

SPECIAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

STATE ENTERPRISE "PROJECT MANAGEMENT UNIT "LIVESTOCK AND
PASTURE DEVELOPMENT"

LIVESTOCK AND PASTURE DEVELOPMENT PROJECT - II (LPDP-II)

IFAD LOAN NUMBER: 2000001439
IFAD GRANT NUMBER: 2000001438
ASAP GRANT NUMBER: 2000001437

FOR THE PERIOD FROM NOVEMBER 27, 2016 TO DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the management of the State Enterprise
"Project Management Unit" Livestock and Pasture Development"

Opinion

We have audited the special purpose financial statements, project financial statements (PFS), of the State Enterprise "Project Management Unit" Livestock and Pasture Development (the "Project Management Unit"), which comprise the statement of source and use of funds, statement of expenditures, statement of special accounts and reconciliation, statement of withdrawal application for the period from November 27, 2016 to December 31, 2017, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements of the Project Management Unit for the period from November 27, 2016 to December 31, 2017 are prepared, in all material respect, in accordance with the reporting provisions of Financing Agreement dated 3 February, 2016 between the Government of the Republic of Tajikistan and International Fund for Agricultural Development (IFAD) for "Livestock and Pasture Development Project – II" funded by IFAD, Reference IFAD Loan No.: 2000001439, IFAD Grant No.: 2000001438, ASAP Grant No.: 2000001437 implemented by State Enterprise "Project Management Unit" Livestock and Pasture Development (the "Project Agreement").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the special purpose financial statements* section of our report. We are independent of the Project Management Unit in accordance with the ethical requirements that are relevant to our audit of the special purpose financial statements in the Republic of Tajikistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of Accounting

We draw attention to Note 2 to the special purpose financial statements, which describes the Basis of Accounting and Presentation. The special purpose financial statements are prepared to assist the Project Management Unit in complying with the requirements of the Project Agreement. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD
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Responsibilities of Management and Those charged with Governance for the special purpose financial statements

Management is responsible for the preparation of the special purpose financial statements in accordance with the reporting provisions of the Organization and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis for accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Responsibilities for the Auditor 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 include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Firuz Saidov.

Firuz Saidov
Partner

Auditor license certificate issued by the
Ministry of Finance of the Republic of Tajikistan
BM N°0000236 dated 4 December 2017

Alijon Khudoyorov
Auditor

Auditor license certificate issued by the
Ministry of Finance of the Republic of Tajikistan
BM N°0000187 dated 27 November 2015

11 June 2018

RSM Tajikistan LLC

BM N°0000079 dated 28 October 2015



Enclosures:

Annex 1 – Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements.



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INDEPENDENT AUDITOR'S REPORT

To the management of the State Enterprise
"Project Management Unit" Livestock and Pasture Development"

Opinion

We have audited the special purpose financial statements, project financial statements (PFS), of the State Enterprise "Project Management Unit" Livestock and Pasture Development (the "Project Management Unit"), which comprise the statement of expenditures for the period from November 27, 2016 to December 31, 2017.

In our opinion, the accompanying statement of expenditures of the Project Management Unit for the period from November 27, 2016 to December 31, 2017 are prepared, in all material respect, in accordance with the reporting provisions of Financing Agreement dated 3 February, 2016 between the Government of the Republic of Tajikistan and International Fund for Agricultural Development (IFAD) for "Livestock and Pasture Development Project - II" funded by IFAD, Reference IFAD Loan No.: 2000001439, IFAD Grant No.: 2000001438, ASAP Grant No.: 2000001437 implemented by State Enterprise "Project Management Unit" Livestock and Pasture Development (the "Project Agreement").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the special purpose financial statements* section of our report. We are independent of the Project Management Unit in accordance with the ethical requirements that are relevant to our audit of the special purpose financial statements in the Republic of Tajikistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of Accounting

We draw attention to Note 2 to the special purpose financial statements, which describes the Basis of Accounting and Presentation. The special purpose financial statements are prepared to assist the Project Management Unit in complying with the requirements of the Project Agreement. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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In preparing the special purpose financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis for accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Responsibilities for the Auditor 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 include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.


The engagement partner on the audit resulting in this independent auditor's report is Firuz Saidov.

Firuz Saidov
Partner



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Alijon Khudoyorov
Auditor



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Enclosures:

Annex 1 – Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements.



