



Climate Adaptation and Mitigation Program for the Aral Sea Basin
Project Financed Under Financing Agreement, Grant No. D094-7C
dated 1 July 2016, Grant No. TF0B5998 dated 18 August 2021
made between the Executive Committee of the International
Fund for Saving the Aral Sea and the International Development
Association

Financial Statements for the Year Ended 31 December 2022 and
Independent Auditor's Report

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Management's statement of responsibilities for

the preparation and approval of the financial statements for the year ended 31 December 2022

The following statement, which should be read in conjunction with the Independent Auditor's Report, is made to delineate the responsibilities of the management and the auditor with respect to the financial statements of the Central Asia Regional Environmental Centre ('CAREC').

Management of the Central Asia Regional Environmental Centre ('CAREC') is responsible for preparation of the financial statements by Regional Components of 'Climate Adaptation and Mitigation Program for the Aral Sea Basin' Project (CAMP4ASB) (the 'Project') financed under the Financing Agreement (Grant No. D094-7C, Grant No. TF0B5998) made between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association dated 1 July 2016 (the 'Agreement'), and in accordance with the 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 Central Asia Regional Environmental Centre 'CAREC' dated 25 July 2016, that fairly presents cash receipts and disbursements under the Project, expenditure by components for 2022, financial position of the Project as at 31 December 2022 in accordance with International Public Sector Accounting Standards (IPSAS) 'Financial Reporting under the Cash Basis of Accounting' issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank requirements for financial statements preparation.

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

- Selecting and applying appropriate accounting policies
- Relevant, reliable, comparable and understandable disclosure including accounting policies
- Provision of additional required disclosures for the year ended 31 December 2022.

CAREC management is also responsible for:

- Designing, implementing and maintaining reliable internal controls within the course of the Project implementation
- Record keeping that allows for the disclosure of the Project's transactions and ensuring the financial statements comply with the International Public Sector Accounting Standard (IPSAS) 'Financial Reporting under the Cash Basis of Accounting' issued by the International Federation of Accountants (IFAC) and the Financing Agreement, Grant No. D094-7C, Grant No. TF0B5998 between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association
- Taking all reasonable efforts within its competence to ensure the safety of the Project's assets, and confirming that the funds received under the Financing Agreement, Grant No. D094-7C, Grant No. TF0B5998 made between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association signed on 1 July 2016 were spent with due diligence to cost-effectiveness and economic efficiency and only for the intended purposes
- Fraud and abuse detection and prevention.

The accompanying financial statements for the year ended 31 December 2022 were approved by 'CAREC' management on 29 June 2023.

Zafar Makhmudov
'CAREC' Executive Director

Almaty, the Republic of Kazakhstan
29 June 2023





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INDEPENDENT AUDITOR'S REPORT

To Management of 'Climate Adaptation and Mitigation Program for the Aral Sea Basin' Project (CAMP4ASB) financed under the Financing Agreement, Grant No. D094-7C dated 1 July 2016, Grant No. TF0B5998 dated 18 August 2021

Opinion

We conducted our audit of the accompanying financial statements of the 'Climate Adaptation and Mitigation Program for the Aral Sea Basin' Project (CAMP4ASB) financed under the Financing Agreement (Grant No. D094-7C dated 1 July 2016, Grant No. TF0B5998 dated 18 August 2021) made between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association dated 1 July 2016 (the 'Project') and implemented by the Central Asia Regional Environmental Centre 'CAREC' ('CAREC') in accordance with the 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 Central Asia Regional Environmental Centre 'CAREC' dated 25 July 2016 comprising statement of cash receipts and disbursements for the year ended 31 December 2022, the statement of expenditure by components for the year ended 31 December 2022 and notes including the summary of significant accounting policies and other explanatory notes (the 'financial statements').

