

**COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY
“SUSTAINABLE VILLAGES IN THE KYRGYZ REPUBLIC” PROJECT**

LOAN № 2KYR0044, №7KYR0045

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 DECEMBER 2020**

**AND
INDEPENDENT AUDITOR'S REPORT**

Bishkek - 2021

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

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

Opinion

We have audited the accompanying financial statements of the “Sustainable Villages in the Kyrgyz Republic” Project prepared in accordance with the special purpose concept, 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 implemented by the Community Development and Investment Agency (ARIS), including the Statement of Financial Position at December 31, 2020, the Statement of Sources and Uses of Funds, the Report on the Project’s Special Account Balance Reconciliation at December 31, 2020 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 concept and its notes reliably represent, in all material aspects, the receipts and expenditures of funds from the “Sustainable Villages in the Kyrgyz Republic” Project (hereinafter referred to as the ‘Project’) for the period from January 1 to December 31, 2020, as well as their balances as of December 31, 2020 years in accordance with the cash basis of the International Public Sector Accounting Standards (IPSAS) described in Note 2 to the financial report prepared in accordance with the special purpose concept;
- 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 and the Islamic Solidarity Fund for Development;
- The cash flow 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 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 ARIS 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’ financial report cannot be used for any other purpose.

Basis for expression of the 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 ARIS 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.

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

The ARIS 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 concept.

Auditor's responsibilities for the audit of the Project financial statements

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 by passing 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

8 February 2021

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 auditors 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 Villages in the Kyrgyz Republic” Project. 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 to 31 December 2020, 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.

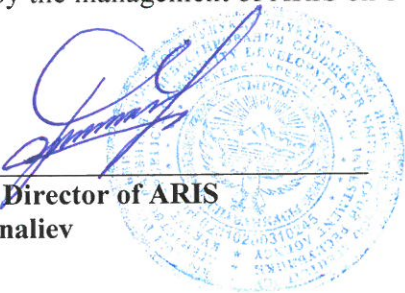
When preparing the Project's financial statements, the ARIS management is responsible for:

- 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.

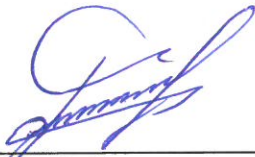
These special-purpose financial statements for the period from 1 January to 31 December 2020 were approved by the management of ARIS on 8 February 2021.


Executive Director of ARIS
B.T. Supanaliev

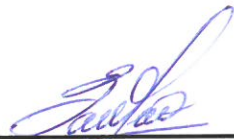
8 February 2021
Bishkek, the Kyrgyz Republic

Community Development and Investment Agency
 "Sustainable Villages in the Kyrgyz Republic" Project
 Statement of Financial Position
 As of 31 December 2020
 (Amounts in tables are shown in US dollars)

ASSETS	Note	31 December 2020	31 December 2019
Cash	4	966,738.57	198,951.97
Project costs	6	5,858,275.28	1,939,138.21
TOTAL ASSETS		6,825,013.85	2,138,090.18
LIABILITIES			
IDB: Loan № 2KYR0044	5	3,533,557.97	7,50,000.00
ISFD: Loan №7KYR0045	5	1,850,000.00	750,000.00
GKR co-financing	5	1,069,302.05	511,873.43
Contribution of communities		294,287.14	69,276.17
Other incomes		77,866.69	56,940.58
TOTAL LIABILITIES		6,825,013.85	2,138,090.18


 Supanaliyev B. T.
 Executive Director of ARIS




 Zaynalov U.
 Financial Manager of ARIS

The notes on pages 11-32 are an integral part of this report



Community Development and Investment Agency
 "Sustainable Villages in the Kyrgyz Republic" Project
 Report on the IDB Special Account Balance Reconciliation
 For the year ended December 31, 2020
 (Amounts in tables are shown in US dollars)