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INDEPENDENT AUDITOR'S REPORT

To the management of the State Enterprise
"Project Management Unit" Livestock and Pasture Development"

Opinion

We have audited the special purpose financial statements, project financial statements (PFS), of the State Enterprise "Project Management Unit" Livestock and Pasture Development (the "Project Management Unit"), which comprise the statement of special accounts and reconciliation for the period from November 27, 2016 to December 31, 2017.

In our opinion, the accompanying statement of special accounts and reconciliation of the Project Management Unit for the period from November 27, 2016 to December 31, 2017 are prepared, in all material respect, in accordance with the reporting provisions of Financing Agreement dated 3 February, 2016 between the Government of the Republic of Tajikistan and International Fund for Agricultural Development (IFAD) for "Livestock and Pasture Development Project – II" funded by IFAD, Reference IFAD Loan No.: 2000001439, IFAD Grant No.: 2000001438, ASAP Grant No.: 2000001437 implemented by State Enterprise "Project Management Unit "Livestock and Pasture Development (the "Project Agreement").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the special purpose financial statements* section of our report. We are independent of the Project Management Unit in accordance with the ethical requirements that are relevant to our audit of the special purpose financial statements in the Republic of Tajikistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of Accounting

We draw attention to Note 2 to the special purpose financial statements, which describes the Basis of Accounting and Presentation. The special purpose financial statements are prepared to assist the Project Management Unit in complying with the requirements of the Project Agreement. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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In preparing the special purpose financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis for accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Responsibilities for the Auditor 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 include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Firuz Saidov.

Firuz Saidov
Partner

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RSM Tajikistan LLC
BM N°0000079 dated 28 October 2015



Alijon Khudoyorov
Auditor

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Enclosures:

Annex 1 – Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements.

Annex 1 – Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements.

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

- Identify and assess the risk 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditor's report. However, future event or conditions may cause the Organization to cease continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably thought to bear on our independence, and where applicable, related safeguards.

"Livestock and Pasture Development" PROJECT II (LPDP-II)"

Project funded by IFAD and Implemented by State Enterprise "Project Management Unit"

IFAD Loan Number: 2000001439; IFAD Grant Number: 2000001438; ASAP Grant Number: 2000001437

Special Purpose Financial Statements

For the period from November 27, 2016 to December 31, 2017

STATEMENT OF SOURCES AND USES OF FUNDS

For the period from 27 November 2016 to 31 December 2017

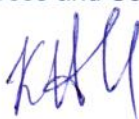
(in USD)

	Note	Amount
Balance of Funds as of 27 November 2016		
FINANCING		
IFAD Grant	3	1,352,028
IFAD Loan	3	1,596,660
ASAP Grant	3	881,761
Government (taxes)	3	359,893
Beneficiaries contribution	3	349,971
Total		4,540,313
PROJECT EXPENDITURE		
IFAD GRANT		
1. Equipment, Goods, Vehicles and Works	4	691,671
2. Technical Assistance and Studies	5	318,805
3. Training and Workshops	6	22,481
4a. CLPMP Grants	7	4
5. Operating Expenses	9	22,233
Sub-total		1,055,194
IFAD LOAN		
4a. CLPMP Grants	7	1,528,495
Sub-total		1,528,495
ASAP GRANT		
2. Technical Assistance and Studies	5	76,232
4a. CLPMP Grants	7	468,995
4b. Diversification Grants	8	33,984
Sub-total		579,211
GOVERNMENT (taxes)		
1. Equipment, Goods, Vehicles and Works	4	4,537
4a. CLPMP Grants	7	355,356
Sub-total		359,893
BENEFICIARIES CONTRIBUTION		
1. Equipment, Goods, Vehicles and Works	4	36,111
4a. CLPMP Grants	7	205,380
Sub-total		241,491
Foreign Exchange Difference		347
Total project expenditures		3,764,631
Balance of Funds as of 31 December 2017		775,682

The Statement of Sources and Uses of Funds was approved on June 11, 2018 by:

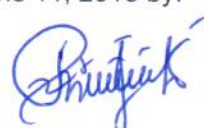
Karimzoda Sadi

Director



Khojaev Abdulahad

Finance manager



The Statement of Sources and Uses of Funds is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 17 to 21.

