Republika e Kosovës
Republika Kosova
Republic of Kosovo

ZKA
ZYRA KOMBËTARE E AUDITIMIT
NACIONALNA KANCELARIJA REVIZIJE
NATIONAL AUDIT OFFICE

IZVEŠTAJA O REVIZIJI GODIŠNJIH FINANSIJSKIH IZVEŠTAJA ZA POSEBNE NAMENE ZA PROJEKAT 'PROGRAM KORIŠĆENJE I PODSTICAJ MOGUĆNOSTI ZA BEZBEDNOST VODE' ZA PERIOD OD 1. JANUARA 2025. DO 31. DECEMBRA 2025

Priština, Avgust 2026.

SADRŽAJ IZVEŠTAJA

1 Mišljenje revizije

Ovaj izveštaj rezimira ključna pitanja iz revizije Godišnjih finansijskih izveštaja za posebne namene za projekat 'Program korišćenje i podsticaj mogućnosti za bezbednost vode" za period od 01. januara 2025. do 31. decembra 2025. godine, kojim se utvrđuje mišljenje koje daje Generalni revizor. Revizija godišnjih finansijskih izveštaja za posebne namene za predmetni period izvršena je u skladu sa Međunarodnim standardima vrhovnih revizorskih institucija (MSVIR). Naš pristup obuhvatio je testove i procedure koje su bile neophodne za donošenje mišljenja u vezi sa godišnjim finansijskim izveštajem.

Pitanje koje se odnosi na menadžersko izveštavanje, interne kontrole i sprovođenje preporuka predstavljeno je u pismu menadžmenta, koje je dostavljeno uz izveštaj o reviziji.

1.1 Mišljenje revizije o Godišnjim finansijskim izveštajima projekta 'Program korišćenje i podsticaj mogućnosti za bezbednost vode'

Naša revizija godišnjih finansijskih izveštaja za posebne namene razmatra usklađenost sa zahtevima izveštavanja iz sporazuma, kao i kvalitet i tačnost informacija prikazanih u finansijskim izveštajima.

Nemodifikovano mišljenje

Revidirali smo finansijske izveštaje za posebne namene projekta koji je finansirala Svetska banka za period od 1. januara 2025. do 31. decembra 2025. godine, koji uključuju rezime izvora sredstava i nastalih rashoda, izjavu o zahtevima za povlačenje sredstava i obelodanjivanja.

Po našem mišljenju, godišnji finansijski izveštaji za posebne namene ne u vezi sa projektom 'Program korišćenje i podsticaj mogućnosti za bezbednost vode' za period od 1. januara 2025. do 31. decembra 2025. godine, prikazuju istinit i realan prikaz u svim materijalnim aspektima, u skladu sa zahtevima izveštavanja u sporazumu između stranaka, poštujući principe računovodstva zasnovanog na gotovini.

Osnova za mišljenje

Revizija je izvršena u skladu sa Međunarodnim standardima vrhovnih revizorskih institucija (MSVIR). U skladu sa ovim standardima, naše odgovornosti su dalje opisane u delu „Odgovornosti revizora za reviziju godišnjih finansijskih izveštaja“. Smatramo da su pribavljeni revizorski dokazi dovoljni i odgovarajući za obezbeđivanje osnove za naše mišljenje.

Isticanje pitanja – Računovodstvena osnova

1 Skrećemo vam pažnju na činjenicu da su finansijski izveštaji pripremljeni u skladu sa okvirom posebne namene i stoga se finansijski izveštaji ne mogu koristiti u druge svrhe.

Naše mišljenje nije modifikovano u vezi sa ovim pitanjem

Odgovornosti menadžmenta i organa upravljanja/uprave

Menadžment je odgovoran za pravilnu i istinitu pripremu finansijskih izveštaja za posebne namene, u skladu sa sporazumom zaključenim između Republike Kosovo, koju predstavlja Ministar finansija, i Međunarodnog udruženja za razvoj. Ove informacije sastoje se od Izveštaja o sredstvima i njihovom korišćenju i Izveštaja o povlačenju sredstava.

Ministar odgovoran je za obezbeđivanje nadzora nad procesom finansijskog izveštavanja Ministarstva Životne sredine, prostornog planiranja i infrastrukture.

Odgovornost Generalnog revizora za reviziju

Reviziju smo izvršili u skladu sa Zakonom o Generalnom revizoru i Nacionalnoj kancelariji revizije i Okvirom profesionalnih izjava INTOSAI (IFPP). Ovaj zakon i ovi standardi zahtevaju da se pridržavamo etičkih kriterijuma i da planiramo i sprovedemo reviziju kako bismo stekli razumno uverenje da godišnji finansijski izveštaji ne sadrže materijalno značajne pogrešne prikaze.

