

Audited Project Financial Statements

Project Number: 40253-023

Grant Number: 0242-LAO

Period covered: 01 January to 30 September 2019

Lao People's Democratic Republic: Greater Mekong Subregion Biodiversity Conservation Corridors Project

Prepared by Ministry of Agriculture and Forestry

For the Asian Development Bank

Date received by ADB: 3 March 2021

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 Access to Information Policy and as agreed between ADB and the Ministry of Agriculture and Forestry.



ACCMIN Consulting and Services Co., Ltd.
Nongtaeng Road, Sikhottabong District
Vientiane Capital, Lao PDR
Telephone 856 (21) 620 424
Fax 856 (21) 620 522

Lao Biodiversity Conservation Corridors Project (BCC)
ADB Grant No.0242-Lao-(SF)

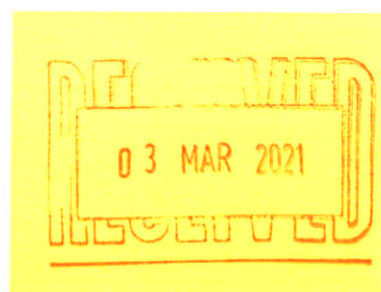
Department of Forestry, Ministry of Agriculture and Forestry

Financial Statements

And

Independent Auditors' Report

For the period ended 30 September 2019



Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)

Financial Statements

For the period ended 30 September 2019

Contents	Page
Project Information	1
Statement by the Project Management	2
Independent Auditor's Report	3-5
Statement of Cash Receipts and Payments	6
Statement of Comparison of Budget and Actual Expenditure	7
Notes to the Financial Statements	8-20



ACCMIN Consulting and Services Co., Ltd.
Nongtaeng Road, Sikhottabong District
Vientiane Capital, Lao PDR
Telephone 856 (21) 620 424
Fax 856 (21) 620 522

Mr. Sythud Phimmachanh
National Project Coordinator
Lao Biodiversity Conservation Corridors Project

Dear Mr. Phimmachanh,

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242 (SF)
Audit report arising from the audit for the Period Ended 30 September 2019

Following the completion of the audit of the Statements of Receipts and Payments and Statement of Comparison of Budget and Actual Amount of the Lao Biodiversity Conservation Corridors Project ("the Project") for the period ended 30 September 2019, we set out in the attached report matters which came to our attention during the course of our audit which we feel should be drawn to your attention.

The primary purpose of our examination of the accounts of the project was to enable us to form an opinion on the financial statements of the project. Our examination of the accounts was performed on a sample basis and should not be relied upon to identify all irregularities and internal control weaknesses that may exist.



Management must rely on a comprehensive system of internal controls within its organisation as the principal safeguard against such irregularities.

The report is comprised of financial statements and audit report and management letter which include observations and recommendations related to certain improvements in the existing systems and procedures noted in the audit period. Annexes related to this report are also included. The management comments are noted following each recommendation. The management letter is prepared separately from this report.

This report is intended solely for the information and use of management of the Lao Biodiversity Conservation Corridors Project and ADB.

We would like to take this opportunity to record our sincere appreciation for the assistance and co-operation we so warmly received from all staff throughout the course of the audit.

Yours faithfully,



Accmin Consulting and Services Co., Ltd.
Khampiew Thiphavongphanh
Director
Date: 30 December 2020
Vientiane Capital, Lao PDR

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)

