

**The Ministry of Regional Development  
and Infrastructure of Georgia**

**The Municipal Development Fund of Georgia**

**United Water Supply Company of Georgia**

**Roads Department of the Ministry of Regional Development  
and Infrastructure of Georgia**

Livable Cities Investment Program  
Loan No. 6024-GEO

**Consolidated Special Purpose Project Financial Statements**

As at 31 December 2023

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## Livable Cities Investment Program

Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Special Purpose Project Financial Statements for the year ended 31 December 2023.

The Management of "Livable Cities Investment Program" (the "Project") implemented by the Municipal Development Fund of Georgia (the "Fund"), Roads Department of the Ministry of Regional Development of Infrastructure of Georgia (the "RD"), United Water Supply Company of Georgia (the "UWSCG"), (together the "Implementing Agencies") and executed by the Ministry of Regional Development and Infrastructure of Georgia (the "MRDI") (the "Executing Agency") are responsible for the preparation of the consolidated special purpose statement of financial position as at 31 December 2023, consolidated special purpose statements of receipts and payments, imprest accounts, government co-financing account, expenditures and withdrawal schedules, budgeted versus actual expenditures for the period from 1 January 2023 to 31 December 2023, and notes, comprising a summary of significant accounting policies and other explanatory information in accordance with the International Public Sector Accounting Standard: Financial Reporting under the Cash Basis of Accounting ("IPSAS – Cash Basis"). In preparing the consolidated special purpose financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Preparing the consolidated special purpose project financial statements that are free from material misstatements including omissions and errors, and are fairly presented;
- 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 is insufficient to enable users to understand the impact of particular transactions, other events and conditions of the Project; consolidated statement of financial position, consolidated statement of receipts and payments, consolidated statement of the imprest accounts, consolidated statement of government co-financing account, consolidated statement of expenditures and withdrawal schedules, consolidated statement of budgeted versus actual expenditures.

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 enables them to ensure that the consolidated special purpose project financial statements comply with IPSAS – Cash Basis.
- 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.

  
Davit Tabidze

Executive Director of the Municipal  
Development Fund of Georgia on behalf of  
Implementing Agencies and Executing  
Agency

  
Levan Sharvadze

Deputy Director of the Municipal  
Development Fund of Georgia, CFO  
on behalf of Implementing Agencies and  
Executing Agency



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## ***Independent Auditors' Report on the Consolidated Special Purpose Project Financial Statements***

To the Management of the Municipal Development Fund of Georgia, Road Departments of the Ministry of Regional Development and Infrastructure of Georgia, United Water Supply Company of Georgia (together the "Implementing Agencies") and the Ministry of Regional Development and Infrastructure of Georgia (the "MRDI") (the "Executing Agency").

### ***Opinion***

We have audited the consolidated special purpose project financial statements of "Livable Cities Investment Program" (the "Project"), implemented and executed by the Implementing and Executing Agencies, which comprise the consolidated statement of financial position as at 31 December 2023, consolidated statements of receipts and payments, imprest accounts, government co-financing account, expenditures and withdrawal schedules, budgeted versus actual expenditures for the period from 1 January 2023 to 31 December 2023, and notes, comprising a summary of significant accounting policies and other explanatory information. The consolidated special purpose project financial statements have been prepared by management of the Implementing Agencies in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting (the "IPSAS").

In our opinion, the accompanying consolidated special purpose project financial statements present fairly, in all material respects, the consolidated financial position of the Project as at 31 December 2023, and its consolidated receipts and payments for the period from 1 January 2023 to 31 December 2023 in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting.

### ***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 Consolidated Special Purpose Project Financial Statements* section of our report. We are independent of the Implementing Agencies 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 consolidated special purpose project financial statements in Georgia, 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 Use***

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

### ***Other Matter***

Data included on page 12 of the consolidated statement of budgeted versus actual expenditures as at 31 December 2023 and 2022 that are marked as "*Unaudited*" have not been audited.



