

**LIMITED LIABILITY COMPANY
VIDES INVESTĪCIJU FONDS
(ENVIRONMENTAL INVESTMENT
FUND)**

*Annual Report for the year 2017
prepared in accordance with International Financial
Reporting Standards as adopted by EU
and Independent Auditors' Report*

Riga, 2018

** This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, the original language version of financial statements takes precedence over this translation.*

ENVIRONMENTAL INVESTMENT FUND

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ENVIRONMENTAL INVESTMENT FUND

ANCILLARY INFORMATION

Title	Vides investīciju fonds (Environmental Investment Fund)
Legal status	Limited liability company
Registration number, place and date	40003339615, Riga, 28 April 1997
Legal and postal address	Gertrudes street 10/12, Riga, LV-1010, Latvia
Board Members of the company	Egils Zariņš Alda Ozola
Shareholder	Ministry of Environmental Protection and Regional Development – 100%
Period of reporting	1 January 2017 – 31 December 2017
Prior period of reporting	1 January 2016 – 31 December 2016
Independent auditors and their address	KPMG Baltics SIA Vesetas iela 7, Rīga, LV-1013 Latvia

ENVIRONMENTAL INVESTMENT FUND

MANAGEMENT REPORT

The past year for Vides investīciju fonds (hereinafter – Fund or Environmental Investment Fund) was important with development of two main fields of activities – supervision of implementation of projects co-financed by Climate Change Financial Instrument (hereinafter – CCFI) and management of cross-border cooperation projects.

Total volume of administrated resources under the Emission Allowances Finance Instrument implementation supervision in 2017 reached almost 33 million euro within 2 tenders. Supervision of implementation of projects co-financed by the Emission Allowances Finance Instrument will be the main Fund's activity also in the 2018. In 2017 the Fund was only monitoring CCFI projects, as the implementation has been finalized.

The Fund has accumulated extensive experience and capacity on environmental projects implementation supervision and post-implementation monitoring as well as on development of financing mechanisms for environmental projects implementation. The Fund is involved in implementation of 9 cross-border cooperation projects. Topics covered by these projects are related to promotion of energy efficiency and use of renewable energy resources.

The Fund closed the year 2017 with a loss of 89 503 euro and assets exceeding 6.57 million euro. The Fund does not foresee any substantial changes in its operations and intends to maintain its operation at the level of previous years.

The Board suggests to transfer the loss for the reporting year 2017 to “Retained earnings”.

It is already the fourteen year since the quality management system in accordance with the ISO 9001 standard was introduced in the Fund. On 17 January, 2018 the supervision audit took place and no substantial non-compliance instances were identified, proving that the system is running successfully. The results of this audit indicate that the quality management system implemented in the Fund works successfully. Compliance with the established procedures ensures that the Fund is not materially affected by such risks as market price risk, credit risk, liquidity risk and cash flow risk (see Note 18).

We are confident that year 2018 will be significant for the Fund and our clients with new opportunities for implementation of environmental projects.



Egils Zariņš
Chairperson of the Board



Alda Ozola
Board member

Riga,
25 April 2018

ENVIRONMENTAL INVESTMENT FUND

REPRESENTATIVE OF STATE CAPITAL SHAREHOLDER AND BOARD

As at the date of signing of the financial statements:

Representative of State capital shareholder

<i>Name, Surname</i>	<i>Position</i>	<i>Date of appointment</i>
Rinalds Muciņš	Representative of State capital shareholder	7 March, 2016

The Board

<i>Name, Surname</i>	<i>Position</i>	<i>Date of appointment</i>
Egils Zariņš	Chairperson of the Board	1 March, 2015
Alda Ozola	Board member	5 January, 2018

Resignations between 1 January 2017 and the date of signing the financial statements:

The Board

<i>Name, Surname</i>	<i>Position</i>	<i>Date of appointment</i>	<i>Date of resignation</i>
Ronalds Neimanis	Board member	1 March, 2015	31 December, 2017

ENVIRONMENTAL INVESTMENT FUND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management is responsible for preparing the financial statements from the books of prime entry of the Fund for each financial period, that present fairly the state of affairs of the Fund as at the end of the financial period and the results of its operations and cash flows for that period.

The management confirms that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements on pages 10 to 25 for the years ended 31 December 2017 and 2016. The management also confirms that applicable International Financial Reporting Standards as adopted by EU have been followed and that the financial statements have been prepared on a going concern basis.

The management is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities. They are also responsible for operating the Fund in compliance with legislation of the Republic of Latvia.

On behalf of the management,



Egils Zariņš
Chairperson of the Board



Aida Ozola
Board member

Riga,
25 April 2018



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Independent Auditors' Report

To the shareholder of SIA "Vides investīciju fonds"

Report on the Audit of the Financial Statements

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of SIA "Vides investīciju fonds" ("the Fund") set out on pages 10 to 26 of the accompanying Annual Report, which comprise:

- the statement of financial position as at 31 December 2017,
- the statement of comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA "Vides investīciju fonds" as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

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

Reporting on Other Information

The Fund's management is responsible for the other information. The other information comprises:

- Information about the Fund, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on page 4 of the accompanying Annual Report,
- the Statement on Management Responsibility, as set out on page 6 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as



described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Fund and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our 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 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 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 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund 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 a fair presentation.

