

**“Learning for the Future Project”
Credit No. 6563-KG, Grant No. D573-KG**

**The project financial statements
for the year ended December 31, 2023
and independent auditor’s report**

"LEARNING FOR THE FUTURE PROJECT"
CREDIT NO. 6563-KG, GRANT NO. D573-KG

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023	2
INDEPENDENT AUDITOR'S REPORT	3-4
FINANCIAL STATEMENTS OF THE PROJECT FOR THE YEAR ENDED DECEMBER 31, 2023	
Summary of funds received and expenditures paid	5
Summary of expenditures paid by project parts	6
Notes to the project financial statements	7-26

"LEARNING FOR THE FUTURE PROJECT"
CREDIT NO. 6563-KG, GRANT NO. D573-KG

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF
THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

The following statement, which should be read in conjunction with the independent auditor's responsibilities is made with a view to distinguish the respective responsibilities of management and those of the independent auditor in relation to the project financial statements of the "Learning for the Future Project", Credit No. 6563-KG, Grant No. D573-KG (the "Project") under financing agreement between the Kyrgyz Republic and the International Development Association (the "IDA").

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 parts for the year ended December 31, 2023 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 statement; and
- preparing the project financial statements on the assumption that the Project will be implemented in accordance with the established period.

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 Project financial position, and which enable them to ensure that the project financial statements comply with IPSAS and WB Guidelines;
- keeping accounting in compliance with laws and regulations of the Kyrgyz Republic, the requirements of the Project Operational Manual 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, error and other irregularities.

The project financial statements for the year ended December 31, 2023 were approved and authorized for issue on May 15, 2024 by the management of the Project.

On behalf of the Management:



Ainekenova A.R.
Director of the PCU under MoES KR

May 15, 2024
Bishkek, the Kyrgyz Republic



Sydykova L.S.
Financial manager of the PCU under MoES KR

May 15, 2024
Bishkek, the Kyrgyz Republic

INDEPENDENT AUDITOR'S REPORT

To the Management of the "Learning for the Future Project" under the Ministry of Education and Science of the Kyrgyz Republic:

Report on the project financial statements

Opinion

We have audited the accompanying project financial statements of the "Learning for the Future Project" Credit No. 6563-KG, Grant No. D573-KG (the "Project") which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by project parts for the year ended December 31, 2023, 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 parts for the year ended December 31, 2023 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 (the "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 (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the project 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 qualifying our opinion, we draw attention to Note 2 to the project financial statements, which describes the basis of accounting. The project financial statements were prepared for complying with the appropriate World Bank Guidelines, as well as the 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 the 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 the 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 the project financial statements.

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

- Identify and assess the risks of material misstatement of the 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.



Kubat Alymkulov

Certified accountant, FCCA
Certificate of auditor of the Kyrgyz Republic
No. A 0069 dated October 19, 2009
Audit Partner
Director, Baker Tilly Bishkek LLC

Baker Tilly Bishkek LLC is registered in the "Register of audit organizations admitted for audit of public Interest entities and large entrepreneurship entities" of the Unified state register of auditors, audit organizations, professional audit associations. Individual registration number 2101510 dated August 9, 2023


May 15, 2024
Bishkek, the Kyrgyz Republic

"LEARNING FOR THE FUTURE PROJECT"
CREDIT NO. 6563-KG, GRANT NO. D573-KG


SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID
FOR THE YEAR ENDED DECEMBER 31, 2023
(in US dollars)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Opening balance	4	121,012	690,098	
Funds received				
Credit No. 6563-KG	5	6,687,598	7,599,842	14,787,440
Grant No. D573-KG	5	6,687,598	7,599,842	14,787,440
Total funds received		13,375,196	15,199,684	29,574,880
Other income	6	33,740	50,138	102,808
Total receipts		13,408,936	15,249,822	29,677,688
Expenses				
Works	7	2,758,171	-	2,758,171
Goods	7	5,858,308	14,722,778	20,601,898
Trainings	7	1,767,522	57,571	1,848,580
Consultants' services	7	707,509	395,130	1,151,510
Operating costs	7	593,746	382,121	1,208,472
Fees for Programme for International Student Assessment 2024	7	77,105	225,834	302,939
Total expenses		11,762,361	15,783,434	27,871,570
Other expenses	8	36,593	35,474	75,124
Effect from foreign currency transactions		1,574	-	1,574
Closing balance	4	1,729,420	121,012	2,540,530

On behalf of the Management:


Ainekenova A.R.
Director of the PCU under MoES KR

May 15, 2024
 Bishkek, the Kyrgyz Republic


Sydykova L.S.
Financial manager of the PCU under MoES KR

May 15, 2024
 Bishkek, the Kyrgyz Republic

The notes on pages 7-26 form an integral part of the project financial statements. The independent auditor's report is on pages 3-4.

