

EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER

LOAN NO.3861-GEO
(EAST-WEST HIGHWAY (SHORAPANI-ARGVETA
SECTION) IMPROVEMENT PROJECT)

Special Purpose Project Financial Statements
For The Year Ended 31 December 2023

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
 EAST-WEST HIGHWAY (SHORAPANI-ARGVETA SECTION) IMPROVEMENT
 PROJECT
 LOAN NO.3861-GEO**

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**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT**

**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION
AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Management of the EAST-WEST HIGHWAY (SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT (the “Project”) implemented by the Eurasian Transport Corridor Investment Center (“ETCIC” or Transport Reform and Rehabilitation Center – “Organization”) is responsible for the preparation of the special purpose project financial statements that present fairly the Statement of Sources and Uses of Funds for the year ended 31 December 2023, the Balance Sheet as at 31 December 2023 and the related Statement of Expenditure Withdrawal Schedule (“SOEs”) and Statement of Imprest Account for the year ended 31 December 2023, in accordance with the Cash Basis International Public Sector Accounting Standard, *Financial Reporting under the Cash Basis of Accounting* (“IPSAS – Cash Basis”), and the Guidelines for the Financial Governance and Management of Investment Projects Financed by Asian Development Bank.

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

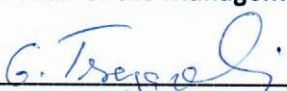
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Providing additional disclosures when compliance with the specific requirements in IPSAS – Cash Basis are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Project, financial position and its sources and uses of funds and movements in designated accounts.
- Making an assessment of the Project’s ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project’s transactions and disclose with reasonable accuracy at any time the financial position of the Project, and which enable them to ensure that the special purpose project financial statements of the Project comply with the Guidelines for the Financial Governance and Management of Investment Projects Financed by Asian Development Bank;
- Maintaining statutory accounting records in compliance with Georgian legislation;
- Taking such steps that are reasonably available to them to safeguard the assets of the Project; and
- Preventing and detecting fraud and other irregularities.

The special purpose project financial statements for the year ended 31 December 2023 were authorized for issue on 26 June 2024 by the Management.

On behalf of the Management:



Giorgi Tsagareli
Director

26 June 2024



Marina Majagaladze
Finance Manager

26 June 2024

INDEPENDENT AUDITOR'S REPORT

To the management of Eurasia Transport Corridor Investment Center:

Opinion

We have audited the accompanying special purpose project financial statements of the East-West Highway (Shorapani-Argveta Section) Improvement Project (the "Project") financed under the Loan Agreement No. 3861-GEO dated 27 November 2019 (the "Agreement"), implemented by the Eurasian Transport Corridor Investment Center ("ETCIC" or Transport Reform and Rehabilitation Center – "Organisation"), which comprise Statement of Sources and Uses of Funds for the year ended 31 December 2023, the Balance Sheet as at 31 December 2023 and the related, Statement of Expenditure Withdrawal Schedule ("SOEs") and Imprest Account Statement for the year ended 31 December 2023 and a summary of significant accounting policies and other explanatory notes (collectively referred to as the "special purpose project financial statements").

In our opinion, the accompanying special purpose project financial statements for the year ended 31 December 2023 are presented fairly, in all material respects, in accordance with the cash basis of International Public Sector Accounting Standard (IPSAS) promulgated by the International Federation of Accountants (IFAC), as further detailed in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards of Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Project Financial Statements section of our report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the special purpose project financial statements, which describes the basis of accounting. The special purpose project financial statements are prepared to assist the Project's management in complying with the financial reporting provisions of the Agreement. As a result, the special purpose project financial statements may not be suitable for another purpose.

This report is intended solely for use by the management of the Project in communicating to the Ministry of Regional Development and Infrastructure of Georgia and Asian Development Bank information about the Project's compliance with the financial reporting provisions of the Agreement. This report is not intended for the benefit of any other third parties and we accept no responsibility or liability to any party other than those mentioned above in respect of the report. Should any third party take decisions based on the contents of the report, the responsibility for such decisions shall remain with those third parties. Our opinion is not modified in respect of this matter.

