INDEPENDENT AUDITOR’S REPORT
on the financial Statements
of Interstate Statistical Committee of the Commonwealth
of Independent States
“Development of Labor statistics in the CIS Region”
Project
(Grant # TF 016781)

For the period
from July 1, 2014 to December 31, 2015
We have audited the accompanying special-purposes financial statement of the “Development of Labor statistics in the CIS Region” Project, financed by the International Bank for Reconstruction and Development (“IBRD”) under the Grant Agreement No. TF 016781 signed April 9, 2014 (hereinafter – the Project) of the Interstate Statistical Committee of the CIS for the period from July 1, 2014 to December 31, 2015 namely:

- Summary of Sources and Uses of Funds;
- Notes to the financial statement.

As described in the item 2 of the Explanatory Notes to the financial statements, accounting policy is to prepare the accompanying financial statements on the basis of the cash method of receipts and disbursements.

MANAGEMENT’S RESPONSIBILITY FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS

Management of the Interstate Statistical Committee of the CIS is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the IBRD Guidelines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of accompanying special-purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these special-purpose financial statements based on our audit. We conducted our audit in accordance with Federal Auditing Standards of the Russian Federation and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Interstate Statistical Committee of the CIS preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing
Independent Auditor's report on the financial statement of the “Development of Labor statistics in the CIS Region” Project (Grant №T 016781) for the period from July 1, 2014 to December 31, 2015

an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion, the financial statements of Interstate Statistical Committee of the CIS of the “Development of Labor statistics in the CIS Region” Project for the period from July 1, 2014 to December 31, 2015 are prepared, in all material respects, fairly in accordance with the IBRD Guidelines and applied accounting policy.

**BASIS OF ACCOUNTING AND RESTRICTION ON DISTRIBUTION**

The accompanying special-purposes financial statements have been prepared according to the special rules established by the International Bank for Reconstruction and Development. This statement has been prepared solely for the presentation to the International Bank for Reconstruction and Development and may not be applicable to other.

Deputy General Director of «Nexia Pacioli» LLC (Qualification certificate №02-0003152 in the field of general audit, unlimited Included into the Register of Auditors and Audit Organizations of NP "IPAR" under basic registration number 29402001055)

June 15, 2016

Julia Emelyanova
"Development of Labor statistics in the CIS Region" Project (Grant NeTF 016781)
Financial statements for the period from July 1, 2014 to December 31, 2015
(in USD unless otherwise stated)

<table>
<thead>
<tr>
<th>SUMMARY OF SOURCES AND USES FUNDS</th>
<th>For the period from July 1, 2014 to June 30, 2015</th>
<th>For the period from July 1, 2015 to December 31, 2015</th>
<th>For the period from July 1, 2014 to December 31, 2015 (cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Account balance in US dollars</td>
<td>-</td>
<td>47,205</td>
<td>-</td>
</tr>
<tr>
<td>Special Account balance in roubles</td>
<td>-</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Total Opening Balance</td>
<td>-</td>
<td>47,217</td>
<td>-</td>
</tr>
<tr>
<td>SOURCES OF FUNDS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBRD financing</td>
<td>203,455</td>
<td>130,461</td>
<td>333,916</td>
</tr>
<tr>
<td>TOTAL FUNDS AVAILABLE</td>
<td>203,455</td>
<td>130,461</td>
<td>333,916</td>
</tr>
<tr>
<td>USES OF FUNDS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting services</td>
<td>42,073</td>
<td>62,816</td>
<td>104,889</td>
</tr>
<tr>
<td>Trainings and workshops</td>
<td>97,685</td>
<td>19,497</td>
<td>117,182</td>
</tr>
<tr>
<td>Operating costs</td>
<td>8,140</td>
<td>2,338</td>
<td>10,477</td>
</tr>
<tr>
<td>Sub-Grants</td>
<td>8,340</td>
<td>2,535</td>
<td>10,875</td>
</tr>
<tr>
<td>TOTAL USES OF FUNDS</td>
<td>156,238</td>
<td>87,186</td>
<td>243,424</td>
</tr>
<tr>
<td>Closing Balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Account balance in US dollars</td>
<td>47,205</td>
<td>90,473</td>
<td>-</td>
</tr>
<tr>
<td>Special Account balance in roubles</td>
<td>12</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>Total closing balance</td>
<td>47,217</td>
<td>90,492</td>
<td>-</td>
</tr>
</tbody>
</table>

Chairman Vladimir L. Sokolin
June 15, 2016
EXPLANATORY NOTES TO THE SPECIAL-PURPOSES FINANCIAL STATEMENTS

1. Background

According to the Grant Agreement No. TF 016781 of April 9, 2014 between the International Bank for Reconstruction and Development (IBRD) and the Interstate Statistical Committee of the CIS for the execution of Development of Labor statistics in the CIS Region Project (Grant №TF 016781) (the Project), the Interstate Statistical Committee of the CIS is charged with the authority to administer the Grants funds provided in the amount of 490 000 USD. The Project closing date was March 31, 2017. Under the Grant agreement, the Project grace period is 4 months after the Project closing date.

