

**“HEAT SUPPLY IMPROVEMENT  
PROJECT”  
CREDIT NO. 6146-KG,  
GRANT NO. D240-KG,  
SECO GRANT NO. TF0B2457**

**The project financial statements  
for the year ended December 31, 2021  
and independent auditor’s report**

**“HEAT SUPPLY IMPROVEMENT PROJECT”  
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457**

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**“HEAT SUPPLY IMPROVEMENT PROJECT”  
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457**

**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF  
THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

The following statement, which should be read in conjunction with the independent auditor’s responsibilities is made with a view to distinguish the respective responsibilities of management and those of the independent auditor in relation to the project financial statements of the “Heat Supply Improvement Project”, Credit No. 6146-KG, Grant No. D240-KG and the “Heat Supply Improvement Project” additional financing, SECO Grant No. TF0B2457 (the “Project”).

Management of the Project is responsible for the preparation of the project financial statements that present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2021 in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”).

In preparing the project financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- preparing the project financial statements on the assumption that the Project will be implemented in accordance with the established period.

Management of the Project is also responsible for:

- designing, implementing and maintaining effective and sound system of internal control and for revealing risks in system of internal control;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the Project financial position, and which enable them to ensure that the project financial statements comply with IPSAS and WB Guidelines;
- compliance with laws and regulations of the Kyrgyz Republic, and the requirements of the operational manual of the Project and the requirements of the World Bank;
- taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- detecting and preventing fraud, error and other irregularities.

The project financial statements for the year ended December 31, 2021 were approved and authorized for issue on May 31, 2022 by the management of the Project.

On behalf of the Management:

  
**Naspekoy M.**  
Executive Director of ARIS



  
**Zainalov U.**  
Financial Manager of ARIS

  
**Raimbekov U.**  
General Director of Bishkekteploset OJSC



  
**Ibragimov T.**  
PIU Financial Manager of Bishkekteploset OJSC

May 31, 2022  
Bishkek, the Kyrgyz Republic

May 31, 2022  
Bishkek, the Kyrgyz Republic

## **INDEPENDENT AUDITOR'S REPORT**

To the Management of the Project "Heat Supply Improvement Project" and additional financing for the Project "Heat Supply Improvement Project" under the Community Development and Investment Agency of the Kyrgyz Republic (the "ARIS") and the Bishkekteploset Open Joint Stock Company (the "BTS").

### **Report on the project financial statements**

#### **Opinion**

We have audited the accompanying project financial statements of the "Heat Supply Improvement Project" and additional financing for the "Heat Supply Improvement Project" (together - the "Project") which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2021, and a summary of significant accounting policies and other explanatory information (the "project financial statements").

In our opinion, the accompanying project financial statements present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2021 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the project financial statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the project financial statements, and we have fulfilled our 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.

#### **Emphasis of matter**

We draw attention to Note 2 to the project financial statements, which describes the basis of accounting. The project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing and Grant agreement requirements. These circumstances do not lead to modification of the auditor's opinion.

## **Other matter**

The project financial statements for the year ended December 31, 2020 were audited by another auditor, who expressed an unmodified opinion on the project financial statements on March 23, 2021.

The project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the project financial statements may not be suitable for another purpose.

## **Responsibilities of management and those charged with governance for the project financial statements**

Management is responsible for the preparation and fair presentation of the project financial statements in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of the project financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the project financial statements**

Our objectives are to obtain reasonable assurance about whether the project 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. 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 the project financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the project 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 Project's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the project 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 project financial statements, including the disclosures, and whether the project financial statements represent the underlying transactions and events in a manner that achieves 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.