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

Management is responsible for the preparation and fair presentation of the consolidated special purpose project financial statements in accordance with the International Public Sector Accounting Standard: Financial Reporting under the Cash Basis of Accounting and for determining the acceptability of the basis of accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 Project financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated special purpose project financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Implementing Agencies' 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 consolidated special purpose project financial statements, including the disclosures, and whether the consolidated special purpose project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Implementing Agencies related to the activities of the Project to express an opinion on the consolidated special purpose project financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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:

Nino Chikhladze  
KPMG Georgia LLC  
Tbilisi, Georgia  
28 June 2024



## Livable Cities Investment Program

Consolidated Statement of Financial Position as at 31 December 2023  
(in EUR)

	As at 31 December 2023 *	As at 31 December 2022 *
<b>Assets and Expenses</b>		
Imprest Account	270,332	277,681
Accumulated project expenses	440,281	382,270
Foreign exchange rate differences	(1,432)	(1,429)
<b>Total assets and Expenses</b>	<b>709,181</b>	<b>658,522</b>
<b>Financing</b>		
Accumulated project financing	709,181	658,522
<b>Total Financing</b>	<b>709,181</b>	<b>658,522</b>

\* Included in the consolidated statement of financial position are balances attributable to the Municipal Development Fund, as the other implementing agencies: Roads Department of the Ministry of Regional Development of Infrastructure of Georgia, United Water Supply Company of Georgia and the Executing Agency: The Ministry of Regional Development and Infrastructure of Georgia have not received any financing from ADB for the year ended 31 December 2023 and 31 December 2022.

These consolidated special purpose project financial statements were approved on 28 June 2024 by:

\_\_\_\_\_  
Davit Tabidze

Executive Director of the Municipal  
Development Fund of Georgia on behalf  
of Implementing Agencies and  
Executing Agency



\_\_\_\_\_  
Levan Sharvadze

Deputy Director of the Municipal  
Development Fund of Georgia, CFO  
on behalf of Implementing Agencies  
and Executing Agency

## Livable Cities Investment Program

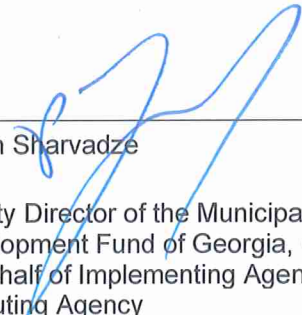
Consolidated Statement of Receipts and Payments for the period ended 31 December 2023  
(in EUR)

	2023*		2022	
	Period to date	Cumulative to date	Period* to date	Cumulative to date
<i>Receipts by Sources:</i>				
Asian Development Bank (ADB) funds (note 6)	49,336	629,644	549	580,308
Government of Georgia (GoG) co-financing	1,323	79,537	25,114	78,214
<b>Total receipts</b>	<b>50,659</b>	<b>709,181</b>	<b>25,663</b>	<b>658,522</b>
Foreign exchange differences	3	1,432	(35)	1,429
<i>Payments by Category and Sources of Financing:</i>				
Consulting services (ADB financing)	7,352	310,709	97,967	303,357
Consulting services (GoG co-financing)	1,323	79,572	25,114	78,249
Front fee (ADB Financing)	49,336	50,000	549	664
<b>Total payments</b>	<b>58,011</b>	<b>440,281</b>	<b>123,630</b>	<b>382,270</b>
<b>Net flow of funds</b>	<b>(7,349)</b>	<b>270,332</b>	<b>(98,002)</b>	<b>277,681</b>

\* Included in the consolidated statement of financial position are balances attributable to the Municipal Development Fund, as the other implementing agencies: Roads Department of the Ministry of Regional Development of Infrastructure of Georgia, United Water Supply Company of Georgia and the Executing Agency: The Ministry of Regional Development and Infrastructure of Georgia have not received any financing from ADB for the year ended 31 December 2023 and 31 December 2022.

These consolidated special purpose project financial statements were approved on 28 June 2024 by:

  
Davit Tabidze  
Executive Director of the Municipal Development Fund of Georgia on behalf of Implementing Agencies and Executing Agency

  
Levan Sharvadze  
Deputy Director of the Municipal Development Fund of Georgia, CFO on behalf of Implementing Agencies and Executing Agency

## Livable Cities Investment Program

Consolidated Statement of Imprest Account (EUR) as at and for the period ended 31 December 2023  
(in EUR)

<b>Opening balance as at 1 January 2023</b>	<b>277,681</b>
<i>Add:</i>	
ADB loan replenishment during the year	-
<b>Total inflows</b>	<b>-</b>
<i>Less:</i>	
Transfer to GEL imprest account	7,349
<b>Total outflows</b>	<b>7,349</b>
<b>Closing balance as at 31 December 2023</b>	<b>270,332</b>
<b>Opening balance as at 1 January 2022</b>	<b>375,683</b>
<i>Add:</i>	
ADB loan replenishment during the year	-
<b>Total inflows</b>	<b>-</b>
<i>Less:</i>	
Transfer to GEL imprest account	98,002
<b>Total outflows</b>	<b>98,002</b>
<b>Closing balance as at 31 December 2022</b>	<b>277,681</b>

Davit Tabidze

Executive Director of the Municipal  
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Implementing Agencies and Executing  
Agency

