

SOCIAL INVESTMENT AND LOCAL DEVELOPMENT PROJECT

IBRD LOAN NUMBER 8483-AM

**IMPLEMENTED BY
ARMENIAN TERRITORIAL DEVELOPMENT FUND**

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2017

**YEREVAN
June 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Management of the Armenian Territorial Development Fund

Opinion

We have audited the special purpose financial statements of "Social Investment and Local Development Project" ("Project") financed by Loan Agreement IBRD Loan Number 8483-AM dated 8 April 2015 ("Loan Agreement"), and implemented by Armenian Territorial Development Fund ("ATDF"), which comprise of the statement of cash receipts and payments and the statement of expenditures per components for the year ended 31 December 2017, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion,

1. the accompanying financial statements present fairly, in all material respects, the cash flows for the year ended 31 December 2017 in accordance with International Public Sector Accounting Standards: *Financial Reporting Under the Cash Basis of Accounting, (IPSAS-Cash Basis)*;
2. funds have been used in accordance with the conditions of the Loan Agreement concluded between the International Bank for Reconstruction and Development (IBRD) and the Republic of Armenia, and WB Guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
3. supporting documents, records and accounts have been maintained to support claims for reimbursement of expenditures incurred. Reimbursed expenditures included in the withdrawal applications are eligible for financing under the Loan Agreement; Interim Unaudited Financial Reports (IFRs) issued by ATDF during the Reporting year are in agreement with the underlying books of accounts;
4. the Designated Accounts have been maintained in accordance with the provisions of the Loan Agreement, and World Bank related guidelines;
5. Financed Works, Goods and Services have been procured in accordance with the Loan Agreement and World Bank related guidelines.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). 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 Project and of the ATDF in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical requirements in accordance with 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- Cash Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes that financial statements are prepared in accordance with cash basis framework, as a result, they may not be suitable for another purposes. Our opinion is not modified in respect of this matter.

Responsibilities of the Management for the Financial Statements

Management of the ATDF is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board (IPSASB) of the IFAC and Financial Management Manual for World Bank Financed Investment Operations ("WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements


Our objectives are to obtain reasonable assurance about whether the special purpose 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 high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.


As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

"BDO Armenia" CJSC
25 June 2018


Vahagn Sahakyan, FCCA
Managing Partner


Gnel Khachatryan, FCCA
Engagement Partner

STATEMENT OF CASH RECEIPTS AND PAYMENTS

Social Investment and Local Development Project

IBRD Loan 8483-AM

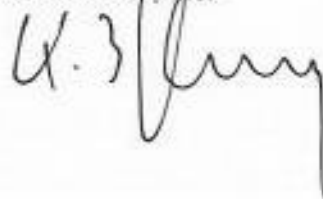
For the year ended 31 December 2017

In USD

| Description | Note | Actual | | Planned | | Variance | |
|---|------|------------------|------------------------------|------------------|------------------------------|-----------------|------------------------------|
| | | Reporting year | Cumulative as at 31 Dec 2017 | Reporting year | Cumulative as at 31 Dec 2017 | Reporting year | Cumulative as at 31 Dec 2017 |
| Opening Cash Balance | 6 | 746,714 | - | | | | |
| Sources of Funds | 9 | | | | | | |
| IBRD Loan Number 8483-AM | | 5,518,643 | 12,792,115 | | | | |
| RA Government | | 1,792,986 | 4,455,541 | | | | |
| Community contribution | | 431,023 | 1,423,433 | | | | |
| Sponsors | | - | 73,284 | | | | |
| Total | | 7,742,652 | 18,744,373 | | | | |
| Uses of Funds | | | | | | | |
| 1. Works, goods and consultants' services under Part A of the Project | | 6,270,465 | 15,054,985 | 6,136,313 | 14,920,833 | (134,152) | (134,152) |
| 2. Works, goods and consultants' services under Part B of the Project | | - | - | - | - | - | - |
| 3. Goods, consultants' services (including for Project audits) and Training under Part C of the Project | | 11,291 | 148,085 | 64,951 | 201,745 | 53,660 | 53,660 |
| 4. Operating costs under Part C of the Project | | 683,464 | 1,939,758 | 731,980 | 1,988,274 | 48,516 | 48,516 |
| 5. Front-end fee | | - | 75,000 | - | 75,000 | - | - |
| Total | | 6,965,220 | 17,217,828 | 6,933,244 | 17,185,852 | (31,976) | (31,976) |
| Foreign currency gain/(loss) | | (20) | (2,419) | | | | |
| Closing Cash Balance | 6 | 1,524,126 | 1,524,126 | | | | |

The project special purpose financial statements were approved by the management of the Armenian Territorial Development Fund on 25 June 2018 and signed on its behalf. The accompanying notes form an integral part of these project special purpose financial statements.

