

Audited Project Financial Statements

Project Number: 40190-023
Loan Number: 2936-LAO (SF) and Grant Number: 0316-LAO (SF)
Period covered: from October 2015 to December 2016

Lao People's Democratic Republic: GMS Flood and Drought Risk Management and Mitigation Project

Prepared by Ministry of Agriculture and Forestry

For the Asian Development Bank
Date received by ADB: 30 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 Ministry of Agriculture and Forestry

**LAO PEOPLE'S DEMOCRATIC REPUBLIC
VIENTIANE CAPITAL**

**MINISTRY OF AGRICULTURE AND FORESTRY
DEPARTMENT OF IRRIGATION**

**FLOOD AND DROUGHT RISK MANAGEMENT AND
MITIGATION**

**PROJECT, ADB LOAN NO: 2936-LAO (SF) AND GRANT NO:
0316-LAO (SF)**

AUDIT'S REPORT

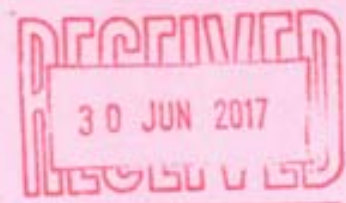
FOR

FOR THE PERIOD FROM 1ST OCTOBER 2015

UP TO 30TH SEPTEMBER 2016

AND 1ST OCTOBER UP TO 30TH DECEMBER 2016

29TH JUNE 2017



❖ FOR ENGLISH LANGUAGE

CONTENS	Pags
1. General information.....	1-4
2. Management Representation Letter.....	5-6
3. Auditor's Report.....	7-8
4. Statement of Receipts and payment.....	9-11
5. Note to the financial statement.....	12-18
6. Management Letter.....	19-27

I. General information of the FDM

1.1. Background

On 6 November 2012, the Asian Development Bank (ADB) approved a loan of Special Drawing Right (SDR) 15.912.000,00 (24.000.000 USD equivalent-at the time) and a grant of 12.500.000 USD from the ADB's Special Fund resources to the Lao PDR to finance L2936/G0316-LAO:GMS Flood and Drought Risk Management and Mitigation Project (the project). The financing agreement was signed on 4 December 2012 and became effective on 22 March 2013 with a closing date of 30 September 2019.

1.2. Location and organizational structure

The Flood and Drought Risk Management and Mitigation Project locates in the 5th flood of the Irrigation department, Ministry of Agriculture and Forestry (MAF), Anou village, Chanthabouly district, Vientiane capital. Tel: 021 264064, Fax: 021 264 065.

The structure of the project consists of Ministry of Agriculture and Forestry, Ministry of Public Works and Transport, Ministry of Natural Resource and Environment and Department Vientiane Capital Province Agriculture and Forestry Office; the executing agency (EA) is the Ministry of Agriculture and Forestry. MAF is responsible for overall project management coordination. MAF has delegated day-to-day management of the project to the Department of Irrigation (DOI), which has established a National Project Coordination Office (NPCO). The implementing agencies (IA) are the (i) Ministry of Natural Resources and Environment (MONRE)- Department of Meteorology and Hydrology (DMH) manages and supervises the National Early Warning Center; (ii) Mintry of Public Works and Transport (MPWT)- Department of waterways (DOW) manages and supervises the Flood Protection Embankment Subproject; and (iii) Vientiane Capital Provinice Agrlculture and Forestry Office (PAFO) manages and supervises Vientiane Irrigation Subproject.

The Ministry of Agriculture and Forestry issued the Decision Order on appointment the steering committee of the Flood and Drought Risk Management and Mitigation Project (FDM) no: 0228/MAF, dated February 6th, 2013. The said Decision consists of 17 people, the vice-governor of Vientiane capital is the head of the team. In field of implementation, the project divides into two sectors such as: 1) Administration Sector, there is a head of National

Project Coordination Office of which controls overall project and Implementation Sector, there are 3 sub-project directors responsible for controlling overall the sub-project.

Nowadays, the Flood and Drought Risk Management and Mitigation Project have 47 staffs (20 government staffs and 27 incremental staffs). The National Project Coordination Office (NPCO) and the Project Implementation Offices (PIOs) create themselves organizational structure as per the right and role of the project. The National Project Coordination Office (NPCO) has 2 sectors (Finance-Administration and Technical) and 4 units of such (i) Finance unit, (ii) Administration unit, (iii) Implement section and (iv) Safeguard unit. The Vientiane Irrigation Development Subproject and the Flood Protection Embankment Subproject have 3 sections such as: 1) Finance and Administration section, 2) Safeguard section, 3) Technical section. And the National Early Warning Center has 2 sections, 1) Finance and Administration section, 2) Technical section.

