



**“Central Asia Road Links Project – CARs-1”  
Credit No. 5430-KG, Grant No. H934-KG**

**The project financial statements**

for the period from January 1 to November 15, 2019 and  
the grace period from November 16, 2019 to March 15, 2020

**and independent auditors’ report**

**“CENTRAL ASIA ROAD LINKS PROJECT – CARS-1”  
CREDIT NO. 5430-KG, GRANT NO. H934-KG**

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**“CENTRAL ASIA ROAD LINKS PROJECT – CARS-1”  
CREDIT NO. 5430-KG, GRANT NO. H934-KG**

**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND  
APPROVAL OF THE PROJECT FINANCIAL STATEMENTS  
FOR THE PERIOD FROM JANUARY 1 TO NOVEMBER 15, 2019 AND  
THE GRACE PERIOD FROM NOVEMBER 16, 2019 TO MARCH 15, 2020**

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The following statement, which should be read in conjunction with the independent auditors’ responsibilities stated in the independent auditors’ report is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the project financial statements of the Project “Central Asia Road Links Project – CARS-1”, Credit No. 5430-KG, Grant No. H934-KG (the “Project”).

Management is responsible for the preparation of the project financial statements that present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components of the Project for the period from January 1 to November 15, 2019 and the grace period from November 16, 2019 to March 15, 2020 in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”).

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

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- preparing the project financial statements on a going concern basis, unless it is inappropriate to presume that the Project will continue its activity for the foreseeable future.

Management is also responsible for:

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

The project financial statements for the period from January 1 to November 15, 2019 and the grace period from November 16, 2019 to March 15, 2020 were approved and authorized for issue on May 18, 2020 by the management of the Project.

**On behalf of the Management:**

  
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**Berdaliev B.**  
**Deputy minister of transport and roads of the  
Kyrgyz Republic**

May 18, 2020  
Bishkek, the Kyrgyz Republic

  
\_\_\_\_\_  
**Esembaeva R.**  
**Acting Director of Investment Projects  
Implementation Group**

May 18, 2020  
Bishkek, the Kyrgyz Republic

## **INDEPENDENT AUDITORS' REPORT**

To the Management of the Project "Central Asia Road Links Project – CARs-1" under the Ministry of transport and roads of the Kyrgyz Republic:

### **Opinion**

We have audited the accompanying project financial statements of the Project "Central Asia Road Links Project – CARs-1" (the "Project") which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the period from January 1 to November 15, 2019 and the grace period from November 16, 2019 to March 15, 2020, and a summary of significant accounting policies and other explanatory information (the "project financial statements").

In our opinion, the accompanying project financial statements present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components of the Project for the period from January 1 to November 15, 2019 and the grace period from November 16, 2019 to March 15, 2020 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

### **Basis for opinion**

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

### **Emphasis of matter**

Without further qualifying our opinion, we draw attention to Note 2 to the project financial statements, which describe the basis of accounting. These project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing agreement requirements.

### **Other matter**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether these project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these project financial statements.

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

- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the project financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Kubat Alymkulov  
Certified accountant, FCCA  
Certificate of auditor of the Kyrgyz Republic # A 0069  
Audit Partner, Baker Tilly Bishkek LLC



Yulia Abdumanapova  
Certificate of auditor of the Kyrgyz Republic # A 0068  
Director, Baker Tilly Bishkek LLC

Baker Tilly Bishkek LLC,  
License Series A # 0049 issued by the State  
Committee on Review and Regulation of the financial  
market of the Kyrgyz Republic

May 18, 2020  
Bishkek, the Kyrgyz Republic

**“CENTRAL ASIA ROAD LINKS PROJECT – CARS-1”  
CREDIT NO. 5430-KG, GRANT NO. H934-KG**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID  
FOR THE PERIOD FROM JANUARY 1 TO NOVEMBER 15, 2019 AND  
THE GRACE PERIOD FROM NOVEMBER 16, 2019 TO MARCH 15, 2020  
(in US Dollars)**

