

NATIONAL WATER RESOURCES MANAGEMENT PROJECT - PHASE 1

SWISS GRANT NO. TF016315

**IMPLEMENTED BY PROJECT IMPLEMENTATION UNIT
UNDER THE STATE AGENCY OF WATER RESOURCES
UNDER THE GOVERNMENT OF THE KYRGYZ REPUBLIC**

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the period from January 1 to October 31, 2019

**BISHKEK
November 2019**

NATIONAL WATER RESOURCES MANAGEMENT PROJECT - PHASE 1

SWISS GRANT NO. TF016315

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND PRESENTATION OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

The management of the Project Implementation Unit under State Agency of Water Resources under the Government of the Kyrgyz Republic ("PIU SAWR") is responsible for the preparation of the special purpose financial statements of "National Water Resources Management Project - Phase 1" ("Project") financed by Grant Agreement: Swiss Grant No. TF016315 dated 17 April 2014, that present fairly the Project's cash receipts and payments for the period from January 1 to October 31, 2019, in compliance with the International Public Sector Accounting Standard, *Financial Reporting under the Cash Basis of Accounting*, ("IPSAS-Cash Basis") issued by the International Public Sector Accounting Standards Board ("IPSASB") within the International Federation of Accountants ("IFAC") and the Standard Conditions for Grants Made by the World Bank Out of Various Funds ("WB Guidelines").

In preparing the special purpose financial statements, PIU SAWR's management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional required disclosures for the period from January 1 to October 31, 2019.

PIU SAWR's Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions, and which enable them to ensure that the special purpose financial statements comply with *IPSAS - Cash Basis* and the *WB Guidelines*;
- Taking such steps that are reasonably available to them to safeguard the assets of the Project and to affirm that funds received have been used in accordance with the Financing Agreement Swiss Grant No. TF016315 dated 17 April 2014, and World Bank related guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided; and
- Preventing and detecting fraud and other errors.

The special purpose financial statements for the period from January 1 to October 31, 2019 were authorized for issue on November 1, 2019 by the PIU SAWR's Management.

On behalf of the PIU SAWR's Management:



Kydykbek Beyshekeev
Director

Saltanat Djumaeva
Financial Manager

INDEPENDENT AUDITOR'S REPORT

To the management of the Project Implementation Unit under the State Agency of Water Resources under the Government of the Kyrgyz Republic ("PIU SAWR")

Opinion

We have audited the special purpose financial statements of "National Water Resources Management Project - Phase 1" ("Project") financed by Financing Agreement Swiss Grant No. TF016315 dated 17 April 2014 ("Financing Agreement"), and implemented by PIU SAWR which comprise the statement of cash receipts and payments, and the statement of expenditures per components for the period from January 1 to October 31, 2019, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the cash flows for the period from January 1 to October 31, 2019 in accordance with International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting*, ("IPSAS-Cash Basis").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by International Auditing and Assurance Standards Board ("IAASB") of the International Federation of Accountants ("IFAC"). 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 and of the PIU SAWR in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled out other ethical requirements in accordance with 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- Cash Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes that financial statements are prepared in accordance with cash basis framework, as a result, they may not be suitable for another purposes. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Completion of the Project

We draw your attention to Note 11 of these special purpose financial statements which disclose that the Project was completed as at the reporting date. Our opinion is not modified in this respect.

Responsibilities of the Management for the Financial Statements

Management of the PIU SAWR is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board ("IPSASB") of the IFAC and Standard Conditions for Grants Made by the World Bank Out of Various Funds ("WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose 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 special purpose 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

Report on Other Legal Requirements

To comply with the terms of the Financing Agreement, the PIU SAWR management shall insure that:

1. funds have been used in accordance with the conditions of the Financing Agreement concluded between the International Development Association ("IDA") and the Kyrgyz Republic, and World Bank related guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
2. supporting documents, records and accounts have been maintained to support claims for reimbursement of expenditures incurred. Expenditures included in the withdrawal applications and reimbursed against are eligible for financing under the Financing Agreement. Interim Unaudited Financial Statements ("IFs") issued by PCU during the reporting period are in agreement with the underlying books of account;
3. The Designated account used has been maintained in accordance with the provision of the Financing Agreement, and World Bank related guidelines.
4. Goods and Services financed have been procured in accordance with the Financing Agreement and provisions of the World Bank Procurement Guidelines.

