

ARMENIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE SUPPORT PROJECT

EGPS GRANT No. TFOA6768

IMPLEMENTED BY OFFICE THE PRIME MINISTER OF THE REPUBLIC OF ARMENIA

Special Purpose Project Financial Statements
and
Independent Auditor's Report

For the period from April 18, 2018, to August 18, 2021

YEREVAN
September 2021

ARMENIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE SUPPORT PROJECT

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Armenia Extractive Industries Transparency Initiative Support Project


Grant No. TFOA6768

Statement of cash receipts and payments


For the period from April 18, 2018, to August 18, 2021

(Amounts are shown in US dollars)

	Actual					Planned	Variance	PAD	
	Period from 18-April-2018 to 31-Dec-2018	Year ended 31-Dec-2019	Year ended 31-Dec-2020	Period ended 18-Aug-2021	Cumulative as at 18-Aug-2021	Cumulative as at 18-Aug-2021	Cumulative as at 18-Aug-2021		
OPENING CASH BALANCE									
Designated Account (Grant No. TFOA6768)	-	4,499.77	41,074.49	50,000.00	-				
Project Account (GOA)	-	-	-	-	-				
TOTAL OPENING CASH	-	4,499.77	41,074.49	50,000.00	-				
Sources of Funds									
Grant No. TFOA6768	8.1	94,540.82	76,072.31	122,376.86	38,373.72	331,363.71			
Government of RoA	8.2	17,534.27	3,082.77	17,051.47	14,611.08	52,279.59			
TOTAL FUNDS		112,075.09	79,155.08	139,428.33	52,984.80	383,643.30			
Foreign currency gain/(loss)		(8.57)	54.57	(399.87)	(48.58)	(402.45)			
Uses of funds	7	-	-						
1. Goods, non-consulting services, consulting services, training, and operating costs under the Project		107,566.75	42,634.93	130,102.95	93,348.48	373,653.11	420,000.00	(46,346.89)	420,000.00
TOTAL PROJECT EXPENDITURES		107,566.75	42,634.93	130,102.95	93,348.48	373,653.11	420,000.00	(46,346.89)	420,000.00
CLOSING CASH BALANCE	6								
Designated Account (Grant No. TFOA6768)		4,499.77	41,074.49	50,000.00	8,654.89	8,654.89			
Project Account (GOA)		-	-	-	932.85	932.85			
TOTAL CLOSING CASH		4,499.77	41,074.49	50,000.00	9,587.74	9,587.74			


Tsovinar Soghomonyan
 First Deputy Chief of the Office of the RA Prime Minister




Lusine Tovmasyan
 Head of Extractive Industries Transparency Initiative Secretariat at the Office of the RA Prime Minister


13 September 2021

The notes on pages 7-14 form an integral part of these special purpose project financial statements.


Armenia Extractive Industries Transparency Initiative Support Project
Grant No. TFOA6768

Statement of uses of funds by Project activity
For the period from April 18, 2018, to August 18, 2021
(Amounts are shown in US dollars)

Project Activities	Actual					Planned	Variance	PAD
	Period from 18-April-2018 to 31-Dec-2018	Year ended 31-Dec-2019	Year ended 31-Dec-2020	Period ended 18-Aug-2021	Cumulative as at 18-Aug-2021	Cumulative as at 18-Aug-2021	Cumulative as at 18-Aug-2021	
Part 1: EITI Reporting and Validation	96,243.82	10,668.84	99,909.63	75,423.39	282,245.68	286,300.00	(4,054.32)	286,300.00
Part 2: Capacity Building and mainstreaming	7,071.09	531.82	-	7,386.10	14,989.01	20,600.00	(5,610.99)	20,600.00
Part 3: Communication and Outreach	1,728.16	25,791.82	-	8,082.39	35,602.37	44,400.00	(8,797.63)	44,400.00
Part 4: Beneficial Ownership Disclosure and Project Management	2,523.68	5,642.45	30,193.32	2,456.60	40,816.05	68,700.00	(27,883.95)	68,700.00
Total Project Expenditure	107,566.75	42,634.93	130,102.95	93,348.48	373,653.11	420,000.00	(46,346.89)	420,000.00


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First Deputy Chief of the Office of the RA Prime Minister




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Notes to the special purpose financial statements
For the period from April 18, 2018, to August 18, 2021

1. General information

1.1. The Project

The Letter Agreement No. TFOA6768 was concluded on 20 March 2018 between the Republic of Armenia (RoA) and the International Bank for Reconstruction and Development (IBRD), according to which IBRD provided a grant to RoA in an amount of 350,000 USD. The Letter Agreement becomes effective on April 18, 2018.

