

**“Tax Administration and Statistical  
System Modernization Project”  
Grant No. IDA D566-KG  
Credit No. IDA 6546-KG**

**The project financial statements  
for the year ended December 31, 2022**

**and independent auditor’s report**

**“TAX ADMINISTRATION AND STATISTICAL SYSTEM MODERNIZATION PROJECT”  
GRANT NO. IDA D566-KG, CREDIT NO. IDA 6546-KG**

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**“TAX ADMINISTRATION AND STATISTICAL SYSTEM MODERNIZATION PROJECT”  
GRANT NO. IDA D566-KG, CREDIT NO. IDA 6546-KG**

**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND  
APPROVAL OF THE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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 “Tax Administration and Statistical System Modernization Project”, Grant No. IDA D566-KG and Credit No. IDA 6546-KG (the “Project”).

Management of the Project 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, 2022 in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”).

In preparing the project financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- preparing the project financial statements on the assumption that the Project will be implemented in accordance with the established period.

Management of the Project 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;
- compliance with laws and regulations of the Kyrgyz Republic, and the requirements of the operational manual 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, error and other irregularities.

The project financial statements for the year ended December 31, 2022 were approved and authorized for issue on May 15, 2023 by the management of the Project.


**On behalf of the Management:**

  
**Jumaliyev Z.**  
Deputy Chairman of National  
Statistical Committee of the  
Kyrgyz Republic  
May 15, 2023  
Bishkek, the Kyrgyz Republic




  
**Ibraev O.**  
Project Manager of NSC PMU  
May 15, 2023  
Bishkek, the Kyrgyz Republic

  
**Djumaeva S.**  
Financial Manager of NSC PMU  
May 15, 2023  
Bishkek, the Kyrgyz Republic

  
**Abdykaimov O.**  
Project Manager of STS PMU  
May 15, 2023  
Bishkek, the Kyrgyz Republic



  
**Chingishev E.**  
Financial Manager of STS PMU  
May 15, 2023  
Bishkek, the Kyrgyz Republic

## **INDEPENDENT AUDITOR'S REPORT**

To the Management of the Project "Tax Administration and Statistical System Modernization Project" under the National Statistical Committee of the Kyrgyz Republic, State Tax Service under the Ministry of Finance of the Kyrgyz Republic:

### **Report on the project financial statements**

#### **Opinion**

We have audited the accompanying project financial statements of the Project "Tax Administration and Statistical System Modernization Project" (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, 2022, 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, 2022 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 describe the basis of accounting. The project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing and Grant agreements requirements. These circumstances do not lead to modification of the auditor's opinion.

#### **Other matter**

The project financial statements is 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 is 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 judgment and maintain professional skepticism throughout the audit. We also:

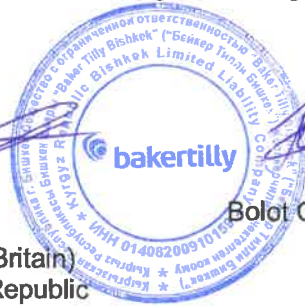
- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the project financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kubat Alymkulov

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



Bolot Oskonbaev

Certificate of auditor of the Kyrgyz Republic  
No. АД0033 dated December 23, 2021  
Audit Director

Baker Tilly Bishkek LLC,  
License Series A No. 0049 dated July 1, 2011 issued by the State Committee  
on Review and Regulation of the financial market of the Kyrgyz Republic

May 15, 2023  
Bishkek, The Kyrgyz Republic

**“TAX ADMINISTRATION AND STATISTICAL SYSTEM MODERNIZATION PROJECT”  
GRANT NO. IDA D566-KG, CREDIT NO. IDA 6546-KG**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID  
FOR THE YEAR ENDED DECEMBER 31, 2022**