In our opinion:

1. The accompanying financial statements present fairly, in all material respects, cash receipts and disbursements of the Project for the year ended 31 December 2022, in accordance with International Public Sector Accounting Standard (IPSAS) 'Financial Reporting under the Cash Basis of Accounting' issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants and requirements for the preparation of the financial statements under the Financing Agreement (Grant No. D094-7C, Grant No. TF0B5998) made between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association, the 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 Central Asia Regional Environmental Centre 'CAREC' dated 25 July 2016 and the Project Operational Manual (for Regional Components of the Project) dated 2 August 2016.
2. All external funds under the Financing Agreement were spent with due diligence to cost-effectiveness and economic efficiency and only for the intended purposes.
3. All the necessary supporting records and allocated account are being maintained in respect of all Project activities, including expenses under the Statements of Expenditure (SOE). SOEs for the period correspond with the records.
4. The allocated account is being maintained in accordance with the Financing Agreement, Operating Agreement and the World Bank related guidelines.
5. Goods, works and services have been procured in accordance with the Financing Agreement and special provisions of the World Bank Procurement Guidelines.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in Kazakhstan, 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.

Товарищество с ограниченной ответственностью "BDO Qazaqstan", зарегистрированное в соответствии с законодательством Республики Казахстан, является участником международного объединения BDO International Limited, британского общества с ответственностью, ограниченной гарантией его участников, и является частью международной сети независимых компаний BDO.

BDO Qazaqstan, a limited liability partnership, registered under the laws of the Republic of Kazakhstan, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Special Considerations - Basis of Accounting

We draw attention to Note 2 of these financial statements describing the accounting principles. 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 consequence, these financial statements may not be suitable for the other purpose. We do not express a modified opinion on this matter.

Responsibilities of Management for the Financial Statements

Project management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standard (IPSAS) 'Financial Reporting under the Cash Basis of Accounting' issued by the International Public Sector Accounting Standards Board (IPSASB) of the IFAC, and in accordance with Grant Agreement No. D094-7C dated 1 July 2016 and Grant No. TF0B5998 dated 18 August 2021 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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 presentation of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 Project'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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance in CAREC 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.

BDO Qazaqstan LLP
State License for Audit No. 21012748
issued by the Committee for Internal State Audit of the Ministry of Finance
of the Republic of Kazakhstan on 19 March 2021

Almaty, the Republic of Kazakhstan
29 June 2023


B.K. Akhmetova
Auditor Qualifying Certificate No. 0000714
issued by the Qualification Commission for
Certification of Auditors of the RK dated 10 January 2019


R.M. Rakhimbaev
BDO Qazaqstan LLP Director

Climate Adaptation and Mitigation Program for the Aral Sea Basin Project (CAMP4ASB)
 Financed Under Financing Agreement, Grant No. D094-7C dated 1 July 2016, Grant No. TF0B5998 dated 18 August 2021

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2022 Grant No. D094-7C
 (US dollars)

	Note	Disbursed As of 31.12.2022 Cumulative as of 31.12.2022	Budget As of 31.12.2022 Cumulative as of 31.12.2022	Deviation As of 31.12.2022 Cumulative as of 31.12.2022
Project cash as of 1 January		557,533	-	
Receipts				
Grant No. D094-7C	4	523,972	-	
Total receipts under the Project		523,972	-	
Project expenditures				
Component 1: Regional services in the area of climate knowledge				
Civil contract work, goods, non-advisory and advisory services, incremental production costs and training under the Project	6	(500,455)	(12,246,375)	4,630
Component 3: Subcomponent 3.1: Regional level coordination				
Goods, non-advisory and advisory services, incremental production costs and training under the Project	6	(166,941)	(2,345,664)	(4,154)
Total expenditures and payments under the Project		(667,396)	(14,592,039)	476
Foreign exchange gain, net		(155,404)		(155,404)
Advance payment		(822,800)		(154,928)
Total expenditures and payments		258,705		(150,553)
Project cash as of 31 December	4	253,197		

Approved by Project management 29 June 2023:

Zafar Makhmudov

CAREC Executive Director

Dilovarsho Dustzoda

Acting Project Manager

Oqil Shirinov

CAREC Financial Administrative Manager

Notes on pages 10-18 are an integral part of these financial statements.

