SUSTAINABLE RURAL WATER SUPPLY

AND SANITATION DEVELOPMENT PROJECT

THE PROJECT FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

CONTENTS

MANAGEMENT'S STATEMENT OF RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT'S FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

The following statement, which should be read in conjunction with the auditor's responsibilities, is made to distinguish the respective responsibilities of the project management and an independent auditor in relation to the financial statements of the Sustainable Rural Water Supply and Sanitation Development Project (hereinafter referred to as the "Project"), financed under the Financing Agreement Grant No. D138-KG, Credit No. 5907-KG dated October 26, 2016, the Financing Agreement Grant No. D204-KG, Credit No. 6088-KG dated November 13, 2017 and the Financing Agreement for Credit No. 7470-KG dated April 16, 2024.

Project Management is responsible for the preparation of the project financial statements that present fairly, in all material respects, the statement of funds received and expenditures paid and the statement of expenditures paid for the project components for the year ended December 31, 2025, in accordance with International Public Sector Accounting Standards "Financial Reporting under the Cash Basis of Accounting" (hereinafter referred to as "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants and the Guidelines for Annual Financial Reporting and Auditing of Activities Financed by the World Bank, issued by the World Bank Financial Management Sector Board (the "WB Guidelines").

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

- selecting suitable accounting policies and their consistent application;
- making judgments and estimates that are reasonable and prudent;
- compliance with IPSAS and World Bank Guidance Notes, including disclosure and explanation of any material departures 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.

Project management 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, 2025 were approved and authorized for issue by the Project management on June 29, 2026.

On behalf of the Management:

Zhumadylov K.A. Executive Director of Agency for Development and Investment of Communities

June 29, 2026 Bishkek, Kyrgyz Republic

Yusupova R.T. Acting Financial Manager of Agency for Development and Investment of Communities

June 29, 2026 Bishkek, Kyrgyz Republic

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INDEPENDENT AUDITOR'S REPORT

To the Management of the Sustainable Rural Water Supply and Sanitation Development Project under the Agency for Development and Investment of Communities Grant No. D138-KG, Grant No. D204-KG, Credit No. 5907-KG, Credit No. 6088-KG and Credit No. 7470-KG

Opinion

We have audited the accompanying special purpose 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 project parts for the year ended December 31, 2025, and notes to 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 of the Project for the year ended December 31, 2025, in accordance with the special purpose framework comprising the 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 Special Purpose Financial Statements section of this report. We are independent of the Project in accordance with the ethical requirements applicable to our audit of the financial statements in the Kyrgyz Republic and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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 Grant agreements requirements. These circumstances do not lead to modification of the auditor's opinion.

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 Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose 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 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"), and for such internal control as management determines is necessary to enable the preparation of project financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Special Purpose 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 special purpose 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on 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.

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 identified during our audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is Gulnaz Taiyrbekovna Borbugulova.

Saidov Firuz
Managing Partner
LLC "RSM Kyrgyzstan"

Qualified Auditor
in the Kyrgyz Republic
Qualification Certificate No. 0489
dated January 12, 2021

Borbugulova Gulnaz Taiyrbekovna
Director – Engagement Partner
LLC "RSM Kyrgyzstan"

Qualified Auditor
in the Kyrgyz Republic
Qualification Certificate No. 0350
dated November 6, 2015

Identification Registration Number No.
2101308
dated August 8, 2023,
registered with the
State Service for Regulation and Supervision
of the Financial Market under the
Ministry of Economy and Commerce
of the Kyrgyz Republic

June 29, 2026
Bishkek, Kyrgyz Republic

(Amounts in tables are presented in USD)

SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID

FOR THE YEAR ENDED DECEMBER 31, 2025
(in USD)

	Note:	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulatively
Opening balance	4	5 415 840	5 333 362	-
Funds received				
Grant No. D138-KG	5	181 455	400 000	10 564 570
Grant No. D204-KG	5	798 331	2 017 500	14 933 908
Credit No. 5907-KG	5	59 070	2 896 567	12 752 008
Credit No. 6088-KG	5	2 198 746	3 705 092	18 110 134
Credit No. 7470-KG		5 348 000	-	5 348 000
Co-financing by the Government of the Kyrgyz Republic	5	-	-	3 187 754
Total funds received		8 585 602	9 019 159	64 896 374
Other income	6	105 653	105 122	685 204
Total receipts		8 691 255	9 124 281	65 581 578
Expenses				
I Works for the Project	7	7 217 971	7 585 582	46 941 966
II Goods, non-consulting services, consultant services, training and operating expenditures for the Project.	7	1 591 570	1 268 366	12 761 999
III Sub-grants under Project Component 2(g)	7	131 020	91 820	316 822
Total expenses		8 940 561	8 945 768	60 020 787
Other expenses	8	105 002	96 034	499 150
Foreign exchange loss		-	(1)	(109)
Closing balance	4	5 061 532	5 415 840	5 061 532