	Note	For 2020	From the beginning of the Project to 31.12.2020	For 2019	From the beginning of the Project to 31.12.2019.
Beginning balance, of which:	4	198,951.97		1,301,205.20	-
ISFD funds: Loan № 7KYR0045		173,128.83		516,045.87	-
IDB funds: Loan № 2KYR0044		18,764.76		750,000.00	-
Other funds		7,058.38		35,159.33	-
Sources of funding:					
IDB funds: Loan № 2KYR0044		2,783,557.97	3,533,557.97	-	750,000.00
ISFD funds: Loan № 7KYR0045		1,100,000.00	1,850,000.00	-	750,000.00
GKR		557,428.63	1,069,302.05	244,985.67	511,873.42
Contribution of communities		225,010.97	294,287.14	55,509.66	69,276.17
Other funds		20,926.10	77,866.69	18,658.42	56,940.59
Total funding:	5	4,686,923.67	6,825,013.85	319,153.75	2,138,090.18
Expenditures of the Project:					
A. Block financing					
IDB funds: Loan № 2KYR0044		2,467,970.11	3,182,763.32	714,793.21	714,793.21
ISFD funds: Loan № 7KYR0045		613,728.40	1,159,870.30	342,917.04	546,141.90
GKR		423,062.05	559,059.87	112,376.28	135,997.82
Contribution of communities		225,010.96	294,287.12	55,509.66	69,276.16
	6	3,729,771.52	5,195,980.61	1,225,596.19	1,466,209.09
B. Capacity building					
ISFD funds: Loan № 7KYR0045		20,251.58	50,813.51		30,561.93
GKR		25,798.77	71,822.29	16,877.64	46,023.52
		46,050.35	122,635.80	16,877.64	76,585.45
C. Monitoring and evaluation					
ISFD funds: Loan № 7KYR0045		-	167.34		167.34
GKR		-	10.57		10.57
			177.91		177.91
D. Project management					
IDB funds: Loan № 2KYR0044		8,236.00	24,678.03	16,442.03	16,442.03
GKR		108,567.81	438,409.33	115,731.75	329,841.52
Others		17,318.99	67,201.20	46,759.37	49,882.21
		134,122.80	530,288.56	178,933.15	396,165.76
Exchange rate differences					
ISFD funds: Loan № 7KYR0045		9,192.40	9,192.40		
Project total:		3,919,137.07	5,858,275.28	1,421,406.98	1,939,138.21
IDB funds: Loan № 2KYR0044		2,476,206.11	3,207,441.35	731,235.24	731,235.24
ISFD funds: Loan № 7KYR0045		643,172.38	1,220,043.55	342,917.04	576,871.17
GKR		557,428.63	1,069,302.06	244,985.67	511,873.43
Contribution of communities		225,010.96	294,287.12	55,509.66	69,276.16
Others		17,318.99	67,201.20	46,759.37	49,882.21
Ending balance, of which:	4	966,738.57	966,738.57	198,951.97	198,951.97
IDB funds: Loan № 2KYR0044		326,116.62	326,116.62	18,764.76	18,764.76
ISFD funds: Loan № 7KYR0045		629,956.46	629,956.46	173,128.83	173,128.83
Other funds		10,665.49	10,665.49	7,058.38	7,058.38

Supanaliyev B.T.
 Executive Director of ARIS

Zaynalov U.
 Financial Manager of ARIS

The notes on pages 11-32 are an integral part of this report



Community Development and Investment Agency
 "Sustainable Villages in the Kyrgyz Republic" Project
 Report on the IDB Special Account Balance Reconciliation
 For the year ended December 31, 2020
 (Amounts in tables are shown in US dollars)

Code	Description	Amount (US dollars)
A	Opening balance as of 1 January 2020	18,764.76
B	Payment received from the IDB	2,783,557.97
	- PURS IsBR Application № 2 Date: 27/02/20	483,557.97
	- PURS IsBR Application № 3 Date: 16/06/20	800,000.00
	- PURS IsBR Application № 5 Date: 18/12/20	1,500,000.00
C	Reimbursement of ineligible expenditure	
	Total resources (1)	2,802,322.73
D	Component A. Block financing	2,467,970.11
	Component B. Capacity building	-
	Component C. Monitoring and evaluation	-
	Component D. Project management	8,236.00
	Total expenses (2)	2,476,206.11
	Special Account Balance (3)=(1)-(2)	326,116.62
E	Special Account Balance as of 31.12.2020 and as per a bank statement (4)	326,116.60
	Balance of funds on the transit account as of 31.12.2020 and according to a bank statement (4)	0.02
	Difference (5)=(3)-(4)	-
F	Reasonable difference (6)	-
	The difference must be justified (7)=(5)-(6)	-


 Supanaliyev B.T.
 Executive Director of ARIS





 Zaynalov U.
 Financial Manager of ARIS




Community Development and Investment Agency
 "Sustainable Villages in the Kyrgyz Republic" Project
 Report on the ISFD Special Account Balance Reconciliation
 For the year ended December 31, 2020
 (Amounts in tables are shown in US dollars)

Code	Description	Amount (US dollars)
A	Opening balance as of 1 January 2020	173,128.83
B	Payment received from the ISFD	1,100,000.00
	- PURS ISFD Application № 2 Date: 27/02/20	500,000.00
	- PURS ISFD Application № 4 Date: 10/06/20	600,000.00
C	Reimbursement of ineligible expenditure	
	Total resources (1)	
D	Component	
	Component A. Block financing	613,728.40
	Component B. Capacity building	20,251.58
	Component C. Monitoring and evaluation	0.00
	Exchange rate difference (revaluation of the balance)	9,192.40
	Total expenses (2)	643,172.38
	Special Account Balance (3)=(1)-(2)	629,956.45
E	Special Account Balance as of 31.12.2020 and as per a bank statement (4)	520,658.68
	Balance of funds on the transit account as of 31.12.2020 and according to a bank statement (4)	109,297.77
	Difference (5)=(3)-(4)	-
F	Reasonable difference (6)	-
	The difference must be justified (7)=(5)-(6)	-