The grant is provided for the purpose of implementation of "Armenia Extractive Industries Transparency Initiative Support Project" (the Project).

According to the Letter Agreement, the Closing Date of the Project is set on 30 April 2020. According to the letter of December 16, 2019, the WB extended the end of the Project until January 31, 2021, then, according to the letter of January 11, 2021, the end of the Project was extended until July 31, 2021.

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

1.2. The Project objective

The objective of the Project is to assist the RoA to increase transparency and accountability of the mining sector by implementing the Extractive Industries Transparency Initiative (EITI) standard.

The Project consists of the following parts:

Part 1. EITI reporting and validation

Provision of consultants' services for the publication of the first two EITI report in accordance with the EITI standards, including the implementation of necessary reforms to meet all necessary requirements for first EITI validation.

Part 2. Capacity building and mainstreaming

Provision of support for capacity building activities including:

- a) participation in EITI international and regional conferences, training events and meetings,
- b) conducting training and seminars for specific parts of EITI standard, and
- c) initiating mainstreaming activities for stakeholders using web-site open data tools.

Part 3. Communication and outreach

Organizing a series of outreach campaigns and awareness raising events to support the implementation of the EITI standard, including conferences, board meetings, publications and internet and social media activities.

Part 4. Beneficial ownership disclosure and Project management

Assisting in process of disclosing mineral sector's beneficial owners through the necessary legal amendments and installation of a registration software, including provision of operating costs for Project management.

Notes to the special purpose financial statements
For the period from April 18, 2018, to August 18, 2021

1.3. The Project Budget and Financing

The Project is being financed by the following sources:

- Grant No. TFOA6768 - 100% exclusive of taxes,
- The Government of the Republic of Armenia (Government of RoA) - taxes.

Category	Grant No. TFOA6768	Government of the RoA	Total
	USD	USD	USD
1. Goods, non-consulting services, consulting services, training, and operating costs under the Project	350,000.00	70,000.00	420,000.00
Total	350,000.00	70,000.00	420,000.00

1.4. Project Implementation

The Project was implemented by the State Institution "Foreign Financing Projects Management Center" of the Ministry of Finance of the Republic of Armenia (the "FFPMC"). According to the decree N 1425-N dated 13 December 2018 of the Government of the Republic of Armenia, the activities of the FFPMC were suspended starting from 31 March 2019. It was defined that the activities of the FFPMC will continue to be implemented by the Project Implementation Department of the Ministry of Finance of the Republic of Armenia through auxiliary professional structural subdivision.

According to the decree N 1919-N dated 26 December 2019 of the RA Government, it was defined that the activities of the Project will continue to be implemented by the Office of the Prime Minister of the Republic of Armenia (the "PM's Office").

The address of the PM's Office is: Government house 1, Yerevan 10, Republic of Armenia.

Notes to the special purpose financial statements
For the period from April 18, 2018, to August 18, 2021

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 Standard: *Financial Reporting Under the Cash Basis of Accounting* (IPSAS-Cash Basis), issued by the International Public Sector Accounting Standards Board (IPSASB), and presented in accordance with Financial Management Manual for World Bank Financed Investment Operations (March 2010): RM 3 - Financial Reporting and Auditing.

The special purpose project financial statements consist of:

- Statement of cash receipts and payments,
- Statement of uses of funds by project activity,
- Summary of significant accounting policies and other explanatory notes.

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

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

2.3 Reporting currency

The reporting currency of these special purpose financial statements is United States dollar (USD). The contribution of the Government of RA and expenditures made in local currency, Armenian Dram (AMD), are translated into USD based at the exchange rate defined by the Central Bank of the Republic of Armenia (CBA) at the date of the transaction. The effect of exchange rate changes on cash held on local currency is reported as separate line item in the statement of cash receipts and payments.

The average exchange rate at currency market issued by the CBA as of 31 December 2018 is 1 USD =483.75 AMD.

The average exchange rate at currency market issued by the CBA as of 31 December 2019 is 1 USD =479.70 AMD.

The average exchange rate at currency market issued by the CBA as of 31 December 2020 is 1 USD =522.59 AMD

The average exchange rate at currency market issued by the CBA as of 18 August 2021 is 1 USD =491.08 AMD

2.4. Taxes

Taxes are paid in accordance with the tax regulations of the Republic of Armenia.

2.5. Budget

Expenditure budget is created based on actual accumulated expenditures for the last period plus the updated procurement plans for the reporting period.

