

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

**The project financial statements  
for the year ended December 31, 2024  
and independent auditor’s report**

**“CLIMATE RESILIENT WATER SERVICES PROJECT”  
GRANT NO. IDA E009-KG, CREDIT NO. IDA 7081-KG**

**TABLE OF CONTENTS**

---

	<b>Page</b>
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024	2
INDEPENDENT AUDITOR'S REPORT	3-4
THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024:	
Summary of funds received and expenditures paid	5-6
Summary of expenditures paid by project parts	7
Notes to the project financial statements	8-21

**“CLIMATE RESILIENT WATER SERVICES PROJECT”  
GRANT NO. IDA E009-KG, CREDIT NO. IDA 7081-KG**

**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND  
APPROVAL OF THE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

The following statement, which should be read in conjunction with the independent auditor’s responsibilities is made with a view to distinguish the respective responsibilities of management and those of the independent auditor in relation to the project financial statements of the “Climate Resilient Water Services Project”, Grant No. IDA E009-KG and Credit No. IDA 7081-KG (the “Project”).

Management of the Project is responsible for the preparation of the project financial statements that present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project parts for the year ended December 31, 2024 in accordance with International Public Sector Accounting Standard “Financial Reporting Under the Cash Basis of Accounting” (the “IPSAS”) issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank’s Financial Management Sector Board’s “Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities” (the “WB Guidelines”).

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


- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- preparing the project financial statements on the assumption that the Project will be implemented in accordance with the established period.

Management of the Project is also responsible for:


- designing, implementing and maintaining effective and sound system of internal control and for revealing risks in system of internal control;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the Project financial position, and which enable them to ensure that the project financial statements comply with IPSAS and WB Guidelines;
- compliance with laws and regulations of the Kyrgyz Republic, and the requirements of the operational manual of the Project and the requirements of the World Bank;
- taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- detecting and preventing fraud, error and other irregularities.


The project financial statements for the year ended December 31, 2024 were approved and authorized for issue on June 5, 2025 by the management of the Project.

**On behalf of the Management:**

  
**Torogeldiev U.T.**  
Director of WRS PIU  
June 5, 2025  
Bishkek, the Kyrgyz Republic



  
**Januzakova A.B.**  
Financial Manager of WRS PIU  
June 5, 2025  
Bishkek, the Kyrgyz Republic

  
**Muktarov A.K.**  
Director of SI DWSWD PIU  
June 5, 2025  
Bishkek, the Kyrgyz Republic



  
**Zhunushova R.E.**  
Financial Manager of SI DWSWD PIU  
June 5, 2025  
Bishkek, the Kyrgyz Republic

## **INDEPENDENT AUDITOR'S REPORT**

To the Management of the Project Implementation Units of the "Climate Resilient Water Services Project" — the Project Implementation Unit under the Water Resources Service of the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "WRS") and the Project Implementation Unit of the State Institution of Drinking Water Supply and Wastewater Disposal under the Water Resources Service of the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "SI DWSWD").

### **Report on the project financial statements**

#### **Opinion**

We have audited the accompanying project financial statements of the "Climate Resilient Water Services Project" (the "Project") which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by project parts for the year ended December 31, 2024, and a summary of significant accounting policies and other explanatory information (the "project financial statements").

In our opinion, the accompanying project financial statements present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project parts for the year ended December 31, 2024 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the project financial statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the project financial statements, 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.

#### **Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 2 to the project financial statements, which describe the basis of accounting. The project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing and Grant agreements requirements. These circumstances do not lead to modification of the auditor's opinion.

#### **Other matter**

The project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the project financial statements may not be suitable for another purpose.

#### **Responsibilities of management and those charged with governance for the project financial statements**

Management is responsible for the preparation and fair presentation of the project financial statements in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB

Guidelines”), and for such internal control as management determines is necessary to enable the preparation of the project financial statements that are free from material misstatement, whether due to fraud or error.

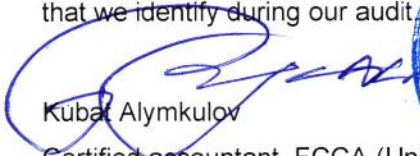
### Auditor’s responsibilities for the audit of the project financial statements

Our objectives are to obtain reasonable assurance about whether the project financial statements as a whole is 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 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 the project financial statements.

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

- Identify and assess the risks of material misstatement of the project 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control 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 Project’s internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the project financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Project to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



Kubat Alymkulov

Certified accountant, FCCA (United Kingdom)  
Individual auditor registration number 441152 dated  
November 16, 2023.

Registered in the Unified state register of auditors,  
audit organizations, and professional audit  
associations.  
Audit Partner,  
Director, Baker Tilly Bishkek LLC



Umet Daletbaev

Individual auditor registration number 18167 dated  
December 26, 2023.