 Supanaliyev B.T.
 Executive Director of ARIS




 Zaynalov U.
 Financial Manager of ARIS



1. THE PROJECT BACKGROUND

The “Sustainable Villages in the Kyrgyz Republic” Project 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
Basic cost	5,96	57	2,65	25	1,85	18	10,46
Unforeseen expenses	0,04	7	0,35	65	0,15	28	0,54
Total cost	6,00	55	3,00	27	2,00	18	11,00

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
	ISFD	IDB*	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
C. Monitoring and evaluation	0,29		0,29	0	0,29
D. Project management	-	0,18	0,18	0,66	0,84
Basic cost	2,65	5,96	8,61	1,85	10,46
Unforeseen expenses	0,35	0,04	0,39	0,15	0,54
Total cost	3,00	6,00	9,00	2,00	11,00

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
Total	11,00	100	6,45	4,55

The Project will be implemented within 5 years after the first payment is made. According to the Loan Agreement, the repayment of the IDB loan will be made from 2022 for 17 years, the repayment of the ISCFR 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 PMU, at the end of 2020 was thirteen, in 2019 it was ten.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. *Basis for preparation of the financial statements*

These financial statements were prepared in accordance with the cash basis of the International Public Sector Accounting Standards (IPSAS) and corresponding provisions of the Loan Agreement №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.

Expenses

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

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

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

Fixed assets

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

Procurement of goods, works and services

Procurement of goods, services and construction works under the Project is carried out in accordance with the “Guidelines for Procurement of Goods and Works under IDB Financing” published in November 2006, as well as the requirements specified in the Loan Agreement.

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

Procurement of consulting services

The selection and recruitment of consultants for detailed design and supervision was carried out through International Competitive Bidding among consulting firms from the IDB member countries included in the short List in accordance with the 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 analysed in a timely manner on the basis of the previous period within the Project budget.

Using the automated program

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

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

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

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

Cash

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

Procurements and expenditures

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

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

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

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

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

Remuneration

- The HR specialist keeps a record of working hours, and the report cards are approved by the Executive Director of ARIS.

- Accounting documents data is stored in separate files with the specified access rights.
- According to the decree of the Government of the Kyrgyz Republic of August 5, 2015 "On the conditions of remuneration of employees engaged in the preparation and implementation of projects 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 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 ASSETS

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.

	31 December 2020	31 December 2019
ISFD funds:		
Special Account № 7KYR0045	520,658.68	173,128.83
IDB funds		
Special Account № 2KYR0044;	326,116.60	18,764.76
Special Accounts total	846,775.28	191,893.59
ISFD funds:		
Transit account № 7KYR0045	109,297.77	-
IDB funds		
Transit account № 7KYR0044	0.02	-
Transit accounts total	109,297.79	-

Other Project accounts:

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	31 December 2020	31 December 2019
Interest	9,829.94	6,981.69
Tender	835.55	76.69
Other Project accounts total:	10,665.49	7,058.38
Total funds	966,738.56	198,951.97

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:

	Special Account (ISFD)	Special Account (IDB)	GKR	Other funds	Total Project funds
Opening balance	173,128.83	18,764.76	-	7,058.38	198,951.97
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)
Ending balance	629,956.45	326,116.62	-	10,665.49	966,738.56
Current account	629,956.45	326,116.62	-	10,665.49	966,738.56

Cash flows for the period from January 1 to December 31, 2019 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
Opening balance	516,045.87	750,000.00	-	35,159.33	1,301,205.20
Replenishment of the account (with the initial advance and other receipts)*			244,985.67	18,658.42	263,644.09
Use of funds	(342,917.04)	(731,235.24)	(244,985.67)	(46,759.37)	(1,365,897.32)
Ending balance	173,128.83	18,764.76	-	7,058.38	198,951.97
Current account	173,128.83	18,764.76	-	7,058.38	198,951.97

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
Opening balance					
Replenishment of the account (with the initial advance and other receipts)*	1,850,000.00	3,533,557.97	1,069,302.06	77,866.68	6,530,726.71
Use of funds	(1,220,043.55)	(3,207,441.35)	(1,069,302.06)	(67,201.19)	(5,563,988.15)
Ending balance	629,956.45	326,116.62	-	10,665.49	966,738.56
Current account	629,956.45	326,116.62	-	10,665.49	966,738.56

Replenishment of ISFD Special Account

	Pay date	Amount (USD)
Initial advance payment	30 December 2016	750,000.00
Replenishment	27 February 2020	500,000.00
Replenishment	10 June 2020	600,000.00
Total replenishment of the account for the Project implementation period		1,850,000.00

Application #	SOE #	Cost period	Costs amount (USD)
2	2	30.12.2016-31.12.2018	233,954.11
Total costs			233,954.11
2	2	01.01.2019-23.11.2019	314,234.84
4	4	24.11.2019-31.12.2019	28,682.20
Total SOE			342,917.04
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
			633,979.98
Total for the period of the Project			1,210,851.13

Replenishment of IDB Special Account

	Pay 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
Total for the period of the Project		3,533,557.00

Use of IDB Special Account IDB (SOE):