	Notes	The grace period from November 16, 2019 to March 15, 2020	For the period from January 1 to November 15, 2019	For the year ended December 31, 2018	Cumulative
<b>Opening balance</b>	4	188,207	329,627	183,981	-
<b>Funding sources</b>					
IDA Credit No. 5430-KG	5	3,936,227	7,163,620	4,495,580	27,510,831
IDA Grant No. H934-KG	5	36,773	636,833	835,529	7,384,020
Contributions of the Government of the Kyrgyz Republic	5	849,392	149,967	1,556,139	4,818,622
<b>Total financing</b>		4,822,392	7,950,420	6,887,248	39,713,473
Other income	6	466	3,500	5,582	20,108
Foreign exchange gain		57	107	4,649	5,545
<b>Total receipts</b>		4,822,915	7,954,027	6,897,479	39,739,126
<b>Project expenses</b>					
Works	7	4,309,772	2,880,189	4,380,525	28,454,730
Goods	7	163,277	4,879,628	1,611,935	7,836,119
Consulting services	7	523,040	204,462	555,059	2,631,990
Operating costs	7	303	127,681	200,524	786,254
<b>Total project expenses</b>		4,996,392	8,091,960	6,748,043	39,709,093
Other expenses		352	3,487	3,790	15,655
<b>Closing balance</b>	4	14,378	188,207	329,627	14,378

On behalf of the Management:

  
**Berdaliev B.**  
Deputy minister of transport and roads of the Kyrgyz Republic

May 18, 2020  
Bishkek, the Kyrgyz Republic

  
**Esembaeva R.**  
Acting Director of Investment Projects Implementation Group

May 18, 2020  
Bishkek, the Kyrgyz Republic

The notes on pages 7-19 form an integral part of the project financial statements.  
The independent auditors' report is on pages 3-5.

**“CENTRAL ASIA ROAD LINKS PROJECT – CARS-1”  
CREDIT NO. 5430-KG, GRANT NO. H934-KG**

**SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS  
FOR THE PERIOD FROM JANUARY 1 TO NOVEMBER 15, 2019 AND  
THE GRACE PERIOD FROM NOVEMBER 16, 2019 TO MARCH 15, 2020  
(in US Dollars)**

	The grace period from November 16, 2019 to March 15, 2020	For the period from January 1, to November 15, 2019	For the year ended December 31, 2018	Cumulative
Component I. Rehabilitation of Priority Road Sections in Batken Region	4,309,772	2,880,189	4,765,097	30,101,195
Component II. Improvement of Road Operations and Maintenance Practices	163,277	4,968,739	1,734,339	8,101,482
Component III. Project Management and Implementation	523,343	243,032	248,607	1,506,416
	<u>4,996,392</u>	<u>8,091,960</u>	<u>6,748,043</u>	<u>39,709,093</u>

On behalf of the Management:

  
\_\_\_\_\_  
**Berdaliev B.**  
Deputy minister of transport and roads of the  
Kyrgyz Republic

May 18, 2020  
Bishkek, the Kyrgyz Republic

  
\_\_\_\_\_  
**Esembaeva R.**  
Acting Director of Investment Projects  
Implementation Group

May 18, 2020  
Bishkek, the Kyrgyz Republic

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**“CENTRAL ASIA ROAD LINKS PROJECT – CARS-1”  
CREDIT NO. 5430-KG, GRANT NO. H934-KG**

**NOTES TO THE PROJECT FINANCIAL STATEMENTS  
FOR THE PERIOD FROM JANUARY 1 TO NOVEMBER 15, 2019 AND  
THE GRACE PERIOD FROM NOVEMBER 16, 2019 TO MARCH 15, 2020  
(in US Dollars)**

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**1. GENERAL INFORMATION**

According to the Agreement between the Kyrgyz Republic and International Development Association (the “IDA”) dated July 25, 2014, the IDA provided a Credit No.5430-KG in the amount of 23,900,000 Special Drawing Rights (the “SDR”) and Grant No.H934-KG in the amount of 5,300,000 SDR to the Kyrgyz Republic.

