

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

**Special purpose project financial statements  
for the year ended December 31, 2016**

**and independent auditors' report**



**BAKER TILLY  
BISHKEK**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on pages 3-5, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the special purpose project financial statements of "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 special purpose project financial statements that present fairly, in all material respects, cash proceeds and disbursements and uses of funds by project components of the Project for the year ended December 31, 2016 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 special purpose 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 special purpose project financial statements; and
- preparing the special purpose 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 in the Project;
- 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 special purpose project financial statements of the Project comply with IPSAS and WB Guidelines;
- compliance with laws and regulations of the Kyrgyz Republic, accounting system 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 special purpose project financial statements for the year ended December 31, 2016 were approved and authorized for issue on April 28, 2017 by the management of the Project.

**On behalf of the Management:**

  
\_\_\_\_\_  
**Zhusubaliev A.**  
**Deputy minister of transport and roads of the**  
**Kyrgyz Republic**

  
\_\_\_\_\_  
**Satybaldiev R.**  
**Director**

April 28, 2017  
Bishkek, Kyrgyz Republic

April 28, 2017  
Bishkek, Kyrgyz Republic



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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying special purpose project financial statements of "Central Asia Road Links Project – CARs-1" (the "Project"), which comprise of the statement of cash proceeds and disbursements and the statement of uses of funds by project components for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory information (the "special purpose project financial statements").

In our opinion, the accompanying special purpose project financial statements present fairly, in all material respects, cash proceeds and disbursements and uses of funds by project components of the Project for the year ended December 31, 2016 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 Special purpose 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 in the Kyrgyz Republic, 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 special purpose project financial statements, which describe the basis of accounting. These special purpose project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financial agreement requirements, and therefore are not intended to be a complete presentation of the "Central Asia Road Links Project – CARs-1" (the "Project") operations.

### **Other matter**

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

## **Responsibilities of Management and Those Charged with Governance for the Special Purpose Project Financial Statements**

Management is responsible for the preparation and fair presentation of these special purpose 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 special purpose project financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor’s Responsibilities for the Audit of the Special Purpose Project Financial Statements**

Our objectives are to obtain reasonable assurance about whether these special purpose 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 special purpose 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 special purpose 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 special purpose 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 special purpose project financial statements, including the disclosures, and whether the special purpose 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.

April 28, 2017

Bishkek, the Kyrgyz Republic



Kubat Aлымкулов



Certified accountant, FCCA  
Certificate of auditor of the Kyrgyz Republic # A 0069  
Audit 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




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

**STATEMENT OF CASH PROCEEDS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**


*(in US Dollars)*

	Notes	For the year ended December 31, 2016	Cumulative	For the period from July 25, 2014 to December 31, 2015	Cumulative
<b>Opening balance</b>	4	169,144	-	-	-
<b>Funds received</b>	5				
IDA Grant No.H934-KG		4,491,523	4,758,108	266,585	266,585
IDA Credit No.5430-KG		1,434,743	1,434,743	-	-
Funds of the Government of the Kyrgyz Republic		805,661	805,661	-	-
<b>Total funds received</b>		6,731,927	6,998,512	266,585	266,585
Other non-operating income	6	2,629	8,322	5,693	5,693
Foreign exchange gain		10	13	3	3
<b>Total receipts</b>		6,734,566	7,006,847	272,281	272,281
<b>Project expenses</b>					
Works	7	4,945,403	4,945,403	-	-
Goods	7	1,019,557	1,022,435	2,878	2,878
Consulting services	7	613,012	613,012	-	-
Operating costs	7	163,804	263,088	99,284	99,284
Other costs	7	211	481	270	270
<b>Total project expenses</b>		6,741,987	6,844,419	102,432	102,432
Non-operating expenses		2,069	2,774	705	705
<b>Closing balance</b>	4	159,654	159,654	169,144	169,144

**On behalf of the Management:**

  
**Zhusubaliyev A.**  
**Deputy minister of transport and roads of the**  
**Kyrgyz Republic**

April 28, 2017  
 Bishkek, Kyrgyz Republic

  
**Satybaldiev R.**  
**Director**

April 28, 2017  
 Bishkek, Kyrgyz Republic


The notes on pages 8-17 form an integral part of the special purpose 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**

