

**REVISION OF THE NATIONAL BIODIVERSITY STRATEGY AND ACTION PLAN AND
PREPARATION OF THE FIFTH NATIONAL REPORT TO THE CONVENTION ON
BIOLOGICAL DIVERSITY IN ARMENIA PROJECT**

GEF-Reports to Convention Grant No.TF013529

**IMPLEMENTED BY “ENVIRONMENTAL PROJECT IMPLEMENTATION UNIT”
STATE AGENCY UNDER THE MINISTRY OF NATURE PROTECTION OF THE
REPUBLIC OF ARMENIA**

**Special Purpose Project Financial Statements
and
Independent Auditor’s Report**

For the period from 14 March 2013 to 3 December 2015

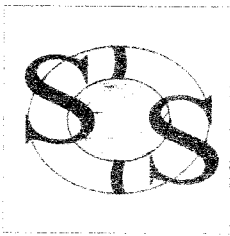
**YEREVAN
December 2015**

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"SOS-AUDIT" LTD

INDEPENDENT AUDITOR'S REPORT N 101

*On the special purpose financial statements of the
"Revision of the National Biodiversity Strategy and Action Plan and Preparation of the
Fifth National Report to the Convention on Biological Diversity in Armenia Project"
for the period from 14 March 2013 to 3 December 2015*

To the Management of the "Environmental Project Implementation Unit" State Agency under the Ministry of Nature Protection of the Republic of Armenia (hereafter: the EPIU SA)

We have audited the accompanying special purpose financial statements of the "Revision of the National Biodiversity Strategy and Action Plan and Preparation of the Fifth National Report to the Convention on Biological Diversity in Armenia Project" (hereafter: the Project) financed by GEF Grant No. TF013529, and implemented by the EPIU SA, which comprise the statement of cash receipts and payments, and the statement of uses of funds by Project activity for the period from 14 March 2013 to 3 December 2015, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Special Purpose Financial Statements

The management of EPIU SA is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting*, (IPSAS-Cash Basis) issued by the International Public Sector Accounting Standards Board (IPSASB) within the International Federation of Accountants (IFAC), and Financial Management Manual for World Bank Financed Investment Operations (WB Guidelines), and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB) within the IFAC. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free from material misstatement.

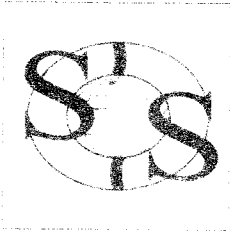
An audit involves performing procedures to obtain reasonable audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risk of material misstatement of the special purpose financial statements, whether due to fraud or error.

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In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statement 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 entity's internal control.

An audit also includes the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion,

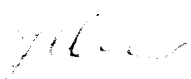
1. the special purpose financial statements present fairly in all material respects the cash receipts and payments of the Project for the period from 14 March 2013 to 3 December 2015 in accordance with IPSAS-Cash Basis and World Bank related guidelines;
2. funds have been used in accordance with the conditions of the Letter agreement No. TF013529 dated 14 March 2013 between the International Bank for Reconstruction and Development (IBRD) and the Republic of Armenia, and World Bank related guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
3. supporting documents, records and accounts have been maintained to support claims for reimbursement of expenditures incurred. Expenditures included in the withdrawal applications and reimbursed against are eligible for financing under the GEF Grant No. TF013529 14 March 2013;
4. The Designated account used has been maintained in accordance with the provision of the GEF Grant No. TF013529 dated 14 March 2013, and World Bank related guidelines.

Emphasis of matters

Without qualifying our opinion we draw your attention to Note 9 of these special purpose financial statements which disclosed that the Project was completed as at the reporting date.

"SOS-Audit" LLC
25 December 2015


Manvel Ghazaryan
Director


Nazik Chitchyan
Auditor

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Revision of the National Biodiversity Strategy and Action Plan and Preparation of the Fifth National Report to the Convention on Biological Diversity in Armenia Project
 GEF Grant No. TF013529

Statement of cash receipts and payments

For the period from 14 March 2013 to 3 December 2015
 (Amounts are shown in US dollars)

	Actual		Planned		Variance		PAD
	Reporting period	Cumulative as at 3 Dec 2015	Reporting period	Cumulative as at 3 Dec 2015	Reporting period	Cumulative as at 3 Dec 2015	
OPENING CASH BALANCE							
Sources of Funds							
GEF Grant No. TF013529	8.1	242,000.00	242,000.00	242,000.00			242,000.00
TOTAL FUNDS		242,000.00	242,000.00	242,000.00			242,000.00
Uses of funds							
I. Goods, consultant's services (including audit), meetings, trainings, workshops and operating costs	7	230,129.26	242,000.00	242,000.00	(11,870.74)	(11,870.74)	242,000.00
TOTAL PROJECT EXPENDITURES		230,129.26	242,000.00	242,000.00	(11,870.74)	(11,870.74)	242,000.00
CLOSING CASH BALANCE	6	11,870.74					