Ashot Kirakosyan
Executive Director




Levon Dulyan
Financial and Administrative Director



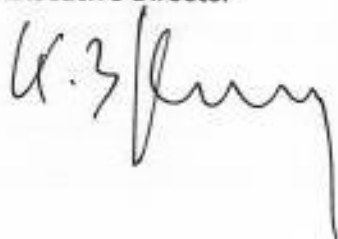
STATEMENT OF USES OF FUNDS BY PROJECT ACTIVITY

Social Investment and Local Development Project
IBRD Loan 8483-AM
For the year ended 31 December 2017
In USD

| Project Activities | Actual | | Planned | | Variance | |
|---|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|
| | Reporting year | Cumulative as at 31 Dec 2017 | Reporting year | Cumulative as at 31 Dec 2017 | Reporting year | Cumulative as at 31 Dec 2017 |
| Part A: Support to Socio-Economic Development and Capacity Building at Local Level | 6,270,465 | 15,054,985 | 6,136,313 | 14,920,833 | (134,152) | (134,152) |
| A.1. Works | 5,660,494 | 13,360,086 | 5,023,209 | 12,722,801 | (637,285) | (637,285) |
| A.2. Provision of goods for micro-projects | 246,481 | 408,342 | 570,094 | 731,955 | 323,613 | 323,613 |
| A.3. Consultant services and trainings for micro-projects | 363,490 | 1,286,557 | 543,010 | 1,466,077 | 179,520 | 179,520 |
| Part B: Support to Inter-Community Social and Economic Development Initiatives | - | - | - | - | - | - |
| B.1. Works | - | - | - | - | - | - |
| B.2. Provision of goods for sub-projects | - | - | - | - | - | - |
| B.3. Consultant services and training for sub-projects | - | - | - | - | - | - |
| Part C: Institutional Strengthening and Project Management | 694,755 | 2,087,843 | 796,931 | 2,190,019 | 102,176 | 102,176 |
| C.1. Project Monitoring & Evaluation and staff capacity building | 7,821 | 30,307 | 46,018 | 68,504 | 38,197 | 38,197 |
| C.2. Activities to support the transition from ASIF to ATDF | - | - | - | - | - | - |
| C.3. Goods for ATDF | 3,470 | 117,778 | 18,933 | 133,241 | 15,463 | 15,463 |
| C.4. Operating costs | 683,464 | 1,939,758 | 731,980 | 1,988,274 | 48,516 | 48,516 |
| Front-end fee | - | 75,000 | - | 75,000 | - | - |
| Total | 6,965,220 | 17,217,828 | 6,933,244 | 17,185,852 | (31,976) | (31,976) |

The project special purpose financial statements were approved by the management of the Armenian Territorial Development Fund on 25 June 2018 and signed on its behalf. The accompanying notes form an integral part of these project special purpose financial statements.

Ashot Kirakosyan
Executive Director




Levon Dulyan
Financial and Administrative Director



NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

*Social Investment and Local Development Project
IBRD Loan 8483-AM
For the year ended 31 December 2017*

1. General information

1.1. The Project financing

According to the Loan Agreement between the Republic of Armenia and the International Bank for Reconstruction and Development ("IBRD", "WB") on 8 April 2015, IBRD provided Loan Number 8483-AM in the amount of 30,000,000 United States dollars (USD) to the Republic of Armenia.

The loan was provided for implementation of "Social Investment and Local Development Project" (hereinafter Project).

The Loan Agreement became effective on 22 September 2015.

The Closing date for the Loan Number 8483-AM financing is set on 30 June 2020.

The Grace period for submitting the expenditures incurred before the Closing date is set four months after the Closing date 31 Oct 2020.

1.2. The Project's objective

The objective of the Project is to improve quality and use of, and access to, community and inter-community infrastructure.

