

ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT FOR THE STATE  
STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN

**ESTABLISHMENT OF  
META-INFORMATION SYSTEM  
PROJECT OF THE STATE STATISTICAL  
COMMITTEE OF THE  
REPUBLIC OF AZERBAIJAN  
GRANT NUMBER TF 014110**

**Special-Purpose Financial Statements and  
Independent Auditors' Report**  
For the Period since the inception date to April 30, 2016

**ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE  
STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN**

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*Management's Responsibility for the Special Purpose Financial Statements*

Management is responsible for the preparation and fair presentation of these Special Purpose Financial Statements in accordance with International Public Sector Accounting Standards ("IPSAS"), "Financial Reporting under the Cash Basis of Accounting" issued by International Public Sector Accounting Standards Board of the International Federation of Accountants and relevant provisions of the grant as described in Note 1 to the Special Purpose Financial Statements and its own internal control or management determines it necessary to enable the preparation of the Special Purpose Financial Statements that are free from material misstatement, 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. 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 audit evidence about the amounts and disclosures in these Special Purpose Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.



**BAKER TILLY**  
**A Z E R B A I J A N**

Audit, Tax and Consulting  
Demirchi Tower, 16th floor  
Khodjaly Avenue, 37  
AZ1025, Baku  
Azerbaijan

**T:** + 994 (12) 404 7 666  
**F:** + 994 (12) 404 7 667

office@bakertilly.az  
www.bakertilly.az

## **INDEPENDENT AUDITORS' REPORT**

To the Management of the State Statistical Committee of the Republic of Azerbaijan:

We have audited the accompanying Special-Purpose Financial Statements of the Establishment of Meta-Information System Project of the State Statistical Committee of the Republic of Azerbaijan (the "Project"), which comprise the Special-Purpose Balance Sheet as at April 30, 2016, and the Statement of Cash Receipts and Payments, the Statement of Project Activities, the Statement of Designated Accounts and the Statement of Expenditure and Summary Sheet Withdrawal Schedule ("SOE and SSWS") for the period since the inception date to April 30, 2016 and a summary of significant accounting policies and other explanatory notes (collectively referred to as the "Special-Purpose Financial Statements") financed under the International Bank for Reconstruction and Development ("IBRD") through grant agreement number TF 014110.

### ***Management's Responsibility for the Special-Purpose Financial Statements***

Management is responsible for the preparation and fair presentation of these Special-Purpose Financial Statements in accordance with International Public Sector Accounting Standard ("IPSAS"), "Financial Reporting under the Cash Basis of Accounting" issued by International Public Sector Accounting Standards Board of the International Federation of Accountants and relevant provisions of the grant as described in Note 2 to the Special-Purpose Financial Statements and for such internal control as management determines is necessary to enable the preparation of the Special-Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' 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. 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 audit evidence about the amounts and disclosures in these Special-Purpose Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Special-Purpose Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 evaluating 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 audit opinion.

*Opinion*

In our opinion, the Special-Purpose Financial Statements give true and fair view of the financial position of the Project as at April 30, 2016, the cash receipts and disbursements on behalf of the Project and transactions passed through the Project's special accounts for the period since the inception date to April 30, 2016 in accordance with IPSAS "Financial Reporting under the Cash Basis of Accounting" and relevant provisions of the credit agreements as described in Note 2 of the Special-Purpose Financial Statements.

In addition, with respect to the SOE and SSWS, all payments reported are eligible for financing under the respective grant agreement and adequate documentation have been maintained to support the claims for withdrawal.