Climate Adaptation and Mitigation Program for the Aral Sea Basin Project (CAMP4ASB)
 Financed Under Financing Agreement, Grant No. D094-7C dated 1 July 2016, Grant No. TF0B5998 dated 18 August 2021

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2022 Grant No TF0B5998
 (US dollars)

	Note	Disbursed As of 31.12.2022 Cumulative as of 31.12.2022	Budget As of 31.12.2022 Cumulative as of 31.12.2022	Deviation As of 31.12.2022 Cumulative as of 31.12.2022
Project cash as of 1 January		-		
Receipts				
Grant No. TF0B5998	4	222,986		
Total receipts under the Project		222,986		
Project expenditures				
Component 1: Regional services in the area of climate knowledge				
Civil contract work, goods, non-advisory and advisory services, incremental production costs and training under the Project	6	(164,306)	(338,800)	174,494
Component 3: Subcomponent 3.1: Regional level coordination				
Goods, non-advisory and advisory services, incremental production costs and training under the Project	6	(12,392)	(41,379)	28,987
Total expenditures and payments under the Project		(176,698)	(380,179)	28,987
Foreign exchange gain, net		-	-	-
Advance payment		(7,270)	-	(7,270)
Total expenditures and payments		(183,968)	(380,179)	(196,211)
Project cash as of 31 December	4	39,018		(196,211)

Approved by Project management on 29 June 2023:

Zafar Makhmudov

CAREC Executive Director

Dilovarshe Dustzoda

Acting Project Manager

Oqil Shirinov

CAREC Financial Administrative Manager

Notes on pages 10-18 are an integral part of these financial statements.

Climate Adaptation and Mitigation Program for the Aral Sea Basin Project (CAMP4ASB)
 Financed under Financing Agreement, Grant No. D094-7C dated 1 July 2016, Grant No. TF0B5998 dated 18 August 2021

STATEMENT OF EXPENDITURE BY COMPONENTS
 FOR THE YEAR ENDED 31 DECEMBER 2022 Grant No. D094-7C
 (US dollars)

Components	Disbursed		Budget		Deviation	
	As of 31.12.2022	Cumulative as of 31.12.2022	As of 31.12.2022	Cumulative as of 31.12.2022	As of 31.12.2022	Cumulative as of 31.12.2022
Component 1: Regional services in the area of climate knowledge						
1.1 Establishing information platform for Central Asia	204,891	2,230,308	208,389	2,227,602	(3,498)	2,706
1.2 Targeted modernization of observing systems for climate	14,821	4,269,397	15,017	4,271,613	(196)	(2,216)
1.3 Development of methodologies, approaches and tools to support decision making	93,325	1,014,241	93,325	1,014,240	-	1
1.4 Development of information products	97,416	1,217,845	97,416	1,222,535	-	(4,690)
1.5 Capacity building	59,085	1,429,603	59,084	1,428,878	1	725
1.6 Implementation of climate investment assessment mechanism	-	391,280	-	391,386	-	(106)
1.7 Outreach activities	30,917	1,689,254	31,853	1,690,120	(936)	(866)
Component 3:						
Subcomponent 3.1: Regional level coordination						
TOTAL	500,455	12,241,928	505,084	12,246,374	(4,629)	(4,446)
	166,941	2,345,260	162,787	2,345,664	4,154	(404)
	667,396	14,587,188	667,871	14,592,038	(475)	(4,850)

Approved by Project Management on 29 June 2023:

Zafar Makhmudov

CAREC Executive Director

Dilovarshe Duzdoda

Acting Project Manager

Oqil Shirinlov

CAREC Financial Administrative Manager

Notes on pages 10-18 are an integral part of these financial statements.

Climate Adaptation and Mitigation Program for the Aral Sea Basin Project (CAMP4ASB)
Financed Under Financing Agreement, Grant No. D094-7C dated 1 July 2016, Grant No. TFOB5998 dated 18 August 2021

STATEMENT OF EXPENDITURE BY COMPONENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 Grant No. TFOB5998
(US dollars)

Components	Disbursed		Budget		Deviation	
	As of 31.12.2022	Cumulative as of 31.12.2022	As of 31.12.2022	Cumulative as of 31.12.2022	As of 31.12.2022	Cumulative as of 31.12.2022
Component 1: Regional services in the area of climate knowledge						
1.1 Establishing information platform for Central Asia	77,193	77,193	158,800	158,800	(81,607)	(81,607)
1.2 Targeted modernization of observing systems for climate	87,113	87,113	180,000	180,000	(92,887)	(92,887)
	164,306	164,306	338,800	338,800	(174,494)	(174,494)
Component 3:						
Subcomponent 3.1: Regional level coordination	12,392	12,392	41,379	41,379	(28,987)	(28,987)
TOTAL	176,698	176,698	380,179	380,179	(203,481)	(203,481)

