

# **AGRICULTURAL PRODUCTIVITY AND NUTRITION IMPROVEMENT PROJECT**

**GAFSP GRANT NUMBER TF0A0645**

**IMPLEMENTED BY PROJECT IMPLEMENTATION UNIT  
OF WATER RESOURCES SERVICE  
UNDER THE MINISTRY OF AGRICULTURE OF THE KYRGYZ REPUBLIC**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**For the year ended 31 December 2021**

**BISHKEK  
March 2022**

# **AGRICULTURAL PRODUCTIVITY AND NUTRITION IMPROVEMENT PROJECT**

**GAFSP GRANT NUMBER TFOA0645**

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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 of Water Resources Service under the Ministry of Agriculture of the Kyrgyz Republic ("PIU WRS") is responsible for the preparation of the special purpose financial statements for the year ended 31 December 2021 of "Agricultural Productivity and Nutrition Improvement Project" ("Project") financed by Grant Agreement: GAFSP Grant Number TFOA0645 dated 18 March 2016, 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") 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 WRS'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 year ended 31 December 2021.

PIU WRS'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 GAFSP GRANT NUMBER TFOA0645 dated 18 March 2016, 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 year ended 31 December 2021 were authorized for issue on 28 March 2022 by the PIU WRS's Management.

On behalf of the PIU WRS's Management:

  
Ulanbek Torogeldiev  
Director PIU WRS



  
Saltanat Djumaeva  
Financial Manager PIU WRS

## INDEPENDENT AUDITOR'S REPORT

To the management of the Project Implementation Unit of Water Resources Service under the Ministry of Agriculture of the Kyrgyz Republic ("PIU WRS")

### **Opinion**

We have audited the special purpose financial statements of "Agricultural Productivity and Nutrition Improvement Project" ("Project") financed by Financing Agreement GAFSP Grant Number TFOA0645 dated 18 March 2016 ("Financing Agreement"), and implemented by PIU WRS which comprise the statement of cash receipts and payments, and the statement of expenditures per components for the year ended 31 December 2021, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements for the year ended 31 December 2021 are prepared, in all material respect, 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"). 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 WRS 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**

Without modifying our opinion, we draw your attention to Note 2 to the special purpose 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.

### **Responsibilities of the Management for the Special Purpose Financial Statements**

Management of the PIU WRS 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") 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.

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 WRS management shall insure that:

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;

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 PIU WRS during the reporting year are in agreement with the underlying books of account;

The Designated account used has been maintained in accordance with the provision of the Financing Agreement, and World Bank related guidelines.

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 WRS management has complied with the above requirements for the year ended 31 December 2021.

"BDO Armenia" CJSC  
28 March 2022

  
Gnel Khachatryan, FCCA  
Engagement Partner



**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TF0A0645-KG**

**Statement of cash receipts and payments**

For the year ended 31 December 2021

(Amounts are shown in US dollars)

	Note	Actual		Cumulative as at 31 Dec 2021	Budget as at 31 Dec 2021	Variance Cumulative as at 31 Dec 2021
<b>TOTAL OPENING CASH</b>		<b>FY2020</b>	<b>FY2021</b>			
		739,204	1,445,790	-		
<b>Sources of Funds</b>	8					
GAFSP Grant Number TF0A0645		6,220,299	7,799,979	29,648,919		
<b>TOTAL FUNDS</b>		<b>6,220,299</b>	<b>7,799,979</b>	<b>29,648,919</b>		
<b>Other income</b>	11	<b>72,218</b>	<b>23,063</b>	<b>172,080</b>		
<b>Project Expenditures</b>	7					
1. Works, Goods, Training, Operating Costs, Consultants' services, Non-consultant services and Small Grants						
Goods		5,574,188	8,227,446	28,709,473	26,482,026	2,227,447
Works		936,005	1,925,917	5,051,568	5,448,710	(397,142)
Consultants' services (including training)		3,269,509	5,321,893	17,260,009	14,641,996	2,618,013
Operating costs		874,384	647,475	5,019,097	4,972,048	47,049
		494,290	332,161	1,378,799	1,419,272	(40,473)
<b>TOTAL PROJECT EXPENDITURES</b>		<b>5,574,188</b>	<b>8,227,446</b>	<b>28,709,473</b>	<b>26,482,026</b>	<b>2,227,447</b>
<b>Other outflows</b>	12	<b>11,743</b>	<b>2,484</b>	<b>72,624</b>		
<b>TOTAL CLOSING CASH</b>	6	<b>1,445,790</b>	<b>1,038,902</b>	<b>1,038,902</b>		