On behalf of the Management:

Zhumadylov K.A. Executive Director of Agency for Development and Investment of Communities

June 29, 2026 Bishkek, Kyrgyz Republic

Yusupova R.T. Acting Financial Manager of Agency for Development and Investment of Communities

June 29, 2026 Bishkek, Kyrgyz Republic

(Amounts in tables are presented in USD)

SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(in USD)

	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulatively
1. Investments in water supply			
Works	6 863 036	7 247 442	45 412 044
Goods	-	-	128
Consulting services	449 585	298 365	4 126 651
	7 321 621	7 545 807	49 538 823
2. Sanitation Development			
Works	388 852	338 139	1 563 840
Goods	800	-	404 275
Consulting services	230 517	199 430	1 554 938
Training	34 854	716	207 634
Sub-grants	131 020	91 929	316 930
	786 043	630 214	4 047 617
3. Institutional strengthening			
3.a. At the national level	46 890	45 472	1 086 965
3.b. At the local level	265 682	311 590	2 240 937
3.c. Support for capacity building activities	118 895	17 128	318 711
	431 467	374 190	3 646 613
4. Project management			
Operating Expenditure	355 896	351 838	2 436 541
Goods (Equipment for Agency for Development and Investment of Communities)	-	-	104 762
Consulting services	35 089	2 004	122 005
Training	10 745	21 879	32 624
Audit	8 700	19 836	91 802
	410 430	395 557	2 787 734
	8 940 561	8 945 768	60 020 787

On behalf of the Management:

Zhumadylov K.A. Executive Director of Agency for Development and Investment of Communities

June 29, 2026 Bishkek, Kyrgyz Republic

Yusupova R.T. Acting Financial Manager of Agency for Development and Investment of Communities

June 29, 2026 Bishkek, Kyrgyz Republic

NOTES TO THE FINANCIAL STATEMENTS OF THE PROJECT FOR THE YEAR ENDED DECEMBER 31, 2025

(in USD)

1. GENERAL INFORMATION

Financing Agreement for Grant No. D138-KG, Credit No. 5907-KG, was concluded on October 26, 2016, between the Kyrgyz Republic and the International Development Association (hereinafter referred to as "IDA"), pursuant to which IDA provided financing to the Kyrgyz Republic in the amount of 7 600 000 Special Drawing Rights (hereinafter referred to as "SDRs") and 9 300 000 SDRs, respectively. The Financing Agreement entered into force on February 3, 2017.

The Supplemental Financing Agreement for Grant No. D204-KG, Credit No. 6088-KG was concluded on November 13, 2017, between the Kyrgyz Republic and the International Development Association (hereinafter referred to as "IDA"), pursuant to which IDA provided financing to the Kyrgyz Republic in the amount of 11 900 000 Special Drawing Rights (hereinafter referred to as "SDRs") and 14 500 000 SDRs, respectively. The Financing Agreement entered into force on September 7, 2018. Under the Financing Agreement on Additional Financing between the Kyrgyz Republic and the International Development Association dated April 16, 2024, IDA provided Credit No. 7470-KG in the amount of 7 640 000 USD to the Kyrgyz Republic.

Financing was provided for the implementation of the Sustainable Rural Water Supply and Sanitation Development Project (hereinafter referred to as the Project).

The Project term under the main Financing Agreement for Grant No. D138-KG, Credit No. 5907-KG is from October 26, 2016 to June 30, 2026. The grace period for submitting applications for withdrawal of funds for expenditures paid before the closing date is four months after the closing date - October 31, 2026.

The validity period of the Project under the additional financial agreement for Grant No. D204-KG, Credit No. 6088-KG is from November 13, 2017 to June 30, 2026. The grace period for submitting applications for withdrawal of funds for expenditures paid before the closing date is four months after the closing date - October 31, 2026.

The validity period of the Project under the second additional financial agreement for Credit No. 7470-KG is from April 16, 2024 to June 30, 2026. The grace period for submitting applications for withdrawal of funds for expenditures paid before the closing date is four months after the closing date - October 31, 2026.

Project purpose

The objectives of the Project are: (i) to improve access to and quality of water supply and sanitation services in target rural communities; and (ii) to strengthen the capacity of agencies and bodies in the water supply and sanitation sector.