Approved by Project management on 29 June 2023:


Zafar Makhmudov
CAREC Executive Director


Dilorvarsho Dustzoda
Acting Project Manager


Oqil Shirinov
CAREC Financial Administrative Manager

Notes on pages 10-18 are an integral part of these financial statements.

1. PROJECT BACKGROUND

1.1. CAMP4ASB Project

Financing Agreement, Grant No. D094-7C (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 (the 'Association') was signed on 1 July 2016 (the 'Project Date'). Under the Agreement, the International Development Association provides 10,700,000 (ten million seven hundred thousand) of Special Drawing Rights (SDRs) or 15,000,000 (fifteen million) US dollars equivalent (the 'Grant') for the implementation of 'Climate Adaptation and Mitigation Program for the Aral Sea Basin' Project (CAMP4ASB) (the 'Project'). Initially, the Agreement provided for the financing of expenditure without VAT.

In line with the World Bank letter dated 13 February 2019, the Agreement had been amended. The amendment states that the Project is 100%-financed including VAT.

On October 19, 2021, the Operating Agreement (hereinafter referred to as the "Agreement") was signed, Grant No. TFOB5998, concluded between the Executive Committee of the International Fund for Saving the Aral Sea (hereinafter referred to as "EC-IFAS") and the CAREC Regional Environmental Center for Central Asia, because in accordance with Funding Agreement between EC-IFAS and the International Development Association (hereinafter referred to as "IDA") dated August 18, 2021 (Project Start Date), which provides additional Grant No. TFOB5998 to EC-IFAS to finance Component 1 and Subcomponent 3.1 of the Project Climate Change Adaptation and Mitigation in the Aral Sea Basin (CAMP4ASB) (hereinafter referred to as the Project). Under the terms of the Agreement, the International Development Association provides a grant in the amount equivalent to 1,000,000 (one million) US dollars (hereinafter referred to as the "Grant") for the implementation of the Aral Sea Basin Climate Change Adaptation and Mitigation Program Project (CAMP4ASB) (hereinafter referred to as the "Project").

The Recipient, through the Operating Agreement made with the Central Asia Regional Environmental Centre 'CAREC', commits the Regional Coordination Unit (RCU) established under CAREC to be responsible for the 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.

Cash under the Grant are withdrawn in US dollars, and payments are made in US dollars and Kazakhstan tenge.

Project completion date is 31 May 2024.

The Central Asia Regional Environmental Centre (CAREC) is a legal entity operating under the laws of the Republic of Kazakhstan and is an independent, non-profit and non-political entity with a global reach intended for promoting cooperation in solving environmental issues of Central Asia at the national and regional levels.

Under the Charter, CAREC Founders are:

- Republic of Kazakhstan
- Republic of Kyrgyzstan
- Republic of Tajikistan
- Turkmenistan
- Republic of Uzbekistan
- Commission of the European Communities
- United Nations Development Project (UNDP).

1.2. Project Objectives

The Project is intended to enhance regionally coordinated access to improved climate change knowledge services for key stakeholders (e.g. decision-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 change issues common to these countries.

The Project's components are:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)
(in US dollars)

Component 1: Regional services in the area of climate knowledge

To develop a unified regional analytical platform for low-emissions climate sustainable development in Central Asia through:

- (a) Establishment of the regional information platform for Central Asia by technical assistance, goods (including software and equipment), advisory services, training and minor civil works
- (b) Targeted upgrades of climate observing systems for Member States;
- (c) Development of methodologies, approaches and tools to support climate-related decision making support
- (d) Development of knowledge bases on the products, such as specialized analytical work available via, inter alia, web portals, mobile applications, publications
- (e) Capacity building through regional training, e-learning events, internships and study tours
- (f) Setting up a Climate Investment Assessment Mechanism implemented under Subcomponent 2.1 below including through the 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 change knowledge forums and networks, to support knowledge dissemination, public outreach and associations setting up.