Financial Statements

For the period ended 30 September 2019

Project Information

Background	ADB approved \$20 million Grant financed from its Asian Development Fund (ADF) Special Funds Resources for the Project on 10 December 2010. The Grant became effective on 11 April 2011. The long-term impact of the Project is to achieve climate resilient sustainable forest ecosystems benefiting local livelihoods. The Project completion date is 31 March 2019 and the closing date is 30 September 2019.
Project Objectives and Activities	<p>The Project outcome is sustainably managed biodiversity corridors in Lao PDR. The Project has four outputs: (i) strengthening of institutions and communities for biodiversity corridor management; (ii) restoration, protection and sustainable management of biodiversity corridors; (iii) improvement of livelihoods and provision of small-scale infrastructure support in villages; and (iv) project management and support services and capacity building.</p> <p>The Project covers 66 villages (reduced from original 69 to 66 due to the Government policy to combine small villages) in 5 districts across Attapeu, Champasak and Sekong provinces in Southern Lao PDR.</p>
Project Start Date	11 April 2011
Funding Agency	Asian Development Bank (ADB)
Executing Agency	Department of Forestry, Ministry of Agriculture and Forestry (MAF)
Implementing Agency	Champasack Province (CPS), Provincial Agriculture Forestry Office, MAF, Attapeu Province (ATP), Provincial Agriculture Forestry Office, MAF, Sekong Province (SEK), Provincial Agriculture Forestry Office, MAF
Project Management	Mr. Sangthong Southammakoth, Deputy Director General of Department of Forestry of MAF Mr. Sythud Phimmachanh, National Project Coordinator
Registered Office	Department of Forestry, Ministry of Agriculture and Forestry Khouvieng Road, Chanthabuly District, Vientiane Capital, Lao PDR
Auditors	Accmin Consulting and Services Co., Ltd. Nongtaeng Road, Sikhottabong District, Vientiane Capital, Lao PDR

Statement by the Project Management

30 September 2020

The Executing Agency, Department of Forestry, has established a National Project Management Office (NPMO) in Vientiane that contains all project records and documents.

The NPMO has its own imprest account and is responsible for producing financial statements of its activities. The NPMO is also responsible for producing consolidated financial statements for the entire project.

The implementing agency, each province, has established a Provincial Project Management Office (PPMO). These are located in Pakse (CPS), Sekong provincial center (SEK), and Attapeu provincial center (ATP).

Another implementing agency, the Pollution Control Department (CPD) is located in Vientiane which was closed account on 12 January 2016.

Each implementing agency has their own imprest account and is responsible for producing financial statements of their activities.

The financial statements are the responsibility of the project management. The following components of the financial statements and statement of expenditure summarise the project's position and performance:

- Statement of Receipt and Payments
- Statement of Comparison of Budget and Actual Expenditure
- Notes to the Financial Statements

As responsible officials, we do hereby state that the financial statements, to the best of our knowledge and belief:

- Have been prepared in accordance with the donor's requirements; and
- Prepared, in all material respects, the cash balance as of 30 September 2019, the cash receipts and payments and comparison of budget and actual expenditure for the period ended 30 September 2019, including the notes to the financial statements in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting.

The project management also confirm that:

- The project has utilized all proceeds of ADB's grant only for purposes of the project;
- The project is in compliance with the financial covenants of the grant agreement.
- The project is in compliance with the imprest fund procedure which includes imprest account and sub-accounts and we confirm that the imprest account and sub-accounts gives a true and fair view of the receipts collected and payments made; and supports imprest and sub-account- liquidations and replenishments during the period.
- The project is in compliance with the Statement of Expenditure (SOE) procedures and we confirm that adequate supporting documentation has been maintained to support claims to ADB for reimbursement of expenditures incurred and that the expenditures are eligible for financing under the grant agreement.

On behalf of the project management:



Mr. Sythud Phimmachanh
National Project Coordinator
Lao Biodiversity Conservation Corridors Project



Independent Auditor's Report

To the Management of the Lao Biodiversity Conservation Corridors Project

AUDITOR'S OPINION

Report on Financial Statements

We have audited the accompanying Financial Statements of the Lao Biodiversity Conservation Corridors Project ("the Project") which comprise Statement of Cash Receipts and Payments and Statement of comparison of budget and actual expenditure for the period ended 30 September 2019, and a summary of significant accounting policies and other explanatory notes.