STATEMENT OF EXPENDITURE

For the period from 27 November 2016 to 31 December 2017
 (in USD)

	For the period			Cumulative		
	Budget Amount	Actual Amount	Variance Amount	Budget Amount	Actual Amount	Variance Amount
IFAD Grant						
1. Equipment, Goods, Vehicles and Works	689,980	691,671	(1,691)	689,980	691,671	(1,691)
2. Technical Assistance and Studies	265,490	318,805	(53,315)	265,490	318,805	(53,315)
3. Training and Workshops	26,500	22,481	4,019	26,500	22,481	4,019
4a. CLPMP Grants	-	4	(4)	-	4	(4)
5. Operating Expenses	43,600	22,233	21,367	43,600	22,233	21,367
Sub-total	1,025,570	1,055,194	(29,624)	1,025,570	1,055,194	(29,624)
IFAD Loan						
4a. CLPMP Grants	1,530,000	1,528,495	1,505	1,530,000	1,528,495	1,505
Sub-total	1,530,000	1,528,495	1,505	1,530,000	1,528,495	1,505
ASAP Grant						
2. Technical Assistance and Studies	84,520	76,232	8,288	84,520	76,232	8,288
4a. CLPMP Grants	662,500	468,995	193,505	662,500	468,995	193,505
4b. Diversification Grants	57,000	33,984	23,016	57,000	33,984	23,016
Sub-total	804,020	579,211	224,809	804,020	579,211	224,809
Government (taxes)						
1. Equipment, Goods, Vehicles and Works	4,000	4,537	(537)	4,000	4,537	(537)
4a. CLPMP Grants	220,790	355,356	(134,566)	220,790	355,356	(134,566)
Sub-total	224,790	359,893	(135,103)	224,790	359,893	(135,103)
Beneficiaries contribution						
1. Equipment, Goods, Vehicles and Works	56,500	36,111	20,389	56,500	36,111	20,389
4a. CLPMP Grants	115,500	205,380	(89,880)	115,500	205,380	(89,880)
4b. Diversification Grants	5,000	-	5,000	5,000	-	5,000
Sub-total	177,000	241,491	(64,491)	177,000	241,491	(64,491)
Foreign Exchange Difference		347	(347)		347	(347)
Total	3,761,380	3,764,631	(3,251)	3,761,380	3,764,631	(3,251)

"Livestock and Pasture Development" PROJECT II (LPDP-II)
Project funded by IFAD and Implemented by State Enterprise "Project Management Unit"
IFAD Loan Number: 2000001439; IFAD Grant Number: 2000001438; ASAP Grant Number: 2000001437
Special Purpose Financial Statements
For the period from November 27, 2016 to December 31, 2017

The Statement of Expenditure was approved on June 11, 2018 by:

Karimzoda Sadi

Director



Khojaev Abdulahad

Finance manager



The Statement of Expenditure is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 17 to 21.

"Livestock and Pasture Development" PROJECT II (LPDP-II)
 Project funded by IFAD and Implemented by State Enterprise "Project Management Unit"
 IFAD Loan Number: 2000001439; IFAD Grant Number: 2000001438; ASAP Grant Number: 2000001437
 Special Purpose Financial Statements
 For the period from November 27, 2016 to December 31, 2017

STATEMENT OF SPECIAL ACCOUNTS AND RECONCILIATION

For the period from 27 November 2016 to 31 December 2017

(in USD)

Account No:	20206840100020100154
Depository Bank:	BOJSC "Bank Eskhata"
Address:	16 N.Karabaeva Str, Dushanbe
Ref. No:	IFAD LOAN #2000001439
	IFAD GRANT #2000001438
	ASAP TRUST GRANT #2000001437
Account Currency:	USD
	Amount
Balance as of November 27, 2016	-
Add:	
IFAD Replenishments	2,833,789
Deduct:	
Programme Expenditure	24,907
Transfers to operating special accounts	2,140,783
Bank charges	627
Balance as of December 31, 2017	667,472

Account No:	20202972100020100204
Depository Bank:	BOJSC "Bank Eskhata"
Address:	16 N.Karabaeva Str, Dushanbe
Ref. No:	IFAD GRANT #2000001438
Account Currency:	TJS
	Amount
Balance as of November 27, 2016	-
Add:	
Transfers from local special account (USD)	1,030,021
Deduct:	
Programme Expenditure	1,029,560
Bank charges	383
Exchange rates differences	62
Balance as of December 31, 2017	16