Component 2: Regional fund of climate investment

Subcomponent 2.1: Investment financing

Improvement of performance and addressing climate change problems by taking climate-resilient measures and actions to mitigate the consequences in the area of agriculture, land resource management and other activities through opening and operating credit facilities for financing the Participating Financial Institutions (PFIs) through subsidiary loans, sub-loans to sub-borrowers for sub-projects implementation 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 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 assessment of climate investment proposals.

Component 3: Regional and national level coordination

Subcomponent 3.1: Regional level coordination

CAREC being the Regional Coordination Unit (RCU) will implement the Project's Component 1 on the regional level, including procurement, disbursements, financial management, Project monitoring and assessment of project implementation, as well as incremental operating costs.

Sub-component 3.2: National level coordination

Project management support to the National Coordination Units in Component 2 implementation, including procurement, disbursements, financial management, Project monitoring and assessment of project implementation, as well as incremental operating costs.

CAREC is responsible for Component 1 and Subcomponent 3.2 implementation by coordinating and supporting the Project at a regional level.

Component 2 and Subcomponent 3.2 are implemented by the Participating Countries (in particular, Tajikistan and Uzbekistan) engaged in local climate investments and capacity building.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

(US dollars)

1.3. Project implementation

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

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

- (i) CAREC shall report to the Recipient during operational management and Project's Component 1 implementation;
- (ii) CAREC shall establish a Regional Coordination Group (the 'RCU') for the Project lifetime responsible for Project's Component 1 daily management and implementation including coordination with each National Coordination Unit at the larger project activities level and in full compliance with the Project Operational Manual, Operating Agreement and Anti-Corruption Guide;
- (iii) CAREC shall ensure that the Chief Accountant is generally responsible for financial management and disbursement supported by financial management expert;
- (iv) CAREC shall: (a) sign the accounting software installation and implementation contract for the software appropriate for the Association and intended for the Project accounting, budgeting and reporting; and (b) train the accounting staff on how to use effectively the new software;
- (v) CAREC undertakes that RCU shall be located and shall operate in Almaty, the Republic of Kazakhstan, during the Project lifetime, all under the Project Operational Manual and the Operating Agreement.

1.4. Expenditure

The Financing Agreement provides for the following categories of expenditures: civil contract works, goods, non-advisory and advisory services, incremental operating cost and training under the Project.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Financial statements preparation and presentation

The financial statements have been prepared in accordance with International Public Sector Accounting Standard (IPSAS) 'Financial Reporting under the Cash Basis of Accounting' issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants and requirements for the preparation of the financial statements under the Financing Agreement (Grant No. D094-7C, Grant No TF0B5998) made between the Executive Committee of the International Fund for Saving the Aral Sea and the International Development Association, the Operating Agreement on Implementation of the Regional Components of the Project made between the Executive Committee of the International Fund for Saving the Aral Sea and the Central Asia Regional Environmental Centre 'CAREC' dated 25 July 2016 and the Project Operational Manual (for Regional Components of the Project) dated 2 August 2016.

The accounting policies described below have been consistently applied in all the reporting periods presented in these financial statements.

2.2. Grant cash flows

Financial statements of the Project consist of the statement of receipts and disbursements for the year ended 31 December 2022, and statements of expenditure by components for the year ended 31 December 2022 (statement of cash flows) by direct method disclosing major cash receipts and disbursements.

2.3. Presentation currency

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

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

Goods and services provided to suppliers and contractors are paid in the tenge and translated into currency of presentation of the financial statements - US dollars - at the exchange rate established by Citibank Kazakhstan JSC at the source documentation issue date.

Project staff salary costs and national experts and consultants' remuneration are charged and accrued in the US dollars and paid in the Kazakhstan tenge at the rate of the National Bank of the Republic of Kazakhstan at the payment date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)
(US dollars)

2.4. Taxes

In line with section 1.1 of the Auditor's Report CAREC is an independent, non-commercial and non-political entity with a global reach incorporated as an Establishment. In line with the Charter, CAREC's mission is to assist in solving environmental problems in the Central Asia through the promotion of cooperation at national and regional level among NGOs, local governments and all other parties concerned to develop a free exchange of information, offer assistance to all environmental NGOs and other parties concerned and increase public participation in the decision-making process.