*(in US dollars)*

	Notes	For the year ended December 31, 2022	For the period from December 9, 2020 to December 31, 2021	Cumulative
<b>Opening balance</b>	4	259,027	-	-
<b>Funds received</b>				
Grant No. IDA D566-KG	5	2,566,956	479,892	3,046,848
NSC	5	705,101	180,000	885,101
STS	5	1,861,855	299,892	2,161,747
Credit No. IDA 6546-KG	5	-	-	-
<b>Total funds received</b>		2,566,956	479,892	3,046,848
<b>Other income</b>				
NSC	6	7,195	4,936	12,131
NSC	6	2,530	1,093	3,623
STS	6	4,665	3,843	8,508
<b>Total receipts</b>		2,574,151	484,828	3,058,979
<b>Expenses</b>				
Goods	7	1,476,492	49,607	1,526,099
NSC		-	27,103	27,103
STS	7	1,476,492	22,504	1,498,996
Works		-	-	-
NSC		-	-	-
STS		-	-	-
Non-consulting services		-	-	-
NSC		-	-	-
STS		-	-	-
Consulting services	7	652,053	4,036	656,089
NSC	7	434,828	4,036	438,864
STS	7	217,225	-	217,225
Training	7	116,293	6,451	122,744
NSC	7	83,383	6,451	89,834
STS	7	32,910	-	32,910
Incremental operating costs	7	227,731	165,393	393,124
NSC	7	104,298	81,573	185,871
STS	7	123,433	83,820	207,253
<b>Total expenses</b>		2,472,569	225,487	2,698,056


**“TAX ADMINISTRATION AND STATISTICAL SYSTEM MODERNIZATION PROJECT”  
GRANT NO. IDA D566-KG, CREDIT NO. IDA 6546-KG**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(in US dollars)**

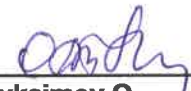
	Notes	For the year ended December 31, 2022	For the period from December 9, 2020 to December 31, 2021	Cumulative
Other expenses	8	5,612	314	5,926
NSC	8	1,157	69	1,226
STS	8	4,455	245	4,700
<b>Closing balance</b>	<b>4</b>	<b>354,997</b>	<b>259,027</b>	<b>354,997</b>

On behalf of the Management:

  
**Jumaliyev Z.**  
 Deputy Chairman of National  
 Statistical Committee of the  
 Kyrgyz Republic  
 May 15, 2023  
 Bishkek, the Kyrgyz Republic

  
**Ibraev O.**  
 Project Manager of NSC PMU  
 May 15, 2023  
 Bishkek, the Kyrgyz Republic

  
**Djumaeva S.**  
 Financial Manager of NSC PMU  
 May 15, 2023  
 Bishkek, the Kyrgyz Republic

  
**Abdykaimov O.**  
 Project Manager of STS PMU  
 May 15, 2023  
 Bishkek, the Kyrgyz Republic

  
**Chingishev E.**  
 Financial Manager of STS PMU  
 May 15, 2023  
 Bishkek, the Kyrgyz Republic

The notes on pages 9-20 form an integral part of the project financial statements. The independent auditor's report is on pages 3-5.





**“TAX ADMINISTRATION AND STATISTICAL SYSTEM MODERNIZATION PROJECT”  
GRANT NO. IDA D566-KG, CREDIT NO. IDA 6546-KG**


**SUMMARY OF EXPENDITURES PAID BY PROJECT PARTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(in US dollars)**

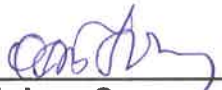
	For the year ended December 31, 2022	For the period from December 9, 2020 to December 31, 2021	Cumulative
<b>1.STS Institutional Development</b>	237,430	-	237,430
1.1. Taxpayer Services	5,774	-	5,774
1.2. Strategic Management and Staff Management including Internal Control and Integrity	231,656	-	231,656
<b>2.STS Operational Development</b>	1,451,835	-	1,451,835
2.1. Modernization of the STS Operational Functions	-	-	-
2.2. IT System Modernization	1,451,835	-	1,451,835
<b>3.NSC Institutional Development</b>	457,610	9,543	467,153
3.1. Modernization of the national statistical system	432,601	9,543	442,144
3.2. Development of human capacity	25,009	-	25,009
<b>4.NSC Data Development</b>	28,702	945	29,647
4.1. Data collection and dissemination	4,172	-	4,172
4.2. Enhancement of the statistical and IT infrastructure	24,530	945	25,475
<b>5.Project Management</b>	296,992	214,999	511,991
i.Project Management (STS)	160,795	106,324	267,119
ii.Project Management (NSC)	136,197	108,675	244,872
<b>Total</b>	<u>2,472,569</u>	<u>225,487</u>	<u>2,698,056</u>

