"Sector Support for Education Reform Project"
Credit No. 5230-KG, Grant No. H836-KG

Project financial statements
for the year ended December 31, 2018

and independent auditors' report

bakertilly

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The following statement, which should be read in conjunction with the independent auditors' responsibilities 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 "Sector Support for Education Reform Project", Credit No. 5230-KG, Grant No. H836-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 year ended December 31, 2018 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 up to the date of completion of the Project, which is June 28, 2019.

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 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 project financial statements for the year ended December 31, 2018 were approved and authorized for issue on June 14, 2019 by the management of the Project.

On behalf of the Management:

Ainekenova Anara
Director

June 14, 2019
Bishkek, the Kyrgyz Republic

Rysbekova Nurzat
Financial Manager

June 14, 2019
Bishkek, the Kyrgyz Republic

bakertilly

103, Ibraimov str.
BC "Victory", 7th floor
Bishkek, 720011
Kyrgyz Republic

T +996 (312) 90 05 05
F +996 (312) 91 05 05
contact@bakertilly.kg
www.bakertilly-ca.com

INDEPENDENT AUDITORS' REPORT

To the Management of the Project "Sector Support for Education Reform Project" under the Ministry of Education and Science of the Kyrgyz Republic:

Opinion

We have audited the accompanying project financial statements of the Project "Sector Support for Education Reform Project" (the "Project"), which comprise the summary of funds received and expenditures paid and summary of expenditures paid by project components for the year ended December 31, 2018, 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, funds received and expenditures paid and expenditures paid by project components of the Project for the year ended December 31, 2018 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 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 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 No. A 0069
Audit Partner, "Baker Tilly Bishkek" LLC

"Baker Tilly Bishkek" LLC,
License Series A No. 0049 issued by the State Committee on Review and Regulation of the financial market of the Kyrgyz Republic

June 14, 2019
Bishkek, the Kyrgyz Republic

"SECTOR SUPPORT FOR EDUCATION REFORM PROJECT"
CREDIT NO. 5230-KG, GRANT NO. H836-KG

SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID
FOR THE YEAR ENDED DECEMBER 31, 2018
(in US Dollars)

	Note	For the year ended December 31, 2018	For the year ended December 31, 2017	Cumulative
Opening balance	4	868,900	458,173	-
Funds received				
IDA Grant # H836 KG	5	2,674,189	1,599,336	6,168,419
IDA Credit # 5230 KG	5	3,139,346	1,963,423	7,807,098
Total funds received		5,813,535	3,562,759	13,975,517
Other income	6	10,141	12,302	62,539
Total receipts		5,823,676	3,575,061	14,038,056
Goods	7	2,012,431	600,136	4,323,603
Consulting services	7	753,138	1,784,981	4,233,012
Operating costs	7	272,000	96,190	548,206
Trainings	7	2,444	-	15,253
Textbooks for fifth and sixth grades under Component 1(b)	7	3,203,603	647,169	4,040,931
Refund of preparation advance	7	-	-	382,725
Total project expenses		6,243,616	3,128,476	13,543,730
Other expenses	8	9,649	35,858	55,015
Closing balance	4	439,311	868,900	439,311

On behalf of the Management:

Ainekenova Anara
Director

June 14, 2019
Bishkek, the Kyrgyz Republic

Rysbekova Nurzat
Financial Manager

June 14, 2019
Bishkek, the Kyrgyz Republic

The notes on pages 8-16 form an integral part of the project financial statements.
The Independent auditors' report is on pages 3-5.

