

**EURASIAN TRANSPORT  
CORRIDOR INVESTMENT  
CENTER**

LOAN NO.2843-GEO  
ADDITIONAL TO LOAN NO.2560-GEO  
(ROAD CORRIDOR INVESTMENT PROGRAM –  
PROJECT 1)

Special Purpose Project Financial Statements  
For the Year Ended 31 December 2018

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM - PROJECT 1  
LOAN NO.2843-GEO**

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**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM - PROJECT 1**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION  
AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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Management of the Road Corridor Investment Program – Project 1 (the "Project") implemented by the Eurasian Transport Corridor Investment Center ("ETCIC" or Transport Reform and Rehabilitation Center – "TRRC") is responsible for the preparation of the special purpose project financial statements that present fairly the financial position of the Project as at 31 December 2018, and its sources and uses of funds and movement in impressed account for the year ended 31 December 2018, 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 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 detecting and fraud and other irregularities.

The special purpose project financial statements for the year ended 31 December 2018 were authorised for issue on 25 June 2019 by the Management.

**On behalf of the Management:**

  
\_\_\_\_\_  
**Giorgi Tsagareli**  
Director

25 June 2019

  
\_\_\_\_\_  
**Marina Majagaladze**  
Financial Manager

25 June 2019



## **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 Road Corridor Investment Program – Project 1 (the "Project") financed under the Loan Agreement No. 2843-GEO dated 18 April 2012 (the "Agreement"), implemented by the Eurasian Transport Corridor Investment Center, which comprise the Balance Sheet as at 31 December 2018 and the related Statement of Sources and Uses of Funds, Statement of Expenditures Withdrawal Schedule ("SOEs") and Statement of Imprest Account for the year ended 31 December 2018 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 2018 are prepared, in all material respects, in accordance with the IPSAS – Cash Basis and Asian Development Bank Guidelines, 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 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 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 to comply with the financial reporting provisions of the Agreement referred to above. 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 to communicate the compliance with the use of the Project's funds to the Asian Development Bank. 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 Financial Statements**

Management is responsible for the preparation of these special purpose project financial statements in accordance with the basis of accounting described 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 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.

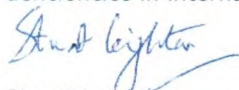
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 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 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 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



25 June 2019  
Tbilisi, Georgia

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO 2843-GEO**

**STATEMENT OF SOURCES AND USES OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2018  
(in US Dollars)**

	Actual		Planned*		Variance	
	Year to date	Cumulative to date	Year to date <i>Unaudited</i>	Cumulative to date <i>Unaudited</i>	Year to date <i>Unaudited</i>	Cumulative to date <i>Unaudited</i>
<b>FUNDS RECEIVED BY SOURCES</b>						
Asian Development Bank (ADB) Funds	<b>16,248,116</b>	<b>75,931,891</b>				
Direct payments	16,248,116	75,746,771				
Additional advance	-	185,120				
Government of Georgia (GoG) co-financing	<b>3,049,055</b>	<b>13,737,632</b>				
<b>TOTAL FUNDS RECEIVED</b>	<b>19,297,171</b>	<b>89,669,523</b>				
Foreign exchange difference, net	12	12				
<b>LESS: EXPENDITURES</b>						
Category 1 - Civil works and land acquisitions	7,575,751	51,776,710	7,575,751	51,776,710	-	-
Category 2 - Consultant's services for works supervision and design	8,737,905	24,075,691	8,737,905	24,075,691	-	-
Category 3 - Project management support	31,895	68,454	31,895	68,454	-	-
Category 4 - Consultancy for capacity development of RDMRDI**	-	10,460	-	10,460	-	-
<b>ADB TOTAL</b>	<b>16,345,551</b>	<b>75,931,315</b>	<b>16,345,551</b>	<b>75,931,315</b>	-	-
Category 1 - Civil works and land acquisitions	1,264,807	8,761,371	1,264,807	8,761,371	-	-
Category 2 - Consultant's services for works supervision and design	1,756,808	4,932,769	1,756,808	4,932,769	-	-
Category 3 - Project management support	27,453	40,251	27,453	40,251	-	-
Category 4 - Consultancy for capacity development of RDMRDI**	-	3,253	-	3,253	-	-
<b>GoG TOTAL</b>	<b>3,049,068</b>	<b>13,737,644</b>	<b>3,049,068</b>	<b>13,737,644</b>	-	-
<b>TOTAL PROJECT EXPENDITURES</b>	<b>19,394,619</b>	<b>89,668,959</b>	<b>19,394,619</b>	<b>89,668,959</b>		
<b>NET FLOW OF FUNDS</b>	<b>(97,436)</b>	<b>576</b>				


