

EMERGENCY OPERATION FOR DEVELOPMENT PROJECT

(P 155732)

LOAN NO. (85200-IQ)

IMPLEMENTED BY

THE GOVERNMENT OF REPUBLIC OF IRAQ

RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORISTIC
OPERATIONS/ (REFAATO)

FUNDED BY

THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

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CONSOLIDATED FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31ST 2021

F.H.AL-SALMAN & Co.

PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS

BAGHDAD – IRAQ



Independent auditor's report

To the management of Emergency Operation for Development Project

Emergency Operation for Development Project (P 155732) Loan No.(85200-IQ)

Reconstruction Fund for Areas Affected by Terroristic Operations

Baghdad - Republic of Iraq

Report on the financial statement

We have audited the accompanying consolidated statement of Cash Receipts and Payments of the Emergency Operation for Development Project (P 155732) Loan NO. 85200-IQ covering the year ended December 31st 2021. The preparation of the financial statement is the responsibility of project managements team (PMT). Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited the compliance with laws, regulations, guidelines and provisions which governs the Loan Agreement covering for the year ended December 31st 2021.

We have conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, and whether The Emergency Operation for Development Project (P 155732) Loan NO. 85200-IQ has complied with the laws, regulations, guidelines and provisions governed by the Loan Agreement. An audit involves performance, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Opinion

- (a) The Projects' Consolidated Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Emergency Operation for Development Project (P 155732) LOAN NO. 85200-IQ covering the year ended December 31st 2021, in accordance with the International Public Sector Accounting Standards (IPSAS), under the cash basis accounting approach .
- (b) Proper level of internal control over financial reporting had been practiced by PMT during the preparation of replenishments, direct payments, payments through special commitments, and reimbursements for the project.
- (c) The project is in all material respects, has been in compliance with the laws, regulations, guidelines and provisions governed by the Loan agreement.

F. H. Al-Salman & Co
Public Accountants & Auditors

Farquad Al-Salman, B.Sc, FCCA

F.H.Al-Salman & Co.

Public Accountants, Auditors & Consultants


Baghdad - Iraq


Baghdad, Republic of Iraq

Date: March 1st 2022

RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORISTIC OPERATIONS
 EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 85200-IQ
 CONSOLIDATED STATEMENT OF CASH RECEIPTS AND PAYMENTS
 COVERING THE YEAR ENDED DECEMBER 31ST 2021
 IN U.S. DOLLARS

	Notes	Allocated amounts for the life of the project	Actual receipts and payments since inception to 31 December 2020	Actual receipts and payments in year 2021	Accumulated receipts and payments balance as of 31 December 2021
		USD	USD	USD	USD
<u>CASH RECEIPTS</u>					
Receipts from IBRD (LOAN NO. 85200-IQ)	3-1		282,293,929	15,397,578	297,691,507
Total cash receipts		350,000,000	282,293,929	15,397,578	297,691,507
<u>CASH PAYMENTS</u>					
Cash Payments for Components			(270,648,548)	(21,068,920)	(291,717,468)
Total cash payments	3-2	350,000,000	(270,648,548)	(21,068,920)	(291,717,468)
Advance purchase committee	2				(28,137)
Cash at Bank as at end of the year	4				5,945,902


 PMT Manager
 Muhammed Qasim Muhammed


 Financial Management
 زینہ طارق سکوری

The notes on pages from 1 to 6 are integral part of these financial statements

**RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORISTIC OPERATIONS
EMERGENCY OPERATION FOR DEVELOPMENT PROJECT
(P 155732) LOAN NO. 85200-IQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
COVERING THE YEAR ENDED DECEMBER 31ST 2021
IN U.S. DOLLARS**

1 GENERAL

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation 1- The Government of Iraq (GoI) has received financing in the amount of US\$ 350 million from the World Bank (WB), to support GOI in meeting the dual challenge of reconstruction and restoring services to liberated municipal areas while laying the foundations for longer – terms development The overall aim of Emergency Operation for Development (EODP) for Iraq is designed to complement the government's stabilization efforts with the immediate implementation of reconstruction and rehabilitation of priority infrastructure subprojects to restore the delivery of public services in the project area.