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.

KPMG Baltics SIA
License No. 55

Ondrej Fikrle
Partner pp KPMG Baltics SIA
Riga, Latvia

25 April 2018

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails

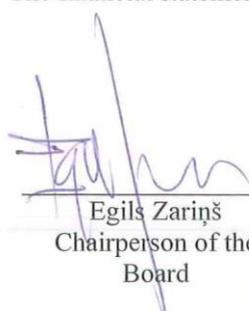
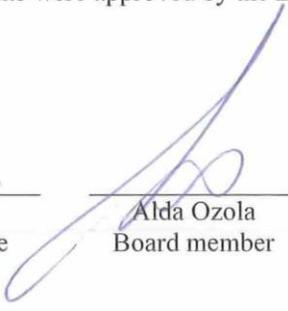
ENVIRONMENTAL INVESTMENT FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS 2017 AND 2016

	Note	01.01.2016. – 31.12.2016. euro	01.01.2015. – 31.12.2015. euro
<i>Operating income</i>			
Interest income	3	42 873	76 266
Net interest income		42 873	76 266
<i>Other income</i>			
Other income, net	4	178 336	198 828
TOTAL OPERATING INCOME		221 209	275 094
<i>Operating expense</i>			
Administrative expense	5	(307 375)	(346 560)
Depreciation	12	(4 556)	(5 036)
TOTAL OPERATING EXPENSE		(311 931)	(351 596)
GROSS LOSS BEFORE TAXES		(90 722)	(76 502)
Corporate income tax	16	-	-
Deferred corporate income tax	16	1 219	(1 440)
LOSS FOR THE YEAR		(89 503)	(77 942)
Other items of comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(89 503)	(77 942)

The accompanying notes on pages 14 to 25 are an integral part of the financial statements.

The financial statements were approved by the Board on 25 April 2018 and signed by:

 _____ Egils Zariņš Chairperson of the Board	 _____ Alda Ozola Board member	 _____ Gints Kārklīšs Chief Accountant
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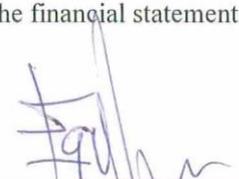
ENVIRONMENTAL INVESTMENT FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 2016

	Note	31.12.2016. euro	31.12.2015. euro
ASSETS			
<i>CURRENT ASSETS</i>			
Cash and cash equivalents	7	3 206 164	2 490 559
Corporate income tax receivable		1 279	1 279
Other current assets	8	18 081	16 405
Loans to customers	9	503 439	696 472
Accrued income	10	-	68 457
TOTAL		3 728 963	3 273 172
<i>NON-CURRENT ASSETS</i>			
Property, plant and equipment	12	6 393	9 822
Loans to customers	9	2 837 608	3 379 263
TOTAL		2 844 001	3 389 085
TOTAL ASSETS		6 572 964	6 662 257
LIABILITIES AND EQUITY			
<i>CURRENT LIABILITIES</i>			
Other loans	13	32 356	32 356
Deferred income	14	134 171	132 443
Accrued liabilities		15 657	15 848
Deferred corporate income tax liability	16	-	1 219
Accounts payable to suppliers and contractors		6 878	6 986
TOTAL		189 062	188 852
<i>SHAREHOLDER'S EQUITY</i>			
Share capital	15	6 299 332	6 299 332
Retained earnings		84 570	174 073
TOTAL SHAREHOLDER'S EQUITY		6 383 902	6 473 405
TOTAL LIABILITIES AND EQUITY		6 572 964	6 662 257

The accompanying notes on pages 14 to 25 are an integral part of the financial statements.

The financial statements were approved by the Board on 25 April 2018 and signed by:

 _____ Egils Zariņš Chairperson of the Board	 _____ Ālda Ozola Board member	 _____ Gints Kārklīšs Chief Accountant
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ENVIRONMENTAL INVESTMENT FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS 2017 AND 2016

	Share capital euro	Retained earnings euro	Total euro
As at 31 December 2015	6 299 332	252 814	6 552 146
Dividends	-	(799)	(799)
Profit for the year	-	(77 942)	(77 942)
As at 31 December 2016	6 299 332	174 073	6 473 405
Loss for the year	-	(89 503)	(89 503)
As at 31 December 2017	6 299 332	84 570	6 383 902

The accompanying notes on pages 14 to 25 are an integral part of the financial statements.