Kubat Alymkulov




Timet Daletbaev

Certified accountant, FCCA  
 Certificate of auditor of the Kyrgyz Republic  
 No. A 0069 dated October 19, 2009  
 Audit Partner  
 Director, Baker Tilly Bishkek LLC

Certificate of auditor of the Kyrgyz Republic  
 No. AD0024 dated December 23, 2021  
 Audit Partner

Baker Tilly Bishkek LLC,  
 License Series A No. 0049 dated July 1, 2011 issued by the State Committee  
 on Review and Regulation of the financial market of the Kyrgyz Republic

May 31, 2022  
 Bishkek, the Kyrgyz Republic

**“HEAT SUPPLY IMPROVEMENT PROJECT”  
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(in US dollars)**

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020	Cumulative
<b>Opening balance</b>	4			
ARIS		1,006,760	974,856	-
BTS		147,954	-	-
<b>Funds received</b>	5			
<b>ARIS:</b>				
Credit No. 6146-KG		-	-	-
Grant No. D240-KG		1,066,707	190,403	2,257,110
SECO Grant No. TF0B2457		500,000	-	500,000
<b>BTS:</b>				
Credit No. 6146-KG		-	-	-
Grant No. D240-KG		1,545,110	297,386	1,842,496
<b>Total funds received</b>		<u>3,111,817</u>	<u>487,789</u>	<u>4,599,606</u>
<b>Other income</b>	6			
ARIS		18,331	16,881	41,263
BTS		4,354	2,281	6,635
<b>Total receipts</b>		<u>3,134,502</u>	<u>506,951</u>	<u>4,647,504</u>
<b>Expenses</b>	7			
(1) Goods, works, non-consulting services, consulting services, training and incremental operating costs under Component A of the Project (BTS)		1,556,727	151,618	1,708,345
(2) Goods, works, non-consulting services, consulting services, training and incremental operating costs under Component B of the Project (ARIS)		1,090,127	169,311	1,290,615
<b>Total expenses</b>		<u>2,646,854</u>	<u>320,929</u>	<u>2,998,960</u>

**“HEAT SUPPLY IMPROVEMENT PROJECT”  
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(in US dollars)**

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020	Cumulative
<b>Other expenses</b>	<b>8</b>			
ARIS		35	6,068	6,121
BTS		185	95	280
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Closing balance</b>	<b>4</b>			
ARIS		1,501,636	1,006,761	1,501,637
BTS		140,506	147,954	140,506
		<u>          </u>	<u>          </u>	<u>          </u>

**On behalf of the Management:**

  
**Nasbekov M.**  
Executive Director of ARIS



  
**Zainalov U.**  
Financial Manager of ARIS

  
**Raimbekov U.**  
General Director of Bishkekteplosset OJSC  
May 31, 2022  
Bishkek, the Kyrgyz Republic



  
**Ibragimov T.**  
PIU Financial Manager of Bishkekteplosset OJSC  
May 31, 2022  
Bishkek, the Kyrgyz Republic

The notes on pages 9-20 form an integral part of the project financial statements. The independent auditor's report is on pages 3-5.



**“HEAT SUPPLY IMPROVEMENT PROJECT”  
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457**

**SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(in US dollars)**

	For the year ended December 31, 2021	For the year ended December 31, 2020	Cumulative
Component A: Improving supply efficiency and quality of the district heating system in Bishkek (BTS)	1,556,727	151,618	1,708,345
Component B: Demonstrating the benefits of energy efficiency improvements in public buildings (ARIS)	1,090,127	169,311	1,290,615
	<u>2,646,854</u>	<u>320,929</u>	<u>2,998,960</u>

**On behalf of the Management:**

  
**Naspekoy M.**  
Executive Director of ARIS



  
**Zainalov U.**  
Financial Manager of ARIS

  
**Raimbekov U.**  
General Director of Bishkekteploset OJSC



  
**Ibragimov T.**  
PIU Financial Manager of Bishkekteploset OJSC

May 31, 2022  
Bishkek, the Kyrgyz Republic

May 31, 2022  
Bishkek, the Kyrgyz Republic

The notes on pages 9-20 form an integral part of the project financial statements. The independent auditor's report is on pages 3-5.

