

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
MINISTRY OF ELECTRICITY

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ

**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project**

**Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ/ Ministry of Electricity.**

**Reconstruction Fund for Areas Affected by Terroristic Operations**

**Baghdad - Republic of Iraq**

**Report on the financial statement**

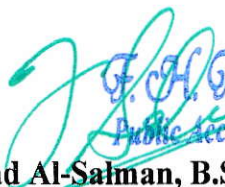
We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021 .The preparation of the financial statement is the responsibility of project managements 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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 Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup>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**

**Farquod Al-Salman, B.Sc, FCCA**

**F.H.Al-Salman & Co.**

**Public Accountants, Auditors & Consultants**

**Baghdad - Iraq**

Baghdad, Republic of Iraq

Date: Jun 1<sup>st</sup> 2022



MINISTRY OF ELECTRICITY

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ

STATEMENT OF CASH RECEIPTS AND PAYMENTS

COVERING THE YEAR ENDED DECEMBER 31ST 2021

IN U.S. DOLLARS

|                                             | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018<br>until December 31 <sup>st</sup><br>2020 | Actual receipts<br>and payments in<br>year 2021 | Accumulated<br>receipts and<br>payments<br>balance as of 31<br>December 2021 |
|---------------------------------------------|-------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                             |       | USD                                              | USD                                                                                                             | USD                                             | USD                                                                          |
| <b><u>CASH RECEIPTS</u></b>                 |       |                                                  |                                                                                                                 |                                                 |                                                                              |
| Receipts from IBRD ( LOAN NO. 8793-IQ )     | 2     |                                                  | 11,135,394                                                                                                      | 10,315,852                                      | 21,451,246                                                                   |
| Receipts from Tenders Revenue               | 2     |                                                  | 600                                                                                                             | (600)                                           | -                                                                            |
| <b>Total cash receipts</b>                  |       | <b>50,000,000</b>                                | <b>11,135,994</b>                                                                                               | <b>10,315,252</b>                               | <b>21,451,246</b>                                                            |
| <b><u>CASH PAYMENTS</u></b>                 |       |                                                  |                                                                                                                 |                                                 |                                                                              |
| Cash Payments for Components                |       |                                                  | (10,611,844)                                                                                                    | (10,080,935)                                    | (20,692,779)                                                                 |
| <b>Total cash payments</b>                  | 2     | <b>50,000,000</b>                                | <b>(10,611,844)</b>                                                                                             | <b>(10,080,935)</b>                             | <b>(20,692,779)</b>                                                          |
| <b>Cash at Bank as at end of the period</b> | 3     |                                                  |                                                                                                                 |                                                 | <b>758,467</b>                                                               |

  
PMT Manager  
عبد الوهاب طه ظلم امويش

  
Financial Management  
ليلى مانع حسن

The notes on pages from 1 to 4 are integral part of these financial statements



MINISTRY OF ELECTRICITY  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

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**1 GENERAL**

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula- As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022.



MINISTRY OF ELECTRICITY  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

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**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN AGREEMENT**

| Loan Agreement-part number | The nature of the task                                | Amount allocated of the Component from the loan<br><br>(USD) | Actual Amount Receipts from IBRD<br>During the period 21/8/2018-31/12/2021<br>(USD) | Actual Amount Payments<br>During the period 21/8/2018-31/12/2021<br>(USD) | Cash at Bank as of 31-12-2021<br>(USD) |
|----------------------------|-------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------|
| <b>part 1</b>              | Restoring Electricity Infrastructure and Connectivity | <b>50,000,000</b>                                            | <b>21,451,246</b>                                                                   | <b>(20,692,779)</b>                                                       | <b>758,467</b>                         |

MINISTRY OF ELECTRICITY  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

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**3 FUND BALANCE**

|                                                 | <b>2021<br/>USD</b> | <b>2020<br/>USD</b> |
|-------------------------------------------------|---------------------|---------------------|
| Fund balance per bank as at 31 December         | 764,974             | 507,446             |
| <b><u>Add:</u></b>                              |                     |                     |
| Bank fees                                       | -                   | 268                 |
| Tender fees                                     | -                   | -                   |
| <b><u>Less:</u></b>                             |                     |                     |
| Bank fees                                       | -                   | -                   |
| Tender fees                                     | -                   | -                   |
| Outstanding checks                              | (6,506)             | (1,400)             |
| Difference                                      | (1)                 | -                   |
| <b>Fund balance per books as at 31 December</b> | <b>758,467</b>      | <b>506,314</b>      |

**4 OFFICE EQUIPMENT**

The office equipment it was Equivalent with actual Inventory



MINISTRY OF ELECTRICITY  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

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**5 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development

**6 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 Additional Loan for Emergency Operation for Development PROJECT (P 155732) LOAN NO. 8793-IQ.

**6-1 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.

**6.2 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. 8793-IQ).

**6.3 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.

**7 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.

MINISTRY OF ELECTRICITY  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

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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.

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**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT**

**(P 155732)**  
**LOAN No. 8793-IQ**

**IMPLEMENTED BY**  
**THE GOVERNMENT OF REPUBLIC OF IRAQ**  
**MINISTRY OF ELECTRICITY**

**Funded by**  
**THE INTERNATIONAL BANK FOR**  
**RECONSTRUCTION AND DEVELOPMENT**

**MANAGEMENT LETTER**

**ON**

**FINANCIAL STATEMENTS**

**THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021**

**F.H.AL-SALMAN & CO**  
**PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS**  
**BAGHDAD – IRAQ**



**No: FHS/156/22**

**Date: 1/6/2022**

**Ministry of Electricity**

**Additional Loan for Emergency Operation for Development Project**

**(P 155732) LOAN NO. 8793-IQ .**

**Funded by the International Bank for Reconstruction and Development**

**Baghdad – The Republic of Iraq**

**Dear Sirs,**

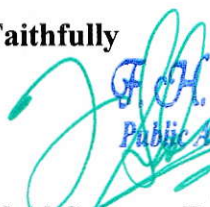
**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31st 2021, in our opinion, there was no observation for the component which affects the "Project" Managements' Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

**Yours Faithfully**

  
**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**



ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ

MINISTRY OF CONSTRUCTION AND HOUSING - DEPARTMENT OF  
PROJECTS FUNDED EXTERNALLY

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ



**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ / Ministry of Construction and Housing / Department of Projects Funded  
Externally.  
Reconstruction Fund for Areas Affected by Terroristic Operations  
Baghdad - Republic of Iraq**

**Report on the financial statement**

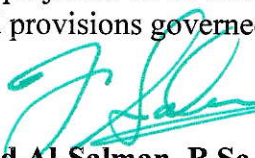
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We have also audited the compliance with laws, regulations, guidelines and provisions which governs the Loan Agreement covering for the year ended December 31<sup>st</sup> 2021.

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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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 Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup>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*

**Farquod Al-Salman, B.Sc, FCCA**

**F.H.Al-Salman & Co.**

**Public Accountants, Auditors & Consultants**

**Baghdad - Iraq**

Baghdad, Republic of Iraq

Date: Jun 1<sup>st</sup> 2022



MINISTRY OF CONSTRUCTION AND HOUSING - DEPARTMENT OF PROJECTS FUNDED EXTERNALLY  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ  
 STATEMENT OF CASH RECEIPTS AND PAYMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

|                                             | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments<br>in year 2021 | Accumulated<br>receipts and<br>payments balance<br>as of 31<br>December 2021 |
|---------------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                             |       | USD                                              | USD                                                                                                          | USD                                             | USD                                                                          |
| <b><u>CASH RECEIPTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Receipts from IBRD ( LOAN NO. 8793-IQ )     | 2     |                                                  | 1,670,044                                                                                                    | 9,572,297                                       | 11,242,341                                                                   |
| Receipts from Tenders Revenue               | 2     |                                                  | 8,00                                                                                                         | (800)                                           | -                                                                            |
| <b>Total cash receipts</b>                  |       | <b>47,500,000</b>                                | <b>1,670,844</b>                                                                                             | <b>9,571,497</b>                                | <b>11,242,341</b>                                                            |
| <b><u>CASH PAYMENTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Cash Payments for Components                |       |                                                  | (713,687)                                                                                                    | (9,564,867)                                     | (10,278,554)                                                                 |
| <b>Total cash payments</b>                  | 2     | <b>47,500,000</b>                                | <b>(713,687)</b>                                                                                             | <b>(9,564,867)</b>                              | <b>(10,278,554)</b>                                                          |
|                                             |       |                                                  |                                                                                                              |                                                 | <b>963,787</b>                                                               |
| Advances                                    | 2     |                                                  |                                                                                                              |                                                 | (1,000)                                                                      |
| <b>Cash at Bank as at end of the period</b> | 3     |                                                  |                                                                                                              |                                                 | <b>962,787</b>                                                               |

PMT manager

*Aslani alwindi*

Financial Management

*Hala Adnan*

The notes on pages from 1 to 4 are integral part of these financial statements

MINISTRY OF CONSTRUCTION AND HOUSING - DEPARTMENT OF PROJECTS FUNDED EXTERNALLY  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

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**1 GENERAL**

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The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

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Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

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The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022.