"SECTOR SUPPORT FOR EDUCATION REFORM PROJECT"
CREDIT NO. 5230-KG, GRANT NO. H836-KG

SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(in US Dollars)

	For the year ended December 31, 2018	For the year ended December 31, 2017	Cumulative
Component I. Enhanced Learning			
Improving pedagogical practices	64,388	909,199	1,786,189
Resources for learning	5,644,619	1,599,388	9,171,392
Support to ongoing revision of curriculum for Grades 5-9	131,485	59,240	340,114
Assessment of learning	81,858	218,802	418,105
Component II. Improved Management and Accountability of School Resources			
Improved financial management	34,916	54,845	315,381
Strengthened school leadership and management	44,487	149,898	362,242
Component III. Communications and Implementation Support			
Communications and outreach activities	2,489	5,453	23,696
Implementation support	239,374	131,651	743,886
Project preparation	-	-	382,725
	6,243,616	3,128,476	13,543,730

On behalf of the Management:

Aipekenova Anara
Director

June 14, 2019
Bishkek, the Kyrgyz Republic

Rysbekova Nurzat
Financial Manager

June 14, 2019
Bishkek, the Kyrgyz Republic

The notes on pages 8-16 form an integral part of the project financial statements.
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1. GENERAL INFORMATION

According to the Financing Agreement between the Kyrgyz Republic and International Development Association (the "IDA", "World Bank") dated October 9, 2013, the IDA provided a Credit No. 5230-KG in the amount of 6,000,000 Special Drawing Rights and Grant No. H836-KG in the amount of 4,900,000 Special Drawing Rights to the Kyrgyz Republic.

The financing was provided for implementation of the Project "Sector Support for Education Reform Project" (the "Project").

Project purpose

The objective of the Project is to create conditions for improved learning outcomes in basic education.

The Project consists of following components:

1. Component I: Enhanced learning;
2. Component II: Improved management and accountability of school resources;
3. Component III: Communications and implementation support.

Component I: Enhanced learning.

This component consists of 4 subcomponents:

Subcomponent Ia:

This subcomponent finances development and delivery of in-service training program for primary school teachers and pedagogical staff; provision of teaching materials and strengthening the capacity of the Kyrgyz Academy of Education and Oblast In-service Teacher Training Institutes and Methodological Centres through provision of technical assistance in the form of furniture, materials, and trainings.

Subcomponent Ib:

This subcomponent finances development of new manuscripts and publication of textbooks for relevant target groups; provision of technical assistance to the Ministry of Education and Science (hereinafter – "MoES").

Subcomponent Ic:

This subcomponent finances supporting the piloting and revision process of textbooks for relevant target groups; provision of technical assistance to MoES.

Subcomponent 1d:

This subcomponent finances assessment of learning system performance and effectiveness of education reforms through surveys and observations.

Component II: Improved management and accountability of school resources.

This component includes the following subcomponents:

Subcomponent IIa:

This subcomponent finances provision of technical assistance, training, furniture, equipment and materials for the design and operationalizing of an automated monitoring system for school budgets and expenditures; provision of training on the per-capita financing system in general education; and provision of technical assistance to support key stakeholders in implementing PCF and other improved practices in management and accountability in four selected oblasts.

Subcomponent IIb:

This subcomponent finances provision of technical assistance, training, furniture, equipment and materials for the design and operationalizing of an automated monitoring system for school budgets and expenditures; provision of training on the per-capita financing system in general educational system; and provision of technical assistance to support key stakeholders in implementing of per-capita financing system and other improved practices in management and accountability in four selected regions of the country.

Component III: Communication and implementation support.

This component includes the following subcomponents:

Subcomponent IIIa:

This subcomponent ensures support for communicating to stakeholders about changes in the education sector.

Subcomponent IIIb:

This subcomponent ensures providing implementation support to the Project, including incremental operating costs.

Project management

The Project is implemented by the Project Coordination Unit within the Ministry of Education and Science of the Kyrgyz Republic. According to the Order No. 58/4 of Ministry of Education and Science of the Kyrgyz Republic, the Project Coordination Unit has been created on March 24, 2005.

The project start date is October 9, 2013. The project completion date is June 28, 2019.