**“HEAT SUPPLY IMPROVEMENT PROJECT”  
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457**

**NOTES TO THE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(in US dollars)**

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**1. GENERAL INFORMATION**

According to the Financing Agreement between the Kyrgyz Republic and the International Development Association (the “IDA”) dated January 26, 2018, the IDA provided a Grant No. D240-KG in the amount of 16,300,000 Special Drawing Rights (the “SDR”) and a Credit No. 6146-KG in the amount of 16,300,000 SDR to the Kyrgyz Republic. According to the Grant Agreement between the Kyrgyz Republic and International Bank for Reconstruction and Development and International Development Association (the “Bank”) acting as an implementing agency of the Multi-Donor Trust Fund (the “MDTF”) dated June 10, 2020, the Bank provided a SECO Grant No. TF0B2457 in the amount of 2,661,000 US dollars to the Kyrgyz Republic. According to the letter received by the Ministry of Finance of the Kyrgyz Republic from the World Bank dated June 10, 2020, the structure of the Project’s components has been revised, as presented in the “Project purpose” paragraph. Also, according to the letter from the World Bank dated December 12, 2019, the approved amount of Grant No. D240-KG for the Project’s Component B was reduced by the amount of 3,621,142 SDR. As a result, the total approved amount of financing from the Grant No. D240-KG was equal to 12,678,858 SDR.

Credit and Grants were provided to implement the Project “Heat Supply Improvement Project” and additional financing for the Project “Heat Supply Improvement Project”.

**Project purpose**

The objective of the Project is to improve the efficiency and quality of heating in selected Project areas.

The Project comprises the following components (as updated by the World Bank’s letter dated June 10, 2020):

*Component A: Improving supply efficiency and quality of the district heating system in Bishkek*

1. Providing support to the Bishkekteploset Open Joint Stock Company for the preparation and implementation of a priority investment program for district heating rehabilitation, including:

(i) modernization of individual (building-level) heat substations, including:

- (a) installation of new individual heat substations in selected buildings;
- (b) reparation and upgrade of existing heat substations in selected buildings;
- (c) installation of building-level heat and hot water meters; and
- (d) installation of a preventive maintenance information system.

(ii) replacement and/or reconstruction of selected sections along the Vostok Transmission Network.

2. Providing support to BTS:

(i) to strengthen its technical, operational, fiduciary, customer orientation and corporate resource management functions; and

(ii) to strengthen its capacity for Project management and implementation, including Project monitoring, evaluation and audits, through provision of goods and consultants’ services, as well as financing of training and operating costs.

## *Component B: Demonstrating the benefits of energy efficiency improvements in public buildings*

### 1. Supporting energy efficiency investments in selected public buildings through:

(i) preparing and implementing energy efficiency and seismic investment measures in selected public buildings;

(ii) strengthening capacity building and raising public awareness on energy efficiency, through provision of technical assistance, training and awareness campaigns targeting local service providers, public entities, Project beneficiaries and other stakeholders.

2. Strengthening ARIS capacity for Project management and implementation, including Project monitoring, evaluation and audits, through provision of goods, non-consulting services and consultants' services, as well as financing of training and operating costs.

### **Project implementation**

The Project is implemented by the Community Development and Investment Agency of the Kyrgyz Republic jointly with the Bishkekteploset Open Joint Stock Company.

The Financial Agreement for Grant No. D240-KG and Credit No. 6146-KG is effective from April 25, 2019 to December 31, 2023. The Grant Agreement SECO No. TF0B2457 is effective from November 25, 2020 to June 30, 2023.

## **2. PRESENTATION OF THE PROJECT FINANCIAL STATEMENTS**

### **Basis of preparation**

The project financial statements have been prepared in accordance with the International Public Sector Accounting Standard (the "IPSAS") "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received or provided.

The Project's approved budget disclosed by categories of expenses is not publicly available and as such comparison of budget and actual amounts is not presented in these project financial statements.

The project financial statements consist of:

- Summary of funds received and expenditures paid;
- Summary of expenditures paid by project components;
- Notes to the project financial statements, including short description of main statements of accounting policy and other descriptive notes.

The reporting currency of the project financial statements is US dollar (the "USD").

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Cash basis of accounting**

The project financial statements are prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid. The project financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the project financial statements is balances of cash and changes therein.

