

**Modernization of the Healthcare System of the Republic of Belarus
Loan No. 8663 – BY**

**State Institution “The Republican Scientific and Practical Center of
Medical Technologies, Informatization, Management and Economics of
Public Health”**

**Financial statements under
Modernization of the Healthcare System of the Republic of Belarus Project
Loan No. 8663 – BY
for the period from January 1, 2021 to December 31, 2021 with the independent
auditor’s report**

Minsk | 2022

**Modernization of the Healthcare System of the Republic of Belarus
Loan No. 8663 – BY**

TABLE OF CONTENTS

STATEMENT ON THE MANAGEMENT'S RESPONSIBILITY FOR PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS UNDER THE PROJECT FOR THE PERIOD FROM JANUARY 01, 2021 TO DECEMBER 20213

INDEPENDENT AUDITOR'S REPORT4

**STATEMENT ON THE MANAGEMENT'S RESPONSIBILITY FOR PREPARATION AND APPROVAL
OF THE FINANCIAL STATEMENTS UNDER THE PROJECT FOR THE PERIOD
FROM JANUARY 01, 2021 TO DECEMBER 31, 2021**

The Management of is responsible for preparation of the financial statements under Modernization of the Healthcare System of the Republic of Belarus Project (hereinafter – “the Project”) being implemented by State Institution “The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health” that present fairly in all material respects the financial position of the Project as at December 31, 2021, as well as funds received and used under the Project for the period from January 1, 2021 to December 31, 2021 in accordance with the International Public Sector Accounting Standards (IPSAS).

While preparing the financial statements under the Project, the Management is responsible for:

- adequate choice and application of accounting policies' principles;
- presentation of information including that on accounting policies in a form which ensures relevance, reliability, comparability and transparency of such information;
- compliance with the requirements of IPSAS and disclosure of all significant deviations from IPSAS in the Notes to the financial statements under the Project.

The Management is also responsible for:

- development, introduction and maintaining of effective and reliable internal control system under the Project;
- maintenance of accounting in a form that allows to address the substance and explain transactions under the Project, and also to provide information of sufficient accuracy on the financial position of the Project at any date and ensure compliance with IPSAS;
- taking all possible reasonable steps to safeguard of the assets of the Project and detecting and preventing facts of financial and other irregularities.

The present financial statements under the Project for the period from January 01, 2021 to December 31, 2021 were approved by the Management on April 19, 2022.

On behalf of the Management:

Dmitry Y. Ruzanov
Director



Nataliya A. Zaharevich
Chief Accountant

May 13, 2022

Reg. No. 05-01/65-1 of May 13, 2022.

INDEPENDENT AUDITOR'S OPINION

To the Management of State Institution "The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health"

Opinion

We have audited the financial statements of State Institution "The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health" (hereinafter – RSPC MT) under Modernization of the Healthcare System of the Republic of Belarus Project (hereinafter – the "Project"), financed by the International Bank for Reconstruction and Development (hereinafter – "IBRD") according to Loan Agreement No. 8663-BY of November 25, 2016 between the Republic of Belarus and IBRD (hereinafter – the Agreement) that include the statement of project sources and uses of funds statement, uses of funds, designated account statement, current account statement and withdrawal statement withdrawal statement for the period from January 01, 2021 to December 31, 2021, as well as notes to the financial statements including disclosure of main accounting policies.

In our opinion, the accompanying financial statements under the Project fairly in all material respects represent data on received and used Project funds for the period from January 01, 2021 to December 31, 2021, in accordance with the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting" developed by the International Public Sector Accounting Standards Board of the International Federation of Accountants.

Basis for Opinion

We conducted our audit in accordance with the requirements of Law of the Republic of Belarus of July 12, 2013 "On Auditing Activity", the National Rules on Auditing Activities effective in the Republic of Belarus, the International Standards on Auditing (hereinafter – "ISAs"). Our responsibilities under specified standards are stated in the section "Auditor's Responsibilities for the Audit of the special purpose Financial Statements" of this Auditor's Report. We are independent of RSPC MT in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Accounting Principles and Restriction on Distribution and Use

Without modifying the generated conclusion, we wish to draw your attention to Paragraph 2 of the Notes to the financial statements, which describes the principles used in the preparation of financial statements. Our Auditor's Report is intended solely for the use of RSPC MT for presentation of information to IBRD on the Project funds received and used. Our Auditor's Report is not intended for the use of third parties, and in respect of this Auditor's Report we do not bear any responsibility or liability to any other parties except RSPC MT. In case of taking a decision by such parties based on the contents of our Auditor's Report, the third parties are liable for such decisions.

