

**“Sustainable Rural Water Supply and
Sanitation Development Project”**

**Grant No. D138-KG, Credit No. 5907-KG
Grant No. D204-KG, Credit No. 6088-KG**

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

"SUSTAINABLE RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROJECT"
GRANT NO. D138-KG, CREDIT NO. 5907-KG
GRANT NO. D204-KG, CREDIT NO. 6088-KG

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"SUSTAINABLE RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROJECT"
GRANT NO. D138-KG, CREDIT NO. 5907-KG
GRANT NO. D204-KG, CREDIT NO. 6088-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 "Sustainable Rural Water Supply and Sanitation Development Project" (the "Project"), financed in accordance with Financing Agreement Grant No. D138-KG and Credit No. 5907-KG dated October 26, 2016 and Financing Agreement Grant No. D204-KG, Credit No. 6088-KG dated November 13, 2017.

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 components of the Project 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:

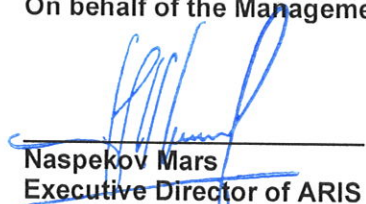
- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- 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 financial statements of the Project 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 May 30, 2025 by the management of the Project.

On behalf of the Management:


Naspekov Mars
Executive Director of ARIS

May 30, 2025
Bishkek, the Kyrgyz Republic




Stalbek uulu Baktybek
Financial Manager of ARIS

May 30, 2025
Bishkek, the Kyrgyz Republic

INDEPENDENT AUDITOR'S REPORT

To the Management of the Project "Sustainable Rural Water Supply and Sanitation Development Project" at Community Development and Investment Agency of the Kyrgyz Republic (the "ARIS"):

Report on the project financial statements

Opinion

We have audited the accompanying project financial statements of the "Sustainable Rural Water Supply and Sanitation Development Project" (the "Project") which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by components 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 components of the project 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 (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 (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. These project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing 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 these 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 these project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 these 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

Individual auditor registration number No. 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 No. 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 No. 2101510 dated August 9, 2023.

May 30, 2025

Bishkek, the Kyrgyz Republic

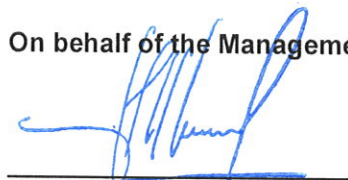
“SUSTAINABLE RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROJECT”
GRANT NO. D138-KG, CREDIT NO. 5907-KG
GRANT NO. D204-KG, CREDIT NO. 6088-KG

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 year ended December 31, 2023	Cumulative
Opening balance	4	5,333,362	3,931,849	-
Funds received				
Grant No. D138-KG	5	400,000	396,737	10,383,115
Grant No. D204-KG	5	2,017,500	2,920,362	14,135,577
Credit No. 5907-KG	5	2,896,567	294,723	12,692,938
Credit No. 6088-KG	5	3,705,092	6,076,983	15,911,388
Co-financing by the Government of the Kyrgyz Republic	5	-	-	3,187,754
Total funds received		9,019,159	9,688,805	56,310,772
Other income	6	105,122	96,239	579,551
Total receipts		9,124,281	9,785,044	56,890,323
Expenses				
I Works for the Project	7	7,585,581	6,411,325	39,723,994
II Goods, non-consulting services, consultation services training and operating costs for the Project	7	1,268,366	1,838,129	11,170,429
III Sub-grants under Component 2(g) of the Project	7	91,820	44,200	185,802
Total expenses		8,945,796	8,293,654	51,080,254
Other expenses	8	96,034	89,877	394,148
Forex loss		(1)	-	(109)
Closing balance	4	5,415,841	5,333,362	5,415,841

On behalf of the Management:


Naspekov Mars
Executive Director of ARIS

May 30, 2025
Bishkek, the Kyrgyz Republic


Stalbek uulu Baktybek
Financial Manager of ARIS

May 30, 2025
Bishkek, the Kyrgyz Republic

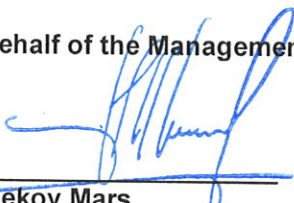
The notes on pages 8-22 form an integral part of the project financial statements. The independent auditor's report is on pages 3-5.