In our opinion, the PIU SAWR management has complied with the above requirements for the period from January 1 to October 31, 2019.

"BDO Armenia" CJSC
November 1, 2019

Gnel Khachatryan, FCCA
Engagement Partner



National Water Resources Management Project – Phase 1
Swiss Grant No. TF016315-KG

Statement of cash receipts and payments

For the period from January 1 to October 31, 2019
(Amounts are shown in US dollars)

| | Note | Actual | | Budget | | Variance | |
|---|-----------|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|
| | | Reporting period | Cumulative as at 31 Oct 2019 | Reporting period | Cumulative as at 31 Oct 2019 | Reporting period | Cumulative as at 31 Oct 2019 |
| TOTAL OPENING CASH | | 533,939 | - | | | | |
| Sources of Funds | 8 | | | | | | |
| Swiss Grant No. TF016315 | | 229,913 | 7,749,032 | | | | |
| TOTAL FUNDS | | 229,913 | 7,749,032 | | | | |
| Other income | 9 | 3,291 | 26,970 | | | | |
| Project Expenditures | 7 | | | | | | |
| 1. Goods, Training, Operating Costs and Consultants' services | | 750,094 | 7,739,499 | 760,595 | 7,750,000 | (10,501) | (10,501) |
| Goods | | 95,866 | 1,485,410 | 110,456 | 1,500,000 | (14,590) | (14,590) |
| Consultants' services | | 554,147 | 4,607,500 | 546,647 | 4,600,000 | 7,500 | 7,500 |
| Training | | 41,895 | 856,273 | 35,622 | 850,000 | 6,273 | 6,273 |
| Operating costs | | 58,186 | 790,316 | 67,870 | 800,000 | (9,684) | (9,684) |
| TOTAL PROJECT EXPENDITURES | | 750,094 | 7,739,499 | 760,595 | 7,750,000 | (10,501) | (10,501) |
| Other expenditures | 10 | 5,612 | 24,375 | | | | |
| Foreign currency gain/(loss) | | 739 | 48 | | | | |
| TOTAL CLOSING CASH | 6 | 12,176 | 12,176 | | | | |

Kydyrbek Beyshekeev
Director

Saltanat Djumaeva
Financial Manager

November 1, 2019

The notes on pages 9-16 form an integral part of these special purpose financial statements.

National Water Resources Management Project – Phase 1
Swiss Grant No. TF016315-KG

Statement of expenditures per components

For the period from January 1 to October 31, 2019
(Amounts are shown in US dollars)

| Activity | Actual | | Budget | | Variance | |
|---|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|
| | Reporting period | Cumulative as at 31 Oct 2019 | Reporting period | Cumulative as at 31 Oct 2019 | Reporting period | Cumulative as at 31 Oct 2019 |
| Part 1. Strengthening National Water Management Capacity | 295,402 | 2,790,424 | 399,430 | 2,894,452 | (104,028) | (104,028) |
| 1.1. Linking all DWR offices with a digital information network | 21,040 | 550,388 | 89,568 | 618,915 | (68,528) | (68,528) |
| 1.2. Establishing a digital Water Information System (WIS) | 70,910 | 1,121,851 | 69,837 | 1,120,779 | 1,073 | 1,073 |
| 1.3. Enhancing basin water resource planning and management | 110,631 | 650,187 | 167,311 | 706,866 | (56,680) | (56,680) |
| 1.4. National consulting services | 80,399 | 276,253 | 62,016 | 257,869 | 18,383 | 18,383 |
| 1.5. Social contribution from employer | 12,422 | 46,205 | 10,698 | 44,481 | 1,724 | 1,724 |
| 1.6. International training | - | 72,532 | - | 72,532 | - | - |
| 1.7. Training for WIS | - | 18,623 | - | 18,624 | - | - |
| 1.8. Deep computer training | - | 54,386 | - | 54,386 | - | - |
| Part 2. Improving Irrigation Service Delivery to Water Users Associations (WUAs) | 53,600 | 1,252,424 | 37,742 | 1,236,567 | 15,858 | 15,858 |
| 2.1. Activities at National Level | - | 401,802 | - | 401,802 | - | - |
| 2.2. Activities at Scheme level | - | 373,242 | - | 373,242 | - | - |
| 2.3. Supporting studies and activities | - | 53,774 | - | 53,774 | - | - |
| 2.4. National consulting services | 37,139 | 308,774 | 32,189 | 303,825 | 4,950 | 4,950 |
| 2.5. Social contribution from employer | 6,406 | 53,408 | 5,553 | 52,555 | 853 | 853 |
| 2.6. Computer training | - | 10,827 | - | 10,827 | - | - |
| 2.7. Training for Management of Maintenance of Irrigation Systems | 10,055 | 50,597 | - | 40,542 | 10,055 | 10,055 |

