

**COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY
RURAL WATER SUPPLY AND SANITATION IMPROVEMENT IN THE
KYRGYZ REPUBLIC PROJECT
LOAN #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)**

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2021 TO DECEMBER 31, 2021**

**AND
INDEPENDENT AUDITOR'S REPORT**

TABLE OF CONTENTS

Independent auditor's report	3
Management's statement of responsibility for preparation and approval of the financial statements	6
Financial statements for the period from January 1 to December 31, 2021:	
Statement of Financial Position	7
Statement of Sources and Uses of Funds	8
Report on the IDB Special Account Balance Reconciliation	10
Report on the ISFD Special Account Balance Reconciliation	11
Notes to the financial statements	12



**INDEPENDENT AUDITOR'S REPORT
HLB MARKA AUDIT LLC
ON FINANCIAL STATEMENTS OF
RURAL WATER SUPPLY AND SANITATION IMPROVEMENT IN THE KYRGYZ
REPUBLIC PROJECT, LOAN #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)**

**Islamic Development Bank
Community Development and Investment Agency**

Opinion

We have audited the accompanying financial statements of the Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project (the "Project") implemented by the Community Development and Investment Agency (ARIS) and funded by the Islamic Solidarity Fund for Development (ISFD) under the Loan Agreement, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56) dated 27 December 2016 (the "Agreement") and co-financed by the Government (GKR) of the Kyrgyz Republic what includes the following: Statement of Financial Position at December 31, 2021, Statement of Sources and Uses of funds, Statement of the Project's IDB Special Account Reconciliation, Statement of the Project's ISFD Special Account Reconciliation as of December 31, 2021 as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- The financial statements and notes to them present fairly, in all material respects, the receipt and expenditure of funds of the Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project for the period from January 1 to December 31, 2021 in accordance with International Public Sector Accounting Standards by the cash method described in note 2 to the financial report;
- ARIS, in all material aspects, used all the funds provided for the Project in accordance with the terms of the Agreement, with due attention to economy and efficiency, and only for the purposes for which funding was provided;
- The goods and services for the implementation of the Project were purchased and provided in accordance with the terms of the Agreement, including the specific rules of the procurement guidelines of the IDB and ISFD;
- the cash flow within the Special Accounts, as well as supporting documents and information provided with it, can truthfully rely on the reinforcement of applications for replenishment in accordance with the provisions described in the Agreement.

Basis of accounting and limitation on use

Without modifying our opinion, we draw your attention to Note 2 to the financial statements, which describes the basis of accounting. The Project financial report has been prepared in order to help the ARIS management meet the requirements of the Islamic Development Bank and the Government of the Kyrgyz Republic, as a result, these Project financial statements cannot be used for another purpose.

Basis for opinion

We have carried out the audit in accordance with the International Standards on Auditing. Our commitments in this regard are as described in section "Auditor's responsibilities for the audit of the Project's financial statements" of this report. We are independent of ARIS in accordance with the Code of Ethics of the

International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements applicable to our audit of financial statements in the Kyrgyz Republic, and we have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the management and those charged with governing authority corporate governance for the Project's financial statements

The ARIS management is responsible for the preparation and fair presentation of these financial statements of the Project in accordance with the terms of the Agreement, the requirements of the Islamic Development Bank and the International Public Sector Accounting Standards, the cash method as described in Note 2, and for ensuring and maintaining an internal control system appropriate for the preparation and impartial presentation of the financial statements that do not contain material misstatements caused by fraud or error.

Those charged with governing authority corporate governance for the Project's financial statements and also takes a responsibility for supervision of the preparation of financial statements of the Project.

Auditor's responsibilities for the audit of the Project's 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 auditor's report that includes our opinion. A reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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. A 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 Project's internal control system;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 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.
- obtain results and other appropriate audit evidence regarding the financial information of the Project or business activities within the Project in order to express an opinion on the financial statements. We are responsible for the direction, supervision and execution of the audit. We are solely responsible for our auditor's conclusion (report).

We communicate with persons having managerial authority, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify during the audit.

HLB Marka Audit LLC

*License registration No.0146 dated November 13, 2018, issued by the Public Service of Regulation and Supervision over the Financial Market under the Government of the Kyrgyz Republic;
Registration certificate No.4850-3301-000 issued by the Kyrgyz Republic Ministry of Justice dated January 10, 2019,
38, Professora Zimya Street, Bishkek,
Kyrgyz Republic. Telephone/fax: (312) 32-05-75*



A.M. Asylbekova, auditor, director

*Qualified Auditor Certificate Series AD №001,
reg. No.0461 dated August 7, 2019*

L.G. Zalunina, auditor, team leader

*Qualified Auditor Certificate №00222 of 31.10.2011
DipIFR Certificate (Russian) №1768245 of 09.12.2010
CAP Certificate №0007812 of 15.11.2007*

3 February 2022

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND
APPROVAL OF THE PROJECT FINANCIAL STATEMENTS**

The statement below, which should be read in conjunction with the description of the responsibilities of independent auditors contained in the report submitted by independent auditors, is elaborated with a view to distinguishing between the responsibilities of the auditors and the management of the Community Development and Investment Agency (ARIS) regarding the financial statements of the Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project (hereinafter referred to as the "Project"). The ARIS management is responsible for preparation of the financial statements of the Project financed by the Islamic Development Bank (as administrator of the Islamic Solidarity Fund for Development (ISFD)) Loan No. KGZ-1013/10001117 and KGZ-1013/10001118 (KYR-0055/56), reliably reflecting in all material aspects the sources and uses of the Project funds for the period from January 1 to December 31, 2021, in accordance with the cash method of International Public Sector Accounting Standards, the requirements of the Islamic Development Bank and the relevant articles of the Agreement.

In preparing the Project financial statements, the ARIS management is responsible for:

- selecting suitable accounting principles and applying them consistently;
- use of reasonable and informed judgments and estimates;
- compliance with the requirements of the Islamic Development Bank, and disclosure of all material deviations from these standards in the comments to the financial statements.

In addition, the ARIS management is responsible for

- developing, implementing and maintaining an effective and sound system of internal control in the Project;
- maintaining an accounting system that allows at any time with a sufficient degree of accuracy to prepare information about the financial position of the Project and ensure compliance of the financial statements with the requirements of the Islamic Development Bank;
- taking measures within its competence to ensure the safety of Project assets;
- detection and prevention of fraud and other abuses.

These financial statements of the Project for the period from January 1, 2021 to December 31, 2021 were approved by the ARIS management on February 3, 2022.

