

ADDITIONAL FINANCING FOR THE IRRIGATION SYSTEM ENHANCEMENT PROJECT

IBRD LOAN 8786-AM

IMPLEMENTED BY THE ARMENIAN TERRITORIAL DEVELOPMENT FUND THROUGH ITS WATER  
SECTOR  
PROJECTS IMPLEMENTATION BRANCH

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the period from 1 January 2019 to 11 June 2020

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## INDEPENDENT AUDITOR'S REPORT

To the management of "Additional Financing for the Irrigation System Enhancement Project" (Project)

### **Opinion**

We have audited the accompanying special purpose financial statements of the "Additional Financing for the Irrigation System Enhancement Project" ("Project") financed by IBRD Loan Agreement 8786-AM dated 20 November 2017 ("Loan Agreement"), and implemented by the Armenian Territorial Development Fund (ATDF) through its "Water Sector Projects Implementation Branch" (WS PIB), which comprise the Statement of Financial Position as at 11 June 2020, the Statement of Sources and Uses of Funds, the Statement of Uses of Funds by Project Activity, Summary of summary reports and SOEs, the Statement of Designated Account for the period from 1 January 2019 to 11 June 2020, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the special purpose financial statements present fairly in all material respects the financial position of the Project as at 11 June 2020, as well as the sources and uses of funds for the period from 1 January 2019 to 11 June 2020 in accordance with the accrual basis of accounting described in the Note 2 accompanying these special purpose financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Project 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.

### **Emphasis of Matter- Special purpose framework**

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

### **Emphasis of matters - Project completion**

Without qualifying our opinion, we draw your attention to Note 9 of these special purpose financial statements which disclosed that the Project was completed as at the reporting date.

### **Emphasis of Matter- Change in Project Implementing Agency**

Without qualifying our opinion, we draw your attention to Note 1.4 of these special purpose financial statements disclosing that change in project implementing agency.

### **Management's Responsibility for the Special Purpose Financial Statements**

The management of the Project is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the accrual basis of accounting described in the Note 2 accompanying these special purpose financial statements, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatements, whether due to fraud or error.



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

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

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

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### ***Report on Other Legal Requirements***


To comply with the terms of the Loan Agreement, the Project management shall insure that:

1. funds have been used in accordance with the conditions of the Loan Agreement concluded between the Republic of Armenia and International Bank for Reconstruction and Development (IBRD), and World Bank related guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
2. 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 Loan Agreement; Interim Unaudited Financial Statements (IFSs) issued by Project management during the reporting period are in agreement with the underlying books of account;
3. The Designated account used has been maintained in accordance with the provision of the Loan Agreement, and World Bank related guidelines;
4. Works, Goods and Services financed have been procured in accordance with the Loan Agreement and World Bank related guidelines.

In our opinion, the Project management has complied with the above requirements during the period from 1 January 2019 to 11 June 2020.

25 June 2020  
"BDO Armenia" cjsc

  
Vahagn Sahakyan, FCCA  
Managing Partner

  
Gnel Khachatryan, FCCA  
Engagement partner





STATEMENT OF FINANCIAL POSITION

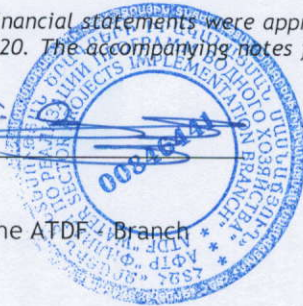
Additional Financing for the Irrigation System Enhancement Project  
 IBRD Loan 8786-AM  
 As at 11 June 2020

	Note	11.06.2020 USD	01.01.2019 USD
<b>ASSETS</b>			
<b>Cash</b>			
Designated account -IBRD Loan 8786-AM (in USD)		631,741.15	588,609.13
Current account - Government of RA (in AMD)		868.14	-
<b>Total Cash</b>		<b>632,609.29</b>	<b>588,609.13</b>
Prepayments	4	-	195,551.12
Cumulative project expenditures	3	1,616,189.52	781,551.38
<b>TOTAL ASSETS</b>		<b>2,248,798.81</b>	<b>1,565,711.63</b>
<b>FUNDS AND LIABILITIES</b>			
Accounts payable	5	-	29,493.38
<b>Funds</b>			
IBRD Loan 8786-AM	6.1	1,924,228.44	1,348,294.47
Government of the RA	6.2	321,510.08	189,274.95
<b>Total Funds</b>		<b>2,245,738.52</b>	<b>1,537,569.42</b>
Foreign exchange gain (loss)	7	3,060.29	(1,351.17)
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>2,248,798.81</b>	<b>1,565,711.63</b>

The special purpose financial statements were approved by the management of the Project and signed on its behalf on June 25, 2020. The accompanying notes form is an integral part of these special purpose financial statements.

