

**“Heat Supply Improvement Project”
Credit No. 6146-KG,
Grant No. D240-KG,
SECO Grant No. TF0B2457**

Financial statements
for the year ended December 31, 2023

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, 2023

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 "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, 2023 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.

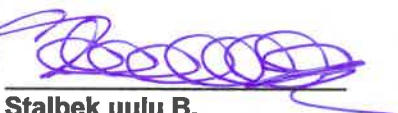
Management of the Project is also responsible for:

- 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.

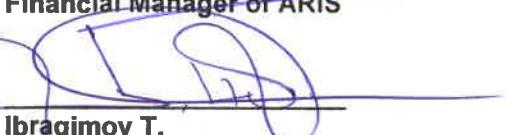
The project financial statements for the year ended December 31, 2023 were approved and authorized for issue on May 31, 2024 by the management of the Project.

On behalf of the Management:


Naspekov M.
Executive Director of ARIS


Stalbek uulu B.
Financial Manager of ARIS


Raimbekov U.
Director of the subsidiary of Electric Power Plants OJSC Bishkekteploset


Ibragimov T.
PIU Financial Manager of the subsidiary of Electric Power Plants OJSC Bishkekteploset

May 31, 2024
Bishkek, the Kyrgyz Republic

May 31, 2024
Bishkek, the Kyrgyz Republic

INDEPENDENT AUDITOR'S REPORT

To the Management of the "Heat Supply Improvement Project" and additional financing for the "Heat Supply Improvement Project" under the Community Development and Investment Agency of the Kyrgyz Republic (the "ARIS") and the subsidiary of Electric Power Plants Open Joint Stock Company Bishkekteploset (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 "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, 2023, 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, 2023 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 describe 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 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

Certified accountant, FCCA
Certificate of auditor of the Kyrgyz Republic
No. A0069 dated October 19, 2009
Audit Partner
Director, Baker Tilly Bishkek LLC



Baker Tilly Bishkek LLC is registered in the "Register of audit organizations admitted for audit of public Interest entities and large entrepreneurship entities" of the Unified state register of auditors, audit organizations, professional audit associations. Individual registration number 2101510 dated August 9, 2023

May 31, 2024
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, 2023***(in US dollars)*

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Opening balance	4			
ARIS		905,100	1,501,636	-
BTS		<u>1,994,090</u>	<u>140,505</u>	-
Funds received	5			
ARIS:				
Credit No. 6146-KG		-	-	-
Grant No. D240-KG		4,478,515	2,006,518	8,742,143
SECO Grant No. TF0B2457		1,290,063	594,023	2,384,086
BTS:				
Credit No. 6146-KG		14,749,415	2,562,548	17,311,963
Grant No. D240-KG		<u>2,075,711</u>	<u>3,799,546</u>	<u>7,717,753</u>
Total funds received		<u>22,593,704</u>	<u>8,962,635</u>	<u>36,155,945</u>
Other income	6			
ARIS		14,598	25,820	81,681
BTS		<u>30,606</u>	<u>9,138</u>	<u>46,378</u>
Total receipts		<u>22,638,908</u>	<u>8,997,593</u>	<u>36,284,004</u>
Expenses				
(1) Goods, works, non-consulting services, consulting services, training and incremental operating costs under Component A of the Project	7	17,376,014	4,512,070	23,596,429
(2) Goods, works, non-consulting services, consulting services, training and incremental operating costs under Component B of the Project	7	<u>6,190,820</u>	<u>3,187,695</u>	<u>10,669,130</u>
Total expenses		<u>23,566,834</u>	<u>7,699,765</u>	<u>34,265,559</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, 2023

(in US dollars)


	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Other expenses	8			
ARIS		25,782	35,202	67,106
BTS		8,238	5,577	14,095
Closing balance	4			
ARIS		471,674	905,100	471,674
BTS		1,465,570	1,994,090	1,465,570

On behalf of the Management:


Naspekov M.
Executive Director of ARIS


Stalbek uulu B.
Financial Manager of ARIS


Raimbekov U.
**Director of the subsidiary of Electric Power
Plants OJSC Bishkekteploset**


Ibragimov T.
**PIU Financial Manager of the subsidiary of
Electric Power Plants OJSC Bishkekteploset**