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 approach 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;
- Statement 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

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

Foreign currency

Operations in foreign currency initially are accounted in functional currency using 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 and corresponding 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 advance payments, replenishment of special account or through direct payment to the end supplier of goods and/or services.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017 comprise:

	Currency	December 31, 2018	December 31, 2017
Designated account in foreign currency	USD	431,702	861,436
Interest account in foreign currency	USD	5,326	4,530
Tender account in foreign currency	USD	2,269	2,330
Interest account in national currency	KGS	7	-
Transit account in national currency	KGS	7	-
Advances paid to employees	USD	-	355
Tender account in national currency	KGS	-	249
		439,311	868,900

5. FUNDS RECEIVED

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

	For the year ended December 31, 2018			For the year ended December 31, 2017		
	IDA Credit # 5230 KG	IDA Grant # H836 KG	Total	IDA Credit # 5230 KG	IDA Grant # H836 KG	Total
Advances/Initial deposit	-	-	-	-	-	-
Replenishment of designated account	1,936,863	1,690,339	3,627,202	1,760,769	1,433,528	3,194,297
Direct payments	1,202,483	983,850	2,186,333	202,654	165,808	368,462
	3,139,346	2,674,189	5,813,535	1,963,423	1,599,336	3,562,759

6. OTHER 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, 2018			For the year ended December 31, 2017		
	IDA Credit # 5230 KG	IDA Grant # H836 KG	Total	IDA Credit # 5230 KG	IDA Grant # H836 KG	Total
Interest income	5,552	4,389	9,941	5,873	6,429	12,302
Sale of tender documents	-	200	200	-	-	-
	5,552	4,589	10,141	5,873	6,429	12,302

7. CUMULATIVE PROJECT EXPENSES

Project expenses on major categories are presented in the summary of funds received and expenditures paid. Project expenditures by components are presented in the summary of expenditures paid by project components. The breakdown of project expenses by categories and sources of financing is presented as follows:

CONSULTING SERVICES	For the year ended December 31, 2018		For the year ended December 31, 2017		Cumulative	
	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG
Procurement of electronic training materials and its processing for primary schools	126,276	103,313	189,551	155,087	315,826	258,400
Assessment in education	69,206	56,623	48,693	39,840	117,899	96,463
Payroll and related taxes	65,808	53,918	78,464	64,199	374,750	307,001
Trainings	58,130	47,561			58,130	47,561
Support to ongoing revision of curriculum	48,285	39,508	5,683	4,650	53,968	44,158
Consulting services	30,776	25,180	627,234	513,191	1,198,690	980,746
Assessment of pedagogical practices	10,762	8,805	27,171	22,231	73,482	60,122
Audit	4,943	4,044	4,943	4,044	27,406	22,422
Technical assistance on normative financing implementation	-	-	-	-	107,793	88,195
	414,186	338,952	981,739	803,242	2,327,944	1,905,068

GOODS	For the year ended December 31, 2018		For the year ended December 31, 2017		Cumulative	
	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG
Equipment	1,105,085	904,161	-	-	1,179,438	964,994
Replication of training materials	1,752	1,433			1,752	1,433
Educational materials	-	-	330,075	270,061	1,189,986	973,626
Vehicles	-	-	-	-	6,805	5,569
	1,106,837	905,594	330,075	270,061	2,377,981	1,945,622

OPERATING COSTS	For the year ended December 31, 2018		For the year ended December 31, 2017		Cumulative	
	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG
Piloting, Monitoring, Materials, Translation	94,416	77,284	15,608	12,755	110,024	90,039
Payroll and related taxes	32,492	26,510	20,258	16,580	98,380	80,116
Transportation	7,028	5,750	725	594	11,285	9,249
Printing of handouts	2,941	2,408	4,397	3,597	8,662	7,089
Bank services	2,652	2,238			2,652	2,238
Accommodation	2,332	1,907	963	775	14,027	13,945
Fuel	1,226	1,003	1,151	941	4,602	3,752
Per diems	1,139	882	2,771	2,264	7,986	7,212
Stationery	-	-	1,590	1,301	6,100	4,991
PR and marketing	-	-	1,337	1,126	6,995	5,765
Equipment	-	-	427	350	819	671
Maintenance of vehicles	-	-	57	63	781	655
Rent of conference hall for seminars	-	-	-	-	3,662	2,996
Creation of educational video for teachers	-	-	-	-	693	567
External expertise of subject standards	-	-	-	-	429	351
Communication	-	-	-	-	123	101
Accounting manuals for budget funded institutions	-	-	-	-	2,804	2,294
Rent of equipment	-	-	-	-	610	499
Other	5,386	4,406	3,602	2,958	21,044	13,998
	149,612	122,388	52,886	43,304	301,678	246,528