The Project consists of the following parts:

Part A: Support to Socio-Economic Development and Capacity Building at Local Level

1. Carrying out community micro-projects (Microprojects), with the assistance of Project Implementation Committees ("PICs"), including, inter-alia: (i) the construction, renovation, rehabilitation, and/or expansion of key social infrastructure covering education, health, and social services; (ii) the installation/rehabilitation of water supply and sanitation systems; and (iii) execution of minor irrigation and rural electrification works.
2. Providing: (i) technical assistance to ensure proper design, and supervision of Microprojects; and (ii) institutional and financial capacity building at community level.
3. Providing furniture and equipment for infrastructure investments benefited by Microprojects.

Part B: Support to Inter-Community Social and Economic Development Initiatives

1. Supporting to Armenia's territorial reform through carrying out of innovative development initiatives (Subprojects).
2. Providing: (i) technical assistance to ensure proper design and supervision of Subprojects; and (ii) institutional and financial capacity building at community level.
3. Providing furniture and equipment for infrastructure investments benefited by Subprojects.

Part C: Institutional Strengthening and Project Management

Providing institutional support, capacity building, and technical assistance to ASIF/ADTF for Project Management, fiduciary oversight, safeguards oversights, the provision of training, and operating costs, required therefor.

1.3. Budget

The Project is financed by:

- IBRD Loan Number 8483-AM,
- Government of the Republic of Armenia (Government of RA) cofinancing,
- Community Contributions (CC)
- Donors' contribution and other income.

| Category | IBRD Loan Number 8483-AM | Government of RoA | Community Contribution | Donors' contribution and other | Total | Percentage Expenditure to be financed by the Loan (inclusive of Taxes) |
|---|--------------------------------|----------------------|---------------------------|---|-------------------|--|
| | USD | USD equivalent | USD equivalent | USD equivalent | USD | |
| 1. Works, goods and consultants' services under Part A of the Project | 17,600,000 | 5,504,000 | 1,290,000 | 74,000 | 24,468,000 | 72.15% |
| 2. Works, goods and consultants' services under Part B of the Project | 10,100,000 | 2,741,000 | 625,000 | - | 13,466,000 | 75.00% |
| 3. Goods, consultants' services (including for Project audits) and Training under Part C of the Project | 573,000 | 218,000 | - | - | 791,000 | 72.45% |
| 4. Operating costs under Part C of the Project | 1,652,000 | 2,548,000 | - | - | 4,200,000 | 50% (Y2015), 45% (Y2016), 40% (Y2017), 35% (Y2018), 30% after. |
| 5. Front-end fee | 75,000 | - | - | - | 75,000 | 100% |
| Total | 30,000,000 | 11,011,000 | 1,915,000 | 74,000 | 43,000,000 | |

1.4. Project Implementation

The Project is implemented by the Armenian Territorial Development Fund (ATDF) - formerly: Armenian Social Investment Fund (the ASIF), in accordance with the Project Agreement dated 8 April 2015 signed between IBRD and ASIF.

The ASIF has been established by a Decree N 162 dated 11.04.2000 of the Government of the Republic of Armenia, the sole founder, as an autonomous non-profit agency to assist in the rehabilitation of small-scale infrastructure through community initiated and demand-based activities.

The ATDF implements projects financed by the WB and other donors including contribution to:

- welfare development of population through improving quality and accessibility of social and economic infrastructure and public services, employment, investment activity,
- Institutional and financial strengthening of regions of the Republic of Armenia.

The Board, chaired by the Prime-Minister of the Republic of Armenia, is a supreme governing body of the ATDF.

The ATDF registered address is: 31 K. Ulnetsu Street, Yerevan, 0037, Republic of Armenia.

2. Summary of significant accounting policies

2.1 Preparation and presentation of financial statements

The special purpose financial statements are prepared in accordance with the International Public Sector Accounting Standards: *Financial Reporting Under the Cash Basis of Accounting* (IPSAS-Cash Basis), issued by the International Public Sector Accounting Standards Board (IPSASB) within the International Federation of Accountants (IFAC), and presented in accordance with Financial Management Manual for World Bank Financed Investment Operations (March 2010): RM 3 - Financial Reporting and Auditing.

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.2 Cash basis of accounting

Cash basis means a basis of accounting under which transactions and other events are recognized only when cash or its equivalent is received or paid. Financial statements prepared under the cash basis provide information about the sources of cash raised during the period, the purpose for which cash was used and the cash balances at the reporting date.

2.3 Reporting currency

The Project financial statements are presented in United States Dollars (USD).