May 31, 2024
Bishkek, the Kyrgyz Republic

May 31, 2024
Bishkek, the Kyrgyz Republic

The notes on pages 9-21 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, 2023
(in US dollars)

	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Component A: Improving supply efficiency and quality of the district heating system in Bishkek (BTS)	17,376,014	4,512,070	23,596,429
Component B: Demonstrating the benefits of energy efficiency improvements in public buildings (ARIS)	6,190,820	3,187,695	10,669,130
	<u>23,566,834</u>	<u>7,699,765</u>	<u>34,265,559</u>

On behalf of the Management:


Naspekov M.
Executive Director of ARIS




Stalbek uulu B.
Financial Manager of ARIS


Raimbekov U.
Director of the subsidiary of Electric Power Plants OJSC Bishkekteploset



May 31, 2024
Bishkek, the Kyrgyz Republic


Ibragimov T.
PIU Financial Manager of the subsidiary of Electric Power Plants OJSC Bishkekteploset

May 31, 2024
Bishkek, the Kyrgyz Republic

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"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, 2023
(in US dollars)

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 (the "IBRD") and International Development Association (the collectively "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.

Credits and Grants were provided to implement "Heat Supply Improvement Project" and additional financing for "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 10 June 2020):

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

1. Providing support to BTS 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 subsidiary of the Electric Power Plants OJSC - Bishkekteploset.

The main financial agreement under Grant No. D240-KG and Credit No. 6146-KG was effective from 25 April 2019 to 31 December 2023. The supplementary agreement under SECO Grant No. TF0B2457 was effective from 25 November 2020 to 30 June 2023, but according to the letters received from the World Bank, it was decided to extend the Project of the main financial agreement under Grant No. D240-KG and Credit No. 6146-KG, as well as the Project of the additional agreement under SECO Grant No. TF0B2457 until December 31, 2024.

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.

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 dollars (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.

Project 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 within the agreements under the Grant No. D240-KG and the Credit No. 6164-KG, and jointly by the International Bank for Reconstruction and Development and the International Development Association within 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 account.

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, 2023 and 2022 are presented as follows:

	Account holder	Source of financing	Currency	December 31, 2023	December 31, 2022
Designated account	ARIS	Grant No. D240-KG	US dollar	456,160	558,746
Designated account	BTS	Grant No. D240-KG	US dollar	946,576	984,205
Designated account	ARIS	SECO Grant No. TF0B2457	US dollar	939	320,594
Designated account	BTS	Credit No. 6146-KG	US dollar	486,709	999,970
Interest account	ARIS	Other	US dollar	14,575	25,760
Interest account	BTS	Other	US dollar	28,670	6,300
Tender account	BTS	Other	US dollar	3,615	3,615
				<u>1,937,244</u>	<u>2,899,190</u>

5. FUNDS RECEIVED

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

For the year ended December 31, 2023:

	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Total
Advance / Initial deposit	-	-	-	-	-	-
Direct payment	-	-	-	1,113,468	13,843,387	14,956,855
Replenishment of designated account	<u>4,478,515</u>	<u>-</u>	<u>1,290,063</u>	<u>962,243</u>	<u>906,028</u>	<u>7,636,849</u>
	<u>4,478,515</u>	<u>-</u>	<u>1,290,063</u>	<u>2,075,711</u>	<u>14,749,415</u>	<u>22,593,704</u>

For the year ended December 31, 2022:

	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Total
Advance / Initial deposit	-	-	-	850,000	1,000,000	1,850,000
Direct payment	-	-	-	1,356,891	1,562,548	2,919,439
Replenishment of designated account	<u>2,006,518</u>	<u>-</u>	<u>594,023</u>	<u>1,592,655</u>	<u>-</u>	<u>4,193,196</u>
	<u>2,006,518</u>	<u>-</u>	<u>594,023</u>	<u>3,799,546</u>	<u>2,562,548</u>	<u>8,962,635</u>

Cumulative:

	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Total
Advance / Initial deposit	1,000,000	-	500,000	1,000,000	1,000,000	3,500,000
Direct payment	-	-	-	3,873,115	15,405,935	19,279,050
Replenishment of designated account	7,742,143	-	1,884,086	2,844,638	906,028	13,376,895
	<u>8,742,143</u>	<u>-</u>	<u>2,384,086</u>	<u>7,717,753</u>	<u>17,311,963</u>	<u>36,155,945</u>