"SUSTAINABLE RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROJECT"
GRANT NO. D138-KG, CREDIT NO. 5907-KG
GRANT NO. D204-KG, CREDIT NO. 6088-KG

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

	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
1. Water Supply Investments			
Works	7,247,441	6,109,693	38,549,005
Goods	-	-	128
Consultation services	298,365	573,780	3,677,067
	<u>7,545,806</u>	<u>6,683,473</u>	<u>42,226,200</u>
2. Sanitation Development			
Works	338,139	301,633	1,174,989
Goods	-	179,291	403,475
Consultation services	199,430	215,906	1,324,421
Trainings	716	34,998	172,780
Sub grants	91,929	44,200	185,910
	<u>630,214</u>	<u>776,028</u>	<u>3,261,575</u>
3. Institutional Strengthening			
3.a. At the national level	45,472	41,196	1,040,075
3.b. At the local level	311,590	397,353	1,975,255
3.c. Sectoral Training Development Program	17,128	-	199,816
	<u>374,190</u>	<u>438,549</u>	<u>3,215,146</u>
4. Project Management			
Operating costs	351,838	373,972	2,080,645
Goods (Equipment for ARIS)	-	18,866	104,762
Consultation services	2,004	2,766	86,916
Trainings	21,879	-	21,879
Audit	19,836	-	83,102
	<u>395,586</u>	<u>395,604</u>	<u>2,377,333</u>
	<u>8,945,767</u>	<u>8,293,654</u>	<u>51,080,225</u>

On behalf of the Management:


Naspekov Mars
Executive Director of ARIS

May 30, 2025
Bishkek, the Kyrgyz Republic


Stalbek uulu Baktybek
Financial Manager of ARIS

May 30, 2025
Bishkek, the Kyrgyz Republic

The notes on pages 8-22 form an integral part of the project financial statements. The independent auditor's report is on pages 3-5.

“SUSTAINABLE RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROJECT”
GRANT NO. D138-KG, CREDIT NO. 5907-KG
GRANT NO. D204-KG, CREDIT NO. 6088-KG

NOTES TO THE PROJECT FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(in US dollars)

1. GENERAL INFORMATION

The Financing Agreement Grant No. D138-KG and Credit No. 5907-KG was concluded on October 26, 2016 between the Kyrgyz Republic and the International Development Association (IDA), according to which provided financing to the Kyrgyz Republic in the amount of 7,600,000 Special Drawing Rights (SDR) and 9,300,000 SDR, respectively. The Financing Agreement became effective on February 3, 2017.

The additional Financing Agreement Grant No. D204-KG and Credit No. 6088-KG was concluded on November 13, 2017 between the Kyrgyz Republic and the international Development Association (the - “IDA”), according to which provided financing to the Kyrgyz Republic in the amount of 11,900,000 Special Drawing Rights (the - “SDR”) and 14,500,000 SDR, respectively. The additional Financing Agreement became effective on September 7, 2018. Under the Additional Financing Agreement between the Kyrgyz Republic and the International Development Association dated April 16, 2024, IDA provided the Kyrgyz Republic with Credit No. 7470-KG in the amount of 7,640,000 US dollars.

The financing was provided for the implementation of “Sustainable Rural Water Supply and Sanitation Development Project” (the - “Project”).

The project period of the main Financing Agreement of Grant No. D138-KG, Credit No. 5907-KG is from October 26, 2016 to June 30, 2026. The Grace Period for submitting withdrawal application for expenditures incurred before the Closing date is four months following the Closing date: October 31, 2026.

The Project period of the additional Financing Agreement of Grant No. D204-KG, Credit No. 6088-KG is from November 13, 2017 to June 30, 2026. The Grace Period for submitting withdrawal application for expenditures incurred before the Closing date is four months following the Closing date: October 31, 2026.

The Project period of the second additional Financing Agreement of Credit No. 7470-KG is from April 16, 2024 to June 30, 2026. The Grace Period for submitting withdrawal application for expenditures incurred before the Closing date is four months following the Closing date: October 31, 2026.

Project purpose

The objectives of this project are: (i) to improve access and quality of water supply and sanitation services in the Participating Rural Communities; and (ii) to strengthen capacity of the Recipient's institutions in the water supply and sanitation sector.

