

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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FINANCIAL STATEMENTS CONSOLIDATED

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2022

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 31<sup>st</sup> 2022. 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 31<sup>st</sup> 2022.

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 31<sup>st</sup> 2022, 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: May 22<sup>nd</sup> 2023



**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 2022  
IN U.S. DOLLARS**

	Notes	Allocated amounts for the life of the project	Actual receipts and payments since inception to 31 December 2021	Actual receipts and payments in year 2022	Accumulated receipts and payments balance as of 31 December 2022
		USD	USD	USD	USD
<b><u>CASH RECEIPTS</u></b>					
Receipts from IBRD ( LOAN NO. 85200-IQ )	3-1		297,691,507	4,863,640	302,555,147
Receipts from Tenders Revenue	3-1		-	31,206	31,206
<b>Total cash receipts</b>		<b>350,000,000</b>	<b>297,691,507</b>	<b>4,894,846</b>	<b>302,586,353</b>
<b><u>CASH PAYMENTS</u></b>					
Cash Payments for Components			( 291,717,468)	(16,632,472)	(308,349,940)
<b>Total cash payments</b>	3-2	<b>350,000,000</b>	<b>( 291,717,468)</b>	<b>(16,632,472)</b>	<b>(308,349,940)</b>
<b>Advance Payments</b>	2				<b>(14,953)</b>
<b>UNOPS Advance</b>	2				<b>7,806,788</b>
<b>Difference</b>	2				<b>(3,033)</b>
<b>Cash at Bank as at end of the year</b>	4				<b>2,025,215</b>

  
PMT Manager  
Muhammed Qasim Muhammed

  
Financial Management  
Zina Tariq Shakory

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 2022  
IN U.S. DOLLARS**

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**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 May 22<sup>nd</sup> 2023.

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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  (USD)	Actual Amount Receipts from IBRD since inception to 31/12/2022  (USD)	Receipts from Tenders Revenue since inception to 31/12/2022  (USD)	Actual Amount Payments by Components from IBRD since inception to 31/12/2022  (USD)	Advance UNOPS since inception to 31 December 2022  (USD)	Advance payments since inception to 31 December 2022  (USD)	Difference since inception to 31/12/2022  (USD)	Cash at Bank as of 31-12-2022  (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	68,625,456	31,206	(68,523,405)	-	-	-	133,257
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	-	(59,634,272)	-	-	-	172,363
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	135,700,000	135,592,229	-	(135,287,182)	-	-	-	305,047
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	8,400,000	2,216,984	-	(1,158,733)	-	-	-	1,058,251
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	-	(27,863,569)	7,806,788	(2,196)	(3,033)	90,688
	(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	8,174,851	—	(8,033,448)	—	(12,757)	—	128,646
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	7,111,294	—	(6,974,331)	—	—	—	136,963
	(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)	—	—	—	—
		<b>Total</b>	<b>350,000,000</b>	302,555,147	31,206	(308,349,940)	7,806,788	(14,953)	(3,033)	2,025,215

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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 2022:

	Actual cash Receipts since inception to 31 December 2021	Actual cash Receipts in year 2022	Accumulated cash Receipts balance as of 31 December 2022
	USD	USD	USD
Designated bank account	175,841,580	1,538,841	177,380,421
Direct payments	121,849,927	2,449,799	124,299,726
<b>Total</b>	<b>297,691,507</b>	<b>3,988,640</b>	<b>301,680,147</b>

**3-2** The following table summarizes total CASH DISBURSEMENTS from date of inception to 31 December 2022:

	Actual Disbursements since inception to 31 December 2021	Actual Disbursements in year 2022	Accumulated Disbursements balance as of 31 December 2022
	USD	USD	USD
Goods and Equipment	128,747,918	8,429,577	137,177,495
Civil work	149,780,676	5,854,566	155,635,242
Consultant services	9,308,920	1,217,187	10,526,107
Operation costs	3,800,297	249,895	4,050,192
Non-Consultancy services	79,657	6,247	85,904
<b>Total</b>	<b>291,717,468</b>	<b>15,757,472</b>	<b>307,474,940</b>

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

**3-4** The advance of USD (7,806,788) Equipment for covered 19 and executed on June 2<sup>nd</sup> 2021 in favour of UNOPS is still not settled as of the date 31/12/2022. ((Component – Ministry of Health))

RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORISTIC OPERATIONS  
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**4- FUND BALANCE**

	2022 USD	2021 USD
Fund balance per bank as at 31 December	2,025,205	5,968,695
<b><u>Add:</u></b>		
Bank fees	10	-
Operating advance	-	-
Amount temporarily restricted trade bank of Iraq based on central Bank	-	-
Refund to world bank	-	-
<b><u>Less:</u></b>		
Bank fees	-	(10)
Recovering an operating advance	-	(378)
Outstanding checks	-	(22,405)
<b>Fund balance per books as at 31 December</b>	<b>2,025,215</b>	<b>5,945,902</b>



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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 seize 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.