- In our opinion, the financial statements present fairly, in all material respects, the cash balance as of September 2019, the cash receipts and payments and comparison of budget and actual expenditure for the period ended 30 September 2019 in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting and the Note 2.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effect of the matter of overspent budget items described in the Note 19 and 22 to the financial statements,

- The project has utilized, in all material respects, of all proceeds of ADB's loan only for purposes intended for project.
- The project is, in all material respects, in compliance with the financial covenants of the loan agreement.
- The project is, in all material respect, in compliance with Advance Accounts and Sub Account procedures of ADB's, fairly reflect the receipts collected and payments made for the period ended 30 September 2019 and the project receipts and disbursements via the Advance Account and Sub Accounts are adequately supporting documentations have been maintained.
- The project is, in all material respects, in compliance with the Statement of Expenditure (SOE) procedures and that adequate supporting documentation has been maintained, in all material respects, to support claims to ADB for reimbursement of expenditures incurred and that the expenditures are eligible for financing under the loan agreement.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and terms of audit contract with the project. 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 financial statements in the Lao PDR, and we have fulfilled our other 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.

EMPHASIS OF MATTER

We draw attention to the followings matters:

(a) Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the project to comply with the financial reporting requirements of the Asian Development Bank (ADB) and Government of Laos. As a result, the financial statements may not be suitable for another purpose. This report is intended solely for the information and use of the project management, and the Asian Development Bank (ADB) and not for other purposes. Our opinion is not modified in respect of this matter.

(b) Impact of the COVID-19 Pandemic

We refer to Note 20 to the financial statements which describe the effects of the COVID-19 pandemic on the project's activity implementation.

Our opinion is not modified in respect of the above matters.

OTHER MATTER

The cumulative figures from 14 April 2011 to 30 September 2012 was audited by another auditor and the audit report with unqualified opinion was issued on 29 March 2013.

PROJECT MANAGEMENT'S RESPONSIBILITIES AND THOSE CHARGES WITH GOVERNANCE OF THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS) of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the project's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

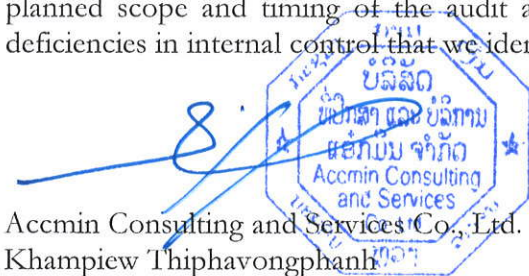
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Accmin Consulting and Services Co., Ltd.
Khampiew Thiphavongphanh

Director

Date: 30 December 2020

Vientiane Capital, Lao PDR

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019

Statement of Cash Receipts and Payments

For the period ended 30 September 2019

	Note	Period ended 30-Sep-19			Year ended 31-Dec-18			Cumulative as at 30 Sep-2019		
		Receipt and Payment by		Total	Receipt and Payment by		Total	Receipt and Payment by Project		
		Direct Payments	Advance Account		Direct Payments	Advance Account		Direct Payments	Advance Account	Total
(in US dollars)										
RECEIPTS										
Fund receipt from ADB	3	-	1,497,468.98	-	1,497,468.98	-	3,413,667.30	-	2,016,374.02	17,885,900.98
Transfers between accounts	3a	-	(1,022,510.60)	-	-	-	(1,362,869.71)	-	-	(10,278,688.31)
Other receipts	3b	-	-	1,984.75	1,984.75	-	-	-	-	1,984.75
TOTAL RECEIPTS		-	474,958.38	1,024,495.35	1,499,453.73	-	2,050,797.59	1,362,869.71	2,016,374.02	7,607,212.67
PAYMENTS										
1 Small Scale Infrastructure	4	-	410,304.10	40,478.30	450,782.40	-	844,671.91	15,997.66	-	3,022,371.95
2 Office Refurbishment	5	-	5,965.31	-	5,965.31	-	53,687.80	-	-	59,653.11
3A Vehicles	6	-	-	4,900.50	4,900.50	-	-	6,883.44	277,500.00	136,013.15
3B Equipment	7	-	-	28,365.93	28,365.93	-	51,436.00	59,891.39	-	310,665.71
4 Goods and Services	8	-	6,517.62	378,963.13	385,480.75	-	195,610.66	474,884.52	10.02	802,105.02
5 Livelihood Inputs	9	-	154,079.67	85,147.08	239,226.75	-	286,336.98	286,336.98	-	494,079.67
6A Locally Consultant Services	10	-	-	262,463.84	262,463.84	-	-	349,884.27	143,638.00	300,238.00
6B International Consultants	11	-	201,970.12	2,895.89	204,866.01	-	279,163.83	10,534.39	1,595,226.00	1,901,787.68
7 Capacity Building, Training, Workshops	12	-	-	111,895.30	111,895.30	-	-	62,622.43	-	-
8 Project Implementation Management	13	-	-	234,482.01	234,482.01	-	-	129,851.86	-	57,057.00
TOTAL PAYMENTS		-	778,836.82	1,149,591.97	1,928,428.79	-	1,424,570.20	1,345,450.94	2,016,374.02	7,083,971.29
DECREASE/(INCREASE) IN CASH		-	(303,878.44)	(125,096.62)	(428,975.06)	-	626,227.39	17,418.77	-	523,241.38
CASH AT BEGINNING OF THE YEAR		-	827,119.82	174,781.84	1,001,901.66	-	200,892.43	157,363.07	-	-
DECREASE/(INCREASE) IN CASH		-	(303,878.44)	(125,096.62)	(428,975.06)	-	626,227.39	17,418.77	-	523,241.38
CASH AT END OF THE YEAR		-	523,241.38	49,685.22	572,926.60	-	827,119.82	174,781.84	-	523,241.38

