

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

**The project financial statements
for the period from October 31, 2022 to December 31, 2023
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 PERIOD FROM OCTOBER 31, 2022 TO DECEMBER 31, 2023**

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 period from October 31, 2022 to December 31, 2023 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 period from October 31, 2022 to December 31, 2023 were approved and authorized for issue on June 15, 2024 by the management of the Project.

On behalf of the Management


Torogeldiev U.T.
Director of WRS PIU
June 15, 2024
Bishkek, the Kyrgyz Republic




Rysbekova N.K.
Financial Manager of WRS PIU
June 15, 2024
Bishkek, the Kyrgyz Republic


Muktarov A.K.
Director of SI DDWSWD PIU
June 15, 2024
Bishkek, the Kyrgyz Republic




Zhunushova R.E.
Financial Manager of SI DDWSWD PIU
June 15, 2024
Bishkek, the Kyrgyz Republic

INDEPENDENT AUDITOR'S REPORT

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

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 period from October 31, 2022 to December 31, 2023, 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 period from October 31, 2022 to December 31, 2023 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the project financial statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the project financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

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

Other matter

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

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

Management is responsible for the preparation and fair presentation of the project financial statements in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of the project financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the project financial statements

Our objectives are to obtain reasonable assurance about whether the project financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the project financial statements.

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

- Identify and assess the risks of material misstatement of the project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the project financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

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

June 15, 2024
Bishkek, the Kyrgyz Republic

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

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID
FOR THE PERIOD FROM OCTOBER 31, 2022 TO DECEMBER 31, 2023**
(in US dollars)


	Notes	For the period from October 31, 2022 to December 31, 2023	Cumulative
Opening balance	4	-	-
Funds received			
Grant No. IDA E009-KG	5	3,637,655	3,637,655
WRS	5	1,337,655	1,337,655
SI DDWSWD	5	2,300,000	2,300,000
Credit No. IDA 7081-KG	5	1,000,000	1,000,000
WRS	5	1,000,000	1,000,000
SI DDWSWD		-	-
Total funds received		<u>4,637,655</u>	<u>4,637,655</u>
Other income			
WRS	6	25,901	25,901
SI DDWSWD	6	14,075	14,075
	6	11,826	11,826
Total receipts		<u>4,663,556</u>	<u>4,663,556</u>
Expenses			
(1) Goods, works, non-consulting services, and consulting services, Training and Operating Costs for Part 1 of the Project	7	1,497,997	1,497,997
WRS	7	497,670	497,670
SI DDWSWD	7	1,000,327	1,000,327
(2) Goods, works, non-consulting services, and consulting services, Training and Operating Costs for Parts 2 and 3 of the Project	7	939,854	939,854
WRS	7	557,870	557,870
SI DDWSWD	7	381,984	381,984
(3) Emergency Expenditures under Part 4 of the Project		-	-
WRS		-	-
SI DDWSWD		-	-
Total WRS		1,055,540	1,055,540
Total SI DDWSWD		<u>1,382,311</u>	<u>1,382,311</u>
Total expenses		<u>2,437,851</u>	<u>2,437,851</u>

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

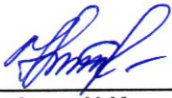
**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID (CONTINUED)
FOR THE PERIOD FROM OCTOBER 31, 2022 TO DECEMBER 31, 2023**
(in US dollars)

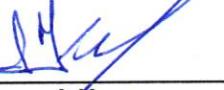
	Notes	For the period from October 31, 2022 to December 31, 2023	Cumulative
Other expenses	8	1,695	1,695
WRS	8	1,537	1,537
SI DDWSWD	8	158	158
Closing balance	4	2,224,010	2,224,010

On behalf of the Management:


Torogeldiev U.T.
 Director of WRS PIU
 June 15, 2024
 Bishkek, the Kyrgyz Republic




Rysbekova N.K.
 Financial Manager of WRS PIU
 June 15, 2024
 Bishkek, the Kyrgyz Republic


Muktarov A.K.
 Director of SI DDWSWD PIU
 June 15, 2024
 Bishkek, the Kyrgyz Republic




Zhunushova R.E.
 Financial Manager of SI DDWSWD PIU
 June 15, 2024
 Bishkek, the Kyrgyz Republic


The notes on pages 9-20 form an integral part of the project financial statements. The independent auditor's report is on pages 3-5.