Levan Sharvadze

Deputy Director of the Municipal  
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on behalf of Implementing Agencies and  
Executing Agency



## Livable Cities Investment Program

Consolidated Statement of Imprest Account (GEL) as at and for the period ended 31 December 2023  
(in EUR)

<b>Opening balance as at 1 January 2023</b>	-
<i>Add:</i>	
Transfer from the EUR imprest account	7,349
<b>Total inflows</b>	<b>7,349</b>
<i>Less:</i>	
Consulting services	7,352
<b>Total outflows</b>	<b>7,352</b>
Foreign exchange differences	(3)
<b>Closing balance as at 31 December 2023</b>	<b>-</b>
<b>Opening balance as at 1 January 2022</b>	<b>-</b>
<i>Add:</i>	
Transfer from the EUR imprest account	98,002
<b>Total inflows</b>	<b>98,002</b>
<i>Less:</i>	
Consulting services	97,967
<b>Total outflows</b>	<b>97,967</b>
Foreign exchange differences	35
<b>Closing balance as at 31 December 2022</b>	<b>-</b>

  
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Executing Agency

## Livable Cities Investment Program

Consolidated Statement of Government Co-Financing Account (GEL) as at and for the period ended  
31 December 2023  
(in EUR)

<b>Opening balance as at 1 January 2023</b>	-
<i>Add:</i>	
Government co-financing	1,323
<b>Total inflows</b>	<b>1,323</b>
<i>Less:</i>	
Consulting services	1,323
<b>Total outflows</b>	<b>1,323</b>
Foreign exchange differences	-
<b>Closing balance as at 31 December 2023</b>	<b>-</b>
<b>Opening balance as at 1 January 2022</b>	<b>-</b>
<i>Add:</i>	
Government co-financing	25,114
<b>Total inflows</b>	<b>25,114</b>
<i>Less:</i>	
Consulting services	25,114
<b>Total outflows</b>	<b>25,114</b>
Foreign exchange differences	-
<b>Closing balance as at 31 December 2022</b>	<b>-</b>

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Levan Sharvadze

Deputy Director of the Municipal  
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Executing Agency

## Livable Cities Investment Program

Consolidated Statement of Expenditures and Withdrawal Schedules for the period ended 31 December 2023  
(in EUR)

Disbursement Type	W/Appl. No.	Value date	Application amount	The Fund	ADB
				EUR	EUR
Liquidated	00004	May 5, 2023	EUR 35,082	35,082	35,082
				<b>35,082</b>	<b>35,082</b>
Disbursement Type	W/Appl. No.	Value date	Application amount	The Fund	ADB
Liquidated	00003	May 31, 2022	EUR 145,046	145,046	145,046
				<b>145,046</b>	<b>145,046</b>
Disbursement Type	W/Appl. No.	Value date	Application amount	The Fund	ADB
				EUR	EUR
Liquidated	00002	August 26, 2021	EUR 121,835	121,835	121,835
				<b>121,835</b>	<b>121,835</b>
Disbursement Type	W/Appl. No.	Value date	Application amount	The Fund	ADB
				EUR	EUR
Advance fund	00001	December 8, 2020	EUR 579,644	579,644	579,644
				<b>579,644</b>	<b>579,644</b>

On December 8, 2020 Advance fund amounted to EUR 579,664 was disbursed for the project, on August 26, 2021 Project expenditures amounted to EUR 121,835 was liquidated, on May 31, 2022 Project expenditures amounted to EUR 145,046 was liquidated and on May 5, 2023 Project expenditures amounted to EUR 35,082 was liquidated.

\_\_\_\_\_  
Davit Tabidze

Executive Director of the Municipal  
Development Fund of Georgia on behalf of  
Implementing Agencies and Executing  
Agency



\_\_\_\_\_  
Levan Sharvadze

Deputy Director of the Municipal  
Development Fund of Georgia, CFO  
on behalf of Implementing Agencies and  
Executing Agency

## Livable Cities Investment Program

Consolidated Statement of Budgeted versus Actual Expenditures as at and for the period ended  
31 December 2023  
(in EUR)

### ADB Funds

In EUR	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
Loan No. 6024-GEO			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Consulting services	7,352	310,709	-	333,282	7,352	(22,573)
<b>Total</b>	<b>7,352</b>	<b>310,709</b>	<b>-</b>	<b>333,282</b>	<b>7,352</b>	<b>(22,573)</b>

