

Audited Project Financial Statements

Project Number: 37097-044

Loan Number: 3173-VIE

Period covered: from 22 June 2015 to 31 December 2016

VIE: Integrated Rural Development Sector Project in the Central Provinces - Additional Financing

Prepared by Agricultural Project Management Board, Ministry of Agriculture and Rural Development

For the Asian Development Bank

Date received by ADB: 29 June 2017

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Agricultural Project Management Board, Ministry of Agriculture and Rural Development.

**Project "Integrated Rural Development Sector
Project in the Central Provinces - Additional
Financing"**

Audited Special Purpose Financial Statements

Under the Loan Agreement No. 3173-VIE (SF) between
the Asian Development Bank and the Government of the
Socialist Republic of Vietnam

For the period from 22 June 2015 to 31 December 2015



Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

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Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

STATEMENT OF THE PROJECT MANAGEMENT BOARD

Project Management Board of the Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" ("the Project Management Board") is responsible for the Special Purpose Financial Statements of the Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" ("the Project") for the period from 22 June 2015 to 31 December 2015.

The Project

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" is implemented by the Ministry of Agriculture and Rural Development - the Government of the Socialist Republic of Vietnam. The Project is granted by the Asian Development Bank under the Loan Agreement No. 3173-VIE (SF) dated 23 January 2015 with amounts equivalent to 55,024,000 Special Drawing Rights ("SDR") and counterpart funds from the Government of the Socialist Republic of Vietnam for four (4) years from 2015 to 2018.

The long-term objective of the Project is to improve rural livelihoods by increasing agriculture productivity, widen employment opportunities, improve access to health, education and safe drinking water and reduce exposure to natural disasters in Central Region.

The short-term objectives of the Project are: (i) To renovate and upgrade the priority infrastructure (including irrigation works, coastal works and roads); (ii) to improve capacity of institution, project management and (iii) awareness raising and community encouragement in Project implementation.

The Project consists of three (3) following components:

- Component A: Improving the rural infrastructure;
- Component B: Building capacity and institution; and
- Component C: Project Management.

The Project is carried out in 6 central provinces including Ha Tinh, Thua Thien Hue, Phu Yen, Binh Dinh, Ninh Thuan and Binh Thuan.

Project Management Board

Members of the Project Management Board are responsible for the management of the Project during the period and up to the reporting date:

Mr. Nguyen Tien Dung	Project Director
Ms. Le Thi Hai An	Deputy Project Director
Ms. Pham Hoang Lan	Deputy Project Director
Mr. Pham Ngoc Thanh	Chief Accountant

Auditors

The accompanying Special Purpose Financial Statements for the period from 22 June 2015 to 31 December 2015 have been audited by NEXIA STT Co., Ltd.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

STATEMENT OF THE PROJECT MANAGEMENT BOARD (CONTINUED)

Responsibility of the Project Management Board in respect of the Special Purpose Financial Statements

The Project Management Board is responsible for ensuring the Special Purpose Financial Statements which give a true and fair view of the financial position and advance account balance of the Project as at 31 December 2015 and of its sources and uses of funds, operations of advance account and total funds withdrawn for the period from 22 June 2015 to 31 December 2015. In preparing the Special Purpose Financial Statements, the Project Management Board is required to select suitable accounting policies and then apply them consistently.

The Project Management Board is responsible for ensuring that proper accounting records are kept which enable the Special Purpose Financial Statements to be prepared in compliance with the accounting policies set out in Note 2 to the Special Purpose Financial Statements. The Project Management Board is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Project Management Board is also responsible for maintaining an effective internal control as management determines is necessary to enable the preparation of Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error, and comply with relevant laws, regulations and other provisions of the Loan Agreement that could have a direct and material financial effect on the Project's Special Purpose Financial Statements.

The Project Management Board assumes the responsibility to provide, and has provided, the auditors with all accounting records, supporting and other documents, minutes, any pertinent information and explanations, either orally or by written confirmation, necessary for the audit.

Approval of the Special Purpose Financial Statements

We hereby approve the accompanying Special Purpose Financial Statements of the Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" on pages 11 to 22 which give a true and fair view of the financial position and advance account balance as at 31 December 2015 and its sources and uses of funds, operations of advance account and total funds withdrawn during the period from 22 June 2015 to 31 December 2015 in accordance with the accounting policies as described in Note 2 to the Special Purpose Financial Statements and withdrawals application have been adequately reconciled to the statements of expenditures and summary sheets prepared by the Project during the year, and such statements of expenditures were adequately supported. The Special Purpose Financial Statements were prepared in compliance with the Applicable Provisions of the Loan Agreement and other Guidance from the Asian Development Bank.

On behalf of the Project Management Board



Nguyen Tien Dung
Project Director

Hanoi, 19 June 2017

INDEPENDENT AUDITORS' REPORT

On Project Special Purpose Financial Statements

To: The Project Management Board of the Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Audit opinion

We have audited the accompanying Balance Sheet as at 31 December 2015 and the Consolidated Statement of Sources and Uses of Funds, the Statement of Advance Account and the SOE Withdrawal Schedule for the period from 22 June 2015 to 31 December 2015 (collectively referred to as the "Special Purpose Financial Statements") of Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" ("the Project") implemented by the Asian Development Bank and counterpart funds, and summary of significant accounting policies and other explanatory information.

In our opinion, in all material respects:

- a) the Balance Sheet and the Consolidated Statement of Sources and Uses of Funds give a true and fair view of the financial position of the Project as at 31 December 2015 and of its sources and uses of funds for the period from 22 June 2015 to 31 December 2015 in conformity with the accounting policies described in Note 2; and
- b) the Statement of Advance Account and the SOE Withdrawal Schedule give a true and fair view of the advance account balance as at 31 December 2015 and of operations of the advance account, and of the funds withdrawn for the period from 22 June 2015 to 31 December 2015, in conformity with the accounting policies described in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements in accordance with ISAs, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the Special Purpose Financial Statements in accordance with Note 2 and for such internal control as management determines is necessary to enable the preparation of Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Special Purpose Financial Statements

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

A further description of the auditors' responsibilities for the audit of the Special Purpose Financial Statements are included in Appendix I of this auditors' report. This description, which is represented at page 23, forms part of our auditors' report.



NEXIA STT Co., Ltd.