The financial statements were approved by the Board on 25 April 2018 and signed by:


Egils Zariņš
Chairperson of the
Board


Alda Ozola
Board member


Gints Kārklīš
Chief Accountant

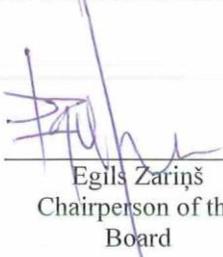
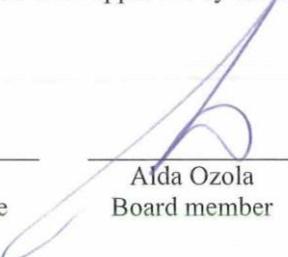
ENVIRONMENTAL INVESTMENT FUND

CASH FLOW STATEMENT FOR THE YEARS 2017 AND 2016

	Note	01.01.2017. – 31.12.2017. euro	01.01.2016. – 31.12.2016. euro
<i>Cash flows from operating activities</i>			
Loss for the year before taxes		(90 722)	(76 502)
Depreciation of Property, plant and equipment	12	4 556	5 036
Interest income	3	(42 873)	(76 266)
Net cash flow before changes in current items		(129 039)	(147 732)
<i>Cash flows from current items</i>			
Decrease/(increase) in other current assets		67 452	(19 042)
Decrease in accounts payable		1 429	20 755
Cash flow from operating activities		(60 158)	(146 019)
Corporate income tax payments	16	-	(2 900)
Net cash flow from operating activities		(60 158)	(148 919)
<i>Cash flows used in investing activities</i>			
Purchases of Property, plant and equipment	12	(1 798)	-
Loan repayments received		730 162	1 007 422
Interest payments received		47 399	61 737
Net cash flow used in investing activities		775 763	1 069 159
<i>Cash flows used in financing activities</i>			
Dividends		-	(799)
Net cash flow used in financing activities		-	(799)
Increase in cash and cash equivalents		715 605	919 441
Cash and cash equivalents at the beginning of the year		2 490 559	1 571 118
Cash and cash equivalents at the end of the year	7	3 206 164	2 490 559

The accompanying notes on pages 14 to 25 are an integral part of the financial statements.

The financial statements were approved by the Board on 25 April 2018 and signed by:

		
Egils Zariņš Chairperson of the Board	Aida Ozola Board member	Gints Kārklīšs Chief Accountant

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

1. GENERAL INFORMATION

The Environmental Investment Fund ("the Fund") was registered on 28 April 1997. The Ministry of Environment established the Fund based on an Order of the Cabinet of Ministers of the Republic of Latvia. The Fund is a limited liability company, which is governed by its own Charter and by the legislation of the Republic of Latvia. The Fund has been established to pool domestic funding with foreign funding to finance environmentally friendly projects by lending financial resources to public and private sector projects.

The activities of the Fund are:

- the participation in projects which yield a significant environmental benefit;
- the development and design of environmental projects;
- the monitoring implementation and operation of the projects;
- the popularisation of environmental activities.

The financial statements for the year ended 31 December 2017 were approved by the Board on 25 April 2018. These financial statements may be amended by the shareholder.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union and their interpretations.

The monetary unit used in the financial statements is euro (EUR) which is also the functional currency of the Fund. The financial statements cover the period 1 January 2017 through 31 December 2017.

Basis of preparation

Standards and Interpretations effective in the current period

Except for the changes below, the Fund has consistently applied the accounting policies to all periods presented in these financial statements.

The Fund has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with date of initial application of 1 January 2017.

The following guidance with effective date of 1 January 2017 did not have any impact on these financial statements:

- Amendments to IAS 7
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to IFRSs.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. Those which may be relevant to the Fund are set out below. The Fund does not plan to adopt these standards early.

(i) IFRS 9 Financial Instruments (2014) (effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively with some exemptions. The restatement of prior periods is not required, and is permitted only if information is available without the use of hindsight. Earlier application is permitted.)

This Standard replaces IAS 39, Financial Instruments: Recognition and Measurement, except that it is still permitted, to apply hedge accounting according to IAS 39 and entities have an accounting policy choice between IFRS 9 and IAS 39.

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A financial asset is measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, an entity may elect to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that impairment allowances will need to be recognised before a loss event.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgement will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding risk management and hedging activities will be required.

It is expected that IFRS 9 will not significantly impact the Fund's financial statements. Due to the nature of the Fund's operations and the types of financial instruments it holds, the classification and measurement of the Fund's financial assets is not expected to change significantly under IFRS 9. The Fund believes that impairment losses could increase as losses are expected to become more volatile for assets that qualify for the ECL model. The Fund has not yet completed the development of impairment methodology in accordance with IFRS 9.

(ii) IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.)

The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control over goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Although it has not yet fully completed its initial assessment of the potential impact of IFRS 15 on the Fund's financial statements, management does not expect that the new Standard, when initially applied, will not have material impact on the Fund's financial statements. The timing and measurement of the Fund's revenues are not expected to change under IFRS 15 because of the nature of the Fund's operations and the types of revenues it earns.

(iii) IFRS 16 Leases – (Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15.)

IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

The new Standard introduces a number of limited scope exceptions for lessees which include:

- leases with a lease term of 12 months or less and containing no purchase options, and
- leases where the underlying asset has a low value ('small-ticket' leases).

Lessor accounting shall remain largely unaffected by the introduction of the new Standard and the distinction between operating and finance leases will be retained.