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

\*\* Road Department of the Ministry of Regional Development and Infrastructure

On behalf of the Management:

  
Giorgi Tsagareli  
Director

25 June 2019

  
Marina Majagaladze  
Financial Manager

25 June 2019

The notes on pages 9 to 13 form an integral part of these special purpose project financial statements.



**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843-GEO**

**BALANCE SHEET STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018  
(in US Dollars)**

	<u>31 December 2018</u>
<b>ASSETS</b>	
ADB imprest account	<u>576</u>
<b>TOTAL ASSETS</b>	<u><b>576</b></u>
<b>Funds received:</b>	
Funds received from ADB	75,931,891
Funds received from GoG	<u>13,737,632</u>
<b>Total funds received</b>	<u><b>89,669,523</b></u>
<b>Project expenditures:</b>	
Financed by ADB	(75,931,315)
Financed by GoG	(13,737,644)
Foreign exchange difference	<u>12</u>
<b>Total project expenditures</b>	<u><b>(89,668,947)</b></u>
<b>TOTAL PROJECT EXPENDITURES AND OTHER FUNDS</b>	<u><b>576</b></u>

On behalf of the Management:

  
\_\_\_\_\_  
**Giorgi Tsagareli**  
Director

  
\_\_\_\_\_  
**Marina Majagaladze**  
Financial Manager

25 June 2019

25 June 2019

The notes on pages 9 to 13 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843-GEO**

**STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE  
FOR THE YEAR ENDED 31 DECEMBER 2018  
(in US Dollars)**

<b>Withdrawal No.</b>	<b>Withdrawal application date</b>	<b>Total SOE in withdrawal schedule</b>	<b>Total SOE attributable to 2017</b>	<b>Total SOE attributable to 2018</b>	<b>Total SOE Attributable to 2019 <i>Unaudited</i></b>
244	15-Apr-2019	99,420	1,989	97,431	-
		<b>99,420</b>	<b>1,989</b>	<b>97,431</b>	<b>-</b>

Withdrawal application No.244 was sent to ADB on 15-Apr-2019, and the amount was approved and replenished by ADB in May 2019. Total SOE expenditures in withdrawal application No.244 were USD 99,420, from which USD 1,989 is SOE attributable to 2017, and USD 97,431 is SOE attributable to 2018. The above table shows zero balances because as at 31-Dec-2018 withdrawal application No. 244 expenditures were not yet sent to ADB for replenishment. There were no other withdrawal applications approved or replenished by ADB during 2018.

**On behalf of the Management:**

  
\_\_\_\_\_  
**Giorgi Tsagareli**  
Director

  
\_\_\_\_\_  
**Marina Majagaladze**  
Financial Manager

25 June 2019

25 June 2019

The notes on pages 9 to 13 form an integral part of these special purpose project financial statements.



**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843-GEO**

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

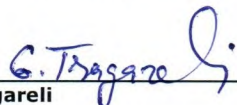
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<b>Account No.</b>	
<b>Depository Bank</b>	State Treasury
<b>Address</b>	16 V. Gorgasali street Tbilisi, 0114 Georgia

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<b>Balance as at 1 January 2018</b>	<b>98,011</b>
<b>ADD</b>	
ADB replenishment	-
<b>DEDUCT</b>	
Funds used for the Project expenditures	<u>97,435</u>
<b>Balance as at 31 December 2018</b>	<b><u>576</u></b>

On behalf of the Management:

  
\_\_\_\_\_  
**Giorgi Tsagareli**  
Director  
25 June 2019

  
\_\_\_\_\_  
**Marina Majagaladze**  
Financial Manager  
25 June 2019

The notes on pages 9 to 13 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018  
(in US Dollars)**

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**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 – "TRRC") 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.