Nguyen Viet Nga

Deputy General Director

Audit Practicing Registration Certificate

No. 2041-2014-225-1

Audit report No.: 041-2017HN/AUD/ADB-IRDSP

Hanoi, 19 June 2017

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

BALANCE SHEET

As at 31 December 2015

	Note	As at 31/12/2015 VND
ASSETS		
Current assets		32,329,822,822
Cash on hand	3	84,699,208
Cash at bank – the State Treasury	4	33,889,777
Cash at bank – Current Account	5	3,701,564,140
Cash at bank – Advance Account	6	12,012,422,057
Cash at bank – Interest on Advance Account	7	1,142,701
Advances to staff	8	17,700,000
Internal receivables	9	944,852
Advances to contractors	10	13,439,932,365
Other advances	11	2,887,000,000
Other receivables	12	150,527,722
TOTAL ASSETS		32,329,822,822
RESOURCES		
Current liabilities		4,336,851,705
Payables to contractors	13	4,204,673,876
Other payables	14	132,177,829
Fund balance		27,992,971,117
Fund balance	22	27,992,971,117
TOTAL RESOURCES		32,329,822,822

Prepared by:



Pham Ngoc Thanh
Chief Accountant

Hanoi, 19 June 2017

Approved by:



Nguyen Tien Dung
Project Director

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS

For the period from 22 June 2015 to 31 December 2015

	Note	Period from 22/6/2015 to 31/12/2015 VND
SOURCES		
Funds received from the Asian Development Bank	15	29,976,188,074
Counterpart funds	16	29,871,758,702
		59,847,946,776
USES OF FUNDS		
1. Civil Works		-
2. Equipment		-
3. Consultancy services	17	15,557,847,322
4. Training	18	1,999,059,850
5. CPMU Management Costs	19	1,903,583,575
6. Subproject Preparation and Management		12,352,749,219
PPMU Management Costs	20	5,838,507,863
Others	21	6,514,241,356
7. ADB's bank charges		41,735,693
		31,854,975,659
FUND BALANCE, END OF THE PERIOD	22	27,992,971,117

Prepared by:



Pham Ngoc Thanh
Chief Accountant

Hanoi, 19 June 2017

Approved by:



Nguyen Tien Dung
Project Director

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

STATEMENT OF ADVANCE ACCOUNT

For the period from 22 June 2015 to 31 December 2015

Account No.: 160 10 37 0006576
 Account holder: Project Management Board of Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"
 Bank: Bank for Investment and Development of Vietnam JSC – Head Transaction 3
 Address: 20 Hang Tre, Hoan Kiem district, Hanoi
 Loan Agreement No.: 3173-VIE (SF)

Part A – Account Activity	Note	USD
Balance as at 22 June 2015		-
Add:		
Total amount advanced to Advance Account	15	1,100,000.00
Total amount replenished to Advance Account	15	231,711.82
Deduct:		
Total amount withdrawn		(798,002.77)
Ending balance as at 31 December 2015	6	533,709.05
Part B - Account Reconciliation		
Amount advanced by the Asian Development Bank		1,100,000.00
Outstanding amount advanced to Advance Account as at 31 December 2015		1,100,000.00
Ending balance of Advance Account as at 31 December 2015	6	533,709.05
Add:		
Amount withdrawn and not yet claimed	24	566,290.95
Total advance to Advance Account as at 31 December 2015		1,100,000.00

Prepared by:



Pham Ngoc Thanh
 Chief Accountant

Hanoi, 19 June 2017

Approved by:



Nguyen Tien Dung
 Project Director

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

SOE WITHDRAWAL SCHEDULE – ACCOUNT NO. 160 10 37 0006576

For the period from 22 June 2015 to 31 December 2015

Unit: USD

Withdrawal applications		Categories		
No.	Date	Project Management Expenses	Advances	Total
A0001	20/8/2015	-	1,100,000.00	1,100,000.00
A0002	3/12/2015	231,711.82	-	231,711.82
Total claimed/advanced amount		231,711.82	1,100,000.00	1,331,711.82

Prepared by:



Pham Ngoc Thanh
Chief Accountant

Hanoi, 19 June 2017

Approved by:



Nguyen Tien Dung
Project Director

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

For the period from 22 June 2015 to 31 December 2015

1. Project background

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" is implemented by the Ministry of Agriculture and Rural Development - the Government of the Socialist Republic of Vietnam. The Project is granted by the Asian Development Bank under the Loan Agreement No. 3173-VIE (SF) dated 23 January 2015 with amounts equivalent to 55,024,000 Special Drawing Rights ("SDR") and counterpart funds from the Government of the Socialist Republic of Vietnam for four (4) years from 2015 to 2018.

The long-term objective of the Project is to improve rural livelihoods by increasing agriculture productivity, widen employment opportunities, improve access to health, education and safe drinking water and reduce exposure to natural disasters in Central Region.

The short-term objectives of the Project are: (i) To renovate and upgrade the priority infrastructure (including irrigation works, coastal works and roads); (ii) to improve capacity of institution, project management and (iii) awareness raising and community encouragement in Project implementation.

The Project consists of three (3) following components:

- Component A: Improving the rural infrastructure;
- Component B: Building capacity and institution; and
- Component C: Project Management.

The Project is carried out in 6 central provinces including Ha Tinh, Thua Thien Hue, Phu Yen, Binh Dinh, Ninh Thuan and Binh Thuan.

2. Summary of significant accounting policies

The significant accounting policies, which have been adopted by the Project Management Board in the preparation of the Special Purpose Financial Statements, are as follows:

Reporting currency

The Special Purpose Financial Statements are expressed in Vietnam Dong ("VND"), except for the Statement of Advance Account and SOE Withdrawal Schedule are expressed in United States Dollar ("USD").

Basis for preparation of The Special Purpose Financial Statements

The Special Purpose Financial Statements are prepared and presented by the Project in accordance with requirements of the Asian Development Bank (ADB), complied with Vietnamese Accounting Standards and Circular No. 195/2012/TT-BTC dated 15 November 2012 issued by Ministry of Finance guiding the accounting regime applicable to investors. This basis of accounting is considered appropriate to the operation of Project by the management.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

Funds

Funds from Asian Development Bank (ADB) are recorded when payments are made directly from ADB to contractors/suppliers or credited to Project's Advance Account.

The counterpart funds of the Vietnamese Government are recorded when payments are made directly from the Vietnamese Government to contractors/suppliers of the Project or when received.

Expenditures

Expenditures financed by ADB are recorded when the obligation to pay them arises rather than when actually paid.

Expenditures financed by the counterpart funds are recorded when they are approved by the State Treasury except for expenditures for contractors/suppliers on completion of works or completion of contracts, and advances to staffs, advances to contractors/suppliers.

Foreign exchange differences

Funds received from ADB in United States Dollar ("USD"), are converted into Vietnam Dong ("VND") under the actual exchange rate of Bank for Investment and Development of Vietnam JSC ruling at the transaction dates.

Transactions incurred in the period via the Advance Account are converted into VND under the actual exchange rate of Project Commercial Bank at the transaction dates for expenditures denominated in VND.

Foreign exchange differences are taken up in the Consolidated Statement of Sources and Uses of Funds.

Advance Account and interest of Advance Account

Advance Account is a deposit account in USD opened at Bank for Investment and Development of Vietnam JSC – Head Transaction 3 for settlement of the Project's activities. Payments made via Advance Account are for eligible expenditures of the Project in accordance with provisions of the Loan Agreement No. 3173-VIE (SF) dated 23 January 2015.