Responsibility of Management and Those Charged with Governance for the Special Purpose Project Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose project financial statements in accordance with the cash basis of IPSAS, the basis of accounting as further detailed in Note 3.

This includes determining that the International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" ("IPSAS – Cash Basis") is an acceptable basis for the preparation of the special purpose project financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of special purpose project financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose project financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

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


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

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

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

- Identify and access the risks of material misstatement of the special purpose 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 Organization'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 Company'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 special purpose 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 Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose project financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves the fair presentation.

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



Shota Nanitashvili

On behalf of Deloitte and Touche LLC

Deloitte & Touche

26 June 2024

Tbilisi, Georgia

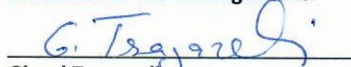
**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO 3861-GEO**

**STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

	Notes	Actual as at 31 December 2023		Planned as at 31 December 2023*		Variance	
		Period to date	Cumulative to date	Period to date	Cumulative to date	Period to date	Cumulative to date
				Unaudited	Unaudited	Unaudited	Unaudited
FUNDS RECEIVED BY SOURCES							
Asian Development Bank (ADB) Funds	5	51,276,571	135,721,474				
Direct payments	5	48,494,070	131,875,168				
Replenishment	5	140,000	140,000				
Capitalized Charges	5	2,642,501	3,706,306				
Government of Georgia (GoG) co-financing		7,926,068	32,973,060				
TOTAL FUNDS RECEIVED		59,202,639	168,694,534				
Foreign exchange difference, net		255	256				
LESS: EXPENDITURE							
Category 1 – Works, Goods and Services	6	48,530,064	131,911,162	48,530,064	131,911,162	-	-
Category 2 - Interest and commitment charges	6	2,642,501	3,706,306	2,642,501	3,706,306	-	-
ADB TOTAL		51,172,565	135,617,468	51,172,565	135,617,468	-	-
Category 1 – Works, Goods and Services	6	7,926,323	32,973,316	7,926,323	32,973,316	-	-
Category 2 - Interest and commitment charges		-	-	-	-	-	-
GoG TOTAL		7,926,323	32,973,316	7,926,323	32,973,316	-	-
TOTAL PROJECT EXPENDITURE		59,098,888	168,590,784	59,098,888	168,590,784	-	-
NET INFLOW OF FUNDS		104,006	104,006	-	-	-	-

*The project uses flex budget approach, so that at the end of the period Plan is always equal to Actual.

On behalf of the Management:


Giorgi Tsagareli
Director


Marina Majagaladze
Finance Manager

26 June 2024

26 June 2024

The notes on pages 10 to 19 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO 3861-GEO**

**STATEMENT OF SOURCES AND USES OF FUNDS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

	Notes	Actual as at 31 December 2022		Planned as at 31 December 2022*		Variance	
		Period to date	Cumulative to date	Period to date	Cumulative to date	Period to date	Cumulative to date
				Unaudited	Unaudited	Unaudited	Unaudited
FUNDS RECEIVED BY SOURCES							
Asian Development Bank (ADB) Funds	5	45,216,405	84,444,903				
Direct payments	5	44,798,497	83,381,099				
Capitalized Charges	5	417,908	1,063,804				
Government of Georgia (GoG) co-financing		11,458,512	25,046,992				
TOTAL FUNDS RECEIVED		56,674,916	109,491,895				
Foreign exchange difference, net		-	1				
LESS: EXPENDITURE							
Category 1 – Works, Goods and Services	6	44,798,497	83,381,099	44,798,497	83,381,099	-	-
Category 2 - Interest and commitment charges	6	417,908	1,063,804	417,908	1,063,804	-	-
ADB TOTAL		45,216,405	84,444,903	45,216,405	84,444,903	-	-
Category 1 – Works, Goods and Services	6	11,458,512	25,046,993	11,458,512	25,046,993	-	-
Category 2 - Interest and commitment charges		-	-	-	-	-	-
GoG TOTAL		11,458,512	25,046,993	11,458,512	25,046,993	-	-
TOTAL PROJECT EXPENDITURE		56,674,916	109,491,896	56,674,916	109,491,896	-	-
NET INFLOW OF FUNDS		-	-	-	-	-	-

*The project uses flex budget approach, so that at the end of the period Plan is always equal to Actual.