Accompanying Notes on Pages 8 to 20

Mr. Sythud Phimmachanh
National Project Coordinator
Lao Biodiversity Conservation Corridors Project

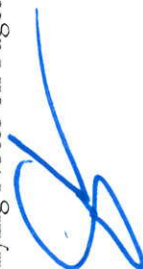
*Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019*

Statement of Comparison of Budget and Actual Expenditure

For the period ended 30 September 2019

		1 Jan to 30 Sep 2019				Accumulative amount as of 30 Sept 2019				Revised Budget	Difference Budget and Actual	% Revised Budget and Actual
Note		ADB		Total	ADB		Total					
		Direct payment	Advance Account		Receipt and Payment by Project	Direct payment		Advance Account	Receipt and Payment by Project			
(in US dollars)												
CASH INFLOWS												
3	Funds from ADB	-	1,497,468.98	-	1,497,468.98	2,016,374.02	17,885,900.98	-	19,902,275.00	20,000,000.00	97,725.00	100%
3a	Replenishment to imprest sub-accounts	-	(1,022,510.60)	1,022,510.60	-	-	(10,278,688.31)	10,278,688.31	-	-	-	-
3b	Other receipts	-	-	1,984.75	1,984.75	-	-	1,984.75	1,984.75	-	-	-
	TOTAL RECEIPTS	-	474,958.38	1,024,495.35	1,499,453.73	2,016,374.02	7,607,212.67	10,278,688.31	19,902,275.00	20,000,000.00	97,725.00	100%
CASH OUTFLOWS												
4	1 Small Scale Infrastructure	-	410,304.10	40,478.30	450,782.40	-	3,022,371.95	167,145.16	3,189,517.11	3,000,000.00	(189,517.11)	106%
5	2 Office Refurbishment	-	5,965.31	-	5,965.31	-	59,653.11	64,544.62	124,197.73	117,064.00	(7,133.73)	106%
6	3A Vehicles	-	-	4,900.50	4,900.50	277,500.00	136,013.15	11,783.94	425,297.09	350,462.00	(74,835.09)	121%
7	3B Equipment	-	-	28,365.93	28,365.93	-	310,665.71	112,818.81	423,484.52	585,473.00	161,988.48	72%
8	4 Goods and Services	-	6,517.62	378,963.13	385,480.75	10.02	802,105.02	3,817,157.99	4,619,273.03	5,351,777.00	732,503.97	86%
9	5 Livelihood Inputs	-	154,079.67	85,147.08	239,226.75	-	494,079.67	1,097,789.38	1,591,869.05	1,014,474.00	(577,395.05)	157%
10	6A Locally Consultant Services	-	-	262,463.84	262,463.84	143,638.00	300,238.00	2,264,222.71	2,708,098.71	3,086,088.00	377,989.29	88%
11	6B International Consultants	-	201,970.12	2,895.89	204,866.01	1,595,226.00	1,901,787.68	73,794.88	3,570,808.56	3,716,000.00	145,191.44	96%
12	7 Capacity Building, Training, Workshops	-	-	111,895.30	111,895.30	-	-	644,619.12	644,619.12	479,027.00	(165,592.12)	135%
13	8 Project Implementation Management	-	-	234,482.01	234,482.01	-	57,057.00	1,977,111.23	2,034,168.23	2,299,635.00	265,466.77	88%
	TOTAL CASH OUTFLOWS	-	778,836.82	1,149,591.97	1,928,428.79	2,016,374.02	7,083,971.29	10,230,987.85	19,331,333.15	20,000,000.00	668,666.85	97%
14	NET CASH FLOWS	-	(303,878.44)	(125,096.62)	(428,975.06)	-	523,241.38	47,700.47	570,941.85	-	(570,941.85)	-

