

EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER

LOAN NO.3715-GEO
(EAST-WEST HIGHWAY (KHEVI-UBISA SECTION)
IMPROVEMENT PROJECT)

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

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO.3715-GEO**

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS	1
INDEPENDENT AUDITOR’S REPORT	2-3
SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023:	
STATEMENT OF SOURCES AND USES OF FUNDS	5-6
BALANCE SHEET STATEMENT	7
STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE	8
IMPREST ACCOUNT STATEMENT	9
Notes to the special purpose project financial statements	10-19
1. Background.....	10
2. Accounting policies.....	10
3. Basis of funding	11
4. Methods of withdrawal	11
5. Reconciliation of amounts shown as received from the ADB to actual expenditure of the project ..	12
6. Project expenditure by components.....	16
7. Commitments and contingencies.....	18
8. Operating environment.....	18
9. Events subsequent to the balance sheet date	18
10. Approval of special purpose project financial statements.....	19

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA 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 IMPROVEMENT PROJECT (the “Project”) implemented by the Eurasian Transport Corridor Investment Center (“ETCIC” or Transport Reform and Rehabilitation Center – “Organisation”) 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 authorised for issue on 26 June 2024 by the Management.

On behalf of the Management:



Giorgi Tsagarek
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 (Khevi-Ubisa section) Improvement Project (the "Project") financed under the Loan Agreement No. 3715-GEO dated 5 October 2018 (the "Agreement"), implemented by the Eurasian Transport Corridor Investment Center, which comprise 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 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 presents 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") together with the ethical requirements that are relevant to our audit of the special purpose project financial statements in Georgia, 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 reporting the information to the Government of Georgia, and in communicating to the 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 2.

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 Organization 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 scepticism 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 organisation'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



26 June 2024

Tbilisi, Georgia

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO 3715-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	<u>36,697,397</u>	<u>199,099,225</u>				
Direct payments	5	31,951,524	191,972,482				
Replenishment	5	162,598	812,598				
Capitalized Charges	5	<u>4,583,275</u>	<u>6,314,145</u>				
Government of Georgia (GoG) co-financing		<u>9,702,539</u>	<u>65,348,240</u>				
TOTAL FUNDS RECEIVED		<u>46,399,936</u>	<u>264,447,465</u>				
Foreign Exchange Difference		3,993	3,993				
LESS: EXPENDITURE							
Category 1 – Civil works	6	30,051,150	183,788,885	30,051,150	183,788,885	-	-
Category 2 - Construction supervision	6	1,893,219	7,906,582	1,893,219	7,906,582	-	-
Category 3 – Capacity, Building and Project Management Support	6	292,825	1,089,605	292,825	1,089,605	-	-
Category 4 – Interest and commitment charges	6	<u>4,583,275</u>	<u>6,314,145</u>	<u>4,583,275</u>	<u>6,314,145</u>	-	-
ADB TOTAL		<u>36,820,469</u>	<u>199,099,217</u>	<u>36,820,469</u>	<u>199,099,217</u>	-	-
Category 1 – Civil works	6	9,617,773	65,003,107	9,617,773	65,003,107	-	-
Category 2 - Construction supervision		-	-	-	-	-	-
Category 3 – Capacity, Building and Project Management Support	6	88,759	349,126	88,759	349,126	-	-
Category 4 – Interest and commitment charges		-	-	-	-	-	-
GoG TOTAL		<u>9,706,532</u>	<u>65,352,233</u>	<u>9,706,532</u>	<u>65,352,233</u>	-	-
TOTAL PROJECT EXPENDITURE		<u>46,527,001</u>	<u>264,451,450</u>	<u>46,527,001</u>	<u>264,451,450</u>	-	-
NET INFLOW OF FUNDS		<u>(123,072)</u>	<u>8</u>	-	-	-	-

*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

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.