The Project comprises the following components:

Component 1: Water supply investments:

This component will address the needs for rehabilitation of existing and/or construction of new water supply systems in the target areas, benefiting approximately 208,000 people. The component will finance goods, works and services and will include civil and electrical/mechanical installations for water supply production (boreholes, well-fields, intakes, etc., as well as disinfection, and pumping as required), and transmission and distribution (networks, storage, meters, etc.) to households in the project areas. This component will also finance the consulting services to prepare detailed engineering designs and bidding documentation, including the technical supervision over construction activities in order to ensure the quality of works. Additional institutional support components are identified under Component 3. These activities, together with investments in infrastructure, will support the water supply operation system to ensure sustainable service delivery.

Project-funded water supply systems will reflect careful consideration of a number of important design and implementation principles, including the goal of equitable access and quality of service within project areas; Individual metering for each connection (and the introduction of consumption-based billing), consideration of all life cycle costs, including assessment of water source options, consideration of climate factors and sustainability, and requirements to support operator capacity. In addition, it is important to note that the population and local authorities will be involved in identifying priority investments in their respective areas through public consultations and meetings. Female beneficiaries and women's groups will be invited to participate to reflect women's voices in determining the investments that matter to them. Communities will also be involved in monitoring the quality of construction work through community monitoring processes and the establishment of Village Water Committees. Under the Resettlement Policy Framework ("the RPF") procedures, costs associated with the implementation of resettlement activities will be financed under Component 1 through the Government's contribution to the Project.

Component 2: Sanitation Development:

This component will finance goods, works and services to provide strategic support for improved sanitation within the target rural communities and to enhance the Government's strategy for improved sanitation in rural areas. In addition, the Component includes technical advisory activities to maintain improved sanitary conditions at the household level. The component will also support the development and implementation of a communication strategy and Water, Sanitation and Hygiene (WASH) educational campaigns to promote improved health and hygiene practices, including specific information, education and communication (IEC) materials related to water quality and safety disinfection. The Sanitation and Hygiene Training Programs will be introduced through the school education system and in communities in order to support improvement of knowledge, attitudes and practices in this field within the Project area.

- (a) Rehabilitation of existing indoor sanitary facilities and construction of new sanitary facilities in schools, pre-schools, and other social institutions;
- (b) Development of standard designs;
- (c) Provision of strategic technical, policy and capacity support for improved sanitation.
- (d) Carrying out needs assessment for selected Sanitary Epidemiological Surveillance (the - "SES") units;
- (e) Development and implementation of communication strategy and water, sanitation and hygiene educational campaigns;
- (f) Preparation of national strategy for rural sanitation;
- (g) Provision of Results-based incentives to eligible beneficiaries as Sub-grants to upgrade their household sanitation facilities to a hygienic level.

Component 3: Institutional Strengthening:

The Component will finance goods and services to strengthen sector institutional capacity at the national and local levels. The specific activities will be carried out in order to assist the Government of the Kyrgyz Republic in making informed government decisions aimed at developing, modernizing and reforming the water supply and sanitation sector, including implementation of the Kyrgyz Republic Government Strategy in the water supply and sanitation sector. The Component also focuses on building capacity of local authorities and service operators, such as CDWUU in sustainable water supply and sanitation system management.

Component 4: Project management:

This component will finance the project management costs of ARIS related to salaries of administrative personnel and staff, including the charges to Social fund of the Kyrgyz Republic, consultancies, and equipment costs, the M&E program, safeguards specialists, and financial management, including internal and external financial audits.

Project financing

The total cost of the main Project is 28 million US dollars, to be financed through an IDA loan of 12.92 million US dollars, an IDA grant of 10.58 million US dollars and a Government of the Kyrgyz Republic contribution of 4.50 million US dollars.

The total cost of additional financing for the Project is 43.2 million US dollars and will be funded by an IDA loan of 19.78 million US dollars, an IDA grant of 16.22 million US dollars and a contribution of 7.20 million US dollars from the Government of the Kyrgyz Republic.

In a letter dated May 15, 2020. The IDA amended the Financial and Grant Agreements in terms of sources of financing. Thus, according to the amendments, the Government of the Kyrgyz Republic suspends financing of the main Project and the Project of additional financing.

Project implementation

The Project is implemented by Community Development and Investment Agency of the Kyrgyz Republic (the "ARIS").