On behalf of the Management:

  
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Deputy Chairman of National  
Statistical Committee of the  
Kyrgyz Republic  
May 15, 2023  
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**“TAX ADMINISTRATION AND STATISTICAL SYSTEM MODERNIZATION PROJECT”  
GRANT NO. IDA D566-KG, CREDIT NO. IDA 6546-KG**

**NOTES TO THE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

*(in US dollars)*

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**1. GENERAL INFORMATION**

According to the Financing agreement between the Kyrgyz Republic and the International Development Association (the “IDA”) dated April 28, 2020, the IDA provided:

Grant No. IDA D566-KG in the amount of 12,700,000 Special Drawing Rights (the “SDR”)

Credit No. IDA 6546-KG in the amount of 12,700,000 SDR to the Kyrgyz Republic.

The Grant and the Credit were provided for implementation of the Project “Tax Administration and Statistical Modernization Project” (the “Project”).

**Project purpose**

The objective of the Project is to create conditions and support the Government of the Kyrgyz Republic to improve the efficiency of tax collection and the national statistical system.

The project supports institutional reforms and capacity building in tax administration and the statistical system. The areas supported by the Project in terms of tax administration include the establishment of a taxpayer-friendly tax administration system providing high quality online services. Project assistance in statistical area is focused on the enactment of the new Law on Official Statistics, the progress of the national statistics system towards digitalization, greater use of administrative data based on the interoperability of various departmental systems, improving the training of statisticians; and updating the basic IT infrastructure of hardware and software.

The Project comprises the following parts:

Part 1: State Tax Service under the Ministry of Finance of the Kyrgyz Republic (the “STS”) Institutional Development;

Part 2: STS Operational Development;

Part 3: National Statistical Committee of the Kyrgyz Republic (the “NSC”) Institutional Development;

Part 4: NSC Data Development;

Part 5: Project Management;

**Part 1: STS Institutional Development**

1.1. Provide support to improve taxpayer services through the following: (i) the modernization of taxpayer services to increase the taxpayers' awareness of revenue laws and procedures, taxpayers' rights and obligations, including inter alia the provision of comprehensive services for taxpayers and the upgrade of the contact (call) center; and (ii) strengthening internal and external STS communications.

1.2. Provide support to enhance strategic management and staff management of the STS through the following: (i) strengthening the management process for the STS covering all organizational levels and the monitoring system for assessing the STS' performance; (ii) improving human resource management and capacity building; (iii) improving the internal Control and integrity function; and (iv) developing and implementing a change management strategy.

## **Part 2: STS Operational Development**

2.1 Provision of support for: (i) carrying out of business process reengineering to enable institutional, legal and procedural improvements of tax administration; and (ii) implementation of a tax compliance management system, including the development of methodologies and strengthening of the tax administration capacity in functional areas, including, inter alia, taxpayers' registration, tax return and payment processing, enforcement and compliance, tax audit, risk analysis, appeals process, and business analytics.

2.2 Provision of support for: (i) improving the STS tax administration IT system; (ii) upgrade of and development of requirements for the IT infrastructure to support the upgraded STS tax administration IT system; (iii) development of the STS staff capacity to ensure operation of the enhanced STS tax administration IT system; and (iv) development of protocols and agreements enabling sharing of information between the STS and other government bodies and third parties through the existing information exchange system.

## **Part 3: NSC Institutional Development**

3.1 Modernization of the national statistical system through: (i) reviewing and drafting the statistical system's legal and regulatory framework to provide support for the implementation of the Law on Official Statistics; (ii) modification of the institutional structure of the NSC's headquarters and regional units; and (iii) enhancement of NSC business processes and the national statistical system by introducing the generic statistical business process model.

