

EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER

LOAN NO.8328/000021-1-GEO / 3520-GEO
(BATUMI BYPASS ROAD PROJECT)

Special Purpose Project Financial Statements
For the Year Ended 31 December 2023

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

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**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION
AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Management of the Batumi bypass road project (the "Project") implemented by the Eurasian Transport Corridor Investment Center ("ETCIC" or Transport Reform and Rehabilitation Center – "Organisaiton") is responsible for the preparation of the special purpose project financial statements that present fairly the financial position of the Project as at 31 December 2023 and its sources and uses of funds and movement in designated account for the Year Ended 31 December 2023, in compliance with the Cash Basis International Public Sector Accounting Standard, *Financial Reporting under the Cash Basis of Accounting* ("IPSAS – Cash Basis"), and the Guidelines for the Financial Governance and Management of Investment Projects Financed by Asian Development Bank and Asian Infrastructure Investment Bank.

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;
- Making an assessment of the Project's ability to continue as a going concern.

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 for the Financial Governance and Management of Investment Projects Financed by Asian Development Bank and Asian Infrastructure Investment Bank;
- 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 2023 were authorised for issue on 26 June 2024 by the Management.

On behalf of the Management:


Giorgi Tsagareli
Director

26 June 2024


Marina Majagaladze
Finance Manager

26 June 2024

SPECIAL PURPOSE INDEPENDENT AUDITOR'S REPORT

To the management of Eurasian Transport Corridor Investment Center:

Opinion

We have audited the accompanying special purpose project financial statements of the Batumi bypass road project (the "Project") financed under the Loan Agreement No. 8328/000021-1-GEO dated 2017 (the "Agreement 1") and Loan Agreement No. 3520-GEO dated 12 June 2017 (the "Agreement 2"), implemented by the Eurasian Transport Corridor Investment Center ("ETCIC" or Transport Reform and Rehabilitation Center – "Organisation"), which comprise Statement of Sources and Uses of Funds for the Year Ended 31 December 2023, the Balance Sheet as at 31 December 2023 and the related Statement of Expenditure Withdrawal Schedule ("SOEs") and Designated Account Statement for the Year Ended 31 December 2023 and a summary of significant accounting policies and other explanatory notes (collectively referred to as the "special purpose project financial statements").

In our opinion, the accompanying special purpose project financial statements for the Year Ended 31 December 2023 are presented fairly, in all material respects, in accordance with the cash basis of International Public Sector Accounting Standard (IPSAS) promulgated by the International Federation of Accountants (IFAC), as further detailed in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards of Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Project Financial Statements section of our report. We are independent of the "Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Basis of Accounting and Restriction on Distribution and 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 Project's management in complying with the financial reporting provisions of the Agreement 1 and Agreement 2. As a result, the special purpose project financial statements may not be suitable for another purpose.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

This report is intended solely for use by the management of the Project in communicating to the Ministry of Regional Development and Infrastructure of Georgia, Asian Development Bank and Asian Infrastructure Investment Bank information about the Project's compliance with the financial reporting provisions of the Agreement 1 and Agreement 2. This report is not intended for the benefit of any other third parties and we accept no responsibility or liability to any party other than those mentioned above in respect of the report. Should any third party take decisions based on the contents of the report, the responsibility for such decisions shall remain with those third parties. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of these special purpose project financial statements in accordance with the cash basis of IPSAS the basis of accounting as further detailed in Note 2.

This includes determining that the International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" ("IPSAS – Cash Basis") is an acceptable basis for the preparation of the special purpose project financial statement in the circumstances, 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.

In preparing the special purpose project financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and access 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose project financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

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.



Shota Nanitashvili

On behalf of Deloitte and Touche LLC



26 June 2024

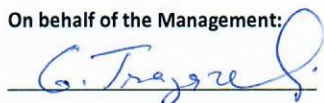
Tbilisi, Georgia

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

**STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 December 2023
(in US Dollars)**

	Notes	Actual as at 31 December 2023		Planned as at 31 December 2023*		Variance	
		Year to date	Cumulative to date	Year to date	Cumulative to date	Year to date	Cumulative to date
				Unaudited	Unaudited	Unaudited	Unaudited
FUNDS RECEIVED BY SOURCES							
AIIB Funds		12,283,947	65,459,543				
Direct Payment	7	5,395,402	30,506,958				
Replenishments		-	8,982,020				
Capitalised Charges	7	3,378,780	17,869,230				
Intermediate Bank Charges withhold from Replenishment amounts and Refund		-	195				
Additional advance	7	3,509,765	8,101,140				
ADB Funds		20,849,206	67,533,200				
Direct payments	7	19,190,326	60,292,884				
Replenishments		-	281,165				
ADB reimbursement	7	45,301	177,236				
Retroactive		-	4,096,608				
Capitalised Charges	7	1,613,579	2,685,307				
Government Funds		6,828,202	77,000,813				
Government of Georgia		6,828,202	77,000,813				
GOG retroactive funds for ADB (foreign exchange gain)		-	138,781				
TOTAL FUNDS RECEIVED		39,961,355	210,132,337				
Foreign exchange difference ADB portion, net	7	(5)	(14,639)				
Foreign exchange difference GOG portion, net		-	(127))				
Foreign exchange difference, net		-	(14,766)				

On behalf of the Management:



Giorgi Tsagareli
Director

26 June 2024



Marina Majagaladze
Finance Manager

26 June 2024

The notes on pages 12 to 27 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

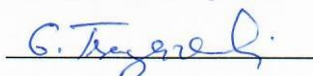
**STATEMENT OF SOURCES AND USES OF FUNDS (CONTINUED)
FOR THE YEAR ENDED 31 December 2023
(in US Dollars)**

