

**“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, 2020

**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, 2020**

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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, 2020 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.

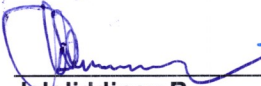
Management is also responsible for:


- 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, 2020 were approved and authorized for issue on May 15, 2021 by the management of the Project.

**On behalf of the Management:**

  
Karimov H.  
Deputy of Director of  
AED PMU

  
Jaloliddinov B.  
Chief Accountant of  
AED PMU

  
Majidi Y.  
Acting Director of  
MOF PMU

  
Gafforov B.  
Chief Accountant of  
MOF PMU

May 15, 2021  
Dushanbe, the Republic of Tajikistan



## 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, 2020 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, 2020 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] Confirmations in respect of bank balances amounted to 178,875 US dollars from CJSC TJSC IBRR "Tajprombank" have not been received by us. In consequence, we were unable to carry out audit procedures necessary to obtain adequate assurance regarding the full cash balance at the end of the reporting year and for movement within this transit account as well. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the provision of accrued or contingent liabilities. We were unable to quantify the adjustments that would be required, had the confirmations from the banks been received by us. Any adjustment to the further provision of accrued or contingent liabilities might have a significant consequential effect 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.

### **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 2,021,290 Tajik somoni (178,875 US dollars) as of December 31, 2020. 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 12 to the project financial statements, which describes commitments of AED PMU under the Grant No. H964-TJ which was fully disbursed as at reporting date.
  - c. 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.

### **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 are 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  
May 15, 2021



**“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, 2020**

*(in US dollars)*

	Notes	For the year ended December 31, 2020			For the year ended December 31, 2019			Cumulative
		AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
<b>Opening balance</b>	4	432,825	612,996	1,045,821	496,490	229,809	726,299	-
<b>Funds received</b>								
Grant H964-TJ	5	1,814,538	-	1,814,538	3,258,391	1,328,122	4,586,513	19,933,285
Grant D259-TJ		-	2,366,481	2,366,481	-	507,181	507,181	2,973,662
Credit 6167-TJ		-	1,188,296	1,188,296	-	-	-	1,188,296
<b>Total funds received:</b>		<u>1,814,538</u>	<u>3,554,777</u>	<u>5,369,315</u>	<u>3,258,391</u>	<u>1,835,303</u>	<u>5,093,694</u>	<u>24,095,243</u>
Reallocation of funds		50,000	(50,000)	-	-	-	-	-
Other income		309	-	309	10	-	10	6,563
<b>Total receipts</b>		<u>1,864,847</u>	<u>3,504,777</u>	<u>5,369,624</u>	<u>3,258,401</u>	<u>1,835,303</u>	<u>5,093,704</u>	<u>24,101,806</u>
<b>Project expenses</b>								
Sub-loans under Component II. A	6	-	2,445,599	2,445,599	-	983,980	983,980	9,735,690
Matching grants under Component II of the Project		-	40,647	40,647	-	-	-	40,647
Commercialization Grants under Component II. B	6	492,305	-	492,305	1,187,788	-	1,187,788	3,079,150
Goods, works, operating costs, training, non-consulting services and consultants' services	6	1,538,842	1,150,532	2,689,374	2,128,714	468,130	2,596,844	10,471,148
<b>Total project expenses</b>		<u>2,031,147</u>	<u>3,636,778</u>	<u>5,667,925</u>	<u>3,316,502</u>	<u>1,452,110</u>	<u>4,768,612</u>	<u>23,326,635</u>

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

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
*(in US dollars)*

	Notes	For the year ended December 31, 2020			For the year ended December 31, 2019			Cumulative
		AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
Foreign exchange losses		28,504	31	28,535	5,564	6	5,570	56,186
<b>Closing balance</b>	4	<u>238,021</u>	<u>480,964</u>	<u>718,985</u>	<u>432,825</u>	<u>612,996</u>	<u>1,045,821</u>	<u>718,985</u>

On behalf of the Management:

**Karimov H.**  
 Deputy of Director of  
 AED PMU

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

**Majidi Y.**  
 Acting Director of  
 MOF PMU

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



May 15, 2021  
 Dushanbe, the Republic of Tajikistan

The notes on pages 9-22 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**

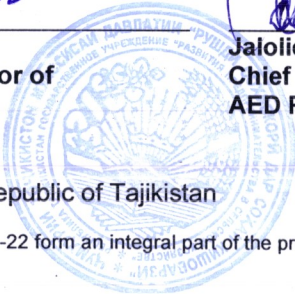
**SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
*(in US dollars)*

	For the year ended December 31, 2020			For the year ended December 31, 2019			Cumulative
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	
Component I. Improvement of technical knowledge and skills in support of commercialization	953,290	-	953,290	1,591,540	-	1,591,540	4,638,945
Component II. Access to finance for agribusiness enterprises and small-scale commercial farms	492,305	2,486,246	2,978,551	1,187,788	983,980	2,171,768	13,200,403
Component III. Institutional capacity building and project management	585,552	937,219	1,522,771	537,174	271,673	808,847	5,077,517
Component IV: Entrepreneurship training and business development services to micro, small and medium size enterprises	-	213,313	213,313	-	196,457	196,457	409,770
	<u>2,031,147</u>	<u>3,636,778</u>	<u>5,667,925</u>	<u>3,316,502</u>	<u>1,452,110</u>	<u>4,768,612</u>	<u>23,326,635</u>

On behalf of the Management:



**Karimov H.**  
**Deputy of Director of**  
**AED PMU**



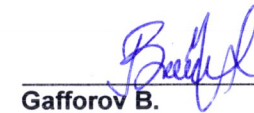


**Jaloliddinov B.**  
**Chief Accountant of**  
**AED PMU**



**Majidi Y.**  
**Acting Director of**  
**MOF PMU**





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

May 15, 2021  
Dushanbe, the Republic of Tajikistan

The notes on pages 9-22 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, 2020**

*(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.

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***

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 of December 31, 2020 comprise:

	Grant	Currency	AED PMU	December 31, 2020	
				MOF PMU	Total
<b>Cash and cash equivalents</b>					
Designated account	H964-TJ	USD	29,372	49,829	79,201
Designated account	D259-TJ & 6167-TJ	USD	29,773	430,946	460,719
Transit account	H964-TJ	TJS	1	14	15
Transit account	D259-TJ & 6167-TJ	TJS	-	150	150
Advance paid to employees	D259-TJ & 6167-TJ	TJS	-	25	25
			<u>59,146</u>	<u>480,964</u>	<u>540,110</u>
<b>Restricted cash and cash equivalents</b>					
Transit account	H964-TJ	TJS	<u>178,875</u>	<u>-</u>	<u>177,633</u>
			<u>178,875</u>	<u>-</u>	<u>177,633</u>
			<u>238,021</u>	<u>480,964</u>	<u>718,985</u>

Restricted cash and cash equivalents present cash balances in CJSC TJSC IBRR "Tajprombank" (the "Bank") in the amount of 2,021,290 Tajik somoni (178,875 US dollars) as of December 31, 2020. 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.

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

	Grant	Currency	AED PMU	December 31, 2019	
				MOF PMU	Total
<b>Cash and cash equivalents</b>					
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	1	1	2
Transit account	D259-TJ	TJS	-	28,888	28,888
			<u>225,464</u>	<u>612,996</u>	<u>838,460</u>
<b>Restricted cash and cash equivalents</b>					
Transit account	H964-TJ	TJS	<u>207,361</u>	<u>-</u>	<u>207,361</u>
			<u>207,361</u>	<u>-</u>	<u>207,361</u>
			<u>432,825</u>	<u>612,996</u>	<u>1,045,821</u>

## 5. FUNDS RECEIVED

The funds received are presented by the following financing methods:

	For the year ended December 31, 2020		
	AED PMU	MOF PMU	Total
<b>Grant No. H964-TJ</b>			
Advances	-	-	-
Direct payments	218,497	-	218,497
Reimbursement of expenses	1,596,041	-	1,596,041
	<u>1,814,538</u>	<u>-</u>	<u>1,814,538</u>
<b>Grant No. D259-TJ</b>			
Advances	-	350,000	350,000
Reimbursement of expenses	-	2,016,481	2,016,481
	<u>-</u>	<u>2,366,481</u>	<u>2,366,481</u>
<b>Credit No. 6167-TJ</b>			
Advances	-	349,998	349,998
Reimbursement of expenses	-	838,298	838,298
	<u>-</u>	<u>1,188,296</u>	<u>1,188,296</u>
	<u>1,814,538</u>	<u>3,554,777</u>	<u>5,369,315</u>
	For the year ended December 31, 2019		
	AED PMU	MOF PMU	Total
<b>Grant No. H964-TJ</b>			
Direct payments	483,948	-	483,948
Reimbursement of expenses	2,774,443	1,328,122	4,102,565
	<u>3,258,391</u>	<u>1,328,122</u>	<u>4,586,513</u>
<b>Grant No. D259-TJ</b>			
Advances	-	300,000	300,000
Reimbursement of expenses	-	207,181	207,181
	<u>-</u>	<u>507,181</u>	<u>507,181</u>
	<u>3,258,391</u>	<u>1,835,303</u>	<u>5,093,694</u>
	AED PMU	Cumulative MOF PMU	Total
<b>Grant No. H964-TJ</b>			
Advances	600,000	400,000	1,000,000
Direct payments	1,459,689	-	1,459,689
Reimbursement of expenses	9,262,631	8,210,965	17,473,596
	<u>11,322,320</u>	<u>8,610,965</u>	<u>19,933,285</u>
<b>Grant No. D259-TJ</b>			
Advances	-	750,000	750,000
Reimbursement of expenses	-	2,223,662	2,223,662
	<u>-</u>	<u>2,973,662</u>	<u>2,973,662</u>
<b>Credit No. 6167-TJ</b>			
Advances	-	349,998	349,998
Reimbursement of expenses	-	838,298	838,298
	<u>-</u>	<u>1,188,296</u>	<u>1,188,296</u>
	<u>11,322,320</u>	<u>12,772,923</u>	<u>24,095,243</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, 2020			For the year ended December 31, 2019			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	-	2,549,171	2,549,171
CJCS "Arvand"	-	-	-	-	252,320	252,320	-	2,221,029	2,221,029
LLC MDO "Humo"	-	-	-	-	530,990	530,990	-	2,025,127	2,025,127
LLC MDO "Dastras"	-	-	-	-	-	-	-	319,934	319,934
OJSC "Bank Eshkhat"	-	-	-	-	-	-	-	87,615	87,615
LLC MDO "Muzaffariyat"	-	-	-	-	-	-	-	70,885	70,885
CJSC "AccessBank Tajikistan"	-	-	-	-	-	-	-	16,330	16,330
	-	-	-	-	983,980	983,980	-	7,290,091	7,290,091
<b>Grant No. D295-TJ</b>									
CJSC MDO "Imon International"	-	370,606	370,606	-	-	-	-	370,606	370,606
CJCS "Arvand"	-	348,686	348,686	-	-	-	-	348,686	348,686
LLC MDO "Humo"	-	775,351	775,351	-	-	-	-	775,351	775,351
	-	1,494,643	1,494,643	-	-	-	-	1,494,643	1,494,643
<b>Credit No. 6167-TJ</b>									
CJSC MDO "Imon International"	-	294,778	294,778	-	-	-	-	294,778	294,778
CJCS "Arvand"	-	158,571	158,571	-	-	-	-	158,571	158,571
LLC MDO "Humo"	-	497,607	497,607	-	-	-	-	497,607	497,607
	-	950,956	950,956	-	-	-	-	950,956	950,956
	-	2,445,599	2,445,599	-	983,980	983,980	-	9,735,690	9,735,690

**Commercialization Grants under Component II.B**

	For the year ended December 31, 2020			For the year ended December 31, 2019			AED PMU	Cumulative	
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total		MOF PMU	Total
<b>Grant No. H964-TJ</b>									
Grants	<u>492,305</u>	<u>-</u>	<u>492,305</u>	<u>1,187,788</u>	<u>-</u>	<u>1,187,788</u>	<u>3,079,150</u>	<u>-</u>	<u>3,079,150</u>
	<u>492,305</u>	<u>-</u>	<u>492,305</u>	<u>1,187,788</u>	<u>-</u>	<u>1,187,788</u>	<u>3,079,150</u>	<u>-</u>	<u>3,079,150</u>