*Baker Tilly Azerbaijan*

June 30, 2016

Baku, the Republic of Azerbaijan

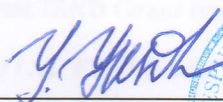
**ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE  
STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN**

**SPECIAL-PURPOSE BALANCE SHEET  
AS AT APRIL 30, 2016**

*(Amounts expressed in the United States Dollars unless otherwise indicated)*

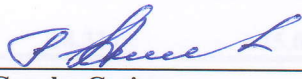
	Note	April 30, 2016	December 31, 2015	December 31, 2014
<b>ASSETS AND CUMULATIVE USES OF FUNDS</b>				
Cash at bank	3	26	10,463	24,998
Project expenditure		152,087	32,815	2
Accumulated gain from exchange rate differences		37	39	-
<b>TOTAL ASSETS AND CUMULATIVE USES OF FUNDS</b>		<b>152,150</b>	<b>43,317</b>	<b>25,000</b>
<b>SOURCE OF FUNDS</b>				
Project funds		152,150	43,317	25,000
<b>TOTAL SOURCE OF FUNDS</b>		<b>152,150</b>	<b>43,317</b>	<b>25,000</b>

Approved and signed on behalf of the State Statistical Committee of the Republic of Azerbaijan:

  
Yusif Yusifov  
Project Director

June 30, 2016  
Baku, the Republic of Azerbaijan



  
Goncha Gasimova  
Finance Specialist

June 30, 2016  
Baku, the Republic of Azerbaijan

The notes on pages 10-13 form an integral part of these special-purpose financial statements.

**ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE  
STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS  
FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016**

*(Amounts expressed in the United States Dollars unless otherwise indicated)*

	Four months ended April 30, 2016	Year ended December 31, 2015	Since the inception date* to December 31, 2014	Cumulative April 30, 2016
<b>OPENING BALANCE</b>				
IBRD Designated Account (USD)	10,438	24,998	-	
IBRD Designated Account (EUR)	25	-	-	
<b>TOTAL OPENING BALANCE</b>	<b>10,463</b>	<b>24,998</b>	<b>-</b>	
<b>ADD: FUNDS RECEIVED</b>				
<b>IBRD Grant Number TF 014110</b>				
Initial deposit to the IBRD Designated Account (USD)				
Account (USD)	-	-	25,000	25,000
Direct funding	101,503	7,930	-	109,433
SOE replenishment	8,343	10,387	-	18,730
Refund	(1,013)	-	-	(1,013)
<b>Total IBRD Grant funds</b>	<b>108,833</b>	<b>18,317</b>	<b>25,000</b>	<b>152,150</b>
<b>TOTAL FUNDS RECEIVED</b>	<b>108,833</b>	<b>18,317</b>	<b>25,000</b>	<b>152,150</b>
<b>NET TRANSFERS BETWEEN ACCOUNTS</b>				
<b>Net transfers between accounts</b>				
Transfer from the IBRD Designated Account (USD) to the IBRD Designated Account (AZN)				
	(17,646)	(18,605)	-	(36,324)
Transfer from the IBRD Designated Account (USD) to the IBRD Designated Account (EUR)				
	-	(6,211)	-	(6,211)
Transfer to the IBRD Designated Account (AZN) from the IBRD Designated Account (USD)				
	17,646	18,605	-	36,324
Transfer to the IBRD Designated Account (EUR) from the IBRD Designated Account (USD)				
	-	6,211	-	6,211
<b>Total net transfers between accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LESS: EXPENDITURE</b>				
<b>IBRD Designated Account TF 014110 (direct funding)</b>				
1. Goods	(34,262)	-	-	(34,262)
2. Consultants' services	(61,887)	(7,930)	-	(69,817)
3. Training	(5,354)	-	-	(5,354)
<b>Total IBRD Grant Number TF 014110 expenditure (direct funding)</b>	<b>(101,503)</b>	<b>(7,930)</b>	<b>-</b>	<b>(109,433)</b>
<b>IBRD Designated Account (USD)</b>				
1. Incremental operating costs	(122)	(131)	(2)	(255)
<b>Total IBRD Designated Account (USD) expenditure (bank payments)</b>	<b>(122)</b>	<b>(131)</b>	<b>(2)</b>	<b>(255)</b>

**ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE  
STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS  
FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016 (Continued)**

