

**MINISTRY OF INTERNALLY DISPLACED PERSONS FROM THE
OCCUPIED TERRITORIES, LABOUR, HEALTH AND SOCIAL AFFAIRS**

SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

**EMERGENCY COVID-19 RESPONSE PROJECT (IBRD Loan 9113-GE,
IBRD Loan 9273-GE and AIIB co-financing Loan L0388A)**

Together with Independent Auditor's Report

For the year ended 31 December 2022

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INDEPENDENT AUDITOR'S REPORT

To the Management of Ministry of Internally displaced Persons from the Occupied Territories, Labor, Health and social Affairs

Opinion

We have audited the special purpose project financial statements of Georgia Emergency Covid-19 Response Project ("Project") financed by Financing Agreements IBRD Loan Number 9113-GE dated 1 May 2020, IBRD Loan Number 9273-GE dated 9 June 2021 and AIIB Loan number L0388A dated 21 May 2020 ("Financing Agreements"), and implemented by Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs ("MOLLHSA"), which comprise the statement of cash receipts and payments and the statement of expenditures per components for the year ended 31 December 2022, and notes to the special purpose project financial statements, including a summary of significant accounting policies.

In our opinion,

1. the accompanying special purpose project financial statements present fairly, in all material respects, the cash flows for the year ended 31 December 2022 in accordance with International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting ("IPSAS-Cash Basis")*;
2. funds have been used in accordance with the conditions of the Financing Agreements concluded between the International Bank for Reconstruction and Development ("IBRD") and Georgia, and Asian Infrastructure Investment Bank ("AIIB") and Georgia, and WB Guidelines, 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. Expenditures included in the withdrawal applications and reimbursed against are eligible for financing under the Financing Agreements; Interim Unaudited Financial Statements (IUFSS) issued by MOLLHSA during the Reporting year are in agreement with the underlying books of account;
4. The Designated Accounts used has been maintained in accordance with the provision of the Financing Agreement, and World Bank related guidelines;
5. Goods, Works and Services financed have been procured in accordance with the Financing 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 Special Purpose Project Financial Statements* section of our report. We are independent of the Project and of the MOLLHSA in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled out 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.

Other Matter

Data included on pages 5 to 19 of accompanying special purpose project financial statements that are marked as "Unaudited" have not been audited.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the special purpose project financial statements, which describes the basis of accounting. The special purpose project financial statements are prepared to assist to MOLLHSA comply with the requirements of IBRD and AIIB and for providing information to assist in evaluating the Project



implementation. As a result, the special purpose project financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Management and Those Charged with Governance for the Special Purpose Project Financial Statements

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

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

Our objectives are to obtain reasonable assurance about whether the special purpose project 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 guarantee 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 project 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 project 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 project financial statements, including the disclosures, and whether the special purpose project 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is:

Ivane Zhuzhunashvili (# SARAS-A-720718)

For and on behalf of BDO AUDIT LLC

Tbilisi, Georgia

27 June 2023

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIB Loan Number L0388A

STATEMENT OF CASH RECEIPTS AND PAYMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

	Actual		Budget* (Unaudited)		Variance	
	For the year ended 31 December 2022	Cumulative as at 31 December 2022	For the year ended 31 December 2022	Cumulative as at 31 December 2022	For the year ended 31 December 2022	Cumulative as at 31 December 2022
Operating Working Capital	2,224,768	-	-	-	-	-
Cash and cash equivalents	6,197,366	-	-	-	-	-
Prepayments	16,563,499	-	-	-	-	-
Payables to GOG	1,858,633	-	-	-	-	-
Sources of Funds						
IBRD 91130	3,623,050	72,082,067	-	-	-	-
AIB C1670	4,412,050	88,888,600	-	-	-	-
IBRD 92730	16,918,594	21,532,547	-	-	-	-
	24,953,694	182,503,214	-	-	-	-
Project Expenditures						
Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	25,290,739	83,102,246	25,900,000	101,704,000	609,261	18,601,754
Cash Transfers and Unemployment Benefits for Part 2 of the Project	-	89,519,777	-	64,339,650	-	(25,180,127)
FRONT END FEE	-	482,850	-	254,500	-	(228,350)
TOTAL EXPENDITURES	25,290,739	173,104,873	25,900,000	166,298,150	609,261	(6,806,723)
Foreign Exchange loss, net**	(157,625)	(8,034,376)	-	-	-	-
Closing Working Capital	1,560,351	1,560,351	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-
Prepayments	(196,386)	(196,386)	-	-	-	-
Payables to GOG***	1,363,965	1,363,965	-	-	-	-
TOTAL CLOSING WORKING CAPITAL	1,363,965	1,363,965	-	-	-	-

* The budget figures are updated several times during the year. Planned figures for the year ended 31 December 2022 included in the IFR (Interim Financial Report) have not been audited.