**Matching Grants under Component II**

	For the year ended December 31, 2020			For the year ended December 31, 2019			AED PMU	Cumulative	
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total		MOF PMU	Total
<b>Grant No. D295-TJ</b>									
CJSC MDO "Imon International"	-	19,204	19,204	-	-	-	-	19,204	19,204
LLC MDO "Humo"	-	21,443	21,443	-	-	-	-	21,443	21,443
	-	40,647	40,647	-	-	-	-	40,647	40,647



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

	For the year ended December 31, 2020			For the year ended December 31, 2019			Cumulative		
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total
<b>Grant No. H964-TJ</b>									
Trainings	775,379	-	775,379	1,073,898	-	1,073,898	2,953,300	29,290	2,982,590
Payroll and related taxes	288,917	133,279	422,196	317,260	124,903	442,163	1,588,463	640,456	2,228,919
Consulting services	212,808	-	212,808	491,724	-	491,724	1,750,395	14,533	1,764,928
Goods	19,398	52,534	71,932	392	-	392	324,266	98,419	422,685
Consultants' services	78,039	-	78,039	84,276	-	84,276	371,065	37,226	408,291
Trainings for PMU	-	-	-	-	-	-	14,265	295,922	310,187
Business demos	1,379	-	1,379	89,638	-	89,638	150,875	-	150,875
Agribusiness forum	62,695	-	62,695	-	-	-	136,561	-	136,561
Stationery	5,426	1,225	6,651	6,794	2,500	9,294	110,699	11,869	122,568
Business trips	1,852	3,002	4,854	8,305	1,875	10,180	76,186	10,587	86,773
Purchase of vehicle	-	49,989	49,989	-	-	-	21,967	49,989	71,956
Fuel expenses	6,605	4,565	11,170	-	4,853	4,853	39,708	19,935	59,643
Translation services	-	-	-	1,601	-	1,601	58,650	-	58,650
Vehicle maintenance	4,238	2,853	7,091	25,229	1,631	26,860	43,045	7,996	51,041
Communication	6,960	242	7,202	6,840	1,803	8,643	41,139	9,177	50,316
Audit costs	6,857	-	6,857	9,859	-	9,859	45,617	-	45,617
Office renovation	-	-	-	-	-	-	44,017	-	44,017
Transportation	-	-	-	-	-	-	22,444	9,850	32,294
Printing handouts	-	-	-	-	32,025	32,025	-	32,025	32,025
Apple storage	25,886	-	25,886	-	-	-	25,886	-	25,886
Utility	6,672	-	6,672	-	-	-	19,749	-	19,749
Bank services	1,368	631	1,999	2,480	748	3,228	11,223	3,888	15,111
Business model	13,853	-	13,853	-	-	-	13,853	-	13,853
Non-consulting services	-	-	-	-	-	-	12,333	-	12,333
Advertising expenses	-	-	-	-	-	-	3,294	453	3,747
Other	292	-	292	10,418	5,434	15,852	88,603	17,142	105,745
	<u>1,518,624</u>	<u>248,320</u>	<u>1,766,944</u>	<u>2,128,714</u>	<u>175,772</u>	<u>2,304,486</u>	<u>7,967,603</u>	<u>1,288,757</u>	<u>9,256,360</u>

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

	For the year ended December 31, 2020			For the year ended December 31, 2019			AED PMU	Cumulative	
	AED PMU	MOF PMU	Total	AED PMU	MOF PMU	Total		MOF PMU	Total
<b>Grant No. D259-TJ</b>									
Trainings	-	411,678	411,678	-	111,480	111,480	-	523,158	523,158
Goods	-	230,921	230,921	-	6,875	6,875	-	237,796	237,796
Consulting services	-	111,166	111,166	-	106,566	106,566	-	217,732	217,732
Payroll and related taxes	17,251	92,508	109,759	-	56,919	56,919	17,251	149,427	166,678
Technical support	-	15,449	15,449	-	8,800	8,800	-	24,249	24,249
Stationery	-	4,183	4,183	-	260	260	-	4,443	4,443
Audit costs	-	3,002	3,002	-	-	-	-	3,002	3,002
Vehicle maintenance	1,046	1,621	2,667	-	-	-	1,046	1,621	2,667
Business trips	755	785	1,540	-	323	323	755	1,108	1,863
Communication	-	1,393	1,393	-	106	106	-	1,499	1,499
Bank services	82	962	1,044	-	431	431	82	1,393	1,475
Fuel expenses	1,084	136	1,220	-	-	-	1,084	136	1,220
Utility	-	674	674	-	-	-	-	674	674
Other	-	27,734	27,734	-	598	598	-	28,332	28,332
	<u>20,218</u>	<u>902,212</u>	<u>922,430</u>	<u>-</u>	<u>292,358</u>	<u>292,358</u>	<u>20,218</u>	<u>1,194,570</u>	<u>1,214,788</u>
	<u>1,538,842</u>	<u>1,150,532</u>	<u>2,689,374</u>	<u>2,128,714</u>	<u>468,130</u>	<u>2,596,844</u>	<u>7,987,821</u>	<u>2,483,327</u>	<u>10,471,148</u>