*(Amounts expressed in the United States Dollars unless otherwise indicated)*

	Four months ended April 30, 2016	Year ended December 31, 2015	Since the inception date* to December 31, 2014	Cumulative April 30, 2016
<b>IBRD Designated Account (AZN)</b>				
1. Goods	(5,699)	(6,143)	-	(11,842)
2. Consultants' services	(9,715)	(1,005)	-	(10,720)
3. Training	(2,218)	(11,418)	-	(13,636)
4. Incremental operating costs	(15)	(39)	-	(54)
<b>Total IBRD Designated Account (AZN) expenditure (bank payments)</b>	<b>(17,647)</b>	<b>(18,605)</b>	<b>-</b>	<b>(36,252)</b>
<b>IBRD Designated Account (EUR)</b>				
1. Consultants' services	-	(6,117)	-	(6,117)
2. Incremental operating costs	-	(30)	-	(30)
<b>Total IBRD Designated Account (EUR) expenditure (bank payments)</b>	<b>-</b>	<b>(6,147)</b>	<b>-</b>	<b>(6,147)</b>
<b>TOTAL EXPENDITURE</b>	<b>(119,272)</b>	<b>(32,813)</b>	<b>(2)</b>	<b>(152,087)</b>
<b>EXCHANGE RATE DIFFERENCE</b>				
IBRD Designated Account (AZN)	1	-	-	1
IBRD Designated Account (EUR)	1	(39)	-	(38)
<b>Total exchange rate difference</b>	<b>2</b>	<b>(39)</b>	<b>-</b>	<b>(37)</b>
<b>CLOSING BALANCE</b>				
IBRD Designated Account (USD)	-	10,438	24,998	
IBRD Designated Account (AZN)	-	-	-	
IBRD Designated Account (EUR)	26	25	-	
<b>TOTAL CLOSING BALANCE</b>	<b>26</b>	<b>10,463</b>	<b>24,998</b>	

\* inception date – the effective date of the Project, which is May 8, 2014.

Approved and signed on behalf of the State Statistical Committee of the Republic of Azerbaijan:

  
Yusif Yusifov  
Project Director

June 30, 2016  
Baku, the Republic of Azerbaijan

  
Goncha Gasimova  
Finance Specialist

June 30, 2016  
Baku, the Republic of Azerbaijan

The notes on pages 10-13 form an integral part of these special-purpose financial statements.

# ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN


## STATEMENT OF PROJECT ACTIVITIES FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016

(Amounts expressed in the United States Dollars unless otherwise indicated)

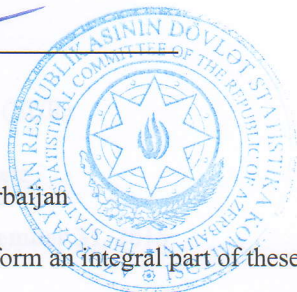
	Four months ended April 30, 2016	Year ended December 31, 2015	Since the inception date* to December 31, 2014	Cumulative April 30, 2016
<b>Part I: Development of the Technical Specifications for the Statistical Metadata System Development</b>	<u>39,532</u>	<u>14,047</u>	<u>-</u>	<u>53,579</u>
<b>Part II: Development of Tools for the Statistical Metadata System</b>	<u>66,903</u>	<u>6,143</u>	<u>-</u>	<u>73,046</u>
<b>Part III: Testing of Statistical Metadata System and Training</b>	<u>5,132</u>	<u>338</u>	<u>-</u>	<u>5,470</u>
<b>Part IV: Preparation of Documents and Training</b>	<u>7,705</u>	<u>12,285</u>	<u>2</u>	<u>19,992</u>
<b>Total Expenditure per Project Components</b>	<u><u>119,272</u></u>	<u><u>32,813</u></u>	<u><u>2</u></u>	<u><u>152,087</u></u>


\* inception date – the effective date of the Project, which is May 8, 2014.

Approved and signed on behalf of the State Statistical Committee of the Republic of Azerbaijan:

  
Yusif Yusifov  
Project Director

June 30, 2016  
Baku, the Republic of Azerbaijan



  
Goncha Gasimova  
Finance Specialist

June 30, 2016  
Baku, the Republic of Azerbaijan

The notes on pages 10-13 form an integral part of these special-purpose financial statements.



**ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE  
STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN**

**STATEMENT OF DESIGNATED ACCOUNTS  
FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016**

*(Amounts expressed in the United States Dollars unless otherwise indicated)*

	<b>IBRD Designated Account (USD)</b>	<b>IBRD Designated Account (AZN)</b>	<b>IBRD Designated Account (EUR)</b>
<b>The inception date*</b>	-	-	-
Add:			
Project funds received	25,000	-	-
<b>Total receipts</b>	<u>25,000</u>	<u>-</u>	<u>-</u>
<b>Deduct:</b>			
Project eligible expenditure	(2)	-	-
<b>Total deductions</b>	<u>(2)</u>	<u>-</u>	<u>-</u>
<b>Closing balance as at December 31, 2014</b>	<u>24,998</u>	<u>-</u>	<u>-</u>
Add:			
Project funds received	10,387	-	-
Transfer to the IBRD Designated Account	-	18,605	6,211
<b>Total receipts</b>	<u>10,387</u>	<u>18,605</u>	<u>6,211</u>
<b>Deduct:</b>			
Project eligible expenditure	(131)	(18,605)	(6,147)
Transfer from the IBRD Designated Account	(24,816)	-	-
<b>Total deductions</b>	<u>(24,947)</u>	<u>(18,605)</u>	<u>(6,147)</u>
<b>Effect of exchange rate</b>			
IBRD Designated Account (EUR)	-	-	(39)
<b>Total effect of exchange rate</b>	<u>-</u>	<u>-</u>	<u>(39)</u>
<b>Closing balance as at December 31, 2015</b>	<u>10,438</u>	<u>-</u>	<u>25</u>
Add:			
Project funds received	8,343	-	-
Transfer to the IBRD Designated Account	-	17,646	-
Refund	(1,013)	-	-
<b>Total receipts</b>	<u>7,330</u>	<u>17,646</u>	<u>-</u>
<b>Deduct:</b>			
Project eligible expenditure	(122)	(17,647)	-
Transfer from the IBRD Designated Account	(17,646)	-	-
<b>Total deductions</b>	<u>(17,768)</u>	<u>(17,647)</u>	<u>-</u>

**ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN**

**STATEMENT OF DESIGNATED ACCOUNTS**  
**FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016 (Continued)**  
*(Amounts expressed in the United States Dollars unless otherwise indicated)*

	IBRD Designated Account (USD)	IBRD Designated Account (AZN)	IBRD Designated Account (EUR)
<b>Effect of exchange rate</b>			
IBRD Designated Account (AZN)	-	1	-
IBRD Designated Account (EUR)	-	-	1
<b>Total effect of exchange rate</b>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Closing balance as at April 30, 2016</b>	<u>966</u>	<u>-</u>	<u>26</u>


\* inception date – the effective date of the Project, which is May 8, 2014.

Approved and signed on behalf of the State Statistical Committee of the Republic of Azerbaijan:

  
 Yusif Yusifov  
 Project Director

June 30, 2016  
 Baku, the Republic of Azerbaijan



  
 Goncha Gasimova  
 Finance Specialist

June 30, 2016  
 Baku, the Republic of Azerbaijan

The notes on pages 10-13 form an integral part of these financial statements.

**ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN**

**STATEMENT OF EXPENDITURE AND SUMMARY SHEET WITHDRAWAL SCHEDULE FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016**

*(Amounts expressed in the United States Dollars unless otherwise indicated)*

**1. DESCRIPTION OF THE PROJECT**

	<b>Total amounts reimbursed</b>
Application for withdrawal No 01 (advance)	<u>25,000</u>
<b>Total applications reimbursed during the period since the inception date* to December 31, 2014</b>	<b><u>25,000</u></b>
Application for withdrawal No 02 (Replenishment)	8,343
Application for withdrawal No 03 (Replenishment)	7,930
Application for withdrawal No 04 (Replenishment)	<u>10,387</u>
<b>Total applications reimbursed during the year ended December 31, 2015</b>	<b><u>26,660</u></b>
<b>Total applications reimbursed as at April 30, 2016</b>	<b><u>51,660</u></b>


\* inception date – the effective date of the Project, which is May 8, 2014.

