“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, 2025

and independent auditor's report

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

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"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, 2025

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, 2025 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, 2025 were approved and authorized for issue on June 12, 2026 by the management of the Project.

On behalf of the Management:

Torogeldiev U.T.
Director of WRS PIU
June 12, 2026
Bishkek, the Kyrgyz Republic

Januzakova A.B.
Financial Manager of WRS PIU
June 12, 2026
Bishkek, the Kyrgyz Republic

PIU-CRWS

Проект "Улучшение водохозяйственных услуг, устойчивых к изменению климата"

Muktarov A.K.
Director of DDDWSWD PIU
June 12, 2026
Bishkek, the Kyrgyz Republic

Zhunushova R.E.
Financial Manager of DDDWSWD PIU
June 12, 2026
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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 Department for the Development of Drinking Water Supply and Wastewater Disposal under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "DDDWSWD").

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, 2025, 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, 2025 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 describes 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 11152 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 12, 2026
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, 2025
(in US dollars)

	Notes	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulative
Opening balance	4	3,031,362	2,224,010	-
Funds received				
Grant No. IDA E009-KG	5	9,895,571	5,875,442	19,408,668
WRS	5	5,900,000	2,800,001	10,037,656
DDDWSWD	5	3,995,571	3,075,441	9,371,012
Credit No. IDA 7081-KG	5	(822,396)	792,002	969,606
WRS	5	(822,396)	792,002	969,606
DDDWSWD		-	-	-
Total funds received		9,073,175	6,667,444	20,378,274
Other income	6	53,949	73,541	153,391
WRS	6	29,009	41,090	84,174
DDDWSWD	6	24,940	32,451	69,217
Total receipts		9,127,124	6,740,985	20,531,665
Expenses				
(1) Goods, works, non-consulting services, and consulting services, Training and Operating Costs for Part 1 of the Project	7	9,998,922	3,627,403	15,124,322
WRS	7	6,324,112	1,325,265	8,147,047
DDDWSWD	7	3,674,810	2,302,138	6,977,275
(2) Goods, works, non-consulting services, and consulting services, Training and Operating Costs for Parts 2 and 3 of the Project	7	1,127,129	2,278,040	4,345,023
WRS	7	548,575	1,753,770	2,860,215
DDDWSWD	7	578,554	524,270	1,484,808
(3) Emergency Expenditures under Part 4 of the Project		-	-	-
WRS		-	-	-
DDDWSWD		-	-	-
Total WRS		6,872,687	3,079,035	11,007,262
Total DDDWSWD		4,253,364	2,826,408	8,462,083
Total expenses		11,126,051	5,905,443	19,469,345

"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, 2025
(in US dollars)

	Notes	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulative
Other expenses	8	114,735	28,190	144,620
WRS	8	57,904	15,961	75,402
DDDWSWD	8	56,831	12,229	69,218
Closing balance	4	917,700	3,031,362	917,700

On behalf of the Management:

PIU-CRWS

Torogeldiev U.T.
Director of WRS PIU
June 12, 2026
Bishkek, the Kyrgyz Republic

Januzakova A.B.
Financial Manager of WRS PIU
June 12, 2026
Bishkek, the Kyrgyz Republic

Проект
"Улучшение
водохозяйственных
услуг, устойчивых к
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климата"

Muktarov A.K.
Director of DDDWSWD PIU
June 12, 2026
Bishkek, the Kyrgyz Republic

Zhunushova R.E.
Financial Manager of DDDWSWD PIU
June 12, 2026
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, 2025
(in US dollars)

	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulative
Part 1. Infrastructure Investments and Service Improvements	9,998,922	3,627,403	15,124,322
1.1. Water supply and sanitation infrastructure (DDDWSWD)	3,674,810	2,302,138	6,977,275
1.2. Irrigation and drainage services improvement (WRS)	6,324,112	1,325,265	8,147,047
Part 2. Institutional Strengthening for Climate Resilient Service Delivery, Water Resources Management and Dam Management	393,677	1,574,749	2,402,118
2.1. Institutional strengthening for water supply and sanitation service delivery (DDDWSWD)	215,004	107,332	334,542
2.2. Institutional strengthening for irrigation water services delivery (WRS)	4,191	65,787	109,458
2.3. Water and soil quality monitoring system (WRS)	147,780	1,393,374	1,778,321
2.4. Dam management (WRS)	26,702	8,256	179,797
Part 3. Project Management, Monitoring and Evaluation and Professional Development	733,452	703,291	1,942,905
a. Project management activities	696,324	666,803	1,855,724
WRS	341,564	279,333	748,826
DDDWSWD	354,760	387,470	1,106,898
b. Professional development activities	37,128	36,488	87,181
WRS	28,338	7,020	43,813
DDDWSWD	8,790	29,468	43,368
Part 4. Contingent Emergency Response Component	-	-	-
Total WRS	6,872,687	3,079,035	11,007,262
Total DDDWSWD	4,253,364	2,826,408	8,462,083
Total	11,126,051	5,905,443	19,469,345