TRAININGS	For the year ended December 31, 2018		For the year ended December 31, 2017		Cumulative	
	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG
Trainings	1,344	1,100	-	-	8,389	6,864
	1,344	1,100	-	-	8,389	6,864

TEXTBOOKS FOR FIFTH AND SIXTH GRADES UNDER COMPONENT 1(b)	For the year ended December 31, 2018		For the year ended December 31, 2017		Cumulative	
	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG
Replication of books	1,409,156	1,152,946	-	-	1,409,156	1,152,946
Development of new books	352,825	288,676	355,943	291,226	813,356	665,473
	1,761,981	1,441,622	355,943	291,226	2,222,512	1,818,419

8. OTHER EXPENSES

Other expenses are expenses transferred to the Ministry of Finance of the Kyrgyz Republic, interest expenses on cash balances on bank accounts and other expenses.

	For the year ended December 31, 2018		For the year ended December 31, 2017	
	IDA Credit # 5230 KG	IDA Grant # H836 KG	IDA Credit # 5230 KG	IDA Grant # H836 KG
Repayment of interest income to Ministry of Finance of Kyrgyz Republic	3,001	1,203	19,263	15,016
Interest expenses on cash balances on bank accounts	1,442	2,404	619	630
Taxes for interest income	366	269	187	140
Other expenses	245	719	-	3
	5,054	4,595	20,069	15,789

9. FINANCIAL POSITION

Financial position as at December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
ASSETS AND EXPENDITURES		
Cash and cash equivalents	439,311	868,900
Cumulative project expenditures	13,543,730	7,300,114
Other expenses	55,015	45,366
TOTAL ASSETS AND EXPENDITURES	14,038,056	8,214,380
FINANCING		
Funds received	13,975,517	8,161,982
Other income	62,539	52,398
TOTAL FINANCING	14,038,056	8,214,380

10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2018 comprise:

Sources of financing:	Application	Date	Direct payments	Goods and services, including audit, trainings and operating expenses	Total
Credit #5230-KG	64	October 24, 2018	-	176,578	176,578
	61	September 20, 2018	-	322,064	322,064
	59A	August 30, 2018	-	400,000	400,000
	57	August 3, 2018	104,403	-	104,403
	55	July 20, 2018	586,575	-	586,575
	53	July 20, 2018	356,970		356,970
	51	July 16, 2018	-	255,170	255,170
	49	July 11, 2018	-	170,076	170,076
	47	June 29, 2018	154,535	-	154,535
	45	May 14, 2018	-	314,710	314,710
	43	March 23, 2018	-	298,265	298,265
			1,202,483	1,936,863	3,139,346

Sources of financing:	Appli-cation	Date	Direct payments	Goods and services, including audit, trainings and operating expenses	Total
Grant #H836-KG					
	65	December 12, 2018	-	96,555	96,555
	63	October 17, 2018	-	148,171	148,171
	62	September 20, 2018	-	263,507	263,507
	60A	August 31, 2018	-	330,000	330,000
	58	August 3, 2018	85,421		85,421
	56	July 24, 2018	479,925		479,925
	54	July 24, 2018	292,066		292,066
	52	July 16, 2018	-	208,776	208,776
	50	July 11, 2018	-	139,161	139,161
	48	June 29, 2018	126,437		126,437
	46	May 10, 2018	-	277,690	277,690
	44	March 23, 2018	-	226,480	226,480
			983,849	1,690,340	2,674,189