Application #	SOE #	Cost period	Costs amount (USD)
2	SOE №2	01.01.2019-23.11.2019	467,717.68
Not issued	-	24.11.2019-31.12.2019	263,517.56
June 2019			731,235.24
		01.01.2020-23.03.2020	317,688.78
		24.03.2020-30.10.2020	975,674.49
		01.11.2020-31.12.2020	1,182,842.84
Total 2020			2,476,206.11
			3,207,441.35

5. FINANCING

	2020	2019	From the start of the Project until December 31, 2020
IDB: Loan № KGZ			
Current account replenishment	2,783,557.97		2,783,557.97
Advance			750,000.00
Total IDB	2,783,557.97		3,533,557.97
ISFD: loan № KGZ			
Current account replenishment	1,100,000.00		1,100,000.00
Advance			750,000.00
Total ISFD	1,100,000.00		1,850,000.00
TOTAL IDB and ISFD	3,883,557.97		5,383,557.97
GKR			
Current account replenishment	557,428.63	244,985.67	1,069,302.05
TOTAL GKR	557,428.63	244,985.67	1,069,302.05
Other sources:			
Contribution of communities	225,010.97	55,509.66	294,287.14
Other incomes <i>including</i>	20,926.10	18,658.42	77,866.69
<i>Other funds (interest)</i>	9,917.47	10,597.81	55,430.52
<i>Tender account</i>	11,008.63	8,060.61	22,436.16
	245,937.07	74,168.08	372,153.83
	4,686,923.67	319,153.75	6,825,013.85

6. EXPENDITURES

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
A. Block financing	2,467,970.11	613,728.40	423,062.05	225,010.96	0.00	3,729,771.52
<i>Grants for implementation of sub-projects</i>	<i>2,467,970.11</i>	<i>613,728.40</i>	<i>382,080.80</i>	<i>225,010.96</i>	<i>-</i>	<i>3,688,790.27</i>
Construction of of a paramedic and midwifery center (PMC) located at Bukar village, Artaev village, Panfilov district, Chui region		625.20	81.07			706.27
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

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
The renovation of the building Group of Family Physicians in the village steppe, Stepnovskogo a/a, Zhaiyl 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-dyykan, 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/or		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 Zhaiyl 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 "Alfalfa"	28,035.67		3,600.75			31,636.42
Package 3. "The construction of a kindergarten for 50 seats, pp. Smooth, Couldactually 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

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
"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. Bachecha 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 Keminsky 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 Poltavs'kyi, 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
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
<i>Consulting services</i>			40,981.25			40,981.25

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
B. Capacity building		20,251.58	25,798.77			46,050.35
<i>Trainings and workshops:</i>						
<i>Consulting services</i>		20,251.58	25,798.77			46,050.35
Remuneration of trainers		20,251.58	25,798.77			46,050.35
C. Monitoring and evaluation						
<i>Trainings and workshops:</i>						
<i>Consulting services</i>						
D. Project management	8,236.00		108,567.81		17,318.99	134,122.80
<i>Salary of employees (staff)</i>			103,999.30		0.00	103,999.30
<i>Operating costs</i>			3,580.19		17,223.77	20,803.96
<i>Audit</i>	8,236.00		988.32		0.00	9,224.32
<i>Bank fees</i>					95.22	95.22
FX rate difference		9,192.40				9,192.40
TOTAL	2,476,206.11	643,172.38	557,428.63	225,010.96	17,318.99	3,909,944.67

Expenses for the reporting period from January 1, 2019 to December 31, 2019:

Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
A. Block financing	714,793.21	342,917.04	112,376.28	55,509.66	-	1,225,596.19
<i>Grants for implementation of sub-projects</i>	714,793.21	342,917.04	91,178.57	55,509.66	-	1,204,398.48
Construction of PMC located at the address S. Bukar, a/a Ortoev, Panfilov district, Chui region Return (2,5%)	-	644.02	77.17	-	-	721.19
Construction of PMC located at Sary-Bulak village, Sary-Bulak village, Zhayyl district, Chui region Return (2.5%)	-	644.03	77.17	-	-	721.20
Construction of the PMC located at the address Ak-Beket village, Kyzyl-Oktyabr a/a, Keminsky district, Chui region Return (2,5%)	-	343.55	41.11	-	-	384.66
Construction of gyms in c.Sosnovka, S. Chaldybar		197,479.32	27,751.07	16,901.95	-	242,132.34
The renovation of the building GSV in the village steppe, Stepnovskogo a/a, Zaiyl district, Chui region	26,212.93	-	3,138.59	1,043.42	-	30,394.94
The construction of the PMC in the village Jany-Jol, Ilichevskoe a/a, Kemin district, Chuy region	26,516.41	-	3,173.45	377.02	-	30,066.88
Repair the house of culture in the village Jany-Alysh, Jany-Aleshkovo a/a, Kemin district of Chuy region	19,521.18	-	2,053.53	1,168.95	-	22,743.66
Repair of the school in the part	34,206.26	-	3,609.72	404.00	-	38,219.98