"LEARNING FOR THE FUTURE PROJECT"
CREDIT NO. 6563-KG, GRANT NO. D573-KG

SUMMARY OF EXPENDITURES PAID BY PROJECT PARTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in US dollars)

	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Part 1: Enhancing teaching and learning	11,338,512	15,447,012	26,859,978
Part 2: Managing implementation for results	423,849	336,422	1,011,592
	<u>11,762,361</u>	<u>15,783,434</u>	<u>27,871,570</u>

On behalf of the Management:



Ainekenova A.R.
Director of the PCU under MoES KR

May 15, 2024
Bishkek, the Kyrgyz Republic

Sydykova L.S.
Financial manager of the PCU under MoES KR

May 15, 2024
Bishkek, the Kyrgyz Republic

The notes on pages 7-26 form an integral part of the project financial statements. The independent auditor's report is on pages 3-4.

"LEARNING FOR THE FUTURE PROJECT"
CREDIT NO. 6563-KG, GRANT NO. D573-KG

NOTES TO THE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in US dollars)

1. GENERAL INFORMATION

On May 7, 2020 the Financing Agreement of the "Learning for the Future Project" (the "Project") was signed between the Kyrgyz Republic and the International Development Association (the "IDA").

According to the Financing Agreement, the IDA provided the Kyrgyz Republic Grant No. D573-KG in the amount of 18,200,000 Special Drawing Rights (the "SDR") and Credit No. 6563-KG in the amount of 18,200,000 SDR.

The Financing Agreement of the Project became effective on September 1, 2020.

Project purpose

The objective of the Project is to enhance school readiness and teacher effectiveness in pre-school through secondary education in targeted communities.

The Project comprises the following parts:

- Part 1: Enhancing Teaching and Learning;
- Part 2: Managing implementation for results.

Part 1: Enhancing teaching and learning

1.1 Expanded school readiness for underserved children through:

- (i) establishing approximately 500 new community-based kindergartens (the "CbKs"); and
- (ii) providing furniture, equipment and materials for play and learning, outdoor playgrounds and minor rehabilitation works for the said CbKs.

1.2 Increased effectiveness in teaching practice through strengthening the design and delivery of teacher training programs aligned to the new curricula and evidence from the science of learning, including:

- (i) carrying out a start-of-service training program for newly hired teachers at the CbKs;
- (ii) development of strengthened teacher training programs;
- (iii) training teachers on climate change and how to incorporate the content into the curricula;
- (iv) capacity building of instructors to deliver the programs at the Republican and Oblasts Institute of In-Serve Teacher Training (the "RIITT and OIITT"), as well as at certain pedagogical colleges where pre-service teacher education is offered;
- (v) providing basic digital literacy training program mentioned above to teachers working in the schools selected to receive an IT platform;
- (vi) delivering remedial reading training program and pedagogy program to primary teachers and secondary mathematics and science teachers respectively, in the selected schools; and
- (vii) institutionalization of classroom observations to assess and improve teaching practice.

1.3 Technology-enabled support for learning to strengthen teacher capacities for effective teaching through digital resources aligned to the new curriculum complementing new textbooks through:

- (i) establishing an IT platform for approximately 1,200 schools, including e-library, six multi-media classrooms, and IT equipment for teachers and school administrators;
- (ii) establishing an IT platform for the RIITT to develop digital content for teacher professional development;
- (iii) setting up IT classrooms at certain pre-service teacher training institutions to enhance their effectiveness in training new teachers in digital literacy and other domains; and
- (iv) providing technical assistance in translation, adaptation and development of digital content.

1.4 Enhancing measurement of learning to improve the measurement of teaching learning practices and student learning, through strengthening the design and administration of various assessment and learning outcome instruments, including:

(i) formative assessments to improve teaching and learning at the individual and classroom level through:

(a) technical assistance for Kyrgyz Academy of Education and National Learning Quality Assessment and Information Technologies Center (the "NLQA&IT") to develop a new criteria-based instrument and methodology for teacher monitoring, formative assessment and reporting of student progress at the primary level: oversee a pilot of the instrument in schools; and to develop a training or orientation for teachers to explain the new system, as well as a communications strategy and materials for stakeholders; and

(b) training of instructors and methodologists at the RIITT/OIITTs and at pre-service teacher training institutions so that use of the instrument can be integrated into teacher training and professional development programs.

