

**SUSTAINABLE RURAL WATER SUPPLY AND SANITATION DEVELOPMENT
PROJECT (SRWSSDP)**

**IDA CREDIT NUMBER 5907-KG
IDA GRANT NUMBER D138-KG**

ADDITIONAL FINANCING FOR SRWSSDP

**IDA CREDIT NUMBER 6088-KG
IDA GRANT NUMBER D204-KG**

**IMPLEMENTED BY
COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY**

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

**BISHKEK
April 2021**

SUSTAINABLE RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROJECT

IDA CREDIT NUMBER 5907-KG
IDA GRANT NUMBER D138-KG

ADDITIONAL FINANCING FOR SUSTAINABLE RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROJECT

IDA CREDIT NUMBER 6088-KG
IDA GRANT NUMBER D204-KG

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

The management of the Community Development and Investment Agency ("ARIS") is responsible for the preparation of the special purpose financial statements for the year ended 31 December 2020 of "Sustainable Rural Water Supply and Sanitation Development Project" ("Project") financed by Financing Agreements IDA Credit Number 5907-KG and IDA Grant Number D138-KG dated 26 October 2016 and Financing Agreement IDA Credit Number 6088-KG and IDA Grant Number D204-KG dated 13 November 2017, in accordance with the International Public Sector Accounting Standard: *Financial Reporting under the Cash Basis of Accounting*, ("IPSAS-Cash Basis") issued by the International Public Sector Accounting Standards Board ("IPSASB") within the International Federation of Accountants ("IFAC") and the Financial Management Manual for World Bank Financed Investment Operations (WB Guidelines).

In preparing the special purpose financial statements, ARIS's management is responsible for:

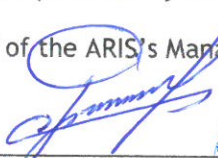
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional required disclosures for the year ended 31 December 2020.

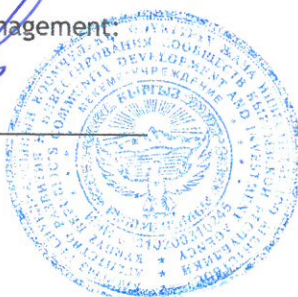
ARIS's Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions, and which enable them to ensure that the special purpose financial statements of the Project comply with *IPSAS - Cash Basis* and the *WB Guidelines*;
- Taking such steps that are reasonably available to them to safeguard the assets of the Project and to affirm that funds received have been used in accordance with the Financing Agreement IDA Credit Number 5907-KG and IDA Grant Number D138-KG dated 26 October 2016 and Financing Agreement IDA Credit Number 6088-KG and IDA Grant Number D204-KG dated 13 November 2017, and World Bank related guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided; and
- Preventing and detecting fraud and other errors.

The special purpose financial statements for the year ended 31 December 2020 were authorized for issue on 19 April 2021 by the ARIS's Management.

On behalf of the ARIS's Management:


Bekzhan Supanaliev
Executive Director




Ulanbek Zaynalov
Financial Manager

INDEPENDENT AUDITOR'S REPORT

To the management of the Community Development and Investment Agency

Opinion

We have audited the special purpose financial statements of "Sustainable Rural Water Supply and Sanitation Development Project" ("Project") financed by Financing Agreement IDA Credit Number 5907-KG and IDA Grant Number D138-KG dated 26 October 2016 ("Financing Agreement") and Financing Agreement IDA Credit Number 6088-KG and IDA Grant Number D204-KG dated 13 November 2017 ("Additional Financing Agreement"), and implemented by Community Development and Investment Agency ("ARIS"), which comprise the statement of cash receipts and payments and the statement of expenditures per components for the year ended 31 December 2020, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements for the year ended 31 December 2020 are prepared, in all material respects, in accordance with International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting, (IPSAS-Cash Basis)*.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). 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 Project and of the ARIS in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled out other ethical requirements in accordance with 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- Cash Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes that financial statements are prepared in accordance with cash basis framework, as a result, they may not be suitable for another purposes. Our opinion is not modified in respect of this matter.

