

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 2022

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

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**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 2022**

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 2022, the Balance Sheet as at 31 December 2022 and the related Statement of Expenditure Withdrawal Schedule ("SOEs") and Statement of Imprest Account for the year ended 31 December 2022, 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:

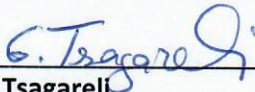
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Providing additional disclosures when compliance with the specific requirements in IPSAS – Cash 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 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 2022 were authorised for issue on 28 June 2023 by the Management.

On behalf of the Management:



Giorgi Tsagareli
Director

28 June 2023



Marina Majagaladze
Finance Manager

28 June 2023

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 2022, the Balance Sheet as at 31 December 2022 and the related, Statement of Expenditure Withdrawal Schedule ("SOEs") and Statement of Imprest Account for the year ended 31 December 2022 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 2022 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



28 June 2023

Tbilisi, Georgia

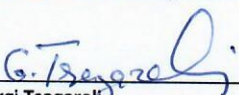
**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO 3715-GEO**

**STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2022
(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	63,199,934	162,401,828	-	-	-	-
Direct payments	5	62,544,774	160,020,958	-	-	-	-
Replenishment	5	200,000	650,000	-	-	-	-
Capitalized Charges	5	455,160	1,730,870	-	-	-	-
Government of Georgia (GoG) co-financing		19,417,859	55,645,701	-	-	-	-
TOTAL FUNDS RECEIVED		82,617,793	218,047,529	-	-	-	-
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	455,160	1,730,870	455,160	1,730,870	-	-
ADB TOTAL		63,286,510	162,278,747	63,286,510	162,278,747	-	-
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		19,417,859	55,645,702	19,417,859	55,645,702	-	-
TOTAL PROJECT EXPENDITURE		82,704,369	217,924,449	82,704,368	217,924,449	-	-
NET INFLOW OF FUNDS		(86,576)	123,080	-	-	-	-

*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

28 June 2023


Marina Majagaladze
Finance Manager

28 June 2023

The notes on pages 10 to 20 form an integral part of these special purpose project financial statements.

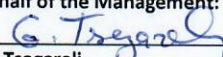
**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO 3715-GEO**

**STATEMENT OF SOURCES AND USES OF FUNDS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022
(in EUR)**

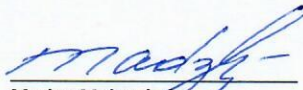
Notes	Actual as at 31 December 2021		Planned as at 31 December 2021*		Variance	
	Period to date	Cumulative to date	Period to date <i>Unaudited</i>	Cumulative to date <i>Unaudited</i>	Period to date <i>Unaudited</i>	Cumulative to date <i>Unaudited</i>
FUNDS RECEIVED BY SOURCES						
Asian Development Bank (ADB) Funds	5	32,652,345	99,201,894	-	-	-
Direct payments	5	31,758,921	97,476,184	-	-	-
Replenishment	5	450,000	450,000	-	-	-
Capitalized Charges	5	443,424	1,275,710	-	-	-
Government of Georgia (GoG) co-financing		10,619,025	36,227,842	-	-	-
TOTAL FUNDS RECEIVED		43,271,370	135,429,736	-	-	-
LESS: EXPENDITURE						
Category 1 – Civil works	6	29,239,472	93,132,939	29,239,472	93,132,939	-
Category 2 - Construction supervision	6	2,506,522	4,073,385	2,506,522	4,073,385	-
Category 3 – Capacity, Building and Project Management Support	6	259,186	510,204	259,186	510,204	-
Category 4 – Interest and commitment charges	6	443,424	1,275,710	443,424	1,275,710	-
ADB TOTAL		32,448,604	98,992,238	32,448,604	98,992,238	-
Category 1 – Civil works	6	10,537,080	36,053,224	10,537,080	36,053,224	-
Category 2 - Construction supervision		-	-	-	-	-
Category 3 – Capacity, Building and Project Management Support	6	81,945	174,618	81,945	174,618	-
Category 4 – Interest and commitment charges		-	-	-	-	-
GoG TOTAL		10,619,025	36,227,842	10,619,025	36,227,842	-
TOTAL PROJECT EXPENDITURE		43,067,629	135,220,080	43,067,629	135,220,080	-
NET INFLOW OF FUNDS		203,741	209,656	-	-	-

*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

28 June 2023


Marina Majagaladze
Finance Manager

28 June 2023

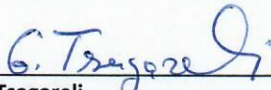
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**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
LOAN NO. 3715-GEO**

