Republika e Kosovës
Republika Kosova
Republic of Kosovo

ZKA
ZYRA KOMBËTARE E AUDITIMIT
NACIONALNA KANCELARIJA REVIZIJE
NATIONAL AUDIT OFFICE

AUDIT REPORT ON THE SPECIAL PURPOSE FRAMEWORK FINANCIAL STATEMENTS OF THE PROJECT-FOSTERING AND LEVERAGING OPPORTUNITIES FOR WATER SECURITY PROGRAM FOR THE PERIOD 1 JANUARY 2025 TO 31 DECEMBER 2025

Pristina, August 2026

CONTENTS

1 Audit Opinion

This report summarizes the main issues arising from the audit of the Special-Purpose Framework Annual Financial Statements for the project 'Fostering and Leveraging Opportunities for Water Security Program' for the period 1 January 2025 to 31 December 2025, which sets out the Opinion given by the Auditor General. which sets out the Opinion given by the Auditor General. The examination of the special purpose financial statements for the audit period was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our approach included the tests and procedures that were necessary to reach an opinion on the financial report.

We have no issues to raise regarding management reporting, controls, and implementation of recommendations.

1.1 Audit Opinion on the Annual Financial Statements of the project 'Fostering and Leveraging Opportunities for Water Security Program

Our audit of the Special-Purpose Framework of Annual Financial Statements considers compliance with the reporting requirements of the agreement as well as the quality and accuracy of the information presented in the financial statements.

Unmodified opinion

We have audited the Special-Purpose Framework Financial Statements of the World Bank-funded project for the period 1 January 2025 to 31 December 2025, which include a summary of the source of funds and expenditures incurred, a statement of applications for withdrawal of funds, and disclosures.

In our opinion, the Special-Purpose Framework Financial Statements regarding project 'Fostering and Leveraging Opportunities for Water Security Program' for the period 1 January 2025 to 31 December 2025, give a true and fair view, in all material respects, complying with the reporting requirements in the agreement between the parties, and in accordance with cash-based accounting principles.

Basis for opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). According to those standards, our responsibilities are described below in the section 'Auditor's Responsibilities for the Audit of the Financial Statements'. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis for Accounting

1 We draw your attention to the fact that the financial statements were prepared in accordance with the Special-Purpose Framework and therefore the financial statements may not be suitable for other purposes.

Our opinion has not been modified on this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of true and fair view of the special purpose frameworks financial statements, in accordance with the agreement signed between the Republic of Kosovo represented by the Minister of Finance and the International Development Association. This information consists of the Statement of Funds and Their Use and the Statement of Funds Withdrawal.

The Minister is responsible for ensuring oversight of the financial reporting process of the Ministry of Environment, Spatial Planning and Infrastructure.

Auditor General's responsibility for the audit

We conducted our audit in accordance with the Law on the National Audit Office and the INTOSAI Framework of Professional Pronouncements (IFPP). This law and these standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

In performing the risk assessment procedure, we consider internal control relevant to the entity's preparation of the financial statements, but not for the purpose of expressing an opinion on their effectiveness. However, we will communicate to management and those charged with governance in writing any significant deficiencies in internal control relevant to the audit of the financial statements that we identify during the audit.

2 Audit Scope and Methodology

The National Audit Office (NAO), under the agreement/contract with the World Bank, is responsible for conducting the financial audit. This audit includes the examination and evaluation of the financial statements and other financial data, as follows:

· Whether the Special-Purpose Framework Financial Statements give a true and fair view of the accounts and financial position for the audit period;

· Whether all external funds have been used in accordance with the terms of the relevant financing agreements;

· Whether the financial data, systems and transactions comply with the laws and regulations applicable to the funds allocated by the World Bank;

· Whether the financial statements comply with the requirements of the special agreement with the World Bank; and

· The adequacy of internal control functions.

The audit is based on a risk assessment. We have analysed the activity of the Project “'Fostering and Leveraging Opportunities for Water Security Program” which currently operates within the Ministry of Environment, Spatial Planning and Infrastructure (MESPI), the extent of reliance on management controls to determine the extent of detailed tests, which are necessary to provide evidence and support the opinion of the AG.