** Foreign Exchange difference is unrealized exchange rate loss as period expenditure is translated into EUR based at the exchange rate prevailing at the date of the transaction as issued by the National Bank of Georgia (NBGI) and the translation of monetary assets and liabilities are reported at year-end official exchange rates.

*** Payables to GOG is amount of reporting period eligible expenditure which is paid by the Government of Georgia ("GOG") during reporting period and will be reimbursed by IBRD and AIB.

The special purpose project financial statements were approved by the management of Ministry of Integrally displaced persons from the occupied territories, Labour, Health and Social Affairs on 27 June 2023 and were signed on its behalf by:



 Nino Kvernadze

 Project manager, PIU member



 Natalie Godziasvili

 Financial Manager, PIU member

27 June 2023

The notes on pages 9-19 form an integral part of these special purpose project financial statements.

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

STATEMENT OF CASH RECEIPTS AND PAYMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

	Actual		Budget* (Unaudited)		Variance	
	For the year ended 31 December 2021	Cumulative as at 31 December 2021	For the year ended 31 December 2021	Cumulative as at 31 December 2021	For the year ended 31 December 2021	Cumulative as at 31 December 2021
Opening Working Capital						
Cash and cash equivalents	54,400,000	-	-	-	-	-
Prepayments**	5,657,264	-	-	-	-	-
Payables to GOG	(83,577,590)	-	-	-	-	-
	(23,520,326)	-	-	-	-	-
Sources of Funds						
IBRD 91130	32,472,556	68,459,017	-	-	-	-
AIIB C1670	30,793,047	84,476,550	-	-	-	-
IBRD 92730	4,613,953	4,613,953	-	-	-	-
	67,879,556	157,549,520	-	-	-	-
Project Expenditures						
Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	33,907,909	57,811,507	45,804,000	75,804,000	11,896,091	17,992,493
Cash Transfers and Unemployment Benefits for Part 2 of the Project	11,390,502	89,519,777	10,000,000	64,339,650	(1,390,502)	(25,180,127)
FRONT END FEE	300,100	482,850	71,750	254,500	(228,350)	(228,350)
TOTAL EXPENDITURES	45,598,511	147,814,134	55,875,750	140,398,150	10,277,239	(7,415,984)
Foreign Exchange loss, net**	3,097,916	(7,876,751)				
Closing Working Capital	2,224,768	2,224,768				
Cash and cash equivalents	6,197,366	6,197,366				
Prepayments***	(6,563,499)	(6,563,499)				
Payables to GOG	1,858,635	1,858,635				
TOTAL CLOSING WORKING CAPITAL						

* The budget figures are updated several times during the year. Planned figures for the year ended 31 December 2021 included in the IFR (Interim Financial Report) have not been audited.

** Foreign Exchange difference is unrealized exchange rate loss as period expenditure is translated into EUR based at the exchange rate prevailing at the date of the transaction as issued by the National Bank of Georgia (NBG) and the translation of monetary assets and liabilities are reported at year-end official exchange rates.

*** Prepayments - prepayments to UN organizations are not reported as period expenditure according to relevant agreements.

**** Payables to GOG is amount of reporting period eligible expenditure which is paid by the Government of Georgia ("GOG") during reporting period and will be reimbursed by IBRD and AIIB.

The notes on pages 9-19 form an integral part of these special purpose project financial statements.