Registered in the Unified state register of auditors,  
audit organizations, and professional audit  
associations.  
Audit Partner

Baker Tilly Bishkek LLC is registered in the "Register of audit organizations admitted for audit of public Interest entities and large entrepreneurship entities" of the Unified state register of auditors, audit organizations, professional audit associations. Individual registration number 2101510 dated August 9, 2023

June 5, 2025  
Bishkek, the Kyrgyz Republic

**“CLIMATE RESILIENT WATER SERVICES PROJECT”  
GRANT NO. IDA E009-KG, CREDIT NO. IDA 7081-KG**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID  
FOR THE YEAR ENDED DECEMBER 31, 2024**

*(in US dollars)*


	Notes	For the year ended December 31, 2024	For the period from October 31, 2022 to December 31, 2023	Cumulative
<b>Opening balance</b>	4	2,224,010	-	-
<b>Funds received</b>				
Grant No. IDA E009-KG	5	5,875,442	3,637,655	9,513,097
WRS	5	2,800,001	1,337,655	4,137,656
SI DWSWD	5	3,075,441	2,300,000	5,375,441
Credit No. IDA 7081-KG	5	792,002	1,000,000	1,792,002
WRS	5	792,002	1,000,000	1,792,002
SI DWSWD		-	-	-
<b>Total funds received</b>		<u>6,667,444</u>	<u>4,637,655</u>	<u>11,305,099</u>
Other income	6	73,541	25,901	99,442
WRS	6	41,090	14,075	55,165
SI DWSWD	6	32,451	11,826	44,277
<b>Total receipts</b>		<u>6,740,985</u>	<u>4,663,556</u>	<u>11,404,541</u>
<b>Expenses</b>				
(1) Goods, works, non-consulting services, and consulting services, Training and Operating Costs for Part 1 of the Project	7	3,627,403	1,497,997	5,125,400
WRS	7	1,325,265	497,670	1,822,935
SI DWSWD	7	2,302,138	1,000,327	3,302,465
(2) Goods, works, non-consulting services, and consulting services, Training and Operating Costs for Parts 2 and 3 of the Project	7	2,278,040	939,854	3,217,894
WRS	7	1,753,770	557,870	2,311,640
SI DWSWD	7	524,270	381,984	906,254
(3) Emergency Expenditures under Part 4 of the Project		-	-	-
WRS		-	-	-
SI DWSWD		-	-	-
Total WRS		<u>3,079,035</u>	<u>1,055,540</u>	<u>4,134,575</u>
Total SI DWSWD		<u>2,826,408</u>	<u>1,382,311</u>	<u>4,208,719</u>
<b>Total expenses</b>		<u>5,905,443</u>	<u>2,437,851</u>	<u>8,343,294</u>

**“CLIMATE RESILIENT WATER SERVICES PROJECT”  
GRANT NO. IDA E009-KG, CREDIT NO. IDA 7081-KG**


**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(in US dollars)**

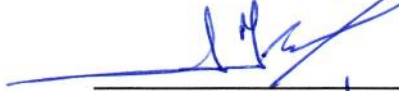
	Notes	For the year ended December 31, 2024	For the period from October 31, 2022 to December 31, 2023	Cumulative
Other expenses	8	28,190	1,695	29,885
WRS	8	15,961	1,537	17,498
SI DWSWD	8	12,229	158	12,387
<b>Closing balance</b>	4	<b>3,031,362</b>	<b>2,224,010</b>	<b>3,031,362</b>

On behalf of the Management:

  
**Torogeldiev U.T.**  
 Director of WRS PIU  
 June 5, 2025  
 Bishkek, the Kyrgyz Republic



  
**Januzakova A.B.**  
 Financial Manager of WRS PIU  
 June 5, 2025  
 Bishkek, the Kyrgyz Republic

  
**Muktarov A.K.**  
 Director of SI DWSWD PIU  
 June 5, 2025  
 Bishkek, the Kyrgyz Republic



  
**Zhunushova R.E.**  
 Financial Manager of SI DWSWD PIU  
 June 5, 2025  
 Bishkek, the Kyrgyz Republic


The notes on pages 8-21 form an integral part of the project financial statements. The independent auditor's report is on pages 3-4.


