

**“National Water Resources Management Project –
Phase 1”
Grant No. TF 016315**

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

and independent auditors’ report



**BAKER TILLY
BISHKEK**

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INDEPENDENT AUDITORS' REPORT

To the Management of the Project "National Water Resources Management Project – Phase 1" under Department of Water Management and Melioration of the Ministry of Agriculture, Food Industry and Melioration of the Kyrgyz Republic:

Opinion

We have audited the special purpose project financial statements of "National Water Resources Management Project – Phase 1" (the "Project") which comprise 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 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 Grant agreement requirements, and therefore are not intended to be a complete presentation of the "National Water Resources Management Project – Phase 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.

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

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 "National Water Resources Management Project – Phase 1", Grant No. TF 016315 (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:

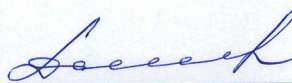
- designing, implementing and maintaining effective and sound system of internal control and for revealing risks in system of internal control;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Project, and which enable them to ensure that the 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 June 9, 2017 by the management of the Project.

On behalf of the Management:



Kadykbek Beishekeev
Director



Saltanat Djumaeva
Financial Manager

June 9, 2017
Bishkek, Kyrgyz Republic

June 9, 2017
Bishkek, Kyrgyz Republic

Management's responsibility for the special purpose project financial statements

Management is responsible for the preparation and fair presentation of the 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 the 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 the 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.

June 9, 2017
Bishkek, the Kyrgyz Republic

Kubat Alymkulov



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

**"NATIONAL WATER RESOURCES MANAGEMENT PROJECT – PHASE 1"
GRANT NO. TF 016315**

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

(in US Dollars)

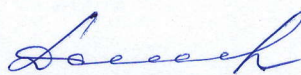
	Notes	For the year ended December 31, 2016	Cumulative	For the period from April 29, 2015 to December 31, 2015	Cumulative
Opening balance	4	541,187	-	-	-
Funds received					
Grant No. TF 016315	5	1,765,112	2,680,989	915,877	915,877
Total funds received		1,765,112	2,680,989	915,877	915,877
Other income	6	6,397	11,626	5,229	5,229
Total receipts		1,771,509	2,692,615	921,106	921,106
Project expenses					
Consulting services	7	994,801	1,219,361	224,560	224,560
Goods	7	589,818	589,818	-	-
Training	7	235,175	288,344	53,169	53,169
Operating expenses	7	201,424	301,066	99,642	99,642
Total project expenses		2,021,218	2,398,589	377,371	377,371
Other expenses		4,238	4,924	686	686
Foreign exchange rate differences		(1,017)	845	1,862	1,862
Closing balance	4	288,257	288,257	541,187	541,187

On behalf of the Management:



Kydykbek Beishekeev
Director

June 9, 2017
Bishkek, Kyrgyz Republic

Saltanat Djumaeva
Financial Manager

June 9, 2017
Bishkek, Kyrgyz Republic

The notes on pages 9-17 form an integral part of the special purpose project financial statements.
The Independent Auditors' Report is on pages 3-5.

**"NATIONAL WATER RESOURCES MANAGEMENT PROJECT – PHASE 1"
GRANT NO. TF 016315**

**STATEMENT OF USES 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 April 29, 2015 to December 31, 2015	Cumulative
1.Strengthening national water management capacity	687,839	791,415	103,576	103,576
1.1. Link all DWRLI offices with a digital information network	476,738	479,733	2,995	2,995
1.2 Establishing a digital Water Information System (WIS)	76,498	173,187	96,689	96,689
1.3 Enhancing basin water resource planning and management	108,591	112,483	3,892	3,892
1.4 National consulting Services	15,765	15,765	-	-
1.5 Social contribution from employer	2,216	2,216	-	-
1.6 International training	6,193	6,193	-	-
1.7 Training for WIS	403	403	-	-
1.8 Deep computer training	1,435	1,435	-	-
2.Improving irrigation service delivery to Water Users Associations (WUAs)	326,350	344,913	18,563	18,563
2.1 Activities at National level	119,573	136,210	16,637	16,637
2.2 Activities at Scheme level	86,185	86,185	-	-
2.3 Supporting studies and activities	13,326	13,326	-	-
2.4 National consulting Services	67,728	69,371	1,643	1,643
2.5 Social contribution from employer	10,664	10,947	283	283
2.6 Computer training	7,202	7,202	-	-
2.7 Training for MOM	21,672	21,672	-	-