The Fund expects that the new standard, when initially applied, will have an impact on the financial statements as the Fund will be required to recognise on its statement of financial position assets and liabilities relating to lease agreements under which the Fund is a lessee. The Fund has signed a lease agreement on premises that falls in the scope of IFRS 16. The Fund has not yet completed the development of impairment methodology in accordance with IFRS 16.

(iv) Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively. Early application is permitted.)

The amendments clarify share-based payment accounting on the following areas:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

The Fund expects that the amendments, when initially applied, will not have a material impact on the financial statements as the Company does not enter into share-based payment transactions.

(v) Amendments to IAS 40: Reclassification of investment property.

The amendments set out the principle for transfers into, or out of, investment property in IAS 40 Investment Property to specify that such a transfer should only be made when there has been a change in the use of the property. Based on the amendments a transfer is made when and only when there is an actual change in use – i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in the use. A change in management intention alone does not support a transfer.

It is expected that the amendments, when initially applied, will not have a material impact on the Fund's financial statements as the Fund does not expect to reclassify its investment property.

(vi) IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018).

The Interpretation clarifies how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. In such circumstances, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The Fund does not expect that the interpretation, when initially applied, will have material impact on the financial statements as the Fund does not have non-monetary assets or non-monetary liabilities arising from the payment or receipt of advance consideration.

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(vii) Annual improvements to IFRS.

Annual improvements to IFRSs 2014-2016 cycle introduce two amendments to two standards and consequential amendments to other standards and interpretations that result in accounting changes for presentation, recognition or measurement purposes. Amendments on IAS 28 Investments in Associates and Joint Ventures and amendments to IFRS 1 First time adoption of IFRS are effective for reporting periods beginning on or after 1 January 2018; to be applied retrospectively. Early application is permitted.

The Fund does not expect that the amendments, when initially applied, will have material impact on the financial statements, as the Fund does not associated companies or joint ventures, and first time adoption of international financial reporting standards does not apply to the Fund.

Reporting Currency

The financial statements are presented in the euro (EUR) unless otherwise stated.

Foreign currency

The accompanying financial statements are presented in the Euro currency (hereinafter – EUR or euro), which is the Company's functional and presentation currency.

All transactions denominated in foreign currencies are translated into the EUR at the European Central Bank rate of exchange prevailing on the transaction day. At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the European Central Bank rate of exchange prevailing on 31 December 2017.

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies into the EUR are recognised in the statement of comprehensive income.

Loans and borrowings

Loans and borrowings are accounted at initial value determined by adding expenses related to loan disbursement or subtracting costs of receiving a borrowing. Afterwards loans and borrowings are accounted at amortized value using the effective interest rate method. Amortized value is determined taking into account loan disbursement or borrowing approval costs as well as any other discounts or premiums related to loans or borrowings. Profit or loss from amortization is disclosed in the statement of comprehensive income as interest income and expenses.

Provisions for doubtful debts

The management Board has considered risk in determining the balance of provisions and possible loan losses. Provisions for loan losses as at the reporting date represent the estimated amounts of losses that have been incurred at the reporting date. The value of the collateral held in connection with the loan is based on its estimated realisable value and is taken into account when estimating the required provisions. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The level of the provisions is based on estimates considering known relevant factors affecting loan recoverability and collateral values. Ultimate losses may vary from the current estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported as charges in the period in which they become known. Loans are stated net of provisions.

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful life of the assets. The rates per annum are as follows:

Fixtures and fittings	10%
Computers and office equipment	20%
Miscellaneous office assets	30%–50%

Repairs and renewals are charged to the statement of comprehensive income as incurred. Property, plant and equipment that cost in excess of 71 euro are capitalised. Profits and losses arising on the disposal of property, plant and equipment are reflected in the statement of comprehensive income in the year of disposal.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with the original maturity of less than three months. Statement of cash flows is prepared in accordance with indirect method.

Grants

Grants to be utilized in less than one year are transferred to income in order to match them with the related costs, which they are intended to compensate. Grants are recognized as income based on received approvals for related expenses. Fixed assets received as grants are recognised in the financial statements according to the income method. Income is recognized in the statement of comprehensive income over the period of the useful life of the related fixed assets in order to match the grants to the related depreciation of the fixed assets, which they are intended to compensate for.

Income recognition

Income is recognized in accordance with the Fund's expectations to gain economic benefit and to the extent it is reasonably justifiable. Interest income is recognized in the period it is earned. CCFI income, income from co-financing for development cooperation projects, commissions, fees and other income/ expenses are recognized when earned/ incurred. Project sponsor perform control over project expenses.

Related parties

Related parties are defined as shareholders, employees, Board members, their close relatives and companies, in which the above persons are involved in.

Use of estimates

In the process of preparation of the financial statements, the management has to make some judgments and assumptions, which has effect on certain items of the financial statements. Therefore, actual results may differ from those estimates.

