

Climate Adaptation and Mitigation Program for Aral Sea
Basin Financed as part of Financing Agreement, grant No.
D094-7C dated 1 July 2016 concluded between the
Executive Committee of the International Fund for Saving
the Aral Sea and the International Development
Association

Special Purpose Financial Statements for the years ended
31 December 2018

and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To Management of 'Climate Adaptation and Mitigation Program for Aral Sea Basin' Project (CAMP4ASB) financed under the Financing Agreement, grant D094-7C

Opinion

We have audited the special purpose financial statements of 'Climate Adaptation and Mitigation Program for Aral Sea Basin' Project (CAMP4ASB) financed under the Financing Agreement (grant No. D094-7C dated 01 June 2016) made between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association (IDA) dated 1 June 2016 (hereinafter 'Project') and implemented by the Regional Environmental Centre for Central Asia 'CAREC' (hereinafter - CAREC) in accordance with Operating Agreement for implementation of Regional components of the Project made between the Executive Committee of the International Fund for Saving the Aral Sea and the Regional Environmental Centre for Central Asia 'CAREC' dated 25 July 2016, that includes statement of cash flows for the year ended 31 December 2018, statement of expenditure by components for the year ended 31 December 2018, and also brief description of key accounting policies and other explanatory notes (hereinafter 'financial statements').

In our opinion:

1. The special purpose financial statements in all material respects fairly presents proceeds and cash disbursements of the Project for the years ended 31 December 2018, in accordance with International Public Sector Accounting Standards (IPSASs) *Financial Reporting for Cash Accounting* issued by the International Accounting Standards Board for Public Sector of the International Federation of Accountants, and also in accordance with the requirements for preparation of the financial statements given in: the Financing Agreement (grant No. D094-7C) made between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association, Operating Agreement on implementation of Regional Components of the Project made between the Executive Committee of the International Fund for Saving the Aral Sea and the Regional Environmental Centre for Central Asia 'CAREC' dated 25 July 2016 and Project Operational Manual (for regional components of the Project) dated 2 August 2016;
2. All external funds were used in accordance with the terms of the aforementioned Financing Agreement, with due attention to the principles of economy and efficiency, and only for the purposes for which financing was provided;
3. All necessary supporting documents, records and a special account are maintained for all activities of the Project, including expenditures that are maintained under the statements of expenditure (SOE). Statements for the period correspond to the ledgers;
4. A special account is maintained in accordance with provisions of the Financing Agreement, the Operating Agreement and applicable instructions of the World Bank;
5. Goods, works, services were purchased under the terms of Financing Agreement and special provisions of the Procurement Guidelines of the World Bank.

Independent Auditors' Report (continued)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project and CAREC in accordance with the Code of Ethics of Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and ethical requirements that are relevant to our audit of financial statements in Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics of Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for the expression of our opinion.

Paragraph for attention

Without qualifying our opinion, we draw your attention to Note 7 "CAREC Administrative Expenses", in which Management discloses information regarding CAREC non-audited Administrative expenses for 2016-2017, which were subsequently reclassified and included by the World Bank into the cumulative expenses of the project on 12.31.2017. Due to the specifics of the agreement for the audit, we did not conduct any audit procedures in respect of these expenses disclosed in the explanatory notes to the special purpose financial statements.

Key matters - accounting principles

We draw your attention to Note 2 to the financial statements, which describes the principles used for the preparation of financial statements. The financial statements have been prepared to assist CAREC in meeting the requirements of the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association. As a result, these financial statements may not be suitable for another purpose. We do not express a modified opinion in connection with this question.

Management responsibility for financial statements

Project Management is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with IPSAS *Financial Reporting for Cash Accounting*, issued by IASB for Public sector of International Federation of Accountants, and under provisions of Grant Agreement No. D094-7C dated 01 June 2016 made between the International Fund for Saving the Aral Sea and the International Development Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. Project Management is responsible for selecting the applicable concept and determining its acceptability for the preparation of the financial statements of the Project, taking into account the specific circumstances.

Auditor's responsibilities for the audit of 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 a high level of assurance, but it does not 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 these financial statements.