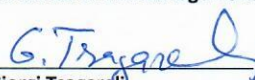
**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO 3715-GEO**

**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 <i>Unaudited</i>	Cumulative to date <i>Unaudited</i>	Period to date <i>Unaudited</i>	Cumulative to date <i>Unaudited</i>
FUNDS RECEIVED BY SOURCES							
Asian Development Bank (ADB) Funds	5	<u>63,199,934</u>	<u>162,401,828</u>				
Direct payments	5	62,544,774	160,020,958				
Replenishment	5	200,000	650,000				
Capitalized Charges	5	<u>455,160</u>	<u>1,730,870</u>				
Government of Georgia (GoG) co-financing		<u>19,417,859</u>	<u>55,645,701</u>				
TOTAL FUNDS RECEIVED		<u>82,617,793</u>	<u>218,047,529</u>				
LESS: EXPENDITURE							
Category 1 – Civil works	6	60,604,796	153,737,734	60,604,796	153,737,734	-	-
Category 2 - Construction supervision	6	1,939,978	6,013,363	1,939,977	6,013,363	-	-
Category 3 – Capacity, Building and Project Management Support	6	286,576	796,780	286,576	796,780	-	-
Category 4 – Interest and commitment charges	6	<u>455,160</u>	<u>1,730,870</u>	<u>455,160</u>	<u>1,730,870</u>	<u>-</u>	<u>-</u>
ADB TOTAL		<u>63,286,510</u>	<u>162,278,747</u>	<u>63,286,510</u>	<u>162,278,747</u>	<u>-</u>	<u>-</u>
Category 1 – Civil works	6	19,332,110	55,385,335	19,332,110	55,385,335	-	-
Category 2 - Construction supervision		-	-	-	-	-	-
Category 3 – Capacity, Building and Project Management Support	6	85,749	260,367	85,749	260,367	-	-
Category 4 – Interest and commitment charges		-	-	-	-	-	-
GoG TOTAL		<u>19,417,859</u>	<u>55,645,702</u>	<u>19,417,859</u>	<u>55,645,702</u>	<u>-</u>	<u>-</u>
TOTAL PROJECT EXPENDITURE		<u>82,704,369</u>	<u>217,924,449</u>	<u>82,704,368</u>	<u>217,924,449</u>	<u>-</u>	<u>-</u>
NET INFLOW OF FUNDS		<u>(86,576)</u>	<u>123,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*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 (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-GEO**

**BALANCE SHEET STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023
(in EUR)**

	<u>31 December 2023</u>	<u>31 December 2022</u>
ASSETS		
ADB imprest account	8	123,080
TOTAL ASSETS	<u>8</u>	<u>123,080</u>
Funds received:		
Funds received from ADB	199,099,225	162,401,828
Funds received from GoG	65,348,240	55,645,701
Total funds received	<u>264,447,465</u>	<u>218,047,529</u>
Project expenditures:		
Financed by ADB	(199,099,217)	(162,278,748)
Financed by GoG	(65,352,233)	(55,645,701)
Total project expenditures	<u>(264,451,450)</u>	<u>(217,924,449)</u>
Foreign exchange difference	3,993	-
TOTAL PROJECT EXPENDITURES AND OTHER FUNDS	<u>8</u>	<u>123,080</u>

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 (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-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
244	01/06/2023	162,598	79,410	83,188
		162,598	79,410	83,188

Withdrawal application No.244 was approved and replenished by ADB on 01 June 2023.

Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE Attributable to 2022	Total SOE attributable to 2021
207	20/09/2022	200,000	200,000	-
206	04/10/2022	343,732	203,388	140,344
		543,732	403,388	140,344

** Withdrawal application No.207 and No. 206 was approved and replenished by ADB on 20 September 2022 and on 4 October 2022, respectively.

On behalf of the Management:


Giorgi Tsagareli
Director

26 June 2024


Marina Majagaladze
Finance Manager

26 June 2024

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**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-GEO**

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

Account No.	210256397
Depository Bank	State Treasury
Address	16 V. Gorgasali street Tbilisi, 0114 Georgia

Balance as at 31 December 2021	209,656
ADD	
ADB replenishment	200,000
DEDUCT	
Funds used for the Project expenditures	286,576
Balance as at 31 December 2022	123,080
ADB replenishment	162,598
DEDUCT	
Funds used for the Project expenditures	285,670
Balance as at 31 December 2023	8

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 (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
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 a dual carriageway or four-lane divided highway approximately 12 km in length between Khevi and Ubisa in the territory of Georgia;
- b) Increasing road safety awareness through the development of a road safety program for the highways in the territory of Georgia;
- c) Improving the capacity of the Implementing Agency : (i) by reviewing and strengthening the operations and maintenance system of the highway in the territory of Georgia; and (ii) providing training on Project management.
- d) preparation of detailed design for E-60 highway section from Natakhtari to Rustavi (Tbilisi bypass)

The Project shall include the provision of Consulting Services for construction supervision and Project management support. The Project is expected to be completed by 31 December 2024.