Revizija uključuje sprovođenje procedura za pribavljanje revizorskih dokaza u vezi sa godišnjim finansijskim izveštajima. Izabrane procedure zavise od prosuđivanja revizora, uključujući procenu rizika od materijalno značajnih pogrešnih prikaza, bilo usled prevare ili greške. Revizija takođe uključuje ocenu prikladnosti primenjenih računovodstvenih politika, razumnosti računovodstvenih procena koje je izvršio menadžment, kao i ocenu ukupnog prikaza finansijskih izveštaja.

Tokom sprovođenja postupaka procene rizika, uzimamo u obzir relevantne interne kontrole u vezi sa izjavama menadžmenta i pripremom finansijskih izveštaja za potrebe zakonskih zahteva regulatora od strane subjekta, ali ne u svrhu izražavanja mišljenja o njihovoj efikasnosti. Ipak, pismeno ćemo vas obavestiti o svim značajnim nedostacima u internim kontrolama koji su relevantni za reviziju finansijskih izveštaja, a koje identifikujemo tokom revizije.

2 Delokrug i metodologija revizije

Nacionalna kancelarija revizije (NKR) je, na osnovu sporazuma/ugovora sa Svetskom bankom, odgovorna za sprovođenje finansijske revizije. Ova revizija obuhvata ispitivanje i ocenu finansijskih izveštaja i drugih finansijskih podataka kao što sledi:

· Da li finansijski izveštaji za posebne namene pružaju istinit i pravičan prikaz računa i finansijskih pitanja za period revizije;

· Da li su sva eksterna sredstva korišćena u skladu sa uslovima odgovarajućih sporazuma o finansiranju;

· Da li su finansijski podaci, sistemi i transakcije u skladu sa važećim zakonima i propisima koji se primenjuju na sredstva dodeljena od strane Svetske banke;

· Da li su finansijski izveštaji u skladu sa zahtevima posebnog sporazuma sa Svetskom bankom; i

· Za prikladnost funkcija interne kontrole.

Revizija je zasnovana na proceni rizika. Analizirali smo aktivnosti Projekta 'Program korišćenje i podsticaj mogućnosti za bezbednost vode', koji trenutno funkcionira u okviru Ministarstva Životne sredine, prostornog planiranja i infrastrukture (MŽSPP), nivo oslanjanja na upravljačke kontrole radi utvrđivanja obima detaljnih testiranja neophodnih za pribavljanje revizijskih dokaza koji podržavaju mišljenje GR-a.
Revizorske procedure obuhvatile su pregled internih kontrola, računovodstvenih sistema, odgovarajuća suštinska testiranja, kao i povezana upravljačka rešenja, u meri u kojoj smo to smatrali neophodnim za efikasno sprovođenje revizije

Vlora Spanca, Generalna revizorka

Blerim Kabashi, Direktor revizije

Lindita Ajeti, Vođa tima

Sabile Muli, Član tima

Dodatak I: Objašnjenja različitih vrsta mišljenja revizije primenjenih od strane NKR

(odlomak od MSVIR 200

Vrsta mišljenja

147. Revizor treba da izrazi jedno **ne-modifikovano mišljenje** revizije ukoliko se zaključi da su finansijski izveštaji pripremljeni, sa svih materijalnih gledišta u skladu sa važećim finansijskim okvirom.

Ukoliko revizor zaključi da, na osnovu prikupljenih dokaza revizije, finansijski izveštaji kao celina nisu bez materijalnih grešaka, ili nije u mogućnosti da dobije dovoljno odgovarajućih dokaza revizije da bi zaključio da su finansijski izveštaji kao celina bez materijalnih grešaka, revizor treba da izmeni mišljenje revizije na izveštaju revizora u skladu sa odeljkom “Određivanje vrste modifikacije mišljenja revizora”.

148. Ukoliko finansijski izveštaji pripremljeni u skladu sa zahtevima okvira prikazivanja, ne postignu pravično prikazivanje, revizor treba da razmotri pitanje sa menadžmentom, i na osnovu zahteva primenljivog okvira finansijskog izveštavanja i načina na koji je to pitanje rešeno, da odredi da li je neophodno da se izmeni mišljenje revizije.

Modifikacije mišljenja revizije na revizorskom izveštaju

151. Revizor treba da modifikuje mišljenje revizije na revizorskom izveštaju ukoliko se zaključi da, na osnovu prikupljenih dokaza revizije, finansijski izveštaji kao celina nisu bez materijalnih grešaka, ili nije u mogućnosti da dobije dovoljno odgovarajućih dokaza revizije da bi zaključio da su finansijski izveštaji kao celina bez materijalno pogrešnih prikazivanja. Revizori mogu dati tri vrste modifikovanih mišljenja revizije: kvalifikovano mišljenje, protivno mišljenje i odricanje od mišljenja.