Independent Auditors' Report (continued)

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

- Identify and assess the risks of material misstatement of 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control system that is relevant for 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 Company's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Kazakhstan LLP

State license for audit activities No. 15003448,
issued on February 19, 2015 by the Financial
Control Committee of the Ministry of Finance
of the Republic of Kazakhstan, Nur-Sultan

28 June 2019

Director T. A. Omarov

Auditor Irina Litvinchik

Auditor qualification certificate No. 0000223
issued by the Qualification Commission for the
certification of auditors of the Republic of
Kazakhstan on 22.12.2014

Almaty, Republic of Kazakhstan
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STATEMENT OF SOURCES AND USE OF FUNDS
for the year ended 31 December 2018

US dollars	Note	Fact		Budget		Deviation	
		31.12.2018	Cumulative on 31.12.2018	As of 31.12.2018	Cumulative on 31.12.2018	As of 31.12.2018	Cumulative on 31.12.2018
Project Cash on January 1		2,004	2,004				
Proceeds							
Grant- No. D094-7C	4	1,418,046	2,806,293				
		1,418,046	2,806,293				
Total Project proceeds							
Project costs	6						
Component 1: Regional Climate Knowledge Services		745,903	1,372,352	4,089,300	4,499,767	(3,344,392)	(3,128,410)
Civil contracts for works, goods, non-consulting services, consulting services, additional production costs and project training		745,903	1,372,352	4,089,300	4,499,767	(3,344,392)	(3,128,410)
Component 3: Subcomponent 3.1: Coordination at the regional level		475,175	1,34,969	539,415	1,197,525	(64,240)	37,444
Goods, non-consulting services, consulting services, additional production costs and project training		475,175	1,34,969	539,415	1,197,525	(64,240)	37,444
Total costs and payments for the Project		1,221,078	2,607,321	4,628,715	5,697,292	(3,408,632)	(3,090,966)
Net amount of expenses (income) from changes in foreign currency exchange rates		(1,086)	(1,086)	-	-	-	-
Total expenses and payments		1,219,992	2,606,235	4,628,715	5,697,292	(3,408,632)	(3,090,966)
Project Cash on December 31	5	200,058	200,058				
		2,004	2,004				

Approved by Project Management on 28 June 2019:

Zafar Mahmudov
Executive director of CAREC

Irina Bekmirzayeva
Project Manager

Yelizaveta Grenz
Project Finance officer



'Climate Adaptation and Mitigation Program for Aral Sea Basin' Project (CAMP4ASB) financed under the Financing Agreement, grant D094-7C

Financial statements

STATEMENT OF EXPENDITURE BY COMPONENTS
for the year ended December 31, 2018

US dollars	Components	Fact		Budget		Deviation	
		As of 31.12.2018	Cumulatively on 31.12.2018	As of 31.12.2018	Cumulatively on 31.12.2018	As of 31.12.2018	Cumulatively on 31.12.2018
	Component 1: Regional Climate Knowledge Services						
1.1	creation of a regional information platform for Central Asia	4,089	124,365	70,000	174,491	(65,911)	(50,126)
1.2	Climate Control System Updates for Participating Countries	36,198	39,489	2,616,800	2,616,808	(2,580,602)	(2,577,319)
1.3	developing methodologies, approaches and support tools for climate-related decision making	55,509	200,770	172,200	318,987	(116,691)	(98,217)
1.4	developing knowledge bases of products that are provided through web portals, mobile applications, publications	66,648	100,414	252,600	267,235	(185,952)	(166,821)
1.5	capacity building through regional training, e-learning, hands-on activities and study tours	152,686	172,458	214,200	232,060	(61,514)	(59,602)
1.6	the development of a mechanism for evaluating the results and experience of climate improvement investments implemented under Subcomponent 2.1	60,776	87,622	76,000	97,699	(15,224)	(10,077)

The notes on pages 9-16 are an integral part of these financial statements.

STATEMENT OF EXPENDITURE BY COMPONENTS (continued)
for the year ended December 31, 2018

US dollars		Fact		Budget		Deviation	
		As of 31.12.2018	Cumulatively on 31.12.2018	As of 31.12.2018	Cumulatively on 31.12.2018	As of 31.12.2018	Cumulatively on 31.12.2018
1.7	development and implementation of a communication and public engagement strategy through climate knowledge forums and networks to support knowledge dissemination, public outreach and community building.	369,998	627,233	687,500	792,487	(317,502)	(165,254)
		745,903	1,372,352	4,089,300	4,499,767	(3,343,397)	(3,127,415)
Component 3:							
Subcomponent 3.1: Coordination at the Regional Level		475,084	1,234,878	539,415	1,197,525	(64,331)	37,352
		475,084	1,234,878	539,415	1,197,525	(64,331)	37,352
TOTAL		1,219,992	2,606,235	4,628,715	5,697,292	(3,408,723)	(3,091,057)

Approved by Project Management on 28 June 2019.