Notes to the special purpose financial statements
For the period from April 18, 2018, to August 18, 2021

3. Summary of Summary Reports and SOEs

For the period from April 18, 2018, to August 18, 2021

Withdrawal No	Withdrawal application value date	Payment categories	
		1.Goods, non-consulting services, consulting services, training, and operating costs under the Project	Total
		USD	USD
2	26-Nov-2018	44,540.82	44,540.82
3	16-Jan-2019	45,500.23	45,500.23
4	29-Mar-2019	26,021.07	26,021.07
5	22-Aug-2019	4,551.01	4,551.01
6	30-Dec-2019	8,925.51	8,925.51
7	30-Jun-2020	31,686.01	31,686.01
8	22-Oct-2020	39,776.99	39,776.99
9	29-Dec-2020	41,988.35	41,988.35
10	08-Jul-2021	23,373.72	23,373.72
12	04-Aug-2021	48,451.45	48,451.45
14	17-Aug-2021	7,893.66	7,893.66
Total		322,708.82	322,708.82

Notes to the special purpose financial statements
For the period from April 18, 2018, to August 18, 2021

4. Statement of Designated Account

Bank account number	900000904327
Bank	Central Treasury
Bank location	1 Meliq-Adamyany str. Yerevan, Republic of Armenia 0010
Currency	USD

	Grant No. TFOA6768				
	Period 18-April- 2018 to 31-Dec- 2018	Year ended 31- Dec-2019	Year ended 31-Dec- 2020	Period ended 18- Aug-2021	Total
1. Opening balance	-	4,499.77	41,074.49	50,000.00	-
2. Add: opening discrepancy	-	-	-	-	-
3. IBRD advance/replenishment	94,540.82	76,072.31	122,376.86	38,373.72	331,363.71
4. Less: Refund to IBRD from DA	-	-	-	-	-
5. Present outstanding amount advanced to DA	<u>94,540.82</u>	<u>80,572.08</u>	<u>163,451.35</u>	<u>88,373.72</u>	<u>331,363.71</u>
6. DA closing balance	4,499.77	41,074.49	50,000.00	8,654.89	8,654.89
7. Add: Amount of eligible expenditures paid	90,041.05	39,497.59	113,451.35	79,718.83	322,708.82
8. Less: interest earned (if credited to DA)	-	-	-	-	-
9. Total advance accounted for	<u>94,540.82</u>	<u>80,572.08</u>	<u>163,451.35</u>	<u>88,373.72</u>	<u>331,363.71</u>
10. Closing discrepancy (5)-(9)	-	-	-	-	-

Notes to the special purpose financial statements
For the period from April 18, 2018, to August 18, 2021

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	18-Aug-2021 USD	31-Dec-2020 USD	31-Dec-2019 USD	31-Dec-2018 USD
ASSETS					
Cash	6	9,587.74	50,000.00	41,074.49	4,499.77
Prepayments		-	-	-	-
Total assets		9,587.74	50,000.00	41,074.49	4,499.77
LIABILITIES					
Payables		-	-	-	-
Total liabilities		-	-	-	-
NET ASSETS					
Cumulative income	8				
Grant No. TFOA6768		331,363.71	292,989.99	170,613.13	94,540.82
Government of RoA		52,279.59	37,668.51	20,617.04	17,534.27
		383,643.30	330,658.50	191,230.17	112,075.09
Cumulative expenses					
Project expenses		(373,653.11)	(280,304.63)	(150,201.68)	(107,566.75)
		(373,653.11)	(280,304.63)	(150,201.68)	(107,566.75)
Foreign exchange gain/(loss)		(402.45)	(353.87)	46.00	(8.57)
Total net assets		9,587.74	50,000.00	41,074.49	4,499.77

6. Cash

	Account held at	Underlying Currency	18-Aug-2021 USD	31-Dec-2020 USD	31-Dec-2019 USD	31-Dec-2018 USD
Designated account (Grant No. TFOA6768)	Treasury	USD	8,654.89	50,000.00	41,074.49	4,499.77
Project account (Government of RoA)	Treasury	AMD	932.85	-	-	-
Total			9,587.74	50,000.00	41,074.49	4,499.77

Notes to the special purpose financial statements
For the period from April 18, 2018, to August 18, 2021