3.2 Provision of support for development of human capacity through: (i) developing curricula and university program courses in official statistics for universities; (ii) improving the human resources management system of NSC; and (iii) development of capacity in the Institute of Statistical Research and Capacity Building of NSC to apply international statistics standards and methodologies in all areas of statistics.

## **Part 4: NSC Data Development**

4.1 Provision of support for data collection and dissemination through: (i) carrying out analyses and changes in the data collection process with a view to reducing the number of forms and indicators collected; (ii) improving the statistical databases and calculation methodologies in main areas of statistics; (iii) improving the data dissemination in an open and user-friendly format, as well as, capacity building in the NSC to analyze data and present it to users with metadata, basic manipulation tools, and explanations.

4.2 Provision of support for: (i) enhancement of the statistical infrastructure of NSC's headquarters and regional and local offices; (ii) enhancement of the statistical infrastructure to conduct population, agricultural and economic censuses; (iii) digitalization of the Rural Household Register (RHR); (iv) improving the capacity of municipal civil servants responsible for collecting statistics at the local (cities and villages) level; and (v) enhancement of technological capacity and IT infrastructure to support data collection, processing, dissemination and secure network management through provision of software, equipment and technical assistance.

## **Part 5. Project Management**

Support for Project management, implementation, and monitoring, evaluation, and reporting, including in the areas of financial management, Project audits, and financing of Operating Costs, procurement, disbursement, and social and environmental protection for (i) STS PMU and (ii) NSC PMU.

### *Project Management*

The Project is implemented by the Project Management Unit of National Statistical Committee of the Kyrgyz Republic (the "NSC PMU") and by the Project Management Unit of State Tax Service under the Ministry of Finance of the Kyrgyz Republic (the "STS PMU").

The Project duration is from December 9, 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 in these project financial statements.

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 statements is US dollars (the "USD").

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

### **Cash basis of accounting**

The project financial statements were 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**

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

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

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

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

### **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 for the Social fund of the Kyrgyz Republic 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, direct payments and replenishment of designated account.

## Other income

Other income represents interest income accrued by the serving commercial bank on the outstanding balances of cash on designated account.

## Other expenses

Other expenses comprise payments for bank services and return of accrued interest income to the Ministry of Finance of the Kyrgyz Republic.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2022 and 2021 are presented as follows:

	Source of financing	Account holder	Currency	December 31, 2022	December 31, 2021
Special Account	Grant No. IDA D566-KG	NSC	US dollar	143,429	60,837
Special Account	Grant No. IDA D566-KG	STS	US dollar	205,364	193,568
Interest Account	Other	NSC	US dollar	2,397	1,019
Interest Account	Other	STS	US dollar	3,806	3,598
Interest Account	Other	STS	Kyrgyz som	1	-
Interest Account	Other	NSC	Kyrgyz som	-	5
				<u>354,997</u>	<u>259,027</u>

## 5. FUNDS RECEIVED

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

	For the year ended December 31, 2022	For the period from December 9, 2020 to December 31, 2021	Total
<b>Grant No. IDA D566-KG</b>			
Advance / Initial deposit	-	430,000	430,000
NSC	-	180,000	180,000
STS	-	250,000	250,000
Replenishment of designated account	971,703	49,892	1,021,595
NSC	367,872	-	367,872
STS	603,831	49,892	653,723
Direct payments	1,595,253	-	1,595,253
NSC	337,229	-	337,229
STS	1,258,024	-	1,258,024
	<u>2,566,956</u>	<u>479,892</u>	<u>3,046,848</u>
<b>Credit No. IDA 6546-KG</b>			
	-	-	-
	<u>2,566,956</u>	<u>479,892</u>	<u>3,046,848</u>

## 6. OTHER INCOME

Other income is presented as follows:

	For the year ended December 31, 2022	For the period from December 9, 2020 to December 31, 2021	Cumulative
Interest income	7,195	4,936	12,131
NSC	2,530	1,093	3,623
STS	4,665	3,843	8,508
	<u>7,195</u>	<u>4,936</u>	<u>12,131</u>

## 7. EXPENSES

Breakdowns of the Project expenses by sources of financing, categories and nature are presented as follows:

	For the year ended December 31, 2022			For the period from December 9, 2020 to December 31, 2021			Cumulative		
	Grant No.	Credit No.	Total	Grant No.	Credit No.	Total	Grant No.	Credit No.	Total
	IDA D566-KG	IDA 6546-KG		IDA D566-KG	IDA 6546-KG		IDA D566-KG	IDA 6546-KG	
<b>Goods</b>	1,476,492	-	1,476,492	49,607	-	49,607	1,526,099	-	1,526,099
NSC	-	-	-	27,103	-	27,103	27,103	-	27,103
Office and Computer Equipment	-	-	-	13,584	-	13,584	13,584	-	13,584
1C Accounting Software	-	-	-	7,480	-	7,480	7,480	-	7,480
Office Furniture	-	-	-	6,039	-	6,039	6,039	-	6,039
STS	1,476,492	-	1,476,492	22,504	-	22,504	1,498,996	-	1,498,996
ICT equipment	1,258,023	-	1,258,023	-	-	-	1,258,023	-	1,258,023
VAT and customs fees	155,388	-	155,388	-	-	-	155,388	-	155,388
Software and components for server equipment	38,424	-	38,424	-	-	-	38,424	-	38,424
Office and Computer Equipment	24,657	-	24,657	13,588	-	13,588	38,245	-	38,245
1C Accounting Software	-	-	-	7,475	-	7,475	7,475	-	7,475
Office Furniture	-	-	-	1,441	-	1,441	1,441	-	1,441
<b>Consulting services</b>	652,053	-	652,053	4,036	-	4,036	656,089	-	656,089
NSC	434,828	-	434,828	4,036	-	4,036	438,864	-	438,864
International consulting services	419,663	-	419,663	-	-	-	419,663	-	419,663
Local Lawyer	7,400	-	7,400	3,091	-	3,091	10,491	-	10,491
Audit	4,452	-	4,452	-	-	-	4,452	-	4,452
Online course development specialist	2,400	-	2,400	-	-	-	2,400	-	2,400
Local IT Coordinator	913	-	913	945	-	945	1,858	-	1,858
STS	217,225	-	217,225	-	-	-	217,225	-	217,225
Local consulting services	206,999	-	206,999	-	-	-	206,999	-	206,999
Local Technical Administrator	5,774	-	5,774	-	-	-	5,774	-	5,774
Audit	4,452	-	4,452	-	-	-	4,452	-	4,452

	For the year ended December 31, 2022			For the period from December 9, 2020 to December 31, 2021			Cumulative		
	Grant No.	Credit No.	Total	Grant No.	Credit No.	Total	Grant No.	Credit No.	Total
	IDA D566-KG	IDA 6546-KG		IDA D566-KG	IDA 6546-KG		IDA D566-KG	IDA 6546-KG	
<b>Training</b>	116,293	-	116,293	6,451	-	6,451	122,744	-	122,744
NSC	83,383	-	83,383	6,451	-	6,451	89,834	-	89,834
International Trainings	36,731	-	36,731	-	-	-	36,731	-	36,731
Local Trainings	46,652	-	46,652	6,451	-	6,451	53,103	-	53,103
STS	32,910	-	32,910	-	-	-	32,910	-	32,910
International Trainings	32,774	-	32,774	-	-	-	32,774	-	32,774
Local Trainings	136	-	136	-	-	-	136	-	136
<b>Incremental operating costs</b>	227,731	-	227,731	165,393	-	165,393	393,124	-	393,124
NSC	104,298	-	104,298	81,573	-	81,573	185,871	-	185,871
Payroll and social fund contributions	95,022	-	95,022	78,771	-	78,771	173,793	-	173,793
Translation services	3,812	-	3,812	-	-	-	3,812	-	3,812
Coffee breaks	936	-	936	510	-	510	1,446	-	1,446
Advertisement/ Express mail services	1,555	-	1,555	-	-	-	1,555	-	1,555
Stationery	1,293	-	1,293	1,506	-	1,506	2,799	-	2,799
Tender related costs	1,277	-	1,277	-	-	-	1,277	-	1,277
Other Operating Costs	403	-	403	786	-	786	1,189	-	1,189
STS	123,433	-	123,433	83,820	-	83,820	207,253	-	207,253
Payroll and social fund contributions	113,382	-	113,382	76,558	-	76,558	189,940	-	189,940
Translation services	5,692	-	5,692	3,286	-	3,286	8,978	-	8,978
Advertisement/ Express mail services	1,040	-	1,040	1,330	-	1,330	2,370	-	2,370
Internet / telecom services	1,379	-	1,379	1,119	-	1,119	2,498	-	2,498
Stationery	577	-	577	825	-	825	1,402	-	1,402
Other Operating Costs	1,363	-	1,363	702	-	702	2,065	-	2,065
	<b>2,472,569</b>	-	<b>2,472,569</b>	<b>225,487</b>	-	<b>225,487</b>	<b>2,698,056</b>	-	<b>2,698,056</b>