**“NATIONAL WATER RESOURCES MANAGEMENT PROJECT – PHASE 1”
GRANT NO. TF 016315**

**STATEMENT OF USES OF FUNDS BY PROJECT COMPONENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

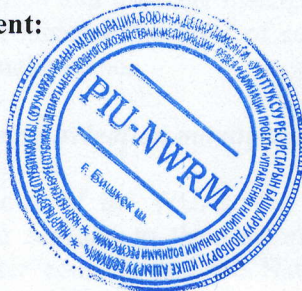
(in US Dollars)

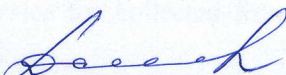
	For the year ended December 31, 2016	Cumulative	For the period from April 29, 2015 to December 31, 2015	Cumulative
3.Improving irrigation management by WUAs	477,566	610,023	132,457	132,457
3.1 Assessment and Strengthening of WUAs	102,189	110,825	8,636	8,636
3.2 Strengthening WUAs Support Units	269,551	379,115	109,564	109,564
3.3 Support and strengthening Federations of WUAs	1,820	12,652	10,832	10,832
3.4 Strengthening other water management organizations	50,934	54,359	3,425	3,425
3.5 National consulting services	45,858	45,858	-	-
3.6 Social contribution from employer	7,214	7,214	-	-
4.Project management	529,463	652,238	122,775	122,775
4.1 Operating Costs PIU	53,330	79,624	26,294	26,294
4.2 National consulting services	174,195	242,829	68,634	68,634
4.3 Support Staff	24,637	36,977	12,340	12,340
4.4 Social contribution from employer	3,980	6,082	2,102	2,102
4.5 Social contribution from employer	28,227	41,632	13,405	13,405
4.6 International consulting services & M&E	190,803	190,803	-	-
4.7 Audit services	27,733	27,733	-	-
4.8 Training	20,538	20,538	-	-
4.9 Goods	6,020	6,020	-	-
	<u>2,021,218</u>	<u>2,398,589</u>	<u>377,371</u>	<u>377,371</u>

On behalf of the Management:


Kydykbek Beishekeev
Director

June 9, 2017
Bishkek, Kyrgyz Republic




Saltanat Djumaeva
Financial Manager

June 9, 2017
Bishkek, Kyrgyz Republic

The notes on pages 9-17 form an integral part of the special purpose project financial statements.
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**“NATIONAL WATER RESOURCES MANAGEMENT PROJECT – PHASE 1”
GRANT NO. TF 016315**

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

(in US Dollars)

1. GENERAL INFORMATION

According to the Grant agreement between the Kyrgyz Republic and the International Development Association (the “IDA”) on 17 April, 2014, Swiss Grant No. TF 016315, the IDA acting as administrator of grant funds provided by the Swiss Agency for Development and Cooperation under the Kyrgyz Republic National Water Resources Management Project Single-Donor Trust Fund, provided to the Kyrgyz Republic grant in the amount of 7,750,000 United States dollars (the “USD”).

The Grants were provided for implementation of “National Water Resources Management Project – Phase I” (the “Project”) identifiable by No. TF 016315 and the effective date of the Project is April 29, 2015.

The closing date of Swiss Grant No. TF 016315 is June 30, 2017.

The Grace period for submitting withdrawal application for expenditures incurred before the closing date is four months following the closing date: 31 October 2017.

Project purpose

The purpose of the Project is to improve Kyrgyz Republic’s water resources management capability and irrigation service delivery for the benefit of water users.

The Project comprises of following components:

1. Component I: Strengthening national water management capacity;
2. Component II: Improving irrigation service delivery Water Users Associations;
3. Component III: Improving irrigation management by Water Users Associations;
4. Component IV: Project management.

Component I: Strengthening national water management capacity

Improving the capacity of the Department of Water Resources and Land Improvement (DWRLI) for water resources planning and management and for implementing key elements of the Water Code through the carrying out of a program of activities.

Component II: Improving irrigation service delivery to water users associations

Strengthening the irrigation and drainage management Division (IDM Division) to improve the service delivery to water users, increase the level of service fee collected from water users and increase the expenditure on system maintenance.

Component III: Improving irrigation management by Water Users Associations

Strengthening the capacity of the WUAs, the Federation of Water Users Association (FWUAs) to provide better irrigation services to their members and supporting other water users’ organizations, including the local water councils and the National Union of WUAs to improve their capacity for coordination and management.

Component IV: Project management

Carrying out Project management, including, administration, coordination, procurement, financial management and monitoring, management of environmental and social safeguards, and evaluation of the Project. Project is implemented by the Project implementation unit under Department of Water Management and Melioration of the Ministry of Agriculture, Food Industry and Melioration of the Kyrgyz Republic (the PIU DWR).

Project management

Duration of the Project is from June 29, 2015 to June 30, 2017.

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 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 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.

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

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

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.

