

**“Extractive Industries Transparency Initiative Project”  
Grant No. TF 018097**

**Special Purpose Project Financial Statements**  
for the period from October 14, 2014 to December 31, 2015

**and independent auditors’ report**

**“EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE PROJECT”  
GRANT NO. TF 018097**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE PERIOD FROM OCTOBER 14, 2014 TO DECEMBER 31, 2015**

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The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on pages 3-4, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the special purpose project financial statements of the "Extractive Industries Transparency Initiative Project", Grant No. TF 018097 (the "Project").

Management is responsible for the preparation of the special purpose project financial statements that present fairly, in all material respects, the financial position, cash proceeds and disbursements, uses of funds by project components, statement of applications, special account of the Project for the period from October 14, 2014 to December 31, 2015 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

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


- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the special purpose project financial statements; and
- preparing the special purpose project financial statements on a going concern basis, unless it is inappropriate to presume that the Project will continue its activity for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining effective and sound system of internal control and for revealing risks in system of internal control;
- maintaining proper accounting records that 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 IPSAS and WB Guidelines;
- compliance with laws and regulations of the Republic of Tajikistan, accounting system of the Project and the requirements of the World Bank;
- taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- detecting and preventing fraud and other irregularities.


The special purpose project financial statements for the period from October 14, 2014 to December 31, 2015 were approved and authorized for issue on June 24, 2016 by the management of the Project.

**On behalf of the Management:**

  
**Nuriddinoda A.**  
**Director of PIU**

June 24, 2016  
Dushanbe, Republic of Tajikistan



  
**Gafforov B.**  
**Chief Accountant**

June 24, 2016  
Dushanbe, Republic of Tajikistan

**INDEPENDENT AUDITORS' REPORT**

To the Management of the “Extractive Industries Transparency Initiative Project” under the Ministry of Finance under the Government of the Republic of Tajikistan and the State Committee on Investments and Government Property Management of the Republic of Tajikistan:

**Report on the Special Purpose Project Financial Statements**

- [1] We have audited the accompanying special purpose project financial statements of “Extractive Industries Transparency Initiative Project” (the “Project”) which comprise the statement of financial position, the statement of cash proceeds and disbursements, the statement of uses of funds by project components, the statement of applications, the statement of special account for the period from October 14, 2014 to December 31, 2015, and a summary of significant accounting policies and other explanatory information (the “special purpose project financial statements”).

**Management’s responsibility for the special purpose project financial statements**

- [2] Management is responsible for the preparation and fair presentation of these special purpose project financial statements in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”), and for such internal control as management determines is necessary to enable the preparation of the special purpose project financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors’ responsibility**

- [3] Our responsibility is to express an opinion on these special purpose project financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose project financial statements are free from material misstatement.
- [4] An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose project financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the special purpose project financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the special purpose project financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose project financial statements.

- [5] We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

- [6] In our opinion, the accompanying special purpose project financial statements present fairly, in all material respects, financial position as at December 31, 2015 cash proceeds and disbursements, uses of funds by project components, applications and special account for the period from October 14, 2014 to December 31, 2015 in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”).

### **Emphasis of matter**

- [7] Without qualifying our opinion, we draw attention to Note 2 to the Project Financial Statements which describes the basis of accounting. These special purpose project financial statements were prepared for complying with the appropriate World Bank Guidelines and Grant agreement requirements, and therefore are not intended to be a complete presentation of the “Extractive Industries Transparency Initiative Project” (the “Project”) operations.

### **Other Matter**

- [8] The special purpose project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result the special purpose project financial statements may not be suitable for another purpose. Our report is intended solely for use by the management of the Project and the World Bank should not be distributed or used by anyone other than these specified parties.

*Baker Tilly Klitou and Partners*

**Baker Tilly Klitou and Partners SRL**

**Bucharest, Romania**

**June 24, 2016**




**“EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE PROJECT”  
GRANT NO. TF 018097**

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2015  
(in US Dollars)**


	Notes	December 31, 2015
<b>ASSETS AND EXPENDITURES</b>		
Cash and cash equivalents	4	34,044
Cumulative project expenditures	5	244,282
Foreign exchange differences		<u>(424)</u>
<b>TOTAL ASSETS AND EXPENDITURES</b>		<u><u>277,902</u></u>
<b>FINANCING</b>		
Grants received	6	<u>277,902</u>
<b>TOTAL FINANCING</b>		<u><u>277,902</u></u>

On behalf of the Management:

  
**Nuriddinzoda A.**  
Director of PIU

June 24, 2016  
Dushanbe, Republic of Tajikistan



  
**Gafforov B.**  
Chief Accountant

June 24, 2016  
Dushanbe, Republic of Tajikistan

The notes on pages 12-16 form an integral part of the special purpose project financial statements. The Independent Auditors' Report is on pages 3-4.