For and on behalf of the ARIS management:



ARIS Executive Director
B.T. Supanaliev

3 February 2022

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)


Statement of Financial Position

At 31 December 2021

(Figures in tables are in US dollars)

ASSETS	Note	December 31, 2021	December 31, 2020
Cash	4	3,907,090	1,120,236
Project expenditures	6	12,713,623	6,489,501
TOTAL ASSETS		16,620,713	7,609,737
LIABILITIES			
IDB financing	5	15,255,985	6,879,985
GKR co-financing	5	1,320,934	710,894
Other receipts	4	43,605	18,858
FX rate difference		189	-
TOTAL LIABILITIES		16,620,713	7,609,737


Bekzhan Torobaevich Supanaliev
ARIS Executive Director


Ulanbek Zainalov
ARIS Financial Manager

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Statement of Sources and Uses of Funds

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

	Note	For 2021	From the Project launch to 31.12.2021	For 2020	From the Project launch to 31.12.2020
Opening balance, of which:	4	1,120,236		1,487,223	-
IDB funds: Loan # KGZ1013/10001118		901,521		1,175,642	-
ISFD funds: Loan # KGZ1013/10001117		199,857		305,060	-
GKR funds		-		13	-
Others		18,858		6,508	-
Source of finance:					
IDB funds: Loan # KGZ1013/10001118	5	7,961,000	13,301,200	4,015,000	5,340,200
ISFD funds: Loan # KGZ1013/10001117	5	415,000	1,954,785	250,000	1,539,785
GKR funds	5	610,040	1,320,934	581,442	710,894
Total financing:	5	8,986,040	16,576,919	4,846,442	7,590,879
Other receipts/disposal of funds		24,747	43,605	12,350	18,858
		9,010,787	16,620,524	4,858,792	7,609,737
FX rate difference		189	189		
Project expenditures:					
1 Civil works: Rehabilitation of rural water supply and sanitation systems					
IDB funds: Loan # KGZ1013/10001118	6	5,139,003	9,577,682	4,289,121	4,438,679
ISFD funds: Loan # KGZ1013/10001117	6		77,471	-	77,471
GKR funds	6	542,768	1,093,678	524,598	550,910
		5,681,771	10,748,831	4,813,719	5,067,060
2 Machinery and equipment supplies					
ISFD funds: Loan # KGZ1013/10001117	6	32,077	114,175	9,031	82,097
GKR funds	6	873	8,991	-	8,119
		32,950	123,166	9,031	90,216
3 Building institutional capacity in sanitary					
ISFD funds: Loan # KGZ1013/10001117	6	176,322	398,361	128,271	222,038
GKR funds	6	26,509	53,731	21,266	27,223
		202,831	452,092	149,537	249,261
4 Consulting services: Design and construction budgeting documentation (DCBD), supervision					
ISFD funds: Loan # KGZ1013/10001117	6	113,280	677,375	54,615	564,095
GKR funds	6	17,783	86,095	9,205	68,310
		131,063	763,470	63,820	632,405
5 Project management					
ISFD funds: Loan # KGZ1013/10001117	6	153,282	547,508	163,286	394,227
GKR funds	6	22,224	78,556	26,386	56,332
		175,506	626,064	189,672	450,559
Total Project expenditures:					
IDB funds: Loan # KGZ1013/10001118					

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Statement of Sources and Uses of Funds

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

	Note	For 2021	From the Project launch to 31.12.2021	For 2020	From the Project launch to 31.12.2020
ISFD funds: Loan # KGZ1013/10001117		474,961	1,814,890	355,203	1,339,928
GKR funds		610,158	1,321,051	581,455	710,894
		6,224,122	12,713,623	5,225,779	6,489,501
Ending balance, of which:	4	3,907,090	3,907,090	1,120,236	1,120,236
IDB funds: Loan # KGZ1013/10001118		3,723,518	3,723,518	901,521	901,521
ISFD funds: Loan # KGZ1013/10001117		139,894	139,894	199,857	199,857
Others		43,605	43,605	18,858	18,858
Cash on hand		73	73		


Bekzhan Torobaevich Supanaliev
ARIS Executive Director




Ulanbek Zainalov
ARIS Financial Manager

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Statement of the Project's IDB Special Account Balance Reconciliation


At December 31, 2021

(Figures in tables are in US dollars)

Code	Description	USD
A	Opening balance as at 01/01/2021	901,521
B	Application	7,961,000
C	Reimbursement of ineligible expenditure	
	Total resources (1)	8,862,521
D	Component 1: (Construction: Rehabilitation of rural water supply and sanitation systems)	5,139,003
	Total expenditures (2)	5,139,003
	Balance of the Special Account (3) = (1) - (2)	3,723,518
E	Closing balance of the Special Account as at 31/12/2021 and according to the bank statement (4)	3,723,518
	Difference (5) = (3) - (4)	-
F	Justified difference (6)	-
	Difference to be justified (7) = (5) - (6)	-


Bekzhan Torobaevich Supanaliev
ARIS Executive Director




Ulanbek Zainalov
ARIS Financial Manager



Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Statement of the Project's ISFD Special Account Balance Reconciliation

At December 31, 2021

(Figures in tables are in US dollars)

Code	Description	USD
A	Opening balance as at 01/01/2021	199,857
B	Application	415,000
C	Reimbursement of ineligible expenditure	
	Total resources (1)	614,857
	Component 2: (Machinery and equipment supplies for operation and maintenance, laboratory and IT equipment for Sanitary Inspection bodies and billing system)	32,077
D	Component 3: (Building institutional capacity in sanitary)	176,322
	Component 4: (Consulting services: Design and construction budgeting documentation (DCBD), supervision)	113,280
	Component 5: (Project management)	153,282
	Total expenditures (2)	474,961
	Balance of the Special Account (3) = (1) - (2)	139,894
E	Closing balance of the Special Account as at 31/12/2021 and according to the bank statement (4)	139,894
	Difference (5) = (3) - (4)	-
F	Justified difference (6)	-
	Difference to be justified (7) = (5) - (6)	-


Bekzhan Torobaevich Supanaliev
ARIS Executive Director




Ulanbek Zainalov
ARIS Financial Manager

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

1. Project background

The Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project is being implemented in accordance with the Loan Agreements concluded between the Government of the Kyrgyz Republic and the Islamic Development Bank (IDB) on December 27, 2016. This Agreement was ratified by the Law of the Kyrgyz Republic No. 116 dated June 30, 2017.

This Project is a continuation of the Second Rural Water Supply and Sanitation Project of the World Bank (RWSSP-2), completed in 2014. The Project is also designed to expand investments in the water supply and sanitation sector, as well as service models, to new project areas, providing support (and improvement, if necessary) The Strategy for the development of drinking water supply and sanitation systems of settlements of the Kyrgyz Republic until 2026, approved by the Decree of the Government of the Kyrgyz Republic dated March 28, 2016 No. 155, for this sector. Thus, the Project was developed by the Islamic Development Bank within the framework of parallel financing with the World Bank, based on a single concept, a common technical approach and a structure of activities, taking into account the experience gained during the implementation of the RWSSP-2. While the IDB funding will be directed to activities in the selected districts of Jalal-Abad region, the World Bank funding will be directed to activities in the districts of Chui, Osh and Issyk-Kul regions of the Kyrgyz Republic.