**“CLIMATE RESILIENT WATER SERVICES PROJECT”  
GRANT NO. IDA E009-KG, CREDIT NO. IDA 7081-KG**

**SUMMARY OF EXPENDITURES PAID BY PROJECT PARTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(in US dollars)**

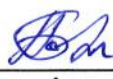
	For the year ended December 31, 2024	For the period from October 31, 2022 to December 31, 2023	Cumulative
<b>Part 1. Infrastructure Investments and Service Improvements</b>			
1.1. Water supply and sanitation infrastructure (SI DWSWD)	3,627,403	1,497,997	5,125,400
1.2. Irrigation and drainage services improvement (WRS)	2,302,138	1,000,327	3,302,465
1.2. Irrigation and drainage services improvement (WRS)	1,325,265	497,670	1,822,935
<b>Part 2. Institutional Strengthening for Climate Resilient Service Delivery, Water Resources Management and Dam Management</b>			
2.1. Institutional strengthening for water supply and sanitation service delivery (SI DWSWD)	1,574,749	433,692	2,008,441
2.2. Institutional strengthening for irrigation water services delivery (WRS)	107,332	12,206	119,538
2.3. Water and soil quality monitoring system (WRS)	65,787	39,480	105,267
2.3. Water and soil quality monitoring system (WRS)	1,393,374	237,167	1,630,541
2.4. Dam management (WRS)	8,256	144,839	153,095
<b>Part 3. Project Management, Monitoring and Evaluation and Professional Development</b>			
a. Project management activities	703,291	506,162	1,209,453
WRS	666,803	492,597	1,159,400
SI DWSWD	279,333	127,929	407,262
b. Professional development activities	387,470	364,668	752,138
WRS	36,488	13,565	50,053
SI DWSWD	7,020	8,455	15,475
SI DWSWD	29,468	5,110	34,578
<b>Part 4. Contingent Emergency Response Component</b>	-	-	-
Total WRS	3,079,035	1,055,540	4,134,575
Total SI DWSWD	2,826,408	1,382,311	4,208,719
<b>Total</b>	<b>5,905,443</b>	<b>2,437,851</b>	<b>8,343,294</b>

On behalf of the Management:

  
\_\_\_\_\_  
**Torogeldiev U.T.**  
Director of WRS PIU  
June 5, 2025  
Bishkek, the Kyrgyz Republic

  
\_\_\_\_\_  
**Muktarov A.K.**  
Director of SI DWSWD PIU  
June 5, 2025  
Bishkek, the Kyrgyz Republic



  
\_\_\_\_\_  
**Januzakova A.B.**  
Financial Manager of WRS PIU  
June 5, 2025  
Bishkek, the Kyrgyz Republic

  
\_\_\_\_\_  
**Zhunushova R.E.**  
Financial Manager of SI DWSWD PIU  
June 5, 2025  
Bishkek, the Kyrgyz Republic

The notes on pages 8-21 form an integral part of the project financial statements. The independent auditor's report is on pages 3-4.

**“CLIMATE RESILIENT WATER SERVICES PROJECT”  
GRANT NO. IDA E009-KG, CREDIT NO. IDA 7081-KG**

**NOTES TO THE PROJECT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

*(in US dollars)*

---

**1. GENERAL INFORMATION**

According to the Financing agreement between the Kyrgyz Republic and the International Development Association (the “IDA”) dated April 19, 2022, the IDA provided Grant No. IDA E009-KG in the amount of 35,900,000 Special Drawing Rights (the “SDR”) and a Credit No. IDA 7081-KG in the amount of 35,900,000 SDR to the Kyrgyz Republic.

In accordance with the approved Decree of the Cabinet of Ministers of the Kyrgyz Republic No. 98 dated March 7, 2024, the Ministry of Agriculture of the Kyrgyz Republic was renamed to the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the “WRS”). Also in accordance with the above-mentioned Decree, Department for the Development of Drinking Water Supply and Wastewater Disposal under the State Agency for Architecture, Construction and Communal Services under the Cabinet of Ministers of the Kyrgyz Republic was renamed to the State Institution Development of Drinking Water Supply and Wastewater Disposal and transferred to the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the “SI DDWSWD”).

The Grant and the Credit were provided for implementation of the “Climate Resilient Water Services Project” (the “Project”).

**Project purpose**

The project development objective (the “PDO”) is to (i) increase access to climate-resilient water services in selected river basins, and (ii) strengthen institutional capacities for climate-resilient water management at the local and national levels.

Water services include water supply and sanitation (the “WSS”) services and irrigation and drainage (the “I&D”) services. The Project will improve the coverage and quality of WSS and I&D services in selected basins. At national level the Project will increase institutional capacities for climate-resilient water management. With regards to the first part of the PDO, climate resilient water services are defined as water services that achieve coverage and quality standards despite possible climate risks (droughts, high temperature and extreme heat, urban flooding and sewerage overflows, floods, and mudflows). With regards to the second part of the PDO, climate-resilient water management is defined as the ability of water sector institutions at the local and national levels to prepare for disruptions and recover from shocks related to climate risks.

The Project comprises the following parts:

- Part 1. Infrastructure Investments and Service Improvements;
- Part 2. Institutional Strengthening for Climate Resilient Service Delivery, Water Resources Management and Dam Management;
- Part 3. Project Management, Monitoring and Evaluation and Professional Development;
- Part 4. Contingent Emergency Response Component.

**Part 1. Infrastructure Investments and Service Improvements**

1.1. Water supply and sanitation infrastructure: improving access to drinking water supply and sanitation services and enhancing wastewater treatment capacity, including, inter alia, through: (a) rehabilitation, modernization and/or construction of water supply and wastewater systems and facilities in the selected settlements (including individual households) and social institutions; (b) technical assistance for preparation of the engineering studies and designs, as well as construction supervision for the above activities; and (c) provision of equipment for drinking water quality and water pipes testing.