2-This amount will be used to finance components 1, 2, 3, 4, 5, 6 that will be carried out by the Road and Bridges Directorate (RBD) of Ministry of Construction, Housing, Municipalities and Public Works (MoCHMPW), Ministry of Health (MoH) and Ministry of Electricity (MoE) and Reconstruction Fund (RF) in addition to Ministry of Water Resource and Mabany Directorate - Ministry of Construction, Housing, Municipalities and Public Works (MoCHMPW) These financing agreements cover all works contracts to restore and repairing Road and Bridge, Water supply and sanitation, mobile hospitals and clinics, ambulances, restoration of electricity in 7 liberated area at Salah Ad-Din and Diyala further more cover supervision contracts and some of consultant contracts, projects implementation and monitoring.

The financial statements and the notes on pages 1 to 6 were authorized for issuance by Management Letter dated March 1st 2022.

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2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS FOR EACH COMPONENT IN ACCORDANCE TO THE LOAN CONTRACT

The following table specifies Actual payments and the categories of Eligible Expenditures that may be financed out of the Proceed of the loan (Category), the allocation of the amounts of the loan to each Category.

Seq.	Category Description	Name of the Components	Amount allocated of the Components from the loan	Actual Amount Receipts from IBRD since inception to 31/12/2021	Actual Amount Payments by Components from IBRD since inception to 31/12/2021	Advance purchase committee from IBRD since inception to 31/12/2021	Cash at Bank as of 31-12-2021
			(USD)	(USD)	(USD)	(USD)	(USD)
1	(1) Goods, works, non-consulting services, consultants' services, and Operating Costs for Parts 1 and 6(a) of the Project	Ministry of Electricity	70,000,000	68,402,576	(67,866,494)	(140)	535,942
2	(2) Goods, works, non-consulting services, consultants' services, and Operating Costs, for Parts 2, 5(a), 5(d)(ii), and 6(b) of the Project	Ministry of Construction, Housing, Municipalities and Public Works Department of Project Funded Externally -	62,000,000	59,806,635	(59,600,743)	—	205,892
3	(3) Goods, works, non-consulting services, consultants' services, and Operating Costs, for Parts 3, 5(b), 5(c), and 6(c) of the Project	Ministry of Construction, Housing, Municipalities and Public Works - Road and Bridges Directorate	137,000,000	133,940,449	(132,413,236)	—	1,527,213
4	(4) (b) Goods, works, non-consulting services, consultant services, and Operating Costs for Parts 4(b)(i) of the Project	Ministry of Construction, Housing, Municipalities and Public Works - Mabany Directorate	7,100,000	2,216,984	(946,442)	—	1,270,542
5	(4) (a) Goods, non-consulting services, consultant services, and Operating Costs for Parts 4(a), 5(e), and 6(d) of the Project	Ministry of Health	53,825,000	20,152,698	(20,048,907)	(2,825)	100,966
	(4) (c) Goods, non-consulting services, consultant services, and Operating Costs for Parts 4(b)(ii) of the Project						

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2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS FOR EACH COMPONENT IN ACCORDANCE TO THE LOAN CONTRACT

The following table specifies Actual payments and the categories of Eligible Expenditures that may be financed out of the Proceed of the loan (Category), the allocation of the amounts of the loan to each Category. — To be continued —