On behalf of the Management:

Torogeldiev U.T.
Director of WRS PIU
June 12, 2026
Bishkek, the Kyrgyz Republic

Januzakova A.B.
Financial Manager of WRS PIU
June 12, 2026
Bishkek, the Kyrgyz Republic

PIU-CRWS

Проект "Улучшение водохозяйственных услуг, устойчивых к изменению климата"

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June 12, 2026
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June 12, 2026
Bishkek, the Kyrgyz Republic

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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.

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.

In accordance with the approved Decree of the Cabinet of Ministers of the Kyrgyz Republic No. 531 dated August 28, 2025 State institution of Drinking Water Supply and Wastewater Disposal was renamed to Department for the Development of Drinking Water Supply and Wastewater Disposal under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the – "DDDWSWD").

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 Department for the Development of Drinking Water Supply and Wastewater Disposal under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "DDDWSWD") 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, DDDWSWD 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 Department for the Development of Drinking Water Supply and Wastewater Disposal under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "DDDWSWD PIU").

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, 2025 and 2024 are presented as follows:

	Source of financing	Account holder	Currency	December 31, 2025	December 31, 2024
Designated account	Grant E009-KG	DDDWSWD	US dollar	908,929	1,166,722
Designated account	Grant E009-KG	WRS	US dollar	-	880,740
Designated account	Credit 7081-KG	WRS	US dollar	-	914,343
Interest account	Other	DDDWSWD	US dollar	-	31,890
Interest account	Other	WRS	US dollar	-	11,464
Interest account	Other	WRS	US dollar	-	17,177
Tender account	Other	WRS	US dollar	2,000	2,000
Tender account	Other	WRS	Kyrgyz som	6,771	7,026
				917,700	3,031,362

5. FUNDS RECEIVED

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

	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulative
Grant No. IDA E009-KG			
Advance / Initial deposit	-	-	3,000,000
WRS	-	-	1,000,000
DDDWSWD	-	-	2,000,000
Direct Payment	4,626,238	-	4,626,238
WRS	4,626,238	-	4,626,238
DDDWSWD	-	-	-
Replenishment of designated account	5,269,333	5,875,442	11,782,430
WRS	1,273,762	2,800,001	4,411,418
DDDWSWD	3,995,571	3,075,441	7,371,012
	9,895,571	5,875,442	19,408,668
Credit No. IDA 7081-KG			
Initial deposit refund	(822,396)	-	(822,396)
WRS	(822,396)	-	(822,396)
DDDWSWD	-	-	-
Advance / Initial deposit	-	-	1,000,000
WRS	-	-	1,000,000
DDDWSWD	-	-	-
Replenishment of designated account	-	792,002	792,002
WRS	-	792,002	792,002
DDDWSWD	-	-	-
	(822,396)	792,002	969,606
	9,073,175	6,667,444	20,378,274

6. OTHER INCOME

Other income is presented as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulative
Interest income			
WRS	29,009	41,090	84,174
DDDWSWD	24,940	32,451	69,217
	53,949	73,541	153,391

