

Audited Project Financial Statements

Project Number: 48141-001

Loan Number: L3210

Period covered: 1 August 2020 to 31 July 2021.

FJI: Transport Infrastructure Investment Sector Project

Prepared by Fiji Roads Authority

For the Asian Development Bank

Date received by ADB: 13 April 2022

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. This document is being disclosed to the public in accordance with ADB's Access to Information Policy and as agreed between ADB and Ministry of Economy, Executing Agency.

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT

ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210 – FIJ

WORLD BANK – WB LOAN No. 8482-FJ

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
WORLD BANK – WB LOAN No. 8482 – FJ
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

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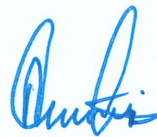
**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
WORLD BANK – WB LOAN No. 8482 – FJ
MANAGEMENT DECLARATION
FOR THE YEAR ENDED 31 JULY 2021**

We, **Mr. Kamal Prasad**, *Chief Executive Officer*; and **Mr. Sonal Goundar**, *Project Accountant*, of Fiji Roads Authority declare that the accompanying Project Financial Statements as at 31 July 2021, together with the notes attached to the Project Financial Statements, are to the best of our knowledge and give a true and fair view.

Dated at Suva this ^{8th} day of ^{March} 2022



Kamal Prasad
Chief Executive Officer



Sonal Goundar
Chief Financial Officer/ADB & WB Project
Accountant

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits

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INDEPENDENT AUDITOR'S REPORT

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT

ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ

WORLD BANK – WB LOAN No. 8482-FIJ

Opinion

I have audited the accompanying special purpose financial statements of the Transport Infrastructure Investment Sector Project, ADB Loan No. 3210-FIJ and WB Loan No. 8482-FIJ which comprise the statement of cash receipts and payments, statement of project expenditure and financing, statement of imprest and designated account for the year ended 31 July 2021, including a summary of significant accounting policies and other explanatory information as set out on Notes 1 to 7.

In my opinion, the:

- i. accompanying special purpose financial statements present fairly, in all material respects, the financial performance of the Transport Infrastructure Investment Sector Project for the year then ended 31 July, 2021 in accordance with Cash Basis International Public Sector Accounting Standards (IPSAS) and ADB Loan Agreement No. 3210-FIJ and WB Loan Agreement No. 8482-FIJ;
- ii. Transport Infrastructure Investment Sector Project utilized the proceeds of the loan from the Asian Development Bank and the World Bank only for the purposes of the Project as agreed between the Asian Development Bank, the World Bank and the Government of the Republic of Fiji in accordance with the Loan Agreement and no proceed of the loans have been utilized for other purposes for the year ended 31 July 2021; and
- iii. The covered loan portfolio complies with the terms of the Executing Agency Operations Manual.

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Fiji Roads Authority and the Transport Infrastructure Investment Sector Project in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to the following matters:

1. Note 5 to the financial statements provides that the Fiji Roads Authority has restated the financial statements to discontinue the recognition of recurrent cost. According to the Project Administration Manual (dated November 2016), recurrent cost relates to the costs associated with salaries, project audit and other operational expenditure for which the financing falls under the responsibility of Fijian Government. By discontinuing the recognition of the recurrent cost, the financial statements is understated for the current and prior years by \$337,069 and \$1,871,450 respectively. Furthermore, the Authority did not obtain prior approval from the Asian Development Bank, World Bank and Ministry of Economy to discontinue the recognition of the recurrent cost.
2. Note 7(ii) which relates to COVID-19 pandemic and its impact on the Project during the year and the on-going associated uncertainties post year end. In the event that the impact of the COVID-19 pandemic is prolong than anticipated, this may result in the further reduction in funding in subsequent financial years and delay in the completions of the respective projects.

My opinion is not modified in respect of these matters.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management of Fiji Roads Authority is responsible for the preparation and fair presentation of these financial statements in accordance with, Cash Basis IPSAS and the ADB Loan Agreement No. 3210-FIJ and WB Loan Agreement No. 8482-FIJ and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The management of Fiji Roads Authority is responsible for overseeing the project's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) 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 financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 controls.