### Government of Georgia (GoG) Co-Financing Funds

In EUR	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
Loan No. 6024-GEO			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Consulting services	1,323	79,572	-	86,242	1,323	(6,670)
<b>Total</b>	<b>1,323</b>	<b>79,572</b>	<b>-</b>	<b>86,242</b>	<b>1,323</b>	<b>(6,670)</b>

### ADB Funds

In EUR	Actual as at 31 December 2022		Planned as at 31 December 2022		Variance	
	Period to date	Cumulative to date	Period to date	Cumulative to date	Period to date	Cumulative to date
Loan No. 6024-GEO			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Consulting services	97,967	303,357	110,000	333,282	(12,033)	(29,925)
<b>Total</b>	<b>97,967</b>	<b>303,357</b>	<b>110,000</b>	<b>333,282</b>	<b>(12,033)</b>	<b>(29,925)</b>

### Government of Georgia (GoG) Co-Financing Funds

In EUR	Actual as at 31 December 2022		Planned as at 31 December 2022		Variance	
	Period to date	Cumulative to date	Period to date	Cumulative to date	Period to date	Cumulative to date
Loan No. 6024-GEO			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Consulting services	25,114	78,249	27,500	86,242	(2,386)	(7,993)
<b>Total</b>	<b>25,114</b>	<b>78,249</b>	<b>27,500</b>	<b>86,242</b>	<b>(2,386)</b>	<b>(7,993)</b>

Davit Tabidze

Executive Director of the Municipal  
Development Fund of Georgia on behalf of  
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Levan Sharvadze

Deputy Director of the Municipal  
Development Fund of Georgia, CFO  
on behalf of Implementing Agencies and  
Executing Agency

# Livable Cities Investment Program

Notes to the Consolidated Special Purpose Project Financial Statements as at and for the period ended  
31 December 2023  
(in EUR)

## 1. Background

In accordance with the Loan Agreement No. 6024-GEO dated 9 December 2019 signed between Georgia and the Asian Development Bank (the “ADB”) (the “Loan”), Georgia received a loan in the amount of EUR 13,550,000 from ADB to finance the “Livable Cities Investment Program” (the “Project”).

The Project Readiness Financing (the “PRF”) implementing agencies are the Municipal Development Fund of Georgia (“MDF”), Roads Department of MRDI (the “RD”), the United Water Supply Company of Georgia (the “UWSCG”) and executing agency is the Ministry of Regional Development and Infrastructure (the “MRDI”).

On 30 October 2023 terms of the Loan agreement were amended and Ministry of Economy and Sustainable Development (MOESD) was added as an Executive Agency and Spatial and Urban Development Agency (SUDA) as an Implementing Agency. Per the last procurement plan, from 2024 the main activities will be implemented by SUDA and MOESD.

The legal address of the Fund is 150 Aghmashenebeli Avenue, 0112, Tbilisi, Georgia.  
The legal address of the RD is 12 Aleksander Kazbegi Street, 0160, Tbilisi, Georgia.  
The legal address of the UWSCG is 76b Vaja-Pshavela Avenue, 0186, Tbilisi, Georgia.  
The legal address of the SUDA is 154 Aghmashenebeli Avenue, 0112, Tbilisi, Georgia.  
The legal address of MRDI is 12 Aleksander Kazbegi Street, 0160, Tbilisi, Georgia.

MRDI, RD and UWSCG have not undertaken any activities within the framework of the Project as at 31 December 2023 and 31 December 2022.

The objective of the Project is the development of livable urban areas with improved infrastructure and services, which will realize Georgia's potential for sustainable urban development, balanced regional development and inclusive economic growth.

The Loan is used to finance PRF activities as follows:

- a. Feasibility studies and detailed design documentation and validation of detailed design documentation already completed;
- b. Advance procurement actions including preparation of procurement documents and activities; and
- c. Capacity development and institutional strengthening activities for implementing and managing urban and tourism infrastructure and services, including the preparation of an institutional capacity building plan for each key urban service provider (i.e water supply and sanitation, solid waste management and urban transport) and training on procurement, contract management, safeguards and anticorruption measures.

The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the loan proceeds to each such category.

<b>Item</b>	<b>Total amount allocated for ADB financing</b>	<b>Basis for Withdrawal from the Loan Account</b>
Consulting Services for FSEDPS, ICBIMUIS and audit	12,270,000	100% of total expenditure claimed (*)
Interest during implementation	50,000	100% of total amounts due
Unallocated	1,230,000	
<b>TOTAL</b>	<b>13,550,000</b>	

(\*) Exclusive of taxes and duties imposed within the territory of Georgia.

FSEDPS - feasibility study, engineering, design and procurement support;

ICBIMUIS - institutional capacity building for implementing and managing urban infrastructure and services.