The Financing was provided for implementation of the “Central Asia Road Links Project – CARs-1” (the “Project”).

The initial project period was from July 25, 2014 to April 30, 2019. On September 26, 2019, the project completion date was extended to November 15, 2020 and the grace period to March 15, 2020.

**Project purpose**

The objective of the Project is to increase transport connectivity between the Kyrgyz Republic and Tajikistan along priority cross-border road links in Batken Region, whilst supporting improvements in road operations and maintenance practices.

The Project is to be implemented during 2014-2019 and comprises 3 components:

1. Component I: Rehabilitation of Priority Road Sections in Batken Region;
2. Component II: Improvement of Road Operations and Maintenance Practices;
3. Component III: Project Management and Implementation.

***Component I: Rehabilitation of Priority Road Sections in Batken Oblast***

This component focuses on rehabilitation of about 56 kilometers of road sections in Batken Region along and within close vicinity of the road corridor Osh-Batken-Isfana. Those road sections will link the Kyrgyz Republic with its neighboring countries and include specifically:

- Isfana-Karagach/Madaniyat border crossing (36.08 kilometers),
- Batken-Tortkul (14.30 kilometers), and
- Batken-Kyzyl Bel/Guliston border crossing (6.11 kilometers).

***Component II: Improvement of Road Operations and Maintenance Practices***

This component finances the provision of goods, and consultants’ services for the improvement of road operations and maintenance practices.

Improvement of maintenance practices will include the establishment of Service Level Agreement between Ministry of Transport and Roads of the Kyrgyz Republic and “Osh-Batken-Isfana” Road Department (the “OBI UAD”), support exposure of OBI UAD management to international practices on maintenance techniques through the hiring of individual internationally recruited consultants.

Also, this component includes a review of regional standards, norms, and parameters on vehicle (truck) weight and axle load limits and tariffication as well as the development of a strategic plan for the institutional arrangements for transport control.

***Component III: Project Management and Implementation***

This component aims to support project coordination, implementation, and management through financing of provision of goods, consultants’ services, training, and operating costs, including an audit.

## *Project management*

Investment Projects Implementation Group of the Ministry of transport and roads of the Kyrgyz Republic is responsible for Project implementation, usage of project resources in accordance with stated budget, and Project's objectives achievement.

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

### **Basis of preparation**

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

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

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

These project financial statements consist of:

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

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

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

### **Cash basis of accounting**

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

### **Foreign currency**

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

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

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

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

All exchange differences arising on the redemption or translation of monetary items are included in the statement of funds received and expenses incurred.

## Cash and cash equivalents

Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term. Balances of advances paid to employees at the end of the period are also part of closing cash position.

## Taxes

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

## Project expenses

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

## Sources of funds

The funds were provided by the World Bank to the Project by advances, replenishment of designated account or through direct payment to the end supplier of goods and/or services and by special commitments. Also, financing is provided by the government of the Kyrgyz Republic in accordance with the financing agreement.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at March 15, 2020, November 15, 2019 and December 31, 2018 comprise:

	Sources of financing	Currency	March 15, 2020	November 15, 2019	December 31, 2018
Designated account	IDA Grant No. H934-KG	US dollar	-	88,644	224,168
Designated account	IDA Credit No. 5430-KG	US dollar	-	68,448	101,152
Transit account	IDA Credit No. 5430-KG	Kyrgyz som	-	26,567	-
Transit account	IDA Grant No. H934-KG	Kyrgyz som	-	30	-
Escrow account		US dollar	9,975	-	-
Tender account		US dollar	3,531	3,531	3,231
Interest account		US dollar	126	10	615
Tender account		Kyrgyz som	746	780	461
Non-operating account		US dollar	-	197	-
			<u>14,378</u>	<u>188,207</u>	<u>329,627</u>