Significant Uncertainty in regards to Going Concern

We wish to draw your attention to Paragraph 7 of the Notes to the financial statements, which states that since March 19, 2022, the financing of the Project by the International Bank for Reconstruction and Development (hereinafter – "the Bank") has been suspended. The Organization has been notified by the Bank that due to large-scale restrictions and sanctions imposed on financial institutions of the Republic of Belarus by a significant number of countries, as well as other restrictions, further implementation of the Project is unlikely. We do not express a modified opinion due to this issue.

Responsibilities of the Management of the Financial Statements under the Project

The Management of the Project is responsible for preparation and fair presentation of the financial statements under the Project prepared in accordance with the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting" developed by the International Public Sector Accounting

Standards Board of the International Federation of Accountants and for the internal control system that the Management considers necessary for preparation of the financial statements under the Project that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the ability of the Project to operate as a going concern, for disclosing, as appropriate, information related to the continuity of operations, and for applying the principle of continuity of activities used in accounting, unless the Management intends to terminate the activities of the Project or when it does not have any there is another real alternative, other than termination of activity.

Auditor's Responsibilities for the Audit of the Financial Statements under the Project

Our objective is to obtain reasonable assurance on whether the financial statements 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 is not a guarantee that an audit conducted in accordance with the 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 economic decisions of users taken on basis of these financial statements.

Within the frames of the audit held in accordance with the ISAs, we apply professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; 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 that resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control system;
- obtain an understanding of the internal control system 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 system;
- evaluate appropriateness of the accounting policies used and reasonableness of estimated values calculated by the Management, and related disclosures;
- we conclude on the legality of the Management's application of the going concern assumption, and on the basis of the audit evidence obtained, we conclude whether there is a material uncertainty due to events or conditions that may result in significant doubts about the ability of the Project to operate on the going-concern basis. If we conclude that there is a material uncertainty, we should draw attention in our auditor's report to the relevant disclosures in the financial statements or, if such disclosures are inappropriate, modify our opinion. Our conclusions are based on audit evidence obtained prior to the date of our audit opinion. However, future events or conditions may cause the Project to lose the ability to operate on the going-concern basis;
- evaluate the overall presentation of the financial statements, their structure and content, including disclosure of information, as well as whether the financial statements represent the underlying transactions and events in such a way as to ensure their fair presentation.

We communicate with the Management, informing them, above all else, about the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in the internal control system that we identify in the course of the audit.

Engagement Partner,
Director of FBK-Bel LLC

Head of Engagement Team,
Auditor



Alexey G. Reneisky

Renata V. Kirslite

FBK-BEL LLC

Audited organisation:

State Institution "The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health" (RSPC MT)

7-A, P. Brovki St., Minsk, 220013, Republic of Belarus

State registration: was registered by the Minsk City Executive Committee on June 23, 1992 in the Unified State Register of legal entities and individual entrepreneurs under No. 100185223.

Taxpayer's identification number – 100185223.

Auditing organisation:

FBK-Bel Limited Liability Company (FBK-Bel LLC);

Office 201-11, 22A Logoisky highway, Minsk, 220090, Republic of Belarus;

State registration: was registered by Minsk City Executive Committee on February 6, 2009 in the Unified State Register of legal entities and individual entrepreneurs under No.690398039;

Taxpayer's identification number – 690398039.

Date of signing the Auditor's report is May 13, 2022.

The Auditor's report was received on May 13, 2022.

Full name, job title Director, Dmitriy Yu. Ruzanov

Signature _____



Project Sources and Uses of Funds Statement/Отчет об источниках средств проекта и их использовании

Belarus Health System Modernization Project/ Проект "Модернизация системы здравоохранения РБ"