The project consists of the following components:

Component 1: Investments in water supply

This component will address the need for rehabilitation of existing and/or construction of new water supply systems in targeted subprojects benefiting approximately 208,000 people. The component will finance goods, works, and services (including design and construction supervision) and will include civil, electrical, and mechanical structures and installations for water supply production (wells, intakes, etc., and disinfection), water transmission, and distribution (network, storage tanks, meters, etc.) to households in the project areas. This component will also finance preparatory activities, including the development of design and estimate documentation. Additional organizational support components are defined under Component 3. These activities, together with infrastructure investments, will support the operation of the water supply system to ensure sustainable service provision. Water supply systems financed under the Project will reflect careful consideration of a number of important design principles and implementation principles, including the objective of ensuring equitable access and quality of service within the project areas; Individual metering for each connection (and the introduction of consumptionbased billing), consideration of all lifecycle costs, including an assessment of water source options, consideration of climate factors and sustainability, and requirements for operator capacity support. Furthermore, 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. Women beneficiaries and women's groups will be invited to participate to ensure their voices are reflected in identifying investments that are important 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. In accordance with the procedures of the Resettlement Policy Framework (hereinafter "RPF"), the costs associated with the implementation of resettlement activities will be financed under Component 1 from the Government's contribution to the Project.

Component 2: Sanitation development

This component finances the procurement of goods, works, and services to improve sanitation conditions in target rural communities. This component also includes physical investments aimed at improving sanitation facilities in schools and other social institutions, complemented by hygiene education and training programs. Furthermore, the component includes technical advisory activities to support improved sanitation conditions at the household level. This component provides support for the development and implementation of a communication strategy and Water, Sanitation, Hygiene (WASH) education campaigns to promote improved sanitation and hygiene practices, including materials on water quality and safe disinfection. Educational programs on sanitation and hygiene are being introduced through the school system and in communities to support improved knowledge, attitudes, and practices in this area in the project area.

(a) Rehabilitation of existing indoor sanitary facilities and/or construction of new sanitary facilities in schools, preschool institutions and other social institutions;

(b) Preparation of standard designs;

(c) Providing strategic technical, policy and capacity support to improve sanitation;

(d) Assessment of the needs of selected district units of sanitary and epidemiological surveillance (hereinafter referred to as "SES");

(d) Develop and implement a communication strategy and awareness-raising campaigns on water supply, sanitation and hygiene issues;

(e) Development of a national rural sanitation strategy.

(g) Provision of results-based incentives to eligible beneficiaries as Sub-grants for improvement of sanitation and hygiene conditions.

Component 3: Institutional Strengthening

This component finances goods and services aimed at strengthening the institutional capacity of this sector at the national and local levels. Specific activities are being implemented to support the Cabinet of Ministers of the Kyrgyz Republic in making informed public decisions aimed at developing, modernizing, and reforming the water supply and sanitation sector, including the implementation of the Cabinet of Ministers Strategy for Water Supply, Wastewater Disposal and Sanitation. The component also aims to strengthen the capacity of local governments and service providers, such as Rural Public Associations of Drinking Water Consumers (hereinafter referred to as "RPDCs"), to sustainably manage water supply and sanitation systems.

Component 4: Project Management

This component finances Agency for Development and Investment of Communities expenditure for salaries of administrative staff and staff with contributions to the Social Fund of the Kyrgyz Republic, consulting services and equipment, a monitoring and evaluation system, and financial management, including internal and external financial audit.

Project Financing

The total cost of the Project's core financing is USD 28 million and will be financed by a USD12.92 million IDA Credit, a USD10.58 million IDA grant, and a USD 4.50 million contribution from the Government of the Kyrgyz Republic.

The total cost of the additional financing for the Project is USD 43.2 million and will be financed by an IDA credit of USD 19.78 million, an IDA grant of USD16.22 million and a contribution from the Government of the Kyrgyz Republic of USD 7.20 million.

According to the IDA letter of May 15, 2020, amendments were made to the Financing and Grant Agreements regarding financing sources. According to these amendments, the Government of the Kyrgyz Republic is suspending financing for the Project under the Financing Agreement and the Additional Financing Agreement.

Project Implementation

The project is being implemented by the Community Development and Investment Agency of the Kyrgyz Republic (hereinafter referred to as "Agency for Development and Investment of Communities").

The Community Development and Investment Agency of the Kyrgyz Republic was established by the Decree of the President of the Kyrgyz Republic on October 15, 2003, with the aim of deepening the measures taken to attract investment to overcome poverty, develop and support private entrepreneurship within the framework of the National Poverty Reduction Strategy, strengthen the activities of local governments and strengthen local communities and community organizations.

The founders of the Community Development and Investment Agency are the Administration of the President of the Kyrgyz Republic, Association of Legal Entities "Association of Local Self-Government Bodies of Rural Areas and Communities of the Kyrgyz Republic" and the Public Association "Counterpart – Sheriktesh". The activities of the Community Development and Investment Agency are coordinated by the Agency for Development and Investment of Communities Supervisory Board, which is the highest governing body of Agency for Development and Investment of Communities.

Address: 102, Bokonbaeva street, Bishkek, Kyrgyz Republic, 720040.