1.3. Objective of the project

The Flood and Drought Risk Management and Mitigation Project undertake structural and non-structural measures in order to protect and avoid disaster risks, the purpose of the project are to:

- 1) Enhance regional data and knowledge for the management of floods and drought;
- 2) Upgrade or develop water management infrastructure by construction on flood protection embankment, Watergates and irrigation system; and
- 3) Prepare communities to manage disasters such as flood and drought and adapt to climate change;
- 4) The implementation on project activities achieves efficiency and effectiveness.

The project will improve flood and drought risk management on over 20.000,00 ha in Vientiane Capital, increase irrigation area of over 1.542 ha and reduce the vulnerability to floods of over 61.500,00 people.

Main activities by components

The Flood and Drought Risk Management and Mitigation Project have 4 main components in implementing such as:

A. Component 1:

The National Early Warning Center Project is managed and supervised by Department of Meteorology and Hydrology, Ministry of Natural Resources and Environment, the purposes of this project is to Enhance regional data and knowledge for the management of floods and drought. The project will construct 19 meteorology and hydrological station in Khammoune and Savannakhet province such as: 3 meteorology stations, 6 hydrological stations in Sebang Fai river basin in Khammoune province and 2 meteorology stations, 8 hydrological stations in Sebang Hieng river basin in Savannakhet province.

The project will install rain-gauge and vertical equipment for water level in 4 stations in the target area of Vientiane Irrigation subproject in order to extend the network on early warning and forecasting.

B. Component 2

- The community development is directly managed by the Vientiane Capital Agriculture and Forestry Office (PAFO) is to manage and supervise implementation of the Vientiane Development Irrigation Subproject (PIO), the PAFO project implementation office (PIO) has the responsibility to construct SangHoiBor irrigation coverage 300 ha, DongKoiy irrigation coverage 474 ha, NaLong-3 Irrigation coverage 545 ha and MakHy0-2 coverage 223 ha. The total irrigation area is 1.542 ha and the PAFO PIO will construct 2 drainage pumping station in HoiyDoua and HoiyMakHy0. In addition, the PIO will organize group of water use and settle the border on agriculture for 4 projects.

- The construction of flood protection embankment is directly managed by Department of Waterways Ministry of Public Works and Transports and the flood protection embankment will construct with the total length of 32,2 Km to protect flood in the production area-community-economic zone in Vientiane on over 20.000 ha. The construction on flood protection embankment divides into 2 phase: phase 1 the construction will start from LAO STAR Satellite Station up to friendship bridge with 6 km and phase 2 the construction will start from friendship bridge up to HoiyMakHy0 with 26,2 Km.

The surface of the embankment uses asphalt with 10 meters wide. The Km 4+050 to KM 5+990 will construct soil embankment along the Mekong River, the surface of the embankment 4 meters wide. Moreover, the project will be renewable control gate of water system in 7 places such as: 1) water gate of HoiyKha 2) water gate of HoiyKhamWann

- 3) water gate of HoiyPaen 4) water gate of HoiyVangVath 5) water gate of HoiyPoun
6) water gate of XangNoy and 7) water gate of HoiyMakHyo 2.

C. Component 3

In each of the community where infrastructure development is undertaken in the Project, community based disaster risk management (CBDRM) actions will be implemented to ensure that communities are able to obtain the full benefit from the improved water control infrastructure and improved flood warnings. Community driven flood and drought risk reduction measure will be implemented based on participatory local level disaster risk reduction and management plans.

The project will organize training and exchange experiences on disaster management with total 30 trainings and 2 times of study tours, the first training is for EA and IAs, the second training is for 4 assistants of disaster management in 3 districts and 45 assistants of disaster management in 18 villages of 3 districts in order to become the trainers and facilitate control-reduction risk from flood and drought. The trainer in the villages or the assistant of disaster management would train/help people in the villages on over average 40/village or 720 persons in total.

D. Components 4

The Project will provide support to the EA and IAs to undertake the Project oversight and strengthen the project planning, implementation and management capacities of implementing agencies.



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Agriculture and Forestry

Irrigation Department

Flood and Drought Risk Management Mitigation Project

ADB Loan No: 2936 and Grant No: 0316

No: 0833

Date: 20/06/2017

Management Representation Letter

**To: Audit team of the Flood and Drought Risk Management Mitigation Project, ADB
Loan No: 2936 and Grant No: 0316**

In connection with your examination of the financial statements of the Flood and Drought Risk Management Mitigation Project, ADB Loan No: 2936 and Grant No: 0316 as of October 1st 2015 up to December 30th 2016 and for the year then ended. The preparation of the financial statements is the responsibility of the project; we hereby confirm the following representation made by us to you during the examination.