**STATEMENT OF FUNDS BY PROJECT COMPONENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(in US Dollars)**

	For the year ended December 31, 2016	Cumulative	For the period from July 25, 2014 to December 31, 2015	Cumulative
Component I. Rehabilitation of Priority Road Sections in Batken Region	5,529,640	5,529,640	-	-
Component II. Improvement of Road Operations and Maintenance Practices	1,038,357	1,038,357	-	-
Component III. Project Management and Implementation	173,779	275,941	102,162	102,162
Other costs	211	481	270	270
	<u>6,741,987</u>	<u>6,844,419</u>	<u>102,432</u>	<u>102,432</u>

**On behalf of the Management:**

  
\_\_\_\_\_  
**Zhusubaliev A.**  
Deputy minister of transport and roads of the  
Kyrgyz Republic

  
\_\_\_\_\_  
**Satybaldiev R.**  
Director

April 28, 2017  
Bishkek, Kyrgyz Republic

April 28, 2017  
Bishkek, Kyrgyz Republic

The notes on pages 8-17 form an integral part of the special purpose 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**

**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*(in US Dollars if otherwise not stated)*

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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”).

Duration of the Project is from July 25, 2014 to April 30, 2019.

**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 SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS**

### **Basis of preparation**

These special purpose 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.

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 special purpose project financial statements consist of:

- Statement of cash proceeds and disbursements;
- Statement of uses of funds by project components;
- Notes to the special purpose project financial statements, including short description of main statements of accounting policy and other descriptive notes.

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

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

### **Cash basis of accounting**

The special purpose 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. Special purpose 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 special purpose project financial statements is balances of cash and changes therein.

## Foreign currency

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

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

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

All exchange differences arising in the settlement and conversion of monetary items are included in the Statement of cash proceeds and disbursements.

Non-monetary items are valued according to their historic cost in foreign currency, which are recalculated on rates of the initial operation date.

## Cash and cash equivalents

Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term.

## Taxes

Calculation and payment of personal income tax and social security contributions from income of local staff and consultants is made in accordance with the requirements and rates of the Tax Code 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 replenishment of special account or through direct payment to the end supplier of goods and/or services. The government of the Kyrgyz Republic co-finances the Project.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2016 and 2015 comprise:

	Currency	December 31, 2016	December 31, 2015
Designated account in foreign currency	USD	154,572	164,423
Interest account in foreign currency	USD	3,051	2,491
Tender account in foreign currency	USD	2,031	2,130
Non-operating account in national currency	KGS	-	100
		<u>159,654</u>	<u>169,144</u>

## 5. FUNDS RECEIVED

The funds received were presented by the following reimbursement methods:

Financing method / sources of financing:	For the year ended December 31, 2016			Cumulative				
	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of KR	Total	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of KR	Total
Advances	-	-	-	-	200,000	-	-	200,000
Replenishment of designated account ("DA") / Statement of expenditures ("SOE")	606,495	-	-	606,495	673,080	-	-	1,279,575
Direct payments	3,885,028	1,434,743	-	5,319,771	3,885,028	1,434,743	-	5,319,771
Replenishment of designated account (GOV)	-	-	805,661	805,661	-	-	805,661	805,661
<b>Total funds received</b>	<b>4,491,523</b>	<b>1,434,743</b>	<b>805,661</b>	<b>6,731,927</b>	<b>4,758,108</b>	<b>1,434,743</b>	<b>805,661</b>	<b>6,998,512</b>
Financing method / sources of financing:	For the period from July 25, 2014 to December 31, 2015			Cumulative				
	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of KR	Total	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of KR	Total
Advances	200,000	-	-	200,000	200,000	-	-	200,000
Replenishment of designated account ("DA") / Statement of expenditures ("SOE")	66,585	-	-	66,585	66,585	-	-	66,585
<b>Total funds received</b>	<b>266,585</b>	<b>-</b>	<b>-</b>	<b>266,585</b>	<b>266,585</b>	<b>-</b>	<b>-</b>	<b>266,585</b>

## 6. OTHER NON-OPERATING INCOME

Other income represents interest income accrued by the serving bank on the outstanding balances of cash on designated account and sale of tender documents.

