

**COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY  
SUSTAINABLE VILLAGE PROJECT OF THE KYRGYZ REPUBLIC  
LOAN № 2KYR0044, №7KYR0045**

**FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 10 MARCH 2022**

**AND  
INDEPENDENT AUDITOR'S REPORT**

**Bishkek - 2022**

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**INDEPENDENT AUDITOR'S REPORT  
BY HLB MARKA AUDIT LLC  
ON THE FINANCIAL STATEMENTS OF  
SUSTAINABLE VILLAGE PROJECT OF THE KYRGYZ REPUBLIC  
LOAN № 2KYR0044, №7KYR0045**

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

***Opinion***

We have audited the accompanying financial statements of the Sustainable Village Project of the Kyrgyz Republic prepared in accordance with the special purpose framework, implemented by the Community Development and Investment Agency (ARIS) and financed by the Islamic Development Bank (IDB) and the Islamic Solidarity Fund for Development (ISFD) under the Loan Agreement: №2KYR0044, №7KYR0045 (hereinafter referred to as the 'Agreement'), co-financed by the Government of the Kyrgyz Republic and including the Statement of Financial Position at March 10, 2022, the Statement of Sources and Uses of Funds, the Report on the Project's Special Account Balance Reconciliation for the period from 1 January 2021 to 10 March 2022 as well as and a brief description of significant accounting policies and other explanatory information.

***In our opinion,***

- The financial statements prepared in accordance with the special purpose framework and its notes reliably represent, in all material aspects, the receipts and expenditures of funds from the R "Sustainable Village Project of the Kyrgyz Republic" (hereinafter referred to as the 'Project') f for the period from 1 January 2021 to 10 March 2022 in accordance with the cash basis of the International Public Sector Accounting Standards (IPSAS) described in Note 2 to the financial report;
- As well as:
- The Community Development and Investment Agency (ARIS), in all material respects, used all provided funds for the Project in accordance with the terms of the Agreement, with due regard to economy and efficiency, and only for the purposes for which the funding was provided;
- Goods and services for the implementation of the Project were purchased and provided in accordance with the terms of the Agreement, including specific procurement guidelines for the Islamic Development Bank;
- The cash flows of the Special Accounts, as well as supporting documents and information provided with it, may truthfully rely on corroboration with applications for replenishment in accordance with the requirements described in the Agreement;
- During the reporting period, the ratios of funding and expenditure from the Islamic Development Bank, the Islamic Solidarity Fund for Development to reimburse and the Government of the Kyrgyz Republic (GKR), as set out in the Agreement, were observed.

***Basis for opinion***

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report. We are independent of the Community Development and Investment Agency in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), ethical requirements applicable to our audit of financial statements in the Kyrgyz Republic, and we have fulfilled other ethical obligations in accordance with those requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Basis of accounting and limitation of use***

Without modifying our opinion, we draw your attention to Note 2 to the financial statements describing the basis of the accounting. The Project financial report was prepared in order to help the Community Development and Investment Agency management comply with the requirements of the Islamic Development Bank and the Government of the Kyrgyz Republic (GKR), as a result of which the Project's financial report cannot be used for any other purpose.

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

The Community Development and Investment Agency management is responsible for the preparation and fair presentation of these financial statements of the Project prepared in accordance with the special purpose concept in accordance with the terms of the Agreement, the requirements of the Islamic Development Bank and the cash method of the International Public Sector Accounting Standards described in Note 2, and for ensuring and maintaining an internal control system appropriate for preparation and fair presentation of the financial statements that are free of material misstatement due to fraud or error.

Those charged with governance over the financial reporting of the Project are responsible for overseeing the preparation of the financial statements of the Project prepared in accordance with the special purpose framework.

### ***Auditor's responsibility for the audit of the Project's financial statements prepared in accordance with the Special purpose framework***

Our commitment is to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect material misstatements, if any.

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 our engagement in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. In addition, we do the following:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; we design and conduct audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk of not detecting material misstatement as a result of an error, since fraud may include collusion, forgery, wilful omission, misrepresentation, or bypassing 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.
- assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures prepared by the management;
- conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether there is a material uncertainty 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 there is a material uncertainty, we must draw attention in our auditor's report to the relevant disclosures in the financial statements or, if such disclosures are inappropriate, 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 lose its ability to continue operating continuously;
- evaluate the overall presentation of the financial statements, their structure and content, including the disclosures, and whether the financial statements present the underlying transactions and events in a manner that achieves fair presentation;

- obtain results and other appropriate audit evidence in relation to the Project's financial information or business activities within the Project in order to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We are solely responsible for our auditor's conclusion (report).

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.

#### **HLB MARKA AUDIT LLC**

*License registration No.0146 dated November 13, 2018, issued by the State Service of Regulation and Supervision of the Financial Market at the Government of the Kyrgyz Republic; Registration certificate No.4850-3301-000 issued by the Kyrgyz Republic Ministry of Justice dated from October 11, 2019; 38, Professor Zima Street, Bishkek, the Kyrgyz Republic, Telephone/fax: (312) 32-05-75*

**A. M. Asylbekova, Director**

*Qualified Auditor Certificate Series AD №0012, registration number 0461 of 7 August 2019*

**A.T. Tilemishov, Audit Team Leader, Auditor**

*Qualified Auditor Certificate №0042 of 11 March 2008*

**30 March 2022**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
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 the independent auditors contained in the Independent Auditor's report, is made in order to distinguish the responsibilities of the auditors and the Community Development and Investment Agency (ARIS) in relation to the financial statements of the Sustainable Village Project of the Kyrgyz Republic. The ARIS management is responsible for the preparation of the financial statements of the Project financed by the Islamic Development Bank (as administrator – Islamic Solidarity Fund for Development (ISFD)) Loan № 2KYR0044, №7KYR0045, which reliably reflect in all material aspects the sources and use of the Project funds for the period from 1 January 2021 to 10 March 2022, in accordance with the cash method of the International Public Sector Accounting Standards, the requirements of the Islamic Development Bank and the relevant articles of the Agreement.

When preparing the financial statements of the Project **in accordance with the special purpose framework**, the ARIS management is responsible for:

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

Besides, the ARIS management is responsible for:

- development, implementation and maintenance of an effective and reliable internal control system in Projects;
- maintaining an accounting system that allows the preparation of information on the financial position of the Project with sufficient accuracy at any time and ensures that the financial statements comply with the requirements of the Islamic Development Bank;
- taking measures within its competence to ensure the safety of the Project assets;
- detection and prevention of fraud and other abuses.

These financial statements for the period from 1 January 2021 to 10 March 2022, prepared **in accordance with the special purpose framework**, were approved by the management of ARIS on 30 March 2022.