(ii) summative assessments to make high-stakes decisions about individual students through:

(a) providing support to the NLQA&IT to develop and introduce standardized tests for grades 4 and 8;

(b) technical assistance to build NLQA&IT capacities in item writing and test construction, and in the analysis and reporting of results, as well as to support the drafting of instructions and revisions to the legal-regulatory framework; and

(c) provision of training/orientation of Rayon Education Department officials and all school deputy directors, focusing on the protocols and procedures for administration and marking, as well as on the in-school analysis and use of the results.

(iii) systemic assessments to determine system-level learning and identify related factors primarily for policy and system-strengthening measures through:

(a) carrying out an analysis of the Early Grade Reading Assessment results to support the development of remedial reading programs and to monitor learning progress for early grades;

(b) providing technical assistance for NLQA&IT to develop and administer National Learning Assessment for grades 4 and 8 and to analyze and report the results;

(c) financing the participation in OECD PISA 2024, including the cost of preparation, participation fee, administration and analysis of the results; and

(d) supporting the NLQA&IT to conduct a socio-emotional skills pilot assessment through provision of technical assistance and operational costs.

Part 2: Managing implementation for results

2.1 Provision of implementation support for:

- (a) Project management activities, including overall coordination and supervision of Project implementation, communications and public outreach. Project audits, and financing of Operating Costs;
- (b) Project monitoring and evaluation activities, transparency, and citizen feedback; and
- (c) managing a beneficiary feedback mechanism, including a grievance redress mechanism and citizen engagement.

2.2 Provision of support to design and carry out the evaluation of the Project impact with respect to:

- (a) improvement of children's development at the project-supported CbKs through administering the Early Development Instrument; and
- (b) improvement of teaching practices using the Classroom Assessment Scoring System.

Project management

The Project is implemented by the Projects Coordination Unit (the "PCU") under the Ministry of Education and Science of the Kyrgyz Republic.

Duration period of the Project under financing agreement Grant No. D573-KG and Credit No. 6563-KG is from September 1, 2020 to September 30, 2025.

2. PRESENTATION OF THE PROJECT FINANCIAL STATEMENTS

Basis of preparation

The project financial statements has 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.

The project financial statements consist of:

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

The reporting currency of the project financial statement is US dollar.

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. The 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

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

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

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

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 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.

Expenses

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

Sources of funds

The funds were provided by the IDA to the Project by initial deposit, replenishment of designated account and direct payment.

Other income

Other income represents interest income accrued by the serving commercial bank on the outstanding balances of cash on designated account, income from sale of tender documents, collateral guarantees as well as VAT refunds.

Other expenses

Other expenses comprise payments for bank services on tender and interest accounts, refunds of collateral guarantees, transfer of accrued interest income to the Ministry of finance of the Kyrgyz Republic and other expenses.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2023 and 2022 are presented as follows:

	Source of financing	Currency	December 31, 2023	December 31, 2022
Designated account	Credit No. 6563-KG	US dollar	851,652	45,237
Designated account	Grant No. D573-KG	US dollar	851,652	45,237
Interest account	Other	US dollar	5,878	20,025
Interest account	Other	Som	5	71
Tender account	Other	US dollar	3,190	1,189
Tender account	Other	Som	17,043	9,253
			<u>1,729,420</u>	<u>121,012</u>

5. FUNDS RECEIVED

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

	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Credit No. 6563-KG			
Initial deposit	500,000	1,000,000	2,000,000
Replenishment of designated account	4,428,052	1,337,646	5,765,698
Direct payment	1,759,546	5,262,196	7,021,742
	<u>6,687,598</u>	<u>7,599,842</u>	<u>14,787,440</u>
Grant No. D573-KG			
Initial deposit	500,000	1,000,000	2,000,000
Replenishment of designated account	4,428,052	1,337,646	5,765,698
Direct payment	1,759,546	5,262,196	7,021,742
	<u>6,687,598</u>	<u>7,599,842</u>	<u>14,787,440</u>
	<u>13,375,196</u>	<u>15,199,684</u>	<u>29,574,880</u>

6. OTHER INCOME

Other income is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Collateral guarantee	18,688	23,770	45,573
Interest income	8,276	23,043	43,814
Sale of tender documents	6,753	3,309	13,382
Other	23	16	39
	<u>33,740</u>	<u>50,138</u>	<u>102,808</u>