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

**SUMMARY OF EXPENDITURES PAID BY PROJECT PARTS
FOR THE PERIOD FROM OCTOBER 31, 2022 TO DECEMBER 31, 2023
(in US dollars)**


	For the period from October 31, 2022 to December 31, 2023	Cumulative
Part 1. Infrastructure Investments and Service Improvements	1,497,997	1,497,997
1.1. Water supply and sanitation infrastructure	1,000,327	1,000,327
1.2. Irrigation and drainage services improvement	497,670	497,670
Part 2. Institutional Strengthening for Climate Resilient Service Delivery, Water Resources Management and Dam Management	433,692	433,692
2.1. Institutional strengthening for water supply and sanitation service delivery	12,206	12,206
2.2. Institutional strengthening for irrigation water services delivery	39,480	39,480
2.3. Water and soil quality monitoring system	237,167	237,167
2.4. Dam management	144,839	144,839
Part 3. Project Management, Monitoring and Evaluation and Professional Development	506,162	506,162
a. Project management activities	492,597	492,597
WRS	127,929	127,929
SI DDWSWD	364,668	364,668
b. Professional development activities	13,565	13,565
WRS	8,455	8,455
SI DDWSWD	5,110	5,110
Part 4. Contingent Emergency Response Component	-	-
Total WRS	1,055,540	1,055,540
Total SI DDWSWD	1,382,311	1,382,311
Total	2,437,851	2,437,851

On behalf of the Management:

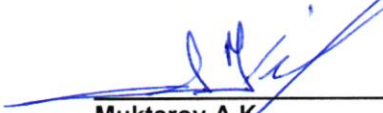


Torogeldiev U.T.
Director of WRS PIU
June 15, 2024
Bishkek, the Kyrgyz Republic



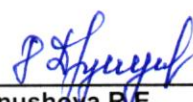


Rysbekova N.K.
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June 15, 2024
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The notes on pages 9-20 form an integral part of the project financial statements. The independent auditor's report is on pages 3-5.

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

**NOTES TO THE PROJECT FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 31, 2022 TO DECEMBER 31, 2023**

(in US dollars)

1. GENERAL INFORMATION

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

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

Project purpose

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

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

The Project comprises the following parts:

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

Part 1. Infrastructure Investments and Service Improvements

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

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

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

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

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

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

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

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

Providing support for:

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

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

Part 4. Contingent Emergency Response Component

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

Project Management

The Project is implemented by the Project Implementation Unit under the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "WRS PIU") and by the Project Implementation Unit under the State Institution Development of Drinking Water Supply and Wastewater Disposal under the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (the "SI DDWSWD PIU").

SI DDWSWD is the legal successor of the 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.

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.

4. CASH AND CASH EQUIVALENTS

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

	Source of financing	Account holder	Currency	December 31, 2023
Designated account	Grant No. IDA E009-KG	WRS	US dollar	560,840
Designated account	Credit No. IDA 7081-KG	WRS	US dollar	721,275
Designated account	Grant No. IDA E009-KG	SI DDWSWD	US dollar	917,689
Interest Account	Other	SI DDWSWD	US dollar	11,668
Interest Account	Other	WRS	US dollar	10,344
Interest Account	Other	WRS	US dollar	2,194
				<hr/>
				2,224,010

5. FUNDS RECEIVED

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

	For the period from October 31, 2022 to December 31, 2023	Cumulative
Grant No. IDA E009-KG		
Advance / Initial deposit	3,000,000	3,000,000
WRS	1,000,000	1,000,000
SI DDWSWD	2,000,000	2,000,000
Replenishment of designated account	637,655	637,655
WRS	337,655	337,655
SI DDWSWD	300,000	300,000
	<u>3,637,655</u>	<u>3,637,655</u>
Credit No. IDA 7081-KG		
Advance / Initial deposit	1,000,000	1,000,000
WRS	1,000,000	1,000,000
SI DDWSWD	-	-
	<u>1,000,000</u>	<u>1,000,000</u>
	<u>4,637,655</u>	<u>4,637,655</u>