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, are prepared for management analysis and in order to report the information to the Government 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 US dollar 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 (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715 – 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, 75.86% of total claimed expenditure of the Works will be financed by ABD, Construction Supervision are financed 100% of the total expenditure claimed by ADB, Capacity Building and Project management are financed 100% of the total expenditure claimed by ADB, Preparation of detailed design for E-60 highway section from Natakhtari to Rustavi (Tbilisi Bypass) and Interest and commitment charges are 100% financed by ADB.

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. 285,670 EUR and 286,576 EUR was drawn from special account for project expenditures for the year ended 31 December 2023 and 2022, respectively.

(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. Organisation 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 (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715 – 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	32,030,934	62,544,774
Expenses incurred without Applications of Withdrawals Schedule	206,260	286,576
Expenses incurred as Capitalised charges	4,583,275	455,160
	<u>36,820,469</u>	<u>63,286,510</u>
ADB Additional Advance/Replenishments	162,598	200,000
ADB Direct Payments	31,951,524	62,544,774
Capitalized Charges	4,583,275	455,160
	<u>36,697,397</u>	<u>63,199,934</u>
Add:		
Opening balance		
Imprest Account	123,080	209,656
	<u>123,080</u>	<u>209,656</u>
Less:		
Closing balance		
Imprest Account	8	123,080
	<u>8</u>	<u>123,080</u>
TOTAL EXPENDITURES INCURRED	<u><u>36,820,469</u></u>	<u><u>63,286,510</u></u>

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
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
WA # 00231	06-02-23	2,558,657	2,558,657
WA # 00232	06-02-23	2,558,657	2,558,657
WA # 00233	06-02-23	1,354,188	1,354,188
WA # 00234	06-02-23	1,354,188	1,354,188
WA # 00235	14-02-23	121,461	121,461
WA # 00236	14-02-23	9,399	9,399
WA # 00237	06-04-23	328,326	328,326
WA # 00238	06-04-23	96,325	96,325
WA # 00240	06-04-23	87,177	87,177
WA # 00241	06-04-23	112,563	112,563
WA # 00239	13-04-23	115,226	115,226
WA # 00242	24-04-23	110,743	110,743
WA # 00243	02-05-23	10,560	10,560
WA # 00245	22-05-23	12,244	12,244
WA # 00246	22-05-23	119,785	119,785
WA # 00247	22-05-23	1,777,711	1,777,711
WA # 00248	22-05-23	1,777,711	1,777,711
WA # 00249	22-05-23	1,003,703	1,003,703
WA # 00250	22-05-23	1,003,703	1,003,703
WA # 00251	29-06-23	116,964	116,964
WA # 00252	29-06-23	5,773	5,773
WA # 00253	01-08-23	85,659	85,659
WA # 00254	04-08-23	5,024	5,024
WA # 00255	31-08-23	3,160,120	3,160,120
WA # 00256	31-08-23	3,160,120	3,160,120
WA # 00257	31-08-23	1,694,027	1,694,027
WA # 00258	31-08-23	1,694,027	1,694,027
WA # 00261	12-09-23	7,154	7,154
WA # 00260	14-09-23	7,003	7,003
WA # 00262	15-09-23	178,436	178,436
WA # 00263	19-09-23	850,559	850,559
WA # 00264	19-09-23	850,559	850,559
WA # 00265	19-09-23	458,476	458,476
WA # 00266	20-09-23	456,769	456,769
WA # 00267	20-09-23	141,838	141,838
WA # 00268	21-09-23	7,940	7,940
WA # 00269	01-11-23	122,887	122,887
WA # 00270	01-11-23	5,765	5,765
WA # 00271	27-11-23	1,420,523	1,420,523
WA # 00272	27-11-23	1,420,523	1,420,523
WA # 00273	28-11-23	748,464	748,464
WA # 00274	28-11-23	748,464	748,464
WA # 00275	07-12-23	86,340	86,340
WA # 00276	07-12-23	5,783	5,783
CAP 5	15-02-23	1,189,279	1,189,279
CAP 6	15-08-23	3,393,996	3,393,996
		36,534,799	36,534,799

