

**LEPL EURASIAN TRANSPORT
CORRIDOR INVESTMENT CENTER /
TRANSPORT REFORM AND
REHABILITATION CENTER**

LOAN NO. 9361-GE
(KAKHETI CONNECTIVITY IMPROVEMENT PROJECT)

Special Purpose Project Financial Statements

For the Year Ended 31 December 2024

**LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER /
TRANSPORT REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS	3
INDEPENDENT AUDITORS’ REPORT	4-5
SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024:	
Statement of Sources and Uses of Funds	6-7
Statement of Balance Sheet	8
Statement of Expenditure Withdrawal Schedule	9
Statement of Designated Account	10
Notes to the Special Purpose Project Financial Statements	11-16

**LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER/ TRANSPORT
REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION
AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

Management of Kakheti Connectivity Improvement Project (the "Project") implemented by the LEPL Eurasian Transport Corridor Investment Center ("ETCIC") / Transport Reform and Rehabilitation Center ("TRRC") is responsible for the preparation of the special purpose project financial statements that present fairly the statement of balance sheet of the Project, the statement of sources and uses of funds, the statements of expenditure withdrawal schedule and movement in designated account for the year ended 31 December 2024, and notes comprising a summary of significant accounting policies and other explanatory information in compliance with the Cash Basis International Public Sector Accounting Standard, Financial Reporting under the Cash Basis of Accounting ("IPSAS - Cash Basis"), and in conformity with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "World Bank Guidelines").

In preparing the special purpose project financial statements, management is responsible for:

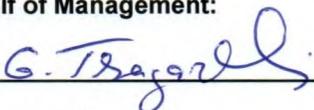
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IPSAS – Cash Basis are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Project, financial position and its sources and uses of funds and movements in designated accounts.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions and disclose with reasonable accuracy at any time the financial position of the Project, and which enable them to ensure that the special purpose project financial statements of the Project comply with the Guidelines on Annual Financial Reporting and Auditing for World Bank – Financed Activities issued by the World Bank's Financial Management Sector Board;
- Maintaining statutory accounting records in compliance with Georgian legislation;
- Taking such steps that are reasonably available to them to safeguard the assets of the Project; and
- Preventing and detecting fraud and other irregularities.

The special purpose project financial statements for the year ended 31 December 2024 were authorized for issue on 27 June 2025 by the Management.

On behalf of Management:



Giorgi Tsagareli
Director

27 June 2025



Marina Majagaladze
Financial Manager

27 June 2025



KPMG Georgia LLC
5th Floor GMT Plaza
Mtatsminda District, Liberty Square N4 (plot 66/4)
0105 Tbilisi, Georgia
IN 404437695
Telephone +995 322 93 5713
Internet www.kpmg.ge

Independent Auditors' Report on Special Purpose Project Financial Statements

To the Management of LEPL Eurasian Transport Corridor Investment Center / Transport Reform and Rehabilitation Center

Opinion

We have audited the special purpose project financial statements of the Kakheti Connectivity Improvement Project (the "Project"), financed under the International Bank for Reconstruction and Development (the "IBRD"), Loan Agreement No. 9361-GE, dated 30 March 2022, implemented by the LEPL Eurasian Transport Corridor Investment Center/ Transport Reform and Rehabilitation Center (the "Center"), which comprise the Statement of Balance Sheet as at 31 December 2024, the Statements of Sources and Uses of Funds, Expenditure Withdrawal Schedule ("SOEs") and Designated Account for the period from 1 January 2024 to 31 December 2024, and notes, comprising a summary of significant accounting policies and other explanatory information. The special purpose project financial statements have been prepared by management in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting and in conformity with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities" (the "World Bank Guidelines") as described in Note 2 to the special purpose project financial statements.