MINISTRY OF CONSTRUCTION AND HOUSING - DEPARTMENT OF PROJECTS FUNDED EXTERNALLY  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

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**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN CONTRACT**

| <b>Loan Agreement-part number</b> | <b>The nature of the task</b>                             | <b>Amount allocated of the Component from the loan</b> | <b>Actual Amount Receipts from IBRD</b>       | <b>Actual Amount Payments</b>                 | <b>Advances</b>                               | <b>Cash at Bank as of</b> |
|-----------------------------------|-----------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------------------|
|                                   |                                                           |                                                        | <b>During the period 21/8/2018-31/12/2021</b> | <b>During the period 21/8/2018-31/12/2021</b> | <b>During the period 21/8/2018-31/12/2021</b> | <b>31-12-2021</b>         |
|                                   |                                                           | <b>(USD)</b>                                           | <b>(USD)</b>                                  | <b>(USD)</b>                                  | <b>(USD)</b>                                  | <b>(USD)</b>              |
| <b>part 2</b>                     | Restoring Muni-copal Waste, Water and Sanitation Services | 47,500,000                                             | 11,242,341                                    | (10,278,554)                                  | (1,000)                                       | <b>962,787</b>            |

MINISTRY OF CONSTRUCTION AND HOUSING - DEPARTMENT OF PROJECTS FUNDED EXTERNALLY  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

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**3 FUND BALANCE**

|                                          | <b>2021<br/>USD</b> | <b>2020<br/>USD</b> |
|------------------------------------------|---------------------|---------------------|
| Fund balance per bank as at 31 December  | 962,787             | 959,317             |
| <b><u>Add:</u></b>                       |                     |                     |
| Bank fees                                | -                   | -                   |
| Tender fees                              | -                   | -                   |
| <b><u>Less:</u></b>                      |                     |                     |
| Bank fees                                | -                   | -                   |
| Tender fees                              | -                   | -                   |
| Outstanding checks                       | -                   | (3,160)             |
| Fund balance per books as at 31 December | <u>962,787</u>      | <u>956,157</u>      |

**4 OFFICE EQUIPMENT**

The office equipment it was Equivalent with actual Inventory



## **5 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

## **6 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

### **6.1 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.

### **6.2 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. 8793-IQ).

### **6.3 Disbursement**

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.

## **7 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.

**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT**

**(P 155732)**  
**LOAN No. 8793-IQ**

**IMPLEMENTED BY**  
**THE GOVERNMENT OF REPUBLIC OF IRAQ**

**MINISTRY OF CONSTRUCTION AND HOUSING / DEPARTMENT OF  
PROJECTS FUNDED EXTERNALLY**

**Funded by**  
**THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**MANAGEMENT LETTER**

**ON**

**FINANCIAL STATEMENTS**

**THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021**

**.F.H.AL-SALMAN & Co**  
**PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS**  
**BAGHDAD – IRAQ**





**No: FHS/156/22**

**Date: 1/6/2022**

**Ministry of Construction and Housing / Department of Projects Funded Externally  
Additional Loan for Emergency Operation for Development Project (P 155732)  
LOAN NO. 8793-IQ .  
Funded by the International Bank for Reconstruction and Development  
Baghdad – The Republic of Iraq**

**Dear Sirs,**

**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, we had noticed certain matters that, in our opinion, might affect the "Project" Managements' Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

**Yours Faithfully**

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

**Farquod Al-Salman, B.Sc, FCCA**

**F.H.Al-Salman & Co.**

**Public Accountants, Auditors & Consultants**

**Baghdad – Iraq**

**Management Letter**  
**the year ended December 31<sup>st</sup> 2021**

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**Note (1)** : Advances.



### **Definitions and Interpretation**

|                     |                                                                                                       |
|---------------------|-------------------------------------------------------------------------------------------------------|
| <b>Report</b>       | : Management Letter / Ministry of Construction and Housing / Department of Projects Funded Externally |
| <b>Period</b>       | : Covering the year ended December 31 <sup>st</sup> 2021.                                             |
| <b>Project</b>      | : Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.        |
| <b>Submitted to</b> | : Reconstruction Fund for Areas Affected by Terroristic Operations.                                   |

---

**Note (1)** : Advances.

**Observation** : Non-settlement of advance d the period, the amount was USD (1,000).

**Effect** : Non settlement of advances at the end of the period means non-application of the cash basis approach.

**Recommendation** : It is necessary to implement the instructions for International Public Sector Accounting Standards, concerning accounting for cash basis.

**Management Response** : The said advances shall be settled at the beginning of 2022.

**End of Management Letter**

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
Ministry of Construction and Housing  
Department of Roads and Bridges

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ /Ministry of Construction and Housing - Department of Roads and Bridges.  
Reconstruction Fund for Areas Affected by Terroristic Operations  
Baghdad - Republic of Iraq**

**Report on the financial statement**

We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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<sup>□</sup> Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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: Jun 1<sup>st</sup> 2022



MINISTRY OF CONSTRUCTION AND HOUSING DEPARTMENT OF ROADS AND BRIDGES  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ  
 STATEMENT OF CASH RECEIPTS AND PAYMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

|                                             | Notes    | Allocated amounts for<br>the life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts and<br>payments in year<br>2021 | Accumulated receipts<br>and payments balance as<br>of 31 December 2021 |
|---------------------------------------------|----------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------|
|                                             |          | USD                                              | USD                                                                                                          | USD                                             | USD                                                                    |
| <b><u>CASH RECEIPTS</u></b>                 |          |                                                  |                                                                                                              |                                                 |                                                                        |
| Receipts from IBRD ( LOAN NO. 8793-IQ )     | 2        |                                                  | 17,237,812                                                                                                   | 20,483,897                                      | 37,721,709                                                             |
| Received letter of guarantee                |          |                                                  | -                                                                                                            | 37,500                                          | 37,500                                                                 |
| <b>Total cash receipts</b>                  | <b>2</b> | <b><u>111,000,000</u></b>                        | <b><u>17,237,812</u></b>                                                                                     | <b><u>20,521,397</u></b>                        | <b><u>37,759,209</u></b>                                               |
| <b><u>CASH PAYMENTS</u></b>                 |          |                                                  |                                                                                                              |                                                 |                                                                        |
| Cash Payments for Components                |          |                                                  | (16,661,056)                                                                                                 | (20,240,536)                                    | (36,901,592)                                                           |
| <b>Total cash payments</b>                  | <b>2</b> | <b><u>111,000,000</u></b>                        | <b><u>(16,661,056)</u></b>                                                                                   | <b><u>(20,240,536)</u></b>                      | <b><u>(36,901,592)</u></b>                                             |
| <b>Cash at Bank as at end of the period</b> | <b>3</b> |                                                  |                                                                                                              |                                                 | <b><u>857,617</u></b>                                                  |

PMT Manager

Eng. Hussein J. Kaddur

Financial Management

Adwan Qassim

The notes on pages from 1 to 4 are integral part of these financial statements

**MINISTRY OF CONSTRUCTION AND HOUSING DEPARTMENT OF ROADS AND BRIDGES**  
**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT**  
**(P 155732) LOAN NO. 8793-IQ**  
**NOTES TO THE 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 for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula, As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022.



MINISTRY OF CONSTRUCTION AND HOUSING DEPARTMENT OF ROADS AND BRIDGES  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS FOR ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement-part number | The nature of the task                                                                       | Amount allocated of the Component from the loan<br><br>(USD) | Actual Amount Receipts from IBRD<br><br>During the period 21/8/2018-31/12/2021<br><br>(USD) | Received letter of guarantee<br><br>During the period 21/8/2018-31/12/2021<br><br>(USD) | Actual Amount Payments by<br><br>During the period 21/8/2018-31/12/2021<br><br>(USD) | Cash at Bank as of 31-12-2021<br><br>(USD) |
|----------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------|
| <b>Part 3 -A</b>           | Restoring Transport Infrastructure and Services/Transport Infrastructure (Roads and Bridges) | 111,000,000                                                  | 37,721,709                                                                                  | 37,500                                                                                  | (36,901,592)                                                                         | <b>857,617</b>                             |

MINISTRY OF CONSTRUCTION AND HOUSING DEPARTMENT OF ROADS AND BRIDGES  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**3 FUND BALANCE**

|                                                 | <b>2021</b>    | <b>2020</b>    |
|-------------------------------------------------|----------------|----------------|
|                                                 | <b>USD</b>     | <b>USD</b>     |
| Fund balance per bank as at 31 December         | 858,087        | 576,256        |
| <b><u>Add:</u></b>                              |                |                |
| Bank fees                                       | -              | -              |
| Tender fees                                     | -              | -              |
| <b><u>Less:</u></b>                             |                |                |
| Bank fees                                       | -              | -              |
| Tender fees                                     | -              | -              |
| Outstanding checks                              | (470)          | -              |
| <b>Fund balance per books as at 31 December</b> | <b>857,617</b> | <b>576,256</b> |

MINISTRY OF CONSTRUCTION AND HOUSING DEPARTMENT OF ROADS AND BRIDGES  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

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**4 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

**5 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

**5.1 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.

**5.2 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. 8793-IQ).

**5.3 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.

**6 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.



ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ

MINISTRY OF CONSTRUCTION AND HOUSING  
DEPARTMENT OF ROADS AND BRIDGES

Funded by  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

MANAGEMENT LETTER

ON

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ



No: FHS/156/22

Date: 1/6/2022

**Ministry of Construction and Housing- Department of Roads and Bridges  
Additional Loan for Emergency Operation for Development Project (P 155732)  
LOAN NO. 8793-IQ .  
Funded by the International Bank for Reconstruction and Development  
Baghdad – The Republic of Iraq**

Dear Sirs,

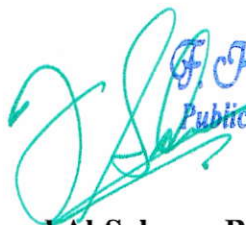
**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, we had noticed certain matters that, in our opinion, might affect the “Project” Managements’ Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

Yours Faithfully

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

**Farquod Al-Salman, B.Sc, FCCA  
F.H.Al-Salman & Co.  
Public Accountants, Auditors & Consultants  
Baghdad – Iraq**

**Management Letter**  
**The year ended December 31<sup>st</sup> 2021**

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**Note (1)** : Amount of "letter of guarantee" was Received.