The Community Development and Investment Agency of the Kyrgyz Republic (ARIS) was established by the Decree of the President of the Kyrgyz Republic on October 15, 2003 in order to deepen the measures taken to attract investment to overcome poverty, develop and support private entrepreneurship within the framework of the National Strategy for Poverty Reduction, strengthening the activities of local governments and strengthening local communities and community organizations.

Co-founders of ARIS are Administration of the President of the Kyrgyz Republic, association of Legal entities "Association of Local self-government bodies of villages and communities of the Kyrgyz Republic" and "Counterpart-Sheriktesh" public association. The work of ARIS is supervised by the Supervisory Board, which is the superior steering body of the ARIS.

The ARIS address is: 102 Bokonbaev Street, Bishkek city, the Kyrgyz Republic, 720040.

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.

These project financial statements consist of:

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash basis of accounting

Project financial statements are 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. 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 settled by commercial bank on a date of operation.

Funds received are translated 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 translated into US dollars at the official exchange rate defined by serving commercial bank at the date of transaction.

All exchange differences arising from the redemption or revaluation of monetary items are included in the summary of funds received and expenditures paid.

Cash and cash equivalents

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

Taxes

The calculation and payment of income tax on income of local employees and consultants, as well as insurance contributions to the Social fund of the Kyrgyz Republic, is made in accordance with the requirements and rates set forth in the Tax Code of the Kyrgyz Republic and relevant Kyrgyz Republic legislation.

Project 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 servicing commercial bank on cash balances of the designated account, and also the amounts of guarantees received against non-performance of suppliers and sale of tender documents.

Other expenses

Other expenses represent the payments of interest income to the Ministry of finance of the Kyrgyz Republic as well as interest and tender account bank charges.

4. CASH AND CASH EQUIVALENTS

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

	Source of financing	Currency	December 31, 2024	December 31, 2023
Designated account	Grant No. D138-KG	US dollar	627,110	548,272
Designated account	Grant No. D204-KG	US dollar	1,902,729	1,921,891
Designated account	Credit No. 5907-KG	US dollar	988,446	954,740
Designated account	Credit No. 6088-KG	US dollar	1,792,808	1,812,798
Interest account	Other		104,686	95,660
Interest account	Other		62	1
			<u>5,415,841</u>	<u>5,333,362</u>

5. FUNDS RECEIVED

The funds received were provided by the following methods and sources of financing:

For the year ended December 31, 2024

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Co-financing by the Government of the Kyrgyz Republic	Total
Initial deposit	-	-	-	-	-	-
Replenishment of designated account	<u>400,000</u>	<u>2,017,500</u>	<u>2,896,567</u>	<u>3,705,092</u>	<u>-</u>	<u>9,019,159</u>
	<u>400,000</u>	<u>2,017,500</u>	<u>2,896,567</u>	<u>3,705,092</u>	<u>-</u>	<u>9,019,159</u>

For the year ended December 31, 2023

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Co-financing by the Government of the Kyrgyz Republic	Total
Initial deposit	-	-	-	1,000,000	-	1,000,000
Replenishment of designated account	<u>396,737</u>	<u>2,920,362</u>	<u>294,723</u>	<u>5,076,983</u>	<u>-</u>	<u>8,688,805</u>
	<u>396,737</u>	<u>2,920,362</u>	<u>294,723</u>	<u>6,076,983</u>	<u>-</u>	<u>9,688,805</u>

Cumulative:

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Co-financing by the Government of the Kyrgyz Republic	Total
Initial deposit	1,000,000	2,000,000	1,000,000	2,000,000	-	6,000,000
Replenishment of designated account	<u>9,383,115</u>	<u>12,135,577</u>	<u>11,692,938</u>	<u>13,911,388</u>	<u>3,187,754</u>	<u>50,310,772</u>
	<u>10,383,115</u>	<u>14,135,577</u>	<u>12,692,938</u>	<u>15,911,388</u>	<u>3,187,754</u>	<u>56,310,772</u>

6. OTHER INCOME

Other income of the Project comprises the following:

	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
Interest income	105,122	96,239	497,320
Guarantees received from non-fulfillment	-	-	64,605
Tender fees	-	-	17,626
	<u>105,122</u>	<u>96,239</u>	<u>579,551</u>

In 2024 and 2023, the Project has current accounts with Eldik Bank OJSC in national and foreign currencies. Interest income accrues on these bank accounts of the Project.