In our opinion, the accompanying special purpose project financial statements present fairly, in all material respects, the financial position of the Project as at 31 December 2024, and its sources and uses of funds for the year ended 31 December 2024 in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting and the World Bank Guidelines.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Special Purpose Project Financial Statements* section of our report. We are independent of the Center in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*) together with the ethical requirements that are relevant to our audit of the special purpose project financial statements in Georgia and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Planned and prospective data included on pages 4 to 12 of the accompanying special purpose project financial statements that are marked as "*Unaudited*" have not been audited.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the special purpose project financial statements, which describes the basis of accounting. The special purpose project financial statements are prepared to assist the Center to comply with the requirements of IBRD and for providing information to the Government of Georgia and IBRD to assist them in evaluating the Project implementation. As a result, the special purpose project financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Responsibilities of Management and Those Charged with Governance for the Special Purpose Project Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose project financial statements in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting and the World Bank Guidelines, for determining the acceptability of the basis of accounting and for such internal control as management determines is necessary to enable the preparation of special purpose project financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Center's financial reporting process.

Auditors' Responsibilities for the Audit of the Special Purpose Project Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is:

Nikoloz Chochua

KPMG Georgia LLC
Tbilisi, Georgia
27 June 2025

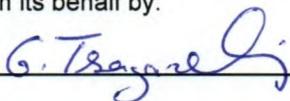


**LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO. 9361-GE**

**STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

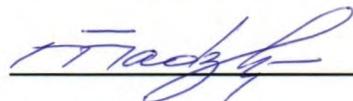
	Actual as at 31 December 2024		Planned as at 31 December 2024		Variance	
	Period to date	Cumulative to date	Period to date	Cumulative to date	Period to date	Cumulative to date
			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
FUNDS RECEIVED BY SOURCES						
International Bank for Reconstruction and Development ("IBRD") funds	15,350,931	39,396,227				
Government of Georgia ("GoG") co-financing	99,458	4,513,435				
TOTAL FUNDS RECEIVED	15,450,389	43,909,662				
LESS: EXPENDITURES						
Component 1 – Connectivity Improvement on the Eastern Corridor	15,804,666	38,105,712	15,804,666	38,105,712	-	-
Component 3 – Institutional Strengthening and Implementation Support	88,954	117,492	88,954	117,492	-	-
IBRD TOTAL	15,893,620	38,223,204	15,893,620	38,223,204	-	-
UNALLOCATED						
Front end fees ("IBRD")	-	244,250	-	244,250	-	-
Non-Component – Staff Out Members ("GoG")	99,458	4,513,417	99,458	4,513,417	-	-
TOTAL UNALLOCATED EXPENDITURES	99,458	4,757,667	99,458	4,757,667	-	-
TOTAL PROJECT EXPENDITURES	15,993,078	42,980,871	15,993,078	42,980,871		
Foreign Exchange Difference	-	18	-	18		
NET FLOWS OF FUNDS	(542,689)	928,773				

The special purpose project financial statements were approved by the management of LEPL Eurasian Transport Corridor Investment Center / Transport Reform and Rehabilitation Center on 27 June 2025 and were signed on its behalf by:



Giorgi Tsagareli
Director

27 June 2025



Marina Majagaladze
Financial Manager

27 June 2025

**LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO. 9361-GE**

**STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

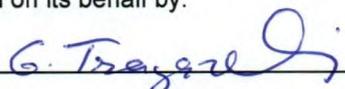
	Actual as at 31 December 2023		Planned as at 31 December 2023		Variance	
	Period to date	Cumulative to date	Period to date	Cumulative to date	Period to date	Cumulative to date
			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
FUNDS RECEIVED BY SOURCES						
International Bank for Reconstruction and Development ("IBRD") funds	23,801,046	24,045,296				
Government of Georgia ("GoG") co- financing	743,163	4,413,977				
TOTAL FUNDS RECEIVED	24,544,209	28,459,273				
LESS: EXPENDITURES						
Component 1 – Connectivity Improvement on the Eastern Corridor	22,301,046	22,301,046	22,301,046	22,301,046	-	-
Component 3 – Institutional Strengthening and Implementation Support	28,538	28,538	28,538	28,538	-	-
IBRD TOTAL	22,329,584	22,329,584	22,329,584	22,329,584	-	-
UNALLOCATED						
Front end fees ("IBRD")	-	244,250	-	244,250		
Non-Component – Staff Out Members ("GoG")	743,163	4,413,959	743,163	4,413,959	-	-
TOTAL UNALLOCATED EXPENDITURES	743,163	4,658,209	743,163	4,658,209	-	-
TOTAL PROJECT EXPENDITURES	23,072,747	26,987,793	23,072,747	26,987,793	-	-
Foreign Exchange Difference	-	18	-	18		
NET FLOWS OF FUNDS	1,471,462	1,471,462				

**LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT
REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO. 9361-GE**

**STATEMENT OF BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

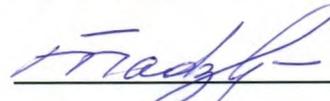
	<u>31 December 2024</u>	<u>31 December 2023</u>
ASSETS		
IBRD Designated account	928,773	1,471,462
TOTAL ASSETS	<u>928,773</u>	<u>1,471,462</u>
Funds received:		
Funds received from IBRD	39,396,227	24,045,296
Funds received from GoG	4,513,435	4,413,977
Total funds received	<u>43,909,662</u>	<u>28,459,273</u>
Project expenditures:		
Financed by IBRD	38,223,204	22,329,584
Financed by GoG	4,513,417	4,413,959
Front end fees ("IBRD")	244,250	244,250
Total project expenditures	<u>42,980,871</u>	<u>26,987,793</u>
Foreign exchange difference	18	18
TOTAL PROJECT EXPENDITURES AND OTHER FUNDS	<u>928,773</u>	<u>1,471,462</u>

The special purpose project financial statements were approved by the management of LEPL Eurasian Transport Corridor Investment Center / Transport Reform and Rehabilitation Center on 27 June 2025 and were signed on its behalf by:



Giorgi Tsagareli
Director

27 June 2025



Marina Majagaladze
Financial Manager

27 June 2025

**LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

**STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

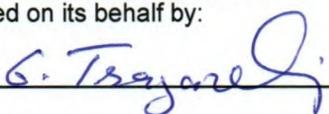
Statement of Expenditure Withdrawal Schedule for the year ended 31 December 2024:

Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE attributable to 2023	Total SOE attributable to 2024	Attributable to 2024 – Component 1	Attributable to 2024 – Component 2	Attributable to 2024 – Component 3	Total SOE attributable to 2025 <i>Unaudited</i>
21	1-Jan-24	17,808	17,808	-	-	-	-	-
56	28-Nov-24	328,069	-	328,069	271,851	-	56,219	-
70	31-Mar-25	33,574	-	16,997	-	-	16,997	16,577
29	29-Apr-24	15,764	5,186	10,578	10,578	-	-	-
		395,216	22,994	355,644	281,429	-	73,215	16,577

Statement of Expenditure Withdrawal Schedule for the year ended 31 December 2023:

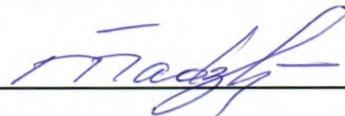
Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE attributable to 2022	Total SOE attributable to 2023	Attributable to 2023 - Component 1	Attributable to 2023 - Component 2	Attributable to 2023 - Component 3	Total SOE attributable to 2024 <i>Unaudited</i>
21	1-Jan-24	17,808	-	17,808	17,808	-	-	-
29	29-Apr-24	15,764	-	5,186	5,186	-	-	10,578
		33,572	-	22,994	22,994	-	-	10,578

The special purpose project financial statements were approved by the management of LEPL Eurasian Transport Corridor Investment Center / Transport Reform and Rehabilitation Center on 27 June 2025 and were signed on its behalf by:



Giorgi Tsagareli
Director

27 June 2025



Marina Majagaladze
Financial Manager

27 June 2025

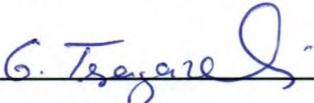
**LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT
REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

**STATEMENT OF DESIGNATED ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

Account No. 202250201
Depository Bank State Treasury
Address 16 V. Gorgasali street
Tbilisi, 0114
Georgia

Balance as of 1 January 2024	<u>1,471,462</u>
ADD	
Funds received from IBRD in 2024: Replenishments/Additional advances	-
Direct Payment	<u>-</u>
DEDUCT	
Funds used for the Project expenditures in 2024 Funds used via Designated Accounts	(542,689)
Direct Payment	-
Foreign Exchange Difference	<u>-</u>
Balance as of 31 December 2024	<u><u>928,773</u></u>
Balance as at 1 January 2023	<u>-</u>
ADD	
Funds received from IBRD in 2023: Replenishments/ Additional advances	1,500,000
Direct Payment	<u>-</u>
DEDUCT	
Funds used for the Project expenditures in 2023 Funds used via Designated Accounts	(28,538)
Direct Payment	-
Foreign Exchange Difference	<u>-</u>
Balance as at 31 December 2023	<u><u>1,471,462</u></u>

The special purpose project financial statements were approved by the management of LEPL Eurasian Transport Corridor Investment Center / Transport Reform and Rehabilitation Center on 27 June 2025 and were signed on its behalf by:



Giorgi Tsagareli
Director

27 June 2025



Marina Majagaladze
Financial Manager

27 June 2025

'LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT REFORM AND REHABILITATION CENTER KAKHETI CONNECTIVITY IMPROVEMENT PROJECT LOAN NO.9361-GE

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (in EURs)

1. BACKGROUND

The Investment Center for Euro-Asian Transport Corridor was established in 1995 as a non-entrepreneurial and non-profit legal entity under the laws of Georgia, in accordance with the Georgian Presidential Decree N 119 dated 16 April 1995. The founder of the Investment Center for Euro-Asian Transport Corridor is the Georgian Government.

A project unit named "LEPL Eurasian Transport Corridor Investment Center" / "Transport Reform and Rehabilitation Center" (the "Center") was formed within the Investment Center for Euro-Asian Transport Corridor. The Center's principal activity is to manage allocated credits/loans received from the International Development Association ("IDA"), the International Bank for Reconstruction and Development ("IBRD"), the Asian Development Bank ("ADB") and the European Investment Bank ("EIB") and monitor the implementation of transport sector projects.

The Center implements the Kakheti Connectivity Improvement Project (the "Project"), financed under the International Bank for Reconstruction and Development (the "IBRD"). The Loan Agreement No.9361-GE (the "Agreement") in the amount of 97.7 million ("EUR") was signed between the Government of Georgia ("GoG") and IBRD on 30 March 2022 ("inception"). The main objectives of the Project are: Constructing of a 17km four-lane highway section from Sagarejo to Badiauri including the construction of bridges, also support for the development of local roads and/or secondary roads. The project will also provide support to the development of a local market near the Badiauri interchange including preparation of the area for the marketplace and support provision of tailored business advice to women entrepreneurs. In addition, the project will support project implementation, management, and monitoring. The project will strengthen RD's capacity by building technical expertise, assisting road safety management initiatives, and developing RD contract management capacities. The project will also assist RD integrate information technology systems and with due diligence and preparatory works for developing and operating further sections of the highway network.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance – These special purpose project financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standard, *Financial Reporting under a Cash Basis of Accounting*, and in conformity with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities" (the "World Bank Guidelines").

The purpose of these special purpose project financial statements is to provide information to the Government of Georgia and International Bank for Reconstruction and Development (IBRD) to assist them in evaluating the Project implementation.

Cash basis of accounting - Project financing is recognized as a source of project funds when the cash is received. Project expenditures are recognized as a use of project funds when the payments are made.