6	(5) Goods, non-consulting services, consultants' services, Operating Costs, and Training and Workshops for Parts 5(d).(i), (iii) and 6(e) of the Project	Reconstruction Fund for areas affected by terrorist operations	9,200,000	7,172,165	(7,105,720)	(25,172)	41,273
7	(9) Goods, Works, Non-Consulting Services, Consulting Services, Operating Costs and Training and Workshops for Part 7 of the Project	Ministry of Water Resources	10,000,000	6,000,000	(3,735,926)	—	2,264,074
	(8) Amount due pursuant to Section 2.08(c) of this Agreement	Interest Rate	—	—	—	—	—
	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions	Front – End Fee	875,000	875,000	(875,000)	—	—
		Total	350,000,000	298,566,507	(292,592,468)	(28,137)	5,945,902
		UN Advances		7,806,788			

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3 CASH RECEIPTS & DISBURSEMENTS FOR COMPONENTS

3-1 The following table summarizes total CASH RECEIPTS from date of inception to 31 December 2021:

	Actual cash Receipts since inception to 31 December 2020	Actual cash Receipts in year 2021	Accumulated cash Receipts balance as of 31 December 2021
	USD	USD	USD
Designated bank account	173,452,847	2,388,733	175,841,580
Direct payments	108,841,082	13,008,845	121,849,927
Total	282,293,929	15,397,578	297,691,507

3-2 The following table summarizes total CASH DISBURSEMENTS from date of inception to 31 December 2021:

	Actual Disbursements since inception to 31 December 2020	Actual Disbursements in year 2021	Accumulated Disbursements balance as of 31 December 2021
	USD	USD	USD
Goods and Equipment	123,233,819	5,514,099	128,747,918
Civil work	136,674,898	13,105,778	149,780,676
Consultant services	7,067,136	2,241,784	9,308,920
Operation costs	3,593,038	207,259	3,800,297
Non-Consultancy services	79,657	—	79,657
Total	270,648,548	21,068,920	291,717,468

3-3 The office equipment it was Equivalent with actual Inventory.

3-4 The advance of US Dollars (7,806,788) Equipment for covered 19 and executed on June 2nd 2020 in favour of UNOPS is still pending as of the date of our report. ((Component – Ministry of Health))

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4- FUND BALANCE

	2021 USD	2020 USD
Fund balance per bank as at 31 December	5,968,695	11,686,147
<u>Add:</u>		
Bank fees	-	-
Operating advance	-	16,045
Amount temporarily restricted trade bank of Iraq based on central Bank	-	65,248
Payment made in 2020 and recorded in 2021	-	152,651
Refund to world bank	-	490
<u>Less:</u>		
Bank fees	(10)	(147)
Recovering an operating advance	(378)	(269,566)
Outstanding checks	(22,405)	(4,508)
Fund balance per books as at 31 December	<u>5,945,902</u>	<u>11,646,360</u>

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5 COMPONENTS WITHOUT RECEIPTS

The Ministry of Health did not receive any funds from International Bank for Reconstruction and Development.

6 REPORTING ENTITY

The financial statements for the Emergency Operation for Development Project (P 155732) LOAN NO. 85200-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 85200- IQ dated 12 July 2015 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

7 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under the cash basis of accounting.

The accounting policies have been applied consistently throughout the period.

The financial statements have been presented in U.S Dollar (USD) which is the functional currency of the Emergency Operation for Development Project (P 155732) LOAN NO. 85200-IQ.

7.1 Cash

Cash comprises cash in hand, deposits in demand at the bank, and cash equivalents, as deposits in demand and cash equivalents are considered as balances at banks.

7.2 Receipts

Receipts comprise of cash in hand, deposits in demand at the bank, and cash equivalents received from International Bank for Reconstruction and Development (Loan Agreement- LOAN NO. 85200-IQ).

7.3 Disbursements

The disbursements of project's resources are restricted for(Goods ,Works , Non-Consulting Services, Consulting Services , Operating Costs, Training And Workshop) related to implementing, managing, and monitoring the project.

8 GOING CONCERN

The entity shall be terminate and cease to exist once the final budget from the International Bank for Reconstruction and Development is Expensed or the projects indicated in the Loan agreement are fulfilled and accomplished.