LESS: EXPENDITURE

Category 1 - Civil works	9	7,460,388	50,291,028	7,460,388	50,291,028	-	-
Category 2 - Consulting services	9	1,386,574	6,961,494	1,386,574	6,961,494	-	-
Category 3 - Project management and institutional support		-	-	-	-	-	-
Category 4 - Interest and other financing charges	9	3,378,780	8,101,140	3,378,780	8,101,140	-	-
AIIB TOTAL		12,225,742	65,353,662	12,225,742	65,353,662	-	-
Category 1 - Civil works	9	15,297,668	54,250,798	15,297,668	54,250,798	-	-
Category 2 - Consulting services	9	3,881,379	10,092,032	3,881,379	10,092,032	-	-
Category 3 - Project management and institutional support		56,579	490,426	56,579	490,426	-	-
Category 4 - Interest and other financing charges	9	1,613,579	2,685,308	1,613,579	2,685,308	-	-
ADB TOTAL		20,849,205	67,518,564	20,849,205	67,518,564	-	-
Category 1 - Civil works	9	5,656,034	73,193,461	5,656,034	73,193,461	-	-
Category 2 - Consulting services	9	929,687	3,078,960	929,687	3,078,960	-	-
Category 3 - Project management and institutional support	9	332,417	865,619	332,417	865,619	-	-
Category 4 - Interest and other financing charges		-	-	-	-	-	-
GOG TOTAL		6,918,138	77,138,040	6,918,138	77,138,040	-	-
TOTAL PROJECT EXPENDITURE		39,993,085	210,010,266	39,993,085	210,010,266	-	-
NET FLOW OF FUNDS		(31,735)	107,305	-	-	-	-

*The project uses flex budget approach, so that at the end of the year Plan is always equal to Actual.

On behalf of the Management:



Giorgi Tsagareli
Director

26 June 2024



Marina Majagaladze
Finance Manager

26 June 2024

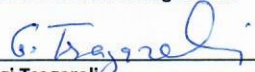
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**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

**STATEMENT OF SOURCES AND USES OF FUNDS (CONTINUED)
FOR THE YEAR ENDED 31 December 2023
(in US Dollars)**

	Notes	Actual as at 31 December 2022		Planned as at 31 December 2022*		Variance	
		Year to date	Cumulative to date	Year to date	Cumulative to date	Year to date	Cumulative to date
				Unaudited	Unaudited	Unaudited	Unaudited
FUNDS RECEIVED BY SOURCES							
AIIB Funds		4,522,300	53,175,597				
Direct Payment	7	1,970,672	25,053,352				
Replenishments		-	8,982,020				
Capitalised Charges	7	1,179,657	4,722,361				
Intermediate Bank Charges withhold from Replenishment amounts and Refund		-	195				
Additional advance	7	1,371,971	14,417,669				
ADB Funds		6,228,424	46,683,993				
Direct payments	7	5,986,445	41,102,557				
Replenishments		-	281,165				
ADB reimbursement	7	31,454	131,935				
Retroactive		-	4,096,608				
Capitalised Charges	7	210,525	1,071,728				
Government Funds		3,017,355	70,172,682				
Government of Georgia		3,017,355	70,172,682				
GOG retroactive funds for ADB (foreign exchange gain)		-	138,710				
TOTAL FUNDS RECEIVED		13,768,079	170,170,982				
Foreign exchange difference ADB portion, net		5	(14,635)				
Foreign exchange difference GOG portion, net		-	(127)				
Foreign exchange difference, net		5	(14,762)				

On behalf of the Management:


Giorgi Tsagareli
Director

26 June 2024


Marina Majagladze
Finance Manager

26 June 2024

The notes on pages 12 to 27 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

**STATEMENT OF SOURCES AND USES OF FUNDS (CONTINUED)
FOR THE YEAR ENDED 31 December 2023
(in US Dollars)**

LESS: EXPENDITURE

Category 1 - Civil works	9	2,193,714	42,830,640	2,193,714	42,830,640	-	-
Category 2 - Consulting services	9	1,214,224	5,574,920	1,214,224	5,574,920	-	-
Category 3 - Project management and institutional support		-	-	-	-	-	-
Category 4 - Interest and other financing charges	9	1,179,657	4,722,361	1,179,657	4,722,361	-	-

AIIB TOTAL		4,587,595	53,127,921	4,587,595	53,127,921	-	-
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Category 1 - Civil works	9	4,318,113	38,953,130	4,318,113	38,953,130	-	-
Category 2 - Consulting services	9	1,618,662	6,210,652	1,618,662	6,210,652	-	-
Category 3 - Project management and institutional support		82,173	433,847	82,173	433,847	-	-
Category 4 - Interest and other financing charges	9	210,525	1,071,729	210,525	1,071,729	-	-

ADB TOTAL		6,229,473	46,669,358	6,229,473	46,669,358	-	-
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Category 1 - Civil works	9	2,393,075	67,537,427	2,393,075	67,537,427	-	-
Category 2 - Consulting services	9	496,624	2,149,272	496,624	2,149,272	-	-
Category 3 - Project management and institutional support	9	165,887	533,202	165,887	533,202	-	-
Category 4 - Interest and other financing charges		-	-	-	-	-	-

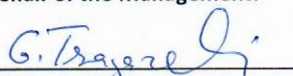
GOG TOTAL		3,055,586	70,219,901	3,055,586	70,219,901	-	-
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TOTAL PROJECT EXPENDITURE		13,872,654	170,017,180	13,872,654	170,017,180	-	-
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NET FLOW OF FUNDS		(104,570)	139,040	-	-	-	-
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*The project uses flex budget approach, so that at the end of the year Plan is always equal to Actual.