## 5. FUNDS RECEIVED

The funds received were provided by the following methods and sources of financing:

Financing method	The grace period from November 16, 2019 to March 15, 2020			Total
	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	Government of the Kyrgyz Republic	
Direct payments	3,936,227	36,773	-	3,973,000
Contributions of the Government of the Kyrgyz Republic	-	-	849,392	849,392
	<u>3,936,227</u>	<u>36,773</u>	<u>849,392</u>	<u>4,822,392</u>
Financing method	For the period from January 1 to November 15, 2019			Total
	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	Government of the Kyrgyz Republic	
Advances	340,000	100,000	-	440,000
Replenishment of designated account ("DA") / Statement of expenditures ("SOE")	701,799	149,356	-	851,155
Direct payments	4,493,585	387,477	-	4,881,062
Special commitments	1,628,236	-	-	1,628,236
Contributions of the Government of the Kyrgyz Republic	-	-	149,967	149,967
	<u>7,163,620</u>	<u>636,833</u>	<u>149,967</u>	<u>7,950,420</u>
Financing method	For the year ended December 31, 2018			Total
	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	Government of the Kyrgyz Republic	
Advances	200,000	100,000	-	300,000
Replenishment of designated account ("DA") / Statement of expenditures ("SOE")	316,787	735,529	-	1,052,316
Direct payments	3,978,793	-	-	3,978,793
Contributions of the Government of the Kyrgyz Republic	-	-	1,556,139	1,556,139
	<u>4,495,580</u>	<u>835,529</u>	<u>1,556,139</u>	<u>6,887,248</u>
Financing method	Cumulative			Total
	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	Government of the Kyrgyz Republic	
Advances	540,000	400,000	-	940,000
Replenishment of designated account ("DA") / Statement of expenditures ("SOE")	1,018,586	2,674,742	-	3,693,328
Direct payments	24,324,009	4,309,278	-	28,633,287
Special commitments	1,628,236	-	-	1,628,236
Contributions of the Government of the Kyrgyz Republic	-	-	4,818,622	4,818,622
	<u>27,510,831</u>	<u>7,384,020</u>	<u>4,818,622</u>	<u>39,713,473</u>

## 6. OTHER INCOME

Other income of the Project for the grace period from November 16, 2019 to March 15, 2020, for the period from January 1 to November 15, 2019, and for the year ended December 31, 2018 comprise:

	The grace period from November 16, 2019 to March 15, 2020	For the period from January 1 to November 15, 2019	For the year ended December 31, 2018	Cumulative
Interest income	466	2,813	3,759	15,085
Sale of tender documents	-	500	1,803	4,804
Other	-	187	20	219
	<u>466</u>	<u>3,500</u>	<u>5,582</u>	<u>20,108</u>

## 7. PROJECT EXPENSES

Project expenses by major categories are presented in the summary of funds received and expenditures paid. Project expenses by components are presented in the statement of expenditures paid by project components. Breakdown of project expenses by categories, sources of financing and nature is presented as follows:

	The grace period from November 16, 2019 to March 15, 2020			
	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	Government of the Kyrgyz Republic	Total
<b>Works</b>				
Rehabilitation of Priority Road Sections in Batken Oblast	<u>3,460,241</u>	<u>-</u>	<u>849,531</u>	<u>4,309,772</u>
	<u>3,460,241</u>	<u>-</u>	<u>849,531</u>	<u>4,309,772</u>
<b>Goods</b>				
Equipment for construction of Osh-Batken-Isfana road	<u>163,277</u>	<u>-</u>	<u>-</u>	<u>163,277</u>
	<u>163,277</u>	<u>-</u>	<u>-</u>	<u>163,277</u>
<b>Consulting services</b>				
Construction Supervision Consultant	<u>407,711</u>	<u>115,329</u>	<u>-</u>	<u>523,040</u>
	<u>407,711</u>	<u>115,329</u>	<u>-</u>	<u>523,040</u>
<b>Operating expenses</b>				
Communication	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>
Other*	<u>160</u>	<u>113</u>	<u>-</u>	<u>273</u>
	<u>160</u>	<u>143</u>	<u>-</u>	<u>303</u>
	<u>4,031,389</u>	<u>115,472</u>	<u>849,531</u>	<u>4,996,392</u>

\*Other expenses consist of bank charges.