7. EXPENSES

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

	For the year ended December 31, 2025			For the year ended December 31, 2024			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
Goods	481,747	-	481,747	1,441,953	-	1,441,953	2,406,160	-	2,406,160
WRS	144,816	-	144,816	1,411,819	-	1,411,819	1,920,578	-	1,920,578
DDDWSWD	336,931	-	336,931	30,134	-	30,134	485,582	-	485,582
Works	9,333,108	-	9,333,108	2,279,267	166,844	2,446,111	12,545,266	166,844	12,712,110
WRS	6,090,376	-	6,090,376	131,091	166,844	297,935	6,221,467	166,844	6,388,311
DDDWSWD	3,242,732	-	3,242,732	2,148,176	-	2,148,176	6,323,799	-	6,323,799
Consulting services	515,592	91,947	607,539	908,892	432,051	1,340,943	1,813,556	802,693	2,616,249
WRS	211,609	91,947	303,556	617,317	432,051	1,049,368	1,102,774	802,693	1,905,467
International consulting services	140,300	91,947	232,247	589,094	432,051	1,021,145	985,178	802,693	1,787,871
Local consulting services	71,309	-	71,309	28,223	-	28,223	117,596	-	117,596
DDDWSWD	303,983	-	303,983	291,575	-	291,575	710,782	-	710,782
Local consulting services	303,983	-	303,983	291,575	-	291,575	710,782	-	710,782
Training	51,543	-	51,543	81,439	-	81,439	150,199	-	150,199
WRS	32,528	-	32,528	45,206	-	45,206	88,859	-	88,859
International trainings	25,117	-	25,117	6,673	-	6,673	37,689	-	37,689
Local trainings	7,411	-	7,411	38,533	-	38,533	51,170	-	51,170
DDDWSWD	19,015	-	19,015	36,233	-	36,233	61,340	-	61,340
Local trainings	19,015	-	19,015	9,110	-	9,110	30,614	-	30,614
International trainings	-	-	-	27,123	-	27,123	30,726	-	30,726

	For the year ended December 31, 2025			For the year ended December 31, 2024			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
Incremental operating costs	652,114	-	652,114	594,957	40	594,997	1,584,557	70	1,584,627
WRS	301,411	-	301,411	274,667	40	274,707	703,977	70	704,047
Payroll and Social Fund contributions	283,711	-	283,711	248,316	-	248,316	645,294	-	645,294
Business trips	7,608	-	7,608	4,721	-	4,721	14,350	-	14,350
Office maintenance costs	2,608	-	2,608	8,104	-	8,104	15,175	-	15,175
Fuel and car maintenance	2,532	-	2,532	1,457	-	1,457	4,198	-	4,198
Internet connection and communication costs	1,023	-	1,023	1,178	-	1,178	2,381	-	2,381
Stationery	816	-	816	1,114	-	1,114	2,822	-	2,822
Software maintenance costs	642	-	642	1,691	-	1,691	6,753	-	6,753
Advertisement costs	292	-	292	1,835	-	1,835	2,351	-	2,351
Other	2,179	-	2,179	6,251	40	6,291	10,653	70	10,723
DDDWSWD	350,703	-	350,703	320,290	-	320,290	880,580	-	880,580
Payroll and Social Fund contributions	283,368	-	283,368	241,510	-	241,510	712,206	-	712,206
Business trips	26,142	-	26,142	10,457	-	10,457	40,611	-	40,611
Furniture purchase	13,778	-	13,778	-	-	-	13,778	-	13,778
Office maintenance costs	12,902	-	12,902	55,249	-	55,249	74,893	-	74,893
Fuel and car maintenance	8,246	-	8,246	7,781	-	7,781	22,862	-	22,862
Insurance expenses	2,445	-	2,445	2,060	-	2,060	6,298	-	6,298
Stationery	1,263	-	1,263	1,319	-	1,319	4,390	-	4,390
Translation and documents delivery costs	1,049	-	1,049	-	-	-	1,049	-	1,049
Internet connection and communication costs	986	-	986	645	-	645	2,185	-	2,185
Advertisement costs	-	-	-	271	-	271	290	-	290
Other	524	-	524	998	-	998	2,018	-	2,018
	11,034,104	91,947	11,126,051	5,306,508	598,935	5,905,443	18,499,738	969,607	19,469,345

8. OTHER EXPENSES

Other expenses are presented as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulative
Bank services	5,289	3,983	10,967
WRS	4,774	3,423	9,734
DDDWSWD	515	560	1,233
Expenses related to the return of accrued interest to the budget of the Kyrgyz Republic	109,446	24,207	133,653
WRS	53,130	12,538	65,668
DDDWSWD	56,316	11,669	67,985
	114,735	28,190	144,620