*[Signature]*  
**Saltanat Djumaeva**  
 Financial Manager PIU WRS

*[Signature]*  
**Ulanbek Torogeldiev**  
 Director PIU WRS

28 March 2022

The notes on pages 8-15 form an integral part of these special purpose financial statements.

**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TF0A0645-KG**

**Statement of expenditures per components**

For the year ended 31 December 2021

(Amounts are shown in US dollars)

Activity	Actual		Cumulative as at		Budget Cumulative as at		Variance Cumulative as at	
	FY2020	FY2021	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2021
<b>Part 1. Rehabilitation and Modernization of Irrigation and Drainage Infrastructure</b>	<b>3,657,325</b>	<b>5,582,044</b>	<b>20,425,775</b>		<b>17,853,027</b>		<b>2,572,748</b>	
1.a. Rehabilitation and modernization of selected existing irrigation and drainage system	3,545,887	5,556,532	17,832,153		15,284,917		2,547,236	
1.b. Maintenance equipment for WUAs	-	-	1,540,820		1,540,820		-	
1.c. Off-farm irrigation infrastructure and water measurement structures	111,438	25,512	1,033,867		1,008,355		25,512	
1.d. Limited rehabilitation works on critical off-farm structures	-	-	18,935		18,935		-	
<b>Part 2. Agricultural Advisory Services</b>	<b>826,500</b>	<b>1,829,789</b>	<b>3,640,830</b>		<b>4,068,224</b>		<b>(457,394)</b>	
2.a. Training and technical advisory services	26,007	49,428	155,744		118,118		37,626	
2.b. Small Grants to participating WUAs	759,860	1,780,361	3,012,348		3,507,368		(495,020)	
2.c. Technical advisory services and promoting knowledge dissemination	40,633	-	345,636		345,636		-	
2.d. Demonstrations on on-farm water management	-	-	97,102		97,102		-	
<b>Part 3. Nutrition Improvements</b>	<b>643,318</b>	<b>523,851</b>	<b>2,746,535</b>		<b>2,571,901</b>		<b>174,634</b>	
3.a. Household nutrition education program	11,825	24,060	36,461		32,401		4,060	
3.b. Provision of micronutrient supplements	21,074	-	127,412		127,412		-	
3.c. Improvement of household nutrition and dietary	608,696	499,791	2,287,870		2,117,296		170,574	
3.d. Improvement of national coordination for food and nutrition security	1,723	-	294,792		294,792		-	
<b>Part 4. Project Management</b>	<b>447,045</b>	<b>291,762</b>	<b>1,926,333</b>		<b>1,988,874</b>		<b>(62,541)</b>	
<b>Total</b>	<b>5,574,188</b>	<b>8,227,446</b>	<b>28,709,473</b>		<b>26,482,026</b>		<b>2,227,447</b>	



*[Signature]*  
**Ulanbek Torogeldiev**  
 Director PIU WRS

*[Signature]*  
**Saltanat Djumaeva**  
 Financial Manager PIU WRS

28 March 2022

The notes on pages 8-15 form an integral part of these special purpose financial statements.



**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TF0A0645-KG**

**Notes to the special purpose financial statements**

For the year ended 31 December 2021

(Amounts are shown in US dollars)

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**1. General information**

**1.1. The Project**

According to the Grant Agreement between the Kyrgyz Republic and the International Development Association (IDA) on 18 March 2016, GAFSP Grant Number TF0A0645, the IDA acting as Trustee of the Global Agriculture and Food Security Multi-Trust Fund under the Global Agriculture and Food Security Program, provided to the Kyrgyz Republic grant in the amount of 38,000,000 United States dollars (USD).

The Grant are provided for implementation of "Agricultural Productivity and Nutrition Improvement Project" (the Project).