**Approved and signed on behalf of the State Statistical Committee of the Republic of Azerbaijan:**

  
 \_\_\_\_\_  
**Yusif Yusifov**  
**Project Director**



June 30, 2016  
 Baku, the Republic of Azerbaijan

  
 \_\_\_\_\_  
**Goncha Gasimova**  
**Finance Specialist**

June 30, 2016  
 Baku, the Republic of Azerbaijan

The notes on pages 10-13 form an integral part of these financial statements.

# ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN

## NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016

*(Amounts expressed in the United States Dollars unless otherwise indicated)*

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### 1. DESCRIPTION OF THE PROJECT

Establishment of Meta-Information System Project under the State Statistical Committee of the Republic of Azerbaijan (the "Project") was formed under grant agreement TF014110 (the "Grant") between the Republic of Azerbaijan (the "Recipient") and the International Bank for Reconstruction and Development ("IBRD") dated May 8, 2014 in the amount of USD 250,000. The Project's original completion date is April 30, 2016.

The objective of the Project is to assist State Statistical Committee ("SSC") in creating metadata systems which will improve efficiency and capacity of national statistical system.

The Project consists of the following parts:

#### **Part I: Development of the Technical Specifications for the Statistical Metadata System Development**

Provision of technical assistance to carry out:

- (a) assessment of the existing statistical business process in SSC;
- (b) analysis of the existing components of the statistical information system;
- (c) assessment of the flows and formats linking the components of statistical information system with statistical metadata system; and
- (d) assessment of the needs and definition of tasks. Part II: Development of Tools for the Statistical Metadata System

#### **Part II: Development of Tools for the Statistical Metadata System**

Provision of goods and consultants' services for:

- (a) the acquisition of, inter alia, design software tool and other necessary hardware;
- (b) designing the metadata system and its components;
- (c) purchasing and installation of the relevant system; and
- (d) developing of programming software.

#### **Part III: Testing of Statistical Metadata System and Training**

Provision of technical assistance, Training, and consultants' services to carry out:

- (a) testing of statistical metadata system and its functionalities; and
- (b) training for SSC staff.

#### **Part IV: Preparation of Documents and Training**

Provision of Training for the users of the statistical metadata system.

# ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN

## NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016 (Continued) (Amounts expressed in the United States Dollars unless otherwise indicated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

- The Special-Purpose Financial Statements have been prepared on the cash basis of accounting in conformity with the International Public Sector Accounting Standards (“IPSAS”) “Financial Reporting under the Cash Basis of Accounting” issued by the Public Sector Committee of the International Federation of Accountants (“IFAC-PSC”) and incorporate the principal accounting policies from the “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” and Grant.

#### Other basis of preparation criteria

The Special-Purpose Financial Statements are prepared under the historical cost basis of accounting. Source funding is recognized when the related cash is received or paid out on the Project’s behalf. Expenditure is accounted for on the basis of actual disbursement of funds from the Designated accounts.

#### Foreign currency transactions and translation

The Project uses the United States Dollar (“USD”) as its functional currency for the following reasons:

- The IBRD’s funding is received in USD; and
- Budgets and financial reports for the Project are prepared in USD.

Balance sheet monetary items denominated in currencies other than USD have been translated into USD using the exchange rate of the Central Bank of the Republic of Azerbaijan (“CBRA”) effective as at appropriate date. All income and expense transactions denominated in currencies other than USD are converted into USD using the exchange rate of the CBRA prevailing on the date of transaction.

### 3. CASH AT BANK

	April 30, 2016	December 31, 2015	December 31, 2014
IBRD Designated Account (EUR)	26	25	-
IBRD Designated Account (USD)	-	10,438	24,998
<b>Total cash at bank</b>	<b>26</b>	<b>10,463</b>	<b>24,998</b>

# ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN

## NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016 (Continued) *(Amounts expressed in the United States Dollars unless otherwise indicated)*

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### 4. DESIGNATED ACCOUNT

The Recipient has established a Designated Account at a commercial bank acceptable to the IBRD in accordance with the Loan Agreement. Designated Account is established, managed, replenished and liquidated in accordance with the IBRD's "Project's Operations Manual" and detailed arrangements agreed upon between the Recipient and the IBRD.