Presentation currency – The national currency of Georgia is the Georgian Lari ("GEL"). These special purpose project financial statements are presented in EURO ("EUR"), in conformity with World Bank Guidelines. All financial information presented in EUR has been rounded to the nearest EUR unless otherwise stated.

Transactions in other currencies – Transactions in currencies other than presentation currency are converted to EUR at the exchange rate prevailing at the date of the transaction.

Cash – Cash represents balances with State Treasury of Georgia.

**'LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

3. DESIGNATED ACCOUNT

Designated account is a designated disbursement account of the Project that is maintained in Euros at the State Treasury to ensure the payment of eligible expenditures, within defined limits, which do not require individual authorization from IBRD in accordance with the Agreement.

4. BASIS OF FUNDING

The total cost of the Project is estimated at EUR 101.6 million. The expenditures of all works, goods and consultant service contracts, including all applicable taxes amount to EUR 97.7 million, which is co-financed by proceeds received from IBRD. The balance of EUR 3.9 million of total project cost is co-financed by proceeds received from the GoG.

5. METHODS OF WITHDRAWAL

The methods of withdrawal used from the inception of the loan to 31 December 2024 were as follows:

(a) Designated account

The Center withdraws the eligible amounts from the Designated account and prepares and sends replenishment requests to the World Bank with authorized signatures. The replenishment requests and respective documentation are reviewed by the World Bank and an approved amount is transferred to the Designated account.

(b) Direct Payment

Available amounts are drawn from time to time within limits determined under the loan agreement for direct payments of eligible expenditures for sub-projects. Direct payments are made by the World Bank directly to third parties. The Center forms withdrawal applications for request of direct payments and sends it to the World Bank, for settlement.

(c) Current Account

The Project maintains a separate account where funds from the GOG are accumulated. The funds are further disbursed to sub-contractors based on the share of expenditures to be incurred. The project has common GEL account and special organization code for their funds in State Treasury of Georgia.

6. STATEMENT OF EXPENDITURES (SOE)

Withdrawals are to be made on the basis of SOEs for reimbursement and advance into a Designated Account without any limits.

**'LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

RECONCILIATION OF AMOUNTS SHOWN AS RECEIVED FROM THE IBRD TO ACTUAL EXPENDITURES OF THE PROJECT

	<u>31 December 2024</u>
Application of Withdrawals Schedule	
Expenses incurred in 2024 as per the Applications of Withdrawals Schedule	(15,350,931)
Expenses incurred in 2024 as per Applications for Documents only	(542,689)
	<u>(15,893,620)</u>
 IBRD funds received in 2024	 15,350,931
Add:	
Opening Balance	
Designated account	1,471,462
	<u>1,471,462</u>
Less:	
Closing Balance	
Designated account	928,773
	<u>928,773</u>
 TOTAL EXPENDITURES INCURRED IN 2024	 <u>(15,893,620)</u>
	 <u>31 December 2023</u>
Application of Withdrawals Schedule	
Expenses incurred in 2023 as per the Applications of Withdrawals Schedule	(22,301,046)
Expenses incurred in 2023 as without the Applications of Withdrawals Schedule	(28,538)
	<u>(22,329,584)</u>
 IBRD funds received in 2023	 23,801,046
Add:	
Opening Balance	
Designated account	-
	<u>-</u>
Less:	
Closing Balance	
Designated account	1,471,462
	<u>1,471,462</u>
 TOTAL EXPENDITURES INCURRED IN 2022	 <u>(22,329,584)</u>

