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**HORTICULTURAL DEVELOPMENT PROJECT
(LOAN AGREEMENT No. 8393-UZ)**

**INDEPENDENT AUDITOR'S REPORT
ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 1, 2015 TO DECEMBER 31, 2015**

CONTENT

| | |
|---|-----------|
| CONTENT | 2 |
| INDEPENDENT AUDITOR'S REPORT | 3 |
| BALANCE SHEET | 5 |
| STATEMENT OF SOURCES AND USES OF FUNDS..... | 6 |
| STATEMENT OF USES OF FUNDS BY PROJECT COMPONENTS | 8 |
| STATEMENT OF USES OF FUNDS BY PROJECT CATEGORIES | 9 |
| STATEMENT OF PIU'S USD SPECIAL ACCOUNT..... | 10 |
| STATEMENT OF PIU'S UZS SPECIAL ACCOUNT | 11 |
| NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS..... | 12 |
| 1. PROJECT BACKGROUND | 12 |
| 2. GOING CONCERN | 13 |
| 3. PROJECT'S ACCOUNTING POLICY | 13 |
| 4. PRESENTED FINANCIAL STATEMENTS..... | 14 |
| 5. CASH AND CASH EQUIVALENTS | 15 |
| 6. STATEMENT OF EXPENDITURE (SOE) PROCEDURES..... | 16 |
| 7. DIRECT PAYMENT PROCEDURES..... | 16 |
| 8. LEGAL STATUS, TAXES AND FEES | 16 |

INDEPENDENT AUDITOR'S REPORT

To: **Rural Restructuring Agency**

We have audited the accompanying Special Purpose Financial Statement of the Horticultural Development Project No.8393-UZ ("the Project"), implemented by Rural Restructuring Agency ("the Agency") and financed by the International Bank for Reconstruction and Development ("the IBRD", "the Bank") against the proceeds of the Loan Agreement No. 8393-UZ ("the Loan Agreement"), the grant funds of European Union ("EU"), and the Grant Agreement of the Europe and the Central Asia Region Capacity Building Development (ECAPDEV) Trust Fund No.TF0A3025-UZ, for the period from 1 October 2015 to 31 December 2015.

The Special Purpose Financial Statements comprise: (i) Balance, (ii) Statement of Sources and Uses of Funds, (iii) Statement of Uses of Funds by Project Components, (iv) Statement of Uses of Funds by Project Categories, (v) PIU's Special Accounts Statements, and (vi) Summary of significant accounting policies and other explanatory information.

The Special Purpose Financial Statements have been prepared by the management of the Agency according to the International Public Sector Accounting Standards (hereinafter - IPSAS) under the Cash Basis of Accounting and the World Bank's requirements.

Management's Responsibility for the Special Purpose Financial Statements

The management of the Agency is responsible for preparation and fair presentation of these Special Purpose Financial Statements in accordance with IPSAS under the Cash Basis of Accounting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying Special Purpose Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA), issued by International Auditing and Assurance Standards Board of the International Federation of Accountants. Those standards require that we should follow ethical norms, plan and perform the audit to obtain reasonable assurance that there is no incorrect or false data in the Special Purpose Financial Statements.

Audit stipulates carrying out the procedures, which are aimed to get audit proofs as regards numeric data and information, contained in the Special Purpose Financial Statements. Choosing the procedures is based on auditor's professional judgment, including the estimation of risks of substantial misrepresenting of financial statement as a result of fraud or mistakes. In the process of estimation of above-mentioned risks, Auditor considers internal control system related to the preparation and authentic submission of financial statement of the organization to develop audit procedures, which are necessary in the present circumstances, but not to express opinion on the effectiveness of organization's internal control system.

An audit also includes evaluating principles of accounting policies used and estimates made by the management, as well as evaluating the overall presentation of the Special Purpose Financial Statements.

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

Opinion

In our opinion, the above-stated Special Purpose Financial Statements give a true and fair view of the sources and uses of funds of the Horticultural Development Project for the period from 01 October 2015 to 31 December 2015 and complies with conditions of the Agreements and IPSAS under the Cash Basis of Accounting.

Moreover, (a) adequate supporting documentation has been maintained to support claims to the Bank for reimbursement of expenditures incurred; and (b) the expenditures comply with objectives stipulated in the Agreement's.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 3 to the Special Purpose Financial Statements, which describes the basis of accounting. The Special Purpose Financial Statements are prepared to assist the Agency to comply with the financial reporting provisions on the requirements conditions of the Agreements and IPSAS under the Cash Basis of Accounting. As a result, the Special Purpose Financial Statements may not be suitable for another purpose. This audit report is only for information purpose and for internal use by the Bank, the Government of the Republic of Uzbekistan, as well as the management of Agency, and should not be distributed to or used by other parties.