1.2. Irrigation and drainage services improvement: improving selected irrigation and drainage schemes, including, inter alia, through: (a) rehabilitation and modernization of the relevant infrastructure and canals; (b) promoting climate-smart agricultural practices and resource utilization among the farmers; and (c) technical assistance for preparation of the engineering studies and designs, as well as construction supervision for the above activities.

## **Part 2. Institutional Strengthening for Climate Resilient Service Delivery, Water Resources Management and Dam Management**

2.1 Institutional strengthening for water supply and sanitation service delivery: strengthening policy and regulatory frameworks and institutional capacity, including, inter alia, through: (a) development and/or support of a monitoring and benchmarking system for tracking and analyzing performance of water service providers; (b) development and institutionalization of pro-poor tariff setting procedures; (c) development of plans, programs and other documents, as might be necessary, in the fields of water supply and sanitation, fecal sludge management, as well as energy efficiency of selected utilities; (d) carrying out communications, citizen engagement and public awareness tools to improve social and gender inclusion and effectiveness of reform actions; (e) Training, knowledge exchange and support to the State Institution 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 (the "SI DWSWD") for improved sector coordination including support for preparation of the relevant sector reports; (f) preparation of a pilot performance based contract for a selected urban utility; and (g) Training and other capacity building for water utility financial management, accounting and reporting.

2.2 Institutional strengthening for irrigation water services delivery: including, inter alia, through: (a) provision of equipment, software and services for expansion of the Digital Water Information System; and (b) Training and capacity building for water users associations.

2.3 Water and soil quality monitoring system: strengthening the country's soil and surface water quality monitoring system, including, inter alia, through: (a) improvement and/or establishment of biochemical laboratories, repair works, provision of equipment, software and support in their accreditation; (b) upgrade of IT systems at the selected environmental monitoring entities; and (c) Training and capacity building for the selected environmental monitoring entities.

2.4 Dam management: strengthening dam management, including, inter alia, through: (a) establishment of a dam management unit within the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "WRS"); (b) development of guidelines for the elaboration of dam management plans and development of dam management plans for selected dams; and (c) development of a dam information module within the Digital Water Information System, including introduction of remote monitoring tools such as, e.g., drone applications and remote sensing.

## **Part 3. Project Management, Monitoring and Evaluation and Professional Development**

Providing support for:

(a) Project management activities, including: (i) coordination and supervision of Project implementation, monitoring and evaluation, Project audits; (ii) Incremental Operating Costs; and (iii) beneficiary satisfaction surveys and grievance redress mechanism; and

(b) Professional development activities, including: (i) capacity building, Training, and review and update of HR policies at WRS, SI DWSWD and other relevant entities; (ii) development of a gender action plan for the water sector; and (iii) development of feasibility studies and environmental and social impact assessments for future investments in irrigation and water supply and sanitation.

## **Part 4. Contingent Emergency Response Component**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

### *Project Management*

The Project is implemented by the Project Implementation Unit under the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "WRS PIU") and by the Project Implementation Unit under the 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 (the "SI DWSWD PIU").

SI DWSWD is the legal successor of the Department of Drinking Water Supply and Wastewater Disposal under the State Agency for Architecture, Construction and Communal Services under the Cabinet of Ministers of the Kyrgyz Republic.

The Project duration is from October 31, 2022 to December 31, 2028.

## **2. PRESENTATION OF THE PROJECT FINANCIAL STATEMENTS**

### **Basis of preparation**

These project financial statements have been prepared in accordance with the International Public Sector Accounting Standard (the "IPSAS") "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received or provided.

The Project's approved budget disclosed by categories of expenses is not publicly available and as such comparison of budget and actual amounts is not presented in these project financial statements.

The project financial statements consists of:

- Summary of funds received and expenditures paid;
- Summary of expenditures paid by project parts;
- Notes to the project financial statements, including short description of main statements of accounting policy and other descriptive notes.

The reporting currency of the project financial statements is US dollars (the "USD").

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Cash basis of accounting**

The project financial statements were prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid. The project financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the project financial statements is balances of cash and changes therein.

### **Foreign currency**

Operations in foreign currency initially are counted in functional currency using the currency exchange rate set by the commercial bank on a date of operation.

Funds received are converted into US dollars at official exchange rate of Special Drawing Rights (the "SDR") at the date of funds receipt.

All payments made in local currency are converted into US dollars at the official exchange rate defined by the serving commercial bank at the date of transaction.

Monetary assets and liabilities expressed in foreign and national currency are converted to functional currency at official exchange rate on a date settled by the commercial bank.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term.

**Taxes**

Calculation and payment of personal income tax and social security contributions from income of staff and consultants for the Social Fund of the Kyrgyz Republic is made in accordance with the requirements and rates of the Tax Code of the Kyrgyz Republic and relevant legislation of the Kyrgyz Republic.

**Expenses**

The expenses are recorded in the period when they were actually paid.

**Sources of funds**

The funds were provided by the IDA to the Project by initial deposit and replenishment of designated account.

**Other income**

Other income represents interest income accrued by the serving commercial bank on the outstanding balances of cash on designated accounts.