On behalf of the Management:


Giorgi Tsagareli
Director


Marina Majagaladze
Finance Manager

26 June 2024

26 June 2024

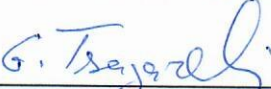
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**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO 3861-GEO**

**BALANCE SHEET STATEMENT
AS AT 31 DECEMBER 2023
(in EUR)**

	<u>31 December 2023</u>	<u>31 December 2022</u>
ASSETS		
ADB imprest account	104,006	-
TOTAL ASSETS	<u>104,006</u>	<u>-</u>
Funds received:		
Funds received from ADB	135,721,474	84,444,903
Funds received from GoG	32,973,060	25,046,992
Total funds received	<u>168,694,534</u>	<u>109,491,895</u>
Project expenditure:		
Financed by ADB	(135,617,468)	(84,444,903)
Financed by GoG	(32,973,316)	(25,046,993)
Foreign exchange difference	256	1
Total project expenditure	<u>(168,590,528)</u>	<u>(109,491,895)</u>
TOTAL FUNDS RECEIVED LESS PROJECT EXPENDITURE	<u>104,006</u>	<u>-</u>

On behalf of the Management:



Giorgi Tsagaréli
Director

26 June 2024



Marina Majagaladze
Finance Manager

26 June 2024

The notes on pages 10 to 19 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO 3861-GEO**

**STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE attributable to 2023	Total SOE attributable to 2022
WA 00115	13/03/2023	5,554	-	5,554
		<u>5,554</u>		<u>5,554</u>
Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE attributable to 2022	Total SOE attributable to 2021
-	-	-	-	-

There was no SOE type of expenditure for the years ended 31 December 2023 and 31 December 2022

On behalf of the Management:


Giorgi Tsagareli
Director

26 June 2024


Marina Majagaladze
Finance Manager

26 June 2024

The notes on pages 10 to 19 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO 3861-GEO**

**IMPREST ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

Account No.	25020310
Depository Bank	State Treasury
Address	16 V. Gorgasali street Tbilisi, 0114 Georgia

Balance as at 31 December 2021	-
ADD	
ADB replenishment	-
DEDUCT	
Funds used for the Project expenditure	-
Balance as at 31 December 2022	-
ADD	
ADB replenishment	140,000
DEDUCT	
Funds used for the Project expenditure	35,994
Balance as at 31 December 2023	104,006

On behalf of the Management:


Giorgi Tsagareli
Director

26 June 2024


Marina Majagaladze
Finance Manager

26 June 2024

The notes on pages 10 to 19 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

1. BACKGROUND

The Investment Center for Euro-Asian Transport Corridor was established in 1995 as a non-entrepreneurial and non-profit legal entity. A project unit named “Eurasian Transport Corridor Investment Center” (the “ETCIC” or Transport Reform and Rehabilitation Center – “Organisation”) was formed within the Investment Center for Euro-Asian Transport Corridor to manage the allocated loan received from the Asian Development Bank (“ADB”) and monitor the implementation of transport sector projects.