Auditor's Responsibility for the Audit of the Financial Statements (con't)

- 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 Project'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 the Project's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

S D

Sairusi Dukuno
ACTING AUDITOR-GENERAL



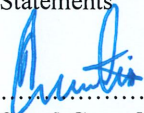
Suva, Fiji
09 March 2022

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
WORLD BANK – WB LOAN No. 8482 – FJ
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 JULY 2021**

	Notes	31-Jul-21 (\$)	31-Jul-20 Restated (\$)
CASH RECEIPTS			
Receipts Paid Directly to Contractors			
ADB Loan No. 3210-FIJ	2	12,208,297	10,028,872
World Bank Loan No. 8482-FIJ	2	3,203,425	4,907,245
Reimbursement			
ADB Loan No. 3210-FIJ	2	-	4,460,310
World Bank Loan No. 8482-FIJ	2	571,138	-
Advances			
Imprest Account ADB		-	4,423,992
Designated Account World Bank		-	2,264,066
Interest Payment			
ADB Loan No. 3210-FIJ	3	503,234	935,236
World Bank Loan No. 8482-FIJ		-	676,269
(Loss)/Gain on Exchange Rates		(67,420)	(112,196)
Government of Fiji		2,796,776	2,548,946
Interest Received WB Account		30,214	31,239
Total Cash Receipts		19,245,664	30,163,979
PAYMENTS			
A. Investment Costs			
Civil Works	2	19,090,788	24,669,862
Consultants		1,656,820	130,781
Land Acquisition		-	-
B. Recurrent Costs			
Salaries	5	-	-
Project Audits		-	-
Operational Costs	5	-	-
C. Financing Charges			
Interest & Commitment Charges	3	503,234	1,611,505
Bank Chargers & WHT		3,122	3,226
Total Cash Payments		21,253,964	26,415,374
Cash at Beginning of Year		7,658,078	3,909,473
Increase in Cash		(2,008,300)	3,748,605
Cash at End of Year		5,649,778	7,658,078

The accompanying notes form an integral part of this Financial Statements

Certified to be correct Financial Statements


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Sonal Goundar
Chief Financial Officer - FRA



Kamal Prasad
Chief Executive Officer

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
 ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
 WORLD BANK – WB LOAN No. 8482 – FJ
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 FOR THE YEAR ENDED 31 JULY 2021**

Sub-Project/ Component Description	Notes	BUDGET ALLOCATION			FINANCING SOURCE Actuals For The Year Ended 31/07/2021			FINANCING SOURCE Actuals As At 31/07/2020			TOTAL PROJECT COST (ACTUALS)			VARIANCE (BUDGET - PROJECT COST)
		USD	FJD	FJD	ADB	WB	GOVT	ADB	WB	GOVT	ADB	WB	GOVT	
A. Investment Costs														
1. Civil Works	2	109,920,000	224,969,300	12,735,592	4,038,211	2,316,985	26,323,539	13,205,022	5,779,953	39,059,131	17,243,233	8,096,938	160,569,998	
2. Consultants	2	17,660,000	36,144,085	784,686	392,343	479,791	-	-	2,333,404	784,686	392,343	2,813,195	32,153,861	
3. Land Acquisition		7,500,000	15,349,980	-	-	-	-	-	-	-	-	-	15,349,980	
B. Recurrent Costs														
1. Salaries – PMU	5	2,050,000	4,195,661	-	-	-	-	-	-	-	-	-	4,195,661	
2. Project Audits		90,000	184,200	-	-	-	-	-	-	-	-	-	184,200	
3. Operational Costs	5	-	-	-	-	-	-	-	-	-	-	-	-	
C. Contingencies														
1. Physical		13,730,000	28,100,696	-	-	-	-	-	-	-	-	-	28,100,696	
2. Price		8,670,000	17,744,576	-	-	-	-	-	-	-	-	-	17,744,576	
Sub-Total		159,620,000	326,688,498	13,520,278	4,430,554	2,796,776	26,323,539	13,205,022	8,113,357	39,843,817	17,635,576	10,910,133	258,298,972	
D. Financing Charges														
1. Interest & Commitment Charges (100% funded by bank)	3	7,050,000	14,428,981	503,234	-	3,122	3,245,072	2,117,083	17,278	3,748,306	2,117,083	20,400	8,543,192	
Grand Total		166,670,000	341,117,479	14,023,512	4,430,554	2,799,898	29,568,611	15,322,105	8,130,635	43,592,123	19,752,659	10,930,533	266,842,164	