Responsibilities of the Management for the Financial Statements

Management of the ARIS is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board (IPSASB) of the IFAC and Financial Management Manual for World Bank Financed Investment Operations ("WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

Report on Other Legal Requirements

To comply with the terms of the Financing Agreement and Additional Financing Agreement, the ARIS management shall insure that:

1. funds have been used in accordance with the conditions of the Financing Agreement and Additional Financing Agreement concluded between the International Development Association (IDA) and the Kyrgyz Republic, and WB Guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
2. supporting documents, records and accounts have been maintained to support claims for reimbursement of expenditures incurred. Expenditures included in the withdrawal applications and reimbursed against are eligible for financing under the Financing Agreement and Additional Financing Agreement; Interim Unaudited Financial Statements (IFSS) issued by ARIS during the Reporting year are in agreement with the underlying books of account;
3. The Designated accounts used has been maintained in accordance with the provision of the Financing Agreement and Additional Financing Agreement, and World Bank related guidelines;
4. Goods and Services financed have been procured in accordance with the Financing Agreement, Additional Financing Agreement and World Bank related guidelines.

In our opinion, the ARIS management has complied with the above requirements for the year ended 31 December 2020.

"BDO Armenia" CJSC
19 April 2021


Gnel Khachatryan, FCCA
Engagement Partner



Sustainable Rural Water Supply and Sanitation Development Project

IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Statement of cash receipts and payments

For the year ended 31 December 2020

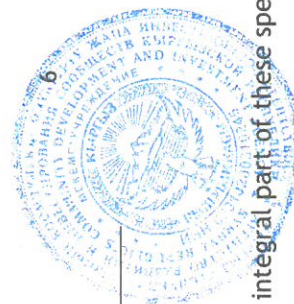
(Amounts are shown in US dollars)

	Note	Actual		Budget		Variance	
		Reporting year	Cumulative as at 31 Dec 2020	Reporting year	Cumulative as at 31 Dec 2020	Reporting year	Cumulative as at 31 Dec 2020
TOTAL OPENING CASH		3,732,914	-				
Sources of Funds	8						
IDA Credit Number 5907-KG		1,926,588	9,085,141				
IDA Grant Number D138-KG		1,142,842	8,246,738				
IDA Credit Number 6088-KG		1,099,985	2,099,985				
IDA Grant Number D204-KG		1,399,992	3,399,992				
Government cofinancing		383,820	3,177,880				
TOTAL FUNDS		5,953,227	26,009,736				
Other income/(outflows)	9	102,439	150,357				
Project Expenditures	7						
(1) Works for the Project		4,319,200	17,359,170	4,300,794	17,340,764	18,406	18,406
(2) Goods, non-consulting services, training and operating costs for the Project		1,640,909	4,971,185	1,681,166	5,011,442	(40,257)	(40,257)
(3) Sub-grants under Part 2 (g) of the Project		5,188	5,188	5,200	5,200	(12)	(12)
TOTAL PROJECT EXPENDITURES		5,965,297	22,335,543	5,987,160	22,357,406	(21,863)	(21,863)

Other expenditures (bank charges)

Foreign exchange gain/(loss)

TOTAL CLOSING CASH



Bekzhan Supanaliev
Executive Director

Ulanbek Zaynalov
Financial Manager

19 April 2021

The notes on pages 8-20 form an integral part of these special purpose financial statements.

Sustainable Rural Water Supply and Sanitation Development Project

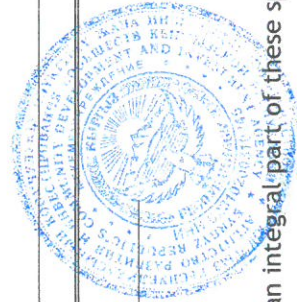
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Statement of expenditures per components


For the year ended 31 December 2020

(Amounts are shown in US dollars)