**Foreign currency**

Operations in foreign currency initially are counted in functional currency using the currency exchange rate settled by the commercial bank on a date of operation.

Funds received are translated into US dollars at official exchange rate of Special Drawing Rights (the "SDR") at the date of funds receipt.

All payments made in local currency are translated into US dollars at the official exchange rate defined by the serving commercial bank at the date of transaction.

Monetary assets and liabilities expressed in foreign and national currency are converted to functional currency at official exchange rate on a date settled by the commercial bank.

All exchange differences arising from the redemption or revaluation of monetary items are included in the summary of funds received and expenditures paid.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term.

**Taxes**

Calculation and payment of personal income tax and social security contributions from income of staff and consultants for the Social Fund of the Kyrgyz Republic is made in accordance with the requirements and rates of the Tax Code of the Kyrgyz Republic and relevant legislation of the Kyrgyz Republic.

**Expenses**

The expenses are recorded in the period when they were actually paid.

**Sources of funds**

Financing is provided to the Project by the International Development Association under the agreements under the Grant No. D240-KG and the Credit No. 6146-KG and the International Bank for Reconstruction and Development, and the International Development Association jointly under the agreement under the SECO Grant No. TF0B2457 by providing an initial advance payment, direct payments and replenishment of designated account.

**Other income**

Other income represents interest income accrued by the serving commercial bank on the outstanding balances of cash on designated accounts.

**Other expenses**

Other expenses comprise payments for bank services for interest and tender accounts, as well as return of interest income to the Ministry of Finance of the Kyrgyz Republic.

#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2021 and 2020 are presented as follows:

	Account holder	Source of financing	Currency	December 31, 2021	December 31, 2020
Designated account	ARIS	Grant No. D240-KG	US dollar	966,495	989,914
Designated account	BTS	Grant No. D240-KG	US dollar	134,150	145,768
Designated account	ARIS	SECO Grant No. TF0B2457	US dollar	500,000	-
Interest account	ARIS	Other	US dollar	35,143	16,846
Interest account	BTS	Other	US dollar	3,539	885
Tender account	ARIS	Other	US dollar	-	-
Tender account	BTS	Other	US dollar	2,815	1,300
				<u>1,642,142</u>	<u>1,154,713</u>

#### 5. FUNDS RECEIVED

The funds received are presented by the following methods and sources of financing:

For the year ended December 31, 2021:

	Credit No. 6146-KG	ARIS Grant No. D240-KG	SECO Grant No. TF0B2457	BTS Credit No. 6146-KG	Grant No. D240-KG	Total
Advance / Initial deposit	-	-	500,000	-	-	500,000
Direct payment	-	-	-	-	1,402,756	1,402,756
Replenishment of designated account	-	1,066,707	-	-	142,354	1,209,061
	-	<u>1,066,707</u>	<u>500,000</u>	-	<u>1,545,110</u>	<u>3,111,817</u>

For the year ended December 31, 2020:

	Credit No. 6146-KG	ARIS Grant No. D240-KG	SECO Grant No. TF0B2457	BTS Credit No. 6146-KG	Grant No. D240-KG	Total
Advance / Initial deposit	-	-	-	-	150,000	150,000
Replenishment of designated account	-	190,403	-	-	147,386	337,789
	-	<u>190,403</u>	-	-	<u>297,386</u>	<u>487,789</u>

Cumulative:

	Credit No. 6146-KG	ARIS Grant No. D240-KG	SECO Grant No. TF0B2457	Credit No. 6146-KG	BTS Grant No. D240-KG	Total
Advance / Initial deposit	-	1,000,000	500,000	-	150,000	1,650,000
Direct payment	-	-	-	-	1,402,756	1,402,756
Replenishment of designated account	-	1,257,110	-	-	289,740	1,546,850
	-	2,257,110	500,000	-	1,842,496	4,599,606

## 6. OTHER INCOME

Other income is presented as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2020	Cumulative
<b>Interest income:</b>			
ARIS	18,331	16,881	41,263
BTS	4,354	2,281	6,635
	22,685	19,162	47,898