**BALANCE SHEET STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022
(in EUR)**

	<u>31 December 2022</u>	<u>31 December 2021</u>
ASSETS		
ADB imprest account	123,080	209,656
TOTAL ASSETS	<u>123,080</u>	<u>209,656</u>
Funds received:		
Funds received from ADB	162,401,828	99,201,894
Funds received from GoG	55,645,701	36,227,842
Total funds received	<u>218,047,529</u>	<u>135,429,736</u>
Project expenditures:		
Financed by ADB	(162,278,748)	(98,992,238)
Financed by GoG	(55,645,701)	(36,227,842)
Total project expenditures	<u>(217,924,449)</u>	<u>(135,220,080)</u>
TOTAL PROJECT EXPENDITURES AND OTHER FUNDS	<u>123,080</u>	<u>209,656</u>

On behalf of the Management:


Giorgi Tsagareli
Director

28 June 2023


Marina Majagaladze
Finance Manager

28 June 2023

The notes on pages 10 to 20 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 2022
(in EUR)**


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	4/10/2022	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 in 20 September 2022 and in 4 October 2022, respectively.

Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE Attributable to 2021	Total SOE Attributable to 2020
108	21/07/2021	350,000**	105,916	244,085
		350,000	105,916	244,085

**Withdrawal application No.108 was approved and replenished by ADB in 21 July 2021. Total SOE expenditure in withdrawal application No.108 was EUR 350,000 from which 105,916 is SOE attributable to 2021 and EUR 244,085 is SOE attributable to 2020.

On behalf of the Management:


Giorgi Tsagareli
Director

28 June 2023


Marina Majagaladze
Finance Manager

28 June 2023


The notes on pages 10 to 20 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 IMPREST ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022
(in EUR)**

Account No.	210256397
Depository Bank	State Treasury
Address	16 V. Gorgasali street Tbilisi, 0114 Georgia
<hr/>	
Balance as at 31 December 2020	<u>5,915</u>
ADD	
ADB replenishment	<u>450,000</u>
DEDUCT	
Funds used for the Project expenditures	<u>246,259</u>
Balance as at 31 December 2021	<u>209,656</u>
ADB replenishment	<u>200,000</u>
DEDUCT	
Funds used for the Project expenditures	<u>286,576</u>
Balance as at 31 December 2022	<u><u>123,080</u></u>

On behalf of the Management:


Giorgi Tsagareli
Director

28 June 2023


Marina Majagaladze
Finance Manager

28 June 2023

The notes on pages 10 to 20 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 2022
(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 30 June 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 2022
(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 2022 and 31 December 2021 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. 286,576 EUR and 246,259 EUR was drawn from special account for project expenditures for the year ended 31 December 2022 and 2021, 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 2022
(in EUR)**

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Application of Withdrawals Schedule		
Expenses incurred as per the Applications of Withdrawals Schedule	62,831,350	32,005,180
Expenses incurred without Applications of Withdrawals Schedule	455,160	443,424
	<u>63,286,510</u>	<u>32,448,604</u>
ADB Additional Advance/Replenishments	200,000	450,000
ADB Direct Payments	62,544,774	31,758,921
Capitalized Charges	455,160	443,424
	<u>63,199,934</u>	<u>32,652,345</u>
Add:		
Opening balance		
Imprest Account	209,656	5,915
	<u>209,656</u>	<u>5,915</u>
Less:		
Closing balance		
Imprest Account	123,080	209,656
	<u>123,080</u>	<u>209,656</u>
TOTAL EXPENDITURES INCURRED	<u>63,286,510</u>	<u>32,448,604</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 (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022
(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
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

**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 2022**

(in EUR)

WA # 00198	23-Aug-22	2,131,044	2,131,044
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 # 00207	20-Sep-22	200,000	200,000
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
		63,199,934	63,199,934

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
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**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022
(in EUR)**

TOTAL WITHDRAWAL SCHEDULE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2021 (ADB)