2. PRINCIPLES FOR PRESENTING THE PROJECT FINANCIAL STATEMENTS

Basis of presentation

These project financial statements have been prepared in accordance with the 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 Guidelines for Annual Financial Reporting and Auditing of Activities financed by the World Bank, issued by the World Bank Financial Management Sector Board (the "WB Guidelines").

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

The approved project budget, disclosed by expenditure categories, is not publicly available and, accordingly, a comparison of the budget with actual amounts is not provided.

The project's financial statements consist of:

- Statement of funds received and expenditures paid;
- Statement of expenditures paid by project components;
- Notes to the project financial statements, including a summary of significant accounting policies and other explanatory notes.

The presentation currency of the project's financial statements is USD.

3. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

Cash basis of accounting

The project's financial statements are prepared on the 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 information about the sources of cash, the purposes for which cash is used, and the cash balances at the reporting date. The key measurement in the project's financial statements is cash balances and changes therein.

Accounting for transactions in foreign currency

Transactions in foreign currencies are initially recorded in the functional currency at the official exchange rate of the commercial bank prevailing on the transaction date.

Funds received are converted into USD at the official Special Drawing Rights (SDR) exchange rate prevailing on the date of receipt of funds.

All payments made in national currency are converted into USD at the official exchange rate of the commercial bank on the date of the transaction.

All exchange rate differences arising on the settlement or translation of monetary items are included in the statement of funds received and expenditures paid.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, and deposits that can be converted into cash within a short period of time.

Taxes

Calculation and payment of income tax on the 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 defined in the Tax Code of the Kyrgyz Republic and the relevant legislation of the Kyrgyz Republic.

Project Expenditures

Expenditures are reflected in the period in which they are actually paid.

Sources of funds

Financing is provided by IDA to the Project through an initial advance and replenishment of the Designated Account

Other income

Other income represents interest income accrued by the commercial bank on the balances of funds in the designated account, as well as amounts received as a guarantee against suppliers' failure to fulfill their commitments and amounts from the sale of tender documents.

Other Expenditure

Other expenditure includes the return of interest income to the Ministry of Finance of the Kyrgyz Republic, as well as bank fees related to the interest and tender accounts.

(Amounts in tables are presented in USD)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

	Sources of financing	Currency	December 31, 2025	December 31, 2024
Designated account	Grant No. D138-KG	USD	354 881	627 110
Designated account	Grant No. D204-KG	USD	1 457 619	1 902 729
Designated account	Credit No. 5907-KG	USD	-	988 446
Designated account	Credit No. 6088-KG	USD	1 893 255	1 792 808
Designated account	Credit No. 7470-KG	USD	1 250 199	-
Transit account	Credit No. 7470-KG	KGS	180	-
Interest account	Others	USD	105 288	104 685
Interest account	Others	KGS	110	62
			5 061 532	**5 415 840**

5. FUNDS RECEIVED

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

For the year ended December 31, 2025.

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Credit No. 7470-KG	Co-financing of the Government of the Kyrgyz Republic	Total
Initial advance	-	-	-	-	1 500 000	-	1 500 000
Replenishment of the Designated Account	181 455	798 331	59 070	2 198 746	3 848 000	-	7 085 602
	181 455	**798 331**	**59 070**	**2 198 746**	**5 348 000**	**-**	**8 585 602**

For the year ended December 31, 2024

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Credit No. 7470-KG	Co-financing of the Government of the Kyrgyz Republic	Total
Replenishment of the Designated account	400 000	2 017 500	2 896 567	3 705 092	-	-	9 019 159
	400 000	**2 017 500**	**2 896 567**	**3 705 092**	**-**	**-**	**9 019 159**

(Amounts in tables are presented in USD)

Cumulatively:

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Credit No. 7470-KG	Co-financing of the Government of the Kyrgyz Republic	Total
Initial advance	1 000 000	2 000 000	1 000 000	2 000 000	1 500 000	-	7 500 000
Replenishment of the Designated account	9 564 570	12 933 908	11 752 008	16 110 134	3 848 000	3 187 754	57 396 374
	10 564 570	**14 933 908**	**12 752 008**	**18 110 134**	**5 348 000**	**3 187 754**	**64 896 374**

6. OTHER INCOME

Other income is presented as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulatively
Interest income	105 653	105 122	602 973
Guarantees received for suppliers' non-performance	-	-	64 605
Sale of tender documents	-	-	17 626
	105 653	**105 122**	**685 204**

In 2025 and 2024, the Project held current accounts with Eldik Bank OJSC in national and foreign currencies. Interest income is accrued on these bank accounts.