Zafar Mahmudov
Executive director of CAREC

Irina Bekmirzayeva
Project Manager

Yelizaveta Grenz
Project Finance officer

1. GENERAL INFORMATION

1.1. CAMP4ASB Project

Financing agreement, grant No. D094 - 7C (hereinafter the 'Agreement') made between the Executive Committee of the International Fund for Saving the Aral Sea (the 'Recipient') and the International Development Association acting as a donor (hereinafter the 'Association') was signed on 1 July 2016 ('Project start date'). According to the terms of Agreement, the International Development Association provides grant equivalent to 10,700 (ten million seven hundred thousand) of Special Drawing Rights (SDR) or equivalent to USD 15,000 (fifteen million) (hereinafter the 'Grant') for implementation of 'Climate Adaptation and Mitigation Program for Aral Sea Basin' (CAMP4ASB) (hereinafter the 'Project'). Conditions of the Agreement provide for the financing of expenses without VAT.

According to the letter of the World Bank dated February 13, 2019, amendments and additions were made to the Agreement, according to which 100% financing of Project expenses, including VAT, is provided.

The Recipient, through Operating Agreement concluded with the Regional Environmental Centre of Central Asia CAREC commits the Regional Coordination Unit (RCU), established under CAREC to be responsible for day-to-day management and implementation of Component 1 and Subcomponent 3.1 of the Project, in full compliance with the Operating agreement and the Project Operational Manual.

Withdrawal of cash under the Grant is carried out in US dollars, and payments are made in US dollars and Kazakhstani tenge.

Closing date of the Project is 30 April 2021.

The Institution Regional Environmental Centre for Central Asia (CAREC) is a legal entity operating under the laws of the Republic of Kazakhstan, and is an independent, non-profit and non-political entity of international character that seeks to promote cooperation in solving environmental problems in Central Asia at national and regional levels.

In accordance with the Charter, the Founders of CAREC are:

- Republic of Kazakhstan;
- Republic of Kyrgyzstan;
- Republic of Tajikistan;
- Turkmenistan;
- Republic of Uzbekistan;
- Commission of the European Communities;
- UNDP.

1.2. Objectives of the Project

The objective of the Project is to enhance regionally coordinated access to improved climate change knowledge services for key stakeholders (e.g. policy makers, communities and civil society) in the participating Central Asian countries, as well as to increase investment and capacity-building that, combined, will address the climate issues common to these countries.

The Project consists of the following components:

Component 1 Regional Services in the field of Climate Knowledge

Develop a unified, regional analytical platform for climate resilient and low emissions development in Central Asia through:

- (a) establishment of the regional information platform for Central Asia through provision of technical assistance, goods (including software and equipment), consulting services and training and carrying out of minor civil works;

1. GENERAL INFORMATION (continued)

- (b) upgrading of climate-related monitoring systems for Participating Countries;
- (c) development of methodologies, approaches and tools to support climate-related decision making;
- (d) development of knowledge products, such as specialized analytical work, made available via, inter alia, web portals, mobile apps, publications;
- (e) capacity building through regional training, e-learning events, internships and study tours;
- (f) development of a mechanism to assess the results and lessons of climate investments implemented under Subcomponent 2.1 below, including through establishment of a pool of experts to evaluate the Sub-projects accomplished under Subcomponent 2.1;
- (g) design and implementation of a communications and public engagement strategy, including through climate knowledge fora and networks, to support knowledge dissemination, public outreach and coalition building.

Component 2: Regional Climate Investment Funds

Subcomponent 2.1: Investment Financing

Increase productivity and address climate change by promoting the adoption of climate-resilient and mitigation measures in rural production, land management and other areas through establishing and operating credit line facilities for the provision of financing, through Subsidiary Loans, to PFIs, through Sub-loans to Sub-borrowers to carry out the Sub-Projects, for scaling up suitable practices and technologies to improve climate resilience, risk reduction and mitigation and economic and social benefits.