7. EXPENSES

Breakdowns of the Project expenses by sub-categories, nature and sources of financing for the years ended December 31, 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023		
	Credit No. 6563-KG	Grant No. D573-KG	Total
Works			
Construction of sanitary facilities and rehabilitation of rooms within premises of 500 kindergartens	1,379,086	1,379,085	2,758,171
	<u>1,379,086</u>	<u>1,379,085</u>	<u>2,758,171</u>
Goods			
Furniture and IT equipment for approximately 1,200 schools	1,897,737	1,897,737	3,795,474
A package of development toys for kindergartens	503,840	503,840	1,007,680
Procurement of outdoor playground equipment (supply and installation) for 500 kindergartens	266,005	266,005	532,010
Furniture for kindergartens	113,289	113,289	226,578
A package of development toys for 500 kindergartens	82,285	82,285	164,570
Establishment of IT platform to develop digital content	39,601	39,601	79,202
Procurement of laptops for the Ministry of Education and Science of the Kyrgyz Republic (district education departments) and PCU WB under the MES KR	26,397	26,397	52,794
	<u>2,929,154</u>	<u>2,929,154</u>	<u>5,858,308</u>
Trainings			
Digital literacy training for 36,000 teachers	499,171	499,171	998,342
Provision of training facilitation services for teacher training delivery on innovative pedagogical technologies and the basics of STEM	284,426	284,426	568,852
Remedial reading training	92,763	92,763	185,526
Trainings and study tours	5,648	5,648	11,296
Training on methodology of teaching science subjects	1,753	1,753	3,506
	<u>883,761</u>	<u>883,761</u>	<u>1,767,522</u>

For the year ended December 31, 2023

	Credit No. 6563-KG	Grant No. D573-KG	Total
Consultants' services			
Technical supervision of construction of sanitary facilities and rehabilitation of rooms within premises of 500 kindergartens	75,663	75,662	151,325
Conducting a sample assessment of 4th and 8th grade students' achievements	69,618	69,618	139,236
Institutionalization / assessment of teaching practice of trained teachers (CLASS)	54,070	54,070	108,140
Translation and adaptation of digital materials on mathematics and physics subjects for the digital education platform			
Preparation for participation in the Programme for International Student Assessment 2024	40,220	40,220	80,440
Development and administration of students achievements	34,832	34,832	69,664
Development of online platform and tests for 5-8 grades	32,592	32,592	65,184
Refinement of IT platform for remote training courses and digitalization of training modules	14,487	14,487	28,974
Implementation of field supervision	8,971	8,971	17,942
Development of pedagogy practice assessment tool and module	8,087	8,087	16,174
Development of criteria-based assessment tool and guide	6,647	6,647	13,294
Preparation of database, data analysis, processing and research report preparation	4,412	4,412	8,824
Coordinating the development and implementation of the National Early Childhood Development Assessment Tool (ORRR)	876	876	1,752
Consultant to develop an early childhood developmental assessment tool (questionnaires for caregivers and parents, checklist)	765	765	1,530
Preparation of database, conduct, data analysis and adaptation of instrument on social-emotional skills assessment	717	717	1,434
Development and implementation of standardized tests	684	684	1,368
Consultant on the development of a teaching module and teacher training in the use of an early childhood development assessment tool (ORRR)	684	684	1,368
	430	430	860
	<u>353,755</u>	<u>353,754</u>	<u>707,509</u>

For the year ended December 31, 2023
Credit No. 6563-KG **Grant No. D573-KG**

			Total
Operating costs			
Payroll and related taxes	164,222	164,222	328,444
Expenses related to the Programme for International Student Assessment 2024	74,538	74,538	149,076
Accounting program for PCU ("1C: Enterprise 8.3")	14,450	14,450	28,900
Business trips	13,085	13,085	26,170
Replication of design and estimate documentation	7,964	7,964	15,928
Transportation expenses (including technical maintenance)	3,332	3,332	6,664
Advertisements	3,228	3,228	6,456
Communications	2,318	2,318	4,636
Property and equipment maintenance	1,045	1,045	2,090
Stationery	861	861	1,722
Bank commissions	510	510	1,020
Customs clearance services	412	412	824
Other	10,908	10,908	21,816
	296,873	296,873	593,746
Fees for Programme for International Student Assessment 2024			
	38,552	38,553	77,105
	5,881,181	5,881,180	11,762,361

For the year ended December 31, 2022
Credit No. 6563-KG **Grant No. D573-KG** **Total**

Goods

Furniture and IT equipment for approximately 1,200 schools
Establishment of IT platform to develop digital content
Videoconferencing system for PCU

7,325,852	7,325,852	14,651,704
31,762	31,762	63,524
3,775	3,775	7,550

7,361,389	7,361,389	14,722,778
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Trainings