**A.Zh. Mambetkulova**  
Deputy Executive Director of ARIS



**30 March 2022**  
**Bishkek, the Kyrgyz Republic**

Community Development and Investment Agency  
Sustainable Village Project of the Kyrgyz Republic

Statement of Financial Position

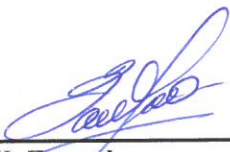
As of 10 March 2022

(Amounts in tables are shown in US dollars)

ASSETS	Note	10 March 2022	31 December 2020
Cash	4	24 887,43	966,738.57
Project costs	6	8 621 707,76	5,858,275.28
<b>TOTAL ASSETS</b>		<b>8 646 595,19</b>	<b>6,825,013.85</b>
<b>LIABILITIES</b>			
IDB: Loan № 2KYR0044	5	5 194 791,17	3,533,557.97
ISFD: Loan № 7KYR0045	5	1 342 491,75	1,850,000.00
GKR co-financing	5	1 452 137,59	1,069,302.05
Contribution of communities		555 276,88	294,287.14
Other incomes		101 897,80	77,866.69
<b>TOTAL LIABILITIES</b>		<b>8 646 595,19</b>	<b>6,825,013.85</b>

  
A.Zh. Mambetkulova  
Deputy Executive Director of ARIS



  
U. Zaynalov  
Financial Manager of ARIS



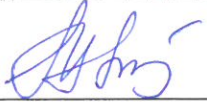
Community Development and Investment Agency  
Sustainable Village Project of the Kyrgyz Republic

Report on the IDB Special Account Balance Reconciliation

As of 10 March 2022

(Amounts in tables are shown in US dollars)

	Note	Reporting period	From the beginning of the Project to 10.03.2022	2020	From the beginning of the Project to 31.12.2020
<b>Beginning balance, of which:</b>	4	<b>966,738.57</b>		<b>198,951.97</b>	
ISFD funds: Loan № 7KYR0045		629,956.46		173,128.83	
IDB funds: Loan № 2KYR0044		326,116.62		18,764.76	
Other funds		10,665.49		7,058.38	
<b>Sources of funding:</b>					
IDB funds: Loan № 2KYR0044		1,661,233.20	5,194,791.17	2,783,557.97	3,533,557.97
ISFD funds: Loan № 7KYR0045		(507,508.25)	1,342,491.75	1,100,000.00	1,850,000.00
GKR		382,835.54	1,452,137.59	557,428.63	1,069,302.05
Contribution of communities		260,989.74	555,276.88	225,010.97	294,287.14
Other funds		24,031.11	101,897.80	20,926.10	77,866.69
<b>Total funding:</b>	5	<b>1,821,581.34</b>	<b>8,646,595.19</b>	<b>4,686,923.67</b>	<b>6,825,013.85</b>
<b>Expenditures of the Project:</b>					
<b>A. Block financing</b>					
IDB funds: Loan № 2KYR0044		1,970,877.80	5,153,641.12	2,467,970.11	3,182,763.32
ISFD funds: Loan № 7KYR0045			1,159,870.30	613,728.40	1,159,870.30
GKR		274,986.52	834,046.39	423,062.05	559,059.87
Contribution of communities		260,989.73	555,276.85	225,010.96	294,287.12
	6	<b>2,506,854.05</b>	<b>7702834.66</b>	<b>3729771.52</b>	<b>5,195,980.61</b>
<b>B. Capacity building</b>					
ISFD funds: Loan № 7KYR0045		72,642.15	123,455.66	20,251.58	50,813.51
GKR		6,312.82	78,135.11	25,798.77	71,822.29
		<b>78,954.97</b>	<b>201,590.77</b>	<b>46,050.35</b>	<b>122,635.80</b>
<b>C. Monitoring and evaluation</b>					
ISFD funds: Loan № 7KYR0045		47,300.66	47,468.00		167.34
GKR		5,676.08	5,686.65		10.57
		<b>52,976.74</b>	<b>53,154.65</b>		<b>177.91</b>
<b>D. Project management</b>					
IDB funds: Loan № 2KYR0044		16,472.02	41,150.05	8,236.00	24,678.03
GKR		96,511.45	534,920.78	108,567.81	438,409.33
Others		9,809.18	77,010.38	17,318.99	67,201.20
		<b>122,792.65</b>	<b>653,081.21</b>	<b>134,122.80</b>	<b>530,288.56</b>
<b>Exchange rate differences</b>					
ISFD funds: Loan № 7KYR0045		(2,505.39)	(11,697.79)	(9,192.40)	(9,192.40)
GKR		651.32	651.32		
		<b>(1,854.07)</b>	<b>(11,046.47)</b>	<b>(9,192.40)</b>	<b>(9,192.40)</b>
<b>Total Project expenditure:</b>		<b>2,763,432.48</b>	<b>8,621,707.76</b>	<b>3,919,137.07</b>	<b>5,858,275.28</b>
IDB Loan № 2KYR0044;		1,987,349.82	5,194,791.17	2,476,206.11	3,207,441.35
ISFD Loan № 7KYR0045		122,448.20	1,342,491.75	643,172.38	1,220,043.55
GKR		382,835.55	1,452,137.61	557,428.63	1,069,302.06
Contribution of communities		260,989.73	555,276.85	225,010.96	294,287.12
Others		9,809.18	77,010.38	17,318.99	67,201.20
<b>Ending balance, of which:</b>	4	<b>24,887.43</b>	<b>24,887.43</b>	<b>966,738.57</b>	<b>966,738.57</b>
IDB funds: Loan № 2KYR0044		-	-	326,116.62	326,116.62
ISFD funds: Loan № 7KYR0045		-	-	629,956.46	629,956.46
Other funds		24,887.43	24,887.43	10,665.49	10,665.49

  
**A.Zh. Mambetkulova**  
Deputy Executive Director of ARIS

  
**U. Zaynalov**  
Financial Manager of ARIS



Community Development and Investment Agency  
Sustainable Village Project of the Kyrgyz Republic

Report on the IDB Special Account Balance Reconciliation  
As of 10 March 2022  
(Amounts in tables are shown in US dollars)

Code	Description	Amount (US dollars)
A	Opening balance as of 1 January 2021	326,116.62
B	Payment received from the IDB	
	- PURS IsBR Application № 6 Date: 01/04/21	1,500,000.00
	- PURS IsBR Application № 5 Date: 18/06/21	305,560.00
	- PURS IsBR Date: 10/03/22	(144,326.80)
C	Reimbursement of ineligible expenditure	
	Total resources (1)	1,661,233.20
D		1,970,877.80
	Component A. Block financing	
	Component B. Capacity building	
	Component C. Monitoring and evaluation	
	Component D. Project management	16,472.02
	Total expenses (2)	1,987,349.82
	Special Account Balance (3)=(1)-(2)	0.00
E	Special Account Balance as of 10.03.2022 and as per a bank statement (4)	-
	Balance of funds on the transit account as of 10.03.2022 and according to a bank statement (4)	-
	Difference (5)=(3)-(4)	-
F	Reasonable difference (6)	-
	The difference must be justified (7)=(5)-(6)	-

A.Zh. Mambetkulova  
Deputy Executive Director of ARIS



U. Zaynalov  
Financial Manager of ARIS



**Report on the ISFD Special Account Balance Reconciliation**

As of 10 March 2022

(Amounts in tables are shown in US dollars)