Auditor:

TSIAR-FINANS, LLC
 2A, Chust Street
 Tashkent, 100077
 Republic of Uzbekistan

TSIAR-FINANS LLC



Tashkent, 20 June 2017


BALANCE SHEET
as at 31 December 2015
(USD)

| <i>Indicator</i> | <i>Note</i> | <i>as at 1 October 2015</i> | <i>as at 31 December 2015</i> |
|--|-------------|-----------------------------|-------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 5.1 | 0 | 421 816 |
| TOTAL ASSETS | | 0 | 421 816 |
| OWN FUNDS/FINANCING | | | |
| IBRD financing | 4.1 | 0 | 825 165 |
| Cumulative expenditure, net: | 4.2 | 0 | (403 349) |
| <i>including: Exchange rate difference</i> | | 0 | 0 |
| TOTAL OWN FUNDS/FINANCING | | 0 | 421 816 |

Signed by the management of the Agency on 1 February 2017

General Director of Rural Restructuring Agency

Chief Accountant of Rural Restructuring Agency


Najimov N.


Gubieva G.

Balance to be read in conjunction with Notes (pages from 12 to 16) thereto forming an integral part of the Project special purpose financial statements.

STATEMENT OF SOURCES AND USES OF FUNDS
 For the period from 1 October 2015 to 31 December 2015
 (USD)

| <i>Indicator</i> | <i>Note</i> | <i>Budget</i> | <i>Actual</i> | |
|--|-------------|---------------------------|-------------------------|---|
| | | | <i>Current period</i> | <i>Cumulative from the beginning of the Project</i> |
| FINANCING | | | | |
| IBRD Financing | | | | |
| - Direct payments | 7 | | 375 000 | 375 000 |
| - Replenishment of the PIU's USD Special Account | 5.1 | | 450 165 | 450 165 |
| Total IBRD Financing | | | 825 165 | 825 165 |
| <u>TOTAL FINANCIANG</u> | | | <u>825 165</u> | <u>825 165</u> |
| EXPENSES | | | | |
| Expenses by IBRD | | | | |
| Goods | | 1 207 600 | 0 | 0 |
| Works and Consultants' services (including auditing services and training) | | 1 476 200 | 0 | 0 |
| Investment and working capital sub-loans and lease financing | | 135 599 200 | 0 | 0 |
| Incremental Operating Costs | | 7 216 000 | (28 349) | (28 349) |
| Unallocated | | 4 126 000 | 0 | 0 |
| Front-end fee | | 375 000 | (375 000) | (375 000) |
| Total expenses by IBRD | | 150 000 000 | (403 349) | (403 349) |
| <u>TOTAL EXPENSES</u> | | <u>150 000 000</u> | <u>(403 349)</u> | <u>(403 349)</u> |
| <i>Exchange rate difference</i> | | | 0 | 0 |
| <i>Excess of Receipts over Payments</i> | | | 421 816 | 421 816 |

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| Indicator | Note | Budget | Actual | |
|--|------|--------|----------------|--|
| | | | Current period | Cumulative from the beginning of the Project |
| Balance as at 1 October 2015 | | | | |
| IBRD funds | | | | |
| PIU's USD Special Account | 5.1 | | 0 | 0 |
| PIU's UZS Special Account | 5.1 | | 0 | 0 |
| Total IBRD funds | | | 0 | 0 |
| <u>Total Project funds as at 1 October 2015</u> | | | <u>0</u> | <u>0</u> |
| | | | | |
| <u>Net Available Funds</u> | | - | <u>421 816</u> | <u>421 816</u> |
| Balance as at 31 December 2015 | | | | |
| IBRD funds | | | | |
| PIU's USD Special Account | 5.1 | | 421 816 | 421 816 |
| PIU's UZS Special Account | 5.1 | | 0 | 0 |
| Total IBRD funds | | | 421 816 | 421 816 |
| <u>Total Project funds as at 31 December 2015</u> | | | <u>421 816</u> | <u>421 816</u> |

Signed by the management of the Agency on 1 February 2017

General Director of Rural Restructuring Agency

Chief Accountant of Rural Restructuring Agency


 Najimov N.