**Other expenses**

Other expenses comprise payments for bank services and expenses related to the return of accrued interest to the budget of the Kyrgyz Republic.

#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2024 and 2023 are presented as follows:

	Источники финансирования	Владелец счета	Валюта	31 декабря 2024 г.	31 декабря 2023 г.
Designated account	Grant E009-KG	WRS	US dollar	880,740	560,840
Designated account	Credit 7081-KG	WRS	US dollar	914,343	721,275
Designated account	Grant E009-KG	SI DWSWD	US dollar	1,166,722	917,689
Interest account	Other	SI DWSWD	US dollar	31,890	11,668
Interest account	Other	WRS	US dollar	11,464	10,344
Interest account	Other	WRS	US dollar	17,177	2,194
Tender account	Other	WRS	US dollar	2,000	-
Tender account	Other	WRS	Kyrgyz som	7,026	-
				<u>3,031,362</u>	<u>2,224,010</u>

#### 5. FUNDS RECEIVED

The funds received are presented by the following methods and sources of financing:

	For the year ended December 31, 2024	For the period from October 31, 2022 to December 31, 2023	Cumulative
<b>Grant No. IDA E009-KG</b>			
Advance / Initial deposit	-	3,000,000	3,000,000
WRS	-	1,000,000	1,000,000
SI DWSWD	-	2,000,000	2,000,000
Replenishment of designated account	5,875,442	637,655	6,513,097
WRS	2,800,001	337,655	3,137,656
SI DWSWD	3,075,441	300,000	3,375,441
	<u>5,875,442</u>	<u>3,637,655</u>	<u>9,513,097</u>
<b>Credit No. IDA 7081-KG</b>			
Advance / Initial deposit	-	1,000,000	1,000,000
WRS	-	1,000,000	1,000,000
SI DWSWD	-	-	-
Replenishment of designated account	792,002	-	792,002
WRS	792,002	-	792,002
SI DWSWD	-	-	-
	<u>792,002</u>	<u>1,000,000</u>	<u>1,792,002</u>
	<u>6,667,444</u>	<u>4,637,655</u>	<u>11,305,099</u>

## 6. OTHER INCOME

Other income is presented as follows:

	For the year ended December 31, 2024	For the period from October 31, 2022 to December 31, 2023	Cumulative
Interest income	73,541	25,901	99,442
WRS	41,090	14,075	55,165
SI DWSWD	<u>32,451</u>	<u>11,826</u>	<u>44,277</u>
	<u>73,541</u>	<u>25,901</u>	<u>99,442</u>

## 7. EXPENSES

Breakdowns of the Project expenses by sources of financing, categories and nature are presented as follows:

	For the year ended December 31, 2024			For the period from October 31, 2022 to December 31, 2023			Cumulative		
	Grant No. IDA E009-KG	Credit No. IDA 7081-KG	Total	Grant No. IDA E009-KG	Credit No. IDA 7081-KG	Total	Grant No. IDA E009-KG	Credit No. IDA 7081-KG	Total
<b>Goods</b>	1,441,953	-	1,441,953	482,460	-	482,460	1,924,413	-	1,924,413
<i>WRS</i>	1,411,819	-	1,411,819	363,943	-	363,943	1,775,762	-	1,775,762
<i>SI DWSWD</i>	30,134	-	30,134	118,517	-	118,517	148,651	-	148,651
<b>Works</b>	2,279,267	166,844	2,446,111	932,891	-	932,891	3,212,158	166,844	3,379,002
<i>WRS</i>	131,091	166,844	297,935	-	-	-	131,091	166,844	297,935
<i>SI DWSWD</i>	2,148,176	-	2,148,176	932,891	-	932,891	3,081,067	-	3,081,067
<b>Consulting services</b>	908,892	432,051	1,340,943	389,072	278,695	667,767	1,297,964	710,746	2,008,710
<i>WRS</i>	617,317	432,051	1,049,368	273,848	278,695	552,543	891,165	710,746	1,601,911
<i>International consulting services</i>	589,094	432,051	1,021,145	255,784	278,695	534,479	844,878	710,746	1,555,624
<i>Local consulting services</i>	28,223	-	28,223	18,064	-	18,064	46,287	-	46,287
<i>SI DWSWD</i>	291,575	-	291,575	115,224	-	115,224	406,799	-	406,799
<i>Local consulting services</i>	291,575	-	291,575	115,224	-	115,224	406,799	-	406,799
<b>Training</b>	81,439	-	81,439	17,217	-	17,217	98,656	-	98,656
<i>WRS</i>	45,206	-	45,206	11,125	-	11,125	56,331	-	56,331
<i>Local trainings</i>	38,533	-	38,533	5,226	-	5,226	43,759	-	43,759
<i>International trainings</i>	6,673	-	6,673	5,899	-	5,899	12,572	-	12,572
<i>SI DWSWD</i>	36,233	-	36,233	6,092	-	6,092	42,325	-	42,325
<i>International trainings</i>	27,123	-	27,123	3,603	-	3,603	30,726	-	30,726
<i>Local trainings</i>	9,110	-	9,110	2,489	-	2,489	11,599	-	11,599

