

Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic,

State Institution Development of Drinking Water Supply and Wastewater Disposal under the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic

**“Climate Resilient Water Services Project”,
Grant No. IDA E009-KG,
Credit No. IDA 7081-KG**

MANAGEMENT LETTER

based on the results of audit of the project financial statements for the period from October 31, 2022 to December 31, 2023



103, Ibraimov str.
BC "Victory", 7th floor
Bishkek, 720011
Kyrgyz Republic

T: +996 (312) 90 05 05
F: +996 (312) 91 05 05
contact@bakertilly.kg
www.bakertilly-ca.com

To the Management of the "Climate Resilient Water Services Project"
IDA Grant No. E009-KG, IDA Credit No. 7081-KG:

Dear Sirs and Madams,


In planning and performing our audit of the project financial statements of the "Climate Resilient Water Services Project" (hereinafter – the "Project") for the period from October 31, 2022 to December 31, 2023, we considered the internal control structure in order to determine our audit procedures for the purpose of expressing an opinion on the project financial statements, but not however to provide assurance on the internal control structure.

In connection therewith, we inform that during performing our audit of the project financial statements of the Project for the period from October 31, 2022 to December 31, 2023, we did not identify any critical matters for inclusion to this letter concerning the internal control structure and certain accounting, administrative and operating matters. Definition of the expression "internal control structure" used in this letter is set in Appendix A.

This letter is intended solely for the information of, and use by the management of the Project and should not be used by others. We are not responsible for providing this letter to third parties as it was not prepared and intended for their use. This letter should not be given to third parties without prior written consent.

We would like to thank the management and personnel of the Project for their assistance and co-operation during the audit. We acknowledge that the Project has applied efforts to develop and strengthen its planning processes and internal control system.

Sincerely yours,



Kubat Alymkulov



Certified accountant, FCCA
Certificate of auditor of the Kyrgyz Republic
No. A 0069 dated October 19, 2009
Audit Partner
Director, Baker Tilly Bishkek LLC

Baker Tilly Bishkek LLC is registered in the "Register of audit organizations admitted to audit public interest entities, large businesses" of the Unified State Register of auditors, audit organizations, professional audit associations. Individual registration number No. 2101510 dated August 9, 2023.

June 15, 2024
Bishkek, the Kyrgyz Republic

APPENDIX A

Responsibility of the Management, purposes and limitations inherent in the internal control structure

The following comments regarding responsibility of the management for the internal control structure, purposes and limitations inherent in the internal control structure are based on the International Standards on Auditing accepted by the International Auditing and Assurance Standards Board (IAASB).

Responsibility of the management

The management is responsible for development and ensuring operation of the internal control. Meeting this objective requires the management to make forecasts and estimates to determine the expected gain and costs relating to fulfillment of the policies and procedures of internal control.

Purposes

The purposes of internal control over project financial statements consist in provision of the management with sufficient but not absolute certainty in security of assets and protection from losses as a result of unauthorized use or distribution of assets and guarantee of conduct of operations on the basis of orders of the management and their proper accounting, which will ensure preparation of project financial statements under International Public Sector Accounting Standards "Financial Reporting under the Cash Basis of Accounting" published by the International Public Sector Accounting Standards Board (hereinafter – "IPSAS") and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (hereinafter – "WB Guidelines").

Limitations

Due to limitations inherent in any internal control structure, there is a possibility of mistakes and inaccuracies, which can remain undetected. Besides, forecasts with regard to any assessment or structure applicable to future periods can lose their significance due to changed conditions or decreased efficiency of the structure and functionality of the policies and procedures.