Components	Actual		Budget		Variance	
	Reporting year	Cumulative as at 31 Dec 2020	Reporting year	Cumulative as at 31 Dec 2020	Reporting year	Cumulative as at 31 Dec 2020
Part 1. Water Supply Investments						
Works	4,712,883	18,668,556	4,646,986	18,602,659	65,897	65,897
Goods	4,216,424	16,946,143	4,194,694	16,924,413	21,730	21,730
Consulting services	-	128	-	128	-	-
	496,459	1,722,285	452,292	1,678,118	44,167	44,167
Part 2. Sanitation Development						
Works	452,019	1,327,812	415,331	1,291,124	36,688	36,688
Goods	102,776	413,027	106,100	416,351	(3,324)	(3,324)
Consulting services	191,496	207,645	184,000	200,149	7,496	7,496
Trainings	141,522	640,620	108,731	607,829	32,791	32,791
Sub-grants	11,037	61,332	11,300	61,595	(263)	(263)
	5,188	5,188	5,200	5,200	(12)	(12)
Part 3. Institutional Strengthening						
3.a. At the national level	492,686	1,302,635	405,280	1,215,229	87,406	87,406
3.b. At the local level	308,719	617,301	227,600	536,182	81,119	81,119
3.c. Support capacity building activities	183,967	685,334	177,680	679,047	6,287	6,287
	-	-	-	-	-	-
Part 4. Project management						
Consulting services	307,709	1,036,540	519,563	1,248,394	(211,854)	(211,854)
Operating costs	12,996	82,146	13,000	82,150	(4)	(4)
Audits	278,922	837,668	491,730	1,050,476	(212,808)	(212,808)
Goods (Equipment for ARIS)	14,833	39,277	14,833	39,277	-	-
	958	77,449	-	76,491	958	958
TOTAL	5,965,297	22,335,543	5,987,160	22,357,406	(21,863)	(21,863)




Bekzhan Supanaliyev
Executive Director


Ulanbek Zaynalov
Financial Manager

19 April 2021

The notes on pages 8-20 form an integral part of these special purpose financial statements.

Sustainable Rural Water Supply and Sanitation Development Project
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements

For the year ended 31 December 2020

(Amounts are shown in US dollars)

1. General information

1.1. The Project

The Financing Agreement IDA Credit Number 5907-KG and IDA Grant D138-KG was concluded on 26 October 2016 between the Kyrgyz Republic and the International Development Association (IDA), according to which IDA provided financing to the Kyrgyz Republic in the amount of 9,300,000 Special Drawing Rights (SDR) and 7,600,000 SDR, respectively.

The Financing Agreement became effective on 3 February 2017.

The Financing Agreement IDA Credit Number 6088-KG and IDA Grant Number D204-KG dated 13 November 2017 between the Kyrgyz Republic and the International Development Association (IDA), according to which IDA provided financing to the Kyrgyz Republic in the amount of 14,500,000 Special Drawing Rights (SDR) and 11,900,000 SDR, respectively.

The Financing Agreement became effective on 7 September 2018.

The financing was provided for the implementation of "Sustainable Rural Water Supply and Sanitation Development Project" (the Project).

The payment currency of IDA Credit Number 5907-KG, IDA Grant D138-KG, IDA Credit Number 6088-KG and IDA Grant Number D204-KG is United States dollars (USD).

The Closing date of both IDA Credit 5907-KG and IDA Grant D138-KG is set 30 June 2025 (as updated).

The Grace Period for submitting withdrawal application for expenditures incurred before the Closing date is four months following the Closing date: 31 October 2025.

The Closing date of both IDA Credit 6088-KG and IDA Grant D204-KG is set 30 June 2025.

The Grace Period for submitting withdrawal application for expenditures incurred before the Closing date is four months following the Closing date: 31 October 2025.

1.2. The Project objectives

The objective of this project are: (i) to improve access and quality of water supply and sanitation services in the Participating Rural Communities; and (ii) to strengthen capacity of the Recipient's institutions in the water supply and sanitation sector.

The Project consists of the following parts:

Part 1: Water supply investment

Rehabilitation of existing and/or construction of new water supply systems in the Participating Rural Communities, including preparation of designs and on-site construction supervision.