	For the year ended December 31, 2024			For the period from October 31, 2022 to December 31, 2023			Cumulative		
	Grant No.	Credit No.	Total	Grant No.	Credit No.	Total	Grant No.	Credit No.	Total
	IDA E009-KG	IDA 7081-KG		IDA E009-KG	IDA 7081-KG		IDA E009-KG	IDA 7081-KG	
<b>Incremental operating costs</b>	594,957	40	594,997	337,486	30	337,516	932,443	70	932,513
<b>WRS</b>	274,667	40	274,707	127,899	30	127,929	402,566	70	402,636
<i>Payroll and Social Fund contributions</i>	248,316	-	248,316	113,267	-	113,267	361,583	-	361,583
<i>Office maintenance costs</i>	8,104	-	8,104	4,463	-	4,463	12,567	-	12,567
<i>Software maintenance and support</i>	1,691	-	1,691	4,420	-	4,420	6,111	-	6,111
<i>Business trips</i>	4,721	-	4,721	2,021	-	2,021	6,742	-	6,742
<i>Stationery</i>	1,114	-	1,114	892	-	892	2,006	-	2,006
<i>Advertisement costs</i>	1,835	-	1,835	224	-	224	2,059	-	2,059
<i>Fuel and car maintenance</i>	1,457	-	1,457	209	-	209	1,666	-	1,666
<i>Internet connection and communication costs</i>	1,178	-	1,178	180	-	180	1,358	-	1,358
<i>Other</i>	6,251	40	6,291	2,223	30	2,253	8,474	70	8,544
<b>SI DWSWD</b>	320,290	-	320,290	209,587	-	209,587	529,877	-	529,877
<i>Payroll and Social Fund contributions</i>	241,510	-	241,510	187,328	-	187,328	428,838	-	428,838
<i>Office maintenance costs</i>	55,249	-	55,249	6,742	-	6,742	61,991	-	61,991
<i>Business trips</i>	10,457	-	10,457	4,012	-	4,012	14,469	-	14,469
<i>Fuel and car maintenance</i>	7,781	-	7,781	6,835	-	6,835	14,616	-	14,616
<i>Insurance expenses</i>	2,060	-	2,060	1,793	-	1,793	3,853	-	3,853
<i>Stationery</i>	1,319	-	1,319	1,808	-	1,808	3,127	-	3,127
<i>Internet connection and communication costs</i>	645	-	645	554	-	554	1,199	-	1,199
<i>Advertisement costs</i>	271	-	271	19	-	19	290	-	290
<i>Other</i>	998	-	998	496	-	496	1,494	-	1,494
	<u>5,306,508</u>	<u>598,935</u>	<u>5,905,443</u>	<u>2,159,126</u>	<u>278,725</u>	<u>2,437,851</u>	<u>7,465,634</u>	<u>877,660</u>	<u>8,343,294</u>

## 8. OTHER EXPENSES

Other expenses are presented as follows:

	For the year ended December 31, 2024	For the period from October 31, 2022 to December 31, 2023	Cumulative
Bank services	3,983	1,695	5,678
WRS	3,423	1,537	4,960
SI DWSWD	560	158	718
Expenses related to the return of accrued interest to the budget of the Kyrgyz Republic	24,207	-	24,207
WRS	12,538	-	12,538
SI DWSWD	11,669	-	11,669
	<u>28,190</u>	<u>1,695</u>	<u>29,885</u>

## 9. FINANCIAL POSITION

Financial position as at December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
<b>ASSETS AND EXPENDITURES</b>		
Cash and cash equivalents	3,031,362	2,224,010
WRS	1,832,750	1,294,653
SI DWSWD	1,198,612	929,357
Cumulative expenses	8,343,294	2,437,851
WRS	4,134,575	1,055,540
SI DWSWD	4,208,719	1,382,311
Other expenses	29,885	1,695
WRS	17,498	1,537
SI DWSWD	12,387	158
<b>TOTAL ASSETS AND EXPENDITURES</b>	<u>11,404,541</u>	<u>4,663,556</u>
<b>FINANCING</b>		
Funds received	11,305,099	4,637,655
WRS	5,929,658	2,337,655
SI DWSWD	5,375,441	2,300,000
Other income	99,442	25,901
WRS	55,165	14,075
SI DWSWD	44,277	11,826
<b>TOTAL FINANCING</b>	<u>11,404,541</u>	<u>4,663,556</u>

