

**EURASIAN TRANSPORT
CORRIDOR
INVESTMENT CENTER**

LOAN NO.3520-GEO
(BATUMI BYPASS ROAD PROJECT)

Special Purpose Project Financial Statements
For The Year Ended 31 December 2019

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO.3520-GEO**

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**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION
AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Management of the Batumi Bypass Road 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 Statement of Sources and Uses of Funds for the year ended 31 December 2019, the Balance Sheet as at 31 December 2019 and the related Statement of Expenditure Withdrawal Schedule ("SOEs") and Statement of Imprest Account for the year ended 31 December 2019, 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.
- 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 Projects 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 2019 were authorised for issue on 16 November 2020 by the Management.

On behalf of the Management:



Giorgi Tsagareli
Director

16 November 2020



Marina Majagaladze
Financial Manager

16 November 2020

INDEPENDENT AUDITOR'S REPORT

To the management of Eurasian Transport Corridor Investment Center:

Opinion

We have audited the accompanying special purpose project financial statements of the Batumi Bypass Road Project (the "Project") financed under the Loan Agreement No. 3520-GEO dated 12 June 2017 (the "Agreement"), implemented by the Eurasian Transport Corridor Investment Center, which comprise Statement of Sources and Uses of Funds for the year ended 31 December 2019, the Balance Sheet as at 31 December 2019 and the related Statement of Expenditure Withdrawal Schedule ("SOEs") and Statement of Imprest Account for the year ended 31 December 2019 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 2019 are prepared, 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 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 Organisation or to cease operations, or has no realistic alternative but to do so.

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

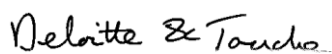
Our objectives are to obtain reasonable assurance about whether the special purpose project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance,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

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.


Stuart Leighton
On behalf of Deloitte and Touche LLC


16 November 2020
Tbilisi, Georgia

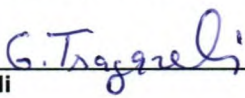
**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO 3520**

**STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2019
(in EUR)**

	Actual		Planned*		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	7,709,345	16,019,926	-	-	-	-
Direct payments	7,268,844	11,951,063	-	-	-	-
Replenishments	249,858	249,858	-	-	-	-
Retroactive	-	3,448,171	-	-	-	-
Capitalised Charges	190,643	370,834	-	-	-	-
TOTAL FUNDS RECEIVED	7,709,345	16,019,926				
LESS: EXPENDITURE						
Category 1 - Works	6,291,687	13,825,758	6,291,687	13,825,758	-	-
Category 2 - Consulting Services	950,561	1,541,436	950,561	1,541,436	-	-
Category 3 - Project Management Support	109,522	114,824	109,522	114,824	-	-
Category 4 - Interest and Other Financial Charges	190,643	370,834	190,643	370,834	-	-
Category 5 - Unallocated	-	-	-	-	-	-
ADB TOTAL	7,542,413	15,852,852	7,542,413	15,852,852	-	-
TOTAL PROJECT EXPENDITURE	7,542,413	15,852,852	7,542,413	15,852,852	-	-
NET FLOW OF FUNDS	166,932	167,074	-	-	-	-

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

On behalf of the Management:



Giorgi Tsagareli
Director

16 November 2020



Marina Majagaladze
Financial Manager

16 November 2020

The notes on pages 8 to 13 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520-GEO**

**BALANCE SHEET STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019
(in EURO)**

	31 December 2019
ASSETS	
ADB imprest account	167,074
TOTAL ASSETS	167,074
Funds received:	
Funds received from ADB	16,019,926
Total funds received	16,019,926
Project expenditure:	
Financed by ADB	(15,852,852)
Total project expenditure	(15,852,852)
TOTAL FUNDS RECEIVED LESS PROJECT EXPENDITURE	167,074

On behalf of the Management:



Giorgi Tsagareli
Director



Marina Majagaladze
Financial Manager

16 November 2020

16 November 2020

The notes on pages 8 to 13 form an integral part of these special purpose project financial statements.

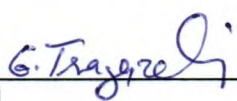
**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520-GEO**

**STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE
FOR THE YEAR ENDED 31 DECEMBER 2019
(in EUR)**

Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE attributable to 2018	Total SOE attributable to 2019
00024	16-Apr-2019	249,858	249,858	-
		249,858	249,858	-

Withdrawal application No.173 was sent to ADB on 25-Mar-2019 and replenished on 16-Apr-2019. Total SOE is attributable to 2018.