6. OTHER INCOME

Other income is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Interest income:			
ARIS	14,598	25,820	81,681
BTS	30,606	9,138	46,378
	<u>45,204</u>	<u>34,958</u>	<u>128,059</u>

7. EXPENSES

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

	For the year ended December 31, 2023					
	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Total
Works	4,308,826	-	1,316,187	-	9,194,234	14,819,247
Consulting services	78,832	-	159,400	51,743	216,313	506,288
Operating costs						
Payroll and related taxes	86,445	-	76,822	43,355	-	206,622
Expenses for office	18,062	-	11,340	926	-	30,328
Travel expenses	13,233	-	5,438	-	-	18,671
Transport expenses	9,616	-	4,502	2,085	-	16,203
Withholding VAT by the tax agent	-	-	-	9,616	-	9,616
Communication	2,530	-	1,646	-	-	4,176
Expenses for computer equipment	208	-	966	-	-	1,174
Audit	(2,246)	-	2,246	-	-	-
Training	32,856	-	14,336	13,396	-	60,588
Goods	32,743	-	16,832	1,992,217	5,852,129	7,893,921
	<u>4,581,105</u>	<u>-</u>	<u>1,609,715</u>	<u>2,113,338</u>	<u>15,262,676</u>	<u>23,566,834</u>

For the year ended December 31,2022

	ARIS		BTS			
	Grant	Credit	SECO Grant	Grant	Credit	Total
	No. D240-KG	No. 6146-KG	No. TF0B2457	No. D240-KG	No. 6146-KG	
Works	1,818,144	-	620,397	-	-	2,438,541
Consulting services	440,944	-	122,706	49,647	-	613,297
Operating costs:						
Payroll and related taxes	129,221	-	17,906	35,430	-	182,557
Expenses for computer equipment	521	-	9,289	-	30	9,840
Expenses for office	7,044	-	1,110	1,216	-	9,370
Travel expenses	5,959	-	1,012	-	-	6,971
Transport expenses	3,345	-	421	1,485	-	5,251
Communication	2,186	-	417	189	-	2,792
Training	6,540	-	22	29,089	-	35,651
Goods	362	-	148	2,832,437	1,562,548	4,395,495
	<u>2,414,266</u>	<u>-</u>	<u>773,428</u>	<u>2,949,493</u>	<u>1,562,578</u>	<u>7,699,765</u>

	Cumulative					
	ARIS		BTS			
	Grant	Credit	SECO Grant	Grant	Credit	Total
	No. D240-KG	No. 6146-KG	No. TF0B2457	No. D240-KG	No. 6146-KG	
Works	6,792,176	-	1,936,584	-	9,194,234	17,922,994
Consulting services	864,938	-	282,106	268,947	216,313	1,632,304
Operating costs:						
Payroll and related taxes	425,262	-	94,728	196,256	-	716,246
Expenses for office	44,250	-	12,450	10,889	-	67,589
Travel expenses	26,408	-	6,450	-	-	32,858
Transport expenses	21,417	-	4,923	3,570	-	29,910
Expenses for computer equipment	4,840	-	10,255	-	30	15,125
Communication	10,309	-	2,063	2,561	-	14,933
Withholding VAT by the tax agent	-	-	-	9,616	-	9,616
Public utilities	706	-	-	-	-	706
Audit	(2,246)	-	2,246	-	-	-
Training	43,587	-	14,358	42,485	-	100,430
Goods	54,340	-	16,980	6,236,851	7,414,677	13,722,848
	<u>8,285,987</u>	<u>-</u>	<u>2,383,143</u>	<u>6,771,175</u>	<u>16,825,254</u>	<u>34,265,559</u>

8. OTHER EXPENSES

Other expenses are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Return of interest income to the Ministry of Finance of the Kyrgyz Republic (ARIS)	25,759	35,142	66,934
Bank services:			
BTS	8,238	5,576	14,095
ARIS	23	61	172
	<u>34,020</u>	<u>40,779</u>	<u>81,201</u>