2.4 Foreign currency transactions

Foreign currency is a currency other than the reporting currency of the Project. Project accounts are maintained in USD and Armenian Drams (AMD). Transactions in foreign currencies are translated to presentation currency at exchange rates at the dates of these transactions. Settlement rate of foreign currency over functional currency established by the Central Bank of the Republic of Armenia (the CBA) is taken as the exchange rate. Contributions of the Government of the Republic of Armenia, communities and other donors, and payments to contractors and suppliers expressed in AMD are presented in USD at the official exchange rate defined by the CBA at the date of transfer.

The exchange rate defined by the CBA as at 31 Dec 2016 is: USD 1 = 483.65 AMD.
The exchange rate defined by the CBA as at 31 Dec 2017 is: USD 1 = 483.17 AMD.

2.5 Budgeting

Annual budgets for funding and expenditures are based on approved budget of the project agreement (Note 1.3.). Expenditure budget is created based on actual accumulated expenditures for the last period plus the updated procurement plans for the period.

2.6 Taxes

All applicable taxes are paid in accordance with tax regulations of the Republic of Armenia.

3. Summary Reports and SOEs

IBRD Loan Number 8483-AM
For the year ended 31 December 2017
In USD

| Application number | Value date | Expenditure category | | | Total |
|--------------------|------------|--|--|---|------------------|
| | | (1) Works, goods and consultants' services under Part A of the Project | (3) Goods, consultants' services (including for Project audits) and Training under Part C of the Project | (4) Operating costs under Part C of the Project | |
| 16 | 09.02.2017 | 940,272 | - | 58,101 | 998,373 |
| 17 | 27.04.2017 | 190,216 | - | 66,288 | 256,504 |
| 18 | 25.05.2017 | 171,313 | - | 28,710 | 200,023 |
| 19 | 28.06.2017 | 230,499 | 5,666 | 14,900 | 251,065 |
| 20 | 19.07.2017 | 492,432 | - | 25,097 | 517,529 |
| 21 | 14.08.2017 | 466,821 | - | 18,609 | 485,430 |
| 23 | 03.10.2017 | 399,508 | - | 22,045 | 421,553 |
| 24 | 24.10.2017 | 685,215 | - | 15,782 | 700,997 |
| 25 | 22.11.2017 | 477,006 | - | 18,303 | 495,309 |
| 26 | 21.12.2017 | 674,106 | - | 17,754 | 691,860 |
| Total | | 4,727,388 | 5,666 | 285,589 | 5,018,643 |

4. STATEMENT OF DESIGNATED ACCOUNT

| | |
|---------------------|--|
| Bank account number | 900000900283 |
| Bank | Central Treasury |
| Bank location | Meliq Adamyan Street 1, Yerevan, Republic of Armenia, 0010 |
| Account currency | USD |

| | IBRD Loan Number 8483- AM |
|--|---------------------------------|
| 1. Opening balance as at 01.01.2017 | 201,947 |
| 2. Add: opening discrepancy | (15) |
| 3. WB advance/replenishment | 5,518,643 |
| 4. Less: Refund to WB from DA | - |
| 5. Present outstanding amount advanced to DA | 5,720,575 |
| 6. DA closing balance as at 31.12.2017 | 928,023 |
| 7. Add: Amount of eligible expenditures paid | 4,792,288 |
| 8. Less: interest earned (if credited to DA) | - |
| 9. Total advance accounted for | 5,720,311 |
| 10. Closing discrepancy (5)-(9) | 264 |

5. STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position discloses assets, liabilities and net assets of the Project as at reporting date. It is prepared in accrual basis that is transactions are recognized when they occur (and not only when cash is received or paid).

| | Note | 31.12.2017 USD | 31.12.2016 USD |
|------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Cash | 6 | 1,524,126 | 746,714 |
| Prepayments and receivables | 7 | 642,958 | 753,076 |
| Total assets | | 2,167,084 | 1,499,790 |
| LIABILITIES | | | |
| Payables | 8 | 324,885 | 257,498 |
| Total Liabilities | | 324,885 | 257,498 |
| NET ASSETS | | | |
| Cumulative income | | | |
| Funds | 9 | | |
| IBRD Loan 8483-AM | | 12,792,115 | 7,273,472 |
| RA Government | | 4,455,541 | 2,662,555 |
| Community contribution | | 1,423,433 | 992,410 |
| Sponsors contribution | | 73,284 | 73,284 |
| | | 18,744,373 | 11,001,721 |
| Cumulative expenses | | | |
| Project expenses | 10 | 16,899,780 | 9,756,354 |
| | | 16,899,780 | 9,756,354 |
| Foreign currency gain/(loss) | | (2,394) | (3,075) |
| Total net assets | | 1,842,199 | 1,242,292 |