7. EXPENSES

The breakdown of Project expenditure by categories and financing sources is presented as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulatively
I Works	7 217 971	7 585 582	46 941 966
II Goods, non-consulting services, consulting services, training and operating expenditure	1 591 570	1 268 366	12 761 999
III Sub-grants under the Project Component 2(g)	131 020	91 820	316 822
	8 940 561	**8 945 768**	**60 020 787**

(Amounts in tables are presented in USD)

For the year ended December 31, 2025

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Credit No. 7470-KG	Co-financing by the Government of the Kyrgyz Republic	Other income	Total
I Works	-	4 756	1 047 515	2 098 300	4 067 400	-	-	7 217 971
II Goods, non-consulting services, consultant services, training and operating expenditure	453 684	1 137 886	-	-	-	-	-	1 591 570
III Sub-grants under the Project Component 2(g)	-	100 800	-	-	30 220	-	-	131 020
	453 684	**1 243 442**	**1 047 515**	**2 098 300**	**4 097 620**	**-**	**-**	**8 940 561**

For the year ended December 31, 2024

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Credit No. 7470-KG	Co-financing by the Government of the Kyrgyz Republic	Other income	Total
I Works	-	997 638	2 862 862	3 725 082	-	-	-	7 585 582
II Goods, non-consulting services, consultant services, training and operating Expenditure	321 162	947 204	-	-	-	-	-	1 268 366
III Sub-grants under the Project Component 2(g)	-	91 820	-	-	-	-	-	91 820
	321 162	**2 036 662**	**2 862 862**	**3 725 082**	**-**	**-**	**-**	**8 945 768**

(Amounts in tables are presented in USD)

	Grant No. D138-KG	Grant No. D204-KG	Credit No. 5907-KG	Credit No. 6088-KG	Credit No. 7470-KG	Co-financing by the Government of the Kyrgyz Republic	Other income	Total
I Works	3 366 439	7 286 880	12 752 007	16 216 880	4 067 400	3 187 754	64 606	46 941 966
II Goods, non-consulting services, consultant services, training and operating expenditure	6 843 251	5 902 833	-	-	-	-	15 915	12 761 999
III Sub-grants under the Project Component 2(g)	-	286 602	-	-	30 220	-		316 822
	10 209 690	**13 476 315**	**12 752 007**	**16 216 880**	**4 097 620**	**3 187 754**	**80 521**	**60 020 787**

(Amounts in tables are presented in USD)

8. OTHER EXPENSES

Other expenses are presented as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulatively
Refund of interest income to the Ministry of Finance of the Kyrgyz Republic	104 747	95 661	495 205
Bank fees	255	373	3 945
	105 002	**96 034**	**499 150**

9. STATEMENT OF FINANCIAL POSITION

The financial position as of December 31, 2025 and 2024 is as follows:

	December 31 2025	December 31 2024
ASSETS AND EXPENDITURES		
Cash and cash equivalents	5 061 532	5 415 840
Cumulative Expenditures	60 020 787	51 080 226
Other Expenditures	499 150	394 148
Foreign exchange loss	109	109
TOTAL ASSETS AND EXPENDITURE	**65 581 578**	**56 890 323**
FINANCING		
Funds received	64 896 374	56 310 772
Other income	685 204	579 551
TOTAL FINANCING	**65 581 578**	**56 890 323**

10. WITHDRAWAL APPLICATIONS

Applications for the year ended December 31, 2025 are as follows:

Grant No. D138-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	Total
29	February 13, 2025	181 455	-	181 455
		181 455	**-**	**181 455**

(Amounts in tables are presented in USD)

Grant No. D204-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	Total
40	January 3, 2025	344 994	-	344 994
41	July 4, 2025	384 864	-	384 864
42	September 23, 2025	68 473	-	68 473
		798 331	**-**	**798 331**

Credit No. 5907-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	Total
31	March 12, 2025	59 070	-	59 070
		59 070	**-**	**59 070**

Credit No. 6088-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	Total
39	January 3, 2025	207 192	-	207 192
40	June 4, 2025	217 737	-	217 737
41	August 13, 2025	311 794	-	311 794
42	October 16, 2025	614 486	-	614 486
43	October 29, 2025	240 223	-	240 223
44	December 1, 2025	219 652	-	219 652
45	December 16, 2025	340 004	-	340 004
46	December 18, 2025	47 658	-	47 658
		2 198 746	**-**	**2 198 746**

Credit No. 7470-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	Total
1	April 17, 2025	-	1 500 000	1 500 000
2	June 18, 2025	558 535	-	558 535
3	August 13, 2025	581 437	-	581 437
4	September 18, 2025	610 703	-	610 703
5	October 14, 2025	548 679	-	548 679
6	November 7, 2025	442 781	-	442 781
7	December 10, 2025	360 144	-	360 144
8	December 22, 2025	745 721	-	745 721
		3 848 000	**1 500 000**	**5 348 000**

(Amounts in tables are presented in USD)

Applications for the year ended December 31, 2024 are as follows:

Grant No. D138-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	Total
26	April 3, 2024	400 000	-	400 000
		400 000	**-**	**400 000**