9. FINANCIAL POSITION

Financial position as at December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
ASSETS AND EXPENDITURES		
Cash and cash equivalents:		
ARIS	471,674	905,100
BTS	1,465,570	1,994,090
Cumulative expenses:		
ARIS	10,669,130	4,478,310
BTS	23,596,429	6,220,415
Other expenses:		
ARIS	67,106	41,324
BTS	14,095	5,857
TOTAL ASSETS AND EXPENDITURES	<u>36,284,004</u>	<u>13,645,096</u>
FINANCING		
Funds received:		
ARIS	11,126,228	5,357,651
BTS	25,029,717	8,204,590
Other income:		
ARIS	81,681	67,083
BTS	46,378	15,772
TOTAL FINANCING	<u>36,284,004</u>	<u>13,645,096</u>

10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2023 are presented as follows:

Grant No. D240-KG

Application	Date	Recipient	Direct payment	Replenishment of designated account	Total
19G	January 18, 2023	BTS	385,927	-	385,927
20G	January 19, 2023	BTS	249,550	-	249,550
21G	February 2, 2023	BTS	226,153	-	226,153
22G	February 23, 2023	BTS	251,838	-	251,838
13	February 23, 2023	ARIS	-	560,678	560,678
18	June 23, 2023	ARIS	-	396,257	396,257
23G	June 30, 2023	BTS	-	962,243	962,243
20	August 4, 2023	ARIS	-	590,686	590,686
23	September 8, 2023	ARIS	-	778,052	778,052
24	October 10, 2023	ARIS	-	625,765	625,765
25	November 17, 2023	ARIS	-	501,939	501,939
27	December 12, 2023	ARIS	-	494,192	494,192
28	December 18, 2023	ARIS	-	236,888	236,888
29	December 20, 2023	ARIS	-	294,058	294,058
			<u>1,113,468</u>	<u>5,440,758</u>	<u>6,554,226</u>

SECO Grant No. TF0B2457

Application	Date	Recipient	Direct payment	Replenishment of designated account	Total
14	February 23, 2023	ARIS	-	229,028	229,028
16	June 6, 2023	ARIS	-	467,075	467,075
17	June 26, 2023	ARIS	-	346,483	346,483
19	August 4, 2023	ARIS	-	247,477	247,477
			<u>-</u>	<u>1,290,063</u>	<u>1,290,063</u>

Credit No. 6146-KG
Application

	Date	Recipient	Direct payment	Replenishment of designated account	Total
7C	February 23, 2023	BTS	262,609	-	262,609
9C	March 29, 2023	BTS	267,384	-	267,384
8C	March 29, 2023	BTS	276,311	-	276,311
10C	April 5, 2023	BTS	256,295	-	256,295
11C	April 14, 2023	BTS	473,668	-	473,668
13C	April 28, 2023	BTS	1,346,037	-	1,346,037
12C	April 28, 2023	BTS	495,275	-	495,275
14C	June 12, 2023	BTS	518,521	-	518,521
16C	June 27, 2023	BTS	254,561	-	254,561
15C	June 23, 2023	BTS	531,396	-	531,396
17C	July 18, 2023	BTS	1,294,819	-	1,294,819
18C	July 17, 2023	BTS	425,588	-	425,588
19C	August 22, 2023	BTS	518,993	-	518,993
21C	August 18, 2023	BTS	1,757,702	-	1,757,702
20C	August 18, 2023	BTS	643,478	-	643,478
22C	September 11, 2023	BTS	735,383	-	735,383
23C	September 15, 2023	BTS	202,964	-	202,964
24C	September 15, 2023	BTS	1,128,049	-	1,128,049
25C	October 13, 2023	BTS	290,891	-	290,891
26C	October 24, 2023	BTS	457,942	-	457,942
27C	October 25, 2023	BTS	366,338	-	366,338
28C	November 27, 2023	BTS	-	906,028	906,028
29C	December 11, 2023	BTS	1,339,183	-	1,339,183
			<u>13,843,387</u>	<u>906,028</u>	<u>14,749,415</u>

11. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the years ended December 31, 2023 and 2022 are presented as follows:

Source of financing	Grant No. D240-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	Credit No. 6146-KG	Total
Bank	OJSC RSK Bank		OJSC Aiyl Bank		
Account holder	ARIS		BTS		
Bank account	1299003250029172	1299003250035034	1350108038000313	1350108031058850	
Currency	US dollar		US dollar		
Bank's location	80/1 Moskovskaya str., Bishkek, the Kyrgyz Republic		114/2 Kievskaya str., Bishkek, the Kyrgyz Republic		
Balance as at December 31, 2021	966,496	500,000	134,151	-	1,600,647
Initial deposit	-	-	850,000	1,000,000	1,850,000
Replenishment	2,006,518	594,023	1,592,655	-	4,193,196
Total funds received	2,006,518	594,023	2,442,655	1,000,000	6,043,196
Expenses paid	177	120	49,260	30	49,587
Transfer to transit account	2,414,090	773,309	1,543,341	-	4,730,740
Balance as at December 31, 2022	558,747	320,594	984,205	999,970	2,863,516
Initial deposit	-	-	-	-	-
Replenishment	4,478,515	1,290,063	962,243	906,028	7,636,849
Total funds received	4,478,515	1,290,063	962,243	906,028	7,636,849
Expenses paid	270	120	358,998	833,716	1,193,104
Transfer to transit account	4,580,832	1,609,598	640,874	585,573	7,416,877
Balance as at December 31, 2023	456,160	939	946,576	486,709	1,890,384

12. UNDRAWN FUNDS

Undrawn funds December 31, 2023 and 2022 are presented as follows:

	Grant No. D240-KG in SDR	Credit No. 6146-KG in SDR	SECO Grant No. TF0B2457 in US dollars
Approved amount of financing	12,678,858	16,300,000	2,661,000
Disbursed during the period from April 25, 2019 to December 31, 2022	7,286,036	1,914,821	1,093,993
Disbursed during the year ended December 31, 2023	4,922,684	11,054,732	1,290,062
Undrawn amount of financing as at December 31, 2023	470,138	3,330,447	276,945

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 December 31, 2023 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2023 (in CCY)	Remaining amount to be paid (in CCY)
ARIS					
LLC Ak Tulpar	IDA-HSIP-NCB-2022-2-RT/1 IDA/SECO-HSIP-NCB-2022-2/Lo2/RT1	166,540,894	Kyrgyz som	134,198,676	32,342,218
LLC Arhstroyinvest and LLC Chin Alin Consortium	IDA/SECO-HSIP-NCB-2022-3/1	94,047,670	Kyrgyz som	90,048,931	2,308,947
LLC Construction company Sher Kurulush		81,980,701	Kyrgyz som	60,161,368	21,819,333
LLC Ilek Story group and LLC Beishembay Kurulush Consortium	IDA/SECO-HSIP-NCB-2022-4-RT/1	61,935,195	Kyrgyz som	52,570,150	2,766,850
LLC Ak Tulpar	SECO-HSIP-NCB-2022-1/1	61,029,775	Kyrgyz som	50,262,823	1,288,790
LLC Construction company Sher Kurulush	IDA/SECO-HSIP-NCB-2022-3/2	56,653,515	Kyrgyz som	50,808,127	5,845,388
LLC Ilek Story group and LLC Beishembay Kurulush Consortium	IDA/SECO-HSIP-NCB-2023-1/2	54,390,990	Kyrgyz som	46,404,881	2,442,362
LLC Alym-Sitroy and LLC Construction Company Optima Consortium	SECO-HSIP-NCB-2022-1/2	39,084,794	Kyrgyz som	38,107,675	977,119
LLC Kyrgyz Spectroy and CJSC Montazhnik and LLC Bektur Kelechek Consortium	IDA/SECO-HSIP-NCB-2022-9/1	34,651,904	Kyrgyz som	23,912,357	10,739,547
LLC PGS-VEK	IDA/SECO-HSIP-NCB-2022-9/2	34,518,955	Kyrgyz som	26,184,758	8,334,198
Construction company LLC Oshkoopkurulush	IDA/SECO-HSIP-NCB-2023/1-RT1	25,995,456	Kyrgyz som	22,147,590	1,165,663
LLC Biyik KG and LLC AT Empire Consortium	IDA-HSIP-NCB-2020-1	24,432,759	Kyrgyz som	22,771,390	583,882
Construction company LLC Oshkoopkurulush and OJSC MSPMK-2 Consortium	IDA/SECO-HSIP-NCB-2022-8/1	18,830,882	Kyrgyz som	17,193,005	441,084
Construction company LLC Oshkoopkurulush and OJSC MSPMK-2 Consortium	IDA/SECO-HSIP-NCB-2022-2	16,996,562	Kyrgyz som	15,561,058	399,001
LLC UNISERVIS-AST	IDA/SECO-HSIP-NCB-2022-6/2	15,370,300	Kyrgyz som	14,891,627	381,837
LLC ENKON	SECO-HSIP-CQS-2022-2	15,277,857	Kyrgyz som	6,836,646	8,441,211
LLC Income Systems	IDA-HSIP-NCB-2021-3	14,412,769	Kyrgyz som	11,756,727	618,775
LLC EuroStory Montazh and LLC Monolit Story Consortium	IDA/SECO-HSIP-NCB-2022-5/2	12,589,012	Kyrgyz som	11,770,628	619,507