Grisha Hovhannisyanyan
 EPIU SA Director


 Hakob Hakobyan
 EPIU SA Chief Accountant

25 December 2015
 The notes on pages 7-11 form an integral part of these special purpose project financial statements.

Revision of the National Biodiversity Strategy and Action Plan and Preparation of the Fifth National Report to the Convention on Biological Diversity in Armenia Project
 GEF Grant No. TF013529

Statement of uses of funds by Project activity

For the period from 14 March 2013 to 3 December 2015
 (Amounts are shown in US dollars)

Project Activities	Actual		Planned		Variance		PAD
	Reporting period	Cumulative as at 3 Dec 2015	Reporting period	Cumulative as at 3 Dec 2015	Reporting period	Cumulative as at 3 Dec 2015	
1. Revision of the national biodiversity strategy and action plan and preparation of the fifth national report to the UNCBD	230,129.26	230,129.26	242,000.00	242,000.00	(11,870.74)	(11,870.74)	242,000.00
Total Project Expenditure	230,129.26	230,129.26	242,000.00	242,000.00	(11,870.74)	(11,870.74)	242,000.00

Revision of the National Biodiversity Strategy and Action Plan and Preparation of the Fifth National Report to the Convention on Biological Diversity in Armenia Project
GEF Grant No. TF013529

Notes to the special purpose financial statements
For the period from 14 March 2013 to 3 December 2015

1. General information

1.1. The Project

The Grant Agreement No.TF013529 was concluded on 14 March 2013 between the Republic of Armenia and the International Bank for Reconstruction and Development (IBRD), according to which IBRD provided a grant from the World Bank's Global Environment Facility (GEF) in an amount not to exceed 242,000 United States Dollars (USD), GEF Grant No.TF013529.

The grant is provided for the purpose of implementation of Revision of the National Biodiversity Strategy and Action Plan and Preparation of the Fifth National Report to the Convention on Biological Diversity in Armenia Project (the Project).

The Closing Date of the financing under GEF Grant No.TF013529 is set on 14 September 2015. The Grace Period for submitting withdrawal applications for the expenditures incurred before the Closing date is four months following the Closing date.

1.2. The Project objectives

The objective of the Project is to assist the RA in: (i) preparing a report pursuant to article 26 of the Convention on Biodiversity (CBD); (ii) revising the national strategies, plans or programs pursuant to article 6 of the CBD; (iii) undertaking a clearing house mechanism.

1.3. The Project Budget and Financing

The Project is being financed by the following sources:

- GEF Grant No.TF013529 – 100% (including taxes)

Category	GEF Grant No.TF013529	Total
	USD	USD
1. Goods, consultant's services (including audit), meetings, trainings, workshops and operating costs	242,000	242,000

1.4. Project Implementation

The Project is executed by the "Environmental Project Implementation Unit" State Agency under the Ministry of Nature Protection of the Republic of Armenia (hereafter: the EPIU SA).

The EPIU address is: Armenakyan str. 129, Yerevan, Republic of Armenia.

Notes to the special purpose financial statements
For the period from 14 March 2013 to 3 December 2015

2. Summary of significant accounting policies

2.1. Preparation and presentation of the special purpose financial statements

The special purpose financial statements are prepared in accordance with the International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting* (IPSAS-Cash Basis), issued by the International Public Sector Accounting Standards Board (IPSASB) within the International Federation of Accountants (IFAC), and presented in accordance with Financial Management Manual for World Bank Financed Investment Operations (March 2010): RM 3 – Financial Reporting and Auditing.

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.2 Cash basis of accounting

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.

2.3 Reporting currency

The reporting currency of these special purpose financial statements is United States dollar (USD). The expenditures made in local currency, Armenian Dram (AMD), are translated into USD based at the exchange rate defined by the Central Bank of the Republic of Armenia (CBA) at the date of the transaction.

The average exchange rate at currency market issued by the CBA as at 3 December 2015 is 1 USD =484.59 AMD.

2.4. Taxes

Taxes are paid in accordance with the tax regulations of the Republic of Armenia.