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	USD	256,244	514,376
Advances paid to employees	KGS	25,287	22,664
Interest account	KGS	5,471	3,369
Tender account in foreign currency	USD	1,155	687
Tender account in national currency	KGS	100	91
		<u>288,257</u>	<u>541,187</u>

5. FUNDS RECEIVED

The funds received were presented by the following reimbursement methods:

Financing method	For the year ended December 31, 2016	Cumulative	for the period from April 29, 2015 to December 31, 2015	Cumulative
Advance	-	650,000	650,000	650,000
Reimbursement of expenses	<u>1,765,112</u>	<u>2,030,989</u>	<u>265,877</u>	<u>265,877</u>
	<u>1,765,112</u>	<u>2,680,989</u>	<u>915,877</u>	<u>915,877</u>

6. OTHER INCOME

Other income for the year ended December 31, 2016 and for the period from April 29, 2015 to December 31, 2015 consists of the following:

	For the year ended December 31, 2016	
	Grant No. TF 016305	Cumulative
Interest income	5,928	5,928
Realization of tender documents	469	469
	<u>6,397</u>	<u>6,397</u>
	For the period from April 29, 2015 to December 31, 2015	
	Grant No. TF 016305	Cumulative
Interest income	4,442	4,442
Realization of tender documents	787	787
	<u>5,229</u>	<u>5,229</u>

Interest income is accrued on a monthly basis for outstanding amounts of Designated Account in OJSC "Commercial Bank Kyrgyzstan".

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 nature is presented as follows:

GOODS

	For the year ended December 31, 2016	
	Grant No. TF 016315	Cumulative
Link all DWRLI offices with a digital information network	476,665	476,665
Activities at Scheme level	79,253	79,253
Strengthening WUAs Support Units	20,203	20,203
Establishing a digital Water Information System (WIS)	7,677	7,677
Office furniture and office equipment	6,020	6,020
	<u>589,818</u>	<u>589,818</u>

CONSULTING SERVICES

For the year ended December 31, 2016

	Grant No. TF 016315	Cumulative
National consulting services	303,546	373,822
International consulting services & M&E	190,802	190,802
Enhancing basin water resource planning and management	101,843	101,843
Strengthening WUAs Support Units	90,818	109,626
Improved procedures for determining annual maintenance requirements	84,545	99,452
Establishing a digital Water Information System (WIS)	67,412	163,461
Social contributions from employer	48,321	62,009
Update inventories of system I&D infrastructure	34,440	34,440
Audit services	27,733	27,733
Assessment and Strengthening of WUAs	23,562	23,562
Supporting studies and activities	13,326	13,326
Activities at Scheme level	6,633	6,633
Support and strengthening of Federations of WUAs	1,820	12,652
	<u>994,801</u>	<u>1,219,361</u>

**For the period from April 29, 2015
to December 31, 2015**

	Grant No. TF 016315	Cumulative
Establishing a digital Water Information System (WIS)	96,049	96,049
National consulting Services	70,277	70,277
Strengthening WUAs Support Units	18,808	18,808
Improved procedures for determining annual maintenance requirements	14,907	14,907
Social contributions from employer	13,688	13,688
Support and strengthening Federations of WUAs	10,831	10,831
	<u>224,560</u>	<u>224,560</u>

TRAININGS

For the year ended December 31, 2016

	Grant No. TF 016315	Cumulative
Assessment and Strengthening of WUAs	78,627	87,263
Strengthening other water management organizations	50,934	54,359
Strengthening WUAs Support Units	40,537	76,023
Training for MOM	21,672	21,672
Training	20,538	20,538
Basic computer training	7,202	7,202
Enhancing basin water resource planning and management	6,748	10,640
International training	6,193	6,193
Deep computer training	1,435	1,435
Improved Implementation of Maintenance and Repair work	588	2,318
Training for WIS	403	403
Activities at Scheme level	298	298
	<u>235,175</u>	<u>288,344</u>

For the period from April 29, 2015
to December 31, 2015

	Grant No. TF 016315	Cumulative
Strengthening WUAs Support Units	35,486	35,486
Assessment and Strengthening of WUAs	8,636	8,636
Enhancing basin water resource planning and management	3,892	3,892
Strengthening other water management organizations	3,425	3,425
Improved Implementation of Maintenance and Repair work	1,730	1,730
	<u>53,169</u>	<u>53,169</u>

OPERATING EXPENSES

For the year ended December 31, 2016

	Grant No. TF 016315	Cumulative
Strengthening WUAs Support Units	117,992	173,263
Operating costs PIU	53,330	79,624
Support staff	24,637	36,977
Social contributions from employer	3,980	6,082
Establishing a digital Water Information System (WIS)	1,410	2,050
Link all DWRLI offices with a digital information network	75	3,070
	<u>201,424</u>	<u>301,066</u>