Interstate Statistical Committee of the Commonwealth of Independent States is a legal entity established in the form of inter-state entity, pursuant to the Regulation issued and affirmed by Board of Heads of Government of the Commonwealth on the April 12, 1996. It is entered into the Uniform State Register of legal entities in November 13, 2002, under basic state registration number 1027700427534.

The objective of the Project is to provide support to the CIS Countries national statistical offices for capacity strengthening in their collection of regular labor statistical data on the basis of uniformed methodology and to enhance knowledge exchange at national and international levels and to upgrade CIS and ILO statistical databases on labor.

The Project consists of the following parts:

- Provisions of consultant’s services to develop labor statistic and documentation of statistical standards preparation of methodological guidelines in all areas of agricultural statistics;
- Provisions of consultant’s service for data generation and introduction of international standards;
- Organization of stakeholder discussions and workshops to enhance knowledge and skills of statistical staff of the CIS;
- Provision of sub-grants in order to enable participation of statisticians from the CIS countries national statistical offices and other related agencies.

<table>
<thead>
<tr>
<th>Category in accordance with the procurement plan</th>
<th>Allocated Amount of Grant (USD)</th>
<th>% IBRD Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consulting Services</td>
<td>252 000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Trainings and workshops</td>
<td>158 000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Operating costs</td>
<td>25 000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Sub-grants</td>
<td>46 000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Audit fee</td>
<td>9 000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>490 000</td>
<td>100%</td>
</tr>
</tbody>
</table>
2. Accounting policies

The Project financial statement is prepared under the Cash Basis of Accounting in the accordance with International Bank for Reconstruction and Development Guidelines.

This financial statement is prepared in the United States dollars (USD) unless otherwise stated. All transactions are translated into USD at the Central Bank of Russian Federation exchange rate prevailing at the transaction date.

3. Summary of Sources and Uses of Funds

Financing from the IBRD Grant proceeds represents the amount of the original deposit transferred from the Grant Account to the Special Account in USD, funds received on the basis of Summary of Expenditures (SOE) presented to the IBRD in the reporting period.

4. Statement of Expenditures (SOE)

SOEs are required to confirm eligible use of funds for the Project purposes under the Grant Agreement. They are submitted to the IBRD together with applications for withdrawal of the Project funds.

Information about expenditures documented by SOEs is in the table below:

<table>
<thead>
<tr>
<th>Category / Amount, in US dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>W/D No</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Reconciliation table as at December 31, 2015

(1) Grant amount received, US Dollars 333 916
(2) Eligible expenditures, documented by SOEs (183 917)
(3) Sum of costs from 12.08.2015 till 31.12.2015 are no included in SOE dated 11.08.2015:
   - consulting services (49 983)
   - trainings and workshops (7 619)
   - operating costs (1 905)
(4) Undisbursed Funds (4) = (1)+(2)+(3) 90 492
5. Consulting services

Consulting services are the cost of services under the contracts with individual consultants. Information about consulting services is in table below:

<table>
<thead>
<tr>
<th>Cost</th>
<th>For the period from July 1, 2014 to June 30, 2014</th>
<th>For the period from July 1, 2015 to December 31, 2015 (cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement consultant services</td>
<td>5 425</td>
<td>5 732</td>
</tr>
<tr>
<td>Interpreter consultant services</td>
<td>11 519</td>
<td>1 884</td>
</tr>
<tr>
<td>Financial consultant services</td>
<td>4 300</td>
<td>2 450</td>
</tr>
<tr>
<td>Methodological support consultant services</td>
<td>20 830</td>
<td>52 750</td>
</tr>
<tr>
<td><strong>Total consulting services</strong></td>
<td><strong>42 073</strong></td>
<td><strong>62 816</strong></td>
</tr>
</tbody>
</table>

6. Operating costs

Operating costs are expenditures on the Project implementation, management and monitoring and include mostly expenses for postage and bank charges.

Chairman

Vladimir L. Sokolin

June 15, 2016