Interests on Advance Account are presented as other payables in the Balance Sheet and are used to cover bank charges as regulated in according to Circular No. 195/2012/TT-BTC dated 15 November 2012 issued by Ministry of Finance guiding the accounting regime applicable to investors.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

3. Cash on hand

Unit	As at 31/12/2015 VND
Central Project Management Unit	208,924
Ha Tinh PPMU	53,404,000
Hue PPMU	1,274,433
Phu Yen PPMU	8,267,101
Binh Dinh PPMU	18,000
Ninh Thuan PPMU	14,280,750
Binh Thuan PPMU	7,246,000
	<hr/>
	84,699,208

4. Cash at bank – the State Treasury

This represented the cash at State Treasury of Thua Thien Hue PPMU as at 31 December 2015.

5. Cash at bank – Current Account

Unit	As at 31/12/2015 VND
Central Project Management Unit	2,016,232,798
Ha Tinh PPMU	462,913,434
Hue PPMU	230,896,792
Phu Yen PPMU	742,431
Binh Dinh PPMU	525,618,791
Ninh Thuan PPMU	205,622,219
Binh Thuan PPMU	259,537,675
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	3,701,564,140

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

6. Cash at bank - Advance Account

This represented the advance account balance of the Project at Central Project Management Unit, which was converted into Vietnam Dong ("VND") as at 31 December 2015. The original currency balance of this account as at 31 December 2015 was USD533,709.05.

7. Cash at bank – Interest on Advance Account

This represented the interest on advance account balance of the Project at Central Project Management Unit, which was converted into Vietnam Dong ("VND") as at 31 December 2015. The original currency balance of this account as at 31 December 2015 was USD50.77.

8. Advances to staffs

This represented advances to Project's staffs of Ninh Thuan PPMU. These advances have been cleared and recorded in project expenditures in 2016.

9. Internal receivables

This represented receivables from Ha Tinh Provincial ODA Project Management Unit for 2015 counterpart funds to cover management expenses which have not been fully utilized and being maintained in one same the State Treasury account of Ha Tinh Provincial ODA Project Management Unit.

10. Advances to contractors

Unit	As at 31/12/2015 VND
Central Project Management Unit	6,380,218,365
Ha Tinh PPMU	3,262,312,000
Hue PPMU	3,170,871,000
Phu Yen PPMU	626,531,000
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	13,439,932,365

These represented advances to contractors to implement the Project's consulting services contracts.

11. Other advances

This represented advances to People's Committee of My Hoa Commune, An Nhon Land Development Center and Hoai Nhon Land Development Center of Binh Dinh Province to carry out site clearance activities of Binh Dinh PPMU.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

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12. Other receivables

Unit	As at 31/12/2015 VND
Central Project Management Unit (*)	150,000,000
Hue PPMU	527,722
	<hr/>
	150,527,722

(*) This receivables balance of Central Project Management Unit represented a loan to Project "Vietnam Sustainable Agriculture Transformation" from the unspent counterpart funds of the Project. This loan was partly repaid in December 2016.

13. Payables to contractors

Unit	As at 31/12/2015 VND
Central Project Management Unit	1,600,000
Ha Tinh PPMU	653,410,000
Phu Yen PPMU	2,212,580,000
Ninh Thuan PPMU	667,062,000
Binh Thuan PPMU	670,021,876
	<hr/>
	4,204,673,876

Payables to contractors represented the volume of completed works to be paid to contractors.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

14. Other payables

Unit	As at 31/12/2015 VND
Central Project Management Unit	1,677,963
Ha Tinh PPMU	1,038,713
Hue PPMU	8,331,937
Phu Yen PPMU	105,064
Binh Dinh PPMU	119,770,989
Ninh Thuan PPMU	1,057,325
Binh Thuan PPMU	195,838
	<hr/>
	132,177,829

Other payables of Central Project Management Unit and Provincial Project Management Units included interests earned from Advance Account balance and Commercial Bank Account after offsetting with bank charges and surplus of income over expenses from selling bidding documents sources. Interests on Advance Account were recorded as other payables under the Circular 195/2012/TT-BTC dated on 15 November 2012 issued by Ministry of Finance – Accounting guidance applied for the Investor.

15. Funds received from the Asian Development Bank

<i>Receipts under withdrawal applications</i>		Period	
		from 22/6/2015 to 31/12/2015	
No.	Date	Original Amount USD	Equivalent to VND
A0001	16/9/2015	1,100,000.00	24,716,998,000
A0002	17/12/2015	231,711.82	5,217,454,381
Total funds replenished to Advance Account		<hr/> 1,331,711.82	<hr/> 29,934,452,381
ADB's bank charges		1,906.61	41,735,693
Total		<hr/> 1,333,618.43	<hr/> 29,976,188,074

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

16. Counterpart funds

Unit	Period from 22/6/2015 to 31/12/2015 VND
Central Project Management Unit	643,147,300
Ha Tinh PPMU (*)	10,279,815,000
Hue PPMU (*)	8,458,133,400
Phu Yen PPMU (*)	4,445,980,000
Binh Dinh PPMU	3,727,000,000
Ninh Thuan PPMU (*)	398,259,200
Binh Thuan PPMU	1,919,423,802
	<hr/>
	29,871,758,702

(*) Counterpart funds of Provincial Project Management Boards of Ha Tinh, Hue, Phu Yen and Ninh Thuan was not included the funds for costs of consultancy services during the inception period.

17. Consultancy services

Unit	Period from 22/6/2015 to 31/12/2015 VND
Ha Tinh PPMU	7,293,913,000
Hue PPMU	2,461,369,000
Phu Yen PPMU	1,968,784,000
Binh Dinh PPMU	567,104,000
Ninh Thuan PPMU	885,308,000
Binh Thuan PPMU	2,381,369,322
	<hr/>
	15,557,847,322

Expenditures of consulting services during the period from 22 June 2015 to 31 December 2015 represented disbursements for domestic consultancy contracts, which were made by the counterpart funds.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

18. Training

	Period from 22/6/2015 to 31/12/2015 VND
ADB funds	1,815,094,240
Counterpart funds	183,965,610
	<hr/> 1,999,059,850 <hr/>

This represented disbursements for kick-off meeting and other training and workshop activities implemented by Central Project Management Unit.

19. CPMU Management Costs

	Period from 22/6/2015 to 31/12/2015 VND
ADB funds	1,808,404,396
Counterpart funds	95,179,179
	<hr/> 1,903,583,575 <hr/>

20. PPMU Management Costs

Unit	Period from 22/6/2015 to 31/12/2015		
	ADB funds VND	Counterpart funds VND	Total VND
Ha Tinh PPMU	1,095,021,142	273,755,285	1,368,776,427
Hue PPMU	954,124,170	238,531,043	1,192,655,213
Phu Yen PPMU	1,114,463,347	276,632,185	1,391,095,532
Binh Dinh PPMU	635,307,358	158,826,840	794,134,198
Ninh Thuan PPMU	459,484,285	114,871,071	574,355,356
Binh Thuan PPMU	413,992,910	103,498,227	517,491,137
	<hr/> 4,672,393,212	<hr/> 1,166,114,651	<hr/> 5,838,507,863 <hr/>

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

21. Others

Unit	Period from 22/6/2015 to 31/12/2015
Hue PPMU	2,535,711,000
Phu Yen PPMU	3,783,245,000
Binh Dinh PPMU	72,896,000
Ninh Thuan PPMU	6,313,000
Binh Thuan PPMU	116,076,356
	<hr/>
	6,514,241,356

Other expenditures of Provincial Project Management Units were disbursements for subproject preparation and disbursements for compensation and land acquisition which were covered by counterpart funds.