6. OTHER INCOME

Other income is presented as follows:

	For the period from October 31, 2022 to December 31, 2023	Cumulative
Interest income	25,901	25,901
WRS	14,075	14,075
SI DDWSWD	11,826	11,826
	<u>25,901</u>	<u>25,901</u>

7. EXPENSES

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

	For the period from October 31, 2022 to				Cumulative	
	December 31, 2023		Total	Grant No. IDA E009-KG	Credit No. IDA 7081-KG	Total
	Grant No. IDA E009-KG	Credit No. IDA 7081-KG				
Goods	482,460	-	482,460	482,460	-	482,460
<i>WRS</i>	363,943	-	363,943	363,943	-	363,943
<i>SI/DDWSWD</i>	118,517	-	118,517	118,517	-	118,517
Works	932,891	-	932,891	932,891	-	932,891
<i>WRS</i>	-	-	-	-	-	-
<i>SI/DDWSWD</i>	932,891	-	932,891	932,891	-	932,891
Consulting services	389,072	278,695	667,767	389,072	278,695	667,767
<i>WRS</i>	273,848	278,695	552,543	273,848	278,695	552,543
<i>International consulting services</i>	255,784	278,695	534,479	255,784	278,695	534,479
<i>Local consulting services</i>	18,064	-	18,064	18,064	-	18,064
<i>SI/DDWSWD</i>	115,224	-	115,224	115,224	-	115,224
<i>Local consulting services</i>	115,224	-	115,224	115,224	-	115,224
Training	17,217	-	17,217	17,217	-	17,217
<i>WRS</i>	11,125	-	11,125	11,125	-	11,125
<i>International trainings</i>	5,899	-	5,899	5,899	-	5,899
<i>Local trainings</i>	5,226	-	5,226	5,226	-	5,226
<i>SI/DDWSWD</i>	6,092	-	6,092	6,092	-	6,092
<i>International trainings</i>	3,603	-	3,603	3,603	-	3,603
<i>Local trainings</i>	2,489	-	2,489	2,489	-	2,489
Incremental operating costs	337,486	30	337,516	337,486	30	337,516
<i>WRS</i>	127,899	30	127,929	127,899	30	127,929
<i>Payroll and Social Fund contributions</i>	113,565	-	113,565	113,565	-	113,565
<i>1C accounting software</i>	4,420	-	4,420	4,420	-	4,420
<i>Office maintenance costs</i>	4,314	-	4,314	4,314	-	4,314
<i>Advertisement costs</i>	2,286	-	2,286	2,286	-	2,286
<i>Business trips</i>	2,010	-	2,010	2,010	-	2,010
<i>Stationery</i>	892	-	892	892	-	892
<i>Internet connection and communication costs</i>	180	-	180	180	-	180
<i>Fuel and car maintenance</i>	69	-	69	69	-	69
<i>Other</i>	163	30	193	163	30	193

	For the period from October 31, 2022 to		December 31, 2023		Total	Grant No. IDA E009-KG	Cumulative Credit No. IDA 7081-KG	Total
	Grant No.	Credit No.	Grant No.	Credit No.				
	IDA E009-KG	IDA 7081-KG	IDA E009-KG	IDA 7081-KG				
SI DDWSWD	209,587	-	209,587	-	209,587	209,587	-	209,587
Payroll and Social Fund contributions	187,328	-	187,328	-	187,328	187,328	-	187,328
Fuel and car maintenance	6,835	-	6,835	-	6,835	6,835	-	6,835
Office maintenance costs	6,742	-	6,742	-	6,742	6,742	-	6,742
Business trips	4,012	-	4,012	-	4,012	4,012	-	4,012
Stationery	1,808	-	1,808	-	1,808	1,808	-	1,808
Insurance expenses	1,793	-	1,793	-	1,793	1,793	-	1,793
Internet connection and communication costs	554	-	554	-	554	554	-	554
Advertisement costs	19	-	19	-	19	19	-	19
Other	496	-	496	-	496	496	-	496
	<u>2,159,126</u>	<u>278,725</u>	<u>2,437,851</u>	<u>278,725</u>	<u>2,437,851</u>	<u>2,159,126</u>	<u>278,725</u>	<u>2,437,851</u>