Remedial reading training
Training on methodology of teaching science subjects
Trainings and study tours

13,725	13,725	27,450
8,650	8,650	17,300
6,411	6,410	12,821

28,786	28,785	57,571
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Consultants' services

Construction design of sanitary facilities and rehabilitation of kindergarten rooms
Development of criteria-based assessment tool and guide
Preparation for participation in the Programme for International Student Assessment 2024
Establishment of IT platform for development of digital content
Development and administration of students achievements
Preparation of database, conduct, data analysis and adaptation of instrument on social-emotional skills assessment
Refinement of IT platform for remote training courses and digitalization of training modules
Development and implementation of standardized tests
Development of pedagogy practice assessment tool and module
Preparation of database, data analysis, processing and research report preparation

139,127	139,127	278,254
15,045	15,045	30,090
12,277	12,277	24,554
10,700	10,700	21,400
5,991	5,991	11,982

5,484	5,484	10,968
3,937	3,937	7,874
2,448	2,448	4,896
2,075	2,075	4,150
481	481	962

197,565	197,565	395,130
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For the year ended December 31, 2022

	Credit No. 6563-KG	Grant No. D573-KG	Total
Operating costs			
Payroll and related taxes	146,381	146,381	292,762
Expenses related to the Programme for International Student Assessment 2024	10,470	10,470	20,940
Customs clearance services	7,032	7,032	14,064
Transportation expenses (including technical maintenance)	4,889	4,889	9,778
Advertisements	4,382	4,382	8,764
Replication of design and estimate documentation	4,320	4,320	8,640
Monitoring of students in 5-8 grades	3,368	3,368	6,736
Business trips	2,057	2,057	4,114
Property and equipment maintenance	1,059	1,059	2,118
Communications	846	846	1,692
Stationery	771	771	1,542
Bank commissions	270	270	540
Other	5,216	5,215	10,431
	<u>191,061</u>	<u>191,060</u>	<u>382,121</u>
	<u>112,917</u>	<u>112,917</u>	<u>225,834</u>
	<u>7,891,718</u>	<u>7,891,716</u>	<u>15,783,434</u>

Fees for Programme for International Student Assessment 2024

	Credit No. 6563-KG	Cumulative Grant No. D573-KG	Total
Works			
Construction of sanitary facilities and rehabilitation of rooms within premises of 500 kindergartens	1,379,086	1,379,085	2,758,171
	1,379,086	1,379,085	2,758,171
Goods			
Furniture and IT equipment for approximately 1,200 schools	9,223,589	9,223,589	18,447,178
A package of development toys for kindergartens	503,840	503,840	1,007,680
Procurement of outdoor playground equipment (supply and installation) for 500 kindergartens	266,005	266,005	532,010
Furniture for kindergartens	113,289	113,289	226,578
A package of development toys for 500 kindergartens	82,285	82,285	164,570
Establishment of IT platform to develop digital content	71,363	71,363	142,726
Procurement of laptops for the Ministry of Education and Science of the Kyrgyz Republic (district education departments) and PCU WB under the MES KR	26,397	26,397	52,794
Office transport for PCU	10,406	10,406	20,812
Videoconferencing system for PCU	3,775	3,775	7,550
	10,300,949	10,300,949	20,601,898
Trainings			
Digital literacy training for 36,000 teachers	499,171	499,171	998,342
Provision of training facilitation services for teacher training delivery on Innovative Pedagogical Technologies and the Basics of STEM	284,426	284,426	568,852
Remedial reading training	106,488	106,488	212,976
Training on methodology of teaching science subjects	22,146	22,147	44,293
Trainings and study tours	12,059	12,058	24,117
	924,290	924,290	1,848,580