Emergency Covid-19 Response Project
 IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

STATEMENT OF EXPENDITURE PER COMPONENT

For the year ended 31 December 2022

(Amounts are shown in EUR)

	Actual		Budget* (Unaudited)		Variance Cumulative as at 31 December 2022
	For the year ended 31 December 2022	Cumulative as at 31 December 2022	For the year ended 31 December 2022	Cumulative as at 31 December 2022	
Component 1: Emergency COVID-19 Response	25,290,739	83,102,246	25,900,000	101,704,000	18,601,754
Component 2: Enabling health measures to contain the COVID-19 outbreak through temporary income support for poor households and vulnerable individuals	-	89,519,777	-	64,339,650	(25,180,127)
FRONT END FEE	-	482,850	-	254,500	(228,350)
Total Project Expenditure	25,290,739	173,104,873	25,900,000	166,298,150	(6,806,713)

* The budget figures are updated several times during the year. Planned figures for the year ended 31 December 2022 included in the IFR (Interim Financial Report) have not been audited.

The special purpose project financial statements were approved by the management of Ministry of Integrally displaced persons from the occupied territories, Labour, Health and Social Affairs on 27 June 2023 and were signed on its behalf by:

27 June 2023

 Nino Kvernadze
 Project manager, PIU member

 Natalie Godzhashvili
 Financial Manager, PIU member

The notes on pages 9-19 form an integral part of these special purpose project financial statements.

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

STATEMENT OF EXPENDITURE PER COMPONENT

For the year ended 31 December 2022

(Amounts are shown in EUR)

	Actual		Budget* (Unaudited)		Variance	
	For the year ended 31 December 2021	Cumulative as at 31 December 2021	For the year ended 31 December 2021	Cumulative as at 31 December 2021	For the year ended 31 December 2021	Cumulative as at 31 December 2021
Component 1:						
Emergency COVID-19 Response	33,907,909	57,811,507	45,804,000	75,804,000	11,896,091	17,992,493
Component 2:						
Enabling health measures to contain the COVID-19 outbreak through temporary income support for poor households and vulnerable individuals	11,390,502	89,519,777	10,000,000	64,339,650	(1,390,502)	(25,180,127)
FRONT END FEE	300,100	482,850	71,750	254,500	(228,350)	(228,350)
Total Project Expenditure	45,598,511	147,814,134	55,875,750	140,398,150	10,277,239	(7,415,984)

* The budget figures are updated several times during the year. Planned figures for the year ended 31 December 2021 included in the IFR (Interim Financial Report) have not been audited.

The notes on pages 9-19 form an integral part of these special purpose project financial statements.

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

1. General information

1.1. The Project

The Financing Agreement IBRD Loan Number 9113-GE was signed on 1 May 2020 between Georgia and the International Bank for Reconstruction and Development ("IBRD"), The Financing Agreement IBRD Loan Number 9273-GE was signed on 9 June 2021 between Georgia and the International Bank for Reconstruction and Development ("IBRD") and The Financing Agreement AIIB co-financing Loan L0388A was signed on 21 May 2020 between Georgia and Asian Infrastructure Investment Bank (AIIB) according to which IBRD provided financing to the Georgia in the amount of 73,100,000 EUR and 28,700,000 EUR and AIIB provided 91,340,000 EUR.

The financing was provided for the implementation of Georgia Emergency Covid-19 Response Project.

The payment currency of IBRD Loan Number 9113-GE, IBRD Loan Number 9273-GE and AIIB L0388A is GEL.

Loan Project Data is as follows:

Project Data: IBRD 9113-GE:	EUR (million)
Original Loan Amount	73
Total Disbursements	72
Disbursements in WB Fiscal Year	4
Total disbursement excluding advance	72
Effectiveness Date	28-May-20
Closing Date	30-Apr-22
Revised Closing date	30-Apr-24

Project Data: AIIB L0388A	EUR (million)
Original Loan Amount	91
Total Disbursements	89
Disbursements in WB Fiscal Year	4
Total disbursement excluding advance	89
Effectiveness Date	17-Jun-20
Closing Date	30-Apr-22
Revised Closing date	30-Apr-24

Project Data: IBRD 9273-GE:	EUR (million)
Original Loan Amount	29
Total Disbursements	22
Disbursements in WB Fiscal Year	17
Total disbursement excluding advance	20
Effectiveness Date	7-Sep-21
Closing Date	7-Dec-22
Revised Closing date	30-Apr-24

The Grace Period for submitting withdrawal application for expenditures incurred before the Closing date is four months following the Closing date.