8663-BY

for the Period 01.01.2021 to 31.12.2021

за период с 01.01.2021 по 31.12.2021

in USD/в долларах США

	Reporting period/ Отчетный период		Cumulative from effectiveness/ С даты начала реализации	TOTAL PER LA/ Всего по соглашению
Opening Cash balances/Остаток денежных средств на начало периода				
Designated account-Project funds/Специально выделенный счет-Средства проекта	840 013,41		0,00	0,00
Settlement account-Project funds/Текущий счет-Средства проекта	0,00		0,00	0,00
Total opening cash balance/Итого остаток денежных средств на начало периода	840 013,41		0,00	0,00
Sources of funds/Источники средств				
8663-BY	32 000 000,00		45 687 500,00	124 687 500,00
Direct Payments/ Прямые платежи	0,00		0,00	0,00
Other/ Другое	0,00		0,00	0,00
Front-End-Fee/ Разовый сбор	0,00		312 500,00	312 500,00
Total financing/Итого по источникам средств	32 000 000,00		46 000 000,00	125 000 000,00
Less: Expenditures by Components/ Расходы по компонентам				
Component 1: Establishment of e-Health and Clinical Decision-support Systems/ Компонент 1: Создание электронного здравоохранения и системы поддержки клинических решений	10 045 931,61		12 008 142,71	65 211 000,00
Component 2: Improvement of Clinical Competencies of Health Care Providers in Non-communicable Disease Management/ Компонент 2: Повышение уровня клинических компетенций работников здравоохранения по ведению неинфекционных заболеваний	9 387 573,94		16 301 559,80	46 146 000,00
Component 3: Modernization of Neonatal care at the Republican Center of Mother and Child/ Компонент 3: Модернизация системы оказания неонатальной помощи в ГУ РНПЦ "Мать и дитя"	8 471 947,77		11 165 455,88	11 599 000,00
Component 4: Project Management, Monitoring and Evaluation/ Компонент 4: Управление, мониторинг и оценка Проекта	-315 816,92		1 274 464,60	2 044 000,00
Total Expenditures/Итого расходы по компонентам	27 589 636,40		40 749 622,99	125 000 000,00
Interest earned/Проценты банка		0,00		
Closing Cash balances per Bank Statements/Остаток денежных средств на конец отчетного периода по банковским выпискам				
Designated account-IBRD loan/Специально выделенный счет-IBRD	5 250 377,01		5 250 377,01	
Settlement account-Project funds/Текущий счет-источники средств	0,00		0,00	
Funds in transit/Средства в пути	0,00		0,00	
Total closing Cash balances/Итого остаток денежных средств на конец периода	5 250 377,01		5 250 377,01	

Director RSPC MT/ Директор РНПЦ МТ

General accountant RSPC MT / Главный бухгалтер РНПЦ МТ

Head of the Project Implementation Unit of RSPC MT / Заведующий отделом управления проектом РНПЦ МТ

Head of Finance Sector of Project Implementation Unit / Заведующий сектором по финансовому обеспечению отдела

Dmitry Yu. Ruzanov/Д.Ю. Рузанов

Natalia A. Zaharevich / Н.А. Захаревич

Wladislaw V. Shilov/ В.В.Шилов

Nikolai V. Olesiyuk/Н.В. Олесиук



Uses of Funds/Отчет о расходовании средств Проекта

Belarus Health System Modernization Project/ Проект "Модернизация системы здравоохранения РБ"
8663-BY
for the Period 01.01.2021 to 31.12.2021 /за период с 01.01.2021 по 31.12.2021
Project expenditures/Расходы Проекта
in USD/в долларах США

Project component/Subcomponent/Activity/ Компонент Проекта/Мероприятие	Total Amount per procurement plan/ Общая сумма согласно плану закупок	Current quarter/ Отчетный квартал	Year to date/ Отчетный год	Cumulative to date/Совокупные расходы на отчетную дату	Amount payable at the reporting date(goods/services accepted but not paid)/	Total payments still to be made/ Итого расходы
	1	2	3	4	5	6=1-4
Component 1: Establishment of e-Health and Clinical Decision-support Systems/ Компонент 1: Создание электронного здравоохранения и системы поддержки клинических решений						
Total Component 1/Итого Компонент 1	65 211 000,00	96 932,34	10 045 931,61	12 008 142,71	0,00	53 202 857,29
Component 2: Improvement of Clinical Competencies of Health Care Providers in Non-communicable Disease Management/ Компонент 2: Повышение уровня клинических компетенций работников здравоохранения по ведению неинфекционных заболеваний						
Total Component 2/Итого Компонент 2	46 146 000,00	6 132 286,18	9 387 573,94	16 301 559,80	0,00	29 844 440,20
Component 3: Modernization of Neonatal care at the Republican Center of Mother and Child/ Компонент 3: Модернизация системы оказания неонатальной помощи в ГУ РНПЦ "Мать и дитя"						
Total Component 3/Итого Компонент 3	11 599 000,00	1 229 795,08	8 471 947,77	11 165 455,88	0,00	433 544,12
Component 4: Project Management, Monitoring and Evaluation/ Компонент 4: Управление, мониторинг и оценка Проекта						
Total Component 4/Итого Компонент 4	2 044 000,00	-479 667,81	-315 816,92	1 274 464,60	0,00	769 535,40
Total project Expenditure/Итого расходы проекта	125 000 000,00	6 979 345,79	27 589 636,40	40 749 622,99	0,00	84 250 377,01