"Livestock and Pasture Development" PROJECT II (LPDP-II)
 Project funded by IFAD and Implemented by State Enterprise "Project Management Unit"
 IFAD Loan Number: 2000001439; IFAD Grant Number: 2000001438; ASAP Grant Number: 2000001437
 Special Purpose Financial Statements
 For the period from November 27, 2016 to December 31, 2017

Account No:	20202972400020100205
Depository Bank:	BOJSC "Bank Eskhata"
Address:	16 N.Karabaeva Str, Dushanbe
Ref. No:	IFAD LOAN #2000001439
Account Currency:	TJS
	Amount
Balance as of November 27, 2016	-
Add:	
Transfers from local special account (USD)	531,721
Deduct:	
Programme Expenditure	531,720
Balance as of December 31, 2017	<u><u>1</u></u>

Account No:	20202972700020100206
Depository Bank:	BOJSC "Bank Eskhata"
Address:	16 N.Karabaeva Str, Dushanbe
Ref. No:	ASAP TRUST GRANT#2000001437
Account Currency:	TJS
	Amount
Balance as of November 27, 2016	-
Add:	
Transfers from local special account (USD)	579,041
Deduct:	
Programme Expenditure	579,032
Bank charges	8
Balance as of December 31, 2017	<u><u>1</u></u>

Account No:	20202972700020001020
Depository Bank:	BOJSC "Bank Eskhata"
Address:	16 N.Karabaeva Str, Dushanbe
Ref. No:	Beneficiaries contribution
Account Currency:	TJS
	Amount
Balance as of November 27, 2016	-
Add:	
Community contribution (USD)	350,012
Deduct:	
Programme Expenditure	241,486
Bank charges	5
Exchange rates difference	329
Balance as of December 31, 2017	<u><u>108,192</u></u>

"Livestock and Pasture Development" PROJECT II (LPDP-II)
 Project funded by IFAD and implemented by State Enterprise "Project Management Unit"
 IFAD Loan Number: 2000001439; IFAD Grant Number: 2000001438; ASAP Grant Number: 2000001437
 Special Purpose Financial Statements
 For the period from November 27, 2016 to December 31, 2017

SECTION 1

	Amount equivalent in USD
Total contributions by IFAD	3,830,449
Total contributions by Government (taxes)	359,893
Total Beneficiaries contribution	349,971
Total	4,540,313
Deduct	
Total amount recovered by IFAD	3,162,900
Total amount recovered by Government (taxes)	359,893
Total amount recovered by Beneficiaries	241,491
Total	3,764,284
Add	
Foreign Exchange Difference	(347)
Outstanding amount advanced by IFAD, Government, Beneficiaries	775,682

SECTION 2

<i>Balances of special accounts according to the bank statements:</i>	
Account No: 20206840100020100154	667,472
Account No: 20202972100020100204	16
Account No: 20202972400020100205	1
Account No: 20202972700020001020	108,192
Account No: 20202972700020100206	1
Total bank balance as of December 31, 2017	775,682
Difference	-

The Statement of special accounts and reconciliation was approved on June 11, 2018 by:

Karimzoda Sadi

Director



Khojaev Abdulahad

Finance manager



The Statement of Special Accounts and Reconciliation is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 17 to 21.

"Livestock and Pasture Development" PROJECT II (LPDP-II)"

Project funded by IFAD and implemented by State Enterprise "Project Management Unit"

IFAD Loan Number: 2000001439; IFAD Grant Number: 2000001438; ASAP Grant Number: 2000001437