The Project consists of five components:

- **Civil works: Rehabilitation of rural water supply and sanitation systems.** The component is aimed at the needs related to the rehabilitation of existing and/or construction of new water supply systems and sanitary facilities as follows:
 - rehabilitation of 11 water supply systems, including electrical and mechanical components of water supply production (wells, water intakes, etc., as well as disinfection, and pumping equipment, if necessary), transmission and distribution (networks, reservoirs, water meters) for households in the project area;
 - arrangement of the rural water supply system through a pilot project using renewable energy sources, as an alternative energy source in the form of solar panels for selected subprojects presumably in the village of Besh-Moynok under an independent contract, where water is supplied through pumps, while there are problems with electricity supply;
 - construction and rehabilitation of 20 sanitary facilities in social institutions (in schools or other social institutions, kindergartens).
- **Machinery and equipment supplies for operation and maintenance, laboratory and IT equipment for Sanitary Inspection bodies and billing system.** Purchase of necessary machinery and equipment for This, which will be purchased and delivered to rural public associations of drinking water consumers (RPADWC) and transferred to the balance of aiyl okmotu (local municipalities), including:
 - machinery and equipment supplies for operation and maintenance for in the association of local self-government (ALSG) (for operation of 31 operators/ RPADWCs);
 - laboratory equipment for Sanitary Inspection bodies for the district centers of the Department of Disease Prevention and State Sanitary and Epidemiological Supervision of the Ministry of Health of the Kyrgyz Republic included in the project zone;
 - and IT equipment to form a billing system for improving water supply.
- **Building institutional capacity in sanitary.** Support for improving sanitation in target communities, strengthening institutional capacity at the local level to strengthen the Strategy and to carry out preparatory work for the development of a programmatic framework, including:
 - billing system and water supply improvement (support of billing, billing system and payment collection system, operation training, water quality control, work with consumers, etc.);
 - capacity building and exchange visits on billing and billing system issues in previously completed project territories (RWSSP-2);

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

- completed project areas (RWSSP-2);
- communication activities and information campaigns to promote sanitation and hygiene practices.
- **Consulting services: Design and construction budgeting documentation (DCBD), supervision.** The component includes the preparation of design estimates and supervision of construction works and basic research and assessment of the impact of the Project;
- **Project management.** The component provides for the Project management costs:
 - recruitment of the ARIS/PIU staff, equipment purchase, business trips and operating expenses;
 - external financial audit;
 - an introductory seminar and an introductory visit to the IDB office.

The Project budget stipulated by the Loan Agreement (USD million).

Component	IDB*		Total IDB		World Bank/ IDA***		GKR		Total
	ISFD	Loan**	Amount	%	Amount	%	Amount	%	Amount
1. Civil works:									
Rehabilitation of rural water supply and sanitation systems	0.74	13.64	14.38	37.4	17.11	44.6	6.92	18	38.41
2. Machinery and equipment supplies	0.66	0	0.66	36.3	1.07	58.8	0.09	4.9	1.82
3. Building institutional capacity in sanitary	0.87	0	0.87	39.9	1.17	53.7	0.14	6.4	2.18
4. Consulting services: Design and construction budgeting documentation (DCBD), supervision	1.25	0	1.25	34.7	2.15	59.7	0.20	5.6	3.60
5. Project management	1.03	0	1.03	32.4	2.00	62.9	0.15	4.7	3.18
Base cost	4.55	13.64	18.19	37.0	23.50	47.8	7.50	15.2	49.19
Unforeseen expenses	0.45	1.36	1.81						1.81
Total cost	5.00	15.00	20.00	39.2	23.50	46.1	7.50	14.7	51.00

*Includes funds from the IDB and ISFD.

**Withdrawal of the ordinary Loan funds is calculated on the basis of Islamic dinars.

***The distribution of the budget by components within the framework of World Bank financing is indicative and will be completed at the time of the Project evaluation and Loan negotiations.

The data on the distribution of the budget in the part of the IDB and, accordingly, the share of co-financing of the Government of the Kyrgyz Republic (GKR) are presented in the table (million US dollars):

Component	Loan		Total IDB	GKR	Total
	ISFD	IDB*	Amount	Amount	Amount
1. Civil works: Rehabilitation of rural water supply and sanitation systems	0.74	13.64	14.38	2.42	16.8
2. Machinery and equipment supplies	0.66	0	0.66	0.09	0.75
3. Building institutional capacity in sanitary	0.87	0	0.87	0.14	1.01
4. Consulting services: Design and construction budgeting documentation (DCBD), supervision	1.25	0	1.25	0.2	1.45

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

5. Project management	1.03	0	1.03	0.15	1.18
Base cost	4.55	13.64	18.19	3.00	21.19
Unforeseen expenses	0.45	1.36	1.81		1.81
Total cost	5.00	15.00	20.00	3.00	23.00

The total budget of the Project, financed in the share of the IDB and, accordingly, the GKR, is USD 23 million, including:

	Total financing		Actually allocated since the Project launch, million US dollars	Balance to finance, million US dollars
	million US dollars	%		
IDB:				
<i>Loan:KGZ-1013/10001118 (IDB)</i>	15.00	65.22	13.30	1.70
ISFD				
<i>Loan:KGZ-1013/10001117 (ISFD)</i>	5.00	21.74	1.96	3.04
GKR	3.00	13.04	1.32	1.68
Total	23.00	100	16.58	6.42

The closing date of credit lines under the Loan GZ-1013/10001118 (IDB), Loan GZ-1013/10001117 (ISFD) in accordance with the Loan Agreement is set for June 30, 2022.

According to the Loan Agreement, the repayment of the IDB Loan will be made from 2024 for 18 years, the repayment of the ISFD Loan will be made from 2027 for 20 years. The Government of the Kyrgyz Republic is the guarantor of the Loan repayment

ARIS is the implementing agency of the Project, responsible for the timely and efficient execution of work on the Project.

The Community Development and Investment Agency of the Kyrgyz Republic (ARIS) was established by Decree of the President of the Kyrgyz Republic on October 15, 2003 in order to deepen the measures taken to attract investment to overcome poverty, develop and support private entrepreneurship within the framework of the National Poverty Reduction Strategy, strengthen the activities of local governments and strengthen local communities and community organizations. ARIS is a non-profit organization with the status of a legal entity. The founders of ARIS are:

- Office of the President of the Kyrgyz Republic;
- Association of Local Self-Government Bodies of Villages and Settlements of the Kyrgyz Republic;
- The Public Association "Counterpart-Sheriktesh".

The Operational management and implementation of the Project is handled by the Project Implementation Unity Department (PIU) of the ARIS.