Project consists of: a) construction of new access controlled dual carriageway or four-lane divided highway, between Shorapani and Argveta in the territory of the Georgia, the improvement of secondary roads connecting to the East-West Highway and construction of a rest stop with separate toilet facilities for women and men, and commercial stalls; b) the execution of road safety works on nearby sections of the East-West Highway in the territory of Georgia and the development and implementation of a gender-sensitive road safety awareness program for villages and schools in the vicinity of such East-West Highway; c) purchasing portable scales to be deployed in the selected municipalities and undertaking a pilot project to install at least one "weigh in motion" site on the East-West Highway with corresponding adjacent weigh bridges; and d) undertaking initial rehabilitation or repairs and routine, periodic any emergency maintenance works covering international and connecting secondary roads under a performance-based maintenance contract.

The Project is expected to be completed by 30 June 2025.

2. ACCOUNTING POLICIES

Basis of accounting - These special purpose project financial statements have been prepared in accordance with the cash-based International Public Sector Accounting Standard (IPSAS) promulgated by the International Federation of Accountants (IFAC).

These special purpose project financial statements, in accordance with the provisions of the Agreement No. 3861-GEO dated 27 November 2019 (the “Agreement”), are prepared for management analysis and in order to report the information to the Ministry of Regional Development and Infrastructure of Georgia and the Asian Development Bank. As a result these special purpose project financial statements may not be suitable for another purpose.

Project financing is recognised as a source of project funds when the cash is received.

Project expenditures are recognised as a use of project funds when the payments are made.

Functional currency - These special purpose project financial statements are expressed in EUR.

Transactions in other currencies - Transactions in currencies other than reporting currencies are converted to USD at the exchange rate prevailing at the date of the transaction.

Cash - Cash comprises balances with the State Treasury.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

3. BASIS OF FUNDING

According to the terms of the Agreement, 100% of total claimed expenditure of Category 1 - Works, Goods and Services will be financed by ADB and Category 2 - Interest and commitment charges are 100% financed by ADB.

The Government is paying all value added, non-residential and other taxes, and land acquisition costs within the territory of Georgia.

It is allowed by the donor, to utilise loan funds, subsequent to relevant approvals, to finance projects under other loans, if there are any residual unexpended funds.

4. METHODS OF WITHDRAWAL

The methods of withdrawal used from the inception of the loan to 31 December 2023 and 31 December 2022 were as follows:

(a) Imprest account

Available amounts were drawn from time to time within limits determined within the loan agreements for the direct payment of eligible expenditure for sub-projects from this special account. No amounts were drawn down during the period from special account.

(b) Direct Payment

Available amounts are drawn from time to time within limits determined under the credit agreement for direct payments of eligible expenditure for sub-projects. Direct payments are made by ADB directly to third parties. Organization forms withdrawal applications for request of direct payments and sends it to the ADB, for settlement.

(c) GoG current account

The Project maintains a separate account where funds from the Government of Georgia are accumulated. The funds are further disbursed to sub-contractors based on the share of expenditure to be incurred.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

5. RECONCILIATION OF AMOUNTS SHOWN AS RECEIVED FROM THE ADB TO ACTUAL EXPENDITURE OF THE PROJECT

	<u>31 December 2023</u>	<u>31 December 2022</u>
Application of Withdrawals Schedule		
Expenses incurred as per the Applications of Withdrawals Schedule	48,494,070	44,798,497
Expenses incurred without the Applications of Withdrawals Schedule	35,994	-
Expenses incurred as Capitalized charges	2,642,501	417,908
	<u>51,172,565</u>	<u>45,216,405</u>
ADB Direct Payments	48,494,070	44,798,497
Replenishment	140,000	-
Capitalized Charges	2,642,501	417,908
	<u>51,276,571</u>	<u>45,216,405</u>
Add:		
Opening Balances		
Imprest Account	-	-
	-	-
Less:		
Closing Balances		
Imprest Account	104,006	-
	<u>104,006</u>	-
TOTAL EXPENDITURE INCURRED	<u>51,172,565</u>	<u>45,216,405</u>

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

TOTAL WITHDRAWAL SCHEDULE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2023 (ADB)