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

1. General information (continued)

1.2. The Project objectives

The objective of the Project is to prevent, detect, and respond to the threat posed by the COVID-19 pandemic and strengthen national systems for public health preparedness in Georgia. The Project is a part of the MPA Program and consists of the following parts:

Part 1: Emergency COVID-19 Response

Assistance in the provision of urgent efforts to slow down and limit the spread of COVID-19 through:

- (a) supporting Georgia's health sector by strengthening disease surveillance systems and epidemiological capacities of selected public health laboratories to facilitate early detection and confirmation of COVID-19 cases by increasing overall testing capacity and expanding the availability of critical medical supplies and equipment;
- (b) strengthening the preparedness planning and clinical care capacity of Georgia's health systems through inter alia, establishing specialized care units, increasing availability of isolation facilities, increasing availability of critical medical supplies, equipment, and other related goods, and mobilizing additional resources to public and private health care facilities for effective management of cases including non-severe cases and ensuring readiness for forthcoming COVID-19 cases and treatment.

Part 2: Enabling Health Measures to Contain the COVID-19 Outbreak Through Temporary Income Support for Poor Households and Vulnerable Individuals

Assistance in the provision of social assistance and financial support to households and individuals affected directly or indirectly by COVID-19, through:

- a) providing financial assistance, in addition to the expansion of the assistance provided by the Targeted Social Assistance Program to additional poor and vulnerable households;
- b) providing temporary financial assistance to selected Formal Workers and Self-Employed Persons, whose employment is directly or indirectly affected due to the measures adopted to contain the COVID-19 pandemic and who are not otherwise covered by other social protection programs.

Part 3: Project Management and Monitoring

Carrying out Project management activities, including carrying out the following:

- a) financial management and procurement requirements;
- b) monitoring and evaluation activities related to the Project including inter alia monitoring, impact evaluation assessments, data collection, and spot checks of the provision of financial assistance;
- c) other tasks related to overall administration, procurement, financial management, environmental and social aspects, and communication and outreach.

1.3. The Project Budget

The project is financed by IBRD Loan 9113, Original Loan Amount is EUR\$73,100,000, IBRD Loan 9273, Original Loan Amount is EUR\$28,700,000 and AIIB co-financing Loan L0388A, Original Loan Amount is EUR 91,340,000. Co-financing Shares for IBRD Loan 9113 and AIIB co-financing Loan L0388A is 45%-55%. IBRD Loan 9273 is fully financed by IBRD and does not include co-financing component.

IBRD Loan 9113-GE:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	29,065,379	45%
(2) Cash Transfers and Unemployment Benefits for Part 2 of the Project	43,851,871	45%
(3) Front-end Fee	182,750	
TOTAL AMOUNT	73,100,000	

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

1. General information (continued)

AIIB co-financing Loan L0388A:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	37,099,688	55%
(2) Cash Transfers and Unemployment Benefits for Part 2 of the Project	54,011,962	55%
(3) Front-end Fee	228,350	
TOTAL AMOUNT	91,340,000	

IBRD Loan 9273-GE:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, Works, Non-Consulting services, and Consulting services, Operating Costs, and Training for the Project	28,628,250	100%
(2) Front-end Fee	71,750	
(3) Interest Rate Cap or Interest Rate Collar premium	-	
TOTAL AMOUNT	28,700,000	

1.4. Project Implementation

The Project is implemented by Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs ("MOLLHSA") and is responsible for all project implementation.

MOLLHSA address is: 144, Ak. Tsereteli Ave. 0119 Tbilisi, Georgia

2. Summary of significant accounting policies

2.1. Statement of compliance

The special purpose project financial statements are prepared in accordance with the International Public Sector Accounting Standard: *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 Loan Handbook for World Bank Borrowers.

The purpose of these special purpose project financial statements is to provide information to the international Bank for Reconstruction and Development (IBRD) and Asian Infrastructure Investment Bank ("AIIB") to assist them in evaluating the Project implementation.

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

2.2. Cash basis of accounting

Project financing is recognized as a source of project funds when the cash is received. Project expenditures are recognized as a use of project funds when the payments are made.