On behalf of the Management:


Giorgi Tsagareli
Director


Marina Majagaladze
Finance Manager

26 June 2024

26 June 2024

The notes on pages 12 to 27 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

**BALANCE SHEET STATEMENT
AS AT 31 DECEMBER 2023
(in US Dollars)**

	31 December 2023	31 December 2022
ASSETS		
AIIB designated account	-	-
ADB imprest account	107,305	139,040
GOG Project account	-	-
TOTAL ASSETS	107,305	139,040
Funds received:		
Funds received from AIIB	65,459,543	53,175,597
Funds received from ADB	67,533,200	46,683,993
Funds received from GOG	77,000,813	70,172,682
GOG retroactive funds for ADB (Foreign exchange gain)	138,781	138,710
Total funds received	210,132,337	170,170,982
Project expenditure:		
Financed by AIIB	(65,353,662)	(53,127,921)
Financed by ADB	(67,518,564)	(46,669,358)
Financed by GOG	(77,138,040)	(70,219,901)
Total project expenditure	(210,010,266)	(170,017,180)
Foreign exchange difference, net	(14,766)	(14,762)
TOTAL FUNDS RECEIVED LESS PROJECT EXPENDITURE	107,305	139,040

On behalf of the Management:


Giorgi Tsagareli
Director

26 June 2024


Marina Majagladze
Finance Manager

26 June 2024

The notes on pages 12 to 27 form an integral part of these special purpose project financial statements.

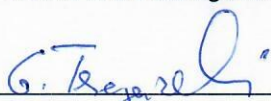
**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI PASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

**STATEMENT OF EXPENDITURE WITHDRAWAL SCHEDULE
FOR THE YEAR ENDED 31 DECEMBER 2023
(in US Dollars)**

Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE attributable to 2023	Total SOE attributable to 2022
00267	17/02/2023	39,440	39,440	-
		39,440	39,440	-

Withdrawal No.	Withdrawal application date	Total SOE in withdrawal schedule	Total SOE attributable to 2022	Total SOE attributable to 2021
00190	13/10/2022	1,045	1,045	-
		1,045	1,045	-

On behalf of the Management:


Giorgi Tsagareli
Director

26 June 2024


Marina Majagladze
Finance Manager

26 June 2024

The notes on pages 12 to 27 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI PASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

**IMPREST ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023
(in US Dollars)**

Depository Bank Address	State Treasury 16 V. Gorgasali street Tbilisi, 0114 Georgia
AIIB - Balance as at 31 December 2021	112,970
ADB - Balance as at 31 December 2021	1,045
GOG - Balance as at 31 December 2021	129,595
Balance as at 31 December 2021	243,610
ADD	
AIIB Direct Payment via designated account	1,371,971
ADB replenishment	-
GOG Replenishment	31,454
DEDUCT	
Funds used for the Project expenditure – AIIB	(1,437,265)
Funds used for the Project expenditure – ADB	(69,843)
Funds used for the Project expenditure – GOG	(1,050)
Foreign Exchange Gain	5
AIIB - Balance as at 31 December 2022	47,676
ADB - Balance as at 31 December 2022	-
GOG - Balance as at 31 December 2022	91,364
Balance as at 31 December 2022	139,040
ADD	
AIIB Direct Payment via designated account	3,509,765
ADB replenishment	-
GOG Replenishment	45,301
DEDUCT	
Funds used for the Project expenditure – AIIB	(3,451,561)
Funds used for the Project expenditure – ADB	-
Funds used for the Project expenditure – GOG	(135,240)
AIIB - Balance as at 31 December 2023	105,880
ADB - Balance as at 31 December 2023	-
GOG - Balance as at 31 December 2023	1,425
Balance as at 31 December 2023	107,305

On behalf of the Management:


Giorgi Tsagareli
Director


Marina Majagladze
Finance Manager

26 June 2024

26 June 2024

The notes on pages 12 to 27 form an integral part of these special purpose project financial statements.

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
BATUMI BYPASS ROAD PROJECT
LOAN NO 8328/000021-1-GEO / 3520-GEO**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in US Dollars)**

1. BACKGROUND

The Investment Center for Euro-Asian Transport Corridor was established in 1995 as a non-entrepreneurial and non-profit legal entity. A project unit named "Eurasian Transport Corridor Investment Center" (the "ETCIC" or Transport Reform and Rehabilitation Center – "Organisaiton") was formed within the Investment Center for Euro-Asian Transport Corridor 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"),

Asian Infrastructure Investment Bank ("AIIB") and the European Investment Bank (EIB) and monitor the implementation of transport sector projects.

Government of Georgia ("borrower") has requested (i) a loan of EUR 108,190,000 (equivalent to 114,000,000) from Asian Development Bank's ("ADB") ordinary capital resources, and (ii) a loan of USD 114,000,000 from the Asian Infrastructure Investment Bank ("AIIB") to help finance the Batumi Bypass Road Project. The borrower will contribute approximately USD 87,200,000 for land acquisition and resettlement and taxes and duties.

On 12 and 17 June 2017 the loan agreements number 3520-GEO dated 12 June 2017 (the "Agreement 2") and 8328-GEO dated 17 June 2017 (the "Agreement 1") with above-mentioned amounts were signed between ADB and Government of Georgia and AIIB and Government of Georgia, respectively. The borrower is obliged to use the proceeds of the loan for financing of expenditure of the project in accordance with the provisions of this loan agreement.