7. Project Expenditures

7.1. Project expenditures financing per funds

Expenditure category	Grant No. TFOA6768	Government of RA	Total
	USD	USD	USD
Period ended 31 Dec 2018			
1.Goods, non-consulting services, consulting services, training, and operating costs under the Project	90,041.05	17,525.70	107,566.75
Total	90,041.05	17,525.70	107,566.75
Year ended 31 Dec 2019			
1.Goods, non-consulting services, consulting services, training, and operating costs under the Project	39,497.59	3,137.34	42,634.93
Total	39,497.59	3,137.34	42,634.93
Year ended 31 Dec 2020			
1.Goods, non-consulting services, consulting services, training, and operating costs under the Project	113,451.35	16,651.60	130,102.95
Total	113,451.35	16,651.60	130,102.95
Period ended 18 Aug 2021			
1.Goods, non-consulting services, consulting services, training, and operating costs under the Project	79,718.83	13,629.65	93,348.48
	79,718.83	13,629.65	93,348.48
Cumulative as at 18 Aug 2021			
1.Goods, non-consulting services, consulting services, training, and operating costs under the Project	322,708.82	50,944.29	373,653.11
Total	322,708.82	50,944.29	373,653.11

7.2. Project expenditure budget execution

Category	Cumulative Expenditures as at 18 Aug 2021	Total budget	Execution
	USD	USD	%
1.Goods, non-consulting services, consulting services, training, and operating costs under the Project	373,653.11	420,000.00	89%
Total	373,653.11	420,000.00	89%

Notes to the special purpose financial statements
For the period from April 18, 2018, to August 18, 2021

8. Financing

8.1. Grant No. TFOA6768

	Period ended 31 Dec 2018 USD	Year ended 31 Dec 2019 USD	Year ended 31 Dec 2020 USD	Period ended 18 Aug 2021 USD	Cumulative as at 18 Aug 2021 USD
Advances/ (advance recovery)	50,000.00	(8,925.51)	8,925.51	(41,345.11)	8,654.89
SOE and Summary Report	44,540.82	84,997.82	113,451.35	79,718.83	322,708.82
Total	94,540.82	76,072.31	122,376.86	38,373.72	331,363.71
Total financing budget					350,000.00
Percentage of finance provided as at 18 Aug 2021					95%

8.2. Government of RoA

	Period ended 31 Dec 2018 USD	Year ended 31 Dec 2019 USD	Year ended 31 Dec 2020 USD	Period ended 18 Aug 2021 USD	Cumulative as at 18 Aug 2021 USD
Financed	17,534.27	3,082.77	17,051.47	14,611.08	52,279.59
Total	17,534.27	3,082.77	17,051.47	14,611.08	52,279.59
Total financing budget					70,000.00
Percentage of finance provided as at 18 Aug 2021					75%

9. Project completion

The Project was completed as of July 31, 2021 ("Closing Date"), and the transactions were completed as of August 18, 2021 ("Reporting Date").

As of the date of signing these special purpose financial statements, August 18, 2021:

- No expenses, except for final audit, related to the Project were incurred after the Closing Date; the payments made during the Grace period related to expenses incurred before the Closing Date;
- No withdrawals from Grant No. TFOA678 were made after Reporting date;
- No expenditures related to the Project were submitted to the WB after the Reporting date;
- There were no uncovered prepayments or payables outstanding to contractors related to the Project;
- The cash balance outstanding as at Reporting date consists:
 - Balance of the Designated Account with the amount of USD 8,654.89 to be refunded to WB after paying final audit service;
 - Balance of the Project account (GOA co-financing) with the amount of USD 932.85 is intended to pay the co-financing amount of the audit service.
- We are not aware about any pending or existing litigations against the Project.

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

Armenia Extractive Industries Transparency Initiative Support Project

Grant No. TFOA6768

For the period from April 18, 2018, to August 18, 2021

In USD

Expenditure Category	Appl.	Project	WB	Difference	
Advances/ (advance recovery)	1	50,000.00	50,000.00	-	
	6	(8,925.51)	(8,925.51)	-	
	8	8,925.51	8,925.51	-	
	12	(48,451.45)	(48,451.45)	-	
	13	15,000.00	15,000.00	-	
	14	(7,893.66)	(7,893.66)	-	
		8,654.89	8,654.89		
1. Goods, non-consulting services, consulting services, training, and operating costs under the Project	2	44,540.82	44,540.82	-	
	3	45,500.23	45,500.23	-	
	4	26,021.07	26,021.07	-	
	5	4,551.01	4,551.01	-	
	6	8,925.51	8,925.51	-	
	7	31,686.01	31,686.01	-	
	8	39,776.99	39,776.99	-	
	9	41,988.35	41,988.35	-	
	10	23,373.72	23,373.72	-	
	12	48,451.45	48,451.45	-	
	14	7,893.66	7,893.66	-	
		322,708.82	322,708.82		
	Total		331,363.71	331,363.71	-