Određivanje vrste modifikacije koje se čini revizorskom mišljenju

152. Odluka o tome koja vrsta modifikovanog mišljenja je prikladna, zavisi od:

- prirode pitanja koje je dovelo do modifikacije – što podrazumeva, da li su finansijski izveštaji sadrže materijalno pogrešna prikazivanja ili, u slučaju da je bilo nemoguće prikupiti dovoljno odgovarajućih dokaza revizije, mogu sadržati materijalno pogrešna prikazivanja; i
- sud revizora o rasprostranjenosti uticaja ili mogućih uticaja pitanja na finansijskim izveštajima.

153. Revizor treba da izrazi **kvalifikovano mišljenje ukoliko**: (1) nakon dobijanja dovoljno odgovarajućih i prikladnih dokaza revizije, revizor zaključuje da netačne tvrdnje, pojedinačno ili zajednički, su materijalne, ali nisu rasprostranjene, na finansijskim izveštajima; ili (2) revizor nije bio u stanju da dobije dovoljno odgovarajućih dokaza revizije na osnovu kojih može da podrži jedno mišljenje revizije, ali zaključuje da uticaj na finansijskim izveštajima bilo kojih neotkrivenih netačnih tvrdnji mogu biti materijalne ali ne i rasprostranjene.

154. Revizor treba da izrazi **protivno mišljenje ukoliko**, nakon dobijanja dovoljno odgovarajućih dokaza revizije, revizor zaključuje da netačne tvrdnje, pojedinačno ili zajednički, su materijalne i rasprostranjene na finansijskim izveštajima.

155. Revizor treba da izrazi **odricanje od mišljenja ukoliko**, pošto nije bio u stanju da dobije dovoljno odgovarajućih dokaza revizije na osnovu kojih može da podrži mišljenje revizije, revizor zaključuje da uticaj na finansijskim izveštajima bilo kojih neotkrivenih netačnih tvrdnji mogu biti materijalne i rasprostranjene. Ukoliko nakon prihvatanja angažovanja, revizor postaje svestan da je menadžment nametnuo ograničenje na delokrug revizije za koju revizor smatra da će verovatno dovesti do potrebe izražavanja kvalifikovanog mišljenja ili odricanje od mišljenja o finansijskim izveštajima, revizor treba da zahteva od menadžmenta da ukloni to ograničenje.

156. Ukoliko revizor daje modifikovano mišljenje, revizor će takođe modifikovati naslov kako bi odgovarao vrsti izraženog mišljenja revizije. MSVIR 1705 pruža dodatna uputstva o specifičnom jezičnom izražavanju koje će se koristiti kada se izdaje mišljenje i kada se opisuje odgovornost revizora. Takođe sadrži ilustrovane primere izveštaja.

Paragrafi Isticanja Pitanja i paragrafi Ostalih Pitanja na revizorskom izveštaju

157. Ukoliko revizor smatra potrebnim da skrene pažnju na pitanje prikazano ili obelodanjeno na finansijskim izveštajima koja je od velikog značaja za njihovo razumevanje finansijskih izveštaja, ali postoje dovoljno prikladnih dokaza da to pitanje nije materijalno pogrešno prikazano na finansijskim izveštajima, revizor će u revizorskom izveštaju uključiti jedan paragraf o Isticanju Pitanja. Isticanje Pitanja se treba odražavati samo na informaciju prikazanu ili obelodanjenu na finansijskim izveštajima.

158. Paragraf o isticanju pitanja treba:

- da se uključi odmah nakon mišljenja revizije;
- da koristi naslov “Isticanje Pitanja” ili neki drugi prikladni naslov;
- da uključi jasnu referencu na pitanje koje se ističe i da naznači gde se mogu naći relevantna obelodanjivanja na finansijskim izveštajima koja u potpunosti opisuju to pitanje; i
- ukazati da revizorsko mišljenje nije modifikovano u odnosu na istaknuto pitanje.

159. Ukoliko revizor smatra neophodnim da komunicira određeno pitanje, osim onih koje su predstavljene ili obelodanjene u finansijskim izveštajima, koja po prosudi revizora je važna za korisniku cilju shvatanja revizije, a pod uslovom da to nije zabranjeno zakonom ili pravilima, treba da se pripremi paragraf sa naslovom "Ostala Pitanja", ili nekim drugim pogodnim naslovom. Ovaj paragraf treba da se pojavi odmah iza mišljenja i nakon svakog pasusa kod Isticanja Pitanja.