8. OTHER EXPENSES

Other expenses are presented as follows:

	For the period from October 31, 2022 to December 31, 2023	Cumulative
Bank services	1,695	1,695
WRS	1,537	1,537
SI DDWSWD	158	158
	<hr/>	<hr/>
	1,695	1,695
	<hr/>	<hr/>

9. FINANCIAL POSITION

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

	December 31, 2023
ASSETS AND EXPENDITURES	
Cash and cash equivalents	2,224,010
WRS	1,294,653
SI DDWSWD	929,357
Cumulative expenses	2,437,851
WRS	1,055,540
SI DDWSWD	1,382,311
Other expenses	1,695
WRS	1,537
SI DDWSWD	158
	<hr/>
TOTAL ASSETS AND EXPENDITURES	4,663,556
	<hr/>
FINANCING	
Funds received	4,637,655
WRS	2,337,655
SI DDWSWD	2,300,000
Other income	25,901
WRS	14,075
SI DDWSWD	11,826
	<hr/>
TOTAL FINANCING	4,663,556
	<hr/>

10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the period from October 31, 2022 to December 31, 2023 are presented as follows:

Sources of financing	Account holder	Date	Initial deposit	Replenishment of designated account	Total
Grant No. IDA E009-KG					
CRWS/GRANT-1	WRS	January 30, 2023	1,000,000	-	1,000,000
DCEI-GRANT-1	SI DDWSWD	February 2, 2023	1,500,000	-	1,500,000
DCEI-GRANT-2	SI DDWSWD	November 27, 2023	500,000	-	500,000
DCEI-GRANT-3	SI DDWSWD	December 18, 2023	-	300,000	300,000
002	WRS	December 21, 2023	-	337,655	337,655
			<u>3,000,000</u>	<u>637,655</u>	<u>3,637,655</u>
Credit No. IDA 7081-KG					
CRWS/CREDIT -1	WRS	October 17, 2023	1,000,000	-	1,000,000
			<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>

Withdrawal application of WRS No. 2 for Grant No. IDA E009-KG dated December 5, 2023 in the amount of 337,655 US dollars was deleted.

11. STATEMENT OF DESIGNATED ACCOUNT

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

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

Source of financing	Grant No.	Credit No.	Total
	IDA E009-KG	IDA 7081-KG	
Bank	Aiyl Bank OJSC	Aiyl Bank OJSC	
Bank account	1350108030005388	1350108030004883	
Currency	US dollar	US dollar	
Bank's location	14 Logvinenko str., Bishkek, Kyrgyz Republic		
Balance as at October 31, 2022	-	-	-
Initial deposit	1,000,000	1,000,000	2,000,000
Replenishment	337,655	-	337,655
Total funds received	<u>1,337,655</u>	<u>1,000,000</u>	<u>2,337,655</u>
Expenses paid	334,569	278,725	613,294
Transfer to transit account	442,246	-	442,246
Balance as at December 31, 2023	<u>560,840</u>	<u>721,275</u>	<u>1,282,115</u>

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

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

12. UNDRAWN FUNDS

Undrawn funds as at December 31, 2023 are presented as follows:

	Grant No. IDA E009-KG <i>in SDR</i>	Credit No. IDA 7081-KG <i>in SDR</i>
Approved amount of financing	35,900,000	35,900,000
Disbursed during the period from October 31, 2022 to December 31, 2023	2,696,451	762,719
Undrawn amount of financing as at December 31, 2023	<u>33,203,549</u>	<u>35,137,281</u>
	Grant No. IDA E009-KG <i>in SDR</i>	Credit No. IDA 7081-KG <i>in SDR</i>
Funds received as at October 31, 2022	-	-
Disbursed during the period from October 31, 2022 to December 31, 2023	2,696,451	762,719
Funds received as at December 31, 2023	<u>2,696,451</u>	<u>762,719</u>