Subcomponent 2.2: Capacity Building and Community Support

- (a) Support awareness raising, participatory planning and implementation support of climate investment plans at the community-level through community level participatory appraisals and community action plans, identification and design of appropriate investment plans, and building of the technical and organizational capacities of communities to implement their investments.
- (b) Support Facilitating Organizations to provide technical advisory services to potential beneficiaries under Subcomponent 2.1.
- (c) Provide capacity building of the PFIs through technical assistance in the area of assessment of climate investment proposals.

Component 3: Regional and National Coordination

Subcomponent 3.1: Regional Coordination

Provide project management support to the Regional Coordination Unit (RCU) for implementation of Component 1, including procurement, disbursements, financial management, monitoring and evaluation of Project performance, as well as Incremental Operating Costs.

Subcomponent 3.2: National Coordination

Provide project management support to the National Coordination Units for implementation of Component 2, including procurement, disbursements, financial management, monitoring and evaluation of Project performance, safeguards oversight as well as Incremental Operating Costs.

CAREC is responsible for the implementation of Component 1 and Subcomponent 3.1, which serves as coordination and support of the Project at regional level.

1. GENERAL INFORMATION (continued)

Component 2 and Subcomponent 3.2. implemented by the Participating Countries of the Project (in particular, Tajikistan and Uzbekistan), which carry out activities on climate investments and capacity building in their countries.

1.3. Project Implementation

The Executive Committee of International Fund for Saving the Aral Sea ('Recipient') is responsible for carrying out Component 1 and Subcomponent 3.1 of the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operational Manual and the Environmental Management Framework (EMF).

The Recipient insures implementation the Project through an operating agreement with CAREC ('Operating Agreement') on terms and conditions satisfactory to the International Development Association, which shall include, inter alia, the pertinent obligations set forth in the Agreement as applicable to CAREC, including:

- (i) CAREC is accountable to the Recipient in implementation of the operational management and implementation of Component 1 of the Project.
- (ii) CAREC creates a Regional Coordination Group ('RCU') for the entire Project period, which is responsible for daily management and implementation of Component 1 of the Project, including coordination with each National Coordination Unit, at the level of broader project activities and in full compliance with Operational Management of the Project, Operating Agreement and Anti-corruption Guidance.
- (iii) CAREC ensures that its Chief Accountant is generally responsible for financial management and disbursement functions, with the support of a financial management consultant.
- (iv) CAREC shall: (a) sign the contract for installation and adaptation of the accounting software acceptable to the Association for project accounting, budgeting and reporting of the Project; and (b) make provisions for adequate training on the new accounting system for the effective use by its accounting staff.
- (v) CAREC undertakes that RCU shall be located and maintained in Almaty city, the Republic of Kazakhstan, for the life of the Project, all in accordance with the Project Operational Manual and the Operating Agreement.

1.4. Categories of Expenditures

The Financing Agreement provides the following categories of expenditures: civil contracts, goods, non-consulting services, consulting services, additional operating costs and training on the Project.

2. KEY ACCOUNTING POLICIES

2.1. Preparation and Presentation of the Financial Statements

The special purpose financial statements have been prepared in accordance with IPSAS *Financial Reporting for Cash Accounting* issued by the IASB for Public Sector of International Federation of Accountants, and also in accordance with the requirements for preparation of the financial statements given in: the Financing Agreement (grant No. D094-7C) made between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association, Operating Agreement on implementation of Regional Components of the Project made between the Executive Committee of the International Fund for Saving the Aral Sea and the Regional Environmental Centre for Central Asia 'CAREC' dated 25 July 2016 and Project Operational Manual (for regional components of the Project) dated 2 August 2016.

2. KEY ACCOUNTING POLICIES (continued)

Accounting policies set out further have been applied consistently for reporting periods presented in these financial statements.

2.2. Cash Flow of the Grant

Financial statements of the project: comprise the Sources and uses of funds statement for the year ended 31 December 2018, and statements of expenditure by components for the year ended 31 December 2018 (statement of cash flows) were prepared using the direct method, which discloses information on the main types of gross cash proceeds and payments.

2.3. Statements Presentation Currency

These financial statements are presented in US dollars (hereinafter 'USD').