	For the year ended December 31, 2016		Cumulative	
	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	IDA Credit No. 5430-KG
Interest income	2,617	-	5,809	-
Sale of tender documents	12	-	2,513	-
Foreign exchange gain	10	-	13	-
	<u>2,639</u>	<u>-</u>	<u>8,335</u>	<u>-</u>

	For the period from July 25, 2014 to December 31, 2015		Cumulative	
	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	IDA Grant No. H934-KG	IDA Credit No. 5430-KG
Interest income	3,192	-	3,192	-
Sale of tender documents	2,501	-	2,501	-
Foreign exchange gain	3	-	3	-
	<u>5,696</u>	<u>-</u>	<u>5,696</u>	<u>-</u>

## 7. CUMULATIVE PROJECT EXPENDITURES

Project expenditures by components are presented in the statement of funds by project components. Project expenditures on major categories are presented in the statement of cash proceeds and disbursements. Breakdown of project expenses by categories and donors is presented as follows:

WORKS	For the year ended December 31, 2016			Cumulative		
	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR
Rehabilitation of Priority Road Sections in Batken Oblast	2,705,000	1,434,742	805,661	2,705,000	1,434,742	805,661
	<u>2,705,000</u>	<u>1,434,742</u>	<u>805,661</u>	<u>2,705,000</u>	<u>1,434,742</u>	<u>805,661</u>

GOODS	For the year ended December 31, 2016			Cumulative		
	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR
Equipment for construction of Osh- Batken-Isfana Road	90,800	-	-	90,800	-	-
Equipment for Kemina and Sosnovka posts	928,757	-	-	928,757	-	-
Software	-	-	-	2,878	-	-
	<u>1,019,557</u>	<u>-</u>	<u>-</u>	<u>1,022,435</u>	<u>-</u>	<u>-</u>



GOODS	For the period from July 25, 2014 to December 31, 2015			Cumulative		
	IDA Grant No.H934- KG	IDA Credit No.5430- KG	Govern- ment of the KR	IDA Grant No.H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR
Software	2,878	-	-	2,878	-	-
	<u>2,878</u>	<u>-</u>	<u>-</u>	<u>2,878</u>	<u>-</u>	<u>-</u>

CONSULTING SERVICES	For the year ended December 31, 2016			Cumulative		
	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR
Construction Supervision Consultant Review of regional standards, development of a strategic plan for transport control	584,237	-	-	584,237	-	-
Audit services	18,800	-	-	18,800	-	-
	<u>9,975</u>	<u>-</u>	<u>-</u>	<u>9,975</u>	<u>-</u>	<u>-</u>
	<u>613,012</u>	<u>-</u>	<u>-</u>	<u>613,012</u>	<u>-</u>	<u>-</u>

OPERATING EXPENSES	For the year ended December 31, 2016			Cumulative		
	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR
Salary and related taxes	124,678	-	-	200,861	-	-
Trainings	13,367	-	-	14,567	-	-
Business trip expenses	8,614	-	-	15,614	-	-
Utilities	7,177	-	-	14,680	-	-
Communication	2,466	-	-	4,271	-	-
Maintenance of equipment	1,976	-	-	4,296	-	-
Stationery	1,364	-	-	2,611	-	-
PR and marketing	1,218	-	-	1,218	-	-
Transportation	1,138	-	-	1,420	-	-
Security services	432	-	-	858	-	-
Rent of equipment	-	-	-	484	-	-
Other	1,374	-	-	2,208	-	-
	<u>163,804</u>	<u>-</u>	<u>-</u>	<u>263,088</u>	<u>-</u>	<u>-</u>

OPERATING EXPENSES	For the period from July 25, 2014 to December 31, 2015			Cumulative		
	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR	IDA Grant No. H934- KG	IDA Credit No. 5430- KG	Govern- ment of the KR
Salary and related taxes	76,183	-	-	76,183	-	-
Trainings	1,200	-	-	1,200	-	-
Business trip expenses	7,000	-	-	7,000	-	-
Utilities	7,503	-	-	7,503	-	-
Communication	1,805	-	-	1,805	-	-