The accompanying notes form an integral part of this Financial Statements

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
WORLD BANK – WB LOAN No. 8482 – FJ
STATEMENT OF IMPREST AND DESIGNATED ACCOUNT
FOR THE YEAR ENDED 31 JULY 2021**

STATEMENT OF IMPREST ACCOUNT – ADB	Notes	31-Jul-21	31-Jul-20
		(\$)	(\$)
Opening Cash Balance		5,116,073	1,040,218
<u>Add Reimbursement</u>		-	4,423,992
<u>Less Payments</u>	2	(1,311,981)	(235,941)
Exchange Rate Gain		(67,420)	(112,196)
Net Cash Available		<u>3,736,672</u>	<u>5,116,073</u>
STATEMENT OF DESIGNATED ACCOUNT - WORLD BANK		31-Jul-21	31-Jul-20
		(\$)	(\$)
Opening Cash Balance		2,542,005	2,869,255
<u>Add Reimbursement</u>			
World Bank		-	2,264,066
Fiji Government			
<u>Less Payments</u>	2	(1,174,718)	(2,619,329)
Interest, WHT & Bank Chargers		27,092	28,013
Net Cash Available		<u>1,394,379</u>	<u>2,542,005</u>
Total Cash Available		<u>5,131,051</u>	<u>7,658,078</u>

The accompanying notes form an integral part of this Financial Statements

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
WORLD BANK – WB LOAN No. 8482 – FJ
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

1 GENERAL

- a) The Transport Infrastructure Investment [Sector] Project is a project of the Government of Fiji, estimate to cost US\$166.67 million. The project is being implemented with financial assistance from ADB Loan No. 3210-FIJ for US\$100 million, WB Loan No. 8482-FJ for US\$50 million and Government of Fiji Funds. The Project Management Unit at Fiji Roads Authority (FRA) (called the Implementing Agency) implements the project, effecting payments through the Ministry of Economy (called the Borrower and Executing Agency). The Project Management Unit of the FRA is responsible for the preparation of the Project Financial Statements.
- b) The loan drawdown process is on the basis of reimbursement claim, direct payment and through ADB's Imprest Fund Account and World Bank's Designated Account.

ADB loan proceeds are disbursed in accordance with ADB's Loan Disbursement Handbook (2012, as amended from time to time), and detailed arrangements agreed upon between the Government and ADB. Direct payment and reimbursement procedures are used for civil works and consulting services.

- c) The financial statements have been prepared in accordance with Cash Basis IPSAS, Financial Reporting Under the Cash Basis of Accounting.

The accounting policies have been applied consistently throughout the period.

- d) The project management unit of the FRA is responsible for the fair presentation of Financial Statements in accordance with generally accepted accounting principles and the Banks's guidelines, including appropriate disclosures where necessary. The project management unit of FRA maintains its records and prepares its financial statements on the cash basis of accounting. The projected Financial Statements for the year ended 31/07/2021 has been prepared on cash basis and data extracted are from the FRA's financial information system (Navision).
- e) The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of project expenditure. Actual results may differ from these estimates.
- f) The financial statements are presented in Fiji Dollars rounded to the nearest dollar.
- g) Provisions of the Income Tax Act, VAT Act, and the Fiji National Provident Fund Act have been duly complied with.
- h) The ADB Loan No. 3210-FIJ became effective on 27 March 2015 and WB Loan No. 8482-FJ became effective on 10 August 2016. The initial project financial loan closing date was on 30 November 2020. The revised closing dates are 30 November 2022 and 30 June 2023 for ADB and WB respectively.
- i) Relevant documentation relating to details of expenditure are maintained at project management unit of FRA. The Project Management Unit of FRA is not aware of any breaches or possible breaches of relevant legislations, contracts or agreements.