 Gubieva G.

Statement of Sources and Uses of Funds to be read in conjunction with Notes (pages from 12 to 16) thereto forming an integral part of the Project special purpose financial statements.

STATEMENT OF USES OF FUNDS BY PROJECT COMPONENTS
For the period from 1 October 2015 to 31 December 2015

(USD)

| <i>Components</i> | <i>Actual</i> | | <i>Budget</i> | <i>Available Funds</i> |
|-------------------------------|-----------------------|---|---|---|
| | <i>Current Period</i> | <i>Cumulative from the beginning of the Project</i> | <i>Cumulative from the beginning of the Project</i> | <i>Cumulative from the beginning of the Project</i> |
| Agricultural Support Services | 375 000 | 375 000 | 2 641 800 | 2 266 800 |
| Access to Credits | 0 | 0 | 144 883 200 | 144 883 200 |
| Project Management | 28 349 | 28 349 | 2 475 000 | 2 446 651 |
| Total | 403 349 | 403 349 | 150 000 000 | 149 596 651 |

Signed by the management of the Agency on 1 February 2017

General Director of Rural Restructuring Agency

Chief Accountant of Rural Restructuring Agency


Najimov N.


Gubleva G.

Statement of Uses of Funds by Project Components to be read in conjunction with Notes (pages from 12 to 16) thereto forming an integral part of the Project special purpose financial statements

STATEMENT OF USES OF FUNDS BY PROJECT CATEGORIES
For the period from 1 October 2015 to 31 December 2015


(USD)


| Categories | Actual | | Budget | Available Funds |
|--|----------------|--|--|--|
| | Current Period | Cumulative from the beginning of the Project | Cumulative from the beginning of the Project | Cumulative from the beginning of the Project |
| Goods | 0 | 0 | 1 207 600 | 1 207 600 |
| Works and Consultants' services (including auditing services and training) | 0 | 0 | 1 476 200 | 1 476 200 |
| Investment and working capital sub-loans and lease financing | 0 | 0 | 135 599 200 | 135 599 200 |
| Incremental Operating Costs | 28 349 | 28 349 | 7 216 000 | 7 187 651 |
| Unallocated | 0 | 0 | 4 126 000 | 4 126 000 |
| Front-end fee | 375 000 | 375 000 | 375 000 | 0 |
| Total | 403 349 | 403 349 | 150 000 000 | 149 596 651 |

Signed by the management of the Agency on 1 February 2017

General Director of Rural Restructuring Agency

Chief Accountant of Rural Restructuring Agency


Najimov N.


Gubieva G.

Statement of Uses of Funds by Project Categories to be read in conjunction with Notes (pages from 12 to 16) thereto forming an integral part of the Project special purpose financial statements.

STATEMENT OF PIU's USD SPECIAL ACCOUNT
For the period from 1 October 2015 to 31 December 2015

Account No: 2021 0840 4039 6563 7027
Depository bank: Tashkent city regional branch of JSCB
"Uzpromstroybank"
Address: 5, Mustakillik st., Tashkent, Uzbekistan
Related loan: 8393-UZ
Currency: USD


| | <i>USD</i> |
|--|----------------|
| Balance as at 28 October 2015 (opening balance) | 0 |
| <hr/> | |
| Inflow: | |
| IBRD financing | 450 165 |
| Total inflow | 450 165 |
| <hr/> | |
| Outflow: | |
| Transfers to PIU's UZS Special Account | 28 349 |
| Total outflow | 28 349 |
| <hr/> | |
| Balance as at 31 December 2015 | 421 816 |

Signed by the management of the Agency on 1 February 2017

General Director of Rural Restructuring Agency

Chief Accountant of Rural Restructuring Agency


Najimov N.


Gubieva G.

"Statement of PIU's USD Special Account to be read in conjunction with Notes (pages from 12 to 16) thereto forming an integral part of the Project special purpose financial statements.