The number of employees of the PIU, at the end of 2021, amounted to twelve people, 2020 amounted to ten people.

2. Summary of significant accounting policies

2.1. Basis for preparation of the financial statements

These financial statements were prepared in accordance with the cash basis of the International Public Sector Accounting Standards (IPSAS) and corresponding provisions of the Loan Agreement KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56) of 27 December 2016 (the "Agreement")

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

The accounting policy was applied consistently throughout the period, with the exception of the procedures for reimbursing funds to a special account. Since 2019, according to the "Guidelines for the use of loan funds", when forming an application, the Project fills in expense statements based on the actual expenses incurred and projected data, with the reconciliation account signed by the responsible persons.

Accounting basis

These special-purpose financial statements have been prepared on the basis of the cash accounting method, which is as follows:

- Income is considered to be all funds, regardless of their source (the Islamic Development Bank, the Government, or other donors), held in a special account in the dollar equivalent, a settlement account in the national currency and which are reflected in the reports on the date of their receipt.
- Expenses are funds allocated for the payment of works, goods and services, and which are reflected in the report on the date of their payment.

Reporting currency and transaction currency

These special-purpose financial statements are expressed in US dollars, which allows for reconciliation between the credit account and the records of the IDB and ISFD. The primary accounting for the Project is conducted in the national currency (Kyrgyz som). For the purposes of preparing the financial statements in USD expenses:

- at the expense of the IDB funds, the payments made in soms were denominated in US dollars at the commercial exchange rate of "Optima Bank" CJSC, effective on the day of the transaction;
- at the expense of the co-financing funds, payments made in soms were denominated in US dollars at a fixed exchange rate approved by the Ministry of Finance of the Kyrgyz Republic. The following are the exchange rates for the years used in the preparation of the Financial Report of the GKR share:

Period	FX currency	FX rate
10.12.2020 - 31.12.2020	Kyrgyz som/1 US dollar	80.6
30.10.2020 - 9.12.2020	Kyrgyz som/1 US dollar	75.8
1.01.2020 - 29.10.2020	Kyrgyz som/1 US dollar	70.8
1.01.2019 - 31.12.2019	Kyrgyz som/1 US dollar	69.8
1.01.2018 - 31.12.2018	Kyrgyz som/1 US dollar	71.6
22.07.2017 - 31.12.2017	Kyrgyz som/1 US dollar	72.7

In 2021, ARIS changed the policy of recognizing income/expenses at the expense of co-financing of the GKR. Income and expenses denominated in Kyrgyz soms are converted into US dollars at the latest exchange rate of a commercial bank.

To disclose liabilities in the financial statements (Note 8) in the national currency, the exchange rate as of the date of the last exchange rate of the commercial bank (Kyrgyz som/1 US dollar 84.78) was applied

Financing

The financing from the IDB and ISFD presents a procedure for the operating fund – the IDB makes an advance payment from the account of the loan on deposit, forming the expense of current expenditures, which is used exclusively to finance the share of eligible costs of the IDB and ISFD.

The financing through the current expenditure fund procedure is recognized when the money is actually received.

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

The amount of GKR funding is recognized as such and is included in the financial statements if the funds were transferred to the current account of the Project (the State Funding Account).

Other income and expenses

Income received from the interest accrued on cash balances in local commercial banks (interest-bearing accounts) and sales of tender documents (tender accounts) are recognized as other Project income. Accordingly, the expenses incurred from the interest and tender accounts for the replication of tender documents, advertising expenses related to tender procedures, and other expenses are recognized as other Project expenses. The financial statements are recorded on a net basis.

Expenses

The Project expenses are recognized as such and included in the financial statements if a payment is made to suppliers of goods, works and/or services.

To confirm the expenditure of the Project funds, the procedure for submitting expense statements indicating the expenses for the categories specified in the Loan Agreement is used. The expense statements are compiled on the basis of actual expenses incurred.

In accordance with the method of projected expenditure statements, ARIS sends an Application for withdrawal of funds to the Islamic Development Bank in the prescribed form.

Fixed assets

The fixed purchased from Project funds for use in the office are measured at cost of acquisition and recorded as expenses under the Project management category.

Procurement of goods, works and services

Purchases of goods, services and construction works within the framework of the Project are carried out in accordance with the "Guidelines for Procurement of Goods and Works under IDB Financing", published in April 2019, as well as the requirements stipulated in the Loan Agreement.

The evaluation of commercial proposals is carried out by a tender evaluation commission established by the Implementing Agency and approved by the IDB.

Procurement of consulting services

The selection and recruitment of consultants for detailed design and supervision was carried out through International Competitive Bidding among consulting firms from the IDB member countries included in the short List in accordance with the "Guidelines for Procurement of Goods and Works under IDB Financing" and the terms of the Loan Agreement.

When evaluating the commercial offers:

- Advisory firms are evaluated using a selection method based on "Quality and value";
- The Project management consultants are hired on a case-by-case basis.

Procurement of financial audit services

The annual financial audit of the Project was conducted by a local audit company selected from a short list in accordance with the "Guidelines for Procurement of Goods and Works under IDB Financing" and the terms of the Loan Agreement.

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

2.2. Internal control system

The Project Forecast

- The actual implementation of the Project Forecast is monitored on a quarterly basis by submitting reports to the IDB;
- For the effective functioning of the process, information on operational results is analyzed in a timely manner on the basis of the previous period within the Project budget.

Using the automated program

ARIS uses the automated program 1C: "Enterprise 8.3", which generates the required books: cash book, a special Bank account in U.S. dollars and in transit KGS, interest accounts, banking accounts of the GKR.

Access to the automated program is granted to the Financial Manager, Payment Specialist and the software IT specialist who has their own individual password in order to access the system:

The Financial Manager has a full set of access rights, i.e. data entry, review, and correction, confirmation of processed transactions and control over data deletion;

The Payment Specialist has the right to enter data, review, and correct, confirm processed transactions in the current non-closed period;

Cash

- Reconciliation of the bank accounts. Cash account balances according to their accounting data are checked against bank statements on a monthly basis.
- Reconciliation of the loan account is made for payments periodically on the basis of statements from the IDB.

Procurements and expenditures

The expenditure of funds is recorded in the corresponding accounts, and only for the permitted purposes, and according to the budget lines of the Project.

All expenses are approved by the ARIS Financial Manager and the Project Coordinator in accordance with the contracts, invoices, and receipts.

For the purpose of reasonable reflection on the accounts of accounting of the expenses, the following documents may be the basis:

- Invoices with a receipt for the receipt of the payment order;
- Receipt for the receipt of the payment order;
- Product receipt with the stamp "paid to the cashier»;
- Cash receipt (upon approval of this amount by the Director of ARIS).