### **Definitions and Interpretation**

|                     |                                                                                                |
|---------------------|------------------------------------------------------------------------------------------------|
| <b>Report</b>       | : Management Letter /Ministry of Construction and Housing - Department of Roads and Bridges.   |
| <b>Period</b>       | : Covering the year ended December 31 <sup>st</sup> 2021.                                      |
| <b>Project</b>      | : Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ. |
| <b>Submitted to</b> | : Reconstruction Fund for areas affected by terrorist operations                               |

---

**Note (1)** : Amount of "letter of guarantee" was Received.

**Observation** : Amount Received concerning "letter of guarantee" was recorded in the accounting books, as amounts of revenue was deposited in the current account of the International Bank for Reconstruction and Development, while such revenue received, needs to be considered as to "Ministry of Finance".

**Effect** : It caused an interment in the balance at bank for the amount USD (37,500), while this amount needs to be transferred to Ministry of Finance.

**Recommendation** : It is important to settle the above-mentioned amount to Ministry of Finance, and amend the books of accounts accordingly.

**Management Response** :The amount shall be refunded to Ministry of Finance, and the accounting books a shall be amended during 2022 to that effect.

### **End of Management Letter**

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN NO. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ

MINISTRY OF TRANSPORTATION

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ/ Ministry of Transportation.  
Reconstruction Fund for Areas Affected by Terroristic Operations  
Baghdad - Republic of Iraq**

**Report on the financial statement**

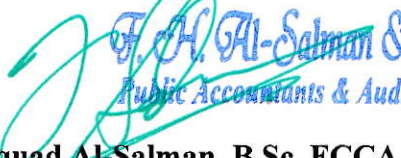
We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021 .he preparation of the financial statement is the responsibility of project managements 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> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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 Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup>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: Jun 1<sup>st</sup> 2022



MINISTRY OF TRANSPORTATION  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ  
 STATEMENT OF CASH RECEIPTS AND PAYMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

|                                             | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments<br>in year 2021 | Accumulated<br>receipts and<br>payments balance<br>as of 31<br>December 2021 |
|---------------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                             |       | USD                                              | USD                                                                                                          | USD                                             | USD                                                                          |
| <b><u>CASH RECEIPTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Receipts from IBRD ( LOAN NO. 8793-IQ )     | 2     |                                                  | 250,000                                                                                                      | 1,022,923                                       | 1,272,923                                                                    |
| Travel advance settlement                   | 2     |                                                  | 5                                                                                                            | -                                               | 5                                                                            |
| Receipts difference                         | 2     |                                                  | -                                                                                                            | (200)                                           | (200)                                                                        |
| <b>Total cash receipts</b>                  |       | <b><u>5,000,000</u></b>                          | <b><u>250,005</u></b>                                                                                        | <b><u>1,022,723</u></b>                         | <b><u>1,272,728</u></b>                                                      |
| <b><u>CASH PAYMENTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Cash Payments for Components                |       |                                                  | (11,445)                                                                                                     | (1,195,415)                                     | (1,206,860)                                                                  |
| <b>Total cash payments</b>                  | 2     | <b><u>5,000,000</u></b>                          | <b><u>(11,445)</u></b>                                                                                       | <b><u>(1,195,415)</u></b>                       | <b><u>(1,206,860)</u></b>                                                    |
| <b>Cash at Bank as at end of the period</b> | 3     |                                                  |                                                                                                              |                                                 | <b><u>65,868</u></b>                                                         |

PMT Manager

Financial Management

The notes on pages from 1 to 4 are integral part of these financial statements

MINISTRY OF TRANSPORTATION  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE 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 for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

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Component (6): Project Management, Sensitization and Monitoring and Evaluation;

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The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022.

MINISTRY OF TRANSPORTATION  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

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**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement- part number | The nature of the task                                                                                              | Amount allocated of the Component from the loan | Actual Amount Receipts from IBRD<br>During the period<br>21/8/2018-31/12/2021 | Actual Amount Receipts from Travel advance settlement<br>During the period<br>21/8/2018-31/12/2021 | Receipts difference<br>During the period<br>21/8/2018-31/12/2021 | Actual Amount Payments<br>During the period<br>21/8/2018-31/12/2021 | Cash at Bank as of<br>31-12-2021 |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------|
|                             |                                                                                                                     | (USD)                                           | (USD)                                                                         | (USD)                                                                                              | (USD)                                                            | (USD)                                                               | (USD)                            |
| Part 3 -B                   | Restoring Transport Infrastructure and Services/Transport Services (Civil Aviation, Railways, and Public Transport) | 5,000,000                                       | 1,272,923                                                                     | 5                                                                                                  | (200)                                                            | (1,206,860)                                                         | 65,868                           |



MINISTRY OF TRANSPORTATION  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**3 FUND BALANCE**

|                                                 | <b>2021<br/>USD</b> | <b>2020<br/>USD</b> |
|-------------------------------------------------|---------------------|---------------------|
| Fund balance per bank as at 31 December         | 65,868              | 238,560             |
| <b>Add:</b>                                     |                     |                     |
| Bank fees                                       | -                   | -                   |
| Tender fees                                     | -                   | -                   |
| <b>Less:</b>                                    |                     |                     |
| Bank fees                                       | -                   | -                   |
| Tender fees                                     | -                   | -                   |
| Outstanding checks                              | -                   | -                   |
| <b>Fund balance per books as at 31 December</b> | <b>65,868</b>       | <b>238,560</b>      |

**4 OFFICE EQUIPMENT**

The office equipment it was Equivalent with actual Inventory

## **5 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq/Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

## **6 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 Additional Loan for Emergency Operation for Development PROJECT (P 155732) LOAN NO. 8793-IQ.

### **6.1 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.

### **6.2 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. 8793-IQ).

### **6.3 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.

## **7 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.

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ

MINISTRY OF TRANSPORTATION

Funded by  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

MANAGEMENT LETTER

ON

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

.F.H.AL-SALMAN & Co  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





No: FHS /156/22

Date: 1/6/2022

**Ministry of Transportation**

**Additional Loan for Emergency Operation for Development Project**

**(P 155732) LOAN NO. 8793-IQ .**

**Funded by the International Bank for Reconstruction and Development**

**Baghdad – The Republic of Iraq**

Dear Sirs,

**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, we had noticed certain matters that, in our opinion, might affect the “Project” Managements’ Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

Yours Faithfully

  
**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**

**Management Letter**  
**The year ended December 31<sup>st</sup> 2021**

**TABLE OF CONTENTS**

**Note (1)**      :Receipts difference.

**Definitions and Interpretation**

|                            |                                                                                                                                                                                                |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report</b>              | : Management Letter / Ministry of Transportation.                                                                                                                                              |
| <b>Period</b>              | : Covering the year ended December 31 <sup>st</sup> 2021 .                                                                                                                                     |
| <b>Project</b>             | : Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.                                                                                                 |
| <b>Submitted to</b>        | : Reconstruction Fund for areas affected by terrorist operations                                                                                                                               |
| <b>Note (1)</b>            | : Receipts difference.                                                                                                                                                                         |
| <b>Observation</b>         | : The difference in the balance of cash receipts , as indicated in the accounting books, for the amount received from the International Bank for Reconstruction and Development was USD (200). |
| <b>Effect</b>              | : A shortage in the amount of actual cash received for the balance USD (200).                                                                                                                  |
| <b>Recommendation</b>      | : Settle the amount indicated above, and amend the accounting books accordingly.                                                                                                               |
| <b>Management Response</b> | : The accounting books shall be amended during 2022 to that effect.                                                                                                                            |

**End of Management Letter**



ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORIST OPERATIONS

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ



**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ / Reconstruction Fund for areas affected by terrorist operations.**

**Reconstruction Fund for Areas Affected by Terroristic Operations**

**Baghdad - Republic of Iraq**

**Report on the financial statement**

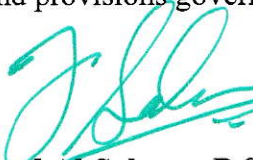
We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, The preparation of the financial statement is the responsibility of project managements 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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<sup>□</sup> Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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: Jun 1<sup>st</sup> 2022



RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORIST OPERATIONS  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ  
 STATEMENT OF CASH RECEIPTS AND PAYMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

|                                             | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments in<br>year 2021 | Accumulated<br>receipts and<br>payments balance as<br>of 31 December 2021 |
|---------------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------|
|                                             |       | USD                                              | USD                                                                                                          | USD                                             | USD                                                                       |
| <b><u>CASH RECEIPTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                           |
| Receipts from IBRD ( LOAN NO. 8793-IQ )     | 2     |                                                  | 1,461,288                                                                                                    | 918,817                                         | 2,380,105                                                                 |
| <b>Total cash receipts</b>                  |       | <b>2,500,000</b>                                 | <b>1,461,288</b>                                                                                             | <b>918,817</b>                                  | <b>2,380,105</b>                                                          |
| <b><u>CASH PAYMENTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                           |
| Cash Payments for Components                |       |                                                  | (965,556)                                                                                                    | (916,190)                                       | (1,881,746)                                                               |
| <b>Total cash payments</b>                  | 2     | <b>2,500,000</b>                                 | <b>(965,556)</b>                                                                                             | <b>(915,190)</b>                                | <b>(1,881,746)</b>                                                        |
| <b>Cash at Bank as at end of the period</b> | 3     |                                                  |                                                                                                              |                                                 | <b>498,359</b>                                                            |

  
 PMT Manager  
 محمد فاضل محمد

  
 Financial Management  
 زينة طارق سكوري

The notes on pages from 1 to 4 are integral part of these financial statements



**RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORIST OPERATIONS  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2020  
IN U.S. DOLLARS**

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**I GENERAL**

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula, As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022.

RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORIST OPERATIONS  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2020  
 IN U.S. DOLLARS

---

**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN AGREEMENT**

| Loan Agreement-<br>part number | The nature<br>of<br>the task                                                                                      | Amount<br>allocated of<br>the<br>Component<br>from the loan | Actual Amount<br>Receipts from<br>IBRD<br><br>During the<br>period<br>21/8/2018-<br>31/12/2021 | Actual Amount<br>Payments<br><br>During the period<br>21/8/2018-<br>31/12/2021 | Cash at<br>Bank as of<br>31-12-2021 |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------|
|                                |                                                                                                                   | (USD)                                                       | (USD)                                                                                          | (USD)                                                                          | (USD)                               |
| Part 5 and 6                   | Technical Assistance and Project Management. Sensitization,<br>and Communications, and Monitoring and Evaluation. | 2,500,000                                                   | 2,380,105                                                                                      | (1,881,746)                                                                    | 498,359                             |

RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORIST OPERATIONS  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2020  
 IN U.S. DOLLARS

---

**3 FUND BALANCE**

|                                                 | <b>2021<br/>USD</b> | <b>2020<br/>USD</b> |
|-------------------------------------------------|---------------------|---------------------|
| Fund balance per bank as at 31 December         | 498,359             | 495,725             |
| <b><u>Add:</u></b>                              |                     |                     |
| Bank fees                                       | -                   | 7                   |
| Tender fees                                     | -                   | -                   |
| <b><u>Less:</u></b>                             |                     |                     |
| Bank fees                                       | -                   | -                   |
| Tender fees                                     | -                   | -                   |
| Outstanding checks                              | -                   | -                   |
| <b>Fund balance per books as at 31 December</b> | <b>498,359</b>      | <b>495,732</b>      |



RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORIST OPERATIONS  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2020  
IN U.S. DOLLARS

---

**4 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

**5 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

**5-1 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.

**5.2 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. 8793-IQ).

**5.3 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.

**6 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.

**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT**

**(P 155732)**  
**LOAN No. 8793-IQ**

**IMPLEMENTED BY**  
**THE GOVERNMENT OF REPUBLIC OF IRAQ**

**RECONSTRUCTION FUND FOR AREAS AFFECTED BY TERRORIST  
OPERATIONS**

**Funded by**  
**THE INTERNATIONAL BANK FOR**  
**RECONSTRUCTION AND DEVELOPMENT**

**MANAGEMENT LETTER**

**ON**

**FINANCIAL STATEMENTS**

**THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021**

**F.H.AL-SALMAN & CO**  
**PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS**  
**BAGHDAD – IRAQ**





No: FHS/156 /22

Date: 1/6/2022

**Reconstruction Fund for areas affected by terrorist operations  
Additional Loan for Emergency Operation for Development Project  
(P 155732) LOAN NO. 8793-IQ .  
Funded by the International Bank for Reconstruction and Development  
Baghdad – The Republic of Iraq**

Dear Sirs,

**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, we had noticed certain matters that, in our opinion, might effect the "Project" Managements' Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

Yours Faithfully

  
**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**



**Management Letter**  
**The year ended December 31<sup>st</sup> 2021**

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**Note (1)**      Documentation and record transactions

### **Definitions and Interpretation**

|                     |                                                                                                |
|---------------------|------------------------------------------------------------------------------------------------|
| <b>Report</b>       | : Management Letter / Reconstruction Fund for areas affected by terrorist operations           |
| <b>Period</b>       | : Covering the year ended December 31 <sup>st</sup> 2021.                                      |
| <b>Project</b>      | : Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ. |
| <b>Submitted to</b> | : Reconstruction Fund for Areas Affected by Terroristic Operations.                            |

---

**Note (1)** : Documentation and record transactions.

**Observation** : Documentation needs more attention.  
There were many write-offs in the records.

**Effect** : By not taking care to the documentation process, which would result in loss of documents.  
Such write – offs would give the impression that of a lot mistake.

**Recommendation** : They need to take care the documentation of records in the accounting books.

**Management Response** : Notes will be taken in the future

### **End of Management Letter**

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
MINISTRY OF AGRICULTURE

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project**

**Additional Loan for Emergency Operation for Development Project (P 155732) LOAN**

**NO. 8793-IQ/Ministry of Agriculture**

**Reconstruction Fund for Areas Affected by Terroristic Operations**

**Baghdad - Republic of Iraq**

**Report on the financial statement**

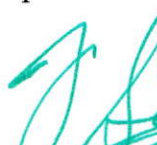
We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021. The preparation of the financial statement is the responsibility of project managements 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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' Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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**

**Farquod Al-Salman, B.Sc, FCCA**

**F.H.Al-Salman & Co.**

**Public Accountants, Auditors & Consultants**

**Baghdad - Iraq**

Baghdad, Republic of Iraq

Date: Jun 1<sup>st</sup> 2022



MINISTRY OF AGRICULTURE.

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ

STATEMENT OF CASH RECEIPTS AND PAYMENTS.

COVERING THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021.

IN U.S. DOLLARS

|                                         | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments<br>In<br>year 2021 | Accumulated<br>receipts and<br>payments balance<br>as of<br>31 December 2021 |
|-----------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------------|
|                                         |       | USD                                              | USD                                                                                                          | USD                                                | USD                                                                          |
| <b><u>CASH RECEIPTS</u></b>             |       |                                                  |                                                                                                              |                                                    |                                                                              |
| Receipts from IBRD ( LOAN NO. 8793-IQ ) | 2     |                                                  | 150,000                                                                                                      | 110,214                                            | 260,214                                                                      |
| <b>Total cash receipts</b>              |       | <b>32,000,000</b>                                | <b>150,000</b>                                                                                               | <b>110,214</b>                                     | <b>260,214</b>                                                               |
| <b><u>CASH PAYMENTS</u></b>             |       |                                                  |                                                                                                              |                                                    |                                                                              |
| Cash Payments for Components            |       |                                                  | (77,049)                                                                                                     | (46,318)                                           | (123,367)                                                                    |
| <b>Total cash payments</b>              | 2     | <b>32,000,000</b>                                | <b>(77,049)</b>                                                                                              | <b>(46,318)</b>                                    | <b>(123,367)</b>                                                             |
| Cash at Bank as at end of the year      | 3     |                                                  |                                                                                                              |                                                    | <b>136,847</b>                                                               |

PMT Manager

Abdulameer Abbas Hasan

Financial Management

Omar Assim Ismael

The notes on pages from 1 to 4 are integral part of these financial statements

MINISTRY OF AGRICULTURE  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021  
IN U.S. DOLLARS

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**I    GENERAL**

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula- As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022.



MINISTRY OF AGRICULTURE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021  
 IN U.S. DOLLARS

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**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement- part number | The nature of the task             | Amount allocated of the Component from the loan | Actual Amount Receipts from IBRD       | Actual Amount Payments                 | Cash at Bank as of |
|-----------------------------|------------------------------------|-------------------------------------------------|----------------------------------------|----------------------------------------|--------------------|
|                             |                                    |                                                 | During the period 21/8/2018-31/12/2021 | During the period 21/8/2018-31/12/2021 | 31-12-2021         |
|                             |                                    | (USD)                                           | (USD)                                  | (USD)                                  | (USD)              |
| Part 7                      | Restoring Agriculture Productivity | 32,000,000                                      | 260,214                                | (123,367)                              | 136,847            |

MINISTRY OF AGRICULTURE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021  
 IN U.S. DOLLARS

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**3 FUND BALANCE**

|                                          | <b>2021<br/>USD</b> | <b>2020<br/>USD</b> |
|------------------------------------------|---------------------|---------------------|
| Fund balance per bank as at 31 December  | 136,972             | 73,550              |
| <b><u>Add:</u></b>                       |                     |                     |
| Bank fees                                | -                   | -                   |
| Tender fees                              | -                   | -                   |
| <b><u>Less:</u></b>                      |                     |                     |
| Bank fees                                | -                   | -                   |
| Tender fees                              | -                   | -                   |
| Outstanding checks                       | (125)               | (599)               |
| Fund balance per books as at 31 December | <u>136,847</u>      | <u>72,951</u>       |

**4 OFFICE EQUIPMENT**

The office equipment it was Equivalent with actual Inventory.

## **5 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

## **6 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

### **6.1 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.

### **6.2 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. 8793-IQ).

### **6.3 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.

## **7 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.



ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
MINISTRY OF AGRICULTURE

Funded by  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

MANAGEMENT LETTER

ON

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & CO  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ



**No: FHS/156/22**

**Date: 1/6/2022**

**Ministry of Agriculture**

**Additional Loan for Emergency Operation for Development Project**

**(P 155732) LOAN NO. 8793-IQ .**

**Funded by the International Bank for Reconstruction and Development**

**Baghdad – The Republic of Iraq**

**Dear Sirs,**

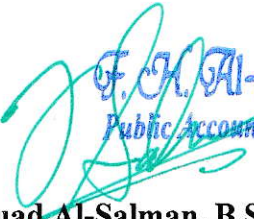
**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended 31<sup>st</sup> 2021, in our opinion, there was no observation for the component which affects the “Project” Managements’ Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

**Yours Faithfully**

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

**Farquod Al-Salman, B.Sc, FCCA**

**F.H.Al-Salman & Co.**

**Public Accountants, Auditors & Consultants**

**Baghdad – Iraq**



ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
MINISTRY OF WATER RESOURCES

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ / Ministry of Water Resources.  
Reconstruction Fund for Areas Affected by Terroristic Operations  
Baghdad - Republic of Iraq**

**Report on the financial statement**

We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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' Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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: Jun 1<sup>st</sup> 2022

MINISTRY OF WATER RESOURCES.

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ

STATEMENT OF CASH RECEIPTS AND PAYMENTS.

COVERING THE YEAR ENDED DECEMBER 31ST 2021.