The project consists of following parts:

- The Project will construct a new two-lane 14.3 km long highway to provide a bypass to the Batumi port city (second largest city in Georgia). The road will be constructed on a new alignment, which passes through a number of mountainous settlements. Due to hilly nature of the terrain, this stretch of road requires construction of 5 tunnels and 19 bridges over rivers and valleys. Additionally, the controlled-access highway will have 4 grade separated interchanges to regulate traffic ingress/egress;
- Construction of new Poti Bridge and approach roads, and new Bakurtsikhe-Tsnori road;
- Construction supervision and quality assurance services associated with the civil works including specialised structural and geotechnical works;
- Rehabilitation of a 21 km road section, including 7 landslide sections, along the Tbilisi (Gldani) – Tianeti road;
- Provision of consulting services for the feasibility study and detailed design; supervision of the construction of the Batumi bypass road, Poti bridge and approach roads, and new Bakurtiskhe-Tsnori road, and Project management and institutional support.

The loan closing date for the loan number 000021-1-GEO and number 3520-GEO is 30 December 2025 and 31 December 2025, respectively.

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in US Dollars)

2. ACCOUNTING POLICIES

Basis of accounting – These special purpose project financial statements have been prepared in accordance with the cash-based International Public Sector Accounting Standard (IPSAS) promulgated by the International Federation of Accountants (IFAC).

These special purpose project financial statements, in accordance with the provisions of the Agreement 1 and Agreement 2, are prepared for management analysis and in order to report the information to the Ministry of Regional Development and Infrastructure of Georgia, Asian Infrastructure Investment Bank and the Asian Development Bank. As a result these special purpose project financial statements may not be suitable for another purpose.

Project financing is recognised as a source of project funds when the cash is received.

Project expenditures are recognised as a use of project funds when the payments are made.

Functional currency – These special purpose project financial statements are expressed in United States Dollars ("US Dollar" or "USD").

Transactions in other currencies – Transactions in currencies other than reporting currencies are converted to US Dollars at the exchange rate prevailing at the date of the transaction.

Cash – Cash comprises balances with the State Treasury.

3. DESIGNATED ACCOUNT

Designated account is designated disbursement account of the Project maintained in US Dollars at the State Treasury to ensure the payment of eligible expenditure, within defined limits, which do not require individual authorisation from AIIB and ADB in accordance with the Agreement 1 and Agreement 2.

4. BASIS OF FUNDING

According to the terms of the Agreement 1 and Agreement 2:

- Category 1 – Works which is divided into 1A Batumi Bypass Road, 1B Rehabilitation and Civil Works and 1C Poti Bridge and Approach Roads and Bakurtsikhe-Tsnori Road are financed by 48%, 0% and 0% of the total expenditure claimed by AIIB and 32.3%, 100% and 100% of the total expenditure claimed by ADB, respectively*;
- Category 2 – Consulting services, which are divided into 2A Construction Supervision for Batumi Bypass Road, 2B Feasibility Study and Detailed Design and 2C Construction Supervision for Poti Bridge and Approach Roads and Bakurtsikhe-Tsnori Road are financed by 50%, 0% and 0% of the total expenditure claimed by AIIB and by 50%, 100% and 100% of the total expenditure claimed by ADB, respectively*

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- Category 3 – Project Management and Institutional Support is financed by 100% of the total expenditure claimed by ADB*;
 - Category 4 – Interest and Other Financing Charges are financed by 100% by ADB and AIIB
- * Exclusive of taxes and duties imposed within the territory of the borrower.

It is allowed by the donors, to utilise loan funds, subsequent to relevant approvals, to finance projects under other loans, if there are any residual unexpended funds.

5. METHODS OF WITHDRAWAL

The methods of withdrawal used from the inception of the loan to 31 December 2023 were as follows:

(a) Designated account

Available amounts were drawn from time to time within limits determined within the loan agreements for the direct payment of eligible expenditure for sub-projects from this special account.

(b) Direct Payment

Available amounts are drawn from time to time within limits determined under the credit agreement for direct payments of eligible expenditure for sub-projects. Direct payments are made by AIIB and ADB directly to third parties. Organization forms withdrawal applications for request of direct payments and sends it to the AIIB and ADB for settlement.

(c) (Retroactive Financing)

Withdrawals from the Loan Account may be made to finance eligible expenditure incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, in connection with Works and Consulting Services, subject to a maximum amount equivalent to 20% of the Loan amount.

(d) GoG current account

The Project maintains a separate account where funds from the Government of Georgia are accumulated. The funds are further disbursed to sub-contractors based on the share of expenditure to be incurred.

6. STATEMENT OF EXPENDITURE

Any individual payment to be reimbursed or liquidated under the statement of expenditure procedure shall not exceed the equivalent of USD 100,000. The amount of Statement of Expenditure ("SOE") represents the expenditure incurred in the year 2023. The year of actual expenditure and submission of withdrawal application to AIIB may be different.