## 7. FINANCIAL POSITION

Financial position as of December 31, 2020 comprise of:

	AED PMU	December 31, 2020 MOF PMU	Total
<b>ASSETS AND EXPENSES</b>			
Cash and cash equivalents	238,021	480,964	717,743
Cumulative expenses	11,066,971	12,259,664	23,326,635
Foreign exchange losses/(gains)	73,891	(17,705)	57,428
<b>TOTAL ASSETS AND EXPENSES</b>	<b>11,378,883</b>	<b>12,722,923</b>	<b>24,101,806</b>
<b>FINANCING</b>			
Funds received	11,322,320	12,772,923	24,095,243
Other income	6,563	-	6,563
	50,000	(50,000)	-
<b>TOTAL FINANCING</b>	<b>11,378,883</b>	<b>12,722,923</b>	<b>24,101,806</b>

Financial position as of 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>

## 8. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2020 comprise:

Implementation unit	Sources of financing	Application	Value date	Advances	Direct payments	Goods, works, operating costs, training, non-consulting services and consultants' services	Total
AED	H964-TJ	47	January 22, 2020	-	36,216	-	36,216
		48	January 22, 2020	-	36,216	-	36,216
		49	February 10, 2020	-	-	218,271	218,271
		50	March 13, 2020	-	-	190,065	190,065
		51	April 27, 2020	-	-	172,045	172,045
		52	April 28, 2020	-	146,065	-	146,065
		53	June 19, 2020	-	-	304,365	304,365
		54	July 17, 2020	-	-	236,649	236,649
		55	September 10, 2020	-	-	252,168	252,168
		56	October 16, 2020	-	-	222,478	222,478
				-	218,497	1,596,041	1,814,538
MOF	D259-TJ	4	February 10, 2020	-	-	378,483	378,483
		5	March 6, 2020	-	-	255,357	255,357
		6	April 1, 2020	300,000	-	-	300,000
		7	April 6, 2020	-	-	289,153	289,153
		8	May 1, 2020	-	-	305,886	305,886
		9	May 6, 2020	-	-	302,556	302,556
		10	May 26, 2020	-	-	303,674	303,674
		11A	June 16, 2020	-	-	174,194	174,194
		12	June 24, 2020	50,000	-	-	50,000
		14	October 16, 2020	-	-	7,178	7,178
				350,000	-	2,016,481	2,366,481
MOF	6167-TJ	1	October 12, 2020	190,846	-	-	190,846
		2	October 21, 2020	159,152	-	-	159,152
		3	October 22, 2020	-	-	171,727	171,727
		4	October 30, 2020	-	-	318,049	318,049
		5	December 29, 2020	-	-	348,522	348,522
				349,998	-	838,298	1,188,296
				699,998	218,497	4,450,820	5,369,315

Deleted withdrawal applications for the year ended December 31, 2020 comprise:

Implementation unit	Sources of financing	Application	Value date	Advances	Direct payments	Goods, works, operating costs, training, non-consulting services and consultants' services	Total
MOF	D259-TJ	11	June 1, 2020	-	-	50,000	50,000
		13	September 2, 2020	-	-	240,836	240,836
				-	-	290,836	290,836