Withdrawal No.	Withdrawal application date	Total amount in withdrawal schedule	Total attributable to 2023
00110	03-02-23	3,427	3,427
00111	14-02-23	98,831	98,831
00112	14-02-23	91,111	91,111
00113	23-02-23	95,239	95,239
00114	23-02-23	90,436	90,436
00122	07-03-23	866,555	866,555
00123	07-03-23	866,555	866,555
00120	08-03-23	593,530	593,530
00121	08-03-23	593,530	593,530
00115	13-03-23	3,471	3,471
00115	13-03-23	2,083	2,083
00124	06-04-23	904,788	904,788
00125	06-04-23	904,788	904,788
00126	06-04-23	1,349,499	1,349,499
00127	06-04-23	1,349,499	1,349,499
00128	25-04-23	97,323	97,323
00129	25-04-23	97,327	97,327
00130	02-05-23	897,317	897,317
00131	02-05-23	897,317	897,317
00132	02-05-23	1,364,397	1,364,397
00133	02-05-23	1,364,397	1,364,397
00135	25-05-23	99,027	99,027
00134	26-05-23	95,985	95,985
00136	30-05-23	588,328	588,328
00137	30-05-23	588,328	588,328
00138	30-05-23	767,541	767,541
00139	30-05-23	767,541	767,541
00140	26-06-23	1,068,732	1,068,732
00141	26-06-23	1,068,732	1,068,732
00142	26-06-23	1,540,555	1,540,555
00143	26-06-23	1,540,555	1,540,555
00145	29-06-23	86,588	86,588
00146	29-06-23	95,868	95,868
00144	06-07-23	218,337	218,337
00147	24-07-23	87,025	87,025
00148	24-07-23	90,249	90,249
00149	28-07-23	21,277	21,277
00149	28-07-23	4,547	4,547
00150	10-08-23	890,894	890,894
00151	10-08-23	890,894	890,894
00152	10-08-23	1,283,716	1,283,716
00153	10-08-23	1,283,716	1,283,716
00154	23-08-23	70,513	70,513

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

00155	24-08-23	96,406	96,406
00156	11-09-23	650,262	650,262
00157	11-09-23	650,262	650,262
00158	11-09-23	930,312	930,312
00159	11-09-23	930,312	930,312
00160	12-09-23	6,063	6,063
00161	19-09-23	3,550	3,550
00162	20-09-23	626,880	626,880
00163	20-09-23	626,880	626,880
00164	20-09-23	905,475	905,475
00165	20-09-23	905,475	905,475
00166	20-09-23	128,825	128,825
00167	20-09-23	186,980	186,980
00168	31-10-23	21,806	21,806
00169	31-10-23	87,381	87,381
00172	06-11-23	915,653	915,653
00173	06-11-23	915,653	915,653
00174	08-11-23	669,307	669,307
00175	08-11-23	669,307	669,307
00176	10-11-23	3,436	3,436
00177	24-11-23	1,029,743	1,029,743
00178	24-11-23	1,029,743	1,029,743
00179	24-11-23	1,436,830	1,436,830
00180	24-11-23	1,436,830	1,436,830
00181	07-12-23	81,380	81,380
00182	07-12-23	105,911	105,911
00183	14-12-23	1,587,960	1,587,960
00184	14-12-23	1,587,960	1,587,960
00185	14-12-23	2,256,313	2,256,313
00186	14-12-23	2,256,313	2,256,313
00187	14-12-23	33,973	33,973
00188	14-12-23	40,521	40,521
CAP 6	15/02/23	670,559	670,559
CAP 7	15/08/23	1,971,942	1,971,942
		51,136,571	51,136,571

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

TOTAL WITHDRAWAL SCHEDULE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2022 (ADB)