1. We are responsible for the accounting system of the project, including the system of internal control and the production of the annual financial statements from October 1st 2015 up to December 30th 2016;
2. The financial statements present fairly, in all material respects. The financial position of the Flood and Drought Risk Management Mitigation Project, ADB Loan No: 2936 and Grant No: 0316 as of October 1st 2015 up to December 30th 2016 and the expenditures of the project for the year then ended are accordant to accounting principles adopted by the government of Lao P.D.R;

3. All transactions for the year ended December 30th 2016 have been properly reflected in the financial statements;
4. No event has occurred subsequent to the financial statements date that requires the adjustment to the financial statements;
5. We have made available to you all books and records of the project;
6. All goods and services acquired with project funds have been used exclusively for project's proposes, and no project funds have been used for any other purposes;
7. We have complied with all the financial covenants of the Grant and Loan Agreement and with all the financial provisions of rules and regulations pronounced by the government of Lao P.D.R;
8. There is no lien on any assets of the project.

National Project Coordinator



Dr.Khamphachanh VONGSANA

Yours truly,

Chief Accountant



ຄຳບິງໄຊ ທຳມະວິງສາ



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

State Audit Organization
Vientiane Capital Lao PDR
Phone: 021 222 550
Fax: 021 219 115

No.: **837** /SAO
Vientiane, date: **29 JUN** /2017

AUDITOR'S REPORT

(Unmodified Opinion)

To: The management of the Flood and Drought Risk Management and Mitigation Project (FDM), ADB Loan No: 2936 -LAO (SF) and Grant No: 0316-LAO (SF)

We have audited the accompanying statement of receipts and payments, statement of expenditure, statement of disbursements and attached documents of ADB fund for the period ended 31st, December 2017.

These financial statements made available to us are the responsibility of the management of the **Flood and Drought Risk Management and Mitigation Project (FDM)** in accordance with the accounting policies. The responsibility includes designing, implementing, maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement. In addition, the responsibility also includes selecting and applying appropriate accounting policies.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standard of the State Audit Organization of Lao PDR. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by project management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In Our opinion:

- A. The financial statements present fairly in all material respects the financial position of the **Flood and Drought Risk Management and Mitigation Project (FDM)** as of 31st, December 2017 and the expenditures of the project for the year then ended in accordance with accounting principles adopted by the government of the Lao PDR;
- B. **The Flood and Drought Risk Management and Mitigation Project (FDM)** has utilized in all material respects all proceeds of the Loan and Grant only for purposes of the project, in accordance with the Loan and Grant agreement, and no proceeds of the Loan and Grant have been utilized for other purposes;
- C. **The Flood and Drought Risk Management and Mitigation Project (FDM)** has complied in all material respects with all financial covenants of the Loan agreement No: 2936-Lao (SF) and Grant agreement No: 0316-Lao (SF);
- D. The accompanying Statement of Imprest Account for Loan and Grant gives a true and fair view of the balance of Imprest Account as at 31st, December 2017 and the Project's receipts and disbursements via the Imprest Accounts for the year ended 31st, December 2017 in accordance with the relevant covenants of Loan and Grant agreement and relevant regulations established by the Asian Development Bank;
- E. The Loan and Grant withdrawals were reconciled to the Statement of Expenditures (SOEs) prepared by the project during the period and those SOEs were adequately supported and are eligible for financing under the grant agreement of the project.

 President

State Audit Organization of Lao PDR



Dr Padapphet SAYAKHOT



FDM

Flood and Drought Risk Management and Mitigation Project
ADB Loan No. 2936-LAO (SF) And ADB Grant No. 0316-LAO (SF)