Accompanying Notes on Pages 8 to 20



Mr. Sythud Phimmachanh
National Project Coordinator
Lao Biodiversity Conservation Corridors Project

Notes to the Financial Statements

For the period ended 30 September 2019

1. Project Information and Status

ADB signed a grant agreement, Grant 0242 Lao (SF), with the Lao PDR government on 14 February 2011 wherein ADB agreed to provide US\$20 million under ADB-GMS funding to the Lao PDR government for the Lao component of the Greater Mekong Sub-region Biodiversity Conservation Corridors (BCC) Project. The Grant became effective on 14 April 2011. The Project completion date is 31 March 2020 and the closing date is 30 September 2019.

The Project objective is to establish sustainably managed biodiversity corridors involving five districts in the three provinces of Champasak, Attapeu and Sekong in Lao PDR. Included under the Project were 66 villages (reduced from original 69 to 66 due to the Government policy to combine small villages)- 21 villages in Champasak, 22 in Attapeu and 23 in Sekong.

On 19 August 2016, handing over of responsibilities and tasks between the Ministry of Natural Resources and Environment and the Ministry of Agriculture and Forestry was taken place, as a result, the Department of Forestry become one of departments under the Ministry of Agriculture and Forestry. Since then, the implementing agencies are the Provincial Agriculture and Forestry Offices in Champasak, Attapeu, and Sekong provinces, respectively. The details of projects and tasks are described in the memorandum number 4302/MoNRE, dated on 19 August 2016.

Mr. Sangthong Southammakoth, Deputy Director of Department of Forestry of MAF has been appointed to replace Mr. Bouaphanh Phanthavong who retired at the year of 2017.

The Project Activities in 2019 are:

- Identification and mapping of areas for supporting assisted natural regeneration (ANR)
- Forest nurseries and planting in 2019
- Implementation, impact evaluation and monitoring of livelihoods improvement program
- Continuing patrolling activities in priority villages
- Maintenance activities in forest planting areas
- Ongoing construction of infrastructure sub-projects and follow-up activities
- Environmental Safeguards Monitoring undertaken
- Training of provincial and district staff in Environmental Safeguards Reporting

Impact and Outcome

The intended impact of the Project is climate resilient sustainable forest ecosystems benefiting local livelihoods in the biodiversity corridors of Lao PDR, while the intended outcome is sustainably managed biodiversity corridors in the Lao PDR.

Outputs

The outputs include:

- (i) Institutional and Community Strengthening;

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019

- (ii) Biodiversity Corridors Restoration, Ecosystem Services Protection, and Maintained;
- (iii) Livelihood Improvement and Small-Scale Infrastructure Support in Target Villages; and
- (iv) Project Management and Support Services.

The four outputs are detailed in the descriptions below.

Output 1: Institutional and Community Strengthening. Under this output, investments will be geared towards strengthening the capacity of the national, provincial, district and cluster levels in corridor planning, corridor management, and providing protection and sustainable use policies, guidelines, and local regulations for enforcing the biodiversity corridor management plan.