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2023 (in CCY)	Remaining amount to be paid (in CCY)
LLC EAAS	IDA-HSIP-CQS-2021-1	11,584,255	Kyrgyz som	10,476,396	1,107,859
LLC SARZ PROZHEKT	SECO-HSIP-CQS-2022-1/1	9,910,846	Kyrgyz som	8,385,000	1,525,846
LLC Consulting company Expertise and Supervision	SECO-HSIP-CQS-2021-2	9,631,382	Kyrgyz som	6,930,597	2,700,785
LLC Expertise and Supervision and Sweco GmbH Germany Consortium	IDA-HSIP-CQS-2020-1	9,090,200	Kyrgyz som	7,447,230	1,642,970
LLC Capital Building	IDA/SECO-HSIP-				
LLC Media lab	WORKS/SHOPPING-2022-1/RT1	8,087,493	Kyrgyz som	7,664,955	403,419
Bormincev V. N.	IDA-HSIP-CQ-2020-5	5,632,531	Kyrgyz som	3,097,922	36,137
Amirov M. R.	IDA-HSIP-IC-2020-1	5,447,650	Kyrgyz som	4,114,235	1,333,415
LLC Optima Technologies	SECO-HSIP-IC-2022-1	3,273,250	Kyrgyz som	2,317,490	955,760
	ARIS-HSIP-HO-GOODS-2023-3	194,880	Kyrgyz som	111,360	83,520
BTS					
China Road and Bridge Corporation in Kyrgyzstan	IDA/HSIP/ICBW/2022/2 Lot 2 (Launch complex - III)	553,424,941	Kyrgyz som	462,056,931	91,368,010
China Road and Bridge Corporation in Kyrgyzstan	IDA/HSIP/ICBW/2022/3 Lot 3 (Launch complex - IV)	550,607,251	Kyrgyz som	108,924,220	441,683,031
China Road and Bridge Corporation in Kyrgyzstan	IDA/HSIP/ICBW/2022/1 Lot 1 (Launch complex - I)	203,633,091	Kyrgyz som	176,843,776	26,789,315
Amarc DHS S.r.l.	IDA-HSIP-ICB-HHJU/1-2020	5,727,545	Euro	4,654,581	1,072,964
Association Urban Technology Alliance	IDA-HSIP-CQS-2022	224,062	US dollar	190,158	33,904
CJSC BDO Armenia	KG-BTS-382579-CS-CDS	119,442	US dollar	-	119,442
Seureca Veolia	KG-BTS-346450-CS-CDS	27,222	US dollar	-	27,222

14. LEGAL CASES

There were no any legal claims related to the Project.

15. EVENTS AFTER THE REPORTING DATE

During 2024 until the date of issue of these project financial statements, the IBRD and IDA provided financing to the Project as follows:

Sources of financing	Application	Date	Recipient	Replenishment of designated account	Total
Grant No. D240-KG	30	February 12, 2024	ARIS	623,526	623,526
Credit No. 6146-KG	30C	February 22, 2024	BTS	594,239	594,239
SECO Grant No. TF0B2457	31	March 12, 2024	ARIS	276,945	276,945
Credit No. 6146-KG	31C	May 12, 2024	BTS	2,307,549	2,307,549
Credit No. 6146-KG	32C	May 15, 2024	BTS	315,601	315,601
				<u>4,117,860</u>	<u>1,494,710</u>

As at the date of issue of the project financial statements no other significant events or transactions occurred which should be disclosed in the project financial statements.

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