The Grant Agreement became effective on 14 Sept 2016.

The Closing date of GAFSP Grant Number TF0A0645 is set 30 June 2023 (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 2023.

**1.2. The Project objectives**

The purpose of the Project is to increase agricultural productivity, and food and nutrition security of rural households in selected areas in Kyrgyz Republic.

The Project comprises of the following parts:

**Part 1: Rehabilitation and Modernization of Irrigation and Drainage Infrastructure**

Increasing agricultural productivity and ensuring access to adequate agriculture water resources: a) rehabilitation and modernization of selected existing irrigation and drainage systems; (b) provision of maintenance equipment to Water Users Associations (WUAs) and Federations of WUAs; (c) provision of off-farm irrigation infrastructure and water measurement structures; and (d) carrying out limited rehabilitation works on critical off-farm structures.

**Part 2: Agricultural Advisory Services**

Carrying out of activities to increase irrigated agricultural production and food and nutrition security, including:

- (a) provision of training and technical advisory services;
- (b) provision of Small Grants to Participating WUAs to implement the Agriculture Development Plans;
- (c) providing technical advisory services and promoting knowledge dissemination through: and
- (d) conducting demonstrations on on-farm water management and facilitating selected WUA members to attend said demonstration events.

**Part 3: Nutrition Improvements**

- (a) Carrying out of a household nutrition education program for women, children and adolescent girls to improve household nutrition;
- (b) Provision of micronutrient supplements to targeted women and children to improve their nutritional health;
- (c) Carrying out of activities to improve household nutrition and dietary consumption;
- (d) Improving national coordination for food and nutrition security.



**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TFOA0645-KG**

**Notes to the special purpose financial statements**

For the year ended 31 December 2021

*(Amounts are shown in US dollars)*

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**Part 4: Project Management**

Strengthening the institutional capacity of the PIU to carry out Project management activities, including the administration, coordination and monitoring and evaluation of the Project.

**1.3. Budget**

The percentage of expenditures to be financed (inclusive of taxes) from GAFSP Grant Number TFOA0645 is set 100%.

The total budget of the project is as follows:

	<b>GAFSP GRANT NUMBER TFOA0645</b>	<b>Total</b>
<b>Category</b>	<b>USD</b>	<b>USD</b>
Works, Goods, Training, Operating Costs, Consultants' services, Non-consultant services and Small Grants	38,000,000	38,000,000
<b>Total</b>	<b>38,000,000</b>	<b>38,000,000</b>

**1.4. Project Implementation**

The Project was implemented by the Project Implementation Unit under the Government of the Kyrgyz Republic (the PIU WRS).

According to Decree N 38 dated 12 February 2021 of Government of Kyrgyz Republic, it was renamed to State Agency of Water Resources under the Ministry of Agriculture of the Kyrgyz Republic.

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

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

**Notes to the special purpose financial statements**

For the year ended 31 December 2021

(Amounts are shown in US dollars)

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**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), and presented in accordance with the 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 2020 is USD 1 = 82.80 KGS.

The exchange rate defined by the CBKG as at 31 December 2021 is USD 1 = 84.80 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.

**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TF0A0645-KG**

**Notes to the special purpose financial statements**

For the year ended 31 December 2021

(Amounts are shown in US dollars)

**3. Summary of Summary Reports and SOEs**

Withdrawal application No	Withdrawal application value date	Payment categories	Total
		Works, Goods, Training, Operating Costs, Consultants' services, Non-consultant services and Small Grants	
37	21-Jan-2021	634,291.28	634,291.28
38	14-Apr-2021	629,913.70	629,913.70
39	26-Apr-2021	660,004.30	660,004.30
40	10-May-2021	417,462.93	417,462.93
41	11-Jun-2021	483,738.59	483,738.59
42	25-Jun-2021	879,716.22	879,716.22
43	16-Jul-2021	515,235.93	515,235.93
44	11-Aug-2021	480,369.41	480,369.41
45	13-Sep-2021	1,056,505.93	1,056,505.93
47	15-Nov-2021	839,459.86	839,459.86
48	27-Oct-2021	484,058.52	484,058.52
50	13-Dec-2021	719,221.87	719,221.87
<b>Total</b>		<b>7,799,978.54</b>	<b>7,799,978.54</b>