22. Fund balance, end of the period

Unit	Period from 22/6/2015 to 31/12/2015 VND
Central Project Management Unit	26,674,956,256
Ha Tinh PPMU	1,617,125,573
Hue PPMU	2,268,398,187
Phu Yen PPMU (*)	(2,697,144,532)
Binh Dinh PPMU	2,292,865,802
Ninh Thuan PPMU (*)	(1,067,717,156)
Binh Thuan PPMU (*)	(1,095,513,013)
	<hr/>
	27,992,971,117

(*) The fund balances of Phu Yen, Ninh Thuan and Binh Thuan Provincial Project Management Units represented payables for completed works of some consultancy contracts to which funds have not yet been allocated. This amount has been refunded from local counterpart funds in 2016.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

23. Budget versus actual expenditures

Description	Budget per PAM USD (a)	Actual expenditures USD (b)	(Under)/Over Budget	
			USD (c) = (b)-(a)	% (c)/(a)
A. Civil Works	-	-	-	-
B. Equipment	38,000	-	(38,000)	(100)
C. Consultancy services	652,000	693,000	41,000	6
D. Training	750,000	89,045	(660,955)	(88)
E. CPMU Management costs	187,000	84,792	(102,208)	(55)
F. Subproject Preparation & Management Costs	2,100,000	550,234	(1,549,766)	(74)
	3,727,000	1,417,071	(2,309,929)	(62)

Actual disbursements for the period from 22 June 2015 to 31 December 2015 were converted into USD using the exchange rate of Bank for Investment and Development of Vietnam JSC ruling at the balance sheet date (i.e.: 22,450 VND/USD).

24. Amount withdrawn and not yet claimed

These represented payments for Project's activities. These expenses will be included in the next SOE Withdrawal Schedules.

Prepared by:

es

Pham Ngoc Thanh
Chief Accountant

Hanoi, 19 June 2017

Approved by:



Nguyễn Tiến Dũng
Project Director

**Project "Integrated Rural Development Sector
Project in the Central Provinces - Additional
Financing"**

Audited Special Purpose Financial Statements

Under the Loan Agreement No. 3173-VIE (SF) between
the Asian Development Bank and the Government of the
Socialist Republic of Vietnam

For the year ended 31 December 2016

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

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Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

STATEMENT OF THE PROJECT MANAGEMENT BOARD

Project Management Board of the Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" ("the Project Management Board") is responsible for the Special Purpose Financial Statements of the Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" ("the Project") for the year ended 31 December 2016.

The Project

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" is implemented by the Ministry of Agriculture and Rural Development - the Government of the Socialist Republic of Vietnam. The Project is granted by the Asian Development Bank under the Loan Agreement No. 3173-VIE (SF) dated 23 January 2015 with amounts equivalent to 55,024,000 Special Drawing Rights ("SDR") and counterpart funds from the Government of the Socialist Republic of Vietnam for four (4) years from 2015 to 2018.

The long-term objective of the Project is to improve rural livelihoods by increasing agriculture productivity, widen employment opportunities, improve access to health, education and safe drinking water and reduce exposure to natural disasters in Central Region.

The short-term objectives of the Project are: (i) To renovate and upgrade the priority infrastructure (including irrigation works, coastal works and roads); (ii) to improve capacity of institution, project management and (iii) awareness raising and community encouragement in Project implementation.

The Project consists of three (3) following components:

- Component A: Improving the rural infrastructure;
- Component B: Building capacity and institution; and
- Component C: Project Management.

The Project is carried out in 6 central provinces including Ha Tinh, Thua Thien Hue, Phu Yen, Binh Dinh, Ninh Thuan and Binh Thuan.

Project Management Board

Members of the Project Management Board are responsible for the management of the Project during the period and up to the reporting date:

Mr. Nguyen Tien Dung
Ms. Le Thi Hai An
Ms. Pham Hoang Lan
Mr. Pham Ngoc Thanh

Project Director
Deputy Project Director
Deputy Project Director
Chief Accountant

Auditors

The accompanying Special Purpose Financial Statements for the year ended 31 December 2016 have been audited by NEXIA STT Co., Ltd.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

STATEMENT OF THE PROJECT MANAGEMENT BOARD (CONTINUED)

Responsibility of the Project Management Board in respect of the Special Purpose Financial Statements

The Project Management Board is responsible for ensuring the Special Purpose Financial Statements which give a true and fair view of the financial position and advance account balance of the Project as at 31 December 2016 and of its sources and uses of funds, operations of advance account and total funds withdrawn for the year ended 31 December 2016. In preparing the Special Purpose Financial Statements, the Project Management Board is required to select suitable accounting policies and then apply them consistently.

The Project Management Board is responsible for ensuring that proper accounting records are kept which enable the Special Purpose Financial Statements to be prepared in compliance with the accounting policies set out in Note 2 to the Special Purpose Financial Statements. The Project Management Board is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Project Management Board is also responsible for maintaining an effective internal control as management determines is necessary to enable the preparation of Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error, and comply with relevant laws, regulations and other provisions of the Loan Agreement that could have a direct and material financial effect on the Project's Special Purpose Financial Statements.

The Project Management Board assumes the responsibility to provide, and has provided, the auditors with all accounting records, supporting and other documents, minutes, any pertinent information and explanations, either orally or by written confirmation, necessary for the audit.

Approval of the Special Purpose Financial Statements

We hereby approve the accompanying Special Purpose Financial Statements of the Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" on pages 11 to 24 which give a true and fair view of the financial position and advance account balance as at 31 December 2016 and its sources and uses of funds, operations of advance account and total funds withdrawn during the year ended 31 December 2016 in accordance with the accounting policies as described in Note 2 to the Special Purpose Financial Statements and withdrawals application have been adequately reconciled to the statements of expenditures and summary sheets prepared by the Project during the year, and such statements of expenditures were adequately supported. The Special Purpose Financial Statements were prepared in compliance with the Applicable Provisions of the Loan Agreement and other Guidance from the Asian Development Bank.

On behalf of the Project Management Board



Nguyen Tien Dung
Project Director

Hanoi, 19 June 2017

INDEPENDENT AUDITORS' REPORT

On Project Special Purpose Financial Statements

To: The Project Management Board of the Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Audit opinion

We have audited the accompanying Balance Sheet as at 31 December 2016 and the Consolidated Statement of Sources and Uses of Funds, the Statement of Advance Account and the SOE Withdrawal Schedule for the year ended 31 December 2016 (collectively referred to as the "Special Purpose Financial Statements") of Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" ("the Project") implemented by the Asian Development Bank and counterpart funds, and summary of significant accounting policies and other explanatory information.