During the employees stay on a business trip, the guaranteed payment from the Project was the reimbursement of the employee's travel expenses to the place of business trip and back, accommodation expenses (hotel expenses) and daily expenses, according to the norms established by the legislation of the Kyrgyz Republic.

Remuneration

- The HR specialist keeps a record of working hours, and the report cards are approved by the Executive Director of ARIS.
- Accounting documents data is stored in separate files with the specified access rights.
- According to the decree of the Government of the Kyrgyz Republic of August 5, 2015 "On the conditions of remuneration of employees engaged in the preparation and implementation of projects

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

financed by international financial organizations and donor countries (loans and grants)", the Ministry of Finance of the Kyrgyz Republic sets the official salaries of employees and approves staffing tables.

Fixed assets

For the purpose of preservation and control over the fixed assets acquired at the expense of the Project funds, registers of fixed assets are maintained. All the equipment has an identification number. The fixed assets are recorded in the inventory statements. The annual inventory of the fixed assets is carried out with the mandatory comparison of data with the previous inventory and documentation of the results of the inventory.

3. Taxation

According to the Loan Agreement, the funds of the loan should not be used to pay any taxes and duties, the payment of all taxes and duties is the responsibility of the Government of the Kyrgyz Republic.

In accordance with the resolution of the Board of the Social Fund of the Kyrgyz Republic and the approved procedure for registration, payment and accounting of insurance premiums for mandatory state social insurance of entities participating in Development Projects funded by international financial organizations, the Project pays insurance premiums from the employer in the amount of 17.25% of the funds from the republican budget to the Social Fund of the Kyrgyz Republic.

4. Cash

According to the Loan Agreement, special accounts were used to make payments of credit funds for the operational financing of the expenses necessary for the implementation of the Project:

- ISFD Special Account (Loan № KGZ1013/10001117) in USD №1090820182270887 opened with Bishkek branch No.1 of CJSC "Optima Bank".
- IDB Special Account (Loan № KGZ1013/10001118) in USD №1090820182270786 opened with Bishkek branch No.1 of CJSC "Optima Bank".
- GKR Special Account in KGS № 4402011101080595 opened in the Pervomaisky Regional Department of the Treasury. The government funding account is used for expenditures funded by the GKR.

	31 December 2021	31 December 2020
ISFD funds:		
ISFD Special Account Loan № KGZ1013/10001117	139,894	199,857
Subtotal ISFD funds	139,894	199,857
IDB funds:		
IDB Special Account Loan № KGZ1013/10001118	3,723,518	901,521
On hand	2	-
Subtotal IDB funds	3,723,520	901,521
Total IDB funds	3,863,414	1,101,378
On hand	71	-
Subtotal GKR funds	71	-
Other Project funds:		
Interest account	43,605	18,858
Subtotal other Project funds	43,605	18,858
Cash total	3,907,090	1,120,236

ural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

otes to the financial statements

r the period from January 1 to December 31, 2021
figures in tables are in US dollars)

sh flows for the period from January 1 to December 31, 2021 on the Project accounts (the accounts of IDB, ISFD and the Government of the Kyrgyz Republic) are
resented below:

	ISFD Special Account		IDB Special Account		GKR	Other		Total Project funds
	Loan	KGZ1013/10001117	Loan №	KGZ1013/10001118		accounts	accounts	
	(ISFD)	(IDB)						
	USD	USD	USD	USD	KGS	USD	USD	USD
Opening balance	199,857	901,521			-	18,858		1,120,236
Advance	415,000	7,961,000			52,068,538	24,747		9,010,787
Use of funds	(474,961)	(5,139,003)			(52,062,478)	(610,158)		(6,224,121)
FX rate difference	-	-			-	189		188
Ending balance	139,896	3,723,518			6,060	43,605		3,907,090
On the current account (Special								
account)	139,894	3,723,518			-	43,605		3,907,017
On hand	2				6,060	71		73

h flows for the period from January 1 to December 31, 2020 on the Project accounts (the accounts of IDB, ISFD and the Government of the Kyrgyz Republic) are
sent below:

	ISFD Special Account		IDB Special Account		GKR	Other		Total Project funds
	Loan	KGZ1013/10001117	Loan №	KGZ1013/10001118		accounts	accounts	
	(ISFD)	(IDB)						
	USD	USD	USD	USD	KGS	USD	USD	USD
Opening balance	305,060	1,175,642			933	13	6,508	1,487,223
Advance	250,000	4,015,000			43,498,239	581,442	18,858	4,865,300
Use of funds	(355,203)	(4,289,121)			(43,499,172)	(581,455)	(6,508)	(5,232,287)
Ending balance	199,857	901,521			-	-	18,858	1,120,236
On the current account (Special								
account)	199,857	901,521			-	-	18,858	1,120,236

ral Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

tes to the financial statements

the period from January 1 to December 31, 2021

gures in tables are in US dollars)

cash flow for the period since the start of implementation of the Project accounts (the accounts of IDB, ISFD and the Government of the Kyrgyz Republic) is presented
OW:

	ISFD Special Account Loan № KGZ1013/10001117		IDB Special Account Loan № KGZ1013/10001118		GKR		Other accounts		Total Project funds	
	USD		USD		KGS	USD	USD		USD	
opening balance										
advance	2,218,805	-	13,037,200	-	104,679,903	1,320,934	-	71,247	-	16,648,186
renewably credited and transferred to the current account	(264,000)		264,000		-	-	-	-	-	-
use of funds	(1,814,909)		9,577,682		(104,679,903)	(1,321,051)	(27,642)		(12,741,284)	
exchange rate difference	-		-		-	188	-		188	
ending balance	139,896		3,723,518		6,060	71	43,605		3,907,090	
on the current account	139,894		3,723,518		-	-	43,605		3,907,017	
on hand	2				6,060	71			73	

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

ISFD Special Account replenishment Loan № KGZ-1013/10001117

	Pay date	Amount (USD)
Initial advance payment	02.02.2018	500,000
Other income	13.03.2018	20*
Prepaid expense	26.11.2018	789,785
Total for the period 22.07.2017-31.12.2019		1,289,805
The reporting period's advances:		
	08.06.2020	100,000
	24.12.2020	150,000
Total for the period 01.01.2020-31.12.2020		250,000
The reporting period's advances:		
	08.06.2021	415,000
Total for the period 01.01.2021-31.12.2021		415,000
Total replenishment for the Project implementation period		1,954,805

Erroneously credited advance payment for expenses on the IDB

Loan № KGZ-1013/10001118

5.04.2019

264,000

Transfer of the advance payment to the IDB Special Account

Loan № KGZ-1013/10001118

12.04.2019

(264,000)

Total replenishment for the Project implementation period

1,954,805

*Receipt from the interest-bearing account, for reimbursement of payment for banking services dated 12.03.2018.