Director RSPC MT/ Директор РНПЦ МТ

General accountant RSPC MT / Главный бухгалтер РНПЦ МТ

Head of the Project Implementation Unit of RSPC MT / Заведующий
отделом управления проектом РНПЦ МТ

Head of Finance Sector of Project Implementation Unit / Заведующий
сектором по финансовому обеспечению отдела

Dmitry Yu. Ruzanov/Д.Ю. Рузанов

Natallia A. Zaharevich / Н.А. Захаревич

Vladislav V. Shilov/ В.В.Шилов

Nikolai V. Olesniuk/Н.В. Олеснюк



Designated Account Statement/Отчет о состоянии специально выделенного счета

Belarus Health System Modernization Project/ Проект "Модернизация системы здравоохранения РБ"			
8663-BY			
for the Period 01.01.2021 to 31.12.2021			
за период с 01.01.2021 по 31.12.2021			
in USD/в долларах США			
		Period/Отчетный период	
1	Opening balance at 01.01.2021/Остаток денежных средств на начало отчетного периода	840 013,41	
2	Advance of Project funds during the period/Поступившие в отчетном периоде авансы	32 000 000,00	
3	Amount of eligible expenditures paid during the present period/Сумма санкционированных расходов в отчетном периоде	16 933 528,90	
4	Amount of funds transferred to the transit account/Сумма денежных средств перечисленная на транзитный счет	10 656 107,50	
	Refund to IBRD from DA during the period/Возмещение средств со специально выделенного счета на счет Проекта	0,00	
	Intereset earned/Начисленные проценты банка	0,00	
	Service charges/Стоимость услуг	0,00	
5	Calculated DA closing balance/Расчитанный остаток денежных средств на специально выделенном счете		5 250 377,01
6	DA closing balance as at 31.12.2021 carried forward to next period per bank statements/Остаток денежных средств на специально выделенном счете, перенесенный на следующий отчетный период	5 250 377,01	
			0,00
Explanation of any discrepancy/Объяснение любых разниц и несоответствий:			

Director RSPC MT/ Директор РНПЦ МТ



Dmitry Yu. Ruzanov/Д.Ю. Рузанов

General accountant RSPC MT /
Главный бухгалтер РНПЦ МТ

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Vladislav V. Shilov/ В.В. Шилов

Head of Finance Sector of Project Implementation Unit /
Заведующий сектором по финансовому обеспечению
отдела

Nikolai V. Olesiuk/Н.В. Олесьюк

WITHDRAWAL STATEMENT FOR THE PERIOD
 FROM 1, JANUARY, 2021 TO 31, DECEMBER, 2021

(USD)

Withdrawal application number	Date of replenishment of a special loan account	Replenishment of a special account	Total	Type of transaction
29	14.01.2021	BY40BLBB36200100185223001001	10 000 000,00	DA-A
36	17.06.2021	BY40BLBB36200100185223001001	12 000 000,00	DA-A
42	15.12.2021	BY40BLBB36200100185223001001	10 000 000,00	DA-A
Total			32 000 000,00	

Director of RSPC MT

General accountant RSPC MT

Head of the PIU

Head of the Finance Sector of PIU



Dmitry Yu. Ruzanov

Natallia A. Zaharevich

Vladislav V. Shilov

Nikolai V. Olesiuk

Notes to the financial statements
under the Project “Modernization of the Health System of the Republic of Belarus”
No. 8663-BY
for the reporting period from January 1 2021 to December 31, 2021

1. Information on the Project

The Project “Modernization of the Health System of the Republic of Belarus” is implemented within the framework of the Loan Agreement between the Republic of Belarus and the International Bank for Reconstruction and Development signed on November 25, 2016 and ratified by Law of the Republic of Belarus of April 10, 2017 No. 21-3.

Date of the Project entering into force – May 19, 2017.

The budget of the Project in accordance with the Loan Agreement is 125 million US Dollars, the loan term is 15 years including the grace period (moratorium on the principal amount of loan) of 5 years.

The loan closing date is December 31, 2023.

The objective of the Project is to contribute to improving selected aspects of the quality of the health care delivery in the Republic of Belarus.