Part 2: Sanitation Development

- (a) Retrofitting of existing indoor sanitary facilities and construction of new sanitary facilities in schools, pre-schools, and other social institutions;
- (b) Development of standard designs;
- (c) Provision of strategic technical, policy and capacity support for improved sanitation;
- (d) Carrying out needs assessment for selected Sanitary Epidemiological Surveillance (SES) units;
- (e) Development and implementation of communication strategy and water, sanitation and hygiene educational campaigns;
- (f) Preparation of national strategy for rural sanitation;
- (g) Provision of Results-based Incentives to eligible beneficiaries as Sub-grants to upgrade their household sanitation facilities to a hygienic level.

Part 3: Institutional Strengthening

Part 4: Project Management

Sustainable Rural Water Supply and Sanitation Development Project

IDA Credit Number 5907-KG

IDA Grant Number D138-KG

IDA Credit Number 6088-KG

IDA Grant Number D204-KG

Notes to the special purpose financial statements

For the year ended 31 December 2020

(Amounts are shown in US dollars)

1.3. The Project Budget

The Project is financed by:

- IDA Credit Number 5907-KG and IDA Grant D138-KG - 100%, for Categories 2 and 3, and 78% for Category 1, which was changed to 100% (Note 1.3.b), inclusive of taxes.
- IDA Credit Number 6088-KG and IDA Grant D204-KG - 100% for Categories 2 and 3, and 73.5% for Category 1, which was changed to 100% (Note 1.3.b), inclusive of taxes.
- Government cofinancing - remaining percentage on Category 1, which was changed to 0% (Note 1.3.b), inclusive of taxes.

Category	IDA Credit Number 5907-KG		IDA Grant Number D138-KG			IDA Credit Number 6088-KG		IDA Grant D204-KG		Government cofinancing		Total
	SDR	USD equivalent (a)	Initial SDR	Updated (b) SDR	USD equivalent (a)	SDR	USD equivalent (a)	Initial SDR	Updated (b) SDR	USD equivalent (a)	USD equivalent	
(1) Works for the Project	9,300,000	13,093,077	2,360,000	2,360,899	3,366,438	14,500,000	20,783,041	150,000	5,311,000	7,595,474	3,177,880	48,015,910
(2) Goods, non-consulting services, consultants' services, Training and Operating costs for the Project	-	-	5,240,000	5,239,101	7,355,054	-	-	11,020,000	6,369,000	9,108,563	-	16,463,617
(3) Sub-grants under Part 2 (g) of the Project	-	-	-	-	-	-	-	730,000	220,000	314,631	-	314,631
Total	9,300,000	13,093,077	7,600,000	7,600,000	10,721,492	14,500,000	20,783,041	11,900,000	11,900,000	17,018,668	3,177,880	64,794,158

(a) The budget USD equivalents for IDA Credit Number 5907-KG, IDA Grant D138-KG, IDA Credit Number 6088-KG and IDA Grant D204-KG with underlying currency of SDR, is calculated based on cumulative funds received in USD plus, if any, USD equivalent of undisbursed funds in SDR as at reporting date. SDR/USD rate as at 31.12.2020 is set at 1.44027 (31.12.2019: 1.38283).

(b) Reallocation of amounts between categories and change in financing percentage was approved by WB letter date 15 May 2020.

Sustainable Rural Water Supply and Sanitation Development Project
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements
For the year ended 31 December 2020
(Amounts are shown in US dollars)

1.4. Project Implementation

The Project is implemented by Community Development and Investment Agency (ARIS).

The ARIS was established on 15 October 2003 according to the Kyrgyz President's Decree for operating control over the Projects financed by the World Bank. ARIS is an independent legal entity, and it is registered in the legal organizational form envisaged by the legislation of the Kyrgyz Republic for non-for-profit organizations.

Co-founders of ARIS are Administration of the President of the Kyrgyz Republic, association of legal entities "Association of local self-government bodies of villages and communities of the Kyrgyz Republic" and "Counterpart-Sheriktesh" public association. The work of ARIS is supervised by the Supervisory Board, which is the superior steering body of ARIS.