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
of the existing system of feeding, replacement of windows and doors in the village of Kyzyl-Dyikan, Kyzyl-Dyikan a/a, Zhayyl district of Chui region						
The extension of the intensive care unit, premises entrances and overpass to the building of admissions	86,485.38	-	5,840.71	-	-	92,326.09
construction of PMC located at: chüy, zielski district, Kara-Suu, Kara-Suu and/and	-	827.90	99.06	274.56	-	1,201.52
Repair kindergarten Alenushka"	-	121,783.22	12,868.92	4,884.40	-	139,536.54
Repair inter channel "SAI" with a length of 6.7 km	77,934.38	-	4,994.93	7,647.06	-	90,576.37
Repair of the Lucerne canal"	34,893.01	-	3,224.24	3,347.29	-	41,464.54
Package 3. "The construction of a kindergarten for 50 seats, pp. Smooth, Couldactually aimag, Panfilov district of Chuy region"	131,895.15	-	7,096.41	4,304.16	-	143,295.72
Pack of 2. "The construction of a kindergarten for 50 seats, Pervomaiskoye, Celtiberian aimag, Panfilov district of Chuy region"	119,606.40	-	5,850.54	3,012.91	-	128,469.85
Reconstruction of the head of irrigation water intake on the river Kara-Balta, in the village of Sosnovka, Sosnowski a/a, Zaiyl rayon, Chui oblast	32,284.35	-	3,867.57	2,009.58	-	38,161.50
Repair of boiler and heating systems Budenny high school", in the village of Altyn, Sarah-Coolhousing aimag, Zaiyl rayon, Chui oblast	-	21,195.00	2,536.11	1,318.80	-	25,049.91
"The construction of a kindergarten for 100 places in S. Kaindy, Kok-Oirok a/a, Kemin district of Chuy region"	70,283.67	-	-	-	-	70,283.67
Package 4. "Construction of a kindergarten for 50 children, Bokso-Zhol village, Taldy-Bulakskiy ayylny aimag, Zhayylsky district, Chui region»	28,472.49	-	1,705.03	3,830.70	-	34,008.22
Package 1. "Construction of a kindergarten for 50 children, Kum-Aryk village, Ortoevskiy ayylny aimag, Panfilov district, Chui region»	26,481.60	-	3,173.24	4,984.86	-	34,639.70
<u>Consulting services</u>	-	-	21,197.71	-	-	21,197.71
Remuneration	-	-	21,197.71	-	-	21,197.71
B. Capacity building	-	-	16,877.64	-	-	16,877.64
<u>Trainings and workshops:</u>	-	-	-	-	-	-

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
<i>Consulting services</i>			16,877.64	-	-	16,877.64
Remuneration			16,877.64			16,877.64
C. Monitoring and evaluation	-	-	-	-	-	-
<i>Trainings and workshops:</i>	-	-	-	-	-	-
<i>Consulting services</i>						178,933.15
D. Project management	16,442.03	-	115,731.75	-	46,759.37	
<i>Employee salaries</i>	-	-	105,768.60	-	-	105,768.60
<i>Training</i>	-	-	265.04	-	-	265.04
<i>Operating expenses</i>	-	-	7,725.07	-	46,247.61	53,972.68
<i>Audit</i>	16,442.03	-	1,973.04	-	-	18,415.07
<i>Bank fees</i>	-	-	-	-	511.76	511.76
TOTAL	731,235.24	342,917.04	244,985.67	55,509.66	46,759.37	1,421,406.98

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
A. Block financing	3,182,763.32	1,159,870.30	559,059.87	294,287.12	0.00	5,195,980.61
<i>Grants for implementation of sub-projects</i>	3,182,763.32	1,159,870.30	487,369.77	294,287.12	0.00	5,124,290.51
Construction of a roadside complex on the territory of Boroldoysky aiyl aimag, Keminsky district of Chui region	49,851.79	65,861.95	11,766.24	2,776.30	0.00	130,256.28
"Construction of the building of the Group of Family doctors No. 3 of the Armed Forces. The Chaldovar Frunze, Panfilov district of Chuy region"	69,364.38	140,932.66	26,647.17	6,616.34	0.00	243,560.55
"Construction resource center Alekseevka Zayil aiyl Aimag Zaiyl rayon, Chui oblast"	22,362.09	0.00	2,680.12	6,211.18	0.00	31,253.39
Construction of roadside complex on the 155 km of the highway Bishkek-Osh, Suusamyr Yelnya aimag Zaiyl rayon, Chui oblast	21,105.84	0.00	0.00	5,094.76	0.00	26,200.60
"The construction of the building Group of Family Physicians (GFP) in Kaindy Panfilov district of Chuy region»	98,146.99	0.00	8,597.52	0.00	0.00	106,744.51
"The construction of the sports hall in St. Bacheva Kara-Bulak aiyl Aimag of Kemin district of Chuy region"	73,940.94	0.00	5,916.98	18,752.30	0.00	98,610.22
"The construction of a kindergarten for 100 persons, S. Panfilov, Kurama aiyl Aimag, Panfilov district of Chuy region"	192,590.34	114,710.11	32,939.50	15,355.43	0.00	355,595.38
"The repair work of the channels R-1, R-2, R-3, in the Kemin	233,134.17	0.00	30,519.82	25,638.18	0.00	289,292.17