ISFD Special Account use of funds:

Application #	Costs period	Costs amount (USD)
-	27.07.2017-31.12.2018	422,919
Total costs		
For the period from 27 July 2017 to 31 December 2018		422,919
00004	01.01.2019-11.11.2019	437,751
00006	12.11.2019-31.12.2019	124,056
Subtotal costs for the period from 1 January to 31 December 2019		561,807
00006	01.01.2020-30.04.2020	95,282
00008	01.05.2020-21.10.2020	152,942
00011	22.10.2020-31.12.2020	106,979
Subtotal costs for the period from 1 January to 31 December 2020		355,203
00011	01.01.2021-27.04.2021	117,683
Unprocessed	28.04.2021-31.12.2021	357,278
Total costs for the period from 1 January to 31 December 2021		474,961
Total for the Project implementation period		1,814,890

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

IDB Special Account replenishment, Loan № KGZ-1013/10001118

	Pay date	Amount (USD)
Initial advance payment	12.04.2019	264,000
Advances:	30.12.2019	1,061,200
Subtotal for the period 01.01.2019-31.12.2019		1,325,200
	09.06.2020	1,255,000
	25.08.2020	1,485,000
	15.12..2020	1,275,000
Subtotal for the period 01.01.2020-31.12.220		4,015,000
	29.03.2021	1,730,000
	11.08.2021	881,000
	02.11.2021	1,350,000
	13.12.2021	4,000,000
Subtotal for the period 01.01.2020-31.12.2020		7,961,000
Total for the Project implementation period		13,301,200

IDB Special Account use of funds

Application #	Costs period	Costs amount (USD)
00004	01.01.2019-11.11.2019	111,119
00005	12.11.2019-31.12.2019	38,439
Subtotal costs for the period from 1 January to 31 December 2019		149,558
00005	01.01.2020-30.04.2020	746,948
00007	01.05.2020-24.07.2020	1,370,030
00009	25.07.2020-21.10.2020	1,511,049
Unprocessed	22.10.2020-31.12.2020	661,094
Subtotal costs for the period from 1 January to 31 December 2020		4,289,121
00010	01.01.2021-03.03.2021	776,243
00012	04.03.2021-12.07.2021	1,102,225
00013	13.07.2021-30.09.2021	1,294,303
00014	01.10.2021-26.11.2021	1,036,236
Subtotal costs for the period from 1 January to 31 December 2021		5,139,003
Total for the Project implementation period		9,577,682

Cash flow of the Project interest account:

	Period		
	from January 1 to December 31, 2021	from January 1 to December 31, 2020	From the beginning of the Project to December 31, 2021
Opening balance	18,858	6,508	-
Account replenishment (interest accrual)	24,747	18,858	69,733
Use of funds	-	(6,508)*	(26,168)
Ending balance	43,605	18,858	43,605

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

*On December 3, 2020, the funds were transferred to the Central Treasury of the Ministry of Finance of the Kyrgyz Republic, on the basis of letters from the Ministry of Finance of the Kyrgyz Republic dated October 28, 2020, according to which the Ministry of Finance obliged to transfer the remaining funds on interest-bearing accounts minus the funds required to pay for banking services to Treasury accounts.

Cash flow of the Project tender account:

	Period		
	from January 1 to December 31, 2021	from January 1 to December 31, 2020	From the beginning of the Project to December 31, 2021
Opening balance	-	-	-
Account replenishment	-	-	1,474
Use of funds	-	-	(1,474)
Ending balance	-	-	-

5. Financing

	from January 1 to December 31, 2021	from January 1 to December 31, 2020	From the beginning of the Project to December 31, 2021
IDB: Loan № KGZ1013/10001118			
Advance	7,961,000	4,015,000	13,301,200
Subtotal IDB	7,961,000	4,015,000	13,301,200
ISFD: Loan № KGZ1013/10001117			
Advance	415,000	250,000	1,954,785
Subtotal ISFD	415,000	250,000	1,954,785
TOTAL IDB	8,367,000	4,265,000	15,255,985
GKR			
Current account replenishment	610,040	581,442	1,320,934
Subtotal GKR	610,040	581,442	1,320,934
Other sources:			
The Project loan*	-	-	292
The loan repayment**	-	-	(292)
Total Project financing	8,986,040	4,846,442	16,576,919

*For salaries for Project staff prior to the date of receipt of funding IFSTR, based on memos from 29.12.2017 year was temporarily borrowed funds in the amount of 200,625 soms (USD 2,920), with the interest account of the Project "Sustainable Development of Rural Water Supply and Sanitation" (funding of WB/IDA).

**The repayment of the loan in February and March 2018.

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

6. Expenditures

Expenses for the reporting period from January 1 to December 31, 2021:

Name of the components by category	Expenditures by source of funding			
	ISFD	IDB	GKR share	Total expenditures
1. Construction works: Rehabilitation of rural water supply and sanitation systems	-	5,139,003	542,768	5,681,771
Construction works	-	5,139,003	542,768	5,681,771
2. Supply of equipment for operation and maintenance	32,077		873	32,950
Supply of equipment (laboratory and IT equipment)	24,797	-	-	24,797
(IT equipment for billing system)	7,280	-	873	8,153
3. Building sanitation capacity and institutional development	176,322	-	26,509	202,831
Training sessions (local)	25,276	-	381	25,657
Consulting services (local)	151,046	-	26,128	177,174
4. Consulting services: Design estimates documentation and supervision	113,280	-	17,783	131,063
Consulting services (local)	99,166	-	16,097	115,263
Supply of machinery, IT equipment and furniture	14,114	-	1,686	15,800
5. Project management	153,282	-	22,225	175,507
Operating expenses	141,653	-	20,830	162,483
Audit	11,629	-	1,395	13,024
Total Project expenditures	474,961	5,139,003	610,158	6,224,122

Expenses for the reporting period from January 1 to December 31, 2020:

Name of the components by category	Expenditures by source of funding			
	ISFD	IDB	GKR share	Total expenditures
1. Construction works: Rehabilitation of rural water supply and sanitation systems	-	4,289,121	524,598	4,813,719
Construction works	-	4,289,121	524,598	4,813,719
2. Supply of equipment for operation and maintenance	9,031	-	-	9,031
Supply of equipment (laboratory and IT equipment)	9,031	-	-	9,031
3. Building sanitation capacity and institutional development	128,271	-	21,266	149,537
Training sessions (local)	16,595	-	663	17,258
Consulting services (local)	111,676	-	20,603	132,279
4. Consulting services: Design estimates documentation and supervision	54,615	-	9,205	63,820
Consulting services (local)	54,615	-	9,205	63,820
5. Project management	163,286	-	26,386	189,672
Operating expenses	153,711	-	25,121	178,832
Audit	9,066	-	1,265	10,331
Consulting services (local)		-	-	-