IN U.S. DOLLARS

|                                             | Notes | Allocated amounts for<br>the life of the project | Actual receipts and<br>payments from<br>August 21st 2018 until<br>December 31st 2020 | Actual receipts<br>and payments<br>in year 2021 | Accumulated<br>receipts and<br>payments balance<br>as of 31<br>December 2021 |
|---------------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                             |       | USD                                              | USD                                                                                  | USD                                             | USD                                                                          |
| <b><u>CASH RECEIPTS</u></b>                 |       |                                                  |                                                                                      |                                                 |                                                                              |
| Receipts from IBRD ( LOAN NO. 8793-IQ )     | 2     |                                                  | 1,971,649                                                                            | 4,538,223                                       | 6,509,872                                                                    |
| <b>Total cash receipts</b>                  |       | <b>32,000,000</b>                                | <b>1,971,649</b>                                                                     | <b>4,538,223</b>                                | <b>6,509,872</b>                                                             |
| <b><u>CASH PAYMENTS</u></b>                 |       |                                                  |                                                                                      |                                                 |                                                                              |
| Cash Payments for Components                |       |                                                  | (890,035)                                                                            | (4,695,200)                                     | (5,585,235)                                                                  |
| <b>Total cash payments</b>                  | 2     | <b>32,000,000</b>                                | <b>(890,035)</b>                                                                     | <b>(4,695,200)</b>                              | <b>(5,585,235)</b>                                                           |
| <b>Cash at Bank as at end of the period</b> | 3     |                                                  |                                                                                      |                                                 | <b>924,637</b>                                                               |

  
FMT Manager

  
Financial Management  
**DR. Omar Safwat**  
**14/6/2022**

The notes on pages from 1 to 4 are integral part of these financial statements



MINISTRY OF WATER RESOURCES  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

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**1** **GENERAL**

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula- As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Date Jun 1<sup>st</sup> 2022.



MINISTRY OF WATER RESOURCES  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement-part number | The nature of the task                                                         | Amount allocated of the Component from the loan | Actual Amount Receipts from IBRD                | Actual Amount Payments                          | Cash at Bank as of  |
|----------------------------|--------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|---------------------|
|                            |                                                                                | (USD)                                           | During the period 21/8/2018-31/12/2021<br>(USD) | During the period 21/8/2018-31/12/2021<br>(USD) | 31-12-2021<br>(USD) |
| <b>Part 8</b>              | <b>Emergency Repair of Water Control Infrastructure and Irrigation Schemes</b> | <b>32,000,000</b>                               | <b>6,509,872</b>                                | <b>(5,585,235)</b>                              | <b>924,637</b>      |

MINISTRY OF WATER RESOURCES  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**3 - FUND BALANCE**

|                                                 | <b>2021</b>    | <b>2020</b>      |
|-------------------------------------------------|----------------|------------------|
|                                                 | <b>USD</b>     | <b>USD</b>       |
| Fund balance per bank as at 31 December         | 942,909        | 1,082,429        |
| <b><u>Add:</u></b>                              |                |                  |
| Bank fees                                       | -              | -                |
| Tender fees                                     |                | 5                |
| <b><u>Less:</u></b>                             |                |                  |
| Bank fees                                       | -              | -                |
| Tender fees                                     | -              | -                |
| Outstanding checks                              | (18,272)       | (820)            |
| <b>Fund balance per books as at 31 December</b> | <b>924,637</b> | <b>1,081,614</b> |

**4 OFFICE EQUIPMENT**

The office equipment it was Equivalent with actual Inventory

## **5 - REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

## **6 - 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

### **1.6 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.

### **2.6 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. 8793-IQ).

### **3.6 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.

## **7 - 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.



**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT**

**(P 155732)**  
**LOAN NO. 8793-IQ**

**IMPLEMENTED BY**  
**THE GOVERNMENT OF REPUBLIC OF IRAQ**  
**MINISTRY OF WATER RESOURCES**

**Funded by**  
**THE INTERNATIONAL BANK FOR**  
**RECONSTRUCTION AND DEVELOPMENT**

**MANAGEMENT LETTER**

**ON**

**FINANCIAL STATEMENTS**

**THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021**

**F.H.AL-SALMAN & CO**  
**PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS**  
**BAGHDAD -- IRAQ**



No: FHS/156/22

Date: 1/6/2022

**Ministry of Water Resources  
Additional Loan for Emergency Operation for Development Project  
(P 155732) LOAN NO. 8793-IQ .  
Funded by the International Bank for Reconstruction and Development  
Baghdad – The Republic of Iraq**

Dear Sirs,

**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, in our opinion, there was no observation for the component which affects the "Project" Managements' Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

**Yours Faithfully**

**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**



ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
Ministry of Education

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ / Ministry of Education  
Reconstruction Fund for Areas Affected by Terroristic Operations  
Baghdad - Republic of Iraq**

**Report on the financial statement**

We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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 Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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**

**Farquod Al-Salman, B.Sc, FCCA  
F.H.Al-Salman & Co.  
Public Accountants, Auditors & Consultants  
Baghdad - Iraq**

Baghdad, Republic of Iraq  
Date: Jun 1<sup>st</sup> 2022

MINISTRY OF EDUCATION  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ  
 STATEMENT OF CASH RECEIPTS AND PAYMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

|                                         | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments in<br>year 2021 | Accumulated<br>receipts and<br>payments balance<br>as of 31 December<br>2021 |
|-----------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                         |       | USD                                              | USD                                                                                                          | USD                                             | USD                                                                          |
| <u>CASH RECEIPTS</u>                    |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Receipts from IBRD ( LOAN NO. 8793-IQ ) | 2     |                                                  | 1,000,000                                                                                                    | -                                               | 1,000,000                                                                    |
| <b>Total cash receipts</b>              |       | <b>35,000,000</b>                                | <b>1,000,000</b>                                                                                             | <b>-</b>                                        | <b>1,000,000</b>                                                             |
| <u>CASH PAYMENTS</u>                    |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Cash Payments for Components            |       |                                                  | (7,573)                                                                                                      | (338,379)                                       | (345,952)                                                                    |
| <b>Total cash payments</b>              | 2     | <b>35,000,000</b>                                | <b>(7,573)</b>                                                                                               | <b>(338,379)</b>                                | <b>(345,952)</b>                                                             |
| Advances                                | 2     |                                                  |                                                                                                              |                                                 | 654,048                                                                      |
| Cash at Bank as at end of the period    | 3     |                                                  |                                                                                                              |                                                 | (75,310)                                                                     |
|                                         |       |                                                  |                                                                                                              |                                                 | <b>578,738</b>                                                               |

  
 PMT Manager  
 عبد الحليم محمد  
 ٢٠٢٢/٦/١٥

  
 Financial Management  
 قيس عبد السلام  
 ٢٠٢٢/٦/١٥

The notes on pages from 1 to 4 are integral part of these financial statements



MINISTRY OF EDUCATION  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

---

**I GENERAL**

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula- As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022.



MINISTRY OF EDUCATION  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS FOR ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement- part number | The nature of the task       | Amount allocated of the Component from the loan<br><br>(USD) | Actual Amount Receipts from IBRD<br>During the period 21/8/2018-31/12/2021<br>(USD) | Actual Amount Payments by<br>During the period 21/8/2018-31/12/2021<br>(USD) | Advances<br>During the period 21/8/2018-31/12/2021<br>(USD) | Cash at Bank as of 31-12-2021<br><br>(USD) |
|-----------------------------|------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------|
| Part 9                      | Restoring Education Services | 35,000,000                                                   | 1,000,000                                                                           | (345,952)                                                                    | (75,310)                                                    | 578,738                                    |

MINISTRY OF EDUCATION  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

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**3 FUND BALANCE**

|                                                 | 2021<br>USD    | 2020<br>USD    |
|-------------------------------------------------|----------------|----------------|
| Fund balance per bank as at 31 December         | 591,734        | 992,427        |
| <b><u>Add:</u></b>                              |                |                |
| Bank fees                                       | 14             | -              |
| Tender fees                                     | -              | -              |
| <b><u>Less:</u></b>                             |                |                |
| Bank fees                                       | -              | -              |
| Tender fees                                     | -              | -              |
| Outstanding checks                              | (13,010)       | -              |
| <b>Fund balance per books as at 31 December</b> | <b>578,738</b> | <b>992,427</b> |

**4 OFFICE EQUIPMENT**

The office equipment it was Equivalent with actual Inventory

MINISTRY OF EDUCATION  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

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**5 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

**6 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

**6.1 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.

**6.2 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. 8793-IQ).

**6.3 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.

**7 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.



ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ

MINISTRY OF EDUCATION

Funded by  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

MANAGEMENT LETTER

ON

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & CO  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ



**No: FHS/156/22**

**Date: 1/6/2022**

**Ministry of Education**

**Additional Loan for Emergency Operation for Development Project (P 155732)**

**LOAN NO. 8793-IQ .**

**Funded by the International Bank for Reconstruction and Development**

**Baghdad – The Republic of Iraq**

**Dear Sirs,**

**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, we had noticed certain matters that, in our opinion, might affect the “Project” Managements’ Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

**Yours Faithfully**

  
**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**

**Management Letter**  
**The year ended December 31<sup>st</sup> 2021**

**TABLE OF CONTENTS**

**Note (1)** : Advances .



### **Definitions and Interpretation**

|                            |                                                                                                                                             |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report</b>              | : Management Letter / Ministry of Education                                                                                                 |
| <b>Period</b>              | : Covering the year ended December 31 <sup>st</sup> 2021 .                                                                                  |
| <b>Project</b>             | : Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.                                              |
| <b>Submitted to</b>        | : Reconstruction Fund for areas affected by terrorist operations                                                                            |
| <hr/>                      |                                                                                                                                             |
| <b>Note (1)</b>            | : Advances.                                                                                                                                 |
| <b>Observation</b>         | : Non-settlement of advance d the period, the amount was USD (75,310).                                                                      |
| <b>Effect</b>              | : Non settlement of advances at the end of the period means non-application of the cash basis approach.                                     |
| <b>Recommendation</b>      | : It is necessary to implement the instructions for International Public Sector Accounting Standards, concerning accounting for cash basis. |
| <b>Management Response</b> | : The said advances shall be settled at the beginning of 2022.                                                                              |

### **End of Management Letter**

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
ANBAR GOVERNORATE

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

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INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ

**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project**

**Additional Loan for Emergency Operation for Development Project (P 155732)**

**LOAN NO. 8793-IQ / Anbar Governorate.**

**Reconstruction Fund for Areas Affected by Terroristic Operations**

**Baghdad - Republic of Iraq**

**Report on the financial statement**

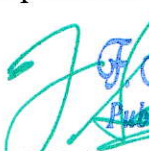
We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021. The preparation of the financial statement is the responsibility of project managements 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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' Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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**

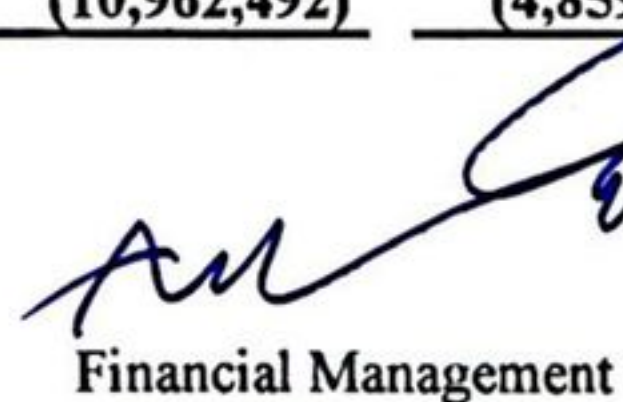
**Date: Jun 1<sup>st</sup> 2022**



**ANBAR GOVERNORATE**  
**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ**  
**STATEMENT OF CASH RECEIPTS AND PAYMENTS.**  
**COVERING THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021.**  
**IN U.S. DOLLARS**

|                                           | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments in<br>year 2021 | Accumulated receipts<br>and payments balance<br>as of 31 December 2021 |
|-------------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------|
|                                           |       | USD                                              | USD                                                                                                          | USD                                             | USD                                                                    |
| <b><u>CASH RECEIPTS</u></b>               |       |                                                  |                                                                                                              |                                                 |                                                                        |
| Receipts from IBRD ( LOAN NO. 8793-IQ )   | 2     |                                                  | 10,990,048                                                                                                   | 4,862,037                                       | 15,852,085                                                             |
| <b>Total cash receipts</b>                |       | <b>20,000,000</b>                                | <b>10,990,048</b>                                                                                            | <b>4,862,037</b>                                | <b>15,852,085</b>                                                      |
| <b><u>CASH PAYMENTS</u></b>               |       |                                                  |                                                                                                              |                                                 |                                                                        |
| Cash Payments for Components              |       |                                                  | (10,962,492)                                                                                                 | (4,859,556)                                     | (15,822,048)                                                           |
| <b>Total cash payments</b>                | 2     | <b>20,000,000</b>                                | <b>(10,962,492)</b>                                                                                          | <b>(4,859,556)</b>                              | <b>(15,822,048)</b>                                                    |
| <b>Cash at Bank as at end of the year</b> | 3     |                                                  |                                                                                                              |                                                 | <b>30,037</b>                                                          |

  
PMT Manager

  
Financial Management



The notes on pages from 1 to 4 are integral part of these financial statements



**ANBAR GOVERNORATE  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021  
IN U.S. DOLLARS**

---

**1 GENERAL**

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula- As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022.

**ANBAR GOVERNORATE**  
**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT**  
**(P 155732) LOAN NO. 8793-IQ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**COVERING THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021**  
**IN U.S. DOLLARS**

---

**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement-<br>part number | The nature<br>of<br>the task                                                                     | Amount allocated of<br>the Component<br>from the loan | Actual Amount<br>Receipts from IBRD           | Actual Amount Payments                        | Cash at Bank as of<br>31-12-2021 |
|--------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|----------------------------------|
|                                |                                                                                                  |                                                       | During the period<br>21/8/2018-<br>31/12/2021 | During the period<br>21/8/2018-<br>31/12/2021 |                                  |
|                                |                                                                                                  | (USD)                                                 | (USD)                                         | (USD)                                         | (USD)                            |
| Part 10                        | Restoring Basic Municipal Infrastructure and Services<br>and Preserving Cultural Heritage Assets | 20,000,000                                            | 15,852,085                                    | (15,822,048)                                  | 30,037                           |



ANBAR GOVERNORATE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021  
 IN U.S. DOLLARS

---

**3 FUND BALANCE**

|                                                 | <b>2021<br/>USD</b> | <b>2020<br/>USD</b> |
|-------------------------------------------------|---------------------|---------------------|
| Fund balance per bank as at 31 December         | 30,037              | 27,556              |
| <b><u>Add:</u></b>                              |                     |                     |
| Bank fees                                       | -                   | -                   |
| Tender fees                                     | -                   | -                   |
| <b><u>Less:</u></b>                             |                     |                     |
| Bank fees                                       | -                   | -                   |
| Tender fees                                     | -                   | -                   |
| Outstanding checks                              | -                   | -                   |
| <b>Fund balance per books as at 31 December</b> | <b>30,037</b>       | <b>27,556</b>       |

#### **4 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

#### **5 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

##### **5.1 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.

##### **5.2 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. 8793-IQ).

##### **5.3 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.

#### **6 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.

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
ANBAR GOVERNORATE

Funded by  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

MANAGEMENT LETTER

ON

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & CO  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**No: FHS/156/22**

**Date: 1/6/2022**

**Anbar Governorate**

**Additional Loan for Emergency Operation for Development Project  
(P 155732) LOAN NO. 8793-IQ .**

**Funded by the International Bank for Reconstruction and Development  
Baghdad – The Republic of Iraq**

**Dear Sirs,**

**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended 31<sup>st</sup>2021, in our opinion, there was no observation for the component which affects the "Project" Managements' Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

**Yours Faithfully**

**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**

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT

(P 155732)

LOAN NO. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
Diyala Governorate

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ / Diyala Governorate.**

**Reconstruction Fund for Areas Affected by Terroristic Operations  
Baghdad - Republic of Iraq**

**Report on the financial statement**

We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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 Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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: Jun 1<sup>st</sup> 2022



DIYALA GOVERNORATE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ  
 STATEMENT OF CASH RECEIPTS AND PAYMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

|                                         | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments<br>in year 2021 | Accumulated receipts<br>and payments<br>balance as of 31<br>December 2021 |
|-----------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------|
|                                         |       | USD                                              | USD                                                                                                          | USD                                             | USD                                                                       |
| <b><u>CASH RECEIPTS</u></b>             |       |                                                  |                                                                                                              |                                                 |                                                                           |
| Receipts from IBRD ( LOAN NO. 8793-IQ ) | 2     |                                                  | 1,755,524                                                                                                    | 1,722,708                                       | 3,478,232                                                                 |
| <b>Total cash receipts</b>              |       | <b>10,000,000</b>                                | <b>1,755,524</b>                                                                                             | <b>1,722,708</b>                                | <b>3,478,232</b>                                                          |
| <b><u>CASH PAYMENTS</u></b>             |       |                                                  |                                                                                                              |                                                 |                                                                           |
| Cash Payments for Components            |       |                                                  | (1,744,565)                                                                                                  | (1,701,091)                                     | (3,445,656)                                                               |
| <b>Total cash payments</b>              | 2     | <b>10,000,000</b>                                | <b>(1,744,565)</b>                                                                                           | <b>(1,744,565)</b>                              | <b>(3,445,656)</b>                                                        |
| Advances                                | 2     |                                                  |                                                                                                              |                                                 | 32,576                                                                    |
| Cash at Bank as at end of the period    | 3     |                                                  |                                                                                                              |                                                 | (7,680)                                                                   |
|                                         |       |                                                  |                                                                                                              |                                                 | <b>24,896</b>                                                             |

PMT Manager

Financial Management

The notes on pages from 1 to 4 are integral part of these financial statements



**DIYALA GOVERNORATE**  
**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT**  
**(P 155732) LOAN NO. 8793-IQ**  
**NOTES TO THE 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 for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula□ As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Date: Jun 1<sup>st</sup> 2022

DIYALA GOVERNORATE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS FOR ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement-part number | The nature of the task                                                                        | Amount allocated of the Component from the loan | Actual Amount Receipts from IBRD       | Actual Amount Payments by              | Advances                               | Cash at Bank as of |
|----------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|--------------------|
|                            |                                                                                               |                                                 | During the period 21/8/2018-31/12/2021 | During the period 21/8/2018-31/12/2021 | During the period 21/8/2018-31/12/2021 | 31-12-2021         |
|                            |                                                                                               | (USD)                                           | (USD)                                  | (USD)                                  | (USD)                                  | (USD)              |
| Part 10                    | Restoring Basic Municipal Infrastructure and Services and Preserving Cultural Heritage Assets | 10,000,000                                      | 3,478,232                              | (3,445,656)                            | (7,680)                                | 24,896             |



DIYALA GOVERNORATE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**3 FUND BALANCE**

|                                                 | <b>2021<br/>USD</b> | <b>2020<br/>USD</b> |
|-------------------------------------------------|---------------------|---------------------|
| Fund balance per bank as at 31 December         | 24,896              | 715                 |
| <b><u>Add:</u></b>                              |                     |                     |
| Bank fees                                       | -                   | -                   |
| Tender fees                                     | -                   | -                   |
| <b><u>Less:</u></b>                             |                     |                     |
| Bank fees                                       | -                   | -                   |
| Tender fees                                     | -                   | -                   |
| Outstanding checks                              | -                   | -                   |
| <b>Fund balance per books as at 31 December</b> | <b>24,896</b>       | <b>715</b>          |

DIYALA GOVERNORATE  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS

---

**4 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

**5 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

**5.1 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.

**5.2 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. 8793-IQ).

**5.3 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.

**6 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.

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ

DIYALA GOVERNORATE

Funded by  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

MANAGEMENT LETTER

ON

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & CO  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**No: FHS/ 156/22**