Notes to the special purpose financial statements
 For the period from 14 March 2013 to 3 December 2015

3. Summary of Summary Reports and SOEs

Withdrawal No	Withdrawal application value date	Payment categories
		1. Goods, consultant's services (including audit), meetings, trainings, workshops and operating costs
		USD
2DA	09-Sep-2014	45,774.92
3DA	02-Mar-2015	81,454.73
4DA	16-Oct-2015	102,165.67
5DA	02-Dec-2015	733.94
Total		230,129.26

4. Statement of Designated Account

Bank account number	900000927021
Bank	Central Treasury
Bank location	4 Tigran Mets str., 1-st floor, Yerevan, 0010 Republic of Armenia
Currency	USD

	GEF Grant No.TF013529 for the period from 14 March 2013 to 3 December 2015
1. Opening balance as at 14.03.2013	-
2. Add: opening discrepancy	-
3. IBRD advance/replenishment	242,000.00
4. Less: Refund to IBRD from DA	-
5. Present outstanding amount advanced to DA	242,000.00
6. DA closing balance as at 03.12.2015	11,870.74
7. Add: Amount of eligible expenditures paid	230,129.26
8. Less: interest earned (if credited to DA)	-
9. Total advance accounted for	242,000.00
10. Closing discrepancy (5)-(9)	-

Notes to the special purpose financial statements
For the period from 14 March 2013 to 3 December 2015

5. Statement of financial position

The Statement of financial position discloses assets, liabilities and net assets of the Project as at reporting date. It is prepared in accrual basis that is transactions are recognized when they occur (and not only when cash is received or paid).

	note	03.12.2015 USD
ASSETS		
Cash	6	11,870.74
Prepayments		-
Total assets		11,870.74
LIABILITIES		
Payables		-
Total liabilities		-
NET ASSETS		
Cumulative income		
GEF Grant No.TF013529	8.1	242,000.00
		242,000.00
Cumulative expenses		
Project expenses		(230,579.68)
		(230,579.68)
Foreign exchange gain		450.42
Total net assets		11,870.74

6. Cash

	Account held at	Underlying Currency	03.12.2015 USD
Designated account (GEF Grant No.TF013529)	Treasury	USD	11,870.74
Total			11,870.74

7. Project Expenditures

Project expenditure budget execution

Category	Cumulative Expenditures as at 3 Dec 2015	Total budget	Execution
	USD	USD	%
1. Goods, consultant's services (including audit), meetings, trainings, workshops and operating costs	230,129.26	242,000.00	95%
Total	230,129.26	242,000.00	95%

Notes to the special purpose financial statements
For the period from 14 March 2013 to 3 December 2015

8. Financing

8.1. GEF Grant No. TF013529

	Reporting period USD	Cumulative as at 3 Dec 2015 USD
Advances/ (advance recovery)	11,870.74	11,870.74
SOE and Summary Report	230,129.26	230,129.26
Total	242,000.00	242,000.00
Total financing budget		242,000.00
Percentage of finance provided as at 3 Dec 2015		100%

9. Project completion

The Project was completed as at September 14, 2015 (Closing Date), and the transactions were completed as at December 3, 2015 (the Reporting Date).

As at the date of signing these special purpose financial statements:

- a. No expenses related to the Project were incurred after the Closing Date; the payments made during the Grace period related to expenses incurred before the Closing Date;
- b. No withdrawals from GEF Grant No. TF013529 were made after Closing date;
- c. No expenditures related to the Project were submitted to the WB after the Reporting date;
- d. There were no uncovered prepayments or payables outstanding to contractors related to the Project as at the Reporting Date;
- e. The cash balance outstanding as at Reporting date consists of balance at Designated account in the amount of USD 11,870.74 to be refunded to WB after paying for final audit service;
- f. We are not aware about any pending or existing litigations against the Project.

Revision of the National Biodiversity Strategy and Action Plan and Preparation of the Fifth National Report to the Convention on Biological Diversity in Armenia Project
 GEF Grant No. TF013529

ANNEX 1. RECONCILIATION BETWEEN THE AMOUNTS SUBMITTED BY THE EPIU SA AND DISBURSED BY THE WORLD BANK

For the period from 14 March 2013 to 3 December 2015

(Amounts are shown in US dollars)

Expenditure Category	Appl.	EPIU SA	WB	Difference
Advance	1A	90,000.00	90,000.00	
	2DA	55,000.00	55,000.00	
	3DA		(30,229.65)	
	4DA		(102,165.67)	
	5DA		(733.94)	
			145,000.00	11,870.74
1. Goods, consultant's services (including audit), meetings, trainings, workshops and operating costs	2DA	45,774.92	45,774.92	-
	3DA	81,454.73	81,454.73	-
	4DA	102,165.67	102,165.67	-
	5DA	733.94	733.94	-
			230,129.26	230,129.26
Total		375,129.26	242,000.00	