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7. RECONCILIATION OF AMOUNTS SHOWN AS RECEIVED FROM THE AIIB AND ADB TO ACTUAL EXPENDITURE OF THE PROJECT

	31 December 2023	31 December 2022
Application of Withdrawals Schedule		
AIIB - Expenses incurred as per the Applications of Withdrawals Schedule	5,395,402	1,970,672
AIIB - Expenses incurred without Applications of Withdrawals Schedule	3,451,561	1,437,265
AIIB - Expenses for financial charges during the implementation	3,378,780	1,179,657
ADB - Expenses incurred as per the Applications of Withdrawals Schedule	19,235,627	6,017,899
ADB - Expenses incurred without Applications of Withdrawals Schedule	-	1,050
ADB - Expenses for financial charges during the implementation	1,613,579	210,525
	33,074,949	10,817,068
 ADB reimbursement	 45,301	 31,454
ADB direct payment	19,190,326	5,986,445
ADB Capitalized charges	1,613,579	210,525
AIIB Direct Payment via designated account	3,509,765	1,371,971
AIIB direct payments	5,395,402	1,970,672
AIIB Interest and Commitment Charges	3,378,780	1,179,657
Foreign Exchange Difference	-	5
	33,133,153	10,750,729
Add:		
Opening Balances		
AIIB - Designated Account	47,676	112,970
ADB - Designated Account	-	1,045
Designated Account	47,676	114,015
Less:		
Closing Balances		
AIIB - Designated Account	105,880	47,676
ADB - Designated Account	-	-
Designated Account	105,880	47,676
 TOTAL EXPENDITURE INCURRED IN 2023	 33,074,949	 10,817,068

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(in US Dollars)**

TOTAL WITHDRAWAL SCHEDULE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2023 - ADB

Withdrawal No.	Withdrawal application date	Total amount in withdrawal schedule	Total attributable to 2023
00266	05-01-23	25,636	25,636
00265	10-01-23	31,411	31,411
00268	07-02-23	425,256	425,256
00269	07-02-23	219,572	219,572
00270	16-02-23	32,349	32,349
00273	16-02-23	35,713	35,713
00274	16-02-23	14,681	14,681
00275	16-02-23	26,785	26,785
00267	01-03-23	6,099	6,099
00267	01-03-23	5,468	5,468
00267	01-03-23	6,572	6,572
00267	01-03-23	16,870	16,870
00267	01-03-23	4,432	4,432
00271	01-03-23	52,780	52,780
00272	02-03-23	73,965	73,965
00277	09-03-23	701,990	701,990
00278	09-03-23	368,347	368,347
00276	14-03-23	30,135	30,135
00279	06-04-23	30,849	30,849
00280	06-04-23	355,315	355,315
00281	06-04-23	206,274	206,274
00282	06-04-23	42,330	42,330
00283	06-04-23	12,231	12,231
00284	06-04-23	17,121	17,121
00285	13-04-23	22,678	22,678
00287	13-04-23	363,919	363,919
00286	14-04-23	677,672	677,672
00294	19-05-23	359,162	359,162
00295	19-05-23	193,115	193,115
00288	22-05-23	14,972	14,972
00289	22-05-23	29,944	29,944
00290	22-05-23	65,150	65,150
00291	24-05-23	37,701	37,701
00292	26-05-23	13,708	13,708
00293	30-05-23	63,320	63,320
00296	07-06-23	84,935	84,935
00297	07-06-23	176,941	176,941
00298	09-06-23	15,826	15,826
00299	12-06-23	34,513	34,513
00300	15-06-23	10,827	10,827
00301	16-06-23	28,710	28,710

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FOR THE YEAR ENDED 31 DECEMBER 2023

(in US Dollars)

00302	20-06-23	404,355	404,355
00303	20-06-23	213,645	213,645
00305	22-06-23	9,659	9,659
00306	26-06-23	212,847	212,847
00309	26-06-23	457,249	457,249
00310	26-06-23	260,546	260,546
00307	27-06-23	108,066	108,066
00304	28-06-23	32,575	32,575
00308	29-06-23	220,043	220,043
00311	24-07-23	32,338	32,338
00312	24-07-23	9,970	9,970
00313	27-07-23	45,944	45,944
00314	27-07-23	21,066	21,066
00316	28-07-23	17,099	17,099
00317	28-07-23	37,767	37,767
00315	07-08-23	37,125	37,125
00318	08-08-23	34,275	34,275
00319	08-08-23	23,331	23,331
00320	08-08-23	40,430	40,430
00321	10-08-23	260,600	260,600
00322	10-08-23	130,300	130,300
00323	10-08-23	116,094	116,094
00324	10-08-23	58,047	58,047
00327	15-08-23	29,978	29,978
00328	16-08-23	34,054	34,054
00329	18-08-23	316,880	316,880
00330	18-08-23	164,891	164,891
00331	24-08-23	497,258	497,258
00332	24-08-23	283,168	283,168
00335	30-08-23	29,473	29,473
00336	31-08-23	31,449	31,449
00333	01-09-23	19,025	19,025
00334	01-09-23	38,081	38,081
00337	12-09-23	6,500	6,500
00338	12-09-23	45,610	45,610
00339	12-09-23	20,714	20,714
00340	12-09-23	37,120	37,120
00341	13-09-23	628,591	628,591
00342	13-09-23	326,417	326,417
00343	18-09-23	652,578	652,578
00344	18-09-23	370,408	370,408
00347	18-09-23	15,783	15,783
00348	18-09-23	32,683	32,683
00351	19-09-23	25,045	25,045
00349	20-09-23	730,467	730,467
00350	20-09-23	378,896	378,896
00352	20-09-23	56,482	56,482
00345	21-09-23	807,094	807,094

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(in US Dollars)