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
district of Chuy region»						
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	0.00	352,442.39
"The construction of an elementary school for 100 seats, novomykhaylivka, Chym-Korgon aiyl Aimak, Kemin district, Chuy region»	77,945.26	166,168.21	29,660.98	4,627.57	0.00	278,402.02
"The construction of the treatment plant in the village of AK-Tyuz of Kamenskoye, Chui region"	77,002.44	0.00	9,294.80	3,095.49	0.00	89,392.73
Lot No. 2 "the Construction of a kindergarten for 100 persons, p. Poltavka Poltavs'kyi AA, Chui Region	70,664.28	0.00	8,469.19	18,421.96	0.00	97,555.43
"The construction of a kindergarten for 100 persons, p. the Suusamyr valley Suusamyr Aiyl Aimak, Chui oblast»	99,221.93	0.00	12,083.90	0.00	0.00	111,305.83
Major repairs of the Department of Infectious Diseases of the Kemin Territorial Hospital	17,914.52	0.00	2,147.08	0.00	0.00	20,061.60
Construction of a PMC located at the address: Chui region, Zhayyl district, Kara-Suu village, Kara-Suu aiyl aimag	-	29,372.22	3,416.14	274.55	-	33,062.91
construction of PMC in the village of Kozhomkul, Suusamyrsky a/a, Zhayylsky district, Chui region	-	32,227.87	3,746.22	270.17	-	36,244.26
Construction of PMC located at Sary-Bulak village, Sary-Bulak village, Zhayyl district, Chui region	-	25,789.76	2,995.47	159.66	-	28,944.89
The construction of PMC is located at S. Boucard, a/Artaev, Panfilovskiy rayon, Chui oblast	0.00	25,629.31	2,983.19	278.02	-	28,890.52
The construction of the PMC is located at the address AK-Beckett, a/a Kyzyl-Oktyabr, Kemin district, Chuy 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	0.00	361,803.99	37,738.03	16,901.96	-	416,443.98
The renovation of the building GFP in the village steppe, Stepnovskogo a/a, Chui region	26,866.17	-	3,220.75	1,043.42	-	31,130.34
The construction of the PMC in the village Jany-Jol, Ilichevskoe a/a, Kemin district, Chuy region	27,162.39	-	3,254.69	377.02	-	30,794.10
Repair the house of culture in the village Jany-Alysh, Jany-Aleshkovo a/a, Kemin district of	22,353.81	-	2,403.04	1,168.95	-	25,925.80

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
Chuy region						
Repair of the school in the part of the existing system of feeding, 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	106,645.94	-	11,479.07		-	118,125.01
Repair of the kindergarten "Alyonushka ""	-	138,449.90	14,925.42	4,884.40	-	158,259.72
Repair of the inter-farm canal" SAI " with a length of 6.7 km	282,950.68	-	30,963.49	11,725.56	-	325,639.73
Repair of the Lucerne canal"	62,928.68	-	6,824.99	3,347.29	-	73,100.96
Package 3. "The construction of a kindergarten for 50 seats, pp. Smooth, Kurulmasi Yelnya aimag, Panfilov district of Chuy region"	274,203.56	-	29,669.30	9,175.61	-	313,048.47
Package of 2. "The construction of a kindergarten for 50 seats, Pervomaiskoye, Haldibari Yelnya aimag, Panfilov district of Chuy region"	264,610.73	-	28,694.54	6,429.14	-	299,734.41
Reconstruction of the head of irrigation water intake on the river Kara-Balta, in the village of Sosnovka aiyl Aimak Sosnowski, Zaiyl rayon, Chui oblast	33,957.18	-	4,066.52	2,009.58	-	40,033.28
Repair of boiler house and heating networks of Budenovskaya secondary school", in the village of Altyn, Sary-Koo aiyl aimag, Zhayyl district, Chui region	2,901.48	21,195.00	2,883.86	1,318.80	-	28,299.14
"The construction of a kindergarten for 100 places in S. Kaindy, Kok-Oirok a/a, Kemin district of Chuy region"	252,553.69	-	25,594.02	9,873.43	-	288,021.14
Package 4. "Construction of a kindergarten for 50 children, Bokso-Zhol village, Taldy-Bulak aiyl aimag, Zhayyl district, Chui region»	236,923.96	-	26,795.79	8,519.67	-	272,239.42
Package 1. " Construction of a kindergarten for 50 children, village of Kum-Aryk, Ortoevsky ayyl aimag, Panfilovsky district, Chui region»	238,462.88	-	29,465.54	9,792.02		277,720.44
<i>Consulting services</i>			71,690.10			71,690.10
B. Capacity building		50,813.51	71,822.29			122,635.80