**“EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE PROJECT”  
GRANT NO. TF 018097**

**STATEMENT OF CASH PROCEEDS AND DISBURSEMENTS  
FOR THE PERIOD FROM OCTOBER 14, 2014 TO DECEMBER 31, 2015**

*(in US Dollars)*

	Notes	For the period from October 14, 2014 to December 31, 2015	Cumulative
Opening balance		-	-
<b>Funding sources</b>			
Grant No. TF 018097	6	<u>277,902</u>	<u>277,902</u>
<b>Total financing</b>		<u>277,902</u>	<u>277,902</u>
<b>Project expenses</b>			
Goods, consultants’ services, training and operating costs	5	<u>244,282</u>	<u>244,282</u>
<b>Total project expenses</b>		<u>244,282</u>	<u>244,282</u>
Foreign exchange differences		<u>(424)</u>	<u>(424)</u>
<b>Closing balance</b>	4	<u>34,044</u>	<u>34,044</u>

**On behalf of the Management:**

**Nuriddinzoda A.**  
**Director of PIU**

June 24, 2016  
Dushanbe, Republic of Tajikistan



**Gafforov B.**  
**Chief Accountant**

June 24, 2016  
Dushanbe, Republic of Tajikistan

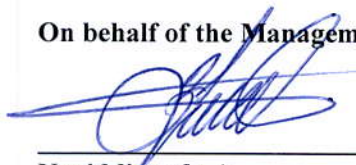
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**“EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE PROJECT”  
GRANT NO. TF 018097**

**STATEMENT OF FUNDS BY PROJECT COMPONENTS  
FOR THE PERIOD FROM OCTOBER 14, 2014 TO DECEMBER 31, 2015**  
*(in US Dollars)*

	<b>For the period from October 14, 2014 to December 31, 2015</b>	<b>Cumulative</b>
Part A: Extractive industries transparency initiative reports preparation support	60,250	60,250
Part B: Communications effort	91,024	91,024
Part C: Strengthen multi-stakeholder processes	40,384	40,384
Part D: Operational support for efficient extractive industries transparency initiative implementation	52,624	52,624
	<u>244,282</u>	<u>244,282</u>

**On behalf of the Management:**



**Nuriddinzoda A.**  
**Director of PIU**

June 24, 2016  
Dushanbe, Republic of Tajikistan




**Gafforov B.**  
**Chief Accountant**

June 24, 2016  
Dushanbe, Republic of Tajikistan

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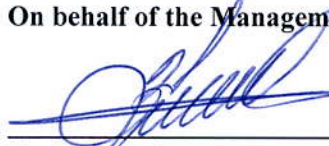


**“EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE PROJECT”  
GRANT NO. TF 018097**

**STATEMENT OF APPLICATIONS  
FOR THE PERIOD FROM OCTOBER 14, 2014 TO DECEMBER 31, 2015  
(in US Dollars)**

Sources of financing	Application	Date	Advances	Goods, consultants' services, training and operating costs	Total
TF 018097	1	February 17, 2015	100,000	-	100,000
	2	September 21, 2015	-	18,439	18,439
	3	November 5, 2015	-	55,906	55,906
	4	December 1, 2015	-	55,101	55,101
	5	December 22, 2015	-	48,456	48,456
			<u>100,000</u>	<u>177,902</u>	<u>277,902</u>

**On behalf of the Management:**



**Nuriddinzoda A.  
Director of PIU**

June 24, 2016  
Dushanbe, Republic of Tajikistan




**Gafforov B.  
Chief Accountant**

June 24, 2016  
Dushanbe, Republic of Tajikistan

The notes on pages 12-16 form an integral part of the special purpose project financial statements. The Independent Auditors' Report is on pages 3-4.

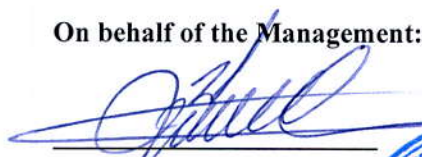
**“EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE PROJECT”  
GRANT NO. TF 018097**

**STATEMENT OF SPECIAL ACCOUNT  
FOR THE PERIOD FROM OCTOBER 14, 2014 TO DECEMBER 31, 2015**  
*(in US Dollars)*

<i>Special accounts</i>	<b>Grant No. TF TF018097</b>
<i>Currency</i>	US Dollars
<i>Bank account</i>	22696840200083
<i>Bank</i>	National Bank of Tajikistan
<i>Bank's location</i>	107 Rudaki Ave, Dushanbe, Republic of Tajikistan