For the period from January 1 to November 15, 2019

	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	Government of the Kyrgyz Republic	Total
<b>Works</b>				
Rehabilitation of Priority Road Sections in Batken Oblast	2,730,151	-	150,038	2,880,189
	<u>2,730,151</u>	<u>-</u>	<u>150,038</u>	<u>2,880,189</u>
<b>Goods</b>				
Equipment for construction of Osh-Batken-Isfana road	4,429,530	450,098	-	4,879,628
	<u>4,429,530</u>	<u>450,098</u>	<u>-</u>	<u>4,879,628</u>
<b>Consulting services</b>				
Construction Supervision Consultant	-	102,156	-	102,156
Review of regional standards, development of a strategic plan for transport control	-	92,331	-	92,331
Audit	-	9,975	-	9,975
	<u>-</u>	<u>204,462</u>	<u>-</u>	<u>204,462</u>
<b>Operating expenses</b>				
Salary and related taxes	-	102,972	-	102,972
Utilities	-	5,738	-	5,738
Communication	-	1,848	-	1,848
Transportation	-	1,556	-	1,556
Repair and maintenance of equipment	-	1,367	-	1,367
Business trip expenses	-	1,343	-	1,343
Stationery	-	1,107	-	1,107
Other*	9,897	1,853	-	11,750
	<u>9,897</u>	<u>117,784</u>	<u>-</u>	<u>127,681</u>
	<u>7,169,578</u>	<u>772,344</u>	<u>150,038</u>	<u>8,091,960</u>

\*Other expenses consist of bank charges in the amount of 10,155 US Dollars.

	For the year ended December 31, 2018			
	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	Government of the Kyrgyz Republic	Total
<b>Works</b>				
Rehabilitation of Priority Road Sections in Batken Oblast	2,819,718	-	1,560,807	4,380,525
	<u>2,819,718</u>		<u>1,560,807</u>	<u>4,380,525</u>
<b>Goods</b>				
Equipment for construction of Osh-Batken-Isfana Road	1,573,827	-	-	1,573,827
Office furniture and equipment	-	38,108	-	38,108
	<u>1,573,827</u>	<u>38,108</u>	<u>-</u>	<u>1,611,935</u>
<b>Consulting services</b>				
Construction Supervision Consultant	-	384,572	-	384,572
Review of regional standards, development of a strategic plan for transport control	-	160,512	-	160,512
Audit	-	9,975	-	9,975
	<u>-</u>	<u>555,059</u>	<u>-</u>	<u>555,059</u>
<b>Operating expenses</b>				
Salary and related taxes	-	173,715	-	173,715
Business trip expenses	-	6,224	-	6,224
Trainings	-	4,492	-	4,492
Utilities	-	4,295	-	4,295
Transportation	-	2,495	-	2,495
Communication	-	2,289	-	2,289
PR and marketing	-	1,734	-	1,734
Repair and maintenance of equipment	-	1,404	-	1,404
Stationery	-	967	-	967
Security services	-	276	-	276
Other	883	1,750	-	2,633
	<u>883</u>	<u>199,641</u>	<u>-</u>	<u>200,524</u>
	<u>4,394,428</u>	<u>792,808</u>	<u>1,560,807</u>	<u>6,748,043</u>