## 9. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the year ended December 31, 2020 comprises:

<i>Designated accounts</i>	Grant No. H964-TJ	Grant No. D295-TJ	Grant No. H964-TJ	Grant No. D259-TJ & Credit 6167-TJ	Total
<i>Implementation agency</i>	AED PMU	AED PMU	MOF PMU	MOF PMU	
<i>Bank</i>	CJSC "The First Micro Finance Bank"	CJSC "The First Micro Finance Bank"	CJSC "Spitamen Bank"	OJSC "Eskhata Bank"	
<i>Currency</i>	US Dollars	US Dollars	US Dollars	US Dollars	
<i>Bank account</i>	20206840818210031476	20206840118050056735	20206840880800000257	20206840400020100469	
<i>Bank's location</i>	113 Shevchenko str., Dushanbe, the Republic of Tajikistan	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 of January 1, 2020</b>	225,463	-	298,189	285,918	809,570
Reimbursement of expenses	1,596,041	-	-	3,554,777	5,150,818
Reallocation of funds	-	49,991	-	-	49,991
Transferred from cash desk	1,020	-	-	-	1,020
<b>Total funds received</b>	1,597,061	49,991	-	3,554,777	5,201,829
Expenses paid	20,726	-	-	2,965	23,691
Transferred to transit account	1,772,426	20,218	248,360	3,406,784	5,447,788
<b>Balance as of December 31, 2020</b>	29,372	29,773	49,829	430,946	539,920

## 10. UNDRAWN FUNDS

For the year ended December 31, 2020 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, 2020 (AED PMU)	8,115,726	-	-
Disbursed during the period from July 30, 2014 to December 31, 2020 (MOF PMU)	6,184,274	2,168,407	1,188,296
Undrawn financing amount	-	3,231,593	6,311,704
Financing received as of January 1, 2020	12,989,664	441,219	-
Disbursed in 2020 (AED PMU)	1,310,336	-	-
Disbursed in 2020 (MOF PMU)	-	1,727,188	1,188,296
Financing received as of December 31, 2020	14,300,000	2,168,407	1,188,296

## 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 of December 31, 2020 was as follows:

Counterparty	Contract No.	Currency	Contract value	Paid up to December 31, 2020	Remaining amount to be paid
<b>MOF PMU</b>					
"Agro-service Consulting" LLC	ACPAF/MOFPIU/CQS-03	USD	149,818	137,833	11,985
"Latif" LLC	ACPAF/MOFPIU/CQS-04	USD	148,575	89,145	59,430
"Peshsaf" LLC	ACPAF/MOFPIU/CQS-05	USD	144,340	75,842	68,498
National Association of Managers and Marketers	ACPAF/MOFPIU/CQS-02	USD	154,485	15,449	139,037
<b>AED PMU</b>					
International Company "Niras" (Sweden)	AED/PMU/QCBS/2015-01	USD	1,679,748	1,461,362	218,385
Gent University (Belgium) LLC "OBRU"	AED/PMU/CQS/2016-04	USD	277,654	180,480	97,174
"Sokhtmoni makhsus – 2017" LLC	TJ-AED PIU-113851	USD	201,465	120,849	80,616
	TJ-AEDPIU-173742 GO-RFQ	USD	18,053	10,611	7,443

As of December 31, 2020, the AED PMU had contractual obligations in the amount of 403,618 US dollars under Grant No. H964-TJ, which as of December 31, 2020 was fully disbursed.

## 12. LEGAL CASES

There were no legal claims related to the Project.

### 13. EVENTS AFTER THE REPORTING DATE

#### Project Financing

During 2021 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
<b>Grant No. D259-TJ</b>	15	MOF	Reimbursement of expenses	March 15, 2021	255,169
	16	MOF	Reimbursement of expenses	April 13, 2021	112,739
	17	MOF	Reimbursement of expenses	April 16, 2021	89,776
<b>Credit No. 6167-TJ</b>	6	MOF	Reimbursement of expenses	February 15, 2021	171,331
	7	MOF	Reimbursement of expenses	February 23, 2021	300,859
	8	MOF	Reimbursement of expenses	March 5, 2021	198,390
	9	MOF	Reimbursement of expenses	March 18, 2021	272,685
	10	MOF	Reimbursement of expenses	April 13, 2021	204,880
	11	MOF	Reimbursement of expenses	April 16, 2021	134,626

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.