Based on the Agreement 'On the Central Asia Regional Environmental Centre Operation' ratified by Law of the Republic of Kazakhstan No. 69-11 dated 5 July 2000, paragraph 4, article 7: 'the Centre operating in line with this Agreement and the Charter shall be exempt from all taxes, fees and other governmental charges 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 Centre publications'.

CAREC is not a VAT-payer. VAT is not recorded in a separate line (no VAT dedicated account).

Therefore, all Project expenditures presented in the Project financial statements include VAT.

2.5. Budget

Initial CAMP4ASB Project budget drawn up and approved by the World Bank on 7 September 2016 equalled 15,000,000 US dollars of which 12,468,908 US dollars were allocated for Component 1 and 2,531,092 US dollars for Component 3, Subcomponent 3.1. The whole budget was distributed for the Agreement lifetime (five years).

As part of the funding of the CAMP4ASB Project, on August 18, 2021, the Association approved an additional Grant No. TFOB5998 in the amount of USD 1,000,000.

Every subsequent year planned but unspent expenditures of the past period are carried forward. Therefore, the Project budget is reviewed annually and approved by the World Bank. The revised Project budget was approved by the World Bank in 1 July 2016 (Attachment 2).

3. CONSOLIDATED STATEMENTS OF EXPENDITURE (SOE)

Grant No. D094-7C

Application No.	Receipt date	Received amount	Expenditure approval date	SOE-based data	Notes
34	30.03.2022	340,213	29.03.2022	340,213	
35	02.09.2022	183,759	01.09.2022	183,759	
		523,972		523,972	

Grant No. TFOB5998

Application No.	Receipt date	Received amount	Expenditure approval date	SOE-based data	Notes
1	01.07.2022	75,000	06.06.2022	75,000	Initial advance
2	27.10.2022	74,948	26.10.2022	74,946	
3	13.12.2022	73,038	08.12.2022	73,037	
		222,986		222,986	

A direct payment is not made to the training base, but it is accounted for as an expense of the company and is reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

(US dollars)
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4. CASH

According to the Operating Agreement, CAREC opened an allocated account in Citibank Kazakhstan JSC for Project implementation receipts:

- No. KZ7083201D0500032151 (US dollars)
- No KZ0783201D0500032024 (US dollars)

Project cash balances as of 31 December and cash flows of the allocated account for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
Grant No D094-7C		
Balance as of 1 January	557,533	403,883
RECEIPTS		
Replenishment - Grant No. D094-7C	523,972	4,756,122
	523,972	4,756,122
EXPENDITURE		
Amount paid	(667,396)	(4,602,472)
Prepayments made	(155,404)	-
Foreign exchange gain, net	-	-
Total	(822,800)	(4,602,472)
Balance as at 31 December	258,705	557,533
Including denominated in:		
US dollar		557,533
Grant No TF0B5998		
Balance as of 1 January	-	-
RECEIPTS		
Replenishment - Grant No. TF0B5998	222,986	-
	222,986	-
EXPENDITURE		
Amount paid	(176,698)	-
Prepayments made	(7,270)	-
Foreign exchange gain, n	-	-
Total	(183,968)	-
Balance as at 31 December	39,018	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)
(US dollars)

5. STATEMENT OF FINANCIAL POSITION

Statement of financial position discloses assets, liabilities and net assets of the Project as of 31 December 2022 and 2021. This statement has been prepared on an accrual basis.