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715 – 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)

<u>Withdrawal No.</u>	<u>Withdrawal application date</u>	<u>Total amount in withdrawal schedule</u>	<u>Total attributable to 2022</u>
WA # 00147	2-Feb-22	97,336	97,336
WA # 00148	2-Feb-22	4,660	4,660
WA # 00149	1-Feb-22	807,674	807,674
WA # 00150	1-Feb-22	807,674	807,674
WA # 00151	1-Feb-22	368,920	368,920
WA # 00152	1-Feb-22	368,920	368,920
WA # 00156	2-Mar-22	584,025	584,025
WA # 00157	2-Mar-22	584,025	584,025
WA # 00158	22-Nov-22	126,697	126,697
WA # 00159	2-Mar-22	262,433	262,433
WA # 00160	2-Mar-22	262,433	262,433
WA # 00161	17-Mar-22	129,489	129,489
WA # 00162	17-Mar-22	5,312	5,312
WA # 00163	21-Mar-22	1,243,239	1,243,239
WA # 00164	21-Mar-22	1,243,239	1,243,239
WA # 00165	21-Mar-22	562,657	562,657
WA # 00166	21-Mar-22	562,657	562,657
WA # 00167	6-Apr-22	114,278	114,278
WA # 00168	6-Apr-22	4,839	4,839
WA # 00169	26-Apr-22	67,544	67,544
WA # 00170	5-May-22	1,987,110	1,987,110
WA # 00171	5-May-22	1,987,110	1,987,110
WA # 00172	5-May-22	908,592	908,592
WA # 00173	5-May-22	908,592	908,592
WA # 00174	6-May-22	115,810	115,810
WA # 00175	6-May-22	5,552	5,552
WA # 00176	6-May-22	98,446	98,446
WA # 00177	6-May-22	2,820	2,820
WA # 00178	31-May-22	1,409,080	1,409,080
WA # 00179	31-May-22	1,409,080	1,409,080
WA # 00180	31-May-22	695,387	695,387
WA # 00181	31-May-22	695,387	695,387
WA # 00182	17-Jun-22	1,651,799	1,651,799
WA # 00183	17-Jun-22	1,651,799	1,651,799
WA # 00184	17-Jun-22	790,219	790,219
WA # 00185	17-Jun-22	790,219	790,219
WA # 00186	27-Jun-22	212,406	212,406
WA # 00187	27-Jun-22	10,632	10,632
WA # 00189	25-Jul-22	2,254,149	2,254,149
WA # 00190	25-Jul-22	2,254,149	2,254,149
WA # 00191	25-Jul-22	1,124,959	1,124,959
WA # 00192	25-Jul-22	1,124,959	1,124,959
WA # 00193	2-Aug-22	62,933	62,933
WA # 00194	12-Aug-22	77,328	77,328
WA # 00196	16-Aug-22	23,960	23,960
WA # 00198	23-Aug-22	2,131,044	2,131,044