Dodatak II: Potvrdno pismo

Fostering And Leveraging Opportunities for Water Security Program

(IDA Credit No:6636-XK, TF C6255, TF C0266))

Financial Statements

For the year ended on 31 December 2025

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Content

Fostering and Leveraging Opportunities for Water Security Program
(IDA Credit No. 6636 – XK, TF C 6255, TF C0266)

Statement of Sources and Uses of Funds
for the year ended on December 31, 2025
(in EUR unless otherwise stated)

Sources and uses of funds	Notes	Year ended 31 December 2025	Year ended 31 December 2024	Cumulative from March 1, 2022 (inception dated) to 31 December 2025
Sources of funds				
IDA Credit No.6636-XK	4	2,322,189	2,112,276	4,645,453
Grant TF C6255	5	114,472	-	114,473
Temporary advances received by GoK	6	2,106,501	(525,622)	2,051,496
Total sources of funds		**4,543,162**	**1,586,654**	**6,811,421**
Uses of funds (-)				
Goods	7	(235)	(150,390)	(528,775)
Consultants' services	8	(1,022,730)	(1,241,835)	(2,530,884)
Training and workshop	9	(727)	-	(2,117)
Incremental operating costs	10	(20,519)	(33,480)	(89,745)
Works	11	(3,465,580)	-	(3,465,580)
Small Grants	12	(33,372)	(160,949)	(194,321)
Total Uses of Funds		**(4,543,162)**	**(1,586,654)**	**(6,811,422)**

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 4 to 13 and forming an integral part of the financial statements.

The financial statements of the Fostering and Leveraging Opportunities for Water Security program (IDA credit No. 6636-XK and TF C6255) were authorised for issue by the management of the Project on June 30, 2026, and signed on its behalf by:

Vigan Syla
Project Manager

Adile Osmani
Financial Management Specialist

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Fostering and Leveraging Opportunities for Water Security Program
(IDA Credit No. 6636 – XK,TF C6255 and TF C0266))

Statement of Expenditures/ Withdrawals
for the year ended on December 31,2025
(in EUR unless otherwise stated)

IDA Credit No. 6636 - XK

Withdrawal application	Disbursement method	Application payment amount	Paid amount	Works	Consultant services	Training	Small Grants	Operating Costs	Total Statement of Expenditure	Date received	Value date
FLOW 002 HM	Reimbursement	590,112	590,112	590,112	-	-	-	-	590,112	12-Jun-25	23-Jun-25
FLOW 003 HM	Reimbursement	418,954	418,954	355,264	63,691	-	-	-	418,954	18-Jul-25	29-Jul-25
FLOW 007	Reimbursement	429,389	429,389	-	375,821	331	33,372	19,865	429,389	23-Jul-25	30-Jul-25
FLOW 004 HM	Reimbursement	249,759	249,759	164,223	85,535	-	-	-	249,759	08-Oct-25	30-Oct-25
FLOW 005 HM	Reimbursement	633,975	633,975	633,975	-	-	-	-	633,975	07-Nov-25	01-Dec-25
Total Disbursement		**2,322,189**	**2,322,189**	**1,743,574**	**525,048**	**331**	**33,372**	**19,865**	**2,322,189**		

Vigan Syla
Project Manager

Adile Osmani
Financial management Specialist

2

Fostering and Leveraging Opportunities for Water Security Program
(IDA Credit No. 6636 – XK,TF C6255 and TF C0266))

Statement of Expenditures/ Withdrawals
for the year ended on December 31,2025
(in EUR unless otherwise stated)

TF C6255

Withdrawal application	Disbursement method	Application payment amount	Paid amount	Works	Consultant services	Training	Small Grants	Operating Costs	Total Statement of Expenditure	Date received	Value date
SDC 001	Reimbursement	114,472.50	114,472.50	-	114,472.50	-	-	-	114,472.50	12-Dec-25	31-Dec-25
	Total Disbursement	**114,472.50**	**114,472.50**	**-**	**114,472.50**	**-**	**-**	**-**	**114,472.50**		

Vigan Syla
Project Manager

Adile Osmani
Financial management specialist

3

1. General

The Financing Agreement for the Fostering and Leveraging Opportunities for Water Security Program (Project 1) (IDA Credit 6636 – XK) - (the "Project'), was signed between the International Development Association ("IDA" or World Bank") and the Republic of Kosovo "Recipient") on July 13, 2020. The agreement was ratified by the Parliament of Kosovo on February 10,2022 and declared effective on March 1, 2022.
The total financing amount will not exceed EUR 25.1 million. The financing closing date has been extended to September 30, 2027, following the request for 22 months extension submitted by the Government of Kosovo on January 30, 2025. On November 7, 2024, the financing agreement has been amended to revise the category allocation.

On December 26, 2024 IDA acting as administrator of grant funds provided by the Swiss Agency for Development and Cooperation (SDC) under the Kosovo Fostering and Leveraging Opportunities for Water Security Program Single-Donor Trust Fund, extended to the Recipient, a grant (TF C6255) in an initial amount of US$2,500,000 (Initial Amount) plus any subsequent amount or amounts as shall be specified by notice to the Recipient and which shall not exceed in the aggregate US$5,325,000, to finance selected activities of the Project.