6. CASH

| Account | Account held at | Underlying Currency | 31.12.2017 USD | 31.12.2016 USD |
|---|-----------------|------------------------|-------------------|-------------------|
| Designated account (IBRD Loan 8483-AM) | Treasury | USD | 928,023 | 201,947 |
| Government of RA | Treasury | AMD | - | - |
| Local account | HSBC bank | AMD | - | 5 |
| Community contribution | Ararat bank | AMD | 594,270 | 524,523 |
| Sponsors contribution | Ararat bank | AMD | 1,833 | 20,143 |
| Cash on hand | ATDF office | AMD | - | 96 |
| | | | 1,524,126 | 746,714 |

7. Prepayments and receivables

| | 31 Dec 2017 USD | 31 Dec 2016 USD |
|------------------------------|--------------------|--------------------|
| Prepayments on Works* | 640,767 | 752,870 |
| Other short-term receivables | 2,191 | 206 |
| | 642,958 | 753,076 |

(*) Prepayments are paid to contractors up to 20 % of the construction contract amount based on bank guarantee provided.

8. Payables

| | 31 Dec 2017 USD | 31 Dec 2016 USD |
|------------------------|--------------------|--------------------|
| On Works (Retentions)* | 322,610 | 256,616 |
| Other payables | 2,275 | 882 |
| | 324,885 | 257,498 |

(*) Retentions of 5% are held from the completed service invoices as guaranty for the quality of the work. 2.5% are paid after signing the final act, and the remaining 2.5% are kept for up to one year as guaranty for the quality of performed work, or paid on the basis of a one-year bank guaranty.

9. Financing

9.1. IBRD Loan Number 8483-AM

| | Year ended 31 Dec 2017 USD | Cumulative as at 31 Dec 2017 USD |
|--|----------------------------------|--|
| Advances/ (advance recovery) | 500,000 | 1,700,000 |
| Direct Payments | - | - |
| SOE and Summary Sheets | 5,018,643 | 11,017,115 |
| Special Commitment | - | - |
| Front-end Fee | - | 75,000 |
| Total | 5,518,643 | 12,792,115 |
| Total financing budget | | 30,000,000 |
| Percentage of finance provided as at 31 Dec 2017 | | 43% |

9.2. Government of the Republic of Armenia co-financing

| | Year ended 31 Dec 2017 USD | Cumulative as at 31 Dec 2017 USD |
|--|----------------------------------|--|
| Contributions in cash | 1,792,986 | 4,455,541 |
| Total | 1,792,986 | 4,455,541 |
| Total financing budget | | 11,011,000 |
| Percentage of finance provided as at 31 Dec 2017 | | 40% |

9.3. Community Contribution

| | Year ended 31 Dec 2017 USD | Cumulative as at 31 Dec 2017 USD |
|--|----------------------------------|--|
| Contributions in cash | 431,023 | 1,423,433 |
| Total | 431,023 | 1,423,433 |
| Total financing budget | | 1,915,000 |
| Percentage of finance provided as at 31 Dec 2017 | | 74% |

9.4. Donors' contribution and other income

| | Year ended 31 Dec 2017 USD | Cumulative as at 31 Dec 2017 USD |
|--|----------------------------------|--|
| Contributions in cash | - | 73,284 |
| Total | - | 73,284 |
| Total financing budget | | 74,000 |
| Percentage of finance provided as at 31 Dec 2017 | | 99% |