Withdrawal No.	Withdrawal application date	Total amount in withdrawal schedule	Total attributable to 2022
00040	01-Feb-22	76,810	76,810
00041	01-Feb-22	55,094	55,094
00042	14-Feb-22	2,959	2,959
00043	25-Feb-22	2,903	2,903
00044	03-Mar-22	69,186	69,186
00045	04-Mar-22	61,614	61,614
00046	18-Mar-22	61,301	61,301
00047	18-Mar-22	69,082	69,082
00048	21-Mar-22	782,370	782,370
00049	21-Mar-22	782,370	782,370
00050	21-Mar-22	924,924	924,924
00051	21-Mar-22	924,924	924,924
00052	24-Mar-22	2,788	2,788
00053	25-Apr-22	15,503	15,503
00054	28-Apr-22	25,710	25,710
00055	28-Apr-22	3,024	3,024
00056	06-May-22	70,132	70,132
00057	06-May-22	85,260	85,260
00058	10-Jun-22	89,247	89,247
00059	10-Jun-22	78,361	78,361
00060	10-Jun-22	3,145	3,145
00061	17-Jun-22	1,742,073	1,742,073
00062	17-Jun-22	1,742,073	1,742,073
00063	17-Jun-22	2,258,820	2,258,820
00064	17-Jun-22	2,258,820	2,258,820
00065	24-Jun-22	61,673	61,673
00066	24-Jun-22	88,041	88,041
00067	27-Jun-22	3,222	3,222
00068	11-Jul-22	1,999	1,999
00069	26-Jul-22	6,376	6,376
00070	26-Jul-22	80,796	80,796
00071	25-Jul-22	101,996	101,996
00072	27-Jul-22	3,476	3,476
00073	09-Aug-22	2,134	2,134
00076	02-Sep-22	1,642,137	1,642,137
00077	02-Sep-22	1,642,137	1,642,137
00078	05-Sep-22	2,161,570	2,161,570
00079	05-Sep-22	2,161,570	2,161,570
00080	09-Sep-22	2,087	2,087
00081	16-Sep-22	69,641	69,641
00082	16-Sep-22	93,081	93,081
00083	20-Sep-22	1,780,454	1,780,454
00084	20-Sep-22	1,780,454	1,780,454
00085	20-Sep-22	2,399,835	2,399,835
00086	20-Sep-22	2,399,835	2,399,835
00087	13-Oct-22	2,194	2,194
00088	01-Nov-22	101,815	101,815
00089	01-Nov-22	106,935	106,935
00090	26-Oct-22	3,664	3,664
00091	09-Nov-22	96,847	96,847
00093	10-Nov-22	2,179	2,179
00094	28-Nov-22	110,466	110,466
00095	01-Dec-22	1,230,259	1,230,259

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

00097	01-Dec-22	1,230,259	1,230,259
00098	01-Dec-22	1,721,970	1,721,970
00099	01-Dec-22	1,721,970	1,721,970
00100	08-Dec-22	3,507	3,507
00101	08-Dec-22	2,104	2,104
00102	12-Dec-22	110,435	110,435
00103	12-Dec-22	97,452	97,452
00104	14-Dec-22	1,936,806	1,936,806
00105	14-Dec-22	1,936,806	1,936,806
00106	14-Dec-22	2,751,984	2,751,984
00107	14-Dec-22	2,751,984	2,751,984
00108	14-Dec-22	103,049	103,049
00109	14-Dec-22	104,803	104,803
CAP2	15-Feb-22	198,926	198,926
CAP3	15-Aug-22	226,899	226,899
CAP4	15-Aug-22	61,662	61,662
CAP5	15-Aug-22	(69,579)	(69,579)
		45,216,405	45,216,405