2.3. Presentation currency

The national currency of Georgia is the Georgian Lari (GEL). These special purpose project financial statements are presented in EUR, in conformity with World Bank Guidelines. All financial information in EUR has been rounded to the nearest EUR unless otherwise stated.

The expenditures and prepayments made in local currency, Georgian Lari (GEL), are translated into EUR based at the exchange rate prevailing at the date of the transaction as issued by the National Bank of Georgia (NBG).

Cash and Payables are reported at year-end official exchange rates of NBG.

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

2. Summary of significant accounting policies (continued)

The closing official rate of the National Bank of Georgia of exchange used for translating balances in GEL to EUR was:

	<i>EUR</i>
Exchange rate as at 31 December 2022	2.8844
Exchange rate as at 31 December 2021	3.5040

2.4. Designated account

Designated account is a designated disbursement account of the Project that is maintained in EUR at the state treasury to ensure the payment of eligible expenditure within defined limits, which do not require individual authorization in accordance to loan agreements.

2.5. Methods of withdrawals

The methods of withdrawal used from the inception of the loan to 31 December 2022 were as follows:

Designated account

MoILHSA withdraws the eligible amounts from the Designated account and prepares and sends replenishment requests to the World Bank with authorized signatures. The replenishment requests and respective documentation are reviewed by the World Bank and an approved amount is transferred to the Designated account.

Direct Payment

Available amounts are drawn from time to time within limits determined under the loan agreement for direct payments of eligible expenditures. Direct payments are made by IBRD and AIIB directly to third parties. The MoILHSA forms withdrawal applications for request of direct payments and sends it to the Bank, for settlement.

Reimbursement

IBRD and AIIB reimburses MoILHSA for expenditures eligible for financing pursuant to the Financing Agreements (eligible expenditures) that MoILHSA has prefinanced from GOG resources.

2.6. Taxes

According to the Georgian Tax Legislation, the Organization pays all the taxes on unified treasury code applicable for all taxes. Taxes are paid in accordance with the tax regulation of Georgia.

3. Summary of Summary Reports and SOEs

3.1 SOEs submitted and approved during the year ended 31 December 2022 can be presented as follows:
IBRD Loan 9113-GE:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA034	18-Nov-2022	3,147,642	-	3,147,642
WA033	21-Nov-2022	475,408	-	475,408
		3,623,050	-	3,623,050

AIIB Loan L0388A:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA033	30-Nov-2022	3,812,131	-	3,812,131
WA034	30-Nov-2022	599,919	-	599,919
		4,412,050	-	4,412,050

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

3. Summary of Summary Reports and SOEs (continued)

IBRD Loan 9273-GE:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA005	07-Feb-2022	10,651,464	-	10,651,464
		10,651,464	-	10,651,464

Received DA-A advance Payment during the year ended 31 December 2022 can be presented as follows:

IBRD Loan 9273-GE:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA012	27-Dec-2022	443,312	-	443,312
WA011	06-Jul-2022	23,893	-	23,893
WA010	05-May-2022	2,725	-	2,725
WA009	31-Mar-2022	4,846,014	-	4,846,014
WA008	28-Mar-2022	444,296	-	444,296
WA007	28-Mar-2022	270,864	-	270,864
WA006	14-Mar-2022	187,806	-	187,806
WA004	07-Jan-2022	48,220	-	48,220
		6,267,130	-	6,267,130

3.2 SOEs submitted and approved during the year ended 31 December 2021 can be presented as follows:

IBRD Loan 9113-GE:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA007	04-Jan-2021	-	7,825,211	7,825,211
WA008	04-Jan-2021	-	6,089,915	6,089,915
WA010	22-Feb-2021	3,818,556	-	3,818,556
WA012	13-Apr-2021	-	4,587,464	4,587,464
WA013	26-Apr-2021	4,364,620	-	4,364,620
WA016	14-May-2021	-	6,195,528	6,195,528
WA021	25-Jun-2021	707,078	9,479,163	10,186,241
WA022	29-Jul-2021	-	3,510,767	3,510,767
WA023	10-Aug-2021	-	615,792	615,792
WA027	16-Aug-2021	2,836,240	-	2,836,240
WA031	03-Dec-2021	1,261,846	-	1,261,846
WA032	16-Dec-2021	1,615,916	-	1,615,916
		14,604,256	38,303,840	52,908,096