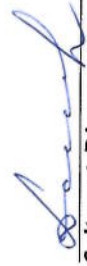
National Water Resources Management Project – Phase 1
Swiss Grant No. TF016315-KG

Statement of expenditures per components

For the period from January 1 to October 31, 2019
(Amounts are shown in US dollars)

| Activity | Actual | | Budget | | Variance | |
|---|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|
| | Reporting period | Cumulative as at 31 Oct 2019 | Reporting period | Cumulative as at 31 Oct 2019 | Reporting period | Cumulative as at 31 Oct 2019 |
| Part 3. Improving Irrigation Management by WUAs | | | | | | |
| 3.1. Assessment and Strengthening of WUAs | 192,132 | 1,989,516 | 172,588 | 1,969,971 | 19,544 | 19,544 |
| 3.2. Strengthening WUS Support Units | 107,039 | 575,529 | 106,900 | 575,389 | 139 | 139 |
| 3.3. Support and strengthening Federations of WUAs | 53,381 | 1,115,857 | 50,712 | 1,113,188 | 2,669 | 2,669 |
| 3.4. Strengthening other water management organizations | - | 19,631 | - | 19,631 | - | - |
| 3.5. National Consulting Services | 11,616 | 90,175 | - | - | 11,616 | 11,616 |
| 3.6. Social contribution from employer | 17,139 | 160,617 | 12,773 | 156,251 | 4,366 | 4,366 |
| | 2,957 | 27,707 | 2,203 | 26,953 | 754 | 754 |
| Part 4. Project Management | | | | | | |
| 4.1. Operating costs PIU | 208,960 | 1,707,135 | 150,835 | 1,649,010 | 58,125 | 58,125 |
| 4.2. National consulting Services | 19,089 | 170,367 | 10,500 | 161,779 | 8,589 | 8,589 |
| 4.3. Support Staff | 94,143 | 640,927 | 60,992 | 607,775 | 33,151 | 33,151 |
| 4.4. Social contribution from employer (SP) | 2,154 | 72,632 | - | 70,478 | 2,154 | 2,154 |
| 4.5. Social contribution from employer (CS) | 372 | 12,525 | - | 12,154 | 372 | 372 |
| 4.6. International consulting services & M&E | 16,240 | 112,595 | 12,210 | 108,564 | 4,030 | 4,030 |
| 4.7. Audit services | - | 416,127 | - | 416,127 | - | - |
| 4.8. Training | 9,678 | 81,781 | 19,211 | 91,314 | (9,533) | (9,533) |
| 4.9. Goods | - | 107,093 | - | 107,093 | - | - |
| | 67,284 | 93,088 | 47,922 | 73,726 | 19,362 | 19,362 |
| Total | 750,094 | 7,739,499 | 760,595 | 7,750,000 | (10,501) | (10,501) |


Kydykbek Beyshekeev
Director
November 1, 2019


Saltanat Djumaeva
Financial Manager

The notes on pages 9-16 form an integral part of these special purpose financial statements.

Notes to the special purpose financial statements

For the period from January 1 to October 31, 2019

(Amounts are shown in US dollars).

1. General information

1.1. The Project

According to the Grant Agreement between the Kyrgyz Republic and the International Development Association (IDA) on 17 April 2014, Swiss Grant No. TF016315, the IDA acting as administrator of grant funds under 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 (USD).

The Grant are provided for implementation of "National Water Resources Management Project - Phase 1" (the Project).

The Grant Agreement became effective on 29 April 2015.

The Closing date of Swiss Grant No. TF016315 is set 31 August 2019 (as updated).

The Grace Period for submitting withdrawal application for expenditures incurred before the Closing date is four months following the Closing dates: 31 October 2019.