Description	Notes	US Dollars
<b>Balance as at November 5, 2014</b>		-
Advances received	6	100,000
Reimbursement of expenses	6	177,902
<b>Total funds received to a special account</b>		<u>277,902</u>
The amount of eligible expenditures	5	244,282
Transfers between accounts		14,765
Foreign exchange differences		(424)
<b>Balance as at 31 December 2015</b>	4	<u>19,279</u>

**On behalf of the Management:**



**Nuriddinzoda A.**  
**Director of PIU**

June 24, 2016  
Dushanbe, Republic of Tajikistan




**Gafforov B.**  
**Chief Accountant**

June 24, 2016  
Dushanbe, Republic of Tajikistan

The notes on pages 12-16 form an integral part of the special purpose project financial statements. The Independent Auditors' Report is on pages 3-4.

**“EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE PROJECT”  
GRANT NO. TF 018097**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS  
FOR THE PERIOD FROM OCTOBER 14, 2014 TO DECEMBER 31, 2015**

*(in US Dollars)*

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**1. GENERAL INFORMATION**

According to the Grant Agreement between the Republic of Tajikistan and International Bank for Reconstruction and Development Association (the “IBRD”) signed on October 14, 2014, the IBRD provided a Grant No. TF 018097 in amount of 300,000 US Dollars to the Republic of Tajikistan. According to Amendment to Grant Agreement dated February 11, 2016 the IBRD increased Grant No. TF 018097 for 200,000 US Dollars. After the increase, the total amount of the Grant is 500,000 US Dollars.

The Grants were provided for the “Extractive Industries Transparency Initiative Project” (the “Project”).

**Project purpose**

The objective of the Project is to increase transparency and governance in the extractive industries through periodic publication of reports, adherence to Extractive Industries Transparency Initiative Project standards, and institutional capacity strengthening to improve Tajikistan’s investment climate.

The Project comprises the following parts:

Part A: Extractive Industries Transparency Initiative Reports Preparation Support;

Part B: Communications Effort;

Part C: Strengthen Multi-Stakeholder Processes;

Part D: Operational Support for efficient Extractive Industries Transparency Initiative Implementation.

***Part A: Extractive Industries Transparency Initiative Reports Preparation Support (the “EITI”):***

- Initiation of EITI National Council discussion on the scope, format and content of future EITI report, taking into account EITI requirements and specifics of extractive industry in Tajikistan;
- Conduction a Scoping Study to define the materiality threshold and the list of extractive companies to report on EITI, and prepare the Terms of Reference for the reconciliation assignment;
- Procurement reconciliation/audit firm to produce the 1<sup>st</sup> EITI Report;
- Provision of consultants’ services during the reconciliation, as needed, to help design and finalize the EITI Report – including training related to the correct filling out of the reporting templates;
- Ensure a timely and effective dissemination of EITI Reports.

***Part B: Communications Effort:***

- Development and implementation of EITI communication activities;
- Wide publication of EITI reconciliation reports using multiple communications channels;
- Use of EITI platform to generate wide and active public debate on extractive revenues issues.

***Part C: Strengthen Multi-Stakeholder Processes:***

- Provision of consultant's services, as required, for ongoing training for the Secretariat staff, members and broader constituencies of Tajikistan EITI National Council; exchange of experience with other EITI countries; and
- Provision of consultants' services, as required, for broader training on EITI to Civil Society and other stakeholders (e.g. Media, Public Organizations, Parliamentarians) to Increase knowledge and generate interest on extractive sector and EITI.

***Part D: Operational Support for efficient Extractive Industries Transparency Initiative Implementation:***

- EITI Secretariat staffing and consultants costs;
- Stationery costs, workshops, communications and transportation and other operating costs required for delivery of the EITI work plan activities; and
- Contribution to purchase of office equipment and facilities.

*Project management*

The Project is implemented by the Project Implementation Unit (the "PIU") within the scope of the Ministry of Finance of the Republic of Tajikistan.

Initially the duration of Project was from October 14, 2014 to December 31, 2015, however in accordance to Amendment to Grant Agreement No. TF 018097 the closing date of the Project was extended until October 31, 2017.

## **2. PRESENTATION OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS**

### **Basis of preparation**

These special purpose project financial statements have been prepared in accordance with the International Public Sector Accounting Standard (the "IPSAS") "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received.

The Project's approved budget disclosed by categories of expenses is not publicly available and as such comparison of budget and actual amounts is not presented.