## 7. EXPENSES

Breakdowns of the Project expenses by categories, nature and sources of financing are presented as follows:

	For the year ended December 31, 2021				For the year ended December 31, 2020			
	Credit No. 6146-KG	ARIS Grant No. D240-KG	SECO Grant No. TF0B2457	BTS Credit No. 6146-KG	Credit No. 6146-KG	ARIS Grant No. D240-KG	SECO Grant No. TF0B2457	BTS Credit No. 6146-KG
<b>Works</b>	-	665,206	-	-	-	-	-	-
<b>Consulting services</b>	-	297,163	-	-	-	-	-	-
<b>Operating costs:</b>	-	99,094	-	-	-	-	-	-
Payroll and related taxes	-	6,203	-	-	-	-	-	-
Expenses for office maintenance	-	4,367	-	-	-	-	-	-
Travel expenses	-	4,200	-	-	-	-	-	-
Transport	-	1,966	-	-	-	-	-	-
Communication	-	1,695	-	-	-	-	-	-
Expenses for computer equipment	-	8,465	-	-	-	-	-	-
<b>Goods</b>	-	1,767	-	-	-	-	-	-
<b>Training</b>	-	-	-	-	-	-	-	-
	-	1,090,126	-	-	-	1,556,728	-	-
								2,646,854
<b>Operating costs:</b>								
Payroll and related taxes	-	85,385	-	-	-	84,515	-	169,900
Expenses for office	-	12,296	-	-	-	8,631	-	20,927
Transport	-	3,218	-	-	-	-	-	3,218
Communication	-	2,996	-	-	-	1,364	-	4,360
Travel expenses	-	2,137	-	-	-	-	-	2,137
Expenses for computer equipment	-	2,026	-	-	-	-	-	2,026
Public utilities	-	484	-	-	-	-	-	484
<b>Consulting services</b>	-	47,999	-	-	-	47,668	-	95,667
<b>Goods</b>	-	12,770	-	-	-	9,440	-	22,210
	-	169,311	-	-	-	151,618	-	320,929

	Cumulative					Total
	Credit No. 6146-KG	ARIS Grant No. D240-KG	SECO Grant No. TF0B2457	BTS Credit No. 6146-KG	Grant No. D240-KG	
<b>Works</b>	-	665,206	-	-	-	665,206
<b>Consulting services</b>	-	345,162	-	-	167,557	512,719
<b>Operating costs:</b>						
Payroll and related taxes	-	209,594	-	-	117,473	327,067
Expenses for office	-	19,144	-	-	8,747	27,891
Transport	-	8,456	-	-	-	8,456
Travel expenses	-	7,216	-	-	-	7,216
Communication	-	5,593	-	-	2,372	7,965
Expenses for computer equipment	-	4,111	-	-	-	4,111
Public utilities	-	706	-	-	-	706
<b>Goods</b>	-	21,235	-	-	1,412,197	1,433,432
<b>Training</b>	-	4,191	-	-	-	4,191
	-	1,290,614	-	-	1,708,346	2,998,960



## 8. OTHER EXPENSES

Other expenses are presented as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2020	Cumulative
<b>Bank services:</b>			
ARIS	35	35	88
BTS	185	95	280
<b>Return of interest income to the Ministry of Finance of the Kyrgyz Republic (ARIS)</b>	-	6,033	6,033
	<u>220</u>	<u>6,163</u>	<u>6,401</u>

## 9. FINANCIAL POSITION

Financial position as at December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
<b>ASSETS AND EXPENDITURES</b>		
<b>Cash and cash equivalents:</b>		
ARIS	1,501,637	1,006,760
BTS	140,506	147,954
<b>Cumulative expenses:</b>		
ARIS	1,290,615	200,488
BTS	1,708,345	151,618
<b>Other expenses:</b>		
ARIS	6,121	6,085
BTS	280	96
<b>TOTAL ASSETS AND EXPENDITURES</b>	<u>4,647,504</u>	<u>1,513,001</u>
<b>FINANCING</b>		
<b>Funds received:</b>		
ARIS	2,757,110	1,190,403
BTS	1,842,496	297,385
<b>Other income:</b>		
ARIS	41,264	22,932
BTS	6,634	2,281
<b>TOTAL FINANCING</b>	<u>4,647,504</u>	<u>1,513,001</u>