On behalf of the Management:



Giorgi Tsagareli
Director
16 November 2020



Marina Majagaladze
Financial Manager
16 November 2020

The notes on pages 8 to 13 form an integral part of these special purpose project financial statements.

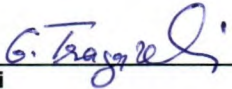
**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520 – GEO**

**STATEMENT OF IMPREST ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018
(in EUR)**

Account No.	210250818
Depository Bank	State Treasury
Address	16 V. Gorgasali street Tbilisi, 0114 Georgia

Balance as at 31 December 2018	<u>142</u>
ADD	-
ADB replenishment	<u>249,858</u>
DEDUCT	
Funds used for the Project expenditure	<u>82,926</u>
Balance as at 31 December 2019	<u>167,074</u>

On behalf of the Management:



Giorgi Tsagareli
Director
16 November 2020



Marina Majagaladze
Financial Manager
16 November 2020

The notes on pages 8 to 13 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)
(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 International Financial Institutions and ("IFI") and donor organisations and to monitor the implementation of transport sector projects.

On 12 June 2017 a loan agreement was formed between ADB and the government of Georgia, whereby ADB agreed to lend to the borrower from ADB's ordinary capital resources an amount of one hundred and eight million one hundred and ninety thousand Euro (108,190,000). The borrower is obliged to use the proceeds of the loan for financing of expenditure of the project in accordance with the provisions of this loan agreement.

The objective of the Project is the improved efficiency of road transport along the East-West Highway in the territory of the Borrower. The Project shall comprise:

- (a) the construction of a two-lane bypass road skirting Batumi approximately 14.3 kilometers in length; and
- (b) the provision of routine and periodic maintenance for international and secondary roads aggregating approximately 200 kilometers in length, using performance-based maintenance contracts.

The Project shall include the provision of consulting services for the design and procurement packaging of performance-based maintenance contracts; the supervision of performance-based maintenance; the supervision of the construction of the bypass road; and Project management and institutional support.

The Project is expected to be completed by 30 June 2023.

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

Functional currency – These special purpose project financial statements are expressed in Euro (or "EUR").

Transactions in other currencies – Transactions in currencies other than reporting currencies are converted in Euros at the exchange rate prevailing at the date of the transaction.

Cash – Cash comprises balances with the State Treasury.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520 – GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)
(in EUR)**

3. BASIS OF FUNDING

According to the terms of the Agreement:

- Category 1 – works, which is divided into 1A Batumi Bypass Road, and 1B Performance Based Maintenance are financed by 32.3% and 100% of the total expenditure claimed by ADB, respectively*;
- Category 2 - Consulting services, which are divided into 2A Construction supervision for Batumi Bypass Road and 2B Performance based maintenance contract design and supervision for performance based maintenance are financed by 50% and 100% of the total expenditure claimed by ADB, respectively*;
- Category 3 - Project management and institutional support is financed by 100% of the total expenditure claimed by ADB*;
- Category 4 - Interest and commitment charges are financed by 100% of the amounts due by ADB.
- Category 5 – Unallocated.

*Exclusive of taxes and duties imposed within the territory of the borrower.

It is allowed by the ADB, 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 2019 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

(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) (Reimbursement)

Withdrawals from the Loan Account may be made to finance eligible expenditure incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, in connection with Works and Consulting Services, subject to a maximum amount equivalent to 20% of the Loan amount.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520 – GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)
(in EUR)**

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

	31 December 2019
Application of Withdrawals Schedule	
Expenses incurred in 2019 as per the Applications of Withdrawals Schedule	7,542,413
	7,542,413
ADB direct payments	7,268,844
ADB replenishment	249,858
ADB capitalised charges	190,643
	7,709,345
Add:	
Opening Balances	
Imprest Account	142
	-
Less:	
Closing Balances	
Imprest Account	167,074
	-
TOTAL EXPENDITURE INCURRED IN 2019	7,542,413

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520 – GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)
(in EUR)**