In our opinion, in all material respects:

- a) the Balance Sheet and the Consolidated Statement of Sources and Uses of Funds give a true and fair view of the financial position of the Project as at 31 December 2016 and of its sources and uses of funds for the year ended 31 December 2016 in conformity with the accounting policies described in Note 2; and
- b) the Statement of Advance Account and the SOE Withdrawal Schedule give a true and fair view of the advance account balance as at 31 December 2016 and of operations of the advance account, and of the funds withdrawn for the year ended 31 December 2016, in conformity with the accounting policies described in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements in accordance with ISAs, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the Special Purpose Financial Statements in accordance with Note 2 and for such internal control as management determines is necessary to enable the preparation of Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Special Purpose Financial Statements

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

A further description of the auditors' responsibilities for the audit of the Special Purpose Financial Statements are included in Appendix I of this auditors' report. This description, which is represented at page 25, forms part of our auditors' report.



NEXIA STT Co., Ltd.

Nguyễn Việt Nga

Deputy General Director

Audit Practicing Registration Certificate

No. 2041-2014-225-1

Audit report No.: 041-2017HN/AUD/ADB-IRDSP

Hanoi, 19 June 2017

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

BALANCE SHEET

As at 31 December 2016

	Note	As at 31/12/2016 VND	As at 31/12/2015 VND
ASSETS			
Current assets		118,354,533,353	32,329,822,822
Cash on hand	3	255,225,567	84,699,208
Cash at bank – the State Treasury	4	160,558,151	33,889,777
Cash at bank – Current Account	5	1,376,387,085	3,701,564,140
Cash at bank – Advance Account	6	35,897,648,855	12,012,422,057
Cash at bank – Interest on Advance Account	7	88,614	1,142,701
Advances to staff	8	14,020,000	17,700,000
Internal receivables	9	214,493,473	944,852
Advances to contractors	10	64,871,498,257	13,439,932,365
Other advances	11	15,314,703,801	2,887,000,000
Other receivables	12	249,909,550	150,527,722
TOTAL ASSETS		118,354,533,353	32,329,822,822
RESOURCES			
Current liabilities		105,344,738,332	4,336,851,705
Payables to contractors	13	105,133,065,294	4,204,673,876
Payables to employees	14	21,958,279	-
Other payables	15	189,714,759	132,177,829
Fund balance		13,009,795,021	27,992,971,117
Fund balance	25	13,009,795,021	27,992,971,117
TOTAL RESOURCES		118,354,533,353	32,329,822,822

Prepared by:



Pham Ngoc Thanh
Chief Accountant

Hanoi, 19 June 2017

Approved by:



Nguyen Tien Dung
Project Director

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

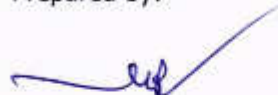
Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS

For the year ended 31 December 2016

	Note	Year ended 31/12/2016 VND	Accumulated to 31/12/2015 VND	Accumulated to 31/12/2016 VND
SOURCES				
Funds received from the Asian Development Bank	16	195,836,355,919	29,976,188,074	225,812,543,993
Counterpart funds	17	60,996,716,833	45,306,847,062	106,303,563,895
		256,833,072,752	75,283,035,136	332,116,107,888
USES OF FUNDS				
1. Civil Works	18	178,322,581,583	-	178,322,581,583
2. Equipment	19	1,535,160,000	-	1,535,160,000
3. Consultancy services	20	45,770,473,142	29,892,935,682	75,663,408,824
4. Training	21	3,636,647,450	1,999,059,850	5,635,707,300
5. CPMU Management Costs	22	3,605,877,428	1,903,583,575	5,509,461,003
6. Subproject Preparation and Management		36,912,384,720	13,452,749,219	50,365,133,939
PPMU Management Costs	23	8,043,246,482	6,938,507,863	14,981,754,345
Others	24	28,869,138,238	6,514,241,356	35,383,379,594
7. ADB's bank charges		1,242,045,382	41,735,693	1,283,781,075
		271,025,169,705	47,290,064,019	318,315,233,724
(DEFICIT)/SURPLUS OF SOURCES AGAINST USES OF FUNDS		(14,192,096,953)	27,992,971,117	13,800,874,164
Foreign exchange losses		(791,079,143)	-	(791,079,143)
Fund balance, beginning of the year		27,992,971,117	-	-
FUND BALANCE, END OF THE YEAR		25 13,009,795,021	27,992,971,117	13,009,795,021

Prepared by:



Pham Ngoc Thanh
Chief Accountant

Hanoi, 19 June 2017

Approved by:



Nguyen Tien Dung
Project Director

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

STATEMENT OF ADVANCE ACCOUNT

For the year ended 31 December 2016

Account No.: 160 10 37 0006576
 Account holder: Project Management Board of Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"
 Bank: Bank for Investment and Development of Vietnam JSC – Head Transaction 3
 Address: 20 Hang Tre, Hoan Kiem district, Hanoi
 Loan Agreement No.: 3173-VIE (SF)

Part A – Account Activity	Note	USD
Balance as at 1 January 2016		533,709.05
Add:		
Total amount advanced to Advance Account	16	1,900,000.00
Total amount replenished to Advance Account	16	4,492,818.78
Deduct:		
Total amount withdrawn		(5,310,172.35)
Ending balance as at 31 December 2016	6	1,616,355.48
Part B - Account Reconciliation		
Amount advanced by the Asian Development Bank		1,100,000.00
Add:		
Amount advanced by the Asian Development Bank		1,900,000.00
Deduct:		
Amount recovered by the Asian Development Bank (*)		(30.00)
Outstanding amount advanced to Advance Account as at 31 December 2016		2,999,970.00
Ending balance of Advance Account as at 31 December 2016	6	1,616,355.48
Add:		
Amount withdrawn and not yet claimed	26	1,383,614.52
Total advance to Advance Account as at 31 December 2016		2,999,970.00

(*) This represented bank fees incurred in 2016.