Code	Description	Amount (US dollars)
A	Opening balance as of 1 January 2021	629,956.45
B	Payment received from the ISFD	(507,508.25)
	-PURS ISFD Application № 2 Date: 27/02/20	(492,992.36)
	- PURS ISFD Application № 4 Date: 10/06/20	(14,515.89)
C	Reimbursement of ineligible expenditure Total resources (1)	
D	Component	
	Component A. Block financing	
	Component B. Capacity building	72,642.15
	Component C. Monitoring and evaluation	47,300.66
	Exchange rate difference (revaluation of the balance)	2,505.39
	Total expenses (2)	122,448.20
	Special Account Balance (3)=(1)-(2)	-
E	Special Account Balance as of 10.03.2022 and as per a bank statement (4)	-
	Balance of funds on the transit account as of 10.03.2022 and according to a bank statement (4)	-
	Difference (5)=(3)-(4)	-
F	Reasonable difference (6)	-
	The difference must be justified (7)=(5)-(6)	-

**A.Zh. Mambetkulova**  
Deputy Executive Director of ARIS



**U. Zaynalov**  
Financial Manager of ARIS



Notes to the Special-purpose financial statements  
For the period from 1 January 2021 to 10 March 2022  
(Amounts in tables are shown in US dollars)

## 1. THE PROJECT BACKGROUND

The Sustainable Village Project of the Kyrgyz Republic is implemented in accordance with the Loan Agreement concluded between the Government of the Kyrgyz Republic and the Islamic Development Bank (IDB).

Development goals and key indicators: the main goal of the project is to reduce poverty in the Project area, in particular, the block of villages in the Zhayyl, Kemin and Panfilov districts of the Chui region through the constant participation of communities in projects involving low costs on the part of communities aimed at meeting their specific needs. Below are some of the main expected outcomes, especially in the areas of health, education, income and living standards improvement, and agriculture. The actual quantitative indicators will become known after the completion of the baseline study and the needs assessment study:

- i. Significant percentage reductions in maternal and child mortality during the whole period of project implementation.
- ii. Significant increase in the number of students, as well as a higher number of students of both sexes who have primary and basic secondary education in the coverage area of the Project.
- iii. Significant improvement in the level of income among the poorest households (it is currently estimated 20,000 to 22,000 households) in the three target areas.
- iv. Improving the quantity and quality of crop and livestock production among a significant number of farmers in the selected areas.
- v. Significant improvement of socio-economic infrastructure and basic services (health, education, transport, etc.) in the project coverage areas and in the selected village block.

The Project includes the following components: (i) Block financing for community projects; (ii) Capacity building; (iii) Monitoring and evaluation; and (iv) Project management support.

The Project's budget as provided for by the Loan Agreement (million US dollars).

Components	Loan				GKR		Total amount
	IDB*	%	ISFD	%	Amount	%	
A. Block financing	5.78	71	1.16	14	1.19	15	8.13
B. Capacity building	-	-	1.20	100	-	-	1.20
C. Monitoring and evaluation	-	-	0.29	100	-	-	0.29
D. Project management	0.18	21	-	-	0.66	79	0.84
<b>Basic cost</b>	<b>5.96</b>	<b>57</b>	<b>2.65</b>	<b>25</b>	<b>1.85</b>	<b>18</b>	<b>10.46</b>
Unforeseen expenses	0.04	7	0.35	65	0.15	28	0.54
<b>Total cost</b>	<b>6.00</b>	<b>55</b>	<b>3.00</b>	<b>27</b>	<b>2.00</b>	<b>18</b>	<b>11.00</b>

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 below (million US dollars):

Components	Loan		IDB total	GKR		Total amount
	ISFD	Amount		amount	amount	
A. Block financing	1.16	5.78	6.94	1.19		8.13
B. Capacity building	1.20		1.20	0		1.20

Notes to the Special-purpose financial statements  
For the period from 1 January 2021 to 10 March 2022  
(Amounts in tables are shown in US dollars)

Components	Loan		IDB total	GKR	Total
	ISFD	Amount		amount	amount
C. Monitoring and evaluation	0.29		0.29	0	0.29
D. Project management	-	0.18	0.18	0.66	0.84
<b>Basic cost</b>	<b>2.65</b>	<b>5.96</b>	<b>8.61</b>	<b>1.85</b>	<b>10.46</b>
Unforeseen expenses	0.35	0.04	0.39	0.15	0.54
<b>Total cost</b>	<b>3.00</b>	<b>6.00</b>	<b>9.00</b>	<b>2.00</b>	<b>11.00</b>

The total budget of the Project financed in the share of the IDB and, accordingly, the GKR is 11 million US dollars, including:

	Total funding		Actually allocated from the beginning of the Project, million US dollars	Balance to the funding, million US dollars
	million US dollars	%		
Islamic Development Bank: <i>Loan (IDB)</i>	6.00	55%	3.53	2.47
Islamic Solidarity Fund for Development <i>Loan (ISFD)</i>	3.00	27%	1.85	1.15
Government of the Kyrgyz Republic	2.00	18%	1.07	0.93
<b>Total</b>	<b>11.00</b>	<b>100</b>	<b>6.45</b>	<b>4.55</b>

The Project was implemented for 5 years after the first payment was made and ended on March 10, 2022.

According to the Loan Agreement, the repayment of the IDB loan will be made from 2022 for 17 years, the repayment of the ISDF loan will be made from 2025 for 19 years. The Government of the Kyrgyz Republic is the guarantor of the loan repayment.

The implementing agency of the Project, responsible for the timely and efficient execution of the Project work, is the Community Development and Investment Agency (ARIS) of the Kyrgyz Republic.

The Community Development and Investment Agency of the Kyrgyz Republic (ARIS) was established by the 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;
- Public Association "Counterpart-Sheriktesh".

The operational management and implementation of the Project is handled by the Project Management Unit (PMU) of ARIS.

The number of employees of the PIU, as of March 10, 2022, was nine people, 2020 was thirteen people.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis for preparation of the financial statements

**Notes to the Special-purpose financial statements**

For the period from 1 January 2021 to 10 March 2022

(Amounts in tables are shown in US dollars)

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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 №2KYR0044, №7KYR0045 (the "Agreement").

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 US dollars expenses:

- at the expense of the IDB funds, the payments made in soms were denominated in US dollars at the commercial exchange rate of "RSK Bank" OJSC, 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.

***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.

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.

Other income and other expenses related to similar types of activities (tender documents and bank services) are recorded on a net basis.

**Notes to the Special-purpose financial statements**

For the period from 1 January 2021 to 10 March 2022

(Amounts in tables are shown in US dollars)

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***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" line item.

***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.

**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;

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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 the 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 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. 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

Notes to the Special-purpose financial statements

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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 № 7KYR0045) in USD №1299003250027354 opened with “RSK Bank” OJSC.
- IDB Special Account (Loan № 2KYR0044) in USD №1299003250027253 opened with “RSK Bank” OJSC.
- GKR Special Account in KGS №4402011101066754 opened in the Pervomaisky Regional Department of the Treasury. The government funding account is used for expenditures funded by the GKR.