00346	21-09-23	457,632	457,632
00353	10-10-23	5,588	5,588
00354	10-10-23	1,852	1,852
00355	16-10-23	1,475	1,475
00357	26-10-23	2,253	2,253
00358	27-10-23	76,105	76,105
00359	27-10-23	32,720	32,720
00360	27-10-23	70,293	70,293
00356	30-10-23	16,971	16,971
00361	01-11-23	411,238	411,238
00362	01-11-23	830,817	830,817
00363	09-11-23	1,496	1,496
00364	09-11-23	1,833	1,833
00365	16-11-23	457,389	457,389
00366	16-11-23	253,269	253,269
00367	17-11-23	14,831	14,831
00368	17-11-23	30,464	30,464
00369	24-11-23	53,628	53,628
00370	24-11-23	21,965	21,965
00371	24-11-23	34,422	34,422
00374	24-11-23	16,148	16,148
00376	24-11-23	830,846	830,846
00377	24-11-23	419,406	419,406
00375	28-11-23	22,394	22,394
00372	07-12-23	18,416	18,416
00373	07-12-23	35,428	35,428
00378	07-12-23	1,500	1,500
00379	11-12-23	53,580	53,580
00380	11-12-23	23,184	23,184
00381	11-12-23	35,094	35,094
00393	13-12-23	29,628	29,628
00382	14-12-23	128,684	128,684
00383	14-12-23	262,416	262,416
00384	14-12-23	260,600	260,600
00385	14-12-23	130,300	130,300
00386	14-12-23	112,997	112,997
00387	14-12-23	56,498	56,498
00388	14-12-23	1,855	1,855
00389	14-12-23	411,195	411,195
00390	14-12-23	209,836	209,836
00391	14-12-23	14,155	14,155
00392	14-12-23	35,199	35,199
00394	14-12-23	52,736	52,736
CAP 5	15-03-23	533,823	533,823
CAP 6	15-09-23	1,079,757	1,079,757
		20,849,206	20,849,206

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(in US Dollars)

TOTAL WITHDRAWAL SCHEDULE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2022 - ADB

Withdrawal No.	Withdrawal application date	Total amount in withdrawal schedule	Total attributable to 2022
00181	11-Jan-22	31,109	31,109
00182	11-Jan-22	18,848	18,848
00183	12-Jan-22	23,714	23,714
00184	1-Feb-22	34,112	34,112
00185	1-Feb-22	16,887	16,887
00186	8-Feb-22	2,243	2,243
00188	17-Feb-22	1,649	1,649
00189	17-Feb-22	2,019	2,019
00187	18-Feb-22	2,754	2,754
00191	14-Mar-22	2,512	2,512
00192	14-Mar-22	1,501	1,501
00193	17-Mar-22	1,886	1,886
00194	18-Mar-22	354,409	354,409
00195	18-Mar-22	164,697	164,697
00196	28-Mar-22	1,377	1,377
00197	8-Apr-22	2,683	2,683
00198	12-Apr-22	1,604	1,604
00199	14-Apr-22	1,962	1,962
00200	6-May-22	1,628	1,628
00201	11-May-22	2,728	2,728
00202	13-May-22	1,998	1,998
00203	31-May-22	1,557	1,557
00204	31-May-22	1,730	1,730
00205	8-Jun-22	2,798	2,798
00206	16-Jun-22	2,055	2,055
00212	27-Jun-22	16,619	16,619
00215	27-Jun-22	2,043	2,043
00217	27-Jun-22	22,222	22,222
00218	27-Jun-22	252,132	252,132
00210	28-Jun-22	93,468	93,468
00213	28-Jun-22	316,581	316,581
00214	28-Jun-22	161,483	161,483
00216	28-Jun-22	24,468	24,468
00211	29-Jun-22	212,936	212,936
00219	30-Jun-22	1,685	1,685
00221	15-Jul-22	2,114	2,114
00222	15-Jul-22	2,889	2,889
00223	25-Jul-22	20,516	20,516
00220	29-Jul-22	6,500	6,500
00207	8-Aug-22	42,113	42,113
00224	11-Aug-22	21,760	21,760
00226	17-Aug-22	56,879	56,879
00227	22-Aug-22	15,701	15,701
00228	23-Aug-22	26,230	26,230
00229	25-Aug-22	10,007	10,007
00230	26-Aug-22	25,586	25,586
00231	2-Sep-22	81,052	81,052
00232	7-Sep-22	38,628	38,628
00233	7-Sep-22	69,774	69,774
00234	15-Sep-22	4,130	4,130
00235	15-Sep-22	30,925	30,925
00237	21-Sep-22	41,721	41,721

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00238	21-Sep-22	20,175	20,175
00239	28-Sep-22	8,260	8,260
00240	28-Sep-22	30,203	30,203
00241	28-Sep-22	41,249	41,249
00242	28-Sep-22	13,828	13,828
00243	28-Sep-22	32,751	32,751
00236	7-Oct-22	2,208	2,208
00236	7-Oct-22	2,883	2,883
00236	7-Oct-22	3,017	3,017
00236	7-Oct-22	1,756	1,756
00236	7-Oct-22	1,755	1,755
00236	7-Oct-22	2,107	2,107
00236	7-Oct-22	4,121	4,121
00244	26-Oct-22	9,925	9,925
00245	27-Oct-22	25,166	25,166
00248	9-Nov-22	128,487	128,487
00249	9-Nov-22	256,752	256,752
00251	29-Nov-22	82,990	82,990
00252	29-Nov-22	28,992	28,992
00253	29-Nov-22	80,578	80,578
00256	30-Nov-22	322,639	322,639
00257	30-Nov-22	163,890	163,890
00250	5-Dec-22	5,922	5,922
00250	5-Dec-22	3,493	3,493
00250	5-Dec-22	4,193	4,193
00255	5-Dec-22	38,974	38,974
00258	5-Dec-22	33,684	33,684
00259	12-Dec-22	1,095,170	1,095,170
00260	12-Dec-22	556,124	556,124
00261	13-Dec-22	303,411	303,411
00262	13-Dec-22	168,750	168,750
00263	15-Dec-22	86,796	86,796
00264	15-Dec-22	177,027	177,027
CAP 3	15-Mar-22	97,745	97,745
CAP 4	15-Sep-22	112,781	112,781
		6,228,424	6,228,424