TOTAL WITHDRAWAL SCHEDULE EXPENSES

<u>Withdrawal No.</u>	<u>Value date</u>	<u>Total amount in withdrawal schedule</u>	<u>Total attributable to 2019</u>
00019	22-Feb-2019	4,021	4,021
00022	15-Mar-2019	5,759	5,759
00023	15-Mar-2019	3,513	3,513
00025	19-Mar-2019	826	826
00026	19-Mar-2019	50,992	50,992
00027	19-Mar-2019	35,938	35,938
00028	19-Mar-2019	76,233	76,233
00031	29-Mar-2019	44,727	44,727
00032	29-Mar-2019	22,460	22,460
00033	29-Mar-2019	25,291	25,291
00029	02-Apr-2019	747,255	747,255
00030	02-Apr-2019	427,202	427,202
00034	23-May-2019	25,450	25,450
00036	23-May-2019	25,098	25,098
00035	23-May-2019	21,973	21,973
00037	06-Jun-2019	40,201	40,201
00038	06-Jun-2019	19,147	19,147
00039	06-Jun-2019	31,061	31,061
00040	19-Jun-2019	854,430	854,430
00041	19-Jun-2019	472,755	472,755
00042	21-Jun-2019	46,723	46,723
00043	21-Jun-2019	21,805	21,805
00044	21-Jun-2019	27,080	27,080
00045	13-Aug-2019	26,135	26,135
00046	13-Aug-2019	46,721	46,721
00047	13-Aug-2019	21,194	21,194
00048	09-Sep-2019	595,361	595,361
00049	09-Sep-2019	310,406	310,406
00050	12-Sep-2019	46,617	46,617
00051	12-Sep-2019	28,555	28,555
00052	12-Sep-2019	16,658	16,658
00053	23-Sep-2019	458,845	458,845
00054	23-Sep-2019	236,098	236,098
00055	26-Sep-2019	36,913	36,913
00057	26-Sep-2019	27,967	27,967
00056	26-Sep-2019	19,039	19,039
00059	22-Nov-2019	1,872	1,872
00060	22-Nov-2019	3,198	3,198
00062	18-Nov-2019	743,549	743,549
00063	18-Nov-2019	379,372	379,372
00064	18-Nov-2019	33,610	33,610
00065	18-Nov-2019	21,129	21,129
00066	18-Nov-2019	26,419	26,419
00058	20-Nov-2019	5,877	5,877
00061	22-Nov-2019	1,529	1,529
00064	04-Dec-2019	35,562	35,562
00068	04-Dec-2019	28,041	28,041
00069	04-Dec-2019	21,820	21,820
00070	17-Dec-2019	697,426	697,426
00071	17-Dec-2019	368,989	368,989
00024	16-Apr-2019	249,858	249,858
CAP – 9190	15-Sep-2019	100,389	100,389
CAP – 919A	15-Mar-2019	90,256	90,256
		7,709,345	7,709,345

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520 – GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)
(in EUR)**

6. PROJECT EXPENDITURE BY COMPONENTS

Project Activities	Year ended 31 December 2019		Cumulative from inception	
	ADB Financing	Total	ADB Financing	Total
Component A – Investment costs				
Land acquisition and resettlement	-	-	-	-
Civil works	6,291,687	6,291,687	13,825,758	13,825,758
Consulting services	950,561	950,561	1,541,436	1,541,436
Project management and institutional support	109,522	109,522	114,824	114,824
TOTAL COMPONENT A	7,351,770	7,351,770	15,482,018	15,482,018
Component B – Contingencies unallocated				
Physical	-	-	-	-
Price	-	-	-	-
TOTAL COMPONENT B	-	-	-	-
Component C – Financial Charges during Implementation – CAP				
Interest during implementation	190,643	190,643	370,834	370,834
Commitment charges	-	-	-	-
Front end fee	-	-	-	-
TOTAL COMPONENT C	190,643	190,643	370,834	370,834
TOTAL PROJECT EXPENDITURE	7,542,413	7,542,413	15,852,852	15,852,852

The Project comprises the following main components:

Component A – Investment Costs;
Component B – Contingencies; and
Component C – Financial Charges during Implementation – CAP;

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 – Consulting services
Category 3 – Project management and institutional support
Category 4 – Interest and commitment charges; and
Category 5 – Unallocated

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO. 3520 – GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)
(in EUR)**

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 2019 and on the funds received and disbursed during the period then ended.

8. OPERATING ENVIRONMENT

Emerging markets such as Georgia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to change rapidly and tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Georgia 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 two years Georgia has experienced a number of legislative changes, which have been largely related to the European Union Association Agreement. Whilst the legislative changes implemented during 2019 and 2018 paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing.

9. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Spreading the Covid-19 pandemic had a significant negative impact on the world economy and country-specific measures. Deteriorated outlook of the future caused increased volatility of the foreign exchange market subsequent to the year-end.

Covid-19 had no effect on the Project. Construction was continued and there was Successful transition of administrative function to partial remote working and projects ongoing as planned.

10. APPROVAL OF SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

These special purpose project financial statements were authorised for issue by the Management of ETCIC on 16 November 2020.