	10 March 2022	31 December 2020
<b>ISFD funds:</b>		
Special Account № 7KYR0045	-	520,658.68
<b>IDB funds</b>		
Special Account № 2KYR0044;	-	326,116.60
<b>Special Accounts total</b>	-	<b>846,775.28</b>
<b>ISFD funds:</b>		
Transit account № 7KYR0045	-	109,297.77
<b>IDB funds</b>		
Transit account № 7KYR0044	-	0.02
<b>Transit accounts total</b>	-	<b>109,297.79</b>
<b>Other Project accounts:</b>		
Interest	24,016.21	9,829.94
Tender	871.22	835.55
<b>Other Project accounts total:</b>	<b>24,887.43</b>	<b>10,665.49</b>
<b>Total funds</b>	<b>24,887.43</b>	<b>966,738.57</b>

Cash flows for the period from 1 January 2021 to 10 March 2022 on the Project accounts (the accounts of IDB, ISFD and the Government of the Kyrgyz Republic) are presented below:

	Special Account (ISFD)	Special Account (IDB)	GKR	Other funds	Total Project funds
<b>Opening balance</b>	<b>629,956.45</b>	<b>326,116.62</b>	<b>-</b>	<b>10,665.49</b>	<b>966,738.56</b>
Replenishment of the account (with the initial advance and other receipts)*		1,805,560.00	382,835.55	24,031.12	<b>2,212,426.67</b>
Use of funds	(629,956.45)	(2,131,676.62)	(382,835.55)	(9,809.18)	<b>(3,154,277.80)</b>
<b>Ending balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,887.43</b>	<b>24,887.43</b>
Current account	-	-		24,887.43	

Cash 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 presented below:

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	Special Account (ISFD)	Special Account (IDB)	GKR	Other funds	Total Project funds
<b>Opening balance</b>	<b>173,128.83</b>	<b>18,764.76</b>	<b>-</b>	<b>7,058.38</b>	<b>198,951.97</b>
Replenishment of the account (with the initial advance and other receipts)*	1,100,000.00	2,783,557.97	557,428.63	20,926.10	4,461,912.70
Use of funds	(643,172.38)	(2,476,206.11)	(557,428.63)	(17,318.99)	(3,694,126.11)
<b>Ending balance</b>	<b>629,956.45</b>	<b>326,116.62</b>	<b>-</b>	<b>10,665.49</b>	<b>966,738.57</b>
Current account	629,956.45	326,116.62	-	10,665.49	966,738.57

The 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 below:

	Special Account (ISFD)	Special Account (IDB)	GKR	Other funds	Total Project funds
<b>Opening balance</b>					
Replenishment of the account (with the initial advance and other receipts)*	1,850,000.00	5,339,117.97	1,452,137.60	101,897.80	8,743,153.37
Use of funds	(1,850,000.00)	(5,339,117.97)	(1,452,137.60)	(77,010.37)	(8,718,265.94)
<b>Ending balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,887.43</b>	<b>24,887.43</b>
Current account	-	-	-	24,887.43	24,887.43

#### Replenishment of ISFD Special Account

	Pay date	Amount (USD)
Initial advance payment	December 30, 2016	750,000.00
Replenishment	February 27, 2020	500,000.00
Replenishment	June 10, 2020	600,000.00
Funds return		(507,508.25)
<b>Total replenishment of the account for the Project implementation period</b>		<b>1,342,491.75</b>

Application #	SOE #	Cost period	Costs amount (USD)
2	2	30.12.2016-31.12.2018	233,954.11
<b>Total costs</b>			<b>233,954.11</b>
2	2	01.01.2019-23.11.2019	314,234.84
4	4	24.11.2019-31.12.2019	28,682.20

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Application #	SOE #	Cost period	Costs amount (USD)
<b>Total SOE</b>			<b>342,917.04</b>
4	4	01.01.2020-23.03.2020	425,459.12
6	6	24.03.2020-31.10.2020	198,443.71
8	8	01.11.2020-31.12.2020	10,077.15
			<b>633,979.98</b>
<b>Total SOE</b>			
9	9	01.01.2021-10.03.2022	119,942.81
<b>Total SOE</b>			<b>119,942.81</b>
<b>Total for the period of the Project</b>			<b>1,330,793.94</b>

#### Replenishment of IDB Special Account

	Payment date	Amount (USD)
Initial advance	10 January 2017	750,000.00
Replenishment of account	27 February 2020	483,557.97
Replenishment of account	16 June 2020	800,000.00
Replenishment of account	18 December 2020	1,500,000.00
Replenishment	1 April 2021	1,500,000.00
Replenishment	18 June 2021	305,560.00
Funds return		(144,326.80)
<b>Total for the period of the Project</b>		<b>5,194,791.17</b>

#### Use of IDB Special Account IDB (SOE):

Application #	SOE #	Cost period	Costs amount (USD)
2	2	01.01.2019-23.11.2019	467,717.68
3	3	24.11.2019-31.12.2019	263,517.56
<b>Total 2019</b>			<b>731,235.24</b>
4	4	01.01.2020-23.03.2020	317,688.78
5	5	24.03.2020-30.10.2020	975,674.49
6	6	01.11.2020-31.12.2020	1,182,842.84
<b>Total 2020</b>			<b>2,476,206.11</b>
7	7	01.01.2021-30.04.2021	588,288.91
8	8	01.05.2021-10.03.2022	1,399,060.91
<b>Total</b>			<b>1,987,349.82</b>
			<b>5,194,791.17</b>

## 5. FINANCING

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	2021	From the start of the Project until March 10, 2022
<b>IDB: Loan № KGZ</b>		
Current account replenishment	1,805,560.00	4,589,117.97
Advance	(144,326.80)	605,673.20
<b>Total IDB</b>	<b>1,661,233.20</b>	<b>5,194,791.17</b>
<b>ISFD: loan № KGZ</b>		
Current account replenishment		1,100,000.00
Advance	(507,508.25)	242,491.75
<b>Total ISFD</b>	<b>(507,508.25)</b>	<b>1,342,491.75</b>
<b>TOTAL IDB and ISFD</b>	<b>1,153,724.95</b>	<b>6,537,282.92</b>
<b>GKR</b>		
Current account replenishment	382,835.54	1,452,137.59
<b>TOTAL GKR</b>	<b>382,835.54</b>	<b>1,452,137.59</b>
<b>Other sources:</b>		
Contribution of communities	260,989.74	555,276.88
Other incomes <i>including</i>	24,031.11	101,897.80
<i>Other funds (interest)</i>	23,995.44	79,425.96
<i>Tender account</i>	35.67	22,471.83
	<b>285,020.85</b>	<b>657,174.68</b>
	<b>1,821,581.34</b>	<b>8,646,595.19</b>

## 6. EXPENDITURES

Expenditures for the reporting period from January 1, 2021 to March 10, 2022:

Components	Donors		GKR	Contribution of communities	Others	TOTAL
	IDB Loan 2KYR0044	ISFD Loan 7KYR0045				
<b>A. Block financing</b>	<b>1,970,877.80</b>	<b>0.00</b>	<b>274,986.52</b>	<b>260,989.73</b>	<b>0.00</b>	<b>2,506,854.05</b>
<i>Grants for implementation of sub-projects</i>	<i>1,970,877.80</i>	<i>0.00</i>	<i>274,986.52</i>	<i>260,989.73</i>	<i>0.00</i>	<i>2,506,854.05</i>
Construction of a sewage treatment plant in the village of Ak-Tyuz, Keminsky district, Chui region	18,454.06		2,214.49			20,668.55
Repair of the Lucerne canal	2,238.24		530.89			2,769.13
Construction of gyms in the villages Sosnovka, Chaldybar	12,192.15		6,685.56			18,877.71
Package 4. Construction of a kindergarten for 50 places, Bokso-Zhol village, Taldy-Bulak aiyl aimag, Zhayyl district of Chui region	21,235.87		4,944.77			26,180.64
Package 1. Construction of a kindergarten for 50 places in the village of Kum-Aryk, Ortoevsky Aiyl aimak, Panfilovsky district of Chui region	20,582.41		2,469.89			23,052.30
Construction of a kindergarten for 100 places in the village of	78,216.17		13,603.65			91,819.82

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Kayyndy, Kok-Oiroksky a/a, Keminsky district of Chui region Package 2. Construction of a kindergarten for 100 places, Novo- Nikolaevka village, Ak-Bashat AA, Zhayyl district, Chui region	53,775.83	6,453.10	4,537.90	64,766.83
Construction of an elementary school for 100 places, Novomikhailovka village, Chym- Korgon AA, Keminsky district, Chui region	63,030.90	7,563.71		70,594.61
Package 2. Construction of a kindergarten for 50 places, Pervomayskoye village, Chaldybarsky aiyl aimak, Panfilovsky district of Chui region	1,145.62	3,278.75	2,117.45	6,541.82
Package 3. Construction of a kindergarten for 50 places, Rovnoye village, Kurpuldoksky aiyl aimak, Panfilovsky district of Chui region	3,169.15	3,656.72		6,825.87
Construction of a kindergarten for 100 places, Panfilovskoye village, Kuraminsky AA, Panfilovsky district, Chui region	46,574.10	10,139.45	424.46	57,138.01
Construction of a building for a Group of Family Doctors in Kayyndy, Panfilovsky district, Chui region	97,869.76	15,288.19	3,158.31	116,316.26
Construction of a sports hall in Beishek village of Kara-Bulak aiyl aimak of Keminsky district, Chui region	59,262.28	7,482.16	62,984.92	129,729.36
Lot No. 1 Construction of a kindergarten for 100 places, Kashkelen village, Kyzyl- Oktyabrsky AA, Keminsky district, Chui region	246,885.64	29,625.64	119,474.31	395,985.59
Repair of the kindergarten Alyonushka	2,136.53	1,679.73		3,816.26
Repair of the house of culture in the village of Zhany-Alysh, Zhany- Alyshsky a/a, Keminsky district of the Chui region	349.95	273.20		623.15
Construction of a roadside complex on the territory of the Boroldoysky aiyl aimag, Keminsky district of the Chui region	22,222.22	6,441.40		28,663.62
The extension of the intensive care unit, the premises of the entrance group and the overpass to the building of the emergency room of the OTB of the Zhayyl district	1,260.87	1,265.00		2,525.87
Construction of a kindergarten for 100 places, Suusamyr village of the Suusamyr aiyl aimag of the Zhayyl district of the Chui region	269,976.11	32,397.13	17,875.86	320,249.10
Construction of the resource center of the village of Alekseevka of the Zhayyl aiyl aimag of the Zhayyl district of the Chui region	42,094.41	4,852.89	38,524.20	85,471.50
Construction of a roadside complex on 155 km of the Bishkek-Osh highway, Suusamyrsky aiyl aimag	139,897.86	18,372.63		158,270.49

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of the Zhayyl district of the Chui region						
Construction of the building of the Group of family doctors No. 3 in the village of Chaldovar						
Frunzensky AO, Panfilovsky district of the Chui region	4,899.44		587.93			5,487.37
Repair of the inter-farm canal SAI with a length of 6.7 km	6,456.66		4,358.69	4,143.21		14,958.56
Lot No. 2 Construction of a kindergarten for 100 places, village of Poltavka, Poltava AA, Zhayyl District, Chui Region	289,136.13		34,683.13			323,819.26
Overhaul of the Department of Infectious Diseases of the Kemin territorial Hospital	166,012.28		19,921.45	7,749.11		193,682.84
Repair of boiler house and heating networks of Budyonovskaya secondary school, in the village of Altyn, Sary-Koo Aiyl aimag, Zhayyl district of Chui region	1,114.03		133.68			1,247.71
Repair and restoration works of the channels R-1, R-2, R-3, in the Keminsky district of the Chui region	300,689.13		36,082.69			336,771.82
<i>Consulting services</i>			0.00	0.00	0.00	0.00
						0.00
<b>B. Capacity building</b>	<b>0.00</b>	<b>72,642.15</b>	<b>6,312.82</b>	<b>0.00</b>	<b>0.00</b>	<b>78,954.97</b>
<i>Trainings and workshops:</i>		15,484.09	0.00	0.00	0.00	15,484.09
Summary conference		15,484.09				15,484.09
<i>Consulting services</i>	0.00	57,158.06	6,312.82	0.00	0.00	63,470.88
Remuneration of trainers		4,646.08				4,646.08
PR campaign		52,511.98	6,312.82			58,824.80
<b>C. Monitoring and evaluation</b>	<b>0.00</b>	<b>47,300.66</b>	<b>5,676.08</b>	<b>0.00</b>	<b>0.00</b>	<b>52,976.74</b>
<i>Trainings and workshops:</i>	0.00	47,300.66	5,676.08	0.00	0.00	52,976.74
Mid-term review and final review of the Project implementation		47,300.66	5,676.08			52,976.74
<b>D. Project management</b>	<b>16,472.02</b>	<b>0.00</b>	<b>96,511.45</b>	<b>0.00</b>	<b>9,809.18</b>	<b>122,792.65</b>
Salary of employees (staff)			50,381.57			50,381.57
ITN remuneration			38,611.99			38,611.99
Operating costs			5,541.25			5,541.25
Audit	16,472.02		1,976.64			18,448.66
<i>Bank fees</i>					118.34	118.34
<i>Expenses from the interest account to the Treasury of the Kyrgyz Republic</i>					9,690.84	9,690.84
<i>Exchange rate difference</i>		(2,505.39)	651.32			(1,854.07)
					9,809.18	
<b>Total</b>	<b>1,987,349.82</b>	<b>122,448.20</b>	<b>382,835.55</b>	<b>260,989.73</b>	<b>8</b>	<b>2,763,432.48</b>