STATEMENT OF PIU's UZS SPECIAL ACCOUNT
For the period from 1 October 2015 to 31 December 2015

Account No: 2021 0000 9039 6563 7033
Depository bank: Tashkent city regional branch of JSCB
"Uzpromstroybank"
Address: 5, Mustakillik st., Tashkent, Uzbekistan
Related loan: 8393-UZ
Currency: UZS


| | USD | 000`UZS |
|--|---------------|---------------|
| Balance as at 26 October 2015 (opening balance) | 0 | 0 |
| Inflow: | | |
| Transfers from PIU's USD Special Account | 28 349 | 79 003 |
| Total inflow: | 28 349 | 79 003 |
| Outflow: | | |
| Payroll | 25 074 | 69 850 |
| Taxes paid | 3 247 | 9 076 |
| Bank charge | 28 | 77 |
| Exchange rate difference | 0 | |
| Total outflow: | 28 349 | 79 003 |
| Balance as at 31 December 2015 | 0 | 0 |

Signed by the management of the Agency on 1 February 2017

General Director of Rural Restructuring Agency

Chief Accountant of Rural Restructuring Agency


Najimov N.


Gubieva G.

"Statement of PIU's UZS Special Account to be read in conjunction with Notes (pages from 12 to 16) thereto forming an integral part of the Project special purpose financial statements.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
For the period from 1 October 2015 to 31 December 2015

1. Project background

In accordance with the Loan Agreement between the Republic of Uzbekistan and International Bank for Reconstruction and Development ("Bank", "IBRD") dated April 8, 2015 ("Loan Agreement"), the Bank agreed to lend the Republic of Uzbekistan the amount of USD 150,000,000 (one hundred and fifty million) on the terms and conditions stipulated in the Loan Agreement, for the purpose of co-financing the Horticultural Project ("Project").

Decree No.2410 dated 21 September 2015 of the President of the Republic of Uzbekistan designates the Ministry of Agriculture and Water Resources as an executive agency responsible for the target and effective use of loan proceeds. Rural Restructuring Agency ("the Agency") is responsible for the steering, implementation coordinating and managing the Project. Participating commercial banks are responsible for the credit management, timely disbursement and eligible use of IBRD's funds, monitoring and reporting on the sub-project implementation progress.

To ensure the coordination of works under the Project Agency has established the Project Implementation Unit (hereinafter –PIU) responsible for the overall Project Management, control and accounting of the Project funds in compliance with the Bank guidelines and relevant national regulatory requirements.

The objective of the Project is to enhance the productivity and profitability of the horticulture sector in the Project Area.

The project will be implemented in the Republic of Karakalpakstan, Andijan, Jizzakh, Kashkadarya, Namangan, Samarkand, Tashkent, Fergana and Khorezm regions. The Project consists of the following parts:

1. «Agricultural Support Services»;
2. «Access to Credit»;
3. «Project Management».

Part 1: Agricultural Support Services

1. *Institutional Support Services*

(a) Strengthening the capacity of Participating Research Institutes to conduct research and genetic material multiplication activities through, *inter alia*: (i) the improvement of their laboratory facilities; (ii) the provision of Training to their staff on the horticultural sector value chain development; (iii) the development of pest surveillance maps of horticulture crops; and (iv) the creation of a seed storage facility for the Research Institute for Vegetables, Melons and Potatoes;

(b) improving food production and handling practices through, *inter alia*: (i) the carrying out of comparative studies between existing domestic regulations and international standards on food safety; (ii) the development of manuals for quality management and packaging requirements; and (iii) the provision of support for gathering and dissemination of information about private-sector standards for food safety and quality in destination markets

2. *Market-led agricultural technology transfer*

Bridging the knowledge and experience gap in the horticulture sector related to new production techniques, storage methods, post-harvest handling, marketing and business management knowledge by:

(a) (i) Establishing a knowledge management and market information system aimed to collect, organize, analyze and disseminate data on the horticulture value chain development; and (ii) carrying out of market studies.

(b) Carrying out of open-field demonstration activities and Training for Beneficiaries on, *inter alia*, greenhouse vegetables and potatoes, fruits and berries production techniques, post-harvesting handling and storage methods.

(c) Developing the value chain through, *inter alia*: (i) the creation of partnerships between producers, processors and traders; (ii) the establishment of a promotional association for fruits and vegetables; (iii) the provision of support to producer participation in national and international trade events; and (iv) the assessment of the Borrower's export and domestic marketing policies and the subsequent development of recommendations to improve said policies.

Part 2: Access to Credit

(a) Provision through selected PFIs of Investment and Working Capital Sub-Loans and Lease Financings to Beneficiaries.

(b) Provision of technical assistance and Training to PFIs to increase their capacity in managing a range; of innovatively structured finance products that support, *inter alia*, the development of value chains.

Part 3 Project Management

Provision of goods, technical assistance and Training to RRA for the implementation of the Project (including the areas of financial management, procurement, disbursement, monitoring and evaluation) and financing of Incremental Operating Costs.

