“Preparation Grant for Advisory Support for the Regional Trade Initiatives Project” Multi-Donor Trust Fund, IBRD and IDA Grant Part A No. TF0A4614-KG, Grant Part B No. TF0B2766-KG, Additional Financing IDA Credit No. 7482-KG

MANAGEMENT LETTER

based on results of audit of the financial statements
for the year ended December 31, 2025

bakertilly

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To the management of the Project "Preparation Grant for advisory Support for the Regional Trade Initiatives project" under National Electric Grid of Kyrgyzstan OJSC as Project executive agency:

Dear Sirs and Madams,

In planning and performing our audit of the project financial statements of the Project "Preparation Grant for advisory Support for the Regional Trade Initiatives project" for the year ended December 31, 2025 under agreement between the Kyrgyz Republic and International Bank for Reconstruction and Development and International Development Association Part A Grant No. TF0A4614-KG, Part B Grant No. TF0B2766-KG, and financing in accordance with agreement between the Kyrgyz Republic and International Development Association Credit No. 7482-KG (the "Project"), we considered the internal control structure in order to determine our audit procedures for the purpose of expressing an opinion on the project financial statements, but not however to provide assurance on the internal control structure.

In connection therewith, we submit this letter containing our comments, observations, and recommendations concerning the internal control structure and certain accounting, administrative and operating matters, which resulted from our audit of the project financial statements for the year ended December 31, 2025. The definition of the term "internal control structure" used in this letter is provided in Appendix A.

This letter is intended solely for the information of, and use by the management of the Project and should not be used by others. We are not responsible for providing this letter to third parties as it was not prepared and intended for their use. This letter should not be given to third parties without prior written consent.

We would like to thank the management and personnel of the Project for their assistance and co-operation during the audit. We acknowledge that the Project Implementation Unit has applied efforts to develop and strengthen its accounting processes and internal control system.

We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the suggestions.

Sincerely yours,

Kubat Alymkulov
Certified accountant, FCCA
Individual Auditor Registration Number No. 11152 dated November 16, 2023.

Registered in the Unified State Register of Auditors, Audit Organizations, Professional Audit Associations.
Audit Partner,
Director of Baker Tilly Bishkek LLC

Baker Tilly Bishkek LLC is registered in the "Register of audit organizations admitted for audit of public Interest entities and large entrepreneurship entities" of the Unified state register of auditors, audit organizations, professional audit associations.
Individual registration number 2101510 dated August 9, 2023

June 19, 2026
Bishkek, the Kyrgyz Republic

“PREPARATION GRANT FOR ADVISORY SUPPORT FOR THE REGIONAL TRADE INITIATIVES PROJECT” MULTIA-DONOR TRUST FUND, IBRD AND IDA GRANT PART A NO. TF0A4614-KG, GRANT PART B NO. TF0B2766-KG, ADDITIONAL FINANCING IDA CREDIT NO. 7482-KG

CONTENT

"PREPARATION GRANT FOR ADVISORY SUPPORT FOR THE REGIONAL TRADE INITIATIVES PROJECT" MULTI-DONOR TRUST FUND, IBRD AND IDA GRANT PART A NO. TF0A4614-KG, GRANT PART B NO. TF0B2766-KG, ADDITIONAL FINANCING IDA CREDIT NO. 7482-KG

INTRODUCTION

This letter highlights our observations and recommendations we believe warrant the Project "Preparation Grant for Advisory Support for the Regional Trade Initiatives Project" Multi-Donor Trust Fund, IBRD and IDA Grant Part A No. TF0A4614-KG, Grant Part B No. TF0B2766-KG, Additional Financing IDA Credit No. 7482-KG (the "Project"), management's attention and would facilitate improved effectiveness and efficiency of the Project's operations. Certain comments made relate to situations, which warrant immediate attention, while others relate to enhancements of policies and practices and should be addressed according to their perceived significance. The management should prioritize the observations and implementation of the recommendations accordingly.

Although the Project has improved some of its internal control procedures, we still believe that there are certain areas where further improvement is necessary. This letter includes a summary of our recommendations.

General presentation – classification of comments and recommendations

High Priority	These risks are significant for the Project, so they require immediate attention from the management to determine any effects to date, an agreed program for a prompt resolution and ensure that they will not recur in the future.
Medium Priority	These risks do not necessarily require immediate attention, but must be managed in a timely manner. In addition, they relate to activities that (currently) are not material but may be material when these activities are developed.
Low Priority	When there is a deficiency, but there is a compensatory control, while not perfect, provides a degree of assurance that, the Project will not have a material loss.

1. Accounting software “1C: Enterprise”

Priority	High
Observation	During the audit procedures conducted at the planning stage and in the assessment of the effectiveness of internal controls, we identified that the licence for the “1C: Enterprise” accounting system expired in 2025. Since then, accounting records, including records of the Project’s payments and expenditure, have been maintained by the relevant staff using Microsoft Excel.
Risks	There is a risk of errors and, consequently, of incorrect calculation and presentation of the information included in the Project’s financial statements.
Recommendations	We recommend that the Project’s management ensure the use of specialised accounting software, including by renewing licences in a timely manner and keeping the software up to date. This will improve the reliability of accounting records, strengthen control over the recording of transactions and minimise the risk of human error.
Management's Response	We have taken this into account.

APPENDIX A

Responsibility of the Management, purposes and limitations inherent in the internal control structure

The following comments regarding responsibility of the management for the internal control structure, purposes and limitations inherent in the internal control structure are based on the International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Responsibility of the management

The management is responsible for development and ensuring operation of the internal control. Meeting this objective requires the management to make forecasts and estimates to determine the expected gain and costs relating to fulfilment of the policies and procedures of internal control.

Purposes

The purposes of internal control over financial statements consist in provision of the management with sufficient but not absolute certainty in security of assets and protection from losses as a result of unauthorized use or distribution of assets and guarantee of conduct of operations on the basis of orders of the management and their proper accounting, which will ensure preparation of financial statements under International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") and the World Bank's Financial Management Sector Board's "Guidelines: Financial Reporting and Auditing of Projects financed by the World Bank" (the "WB Guidelines").

Limitations

Due to limitations inherent in any internal control structure, there is a possibility of mistakes and inaccuracies, which can remain undetected. Besides, forecasts with regard to any assessment or structure applicable to future periods can lose their significance due to changed conditions or decreased efficiency of the structure and functionality of the policies and procedures.

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Baker Tilly Bishkek LLC trading
as Baker Tilly is a member of the global network of Baker Tilly International Ltd.,
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