	Credit No. 6563-KG	Cumulative Grant No. D573-KG	Total
Consultants' services			
Construction design of sanitary facilities and rehabilitation of kindergarten rooms	163,562	163,563	327,125
Technical supervision of construction of sanitary facilities and rehabilitation of rooms within premises of 500 kindergartens	75,663	75,662	151,325
Conducting a sample assessment of 4th and 8th grade students' achievements	69,618	69,618	139,236
Institutionalization / assessment of teaching practice of trained teachers (CLASS)	54,070	54,070	108,140
Preparation for participation in the Programme for International Student Assessment 2024	47,109	47,109	94,218
Translation and adaptation of digital materials on mathematics and physics subjects for the digital education platform	40,220	40,220	80,440
Development and administration of students achievements	38,583	38,583	77,166
Development of criteria-based assessment tool and guide	19,457	19,457	38,914
Development of online platform and tests for 5-8 grades	14,487	14,487	28,974
Refinement of IT platform for remote training courses and digitalization of training modules	12,908	12,908	25,816
Establishment of IT platform for development of digital content	10,700	10,700	21,400
Development of pedagogy practice assessment tool and module	8,722	8,722	17,444
Implementation of field supervision	8,087	8,087	16,174
Preparation of database, conduct, data analysis and adaptation of instrument on social-emotional skills assessment	6,168	6,168	12,336
Development and implementation of standardized tests	3,132	3,132	6,264
Preparation of database, data analysis, processing and research report preparation	1,357	1,357	2,714
Coordinating the development and implementation of the National Early Childhood Development Assessment Tool (ORRR)	765	765	1,530
Consultant to develop an early childhood developmental assessment tool (questionnaires for caregivers and parents, checklist)	717	717	1,434
Consultant on the development of a teaching module and teacher training in the use of an early childhood development assessment tool (ORRR)	430	430	860
	575,755	575,755	1,151,510

	Credit No. 6563-KG	Cumulative Grant No. D573-KG	Total
Operating costs			
Payroll and related taxes	407,674	407,674	815,348
Expenses related to the Programme for International Student Assessment 2024	85,008	85,008	170,016
Accounting program for PCU ("1C: Enterprise 8.3")	19,570	19,570	39,140
Business trips	15,450	15,450	30,900
Replication of design and estimate documentation	12,284	12,284	24,568
Advertisements	10,563	10,563	21,126
Transportation expenses (including technical maintenance)	8,750	8,750	17,500
Customs clearance services	7,444	7,444	14,888
Office repair and maintenance	7,092	7,092	14,184
Communications	3,918	3,918	7,836
Monitoring of students in 5-8 grades	3,368	3,368	6,736
Stationery	2,293	2,293	4,586
Property and equipment maintenance	2,104	2,104	4,208
Conduct of the preparatory activities for the Programme for International Student Assessment 2024			
Bank commissions	957	957	1,914
Other	810	810	1,620
	16,951	16,951	33,902
	604,236	604,236	1,208,472
Fees for Programme for International Student Assessment 2024			
	151,469	151,470	302,939
	13,935,785	13,935,785	27,871,570

8. OTHER EXPENSES

Other expenses are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022	Cumulative
Transfer of accrued interest income to the Ministry of finance of the Kyrgyz Republic	19,800	15,428	35,228
Collateral guarantees refund	14,107	17,095	33,995
Bank fees	2,666	2,947	5,877
Other	20	4	24
	<u>36,593</u>	<u>35,474</u>	<u>75,124</u>

9. FINANCIAL POSITION

Financial position as at December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
ASSETS AND EXPENSES		
Cash and cash equivalents	1,729,420	121,012
Cumulative expenses	27,871,570	16,109,209
Other expenses	75,124	38,531
Effect from foreign currency transactions	1,574	-
TOTAL ASSETS AND EXPENSES	<u>29,677,688</u>	<u>16,268,752</u>
FINANCING		
Funds received	29,574,880	16,199,684
Other income	102,808	69,068
TOTAL FINANCING	<u>29,677,688</u>	<u>16,268,752</u>

10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2023 are presented as follows:

Source of financing	Application	Date	Initial deposit	Replenishment of designated account	Direct payment	Total
Credit No. 6563-KG	20	January 19, 2023	-	443,724	-	443,724
	21	February 21, 2023	-	389,402	-	389,402
	22	April 3, 2023	-	428,409	-	428,409
	23	April 4, 2023	-	-	404,083	404,083
	24	May 12, 2023	-	108,899	-	108,899
	25	May 3, 2023	-	1,463	-	1,463
	26	April 26, 2023	-	-	409,174	409,174
	27	May 19, 2023	-	327,156	-	327,156
	28	May 18, 2023	-	-	329,160	329,160
	29	June 20, 2023	-	275,792	-	275,792
	30	July 18, 2023	-	127,775	-	127,775
	32	September 28, 2023	-	250,421	-	250,421
	33	October 17, 2023	-	454,378	-	454,378
	34	November 3, 2023	-	255,414	-	255,414
	35	November 14, 2023	-	204,293	-	204,293
	37	November 27, 2023	-	207,222	-	207,222
	38	November 28, 2023	500,000	-	-	500,000
	39	November 29, 2023	-	-	503,840	503,840
	40	November 29, 2023	-	-	113,289	113,289
	41	December 12, 2023	-	280,755	-	280,755
	42	December 19, 2023	-	434,446	-	434,446
	43	December 21, 2023	-	238,503	-	238,503
			500,000	4,428,052	1,759,546	6,687,598