The ARIS address is: 102 Bokonbayeva Street, Bishkek, the Kyrgyz Republic, 720040.

Notes to the special purpose financial statements

For the year ended 31 December 2020

(Amounts are shown in US dollars)

2. Summary of significant accounting policies

2.1. Preparation and presentation of financial statements

The special purpose financial statements are prepared in accordance with the International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting* (IPSAS-Cash Basis), issued by the International Public Sector Accounting Standards Board (IPSASB) within the International Federation of Accountants (IFAC), and presented in accordance with Financial Management Manual for World Bank Financed Investment Operations (March 2010): RM 3 - Financial Reporting and Auditing.

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.2 Cash basis of accounting

Project financing is recognised as a source of project funds when the cash is received. Project expenditures are recognised as a use of project funds when the payments are made.

2.3 Reporting currency

The reporting currency of these special purpose financial statements is United States dollars (USD). The cofinancing received and expenditures made in local currency, Kyrgyz Som (KGS), are translated into USD based at the exchange rate prevailing at the date of the transaction as issued by the OJSC "RCK Bank" ("RSK").

The exchange rate defined by the RCK is as follows:

31 December 2019:	USD 1 = 69.30 KGS.
31 December 2020:	USD 1 = 82.80 KGS.

2.4. Taxes

The taxes are paid in accordance with the tax regulation of the Kyrgyz Republic.

2.5. Budget

Expenditure budget is created based on actual accumulated expenditures for the last period plus the updated procurement plans for the Reporting year.

Sustainable Rural Water Supply and Sanitation Development Project
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements
For the year ended 31 December 2020
(Amounts are shown in US dollars)

3. Summary of Summary Reports and SOEs

3.1. IDA Credit Number 5907-KG

Withdrawal application No	Withdrawal application value date	Disbursement categories	Total
		(1) Works for the Project	
12	17-Apr-2020	567,217.92	567,217.92
13	29-Jun-2020	263,316.94	263,316.94
15	30-Nov-2020	768,786.84	768,786.84
17	17-Dec-2020	327,266.66	327,266.66
Total		1,926,588.36	1,926,588.36

3.2. IDA Grant Number D138-KG

Withdrawal application No	Withdrawal application value date	Disbursement categories		Total
		(1) Works for the Project	(2) Goods, non-consulting services, consultants' services, Training and Operating costs for the Project	
12	21-Apr-2020	-	756,587.85	756,587.85
13	01-Dec-2020	-	386,254.32	386,254.32
Total		-	1,142,842.17	1,142,842.17

3.3. IDA Credit Number 6088-KG

Withdrawal application No	Withdrawal application value date	Disbursement categories	Total
		(1) Works for the Project	
2	6-May-2020	451,637.44	451,637.44
3	30-Jun-2020	246,172.96	246,172.96
4	28-Sep-2020	402,174.68	402,174.68
Total		1,099,985.08	1,099,985.08

3.4. IDA Grant Number D204-KG

Withdrawal application No	Withdrawal application value date	Disbursement categories			Total
		(1) Works for the Project	(2) Goods, non-consulting services, consultants' services, Training and Operating costs for the Project	(3) Sub-grants under Part 2 (g) of the Project	
2	6-May-2020	182,607.88	419,189.95	5,188.53	606,986.36
3	30-Nov-2020	501,549.47	291,456.45	-	793,005.92
Total		684,157.35	710,646.40	5,188.53	1,399,992.28

Sustainable Rural Water Supply and Sanitation Development Project
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements

For the year ended 31 December 2020

(Amounts are shown in US dollars)

4. Statement of Designated Accounts

4.1. Financing Agreement

	IDA Credit Number 5907-KG	IDA Grant Number D138-KG
Bank account number	1299003250022102	1299003250022001
Bank	OJSC "RCK Bank"	
Bank location	Moskovskaya str. 80/1, Bishkek, Kyrgyz Republic	
Account currency	USD	USD