No. 0813/FDM

Consolidated Statement of Receipts and Payments

For the Period: From 01 Oct 2015 to 31 Dec 2016

Cat.	Description	Cumulative Up to Last Period	Actual		
			Current Quarter	Year to date	Cumulative to date
Receipts					
180	ADB	2,014,485.42	730,462.59	1,014,521.74	3,029,007.16
Total Receipts		2,014,485.42	730,462.59	1,014,521.74	3,029,007.16
Payment by Category -ADF Loan					
1A-L	Construction Contracts	0.00	0.00	3,295,193.80	3,295,193.80
1B-L	Survey, Design and Supervision	0.00	0.00	566,797.33	566,797.33
2-L	Equipment	545,020.89	0.00	116,518.00	661,538.89
3-L	Resettlement	40,488.25	386,059.60	661,913.22	702,399.47
4-L	O&M During Implementation ADB	0.00	0.00	0.00	0.00
5-L	Interest During Construction	35,793.06	0.00	23,666.64	59,459.70
6-L	Unallocated	0.00	0.00	0.00	0.00
7B	Bank Charge-Loan-IA(s) - GOL	104.00	0.00	0.00	104.00
Total Payments		621,404.00	386,059.60	4,664,088.99	5,285,492.99
Opening Balance					
Cash at Bank					
	First Generation Imprest Account	0.00	1,411,651.21	1,281,830.82	0.00
	SGI/PAFO	0.00	1,380,755.99	1,261,191.20	0.00
	SGI/DOW	0.00	13,280.45	801.85	0.00
	SGI/DOW	0.00	17,614.77	19,837.77	0.00
Cash advance					
	PAFO	0.00	0.00	0.00	0.00
	DOW	0.00	0.00	0.00	0.00
Petty Cash					
	PAFO	0.00	0.00	0.00	0.00
	DOW	0.00	0.00	0.00	0.00
Transfer in transit:					
		0.00	0.00	0.00	0.00
Total Opening Fund Balance		0.00	1,411,651.21	1,281,830.82	0.00
Closing Fund balance					
Cash at Bank					
	First Generation Imprest Account	1,281,830.82	1,090,839.30	1,090,839.30	1,090,839.30
	SGI/PAFO	1,261,191.20	1,008,975.09	1,008,975.09	1,008,975.09
	SGI/DOW	801.85	61,864.21	61,864.21	61,864.21
	SGI/DOW	19,837.77	20,000.00	20,000.00	20,000.00
Cash advance					
	PAFO	0.00	0.00	0.00	0.00
	DOW	0.00	0.00	0.00	0.00
Petty Cash					
	PAFO	0.00	0.00	0.00	0.00
	DOW	0.00	0.00	0.00	0.00
Transfer in transit:					
		0.00	0.00	0.00	0.00
Total Closing Fund Balance		1,281,830.82	1,090,839.30	1,090,839.30	1,090,839.30

Note:



Approved by: _____
Director General Department of Irrigation
(Executing Agency)

Maykong **PHONEPHOMMAVONG**



Certified by: _____
National Project Coordinator

Dr. Khamphachanh VONGSANA

Vientiane Capital, Date _____

Prepared by: _____
Chief, Project Accountant

ຄຳບົ່ງໄຊ ທຳມະວົງສາ



FDM

Flood and Drought Risk Management and Mitigation Project

ADB Loan No. 2935-LAO (SF) And ADB Grant No. 0316-LAO (SF)

No. 0814 FDM

Consolidated Statement of Receipts and Payments

For the Period: From 01 Oct 2015 to 31 Dec 2016

Cat.	Description	Cumulative Up to Last Period	Actual		
			Current Quarter	Year to date	Cumulative to date
Receipts					
01	AOB	1,804,289.08	370,356.86	1,642,569.10	3,448,858.16
	GOV - Government Staff	68,811.29	12,823.35	66,170.40	134,861.79
	Total Receipts	1,873,100.45	383,180.21	1,708,739.50	3,583,719.95
Payment by Category - ADF Grant					
1-G	Works for NEWC	0.00	0.00	122,174.96	122,174.96
2-G	Environment	0.00	0.00	0.00	0.00
3A-G	Vehicles	289,000.00	0.00	89,800.00	378,800.00
3B-G	Vehicles for NEWC	81,000.00	0.00	0.00	81,000.00
3A-G	Motorcycles	9,300.00	0.00	0.00	9,300.00
3B-G	Motorcycles for NEWC	15,500.00	0.00	0.00	15,500.00
3C-G	Equipment for NEWC	0.00	61,833.00	61,833.00	61,833.00
4-G	Consulting Services	859,791.58	77,717.41	638,138.15	1,495,928.73
5-G	National Training	7,518.96	7,658.13	7,658.13	15,177.79
6-G	Service Contracts	197,441.08	122,496.68	865,056.97	882,497.45
7A	Government Staff - GOV	124,096.46	12,823.35	66,170.40	193,268.66
7B-G	Incremental Staff	200,905.78	25,150.00	128,560.00	329,465.78
7C-G	M&E surveys and reporting	0.00	0.00	0.00	0.00
7D-G	Office Operation	408,051.16	87,209.71	332,051.23	740,732.38
7E-G	Office Operation for NEWC	13,796.67	0.00	0.00	13,796.67
7F-G	Vehicle and MC Operation	14,313.97	4,674.53	23,588.47	37,803.44
8-G	Unallocated	0.00	0.00	0.00	0.00
	Total Payments	2,221,348.38	399,043.01	2,162,831.71	4,374,189.67
Opening Balance					
Cash at Bank					
	First Generation Imprest Account	0.00	177,411.12	701,673.38	0.00
	SGIA/NPCO	0.00	51,989.45	592,104.26	0.00
	SGIA/PAFO	0.00	29,880.70	17,266.12	0.00
	SGIA/DOW	0.00	35,381.80	28,648.07	0.00
	SGIA/DOW	0.00	27,319.49	28,178.87	0.00
	SGIA/DMH	0.00	32,858.68	33,376.06	0.00
Cash advance					
	SGIA/NPCO	0.00	0.00	0.00	0.00
	SGIA/PAFO	0.00	0.00	0.00	0.00
	SGIA/DOW	0.00	0.00	0.00	0.00
	SGIA/DMH	0.00	0.00	0.00	0.00
Peny Cash					
	SGIA/NPCO	0.00	0.00	0.00	0.00
	SGIA/PAFO	0.00	0.00	0.00	0.00
	SGIA/DOW	0.00	0.00	0.00	0.00
	SGIA/DMH	0.00	0.00	0.00	0.00
Transfer in transit					
		0.00	0.00	0.00	0.00
	Total Opening Fund Balance	0.00	977,411.12	701,673.38	0.00
Closing Fund balance					
Cash at Bank					
	First Generation Imprest Account	701,673.38	474,326.44	474,326.44	474,326.44
	SGIA/NPCO	17,266.12	15,042.86	15,042.86	15,042.86
	SGIA/PAFO	28,648.07	22,666.42	22,666.42	22,666.42