The purpose of the project ("Road corridor investment program – project 1") is the construction of a new two-lane road of approximately 28 km in length bypassing Kobuleti, and expansion and improvement of an approximately 6 km road section between Kobuleti and Batumi. The Asian Development Bank Loan Agreement No. 2560-GEO (SF) (the "Agreement") in the amount of Special Drawing Rights ("SDR") 75,892,000 was signed between the Government of Georgia ("GoG") and Asian Development Bank ("ADB") on 29 October 2009 and came into effect on 1 December 2009. Loan No 2843 was added to project financing on 18 April 2012 with the amount of USD 140,000,000. The project was scheduled to end on 1 January 2018. In 2017, prolongation of closing date to 30 September 2019 was approved by ADB.

**2. ACCOUNTING POLICIES**

**Basis of accounting** – These special purpose project financial statements have been prepared in accordance with the Guidelines for the Financial Governance and Management of Investment Projects Financed by Asian Development Bank and the accounting policies set out below. These special purpose project financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standard, *Financial Reporting under a Cash Basis of Accounting*.

These special purpose project financial statements, in accordance with the provisions of the Agreement, are prepared to report the Project's financial results to the Government of Georgia and to communicate the compliance with the use of the funds to 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 United States Dollars ("US Dollar" or "USD").

**Transactions in other currencies** – Transactions in currencies other than reporting currencies are converted to US Dollars at the exchange rate prevailing at the date of the transaction.

**Cash** – Cash comprises cash on hand and balances with State Treasury.

**3. BASIS OF FUNDING**

According to the terms of the Agreement, Category 1 – works, Category 2 – Consulting Services and Category 3 – Project Management Support are 100% financed by ADB, while GoG is paying all value added, non-residential and other taxes, and land acquisition costs.

**4. METHODS OF WITHDRAWAL**

The methods of withdrawal used from the inception of the loan to 31 December 2018 were as follows:



**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)  
(in US Dollars)**

**(a) Imprest account**

Available amounts were drawn from time to time within limits determined within the loan agreements for the direct payment of eligible expenditures 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 expenditures for sub-projects. Direct payments are made by ADB directly to third parties. TRRC 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 expenditures to be incurred.

**5. STATEMENT OF EXPENDITURES**

Any individual payment to be reimbursed or liquidated under the statement of expenditures procedure shall not exceed the equivalent of USD 100,000. The amount of Statement of Expenditures ("SOE") represents the expenditures incurred in the year 2018. The year of actual expenditure and submission of withdrawal application to ADB may be different.

**6. RECONCILIATION OF AMOUNTS SHOWN AS RECEIVED FROM THE ADB TO ACTUAL EXPENDITURES OF THE PROJECT**

	<b>31 December 2018</b>
<b>Application of Withdrawals Schedule</b>	
Expenses incurred in 2018 as per the Applications of Withdrawals Schedule	16,345,551
Expenses incurred in 2018 without Applications of Withdrawals Schedule	-
	<b><u>16,345,551</u></b>
ADB replenishments	-
ADB direct payments	16,248,116
Foreign exchange difference	-
	<b><u>16,248,116</u></b>
<b>Add:</b>	
<b>Opening Balances</b>	
Imprest Account	98,011
	<b><u>98,011</u></b>
<b>Less:</b>	
<b>Closing Balances</b>	
Imprest Account	576
	<b><u>576</u></b>
<b>TOTAL EXPENDITURES INCURRED IN 2018</b>	<b><u>16,345,551</u></b>