11. DESIGNATED ACCOUNT

Designated account for the period from December 31, 2018 and 2017 comprises:

Designated accounts	IDA Credit No.5230-KG	IDA Grant No.H836-KG
Currency	US Dollars	US Dollars
Bank account	1091828235573678	1091828235573173
Bank	OJSC "Optima Bank"	
Bank's location	326, Zhibek Zholu avenue, Bishkek, the Kyrgyz Republic	

Description	**US Dollars**	**US Dollars**	**Total**
Balance as at December 31, 2017	480,240	381,196	861,436
Replenishment of designated account/statement of expenditures	1,936,863	1,690,339	3,627,202
Total funds received to the designated account	1,936,863	1,690,339	3,627,202
The amount of eligible expenses paid	1,774,830	1,452,087	3,226,917
Transferred to transit account	456,450	373,569	830,019
Balance as at December 31, 2018	185,823	245,879	431,702

12. UNDRAWN FUNDS

As at December 31, 2018 undrawn funds-with breakdown by grants and credits are presented as follows:

	Credit 5230-KG, SDR	**Grant H836-KG, SDR**
Approved grant and loan amount	6,000,000	4,900,000
Disbursed during October 9, 2013 - December 31, 2018	5,508,343	4,373,389
Undrawn amount	**491,657**	**526,611**

	Credit # 5230-KG, SDR	Grant # H836-KG, SDR
Funds received as at January 1, 2018	3,281,198	2,476,356
Disbursed in 2018	2,227,145	1,897,033
Funds received as at December 31, 2018	5,508,343	4,373,389

13. COMMITMENTS

In the normal course of activities, the Project concludes agreements with suppliers of goods and services in accordance with the established budget and procurement plan. Contract value of obligations valid as at December 31, 2018 was as follows:

Counterparty	Contract #	Contract currency	Cost per contract (in CCY)	Paid up to December 31, 2018	Remaining amount to be paid (in CCY)
Pitambra Books PVT.LTD	SSFER/G/ICB/1/2/1/3 Lot 3	Euro	244,793	24,479	220,314
Pitambra Books PVT.LTD	SSFER/G/ICB/1/2/1/3 Lot 6.7.11.12	Euro	1,052,436	105,244	947,192
Pitambra Books PVT.LTD	SSFER/G/ICB/1/2/1/3 Lot 8	Euro	342,017	34,202	307,815
Grafica Veneta S.p.A.	SSFER/G/ICB/1/2/1/3 Lot 10	Euro	440,453	396,407	44,046
Hanoi Printing JSC	SSFER/G/ICB/1/2/1/3 Lot 4.5	US Dollars	268,384	241,546	26,838
Baker Tilly Bishkek LLC	№ SSFER/CS/LCS/3.0/31c, 30.01.16	US Dollars	35,950	8,987	26,963

14. LEGAL CASES

There were no any legal cases related to the Project.

15. EVENTS AFTER THE REPORTING DATE

During 2018 until the date of issue of these project financial statements the following replenishments of designated accounts of the Project were made:

Sources of financing	Application #	Value date	Total
Credit #5230-KG	66	25 January, 2019	93,836
	67	8 February, 2019	87,818
	RN000000326982	27 March, 2019	(53,000)
	69-B	20 May, 2019	107,893
	69-B	24 May, 2019	107,020
	69-B	31 May, 2019	91,975
	69-B	31 May, 2019	209,712
			645,254
Grant #H836-KG	68	26 February, 2019	51,813
	70-B	20 May, 2019	87,312
	70-B	20 May, 2019	88,276
	70-B	20 May, 2019	75,306
	70-B	20 May, 2019	171,705
			474,412

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

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Baker Tilly Bishkek LLC trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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Contact us
103, Ibraimov str., BC "Victory"
7th floor, Bishkek, 720011,
Kyrgyz Republic

www.bakertilly-ca.com