Cat.	Description	Cumulative Up to Last Period	Actual		
			Current Quarter	Year to date	Cumulative to date
	SGIA/DOW	29,178.87	42,889.80	42,889.80	42,889.80
	SGIA/DMH	33,376.06	30,736.82	30,736.82	30,736.82
	Cash advance	0.00	0.00	0.00	0.00
	SGIA/NPCO	0.00	0.00	0.00	0.00
	SGIA/PAFO	0.00	0.00	0.00	0.00
	SGIA/DOW	0.00	0.00	0.00	0.00
	SGIA/DMH	0.00	0.00	0.00	0.00
	Petty Cash	4,000.00	4,000.00	4,000.00	4,000.00
	SGIA/NPCO	1,000.00	1,000.00	1,000.00	1,000.00
	SGIA/PAFO	1,000.00	1,000.00	1,000.00	1,000.00
	SGIA/DOW	1,000.00	1,000.00	1,000.00	1,000.00
	SGIA/DMH	1,000.00	1,000.00	1,000.00	1,000.00
	Transfer in transit:	0.00	0.00	0.00	0.00
	Total Closing Fund Balance	705,573.38	478,325.44	478,325.44	478,325.44

Note:



Approved by: _____
 Director General Department of Irrigation
 (Executing Agency)

Maykong PHONEPHOMMAVONG



Certified by: _____
 National Project Coordinator
 Flood and Drought Risk Management and
 Mitigation Project (FDM)

Dr.Khamphachanh VONGSANA

Vientiane Capital, Date _____

Prepared by: _____
 Chief, Project Accountant

ຄຳປັກໄຂ ທ່າມປະຈຳສາ

1. PROJECT'S BACKGROUND

The Loan and Grant Agreement of the Flood and Drought Risk Management and Mitigation Project number 2936-Lao (SF) and number 0316-Lao (SF) was signed between the government of Lao PDR and Asian Development Bank (ADB) on the dated December 4th, 2012 and the project closing date is on March 31st, 2019 with total amount of 36.500.000,00 USD, the Lao government contribution fund is 587.400,00 USD (IN KIND). The total project cost at amount of 37.087.400 USD.

The structure of the project consists of Ministry of Agriculture and Forestry, Ministry of Public Works and Transport, Ministry of Natural Resource and Environment and Department Vientiane Capital Province Agriculture and Forestry Office; the executing agency (EA) is the Ministry of Agriculture and Forestry. MAF is responsible for overall project management coordination. MAF has delegated day-to-day management of the project to the Department of Irrigation (DOI), which has established a National Project Coordination Office (NPCO). The implementing agencies (IA) are the (1) Ministry of Natural Resources and Environment (MONRE)- Department of Meteorology and Hydrology (DMH) manages and supervises the National Early Warning Centre; (2) Ministry of Public Works and Transport (MPWT)- Department of waterways (DOW) manages and supervises the Flood Protection Embankment Subproject; and (3) Vientiane Capital Province Agriculture and Forestry Office (PAFO) manages and supervises Vientiane Irrigation Subproject.