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

Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
<b>A. Block financing</b>	<b>2,467,970.11</b>	<b>613,728.40</b>	<b>423,062.05</b>	<b>225,010.96</b>	<b>0.00</b>	<b>3,729,771.52</b>
<i>Grants for implementation of sub-projects</i>	2,467,970.11	613,728.40	382,080.80	225,010.96	-	3,688,790.27
Construction of a paramedic and midwifery center (PMC) located at		625.20	81.07			706.27

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
Bukar village, Artaev village, Panfilov district, Chui region						
Construction of the PMC located at the address Sary-Bulak village, SaryBulak village, Zhayyl district, Chui region		586.79	76.08			662.87
Construction of the PMC located at the address Ak-Beket village, Kyzyl-Oktyabr village, Keminsky district, Chui region		586.79	76.08			662.87
Construction of gyms in c.Sosnovka, S. Chaldybar		82,890.90	9,986.96			92,877.86
The renovation of the building Group of Family Physicians in the village steppe, Stepnovskogo a/a, Zhayyl district, Chui region	653.24		82.16			735.40
The construction of the PMC in the village Jany-Jol, Ilichevskoe a/a, Kemin district, Chuy region	645.98		81.24			727.22
Repair the house of culture in the village Jany-Alysh, Jany-Aleshkovo a/a, Kemin district of Chuy region	2,832.63		349.51			3,182.14
The construction of roadside complex on the territory of Bradykininogen aimag, Kemin district of Chuy region	49,851.79	65,861.95	11,766.24	2,776.30		130,256.28
Extension of the intensive care unit, the premises of the entrance group and the overpass to the building of the emergency room	20,160.56		5,638.36			25,798.92
The renovation of the school in part of the existing system of heating systems, replacement of windows and doors in the village of Kyzyl- dykan, Kyzyl-Dynascope a/a, Zaiyl rayon, Chui oblast	391.84		452.27			844.11
construction PMC located at: chüy, zielski district, Kara-Suu, Kara-Suu and/and		447.61	58.42			506.03
the construction of the PMC in the village of Kojomkul, Suusamyr a/a, Zaiyl district, Chui region		710.11	92.68			802.79
Repair of the kindergarten "Alyonushka"		16,666.68	2,056.50			18,723.18
"Construction of the building of the Group of family doctors No.3 Chaldovar Frunzensky aiyl okmotu, Panfilovsky district, Chui region"	69,364.38	140,932.66	26,647.17	6,616.34		243,560.55
"Construction resource center S. Alekseyevskoye aimag Zaiyl rayon, Chui oblast"	22,362.09		2,680.12	6,211.18		31,253.39
Construction of roadside complex on the 155 km of the highway Bishkek-Osh, Susumanskiy aimag Zhayyl rayon, Chui oblast	21,105.84			5,094.76		26,200.60
Repair of the 6.7 km long inter- farm canal "SAI"	205,016.30		25,968.56	4,078.50		235,063.36
Repair channel "Alfalpa"	28,035.67		3,600.75			31,636.42

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
Package 3. "The construction of a kindergarten for 50 seats, pp. Smooth, Could actually aimag, Panfilov district of Chuy region"	142,308.41		22,572.89	4,871.45		169,752.75
Pack of 2. "The construction of a kindergarten for 50 seats, Pervomaiskoye, Celtiberian aimag, Panfilov district of Chuy region"	145,004.33		22,844.00	3,416.23		171,264.56
"The construction of the building Group of Family Physicians (GFP) in Kaindy Panfilov district of Chuy region"	98,146.99		8,597.52			106,744.51
"The construction of the sports hall in St. Bacheca Kara-Bulak aiyl aimag of Kemin rayon, Chui oblast"	73,940.94		5,916.98	18,752.30		98,610.22
"The construction of a kindergarten for 100 persons, S. Panfilov, Kurama AA, Panfilov district of Chuy region"	192,590.34	114,710.11	32,939.50	15,355.43		355,595.38
"The construction of a kindergarten for 100 places in S. Kaindy, Kok-Oirok a/a, Kemin district of Chuy region"	182,270.02		25,594.02	9,873.43		217,737.47
Package 4. " Construction of a kindergarten for 50 children, Bokso-Zhol village, Taldy-Bulakskiyaylyny aimag, Zhayylsky district, Chui region»	208,451.47		25,090.76	4,688.97		238,231.20
Package 1. "Construction of a kindergarten for 50 places, village of Kum-Aryk, Ortoevskiyaylyny aimak, Panfilovsky district of Chui region"	211,981.28		26,292.30	4,807.16		243,080.74
" Repair and restoration work of the channels R-1, R-2, R-3, in the Kemin district of Chui region»	233,134.17	0.00	30,519.82	25,638.18		289,292.17
Pack of 2. "The construction of a kindergarten for 100 seats, Novo-Nikolayevka. AK-Bachatskiy,Zaiyl rayon, Chui oblast"	212,399.10	23,541.39	29,816.19	86,685.71		352,442.39
"The construction of an elementary school for 100 seats, novomykhaylivka, Chym-Korgon, Kemin district, Chuy region"	77,945.26	166,168.21	29,660.98	4,627.57		278,402.02
"The construction of the treatment plant in the village of AK-Tyuz of Kamenskoye, Chui region"	77,002.44		9,294.80	3,095.49		89,392.73
Lot No. 2 "the Construction of a kindergarten for 100 persons, p. Poltavka Poltav'skyi, Zaiyl District, Chui Region	70,664.28		8,469.19	18,421.96		97,555.43
"The construction of a kindergarten for 100 persons, p. Spamassassing aimag Zhaiyl rayon, Chui oblast»	99,221.93		12,083.90			111,305.83
Major repairs of the Department of Infectious Diseases of the Kemin Territorial Hospital	17,914.52		2,147.08			20,061.60

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
Repair of boiler and heating systems Budenny high school", in the village of Altyn, Sarah-Coolhousing aimag, Chui oblast	2,901.48		347.75			3,249.23
Reconstruction of the main irrigation water intake on the Kara-Balta River, in the village of Sosnovka, Sosnovsky a/a, Zhayyl district, Chui region	1,672.83		198.95			1,871.78
<u>Consulting services</u>			40,981.25			40,981.25
<b>B. Capacity building</b>		<b>20,251.58</b>	<b>25,798.77</b>			<b>46,050.35</b>
<u>Trainings and workshops:</u>						
<u>Consulting services</u>		20,251.58	25,798.77			46,050.35
Remuneration of trainers		20,251.58	25,798.77			46,050.35
<b>C. Monitoring and evaluation</b>						
<u>Trainings and workshops:</u>						
<u>Consulting services</u>						
<b>D. Project management</b>	<b>8,236.00</b>		<b>108,567.81</b>		<b>17,318.99</b>	<b>134,122.80</b>
Salary of employees (staff)			103,999.30		0.00	103,999.30
Operating costs			3,580.19		17,223.77	20,803.96
Audit	8,236.00		988.32		0.00	9,224.32
Bank fees					95.22	95.22
<b>FX rate difference</b>		<b>9,192.40</b>				<b>9,192.40</b>
<b>TOTAL</b>	<b>2,476,206.11</b>	<b>643,172.38</b>	<b>557,428.63</b>	<b>225,010.96</b>	<b>17,318.99</b>	<b>3,909,944.67</b>