Source of financing	Application	Date	Initial deposit	Replenishment of designated account	Direct payment	Total
Grant No. D573-KG	20	January 19, 2023	-	443,724	-	443,724
	21	February 21, 2023	-	389,402	-	389,402
	22	April 3, 2023	-	428,409	-	428,409
	23	April 4, 2023	-	-	404,083	404,083
	24	May 12, 2023	-	108,899	-	108,899
	25	May 3, 2023	-	1,463	-	1,463
	26	April 26, 2023	-	-	409,174	409,174
	27	May 19, 2023	-	327,156	-	327,156
	28	May 18, 2023	-	-	329,160	329,160
	29	June 20, 2023	-	275,792	-	275,792
	30	July 18, 2023	-	127,775	-	127,775
	32	September 25, 2023	-	250,421	-	250,421
	33	October 17, 2023	-	454,378	-	454,378
	34	November 3, 2023	-	255,414	-	255,414
	35	November 16, 2023	-	204,293	-	204,293
	37	November 27, 2023	-	207,222	-	207,222
	38	November 28, 2023	500,000	-	-	500,000
	39	November 29, 2023	-	-	503,840	503,840
	40	November 29, 2023	-	-	113,289	113,289
	41	December 12, 2023	-	280,755	-	280,755
	42	December 19, 2023	-	434,446	-	434,446
	43	December 21, 2023	-	238,503	-	238,503
			500,000	4,428,052	1,759,546	6,687,598

The canceled applications for the year ended December 31, 2023, are presented as follows:

Source of financing	Application	Date	Initial deposit	Replenishment of designated account	Direct payment	Total
Credit No. 6563-KG	31	August 30, 2023	-	252,308	-	252,308
	36	November 16, 2023	-	503,840	-	503,840
			-	756,148	-	756,148
Grant No. D573-KG	31	August 30, 2023	-	252,308	-	252,308
	36	November 16, 2023	-	503,840	-	503,840
			-	756,148	-	756,148
			-	1,512,296	-	1,512,296

11. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the years ended December 31, 2023 and 2022 is presented as follows:

Source of financing

	Credit No. 6563-KG	Grant No. D573-KG
	OJSC RSK Bank	
Bank		
Bank account	1299004220005227	1299004220005328
Currency	US dollar	US dollar
	80/1 Moskovskaya Str, Bishkek, Kyrgyz Republic	
Bank's location		
Balance as at December 31, 2021	<u>337,112</u>	<u>337,112</u>
Initial deposit	1,000,000	1,000,000
Replenishment of designated account	<u>1,337,646</u>	<u>1,337,646</u>
Total funds received	<u>2,337,646</u>	<u>2,337,646</u>
Expenses paid	1,021,011	1,021,011
Transfer to transit account	1,608,240	1,608,240
Bank fee	<u>270</u>	<u>270</u>
Balance as at December 31, 2022	<u>45,237</u>	<u>45,237</u>
Initial deposit	500,000	500,000
Replenishment of designated account	<u>4,428,052</u>	<u>4,428,052</u>
Total funds received	<u>4,928,052</u>	<u>4,928,052</u>
Expenses paid	1,056,362	1,056,362
Transfer to transit account	3,064,765	3,064,765
Bank fee	<u>510</u>	<u>510</u>
Balance as at December 31, 2023	<u>851,652</u>	<u>851,652</u>

12. UNDRAWN FUNDS

Undrawn funds as at December 31, 2023 are presented as follows:

	Credit No. 6563-KG in SDR	Grant No. D573-KG in SDR
Approved amount of financing	18,200,000	18,200,000
Disbursed for the period from September 1, 2020 to December 31, 2022	6,169,386	6,168,231
Disbursed during the year ended December 31, 2023	<u>5,008,858</u>	<u>5,007,398</u>
Undrawn amount of financing as at December 31, 2023	<u>7,021,756</u>	<u>7,024,371</u>