Output 2: Biodiversity Corridors Restoration, Ecosystem Services Protection, and Maintained. This output deals with village and cluster-based forest protection and forest restoration. The bulk of the investments under this output will go to forest restoration, which will cover about 3,900 ha in the form of enrichment planting, NTFP planting and agroforestry. Restoration activities include labor input provided by women on a cash basis, thus improving household incomes. Moreover, work on identifying viable reduced emissions from deforestation and forest degradation (REDD+) pilot sites will enable the Project to leverage additional funding for forest protection and restoration from funds specially set up for promoting REDD.

Output 3: Livelihood Improvement and Small-Scale Infrastructure Support in Target Villages. Under this output, on demand livelihood and small scale infrastructure subprojects prioritized in participatory consultations at start of Project will be identified and will undergo a rigorous screening process. Each selected village has a block allocation for livelihood improvements. Some of these livelihood options can also be pursued through the mechanism of the Village Development Fund (VDF), which will provide micro credit facilities to households to borrow for their projects of choice. The micro credit repayment will go back into the VDF with interest to generate a revolving mechanism.

Output 4: Project Management and Support Services. Under this output, support services will be provided for project management. Capacity building for NPMO, PPO and district staff is needed for project administration, procurement, financial management, progress reporting, impact monitoring, social and environmental safeguards and contract management.

Allocation and Withdrawal of Grant Proceeds

The categories of items of expenditure to be financed out of the proceeds of the Grant are as follows:

1	Civil Works
2	Office Refurbishment
2	Vehicles and Equipment
2A	Vehicles
2B	Equipment
3	Goods and Services
4	Livelihoods Improvement
5	Consulting Services
7	Training
8	Project Management

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting.

Cash basis means a basis of accounting that recognizes transactions and other events only when cash is received or paid.

Cash comprises cash on hand, demand deposits and cash equivalents.

Cash flows are inflows and outflows of cash.

Cash payments are cash outflows.

Cash receipts are cash inflows.

Cash Receipts and Payments

Cash receipts are accounted for when they are actually received from ADB and expenses are recognised when actual payments are made from advance account and sub advance accounts.

Direct Payment

Direct payment made by ADB to supplier is considered as cash receipts and payments in the statement of receipts and payments for ADB portion.

Transfer to village development fund is treated as expenditure when transfer is made.

Advance payments for activity implementation are treated as cash until advance settlement is made and this will recognize as payments with supporting documents.

Presentation of a Comparison of Budget and Actual Amounts

All comparisons of budget and actual amounts are presented on a comparable basis to the budget.

Comparable basis means the actual amounts presented on the same accounting basis, same classification basis, for the same entities and for the same period as the approved budget.

(b) Reporting Entity

The financial statements are for a public sector entity who control their own bank accounts for project activities. Their main bank account "special account-advance account" is controlled by the Ministry of Finance (MoF) which the bank account is held at Bank of Laos (BoL).

All funds transferred from ADB are deposited into this bank account before transferring to the project sub-accounts and payment to suppliers.

The financial statements encompass the reporting entity who execute grant project as specified in the decree number 529/MoF, dated 26 February 2016 on adoption and implementation of the cash basis IPSAS.

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019

(c) Currency and Foreign Exchange

The project maintains its accounting records in both United States Dollar ("USD") and Lao Kip. Expenditure made in Lao Kip and other currencies during the period were translated into USD at the exchange rate of the payment date. United States Dollar ("USD") is the reporting currency as required by the grant agreement.

(d) Fixed Assets

The cost of fixed assets is charged as expenditure at the time of purchase. Fixed assets purchased are charged to the expenditure categories to which they relate. The project maintains a fixed assets register, which includes vehicles, computers, office equipment and furniture, for control purposes.

3. Grant Fund Receipts

This represents funds received by the project from Asian Development Bank (ADB) for the period from 01 January 2019 to 30 September 2019. The cumulative to date fund receipt includes fund transferred from ADB to project advance account at BoL and direct payments made by ADB to suppliers. There was no direct payment from ADB to supplier during the year.