On Jul 24,2024 IDA acting as administrator of grant funds provided by the WBIF under the Kosovo Fostering and Leveraging Opportunities for Water Security Program Single-Donor Trust Fund, extended to the Recipient, a grant (TFC0266) amounting of Euro 1,000,000, on the terms and conditions set forth in the respective agreement to finance selected activities of the project. No expenditure or financial transactions related to TFC0266 were incurred during the period from inception date (March 1, 2022) to December 31, 2025. Accordingly, these financial statements present exclusively the activities, expenditures and financing related to credit No.6636-XK and TFC6255.
The project is carried out through the Ministry of Environment, Spatial Planning and Infrastructure (MESPI), supported by the Hidromorava RWC, which is responsible for carrying out part 2.2 of the project. Pursuant to the requirement of the financing agreement, at the start of the project MESPI established a Project Management Team ("PMT"), which includes a PMT Manager, procurement specialist, social specialist, evaluation and monitoring specialist, environmental specialist and financial management specialist, to oversee the management and broad implementation of the project, including fiduciary and safeguard requirements, as well as project monitoring and evaluation. On December 31, 2025, the Project had 12 employees hired as consultants under the project.
The Project development objective is to: (i) strengthen national capacity for managing water security, and (ii) improve water security in Morava e Binces basin. The Project constitutes a phase of the Program, and consists of the following parts:

Part 1. Foundational measures for water security.

A. Strengthening National Water Resources Investment Planning.

Provision of technical assistance to support activities including the following:

(i) update the hydrological, technical and economic analysis underlying water resources investment planning in Kosovo in consideration of projected drought and flood impacts; and

(ii) (ii) prepare a prioritized bankable investment pipeline for concrete water sector investments and interventions to support the socio-economic and sustainable development needs of Kosovo.

B. Enhancing information services for water management.

(i) Provision of technical assistance to support activities, including, the improvement of spatial information systems for data production, analysis and dissemination for the Kosovo Cadastral Agency.

(ii) Provision of equipment, civil works, and software to support, inter ilia, upgrade of hydrometeorological facilities, systems to integrate various meteorological and hydrological nformation, and decision support systems for risk forecasting and early warning for floods and droughts.

1. General (continued)

C. Enhancing regulation of dam operation and safety.
(i) Carrying out of assessments and provision of training for dam safety surveillance programs.
(ii) Provision of dam safety surveillance equipment to improve dam operation.
(iii) Provision of a dam safety panel to ensure sustainability of dam operations improvement and safety management practices.

Part 2. Addressing water crisis with catalytic investments.
A. Preparation of FLOWS2 investments.
(i) Finalization of technical. environmental and social studies for the Kike-Kremenata hydro-system-
(ii) Development of updated, detailed design, geotechnical investigations, procurement and financial packaging. environmental and social impact assessments, and management plans for critical water infrastructure.
(iii) Preparation of an investment pipeline for priority projects, including feasibility studies and designs for a targeted number of prioritized investments or interventions.
B. Investments in water infrastructure and services addressing the water crisis.
Provision of critical water supply infrastructure, equipment and activities focused on alleviating current water supply crisis in the Morava e Binces basin (the Hidromorava Regional Water Company service area) through improved Water Demand Management and creating conditions for long term, reliable water supply for the basin population and industry in a drought-prone area, including:
(i) investments to rehabilitate and modernize critical municipal water supply system infrastructure;
(ii) development and implementation of Water Demand Management activities (including communications, development of progressive tariffs, regulation of the efficiency of water using appliances (in new buildings), water leak detection and elimination, establishment and management of pressure management zones);
(iii) purchase, replacement and installation of equipment and development of measures needed to improve energy efficiency, reduce commercial water losses and establish efficiently control and management of water supply systems;
(iv) preparation of a non-revenue water survey for selected water supply systems; and
(v) Project documentation for works, implementation support, Project supervision, utility performance improvement plans, staff training, and related Operating Costs of the Hidromorava Regional Water Company.
C. People-centered Water stewardship investments.
Engagement of communities and individuals in water stewardship activities including:
(i) preparation of sub-watershed action plans by community groups; and
(ii) implementation of a pilot Small Grants program to provide Small Grants to community groups, civil society organizations and individuals in selected sub-basins to (a) promote, test and demonstrate innovative practices to increase water security that leads to improved resilience to drought and flood, (b) enhance sustainable natural resources management, and (c) raise awareness about water security and environmental protection.

Part 3. Project Management.
A. Provision of assistance to the Project Management Team ("PMT") in Project management, including:
(i) in the areas of procurement, financial management, environmental and social safeguards, coordinators for the components, liaison, and communications;
(ii) Project audits, planning and monitoring and evaluation, architecture, irrigation engineer, water supply, hydropower engineer, catchment management, civil engineer, facilitators, water quality, legal expertise, information technology services; and
(iii) Operating Costs for the PMT. B. Provision of Operating Costs to other Recipient agencies in the execution of Project activities through the technical working group. C. Provision of Training and internships in support of Project activities.