1.2. The Project objectives

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

The Project comprises of the following parts:

Part 1: Strengthening National Water Management Capacity

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

Part 2: Improving Irrigation Service Delivery to Water Users Associations (WUAs)

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.

Part 3: Improving Irrigation Management by WUAs

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.

Part 4: 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.

1.3. Budget

The percentage of expenditures to be financed (inclusive of taxes) from Swiss Grant No. TF016315 is set 100%.

Notes to the special purpose financial statements

For the period from January 1 to October 31, 2019

(Amounts are shown in US dollars)

The total budget of the project is as follows:

| Category | Swiss Grant No. TF016315 | Total |
|--|-----------------------------|------------------|
| | USD | USD |
| Goods, Training, Operating Costs and Consultants' services | 7,750,000 | 7,750,000 |
| Total | 7,750,000 | 7,750,000 |

1.4. Project Implementation

The Project was implemented by the Project Implementation Unit under Department of Water Resources and Land Improvement of the Ministry of Agriculture, Food Industry and Melioration of the Kyrgyz Republic (the PIU DWR). According to Decree N 383 dated 30 July 2019 of the Government of Kyrgyz Republic the DWR was renamed to State Agency of Water Resources under the Government of the Kyrgyz Republic ("SAWR").

The PIU DWR was established for the purpose of the Project implementation by the Decree #118 dated 1 June 2006 of the Government of the Kyrgyz Republic.

The address of the PIU SAWR is 4a Toktonaliev str., Bishkek, 720055, Kyrgyz Republic.

Notes to the special purpose financial statements

For the period from January 1 to October 31, 2019

(Amounts are shown in US dollars)

2. Summary of significant accounting policies

2.1. Preparation and presentation of financial statements

The special purpose financial statements are prepared in accordance with the International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting* (IPSAS-Cash Basis), issued by the International Public Sector Accounting Standards Board (IPSASB) within the International Federation of Accountants (IFAC), and presented in accordance with Standard Conditions for Grants Made by the World Bank Out of Various Funds (WB Guidelines).

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below.

2.2 Cash basis of accounting

Project financing is recognised as a source of project funds when the cash is received. Project expenditures are recognised as a use of project funds when the payments are made.

2.3 Reporting currency

The reporting currency of these special purpose financial statements is United States dollars (USD). Project expenditures, other incomes and expenditures made denominated in KGS are translated into USD at the exchange rate determined by the account holder bank, OJSC "Commercial Bank Kyrgyzstan" (CBKG), on the date of transaction.

Cash balances held in KGS at the reporting date are translated into USD at the exchange rate determined by the CBKG on that date.

The effect of exchange rate changes on cash held on foreign currency is reported as separate line item in the statement of cash receipts and payments.

The exchange rate defined by the CBKG as at 31 December 2018 is USD 1 = 69.85 KGS.

The exchange rate defined by the CBKG as at 31 October 2019 is USD 1 = 69.50 KGS.

2.4. Taxes

The taxes are paid in accordance with the tax regulation of the Kyrgyz Republic.

2.5. Budget

Annual budgets for funding and expenditures are based on approved budget of the project agreement.

Expenditure budget is created based on actual accumulated expenditures for the last period, if any, plus the updated procurement plans for the period.

Financing budget is created based on actual accumulated expenditures for the last period, if any, plus funding for the coming period budgeted expenditures.

2.6. Petty cash

Petty cash is cash held at authorized staff of the Project, to carry out cash expenditures for the Project purposes. The expenditures from the petty cash are recorded in the financial reports based on the expenditure reports submitted by the authorized staff.

Notes to the special purpose financial statements
For the period from January 1 to October 31, 2019
(Amounts are shown in US dollars)

3. Summary of Summary Reports and SOEs

| Withdrawal application No | Withdrawal application value date | Payment categories | Total |
|---------------------------|-----------------------------------|--|------------|
| | | (1) Goods, Training, Operating Costs and Consultants' services | |
| 34 | 03-May-2019 | 120,285.65 | 120,285.65 |
| 35 | 17-Apr-2019 | 147,174.42 | 147,174.42 |
| 36 | 20-May-2019 | 139,077.48 | 139,077.48 |
| 37 | 18-Jun-2019 | 186,526.38 | 186,526.38 |
| 38 | 09-Aug-2019 | 115,914.55 | 115,914.55 |
| 40 | 02-Oct-2019 | 170,934.38 | 170,934.38 |
| Total | | 879,912.86 | 879,912.86 |