9. FINANCIAL POSITION

Financial position as at December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
ASSETS AND EXPENDITURES		
Cash and cash equivalents	917,700	3,031,362
WRS	8,771	1,832,750
DDDWSWD	908,929	1,198,612
Cumulative expenses	19,469,345	8,343,294
WRS	11,007,262	4,134,575
DDDWSWD	8,462,083	4,208,719
Other expenses	144,620	29,885
WRS	75,402	17,498
DDDWSWD	69,218	12,387
TOTAL ASSETS AND EXPENDITURES	20,531,665	11,404,541
FINANCING		
Initial deposit refund	(822,396)	-
WRS	(822,396)	-
DDDWSWD	-	-
Funds received	21,200,670	11,305,099
WRS	11,829,658	5,929,658
DDDWSWD	9,371,012	5,375,441
Other income	153,391	99,442
WRS	84,174	55,165
DDDWSWD	69,217	44,277
TOTAL FINANCING	20,531,665	11,404,541

10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2025 are presented as follows:

Sources of financing	Account holder	Date	Direct payment	Initial deposit refund	Replenishment of designated account	Total
Grant No. IDA E009-KG						
DCEI-GRANT-9	DDDWSWD	February 3, 2025	-	-	833,278	833,278
WRS/Grant-10	WRS	March 19, 2025	-	-	345,048	345,048
DCEI-GRANT-11	DDDWSWD	May 5, 2025	-	-	602,196	602,196
WRS/Grant-11	WRS	October 10, 2025	3,182,556	-	-	3,182,556
WRS/Grant-12	WRS	October 14, 2025	953,677	-	-	953,677
WRS/Grant-13	WRS	November 24, 2025	-	-	928,714	928,714
DCEI-GRANT-13	DDDWSWD	November 25, 2025	-	-	854,128	854,128
WRS/Grant-14	WRS	December 1, 2025	490,005	-	-	490,005
DCEI-GRANT-14	DDDWSWD	December 9, 2025	-	-	405,978	405,978
DCEI-GRANT-15	DDDWSWD	December 15, 2025	-	-	395,152	395,152
DCEI-GRANT-16	DDDWSWD	December 17, 2025	-	-	329,998	329,998
DCEI-GRANT-17	DDDWSWD	December 22, 2025	-	-	574,841	574,841
			4,626,238	-	5,269,333	9,895,571
Credit No. IDA 7081-KG						
RAN: RN000000440553	WRS	December 17, 2025	-	(822,396)	-	(822,396)
			-	(822,396)	-	(822,396)

Cancelled applications for the year ended December 31, 2025 are presented as follows:

Sources of financing	Account holder	Date	Direct payment	Initial deposit refund	Replenishment of designated account	Total
Grant No. IDA E009-KG						
DCEI-GRANT-10	DDDWSWD	April 28, 2025	-	-	602,196	602,196
			-	-	602,196	602,196
Credit No. IDA 7081-KG						
WRS/Credit-4	WRS	December 18, 2025	-	-	-	-
			-	-	-	-

Expenses were documented under the Project:

- under withdrawal application No. DCEI-GRANT-13 under the Grant No. IDA E009-KG, dated November 11, 2025 -1,854,128 US dollars were documented;
- under withdrawal application No. WRS/Credit-5 under the Credit No. IDA 7081-KG, dated December 24, 2025- 177,604 US dollars were documented.

11. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the years ended December 31, 2025 and 2024 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**
Bank	ABank OJSC	ABank OJSC	
Bank account	1350108030005388	1350108030004883	
Currency	US dollar	US dollar	
Bank's location	14 Logvinenko str., Bishkek, Kyrgyz Republic		
Balance as at December 31, 2023	560,840	721,275	1,282,115
Replenishment	2,800,001	792,002	3,592,003
Total funds received	2,800,001	792,002	3,592,003
Expenses paid	1,665,294	260,155	1,925,449
Transfer to transit account	814,807	338,779	1,153,586
Balance as at December 31, 2024	880,740	914,343	1,795,083
Initial deposit refund	-	(822,396)	(822,396)
Replenishment	1,273,762	-	1,273,762
Total funds received	1,273,762	(822,396)	451,366
Expenses paid	805,298	91,947	897,245
Transfer to transit account	1,349,204	-	1,349,204
Balance as at December 31, 2025	-	-	-

Department for the Development of Drinking Water Supply and Wastewater Disposal under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic

	Grant No. IDA E009-KG	Credit No. IDA 7081-KG	Total
Source of financing			
Bank	ABank OJSC	ABank OJSC	
Bank account	1350138030002411	1350138030002007	
Currency	US dollar	US dollar	
Bank's location	114/2 Kievskaya str., Bishkek, Kyrgyz Republic		
Balance as at December 31, 2023	917,689	-	917,689
Replenishment	3,075,441	-	3,075,441
Total funds received	3,075,441	-	3,075,441
Expenses paid	25,507	-	25,507
Transfer to transit account	2,800,901	-	2,800,901
Balance as at December 31, 2024	1,166,722	-	1,166,722
Replenishment	3,995,571	-	3,995,571
Total funds received	3,995,571	-	3,995,571
Expenses paid	12,918	-	12,918
Transfer to transit account	4,240,446	-	4,240,446
Balance as at December 31, 2025	908,929	-	908,929

12. UNDRAWN FUNDS

Undrawn funds as at December 31, 2025 are presented as follows:

	Grant No. IDA E009-KG *in SDR*	**Credit No. IDA 7081-KG** *in SDR*
Approved amount of financing	35,900,000	35,900,000
Disbursed during the period from October 31, 2022 to December 31, 2025	14,442,716	761,247
Undrawn amount of financing as at December 31, 2025	21,457,284	35,138,753

	Grant No. IDA E009-KG *in SDR*	**Credit No. IDA 7081-KG** *in SDR*
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	4,437,049	600,452
Disbursed during the period from January 1, 2025 to December 31, 2025	7,309,216	(601,924)
Funds received as at December 31, 2025	14,442,716	761,247

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, 2025 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2025 (in CCY)	Remaining amount to be paid (in CCY)
SU-YAPI Engineering & Consulting Inc.	CREWSP/CS/C.1.2/QCBS/1-1	2,064,409	US Dollars	1,751,061	313,348
SU-YAPI Engineering & Consulting Inc.	CREWSP/CS/C.1.2/QCBS/1-2	1,433,152	US Dollars	-	1,433,152
Baker Tilly Bishkek LLC	CREWSP/CS/C.3.2/LCS/1	24,918	US Dollars	8,683	16,235
China Road and Bridge Corporation & Yellow River Engineering Consulting Co. Ltd. JV	CREWSP/CW/C1.2/RFB/1	1,788,676,828	Kyrgyz soms	357,735,366	1,430,941,462
China Road and Bridge Corporation & Yellow River Engineering Consulting Co. Ltd. JV	CREWSP/CW/C1.2/RFB/1	853,476,071	Kyrgyz soms	84,659,516	768,816,555
Shandong Zhongze Engineering Group Co.Ltd	CREWSP/CW/C1.2/RFB/4	425,568,981	Kyrgyz soms	85,128,438	340,440,543
Zerkalo Central Asia LLC	CREWSP/CS/C.3.3/CQS/3	15,582,050	Kyrgyz soms	3,116,410	12,465,640
Abdukarimov E.E.	CREWSP/CS/C.2.3/IC/4	825,000	Kyrgyz soms	412,000	413,000
Dzholoshaliyev I.A.	CREWSP/CS/C.2.4/IC/10	1,349,000	Kyrgyz soms	480,527	868,473
Stepanov K.A.	CREWSP/CS/C.2.2/IC/5	960,000	Kyrgyz soms	-	960,000
Mamyrbekov M.M.	CREWSP/CS/C.2.2/IC/6	960,000	Kyrgyz soms	-	960,000
Orozbaev A.N.	CREWSP/CS/C.3.5/IC/3	978,000	Kyrgyz soms	-	978,000