	Cumulative			
	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	Government of the Kyrgyz Republic	Total
<b>Works</b>				
Rehabilitation of Priority Road Sections in Batken Oblast	20,925,513	2,705,000	4,824,217	28,454,730
	<u>20,925,513</u>	<u>2,705,000</u>	<u>4,824,217</u>	<u>28,454,730</u>
<b>Goods</b>				
Equipment for construction of Osh-Batken-Isfana Road	6,166,635	1,628,498	-	7,795,133
Office furniture and equipment	-	38,108	-	38,108
Software	-	2,878	-	2,878
	<u>6,166,635</u>	<u>1,669,484</u>	<u>-</u>	<u>7,836,119</u>
<b>Consulting services</b>				
Construction Supervision Consultant	407,711	1,863,951	-	2,271,662
Review of regional standards, development of a strategic plan for transport control	-	320,428	-	320,428
Audit services	-	39,900	-	39,900
	<u>407,711</u>	<u>2,224,279</u>	<u>-</u>	<u>2,631,990</u>
<b>Operating expenses</b>				
Salary and related taxes	-	637,894	-	637,894
Utilities	-	34,593	-	34,593
Business trip expenses	-	32,890	-	32,890
Trainings	-	19,972	-	19,972
Communication	-	10,943	-	10,943
Repair and maintenance of equipment	-	8,915	-	8,915
Transportation	-	7,989	-	7,989
Stationery	-	6,226	-	6,226
PR and marketing	-	4,526	-	4,526
Security services	-	1,539	-	1,539
Rent of equipment	-	485	-	485
Other	10,940	9,342	-	20,282
	<u>10,940</u>	<u>775,314</u>	<u>-</u>	<u>786,254</u>
	<u>27,510,799</u>	<u>7,374,077</u>	<u>4,824,217</u>	<u>39,709,093</u>

## 8. FINANCIAL POSITION

Financial position as at March 15, 2020, November 15, 2019 and December 31, 2018 is as follows:

	March 15, 2020	November 15, 2019	December 31, 2018
<b>ASSETS AND EXPENDITURES</b>			
Cash and cash equivalents	14,378	188,207	329,627
Cumulative expenses	39,709,093	34,712,701	26,620,741
Other expenses	15,655	15,303	11,816
<b>TOTAL ASSETS AND EXPENDITURES</b>	<u>39,739,126</u>	<u>34,916,211</u>	<u>26,962,184</u>
<b>FINANCING</b>			
Funds received	39,713,473	34,891,081	26,940,661
Foreign exchange gain	20,108	19,642	16,142
Other income	5,545	5,488	5,381
<b>TOTAL FINANCING</b>	<u>39,739,126</u>	<u>34,916,211</u>	<u>26,962,184</u>

## 9. WITHDRAWAL APPLICATIONS

Withdrawal applications for the grace period from November 16, 2019 to March 15, 2020 and for the period from January 1 to November 15, 2019 comprise of:

### Withdrawal applications

for the grace period from November 16, 2019 to March 15, 2020

Sources of financing	No.	Date	Direct payments
IDA Credit No. 5430-KG	59	November 20, 2019	124,881
	60	November 20, 2019	943,661
	61	November 22, 2019	269,089
	62	December 18, 2019	1,748,197
	63	December 20, 2019	499,294
			<u>3,585,122</u>

### Documentation of expenses

for the grace period from November 16, 2019 to March 15, 2020

Sources of financing	No.	Date	Amount
IDA Credit No. 5430-KG	64*	March 9, 2020	383,885
IDA Grant No. H934-KG	34*	March 9, 2020	110,349
			<u>494,234</u>

\*Withdrawal applications No. 64 and No. 34 were provided as a documentation of expenses for the advances received earlier. The Project did not make requests for replenishment of funds, so IDA did not make any payments to the Project.