Mamikon Gasparyan

Deputy Director of the ATDF Branch  
 Director



Narine Keryan

ATDF Branch Chief Accountant



STATEMENT OF SOURCES AND USES OF FUNDS

Additional Financing for the Irrigation System Enhancement Project

IBRD Loan 8786-AM

For the period from 1 January 2019 to 11 June 2020

In USD

	ACTUAL		BUDGET		VARIANCE		PAD
	Reporting period	Cumulative as at 11 June 2020	Reporting period	Cumulative as at 11 June 2020	Reporting period	Cumulative as at 11 June 2020	
<b>Opening Working Capital</b>							
Cash	588,609.13	-					
Prepayments	195,551.12	-					
Accounts payable	(29,493.38)	-					
<b>Total</b>	<b>754,666.87</b>	-					
<b>Sources of Funds</b>							
IBRD Loan 8786-AM	575,933.97	1,924,228.44					2,000,000.00
Government of Armenia	132,235.13	321,510.08					500,000.00
<b>Total</b>	<b>708,169.10</b>	<b>2,245,738.52</b>					<b>2,500,000.00</b>
Foreign exchange gain/(loss)	4,411.46	3,060.29					
<b>Uses of Funds</b>							
(1) Goods, works, non-consulting services, and consulting services, training and operating costs for the Project	834,638.14	1,611,189.52	1,500,369.20	1,622,094.22	(665,731.06)	(10,904.70)	2,495,000.00
(2) Front-end Fee	-	5,000.00	-	5,000.00	-	-	5,000.00
<b>Total</b>	<b>834,638.14</b>	<b>1,616,189.52</b>	<b>1,500,369.20</b>	<b>1,627,094.22</b>	<b>(665,731.06)</b>	<b>(10,904.70)</b>	<b>2,500,000.00</b>
<b>Closing Working Capital</b>							
Cash	632,609.29	632,609.29					
Prepayments	-	-					
Accounts payable	-	-					
<b>Total</b>	<b>632,609.29</b>	<b>632,609.29</b>					



STATEMENT OF USES OF FUNDS BY PROJECT ACTIVITY

Additional Financing for the Irrigation System Enhancement Project  
IBRD Loan 8786-AM  
For the period from 1 January 2019 to 11 June 2020  
In USD

Project Activities	ACTUAL		BUDGET		VARIANCE		PAD
	Reporting period	Cumulative as at 11 June 2020	Reporting period	Cumulative as at 11 June 2020	Reporting period	Cumulative as at 11 June 2020	
<b>Part A- Irrigation system enhancement</b>	<b>571,350.58</b>	<b>1,193,894.25</b>	<b>1,181,114.00</b>	<b>1,204,837.76</b>	<b>(609,763.42)</b>	<b>(10,943.51)</b>	<b>2,000,000.00</b>
A.1: Conversion of pump-based irrigation to gravity irrigation	571,350.58	1,193,894.25	1,181,114.00	1,204,837.76	(609,763.42)	(10,943.51)	2,000,000.00
A.2: Upgrading of outlet and other canals conveying pumped water	-	-	-	-	-	-	-
<b>Part B- Management information</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1: Technical investigations	-	-	-	-	-	-	-
B.2: Supervisory control and data acquisition (SCADA) system installation	-	-	-	-	-	-	-
<b>Part C- Project management and WUAs' support</b>	<b>263,287.56</b>	<b>417,295.27</b>	<b>319,255.20</b>	<b>417,256.46</b>	<b>(55,967.64)</b>	<b>38.81</b>	<b>500,000.00</b>
C.1: Project management	242,141.22	386,016.96	296,255.20	385,982.47	(54,113.98)	34.49	480,000.00
C.2: WUAs' support	21,146.34	31,278.31	23,000.00	31,273.99	(1,853.66)	4.32	20,000.00
C.2.1: The WUAs' support group	21,146.34	31,278.31	23,000.00	31,273.99	(1,853.66)	4.32	20,000.00
C.2.2: Capacity building of WUAs' executive bodies	-	-	-	-	-	-	-
C.2.3: Awareness raising and communication activities	-	-	-	-	-	-	-
<b>Project expenditures</b>	<b>834,638.14</b>	<b>1,611,189.52</b>	<b>1,500,369.20</b>	<b>1,622,094.22</b>	<b>(665,731.06)</b>	<b>(10,904.70)</b>	<b>2,500,000.00</b>
Front-end Fee	-	5,000.00	-	5,000.00	-	-	-
<b>Total Project Expenditures</b>	<b>834,638.14</b>	<b>1,616,189.52</b>	<b>1,500,369.20</b>	<b>1,627,094.22</b>	<b>(665,731.06)</b>	<b>(10,904.70)</b>	<b>2,500,000.00</b>