Prepared by:

Pham Ngoc Thanh
 Chief Accountant
 Hanoi, 19 June 2017

Approved by:

Nguyen Tien Dung
 Project Director

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

SOE WITHDRAWAL SCHEDULE – ACCOUNT NO. 160 10 37 0006576

For the year ended 31 December 2016

Withdrawal applications		Categories					Unit: USD
No.	Date	Civil Works	Consultancy services	Training	Project Management Expenses	Advances	Total
A0003	22/1/2016	-	258,531.00	33,924.87	73,755.31	-	366,211.18
A0004	15/4/2016	-	-	-	-	1,900,000.00	1,900,000.00
A0005	26/7/2016	1,853,280.23	-	46,770.95	84,547.30	-	1,984,598.48
A0006	22/9/2016	313,515.07	151,991.53	10,113.71	88,315.65	-	563,935.96
A0007	25/11/2016	1,537,729.89	-	17,329.18	23,044.09	-	1,578,103.16
BD001	26/7/2016	139,658.77	-	-	-	-	139,658.77
BD003	26/7/2016	244,799.89	-	-	-	-	244,799.89
BD004	26/7/2016	247,407.50	-	-	-	-	247,407.50
BT001	4/8/2016	436,896.67	-	-	-	-	436,896.67
BT002	4/8/2016	595,800.69	-	-	-	-	595,800.69
BT003	17/10/2016	365,937.71	-	-	-	-	365,937.71
BT004	25/10/2016	322,252.17	-	-	-	-	322,252.17
Total claimed/advanced amount		6,057,278.59	410,522.53	108,138.71	269,662.35	1,900,000.00	8,745,602.18

Prepared by:

Pham Ngoc Thanh

Pham Ngoc Thanh
Chief Accountant

Ha Noi, 19 June 2017

Approved by:

Nguyen Tien Dung

Nguyen Tien Dung
Project Director

The accompanying notes form an integral part of the Special Purpose Financial Statements

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. Project background

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing" is implemented by the Ministry of Agriculture and Rural Development - the Government of the Socialist Republic of Vietnam. The Project is granted by the Asian Development Bank under the Loan Agreement No. 3173-VIE (SF) dated 23 January 2015 with amounts equivalent to 55,024,000 Special Drawing Rights ("SDR") and counterpart funds from the Government of the Socialist Republic of Vietnam for four (4) years from 2015 to 2018.

The long-term objective of the Project is to improve rural livelihoods by increasing agriculture productivity, widen employment opportunities, improve access to health, education and safe drinking water and reduce exposure to natural disasters in Central Region.

The short-term objectives of the Project are: (i) To renovate and upgrade the priority infrastructure (including irrigation works, coastal works and roads); (ii) to improve capacity of institution, project management and (iii) awareness raising and community encouragement in Project implementation.

The Project consists of three (3) following components:

- Component A: Improving the rural infrastructure;
- Component B: Building capacity and institution; and
- Component C: Project Management.

The Project is carried out in 6 central provinces including Ha Tinh, Thua Thien Hue, Phu Yen, Binh Dinh, Ninh Thuan and Binh Thuan.

2. Summary of significant accounting policies

The significant accounting policies, which have been adopted by the Project Management Board in the preparation of the Special Purpose Financial Statements, are as follows:

Reporting currency

The Special Purpose Financial Statements are expressed in Vietnam Dong ("VND"), except for the Statement of Advance Account and SOE Withdrawal Schedule are expressed in United States Dollar ("USD").

Basis for preparation of The Special Purpose Financial Statements

The Special Purpose Financial Statements are prepared and presented by the Project in accordance with requirements of the Asian Development Bank (ADB), complied with Vietnamese Accounting Standards and Circular No. 195/2012/TT-BTC dated 15 November 2012 issued by Ministry of Finance guiding the accounting regime applicable to investors. This basis of accounting is considered appropriate to the operation of Project by the management.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

Funds

Funds from Asian Development Bank (ADB) are recorded when payments are made directly from ADB to contractors/suppliers or credited to Project's Advance Account.

The counterpart funds of the Vietnamese Government are recorded when payments are made directly from the Vietnamese Government to contractors/suppliers of the Project or when received.

Expenditures

Expenditures financed by ADB are recorded when the obligation to pay them arises rather than when actually paid.

Expenditures financed by the counterpart funds are recorded when they are approved by the State Treasury except for expenditures for contractors/suppliers on completion of works or completion of contracts, and advances to staffs, advances to contractors/suppliers.

Foreign exchange differences

Funds received from ADB in United States Dollar ("USD"), are converted into Vietnam Dong ("VND") under the actual exchange rate of Bank for Investment and Development of Vietnam JSC ruling at the transaction dates.

Transactions incurred in the period via the Advance Account are converted into VND under the actual exchange rate of Project Commercial Bank at the transaction dates for expenditures denominated in VND.

Foreign exchange differences are taken up in the Consolidated Statement of Sources and Uses of Funds.

Fixed assets

Expenditures for acquisition of fixed assets are recognized as expenditures in the Consolidated Statement of Sources and Uses of Funds for the period. Accordingly, fixed assets are not presented in the Balance Sheet at the year end. Memorandum listings are kept for control and management purposes.

Advance Account and interest of Advance Account

Advance Account is a deposit account in USD opened at Bank for Investment and Development of Vietnam JSC – Head Transaction 3 for settlement of the Project's activities. Payments made via Advance Account are for eligible expenditures of the Project in accordance with provisions of the Loan Agreement No. 3173-VIE (SF) dated 23 January 2015.

Interests on Advance Account are presented as other payables in the Balance Sheet and are used to cover bank charges as regulated in according to Circular No. 195/2012/TT-BTC dated 15 November 2012 issued by Ministry of Finance guiding the accounting regime applicable to investors.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

3. Cash on hand

Unit	As at 31/12/2016 VND	As at 31/12/2015 VND
Central Project Management Unit	37,067,148	208,924
Ha Tinh PPMU	123,117,000	53,404,000
Hue PPMU	3,408,293	1,274,433
Phu Yen PPMU	14,423,838	8,267,101
Binh Dinh PPMU	60,607,000	18,000
Ninh Thuan PPMU	14,893,388	14,280,750
Binh Thuan PPMU	1,708,900	7,246,000
	<hr/> 255,225,567	<hr/> 84,699,208

4. Cash at bank – the State Treasury

Unit	As at 31/12/2016 VND	As at 31/12/2015 VND
Hue PPMU	99,678,553	33,889,777
Phu Yen PPMU	879,598	-
Binh Dinh PPMU	60,000,000	-
	<hr/> 160,558,151	<hr/> 33,889,777

5. Cash at bank – Current Account

Unit	As at 31/12/2016 VND	As at 31/12/2015 VND
Central Project Management Unit	320,603,831	2,016,232,798
Ha Tinh PPMU	449,784,700	462,913,434
Hue PPMU	410,382,745	230,896,792
Phu Yen PPMU	1,034,491	742,431
Binh Dinh PPMU	185,355,934	525,618,791
Ninh Thuan PPMU	2,420,517	205,622,219
Binh Thuan PPMU	6,804,867	259,537,675
	<hr/> 1,376,387,085	<hr/> 3,701,564,140

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

6. Cast at bank – Advance Account

This represented the advance account balance of the Project at Central Project Management Unit, which was converted into Vietnam Dong ("VND") as at 31 December 2016. The original currency balance of this account as at 31 December 2016 was USD1,616,355.48 (31/12/2015: USD533,709.05).

7. Cash at bank – Interest on Advance Account

This represented the interest on advance account balance of the Project at Central Project Management Unit, which was converted into Vietnam Dong ("VND") as at 31 December 2016. The original currency balance of this account as at 31 December 2016 was USD3.99 (31/12/2015: USD50.77).

8. Advances to staffs

This represented advances to Project's staffs of Ninh Thuan PPMU. These advances will be cleared and recorded in project expenditures in 2017.

