	Application	Value date	Direct payments	Goods, works, operating costs, training, non-consulting services and consultants' services	Total
AED	H964-TJ	36	April 11, 2019	219,098	-	219,098
				219,098	-	219,098

## 9. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the year ended December 31, 2019 comprises:

<i>Designated accounts</i>	Grant No. H964-TJ	Grant No. H964-TJ	Grant No. D259-TJ	Total
<i>Implementation agency</i>	AED PMU	MOF PMU	MOF PMU	
<i>Bank</i>	CJSC "The First Micro Finance Bank"	CJSC "Spitamen Bank"	OJSC "Eskhata Bank"	
<i>Currency</i>	US Dollars	US Dollars	US Dollars	
<i>Bank account</i>	20206840818210031476	20206840880800000257	20206840400020100469	
<i>Bank's location</i>	113 Shevchenko str., Dushanbe, the Republic of Tajikistan	4, Shamsi str, Dushanbe, the Republic of Tajikistan	16 N. Karaboev str, Dushanbe, the Republic of Tajikistan	
<b>Balance as at January 1, 2019</b>	283,613	129,722	99,965	513,300
Reimbursement of expenses	2,774,443	1,328,122	507,181	4,609,746
Transfer from cash on hand	14,199	480	10	14,689
<b>Total funds received</b>	2,788,642	1,328,602	507,191	4,624,435
Expenses paid	60,629	62,215	6,736	129,580
Transferred to transit account	2,735,624	1,097,000	303,502	4,136,126
Transferred to cash on hand	50,539	920	11,000	62,459
<b>Balance as at December 31, 2019</b>	225,463	298,189	285,918	809,570

## 10. UNDRAWN FUNDS

For the year ended December 31, 2019 undrawn funds are presented as follows:

	Grant No. H964-TJ in SDR	Grant No. D259-TJ in SDR	Credit No.6167-TJ In USD
Approved financing amount	14,300,000	5,400,000	7,500,000
Disbursed during the period from July 30, 2014 to December 31, 2019 (AED PMU)	6,805,389	-	-
Disbursed during the period from July 30, 2014 to December 31, 2019 (MOF PMU)	6,184,291	441,219	-
Undrawn financing amount	<u>1,310,320</u>	<u>4,958,781</u>	<u>7,500,000</u>
Financing received as at January 1, 2019	9,671,469	72,248	-
Disbursed in 2019 (AED PMU)	2,362,410	-	-
Disbursed in 2019 (MOF PMU)	<u>955,802</u>	<u>368,972</u>	-
Financing received as at December 31, 2019	<u>12,989,680</u>	<u>441,219</u>	-

## 11. COMMITMENTS

In the normal course of activities, the Project concludes agreements with suppliers of goods and services in accordance with the established budget and procurement plan.

Contract value of obligations valid as at December 31, 2019 was as follows:

Counterparty	Contract No.	Contract value	Paid up to December 31, 2019	Remaining amount to be paid
<b>MOF PMU</b>				
LLC "Shohroh sokhtmon"	ACPAF/MOFPIU/SH-W-01	169,238	100,365	68,873
LLC "Agro-service Consulting"	ACPAF/MOFPIU/CQS-03	149,818	89,891	59,927
Michael J. Wills	ACPAF/MOFPIU/IC-6	30,200	8,800	21,400
<b>AED PMU</b>				
International Company "Niras" (Sweden)	AED/PMU/QCBS/2015-01	1,679,748	1,296,163	383,584
Gent University (Belgium)	AED/PMU/CQS/2016-04	277,654	102,441	175,213
"Sarchashmai hayot" LLC	AED/PMU/SSS/2019-01	237,568	94,257	143,311
Association "Rushdi kishovarzii Vakhsh"	AED/PMU/ CQS/2018-02-1	152,129	60,200	91,929
"Latif" LLC	AED/PMU/ CQS/2018-04	194,142	114,414	79,728
"Agro-service Consulting" LLC	AED/PMU/ CQS/2018-02-2	126,243	72,624	53,618
"Zarzamin" LLC	AED/PMU/ CQS/2018-03	142,508	107,356	35,152
"AL Mar Consulting" LLC	AED/PMU/CQS/2017-03	267,601	239,190	28,411
"Latif" LLC	AED/PMU/CQS/2018-06-3	66,456	59,810	6,646
"Bonuvoni Khatlon" LLC	AED/PMU/CQS/2018-06-1	64,855	58,370	6,486
"Zarzamin" LLC	AED/PMU/CQS/2018-06-2	64,121	63,911	210
"Zerkalo" LLC	AED/PMU/CQS/2016-03	101,289	101,259	30
"Zarzamin" LLC	AED/PMU/CQS/2017-04	90,000	89,973	27

## 12. LEGAL CASES

There were no legal claims related to the Project.

### 13. EVENTS AFTER THE REPORTING DATE

#### Project Financing

During 2020 until the date of issue of these project financial statements the World Bank provided financing to the Project as follows:

Financing source	Application	Implementation unit	Financing method	Date	Total
Grant No. H964-TJ	47	AED	Direct payment	January 22, 2020	36,216
	48	AED	Direct payment	January 22, 2020	36,216
	49	AED	Reimbursement of expenses	February 10, 2020	218,271
	50	AED	Reimbursement of expenses	March 13, 2020	190,065
	51	AED	Reimbursement of expenses	April 27, 2020	172,045
	52	AED	Direct payment	April 28, 2020	146,065
Grant No. D259-TJ	53	AED	Reimbursement of expenses	June 19, 2020	304,365
	4	MOF	Reimbursement of expenses	February 10, 2020	378,483
	5	MOF	Reimbursement of expenses	March 6, 2020	255,357
	6	MOF	Reimbursement of expenses	April 1, 2020	300,000
	7	MOF	Reimbursement of expenses	April 6, 2020	289,153
	8	MOF	Reimbursement of expenses	May 1, 2020	305,886
	9	MOF	Reimbursement of expenses	May 6, 2020	302,556
	10	MOF	Reimbursement of expenses	May 26, 2020	303,674
	11A	MOF	Reimbursement of expenses	June 16, 2020	174,194
	12	MOF	Reimbursement of expenses	June 24, 2020	50,000

#### Funds in CJSC TJSC IBRR “Tajprombank”

According to the court decision of economic court of Dushanbe from June 19, 2020, the CJSC “Tajprombank” must return the funds to Project in amount 2,021,290 Tajik somoni.

#### Pandemic COVID-19.

In early 2020, an outbreak of COVID-19 has been found in a number of countries. April 29, 2020 In Tajikistan, the first cases of infection with the coronavirus COVID-19 were officially confirmed.

This is a desk ISR since the team is unable to undertake a full-fledged implementation support mission due to the COVID-19 crisis. The team has been in constant interaction with the client through virtual meetings, emails and phone calls. The team is filing this ISR to report on implementation progress based on the best information available at this time, including outcome of the technical mission that was held in February 2020, the 2019 annual progress report as well as the first quarter progress report of 2020. Ratings have largely remained the same (unchanged) except for Component IV, which is upgraded (from MS to S) based on the findings of the technical mission and information contained in the annual and quarter progress reports. The team will carry out a full-fledged implementation support mission and update overall implementation progress, including procurement, FM, and safeguards implementation as soon as the situation normalizes.

As at the date of issue of the project financial statements no other significant events or transactions occurred, except for the events or transactions described above.