

**AGENCY FOR AGRO CREDIT AND DEVELOPMENT  
AGRICULTURAL COMPETITIVENESS IMPROVEMENT PROJECT**

LOAN No. 8286-AZ from International Bank for Reconstruction and Development

**INDEPENDENT AUDITORS' REPORT  
AND SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS**

For the year ended 31 December 2019

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**INDEPENDENT AUDITORS' REPORT  
On Special Purpose Project Financial Statements**

To the Management of Agency for Agro Credit and Development

**Opinion**

We have audited the accompanying special purpose project financial statements of the Agricultural Competitiveness Improvement Project (the "Project"), implemented by Agency for Agro Credit and Development (the "Project Executing Agency"), which comprise the special purpose project statement of financial position, the special purpose project statement of sources and uses of funds, special purpose project statement of uses of funds by project activities, statement of designated account, as of and for the year ended 31 December 2019 and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying special purpose project financial statements for the year ended 31 December 2019 are prepared in all material respects, in accordance with financial reporting provisions of Section II of the Loan agreement for Loan No. 8286-AZ dated 12 June 2014 between Republic of Azerbaijan and the International Bank of Reconstruction and Development (the "Financial agreement").

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) applicable to the audit of financial statements and to compliance auditing, with special reference to ISA 800. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Azerbaijan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

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 Executing Agency in complying with the financial reporting provisions of the financial agreement referred to above. As a result, the special purpose project financial statements may not be suitable for another purpose. Our report is intended solely for the Project Executing Agency and International Bank for Reconstruction and Development should not be distributed to or used by parties other than the Project Executing Agency, International Bank for Reconstruction and Development. Our opinion is not modified in respect of this matter.

**Other matter on which we are required to report**

We have audited the utilization of proceeds of the Loan withdrawn from the International Bank for Reconstruction and Development. In our opinion, the Project Executing Agency has utilized, in all material respects, the proceeds of the Loan withdrawn from the International Bank for Reconstruction and Development only for purposes of the Project as agreed between the International Bank for Reconstruction and Development and the Project Executing Agency, in accordance with the Financial agreement and no proceeds of the Loan have been unutilized for other purposes. In our opinion, the Counterpart funds have been provided and used in accordance with the financing arrangements detailed in Note 2 to these special purpose project financial statements. In our opinion, goods and services financed have been procured in accordance with the relevant financial agreement.