## SUMMARY OF SUMMARY REPORTS AND SOES

*Additional Financing for the Irrigation System Enhancement Project*

*IBRD Loan 8786-AM*

*For the period from 1 January 2019 to 11 June 2020*

*In USD*

Application N	Application value date	(1) Goods, works, non-consulting services, and consulting services, training and operating costs for the Project	Total
3	22.01.2019	411,390.87	411,390.87
4	05.06.2019	131,913.33	131,913.33
5	24.07.2019	32,629.77	32,629.77
6	28.10.2019	30,996.56	30,996.56
7	28.04.2020	147,299.10	147,299.10
8	10.06.2020	189,963.19	189,963.19
<b>Total</b>		<b>944,192.82</b>	<b>944,192.82</b>



## STATEMENT OF DESIGNATED ACCOUNT

Additional Financing for the Irrigation System Enhancement Project

IBRD Loan 8786-AM

For the period from 1 January 2019 to 11 June 2020

<u>Designated Account</u>	<u>IBRD Loan 8786-AM</u>
Currency	USD
Account number	900000906132
Bank	Central Treasury
Location	1 Meliq-Adamyany str., Yerevan, 0010 Republic of Armenia
	<i>For the period from 01.01.2019 to 11.06.2020</i>
	<i>USD</i>
1. Opening balance	588,609.13
Add:	
2. Cumulative opening discrepancy	-
3. IBRD advance/replenishment	575,933.97
Less:	
4. Refund to IBRD from DA	-
5. Present outstanding amount advanced to DA	<u>1,164,543.10</u>
6. DA closing balance as at 11.06.2020	631,741.15
Add:	
7. Amount of eligible expenditures paid	532,801.95
8. Service charges (if debited into DA)	-
Less:	
9. Interest earned (if credited into DA)	-
10. Total advance/replenishment accounted for	<u>1,164,543.10</u>
11. Discrepancy (5)-(10)	-



## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

*Additional Financing for the Irrigation System Enhancement Project  
IBRD Loan 8786-AM  
For the period from 1 January 2019 to 11 June 2020*

### 1. General Information

#### 1.1. Project Financing

According to the Loan Agreement 8786-AM dated 20 November 2017 concluded between the Republic of Armenia and International Bank for Reconstruction and Development (IBRD), IBRD provided financing in the amount of 2,000,000 United States dollars (USD) for the implementation of "Additional Financing for the Irrigation System Enhancement Project" (the Project).

The Project financing agreement became effective on 18 May 2018.

The Closing date for the expenditures to be financed by the Loan is set on June 30, 2019.

On 27 June, 2019 The World Bank has set a Project Closing date on December 31, 2019.

The Grace period for submitting withdrawal application for expenditures incurred before the Closing date is 6 months following the Closing date: June 30, 2020.

#### 1.2. Project objectives

The objectives of the Project are to:

- a) reduce the amount of energy used and improve irrigation conveyance efficiency in targeted irrigation schemes,
- b) improve the availability and reliability of important sector data and information for decision-makers and other stakeholders.

The Project consists of the following parts:

- A - Irrigation system enhancement project,
- B - Management information,
- C - Project management and WUAs' support.

#### 1.3. Project Budget

The Project is being financed by the following sources:

- International Bank for Reconstruction and Development (IBRD),
- The Government of the Republic of Armenia (Government of RA).

Co-financing rate of 20% is applied for goods, works, non-consulting services, and consulting services, training and operating costs for the Project.

Category	IBRD 8786-AM	Government of RA	Total
	USD	USD	USD
1. Goods, works, non-consulting services, and consulting services, training and operating costs for the Project	1,995,000	500,000	2,495,000
2. Front-end fee	5,000	-	5,000
<b>Total</b>	<b>2,000,000</b>	<b>500,000</b>	<b>2,500,000</b>



#### 1.4. Project Implementation

Until 30 December 2019, the Project was implemented by "Water Sector Projects Implementation Unit" State Agency (the WSPIU) of the Water Committee of the Ministry of Territorial Administration and Infrastructure of the RA.