OPERATING EXPENSES	For the period from July 25, 2014 to December 31, 2015			Cumulative		
	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of the KR	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of the KR
Maintenance of equipment	2,320	-	-	2,320	-	-
Stationery	1,247	-	-	1,247	-	-
Transportation	282	-	-	282	-	-
Security services	426	-	-	426	-	-
Rent of equipment	484	-	-	484	-	-
Other	834	-	-	834	-	-
	<u>99,284</u>	<u>-</u>	<u>-</u>	<u>99,284</u>	<u>-</u>	<u>-</u>

OTHER COSTS	For the year ended December 31, 2016			Cumulative		
	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of the KR	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of the KR
PR and marketing	211	-	-	481	-	-
	<u>211</u>	<u>-</u>	<u>-</u>	<u>481</u>	<u>-</u>	<u>-</u>

	For the period from July 25, 2014 to December 31, 2015			Cumulative		
	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of the KR	IDA Grant No. H934-KG	IDA Credit No. 5430-KG	Government of the KR
PR and marketing	270	-	-	270	-	-
	<u>270</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>-</u>	<u>-</u>

## 8. FINANCIAL POSITION

Financial position as at December 31, 2016, and 2015 comprise of:

	December 31, 2016	December 31, 2015
<b>ASSETS AND EXPENDITURES</b>		
Cash and cash equivalents	159,654	169,144
Cumulative project expenditures	6,844,419	102,432
Other non-operating expenditures	2,774	705
<b>TOTAL ASSETS AND EXPENDITURES</b>	<u>7,006,847</u>	<u>272,281</u>
<b>FINANCING</b>		
Financing received	6,998,512	266,585
Other non-operating income	8,322	5,693
Foreign exchange gain	13	3
<b>TOTAL FINANCING</b>	<u>7,006,847</u>	<u>272,281</u>

## 9. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2016 comprise:

Sources of financing	No.	Dates	Direct payments	Goods and services, including audit, trainings and operating expenses	Total
<b>IDA Credit No. 5430-KG</b>					
	1/00004	April 5, 2016	1,103,779	-	1,103,779
	1/00016	April 8, 2016	331,193	-	331,193
	1/00017	April 11, 2016	(338,464)	-	(338,464)
	1/00005	April 29, 2016	338,235	-	338,235
			<u>1,434,743</u>	<u>-</u>	<u>1,434,743</u>
<b>IDA Grant No. H934-KG</b>					
	1/00003	April 6, 2016	2,705,000	-	2,705,000
	1/00006	April 13, 2016	86,760	-	86,760
	1/00007	April 13, 2016	148,305	-	148,305
	1/00001	May 3, 2016	-	65,514	65,514
	1/00010	September 8, 2016	67,000	-	67,000
	1/00002	September 28, 2016	-	91,871	91,871
	1/00009	October 26, 2016	-	49,536	49,536
	1/00011	November 14, 2016	-	135,180	135,180
	1/00012	December 12, 2016	-	136,738	136,738
	1/00013	December 23, 2016	-	127,656	127,656
	1/00014	December 27, 2016	515,186	-	515,186
	1/00015	December 27, 2016	253,681	-	253,681
	1/00008	December 28, 2016	109,096	-	109,096
			<u>3,885,028</u>	<u>606,495</u>	<u>4,491,523</u>
<b>Funds of the Government of Kyrgyz Republic</b>					
		May 31, 2016	-	805,661	805,661
				<u>805,661</u>	<u>805,661</u>

## 10. DESIGNATED ACCOUNT

Designated account for the period from January 1, 2016 to December 31, 2016 comprises:

	Grant No. H934-KG	Credit No. 5430-KG	Government of KR
<i>Designated accounts</i>			
<i>Currency</i>	US Dollars		
<i>Bank account</i>	1180000060619045		1299004131820000
<i>Bank</i>	CJSC "Demir Kyrgyz International Bank"		OJSC "RSK Bank"
<i>Bank's location</i>	245, Chui avenue, Bishkek, Kyrgyz Republic		4a, Chui avenue, Bishkek, Kyrgyz Republic