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

6. PROJECT EXPENDITURE BY COMPONENTS

Project Activities	For The Year Ended 31 December 2023			Cumulative From Inception		
	ADB Financing	GoG Financing	Total	ADB Financing	GoG Financing	Total
Component A – Investment costs						
Civil Works	46,249,172	6,876,891	53,126,063	126,399,724	21,358,783	147,758,507
Goods	244,161	15,156	259,317	244,161	45,164	289,325
Land acquisition and resettlement	-	569,857	569,857	-	10,482,612	10,482,612
Consulting Service-Design and Supervision	1,978,708	378,230	2,356,938	5,132,419	916,332	6,048,751
Consultancy	58,023	18,429	76,452	134,858	53,540	188,398
TOTAL COMPONENT A	48,530,064	7,858,563	56,388,627	131,911,162	32,856,431	164,767,593
Component B - Recurrent Costs						
Project Administration	-	67,760	67,760	-	116,885	116,885
TOTAL COMPONENT B	-	67,760	67,760	-	116,885	116,885
Component C Contingencies						
Contingencies unallocated	-	-	-	-	-	-
TOTAL COMPONENT C	-	-	-	-	-	-
Component D – Financing Charges During Implementation						
Financial charges during implementation	2,642,501	-	2,642,501	3,706,306	-	3,706,306
TOTAL COMPONENT D	2,642,501	-	2,642,501	3,706,306	-	3,706,306
TOTAL PROJECT EXPENDITURE	51,172,565	7,926,323	59,098,888	135,617,468	32,973,316	168,590,784

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

Project Activities	For The Year Ended 31 December 2022			Cumulative From Inception		
	ADB Financing	GoG Financing	Total	ADB Financing	GoG Financing	Total
Component A – Investment costs						
Civil Works	42,666,404	7,608,026	50,274,430	80,150,552	14,481,891	94,632,443
Goods	-	30,009	30,009	-	30,009	30,009
Land acquisition and resettlement	-	3,433,430	3,433,430	-	9,912,749	9,912,749
Consulting Service-Design and Supervision	2,084,333	348,441	2,432,774	3,153,712	538,109	3,691,821
Consultancy	47,760	22,741	70,502	76,835	35,110	111,945
TOTAL COMPONENT A	44,798,497	11,442,647	56,241,144	83,381,099	24,997,868	108,378,966
Component B - Recurrent Costs						
Project Administration	-	15,865	15,865	-	49,125	49,125
TOTAL COMPONENT B	-	15,865	15,865	-	49,125	49,125
Component C Contingencies						
Contingencies unallocated	-	-	-	-	-	-
TOTAL COMPONENT C	-	-	-	-	-	-
Component D – Financing Charges During Implementation						
Financial charges during implementation	417,908	-	417,908	1,063,804	-	1,063,804
TOTAL COMPONENT D	417,908	-	417,908	1,063,804	-	1,063,804
TOTAL PROJECT EXPENDITURE	45,216,405	11,458,512	56,674,916	84,444,903	25,046,993	109,491,896

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER EAST-WEST HIGHWAY
(SHORAPANI-ARGVETA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3861-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

The Project comprises the following main components:

- Component A – Investment Costs;
- Component B – Recurrent Costs
- Component C – Contingencies; and
- Component D – Financial charges during implementation

If the amount of the Loan allocated to a Category appears to exceed all agreed expenditure in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category. The Project comprises the following main categories:

- Category 1 – Works, Goods and Services and
- Category 2 – Interest and commitment charges

7. COMMITMENTS AND CONTINGENCIES

The Management is not aware of any commitments and contingencies which would have a material impact on the financial position of the Project as at 31 December 2023 and on the funds received and disbursed during the period then ended.

8. OPERATING ENVIRONMENT

Operating environment – Emerging markets such as Georgia are subject to different risks than more developed markets; these include economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to evolve rapidly with tax and regulatory frameworks subject to varying interpretations. The future direction of Georgia’s economy is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

For the last several years Georgia has experienced a number of legislative changes, which have been largely related to Georgia’s accession plan to the European Union. Whilst the legislative changes implemented during 2023 and 2022 paved the way, more can be expected as Georgia’s action plan for achieving accession to the European Union continues to develop.

9. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There are no material events subsequent to the end of the year that would require disclosure as part of the financial statements.

10. APPROVAL OF SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

These special purpose project financial statements were authorized for issue by the Management of ETCIC on 26 June 2024.