The procedures have included evaluating of internal controls, assessing accounting systems, performing related substantive tests, and reviewing related governance arrangements to the extent considered necessary for the effective performance of the audit.

Vlora Spanca, Auditor General

Blerim Kabashi, Audit Director

Lindita Ajeti, Team Leader

Sabile Muli, Team Member

Annex I: Explanation Regarding Different Types of Opinions Applied by NAO

(extracted from ISSAI 200)

Form of Opinion

147. The auditor should express an **unmodified opinion** if he or she concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.

If the auditor, based on the audit evidence obtained, concludes that the financial statements as a whole contain material misstatements or fails to obtain sufficient audit evidence to conclude that the financial statements as a whole do not contain material misstatements, then he must modify the opinion in the auditor's report in accordance with the section on 'Determining the Type of Modification to the Auditor's Opinion'.

148. If financial statements prepared in accordance with the requirements of a fair presentation framework fail to give a fair presentation, the auditor shall discuss the matter with management and, depending on the requirements of the applicable financial reporting framework and the manner in which the matter is resolved, determine whether it is necessary to modify the audit opinion.

Modifications to the Opinion in the Auditor's Report

151. The auditor should modify the opinion in the auditor's report if, based on the audit evidence obtained, the auditor concludes that the financial statements as a whole are materially misstated, or if the auditor has not been able to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Auditors may issue three types of modified opinions: qualified opinion, adverse opinion, and disclaimer of opinion.

Determining the Type of Modification to the Auditor's Opinion

152. The decision as to which type of modified opinion is appropriate depends on:

- the nature of the matter giving rise to the modification – that is, whether the financial statements contain material misstatements or, if it was impossible to obtain sufficient appropriate audit evidence, may contain material misstatements; and
- the auditor's judgment about the extent of the effects or potential effects that the matter has on the financial statements.

153. The auditor should express a **qualified opinion if** : (1) having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, either individually or in the aggregate, are material but not pervasive to the financial statements, or (2) if the auditor has been unable to obtain sufficient appropriate audit evidence on which to base an opinion, but concludes that the effects of any undetected misstatements on the financial statements could have been material but not pervasive.

154. The auditor should express an **adverse opinion if,** after obtaining sufficient appropriate audit evidence, the auditor concludes that misstatements, either individually or in the aggregate, are both material and pervasive to the financial statements.

155. The auditor should disclaim **an opinion if,** having been unable to obtain sufficient appropriate audit evidence on which to base an opinion, the auditor concludes that the effects of any undetected misstatement on the financial statements could have been both material and pervasive. If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the scope of the audit that the auditor considers may result in the need to express a qualified opinion or a disclaimer of opinion on the financial statements, the auditor should request management to remove that limitation.

156. If the auditor expresses a modified opinion, he or she should also modify the title to correspond with the type of opinion expressed. ISSAI 1705 provides additional guidance on the specific language to be used when expressing an opinion and describing the auditor’s responsibility. It also includes illustrative examples of reports.

Emphasis of Matter Paragraph and Other Matter Paragraphs in the Auditor's Report

157. If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that is both important and fundamental to their understanding of the financial statements, but there is sufficient appropriate evidence that the matter does not contain a material misstatement of the financial statements, the auditor should include an Emphasis of Matter paragraph in his or her report. Emphasis of Matter paragraphs should refer only to information presented or disclosed in the financial statements.

158. An emphasis of matter paragraph should:

- Included immediately after the basis for opinion.
- Have the title that explicitly use the term 'emphasis of the matter' or some other appropriate title.
- Contain a clear description of the matter being emphasized and indicate where in the financial statements the relevant disclosures that fully describe the matter is located; and
- Indicate that the audit opinion is not modified in respect to this matter.

159. If the auditor considers it necessary to communicate a matter, other than that presented or disclosed in the financial statements, which, in the auditor's judgment, is important to users in understanding the audit, the auditor's responsibilities or the auditor's report, and provided that this is not prohibited by law or regulation, a paragraph entitled "Other Matters", or another appropriate heading, should be prepared. This paragraph should appear immediately after the opinion and after any Emphasis of Matter paragraph.

Annex II: Confirmation Letter

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

Official Use Only

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

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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)

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

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

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.

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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

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 thc 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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