The total cost of the Loan is estimated to be USD 150 million. The breakdown of various cost items of the Project is shown in the Table below:

| No. | Project Components | USD |
|-----|--|--------------------|
| | | IBRD Loan |
| 1 | Goods | 1 207 600 |
| 2 | Works and Consultants' services (including auditing services and training) | 1 476 200 |
| 3 | Investment and working capital sub-loans and lease financing | 135 599 200 |
| 4 | Incremental Operating Costs | 7 216 000 |
| 5 | Unallocated | 4 126 000 |
| 6 | Front-end fee | 375 000 |
| | Total | 150 000 000 |

In order to implement and finance component 1. "Agriculture support services" of the Horticulture Development project, it is expected the allocation of grant funds of the European Union (EU) for amount of EURO 21.5 mln.

EU grant to be directed to finance following activities of the "Agriculture support services" component: (i) To modernize and strengthen the material and technical base of scientific research institutes, and plant protection services, by providing the central and regional laboratories of institutions necessary laboratory equipment to improve the quality of soil analysis, detection and control of agricultural pests and diseases, and quarantine objects; (ii) Create demonstration sites for the cultivation of fruit and vegetable crops, demonstration of modern water and energy saving technologies, the selection of high-yielding and adapted to soil and climatic conditions of project areas of seeds and seedlings, the demonstration of modern methods of storage, sorting, processing, packaging and export of fruit and vegetables produced, for farmers and agricultural firms;

Moreover, in accordance with the agreement No.TF0A3025-UZ signed between World Bank and Ministry of Agriculture and Water Recourses of the Republic of Uzbekistan on 3 November 2016, allocated grant of trust fund ECAPDEV in the amount of USD 500 thousand to finance the preparation of project documents for new "Livestock Sector Development Project". Summary of ECAPDEV grant The objective of the grant allocation is to finance feasibility studies and project documentation of the new project "Livestock Sector Development Project" with the International Development Association (IDA). Also as part of the grant provided it is envisaged to hire a consulting firm to assess the environmental and social impacts of the proposed project. Attracted amount to be disbursed by July 2017.

2. Going concern

Project Implementation Term is from 2015 throughout 2021.

3. Project's Accounting Policy

These Special Purpose Financial Statements have been prepared, in accordance with requirements of International Public Sector Accounting Standards (hereinafter - IPSAS) under the Cash Basis of Accounting, issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, following the IBRD recommendations.

3.1. Basis for the preparation of financial statements

Balance, Statement of Sources and Uses of Funds, Statement of Uses of Funds by Project Components, Statement of Uses of Funds by Project Categories, PIU's Special Accounts Statements and Notes to the Project Special Purpose Financial Statements were prepared based on the cash flow basis to reflect operations conducted in the Project's framework, in accordance with below-stated principles.

3.2. Financing

– IBRD Financing

The Project financing is recognized when suppliers of material resources or services are paid by the Bank under Direct payment procedures (pls. refer to the Note 7). The Project financing is recognized when the funds from IBRD's Account were transferred to the PIU's USD Special Account opened with the Tashkent city regional Branch of the JSCB "Uzpromstroybank" (pls. refer to the Note 5.1).

3.3. Expenditures

Project expenditures are recognized as such and stated in the Project Special Purpose Financial Statements, when the payment is made to suppliers of goods, works and/or services. The payments are made either directly from Account administered by the IBRD, either from Special Accounts of Project.

3.4. Comparative information

As the financial activity of the Project is started from 2015, no comparative information for the previous period is presented in the Special Purpose Financial Statements.

3.5. Reporting currency and exchange rate methodology

The reporting currency of the Project is United States Dollar (USD). Operations conducted in currencies other than USD are exchanged into USD based on the following principles:

- In order to generate the Statement of Expenditure (SOE) the UZS (Uzbek Soum) revenues and expenditures are converted into USD at the respective CBU (The Central Bank of Uzbekistan) exchange rate effective on the date of receipt or payment of particular expenditures;
- IBRD fund expenditures under the procedure of Direct payments in currency other than US dollar are exchanged into US dollars according to exchange rate presented in Client Connection;
- UZS balance on Project bank accounts are revalued at the official exchange rate of CBU effective at the reporting date. As at 31 December 2015 the CBU's official exchange rates were UZS 2 809,98/USD 1.