**'LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

7. PROJECT EXPENDITURES BY COMPONENTS

Project activities	Actual as at 31 December 2024		Planned as at 31 December 2024		Variance	
	Period to Date	Cumulative to date	Period to date	Cumulative to date	Period to date	Cumulative to date
			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Component 1 - Connectivity Improvement on Eastern Corridor						
Civil works	14,742,822	36,167,126	14,742,822	36,167,126	-	-
Consultancy	1,061,844	1,938,586	1,061,844	1,938,586	-	-
TOTAL COMPONENT 1	15,804,666	38,105,712	15,804,666	38,105,712	-	-
Component 3 - Institutional Strengthening and Implementation Support						
Consultancy	88,954	117,492	88,954	117,492	-	-
TOTAL COMPONENT 3	88,954	117,492	88,054	117,492	-	-
TOTAL EXPENDITURES BY COMPONENTS UNALLOCATED	15,893,620	38,223,204	15,893,620	38,223,204		
Front end fees	-	244,250	-	244,250	-	-
Land acquisition	85,575	4,169,523	85,575	4,169,523	-	-
Compensation for land	13,883	343,894	13,883	343,894	-	-
TOTAL UNALLOCATED EXPENDITURES	97,706	4,757,667	97,706	4,757,667	-	-
TOTAL PROJECT EXPENDITURES	15,993,078	42,980,871	15,993,078	42,980,871	-	-

**'LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

Project activities	Actual as at 31 December 2023		Planned as at 31 December 2023		Variance	
	Period to Date	Cumulative to date	Period to date	Cumulative to date	Period to date	Cumulative to date
			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Component 1 - Connectivity Improvement on Eastern Corridor						
Civil works	21,424,304	21,424,304	21,424,304	21,424,304	-	-
Consultancy	876,742	876,742	876,742	876,742	-	-
TOTAL COMPONENT 1	22,301,046	22,301,046	22,301,046	22,301,046	-	-
Component 3 - Institutional Strengthening and Implementation Support						
Consultancy	28,538	28,538	28,538	28,538	-	-
TOTAL COMPONENT 3	28,538	28,538	28,538	28,538	-	-
TOTAL EXPENDITURES BY COMPONENTS	22,329,584	22,329,584	22,329,584	22,329,584		
UNALLOCATED						
Front end fees	-	244,250	-	244,250	-	-
Land Acquisition	619,135	4,083,948	619,135	4,083,948	-	-
Compensation for Land	124,028	330,011	124,028	330,011	-	-
TOTAL UNALLOCATED EXPENDITURES	743,163	4,658,209	743,163	4,658,209	-	-
TOTAL PROJECT EXPENDITURES	23,072,747	26,987,793	23,072,747	26,987,793	-	-

The Project consists of the following main components:

- Construction of a 17 km four-lane highway section from Sagarejo to Badiauri, within the broader Tbilisi-Bakurtsikhe-Lagodekhi highway corridor, including inter alia, the construction of interchange, bridges (including highway and overpass bridges), underpasses, and embankments; and (b) Support for the development (including rehabilitation and road safety improvement, if applicable) of local roads and/or secondary roads, including access roads connecting local communities to their land plots and existing road network.
- (a) Support Project implementation, management, and monitoring, including supporting Incremental Operating Costs; and
(b) Strengthen RD's capacity by: (i) building technical expertise in tunnel development and management; (ii) assisting road safety management initiatives including the roll-out of the iRAP program; (iii) assisting the RD develop contract management capacities in various divisions/services like construction, rehabilitation, environmental and social, legal, and procurement; (iv) assisting RD integrate information technology systems in the development of its Asset Management System; and (v) assisting with due diligence and preparatory works for developing and operating further sections of the highway network.

The categories of expenditures incurred are presented in line with the categories specified in the Agreement.

**'LEPL EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER / TRANSPORT
REFORM AND REHABILITATION CENTER
KAKHETI CONNECTIVITY IMPROVEMENT PROJECT
LOAN NO.9361-GE**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in EURs)**

8. COMMITMENTS AND CONTINGENCIES

Management is not aware of any commitments and contingencies which would have a material impact on this special purpose project financial statements as at 31 December 2024 and for the period then ended.

9. GEORGIAN OPERATING ENVIRONMENT

The Center's operations are located in Georgia. Consequently, the Center is exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia.

10. APPROVAL OF SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

These special purpose project financial statements were authorized for issue by the management of the Center on 23 June 2025.