**For the period from April 29, 2015
to December 31, 2015**

**Grant No. TF
016315** **Cumulative**

Strengthening WUAs Support Units	55,271	55,271
Operating costs PIU	26,294	26,294
Support staff	12,340	12,340
Link all DWRLI offices with a digital information network	2,995	2,995
Social contributions from employer	2,102	2,102
Establishing a digital Water Information System (WIS)	640	640
	<u>99,642</u>	<u>99,642</u>

8. FINANCIAL POSITION

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

	December 31, 2016	December 31, 2015
ASSETS AND EXPENDITURES		
Cash and cash equivalents	288,257	541,187
Cumulative project expenditures	2,398,591	377,371
Other expenditures	4,924	686
Foreign exchange loss	845	1,862
	<u>2,692,615</u>	<u>921,106</u>
FINANCING		
Funds received	2,680,989	915,877
Other income	11,626	5,229
	<u>2,692,615</u>	<u>921,106</u>

9. WITHDRAWAL APPLICATIONS

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

Sources of financing	No.	Dates	Consulting services, goods, training and operating expenses	Total
Grant No. TF 016305				
	4	January 31, 2016	183,063	183,063
	5	March 31, 2016	177,573	177,573
	6	May 31, 2016	291,121	291,121
	7	July 31, 2016	227,988	227,988
	8	August 31, 2016	227,537	227,537
	9	September 30, 2016	372,931	372,931
	10	November 1, 2016	141,670	141,670
	11	November 15, 2016	143,229	143,229
			<u>1,765,112</u>	<u>1,765,112</u>

10. DESIGNATED ACCOUNT

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

<i>Designated Account</i>	
<i>Currency</i>	US Dollars
<i>Bank account</i>	1030120800005710
<i>Bank</i>	OJSC "Commercial Bank Kyrgyzstan"
<i>Bank's location</i>	54, Togolok Moldo str, Bishkek, Kyrgyz Republic

Description	Total
Balance as at April 29, 2015	-
Advances received	650,000
Reimbursement of expenses	265,877
Total funds received to a designated account	<u>915,877</u>
Expenditures paid	377,371
Foreign exchange loss/(gain)	1,466
Advances paid to employees	22,664
Balance as at December 31, 2015	<u>514,376</u>
Advances received	-
Reimbursement of expenses	1,765,112
Total funds received to a designated account	<u>1,765,112</u>
Expenditures paid	2,021,218
Foreign exchange loss/(gain)	(597)
Advances paid to employees	2,623
Balance as at December 31, 2016	<u><u>256,244</u></u>

11. UNDRAWN FUNDS

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

	For the period from April 29, 2015 to December 31, 2016 Grant No. TF 016315
Approved grant amount	7,750,000
Disbursed during the period from April 29, 2015 to December 31, 2016	<u>2,680,989</u>
Undrawn amount	<u><u>5,069,011</u></u>

For the year
ended
December 31,
2016
Grant No.
TF016315

Funds received as at January 1, 2016	915,877
Disbursed in 2016	1,765,112
Funds received as at December 31, 2016	2,680,989

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 (in USD)	Paid up to December 31, 2016 (in USD)	Remaining amount to be paid (in USD)
Petersen Georg	NWRMP/CS/IC/C.4/01	371,333	190,803	180,531
Harri Vim Denecke	NWRMP/CS/IC/C.3/05	174,404	19,505	154,899
Heymans Johannes	NWRMP/CS/IC/C.2/01	242,681	99,452	143,229
Mohan Reddy Juna	NWRMP/CS/SSS/C.2/20	126,173	7,370	118,803
Milton David	NWRMP/CS/IC/C.1/01	149,898	50,870	99,027
Verkheien Olaf	NWRMP/CS/IC/C.3/02	186,541	90,121	96,420
Computer Assisted Development, Inc.	NWRMP/CS/QBS/C.1/01	247,789	163,461	84,328
Oliver Prestli-Lich	NWRMP/CS/IC/C.1/03	99,647	42,952	56,695
Zindorph Nikolay	NWRMP/CS/IC/C.1/04	38,999	8,021	30,978
Smitt Martin	NWRMP/CS/SSS/C.2/19	26,810	5,357	21,453
Public Fund "Centr obucheniya konsultaciyi I innovaciyi"	NWRMP/CS/CQS/C.3/09	75,428	60,342	15,086

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 the special purpose project financial statements the World Bank provided financing to the Project as follows:

Financing method	Date	Application	Total
Reimbursement of expenses	February 7, 2017	12	367,600
Reimbursement of expenses	February 28, 2017	13	243,603
Reimbursement of expenses	April 6, 2017	14	234,518
Reimbursement of expenses	April 23, 2017	15	198,530
			1,044,251

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