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

3. Summary of Summary Reports and SOEs (continued)

AIIB Loan L0388A:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA009	13-Jan-2021	-	7,567,942	7,567,942
WA011	23-Feb-2021	4,755,243	-	4,755,243
WA013	13-Apr-2021	-	5,606,900	5,606,900
WA014	28-Apr-2021	5,374,785	-	5,374,785
WA017	14-May-2021	-	7,572,312	7,572,312
WA021	25-Jun-2021	864,206	11,585,644	12,449,850
WA022	29-Jul-2021	-	4,290,938	4,290,938
WA023	20-Aug-2021	-	767,033	767,033
WA027	20-Aug-2021	3,552,675	-	3,552,675
WA031	27-Dec-2021	1,584,139	-	1,584,139
WA032	27-Dec-2021	1,996,130	-	1,996,130
		18,127,178	37,390,769	55,517,947

IBRD Loan 9273-GE:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA002	29-Nov-2021	882,044	-	882,044
WA003	30-Dec-2021	1,160,159	-	1,160,159
		2,042,203	-	2,042,203

EUR 2,500,000 was received under WA001 as DA-A advance payment.

Direct Payment submitted and approved during the year ended 31 December 2021 can be presented as follows:
IBRD Loan 9113-GE:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA009	22-Jan-2021	204,199	-	204,199
WA011	17-Feb-2021	97,914	-	97,914
WA014	10-May-2021	23,664	-	23,664
WA015	07-May-2021	183,099	-	183,099
WA017	20-May-2021	1,548,371	-	1,548,371
WA018	20-May-2021	131,246	-	131,246
WA019	24-May-2021	233,300	-	233,300
WA020	17-Jun-2021	259,543	-	259,543
WA024	09-Aug-2021	287,664	-	287,664
WA025	16-Aug-2021	310,583	-	310,583
WA026	18-Aug-2021	16,168	-	16,168
WA028	07-Sep-2021	204,985	-	204,985
WA029	31-Aug-2021	309,844	-	309,844
WA030	24-Sep-2021	233,880	-	233,880
		4,044,460	-	4,044,460

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

3. Summary of Summary Reports and SOEs (continued)

AIIB Loan L0388A:

Withdrawal Application N	Withdrawal application date	Expenditure categories		Total
		Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project	Cash Transfers and Unemployment Benefits for Part 2 of the Project	
WA010	14-Jan-2021	249,146	-	249,146
WA012	10-Feb-2021	119,422	-	119,422
WA015	29-Apr-2021	29,717	-	29,717
WA016	04-May-2021	220,479	-	220,479
WA018	12-May-2021	1,886,293	-	1,886,293
WA018	14-May-2021	166,002	-	166,002
WA019	16-May-2021	289,362	-	289,362
WA020	11-Jun-2021	325,763	-	325,763
WA024	03-Aug-2021	359,365	-	359,365
WA025	05-Aug-2021	380,087	-	380,087
WA026	05-Aug-2021	19,862	-	19,862
WA028	12-Aug-2021	252,573	-	252,573
WA029	24-Aug-2021	377,095	-	377,095
WA030	17-Sep-2021	291,584	-	291,584
		4,966,750	-	4,966,750

4. Statement of Designated Accounts

Financing Agreement	IBRD Loan 9113-GE, IBRD Loan 9273-GE and AIIB Loan L0388A
Bank account number	GE65NB0331100001150207
Bank	National Bank of Georgia
Bank location	2 Sanapiro street, Tbilisi, Georgia, 0114
Account currency	EUR

IBRD Loan 9113-GE:

	For the year ended 31 December 2022	Cumulative as at 31 December 2022
1 Opening Balance:	-	-
Add:		
2 Cumulative unexplained discrepancy	-	-
3 IBRD advance/replenishment during the current semester	-	-
4 Less: Refund to IDA/PHRD from DA during the current semester	-	-
5 Present outstanding amount advanced to DA	-	-
6 DA closing balance as at 31/12/22 carried forward to next period	-	-
7 Add: Amount of eligible expenditures paid during the current semester	-	-
8 Service charges (if debited into DA)	-	-
9 Less: Interest earned (if credited into DA)	-	-
10 Total advance accounted for	-	-
11 Discrepancy (5)-(10) to be explained //I	-	-