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty which exist at the reporting date of the financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period:

- *Useful lives of property, plant and equipment* – Useful lives of property, plant and equipment are assessed at each balance sheet date and changed, if necessary, to reflect the Fund's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic utilisation of the assets and their physical condition.
- *Carrying amounts of issued loans* – The Fund's management evaluates the carrying amounts of issued loans and evaluates their recoverability, recognising allowance for doubtful loans, if necessary. The Fund's management has evaluated the issued loans and considers that it is not necessary to make additional allowance as of 31 December 2016.
- *Income from compensation for implementation monitoring function* – The Fund's management estimates the amount of income to be recognised based on expenses incurred. Income from compensation is not recognised if the expenses are not related to the respective projects and are not expected to be compensated.

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation

The Fund was exempt from corporate income tax under provisions set out in the Act On Non-profit Organisations till the Fund reorganization. Starting from 21 October 2004 the Fund has to pay corporate income tax and dividends for use of the state capital. The Fund is not registered as a Value Added Taxpayer.

Corporate income tax

Corporate income tax is calculated by applying statutory tax rate of the Republic of Latvia (15%) to taxable income in the reporting period.

Deferred corporate income tax, which arises from temporary differences including some items on tax declaration form and in this financial statement, is calculated using the liability method. Deferred corporate tax asset is estimated based on tax rates expected to be effective when short-term differences will cease to exist. Main temporary differences arise from different property, plant and equipment depreciation rates used for accounting and tax purposes and specific for tax purposes not deductible expenses.

Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Subsequent events

Post-year-end events that provide additional information about the Fund's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

Vacation reserve

Accruals for vacation reserve are determined by multiplying average salary of an employee for the last 6 month with the number of unused vacation days. Social security tax for calculated benefit is accrued respectively.

3. INTEREST INCOME

	01.01.2017. – 31.12.2017.	01.01.2016. – 31.12.2016.
	<i>euro</i>	<i>euro</i>
Interest income from loans to customers	42 873	76 266
Total	42 873	76 266

The interest rates for deposits in banks for the years ended 31 December 2017 and 2016 where 0%. Interest rates for loans disbursed are disclosed in Note 9.

4. OTHER INCOME

	01.01.2017. – 31.12.2017.	01.01.2016. – 31.12.2016.
	euro	euro
Co-financing for development cooperation projects	72 019	88 651
Compensation for EAFI implementation monitoring function	56 414	73 445
Compensation for CCFI implementation monitoring function	49 903	35 472
Other income	-	1 260
Total	178 336	198 828

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

5. ADMINISTRATIVE EXPENSE

	01.01.2017. – 31.12.2017. euro	01.01.2016. – 31.12.2016. euro
Personnel costs:		
– salaries	129 564	143 015
– state obligatory social security payments	30 564	34 780
Board costs:		
– salaries	53 959	58 111
– state obligatory social security payments	12 729	12 666
Office rent and public utilities	43 177	42 758
Business trips	13 308	14 174
Audit fee	5 808	5 808
Communications	3 747	4 275
Office supplies and stationary	4 405	3 738
Provisions for vacation expense	(191)	3 401
Other administrative expense	10 305	23 834
Total	<u>307 375</u>	<u>346 560</u>

The average number of persons employed by the Fund excluding the Members of the Board and Representative of State capital shareholder during the year ended 31 December 2017 was 9 (in year that ended 31.12.2016: 12).

6. PROFIT FOR THE YEAR

Pursuant to the Law On Management of The Public person shares and companies the Fund transfers 90% of net profit to the state budget as dividends.

7. CASH AND CASH EQUIVALENTS

	31.12.2017. euro	31.12.2016. euro
Balances with banks		
- EUR current account	3 205 577	2 490 166
- credit card	553	359
Cash on hand	34	34
Total	<u>3 206 164</u>	<u>2 490 559</u>

8. OTHER CURRENT ASSETS

	31.12.2017. euro	31.12.2016. euro
Tax prepayments	7 481	7 481
Security deposit for office rent	5 565	5 565
Prepaid expense	4 943	3 267
Other assets	92	92
Total	<u>18 081</u>	<u>16 405</u>

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

9. LOANS TO CUSTOMERS

	31.12.2017. euro	31.12.2016. euro
<i>Remaining maturity</i>		
Accrued interest income receivable within less than 1 year	6 999	11 525
Less than one year	496 440	684 947
Within one to five years	1 086 931	1 337 530
Within five to ten years	865 955	1 024 138
More than ten years	927 408	1 060 281
Total	3 383 733	4 118 421
Provisions for doubtful debts (Note 11)	(42 686)	(42 686)
Total, net	3 341 047	4 075 735

Analysis by sector

Water and waste water treatment	3 037 262	3 485 652
Environment friendly heat supply	334 492	608 865
Insulation of buildings	4 980	12 379
Accrued interest income	6 999	11 525
Total	3 383 733	4 118 421
Provisions for doubtful debts (Note 11)	(42 686)	(42 686)
Total, net	3 341 047	4 075 735

Customer analysis

Municipalities	653 950	923 250
Municipal companies	2 722 784	3 183 646
Accrued interest income	6 999	11 525
Total	3 383 733	4 118 421
Provisions for doubtful debts (Note 11)	(42 686)	(42 686)
Total, net	3 341 047	4 075 735