9. Internal receivables

This represented receivables from Ha Tinh Provincial ODA Project Management Unit for 2016 counterpart funds to cover management expenses which have not been fully utilized and being maintained in one same the State Treasury account of Ha Tinh Provincial ODA Project Management Unit.

10. Advances to contractors

Unit	As at 31/12/2016 VND	As at 31/12/2015 VND
Central Project Management Unit	3,988,236,477	6,380,218,365
Ha Tinh PPMU	670,652,000	3,262,312,000
Hue PPMU	1,735,466,000	3,170,871,000
Phu Yen PPMU	10,308,308,000	626,531,000
Binh Dinh PPMU	7,739,868,300	-
Ninh Thuan PPMU	100,000,000	-
Binh Thuan PPMU	40,328,967,480	-
	<hr/> 64,871,498,257	<hr/> 13,439,932,365

These represented advances to contractors to implement the Project's consulting services contracts and civil works contracts.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

11. Other advances

Unit	As at 31/12/2016 VND	As at 31/12/2015 VND
Hue PPMU (a)	494,756,000	-
Phu Yen PPMU (b)	8,415,101,357	-
Binh Dinh PPMU (c)	6,244,912,518	2,887,000,000
Ninh Thuan PPMU (d)	159,933,926	-
	<hr/> 15,314,703,801	<hr/> 2,887,000,000

- (a) This represented advances to Phong Dien, Huong Thuy and Phu Loc Land Centers of Thua Thien Hue Province to carry out site clearance activities of Thua Thien Hue PPMU.
- (b) This represented advances to Tuy An, Phu Hoa, Tay Hoa, Dong Xuan and Tuy Hoa Land Development Centers to carry out site clearance activities of Phu Yen PPMU.
- (c) This represented advances to People's Committee of My Hoa Commune, An Nhon Land Development Center and Binh Dinh Project Management of Agriculture and Rural Development Department to carry out site clearance activities of Binh Dinh PPMU.
- (d) This represented advances to carry out site clearance activities of Ninh Thuan PPMU.

12. Other receivables

Unit	As at 31/12/2016 VND	As at 31/12/2015 VND
Central Project Management Unit (a)	50,000,000	150,000,000
Hue PPMU	-	527,722
Phu Yen PPMU	1,280,690	-
Ninh Thuan PPMU (b)	198,628,860	-
	<hr/> 249,909,550	<hr/> 150,527,722

- (a) This receivables balance of Central Project Management Unit represented a loan to Project "Vietnam Sustainable Agriculture Transformation" from the unspent counterpart funds of the Project.
- (b) The receivables balance of Ninh Thuan PPMU represented receivables of salary expenses paid to staff not listed in Decision of Project Management Establishment and have not been approved by the State Treasury. This balance will be cleared when Ninh Thuan PPMU submits such decision.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

13. Payables to contractors

Unit	As at 31/12/2016 VND	As at 31/12/2015 VND
Central Project Management Unit	4,722,234,762	1,600,000
Ha Tinh PPMU	8,636,818,000	653,410,000
Hue PPMU	181,653,220	-
Phu Yen PPMU	2,025,695,888	2,212,580,000
Binh Dinh PPMU	5,128,269,000	-
Ninh Thuan PPMU	84,438,394,424	667,062,000
Binh Thuan PPMU	-	670,021,876
	<hr/> 105,133,065,294	<hr/> 4,204,673,876

Payables to contractors included the volume of completed works to be paid to contractors and temporary retentions for warranty of completed construction contracts which will be paid to contractors at the end of warranty period.

14. Payables to employees

This represented payables for salary expenses of September 2016 to Project's staff of Binh Dinh PPMU.

15. Other payables

Unit	As at 31/12/2016 VND	As at 31/12/2015 VND
Central Project Management Unit	25,282,943	1,677,963
Ha Tinh PPMU	3,894,796	1,038,713
Hue PPMU	7,770,808	8,331,937
Phu Yen PPMU	13,220,580	105,064
Binh Dinh PPMU	136,859,084	119,770,989
Ninh Thuan PPMU	2,443,728	1,057,325
Binh Thuan PPMU	242,820	195,838
	<hr/> 189,714,759	<hr/> 132,177,829

Other payables of Central Project Management Unit and Provincial Project Management Units included interests earned from Advance Account balance and Commercial Bank Account after offsetting with bank charges and surplus of income over expenses from selling bidding documents sources. Interests on Advance Account were recorded as other payables under the Circular 195/2012/TT-BTC dated on 15 November 2012 issued by Ministry of Finance – Accounting guidance applied for the Investor.

Project "Integrated Rural Development Sector Project in the Central Province - Additional Financing"

Under the Loan Agreement No. 3173-VIE (SF) between the the Asian Development Bank and the Government of the Socialist Republic of Vietnam

16. Funds received from the Asian Development Bank

	Year ended 31/12/2016		Year ended 31/12/2016	
	Original amount USD	Equivalent to VND	Original amount USD	Equivalent to VND
Direct payments	2,352,753.40	51,525,570,680	2,352,753.40	51,525,570,680
Advance Account	6,392,818.78	143,068,739,857	7,724,530.60	173,003,192,238
<i>Advances</i>	<i>1,900,000.00</i>	<i>42,275,000,150</i>	<i>3,000,000.00</i>	<i>66,991,998,150</i>
<i>Replenishments</i>	<i>4,492,818.78</i>	<i>100,793,739,707</i>	<i>4,724,530.60</i>	<i>106,011,194,088</i>
ADB's bank charges	56,528.56	1,242,045,382	58,435.17	1,283,781,075
	8,802,100.74	195,836,355,919	10,135,719.17	225,812,543,993

(*) Details of Funds received from the Asian Development Bank for the year ended 31 December 2016:

<i>Receipts under withdrawal applications</i>		Year ended 31/12/2016		
		Original amount USD	Equivalent to VND	
No.	Date			
A0003	26/2/2016	366,211.18	8,155,523,029	
A0004	19/4/2016	1,900,000.00	42,275,000,150	
A0005	12/9/2016	1,984,588.48	44,206,708,392	
A0006	2/11/2016	563,925.96	12,561,450,759	
A0007	23/12/2016	1,578,093.16	35,870,057,527	
Total funds replenished to Advance Account		6,392,818.78	143,068,739,857	(a)
<i>Direct payments under withdrawal applications</i>				
No.	Date	Original amount USD	Equivalent to VND	
BD001	10/8/2016	139,658.77	3,049,170,000	
BD003	10/8/2016	244,799.89	5,344,716,000	
BD004	10/8/2016	247,407.50	5,401,648,000	
BT001	23/8/2016	436,896.67	9,548,813,700	
BT002	23/8/2016	595,800.69	13,021,820,000	
BT003	4/11/2016	365,937.71	8,060,509,980	
BT004	10/11/2016	322,252.17	7,098,893,000	
Total directly paid by the Asian Development Bank		2,352,753.40	51,525,570,680	(b)
ADB's bank charges		56,528.56	1,242,045,382	(c)
Total (a), (b) and (c)		8,802,100.74	195,836,355,919	