## 10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2024 are presented as follows:

Sources of financing	Account holder	Date	Initial deposit	Replenishment of designated account	Total
<b>Grant No. IDA E009-KG</b>					
DCEI-GRANT-4	SI DWSWD	January 26, 2024	-	1,082,311	1,082,311
3	WRS	February 6, 2024	-	456,359	456,359
5	WRS	May 24, 2024	-	685,445	685,445
DCEI-GRANT-5	SI DWSWD	May 28, 2024	-	490,864	490,864
6	WRS	June 10, 2024	-	460,702	460,702
DCEI-GRANT-6	SI DWSWD	July 29, 2024	-	394,672	394,672
07	WRS	August 26, 2024	-	416,176	416,176
DCEI-GRANT-7	SI DWSWD	October 28, 2024	-	398,251	398,251
DCEI-GRANT-8	SI DWSWD	November 26, 2024	-	709,343	709,343
WRS/Grant-8	WRS	November 26, 2024	-	397,456	397,456
WRS/Grant-9	WRS	December 16, 2024	-	383,863	383,863
			-	<u>5,875,442</u>	<u>5,875,442</u>
<b>Credit No. IDA 7081-KG</b>					
4	WRS	March 15, 2024	-	310,902	310,902
WRS/Credit-3	WRS	December 13, 2024	-	481,100	481,100
			-	<u>792,002</u>	<u>792,002</u>

WRS Withdrawal application № 3 under the Grant No. IDA E009-KG dated January 23, 2024 in the amount of 456,359 US dollars was rejected by the World Bank due to technical issues related to the Client Connection platform.

## 11. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the year ended December 31, 2024 and for the period from October 31, 2022 to December 31, 2023 is presented as follows:

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

Source of financing	Grant No. IDA E009-KG	Credit No. IDA 7081-KG	Total
<b>Bank</b>	Aiyi Bank OJSC	Aiyi Bank OJSC	
<b>Bank account</b>	13501080300053	13501080300048	
<b>Currency</b>	88	83	
<b>Bank's location</b>	US dollar	US dollar	
	14 Logvinenko str., Bishkek, Kyrgyz Republic		
<b>Balance as at October 31, 2022</b>	-	-	-
Initial deposit	1,000,000	1,000,000	2,000,000
Replenishment	337,655	-	337,655
<b>Total funds received</b>	<b>1,337,655</b>	<b>1,000,000</b>	<b>2,337,655</b>
Expenses paid	334,569	278,725	613,294
Transfer to transit account	442,246	-	442,246
<b>Balance as at December 31, 2023</b>	<b>560,840</b>	<b>721,275</b>	<b>1,282,115</b>
Replenishment	2,800,001	792,002	3,592,003
<b>Total funds received</b>	<b>2,800,001</b>	<b>792,002</b>	<b>3,592,003</b>
Expenses paid	1,665,294	260,155	1,925,449
Transfer to transit account	814,807	338,779	1,153,586
<b>Balance as at December 31, 2024</b>	<b>880,740</b>	<b>914,343</b>	<b>1,795,083</b>

State Institution 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

Source of financing	Grant No.	Credit No.	Total
<b>Bank</b>	<b>IDA E009-KG</b>	<b>IDA 7081-KG</b>	
<b>Bank account</b>	Aiyl Bank OJSC	Aiyl Bank OJSC	
<b>Currency</b>	1350138030002411	1350138030002007	
<b>Bank's location</b>	US dollar	US dollar	
	114/2 Kievskaya str., Bishkek, Kyrgyz Republic		
<b>Balance as at October 31, 2022</b>	-	-	-
Initial deposit	2,000,000	-	2,000,000
Replenishment	300,000	-	300,000
<b>Total funds received</b>	<b>2,300,000</b>	<b>-</b>	<b>2,300,000</b>
Expenses paid	7,301	-	7,301
Transfer to transit account	1,375,010	-	1,375,010
<b>Balance as at December 31, 2023</b>	<b>917,689</b>	<b>-</b>	<b>917,689</b>
Replenishment	3,075,441	-	3,075,441
<b>Total funds received</b>	<b>3,075,441</b>	<b>-</b>	<b>3,075,441</b>
Expenses paid	25,507	-	25,507
Transfer to transit account	2,800,901	-	2,800,901
<b>Balance as at December 31, 2024</b>	<b>1,166,722</b>	<b>-</b>	<b>1,166,722</b>

## 12. UNDRAWN FUNDS

Undrawn funds as at December 31, 2024 are presented as follows:

	Grant No. IDA E009-KG <i>in SDR</i>	Credit No. IDA 7081-KG <i>in SDR</i>
Approved amount of financing	35,900,000	35,900,000
Disbursed during the period from October 31, 2022 to December 31, 2024	<u>7,133,500</u>	<u>1,363,170</u>
Undrawn amount of financing as at December 31, 2024	<u>28,766,500</u>	<u>34,536,830</u>

	Grant No. IDA E009-KG <i>in SDR</i>	Credit No. IDA 7081-KG <i>in SDR</i>
Funds received as at October 31, 2022	-	-
Disbursed during the period from October 31, 2022 to December 31, 2023	2,696,451	762,719
Disbursed during the period from January 1, 2024 to December 31, 2024	<u>4,437,049</u>	<u>600,452</u>
Funds received as at December 31, 2024	<u>7,133,500</u>	<u>1,363,170</u>

## 13. COMMITMENTS

In the normal course of activities, the Project concludes agreements with suppliers of goods and services in accordance with the established budget and procurement plan.