	31.12.2017.		31.12.2016.	
	Currency	euro	Currency	euro
<i>Currency analysis</i>				
Euro	3 376 734	3 376 734	4 106 896	4 106 896
Total		3 376 734		4 106 896
Provisions for doubtful debts (Note 11)		(42 686)		(42 686)
Total, net		3 334 048		4 064 210

	31.12.2017.		31.12.2016.	
	Number	euro	Number	euro
<i>Loan size analysis excluding accrued interest income</i>				
Up to 10 000	26	125 875	23	136 867
10 000 – 50 000	18	556 857	26	645 197
50 000 – 250 000	17	2 037 915	23	2 628 796
Over 250 000	2	656 087	2	696 036
Total	63	3 376 734	74	4 106 896
Provisions for doubtful debts (Note 11)		(42 686)		(42 686)
Total, net	63	3 334 048	74	4 064 210

As of 31 December 2017 and 2016 there were no overdue payments. Information on collateral types is disclosed in note 18.

The interest rates on loans ranged from 0.150% to 5.000%. The loans have fixed and variable interest rate. For loans with variable interest rate, interest rate for the next year is set by the Board of the Fund on the last day of previous period based on actual interest rate for State Treasury loans denominated in the national currency in the particular period that is published on State Treasury home page www.kase.gov.lv and that is decreased by 0.1%.

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

10. ACCRUED INCOME

	31.12.2017. euro	31.12.2016. euro
Accrued income on co-financing for development cooperation projects	-	68 457
Total	-	68 457

11. PROVISIONS FOR DOUBTFUL DEBTS

	01.01.2017. – 31.12.2017. euro	01.01.2016. – 31.12.2016. euro
At the beginning of the year	42 686	42 686
Change	-	-
At the end of the year	42 686	42 686

12. PROPERTY, PLANT AND EQUIPMENT

	Computer and office equipment euro	Fixtures and fittings euro	Total euro
<i>Historical cost</i>			
At 31 December 2015	56 994	38 905	95 899
Additions	(12 918)	(2 470)	(15 388)
At 31 December 2016	44 076	36 435	80 511
Additions	1 798	-	1 798
Disposal	(8 748)	(4 322)	(13 070)
At 31 December 2017	37 126	32 113	69 239
<i>Accumulated depreciation</i>			
At 31 December 2015	52 573	28 468	81 041
Charge for the year	3 264	1 772	5 036
Disposal	(12 918)	(2 470)	(15 388)
At 31 December 2016	42 919	27 770	70 689
Charge for the year	1 327	3 229	4 556
Disposal	(8 077)	(4 322)	(12 399)
At 31 December 2017	36 169	26 677	62 846
<i>Net book value</i>			
At 31 December 2016	1 157	8 665	9 822
At 31 December 2017	957	5 436	6 393

As at 31 December 2017 the fixed assets with historical cost of 53 517 euro (31 December 2016: 59 354 euro) are fully depreciated but still used by the Fund in daily operations.

13. OTHER LOANS

EU Phare Financing Agreement, number LE9704.02.03/ 0001/ MAIN, for 2 million euro was signed on 24 October 2000. The purpose of the financing is to assist the operation of Environmental Credit Scheme set up under the Phare 1997 Financing Memorandum between the Government of the Republic of Latvia and the Commission of the European Communities for the Country Operational Programme for Latvia 1997. Interest is not charged on funds disbursed under the Phare Financing Agreement. Amount transferred to Fund for realization of project based on agreement and reflected in the statement of financial position as at 31 December 2016 and 2015 amounts to 32 356 euro.

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

14. DEFERRED INCOME

	31.12.2017.	31.12.2016.
	euro	euro
Co-financing for development cooperation projects	105 389	127 205
Financing of Emission Allowances Finance Instrument	28 782	5 238
Total	134 171	132 443

There are no any unfulfilled conditions and other contingencies attaching to those financing grants.

Emission Allowances Finance Instrument (EAFI) financing

On 23rd March 2016, an agreement between the Fund and the Ministry of Environmental Protection and Regional Development (MEPRD) on implementation of delegation functions of Emission Allowances Finance Instrument was signed. Additional unaudited information on the project is disclosed on page 28.

15. SHARE CAPITAL

As of 31 December 2017 and 2016 the Fund's fully paid share capital was LVL 4 427 196 (6 299 332 EUR) consisting of 4 427 196 ordinary shares and the nominal value of ordinary share was LVL 1 each. As of 31 December 2016 and 31 December 2015 there was no earnings per share. Share capital of the Fund is fully paid. Sole shareholder of the Fund is Ministry of Environmental Protection and Regional Development.