4. Presented Financial Statements

Project Special Purpose Financial Statements for the reporting period are prepared in accordance with IPSAS based on the cash method by the Project Implementation Unit of the Horticultural Development Project. The Project Special Purpose Financial Statements have been signed by Mr. Najimov N., the General Director, and by Mrs. Gubieva G., Chief Accountant, of Rural Restructuring Agency, on 01 February 2017.

Project Special Purpose Financial Statements for the reporting period are generated as follows:

4.1. Balance Sheet

This report includes data on the accumulated Project funds, financing and cumulative Project expenditures as on December 31, 2015.

4.2. Statement of Sources and Uses of Funds

This Statement reports the sources of Project's funds and detailed breakdown of Project expenditures by the cost components. During the reporting period the Project expenditures were covered by the IBRD financing for total of USD 825,165 including direct payments for total of USD 375,000 (pls. refer to the Note 7) and replenishment of the PIU's USD Special Account for total of USD 450,165 (pls. refer to the Note 5.1).

4.3. Statement of Uses of Funds by Project Components

This Statement has detailed the information on the Expenditures of the Project Reported Period by the Project components.

4.4. Statement of Uses of Funds by Project Categories

This Statement has detailed the information on the Expenditures of the Project Reported Period by the Project categories.

Total Project expenditures for the reporting period are USD 403,349 including by the categories:

| Category | USD amount |
|--|----------------|
| Goods | 0 |
| Works and Consultants` services (including auditing services and training) | 0 |
| Investment and working capital sub-loans and lease financing | 0 |
| Incremental Operating Costs | 28 349 |
| Unallocated | 0 |
| Front-end fee | 375 000 |
| Total | 403 349 |

5. Cash and cash equivalents

The Project has a number of bank accounts. The Project's accounts and their purposes are listed below:

5.1. PIU`s Special accounts

The PIU has established two Special Accounts: USD Special account and UZS Special accounts to cover the PIU recurrent costs eligible for IBRD financing.

– PIU`s USD Special Account

From 1 October 2015 to 31 December 2015 the PIU`s USD Special Account was transferred from IBRD in the amount of USD 450,165. The total of USD 28,349 was converted and transferred to the PIU`s UZS Special Account.

– PIU`s UZS Special Account

PIU`s UZS Special Account is intended to cover payments billed by the suppliers of services and goods. From 1 October 2015 to 31 December 2015 the total of USD 25,074 was transferred to cover the payroll costs, the total of USD 3,247 was transferred to cover the income tax duties and eligible social charges from PIU staff payroll and the total of USD 28 was transferred to cover the bank charge.

The balances of the Project's bank account are provided in the following table:

| Balance as at 1 October 2015 | USD | 000`UZS |
|---------------------------------------|----------------|------------------|
| PIU`s USD Special Account * | 0 | 0 |
| PIU`s UZS Special Account ** | 0 | 0 |
| Total | 0 | 0 |
| Balance as at 31 December 2015 | USD | 000`UZS |
| PIU`s USD Special Account | 421 816 | 1 185 295 |
| PIU`s UZS Special Account | 0 | 0 |
| Total | 421 816 | 1 185 295 |

* Balance as at 28 October 2015 (opening date)

** Balance as at 26 October 2015 (opening date)

6. Statement of Expenditure (SOE) procedures

SOE procedure is used by the Project to replenish funds to the PIU's USD Special Account in accordance with the conditions of the Loan Agreement and IBRD Guidelines' requirements.

Summary data on funds recovered and reimbursed through SOE procedures is stated in the following table:

| | |
|---|----------------|
| Total amount reported under SOEs | 28 349 |
| Less: expenditures no submitted to IBRD on 31 December 2015 | (28 349) |
| Subtotal: | 0 |
| Reimbursed to the PIU's USD Special Account | 450 165 |
| Less: advance payments for PIU under: | (450 165) |
| WA No.1 | (450 165) |
| Subtotal reimbursed: | 0 |

7. Direct Payment Procedures

The List of Direct payments made by the IBRD for the period from October 1, 2015 to December 31, 2015 is summarized below.

| No. Application | Supplier (expenditure) | Category | Payment currency | Amount in payment currency | Amount in USD |
|------------------------|-------------------------------|-----------------|-------------------------|-----------------------------------|----------------------|
| w/n | IBRD | Front-end fee | USD | 375 000 | 375 000 |

8. Legal Status, Taxes and Fees

Services and goods acquired from IBRD funds are exempted from all taxes and levies based on Tax Code of the Republic of Uzbekistan.