4. Statement of Designated Account

| | |
|---------------------------|---|
| Designated account number | 1030120800005714 |
| Bank | OJSC "Commercial Bank Kyrgyzstan" |
| Bank location | 54a, Togolok Moldo St., Bishkek, Kyrgyz Republic |
| Account currency | USD |

| | Swiss Grant No. TF016315 |
|--|-----------------------------|
| 1. Opening balance as at 01.01.2019 | 506,522 |
| 2. Add: opening discrepancy | 23,192 |
| 3. IDA advance/replenishment | 230,881 |
| 4. Less: Refund to IDA from DA (a) | (405) |
| 5. Present outstanding amount advanced to DA | 760,190 |
| 6. DA closing balance as at 31.10.2019 | - |
| 7. Add: Amount of eligible expenditures paid | 750,094 |
| 8. Less: interest earned (if credited to DA) | - |
| 9. Total advance accounted for | 750,094 |
| 10. Closing discrepancy (5)-(9) * | 10,096 |

*Discrepancy consists as follows:

| | 31.12.2018 USD | 31.10.2019 USD |
|-------------------------------|-------------------|-------------------|
| Petty cash (in KGS) | 22,470 | - |
| Escrow account (USD) (Note 6) | - | 9,533 |
| Foreign exchange loss (b) | 722 | 563 |
| Total | 23,192 | 10,096 |

(a) The refund of unused balance at the Designated account was made to WB and approved on 2 Oct 2019.

(b) The FX loss cumulated at the Designated Account was refunded from Interest Account in the amount of 563 USD to WB and approved on 2 Oct 2019. (Note 10)

Notes to the special purpose financial statements
For the period from January 1 to October 31, 2019
(Amounts are shown in US dollars)

5. Statement of Financial Position

The Statement of Financial Position discloses assets, liabilities and net assets of the Projects as at reporting date. It is prepared in accrual basis that is transactions are recognized when they occur (and not only when cash is received or paid).

| | Note | 31 Oct 2019 USD | 31 Dec 2018 USD |
|------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| Cash | 6 | 12,176 | 533,939 |
| Prepayments | | - | - |
| Total assets | | 12,176 | 533,939 |
| LIABILITIES | | | |
| Payables | | - | - |
| Total liabilities | | - | - |
| NET ASSETS | | | |
| Cumulative income | | | |
| Swiss Grant No. TF016315 | 8 | 7,749,032 | 7,519,119 |
| Other income | 9 | 26,970 | 23,679 |
| | | 7,776,002 | 7,542,798 |
| Cumulative expenses | | | |
| Project expenses | | 7,739,499 | 6,989,405 |
| Other expenses | 10 | 24,375 | 18,763 |
| | | 7,763,874 | 7,008,168 |
| Foreign exchange gain/(loss) | | 48 | (692) |
| Total net assets | | 12,176 | 533,939 |

6. Cash

| | Account held at | Underlying Currency | 31 Oct 2019 USD | 31 Dec 2018 USD |
|---------------------------------|--------------------|------------------------|--------------------|--------------------|
| Swiss Grant No. TF016315 | | | | |
| Designated Account* | CBK | USD | - | 506,522 |
| Escrow account (note 11) | CBK | USD | 9,533 | - |
| Petty cash | | KGS | - | 22,470 |
| | | | 9,533 | 528,992 |
| Other | | | | |
| Interest account | CBK | KGS | 288 | 2,592 |
| Tender account | CBK | USD | 2,255 | 2,255 |
| Tender account | CBK | KGS | 100 | 100 |
| | | | 2,643 | 4,947 |
| | | | 12,176 | 533,939 |

(*) Designated, escrow and other accounts are held at OJSC "Commercial Bank Kyrgyzstan".