The PFR activities are expected to be completed by 30 August 2025. The loan closing date is 30 December 2025.

# Livable Cities Investment Program

Notes to the Consolidated Special Purpose Project Financial Statements as at and for the period ended  
31 December 2023  
(in EUR)

## 2. Basis of Preparation and Significant Accounting Policies

### 2.1 Statement of Compliance

These consolidated special purpose project financial statements have been prepared in accordance with the International Public Sector Accounting Standard: Financial Reporting under a Cash Basis of Accounting and includes financial information of implementing agencies related to the Project.

Cash balances and cash transactions between implementing agencies are eliminated in full.

The purpose of these consolidated special purpose project financial statements is to provide information to the Government of Georgia and the Asian Development Bank to assist them in evaluating the Project implementation.

### 2.2 Cash Basis of Accounting

Project financing is recognized as a source of project funds when cash is received. Project expenditures are recognized as a use of project funds when payments are made.

### 2.3 Presentation Currency

The national currency of Georgia is Georgian Lari (GEL). These consolidated special purpose project financial statements are presented in EUR ("EUR"). All financial information presented in EUR has been rounded to the nearest EUR unless otherwise stated.

### 2.4 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.

### 2.5 Cash

Cash represents balances with State Treasury of Ministry of Finance of Georgia.

## 3. Imprest Account

Imprest account is a designated disbursement account of the Project that is maintained in EUR at the State Treasury of Ministry of Finance of Georgia to ensure smooth payments of eligible expenditures under the project.

## 4. The ADB Financing

To finance eligible expenses under the loan agreement, ADB disburses proceeds from the Loan accounts using one or more of the disbursement methods described below:

- a Direct payment procedure, where ADB, at the borrower's request, pays a designated beneficiary directly;
- b Commitment procedure, where ADB, at the borrower's request, provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a Letter of Credit financed from the loan account;
- c Reimbursement procedure, where ADB pays from the loan account to the borrower's account or to the project account for eligible expenditures, which have been incurred and paid for by the project out of its budget allocation or its own resources; and
- d Advance fund procedure (formerly called imprest fund procedure), where ADB makes an advance disbursement from the loan account for deposit to an advance account to be used exclusively for ADB's share of eligible expenditures.

## Livable Cities Investment Program

Notes to the Consolidated Special Purpose Project Financial Statements as at and for the period ended  
31 December 2023  
(in EUR)

### 5. GoG Financing

The Project maintains a separate account for Government co-financing. The funds envisaged under the State budget are further disbursed to contractors based on the share of expenditures to be incurred.

### 6. Asian Development Bank Funds

	<u>2023</u>	<u>Cumulative as at December 31, 2023*</u>
<i>Loan No. 6024-GEO</i>		
Imprest account funds	-	579,644
	-	<b>579,644</b>

	<u>2022</u>	<u>Cumulative as at December 31, 2022*</u>
<i>Loan No. 6024-GEO</i>		
Imprest account funds	-	579,644
	-	<b>579,644</b>

\* Amount represents initial contribution provided on imprest account. For current balance please see page 11.

### 7. Project Implementation

As at 31 December 2023 and 31 December 2022, 2.66% and 2.24% respectively, of the Project has been implemented in terms of incurred Project expenditures financed by ADB. Project expenditures by categories are presented in the table below:

Category	Total Amount Allocated for ADB Financing	Project expenditures as at 31 December 2022	Amounts disbursed in %
Consulting services	12,270,000	310,709	2.53%
Interest during implementation	50,000	50,000	100.00%
Unallocated	1,230,000	-	0.00%
<b>Total project expenditures</b>	<b>13,350,00</b>	<b>360,709</b>	<b>2.66%</b>

Category	Total Amount Allocated for ADB Financing	Project expenditures as at 31 December 2022	Amounts disbursed in %
Consulting services	12,270,000	303,357	2.47%
Interest during implementation	50,000	664	1.33%
Unallocated	1,230,000	-	0.00%
<b>Total project expenditures</b>	<b>13,350,00</b>	<b>304,021</b>	<b>2.24%</b>

### 8. Commitments and Contingencies

Management is not aware of any commitments and other contingencies, which could have a material impact on these consolidated special purpose project financial statements.

## **Livable Cities Investment Program**

Notes to the Consolidated Special Purpose Project Financial Statements as at and for the period ended  
31 December 2023  
(in EUR)

### **9. Georgian Operating Environment**

The Implementing Agencies' operations are located in Georgia. Consequently, they are 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. Events After the Reporting Date**

As of the date of issuance of these consolidated special purpose project financial statements, no significant events or transactions have occurred.