16. CORPORATE INCOME TAX AND DEFERRED CORPORATE INCOME TAX

Corporate income tax

	01.01.2017. – 31.12.2017.	01.01.2016. – 31.12.2016.
	euro	euro
Corporate income tax for the year	-	-
Deferred corporate income tax		
Deferred corporate income tax as a result of temporary differences	-	1 440
Current and deferred corporate income tax for period	-	1 440

Deferred corporate income tax:

	31.12.2017.	31.12.2016.
	euro	euro
Difference between fixed assets value in financial and tax accounting	-	1 219
Temporary differences on provisions for vacation	-	-
Accrued corporate income tax losses	-	(86 150)
Unrecognized deferred corporate income tax asset	-	86 150
Deferred corporate income tax liability/(asset), net	-	1 219

Tax losses have been generated starting from 2015. The Fund has chosen to stay prudent and not to recognize deferred tax asset from tax losses as the Fund does not have sufficient conviction that in the future the Fund will have sufficient taxable profit to utilise the accumulated tax losses.

Effective income tax rate reconciliation:

	01.01.2017. – 31.12.2017.	01.01.2016. – 31.12.2016.
	euro	euro
Loss before taxes	(90 722)	(76 502)
Theoretically calculated corporate income tax 15%	(13 608)	(11 475)
Unrecognized deferred corporate income tax asset	12 389	12 915
Actual and deferred corporate income tax for period	(1 219)	1 440
Effective tax rate	(1.3%)	(1.9%)

On 28 July 2017, Latvian parliament passed amendments to the Latvian tax legislations which became effective on 1 January 2018. The amendments concern corporate income tax regime and certain other taxes in Latvia. Up to this date corporate income tax in Latvia was payable on taxable profits and the taxable profits could be partially offset by tax loss carry forward from previous tax periods.

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

16. CORPORATE INCOME TAX AND DEFERRED CORPORATE INCOME TAX (CONT'D)

The new regime introduces a concept where corporate income tax is payable only on dividend pay-outs (irrespective of profits in the particular period) and certain expenses which for tax purposes are considered earnings distributions (e.g. non-business expenses and representative expenses that exceed specific threshold). In accordance with the amendments, for profits, which are generated within Latvian jurisdiction and are not paid out in dividends, corporate income tax from 1 January 2018 is not payable.

The current version of the amended tax legislation retains certain conditional transitional provisions where the new tax does not apply to distribution of retained earnings from previous tax regime (currently no expiry date) and unutilised tax losses may be offset against certain tax payables (5 year expiry date). The Company, in case dividends were to be distributed, might have positive tax benefits from these transitional provisions, but as deferred tax is calculated on tax rate which applies to undistributed earnings, no deferred tax asset may be recognised until actual distribution.

The Company has completely derecognised previously recognized deferred Income tax due to changes of legislation.

17. OFF BALANCE SHEET ITEMS

As at 31 December 2017 and 2016 the Fund did not have off-balance sheet commitments or contingencies.

18. FINANCIAL RISK MANAGEMENT

The main financial instruments of the Fund are loans, cash and short-term deposits. The other financial instruments of the Fund are accounts receivable and other debtors, accounts payable to suppliers and contractors and other creditors, which directly arise from the Fund's activities.

The main financial risks arising from the Fund's financial instruments are credit risk, market price risk, liquidity risk, interest rate risk and currency risk.

Interest rate risk

The Fund is exposed to interest rate risk. The interest rate on the loans issued by the Fund is disclosed in Note 9.

Credit risk

The Fund is vulnerable to credit risk relating to disbursed loans and cash and its equivalents. The policy of the Fund controls the credit risk by constantly monitoring each client individually to minimize the possibility of the bad debts. The Fund's employees review each loan application and report on decision is submitted to the Board. Loans are secured by pledge of real estate, by third party guarantee or municipal guarantees. The Fund disburses loans in accordance with the terms of the loan agreement by paying invoices based on signed contracts for supply of services or acquisition of equipment.. All procurements financed by the Fund must follow principles of the Law Public Procurement. The Fund's employees make regular site visits.

The maximum exposure to credit risk for financial instruments:

	31.12.2017.		31.12.2016.	
	Gross euro	Net euro	Gross euro	Net euro
Neither past due nor impaired				
Cash and cash equivalents	3 206 164	3 206 164	2 490 559	2 490 559
Loans to customers	3 383 733	3 341 047	4 118 421	4 075 735
Total	6 589 897	6 547 211	6 608 980	6 566 294
Received warranties / guarantee's on loans issued			31.12.2017.	31.12.2016.
			euro	euro
Municipality guarantee (borrowers are municipal companies)			2 640 112	3 083 575
Municipality budget (borrowers are municipalities)			653 950	923 250
Commercial pledge (borrowers are municipal companies)			82 672	100 071
Total			3 376 734	4 106 896

ENVIRONMENTAL INVESTMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 2017 AND 2016

18. FINANCIAL RISK MANAGEMENT (CONT'D)

Market price risk

It is the policy of the Fund to ensure a minimal risk when it engages into transactions that could be subject to market price fluctuations. Funds not yet disbursed to customers are held as bank deposits if possible.

Liquidity risk

The Fund controls liquidity risk by maintaining sufficient level of cash and its equivalents and controlling disbursement/ prepayment of loans.

Currency risk

It is the policy of the Fund to ensure a minimal risk when it engages into transactions that could be subject to exchange rate fluctuations. Since the major part of transactions are made euro, foreign currency risk is not significant.