**4. Statement of Designated Account**

Grant	GAFSP Grant Number TF0A0645-KG
Designated account number	1030120800009855
Bank	OJSC "Commercial Bank Kyrgyzstan"
Bank location	54a, Togolok Moldo St., Bishkek, Kyrgyz Republic
Account currency	USD

	FY2020	FY2021
1. Opening balance	710,327	1,364,859
2. Add: opening discrepancy	10,476	850
3. IDA advance/replenishment	6,220,299	7,799,979
4. Less: Refund to IDA from DA	-	-
5. Present outstanding amount advanced to DA	<b>6,941,102</b>	<b>9,165,688</b>
6. DA closing balance	1,364,859	929,326
7. Add: Amount of eligible expenditures paid	5,575,393	8,226,242
8. Less: interest earned (if credited to DA)	-	-
9. Total advance accounted for	<b>6,940,252</b>	<b>9,155,568</b>
10. Closing discrepancy (5)-(9) *	850	10,120

(\*) Discrepancy consists of petty cash (Note 6).

**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TF0A0645-KG**

**Notes to the special purpose financial statements**

For the year ended 31 December 2021

(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 Dec 2020 USD	31 Dec 2021 USD
<b>ASSETS</b>			
Cash	6	1,445,790	1,038,902
Prepayments	9	351,327	353,427
<b>Total assets</b>		<b>1,797,117</b>	<b>1,392,329</b>
<b>LIABILITIES</b>			
Payables	10	350,158	485,903
<b>Total liabilities</b>		<b>350,158</b>	<b>485,903</b>
<b>NET ASSETS</b>			
<b>Cumulative income</b>			
GAFSP Grant Number TF0A0645	8	21,848,940	29,648,919
Other income	11	149,017	172,080
		<b>21,997,957</b>	<b>29,820,999</b>
<b>Cumulative expenses</b>			
Project expenses		20,480,857	28,841,949
Other outflows	12	70,141	72,624
		<b>20,550,998</b>	<b>28,914,573</b>
<b>Total net assets</b>		<b>1,446,959</b>	<b>906,426</b>

**6. Cash**

	Underlying Currency	31 Dec 2020 USD	31 Dec 2021 USD
<b>GAFSP Grant Number TF0A0645</b>			
Designated Account	USD	1,364,859	929,326
Petty cash	KGS	850	10,120
		<b>1,365,709</b>	<b>939,446</b>
<b>Other (a)</b>			
Interest account	KGS	19,490	38,577
Tender account	KGS	9,915	11,408
Tender account	USD	100	100
Other account (Note 11.a)	KGS	50,576	49,371
		<b>80,081</b>	<b>99,456</b>
		<b>1,445,790</b>	<b>1,038,902</b>

(a) All accounts are held at OJSC "Commercial Bank Kyrgyzstan".



**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TFOA0645-KG**

**Notes to the special purpose financial statements**

For the year ended 31 December 2021

(Amounts are shown in US dollars)

**7. Project expenditure progress**

Project Activity	Cumulative Expenditures as at 31 Dec 2021	Total budget (updated)	Implementation
	USD	USD	%
1.Rehabilitation and Modernization of Irrigation and Drainage Infrastructure	20,425,775	26,259,280	78%
2.Agricultural Advisory Services	3,610,830	5,186,163	70%
3.Nutrition Improvements	2,746,535	3,704,254	74%
4.Project Management	1,926,333	2,850,303	68%
<b>Total</b>	<b>28,709,473</b>	<b>38,000,000</b>	<b>76%</b>

(a) Budget of subcomponents were reallocated based on the WRS's letter dated 16 Apr 2020.