Foreign currency transactions are translated to the presentation currency at exchange rates at the transaction dates.

Payment for goods and services rendered to Suppliers and Contractors shall be made in KZT and translated into the reporting currency of USD at exchange rate of Citibank Kazakhstan JSC at the date of conversion.

Payroll expenses of the Project staff and remuneration of national experts and consultants are charged in USD and paid in KZT at rate of the National Bank of Republic of Kazakhstan on the day of payment.

2.4. Taxes

CAREC - as indicated in Section 1.1 of the Statements - an independent, non-commercial and non-political entity of international character (legal form - Institution). According to the Charter, CAREC is intended to promote cooperation in solving environmental problems in Central Asia at the national and regional levels between non-governmental agencies, local government authorities, and any other interested parties in order to develop free exchange of information, provide assistance to non-governmental environmental entities and other interested parties, increase public participation in the decision-making process.

Based on the Agreement "On operating conditions of the Regional Environmental Centre for Central Asia", ratified by the Law of the Republic of Kazakhstan No. 69-11 dated 5 July 2000, paragraph 4, article 7: *The Centre for activities carried out within the framework of this Agreement and the Charter shall be exempt from all taxes, fees and other mandatory payments to the budget established by the legislation of the Republic of Kazakhstan; customs duties and restrictions on import and export in respect of items imported and exported by the Centre for official use and in respect of its publications.*

CAREC is not a VAT payer, the allocation of VAT on a separate line is not provided by the accounting (there is no dedicated account for VAT).

In connection with the above, all expenses under the Project presented in financial statements of the Project are VAT inclusive.

2.5. Budget

Initial expense budget of the CAMP4ASB Project was drawn up and approved by the World Bank on 07 September 2016 in total amount of expenses of USD 15 000 thousand, including for Component 1 - in the amount of USD 12,487 thousand and for Component 3, subcomponent 3.1 - in the amount of USD 2,513 thousand, which were distributed for the entire period of the Agreement (five years). Under Component 1, Administrative Expenses were set at 7%, or USD 874,090, agreed with the World Bank as non-audited expenses

NOTES TO THE FINANCIAL STATEMENTS for the years ended 31 December 2016 and 31 December 2018

(USD)

2. KEY ACCOUNTING POLICIES (continued)

Subsequently, the World Bank informed that administrative expenses for the Project in the form of 7% cannot be covered by the bank, work was carried out to revise budget for the entire period of the Project implementation, as well as reclassification of these expenses (Note 7).

New updated expense budget for the Project expenses was agreed and approved by the World Bank in May 2018 (Attachment 2 to the Statements).

3. CONSOLIDATED STATEMENTS OF EXPENDITURE (SOE)

Applicati on No.	Date of cash receipt	Amount of proceed	Approval date of expenditure	Data according to SOE	Comments
5	08.01.2018	267,796	-	-	(2017 год)
6	03.03.2018	432,204	27.02.2018	430,714	SOE 06, 06a
7	30.07.2018	389,623	11.07.2018	389,623	SOE 07
8	11.12.2018	328,423	30.11.2018	328,423	SOE 08
		1,418,046		1,148,759	

The variance between applications in 2018 in the amount of USD 1,418,046 and actual expenditure reported in statement of expenditure (SOE) submitted to the World Bank in amount of USD 1,148,759 arose as a result of receiving funds under the Consolidated Statement of Expenditure (SOE 05) for 2017 in January 2018.

4. CASH

According to the terms of the Operating Agreement, CAREC opened a Special Account for financing the Project implementation in Citibank Kazakhstan JSC:

- KZ7083201D0500032151, in USD.

Cash balances as at December 31 and the movement of funds of the Project on a special account for the year ended December 31, 2018 are as follows:

	2018	2017
Balance as of January 01	2,004	46,838
PROCEEDS		
Replenishment Grant No. D094-7C	1,418,046	1,115,970
	1,418,046	1,115,970
EXPENSES		
Prepaid expenses	1,221,078	967,402
Administrative expenses of CAREC	-	193,402
Net amount of expenses (income) from changes in foreign currency exchange rates	(1,086)	-
	1,219,992	1,160,804
Balance on December 31	200,058	2,004
Including denominated:		
in US dollars	200,058	2,004
	-	-

NOTES TO THE FINANCIAL STATEMENTS for the years ended 31 December 2016 and 31 December 2018

(USD)

5. STATEMENT OF FINANCIAL POSITION

Statement of financial position discloses assets, liabilities and net assets of the Project as at 31 December 2016 and as at 31 December 2017 and 31 December 2018. This statement has been prepared on an accrual basis.