The activities of the WSPIU were terminated from December 30, 2019 in accordance with the RA Government Decree No. 170-N of February 28, 2019. Further implementation of the ongoing Projects will be continued by the Armenian Territorial Development Fund through its structural subdivision. For that purpose, upon the decision of the ATDF Board of Trustees, Water Sector Projects Implementation Branch of the Armenian Territorial Development Fund (ATDF WSPIB) was established on January 14, 2020.

The ATDF WSPIB's address is: Vardanants blind alley 8, Yerevan 0010, Republic of Armenia.



## 2. Accounting policy

### *2.1 Preparation and presentation of financial statements*

The special purpose financial statements have been prepared based on the accrual basis of accounting and presented in accordance with Financial Management Manual for World Bank Financed Investment Operations (March 2010): RM 3 - Financial Reporting and Auditing.

In accordance with the accrual bases of accounting the expenditure is recognized when the transaction occurs (expense incurred), and not only when cash or its equivalent is received or paid. The transactions are recorded in the accounting records and recognized in the special purpose financial statements of the periods to which they relate.

The special purpose financial statements consist of:

- Statement of financial position,
- Statement of sources and uses of funds,
- Statement of uses of funds by project activity,
- Summary of summary reports and SOEs,
- Statement of designated account,
- Notes to the special purpose financial statements.

Reporting currency of special purpose financial statements is US dollar (USD).

### *2.2 Foreign currency transactions*

Project accounts are maintained and transactions are made in USD and Armenian Drams (AMD). Transactions denominated in local currency are translated into USD as follows:

- Contributions of the RA Government expressed in AMD are translated into USD at the average exchange rate at currency market issued by the Central Bank of Armenia (CBA) at the date of transfer.
- Payments to contractors and suppliers expressed in AMD are translated into USD at the average exchange rate at currency market issued by the CBA at the date of payment.
- Monetary assets and liabilities are translated into USD at the average exchange rate at currency market issued by the CBA at the reporting date.
- Transaction and translation exchange differences (gains/losses) are recognized and presented in financial statements in net as an Exchange difference.

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

The average exchange rate at currency market issued by the CBA as at 11 June 2020 is 1 USD =481.61 AMD

### *2.3 Taxes*

The Project related taxes and mandatory payments are calculated and paid in accordance with tax regulations of the Republic of Armenia.



3. Project expenditures allocation on funds

Expenditure category	01.01.2019 - 11.06.2020			Cumulative As at 11.06.2020		
	IBRD Loan 8786-AM USD	GoA USD	Total USD	IBRD Loan 8786-AM USD	GoA USD	Total USD
(1) Goods, works, non-consulting services, and consulting services, training and operating costs for the Project	667,710.57	166,927.57	834,638.14	1,288,941.76	322,247.76	1,611,189.52
(2) Front- end fee	-	-	-	5,000.00	-	5,000.00
<b>Total</b>	<b>667,710.57</b>	<b>166,927.57</b>	<b>834,638.14</b>	<b>1,293,941.76</b>	<b>322,247.76</b>	<b>1,616,189.52</b>



#### 4. Prepayments

	As at 11.06.2020 USD	As at 01.01.2019 USD
Works of the Project	-	194,959.75
Operating costs of the Project	-	591.37
<b>Total</b>	<b>-</b>	<b>195,551.12</b>

#### 5. Payables

	As at 11.06.2020 USD	As at 01.01.2019 USD
Works of the Project	-	29,493.38
<b>Total</b>	<b>-</b>	<b>29,493.38</b>

#### 6. Financing

##### 6.1. IBRD Loan 8786-AM financing

	Reporting period USD	As at 11.06.2020 Cumulative USD
Advance	(368,258.85)	631,741.15
Reimbursement-SOE procedure	944,192.82	1,287,487.29
Front-end fee	-	5,000.00
	<b>575,933.97</b>	<b>1,924,228.44</b>
Total financing budget		<b>2,000,000.00</b>
Percentage of finance provided as at 11 June 2020		<b>96%</b>

##### 6.2. Government financing

	Reporting period USD	As at 11.06.2020 Cumulative USD
Contributions	132,235.13	321,510.08
	<b>132,235.13</b>	<b>321,510.08</b>
Total financing budget		<b>500,000.00</b>
Percentage of finance provided as at 11 June 2020		<b>64%</b>