7. PROJECT EXPENSES

Breakdown of Project expenses by categories and sources of financing is presented as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
I Works of the Project	7,585,581	6,411,325	39,723,994
II Goods, non-consulting services, consultation services training and operating costs for the Project	1,268,366	1,838,129	11,170,429
III Sub-grants under Component 2(g) of the Project	<u>91,820</u>	<u>44,200</u>	<u>185,802</u>
	<u>8,945,767</u>	<u>8,293,654</u>	<u>51,080,225</u>

	For the year ended December 31, 2024					Total
	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Co-financing by the Government of the Kyrgyz Republic	Other income
I Works of the Project	-	997,638	2,862,861	3,725,082	-	-
II Goods, non-consulting services, consultation services training and operating costs for the Project	321,162	947,204	-	-	-	7,585,581
III Sub-grants under Component 2(g) of the Project	-	91,820	-	-	-	1,268,366
	321,162	2,036,662	2,862,861	3,725,082	-	91,820
						8,945,767
	For the year ended December 31, 2023					Total
	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Co-financing by the Government of the Kyrgyz Republic	Other income
I Works of the Project	-	1,656,274	330,331	4,424,720	-	-
II Goods, non-consulting services, consultation services training and operating costs for the Project	686,825	1,151,304	-	-	-	6,411,325
III Sub-grants under Component 2(g) of the Project	-	44,200	-	-	-	1,838,129
	686,825	2,851,778	330,331	4,424,720	-	44,200
						8,293,654
	Cumulative					Total
	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Co-financing by the Government of the Kyrgyz Republic	Other income
I Works of the Project	3,366,439	7,282,124	11,704,492	14,118,580	3,187,754	64,605
II Goods, non-consulting services, consultation services training and operating costs for the Project	6,389,567	4,764,947	-	-	-	15,915
III Sub-grants under Component 2(g) of the Project	-	185,802	-	-	-	-
	9,756,006	12,232,873	11,704,492	14,118,580	3,187,754	80,520
						51,080,225

8. OTHER EXPENSES

Other expenses of the Project comprise the following:

	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
Transfer of interest income to Ministry of Finance of the Kyrgyz Republic	95,661	89,300	390,459
Bank services	373	577	3,689
	<u>96,034</u>	<u>89,877</u>	<u>394,148</u>

9. FINANCIAL POSITION

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

	December 31, 2024	December 31, 2023
ASSETS AND EXPENDITURES		
Cash and cash equivalents	5,415,841	5,333,362
Cumulative expenses	51,080,225	42,134,458
Other expenses	394,148	298,114
Forex loss	109	108
TOTAL ASSETS AND EXPENDITURES	<u>56,890,323</u>	<u>47,766,042</u>
FINANCING		
Funds received	56,310,772	47,291,613
Other income	579,551	474,429
TOTAL FINANCING	<u>56,890,323</u>	<u>47,766,042</u>

10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2024 comprise:

Grant No. D138-KG Application	Date	Replenishment of designated account	Initial deposit	Total
26	April 3, 2024	400,000	-	400,000
		<u>400,000</u>	<u>-</u>	<u>400,000</u>

Grant No. D204-KG
Application

	Date	Replenishment of designated account	Initial deposit	Total
31	April 26, 2024	378,245	-	378,245
32	June 28, 2024	148,931	-	148,931
33	July 29, 2024	324,196	-	324,196
34	August 20, 2024	611,078	-	611,078
35	October 23, 2024	178,169	-	178,169
36	November 20, 2024	164,022	-	164,022
37	December 13, 2024	79,449	-	79,449
38	December 23, 2024	94,341	-	94,341
39	December 24, 2024	39,069	-	39,069
		<u>2,017,500</u>	<u>-</u>	<u>2,017,500</u>

Credit No. 5907-KG
Application

	Date	Replenishment of designated account	Initial deposit	Total
25	July 29, 2024	78,438	-	78,438
26	November 20, 2024	31,360	-	31,360
27	November 25, 2024	936,857	-	936,857
28	December 4, 2024	231,616	-	231,616
29	December 18, 2024	979,104	-	979,104
30	December 24, 2024	639,192	-	639,192
		<u>2,896,567</u>	<u>-</u>	<u>2,896,567</u>