The followings are the detail of fund transfer from ADB to project advance account at BoL during the period to 30 September 2019:

Date	(in US dollars) Withdrawal Application	Year ended 30-Sep-2019			Year ended 31-Dec-2018		
		Direct payments	Advance Account	Total	Direct payments	Advance Account	Total
11-Jan-18	WA#00077- for Aug-2017	-	-	-	-	566,789.82	566,789.82
15-Jan-18	WA#00078- for Sept-2017	-	-	-	-	361,360.63	361,360.63
5-Feb-18	WA#00079- for Oct-2017	-	-	-	-	115,909.29	115,909.29
7-Mar-18	WA#00080- for Nov-2017	-	-	-	-	492,919.38	492,919.38
9-Apr-18	WA#00081- for Dec-2017	-	-	-	-	104,628.87	104,628.87
15-May-18	WA#00082- for Jan-2018	-	-	-	-	370,781.24	370,781.24
26-Jun-18	WA#00083- for Feb-2018	-	-	-	-	274,924.65	274,924.65
6-Jul-18	WA#00084- for Mar-2018	-	-	-	-	125,495.15	125,495.15
17-Aug-18	WA#00085- for Apr-2018	-	-	-	-	265,041.44	265,041.44
19-Sep-18	WA#00086- for May-2018	-	-	-	-	181,867.00	181,867.00
21-Nov-18	WA#00087- for Jun-2018	-	-	-	-	150,982.04	150,982.04
22-Nov-18	WA#00088- for Jul-2018	-	-	-	-	191,614.10	191,614.10
30-Nov-18	WA#00089- for Aug-2018	-	-	-	-	211,353.69	211,353.69
13-Feb-19	WA#00090- for Sep-2018	-	260,918.06	260,918.06	-	-	-
12-Mar-19	WA#00091- for Oct-2018	-	183,853.45	183,853.45	-	-	-
30-Apr-19	WA#00092- for Nov-2018	-	207,573.47	207,573.47	-	-	-
19-Jun-19	WA#00093- for Dec-2018	-	345,621.04	345,621.04	-	-	-
5-Aug-19	WA#00094- for Jan and Feb-2019	-	209,552.08	209,552.08	-	-	-
26-Sep-19	WA#00095- for Mar and Apr-2019	-	289,950.88	289,950.88	-	-	-
Total		-	1,497,468.98	1,497,468.98	-	3,413,667.30	3,413,667.30

There is no direct payment in the reporting period

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019

3a. Internal Transfer

The main bank account of the project is held at the Bank of Laos (BoL) which is controlled by the Ministry of Finance (MoF). The grant transfer from ADB is deposited in this bank before transferring to project sub-accounts at National Project Management Offices (NPMO) and the fund transfers to project sub-accounts held at Provincial Project Management Office (PPMO) is made from the project sub-account held at NPMO.

Provincial Project Management Office (PPMO) is located in Pakse (CPS), Sekong provincial center (SEK), and Attapeu provincial center (ATP).

3b. Other Receipts

Other receipts are the return of over payment for per diem for Sekong provincial center (SEK), and Attapeu provincial center (ATP)

4. Small Scale Infrastructure

The cumulative to date of this category is 106% compare to its plan. It represents the payments made to contractors of sub-project constructions and infrastructure follow-up activities.

<i>(in US dollars)</i>	<i>Period ended 30-Sep-19</i>				<i>Year ended 31-Dec-18</i>			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	-	-	-	-	-	-
Output 2	-	-	-	-	-	-	-	-
Output 3	-	410,304.10	40,478.30	450,782.40	-	844,671.91	15,997.66	860,669.57
Output 4	-	-	-	-	-	-	-	-
	-	410,304.10	40,478.30	450,782.40	-	844,671.91	15,997.66	860,669.57

5. Office Refurbishment

<i>(in US dollars)</i>	<i>Period ended 30-Sep-19</i>				<i>Year ended 31-Dec-18</i>			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	-	-	-	-	-	-
Output 2	-	-	-	-	-	-	-	-
Output 3	-	-	-	-	-	-	-	-
Output 4	-	5,965.31	-	5,965.31	-	53,687.80	-	53,687.80
	-	5,965.31	-	5,965.31	-	53,687.80	-	53,687.80