## 10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2021 are presented as follows:

### Grant No. D240-KG

Application	Date	Recipient	Initial deposit	Direct payment	Replenishment of designated account	Total
5	July 29, 2021	ARIS	-	-	357,612	357,612
6	August 13, 2021	BTS	-	-	142,354	142,354
7	September 28, 2021	ARIS	-	-	269,895	269,895
8	October 28, 2021	BTS	-	737,989	-	737,989
9	October 28, 2021	BTS	-	664,767	-	664,767
10	December 27, 2021	ARIS	-	-	439,200	439,200
			<u>-</u>	<u>1,402,756</u>	<u>1,209,061</u>	<u>2,611,817</u>

### SECO Grant No. TF0B2457

Application	Date	Recipient	Initial deposit	Direct payment	Replenishment of designated account	Total
1	October 28, 2021	ARIS	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
			<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>

Withdrawal applications for the year ended December 31, 2020 are presented as follows:

### Grant No. D240-KG

Application	Date	Recipient	Initial deposit	Direct payment	Replenishment of designated account	Total
2	January 23, 2020	BTS	150,000	-	-	150,000
3	December 11, 2020	ARIS	-	-	190,403	190,403
4	December 15, 2020	BTS	-	-	147,386	147,386
			<u>150,000</u>	<u>-</u>	<u>337,789</u>	<u>487,789</u>

## 11. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the years ended December 31, 2021 and 2020 is presented as follows:

Source of financing	Grant No. D240-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	Total
Bank	RSK Bank OJSC		Aiyl Bank OJSC	
Account holder	ARIS		BTS	
Bank account	1299003250029172	1299003250035034	1350108038000313	
Currency	US dollar	US dollar	US dollar	
Bank's location	80/1 Moskovskaya str., Bishkek, the Kyrgyz Republic		114/2 Kievskaya str., Bishkek, the Kyrgyz Republic	
<b>Balance as at January 1, 2020</b>	<u>968,823</u>	<u>-</u>	<u>-</u>	<u>968,823</u>
Initial deposit	-	-	150,000	150,000
Replenishment	<u>190,403</u>	<u>-</u>	<u>147,386</u>	<u>337,789</u>
<b>Total funds received</b>	<u>190,403</u>	<u>-</u>	<u>297,386</u>	<u>487,789</u>
Expenses paid	6,990	-	32,939	39,929
Transfer to transit account	<u>162,321</u>	<u>-</u>	<u>118,679</u>	<u>281,000</u>
<b>Balance as at December 31, 2020</b>	<u>989,915</u>	<u>-</u>	<u>145,768</u>	<u>1,135,683</u>
Initial deposit	-	500,000	-	500,000
Replenishment	<u>1,066,707</u>	<u>-</u>	<u>142,354</u>	<u>1,209,061</u>
<b>Total funds received</b>	<u>1,066,707</u>	<u>500,000</u>	<u>142,354</u>	<u>1,709,061</u>
Expenses paid	6,990	-	92,940	99,930
Transfer to transit account	<u>1,083,136</u>	<u>-</u>	<u>61,031</u>	<u>1,144,167</u>
<b>Balance as at December 31, 2021</b>	<u>966,496</u>	<u>500,000</u>	<u>134,151</u>	<u>1,600,647</u>

## 12. UNDRAWN FUNDS

Undrawn funds as at December 31, 2021 are presented as follows:

	Credit No. 6146-KG <i>in SDR</i>	Grant No. D240-KG <i>in SDR</i>	SECO Grant No. TF0B2457 <i>in US dollars</i>
Approved amount of financing	16,300,000	12,678,858	2,661,000
Disbursed during the period from April 25, 2019 to December 31, 2019	-	730,279	-
Disbursed during the year ended December 31, 2020	-	343,958	-
Disbursed during the year ended December 31, 2021	-	1,847,641	500,000
	<u>16,300,000</u>	<u>9,756,980</u>	<u>2,161,000</u>
Undrawn amount of financing as at December 31, 2021	<u>16,300,000</u>	<u>9,756,980</u>	<u>2,161,000</u>

## 13. COMMITMENTS

In the normal course of activities, the Project concludes agreements with suppliers of goods and services in accordance with the established budget and procurement plan.