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17. Counterpart funds

Unit	Year ended 31/12/2016 VND	Accumulated to 31/12/2016 VND
Central Project Management Unit	2,207,205,508	2,850,352,808
Ha Tinh PPMU	7,793,777,000	19,987,803,000
Hue PPMU	4,633,413,592	13,091,546,992
Phu Yen PPMU	14,098,594,467	22,098,594,467
Binh Dinh PPMU	18,919,959,000	27,396,959,000
Ninh Thuan PPMU	11,103,758,800	14,495,117,000
Binh Thuan PPMU	2,240,008,466	6,383,190,628
	60,996,716,833	106,303,563,895

18. Civil Works

Unit	Year ended 31/12/2016 VND	Accumulated to 31/12/2016 VND
Binh Dinh PPMU	31,072,462,000	31,072,462,000
Ninh Thuan PPMU	147,250,119,583	147,250,119,583
	178,322,581,583	178,322,581,583

Construction expenses for the year ended 31 December 2016 represented disbursements for civil works activities at Binh Dinh and Ninh Thuan PPMUs, which were made from ADB's funds.

19. Equipment

This represented disbursements for purchasing Project's office equipment made by Central Project Management Unit from ADB's fund.

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20. Consultancy services

Unit	Year ended 31/12/2016			Accumulated to 31/12/2016 VND
	ADB funds VND	Counterpart funds VND	Total VND	
Central Project Management Unit	7,559,570,478	4,078,699,092	11,638,269,570	11,638,269,570
Ha Tinh PPMU	-	12,787,892,000	12,787,892,000	21,996,016,000
Hue PPMU	-	5,077,683,192	5,077,683,192	7,539,052,192
Phu Yen PPMU	-	1,276,845,000	1,276,845,000	6,099,649,000
Binh Dinh PPMU	-	7,027,339,000	7,027,339,000	11,944,443,000
Ninh Thuan PPMU	-	7,588,678,000	7,588,678,000	11,467,085,000
Binh Thuan PPMU	-	373,766,380	373,766,380	4,978,894,062
	7,559,570,478	38,210,902,664	45,770,473,142	75,663,408,824

21. Training

Unit	Year ended 31/12/2016			Accumulated to 31/12/2016 VND
	ADB funds VND	Counterpart funds VND	Total VND	
Central Project Management Unit	2,919,550,005	324,394,445	3,243,944,450	5,243,004,300
Binh Thuan PPMU	-	392,703,000	392,703,000	392,703,000
	2,919,550,005	717,097,445	3,636,647,450	5,635,707,300

22. CPMU Management Costs

	Year ended 31/12/2016 VND	Accumulated to 31/12/2016 VND
ADB funds	3,425,583,557	5,233,987,953
Counterpart funds	180,293,871	275,473,050
	3,605,877,428	5,509,461,003

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23. PPMU Management Costs

Unit	Year ended 31/12/2016			Accumulated to 31/12/2016 VND
	ADB funds VND	Counterpart funds VND	Total VND	
Ha Tinh PPMU	1,386,178,556	346,544,640	1,732,723,196	3,101,499,623
Hue PPMU	1,034,310,579	258,577,645	1,292,888,224	2,485,543,437
Phu Yen PPMU	1,283,605,144	320,901,287	1,604,506,431	3,695,601,963
Binh Dinh PPMU	850,980,570	212,745,143	1,063,725,713	2,257,859,911
Ninh Thuan PPMU	996,208,154	249,052,039	1,245,260,193	1,819,615,549
Binh Thuan PPMU	1,088,913,422	15,229,303	1,104,142,725	1,621,633,862
	6,640,196,425	1,403,050,057	8,043,246,482	14,981,754,345

24. Others

Unit	Year ended 31/12/2016 VND	Accumulated to 31/12/2016 VND
Ha Tinh PPMU	5,180,953,000	5,180,953,000
Hue PPMU	224,644,000	2,760,355,000
Phu Yen PPMU	3,899,763,998	7,683,008,998
Binh Dinh PPMU	6,746,932,000	6,819,828,000
Ninh Thuan PPMU	12,141,951,129	12,148,264,129
Binh Thuan PPMU	674,894,111	790,970,467
	28,869,138,238	35,383,379,594

Other expenditures of Provincial Project Management Units were disbursements for subproject preparation and disbursements for compensation and land acquisition which were covered by counterpart funds.

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25. Fund balance, end of the year

Unit	Year ended 31/12/2016 VND
Central Project Management Unit	202,662,141,710
Ha Tinh PPMU (*)	(10,290,665,623)
Hue PPMU	306,596,363
Phu Yen PPMU	4,620,334,506
Binh Dinh PPMU (*)	(24,697,633,911)
Ninh Thuan PPMU (*)	(158,189,967,261)
Binh Thuan PPMU (*)	(1,401,010,763)
	<hr/>
	13,009,795,021

(*) The fund balances of Ha Tinh, Binh Dinh, Ninh Thuan and Binh Thuan Provincial Project Management Units represented payables for completed works of some consultancy, civil contracts to which funds have not yet been allocated. Such amounts will be recovered by ADB's funds and local counterpart funds in next years.

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26. Budget versus actual expenditures

Description	For the year ended 31/12/2016				Accumulated to 31/12/2016			
	Budget per PAM		Actual expenditures		Actual expenditures		(Under)/Over Budget	
	USD (a)	USD (b)	USD (c) = (b)-(a)	% (c)/(a)	USD (f)	USD (g) = (e)-(f)	USD (g)/(e)	% (g)/(e)
A. Civil Works	13,046,000	7,855,620	(5,190,380)	(40)	7,855,620	(5,190,380)	(40)	(40)
B. Equipment	1,000	67,628	66,628	6663	67,628	28,628	73	73
C. Consultancy services	652,000	2,016,320	1,364,320	209	2,709,320	1,405,320	108	108
D. Training	344,000	160,205	(183,795)	(53)	249,250	(844,750)	(77)	(77)
E. CPMU Management costs	187,000	158,849	(28,151)	(15)	243,641	(130,359)	(35)	(35)
F. Subproject Preparation & Management Costs	3,441,000	1,626,096	(1,814,904)	(53)	2,176,330	(3,364,670)	(61)	(61)
	17,671,000	11,884,718	(5,786,282)	(33)	13,301,789	(8,096,211)	(38)	(38)

Actual disbursements for the year ended 31 December 2016 were converted into USD using the exchange rate of Bank for Investment and Development of Vietnam JSC ruling at the balance sheet date (i.e.: 22,700 VND/USD).

27. Amount withdrawn and not yet claimed

These represented payments for Project's activities. These expenses will be included in the next SOE Withdrawal Schedules.

Prepared by:

Approved by:

Pham Ngoc Thanh
Chief Accountant
Hanoi, 19 June 2017

Nguyen Tien Dung
* Project Director