



**Financial Statements of Projects Funded By the International Bank
For Reconstruction and Development - Loan #8637
(Lake Qaraoun Pollution Prevention)**

And Auditor's Report

**Council for Development and Reconstruction
Year Ended December 31, 2020**

Contents

	Page
Independent Auditor's Report	3
Statement of Special Account of Projects Funded by the International Bank For Reconstruction and Development - Loan #8637 (Lake Qaraoun Pollution Prevention)	4
Statement of Project Expenditures of Projects Funded by the International Bank For Reconstruction and Development - Loan #8637 (Lake Qaraoun Pollution Prevention)	5
Statement of Expenditures of Projects Funded by the International Bank For Reconstruction and Development – Loan #8637 (Lake Qaraoun Pollution Prevention)	6
Notes to the Financial Statements/ Project Expenditures	7-8



INDEPENDENT AUDITOR'S REPORT

President
Council for Development and Reconstruction
World Bank Loan No.8637
Lake Qaraoun Pollution Prevention
Beirut, Lebanon

We have audited the accompanying financial statements comprising of the statement of Special Account, Project Expenditures, and Statement of Expenditures of Project Funded by the International Bank for Reconstruction & Development, Loan #8637 for the year ending and cumulatively as at December 31, 2020. The Project financial statements are the responsibility of the Council for Development and Reconstruction's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited compliance with the laws, regulations, guidelines and provisions governed by the Grant Agreement for the year ended December 31, 2020.

We conducted our audits in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the "Lake Qaraoun Pollution Prevention" has complied with the laws, regulations, guidelines and provisions governed by the Grant Agreement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion:

- (a) The accompanying Financial Statements present fairly, in all material respects, the cash receipts and payments of the Lake Qaraoun Pollution Prevention Project for the year ending December 31, 2020 and showing cumulative balances as at December 31, 2020 in accordance with the International Public Sector Accounting Standards(IPSAS), under the cash basis of accounting;
- (b) Internal control over financial reporting involved in the preparation of replenishments, direct payments, payments through special commitments, and reimbursements i.e. expenditures reimbursed on the basis of Statements of Expenditures can be relied upon to support the related withdrawals as of December 31, 2020;
- (c) The project was in all material respects in compliance with the laws, regulations, guidelines and provisions governed by the Grant agreement.

June 14, 2021
MENAF

A handwritten signature in blue ink, appearing to read 'Jihad Anouti', is written over a light blue horizontal line.

Jihad Anouti
Managing Partner

Statement of Special Account (IBRD#8637)

	<u>Note</u>	<u>USD</u>
Balance as of January 1, 2020		1,313,781
<u>Add:</u>		
World Bank replenishments		844,330
<u>Deduct:</u>		
Payments for project expenditures funded by the Grant: Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC	3	197,069
Balance December 31, 2020		<u><u>1,961,042</u></u>

See accompanying notes to the financial statements.

Statement of Project Expenditures

	<u>Note</u>	<u>USD</u>
Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC	3	1,144,367
		<u><u>1,144,367</u></u>

See accompanying notes to the financial statements.

Statement of Expenditures

	<u>Note</u>	<u>USD</u>
Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC	4	<u>83,160</u>
		<u>83,160</u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

1. Project Background

A Loan IBRD#8637 (Lake Qaraoun Pollution Prevention Project) for the amount of USD 55,000,000 was signed on September 12, 2016 between the International Bank for Reconstruction and Development and the Lebanese Republic (the borrower) to reduce the quantity of untreated municipal sewage discharged into the Litani River and to improve pollution management around Qaraoun Lake.

The project consists of the following parts:

Part A. Improvement of Municipal Sewage parts:

1. Supporting the expansion and rehabilitation of the sewerage network in selected villages in the vicinity of the city of Zahle to connect to the Zahle Wastewater Treatment Plant.
2. Supporting the expansion of the sewerage network in selected villages in the vicinity of the city of Anjar to connect to the Anjar Wastewater Treatment Plant.
3. Supporting the expansion of the sewerage network in selected villages in the vicinity of the city of Aitanit to connect to the Aitanit Wastewater Treatment Plant.
4. Providing technical assistance for: (i) design and supervision of activities under Part A of the Project; (ii) preparation of safeguards instruments, if needed, for activities under Part A of the Project; and (iii) supervision of implementation of Safeguards Instruments under Part A of the Project.