	IDA Credit Number 5907-KG	IDA Grant Number D138-KG	Total
For the year ended 31 Dec 2020			
	USD	USD	USD
1. Opening balance as at 01.01.2020	770,681	705,188	1,475,869
2. Add: opening discrepancy	-	2	2
3. IDA advance/replenishment	1,926,588	1,142,842	3,069,430
4. Less: Refund to IDA from DA			
5. Present outstanding amount advanced to DA	2,697,269	1,848,032	4,545,301
6. DA closing balance as at 31.12.2020	988,981	843,297	1,832,278
7. Add: Amount of eligible expenditures paid	1,708,288	1,004,735	2,713,023
8. Less: interest earned (if credited to DA)	-	-	-
9. Total advance accounted for	2,697,269	1,848,032	4,545,301
10. Closing discrepancy (5)-(9)	-	-	-

Sustainable Rural Water Supply and Sanitation Development Project
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements
For the year ended 31 December 2020
(Amounts are shown in US dollars)

4.2. Additional Financing Agreement		IDA Credit Number 6088-KG	IDA Grant Number D204-KG
Bank account number		1299003250022910	1299003250022809
Bank		"RSK Bank" OJSC	
Bank location		80/1 Moskovskaya Street, Bishkek, Kyrgyz Republic	
Account currency		USD	USD

	IDA Credit Number 6088-KG	IDA Grant Number D204-KG	Total
For the year ended 31 Dec 2020			
	USD	USD	USD
1. Opening balance as at 01.01.2020	691,008	1,535,313	2,226,321
2. Add: opening discrepancy	-	-	-
3. IDA advance/replenishment	1,099,985	1,399,992	2,499,977
4. Less: Refund to IDA from DA	-	-	-
5. Present outstanding amount advanced to DA	1,790,993	2,935,305	4,726,298
6. DA closing balance as at 31.12.2020	651,977	1,270,484	1,922,461
7. Add: Amount of eligible expenditures paid	1,139,016	1,664,821	2,803,837
8. Less: interest earned (if credited to DA)	-	-	-
9. Total advance accounted for	1,790,993	2,935,305	4,726,298
10. Closing discrepancy (5)-(9)	-	-	-

Sustainable Rural Water Supply and Sanitation Development Project
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements

For the year ended 31 December 2020

(Amounts are shown in US dollars)

5. Statement of Financial Position

The Statement of Financial Position discloses assets, liabilities and net assets of the Project as at reporting date. It is prepared in accrual basis that is transactions are recognized when they occur (and not only when cash is received or paid).

	Note	31 Dec 2020 USD	31 Dec 2019 USD
ASSETS			
Cash	6	3,822,957	3,732,914
Prepayments (a)		189,816	118,846
Total assets		4,012,773	3,851,760
LIABILITIES			
Payables (b)		439,567	449,919
Total liabilities		439,567	449,919
NET ASSETS			
Cumulative income	8		
IDA Credit Number 5907-KG		9,085,141	7,158,553
IDA Grant Number D138-KG		8,246,738	7,103,896
IDA Credit Number 6088-KG		2,099,985	1,000,000
IDA Grant Number D204-KG		3,399,992	2,000,000
Government cofinancing		3,177,880	2,794,060
Other income	9	150,357	67,234
		26,160,093	20,123,743
Cumulative expenses			
Project expenses		22,585,294	16,720,636
Other expenditures		1,500	1,173
		22,586,794	16,721,809
Foreign exchange loss		93	93
Total net assets		3,573,206	3,401,841

(a) Prepayments consist of advances for construction works up to 20% of the contract amount, based on bank guaranties.

(b) Payable consists of warranty amounts of 5% withhold from contractors' invoices for construction works.