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

Name of the components by category	Expenditures by source of funding			
	ISFD	IDB	GKR share	Total expenditures
Supply of machinery and equipment (IT equipment for ARIS)	509	-	-	509
Total Project expenditures	355,203	4,289,121	581,455	5,225,779

The costs for the period since the beginning of the Project are presented below:

Name of the components by category	Expenditures by source of funding			
	ISFD	IDB	GKR share	Total expenditures
1. Construction works: Rehabilitation of rural water supply and sanitation systems	77,471	9,577,682	1,093,678	10,748,831
Construction works	70,082	9,577,682	1,093,678	10,741,442
Supply of equipment (IT equipment)	7,389			7,389
Consulting services (local)				
2. Supply of equipment for operation and maintenance	114,175		8,991	123,166
Supply of machinery and equipment (operation and maintenance)	24,798			24,798
Supply of machinery and equipment (IT and laboratory equipment)	80,046		8,118	88,164
Delivery of machinery and equipment (IT equipment for the billing system)	9,331		873	10,204
3. Building sanitation capacity and institutional development	398,361		53,731	452,092
Training sessions (local)	54,893		1,566	56,459
Consulting services (local)	343,468		52,165	395,633
4. Consulting services: Design estimates documentation and supervision	677,375		86,095	763,470
Consulting services (local)	663,261		84,408	747,669
Delivery of machinery and equipment, furniture	14,114		1,687	15,801
5. Project management	547,508		78,556	626,064
Operating expenses	497,630		75,338	572,968
Audit	25,347		3,218	28,565
Consulting services (local)				
Supply of machinery and equipment (IT equipment for ARIS)	24,531			24,531
Total Project expenditures	1,814,890	9,577,682	1,321,051	12,713,623

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

7. The Project budget performance

ISFD: Loan № KGZ1013/10001117

Line item	Funds used since the beginning of the Project		Total Project budget		Available Project funds (budget-fact)	
	Amount	%	Amount	%	Amount	%
1. Construction works:						
Rehabilitation of rural water supply and sanitation	77,471	10%	740,000	15%	662,529	90%
2. Supply of machinery and equipment	114,175	17%	660,000	13%	545,825	83%
3. Building sanitation capacity and institutional development	398,361	46%	870,000	17%	471,639	54%
4. Consulting services: Design estimates documentation and supervision	677,375	54%	1,250,000	25%	572,625	46%
5. Project management	547,508	53%	1,030,000	21%	482,492	47%
Unforeseen expenses			450,000	9%	450,000	
Total	1,814,890	36%	5,000,000	100%	3,185,110	64%

IDB: Loan № KGZ1013/10001118

Line item	Funds used since the beginning of the Project		Total Project budget		Available Project funds (budget-fact)	
	Amount	%	Amount	%	Amount	%
1. Construction works:						
Rehabilitation of rural water supply and sanitation	9,577,682	70%	13,640,000	91%	4,062,318	30%
Unforeseen expenses			1,364,000	9%	1,360,000	
Total	9,577,682	63.85%	15,004,000	100%	5,422,318	36%

8. Liabilities

As of December 31, 2020, the Project had the following obligations under the invoices issued for the share of co-financing of the GKR:

Name of contractor / supplier	Contract	Unpaid invoice obligations	
		USD	KGS
JSC "Zhumgalsuukurulush"	ARIS- ISDB-WSS-CW-2021-6	26,022	2,206,108
Consortium of LLC "Archstroyinvest" and OJSC "Ak-Bata"	ARIS-IsDB-WSS-CW-2019-2/2 (Lot 2)		
LLC PP "Minur"	ARIS- ISDB-WSS-CW-2019-11/2	16,788	1,423,277
LLC "Pobeda"	ARIS- IsDB-WSS-CW-2020-6/2	10,980	930,876
LLC "Asiastroikompleks"	ARIS- IsDB-WSS-CW-2020-3/2	7,123	603,895
LLC "Impuls Osh"	ARIS- ISDB-WSS-CW-2020-1/1	6,519	552,689
Consortium of LLC "FMU-1" and LLC "JBI-Servis"	ARIS-IsDB-WSS-CW-2019-2/3 (Lot 3)	5,029	426,397
		4,269	361,893

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

JSC "Yug-Stroysservice"	ARIS- IsDB-WSS-CW-2020-3/3	3,009	255,108
LLC "Asiastroikompleks"	ARIS- ISDB-WSS-CW-2021-1	2,469	209,350
<i>Component subtotal: Construction works: Rehabilitation of rural water supply and sanitation</i>		82,208	6,969,593
Private Proprietorship Abdikadyrov		26	1,803
Total:		82,234	6,971,396

As of December 31, 2021, the Project in the "Construction works" category had the following obligations under the invoices issued (withheld guarantee amounts of 5% in accordance with the terms of the construction works contract):

Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

Figures in tables are in US dollars)

Contractors	Contracts	IDB		GKR		Total amount	
		USD	KGS	USD	KGS	USD	KGS
LLC "Impuls Osh"	ARIS- ISDB-WSS-CW-2019-10-3	36,533	3,097,289	4,384	371,675	40,917	3,468,964
JSC "Zhungalsuukurulush"	ARIS- ISDB-WSS-CW-2019-10/1	17,794	1,508,559	2,135	181,027	19,929	1,689,586
Consortium of JSC "USTA" and LLC 'Alym-Ata"	ARIS- ISDB-WSS-CW-2019-10/2	31,536	2,673,652	3,784	320,838	35,321	2,994,490
LLC PP "Minur"	ARIS- ISDB-WSS-CW-2019-11/2	19,095	1,618,889	2,291.42	194,267	21,387	1,813,155
'Profit Express" LLC	ARIS- ISDB-WSS-CW-2019-6/2	43,180	3,660,775	5,182	439,293	48,361	4,100,068
JSC "Zhungalsuukurulush"	ARIS- ISDB-WSS-CW-2020-3/1	22,841	1,936,474	7,027	595,728	29,868	2,532,201
LLC "Asiastroikompleks"	ARIS- ISDB-WSS-CW-2020-3/2	11,092	940,359	1,331	112,843	12,423	1,053,202
JSC "Yug-Stroyervice"	ARIS- ISDB-WSS-CW-2020-3/3	12,215	1,035,595	1,466	124,271	13,681	1,159,867
LLC "Pobeda"	ARIS- ISDB-WSS-CW-2020-6/2	20,123	1,706,009	2,415	204,721	22,538	1,910,730
LLC "Asiastroikompleks"	ARIS- ISDB-WSS-CW-2021-1	25,621	2,172,180	3,075	260,662	28,696	2,432,841
JSC "Zhungalsuukurulush"	ARIS- ISDB-WSS-CW-2021-6	25,636	2,173,402	3,076	260,808	28,712	2,434,210
JSC "Zhungalsuukurulush"	ARIS- ISDB-WSS-CW-2021-8/2	8,249	699,381	990	83,926	9,239	783,307
Consortium of JSC "USTA" and LLC 'Yug-Mak"	ARIS-ISDB-WSS-CW-2019-2/1 (Lot 1)	22,958	1,946,369	22,666	1,921,608	45,624	3,867,976
Consortium of LLC "Archstroyinvest" and JSC "Ak-Bata"	ARIS-ISDB-WSS-CW-2019-2/2 (Lot 2)	35,517	3,011,164	4,262	361,340	39,779	3,372,504
Consortium of LLC "FMU-1" and LLC 'JBI-Service"	ARIS-ISDB-WSS-CW-2019-2/3 (Lot 3)	22,209	1,882,921	2,665	225,950	24,875	2,108,871
LLC "Impuls Osh"	ARIS-ISDB-WSS-CW-2020-1/1	28,657	2,429,507	3,439	291,541	32,095	2,721,048
JSC "Yug-Stroyervice"	ARIS-ISDB-WSS-CW-2020-1/2	14,794	1,254,219	1,775	150,506	16,569	1,404,725
JSC "Kainar"	ARIS-ISDB-WSS-CW-2020-11/1	15,037	1,274,844	1,804	152,981	16,842	1,427,825
LLC "Pobeda"	HKT NQ: ARIS- IDB-WSS-CW-4	14,403	1,221,085	1,728	146,530	16,131	1,367,615
Total		427,490	36,242,673	75,495	6,400,515	502,987	42,643,185