This objective will be attained through:

1. establishment of a centralized e-health system and introduction of a clinical decision-support system based on information and communication technologies for quality improvement;

2. improvement of clinical competencies of health care providers in non-communicable disease management;

3. modernization of neonatal care system at the Republican Center of Mother and Child;

The Project consists of four major components:

1. Establishment of e-health and clinical decision-support system (65.2 million US Dollars);

2. Improvement of clinical competencies of health care providers in non-communicable disease management (46.2 million US Dollars);

3. Modernization of neonatal care at the Republican Center of Mother and Child (11.6 million US Dollars);

4. Project management, monitoring and evaluation (2.0 million US Dollars).

2. Accounting Policies

Fundamental accounting principles – these financial statements under the Project are prepared based on the cash basis which complies with the International Public Sector Accounting Standards developed by the International Public Sector Accounting Standards Board of the International Federation of Accountants.

Project funding is recognized to be the source of the Project funds at the moment of receipt of the funds. Project costs are recognized to be the use of Project funds at the moment of effecting the payment.

Transactions in foreign currencies – these financial statements are presented in US Dollars. Transactions in other currencies are translated into US Dollars at the exchange rate effective at the date of withdrawal of the said funds from the designated Project account.

Basis for preparation of the financial statements is the accounting data of State Institution "The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health. Accounting for transactions under the Project is separated from accounting for funds of other funding sources of State Institution "The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health".

3. Project Funds Financed by the World Bank

The Project funds were provided by the World Bank against applications for withdrawal signed by authorized representatives of State Institution "The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health" – the Director, Deputy Director for Research, Chief Accountant, Deputy Chief Accountant.

Project Accounts

Project accounts are opened in the Direction of Belinvestbank JSC for Minsk City and Minsk Region meeting the requirements of the World Bank.

a. Designated Account

Designated account No. BY40BLBB36200100185223001001 has been opened in US Dollars.

The balance of the designated account at the end of the reporting period constituted 5 250 377,01 US Dollars.

b. Current Account in BYN (Transit Account)

Current account in BYN No. BY13BLBB36200100185223001002 has been opened for settlements with national consultants and suppliers of goods, works, services. The funds after conversion of US Dollars from the designated account into BYN hit this account.

The balance of the current account in BYN at the end of the reporting period constituted 0 BYN.

Basis for Funding

Loan funds could be withdrawn in 2021 for funding of 100% of eligible expenses, including payment for Consultants' services, audit, training and operating expenses inclusive of taxes.

It should be noted that, citing the deterioration of the operating environment resulting from the cumulative impact of the sweeping restrictions and sanctions imposed on Belarusian financial institutions by a significant number of countries and institutions, as well as substantial restrictions on travel and access to materials and technology, the Bank has determined that an extraordinary situation has occurred that makes it improbable that the Projects can be carried out in accordance with the obligations contained in the respective Loan and Grant Agreements and has notified us that the right of the Borrower to make further withdrawals from the Loans and Grant referenced above and in the attached Annex is suspended as of 12:01 a.m., Washington, D.C. time, March 19, 2022 ("Suspension Date").

No deposits will be made to the Special Account for the Loan during the suspension period.

In accordance with the Bank's policy, the suspension will not apply to withdrawal requests received by the Bank up to and including 60 days after the Suspension Date, covering payments made or due to suppliers and contractors under contracts signed prior to the suspension, for goods supplied, services rendered and work completed within 30 days of the Suspension Date. Applications documenting the allowable expenses from the account must still be submitted to the Bank. Any expenses paid from the Special Account must be documented to the Bank no later than 90 days after the Suspension Date, except that the Borrower may continue to use the Special Account for six months after the Suspension Date for payments by: (1) external auditors; and (2) staff of the Project Implementation Units. Any funds remaining in the Special Account must be returned to the Bank after six months.

Reconciliation of funding received from the World Bank with actual Project costs

Applications for withdrawal of funds	in US Dollars
Expenses for the period from January 1, 2021 to December 31, 2021	27 589 636,40
Total, expenses incurred for the period from January 1, 2021 to December 31, 2021	27 589 636,40
World Bank funds received for the period from January 1, 2021 to December 31, 2021	32 000 000,00
Replenishment of the designated account	32 000 000,00
Direct payments	0
Front-End-Fee	0
Plus: Balance of the designated account at January 1, 2021	840 013,41
Minus: Front-End-Fee	0
Minus: Balance of the designated account at December 31, 2021	5 250 377,01
Minus: Balance of the transit account in BYN at December 31, 2021	0
Total, expenses incurred for the period from January 1, 2021 to December 31, 2021	27 589 636,40

Director of RSPC MT



Dmitry Yu. Ruzanov

General accountant RSPC MT

Natallia A. Zaharevich

Head of the PIU

Vladislav V. Shilov

Head of the Finance Sector of PIU

Nikolai V. Olesiuk



FBK-Bel LLC
Numbered and tied together
15 (fifteen) sheets

Director Alexey G. Reneisky