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843–GEO**

**STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)  
(in US Dollars)**

**TOTAL WITHDRAWAL SCHEDULE EXPENSES**

<b>Withdrawal No.</b>	<b>Withdrawal application date</b>	<b>Total amount in withdrawal schedule</b>	<b>Total attributable to 2017</b>	<b>Total attributable to 2018</b>	<b>Total amount attributable to 2019</b>
					<i>Unaudited</i>
W/A # 00158	09-Mar-18	523,277	-	523,277	-
W/A # 00156	12-Mar-18	381,529	-	381,529	-
W/A # 00157	12-Mar-18	147,236	-	147,236	-
W/A # 00159	12-Mar-18	835,140	-	835,140	-
W/A # 00160	15-Mar-18	538,595	-	538,595	-
W/A # 00161	15-Mar-18	260,000	-	260,000	-
W/A # 00162	19-Mar-18	250,127	-	250,127	-
W/A # 00163	19-Mar-18	197,384	-	197,384	-
W/A # 00164	20-Mar-18	171,578	-	171,578	-
W/A # 00170	20-Mar-18	100,000	-	100,000	-
W/A # 00172	20-Mar-18	139,579	-	139,579	-
W/A # 00174	20-Mar-18	78,448	-	78,448	-
W/A # 00175	21-Mar-18	266,154	-	266,154	-
W/A # 00176	21-Mar-18	42,158	-	42,158	-
W/A # 00165	22-Mar-18	111,197	-	111,197	-
W/A # 00166	22-Mar-18	160,857	-	160,857	-
W/A # 00167	22-Mar-18	183,525	-	183,525	-
W/A # 00168	22-Mar-18	227,766	-	227,766	-
W/A # 00169	22-Mar-18	96,610	-	96,610	-
W/A # 00171	22-Mar-18	38,212	-	38,212	-
W/A # 00173	22-Mar-18	126,263	-	126,263	-
W/A # 00177	27-Mar-18	260,600	-	260,600	-
W/A # 00181	27-Mar-18	32,575	-	32,575	-
W/A # 00179	29-Mar-18	15,885	-	15,885	-
W/A # 00180	29-Mar-18	127,082	-	127,082	-
W/A # 00182	29-May-18	240,162	-	240,162	-
W/A # 00183	29-May-18	98,157	-	98,157	-
W/A # 00184	29-May-18	483,054	-	483,054	-
W/A # 00185	30-May-18	766,158	-	766,158	-
W/A # 00186	21-Jun-18	235,428	-	235,428	-
W/A # 00192	21-Jun-18	427,656	-	427,656	-
W/A # 00193	21-Jun-18	379,017	-	379,017	-
W/A # 00194	21-Jun-18	180,000	-	180,000	-
W/A # 00196	21-Jun-18	97,725	-	97,725	-
W/A # 00187	25-Jun-18	681,099	-	681,099	-
W/A # 00188	25-Jun-18	139,212	-	139,212	-



**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843–GEO**

**STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)  
(in US Dollars)**

W/A # 00189	25-Jun-18	172,075	-	172,075	-
W/A # 00190	25-Jun-18	70,435	-	70,435	-
W/A # 00191	25-Jun-18	46,957	-	46,957	-
W/A # 00195	29-Jun-18	146,588	-	146,588	-
W/A # 00197	18-Sep-18	418,556	-	418,556	-
W/A # 00199	18-Sep-18	319,157	-	319,157	-
W/A # 00200	18-Sep-18	160,000	-	160,000	-
W/A # 00203	19-Sep-18	391,174	-	391,174	-
W/A # 00205	19-Sep-18	27,164	-	27,164	-
W/A # 00198	20-Sep-18	614,276	-	614,276	-
W/A # 00201	20-Sep-18	108,624	-	108,624	-
W/A # 00202	20-Sep-18	145,920	-	145,920	-
W/A # 00206	26-Sep-18	793,485	-	793,485	-
W/A # 00204	28-Sep-18	62,238	-	62,238	-
W/A # 00207	28-Sep-18	1,204,155	-	1,204,155	-
W/A # 00208	12-Nov-18	110,374	-	110,374	-
W/A # 00209	29-Nov-18	22,636	-	22,636	-
W/A # 00210	05-Dec-18	146,759	-	146,759	-
W/A # 00211	11-Dec-18	146,588	-	146,588	-
W/A # 00212	11-Dec-18	97,725	-	97,725	-
WA # 00215	11-Dec-18	22,175	-	22,175	-
WA # 00221	12-Dec-18	17,837	-	17,837	-
W/A # 00213	13-Dec-18	43,074	-	43,074	-
W/A # 00214	13-Dec-18	64,610	-	64,610	-
WA # 00216	13-Dec-18	11,615	-	11,615	-
WA # 00217	14-Dec-18	24,561	-	24,561	-
WA # 00218	14-Dec-18	110,684	-	110,684	-
WA # 00219	14-Dec-18	223,148	-	223,148	-
WA # 00220	14-Dec-18	125,498	-	125,498	-
W/A # 00222	19-Dec-18	108,230	-	108,230	-
W/A # 00223	19-Dec-18	166,214	-	166,214	-
W/A # 00024	21-Dec-18	239,366	-	239,366	-
WA # 00225	24-Dec-18	419,017	-	419,017	-
WA # 00226	24-Dec-18	140,000	-	140,000	-
WA # 00227	26-Dec-18	164,039	-	164,039	-
WA # 00228	26-Dec-18	123,717	-	123,717	-
		<b>16,248,116</b>	<b>-</b>	<b>16,248,116</b>	<b>-</b>