Grant No. D094-7C

Items	Note	31.12.2022	31.12.2021
ASSETS			
Cash	4	258,705	557,533
Total assets		258,705	557,533
LIABILITIES			
Accounts payable*		-	-
Total liabilities		-	-
NET ASSETS			
Income (cumulative total)		258,705	557,533
Grant No. D094-7C	4	14,995,789	14,471,817
Total income		14,995,789	14,471,817
Expenses (cumulative total)		(12,241,928)	(11,741,473)
Component 1. Regional services in the area of climate knowledge		(2,345,260)	(2,178,319)
Subcomponent 3.1: Regional level coordination		(14,587,188)	(13,919,792)
Total expenses		(14,587,188)	(13,919,792)
Foreign exchange gain, net		(5,508)	-
Advances paid		(155,404)	-
NET ASSETS		258,705	557,533

Grant No. TF0B5998

Items	Note	31.12.2022	31.12.2021
ASSETS			
Cash	4	39,018	-
Total assets		39,018	-
LIABILITIES			
Accounts payable*		-	-
Total liabilities		-	-
NET ASSETS			
Income (cumulative total)		39,018	-
Grant No. TF0B5998	4	222,986	-
Total income		222,986	-
Expenses (cumulative total)		(164,306)	-
Component 1. Regional services in the area of climate knowledge		(12,392)	-
Subcomponent 3.1: Regional level coordination		(176,698)	-
Total expenses		(176,698)	-
Foreign exchange gain, net		-	-
Advances paid		(7,270)	-
NET ASSETS		39,018	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

6. PROJECT EXPENDITURES

a. Expenditures under the Project funded by the Grant No D094-7C for 2022 and 2021

• 2022

Expenditure	The year ended 31/12/2022	Cumulative as of 31 December 2022
Civil contract work, goods, non-advisory and advisory services, incremental production costs and training under the Project within Component 1 implementation	(500,455)	(12,241,928)
Goods, non-advisory and advisory services, incremental production costs and training under the Project within Sub-component 3.1 implementation		
	(166,941)	(2,345,260)
TOTAL	(667,396)	(14,587,188)

• 2021

Expenditure	The year ended 31/12/2021	Cumulative as of 31 December 2021
Civil contract work, goods, non-advisory and advisory services, incremental production costs and training under the Project within Component 1 implementation	(4,456,900)	(11,741,473)
Goods, non-advisory and advisory services, incremental production costs and training under the Project within Sub-component 3.1 implementation		
	(145,572)	(2,178,319)
TOTAL	(4,602,472)	(13,919,792)

b. Project budget for 2022 and 2021 was performed as follows:

• 2022

Expenditure	Cumulative as of 31 December 2022	Budget for expenditure	Budget implementation
Civil contract work, goods, non-advisory and advisory services, incremental production costs and training under the Project within Component 1 implementation	(12,241,928)	(12,487,000)	98%
Goods, non-advisory and advisory services, incremental production costs and training under the Project within Sub-component 3.1 implementation	(2,345,260)	(2,513,000)	93%
TOTAL	(14,587,188)	(15,000,000)	96%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

(US dollars)

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Expenditure	Cumulative as of 31 December 2021	Budget for expenditure	Budget implementation
Civil contract work, goods, non-advisory and advisory services, incremental production costs and training under the Project within Component 1 implementation			
	(11,741,473)	(11,995,900)	98%
Goods, non-advisory and advisory services, incremental production costs and training under the Project within Sub-component 3.1 implementation	(2,178,319)	(2,222,476)	98%
TOTAL	(13,919,792)	(14,218,376)	98%

a. Expenditures under the Project funded by the Grant No TF0B5998 for 2022 and 2021

• 2022

Expenditure	The year ended 31/12/2022	Cumulative as of 31 December 2022
Civil contract work, goods, non-advisory and advisory services, incremental production costs and training under the Project within Component 1 implementation		
	(164,306)	(164,306)
Goods, non-advisory and advisory services, incremental production costs and training under the Project within Sub-component 3.1 implementation		
	(12,392)	(12,392)
TOTAL	(176,698)	(176,698)

b. Project budget for 2022 and 2021 was performed as follows:

• 2022

Expenditure	Cumulative as of 31.12.2022	Budget for expenditure	Budget implementation
Civil contract work, goods, non-advisory and advisory services, incremental production costs and training under the Project within Component 1 implementation			
	(164,306)	(900,000)	18%
Goods, non-advisory and advisory services, incremental production costs and training under the Project within Sub-component 3.1 implementation			
	(12,392)	(100,000)	12%
TOTAL	(176,698)	(1,000,000)	15%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)
 (US dollars)

7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets of the Project No D094-7C are as follows:

Item	Balance as of 31.12.2021	Receipts	Disposal	Balance as of 31.12.2022
Office facilities	576,139	11,950	-	588,089
Office furniture	1,153	-	-	1,153
IC Accounting	2,383	149	-	2,532
Total	579,675	12,099	-	591,774

In 2022, within the framework of the project under Grant No. TF0B5998, there were no acquisitions of fixed assets, as well as intangible assets.