Commitments of DDDWSWD as at December 31, 2025 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2025 (in CCY)	Remaining amount to be paid (in CCY)
Baker Tilly Bishkek LLC	CREWSP-CS-C.3.2-LCS-1-ad1	24,918	US Dollars	8,685	16,233
Muftuoglu Ali Demir	IDA-CRWSP-IC-2025-2	145,700	US Dollars	-	145,700
Production enterprise MINUR LLC	IDA-CRWSP-CW-RFP-14/1-ad4	62,802,155	Kyrgyz soms	46,502,233	16,299,922
Production enterprise MINUR LLC	IDA-CRWSP-CW-RFP-14/2-ad4	78,762,120	Kyrgyz soms	60,850,163	17,911,957
Profit-express LLC	IDA-CRWSP-CW-RFP-14/3/ad2	59,014,962	Kyrgyz soms	53,356,223	5,658,739
Consortium of Kanat Stroy LLC and Argena LLC	IDA-CRWSP-CW-RFB-15/1	44,864,683	Kyrgyz soms	43,428,121	1,436,562
NSK Turan Group LLC	IDA-CRWSP-CW-RFB-15/2/ad2	71,339,366	Kyrgyz soms	66,683,979	4,655,387
Consortium of Kanat Stroy LLC and Technotop LLC	IDA-CRWSP-CW-RFB-18-18/ad1	184,908,920	Kyrgyz soms	99,149,257	85,759,663
Yug-Stroyservice LLC	IDA-CRWSP-CW-RFB-6-6	86,419,924	Kyrgyz soms	58,401,901	28,018,023
Consortium of Yug-Stroyservice LLC and Alga LLC	IDA-CRWSP-CW-RFB-8-8	85,972,202	Kyrgyz soms	56,241,282	29,730,920
Hydro Tech Stroy LLC	IDA-CRWSP-CW-RFB-9-9	34,987,355	Kyrgyz soms	17,498,281	17,489,074
Inzhenernaya zashchita LLC	IDA-CRWSP-CW-RFB-4-4	180,790,707	Kyrgyz soms	48,021,742	132,768,965
Argena Suu Kurulush LLC	IDA-CRWSP-CW-RFQ-2025-1-ad1	18,018,550	Kyrgyz soms	-	18,018,550
Encon LLC	IDA-CRWSP-DS-2023-1/ad4	2,612,806	Kyrgyz soms	2,447,595	165,211
Gal-Project LLC	IDA-CRWSP-COS-2023-1/ad7	10,802,534	Kyrgyz soms	8,596,613	2,205,921
Musai LLC	IDA-CRWSP-CQS-2023-2/ad2	18,511,801	Kyrgyz soms	7,019,923	11,491,878
Encon LLC	IDA-CRWSP-CQS-2024-3-RT-1/ad1	22,591,261	Kyrgyz soms	7,904,891	14,686,370
Encon LLC	IDA-CRWSP-CQS-2025-3	8,890,342	Kyrgyz soms	812,456	8,077,886
Dzhaichinov Ch.A.	IDA-CRWSP-IC-2023-5/ad-2	1,014,000	Kyrgyz soms	29,400	984,600
Dzhamangulov I.	IDA-CRWSP-IC-2023-4/ad-2	1,001,000	Kyrgyz soms	31,383	969,617
Omuraliev A.M.	IDA-CRWSP-IC-2023-6/ad-2	1,027,000	Kyrgyz soms	-	1,027,000
Central Asia Prospects PF	IDA-CRWSP-COMP2-CQS-2023-2/ad-3	10,638,410	Kyrgyz soms	6,075,438	4,562,972
Dzheldenov K.A.	IDA-CRWSP-COMP2-IC-2025-17/ad-1	461,000	Kyrgyz soms	-	461,000
Dosuev Sh.D. IE	IDA-CRWSP-COMP2-IC-2025-18/ad-2	822,000	Kyrgyz soms	-	822,000
Rysbaeva A.K.	IDA-CRWSP-COMP2-IC-2025-15/ad-1	461,000	Kyrgyz soms	-	461,000

14. LEGAL CASES

There were no legal claims related to the Project.

15. EVENTS AFTER THE REPORTING DATE

During 2026 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	Direct payment	Replenishment of designated account	Total
Grant No. IDA E009-KG					
WRS/Grant-15	WRS	January 23, 2026	996,054	-	996,054
WRS/Grant-16	WRS	January 23, 2026	-	1,000,000	1,000,000
WRS/Grant-17	WRS	February 9, 2026	321,623	-	321,623
WRS/Grant-18	WRS	February 9, 2026	-	969,657	969,657
DCEI-GRANT-18	DDDWSWD	March 17, 2026	-	393,344	393,344
WRS/Grant-19	WRS	March 24, 2026	-	568,135	568,135
DCEI-GRANT-19	DDDWSWD	April 22, 2026	-	444,401	444,401
DCEI-GRANT-20	DDDWSWD	May 26, 2026	-	317,527	317,527
			1,317,677	3,693,064	5,010,741

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.