Commitments as at as at December 31, 2021 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2021 (in CCY)	Remaining amount to be paid (in CCY)
Biyik KG LLC and AT Empire LLC Consortium	IDA-HSIP-NCB-2020- 1/1	24,432,759	Kyrgyz som	11,089,197	13,343,562
Arhstroyinvest LLC	IDA-HSIP-NCB-2020- 1/2	18,861,201	Kyrgyz som	17,406,501	1,454,700
Alym-stroy LLC and Kapital Building LTD LLC	IDA-HSIP-NCB-2021-1 IDA-HSIP-NCB-2021-	20,550,456	Kyrgyz som	15,857,992	4,692,464
TC Universal Electro LLC	1/Lot2/RT1	19,201,368	Kyrgyz som	14,216,223	4,985,145
Synch LLC	IDA-HSIP-CQS-2019-1	15,801,880	Kyrgyz som	11,354,836	4,447,044
Expertise and Supervision LLC and Sweco GmbH Germany Consortium	IDA-HSIP-CQS-2020-1	9,090,200	Kyrgyz som	2,973,930	6,116,270
RINA S.p.A and UNISON Group Consortium	IDA-HSIP-CQS-2020-2	11,902,619	Kyrgyz som	9,522,095	2,380,524
EAAS LLC	IDA-HSIP-CQS-2021-1	12,475,351	Kyrgyz som	-	12,475,351
Bormincev V.N.	IDA-HSIP-IC-2020-1	1,934,200	Kyrgyz som	1,153,207	780,993
Chonoev U.K.	IDA-HSIP-IC-2019-4	1,122,600	Kyrgyz som	419,532	703,068
Media Lab LLC	IDA-HSIP-CQ-2020-5	5,632,531	Kyrgyz som	281,657	5,350,874
Amarc DHS S.r.l. and Amarc DHP S.r.l. Consortium	IDA-HSIP-ICB-IHS/1- 2020	6,358,408	Euro	635,841	5,722,567
Amarc DHS S.r.l.	IDA-HSIP-ICB- HHMU/1-2020	5,727,545	Euro	572,755	5,154,790
BDO Armenia CJSC	IDA-HSIP-LCS-2018-1	183,000	US dollar	73,200	109,800

#### 14. LEGAL CASES

There were no any legal claims related to the Project.

#### 15. EVENTS AFTER THE REPORTING DATE

During 2022 until the date of issue of these project financial statements, the IDA provided financing to the Project as follows:

Sources of financing	Application	Date	Recipient	Direct payment	Initial deposit	Replenishment of designated account	Total
Grant No. D240-KG	11	February 1, 2022	BTS	364,593	-	-	364,593
Grant No. D240-KG	12	April 11, 2022	ARIS	-	-	256,926	256,926
Grant No. D240-KG	13	April 20, 2022	BTS	-	350,000	-	350,000
Grant No. D240-KG	14	May 2, 2022	BTS	387,786	-	-	387,786
Grant No. D240-KG	15	May 26, 2022	BTS	-	500,000	-	500,000
Grant No. D240-KG	16	May 31, 2022	BTS	213,002	-	-	213,002
Grant No. D240-KG	17	June 2, 2022	BTS	-	410,205	-	410,205
				<u>965,381</u>	<u>1,260,205</u>	<u>256,926</u>	<u>2,482,512</u>

As at the date of issue of the project financial statements no significant events or transactions occurred which should be disclosed in the project financial statements, except for the events described above.