Description	US Dollars	US Dollars	US Dollars	Total
<b>Balance as at July 25, 2014</b>	-	-	-	-
Advances received	200,000	-	-	200,000
Replenishment of DA / SOE	66,585	-	-	66,585
<b>Total funds received to a designated account</b>	<u>266,585</u>	-	-	<u>266,585</u>
The amount of eligible expenditures paid	102,162	-	-	102,162
<b>Balance as at December 31, 2015</b>	164,423	-	-	164,423
Direct payments	3,885,029	1,434,743	-	5,319,772
Replenishment of DA / SOE	606,494	-	805,661	1,412,155
<b>Total funds received to a designated account</b>	<u>4,491,523</u>	<u>1,434,743</u>	-	<u>6,731,927</u>
The amount of eligible expenditures paid	4,501,374	1,434,743	805,661	6,741,776
<b>Balance as at December 31, 2016</b>	<u>154,572</u>	-	-	<u>154,572</u>

## 11. UNDRAWN FUNDS

As at December 31, 2016 undrawn funds with breakdown by grants are presented as follows:

	IDA Grant H934-KG (in SDR)	IDA Credit 5430-KG (in SDR)	Government of KR (in KGS)
Approved grant amount	5,300,000	23,900,000	55,025,500
Disbursed in 2015	189,879	-	-
Disbursed in 2016	<u>3,233,846</u>	<u>1,018,069</u>	<u>55,025,500</u>
Undrawn amount	<u>1,876,275</u>	<u>22,881,931</u>	-
	IDA Grant H934-KG (in SDR)	IDA Credit 5430-KG (in SDR)	Government of KR (in KGS)
Funds received as at January 1, 2016	189,879	-	-
Disbursed in 2016	<u>3,233,846</u>	<u>1,018,069</u>	<u>55,025,500</u>
Funds received as at December 31, 2016	<u>3,423,725</u>	<u>1,018,069</u>	<u>55,025,500</u>

## 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. Contract value of obligations valid as at December 31, 2016 was as follows:

Counterparty	Contract	Contract value	Paid up to December 31, 2016	Remaining amount to be paid
LLC "Xinjiang Beixin Road and Bridge Group Co Ltd"	№ CARs/ICB-CW	USD 34,120,271	4,945,402	29,174,869
OcOO «EGIS International»	№ CARs/CS/CQBS-01	USD 642,667	216,787	425,880
OcOO «EGIS International»	№ CARs/CS/CQBS-01	EUR 972,000	330,420	641,580
OcOO "BETAMONT s.r.o."	№ CARs-ICB-G-01	EUR 1,024,137	882,170	141,967
Alexandra Spagnol	№ CARs/CS-IC-15&16	USD 193,556	18,800	174,756
LLC "IC Practica"	№ CARs/SSS-G-01	KGS 177,000	177,000	-
LLC "Kyrghyz San Bao"	№ CARs/SH-G-01	USD 91,000	90,800	200
LLC "Baker Tilly Bishkek"	№ CARs/CS-LCS-01	USD 49,875	9,975	39,900
Borbuev S.	№ CARs/CS-IC-17	USD 15,319	-	15,319

## 13. LEGAL CASES

There were no any legal cases related to the Project.

## 14. EVENTS AFTER THE REPORTING DATE

During 2017 until the date of issue of these special purpose project financial statements the World Bank has replenished the special accounts of the Project as follows:

Financing method / sources of financing:	Date	Application	IDA Grant H934-KG	IDA Credit 5430-KG	Government of KR
Direct payment	January 17, 2017	1/00001	-	636,341	-
	January 24, 2017	1/00002	-	461,831	-
	February 24, 2017		-	-	28,657
			<u>-</u>	<u>1,098,172</u>	<u>28,657</u>

As at the date of issue of the special purpose project financial statements no other significant events or transactions happened, except for the events or transactions described above.





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