Credit No. 6088-KG
Application

	Date	Replenishment of designated account	Initial deposit	Total
28	March 1, 2024	256,594	-	256,594
29	April 23, 2024	266,492	-	266,492
30	May 23, 2024	582,465	-	582,465
31	June 28, 2024	401,052	-	401,052
32	August 26, 2024	211,833	-	211,833
33	September 20, 2024	195,186	-	195,186
34	October 9, 2024	482,914	-	482,914
35	November 18, 2024	143,461	-	143,461
36	December 2, 2024	268,049	-	268,049
37	December 9, 2024	244,549	-	244,549
38	December 23, 2024	652,497	-	652,497
		<u>3,705,092</u>	<u>-</u>	<u>3,705,092</u>

11. STATEMENT OF DESIGNATED ACCOUNTS

Statement of designated account for the years ended December 31, 2024 and 2023 comprises:

Source of Financing	Credit No.	Grant No.	Credit No.	Grant No.	Total
Bank account number	5907-KG	D138-KG	6088-KG	D204-KG	
Bank	1299003250022102	1299003250022001	1299003250022910	1299003250022809	
Bank location		RSK Bank OJSC			
Account currency	US Dollar	Moskovskaya str. 80/1, Bishkek, the Kyrgyz Republic	US Dollar	US Dollar	
Opening balance as at January 1, 2023	990,348	838,360	160,535	1,853,307	3,842,550
Replenishment	294,723	396,737	6,076,983	2,920,362	9,688,805
Total funds received	294,723	396,737	6,076,983	2,920,362	9,688,805
Expenses paid	-	-	-	-	-
Transfer to transit account	330,331	686,825	4,424,720	2,851,778	8,293,654
Closing balance as at December 31, 2023	954,740	548,272	1,812,798	1,921,891	5,237,701
Replenishment	2,896,567	400,000	3,705,092	2,017,500	9,019,159
Total funds received	2,896,567	400,000	3,705,092	2,017,500	9,019,159
Expenses paid	-	-	-	-	-
Transfer to transit account	2,862,861	321,162	3,725,082	2,036,662	8,945,767
Closing balance as at December 31, 2024	988,446	627,110	1,792,808	1,902,729	5,311,093

12. UNDRAWN FUNDS

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

	Grant No. D138-KG <i>in SDR</i>	Grant No. D204-KG <i>in SDR</i>	Credit No. 5907-KG <i>in SDR</i>	Credit No. 6088-KG <i>in SDR</i>
Approved financing amount	7,600,000	11,900,000	9,300,000	14,500,000
Disbursed during the year ended December 31, 2023	7,158,297	8,807,836	7,043,740	9,016,545
Disbursed during the year ended December 31, 2024	<u>7,460,701</u>	<u>10,329,561</u>	<u>9,254,689</u>	<u>11,818,535</u>
Undrawn amount as at December 31, 2024	<u>139,299</u>	<u>1,570,439</u>	<u>45,311</u>	<u>2,681,465</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 as at December 31, 2024 are presented as follows:

Counterparty	Component	Contract No.	Cost per Contract (in currency)	Contract Currency	Paid up to December 31, 2024 (in currency)	Remaining amount to be paid (in currency)
Consortium of Engineering Protection LLC and Kanat Stroy LLC Consortium of Profit Express LLC and Turan Group LLC Consortium of Profit Express LLC and Turan Group LLC Consortium of Oshkoopkurulush SPP LLP and SMMK-2 OJSC Consortium of PolymerSnabAsia LLC and Art Plast LLC Consortium of PolymerSnabAsia LLC and Art Plast LLC Consortium of Enex LLC and Encon LLC Consortium of Encon LLC and Limit LLC	Water supply	IDA-SRWSSDP-CW-2024-1/3	127,839,721	Kyrgyz soms	84,037,000	43,802,721
	Investments					
	Water supply	IDA-SRWSSDP-AF2-CW-RFB-2023-1/2	133,186,294	Kyrgyz soms	28,105,189	105,081,105
	Investments					
	Water supply	IDA-SRWSSDP-AF2-CW-RFB-2023-1/3	128,923,107	Kyrgyz soms	17,137,514	111,785,593
	Investments					
	Water supply	IDA-SRWSSDP-CW-2024-1/1	33,458,331	Kyrgyz soms	4,648,606	28,809,725
	Investments					
	Water supply	IDA-SRWSSDP-CW-2024-1/2	104,222,980	Kyrgyz soms	62,523,550	41,699,430
	Investments					
Kyrgyzgirostroy JSC Musai LLC Musai LLC ENCON LLC ENCON LLC ENCON LLC ENCON LLC	Water supply	IDA-SRWSSDP-CW-2024-1/4	137,176,482	Kyrgyz soms	44,223,572	92,952,910
	Investments					
	Water supply	IDA-SRWSSDP-AF-CQS-2024-2	21,985,926	Kyrgyz soms	1,324,025	20,661,901
	Investments					
	Water supply	IDA-SRWSSDP-CS-SSS-2022-3	2,064,400	Kyrgyz soms	1,577,400	487,000
	Investments					
	Water supply	IDA-SRWSSDP-CS-DS-2023-4	865,520	Kyrgyz soms	108,190	757,330
	Investments					
	Water supply	IDA-SRWSSDP-CS-SSS-2021-2	1,265,913	Kyrgyz soms	930,239	335,674
	Investments					
Musai LLC Musai LLC ENCON LLC ENCON LLC ENCON LLC	Water supply	IDA-SRWSSDP-CS-DS-2023-2	247,436	Kyrgyz soms	148,462	98,974
	Investments					
	Water supply	IDA-SRWSSDP-AF-DDE--QCBS-2020-3	13,875,699	Kyrgyz soms	12,276,982	1,598,717
	Investments					
	Water supply	IDA-SRWSSDP-AF-CQS-2021-1	10,340,876	Kyrgyz soms	7,370,931	2,969,945
ENCON LLC ENCON LLC	Investments					
	Water supply	IDA-SRWSSDP-CS-SSS-2021-3	1,678,000	Kyrgyz soms	1,409,520	268,480

Counterparty	Component	Contract No.	Cost per Contract (in currency)	Contract Currency	Paid up to December 31, 2024 (in currency)	Remaining amount to be paid (in currency)
ENCON LLC	Water supply	IDA-SRWSSDP-CS-SSS-2021-5	2,112,300	Kyrgyz soms	1,450,400	661,900
Consortium MS BUILDING LLC and Pobeda LLC	Investments					
Consortium of Arskvazhina LLC and USTA JSC	Water supply	IDA-SRWSSDP-AF-CW-2021-20	164,434,001	Kyrgyz soms	156,211,873	8,222,128
Consortium of Hyper Stroy LLC and FMU-1 LLC	Investments	IDA-SRWSSDP-AF-CW-2022-2	45,988,675	Kyrgyz soms	42,505,617	3,483,058
Consortium Engineering Protection LLC and Polymer Snab Asia LLC	Water supply	IDA-SRWSSDP-AF-CW-2021-18	93,998,893	Kyrgyz soms	70,106,280	23,892,613
Consortium Engineering Protection LLC and Polymer Snab Asia LLC	Investments	IDA-SRWSSDP-AF-CW-2021-4/1	70,330,515	Kyrgyz soms	56,623,761	13,706,754
Consortium Engineering Protection LLC and Polymer Snab Asia LLC	Water supply	IDA-SRWSSDP-AF-CW-2021-4/2	67,945,661	Kyrgyz soms	59,170,521	8,775,140
Consortium of Technotop LLC and Kanat Stroy LLC	Investments	IDA-SRWSSDP-AF-CW-2022-5	49,772,077	Kyrgyz soms	48,412,544	1,359,533
Consortium FMU-1 LLC and Etalon VinSpetsStroy LLC	Water supply	IDA-SRWSSDP-AF-CW-2021-2	49,999,999	Kyrgyz soms	44,574,457	5,425,542
Consortium of Profit Express LLC and Turan Group LLC	Water supply	IDA-SRWSSDP-AF-CW-2021-21	46,745,824	Kyrgyz soms	9,740,991	37,004,833
Zhumgalsuukurulush OJSC	Investments	IDA-SRWSSDP-AF-CW-2021-17	127,923,400	Kyrgyz soms	89,870,277	38,053,123
USTA OJSC	Water supply	IDA-SRWSSDP-AF-CW-2021-8	17,266,660	Kyrgyz soms	16,137,226	1,129,434
USTA OJSC	Investments	IDA-SRWSSDP-AF-CW-2022-1	25,088,251	Kyrgyz soms	20,715,180	4,373,071
USTA OJSC	Water supply	IDA-SRWSSDP-AF-CW-2023-1	42,923,883	Kyrgyz soms	36,037,839	6,886,044
Asiastroi kompleks LLC	Investments	IDA-SRWSSDP-AF-CW-2022-3	40,174,194	Kyrgyz soms	39,077,690	1,096,504
Alga Bild LLC	Water supply	IDA-SRWSSDP-AF-CW-2021-10	27,309,018	Kyrgyz soms	26,626,292	682,726
Alga Bild LLC	Investments	IDA-SRWSSDP-AF-CW-2021-11	21,623,863	Kyrgyz soms	1,512,139	20,111,724
Archstroyinvest LLC	Water supply	IDA-SRWSSDP-AF-CW-2021-3	64,842,015	Kyrgyz soms	38,404,470	26,437,545
Gidrotekhtstroy LLC	Investments	IDA-SRWSSDP-AF-CW-2020-27-RT-1	17,315,313	Kyrgyz soms	16,879,970	435,343