Special Purpose Financial Statements

For the period from November 27, 2016 to December 31, 2017

STATEMENT OF WITHDRAWAL APPLICATIONS

Withdrawal application №	Date	Initial deposit	Category Description					Total	In USD equiv	Rejected from IFAD	Net Reimbursed	
			1.Equipment, Goods, Vehicles and Works	2.Technical Assistance and Studies	3.Training and Workshops	4.a.CLPMP Grants	5.Operating Expenses					
IFAD Grant - 2000001438												
Payment method - Replenishment												
WA No G-00001	11/28/2016	500,000						500,000	500,000		500,000	
WA No G-00002	4/25/2017	-	13,843	166,224	-	-	-	216	180,283	-	180,283	
WA No G-00003	10/18/2017	-	209,665	64,439	-	-	-	4,903	279,007	-	279,007	
WA No G-0004	12/8/2017	-	313,277	50,567	22,048	-	-	6,846	392,738	-	392,738	
Sub Total		500,000	536,785	281,230	22,048	-	-	11,965	852,028	-	1,352,028	
IFAD Loan - 2000001439												
Payment method - Replenishment												
WA No L-0001	3/31/2017	300,000	-	-	-	-	-	-	300,000	-	300,000	
WA No L-0002	10/18/2017	300,000	-	-	-	-	-	-	300,000	-	300,000	
Payment method - Direct Payment												
WA No L-0003	10/26/2017	-	-	-	-	-	464,940	-	464,940	-	464,940	
WA No L-0004	11/20/2017	-	-	-	-	-	531,720	-	531,720	-	531,720	
Sub Total		600,000	-	-	-	-	996,660	-	1,596,660	-	1,596,660	
ASAP Grant - 2000001437												
Payment method - Replenishment												
WA No AG-0001	3/31/2017	300,000	-	-	-	-	-	-	300,000	-	300,000	
WA No AG-0002	10/25/2017	300,000	-	-	-	-	-	-	300,000	-	300,000	
WA No AG-0003	11/13/2017	-	-	65,119	-	-	216,642	-	281,761	-	281,761	
Sub Total		600,000	-	65,119	-	-	216,642	-	881,761	-	881,761	
TOTAL												
		1,700,000	536,785	346,349	22,048	1,213,302	11,965	3,330,449	3,330,449	-	3,830,449	

The Statement of withdrawal applications was approved on June 11, 2018 by:

Karimzoda Sadi

Director

Khojaev Abdulahad

Finance manager

The schedule of withdrawal applications is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 17 to 21.

"Livestock and Pasture Development" PROJECT II (LPDP-II)"
Project funded by IFAD and Implemented by State Enterprise "Project Management Unit"
IFAD Loan Number: 2000001439; IFAD Grant Number: 2000001438; ASAP Grant Number: 2000001437
Special Purpose Financial Statements
For the period from November 27, 2016 to December 31, 2017

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

1 Nature of operations and general information

"Livestock and Pasture Development" Project - II - (hereinafter "the Project" or "LPDP -II") is financed by the International Fund for Agriculture Development (IFAD) and implemented by the State Enterprise "Project Management Unit "Livestock and Pasture Development". The goal of the project is to contribute to poverty reduction in the Khatlon region (hereinafter referred to as the "Project Area").

The project is expected to reach approximately 38,000 rural households in the Khatlon region at high poverty level with a potential for the increased livestock productivity. The target group of the Project are smallholder livestock households, private veterinary service providers and small scale entrepreneurs with potential to provide services to households and smaller farmers and women – headed households and women belonging to poor households.

The goal of the project is to contribute to the reduction in the Khatlon Oblast. The development objective is to increase the nutritional status and income of the target population by enhancing livestock productivity and climate resilience in a sustainable manner.

2 Basis of accounting and presentation

2.1 Statement of compliance

The special purpose financial statements have been prepared in accordance with the reporting provisions of the relevant Project Financing Agreement signed between the Republic of Tajikistan and International Fund for Agricultural Development (IFAD) dated 3 February 2016.

2.2 Summary of significant accounting policies

Accounting method

These special purpose financial statements are prepared on the cash basis method of accounting. Under this basis, revenues are considered to be all funds, regardless of their source (IFAD, the Government of the Republic of Tajikistan and local communities) located on a special account in dollar equivalent, in the current account in national currency and which are reflected in the reports at the time they are received and expenses are funds allocated to pay for works, goods and services, and are reflected in the report at the time of payment.

Reporting currency

The currency used for the purposes of the special purpose financial statements is the US dollar.

Foreign currencies

All transactions incurred in currencies other than the reporting are translated into the presentation currency at the exchange rate of the National Bank of Tajikistan at the date of transactions.

Exchange rates

As of December 31, 2017, the TJS rate in relation to the US dollar, established by the project's servicing bank and used in the preparation of the special purpose financial statements was 8.8100.

Foreign exchange gains and losses are recognized in the statement of sources and uses of funds.

"Livestock and Pasture Development" PROJECT II (LPDP-II)"
 Project funded by IFAD and Implemented by State Enterprise "Project Management Unit"
 IFAD Loan Number: 2000001439; IFAD Grant Number: 2000001438; ASAP Grant Number: 2000001437
 Special Purpose Financial Statements
 For the period from November 27, 2016 to December 31, 2017

Project financing

Sources of funding are provided by grants received from the IFAD, the Government of the Republic of Tajikistan and contributions from local communities. Sources of funds are directly created by replenishing the special accounts of the project by IFAD and/or by direct payment to the final suppliers of goods, services and works.