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. Commitments as at December 31, 2023 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2023 (in contract CCY)	Remaining amount to be paid (in contract CCY)
AC Consulting LLC	KG-MES KR-CS-QCBS-2021-7A	139,387,500	Som	47,338,183	92,049,317
TT & K LLC	KG-MES KR-CS-CQS-2021-6A	101,736,620	Som	40,604,170	61,132,450
Consortium of Arktonik LLC and China Educational Instrument Equipment Corporation	KG-MES KR-G-RFB-2022-3A	57,856,000	Som	46,284,800	11,571,200
Consortium of ArkhiVision LLC MICHA and Architectural Firm LLC	KG-MES KR-CW-RFB-2023-6/	57,771,380	Som	26,322,628	31,448,752
AC Consulting LLC	KG-MES KR-CS-QCBS-2021-8A	48,160,561	Som	18,203,820	29,956,741
Incom Systems LLC	№ KG-MES- KR-CW-RFB-2023-1B from 25.09.2023	29,470,014	Som	21,192,391	8,277,623
Avangard & Co LLC	KG-MES KR-CW-RFB-2023-5A – Lots № 7;12;14; 5;35 and 36	25,459,431	Som	7,829,662	17,629,769
TT & K LLC	KG-MES KR-CS-CQS-2021-8A	23,274,274	Som	10,644,809	12,629,465
Kanat Stroy LLC	KG-MES- KR-CW-RFB-2023-6A	22,799,569	Som	4,643,836	18,155,733
Barak Elde LLC	KG-MES KR-CS-CQC-2022-15	20,736,551	Som	4,147,310	16,589,241
Expertise and Technical Supervision Consulting Company LLC	KG-MES KR-CS-CQC-2022-11	18,567,450	Som	10,753,120	7,814,330
Consortium of Engineer Stroy Service LLC and Dastan Stroy Group LLC	KG-MES KR-CW-RFB-2023-2/Lots № 6 and 7	17,420,474	Som	12,537,956	4,882,518
TT & K LLC	KG-MES KR-CS-CQS-2021-7A	17,080,638	Som	7,959,202	9,121,435
Dastan Stroy Group LLC	KG-MES KR-CW-RFB-2023-3/ Lots № 1; 7 and 16	16,795,526	Som	3,399,764	13,395,762
Barak Elde LLC	KG MES KR CQC 2022/16	15,058,806	Som	3,011,761	12,047,045
Dastan Stroy Group LLC	KG-MES KR-CW-RFB-2023-2A/ Lots № 7; 8; 9 and 10	14,787,484	Som	8,111,822	6,675,662
Sofa Group LLC	KG-MES KR-G-RFB-2023-5	13,299,198	Som	9,167,510	4,131,688
Expertise and Technical Supervision Consulting Company LLC	KG-MES KR-CS-CQC-2022-12	9,405,088	Som	2,819,942	6,585,146
Biy Ordo LLC	KG-MES KR-CW-RFB-2023-5A/ Lots № 17 and 18	7,786,039	Som	2,053,629	5,732,410
Biy Ordo LLC	KG-MES KR-CW-RFB-2023-5/Lot № 12	6,408,578	Som	2,184,744	4,223,834
Consortium of Arktonik LLC and China Educational Instrument Equipment Corporation	KG-MES KR-G-RFB-2023-3	1,259,600	US dollar	1,007,680	251,920
AC Consulting LLC	KG-MES KR-CS-QCBS-2021-9A	963,895	US dollar	362,654	601,241
Open School LLC	AGREEMENT FOR PARTICIPATION	360,300	US dollar	302,939	57,361
Consortium of Aman Road LLC and Azat Furniture LLC	KG-MES KR-G-RFB-2022-4B	283,223	US dollar	226,578	56,645
Open School LLC	KG-MES KR-CS-CQS-2021-2A	163,694	US dollar	81,432	82,262
Solvikom LLC	KG-MES KR-CS-CQC-2022-13	160,186	US dollar	96,112	64,074
Open School LLC	KG-MES KR-CS-DC-2021-20	119,810	US dollar	68,292	51,518

14. LEGAL CASES

There were no any legal claims related to the Project.

15. EVENTS AFTER THE REPORTING DATE

During 2024 until the date of issue of these project financial statements, the IDA provided financing to the Project as follows:

Source of financing	Application	Date	Replenishment of designated account	Total
Credit No. 6563-KG	44	March 6, 2024	412,475	412,475
	45	April 1, 2024	333,640	333,640
			<u>746,115</u>	<u>746,115</u>
Source of financing	Application	Date	Replenishment of designated account	Total
Grant No. D573-KG	44	March 6, 2024	412,475	412,475
	45	April 1, 2024	333,640	333,640
			<u>746,115</u>	<u>746,115</u>

In July 2023, the former finance manager of the Project, N. Rysbekova, submitted a resignation letter at her own request. Thereafter, the Project accrued and paid compensation for unused vacation days amounting to 81 days for a total of 328,378 soms. According to clause 5 of the Project's operational manual, compensation for unused vacation days cannot be carried over to periods beyond the contract's term. Currently, an amount of 157,621 soms for 48 days has been returned, and the remaining amount of 170,757 som for 33 days is expected to be refunded.

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 described above.