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

4. Statement of Designated Accounts (continued)

AIIB Loan L0388A:

	For the year ended 31 December 2022	Cumulative as at 31 December 2022
1 Opening Balance:	-	-
Add:		
2 Cumulative unexplained discrepancy	-	-
3 IBRD advance/replenishment during the current semester	-	-
4 Less: Refund to IDA/PHRD from DA during the current semester	-	-
5 Present outstanding amount advanced to DA	-	-
6 DA closing balance as at 31/12/22 carried forward to next period	-	-
7 Add: Amount of eligible expenditures paid during the current semester	-	-
8 Service charges (if debited into DA)	-	-
9 Less: Interest earned (if credited into DA)	-	-
10 Total advance accounted for	-	-
11 Discrepancy(5)-(10) to be explained //I	-	-

IBRD Loan 9273-GE:

	For the year ended 31 December 2022	Cumulative as at 31 December 2022
1 Opening Balance:	2,224,768	-
Add:		
2 Cumulative unexplained discrepancy	-	-
3 IBRD advance/replenishment during the current semester	-	2,224,768
4 Less: Refund to IDA/PHRD from DA during the current semester	664,417	664,417
5 Present outstanding amount advanced to DA	1,560,351	1,560,351
6 DA closing balance as at 31/12/21 carried forward to next period	1,560,351	1,560,351
7 Add: Amount of eligible expenditures paid during the current semester	-	-
8 Service charges (if debited into DA)	-	-
9 Less: Interest earned (if credited into DA)	-	-
10 Total advance accounted for	1,560,351	1,560,351
11 Discrepancy(5)-(10) to be explained //I	-	-

IBRD Loan 9113-GE:

	For the year ended 31 December 2021	Cumulative as at 31 December 2021
1 Opening Balance:	24,480,000	-
Add:		
2 Cumulative unexplained discrepancy	-	-
3 IBRD advance/replenishment during the current semester	-	24,480,000
4 Less: Refund to IDA/PHRD from DA during the current semester	24,480,000	24,480,000
5 Present outstanding amount advanced to DA	-	-
6 DA closing balance as at 31/12/21 carried forward to next period	-	-
7 Add: Amount of eligible expenditures paid during the current semester	-	-
8 Service charges (if debited into DA)	-	-
9 Less: Interest earned (if credited into DA)	-	-
10 Total advance accounted for	-	-
11 Discrepancy(5)-(10) to be explained //I	-	-

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

4. Statement of Designated Accounts (continued)

AIIB Loan L0388A:

	For the year ended 31 December 2021	Cumulative as at 31 December 2021
1 Opening Balance:	29,920,000	-
Add:		
2 Cumulative unexplained discrepancy	-	-
3 IBRD advance/replenishment during the current semester	-	29,920,000
4 Less: Refund to IDA/PHRD from DA during the current semester	29,920,000	29,920,000
5 Present outstanding amount advanced to DA	-	-
6 DA closing balance as at 31/12/21 carried forward to next period	-	-
7 Add: Amount of eligible expenditures paid during the current semester	-	-
8 Service charges (if debited into DA)	-	-
9 Less: Interest earned (if credited into DA)	-	-
10 Total advance accounted for	-	-
11 Discrepancy (5)-(10) to be explained /II	-	-

IBRD Loan 9273-GE:

	For the year ended 31 December 2021	Cumulative as at 31 December 2021
1 Opening Balance:	-	-
Add:		
2 Cumulative unexplained discrepancy	-	-
3 IBRD advance/replenishment during the current semester	4,542,203	4,542,203
4 Less: Refund to IDA/PHRD from DA during the current semester	2,317,435	2,317,435
5 Present outstanding amount advanced to DA	2,224,768	2,224,768
6 DA closing balance as at 31/12/21 carried forward to next period	2,224,768	2,224,768
7 Add: Amount of eligible expenditures paid during the current semester	-	-
8 Service charges (if debited into DA)	-	-
9 Less: Interest earned (if credited into DA)	-	-
10 Total advance accounted for	2,224,768	2,224,768
11 Discrepancy (5)-(10) to be explained /II	-	-

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

5. Statement of Financial Position (Statement of Fund Balances)

The Statement of Financial Position discloses assets, liabilities and net assets of the Project as at reporting date.