1. General (continued)

IDA Credit No. 6636 - XK

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing allocated (in EUR)	Percentage of expenditures to be financed	Amount[1] of the Financing allocated (in EUR)	Percentage of expenditures to be financed
1. Credit financed Contracts Training, and operating costs under the Project, except Part 2, B	12,400,000.00	100%	10,570,000	100%
2. WBIF Grant-Financed Contracts under Part 2.A of the Project	-		-	
3. Credit Financed Contracts, Training, and operating costs under Part 2.B of the Project	12,400,000.00	100%	14,230,000	100%
4. Small Grants under Part 2.C(ii) of the Project	300,000.00	100%	300,000	100% of the amount disbursed
5. SDC Grant-Financed contracts under the Project,			-	
Total amount	**25,100,000.00**		**25,100,000**	

The balance of the undrawn Credit and funds facilities from IDA - Credit No. 6636 - XK as of 31 December 2025 is EUR 20,454,547.28

Grant TF C6255-XK

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the grant allocated (expressed in USD)	Percentage of expenditures to be financed
SDC Grant-Financed Contracts under the project	2,500,000.00	100%
Total amount	2,500,000.00	

The balance of the undrawn funds' facilities from grant TF C62545 as of 31 December 2025 is USD 2,365,311.66.

1. General (continued)

Grant TF C0266-XK

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the grant allocated (expressed in EUR)	Percentage of expenditures to be financed
WBIF Grant-Financed Contracts under Part 2.A of the Project	1,000,000.00	100%
Total amount	1,000,000.00	

2. Basis of preparation

The financial statements of the project for the year ended December 31, 2025, have been prepared for the purpose of complying with the provisions of the Project's objectives, the World Bank guidelines and terms and conditions of the IDA Credit No. 6636-XK.

The financial statements comprise the Statement of Sources (Cash Receipts) and Uses (Payments); the Statement of Expenditure used as the basis for the submission of withdrawal applications for the year ended December 31, 2025, and a summary of significant accounting policies and other explanatory notes.

The financial statements have been prepared in accordance with cash basis IPSAS - Financial reporting under the Cash Basis of Accounting, which differs from Kosovo and International Financial Reporting Standards. On this basis, income is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred. Accordingly, direct and indirect payments of the Project's expenses, which are made from the proceeds of the grants, are recognised as sources and uses of funds at the time the payment is made.

The financial statements prepared for the special purpose are presented in Euros ("EUR"), unless otherwise stated.

3. Summary of significant accounting policies

A summary of significant accounting policies underlying the preparation of the Project's financial statements is presented below.

3.1 Foreign currency transactions

The project accounts are maintained in Euros ("EUR") the legal currency of Kosovo. Transactions in foreign currencies are translated to the functional currency at exchange rates on the dates of the transactions.

Initial Credit amount is maintained at the historical exchange rates. The project translates the undrawn grant balance at the rates in effect on the year end. The exchange rates in effect as of 31 December 2025 were as follows:

Currency	31.12.2025	31.12.2024
US$/EUR	0.96	0.90
EUR/ USD	1.04	1.11
XDR/EUR	1.25	1.21

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3. Summary of significant accounting policies (continued)

3.2 Recognition of income and expenses

Income is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

3.3 Taxation

The Project activities financed by the grants are exempt from income Tax, Value Added Tax (VAT) and Custom Duties pursuant to Kosovo Law nr.05/L-037. However, project activities financed by the credit are subject to both VAT and Customs. The local employees of the project are liable for personal tax and social security contributions.

4. IDA Credit No.6636 - XK funding

IDA funding is composed of disbursement methods as follows:

	Year ended on December 31, 2025	Year ended on December 31, 2024
Reimbursements	2,322,189	2,112,276
Total	**2,322,189**	**2,112,276**

The reimbursements relate to regular project expenditures incurred during the financial years 2024 and 2025.

5. TF C6255

Grant funding is composed of disbursement methods as follows:

	Year ended on December 31, 2025	Year ended on December 31, 2024
Reimbursements	114,473	-
Total	**114,473**	**-**

The reimbursements relate to regular project expenditures incurred during the financial year 2025.