These special purpose project financial statements consist of:

- Statement of financial position;
- Statement of cash proceeds and disbursements;
- Statement of uses of funds by project components;
- Statement of applications;
- Statement of special account;
- Notes to the special purpose project financial statements, including short description of main statements of accounting policy and other descriptive notes.

The reporting currency of these special purpose project financial statements is US Dollars (the "USD").

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash basis of accounting**

Special purpose project financial statements are prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the entity. Special purpose project financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the special purpose project financial statements is balances of cash and changes therein.

#### **Foreign currency**

Operations in foreign currency initially are counted in functional currency by the official currency exchange rate settled by the National Bank of Tajikistan (the "NBT") on a date of operation.

All payments made in local currency are translated into USD at the official exchange rate defined by National Bank of Tajikistan, at the date of transaction.

Monetary assets and liabilities expressed in foreign currency are converted to functional currency at official exchange rate on a date settled by the NBT.

All foreign exchange differences resulted from maturity or recounting are included in statement of cash proceeds and disbursements.

Non-monetary items are valued according to their historic cost in foreign currency, which are recalculated on rates of the initial operation date.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term.

#### **Taxes**

Calculation and payment of personal income tax and social security contributions from income of local staff and consultants is made in accordance with the requirements and rates of the Tax Code of the Republic of Tajikistan.

#### **Project expenses**

The expenses are recorded in the period when they were actually paid.

#### **Sources of funds**

The funds were provided by the World Bank to the Project by replenishment of special account or through direct payment to the end supplier of goods and/or services.

#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2015 comprise:

	<b>December 31, 2015</b>
Special account Grant No. TF 018097	19,279
Scroll account Grant No. TF 018097	11,000
Transit account Grant No. TF 018097	3,765
	<hr/>
	34,044
	<hr/> <hr/>

As the Project had to be closed on December 31, 2015 the cash balance in amount of 11,000 USD was temporarily transferred to the scroll account of the Grant No. TF 018097 to cover subsequent expenses associated to liabilities on completing the Project (Note 8).

#### 5. CUMULATIVE PROJECT EXPENDITURES

Project expenditures by components are presented in the statement of funds by project components. Project expenditures on major categories are presented in the statement of cash proceeds and disbursements. Breakdown of project expenses by categories and nature is presented as follows:

##### **GOODS, CONSULTANTS' SERVICES, TRAINING AND OPERATING COSTS**

	<b>For the period from October 14, 2014 to December 31, 2015</b>	<b>Cumulative</b>
Consultancy services	62,615	62,615
National conference	40,020	40,020
Exchange trips	23,916	23,916
Advertising expenses	23,325	23,325
Payroll and related taxes	21,722	21,722
Publication of EITI report	16,692	16,692
Seminars	15,582	15,582
Goods	12,800	12,800
Trainings	9,006	9,006
Development of web-site	7,800	7,800
Translation services	3,251	3,251
Airfares	2,931	2,931
Stationery	1,114	1,114
Communication	970	970
Postal services	500	500
Bank services	353	353
Other	1,685	1,685
	<hr/>	<hr/>
	244,282	244,282
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## 6. GRANTS RECEIVED

The grants received were presented by the following reimbursement methods:

	<b>For the period from October 14, 2014 to December 31, 2015</b>
<b>Financing method / sources of financing:</b>	
<b>Grant No. TF 018097</b>	
Advances	100,000
Reimbursement of expenses	177,902
	<u>277,902</u>

## 7. UNDRAWN FUNDS

As at December 31, 2015 undrawn funds with breakdown are presented as follows:

	<b>Grant No. TF 018097</b>
Approved grant amount	500,000
Disbursed during the period from October 14, 2014 to December 31, 2015	277,902
	<u>222,098</u>
Undrawn amount	
	<b>Grant No. TF 018097</b>
Opening disbursed amount	-
Disbursed during the period from October 14, 2014 to December 31, 2015	277,902
	<u>277,902</u>
Closing disbursed amount	<u>277,902</u>

## 8. COMMITMENTS

In the normal course of activities, the Project concludes agreements with suppliers of goods and services in accordance with the established budget and procurement plan. As at December 31, 2015 Project had commitments for covering audit service expenses in amount of 9,288 USD to Baker Tilly Klitou and Partners SRL.

## 9. LEGAL CASES

There were no any legal claims related to the Project.

## 10. EVENTS AFTER THE REPORTING DATE

According to Amendment to Grant Agreement dated February 11, 2016 the IBRD increased Grant No. TF 018097 for 200,000 US Dollars. After the increase, the total amount of the Grant is 500,000 US Dollars.

As at the date of issue of these financial statements no other significant events or transactions happened, which should be disclosed in the special purpose project financial statements, except for the events or transactions described above.