Notes to the special purpose financial statements

For the period from January 1 to October 31, 2019

(Amounts are shown in US dollars)

7. Project expenditure

| Project Activity | Cumulative Expenditures as at 31 Oct 2019 | Total budget, PAD | Implementation |
|---|--|----------------------|----------------|
| | USD | USD | % |
| Strengthening national water management capacity | 2,790,424 | 2,670,000 | 105% |
| Improving irrigation service delivery to Water Users Associations | 1,252,424 | 1,960,000 | 64% |
| Improving irrigation management by Water Users Associations | 1,989,516 | 1,660,000 | 120% |
| Project Management | 1,707,135 | 1,460,000 | 117% |
| Total | 7,739,499 | 7,750,000 | 100% |

8. Financing

8.1. Swiss Grant No. TF016315

| | Reporting period USD | Cumulative as at 31 Oct 2019 USD |
|--|----------------------------|--|
| Advances/ (advance recovery) | (650,000) | - |
| SOE and Summary Report | 879,913 | 7,749,032 |
| Total | 229,913 | 7,749,032 |
| Total financing budget | | 7,750,000 |
| Percentage of finance provided as at 31 Oct 2019 | | 100% |

9. Other income

| | Reporting period USD | Cumulative as at 31 Oct 2019 USD |
|------------------|----------------------------|--|
| Interest accrued | 3,291 | 24,614 |
| Tender fees | - | 2,356 |
| Total | 3,291 | 26,970 |

10. Other outflow

| | Reporting period USD | Cumulative as at 31 Oct 2019 USD |
|---|----------------------------|--|
| Transfer of interest to state budget (a) | 3,592 | 7,045 |
| Refund to DA for FX losses accrued (Note 4) | 563 | 563 |
| Other expenditures (bank charges) | 1,457 | 16,767 |
| Total | 5,612 | 24,375 |

(a) From interest account USD 3,592 equivalent amount was transferred to state budget on 1 Aug 2019 in accordance with letter dated 28 June 2019 of the Ministry of Finance of Kyrgyz Republic.

Notes to the special purpose financial statements

For the period from January 1 to October 31, 2019

(Amounts are shown in US dollars)

11. Project completion

The Project was completed as at 31 August 2019 (the Closing Date), and the Grace period for submitting withdrawal application for expenditures incurred before the Closing date set 31 October 2019 ("Grace period" and/or "Reporting date").

As at the date of signing these special purpose financial statements:

- a. No expenditures related to the Project were incurred after the Closing Date; the payments made during the Grace period related to expenditures incurred before the Closing Date;
- b. There was no uncovered advance balance at the Designated Account as at Reporting Date;
- c. There are no expenditures to be submitted to WB after the Reporting date.
- d. Undisbursed fund of USD 968 will be cancelled.
- e. There were no uncovered prepayments or payables outstanding to contractors related to the Project as at the Reporting Date; except for the final audit service, for which an Escrow account is created at the amount of USD 9,533.
- f. The cash balance outstanding at the tender account in the amount of USD 2,356 and at the interest account at USD 288 will be transferred to state budget.
- g. We are not aware about any pending or existing litigations against the Project.

**ANNEX 1. RECONCILIATION BETWEEN THE AMOUNTS SUBMITTED BY THE PIU SAWR AND
 DISBURSED BY THE WORLD BANK**

For the period from January 1 to October 31, 2019

(Amounts are shown in US dollars)

Swiss Grant No. TF016315

| Expenditure Category | Application N | PIU SAWR | WB | Difference |
|---|------------------|--------------|--------------|------------|
| | | USD | USD | USD |
| Advance/ (advance recovery) | 34 | (36,579.28) | (36,579.28) | - |
| | 36 | (139,077.48) | (139,077.48) | - |
| | 37 | (186,526.38) | (186,526.38) | - |
| | 38 | (115,914.55) | (115,914.55) | - |
| | 40 | (170,934.38) | (170,934.38) | - |
| | Refund | (563.57) | (563.57) | - |
| | Refund | (404.36) | (404.36) | - |
| | | (650,000.00) | (650,000.00) | |
| Goods, Training, Operating Costs and Consultants' services | 34 | 120,285.65 | 120,285.65 | - |
| | 35 | 147,174.42 | 147,174.42 | - |
| | 36 | 139,077.48 | 139,077.48 | - |
| | 37 | 186,526.38 | 186,526.38 | - |
| | 38 | 115,914.55 | 115,914.55 | - |
| | 40 | 170,934.38 | 170,934.38 | - |
| | | 879,912.86 | 879,912.86 | |
| Total | | 229,912.86 | 229,912.86 | |