Commitments of WRS as at December 31, 2024 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2024 (in CCY)	Remaining amount to be paid (in CCY)
SU-YAPI Engineering & Consulting Inc.	CREWSP/CS/C.1.2/QCBS /1-1 or 18.10.23	2,064,409	US Dollars	1,518,815	545,594
SU-YAPI Engineering & Consulting Inc.	CREWSP/CS/C.1.2/QCBS /1-2 or 18.10.23	1,433,152	US Dollars	-	1,433,152
Baker Tilly Bishkek LLC	CREWSP/CS/C.3.2/LCS/1 CREWSP/G/C.2.3/RFB/6	27,759	US Dollars	4,627	23,132
Distritech LLC	Lot1	66,118	Euros	40,588	25,530
Sadybakova D.K.	CREWSP/CS/C.2.4/IC/10	1,140,000	Kyrgyz soms	223,043	916,957
Iskakov A.K.	CREWSP/CS/C.2.4/IC/7	1,140,000	Kyrgyz soms	223,043	916,957
Baitova A.K.	CREWSP/CS/C.2.4/IC/8	1,368,000	Kyrgyz soms	267,652	1,100,348

Commitments of SI DWSWD as at December 31, 2024 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2024 (in CCY)	Remaining amount to be paid (in CCY)
Baker Tilly Bishkek LLC	CREWSP/CS/C.3.2/LCS/1	27,759	US Dollars	4,627	23,132
Consortium of Kanat Stroy LLC and Technotop LLC	IDA-CRWSP-CW-RFB-18-18	184,908,920	Kyrgyz soms	56,039,070	128,869,850
Consortium of Kanat Stroy LLC and Argena LLC	IDA-CRWSP-CW-RFB-15/1	44,864,683	Kyrgyz soms	29,384,302	15,480,381

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2024 (in CCY)	Remaining amount to be paid (in CCY)
NSK Turan Group LLC	IDA-CRWSP-CW-RFB-15/2	71,339,366	Kyrgyz soms	28,812,251	42,527,115
Yug-Stroyservice LLC	IDA-CRWSP-CW-RFB-6-6	86,419,924	Kyrgyz soms	24,950,392	61,469,532
Production enterprise MINUR LLC	IDA-CRWSP-CW-RFP-14/1	62,802,155	Kyrgyz soms	37,034,826	25,767,329
Production enterprise MINUR LLC	IDA-CRWSP-CW-RFP-14/2	78,762,120	Kyrgyz soms	55,630,547	23,131,573
Musai LLC	IDA-CRWSP-CQS-2023-2 ОсОО "Профит	18,511,801	Kyrgyz soms	6,662,235	11,849,566
Profit-express LLC	Экспресс"	59,014,962	Kyrgyz soms	36,035,567	22,979,395
Encon LLC	IDA-CRWSP-DS-2023-1	2,186,332	Kyrgyz soms	1,446,815	739,517
Gal-Project LLC	IDA-CRWSP-COS-2023-1	9,872,600	Kyrgyz soms	5,558,810	4,313,790
Nur SZHB LLC	IDA-CRWSP-DS-2023-6	1,998,880	Kyrgyz soms	799,552	1,199,328
NTT Project LLC	IDA-CRWSP-DS-2023-5	380,662	Kyrgyz soms	304,530	76,132
EAAS LLC	IDA-CRWSP-DS-2023-4	550,477	Kyrgyz soms	-	550,477
Central Asia Prospects PF	IDA-CRWSP-COMP2-CQS-2023-2	10,638,410	Kyrgyz soms	2,881,358	7,757,052
Kyzyl Chek LLC	CRWSP-SH-SW-2024-1 IDA-CRWSP-IC-2023-5	4,082,850	Kyrgyz soms	4,080,929	1,921
Dzhaichinov Ch.A.	ad-1 IDA-CRWSP-IC-2023-4	1,014,000	Kyrgyz soms	29,400	984,600
Dzhamangulov I.	ad-1	1,001,000	Kyrgyz soms	-	1,001,000
Omuraliev A.M.	IDA-CRWSP-IC-2023-6	1,027,000	Kyrgyz soms	-	1,027,000

#### 14. LEGAL CASES

There were no any legal claims related to the Project.

#### 15. EVENTS AFTER THE REPORTING DATE

During 2025 until the date of issue of the project financial statements IDA has replenished the Project's designated accounts as follows:

Sources of financing	Account holder	Date	Replenishment of designated account	Total
<b>Grant No. IDA E009-KG</b>				
DCEI-GRANT-9	SI DWSWD	February 3, 2025	833,278	833,278
WRS/Grant-10	WRS	March 19, 2025	345,048	345,048
DCEI-GRANT-11	SI DWSWD	May 12, 2025	602,196	602,196
			<u>1,780,522</u>	<u>1,780,522</u>

In accordance with the approved Decree of the Cabinet of Ministers of the Kyrgyz Republic No. 69 dated February 14, 2025, the 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 was renamed to the State institution 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.

As at the date of issue of the project financial statements no other significant events or transactions occurred which should be disclosed in the project financial statements, except for the events described above.