Grant No. D204-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	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
		2 017 500	**-**	**2 017 500**

Credit No. 5907-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	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
		2 896 567	**-**	**2 896 567**

Credit No. 6088-KG

Application	Date	Replenishment of the Designated account	Initial advance payment	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
		3 705 092	**-**	**3 705 092**

(Amounts in tables are presented in USD)

11. STATEMENT OF DESIGNATED ACCOUNT

The statement of designated accounts for the year ended December 31, 2025 and 2024 is as follows:

Sources of financing	Total	Credit No. 5907-KG	Grant No. D138-KG	Credit No. 6088-KG	Grant No. D204-KG	Credit No. 7470-KG
Bank account number		1299003250022102	1299003250022001	1299003250022910	1299003250022809	1299003250039478
Bank		RSK Bank OJSC	RSK Bank OJSC	RSK Bank OJSC	RSK Bank OJSC	RSK Bank OJSC
Currency		USD	USD	USD	USD	USD
Balance as of January 1, 2024	**5 237 701**	954 740	548 272	1 812 798	1 921 891	-
Replenishment	9 019 159	2 896 567	400 000	3 705 092	2 017 500	-
Total funds received	**9 019 159**	2 896 567	400 000	3 705 092	2 017 500	-
Paid expenditure	-	-	-	-	-	-
Transfer to a transit account	8 945 765	2 862 861	321 162	3 725 081	2 036 661	-
Balance as of December 31, 2024	**5 311 093**	988 446	627 110	1 792 808	1 902 729	-
Replenishment	8 585 602	59 070	181 455	2 198 746	798 331	5 348 000
Total funds received	**13 896 695**	1 047 516	808 565	3 991 554	2 701 060	5 348 000
Paid expenditure	-	-	-	-	-	-
Transfer to a transit account	8 940 743	1 047 516	453 684	2 098 300	1 243 442	4 097 801
Balance as of December 31, 2025	**4 955 954**	**-**	**354 881**	**1 893 255**	**1 457 619**	**1 250 199**

Location of the bank: 80/1, Moskovskaya street, Bishkek, Kyrgyz Republic.

(Amounts in tables are presented in USD)

12. UNDISBURSED FUNDS

Undisbursed funds as of December 31, 2025 are as follows:

	Grant No. D138-KG	**Grant No. D204-KG**	**Credit No. 5907-KG**	**Credit No. 6088-KG**	**Credit No. 7470-KG**
	in SDR	*in SDR*	*in SDR*	*in SDR*	*in USD*
Approved financing amount	7 600 000	11 900 000	9 300 000	14 500 000	7 640 000
Received as of December 31, 2023.	7 158 297	8 807 836	7 043 740	-	-
Received as of December 31, 2024.	7 460 701	10 329 561	9 254 689	11 818 535	-
Received as of December 31, 2025.	7 599 141	10 916 558	9 298 996	13 436 391	5 348 000
Outstanding unreceived portion as of December 31, 2025	**859**	**983 442**	**1 004**	**1 063 609**	**2 292 000**

(Amounts in tables are presented in USD)

13. COMMITMENTS UNDER CONTRACTS

During the course of its ongoing activities, the Project enters into contracts with suppliers of works and services in accordance with the approved budget and procurement plan.

Commitments under contracts in effect as of December 31, 2025 are as follows:

Supplier	Component	Contract number	Contract amount	Contract currency	Paid by December 31, 2025. (in KGS)	The remaining amount to be paid (in KGS)
LLC "Impulse Osh"	Investment in water supply infrastructure	DA-SRWSSDP-AF2-CW-RFB-2025-1 (October)	47 141 152	KGS	27 735 407	19 405 745
Consortium LLC Profit Express and LLC "Turan-group"	Investment in water supply infrastructure	IDA-SRWSSDP-AF2-CW-RFB-2023-1/1 (Otuz-Adyr LOT No. 1)	140 002 483	KGS	25 361 708	114 640 775
Consortium LLC Profit Express and LLC "Turan-group"	Investment in water supply infrastructure	IDA-SRWSSDP-AF2-CW-RFB-2023-1/2 (Otuz-Adyr LOT No. 2)	133 186 294	KGS	49 245 664	83 940 630
Consortium LLC Profit Express and LLC "Turan-group"	Investment in water supply infrastructure	IDA-SRWSSDP-AF2-CW-RFB-2023-1/3 (Otuz-Adyr LOT No. 3)	128 923 107	KGS	60 803 490	68 119 617
Consortium LLC Profit Express and LLC "Turan-group"	Investment in water supply infrastructure	IDA-SRWSSDP-AF2-CW-RFB-2023-1/4 (Otuz-Adyr LOT No. 4)	139 588 331	KGS	59 292 811	80 295 520
Consortium LLC SPP "Oshkoopkurulush" and OJSC "MSPMK-2"	Investment in water supply infrastructure	IDA-SRWSSDP-CW-2024-1/1/ad1 (Gulbar LOT No. 1)	33 458 331	KGS	6 015 208	27 443 123
Consortium LLC "PolymerSnabAsia" and LLC "Art Plast"	Investment in water supply infrastructure	IDA-SRWSSDP-CW-2024-1/2/ad1 (Gulbar LOT No. 2)	104 222 980	KGS	9 008 683	95 214 297
Consortium of "Engineering Protection" LLC and "Kanat Stroy" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-CW-2024-1/3 (Gulbar LOT No. 3)	127 839 721	KGS	25 554 594	102 285 127