The Flood and Drought Risk Management and Mitigation Project undertake structural and non-structural measures in order to protect and avoid disaster risks, the purpose of the project are to:

- 1) Enhance regional data and knowledge for the management of floods and drought;
- 2) Upgrade or develop water management infrastructure by construction on flood protection embankment, Watergates and irrigation system; and
- 3) Prepare communities to manage disasters such as flood and drought and adapt to climate change;
- 4) The implementation on project activities achieves efficiency and effectiveness.

The project will improve flood and drought risk management on over 20 Vientiane Capital, increase irrigation area of over 1.542 ha and reduce the vulnerable floods of over 61.500,00 people.



2. BASIC OF PREPARATION

The financial statements comprise the Consolidated Statement of Receipts and Payments and the statement of fund balance, which are expressed in United States Dollars "USD". These financial statements are prepared by Project Management in accordance with the accounting policies as described in the Note 3.

The financial statements are prepared solely to report:

- a. Fund received from Asian Development Bank (ADB);
- b. Fund disbursed by the Project and;
- c. Project's fund balance.

The Project maintains its accounting records in USD which is its functional currency. The financial statements are prepared to assist Project Management in meeting the reporting requirements of the ADB.

Fiscal year

The Project's fiscal year applicable for the preparation of its financial statements starts on 1 October and ends on 30 September. However, the accompanying financial statements are prepared for the period from 1 October 2015 to 31 December 2016 due to the government of Lao PDR changes fiscal year into starts from on 1 Jan and ends on 31 December and this audit conduct with 15 months.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies adopted in the preparation of the financial statements are set out below:

Receipts

Fund from Asian Development Bank (ADB) are recognized as receipts when cash is debited to the Project's designated bank account at the Bank of the Lao PDR, which is managed by the Ministry of Finance, the National Project Coordination Office and 3 subprojects, rather than when committed or budgeted.

Direct payments from the ADB are recognized as receipts when cash is directly transferred to a consultant service provider and contractors.

Disbursements

Expenditure is recognized when documents substantiating the Project's disbursements are submitted and approved of the Projects' Management. Disbursements of the Project are allocated to the following categories:



- **Expenditure by Loan**
 - Construction Contracts
 - Survey, Design and Supervision
 - Equipment
 - Resettlement
 - O&M During Implementation ADB
 - Interest During Construction
- **Expenditure by Grant**
 - Works for NEWC
 - Environment
 - Vehicles
 - Vehicles for NEWC
 - Motorcycles
 - Motorcycles for NEWC
 - Equipment for NEWC
 - Consulting Services
 - National Training
 - Service Contracts
 - Incremental Staffs
 - M&E Surveys and Reporting
 - Office Operation
 - Office Operation for NEWC
 - Vehicle and MC Operation

Cash

Cash comprised cash on hand and balances with banks.

Fixed Assets

Fixed assets procured are recognized as expenditures in full in the statement of receipts and disbursements when received or when hand-over from the contractors or suppliers upon the respective acceptance and approval by the Project and when payment is made. Accordingly, fixed assets are not recognized in the statement of fund balance at the end of the year. The project maintains a fixed assets register for control purposes.



Foreign exchange

The Project maintains its accounting record in USD in accordance with the financial agreement. All cash is held in USD. Transactions in currencies other than USD during the period have been translated into USD at rates approximating those ruling at the transactions dates. No foreign exchange differences are recognized in the statement of receipts and disbursement.