Sustainable Rural Water Supply and Sanitation Development Project
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IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements

For the year ended 31 December 2020

(Amounts are shown in US dollars)

6. Cash

	Underlying Currency	31 Dec 2020 USD	31 Dec 2019 USD
IDA Credit Number 5907-KG			
Designated Account	USD	988,981	770,681
		<u>988,981</u>	<u>770,681</u>
IDA Grant D138-KG			
Designated Account	USD	843,297	705,188
Transit account	KGS	-	2
		<u>843,297</u>	<u>705,190</u>
IDA Credit Number 6088-KG			
Designated Account	USD	651,977	691,008
		<u>651,977</u>	<u>691,008</u>
IDA Grant Number H204-KG			
Designated Account	USD	1,270,484	1,535,313
		<u>1,270,484</u>	<u>1,535,313</u>
Other			
Interest account	USD	24,017	10,885
Interest account	KGS	538	4
Interest account	USD	43,658	19,826
Interest account	KGS	5	7
		<u>68,218</u>	<u>30,722</u>
		<u>3,822,957</u>	<u>3,732,914</u>

All bank accounts are held at OJSC "RCK Bank" (Bishkek, Kyrgyz Republic).

Sustainable Rural Water Supply and Sanitation Development Project
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements

For the year ended 31 December 2020

(Amounts are shown in US dollars)

7. Project Expenditures

7.1. Project expenditure financing per funds

USD

Category	For the year ended 31 Dec 2020						Total
	IDA Credit Number 5907-KG	IDA Grant D138-KG	IDA Credit Number 6088-KG	IDA Grant D204-KG	Government cofinancing	Other income	
(1) Works for the Project	1,708,288	-	1,139,016	1,023,471	383,820	64,605	4,319,200
(2) Goods, non-consulting services, consultants' services, Training and Operating costs for the Project	-	1,004,735	-	636,150	-	24	1,640,909
(3) Sub-grants under Part 2 (g) of the Project	-	-	-	5,188	-	-	5,188
Total	1,708,288	1,004,735	1,139,016	1,664,809	383,820	64,629	5,965,297

USD

Category	Cumulative as at 31 Dec 2020						Total
	IDA Credit Number 5907-KG	IDA Grant D138-KG	IDA Credit Number 6088-KG	IDA Grant D204-KG	Government cofinancing	Other income	
(1) Works for the Project	8,096,160	3,366,438	1,448,008	1,206,078	3,177,880	64,606	17,359,170
(2) Goods, non-consulting services, consultants' services, Training and Operating costs for the Project	-	4,037,003	-	918,242	-	15,940	4,971,185
(3) Sub-grants under Part 2 (g) of the Project	-	-	-	5,188	-	-	5,188
Total	8,096,160	7,403,441	1,448,008	2,129,508	3,177,880	80,546	22,335,543

7.2. Project expenditure budget execution

Sub-Category	Cumulative Expenditures as at 31 Dec 2020	Total budget	Implementation
	USD	USD	%
(1) Works for the Project	17,359,170	48,015,910	36%
(2) Goods, non-consulting services, consultants' services, Training and Operating costs for the Project	4,971,185	16,463,617	30%
(3) Sub-grants under Part 2 (g) of the Project	5,188	314,631	2%
Total	22,335,543	64,794,158	34%

Sustainable Rural Water Supply and Sanitation Development Project
IDA Credit Number 5907-KG
IDA Grant Number D138-KG
IDA Credit Number 6088-KG
IDA Grant Number D204-KG

Notes to the special purpose financial statements
For the year ended 31 December 2020
(Amounts are shown in US dollars)

8. Financing

8.1. IDA Credit Number 5907-KG

	Reporting year USD	Cumulative as at 31 Dec 2020 USD
Advance/ (advance recovery)	-	1,000,000
SOE and Summary Report	1,926,588	8,085,141
Total	1,926,588	9,085,141
Total financing budget		13,093,077
Percentage of finance provided as at 31 Dec 2020		69%

8.2. IDA Grant Number D138-KG

	Reporting year USD	Cumulative as at 31 Dec 2020 USD
Advance/ (advance recovery)	-	1,000,000
SOE and Summary Report	1,142,842	7,246,738
Total	1,142,842	8,246,738
Total financing budget		10,721,492
Percentage of finance provided as at 31 Dec 2020		77%