### Deleted withdrawal applications

for the grace period from November 16, 2019 to March 15, 2020

Sources of financing	No.	Date	Direct payments
IDA Credit No. 5430-KG	65	March 12, 2020	153,772
	66	March 12, 2020	197,333
	66	March 13, 2020	197,333
			<u>37,292</u>
IDA Grant No. H934-KG	35	March 12, 2020	37,292
			<u>585,730</u>

Withdrawal applications  
for the period from January 1 to November 15, 2019

Sources of financing	No.	Date	Direct payments	Replenishment of designated account ("DA")/Statement of expenditures ("SOE")	Advances	Special commitment	Total
<b>IDA Credit No. 5430-KG</b>							
	29	April 9, 2019	377,810	-	-	-	377,810
	31	May 1, 2019	-	97,423	-	-	97,423
	32	June 13, 2019	-	89,017	-	-	89,017
	33	June 21, 2019	30,880	-	-	-	30,880
	34	June 21, 2019	33,880	-	-	-	33,880
	35	June 21, 2019	50,550	-	-	-	50,550
	36	July 19, 2019	-	98,401	-	-	98,401
	41	August 12, 2019	124,881	-	-	-	124,881
	42	August 12, 2019	39,926	-	-	-	39,926
	43	August 12, 2019	38,723	-	-	-	38,723
	40	August 14, 2019	540,502	-	-	-	540,502
	49	September 20, 2019	-	-	140,000	-	140,000
	50	September 20, 2019	-	55,023	-	-	55,023
	47	September 24, 2019	231,552	-	-	-	231,552
	48	September 26, 2019	-	-	200,000	-	200,000
	44	October 3, 2019	-	-	-	309,780	309,780
	45	October 3, 2019	-	-	-	999,048	999,048
	46	October 3, 2019	-	-	-	319,408	319,408
	51	October 16, 2019	94,523	-	-	-	94,523
	54	October 21, 2019	-	361,935	-	-	361,935
	55	October 31, 2019	1,749,296	-	-	-	1,749,296
	56	November 4, 2019	505,622	-	-	-	505,622
	57	November 15, 2019	404,400	-	-	-	404,400
	58	November 15, 2019	271,040	-	-	-	271,040
			<b>4,493,585</b>	<b>701,799</b>	<b>340,000</b>	<b>1,628,236</b>	<b>7,163,620</b>
<b>IDA Grant No. H934-KG</b>							
	30	August 12, 2019	-	-	100,000	-	100,000
	31	October 21, 2019	274,089	-	-	-	274,089
	33	November 1, 2019	-	149,356	-	-	149,356
	32	November 15, 2019	113,388	-	-	-	113,388
			<b>387,477</b>	<b>149,356</b>	<b>100,000</b>	<b>-</b>	<b>636,833</b>
			<b>4,881,062</b>	<b>851,155</b>	<b>440,000</b>	<b>1,628,236</b>	<b>7,800,453</b>

**Documentation of expenses  
for the period from January 1 to November 15, 2019**

<b>Sources of financing</b>	<b>No.</b>	<b>Date</b>	<b>Amount</b>
IDA Grant No. H934-KG	29*	August 9, 2019	240,586
			<u>240,586</u>

\*Withdrawal application No. 29 was provided as a documentation of expenses for the advances received earlier. The Project did not make requests for replenishment of funds, so IDA did not make any payments to the Project.

**Deleted withdrawal applications  
for the period from January 1 to November 15, 2020**

<b>Sources of financing</b>	<b>No.</b>	<b>Date</b>	<b>Direct payments</b>	<b>Special commitment</b>
IDA Credit No. 5430-KG	33	June 3, 2019	30,880	-
	34	June 3, 2019	33,880	-
	35	June 3, 2019	50,550	-
	37	June 8, 2019	-	247,040
	38	June 8, 2019	-	404,400
	39	June 8, 2019	-	271,040
	47	August 27, 2019	210,731	-
			<u>326,041</u>	<u>922,480</u>

## 10. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the period from January 1 to November 15, 2019 and the grace period from November 16, 2019 to March 15, 2020 comprises:

<i>Source of financing</i>	<b>IDA Grant No. H934-KG</b>	<b>IDA Credit No. 5430-KG</b>	<b>Total</b>
<i>Currency</i>	US dollar	US dollar	
<i>Bank account</i>	1180000060619045	1180000060619348	
<i>Bank</i>	CJSC "Demir Kyrgyz International Bank"		
<i>Bank's location</i>	245, Chui avenue, Bishkek, Kyrgyz Republic		
<b>Balance as at January 1, 2019</b>	224,168	101,152	325,320
Advances	-	340,000	340,000
Replenishment of designated account	251,427	701,798	953,225
<b>Total funds received to designated account</b>	251,427	1,041,798	1,293,225
Expenses paid	(158,318)	(88,774)	(247,092)
Transfer to transit account	(228,633)	(985,728)	(1,214,361)
<b>Balance as at November 15, 2019</b>	88,644	68,448	157,092
Return from supplier	-	30,880	30,880
<b>Total funds received to a special account during the reporting period</b>	-	30,880	30,880
Expenses paid	(52,416)	(83,046)	(135,462)
Transfer to transit account	(36,228)	(16,282)	(52,510)
<b>Balance as at March 15, 2020</b>	-	-	-

## 11. UNDRAWN FUNDS

As at March 15, 2020, undrawn funds are presented as follows:

	<b>IDA Credit No. 5430-KG in XDR</b>	<b>IDA Grant No. H934-KG in XDR</b>
Approved grant amount	23,900,000	5,300,000
Cancelled amount	3,585,000	-
Disbursed from July 25, 2014 to December 31, 2018	11,658,376	4,811,263
Disbursed for period from January 1 to November 15, 2019	5,209,241	461,907
Disbursed for the grace period from November 16, 2019 to March 15, 2020	2,858,973	26,830
Undrawn amount	588,410	-
	<b>IDA Credit No. 5430-KG in XDR</b>	<b>IDA Grant No. H934-KG in XDR</b>
Opening disbursed amount as at January 1, 2019	11,658,376	4,811,263
Disbursed for period from January 1 to November 15, 2019	5,209,241	461,907
Disbursed for the grace period from November 16, 2019 to March 15, 2020	2,858,973	26,830
Closing disbursed amount as at March 15, 2020	19,726,590	5,300,000

## 12. COMMITMENTS

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

As at March 15, 2020 the Project had following commitments:

Counterparty	Contract #	Cost per contract	Contract currency (in CCY)	Paid up to March 15, 2020 (in CCY)	Remaining amount to be paid (in CCY)
LLC Xinjiang Beixin Road and Bridge Group Co Ltd	No CARs/ICB-CW	US dollars	34,120,271	28,454,631	5,665,640
LLC Baker Tilly Bishkek	No CARs/CS-LCS-02	US dollars	49,875	39,900	9,975

## 13. LEGAL CASES

There were no any legal claims related to the Project.

## 14. EVENTS AFTER THE REPORTING DATE

During 2020 until the date of issue of these project financial statements, the World Bank has replenished the designated account of the Project as follows:

Sources of financing	No.	Date	Direct payments
IDA Credit No. 5430-KG	66	March 30, 2020	197,333
	65	April 2, 2020	153,772
			<u>351,105</u>
IDA Grant No. H934-KG	35	March 31, 2020	36,773
			<u>36,773</u>
			<u>387,878</u>

During 2020 until the date of issue of these project financial statements withdrawal applications No. 67 and No. 36 were provided in the documentation of expenses for the advance received earlier. The project did not make requests for replenishment of funds, so IDA did not make any payments to the Project.

Sources of financing	No.	Date	Amount
IDA Credit No. 5430-KG	67	March 16, 2020	57,266
IDA Grant No. H934-KG	36	March 17, 2020	49,057
			<u>106,323</u>

Based on the letter received from the World Bank dated September 26, 2019 the Project completion date was extended until November 15, 2019 and grace period to March 15, 2020.

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

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