13. COMMITMENTS

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

Commitments of WRS as at December 31, 2023 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2023 (in CCY)	Remaining amount to be paid (in CCY)
DISTRITECH LLC	CREWSP/G/C.2.3/RFB/1	1,223,884	US Dollars	-	1,223,884
SU-YAPI Engineering & Consulting Inc.	CREWSP/CS/C.1.2/QCBS/1-1	2,064,409	US Dollars	497,670	1,566,739
Baker Tilly Bishkek LLC	CREWSP-CS-C.3.2-LCS-1	27,759	US Dollars	-	27,759
Sakkaraeva E.D.	CREWSP/CS/C.2.3/IC/2	611,800	Kyrgyz soms	428,260	183,540
Dzhanybaeva Z.B.	CREWSP/CS/C.2.3/IC/1	611,800	Kyrgyz soms	428,260	183,540
Cherikbaeva Zh.A.	CREWSP/CS/C.2.3/IC/8	720,000	Kyrgyz soms	504,000	216,000

Commitments of SI DDWSWD as at December 31, 2023 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2023 (in CCY)	Remaining amount to be paid (in CCY)
Baker Tilly Bishkek LLC	CREWSP-CS-C.3.2-LCS-1	27,759	US Dollars	-	27,759
Production enterprise MINUR LLC	IDA-CRWSP-CW-RFB-14/1	62,802,155	Kyrgyz soms	21,104,685	41,697,470
Production enterprise MINUR LLC	IDA-CRWSP-CW-RFB-14/2	78,762,120	Kyrgyz soms	31,813,498	46,948,622
Profit-express LLC	IDA-CRWSP-CW-RFB-14/3	59,014,962	Kyrgyz soms	29,782,656	29,232,306
Encon LLC	IDA-CRWSP-DS-2023-1	2,186,332	Kyrgyz soms	1,104,447	1,081,885
Gal-Project LLC	IDA-CRWSP-CQS-2023-1	9,872,600	Kyrgyz soms	3,800,750	6,071,850
Rich Research LLC	IDA-CRWSP-CQS-1	4,863,161	Kyrgyz soms	2,431,581	2,431,580
Nur SZHB LLC	IDA-CRWSP-DS-2023-2	1,498,680	Kyrgyz soms	528,340	970,340
Central Asia Prospects PF	IDA-CRWS-COMP2-CQS-2023-2	15,124,660	Kyrgyz soms	-	15,124,660
Suerkulov A.Sh.	IDA-CREWSP-IC-1C-2023	1,160,775	Kyrgyz soms	386,925	773,850
Tilekmatov Z.T.	IDA-CRWSP-IC-2023-1	1,231,773	Kyrgyz soms	214,773	1,017,000
Mambetov E.A.	IDA-CRWSP-IC-2023-2	1,343,250	Kyrgyz soms	236,250	1,107,000

14. LEGAL CASES

There were no any legal claims related to the Project.

15. EVENTS AFTER THE REPORTING DATE

During 2024 until the date of issue of the project financial statements IDA has replenished the Project's designated accounts as follows:

Sources of financing	Account holder	Date	Replenishment of designated account	Total
Grant No. IDA E009-KG				
DCEI-GRANT-4	SI DDWSWD	January 26, 2024	1,082,311	1,082,311
3	WRS	February 6, 2024	456,359	456,359
5	WRS	May 24, 2024	685,445	685,445
DCEI-GRANT-5	SI DDWSWD	May 28, 2024	490,864	490,864
6	WRS	June 10, 2024	460,702	460,702
			<u>3,175,681</u>	<u>3,175,681</u>
Credit No. IDA 7081-KG				
4	WRS	March 15, 2024	<u>310,902</u>	<u>310,902</u>
			<u>310,902</u>	<u>310,902</u>

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.

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.

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.