Part B. Promotion of Good Agricultural Practices (Including Integrated Pest Management):

Carrying out a program of activities to promote the use of sustainable production systems among farmers in the upper Litani basin in the Borrower's territory through: (i) conducting an assessment of current agricultural practices and developing a program for good agricultural practices, including integrated pest management ("GAP Program"); (ii) training key stakeholders on the GAP Program; (iii) implementing the GAP Program at the farm level; and (iv) monitoring and evaluating the implementation of the GAP Program.

Part C. Solid Waste Management, Water Quality Monitoring, Capacity Building, and Project Management

1. Providing technical assistance to the Ministry of Environment to carry out technical, environment and social studies for: (a) the establishment of sorting and landfilling facilities; and (b) rehabilitation and closure of selected dump sites.
2. Providing technical assistance to the Litani River Authority to improve the water quality monitoring network and water resources modeling, and raise awareness on the cleaning-up of the Litani River.
3. Strengthening the capacity of the Beqaa Water Establishment for improving governance, institutional administration, human resources management, customer relations, operation and maintenance, and financial management.
4. Strengthening the capacity of the Ministry of Energy and Water to perform its oversight function on the wastewater sector, including, *inter alia*, monitoring the implementation of the National Wastewater Strategy and updating it, if needed.

5. Establishing the Project Management Unit and strengthening its capacity for Project management, coordination, monitoring and evaluation, including, *inter alia*, financial and procurement managements, environmental and social safeguard compliance, reporting and auditing.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting, services, consultants' services Training and Operating Costs	54,862,500	100%
(2) Front –end Fee	137,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	55,000,000	

The closing Date is June 30, 2023.

2. Summary of Significant Accounting Policies

The accompanying statement of special account, project expenditures and statement of expenditures are prepared on the cash basis of accounting. On this basis, disbursements from grant are recognized when received and expenses are recognized when paid rather than when incurred.

3. Details of Expenditures

Expenditures paid from Lake Qaraoun Pollution Prevention Project Special account and direct payments paid during the year 2020 are detailed as follows:

Contractor's Name	Description	Amount financed from loan proceeds (100%)
Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC		
Bureau Technique pour le Development (BTD)-3	Sup-sew Net to Con to Aitanit (Baaloul & Qaraoun)	98
Dynamesh SAL	Software maintenance	10,249
Khoury Contracting Company SARL	Construction of additional sewer lines and sewage pumping stations in Baaloul and El Qaraoun-West beqaa Caza	615,294
Charbel Bechir	project manager	63,366
DAH Nazih Taleb/Novec	DAH Nazih Taleb/Novec	59,018
Elard	ESMP & LAP in Al Marej	8,962
Elard 2	Business Plan - Elard	44,100
Marie Nahhas	Financial Officer	44,000
Matilda El Khoury	Environmental and Social Officer	47,700
Michel Labban	Financial Officer	39,937
Pierre Abi Akl	procurement officer	47,700
Rami Nassif	Solid Waste Expert	12,667
Rawad Jammal	project engineer	46,533
Roy Yazbek	Administration officer	49,743
Souad Hoayek	Project Coordinator at MOEW	55,000
Amount paid from special account		197,069
Direct Payment		947,298
Total		1,144,367

4. S.O.E Withdrawals During the Year 2020

Withdrawal	Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC
	USD
Cumulative SOE 1/1/2020	631,066
38	13,000
39	8,500
48	4,500
67	4,000
87	44,100
116	9,060
Total S.O.E withdrawals 2020	83,160
Cumulative S.O.E withdrawals 31.12.2020	714,226

5. Cumulative Statement of Special Account

The cumulative drawings and payments made in this account since inception up to December 31, 2020 are detailed as follows:

	<u>USD</u>
World Bank initial deposit	2,100,181
World Bank replenishments	2,909,324
Increase of the special account	-
Interest earned	-
	<u>5,009,505</u>
<u>Deduct:</u>	
Payments for project expenditures funded by the Loan:	
Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC	3,048,463
	<u>3,048,463</u>
Balance – December 31, 2020	<u><u>1,961,042</u></u>

6. Cumulative Statement of Project Expenditures

	<u>USD</u>
Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC	7,032,422
	<u><u>7,032,422</u></u>

7. Cumulative Statement of Expenditures

	<u>USD</u>
Goods, Works, Non Cons Ser & Cons Ser Tr & IncOC	714,226
	<u><u>714,226</u></u>