4. Budget Implementation

General plan

NO:	Description	Fund allocation	Cumulative up to last period	Year to date	Cumulative to date	Fund balance
1	2	3	4	5	6 = 4+5	7 = 3-6
ADB Loan NO. 2936 LAOCE(SF)						
1-L		12.808.987	0,00	3.861.991,13	3.861.991,13	8.946.995,87
1A-L	Construction Contract	11.734.445,00	0,00	3.295.193,80	3.295.193,80	8.439.251,20
1B-L	Survey, Design and Supervision	1.074.542,00	0,00	566.797,33	566.797,33	507.744,67
2-L	Equipment	1.687.033,00	545.020,69	116.518,00	661.538,69	1.025.494,31
3-L	Resettlement	2.327.543,00	40.486,25	661.913,22	702.399,47	1.625.143,53
4-L	O&M During Implementation ADB	595.644,00	0,00	0,00	0,00	595.644,00
5-L	Interest During Construction	624.257,00	35.793,06	23.666,64	59.459,70	564.797,30
6-L	Unallocated	3.857.338,00	0,00	0,00	0,00	3.857.338,00
Total		21.900.802,00	621.300,00	4.664.088,99	5.285.388,99	16.615.413,01
ADB Grant NO. 0316 LAOCE(SF)						
1-G	Works for NEWC	260.686,00	0,00	122.174,96	122.174,96	138.511,04
2-G	Environment	860.000,00	0,00	0,00	0,00	860.000,00
3-G	Vehicles and Equipment	1.205.449,00	394.800	151.433,00	546.233,00	659.216,00
3A-G	Vehicles	387.900,00	298.300,00	89.600,00	387.900,00	0,00
3B-G	Vehicles for NEWC	116.000,00	96.500,00	0,00	96.500,00	19.500,00
3C-G	Equipment for NEWC	701.549,00	0,00	61.833,00	61.833,00	639.716,00
4-G	Consulting Services	2.126.982,00	859.791,58	636.138,15	1.495.929,73	631.052,27
5-G	Training	1.508.870,00	7.519,66	7.658,13	15.177,79	1.493.692,21
6-G	Service Contracts	3.287.841,00	197.441,08	685.056,37	882.497,45	2.405.343,55
7-G		3.081.000,00	637.697,58	484.200,70	1.121.898,28	1.959.101,72
7B-G	Incremental staff		200.905,78	128.560,00	329.465,78	
7C-G	MBE surveys and reporting		0,00	0,00	0,00	
7D-G	Office Operation		408.681,16	332.051,23	740.732,39	
7E-G	Office operation for NEWC		13.796,67	0,00	13.796,67	
7F-G	Vehicle and MC Operation		14.313,97	23.589,47	37.903,44	
8A-G	Unallocated	169.172,00	0,00	0,00	0,00	169.172,00
Total		12.500.000	2.097.249,90	2.086.661,31	4.183.911,21	8.316.088,79
Government fund						
7A&7B	Government staffs	587.400,00	124.202,46	66.170,40	190.372,85	
Total		587.400,00	124.202,46	66.170,40	190.372,85	
Grand Total		34.988.202,00	2.842.752,36	6.816.920,70	9.669.671,06	



Fiscal year plan (1/10/2015 to 31/12/2016)

No:	Description	Year plan 2015-2016	Actual payment 2015-2016	Comparison
1	2	3	4	6 = 5-4
ADB Loan NO. 2936 LAOCE(SF)				
1A-L	Construction Contract	540.800,00	3.295.193,80	(2.754.393,80)
1B-L	Survey, Design and Supervision	196.999,00	566.797,33	(369.798,33)
2-L	Equipment	1.596.000,00	116.518,00	1.479.482,00
3-L	Resettlement	1.648.000,00	661.913,22	986.086,78
4-L	O&M During Implementation ADB *	132,00	0,00	132,00
5-L	Interest During Construction	148.000,00	23.666,64	124.333,36
6-L	Unallocated	0,00	0,00	0,00
Total		4.129.931,00	4.664.088,99	(534.157,99)
ADB Grant NO. 0316 LAO-(SF)				
1-G	Works for NEWC	160,00	122.174,96	(122.014,96)
2-G	Environment	138.480,00	0,00	138.480,00
3A-G	Vehicles	0,00	89.600,00	(89.600)
3B-G	Vehicles for NEWC	0,00	0,00	0,00
3C-G	Equipment for NEWC	698.900,00	61.833,00	637.067
4-G	Consulting Services	531.440,00	636.138,15	(104.698,15)
5-G	Training	585.160,00	7.658,13	(577.501,87)
6-G	Service Contracts	1.310.570,00	685.056,37	(625.513,63)
7-G	Implementation and Supervision	747.680,00	484.200,70	263.479,30
7B-G	Incremental staff		128.560,00	
7C-G	M&E surveys and reporting		0,00	
7D-G	Office Operation		332.051,23	
7E-G	Office operation for NEWC		0,00	
7F-G	Vehicle and MC Operation		23.589,47	
8A-G	Unallocated	0	0,00	
Total		4.012.390,00	2.086.661,31	1.925.728,69
Government fund				
7A&7B	Government staffs	60.000,00	66.170,40	(6.170,40)
Total		60.000,00	66.170,40	(6.170,40)
Grand Total		8.202.321,00	6.816.920,70	1.385.400,30

5. Designated account replenishment

In the fiscal year 2015-2016, the Flood and Drought Risk Management and Mitigation Project (FDM) replenished fund from Loan account at amount of 1.014.521,74 USD and replenished fund from Grant account at amount of 1.642.569,10 USD. The detailed information is set out below:

No:	Date	Description	Replenishment (2015-2016)	Replenishment (2014-2015)
Fund replenishment for Loan account				
1	31/5/2016	Replenishment to FGIA	185.167,68	
2	31/5/2016	Replenishment to FGIA	98.891,47	
3	30/9/2016	Replenishment to FGIA	730.462,59	
4		Total	1.014.521,74	0,00
Fund replenishment for Grant account				
1	30/11/2015	Replenishment to FGIA	227.772,91	