Counterparty	Component	Contract No.	Cost per Contract (in currency)	Contract Currency	Paid up to December 31, 2024 (in currency)	Remaining amount to be paid (in currency)
Gidrotekhtstroy LLC	Water supply Investments	IDA-SRWSSDP-AF-CW-2020-28-RT-1	31,720,800	Kyrgyz soms	29,432,312	2,288,488
Gidrotekhtstroy LLC	Water supply Investments	IDA-SRWSSDP-AF-CW-2021-12	23,822,647	Kyrgyz soms	23,227,081	595,566
Engineering Protection LLC	Water supply Investments	IDA-SRWSSDP-AF-CW-19-18/1	45,240,413	Kyrgyz soms	43,262,961	1,977,452
Engineering Protection LLC	Water supply Investments	IDA-SRWSSDP-AF-CW-2021-6	38,395,467	Kyrgyz soms	35,013,573	3,381,894
Engineering Protection LLC	Water supply Investments	IDA-SRWSSDP-AF-CW-2021-9	73,748,160	Kyrgyz soms	54,106,050	19,642,110
Engineering Protection LLC	Water supply Investments	IDA-SRWSSDP-AF-CW-2023-5-RT	3,804,525	Kyrgyz soms	3,602,694	201,831
PP Minur LLC	Water supply Investments	IDA-SRWSSDP-AF-CW-2021-19	54,785,883	Kyrgyz soms	54,701,829	84,054
Kurulush-Araket LLC	Sanitation Development	IDA-SRWSSDP-AF-CW-2023-4-L1-RT1	5,393,971	Kyrgyz soms	5,063,577	330,394
Kurulush-Araket LLC	Sanitation Development	IDA-SRWSSDP-AF-CW-2024-2-RT1	1,198,050	Kyrgyz soms	955,861	242,189
Asia-project-Seismic LLC	Sanitation Development	IDA-SRWSSDP-AF-SW-2023-2-RT1	13,232,943	Kyrgyz soms	12,867,960	364,983
Yassin-KK LLC	Sanitation Development	IDA-SRWSSDP-AF-CW-2023-4/L2	2,250,001	Kyrgyz soms	1,922,579	327,422
Yassin-KK LLC	Sanitation Development	IDA-SRWSSDP-AF-CW-2023-4/L3	4,770,000	Kyrgyz soms	2,262,073	2,507,927
Yassin-KK LLC	Sanitation Development	IDA-SRWSSDP-AF-CW-2023-4/L4	2,300,006	Kyrgyz soms	1,648,506	651,500
Construction and Architecture STC	Institutional Strengthening	IDA-SRWSSDP-DS-TR-2024-1	10,886,188	Kyrgyz soms	1,197,481	9,688,707

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 these project financial statements, IDA has provided financing to the Project as follows:

Financing source	Application	Date	Replenishment of designated account	
			in SDR	in US dollars
Credit No. 6088-KG	39	January 3, 2025	159,561	207,192
Grant No. D204-KG	40	January 3, 2025	52,732	68,473
Grant No. D138-KG	29	February 18, 2025	138,440	181,455
Credit No. 5907-KG	31	March 17, 2025	44,307	59,070
			<u>395,040</u>	<u>516,190</u>

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.