#### 7. Foreign exchange gain/(loss)

	As at 11.06.2020 USD	As at 01.01.2019 USD
Translation of payables	1,893.69	(759.76)
Translation of cash balances	1,166.60	(591.41)
	<b>3,060.29</b>	<b>(1,351.17)</b>



## 8. Expenditure budget execution

Category	Cumulative Expenditures as at 11 June 2020	Total budget	Execution
	USD	USD	%
1. Goods, works, non-consulting services, and consulting services, training and operating costs for the Project	1,611,189.52	2,495,000.00	65%
2. Front- end fee	5,000.00	5,000.00	100%
Total	1,616,189.52	2,500,000.00	65%

## 9. Project completion

The Project was completed as of December 31, 2019 ("Closing Date"), and the transactions were completed as of June 11 2020 ("Reporting Date").

As of the date of signing these special purpose financial statements, June 25, 2020:

- a. 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;
- b. No withdrawals from Loan 8786 were made after Reporting date;
- c. No expenditures related to the Project were submitted to the WB after the Reporting date;
- d. There were no uncovered prepayments or payables outstanding to contractors related to the Project;
- e. The cash balance outstanding as at Reporting date consists:
  - Balance of the Designated Account with the amount of USD 631,741.15 to be refunded to WB after paying final audit service;
  - Balance of the Project account (GOA co-financing) with the amount of USD 868.14 is intended to pay the co-financing amount of the audit service.
- f. 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**

*Additional Financing for the Irrigation System Enhancement Project  
IBRD Loan 8786-AM  
For the period from 1 January 2019 to 11 June 2020  
In USD*

Category	Appl. N	Project	WB	Difference
Advance(recovery)	6	(30,996.56)	(30,996.56)	-
	7	(147,299.10)	(147,299.10)	-
	8	(189,963.19)	(189,963.19)	-
		<b>(368,258.85)</b>	<b>(368,258.85)</b>	-
(1) Goods, works, non-consulting services, and consulting services, training and operating costs for the Project	3	411,390.87	411,390.87	-
	4	131,913.33	131,913.33	-
	5	32,629.77	32,629.77	-
	6	30,996.56	30,996.56	-
	7	147,299.10	147,299.10	-
	8	189,963.19	189,963.19	-
		<b>944,192.82</b>	<b>944,192.82</b>	-
<b>Total</b>		<b>575,933.97</b>	<b>575,933.97</b>	-



## Management Representation Letter

25 June 2020

To: BDO Armenia cjsc  
23/6 Davit Anhaght Street, floor 5,  
Yerevan, Armenia

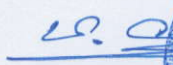
This representation letter is provided in connection with your audit of the Financial Statements for the period from 1 January 2019 to 11 June 2020 of the "Additional Financing for the Irrigation System Enhancement Project" ("Project") financed by IBRD Loan Agreement 8786-AM dated 20 November 2017 ("Loan Agreement") and implemented by the Armenian Territorial Development Fund (ATDF) through its "Water Sector Projects Implementation Branch" (WS PIB).

We acknowledge our responsibility for:

- fair presentation of the financial statements in accordance with IPSAS-cash basis;
- keeping accounts and financial documents that are correct, complete, fair, representing the true facts, in conformity with the objectives of the Project, and national legislation.
- design and implementation of internal control to prevent and detect fraud.
- completeness of information concerning financing received or due and own financing concerning their period examined, for the project being examined.
- availability of any information and explanations, either orally or by written confirmation, which might be required by the Auditor in the execution of their audit.

We confirm, to the best of our knowledge, that:

- We have made available to you all books of account and supporting documentation.
- There were no material transactions that had not been properly recorded in the accounting records underlying the financial statements.
- The internal control system is reliable: approval and control of financial and other documents, segregation of duties is adequately done;
- The project funds have been used in accordance with the established budget;
- The financial activities are performed in conformity with the project objectives and adherence to the grant agreement terms.
- The financial resources are used in an economical and efficient manner.
- There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.
- The financial statements are free of material misstatements, including omissions.
- There has been no noncompliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of noncompliance.
- There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements, in additions to those that we disclosed or adjusted.
- No claims in connection with litigation have been or are expected to be received.
- We not aware of any fraud or suspected fraud affecting the Project involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.

  
Mamikon Gasparyan  
Deputy Director of the ATDF Branch Director

  
Narine Keryan  
ATDF Branch Chief Account

"Water Sector Projects Implementation Branch" of the Armenian Territorial Development Fund