(Amounts in tables are presented in USD)

Consortium LLC "PolymerSnabAsia" and LLC "Art Plast"	Investment in water supply infrastructure	IDA-SRWSSDP-CW-2024-1/4 (Gulbar LOT No. 4)	137 176 482	KGS	65 933 595	71 242 887
"Engineering Protection" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-19-18/1/ad1 (Korul LOT No. 1)	45 240 413	KGS	43 262 961	1 977 452
Consortium of "Engineering Protection" LLC and "HydroTechStroy" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-19-18/2/ad2 (Korul LOT No. 2)	24 120 648	KGS	23 061 042	1 059 606
OJSC "Zhumgalsuukurulush"	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2021-17/ad3 (Kürmentü)	127 923 400	KGS	119 556 068	8 367 332
Consortium LLC "Hyper Stroy" and LLC "FMU-1"	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2021-18/ad1 (Kichi-Oryuktü)	93 998 893	KGS	90 770 811	3 228 082
Consortium LLC "Profit Express" and LLC "Turan-group"	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2021-21/ad1 (Karool-Debe)	46 745 824	KGS	37 849 152	8 896 672
LLC "Arkhstroyinvest"	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2021-3/ad4 (Bexe-Jol)	64 842 015	KGS	60 286 110	4 555 905
Consortium of "Engineering Protection" LLC and "Polymer Supply Asia" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2021-4/1/ad1 (Sosnovka LOT No. 1)	70 330 515	KGS	57 013 013	13 317 502
Consortium of "Engineering Protection" LLC and "Polymer Supply Asia" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2021-4/2/ad1 (Sosnovka LOT No. 2)	67 945 661	KGS	63 961 590	3 984 071
"Engineering Protection" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2021-9/ad6 (Toloikon)	77 412 175	KGS	60 212 620	17 199 555
"Engineering Protection" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2022-4/RT1/1 (Kum-Aryk (LOT No. 1))	58 249 707	KGS	20 127 667	38 122 040
"Engineering Protection" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2023-5-RT/ad1 (Toguz-Bulak)	3 804 525	KGS	3 602 694	201 831

(Amounts in tables are presented in USD)

"Engineering Protection" LLC	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2025-4-RT (Achyk-Suu)	6 536 321	KGS	5 421 137	1 115 184
LLC "Kurulush-Araket"	Investment in water supply infrastructure	IDA-SRWSSDP-AF-CW-2023-4-L1-RT1 (Sosnovka (sanatorium of the Secondary School))	5 393 971	KGS	5 063 577	330 394
"Yassin-KK" LLC	Sanitation development	IDA-SRWSSDP-AF-CW-2023-4/L2 (Boroldoy (sanitary facility of the kindergarten))	2 250 001	KGS	1 922 579	327 422
"Yassin-KK" LLC	Sanitation development	IDA-SRWSSDP-AF-CW-2023-4/L3/ad1 (Kayirma (sanitary construction school))	4 770 000	KGS	2 262 073	2 507 927
"Yassin-KK" LLC	Sanitation development	IDA-SRWSSDP-AF-CW-2023-4/L4 (Ivanovka station (sanitary construction of kindergarten))	2 300 006	KGS	2 110 177	189 829
OJSC "MSPMK-2"	Sanitation development	IDA-SRWSSDP-AF-CW-2024-1 (Kabyk (sanitary construction of kindergarten))	498 806	KGS	430 787	68 019
LLC "EuroStroy Montazh"	Sanitation development	IDA-SRWSSDP-AF-CW-2024-1-L2/R1 (Toloykon (sanitary facility of the kindergarten))	688 266	KGS	588 881	99 385
LLC "Kurulush-Araket"	Sanitation development	IDA-SRWSSDP-AF-CW-2024-2-RT1 (Tamga (sanitary construction of kindergarten))	1 198 050	KGS	955 861	242 189
LLC "Mode"	Sanitation development	IDA-SRWSSDP-AF-CW-2025-1/2 (Grigoryevka (sanitary facilities of the FMC))	767 701	KGS	663 015	104 686
LLC "Mode"	Sanitation development	IDA-SRWSSDP-AF-CW-2025-1/3 (Jeti-Oguz (sanitary facilities of the FMC))	1 489 928	KGS	1 286 756	203 172