**Date: 1/6/2022**

**Diyala Governorate**

**Additional Loan for Emergency Operation for Development Project (P 155732)**

**LOAN NO. 8793-IQ .**

**Funded by the International Bank for Reconstruction and Development**

**Baghdad – The Republic of Iraq**

**Dear Sirs,**

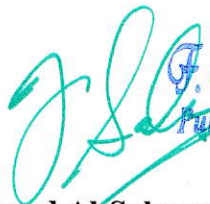
**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, we had noticed certain matters that, in our opinion, might affect the "Project" Managements' Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

**Yours Faithfully**

  
**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**

**Management Letter**  
**the year ended December 31<sup>st</sup> 2021**

**TABLE OF CONTENTS**

**Note (1)** : Documentation and record transactions.

**Note (2)** : Advances.

### **Definitions and Interpretation**

|                                |                                                                                                                                                                      |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report</b>                  | : Management Letter / Diyala Governorate.                                                                                                                            |
| <b>Period</b>                  | : Covering the year ended December 31 <sup>st</sup> 2021 .                                                                                                           |
| <b>Project</b>                 | : Additional Loan for Emergency Operation for Development Project<br>(P 155732) LOAN NO. 8793-IQ.                                                                    |
| <b>Submitted to</b>            | : Reconstruction Fund for areas affected by terrorist operations.                                                                                                    |
| <b>Note (1)</b>                | : Documentation and record transactions.                                                                                                                             |
| <b>Observation</b>             | : Documentation needs more attention.<br>There were many write-offs in the records.                                                                                  |
| <b>Effect</b>                  | : By not taking care to the documentation process, which would result<br>in loss of documents.<br>Such write – offs would give the impression that of a lot mistake. |
| <b>Recommendation</b>          | : They need to take care the documentation of records in the accounting<br>books.                                                                                    |
| <b>Management<br/>Response</b> | : Notes will be taken in the future                                                                                                                                  |



### **Definitions and Interpretation**

**Report** : Management Letter / Diyala Governorate.

**Period** : Covering the year ended December 31<sup>st</sup> 2021 .

**Project** : Additional Loan for Emergency Operation for Development Project  
(P 155732) LOAN NO. 8793-IQ.

**Submitted to** : Reconstruction Fund for areas affected by terrorist operations

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**Note (2)** :Advances .

**Observation** :Non-settlement of advance d the period , The amount was USD (7,680).

**Effect** : Non settlement of advances at the end of the period means non-application of the cash basis approach .

**Recommendation** :It is necessary to implement the instructions for International Public Sector Accounting Standards, concerning accounting for cash basis.

**Management Response** : The said advances shall be settled at the beginning of 2022.

### **End of Management Letter**

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
NINEWA GOVERNORATE

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE PERIOD YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ / Ninewa Governorate  
Reconstruction Fund for Areas Affected by Terroristic Operations  
Baghdad - Republic of Iraq**

**Report on the financial statement**

We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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' Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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**

**Farquod Al-Salman, B.Sc, FCCA  
F.H.Al-Salman & Co.  
Public Accountants, Auditors & Consultants  
Baghdad - Iraq**

Baghdad, Republic of Iraq  
Date: Jun 1<sup>st</sup> 2022



NINEWA GOVERNORATE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ  
 STATEMENT OF CASH RECEIPTS AND PAYMENTS.  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021.  
 IN U.S. DOLLARS

|                                             | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments in<br>year 2021 | Accumulated<br>receipts and<br>payments balance<br>as of 31 December<br>2021 |
|---------------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                             |       | USD                                              | USD                                                                                                          | USD                                             | USD                                                                          |
| <b><u>CASH RECEIPTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Receipts from IBRD ( LOAN NO. 8793-IQ )     | 2     |                                                  | 2,459,231                                                                                                    | 10,355,586                                      | 12,814,817                                                                   |
| <b>Total cash receipts</b>                  |       | <b>20,000,000</b>                                | <b>2,459,231</b>                                                                                             | <b>10,355,586</b>                               | <b>12,814,817</b>                                                            |
| <b><u>CASH PAYMENTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Cash Payments for Components                |       |                                                  | (2,443,401)                                                                                                  | (10,348,407)                                    | (12,791,808)                                                                 |
| <b>Total cash payments</b>                  | 2     | <b>20,000,000</b>                                | <b>(2,443,401)</b>                                                                                           | <b>(10,348,407)</b>                             | <b>(12,791,808)</b>                                                          |
| <b>Cash at Bank as at end of the period</b> | 3     |                                                  |                                                                                                              |                                                 | <b>23,009</b>                                                                |

PMT Manager

Financial Management

The notes on pages from 1 to 4 are integral part of these financial statements



محمد الوهاب سلطان  
 ٢٠٢١/١٢/٢٤

علاء الدين  
 ٢٠٢١/١٢/٢٤

**NINEWA GOVERNORATE  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS**

---

**I GENERAL**

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula□ As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022 .

**NINEWA GOVERNORATE**  
**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT**  
**(P 155732) LOAN NO. 8793-IQ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**COVERING THE YEAR ENDED DECEMBER 31ST 2021**  
**IN U.S. DOLLARS**

---

**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement-<br>part number | The nature<br>of<br>the task                                                                             | Amount allocated of<br>the Component<br>from the loan | Actual Amount<br>Receipts from IBRD           | Actual Amount Payments                        | Cash at Bank as of |
|--------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------|
|                                |                                                                                                          |                                                       | During the period<br>21/8/2018-<br>31/12/2021 | During the period<br>21/8/2018-<br>31/12/2021 | 31-12-2021         |
|                                |                                                                                                          | (USD)                                                 | (USD)                                         | (USD)                                         | (USD)              |
| <b>Part 10</b>                 | <b>Restoring Basic Municipal Infrastructure and<br/>Services and Preserving Cultural Heritage Assets</b> | <b>20,000,000</b>                                     | <b>12,814,817</b>                             | <b>(12,791,808)</b>                           | <b>23,009</b>      |



NINEWA GOVERNORATE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

---

**3 FUND BALANCE**

|                                          | <b>2021<br/>USD</b> | <b>2020<br/>USD</b> |
|------------------------------------------|---------------------|---------------------|
| Fund balance per bank as at 31 December  | 23,009              | 21,752              |
| <b>Add:</b>                              |                     |                     |
| Bank fees                                | -                   | 7                   |
| Tender fees                              | -                   | -                   |
| <b>Less:</b>                             |                     |                     |
| Bank fees                                | -                   | -                   |
| Tender fees                              | -                   | -                   |
| Outstanding checks                       | -                   | (5,929)             |
| Fund balance per books as at 31 December | <u>23,009</u>       | <u>15,830</u>       |

#### **4 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

#### **5 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

##### **5.1 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.

##### **5.2 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. 8793-IQ).

##### **5.3 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.

#### **6 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.

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ

NINEWA GOVERNORATE

Funded by  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

MANAGEMENT LETTER

ON

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

.F.H.AL-SALMAN & CO  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**No: FHS/156/22**

**Date: 1/6/2022**

**Ninewa Governorate**

**Additional Loan for Emergency Operation for Development Project  
(P 155732) LOAN NO. 8793-IQ .**

**Funded by the International Bank for Reconstruction and Development  
Baghdad – The Republic of Iraq**

**Dear Sirs,**

**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended 31<sup>st</sup> 2021, in our opinion, there was no observation for the component which affects the "Project" Managements' Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

**Yours Faithfully**

  
**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**

ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT

(P 155732)  
LOAN No. 8793-IQ

IMPLEMENTED BY  
THE GOVERNMENT OF REPUBLIC OF IRAQ  
SALAH EL-DIN GOVERNORATE

FUNDED BY  
THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INDEPENDENT AUDITORS' REPORT

&

FINANCIAL STATEMENTS

THE PERIOD YEAR ENDED DECEMBER 31<sup>ST</sup> 2021

F.H.AL-SALMAN & Co.  
PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS  
BAGHDAD – IRAQ





**Independent auditor's report**

**To the management of Additional Loan for Emergency Operation for Development Project  
Additional Loan for Emergency Operation for Development Project (P 155732) LOAN  
NO. 8793-IQ / Salah El-Din Governorate.**

**Reconstruction Fund for Areas Affected by Terroristic Operations  
Baghdad - Republic of Iraq**

**Report on the financial statement**

We have audited the accompanying statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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 31<sup>st</sup> 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-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' Financial Statement (PFS) presents fairly, in all material respects, the cash receipts and payments of The Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 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**

**Farquod Al-Salman, B.Sc, FCCA**

**F.H.Al-Salman & Co.**

**Public Accountants, Auditors & Consultants**

**Baghdad - Iraq**

Baghdad, Republic of Iraq

Date: Jun 1<sup>st</sup> 2022



## SALAH EL-DIN GOVERNORATE

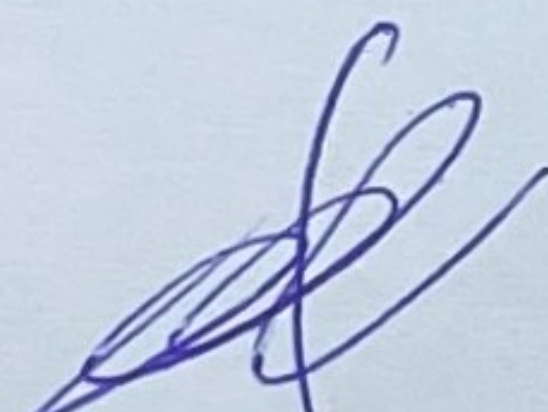
## ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT (P 155732) LOAN NO. 8793-IQ

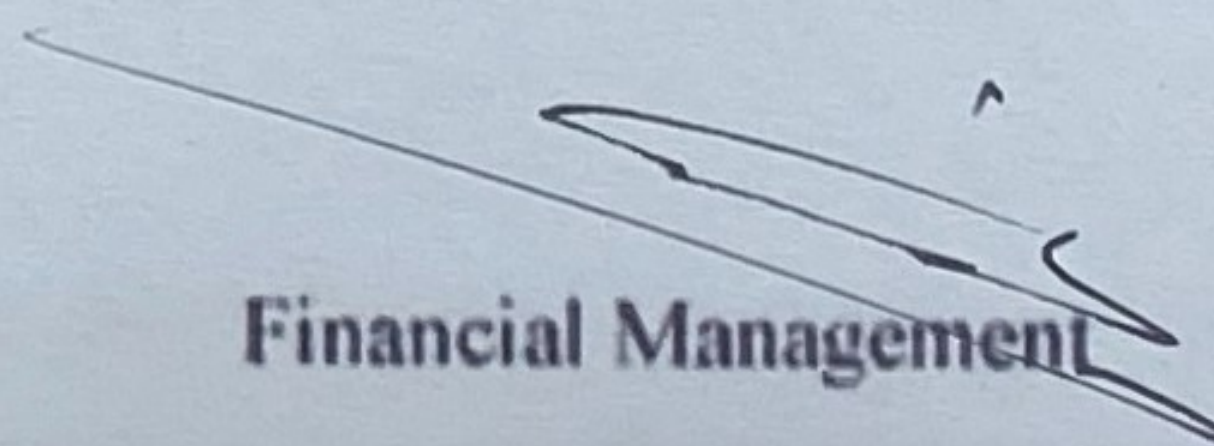
## STATEMENT OF CASH RECEIPTS AND PAYMENTS.