**8. Financing**

**GAFSP GRANT NUMBER TFOA0645**

	FY2020 USD	FY2021 USD	Cumulative as at 31 Dec 2021 USD
Advances/ (advance recovery)	-	-	2,000,000
SOE and Summary Report	6,220,299	7,799,979	27,648,919
<b>Total</b>	<b>6,220,299</b>	<b>7,799,979</b>	<b>29,648,919</b>
 Total financing budget			<b>38,000,000</b>
Percentage of finance provided as at 31 Dec 2021			<b>78%</b>

**9. Prepayments**

Subcategory	31.12.2020 USD	31.12.2021 USD
Works (a)	335,451	350,363
Consulting	15,026	2,922
Other	850	142
<b>Total</b>	<b>351,327</b>	<b>353,427</b>

(a) Prepayments were provided in the amount of up to 20% of the corresponding construction contract price. Prepayments are secured by Bank Guarantees.

**10. Payables**

Subcategory	31.12.2020 USD	31.12.2021 USD
Works (warranty amounts) (a)	349,771	485,903
Other	387	-
<b>Total</b>	<b>350,158</b>	<b>485,903</b>

(a) Liquidity damage guaranty is withheld in the amount of up to 5% of the corresponding construction invoice issued. From withheld amount 2.5% paid when the construction is completed and remaining 2.5% is paid after a year of completion date considering that no issues identified.

**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TF0A0645-KG**

**Notes to the special purpose financial statements**

For the year ended 31 December 2021

(Amounts are shown in US dollars)

**11. Other income**

	FY2020 USD	FY2021 USD	Cumulative as at 31 Dec 2021 USD
Interest accrued	19,490	21,570	109,996
Tender fees	2,152	1,493	11,508
Other (a)	50,576	-	50,576
<b>Total</b>	<b>72,218</b>	<b>23,063</b>	<b>172,080</b>

(a) The amount received from bank guaranty on non-implementation of terminated contracted construction works.

**12. Other outflow**

	FY2020 USD	FY2021 USD	Cumulative as at 31 Dec 2021 USD
Transfer of interest to state budget	9,101	-	53,724
Other expenditures (bank charges)	2,642	2,484	18,900
<b>Total</b>	<b>11,743</b>	<b>2,484</b>	<b>72,624</b>

**13. Event after reporting date**

**13.1. GAFSP GRANT NUMBER TF0A0645**

The application N 51 with total amount of 1,060,554 USD that consists expenditures relating to the reporting year was submitted to WB on 13 January 2022 and approved on 20 January 2022.

**13.2. Military conflict between Russian Federation and Republic of Ukraine**

On February 24, 2022, Russia launched a large-scale military conflict against Ukraine. In order to resist Russia, the EU and the United States, and other countries around the world, have imposed economic and political sanctions, as a result of which the Russian economy is facing significant issues. At present, the course of the war, the impact of sanctions, and the extent of the consequences are unpredictable.

Taking into consideration of Russia's political and economic influence on the Kyrgyz Republic, as well as the fact that country is a member of the Russia lead Eurasian Economic Union (EEU), the current situation may indirectly affect the stability of Kyrgyz Republic's financial and economic systems.

At the moment, given the unpredictability of these circumstances, the Project management finds it difficult to assess the potential impact on the Project implementation.

**14. Litigations**

There are no pending litigations related to the Project as at reporting date and as at approval date of these financial statements.

**Agricultural Productivity and Nutrition Improvement Project**  
**GAFSP Grant Number TF0A0645-KG**

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

For the year ended 31 December 2021

(Amounts are shown in US dollars)

**GAFSP Grant Number TF0A0645**

Expenditure Category	Application N	PIU WRS	WB	Difference
		USD	USD	USD
Works, Goods, Training, Operating Costs, Consultants' services, Non-consultant services and Small Grants	37	634,291.28	634,291.28	-
	38	629,913.70	629,913.70	-
	39	660,004.30	660,004.30	-
	40	417,462.93	417,462.93	-
	41	483,738.59	483,738.59	-
	42	879,716.22	879,716.22	-
	43	515,235.93	515,235.93	-
	44	480,369.41	480,369.41	-
	45	1,056,505.93	1,056,505.93	-
	47	839,459.86	839,459.86	-
	48	484,058.52	484,058.52	-
	50	719,221.87	719,221.87	-
		<b>7,799,978.54</b>	<b>7,799,978.54</b>	
<b>Total</b>		<b>7,799,978.54</b>	<b>7,799,978.54</b>	