2	30/12/2015	Replenishment to FGIA	461.388,08	
3	31/5/2016	Replenishment to FGIA	165.009,23	
4	30/6/2016	Replenishment to FGIA	157.547,60	
5	30/9/2016	Replenishment to FGIA	260.494,42	
6	30/12/2016	Replenishment to FGIA	370.356,86	
Total			1.642.569,10	251.093,66

6. Status on cash and bank account

No:	Description	balance (1/10/2015)	Balance (31/12/2016)
ADB-Loan			
1	FGIA-Loan	1.380.755,99	1008.975,09
2	SGIA-Loan (DOW)	17.614,77	20.000,00
3	SGIA-Loan (PAFO)	13.280,45	61.864,21
ADB-Grant			
1	FGIA-Grant	51.989,45	362.989,54
2	SGIA-Grant (NPCO)	29.660,70	15.042,86
3	SGIA-Grant (DOW)	27.319,49	42.889,80
4	SGIA-Grant (PAFO)	35.381,80	22.666,42
5	SGIA-Grant (DMH)	32.859,68	30.736,82
Pretty cash-ADB-Grant			
1	Pretty cash (NPCO)	2.000,00	1.000,00
3	Pretty cash (DOW)	2.000,00	1.000,00
3	Pretty cash (PAFO)	2.000,00	1.000,00
4	Pretty cash (DMH)	2.000,00	1.000,00

7. Expenditure by category

No:	Description	Expenditure 2015-2016	Expenditure 2014-2015
1	2	3	4
ADB Loan NO. 2936 LAO (SF)			
1A-L	Construction Contract	3.295.193,80	0,00
1B-L	Survey, Design and Supervision	566.797,33	0,00
2-L	Equipment	116.518,00	17.900,00
3-L	Resettlement	661.913,22	33.318,90
4-L	O&M During Implementation ADB	0,00	0,00
5-L	Interest During Construction	23.666,64	18.461,79
6-L	Unallocated	0,00	0,00
Total		4.664.088,99	69.680,69
ADB Grant NO. 0316 LAO (SF)			
1-G	Works for NEWC	122.174,96	0,00
2-G	Environment	0,00	0,00
3A-G	Vehicles	89.600,00	0,00
3B-G	Vehicles for NEWC	0,00	0,00
3C-G	Equipment for NEWC	61.833,00	0,00
4-G	Consulting Services	636.138,15	413.063,58
5-G	Training	7.658,13	917,70
6-G	Service Contracts	685.056,37	197.441,08
7-G	Implementation and Supervision	484.200,70	332.540,34
7B-G	Incremental staff	128.560,00	117.305,00



7C-G	M&E surveys and reporting	0,00	0,00
7D-G	Office Operation	332.051,23	207.194,56
7E-G	Office operation for NEWC	0,00	0,00
7F-G	Vehicle and MC Operation	23.589,47	8.040,78
8A-G	Unallocated	0,00	0,00
Total		2.086.661,31	943.962,70
Government fund			
7A&7B	Government staffs	66.170,40	55.287,07
Total		66.170,40	55.287,07
Grand Total		2.152.831,71	999.249,77

8. Direct payment

In the fiscal year, the total direct payment from ADB loan account was 3.318.860,44 USD and from ADB grant account was 746.478,42 USD as shown in the table below:

No:	Description	Direct payment 2015-2016	Direct payment 2014-2015
1	2	3	4
Direct payment from ADB loan account			
1A-L	Construction Contract	3.295.193,80	
1B-L	Survey, Design and Supervision	0,00	
2-L	Equipment	0,00	
3-L	Resettlement	0,00	
4-L	OB&M During Implementation ADB	0,00	
5-L	Interest During Construction	23.666,64	18.461,79
6-L	Unallocated		
Total		3.318.860,44	18.461,79
Direct payment from ADB grant account			
1-G	Works for NEWC	0,00	
2-G	Environment	0,00	
3A-G	Vehicles	0,00	
3B-G	Vehicles for NEWC	0,00	
3C-G	Equipment for NEWC	0,00	
4-G	Consulting Services	220.353,73	227.278,38
5-G	Training	0,00	
6-G	Service Contracts	526.124,69	
7-G	Implementation and Supervision	0,00	
7B-G	Incremental staff	0,00	
7C-G	M&E surveys and reporting	0,00	
7D-G	Office Operation	0,00	
7E-G	Office operation for NEWC	0,00	
7F-G	Vehicle and MC Operation	0,00	
8A-G	Unallocated	0,00	
Total		746.478,42	227.278,38