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
<i>Trainings and workshops:</i>		24,616.37	644.67			25,261.04
"Implementation mechanisms and joint study of rural needs for the working group "		3,639.17	47.45	-	-	3,686.62
"Discussion and training for the Project team on further Project implementation plans"		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 EPRO ARIS 1709-0810. 2017		2,384.90	-	-	-	2,384.90
Meeting at the district level of representatives of the RRG structures		661.05	17.94	-	-	678.99
Training "Project implementation mechanisms for PMU specialists and district experts		2,878.22	184.22	-	-	3,062.44
"Training for RRG and PPG for SIPRMT and PP"		3,395.31	66.27	-	-	3,461.58
Training on CINS for representatives of district structures		1,429.27	46.07	-	-	1,475.34
Conducting competitions for the selection of projects by district		204.64	-	-	-	204.64
Regional meeting on the work of the EPRO with the USUV, 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		702.37	-	-	-	702.37
<i>Consulting services</i>		20,251.58	71,177.62			91,429.20
Remuneration of trainers		20,251.58	71,177.62			91,429.20
<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
C. Monitoring and evaluation	-	167.34	10.57	-	-	177.91
<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>				-	-	
D. Project management	24,678.03		438,409.33	0.00	67,201.20	530,288.56
Employee salaries	-	-	407,150.85	-	-	407,150.85

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Components	IDB Loan 2KYR0044	ISFD Loan 7KYR0045	GKR	Contribution of communities	Others	TOTAL
Training	-	-	265.04	-	-	265.04
Operating expenses	-	-	28,032.08	-	66,594.23	94,626.31
Audit	24,678.03	-	2,961.36	-	-	27,639.39
Bank fees					606.97	606.97
Exchange rate difference		9,192.40				9,192.40
TOTAL	3,207,441.35	1,220,043.55	1,069,302.06	294,287.12	67,201.20	5,858,275.28

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	39%	129.70	0%
B. Technical support and capacity building	50,813.51	4%	1,200,000	40%	1,149,186.49	96%
C. Monitoring and evaluation	167.34	0%	290,000	10%	289,832.66	100%
Unforeseen expenses		3%	350,000	12%	350,000.00	100%
Exchange rate differences	9,192.40				9,192.40	
Total	1,220,043.55	41%	3,000,000.00	100%	1,779,956.45	59%

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	3,182,763.32	55%	5,780,000	96%	2,597,236.68	45%
D. Project management	24,678.03	14%	180,000	3%	155,321.97	86%
Unforeseen expenses		-	40,000	1%	40,000.00	100%
Total	3,207,441.35	53%	6,000,000	100%	2,792,558.65	47%

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8. LIABILITIES

As of December 31, 2020, the Project in the “Construction works” category had the following obligations under the invoices issued (withheld guarantee amounts of 5% in accordance with the terms of the construction works contract).

Name of the counterparty	Contract #	Retained the security deposit		including the share of IDB		including the share of GKR	
		USD	KGS	USD	KGS	USD	KGS
The consortium OOO "Aqua Plast" and ZAO "Kaynar" Consortium of "Biyik KG" LLC and "AT Empire" LLC Consortium of "LOI" LLC and "SU-4 Kara-Balta" LLC The consortium LLC "Olan Sroy Company" and LLC "Projek"	ARIS-IsDB-SVP-NCB-19-15	4,704.71	373,729.40	4,198.22	333,686.96	506.49	40,042.44
	ARIS-IsDB-SVP-W-NCB-19-11/1	15,304.64	1,154,788.14	9,110.80	712,849.24	6,193.84	441,938.90
	ARIS-IsDB-SVP-W-SH-19-6	17,111.11	1,263,319.82	11,354.78	857,252.70	5,756.33	406,067.12
	ARIS-IsDB-SVP-W-NCB-18-3/ad1	21,898.49	1,533,321.92	14,523.82	1,018,044.50	7,374.67	515,277.42
	ARIS-IsDB-SVP-W-SH-19-7/ad1	750.68	52,718.39	419.82	29,605.68	330.86	23,112.71
GidrobetonSroy LLC, "Zhakyp Ata" LLC and "Uniservice-AST" LLC "Income Systems" LLC, including	ARIS-IsDB-SVP-W-NCB-19-13	15,409.50	1,182,478.90	13,658.79	1,055,785.19	1,750.71	126,693.71
	ARIS-IsDB-SVP-W-NCB-20-19	5,858.20	478,437.70	5,222.21	427,176.52	635.99	51,261.18
	ARIS-IsDB-SVP-W-NCB-19-7	18,413.44	1,248,845.66	12,692.58	823,249.00	5,720.86	425,596.66
	ARIS-IsDB-SVP-W-NCB-19-8	4,560.83	320,755.75	2,539.74	179,574.88	2,021.09	141,180.87
	ARIS-IsDB-SVP-W-NCB-20-20	8,122.64	464,780.82	7,333.76	414,982.86	788.88	49,797.96
LLC "Kubai"	ARIS-IsDB-SVP-W-NCB-20-22	1,644.87	132,429.80	1,468.83	118,240.90	176.04	14,188.90
		4,085.10	330,879.29	1,350.25	110,450.36	2,734.85	220,428.93
		31,493.68	2,323,952.82	25,880.87	1,902,497.83	5,612.81	421,454.99
	ARIS-IsDB-SVP-W-NCB-19-10 (Paker 1)	14,616.42	1,073,512.53	13,010.83	958,493.33	1,605.59	115,019.20
	ARIS-IsDB-SVP-W-NCB-19-10 (Paker 4)	16,877.26	1,250,440.29	12,870.04	944,004.50	4,007.22	306,435.79
"LOI" LLC LLC "Construction company"	ARIS-IsDB-CVP-WSH-19-6	3,850.37	278,305.18	2,580.57	188,849.93	1,269.80	89,455.25
		48,722.76	3,509,384.17	25,249.11	1,815,732.79	23,473.65	1,693,651.38