The Project maintains its Designated Accounts in USD with the International Bank of Azerbaijan (located in the Republic of Azerbaijan).

### 5. METHOD OF DISBURSEMENT

The methods of disbursement used from the inception of the financing up to and including April 30, 2016 were as follows:

- **Advance** – the IBRD may advance proceeds in accordance with Grant into a Designated Account of the Recipient to finance eligible expenditure as they are incurred and for which supporting documents will be provided at a later date.
- **Direct funding** – the IBRD may make payments, at the Recipient's request, directly to a third party for eligible expenditure.
- **Reimbursement procedure** – the IBRD may reimburse the Recipient for expenditure eligible for financing pursuant to the Grant that the Recipient has pre-financed from its own resources.
- **Commitment procedure** – the IBRD may pay amounts to a third party for eligible expenditure under special commitments entered into, in writing, at the Recipient's request and on terms and conditions agreed between the IBRD and the Recipient.

### 6. METHOD OF WITHDRAWAL

This procedure involves two distinct disbursement procedures used for withdrawing funds under the Loan Agreement:

#### **Withdrawal Procedure**

The World Bank form of Application for Withdrawal shall be used for the followings:

- Advance to the Designated Account;
- Replenishment of the Designated Account;
- Reimbursements of eligible payments already made by the Borrower from its own resources (if any) - pooling and disbursements made on a basis of Statements of Expenditure (SOE);
- Direct Payments to a third party.

The financial specialist should prepare the Application for Withdrawal, SOE and SSWS forms, Designated Account reconciliation as required. Any supporting documentation should be attached.

These documents should be reviewed by the Project Director. The documents (original) should be passed on to the Ministry of Economy and Industry of the Republic of Azerbaijan (the "MEI") and then to the Ministry of Finance of the Republic of Azerbaijan (the "MOF") to be reviewed and signed by their authorized representatives if required. The documents then should be returned (within 7 working days) to the Project Management Team for sending by courier to the IBRD.

**ESTABLISHMENT OF META-INFORMATION SYSTEM PROJECT OF THE STATE  
STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN**

**NOTES TO THE SPECIAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE PERIOD SINCE THE INCEPTION DATE TO APRIL 30, 2016 (Continued)**  
*(Amounts expressed in the United States Dollars unless otherwise indicated)*

The financial specialist should keep an Invoices Voucher List ("IVL") to record the invoices approval voucher numbers of transactions included in the application for withdrawal. The IVL should be prepared by the financial specialist, reviewed and approved by the Project Director and filed. If the space available on the application for withdrawal is insufficient to provide all the necessary data, summary sheets should be used.

Applications for withdrawal must be submitted in duplicate and should be sequentially numbered. Any major alterations or changes made on the form should be initialled by the authorized representatives to verify that the changes are valid.

**Special Commitment Procedure**

To finance the purchase of goods under a project from foreign suppliers, the Borrower frequently needs to open a letter of credit. If commercial bank is unwilling to open or confirm the letter of credit without some guarantee or security, the World Bank at the request of the Borrower, can provide the commercial bank with the guarantee it requires in the form of a special commitment. This procedure normally covers major contracts for imported goods.

The forms will be prepared by the financial specialist, reviewed by the Project Director and given to the MEI and the MOF for their review and signature of authorized representatives and returned to the Project Management Team. The financial specialist should check that the documents have been signed by the authorized signatories (specimen signatures of which have been previously advised to the IBRD) before sending the documents by courier to the IBRD.

**7. OPERATING ENVIRONMENT**

The Project's principal business activities are within the Republic of Azerbaijan. Laws and regulations affecting entities operating in the Republic of Azerbaijan are subject to rapid changes and the Project's operations could be at certain level of risk due to changes in the political and business environment.

**8. EVENTS AFTER REPORTING PERIOD**

On May 2, 2016 the IBRD made payments, at the Recipient's request, directly to a third party for Consultants' services in the amount of USD 7,819.