Item	31.12.2018	31.12.2017
ASSETS		
Cash	200,058	2,004
Advances paid*	58,523	27,884
Total assets	258,581	29,888
LIABILITIES		
Accounts payable**	5,537	-
Total liabilities	5,537	-
NET ASSETS		
Income (on an accrual basis)		
Grant No. D094-7C	2,806,293	1,388,247
Total income	2,806,293	1,388,247
Expenses (cumulative)		
Component 1. Regional Climate Knowledge Services	1,316,676	600,173
Subcomponent 3.1: Regional Coordination	1,237,659	758,186
Total Project expenses	2,554,336	1,358,359
Net amount of expenses (income) from changes in foreign currency exchange rates	(1,086)	-
Total net assets	253,044	29,888

(*) Advances paid are represented by advances paid to the Suppliers for supply of inventory, works and services under Component 1 of the Project in the amount of USD 58,523.

(**) Accounts payable are represented by expenses on advance reports for December 2018: for the work and services performed under Component 1 of the Project in the amount of USD 2,847, as well as for PPE (Property, Plant and Equipment) and services purchased under Component 3.1 of the Project in the amount of USD 2,690.

6. PROJECT EXPENSES

a. Project expenses financed by the Grant for 2017 and 2018.

- 2017

Categories of expenditures	2017	Cumulative at 31 December 2017 *
Works under civil contracts, goods, non-consulting services, consulting services, additional operating costs and training on the Project under implementation of Component 1	427,028	626,449
Goods, non-consulting services, consulting services, additional operating costs and training on the Project under implementation of Subcomponent 3.1	540,374	759,794
TOTAL	967,402	1,386,243

'Climate Adaptation and Mitigation Program for Aral Sea Basin' Project (CAMP4ASB) financed under the Financing Agreement, grant D094-7C

NOTES TO THE FINANCIAL STATEMENTS for the years ended 31 December 2016 and 31 December 2018

(USD)

6. PROJECT EXPENSES (continued)

(*) Administrative expenses of CAREC for 2016-2107 (non-audited) were reclassified and recorded in cumulative expenses as of 31.12.2017 (Note 7).

- 2018

Categories of expenditures	2018	Cumulative at 31 December 2018
Works under civil contracts, goods, non-consulting services, consulting services, additional operating costs and training on the Project under implementation of Component 1	745,903	1,372,352
Goods, non-consulting services, consulting services, additional operating costs and training on the Project under implementation of Subcomponent 3.1	475,175	1,234,969
TOTAL	1,221,078	2,607,321

b. Implementation of expense budget of the Project for 2017 and 2018 is as follows:

- 2017

Categories of expenditures	Cumulative at 31 December 2017*	Expense budget	Budget implementation
Works under civil contracts, goods, non-consulting services, consulting services, additional operating costs and training on the Project under implementation of Component 1	626,449	410,467	152.6%
Goods, non-consulting services, consulting services, additional operating costs and training on the Project under implementation of Subcomponent 3.1	759,794	658,110	115.5%
TOTAL	1,386,243	1,068,577	129.7%

- 2018

Categories of expenditures	Cumulative at 31 December 2018	Expense budget	Budget implementation
Works under civil contracts, goods, non-consulting services, consulting services, additional operating costs and training on the Project under implementation of Component 1	1,372,352	4,499,767	30%
Goods, non-consulting services, consulting services, additional operating costs and training on the Project under implementation of Subcomponent 3.1	1,234,969	1,197,525	103%
TOTAL	2,607,321	5,697,292	46%

The deviations between budget and actual Project expenses were due to the revised budget in respect of circumstances set out in section 2.5 of the Statements and reclassification of administrative expenses (Note 7).

7. ADMINISTRATIVE EXPENSES OF CAREC

These expenses are recorded in the cumulative expenses of the project as of December 31, 2017 by Components (Attachment 2).