## 8. OTHER EXPENSES

Other expenses are presented as follows:

	For the year ended December 31, 2022	For the period from December 9, 2020 to December 31, 2021	Cumulative
Transfer of accrued interest income to the Ministry of Finance of the Kyrgyz Republic	5,024	-	5,024
NSC	1,024	-	1,024
STS	4,000	-	4,000
Bank services	588	314	902
NSC	133	69	202
STS	455	245	700
	<u>5,612</u>	<u>314</u>	<u>5,926</u>

## 9. FINANCIAL POSITION

Financial position as at December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
<b>ASSETS AND EXPENDITURES</b>		
Cash and cash equivalents	354,997	259,027
NSC	145,826	61,861
STS	209,171	197,166
Cumulative expenses	2,698,056	225,487
NSC	741,672	119,163
STS	1,956,384	106,324
Other expenses	5,926	314
NSC	1,226	69
STS	4,700	245
<b>TOTAL ASSETS AND EXPENDITURES</b>	<u>3,058,979</u>	<u>484,828</u>
<b>FINANCING</b>		
Funds received	3,046,848	479,892
NSC	885,101	180,000
STS	2,161,747	299,892
Other income	12,131	4,936
NSC	3,623	1,093
STS	8,508	3,843
<b>TOTAL FINANCING</b>	<u>3,058,979</u>	<u>484,828</u>

## 10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2022 are presented as follows:

Sources of financing	Account holder	Date	Direct Payment	Replenishment of designated account	Total
<b>Grant No. IDA D566-KG</b>					
G-D5660-3	STS	April 6, 2022	-	79,112	79,112
G-D5660-C4	NSC	May 26, 2022	-	152,736	152,736
G-D5660-4	STS	July 13, 2022	-	101,436	101,436
G-D5660-C5	NSC	July 22, 2022	-	75,712	75,712
G-D5660-5	STS	August 17, 2022	419,000	-	419,000
G-D5660-6	STS	September 26, 2022	-	145,157	145,157
G-D5660-7	STS	October 19, 2022	-	212,795	212,795
G-D5660-C6	NSC	October 20, 2022	-	39,472	39,472
G-D5660-C7	NSC	December 2, 2022	337,229	-	337,229
G-D5660-8	STS	December 8, 2022	839,024	-	839,024
G-D5660-C8	NSC	December 9, 2022	-	99,952	99,952
G-D5660-9	STS	December 16, 2022	-	65,331	65,331
			<u>1,595,253</u>	<u>971,703</u>	<u>2,566,956</u>

Withdrawal applications for the period from December 9, 2020 to December 31, 2021 are presented as follows:

Sources of financing	Account holder	Date	Initial deposit	Replenishment of designated account	Total
<b>Grant No. IDA D566-KG</b>					
G-D5660-C1	NSC	January 29, 2021	100,000	-	100,000
G-D5660-1	STS	February 3, 2021	250,000	-	250,000
G-D5660-C3	NSC	October 27, 2021	80,000	-	80,000
G-D5660-2	STS	November 9, 2021	-	49,892	49,892
			<u>430,000</u>	<u>49,892</u>	<u>479,892</u>

On October 27, 2021 NSC documented expenses in the amount of 65,604 US dollars under Grant No. D566-KG in withdrawal application No. G-D5660-D1.