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
WORLD BANK – WB LOAN No. 8482 – FJ
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2 Civil Works

Contract No.	Description	31-Jul-21			TOTAL	31-Jul-20			TOTAL
		ADB (FJD)	WB (FJD)	GOVT (FJD)		ADB (FJD)	WB (FJD)	GOVT (FJD)	
FRA/TIISP/15/84	Construction of Village Street Lighting Works - Western Division	-	-	-	-	275,214	109,852	-	385,066
FRA/TIISP/15-63	Construction of Irish Crossing, Matewale	-	-	-	-	327,000	163,500	-	490,500
FRA/TIISP/18-02	Suva Arterial Roads Upgrading Project (SARUP II)	-	-	-	-	8,379,053	4,148,627	1,382,876	13,910,556
FRA/TIISP/16-19	Guardrail Improvement Works	-	-	6,661	6,661	-	-	-	-
FRA/TIISP/16-03	Road Reseals Programme of Roads In Western, Central and Northern Division of Fiji	4,732,583	1,737,320	838,040	7,307,943	4,122,127	2,293,730	677,118	7,092,975
FRA/TIISP/17-114	Vitilevu Crossing Renewal	527,295	263,648	4,982	795,925	1,621,729	810,865	358,171	2,790,765
FRA/TIISP/18-13A	TC YASA & ANA Recovery Works	-	231,476	77,159	308,635	-	-	-	-
FRA/TIISP/18-13B	TC YASA & ANA Recovery Works	-	339,662	113,221	452,883	-	-	-	-
FRA/TIISP/17-35A	TC YASA & ANA Recovery Works	-	-	30,969	30,969	-	-	-	-
FRA/TIISP/19-19A	KINGS ROAD Upgrading Project	2,932,209	1,466,105	488,702	4,887,016	-	-	-	-
FRA/TIISP/19-19B	KINGS ROAD Upgrading Project	4,543,505	-	757,251	5,300,756	-	-	-	-
FRA/TIISP/19-40	SARUP 2 - Geotechnical Engineering	-	-	7,700	7,700	-	-	-	-
FRA/TIISP/19-60	SARUP 2 - Topographical Survey	200,278	100,139	3,989	304,406	-	-	33,380	33,380
FRA/TIISP/19-39	SARUP 2 - Design Package	543,252	271,626	466,093	1,280,971	-	-	90,542	90,542
FRA/TIISP/19-38	SARUP 2 - Cadastral Survey	41,156	20,578	2,009	63,743	-	-	6,859	6,859
		13,520,278	4,430,554	2,796,776	20,747,608	14,725,123	7,526,574	2,548,946	24,800,643

The total of \$20,747,608 and \$24,800,643 for civil works has been derived by adding the project costs listed above for both years

Represented By:

Direct Payment	12,208,297	3,203,425	2,796,776	10,028,872	4,907,245	2,548,946
Reimbursement To FRA	-	571,138	-	4,460,310	-	-
Imprest/Designated Account	1,311,981	655,991	-	235,941	2,619,329	-

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
 ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
 WORLD BANK – WB LOAN No. 8482 – FJ
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2021**

2. Civil Works (con't)

(i) FRA/TIISP/15-63 Construction of Irish Crossing , Matewale

The construction of Matewale Crossing has been called off and this project won't go ahead to which both ADB and WB has agreed. The contract has been terminated and a final claim of \$545,000 has been accepted by the contractor which was subsequently paid off.

The reason for this is during the construction phase, firm ground for footing of the crossing couldn't be achieved. The box culverts already purchased by the contractor has been handed over to FRA to be utilized for future crossing.

(ii) FRA/TIISP/18-02 Suva Arterial Roads Upgrading Project II

SARUP II project has been terminated due to non - performance of the Contractor and FRA has managed to encash the Performance Bond of \$13.8M, and have also recovered the USD portion of Advance payment paid to the Contractor at the Commencement of the Project amounting to USD 3,448,927.43 (FJD \$7,546,887.15) and has been subsequently reimbursed to TIISP funds. However, the FJD portion amounting to FJD \$6,414,896.90 is in dispute by the Westpac Bank and the matter is currently being challenged in the High Court of Fiji.

(iii) FRA/TIISP/15-84 Village Street Lighting Works

The approved contract amount for this project was \$1,870,544. During the construction phase, additional sites were selected and consequently FRA board approved variations of \$280,503, bringing the total contract sum to \$2,151,047. For these variations no objections from ADB & WB was not obtained, thus this becomes outside the scope of TIISP funding. However, part of these variations were paid from World Bank designated account and Government share amounting to \$84,151.08 and \$28,050.37 respectively. \$84,151.08 was refunded back into the WB designated account in the 2021/2022 Financial Year.