(Amounts in tables are presented in USD)

LLC "Uniservice-AST"	Sanitation development	IDA-SRWSSDP-AF-CW-2025-2/1 (Kotormo and Kyrgyz-Ata (sanitary premises))	3 393 953	KGS	2 804 946	589 007
LLC "Uniservice-AST"	Sanitation development	IDA-SRWSSDP-AF-CW-2025-2/2 (Achyk-Suu (sanitary premises))	1 413 073	KGS	1 142 879	270 194
LLC "Uniservice-AST"	Sanitation development	IDA-SRWSSDP-AF-CW-2025-2/3 (Kara-Dobo and Kysh-Abad (sanitary premises))	1 367 297	KGS	1 022 284	345 013
LLC "Uniservice-AST"	Sanitation development	IDA-SRWSSDP-AF-CW-2025-2/4 (Gulbar (sanitary facilities))	222 530	KGS	133 752	88 778
LLC "Uniservice-AST"	Sanitation development	IDA-SRWSSDP-AF-CW-2025-2/5 (Kenesh and Por (sanitary facilities))	1 520 287	KGS	1 101 950	418 337
LLC "PSO"Adis Stroy"	Sanitation development	IDA-SRWSSDP-SW-2020-1 (Cholpon-Ata)	204 320	KGS	190 608	13 712
LLC "VIP-S"	Sanitation development	IDA-SRWSSDP-SW-2020-10/1/ad2 (Toguz-Bulak, Ken-Zhylga, Toguzkun)	1 594 014	KGS	1 549 441	44 573
LLC "Faber Service"	Sanitation development	IDA-SRWSSDP-SW-2020-11/1/ad2 (Gornaya Mayevka and Kyzyl-Birlik)	1 053 493	KGS	654 788	398 705
LLC "Faber Service"	Sanitation development	IDA-SRWSSDP-SW-2020-11/2/ad2 (Belek (sanitary facilities))	1 652 887	KGS	1 260 605	392 282
LLC "Ayan Kurulush"	Sanitation development	IDA-SRWSSDP-SW-2020-11/3 (Ken-Bulun (sanitary premises))	3 254 787	KGS	2 131 351	1 123 436
LLC "Faber Service"	Sanitation development	IDA-SRWSSDP-SW-2020-11/4/ad1 (Kenesh (sanitary facilities))	164 879	KGS	117 886	46 993
LLC "Ayan Kurulush"	Sanitation development	IDA-SRWSSDP-SW-2020-11/5 (Ivanovka)	3 642 189	KGS	2 576 478	1 065 711

(Amounts in tables are presented in USD)

LLC "Faber Service"	Sanitation development	IDA-SRWSSDP-SW-2020-11/6 (Kara-Debe (sanitary facilities))	1 183 562	KGS	939 849	243 713
LLC "Discount"	Sanitation development	IDA-SRWSSDP-SW-2020-2 (Ysyk-Ata)	135 090	KGS	131 624	3 466
LLC "PSO"Adis Stroy"	Sanitation development	IDA-SRWSSDP-SW-2020-4 (Tone)	183 040	KGS	146 835	36 205
LLC "PSO"Adis Stroy"	Sanitation development	IDA-SRWSSDP-SW-2020-5 (Kemin)	223 394	KGS	211 999	11 395
LLC "PSO"Adis Stroy"	Sanitation development	IDA-SRWSSDP-SW-2020-8 (Lebedinovka)	164 549	KGS	152 412	12 137

(Amounts in tables are presented in USD)

14. LITIGATION

During the reporting period, there were no lawsuits, arbitrations, or other claims related to the Project's activities. As of the reporting date, the Project was not a party to any litigation.

15. EVENTS AFTER THE REPORTING DATE

During 2026, up to the date of issue of these project financial statements, IDA provided financing to the Project as follows:

Source of financing	Application	Date	Replenishment of the Designated Account	Total
Credit No. 6088-KG	47	April 6, 2026	245 311	245 311
			245 311	**245 311**
Grant No. D204-KG	44	April 22, 2026	208 819	208 819
Grant No. D204-KG	43	February 18, 2026	542 719	542 719
			751 538	**751 538**
Grant No. D138-KG	9	April 6, 2026	1 035 063	1 035 063
			1 035 063	**1 035 063**

As of the date of issue of these project financial statements, no other material events or transactions have occurred, other than the events described above that are required to be disclosed in the project financial statements.

On behalf of the Management:

Zhumadylov K.A. Executive Director of Agency for Development and Investment of Communities

June 29, 2026 Bishkek, Kyrgyz Republic

Yusupova R.T. Acting Financial Manager of Agency for Development and Investment of Communities

June 29, 2026 Bishkek, Kyrgyz Republic