8. EVENTS AFTER THE REPORTING PERIOD

Between the reporting date and the date of approval of these financial statements for the issue, there were no other events that could affect these financial statements.

9. LITIGATIONS

There are no pending litigations brought by CAREC against the third parties or entities or by the third parties or entities against CAREC during the Project implementation and as of the date of approval of the financial statements.

10. FINANCIAL STATEMENTS ISSUE DATE

These financial statements have been authorised for issue on 29 June 2023 by the CAREC Executive Director.

Zafar Makhmudov

CAREC Executive Director



29 June 2023

ATTACHMENT 1

(US dollars)

Reconciliation between the amounts confirmed by CAREC and those disbursed by the World Bank for 2022

Expenditure	Withdrawal application	Data CAREC	World Bank data	Deviations
	34	340,213	340,213	-
Construction works, goods, non-	35	183,759	183,759	-
advisory and advisory services,	1	75,000	75,000	-
incremental production costs and	2	74,949	74,949	-
training under the Project	3	73,038	73,038	-
TOTAL		749,959	746,959	-

CAMP4ASB Project Budget approved by the World Bank on 1 July 2016

Grant No. D094-7C

Components, sub-components		2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Component 1. Regional services in the area of climate knowledge	Sub-component 1.1 Creating an information platform for Central Asia	647	119,629	4,089	386,926	639,000	860,977	208,389	124,549	48,812	2,393,018
	Sub-component 1.2 Focused development of climate observations systems	8	3,284	36,198	573,804	1,331,670	2,321,103	15,017	19,684	11,895	4,312,663
	Subcomponent 1.3 Development of methodologies, approaches and tools to facilitate decision making	8,702	156,559	55,509	44,075	491,600	248,500	93,325	(98,170)	-	1,000,000
	Subcomponent 1.4 Information products development	10,539	23,227	66,648	145,937	505,200	590,195	97,416	(138,942)	-	1,300,000
	Subcomponent 1.5 Capacity building	-	19,773	152,686	434,153	282,400	292,210	59,084	-	-	1,240,306
	Subcomponent 1.6 Implementing a climate investment assessment mechanism	-	26,846	60,776	184,076	114,500	-	-	-	-	386,198
	Subcomponent 1.7 Educational outreach	473	256,762	369,998	559,884	320,000	297,337	31,853	-	-	1,836,307
	Total, Component 1	20,369	606,080	745,904	2,328,855	3,684,370	4,610,322	505,085	(92,879)	60,707	12,468,942
	including administrative expenses										
Component 3: Regional and national level coordination	Sub-component 3.1 Regional level coordination	130,091	629,703	475,175	509,487	295,100	182,920	162,787	88,196	58,049	2,531,508
	Total, Component 3	130,091	629,703	475,175	509,487	295,100	182,920	162,787	88,196	58,049	2,531,508
	Total for the Project	150,460	1,235,783	1,221,079	2,838,342	3,979,470	4,793,242	667,872	(4,683)	118,756	15,000,000

Grant No. TF085998

Components, sub-components		2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Component 1: Regional services in the area of climate knowledge	Sub-component 1.1 Creating an information platform for Central Asia	-	-	-	-	-	-	158,800	164,826	76,374	400,000
	Sub-component 1.2 Focused development of climate observations systems	-	-	-	-	-	-	180,000	173,000	147,000	500,000
	Total, Component 1	-	-	-	-	-	-	338,800	337,826	223,374	900,000
including administrative expenses											
Component 3: Regional and national level coordination	Sub-component 3.1 Regional level coordination	-	-	-	-	-	-	41,379	40,102	18,519	100,000
	Total, Component 3	-	-	-	-	-	-	41,379	40,102	18,519	100,000
	Total for the Project	-	-	-	-	-	-	380,179	377,928	241,892	1,000,000