(iv) FRA/TIISP/16-03 Road Reseals Programme of Roads in Western, Central and Northern Division of Fiji

One of the Interim Payment Certificate (IPC 18) was directly paid by World Bank to the contractor. This IPC was again claimed from the World Bank designated account and reimbursed to FRA capex account amounting to \$518,727.32. This amount was refunded back into the WB designated account in the 2021/2022 Financial Year. Statement of Cash Receipt and Statement of Designated Account shows a unreconciled variance of \$518,727.32, which is as a result of the above overdraw from the World Bank Designated Account.

3. FINANCING CHARGES

The total expenditure of F\$503,234 as at 31 July 2021, (2020: \$1,611,505) comprises of interest and commitment fee charged and is 100% funded by ADB and WB.

Asian Development Bank – ADB Loan No. 3210-FIJ	31-Jul-21	31-Jul-20
	503,234	935,236
World Bank – WB Loan No. 8482-FJ	-	676,269
	<u>503,234</u>	<u>1,611,505</u>

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210-FIJ
WORLD BANK – WB LOAN No. 8482 – FJ
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

4. RETENTION SUM

The Retention Sum deducted from progressive payments are deposited into the FRA HFC Trust Account. The details of the Retention deposits are as follows:

Project	Project Code	31-Jul-21	31-Jul-20
Guardrail Improvement Works	FRA 16/19A	-	66,607
Suva Arterial Roads Upgrade Project (SARUP 1)	FRA 16/01	-	1,249,027
Road Reseals Programme of Roads In Western, Central and Northern Division of Fiji	FRA 16/03	2,496,841	1,620,437
Total Retention Sum		2,496,841	2,936,071

5. RESTATEMENT OF 2020/2021 FINANCIAL STATEMENTS

The Statement of Comparison of Budget and Actuals Amounts and Statement of Cash Receipts and Payments in the years 2016 to 2019/2020 financial year were restated on the basis of incorrect recognition of Recurrent Costs (Salaries and Operational Cost). The matter arose as the recurrent costs were fully funded by operating grant received from Government of Fiji, however was being recorded in the TIISP Financials for the financial years 2016 to 2019/2020. FRA did not utilize TIISP funds for these Recurrent Costs, therefore, it does not fall part of TIISP Accounts. The correction of prior period discrepancies has resulted in a decrease in the following accounts in the Statement of Comparison and Budget and Actual Amounts and Statement of Cash Receipts and payments by \$1,871,450.

Cost Component	2020/2019	2019/2018	2018/2017	2017/2016	2016
Recurrent Costs	(\$)	(\$)	(\$)	(\$)	(\$)
1. Salaries – PMU	376,744	349,745	515,281	315,108	162,752
2. Operational Costs	40,583	38,035	44,467	18,030	10,705

6. SIGNIFICANT EVENT DURING THE YEAR

- (i) The economic disruption caused by the pandemic continues beyond the balance date following the second wave of the COVID-19 outbreak in April 2021, which will continue to impact the progress and timely completion of the project. The timely supply of building materials and personnel continues to be challenge. In the event that the COVID-19 pandemic impact is prolonged than anticipated, this may result in the reduction of the grant funding of government contribution in the subsequent financial years and extensions of timeline to complete the project.
- (ii) In the financial year 2021/22 budget the government share of 10% has been removed and the discussions are in place to front load the ADB & WB share of the contribution to utilize the loan much faster.

7. EVENT SUBSEQUENT TO BALANCE DATE

- (i) This is to note that the Project Administration Manual is currently under review, and once done the Budget allocated to Recurrent Costs and Contingencies shall be transferred to Investment Costs.
- (ii) The novel coronavirus (COVID-19) outbreak developed during the latter part of 2019 presents a significant challenge for Fiji and many countries including main trading partners of Fiji. Furthermore, the second wave of the outbreak on 25 April 2021 has started to affect the overall operations of the project for the financial year. The impact of COVID-19 pandemic adversely affected shipping and delivery of some equipment, materials, personnel and supply chain (production, shipping & delivery etc).