COVERING THE YEAR ENDED DECEMBER 31ST 2021.

IN U.S. DOLLARS

|                                             | Notes | Allocated amounts for the<br>life of the project | Actual receipts and<br>payments from<br>August 21 <sup>st</sup> 2018 until<br>December 31 <sup>st</sup> 2020 | Actual receipts<br>and payments in<br>year 2021 | Accumulated<br>receipts and<br>payments balance<br>as of 31<br>December 2021 |
|---------------------------------------------|-------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                             |       | USD                                              | USD                                                                                                          | USD                                             | USD                                                                          |
| <b><u>CASH RECEIPTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Receipts from IBRD ( LOAN NO. 8793-IQ )     | 2     |                                                  | 50,000                                                                                                       | 3,669,503                                       | 3,719,503                                                                    |
| <b>Total cash receipts</b>                  |       | <b>10,000,000</b>                                | <b>50,000</b>                                                                                                | <b>3,669,503</b>                                | <b>3,719,503</b>                                                             |
| <b><u>CASH PAYMENTS</u></b>                 |       |                                                  |                                                                                                              |                                                 |                                                                              |
| Cash Payments for Components                |       |                                                  | (26,974)                                                                                                     | (3,650,927)                                     | (3,677,901)                                                                  |
| <b>Total cash payments</b>                  | 2     | <b>10,000,000</b>                                | <b>(26,974)</b>                                                                                              | <b>(3,650,927)</b>                              | <b>(3,677,901)</b>                                                           |
| <b>Cash at Bank as at end of the period</b> | 3     |                                                  |                                                                                                              |                                                 | <b>41,602</b>                                                                |

  
 PMT Manager

  
 Financial Management

C. C. C. 17/1/18



**SALAH EL-DIN GOVERNORATE  
ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
(P 155732) LOAN NO. 8793-IQ  
NOTES TO THE FINANCIAL STATEMENTS  
COVERING THE YEAR ENDED DECEMBER 31ST 2021  
IN U.S. DOLLARS**

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**1 GENERAL**

The Emergency Operation for Development Project (EODP) is a US\$ 350 million operation for Iraq launched in 2015 with a development objective aimed at supporting the Government of Iraq (GoI) in the reconstruction of the damaged infrastructure and the restoration of public service delivery in targeted municipal areas (the cities of Tikrit, Dour, Al Dalooeyya and Al-Alam in the Salah Al-Din governorate, as well as the cities of Jalula- As-Saidiya and Al-othiem in Diyala governorate).

The GoI has expressed the need to review some of the components in order to expand the geographical and sector coverage of the project. The WB and the GoI have agreed to restructure the existing project to include needs arising from the evolving context, where the amount was extended by an additional US\$ 400 million in 2017. The additional financing is planned to scale-up EODP activities and expand them in terms of sectoral (adding irrigation and education) and geographical coverage as per the original design of EODP. Such expansion is critical to ensure that project impacts are extended to new liberated cities in the Salah Al-Din and Diyala governorates, as well as in Kirkuk, Al-Anbar (including Ramadi), Ninewa (including Mosel).

Both EODP and EODP-AF projects are composed of ten components that focus on the following areas:

Component (1): Restoring Electricity Infrastructure and its Connectivity;

Component (2): Restoring Municipal Waste, Water and Sanitation Services;

Component (3): Restoring Transport Infrastructure;

Component (4): Restoring Health Services;

Component (5): Technical Assistance;

Component (6): Project Management, Sensitization and Monitoring and Evaluation;

Component (7): Restoring Agriculture Productivity;

Component (8): Emergency repair of water control infrastructure and irrigation schemes;

Component (9): Restoring Education Services; and,

Component (10): Restoring Municipal Infrastructure and Services and Preserving Cultural Heritage Assets

This financing agreement cover all works contracts to restore and repaired Electricity, Municipalities, Roads and Bridge, Transport, Medical Equipment, Consulting Services for REFAATO, Agriculture, Water supply, Education in 5 liberated governorates at Al Anbar, Diyala, Ninawa, Salah Ad-Din and Kirkuk as well as contracts implemented by Component 10 governorates (Al Anbar, Diyala, Ninawa and Salah Ad-Din) furthermore cover supervision contracts and consultant contracts, projects implementation.

The financial statements and the notes on pages 1 to 4 were authorized for issuance by Management Letter dated Jun 1<sup>st</sup> 2022

**SALAH EL-DIN GOVERNORATE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS**

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**2 CATEGORIES OF ALLOCATED SPENDING AND ACTUAL PAYMENTS IN ACCORDANCE TO THE LOAN CONTRACT**

| Loan Agreement-<br>part number | The nature<br>of<br>the task                                                                     | Amount allocated of<br>the Component<br>from the loan<br><br>(USD) | Actual Amount<br>Receipts from IBRD                    | Actual Amount Payments                                 | Cash at Bank as of  |
|--------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|---------------------|
|                                |                                                                                                  |                                                                    | During the period<br>21/8/2018-<br>31/12/2021<br>(USD) | During the period<br>21/8/2018-<br>31/12/2021<br>(USD) | 31-12-2021<br>(USD) |
| Part 10                        | Restoring Basic Municipal Infrastructure and<br>Services and Preserving Cultural Heritage Assets | 10,000,000                                                         | 3,719,503                                              | (3,677,901)                                            | 41,602              |



SALAH EL-DIN GOVERNORATE  
 ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT PROJECT  
 (P 155732) LOAN NO. 8793-IQ  
 NOTES TO THE FINANCIAL STATEMENTS  
 COVERING THE YEAR ENDED DECEMBER 31ST 2021  
 IN U.S. DOLLARS

3 FUND BALANCE

|                                          | 2021<br>USD   | 2020<br>USD   |
|------------------------------------------|---------------|---------------|
| Fund balance per bank as at 31 December  | 49,612        | 15,798        |
| <u>Add:</u>                              |               |               |
| Bank fees                                | -             | -             |
| Tender fees                              | -             | -             |
| <u>Less:</u>                             |               |               |
| Bank fees                                | -             | -             |
| Tender fees                              | -             | -             |
| Outstanding checks                       | (8,010)       | -             |
| Fund balance per books as at 31 December | <u>41,602</u> | <u>15,798</u> |

#### **4 REPORTING ENTITY**

The financial statements for the Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ, encompasses the reporting entity as specified in the Loan Agreement NO. 8793- IQ dated 17 December 2017 between the Republic of Iraq / Reconstruction Fund for Areas Affected by Terroristic Operations and the International Bank for Reconstruction and Development.

#### **5 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 Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ.

##### **5.1 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.

##### **5.2 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. 8793-IQ).

##### **5.3 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.

#### **6 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.

**ADDITIONAL LOAN FOR EMERGENCY OPERATION FOR DEVELOPMENT  
PROJECT**

**(P 155732)**  
**LOAN NO. 8793-IQ**

**IMPLEMENTED BY**  
**THE GOVERNMENT OF REPUBLIC OF IRAQ**

**SALAH EL-DIN GOVERNORATE**

**Funded by**  
**THE INTERNATIONAL BANK FOR**  
**RECONSTRUCTION AND DEVELOPMENT**

**MANAGEMENT LETTER**

**ON**

**FINANCIAL STATEMENTS**

**THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2021**

**F.H.AL-SALMAN & CO**  
**PUBLIC ACCOUNTANTS, AUDITORS & CONSULTANTS**  
**BAGHDAD – IRAQ**





No: FHS/156/22

Date: 1/6/2022

**Salah El-Din Governorate**

**Additional Loan for Emergency Operation for Development Project**

**(P 155732) LOAN NO. 8793-IQ .**

**Funded by the International Bank for Reconstruction and Development**

**Baghdad – The Republic of Iraq**

Dear Sirs,

**Subject: Management Letter**

While performing our audit for the statement of Cash Receipts and Payments of Additional Loan for Emergency Operation for Development Project (P 155732) LOAN NO. 8793-IQ covering the year ended December 31<sup>st</sup> 2021, in our opinion, there was no observation for the component which affects the "Project" Managements' Team (PMT), as to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Cash Receipts and Payments.

While this report is intended solely for the use of management and others within The Reconstruction Fund for areas affected by terrorist operations and the International Bank for Reconstruction and Development. It should not be used for any other purposes.

Finally, we would like to take this opportunity to express our gratitude and appreciation for your kind cooperation during the performance of our audit.

Yours Faithfully

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

**Farquod Al-Salman, B.Sc, FCCA**

**F.H.Al-Salman & Co.**

**Public Accountants, Auditors & Consultants**

**Baghdad – Iraq**