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715 – GEO**

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

WA # 00199	23-Aug-22	2,131,044	2,131,044
WA # 00200	23-Aug-22	1,066,684	1,066,684
WA # 00201	23-Aug-22	1,066,684	1,066,684
WA # 00202	23-Aug-22	29,646	29,646
WA # 00203	24-Aug-22	26,728	26,728
WA # 00204	20-Sep-22	189,821	189,821
WA # 00205	20-Sep-22	13,329	13,329
WA # 00208	15-Sep-22	2,560,734	2,560,734
WA # 00209	15-Sep-22	2,560,734	2,560,734
WA # 00210	15-Sep-22	1,283,513	1,283,513
WA # 00211	15-Sep-22	1,283,513	1,283,513
WA # 00212	28-Sep-22	42,773	42,773
WA # 00213	28-Sep-22	1,750	1,750
WA # 00214	31-Oct-22	963,433	963,433
WA # 00215	1-Nov-22	972,219	972,219
WA # 00216	1-Nov-22	490,720	490,720
WA # 00217	1-Nov-22	490,720	490,720
WA # 00218	9-Nov-22	289,729	289,729
WA # 00220	15-Nov-22	18,963	18,963
WA # 00221	12-Dec-22	22,005	22,005
WA # 00222	23-Nov-22	2,038,139	2,038,139
WA # 00223	23-Nov-22	2,038,139	2,038,139
WA # 00224	25-Nov-22	1,066,064	1,066,064
WA # 00225	25-Nov-22	1,066,064	1,066,064
WA # 00226	12-Dec-22	145,194	145,194
WA # 00227	14-Dec-22	2,648,422	2,648,422
WA # 00228	14-Dec-22	2,648,422	2,648,422
WA # 00229	14-Dec-22	1,399,009	1,399,009
WA # 00230	14-Dec-22	1,399,009	1,399,009
CAP 3	15-Feb-22	202,396	202,396
CAP 4	15-Aug-22	252,764	252,764
		62,999,934	62,999,934

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-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	30,051,150	9,609,845	39,660,995	183,788,885	58,412,350	242,201,235
Land acquisition/social mitigation	-	7,928	7,928	-	6,590,757	6,590,757
Construction supervision	1,266,167	-	1,266,167	6,234,208	-	6,234,208
Prep of Detailed Design for E-60 Highway	627,052	-	627,052	1,672,374	-	1,672,374
TOTAL COMPONENT A	31,944,369	9,617,773	41,562,142	191,695,467	65,003,107	256,698,574
Component B - Project management costs						
Project management costs	285,671	88,759	374,430	1,055,033	349,126	1,404,159
Financial Audit	7,154	-	7,154	34,572	-	34,572
TOTAL COMPONENT B	292,825	88,759	381,584	1,089,605	349,126	1,438,731
Component C – Contingencies unallocated						
Contingencies unallocated	-	-	-	-	-	-
TOTAL COMPONENT C	-	-	-	-	-	-
Component D – Financial charges during implementation - CAP						
Financial charges during implementation	4,583,275	-	4,583,275	6,314,145	-	6,314,145
TOTAL COMPONENT D	4,583,275	-	4,583,275	6,314,145	-	6,314,145
TOTAL PROJECT EXPENDITURE	36,820,469	9,706,532	46,527,001	199,099,217	65,352,233	264,451,450

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-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	60,604,796	19,257,911	79,862,707	153,737,734	48,802,505	202,540,239
Land acquisition/social mitigation	-	74,199	74,199	-	6,582,829	6,582,829
Construction supervision	1,782,316	-	1,782,316	4,968,041	-	4,968,041
Prep of Detailed Design for E-60 Highway	157,662	-	157,662	1,045,321	-	1,045,321
TOTAL COMPONENT A	62,544,774	19,332,110	81,876,884	159,751,097	55,385,334	215,136,431
Component B - Project management costs						
Project management costs	279,020	85,749	364,769	769,363	260,367	1,029,730
Financial Audit	7,557	-	7,557	27,417	-	27,417
TOTAL COMPONENT B	286,576	85,749	372,325	796,781	260,367	1,057,147
Component C – Contingencies unallocated						
Contingencies unallocated	-	-	-	-	-	-
TOTAL COMPONENT C	-	-	-	-	-	-
Component D – Financial charges during implementation - CAP						
Financial charges during implementation	455,160	-	455,160	1,730,870	-	1,730,870
TOTAL COMPONENT D	455,160	-	455,160	1,730,870	-	1,730,870
TOTAL PROJECT EXPENDITURE	63,286,510	19,417,859	82,704,369	162,278,748	55,645,701	217,924,449

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-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 – Project management 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 – Civil Works
- Category 2 – Construction supervision
- Category 3 – Capacity Building and Project Management Support; and
- Category 3a – Preparation of detailed design for E-60 highway section from Natakhtari to Rustavi (Tbilisi Bypass)
- Category 4 – 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 31 December 2022, 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.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715 – GEO**

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

10. APPROVAL OF SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

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