Withdrawal application No.244 was sent to ADB on 15-Apr-2018, but the amount was approved and replenished by ADB in January 2018. Total SOE expenditures in withdrawal application No.172 were USD 99,420 from which USD 1,989 is SOE attributable to 2017, and USD 97,431 is SOE attributable to 2018. Above table shows zero balances because, as at 31.12.2018 withdrawal application No. 244 expenditures were not yet sent to ADB for Reimbursement. No other withdrawal applications were approved or replenished by ADB during 2018.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843–GEO**

**STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)  
(in US Dollars)**

**7. PROJECT EXPENDITURES BY COMPONENTS**

Project Activities	Year ended 31 December 2018			Cumulative from inception		
	ADB Financing	GoG Financing	Total	ADB Financing	GoG Financing	Total
<b>Component 1 - Construction of Kobuleti Bypass section</b>						
Civil works	7,575,751	1,264,807	8,840,558	51,776,710	8,761,371	60,538,081
Consultant's services for works supervision and design	1,206,367	353,438	1,559,805	6,315,015	1,756,304	8,071,319
<b>TOTAL COMPONENT 1</b>	<b>8,782,118</b>	<b>1,618,245</b>	<b>10,400,363</b>	<b>58,091,725</b>	<b>10,517,675</b>	<b>68,609,400</b>
<b>Component 2 - Capacity development of the Roads Department of MORDI</b>						
Consultancy	20,920	6,508	27,428	104,600	32,542	137,142
<b>TOTAL COMPONENT 2</b>	<b>20,920</b>	<b>6,508</b>	<b>27,428</b>	<b>104,600</b>	<b>32,542</b>	<b>137,142</b>
<b>Component 3 - Road safety enhancement</b>						
	7,510,618	1,396,862	8,907,480	17,666,536	3,147,176	20,813,712
<b>TOTAL COMPONENT 3</b>	<b>7,510,618</b>	<b>1,396,862</b>	<b>8,907,480</b>	<b>17,666,536</b>	<b>3,147,176</b>	<b>20,813,712</b>
<b>Component 4 - Project management support</b>						
	31,895	27,453	59,348	68,454	40,251	108,705
<b>TOTAL COMPONENT 4</b>	<b>31,895</b>	<b>27,453</b>	<b>59,348</b>	<b>68,454</b>	<b>40,251</b>	<b>108,705</b>
<b>TOTAL PROJECT EXPENDITURES</b>	<b>16,345,551</b>	<b>3,049,068</b>	<b>19,394,619</b>	<b>75,931,315</b>	<b>13,737,644</b>	<b>89,668,959</b>



**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER  
ROAD CORRIDOR INVESTMENT PROGRAM – PROJECT 1  
LOAN NO. 2843-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)  
(in US Dollars)**

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The Project comprises the following main components:

- Component 1 - Construction of a new two-lane road of approximately 28 km in length bypassing Kobuleti and the expansion and improvement of approximately 6-km road section between Kobuleti and Batumi;
- Component 2 - Capacity development of the Roads Department of Ministry of Regional Development and Infrastructure (MORDI);
- Component 3 - Road safety enhancement; and
- Component 4 - Project management support, including detailed design and supervision consultancy.

The amount of the Loan is allocated to Category appears to exceed all agreed expenditures 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 and Land acquisitions
- Category 2 - Consultant's services for works supervision and design
- Category 3 - Project management support
- Category 4 - Unallocated

There are no Statement of Expenditures (SOE) in the withdrawal schedule under this Project.

**8. 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 2018 and on the funds received and disbursed during the year then ended.

**9. 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 2018 and 2017 paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

**10. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

There were no significant events subsequent to the balance sheet date that require adjustment to, or disclosure in, these special purpose financial statements.

**11. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Management of ETCIC on 25 June 2019.