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Name of the counterparty	Contract #	Retained the security deposit		including the share of IDB		including the share of GKR	
		USD	KGS	USD	KGS	USD	KGS
Sher-Kurulush" including:	ARIS-IsDB-SVP-W-NCB-19-14	19,310.02	1,435,531.56	12,370.01	937,791.83	6,940.01	497,739.73
	ARIS-IsDB-SVP-W-NCB-19-17	5,582.86	427,533.77	2,091.39	156,816.18	3,491.47	270,717.59
	ARIS-ISDB-SVP-W-NCB-19-18	6,775.63	515,199.91	2,509.19	195,962.35	4,266.44	319,237.56
	ARIS-IsDB-SVP-W-SH-19-10/2	8,338.21	553,649.96	4,041.41	257,051.76	4,296.80	296,598.20
	ARIS-IsDB-SVP-W-SH-19-10/3	8,716.04	577,468.97	4,237.11	268,110.67	4,478.93	309,358.30
	ARIS-IsDB-SVP-W-SH-19-1	1,489.41	105,556.76	1,330.21	94,247.10	159.20	11,309.66
“SU-4 Kara-Balta” LLC	ARIS-IsDB-SVP-W-NCB-19-12	14,914.73	1,061,952.14	13,124.60	948,171.57	1,790.13	113,780.57
OOO "UKS"	ARIS-IsDB-SVP-W-NCB-20-21	1,055.87	85,009.13	942.87	75,901.01	113.00	9,108.12
LLC " Uniservice-AST"	ARIS-IsDB-SVP-W-NCB-19-16/2	5,134.37	413,371.55	4,584.87	369,081.74	549.50	44,289.81
LLC "ANREAS"							
LLC TC "Universal Electro"							
including:							
	ARIS-IsDB-SVP-W-NCB-19-5/ad2	13,080.57	981,130.57	7,969.01	593,874.25	5,111.56	387,256.32
	ARIS-IsDB-SVP-W-NCB-19-9/ad1	3,325.38	213,183.47	1,748.33	106,417.14	1,577.05	106,766.33
	ARIS-IsDB-SVP-W-NCB-19-9/ad1	9,755.19	767,947.10	6,220.68	487,457.11	3,534.51	280,489.99
	ARIS-IsDB-SVP-W-NCB-19-11	23,509.11	1,417,474.13	21,459.64	1,265,601.90	2,049.47	151,872.23
LLC “Elit-Story-City”							
Total		242,701.64	17,463,776.38	174,302.77	12,511,607.91	68,398.87	4,952,168.47

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As of December 31, 2020, the Project under the "Construction Works" category had the following obligations:

Name of the counterparty	Contract #	#	Invoice Date	Unpaid obligations on the share of the Government of the Kyrgyz Republic	
				USD	KGS
LLC "Construction company "Sher- Kurulush"	ARIS-ISDB-SVP-W-NCB-19-18	6	15.11.2020	989.30	79,737.91
	ARIS-ISDB-SVP-W-NCB-19-17	4	05.11.2020	370.68	29,877.08
"Income Systems" LLC	ARIS-ISDB-SVP-W-NCB-20-22	1	15.12.2020	2,570.41	207,174.89
LLC TK "Universal Electro"	ARIS-ISDB-SVP-W-NCB-19-9/adl	8	11.12.2020	2,754.28	221,995.14
	0			6,684.67	538,785.02

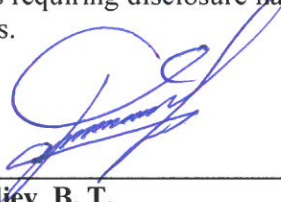
9. FIXED ASSETS

The list of all the fixed assets purchased in the Project at the expense of GKR funds, as of December 31, 2020, by storage location, is presented as follows:

FA name	Date of purchase	Amount	Quantity	Storage location
Smartphone Xiaomi redmi note 4 32 gb	07.03.2018	147.07	1	ARIS office
Office chair "Kubik»	11.12.2017	144.84	1	ARIS office
Total		291.91		

10. EVENTS AFTER THE REPORTING DATE

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


 Supanaliev B. T.
 Executive Director of ARIS




 Zaynalov U.
 Financial Manager of ARIS