Fixed assets

Fixed assets procured from the funds of the Project are expensed at the time of purchase. The Project maintains a separate listing of fixed assets, which are carried at cost. Fixed assets schedule is presented in note 10.

3 Funds received from donors

	For the period from November 27, 2016 to December 31, 2017
IFAD	
Replenishments	2,833,789
Direct payments	996,660
Contributions of the Government	359,893
Beneficiaries contribution	349,971
	4,540,313

4 Equipment, goods, vehicles and works

	For the period from November 27, 2016 to December 31, 2017
IFAD Grant	
Dushanbe office renovation	15,239
Vehicles	48,000
Supply of navigators	86,480
Seeds of agricultural crops and mineral fertilizers	98,614
Office equipment, furniture and computers for communities	143,220
Renovation of the laboratory premises of the Tajik Agrarian University in Dushanbe	11,053
Renovation of the building of the State Institution "Pasture-meliorative trust"	21,965
Supply of sheep producers	54,369
Concentrated feed for rams	19,943
Office equipment and furniture	40,444
Breeding bulls	42,291
Mobile tools and other components for artificial insemination	35,370
Seeds of fodder crops and mineral fertilizers for seed farms	74,683
	691,671
Government (taxes)	
Renovation of the laboratory premises of the Tajik Agrarian University in Dushanbe	553
Concentrated feed for rams	3,984
	4,537

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Special Purpose Financial Statements

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Beneficiaries contribution

	For the period from November 27, 2016 to December 31, 2017
Seeds of agricultural crops and mineral fertilizers	10,945
Sheep producers	6,027
Concentrated feed for rams	2,216
Breeding bulls	4,699
Mobile tools and other components for artificial insemination	3,930
Seeds of fodder crops and mineral fertilizers for seed farms	8,294
	36,111

5 Technical assistance and studies

IFAD Grant

	For the period from November 27, 2016 to December 31, 2017
National consultants	129,143
Facilitators	177,874
1C accounting software	11,788
	318,805

ASAP Grant

	For the period from November 27, 2016 to December 31, 2017
Facilitators	76,232
	76,232

6 Training and workshops

IFAD Grant

	For the period from November 27, 2016 to December 31, 2017
International study tours/conferences	22,481
	22,481

7 CLPMP Grants

IFAD Grant

	For the period from November 27, 2016 to December 31, 2017
Bank charges	4
	4

IFAD Loan

	For the period from November 27, 2016 to December 31, 2017
Bank charges	115
MTZ tractors	1,528,380
	1,528,495

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For the period from November 27, 2016 to December 31, 2017

ASAP Grant		For the period from November 27, 2016 to December 31, 2017
Bank charges		178
Mobile offices		93,765
Mounted forage harvester and other motor equipment		99,472
Front loaders and excavators		275,580
		468,995
Government (taxes)		For the period from November 27, 2016 to December 31, 2017
MTZ tractors		305,676
Combine harvesters		49,680
		355,356
Beneficiaries contribution		For the period from November 27, 2016 to December 31, 2017
Mobile offices		4,935
Front loaders and excavators		30,620
Bank charges		5
MTZ tractors		169,820
		205,380
8	Diversification grants	
ASAP Grant		For the period from November 27, 2016 to December 31, 2017
Semi-automatic filling and packaging machine for dried fruits		33,984
		33,984
9	Operating expenses	
IFAD Grant		For the period from November 27, 2016 to December 31, 2017
Salary		9,260
Social Fund		2,315
Communication services (telephone, Internet)		1,614
Banking services		721
Insurance		84
Other office expenses		1,293
Vehicles maintenance		6,717
Equipment maintenance		229
		22,233

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10 Schedule of fixed assets

All project assets have been purchased to meet the needs of the Organization for implementation of the Project and are being used in project objectives.

Asset Ref. No.	Description	Category	Source of financing	Beneficiary Agency	Location	Date of Purchase	Purchase Value
008ZB01	Hyundai TUCSON	Civil Works, Equipment, goods, materials and vehicles	IFAD Grant	SE "LPDP"	PMU Office in Dushanbe	30/10/17	24,000
174ZB01	Hyundai TUCSON	Civil Works, Equipment, goods, materials and vehicles	IFAD Grant	SE "LPDP"	PMU Office in Dushanbe	30/10/17	24,000
Total							48,000