8.3. IDA Credit Number 6088-KG

	Reporting year USD	Cumulative as at 31 Dec 2020 USD
Advance/ (advance recovery)	-	1,000,000
SOE and Summary Report	1,099,985	1,099,985
Total	1,099,985	2,099,985
Total financing budget		20,783,041
Percentage of finance provided as at 31 Dec 2020		10%

Sustainable Rural Water Supply and Sanitation Development Project

IDA Credit Number 5907-KG

IDA Grant Number D138-KG

IDA Credit Number 6088-KG

IDA Grant Number D204-KG

Notes to the special purpose financial statements

For the year ended 31 December 2020

(Amounts are shown in US dollars)

8.4. IDA Grant Number D204-KG

	Reporting year USD	Cumulative as at 31 Dec 2020 USD
Advance/ (advance recovery)	-	2,000,000
SOE and Summary Report	1,399,992	1,399,992
Total	1,399,992	3,399,992
Total financing budget		17,018,668
Percentage of finance provided as at 31 Dec 2020		20%

8.5. Government cofinancing

	Reporting year USD	Cumulative as at 31 Dec 2020 USD
In-cash	383,820	3,177,880
Total	383,820	3,177,880
Total financing budget		3,177,880
Percentage of finance provided as at 31 Dec 2020		100%

9. Other income

	Reporting year USD	Cumulative as at 31 Dec 2020 USD
Interest accrued	68,648	118,256
Implementation guaranty received	64,605	64,605
Tender fees	-	17,626
	133,253	200,487
Transfer of interest accrued to state budget	(30,814)	(50,130)
	102,439	150,357

10. Schedule of Fixed assets

The schedule of fixed assets procured and received by ARIS for the Project implementation is follows:

	1 January 2020	Additions	Deductions	31 December 2020
Computers and equipment	80,572	-	-	80,572
Vehicle	25,914	-	-	25,914
Furniture	538	-	-	538
	107,024	-	-	107,024

11. Litigations

There are no pending litigations related to the Project as at reporting date and as at approval date of these financial statements.

Sustainable Rural Water Supply and Sanitation Development Project

IDA Credit Number 5907-KG

IDA Grant Number D138-KG

IDA Credit Number 6088-KG

IDA Grant Number D204-KG

ANNEX 1. RECONCILIATION BETWEEN THE AMOUNTS SUBMITTED BY THE ARIS AND DISBURSED BY THE WORLD BANK

For the year ended 31 December 2020

(Amounts are shown in US dollars)

A. IDA Credit Number 5907-KG

Expenditure Category	Appl.	ARIS	WB	Difference
(1) Works for the Project	12	567,217.92	567,217.92	-
	13	263,316.94	263,316.94	-
	15	768,786.84	768,786.84	-
	17	327,266.66	327,266.66	-
		1,926,588.36	1,926,588.36	
Total		1,926,588.36	1,926,588.36	

B. IDA Grant Number D138-KG

Expenditure Category	Appl.	ARIS	WB	Difference
(2) Goods, non-consulting services, consultants' services, Training and Operating costs for the Project	12	756,587.85	756,587.85	-
	13	386,254.32	386,254.32	-
		1,142,842.17	1,142,842.17	
Total		1,142,842.17	1,142,842.17	

C. IDA Credit Number 6088-KG

Expenditure Category	Appl.	ARIS	WB	Difference
(1) Works for the Project	2	451,637.44	451,637.44	-
	3	246,172.96	246,172.96	-
	4	402,174.68	402,174.68	-
		1,099,985.08	1,099,985.08	
Total		1,099,985.08	1,099,985.08	

D. IDA Grant Number D204-KG

Expenditure Category	Appl.	ARIS	WB	Difference
(1) Works for the Project	2	182,607.88	182,607.88	-
	3	501,549.47	501,549.47	-
		684,157.35	684,157.35	
(2) Goods, non-consulting services, consultants' services, Training and Operating costs for the Project	2	419,189.95	419,189.95	-
	3	291,456.45	291,456.45	-
		710,646.40	710,646.40	
(3) Sub-grants under Part 2 (g) of the Project	2	5,188.53	5,188.53	-
		5,188.53	5,188.53	
Total		1,399,992.28	1,399,992.28	