FA name	Date of purchase/date of transfer	Amount	Quantity
Copying machine Konica Minolta bizhub C458	24.05.2019	10,028	1
Monitor: LCD 23.6" AOC M2470SWDA2 (for the staff)	24.05.2019	115	1
Monitor: LCD 23.6" AOC M2470SWDA2 (for the staff)	24.05.2019	115	1
Monitor: LCD 23.6" AOC M2470SWDA2 (for the staff)	24.05.2019	115	1
Monitor: LCD 23.6" AOC M2470SWDA2 (for the staff)	24.05.2019	115	1
Monitor: LCD 23.6" AOC M2470SWDA2 (for the staff)	24.05.2019	115	1
Monitor: LCD 23.6" AOC M2470SWDA2 (for the staff)	24.05.2019	115	1
Monitor: LCD 23.6" AOC M2470SWDA2 (for the staff)	24.05.2019	115	1
HP Laser Jet Pro M426fdw (F6W15A)	24.05.2019	380	1
HP Laser Jet Pro M426fdw (F6W15A)	24.05.2019	380	1
HP Laser Jet Pro M426fdw (F6W15A)	24.05.2019	380	1
HP Laser Jet Pro M426fdw (F6W15A)	24.05.2019	380	1
HP Laser Jet Pro M426fdw (F6W15A)	24.05.2019	380	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 1 Dell Inspiron 15 3576(RU)	24.05.2019	567	1
Laptop 2 Dell Inspiron 15 5570(RU)	24.05.2019	674	1
Laptop 2 Dell Inspiron 15 5570(RU)	24.05.2019	674	1
Processor Intel Core i3-7100, LGA1151 (for the staff)	24.05.2019	495	1
Processor Intel Core i3-7100, LGA1151 (for the staff)	24.05.2019	495	1
Processor Intel Core i3-7100, LGA1151 (for the staff)	24.05.2019	495	1
Processor Intel Core i3-7100, LGA1151 (for the staff)	24.05.2019	495	1
Processor Intel Core i3-7100, LGA1151 (for the staff)	24.05.2019	495	1
Processor Intel Core i3-7100, LGA1151 (for the staff)	24.05.2019	495	1
Processor Intel Core i3-7100, LGA1151 (for the staff)	24.05.2019	495	1
4G Router	24.05.2019	215	6
External hard drive	24.05.2019	100	1
Landline phone Panasonic KX-TG6821	24.05.2019	494	8

Rural Water Supply and Sanitation Improvement in the Kyrgyz Republic Project, Loan #KGZ-1013/10001117 & KGZ-1013/10001118 (KYR-0055/56)

Notes to the financial statements

For the period from January 1 to December 31, 2021

(Figures in tables are in US dollars)

FA name	Date of purchase/date of transfer	Amount	Quantity
Monitor: AOC 27" I2790VQ IPS LED 4ms (advanced memory)	24.05.2019	215	1
Processor: CPU LGA1151 Intel Core i7-7700 3.6-4.2GHz (advanced memory)	24.05.2019	1,506	1
Audio speaker	24.12.2020	508	1
<i>Purchased in 2021 under component 4. Consulting services: Design and construction budgeting documentation (DCBD), supervision</i>			
Laptop Acer Extensa 15 EX215-53G-55HE (i5)	10.06.2021	831	1
Laptop Acer Extensa 15 EX215-53G-55HE (i5)	10.06.2021	831	1
Laptop Acer Extensa 15 EX215-53G-55HE (i5)	10.06.2021	831	1
Laptop Acer Extensa 15 EX215-53G-55HE (i5)	10.06.2021	831	1
Laptop Acer Extensa 15 EX215-53G-55HE (i5)	10.06.2021	831	1
Laptop Acer Extensa 15 EX215-53G-55HE (i5)	10.06.2021	831	1
Laptop Acer Extensa 15 EX215-53G-55HE (i5)	10.06.2021	831	1
Laptop Acer Extensa 15 EX215-53G-55HE (i5)	10.06.2021	831	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
Laptop Acer Extensa 15 EX215-53G-3212 (i3)	10.06.2021	695	1
SNR Intelligent 3000	10.06.2021	534	1
Projector EPSON EH-TW710	10.06.2021	980	1
Monitor LCD 27" AOC 27V2Q Black	10.06.2021	229	1
Monitor LCD 27" AOC 27V2Q Black	10.06.2021	229	1
Monitor LCD 27" AOC 27V2Q Black	10.06.2021	229	1
<i>Purchased under component 2. Machinery and equipment supplies for operation and maintenance, laboratory and IT equipment for Sanitary Inspection bodies and billing system paid in 2021, transferred under the transfer act (2020 and 2021):</i>			
<i>For billing system</i>			
PC (for billing systems of water user associations)	24.12.2020	445	4
CANON i-SENSYS MF264 dw	24.12.2020	391	4
Voltage stabilizer Ippon AVR-3000*	24.12.2020	69	4
<i>For operation and maintenance</i>	22.01.2021	24,798	*

*As per the configuration

Notes to the financial statements

For the period from January 1 to December 31, 2021


(Figures in tables are in US dollars)

10.Events after the reporting date

No events requiring disclosure have occurred since the date of approval of the special-purpose financial statements.



Bekzhan Torobaevich Supanaliev
ARIS Executive Director



Ulanbek Zainalov
ARIS Financial Manager