10. Project Expenditures

10.1. Project expenditures financing per funds

| Category | Year ended 31 Dec 2017 | | | | | USD |
|---|------------------------|---------------------------------------|---------------------------|-----------------------------|------------------|-----|
| | IBRD Loan 8483-AM | Government of RoA co- financing | Community contribution | Donors' contrib ution | Total | |
| 1. Works, goods and consultants' services under Part A of the Project | 4,510,813 | 1,379,148 | 362,030 | 18,474 | 6,270,465 | |
| 2. Works, goods and consultants' services under Part B of the Project | - | - | - | - | - | |
| 3. Goods, consultants' services (including for Project audits) and Training under Part C of the Project | 8,180 | 3,111 | - | - | 11,291 | |
| 4. Operating costs under Part C of the Project | 273,295 | 409,943 | 226 | - | 683,464 | |
| 5. Front-end fee | - | - | - | - | - | |
| Total | 4,792,288 | 1,792,202 | 362,256 | 18,474 | 6,965,220 | |

| Category | Cumulative as at 31 Dec 2017 | | | | |
|---|------------------------------|---|---------------------------|-----------------------------|-------------------|
| | IBRD Loan 8483-AM | Governme nt of RoA co- financing | Community contribution | Donors' contribu tion | Total |
| 1. Works, goods and consultants' services under Part A of the Project | 10,811,034 | 3,343,353 | 829,612 | 70,986 | 15,054,985 |
| 2. Works, goods and consultants' services under Part B of the Project | - | - | - | - | - |
| 3. Goods, consultants' services (including for Project audits) and Training under Part C of the Project | 107,287 | 40,798 | - | - | 148,085 |
| 4. Operating costs under Part C of the Project | 867,811 | 1,071,258 | 648 | 41 | 1,939,758 |
| 5. Front-end fee | 75,000 | - | - | - | 75,000 |
| Total | 11,861,132 | 4,455,409 | 830,260 | 71,027 | 17,217,828 |

10.2. Project budget management

| Category | Cumulative as at 31.12.2017 | Budget | Implementation |
|---|-----------------------------------|-------------------|----------------|
| | USD | USD | % |
| 1. Works, goods and consultants' services under Part A of the Project | 15,054,985 | 24,468,000 | 61% |
| 2. Works, goods and consultants' services under Part B of the Project | - | 13,466,000 | - |
| 3. Goods, consultants' services (including for Project audits) and Training under Part C of the Project | 148,085 | 791,000 | 19% |
| 4. Operating costs under Part C of the Project | 1,939,758 | 4,200,000 | 46% |
| 5. Front-end fee | 75,000 | 75,000 | 100% |
| Total | 17,217,828 | 43,000,000 | 40% |

11. Events after the reporting date

The application N 27 that includes expenditures relating to the Reporting year in the amount of 772,018.76 USD was submitted to WB on 25 January 2018 and approved on 26 January 2018.

ANNEX 1. RECONCILIATION BETWEEN THE AMOUNTS SUBMITTED BY THE ATDF AND DISBURSED BY THE WORLD BANK

Social Investment and Local Development Project
IBRD Loan 8483-AM

For the year ended 31 December 2017
In USD

| Expenditure Category | Appl. | ATDF | WB | Difference |
|---|-------|------------|------------|------------|
| Advances (Recovery) | 22 | 500,000.00 | 500,000.00 | |
| | | 500,000.00 | 500,000.00 | |
| 1. Works, goods and consultants' services under Part A of the Project | 16 | 940,272 | 940,272 | - |
| | 17 | 190,216 | 190,216 | - |
| | 18 | 171,313 | 171,313 | - |
| | 19 | 230,499 | 230,499 | - |
| | 20 | 492,432 | 492,432 | - |
| | 21 | 466,821 | 466,821 | - |
| | 23 | 399,508 | 399,508 | - |
| | 24 | 685,215 | 685,215 | - |
| | 25 | 477,006 | 477,006 | - |
| | 26 | 674,106 | 674,106 | - |
| | | 4,727,388 | 4,727,388 | - |
| 3. Goods, consultants' services (including for Project audits) and Training under Part C of the Project | 19 | 5,666 | 5,666 | - |
| | | 5,666 | 5,666 | - |
| 4. Operating costs under Part C of the Project | 16 | 58,101 | 58,101 | - |
| | 17 | 66,288 | 66,288 | - |
| | 18 | 28,710 | 28,710 | - |
| | 19 | 14,900 | 14,900 | - |
| | 20 | 25,097 | 25,097 | - |
| | 21 | 18,609 | 18,609 | - |
| | 23 | 22,045 | 22,045 | - |
| | 24 | 15,782 | 15,782 | - |
| | 25 | 18,303 | 18,303 | - |
| | 26 | 17,754 | 17,754 | - |
| | | 285,589 | 285,589 | - |
| Total | | 5,518,643 | 5,518,643 | - |