On October 11, 2021 withdrawal application of NSC No. G-D5660-C2 for Grant No. D566-KG in the amount of 92,832 US dollars was deleted.

On October 28, 2021 withdrawal application of NSC No. G-D5660-D2 for Grant No. D566-KG was deleted.

## 11. STATEMENT OF DESIGNATED ACCOUNT

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

National Statistical Committee of the Kyrgyz Republic

Source of financing	Grant No. IDA D566-KG	Credit No. IDA 6546-KG	Total
Bank	OJSC "AiyI Bank"	OJSC "AiyI Bank"	
Bank account	1350138033699626	1350138039138595	
Currency	US dollar	US dollar	
Bank's location	14 Logvinenko str., Bishkek, Kyrgyz Republic		
<b>Balance as at December 09, 2020</b>	-	-	-
Initial deposit	180,000	-	180,000
<b>Total funds received</b>	180,000	-	180,000
Expenses paid	60	-	60
Transfer to transit account	119,103	-	119,103
<b>Balance as at December 31, 2021</b>	60,837	-	60,837
Replenishment	367,872	-	367,872
<b>Total funds received</b>	367,872	-	367,872
Expenses paid	120	-	120
Transfer to transit account	285,160	-	285,160
<b>Balance as at December 31, 2022</b>	143,429	-	143,429

State Tax Service under the Ministry of Finance of the Kyrgyz Republic

Source of financing STS	Grant No. IDA D566-KG	Credit No. IDA 6546-KG	Total
Bank	OJSC "AiyI Bank"	OJSC "AiyI Bank"	
Bank account	1350108037011410	1350108039970221	
Currency	US dollar	US dollar	
Bank's location	14 Logvinenko str., Bishkek, Kyrgyz Republic		
<b>Balance as at December 09, 2020</b>	-	-	-
Initial deposit	250,000	-	250,000
Replenishment	49,892	-	49,892
<b>Total funds received</b>	299,892	-	299,892
Expenses paid	60	-	60
Transfer to transit account	106,264	-	106,264
<b>Balance as at December 31, 2021</b>	193,568	-	193,568
Replenishment	603,831	-	603,831
<b>Total funds received</b>	603,831	-	603,831
Expenses paid	184,971	-	184,971
Transfer to transit account	407,064	-	407,064
<b>Balance as at December 31, 2022</b>	205,364	-	205,364

## 12. UNDRAWN FUNDS

Undrawn funds as at December 31, 2022 are presented as follows:

	Grant No. IDA D566-KG <i>in SDR</i>	Credit No. IDA 6546-KG <i>in SDR</i>
Approved amount of financing	12,700,000	12,700,000
Disbursed during the period from December 9, 2020 to December 31, 2022	2,282,227	-
Undrawn amount of financing as at December 31, 2022	<u>10,417,773</u>	<u>12,700,000</u>
	Grant No. IDA D566-KG <i>in SDR</i>	Credit No. IDA 6546-KG <i>in SDR</i>
Disbursed as at January 1, 2022	335,610	-
Disbursed in 2022	1,946,617	-
Disbursed as at December 31, 2022	<u>2,282,227</u>	<u>-</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, 2022 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2022 (in CCY)	Remaining amount to be paid (in CCY)
Baker Tilly Bishkek LLC	TASSMP/CS/LCS/C5/1	59,360	US Dollars	8,904	50,456
GOPA Worlwide Consultants GmbH (Germany)	GmbHTASSMP/CS/QCBS/C3-C4/1	8,393,268	US Dollars	419,663	7,973,605
KBM LLC	TASSMP/G/RFB/C4-2/Lot 1	179,295	US Dollars	-	179,295
Green Light LLC	TASSMP/G/RFB/C4-2/Lot 2	397,665	US Dollars	-	397,665
Asman Group LLC	TASSMP/G/RFB/C4-2/Lot 3	81,859	US Dollars	-	81,859
Inter Alliance LLC	TASSMP/G/RFB/C4-2/Lot 4	42,600	US Dollars	-	42,600
Ibraev O.A.	KG-NSC-IOC-C5-1	2,586,000	Kyrgyz soms	1,494,000	1,092,000
Umetalieva G.S.	KG-NSC-IOC-C5-4	1,525,000	Kyrgyz soms	860,000	665,000
Talkanbayeva R.A.	KG-NSC-IOC-C5-2	1,660,800	Kyrgyz soms	1,090,800	570,000
Dzhumagulova D.T.	KG-NSC-IOC-C5-7	1,401,053	Kyrgyz soms	797,500	603,553
Iskenderov K.D.	KG-NSC-IOC-C5-5/1	1,696,286	Kyrgyz soms	856,286	840,000
Sagynaliev U.A.	KG-NSC-IOC-C5-6/1	1,368,000	Kyrgyz soms	228,000	1,140,000
Dzhumaeva S.M.	KG-NSC-IOC-C5-3/1	1,440,000	Kyrgyz soms	180,000	1,260,000
Mamytbekov E.K.	TASSMP/CS/IC/C3-C4/3-1	950,000	Kyrgyz soms	-	950,000
Esenalieva B.B.	TASSMP/CS/IC/C3-C4/3-4	285,000	Kyrgyz soms	171,000	114,000
Abdykaimov O.A.	KG-STC-C5-IOC-INDV-01	3,600,000	Kyrgyz soms	2,492,955	1,107,045
Chingishev E.A.	KG-STC-C5-IOC-03/1	3,312,000	Kyrgyz soms	2,188,737	1,123,263
Uzakova E.U.	KG-STC-C5-IOC-04	2,952,000	Kyrgyz soms	1,626,000	1,326,000
Imanalieva A.S.	KG-STC-C5-IOC-05	2,100,000	Kyrgyz soms	1,325,000	775,000
Aldasheva A.B.	KG-STC-C5-IOC-07	3,153,600	Kyrgyz soms	1,817,086	1,336,514
Mukarapov J.K.	KG-STC-C5-IOC-06	2,574,000	Kyrgyz soms	1,360,595	1,213,405
Umetalieva A.S.	KG-STC-C5-IOC-08	3,312,000	Kyrgyz soms	1,642,364	1,669,636
Samybekov U.S.	STS-CS/IC-003-A-(LTA)	1,884,000	Kyrgyz soms	1,172,500	711,500
Bialiev I.E.	STS-CS/IC-005	1,140,000	Kyrgyz soms	175,750	964,250
Ryskeldiev E.B.	KG-STC-C5-CS-INDV-07	936,000	Kyrgyz soms	93,600	842,400

**14. LEGAL CASES**

There were no any legal claims related to the Project.

**15. EVENTS AFTER THE REPORTING DATE**

During the 2023 year up to the date of issue of the project financial statements IDA has replenished the Project's designated account as follows:

Sources of financing	Account holder	Date	Initial deposit	Replenishment of designated account	Direct Payment	Total
<b>Grant No. IDA D566-KG</b>						
C9	NSC	January 13, 2023	320,000	-	-	320,000
G-D5660-10	STS	February 21, 2023	-	206,745	-	206,745
C11	NSC	March 17, 2023	-	258,588	-	258,588
13	NSC	April 5, 2023	-	212,839	-	212,839
14	NSC	April 7, 2023	-	-	741,905	741,905
G-D5660-11-A	STS	May 1, 2023	-	93,596	-	93,596
			<u>320,000</u>	<u>771,768</u>	<u>741,905</u>	<u>1,833,673</u>

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.



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

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