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TOTAL WITHDRAWAL SCHEDULE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2023 – AIIB

Withdrawal No.	Withdrawal application date	Total amount in withdrawal schedule	Total attributable to 2023
00192	06-03-23	6,428	26,428
00193	06-03-23	14,743	14,743
00194	02-03-23	35,713	35,713
00195	09-05-23	528,022	528,022
00196	09-05-23	311,648	311,648
00197	27-04-23	17,346	17,346
00198	27-04-23	12,505	12,505
00199	26-04-23	42,330	42,330
00200	08-08-23	679,503	679,503
00201	08-08-23	385,630	385,630
00202	08-08-23	257,398	257,398
00203	08-08-23	129,865	129,865
00204	08-08-23	258,791	258,791
00205	15-08-23	34,275	34,275
00206	15-08-23	23,519	23,519
00207	15-08-23	39,882	39,882
00208	24-08-23	738,960	738,960
00209	25-08-23	415,759	415,759
00210	15-09-23	45,610	45,610
00211	19-09-23	21,042	21,042
00212	19-09-23	36,714	36,714
00213	27-09-23	969,776	969,776
00215	29-09-23	550,365	550,365
00217	27-09-23	1,199,396	1,199,396
00218	29-09-23	680,678	680,678
00219	06-11-23	76,106	76,106
00220	08-11-23	32,366	32,366
00222	17-11-23	69,609	69,609
00223	27-11-23	679,712	679,712
00225	28-11-23	370,624	370,624
00226	01-12-23	53,628	53,628
00227	05-12-23	21,345	21,345
00229	05-12-23	34,101	34,101
00230	12-12-23	53,580	53,580
00231	18-12-23	23,632	23,632
00232	18-12-23	34,566	34,566
CAP	15-09-23	1,915,060	1,915,060
CAP - Billing	15-03-23	1,463,720	1,463,720
		12,283,947	12,283,947

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 (in US Dollars)

TOTAL WITHDRAWAL SCHEDULE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2022 – AIIB

Withdrawal No	Withdrawal application date	Total amount in withdrawal schedule	Total attributable to 2022
00169	11-02-22	65,221	65,221
00170	11-02-22	36,229	36,229
00171	11-02-22	46,535	46,535
00172	30-03-22	526,676	526,676
00173	30-03-22	215,870	215,870
00174	19-07-22	235,318	235,318
00178	19-07-22	470,461	470,461
00175	03-08-22	117,796	117,796
00176	03-08-22	211,646	211,646
00177	03-08-22	252,132	252,132
00180	27-09-22	81,544	81,544
00181	29-09-22	38,754	38,754
00182	29-09-22	68,073	68,073
00183	02-11-22	40,758	40,758
00184	02-11-22	13,698	13,698
00185	02-11-22	32,404	32,404
00186	08-12-22	82,990	82,990
00187	20-12-22	28,548	28,548
00189	20-12-22	79,294	79,294
00191	22-12-22	247,806	247,806
00190	23-12-22	450,890	450,890
CAP - 010	15-03-22	449,051	449,051
CAP - 011	15-09-22	730,606	730,606
		4,522,300	4,522,300

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**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
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8. RECONCILIATION OF CASH IN DESIGNATED ACCOUNT

DESIGNATED ACCOUNT RECONCILIATION STATEMENT (ADB)

	Designated Account
ADB - Designated Account	1,045
Balance as at 31 December 2021	1,045
ADB reimbursement	31,454
ADB direct payment	5,986,445
ADB Capitalized charges	210,525
Foreign Exchange Difference	5
Total Increase	6,228,429
ADB - Expenses incurred in 2022 as per the Applications of Withdrawals Schedule	6,017,899
ADB - Expenses incurred in 2022 without Applications of Withdrawals Schedule	1,050
ADB - Expenses for financial charges during the implementation	210,525
Total Decrease	6,229,474
ADB - Designated Account	-
Balance as at 31 December 2022	-
ADB reimbursement	45,301
ADB direct payment	19,190,326
ADB Capitalized charges	1,613,579
Total Increase	20,849,206
ADB - Expenses incurred in 2023 as per the Applications of Withdrawals Schedule	19,235,627
ADB - Expenses incurred in 2023 without Applications of Withdrawals Schedule	-
ADB - Expenses for financial charges during the implementation	1,613,579
Total Decrease	20,849,206
ADB - Designated Account	-
Balance as at 31 December 2023	-
Designated Account	
Initial Advance/Replenishments:	-
Total	-

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NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
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DESIGNATED ACCOUNT RECONCILIATION STATEMENT (AIIB)

Loan number	8328/000021-1-GEO
Depository Bank	State Treasury

	Designated Account
AIIB - Designated Account	<u>112,970</u>
Balance as at 31 December 2021	<u>112,970</u>
AIIB Direct Payment via designated account	1,371,971
AIIB direct payments	1,970,672
AIIB Front end fee	<u>1,179,657</u>
Total Increase	<u>4,522,300</u>
AIIB - Expenses incurred in 2022 as per the Applications of Withdrawals Schedule	1,970,672
AIIB - Expenses incurred in 2022 without Applications of Withdrawals Schedule	1,437,265
AIIB - Expenses for financial charges during the implementation	<u>1,179,657</u>
Total Decrease	<u>4,587,594</u>
AIIB - Designated Account	<u>47,676</u>
Balance as at 31 December 2022	<u>47,676</u>
AIIB Direct Payment via designated account	3,509,765
AIIB direct payments	5,395,402
AIIB Interest and Commitment Charges	<u>3,378,780</u>
Total Increase	<u>12,283,947</u>
AIIB - Expenses incurred in 2023 as per the Applications of Withdrawals Schedule	5,395,402
AIIB - Expenses incurred in 2023 without Applications of Withdrawals Schedule	3,451,561
AIIB - Expenses for financial charges during the implementation	<u>3,378,780</u>
Total Decrease	<u>12,225,743</u>
AIIB - Designated Account	<u>105,880</u>
Balance as at 31 December 2023	<u>105,880</u>
Designated Account	
Initial Advance/Replenishments:	<u>-</u>
Total	<u>-</u>