Operational risk

The Fund's activities also involve other types of risks that may cause unexpected losses. The cause of such risks, for example, may be human errors or fraud, information system problems and insufficient internal control and procedures. The Fund's management supervises, and the respective specialists monitor and control the above mentioned risks.

Fair values

The carrying amounts of all financial assets and liabilities approximate to their fair value.

19. RELATED PARTY DISCLOSURES

The Company has entered into transactions with companies with state shareholding. The major transactions are with SIA Latt telecom, SIA Latvijas Mobilais Telefons. All transactions are related to the core activities of the respective parties.

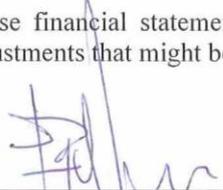
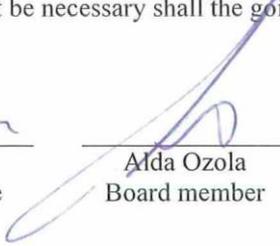
20. SUBSEQUENT EVENTS

As of the last day of the reporting year until the date of signing these financial statements, there have been no events requiring adjustment of or disclosure in the financial statements or notes thereto.

21. GOING CONCERN

Supervision of implementation of projects co-financed by the Climate Change Finance Instrument and the Emission Allowances Finance Instrument will be the main Fund's activity also in 2018. Starting from the second half of the year 2018 the Fund expects to expand its services and provide financing within ESCO project.

These financial statements have been prepared in accordance with going concern principle and contain no adjustments that might be necessary shall the going concern principle be not applicable.

 _____ Egils Zariņš Chairperson of the Board	 _____ Aida Ozola Board member	 _____ Gints Karkliņš Chief Accountant
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ENVIRONMENTAL INVESTMENT FUND

UNAUDITED FINANCIAL INFORMATION FOR THE YEARS 2017 AND 2016

Unaudited financial information

The Fund provides the realization of following main tasks:

- develops guidelines for project monitoring for the CCFI funding recipients,
- organizes seminars for the CCFI funding recipients about preparation of the monitoring and realization of publicity activities,
- provides recommendations to the MEPRD about amendment in project,
- performs risk assessments of project, prepares an annual plan for the inspections at projects implementation sites, as well as carry out inspections,
- examines and approves reports submitted by the CCFI funding recipients,
- publishes information about projects in the Fund website,
- accumulates information on projects,
- monitors information and publicity activities in project, including at the project implementation site,
- provides consultations to the CCFI funding recipients about fulfilling project agreement conditions.

	01.01.2017. – 31.12.2017. euro	01.01.2016. – 31.12.2016. euro
Personnel costs:		
– salaries	34 201	23 648
– state obligatory social security payments	8 068	5 579
Business trips	4 017	3 042
Communications	2 133	1 135
Office rent and public utilities	520	600
Depreciation	509	1 167
Office supplies and stationary	350	149
Other administrative expense	105	152
Total	49 903	35 472
State budget assignments	49 903	35 472
Disclosed in income statement	-	-

ENVIRONMENTAL INVESTMENT FUND

UNAUDITED FINANCIAL INFORMATION FOR THE YEARS 2017 AND 2016

Emission Allowances Finance Instrument (EAFI) financing

The Fund provides the realization of following main tasks:

- participates in the seminars organized by the MEPRD for project applicants by providing information regarding the implementation of projects,
- develops guidelines for project implementation and monitoring for the EAFI funding recipients,
- organizes seminars for the EAFI project applicants about project proposal preparation and for the EAFI funding recipients about project implementation, preparation of the reports, monitoring and realization of publicity activities,
- prepares project agreements based on the MEPRD decision of project application approval,
- provides recommendations to the MEPRD about amendment in project,
- performs risk assessments of project, prepares an annual plan for the inspections at projects implementation sites, as well as carry out inspections,
- examines and approves reports submitted by the EAFI funding recipients,
- examines payment requests, as well as gives resolution on eligibility of expenses included in payment request in conformity with the laws and regulation requirements, and terms of project agreement,
- publishes information about projects in the Fund website,
- accumulates information on projects,
- monitors information and publicity activities in project, including at the project implementation site,
- provides consultations to the EAFI funding recipients about fulfilling project agreement conditions,
- together with MEPRD organizes project tenders,
- performs secretarial functions for the project proposal evaluation, providing consultative and technical support to evaluation committee,
- develops guidelines for project applicants, evaluation guidelines and evaluation committee regulations for the EAFI tenders, prepares answers to project applicant questions about the EAFI tender rules,
- prepares recommendations in the form of decision for the MEPRD about approval of the projects and financing or rejection of the project.

	01.01.2017. – 31.12.2017. euro	01.01.2016. – 31.12.2016. euro
Personnel costs:		
– salaries	39 117	52 041
– state obligatory social security payments	9 228	12 276
Office rent and public utilities	6 513	5 671
Communications	722	303
Depreciation	205	251
Office supplies and stationary	352	161
Other administrative expense	277	2 742
Total	56 414	73 445
State budget assignments	56 414	73 445
Disclosed in income statement	-	-