8. PROPERTY, PLANT AND EQUIPMENT (PPE) AND INTANGIBLE ASSETS

Name	Balance on 31.12.2017	Proceed	Disposal	Balance on 31.12.2018
Office equipment	21,010	3,033	-	24,043
Office furniture	376	682	-	1,058
1C Accounting	-	229	-	229
Total	21,386	3,944	-	25,330

9. SUBSEQUENT EVENTS

10. LITIGATIONS

11. DATE OF ISSUE

Regional Environmental Centre
for Central Asia CAREC

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'Climate Adaptation and Mitigation Program for Aral Sea Basin' Project (CAMP4ASB) financed under the Financing Agreement, grant D094-7C

NOTES TO THE FINANCIAL STATEMENTS for the years ended 31 December 2016 and 31 December 2018

(USD)

Attachment 1.

Reconciliation between the Amounts Confirmed by CAREC and Paid by the World Bank for 2018

Categories of expenditures	Application for withdrawal	Data of CAREC	Data of the World Bank	Deviations
Construction works, goods, non-	05	267,796	267,796	-
consulting services, consulting	06	432,204	432,204	-
services, additional operating costs	07	389,623	389,623	-
and training on the Project	08	328,423	328,423	-
Total		1,418,046	1,418,046	-

'Climate Adaptation and Mitigation Program for Aral Sea Basin' Project (CAMP4ASB) financed under the Financing Agreement, grant D094-7C

NOTES TO THE FINANCIAL STATEMENTS for the years ended 31 December 2016 and 31 December 2018

(USD)

Attachment 2.

Reclassification of CAREC administrative expenses for 2016-2017

US dollars	Project's cost		
	2016 - 2017 before reclassification	Reclassification of administrative expenses	2016 -2017 after reclassification
Project expenses			
Component 1 Regional Climate Knowledge Services			
Subcomponent 1.1 Creating an Information Platform for Central Asia	104,491	15,785	120,276
Subcomponent 1.2 Target Modernization of Climate Observing Systems	8	3,284	3,291
Subcomponent 1.3 Development of methodologies, approaches and tools to facilitate decision making	146,787	18,474	165,262
Subcomponent 1.4 Information Product Development	17,003	16,763	33,766
Subcomponent 1.5 Capacity Building	17,860	1,913	19,773
Subcomponent 1.6 Implementing a climate investment assessment mechanism	22,172	4,674	26,846
Subcomponent 1.7 Educational Outreach	143,514	113,722	257,235
Total for component 1	451,835	174,614	626,449
Component 3:			
Subcomponent 3.1: Regional Coordination	666,027	93,767	759,794
Total for component 3	666,027	93,767	759,794
Total Project expenses	1,117,862	268,381	1,386,243
CAREC Administrative expenses for 2016-2017	268,381	(268,381)	-
Total Project expenses	1,386,243	-	1,386,243

NOTES TO THE FINANCIAL STATEMENTS for the years ended 31 December 2016 and 31 December 2018

(USD)

Attachment 3.

Budget for CAMP4ASB Project approved by the World Bank in May 2018

Components, subcomponents	2016	2017	2018	2019	2020	2021	Total
Subcomponent 1.1 Establishment of information platform for CA	647	103,844	70,000	898,447	898,445	428,617	2,400,000
Subcomponent 1.2 Target upgrade of climate-related monitoring systems	8	-	2,616,800	1,683,192	-	-	4,300,000
Subcomponent 1.3 Development of methodologies, approaches and tools to support decision making	8,702	138,085	172,200	459,200	187,570	34,243	1,000,000
Subcomponent 1.4 Development of information products	10,539	4,096	252,600	497,746	352,146	182,873	1,300,000
Subcomponent 1.5 Capacity building	-	17,860	214,200	431,200	597,056	239,684	1,500,000
Subcomponent 1.6 Implementation of a mechanism to assess climate investments	-	21,699	76,000	123,720	123,720	41,861	387,000
Subcomponent 1.7 Educational outreach activity	474	104,513	687,500	422,308	385,205	-	1,600,000
Total for Component 1	20,370	390,097	4,089,300	4,515,813	2,544,142	927,278	12,487,000
including: Administrative expenses	19,267	-	-	-	-	-	-
Component 3: 'Regional and National Coordination'	130,090	528,020	539,415	573,394	559,910	182,171	2,513,000
Total for Project	150,460	918,117	4,628,715	5,089,207	3,104,052	1,109,449	15,000,000