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NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in US Dollars)

9. PROJECT EXPENDITURE BY COMPONENTS

Project Activities	Year Ended 31 December 2023				Cumulative from inception			
	AIIB Financing	ADB Financing	GOG Financing	Total	AIIB Financing	ADB Financing	GOG Financing	Total
Component A – Investment costs								
Civil works	7,460,388	15,297,668	4,905,461	27,663,517	50,291,028	54,250,798	24,301,360	128,843,186
Land acquisition and resettlement	-	-	750,573	750,573	-	-	48,892,101	48,892,101
Consulting services	1,386,574	3,881,379	929,687	6,197,640	6,961,494	10,092,032	3,078,960	20,132,486
Project management and institutional support	-	56,579	332,417	388,996	-	490,426	865,619	1,356,045
TOTAL COMPONENT A	8,846,962	19,235,626	6,918,138	35,000,726	57,252,522	64,833,256	77,138,040	199,223,818
Component B- Contingencie unallocated								
Physical	-	-	-	-	-	-	-	-
Price	-	-	-	-	-	-	-	-
TOTAL COMPONENT B	-	-	-	-	-	-	-	-
Component C – Financial charges during implementation								
Interest during implementation	3,378,780	1,613,579	-	4,992,359	7,816,140	2,685,308	-	7,243,744
Commitment charges	-	-	-	-	-	-	-	-
Front-end fee	-	-	-	-	285,000	-	-	3,542,704
TOTAL COMPONENT C	3,378,780	1,613,579	-	4,992,359	8,101,140	2,685,308	-	10,786,448
TOTAL PROJECT EXPENDITURE	12,225,742	20,849,205	6,918,138	39,993,085	65,353,662	67,518,564	77,138,040	210,010,266

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NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in US Dollars)

Project Activities	Year Ended 31 December 2022				Cumulative from inception			
	AIIB Financing	ADB Financing	GOG Financing	Total	AIIB Financing	ADB Financing	GOG Financing	Total
Component A – Investment costs								
Civil works	2,193,714	4,318,113	1,398,192	7,910,019	42,830,640	38,953,129	19,395,899	101,179,668
Land acquisition and resettlement	-	-	994,883	994,883	-	-	48,141,528	48,141,528
Consulting services	1,214,224	1,618,662	496,624	3,329,510	5,574,920	6,210,653	2,149,273	13,934,846
Project management and institutional support	-	82,173	165,887	248,060	-	433,847	533,201	967,048
TOTAL COMPONENT A	3,407,938	6,018,948	3,055,586	12,482,472	48,405,560	45,597,629	70,219,901	164,223,090
Component B- Contingencie unallocated								
Physical	-	-	-	-	-	-	-	-
Price	-	-	-	-	-	-	-	-
TOTAL COMPONENT B	-	-	-	-	-	-	-	-
Component C – Financial charges during implementation								
Interest during implementation	-	210,525	-	210,525	-	1,071,729	-	1,071,729
Commitment charges	-	-	-	-	-	-	-	-
Front-end fee	1,179,657	-	-	1,179,657	4,722,361	-	-	4,722,361
TOTAL COMPONENT C	1,179,657	210,525	-	1,390,182	4,722,361	1,071,729	-	5,794,090
TOTAL PROJECT EXPENDITURE	4,587,595	6,229,473	3,055,586	13,872,654	53,127,921	46,669,358	70,219,901	170,017,180

**EURASIAN TRANSPORT CORRIDOR INVESTMENT CENTER
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**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
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The Project comprises the following main components:

- Component A – Investment Costs;
- Component B – Contingencies; and
- Component C – Financial Charges during Implementation – CAP;

If the amount of the Loan allocated to a category appears to exceed all agreed expenditure in that Category, ADB and AIIB may, by notice to the Borrower, reallocate such excess amount to any other Category. The Project comprises the following main categories:

- Category 1 – Civil works
- Category 2 – Consulting services
- Category 3 – Project management and institutional support
- Category 4 – Interest and commitment charges; and

10. COMMITMENTS AND CONTINGENCIES

The Management is not aware of any commitments and contingencies which would have a material impact on the financial position of the Project and the Designated Account Statement as at 31 December 2023 and on the funds received and disbursed during the year then ended.

11. OPERATING ENVIRONMENT

Operating environment – Emerging markets such as Georgia are subject to different risks than more developed markets; these include economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to evolve rapidly with tax and regulatory frameworks subject to varying interpretations. The future direction of Georgia's economy is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

For the last several years Georgia has experienced a number of legislative changes, which have been largely related to Georgia's accession plan to the European Union. Whilst the legislative changes implemented during 2023 and 2022 paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

12. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There are no material events subsequent to the end of the year that would require disclosure as part of the financial statements.

13. APPROVAL OF SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

These special purpose project financial statements were authorised for issue by the Management of ETCIC on 26 June 2024.