6. Temporary advances received by government of Kosovo

6.1. IDA Credit No.6636-XK

The temporary advances received by the Government of Kosovo represent the movement between the opening and closing balance of the funds to be returned to GoK through reimbursements. The movement for the year ended on December 31, 2025, is presented below:

Financed by:	**Year ended on December 31, 2025**	**Year ended on December 31, 2024**
Balance as of January 1	35,545	561,167
Project eligible expenditure prefinanced by government funds	4,210,336	1,586,654
Reimbursements from IDA credit (note 4)	(2,322,189)	(2,112,276)
Movement during the year	1,888,147	(525,622)
Balance as of December 31	**1,923,692**	**35,545**

6.2. TF C6255

The temporary advances received by the Government of Kosovo represent the movement between the opening and closing balance of the funds to be returned to GoK through reimbursements. The movement for the year ended on December 31, 2025, is presented below:

Financed by:	**Year ended on December 31, 2025**	**Year ended on December 31, 2024**
Balance as of January 1	-	-
Project eligible expenditure prefinanced by government funds	332,826	-
Reimbursements from TF C6255 (note 5)	(114,472)	-
Movement during the year	218,354	-
Balance as of December 31	**218,354**	**-**

7. Goods

Expenditures for goods are detailed as follows:

	Year ended on December 31, 2025	**Year ended on December 31, 2024**
Procuring Hydrological Equipment for HIK	-	148,011
IT Equipment	235	2,379
Total	**235**	**150,390**

8. Consultants' services

Expenditures for Consultant services are detailed as follows:

8.1. Consultant services under IDA 6636-XK

	Year ended on December 31, 2025	Year ended on December 31, 2024
Technical documentation for the new water storage tank in Gjilan	-	104,319
International Procurement expert	7,410	26,825
Employee net salaries	182,200	152,496
Personal income tax	5,747	10,068
Employee and Employer pension contribution	7,266	12,326
DSPE Hydro Electrical and Mechanical Specialist	18,000	24,469
DSPE Geotechnical Specialist	-	15,188
DSPE Dam Specialist and Chairperson	-	8,750
DSPE Hydrology and Hydraulic Specialist	2,800	10,175
Reservoir in the Kike Kremenata System	226,735	548,397
Preparation of the EIA	-	11,000
Development of the Kosovo WRIPS	-	200,128
Supervision of works for the expansion WTP	149,226	-
Preparation of the Preliminary and Main Technical Design	-	112,693
Supervision of construction works for rehabilitation and upgrade of water supply system in Municipality of Gjilan	90,521	-
Total	**689,904**	**1,241,835**

8.2. Consultant services under TF C0266

	Year ended on December 31, 2025	Year ended on December 31, 2024
Development of the Kosova National WRIPS	139,200	-
Technical Assistance on Dam Safety Assessment and Management	114,473	-
DSPE Hydro Electrical and Mechanical Specialist	16,200	-
DSPE Geotechnical Specialist	5,728	-
DSPE Dam Specialist and Chairperson	51,625	-
DSPE Hydrology and Hydraulic Specialist	5,600	-
Total	**332,826**	**-**

9. Training and workshops

Expenditures for training and workshops are detailed as follows:

	Year ended on 31 December 2025	Year ended on December 31, 2024
Procurement training	727	-
Total	**727**	**-**

10. Incremental operating costs

Expenditures for Incremental operating costs are detailed as follows:

Item	Year ended 31 December 2025	Year ended 31 December 2024
Rent for PIU Office	10,250	10,200
Withholding tax on rent	425	850
Security Services	150	325
Office table	-	400
Maintenance of A/C	-	50
Internet and communication expenses	1,752	1,745
Office supply	855	68
Advertisement and marketing	320	1,520
Cleaning services for PMT Office	2,432	2,269
Vehicle registration for PMT	488	3,028
Utilities	521	879
Maintenance of PMT Vehicles	626	344
Fuel for vehicle	2,099	1,987
Workshops for dam safety and retreat	430	9,622
Website maintenance	-	-
Official lunch	142	193
Total	**20,490**	**33,480**

11. Small Grants

Expenditures for small grants are detailed as follows:

	Year ended 31 December 2025	Year ended December 31, 2024
Small grants	33,372	160,949
Total	**33,372**	**160,949**

The Small grants are provided to community groups, civil society organisations and individuals in selected sub-basins to (a) promote, test and demonstrate innovative practices to increase water security that leads to improved resilience to drought and flood, (b) enhance sustainable natural resources management, and (c)raise awareness about water security and environmental protection.

Pursuant to the financing agreement, the budget allocated for the small grants, is of 300,000.00 Euro. Eleven (11) small grants have been awarded during Y2024 and Y2025 for a total amount of Euro 194,620. As of December 31, 2025, a total amount of Euro 194,620.00 has been disbursed

12. Works

Expenditures for works are detailed as follows:

	Year ended on December 31, 2025	Year ended on December 31, 2024
Construction. works for rehabilitation and upgrade of WSS in Gjilan	2,180,846	-
Construction works for Expansion of the WTC in Letnica	1,284,734	-
Total	**3,465,580**	**-**

13. Expenditures by project activities

The expenditures by Project Parts for the year ended on 31 December 2025 is as follows:

IDA 66360

Parts		Consultant services	Training	Incremental operating costs	Goods	Works	Small grants (Under Part 2.C)	Total December 31, 2025
Part 1	Foundational measures for water security	20,800	-	-	-	-	-	20,800
Part 2	Addressing water crisis with catalytic investments	239,747	-	-	-	3,465,580	33,372	3,738,699
Part 3	Project Management, Coordination, Monitoring and Evaluation	429,357	727	20,490	235	-	-	450,809
Total Year ended on December 31, 2025		**689,904**	**727**	**20,490**	**235**	**3,465,580**	**33,372**	**4,210,308**
Total Year ended on December 31, 2024		**1,241,835**	**-**	**33,480**	**150,610**	**-**	**160,949**	**1,586,654**

TF C6255

Parts		Consultant services	Training	Incremental operating costs	Goods	Works	Small grants	Total December 31, 2025
Part 1	Foundational measures for water security	332,826	-	-	-	-	-	332,826
Part 2	Addressing water crisis with catalytic investments	-	-	-	-	-	-	-
Part 3	Project Management, Coordination, Monitoring and Evaluation	-	-	-	-	-	-	-
Total Year ended on December 31, 2025		**332,826**	**-**	**-**	**-**	**-**	**-**	**332,826**

Fostering and Leveraging Opportunities for Water Security Program

(FLOWS)

(IDA Credit No.6636- XK, TF C6255, TF C0266)

Statement of Cumulative Expenditures Withdrawal Schedule

(Supplementary schedule
to the Annual Financial Statements)

Financial Statements
for the period from March 01, 2022 (inception date) up to December 31, 2025

Fostering and Leveraging Opportunities for Water Security Program
(IDA Credit No. 6636 – XK, TF C6225, TF C0266)

Statement of Cumulative Expenditures Withdrawal Schedule
for the year ended December 31, 2025
(in EUR unless otherwise stated)

IDA Credit No. 6636 – XK

Withdrawal application	Disbursement method	Application payment amount and Paid Amount	Works	Goods	Consultant services	Training	Small Grants	Operating Costs	Total Statement of Expenditure	Date received	Value date
FLOW 001	Reimbursement	210,988.07	-	74,140.00	120,143.01	542.19	-	16,162.87	210,988.07	05-Jun-23	21-Jun-23
FLOW 002	Reimbursement	453,438.72	-	306,609.90	130,163.56	347,78	-	16,317.48	453,438.72	16-Jan-24	23-Jan-24
FLOW 003	Reimbursement	211,215.77	-	148,011.47	54,628.05	3,572.13	-	5,004.12	211,215.77	11-Jun-24	23-Jul-24
FLOW 004	Reimbursement	226,705.38	-	-	123,817.82	-	97,160.25	5,727.31	226,705.38	29-Jul-24	06-Aug-24
FLOWS 001 HM	Reimbursement	328,040.00	-	-	328,040.00	-	-	-	328,040.00	15-Aug-24	24-Sep-24
FLOWS 005	Reimbursement	309,021.28	-	2,378.99	264,348.04	-	37,913.25	4,381.00	309,021.28	02-Oct-24	18-Oct-24
FLOWS 006	Reimbursement	583,854.97	-	-	553,502.83	-	25,875.00	4,477.14	583,854.97	05-Dec-24	18-Dec-24
FLOW 002 HM	Reimbursement	590,112.30	590,112.30	-	-	-	-	-	590,112.30	12-Jun-25	23-Jun-25
FLOW 003 HM	Reimbursement	418,954.06	355,263.56	-	63,690.50	-	-	-	418,954.06	18-Jul-25	29-Jul-25
FLOW 007	Reimbursement	429,388.87		-	375,821.03	330.74	33,372.00	19,865.10	429,388.87	23-Jul-25	30-Jul-25
FLOW 004 HM	Reimbursement	249,758.56	164,223.31	-	85,535.25	-	-		249,758.56	08-Oct-25	30-Oct-25
FLOW 004 HM	Reimbursement	633,974.74	633,974.74	-		-	-	-	633,974.74	07-Nov-25	01-Dec-25
	Total Disbursement	**4,645,452.72**	**1,743,573.91**	**531,140.36**	**2,099,690.09**	**4,445.06**	**194,320.50**	**71,935.02**	**4,645,452.72**		

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Fostering and Leveraging Opportunities for Water Security Program
(IDA Credit No. 6636 – XK, TF C6255, TF C0266)

Notes to the Project Financial Statements
for the year ended December 31, 2025
(in EUR unless otherwise stated)

TF C 6255

Withdrawal application	Disbursement method	Application payment amount	Paid amount	Works	Consultant services	Training	Small Grants	Operating Costs	Total Statement of Expenditure	Date received	Value date
SDC 001	Reimbursement	114,472.50	114,472.50	-	114,472.50	-	-	-	114,472.50	12-Dec-25	31-Dec-25
	Total Disbursement	**114,472.50**	**114,472.50**	**-**	**114,472.50**	**-**	**-**	**-**	**114,472.50**		

Vigan Syla
Project Manager

Adile Osmani
Financial Management
Specialist

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