Withdrawal No.	Withdrawal application date	Total amount in withdrawal schedule	Total attributable to 2021
0071	14-Jan-21	100,000	100,000
0072	26-Jan-21	216,484	216,484
0073	27-Jan-21	38,886	38,886
0074	26-Jan-21	123,912	123,912
0075	27-Jan-21	77,230	77,230
0076	2-Feb-21	228,849	228,849
0077	2-Feb-21	13,350	13,350
0078	3-Mar-21	114,544	114,544
0079	4-Mar-21	5,312	5,312
0080	5-Mar-21	732,105	732,105
0081	5-Mar-21	732,105	732,105
0082	9-Mar-21	329,983	329,983
0083	12-Mar-21	334,408	334,408
0084	25-Mar-21	703,175	703,175
0085	25-Mar-21	703,175	703,175
0086	25-Mar-21	316,195	316,195
0087	25-Mar-21	316,195	316,195
0088	25-Mar-21	101,681	101,681
0089	25-Mar-21	6,272	6,272
0090	5-May-21	6,380	6,380
0091	5-Oct-21	121,540	121,540
0092	10-May-21	5,598	5,598
0093	18-May-21	576,983	576,983
0094	18-May-21	576,983	576,983
0095	18-May-21	252,368	252,368
0096	18-May-21	252,368	252,368
0097	20-May-21	134,844	134,844
0098	21-May-21	30,246	30,246
0099	20-May-21	45,610	45,610
000100	20-May-21	27,643	27,643
000101	17-Jun-21	121,455	121,455
000102	17-Jun-21	6,789	6,789
000103	22-Jun-21	1,471,021	1,471,021
000104	22-Jun-21	1,471,021	1,471,021
000105	22-Jun-21	655,828	655,828
000106	22-Jun-21	655,828	655,828
000108	21-Jul-21	350,000	350,000
000109	27-Jul-21	128,079	128,079
000110	27-Jul-21	4,662	4,662
000111	27-Jul-21	905,819	905,819
000112	27-Jul-21	905,819	905,819
000113	27-Jul-21	407,429	407,429
000114	27-Jul-21	407,429	407,429
000115	25-Aug-21	6,547	6,547
000116	25-Aug-21	124,914	124,914
000117	25-Aug-21	8,435	8,435
000118	27-Aug-21	936,810	936,810
000119	27-Aug-21	936,810	936,810
000120	27-Aug-21	434,241	434,241
000121	27-Aug-21	434,241	434,241
000122	21-Sep-21	151,819	151,819
000123	21-Sep-21	5,794	5,794
000124	20-Sep-21	1,391,809	1,391,809

**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 2022**

(in EUR)

000125	20-Sep-21	1,391,809	1,391,809
000126	20-Sep-21	631,259	631,259
000127	20-Sep-21	631,259	631,259
000128	24-Sep-21	118,548	118,548
000129	24-Sep-21	11,334	11,334
000130	29-Oct-21	115,024	115,024
000131	29-Oct-21	9,979	9,979
000132	29-Oct-21	551,967	551,967
000133	22-Nov-21	617,428	617,428
000134	22-Nov-21	617,428	617,428
000135	22-Nov-21	279,426	279,426
000136	22-Nov-21	279,426	279,426
000137	10-Dec-21	1,511,505	1,511,505
000138	10-Dec-21	1,511,505	1,511,505
000139	10-Dec-21	680,304	680,304
000140	10-Dec-21	680,304	680,304
000141	13-Dec-21	205,923	205,923
000142	13-Dec-21	8,961	8,961
000143	13-Dec-21	72,200	72,200
000144	14-Dec-21	68,268	68,268
000145	14-Dec-21	3,341	3,341
000146	14-Dec-21	48,995	48,995
000153	29-Oct-21	1,231,869	1,231,869
000154	29-Oct-21	1,231,869	1,231,869
000155	29-Oct-21	551,967	551,967
CAP-921A	15-Feb-21	233,862	233,862
CAP 1	15-Aug-21	217,314	217,314
CAP 2	15-Aug-21	(7,752)	(7,752)
		32,652,345	32,652,345

**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 2022
(in EUR)**

6. PROJECT EXPENDITURE BY COMPONENTS

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 2022
(in EUR)**

Project Activities	For The Year Ended 31 December 2021			Cumulative From Inception		
	ADB Financing	GoG Financing	Total	ADB Financing	GoG Financing	Total
Component A – Investment costs						
Civil works	29,239,472	10,392,784	39,632,256	93,132,938	29,544,594	122,677,533
Land acquisition/social mitigation	-	144,296	144,296	-	6,508,630	6,508,630
Construction supervision	1,618,863	-	1,618,863	3,185,725	-	3,185,725
Prep of Detailed Design for E-60 Highway	887,660	-	887,660	887,660	-	887,660
TOTAL COMPONENT A	31,745,994	10,537,080	42,283,074	97,206,324	36,053,224	133,259,548
Component B - Project management costs						
Project management costs	246,259	81,945	328,204	490,344	174,618	664,961
Financial Audit	12,927	-	12,927	19,861	-	19,861
TOTAL COMPONENT B	259,186	81,945	341,130	510,204	174,618	684,822
Component C – Contingencies unallocated						
Contingencies unallocated	-	-	-	-	-	-
TOTAL COMPONENT C	-	-	-	-	-	-
Component D – Financial charges during implementation - CAP						
Financial charges during implementation	443,424	-	443,424	1,275,710	-	1,275,710
TOTAL COMPONENT D	443,424	-	443,424	1,275,710	-	1,275,710
TOTAL PROJECT EXPENDITURE	32,448,604	10,619,025	43,067,629	98,992,238	36,227,842	135,220,080

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
EAST-WEST HIGHWAY (KHEVI-UBISA SECTION) IMPROVEMENT PROJECT
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**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022
(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 2022 and 31 December 2021, 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 2022 and 2021 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
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**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022
(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 28 June 2023.