	31 December 2022	31 December 2021
ASSETS		
Cash	1,560,351	2,224,768
Prepayments	-	6,197,366
	<u>1,560,351</u>	<u>8,422,134</u>
LIABILITIES		
Payables to GOG*	(196,386)	(6,563,499)
	<u>(196,386)</u>	<u>(6,563,499)</u>
Net Assets	<u>1,363,965</u>	<u>1,858,635</u>
Funds received		
Fund received from IBRD 91130	72,082,067	68,459,017
Fund received from AIIB C1670	88,888,600	84,476,550
Fund received from IBRD 92730	21,532,547	4,613,953
	<u>182,503,214</u>	<u>157,549,520</u>
Expenditures		
Project expenses	173,104,873	147,814,134
	<u>173,104,873</u>	<u>147,814,134</u>
Foreign Exchange difference	(8,034,376)	(7,876,751)
Total net assets	<u>1,363,965</u>	<u>1,858,635</u>

*Payables to GOG is amount of reporting period eligible expenditure which is paid by the Government of Georgia ("GOG") during reporting period and will be reimbursed by IBRD and AIIB.

6. Reconciliation Between The Amounts Shown As Received From The IBRD And AIIB To Actual Expenditures Of The Project

	For the year ended 31 December 2022	For the year ended 31 December 2021
Application of Withdrawals Schedule		
Expenses incurred as per Application of Withdrawal schedule	(25,094,353)	(45,232,378)
Expenses incurred without Application of Withdrawal schedule	(196,386)	(366,133)
	<u>(25,290,739)</u>	<u>(45,598,511)</u>
Funds received:		
IBRD 91130	3,623,050	32,472,556
AIIB C1670	4,412,050	30,793,047
IBRD 92730	16,918,594	4,613,953
	<u>24,953,694</u>	<u>67,879,556</u>
Foreign exchange difference	(157,625)	3,097,916
Add:		
Opening Balance		
Designated account:		
IBRD 91130	-	24,480,000
AIIB C1670	-	29,920,000
IBRD 92730	2,224,768	-
Prepayments**	6,197,366	5,657,264
Payables to GOG	(6,563,499)	(83,577,590)
	<u>1,858,635</u>	<u>(23,520,326)</u>
Less:		
Closing Balance		
Designated account:		
IBRD 91130	-	-
AIIB C1670	-	-
IBRD 92730	1,560,351	2,224,768
Prepayments	-	6,197,366
Payables to GOG	(196,386)	(6,563,499)
	<u>1,363,965</u>	<u>1,858,635</u>
Total Expenditure incurred	<u>25,290,739</u>	<u>45,598,511</u>

Emergency Covid-19 Response Project

IBRD Loan Number 9113-GE, IBRD Loan 9273-GE and AIIB Loan Number L0388A

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts are shown in EUR)

7. Commitments and Contingencies

Management is not aware of any commitments and contingencies which would have a material impact on this special purpose project financial statements as at 31 December 2022 for the period then ended.

8. Georgian operating environment

MOLLHSA operations are located in Georgia. Consequently, MOLLHSA is exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia. The special purpose project financial statements reflect management's assessment of the impact of the Georgian operating environment on the operations of the MOLLHSA. The future operating environment may differ from management's assessment.

9. Events after the reporting period

During 2023, MOLLHSA received following funds under IBRD Loan Number 9113-GE and AIIB co-financing Loan L0388A:

	Currency	IBRD	AIIB
Direct Payment	GEL	51,603	63,070
Direct Payment	USD	314,614	54,711

In the reporting period of 2022, communication with the lenders regarding the change in the loan closing period has started. In April 2023, an agreement was signed, based on which the closing period of all three loans was extended to April 30, 2024.

Due to the extension of the AIIB co-financing Loan L0388A and IBRD Loan 9113-GE terms, the amount was redistributed into categories. \$715,918 and \$8,129 were transferred to the "Goods, Works, Non-Consulting services, Consulting services, Operating Costs, and Training for Parts 1 and 3 of the Project" while "Cash Transfers and Unemployment Benefits for Part 2 of the Project" category was decreased by the same amount.