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

Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
<b>A. Block financing</b>	<b>5,153,641.12</b>	<b>1,159,870.30</b>	<b>834,046.39</b>	<b>555,276.85</b>	<b>0.00</b>	<b>7,702,834.66</b>
<u>Grants for implementation of sub-projects</u>	<u>5,153,641.12</u>	<u>1,159,870.30</u>	<u>762,356.29</u>	<u>555,276.85</u>	<u>0.00</u>	<u>7,631,144.56</u>
Construction of a roadside complex on the territory of the Boroldoysky aiyl aimag (AA), Keminsky district of the Chui region	72,074.01	65,861.95	18,207.64	2,776.30	0.00	158,919.90
Construction of the building of a Group of Family Doctors No. 3 in the village of Chaldovar Frunzensky Aiyl okmotu (AO), Panfilovsky district of the Chui region	74,263.82	140,932.66	27,235.10	6,616.34	0.00	249,047.92
Construction of the resource center of the village of Alekseevka of the Zhayyl aiyl aimag of the Zhayyl district of the Chui region	64,456.50	0.00	7,533.01	44,735.38	0.00	116,724.89
Construction of a roadside complex on 155 km of the Bishkek-Osh highway, Suusamyр aiyl aimag Zhayylsky district, Chui region	161,003.70	0.00	18,372.63	5,094.76	0.00	184,471.09
Construction of a building for a Group of Family Doctors in Kayyndy, Panfilovsky district, Chui region	196,016.75	0.00	23,885.71	3,158.31	0.00	223,060.77

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Construction of a Sports hall in the village of Beishek of the Kara-Bulak aiyl aimag of the Keminsky district of the Chui region	133,203.22	0.00	13,399.14	81,737.22	0.00	228,339.58
Construction of a kindergarten for 100 places, Panfilovskoye village, Kuraminsky AA, Panfilovsky district of the Chui region	239,164.44	114,710.11	43,078.95	15,779.89	0.00	412,733.39
Repair and restoration work of the channels R-1, R-2, R-3, in the Keminsky district of the Chui region	533,823.30	0.00	66,602.51	25,638.18	0.00	626,063.99
Package 2. Construction of a kindergarten for 100 places, Novo-Nikolaevka village, Ak-Bashat AA, Zhayyl district, Chui region	266,174.93	23,541.39	36,269.29	91,223.61	0.00	417,209.22
Construction of an elementary school for 100 places, Novomikhailovka village, Chym-Korgon AA, Keminsky district, Chui region	140,976.16	166,168.21	37,224.69	4,627.57	0.00	348,996.63
Construction of a sewage treatment plant in Ak-Tyuz village, Keminsky district, Chui region	95,456.50	0.00	11,509.29	3,095.49	0.00	110,061.28
Lot No. 2 Construction of a kindergarten for 100 places, Poltava village, Poltava AA, Zhayyl district, Chui region	359,800.41	0.00	43,152.32	18,421.96	0.00	421,374.69
Construction of a kindergarten for 100 places, Suusamyр village of Suusamyр aiyl aimag of Zhayyl district of Chui region	369,198.04	0.00	44,481.03	17,875.86	0.00	431,554.93
Overhaul of the Department of Infectious Diseases of the Kemin territorial Hospital	183,926.80	0.00	22,068.53	7,749.11	0.00	213,744.44
Construction of the paramedic and obstetric center located at the address: Chui region, Zhayyl district, Kara-Suu village, Kara-Suu a/a	-	29,372.22	3,416.14	274.55	-	33,062.91
construction of paramedic and obstetric center in the village of Kozhomkul, Suusamyрsky a/a, Zhayylsky district, Chui region	-	32,227.87	3,746.22	270.17	-	36,244.26
Construction of the paramedic and obstetric center located at Sary-Bulak village, Sary-Bulak a/a, Zhayyl district, Chui region	-	25,789.76	2,995.47	159.66	-	28,944.89
Construction of the paramedic and obstetric center located at the address Bukar, a/a Ortoev, Panfilovsky district, Chui region	0.00	25,629.31	2,983.19	278.02	-	28,890.52
Construction of the paramedic and obstetric center located at Ak-Beket village, Kyzyl-Oktyabr a/a, Keminsky district, Chui region	0.00	14,187.93	1,648.22	13,058.65	-	28,894.80
Construction of a sports hall in the village of Chaldovar and the village of Sosnovka	12,192.15	361,803.99	44,423.59	16,901.96	-	435,321.69
Repair of the Group of Family Doctors building in the village of Stepnoye, Stepnensky a/a, Zhayylsky district, Chui region	26,866.17	-	3,220.75	1,043.42	-	31,130.34
Construction of paramedic and obstetric center in the village of	27,162.39	-	3,254.69	377.02	-	30,794.10

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Zhany-Zhol, Ilyechevsky a/a, Keminsky district, Chui region Repair of the house of culture in the village of Zhany-Alysh, Zhany- Alyshsky a/a, Keminsky district of the Chui region	22,703.76	-	2,676.24	1,168.95	-	26,548.95
Repair of the school in part of the existing heating system, replacement of windows and doors in the village of Kyzyl-Dyikan, Kyzyl-Dyikan a/a, Zhayyl district of Chui region	34,598.10	-	4,061.99	404.00	-	39,064.09
Extension of the intensive care unit, the premises of the entrance group and the overpass to the building of the emergency room	107,906.81	-	12,744.07		-	120,650.88
Repair of the kindergarten Alyonushka	2,136.53	138,449.90	16,605.15	4,884.40	-	162,075.98
Repair of the inter-farm canal SAI with a length of 6.7 km	289,407.34	-	35,322.18	15,868.77	-	340,598.29
Repair of the Lucerne Canal Package 3. Construction of a kindergarten for 50 places, village of Rovnoye, Kurpuldoksky aiyl aimag, Panfilovsky district of the Chui region	65,166.92	-	7,355.88	3,347.29	-	75,870.09
Package 2. Construction of a kindergarten for 50 places, village of Pervomayskoye, Chaldybarsky aiyl aimag, Panfilovsky district of the Chui region	277,372.71	-	33,326.02	9,175.61	-	319,874.34
Reconstruction of the head irrigation water intake on the Kara- Balta River, in the village of Sosnovka, Sosnovsky a/a, Zhayylsky district of the Chui region	265,756.35	-	31,973.29	8,546.59	-	306,276.23
Repair of boiler house and heating networks of Budyonovskaya secondary school, in the village of Altyn, Sary-Koo Aiyl aimag, Zhayyl district of Chui region	33,957.18	-	4,066.52	2,009.58	-	40,033.28
Construction of a kindergarten for 100 places in the village of Kayyndy, Kok-Oiroksky a/a, Keminsky district of the Chui region	4,015.51	21,195.00	3,017.54	1,318.80	-	29,546.85
Package 4. Construction of a kindergarten for 50 places, Bokso- Zhol village, Taldy-Bulak aiyl aimag, Zhayyl district of Chui region	330,769.86	-	39,197.67	9,873.43	-	379,840.96
Package 1. Construction of a kindergarten for 50 places, village of Kum-Aryk, Ortoevsky aiyl aimag, Panfilovsky district of the Chui region	258,159.83	-	31,740.56	8,519.67	-	298,420.06
Lot No. 1 Construction of a kindergarten for 100 places, Kashkelen village, Kyzyl- Oktyabrsky AA, Keminsky district, Chui region	259,045.29	-	31,935.43	9,792.02		300,772.74
<i>Consulting services</i>	246,885.64		29,625.64	119,474.31		395,985.59
<b>B. Capacity building</b>	<b>123,455.66</b>		<b>71,690.10</b>			<b>71,690.10</b>
			<b>78,135.11</b>			<b>201,590.77</b>

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<i>Trainings and workshops:</i>		40,100.46	644.67			40,745.13
"Implementation mechanisms and joint study of the needs of the village for the working group"		3,639.17	47.45	-	-	3,686.62
"Discussion and training for the team of the Project of further plans for the implementation of the project"		67.23	7.57	-	-	74.80
Accounting and reporting in the state sector		58.61		-	-	58.61
"Management of the local territory development strategy and investment plan and Development of social infrastructure"		8,943.08	259.19	-	-	9,202.27
Training for specialists, employees and about ARIS 1709-0810.2017		2,384.90	-	-	-	2,384.90
Meeting at the district level of representatives of RGA structures		661.05	17.94	-	-	678.99
Training "Project implementation mechanisms for PIU specialists and district experts"		2,878.22	184.22	-	-	3,062.44
"Training for RG and PG for SIROT and PP"		3,395.31	66.27	-	-	3,461.58
SINS training for representatives of district structures		1,429.27	46.07	-	-	1,475.34
Conducting competitions for the selection of projects by districts		204.64	-	-	-	204.64
Regional meeting on the work of EPRA with YUSUF, financial reporting, on security measures		29.56	2.54	-	-	32.10
Training – "On procurement procedures for communities"		222.96	13.42	-	-	236.38
Final conference		16,186.46	-	-	-	16,186.46
<i>Consulting services</i>		77,409.64	77,490.44	0.00	0.00	154,900.08
Remuneration of trainers		24,897.66	71,177.62			96,075.28
PR campaign		52,511.98	6,312.82			58,824.80
<i>International exchange visits</i>		5,945.56	0.00	-	-	5,945.56
Mid-term review of sustainable rural development projects (Dakar)		5,945.56	-	-	-	5,945.56
<b>C. Monitoring and evaluation</b>		<b>47,468.00</b>	<b>5,686.65</b>			<b>53,154.65</b>
<i>Trainings and workshops:</i>		167.34	10.57	-		177.91
The training on "Monitoring and evaluation, the establishment of groups in the communities in Technical implementation of the subprojects"		167.34	10.57	-	-	177.91
<i>Consulting services</i>		47,300.66	5,676.08	-	-	52,976.74
<i>Mid-term review and final review of the project implementation</i>		47,300.66	5,676.08			52,976.74
<b>D. Project management</b>	<b>41,150.05</b>	<b>0.00</b>	<b>534,920.78</b>	<b>0.00</b>	<b>77,010.38</b>	<b>653,081.21</b>
Salary of employees	0.00	0.00	457,532.42			457,532.42
Remuneration of ITN			38,611.99			38,611.99
Training	-	-	265.04	-	-	265.04
Operating expenses	-	-	33,573.33	-	66,594.23	100,167.56
Audit	41,150.05	-	4,938.00	-	-	46,088.05
Expenses from the interest account to the Treasury of the Kyrgyz Republic					9,690.84	9,690.84
Bank commission expenses					725.31	725.31
<b>FX rate difference</b>		<b>(11,697.79)</b>	<b>651.32</b>			<b>(11,046.47)</b>
<b>TOTAL</b>	<b>5,194,791.17</b>	<b>1,342,491.75</b>	<b>1,452,137.61</b>	<b>555,276.85</b>	<b>77,010.38</b>	<b>8,621,707.76</b>

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## 7. THE PROJECT BUDGET EXECUTION

### ISFD Loan:

Item	Funds used since the beginning of the Project		Total Project budget		Available Project funds (budget-fact)	
	amount	%	amount	%	amount	%
A. Block financing	1,159,870.30	100%	1 160 000	38%	129.70	0%
B. Technical support and capacity building	123,455.66	10%	1 200 000	40%	1,076,544.34	90%
C. Monitoring and evaluation	47,468.00	16%	290 000	10%	242,532.00	84%
Unforeseen expenses		0%	350 000	12%	350,000.00	100%
Exchange rate differences	11,697.79				(11,697.79)	
<b>Total</b>	<b>1,342,491.75</b>	<b>45%</b>	<b>3 000 000</b>	<b>100%</b>	<b>1,657,508.25</b>	<b>55%</b>

### IDB Loan:

Item	Funds used since the beginning of the Project		Total Project budget		Available Project funds (budget-fact)	
	amount	%	amount	%	amount	%
A. Block financing	5,153,641.12	89%	5 780 000	96%	626,358.88	11%
D. Project management	41,150.05	23%	180 000	3%	138,849.95	77%
Unforeseen expenses		0%	40 000	1%	40,000.00	100%
<b>Total</b>	<b>5,194,791.17</b>	<b>87%</b>	<b>6 000 000</b>	<b>100%</b>	<b>805,208.83</b>	<b>13%</b>

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## 8. LIABILITIES

As of March 10, 2022, the Project under the "Construction works" category had the following obligations:

Name of the counterparty	Contract #	Unpaid obligations on the share of the Government of the Kyrgyz Republic (KGS equivalent)
"Incom Systems" LLC	ARIS-IsDB-SVP-W-NCB-20-20 - Construction of the resource center of the village of Alekseevka of the Zhayyl aiyl aimag of the Zhayyl district of the Chui region	16 807,57
"Incom Systems" LLC	ARIS-IsDB-SVP-W-NCB-20-22/ad1 - Construction of a roadside complex on 155 km of Bishkek-Osh highway, Suusamyr Aiyl aimag of Zhayyl district of Chui region	83 473,72
	0	100,281.29

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**9. FIXED ASSETS**

The list of all fixed assets acquired in the Project at the expense of the GKR funds, as of March 10, 2022, by storage locations, is presented as follows:


Item	Date of purchase	Amount	Quantity	Storage location
<b>At the Project office:</b>				
Xiaomi red mist 4 32 gb smartphone	07.03.2018r	147.07	1	ARIS office
Office chair "Kubik"	11.12.2017r	144.84	1	ARIS office
<b>Total</b>		<b>291.91</b>		

**10. EVENTS AFTER THE REPORTING DATE**

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

  
A.Zh. Mambetkulova  
Deputy Executive Director of ARIS



  
U. Zaynalov  
Financial Manager of ARIS