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019

6. Vehicles

<i>(in US dollars)</i>	<i>Period ended 30-Sep-19</i>				<i>Year ended 31-Dec-18</i>			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	-	-	-	-	-	-
Output 2	-	-	-	-	-	-	-	-
Output 3	-	-	-	-	-	-	-	-
Output 4	-	-	4,900.50	4,900.50	-	-	6,883.44	6,883.44
	-	-	4,900.50	4,900.50	-	-	6,883.44	6,883.44

7. Equipment

<i>(in US dollars)</i>	<i>Period ended 30-Sep-19</i>				<i>Year ended 31-Dec-18</i>			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	-	-	-	-	-	-
Output 2	-	-	-	-	-	-	-	-
Output 3	-	-	-	-	-	-	-	-
Output 4	-	-	28,365.93	28,365.93	-	51,436.00	8,455.39	59,891.39
	-	-	28,365.93	28,365.93	-	51,436.00	8,455.39	59,891.39

8. Goods and Services

These costs include purchase of goods and services by each project office. The majority of the purchase is for materials for project sites related to nurseries of forest seeding and costs of forest patrolling.

<i>(in US dollars)</i>	<i>Period ended 30-Sep-19</i>				<i>Year ended 31-Dec-18</i>			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	-	-	-	-	-	-
Output 2	-	-	258,999.37	258,999.37	-	178,395.36	354,463.86	532,859.22
Output 3	-	-	-	-	-	-	-	-
Output 4	-	6,517.62	119,963.76	126,481.38	-	17,215.30	120,420.66	137,635.96
	-	6,517.62	378,963.13	385,480.75	-	195,610.66	474,884.52	670,495.18

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019

9. Livelihood Improvements

<i>(in US dollars)</i>	<i>Period ended 30-Sep-19</i>				<i>Year ended 31-Dec-18</i>			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	-	-	-	-	-	-
Output 2	-	-	-	-	-	-	-	-
Output 3	-	154,079.67	85,147.08	239,226.75	-	-	286,336.98	286,336.98
Output 4	-	-	-	-	-	-	-	-
	-	154,079.67	85,147.08	239,226.75	-	-	286,336.98	286,336.98

10. Local Consultant Services

<i>(in US dollars)</i>	<i>Period ended 30-Sep-19</i>				<i>Year ended 31-Dec-18</i>			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	-	-	-	-	-	-
Output 2	-	-	-	-	-	-	-	-
Output 3	-	-	-	-	-	-	-	-
Output 4	-	-	262,463.84	262,463.84	-	-	349,884.27	349,884.27
	-	-	262,463.84	262,463.84	-	-	349,884.27	349,884.27

This cost is project long-term consultant service fee and project staff salary.

11. International Consultants

<i>(in US dollars)</i>	<i>Period ended 30-Sep-19</i>				<i>Year ended 31-Dec-18</i>			
	Direct payment	Advance Accounts	Project	Total	Direct payment	Advance Accounts	Project	Total
Output 1	-	-	-	-	-	-	-	-
Output 2	-	-	-	-	-	-	-	-
Output 3	-	-	-	-	-	-	-	-
Output 4	-	201,970.12	2,895.89	204,866.01	-	279,163.83	10,534.39	289,698.22
	-	201,970.12	2,895.89	204,866.01	-	279,163.83	10,534.39	289,698.22

This represents the payments made to Fraser Thomas Partner Ltd, the Infrastructure Consultant (IC), and to GITEC Consult GmbH, the Grant Implementation Consultant (GIC), for project long-term consultant service.

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019

12. Capacity Building, Training, Workshops

(in US dollars)	Period ended 30-Sep-19				Year ended 31-Dec-18			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	57,136.55	57,136.55	-	-	14,593.15	14,593.15
Output 2	-	-	-	-	-	-	-	-
Output 3	-	-	54,758.75	54,758.75	-	-	48,029.28	48,029.28
Output 4	-	-	-	-	-	-	-	-
	-	-	111,895.30	111,895.30	-	-	62,622.43	62,622.43

13. Project Implementation Management

(in US dollars)	Period ended 30-Sep-19				Year ended 31-Dec-18			
	Direct payment	Advance Accounts	Receipt and Payment by Project	Total	Direct payment	Advance Accounts	Receipt and Payment by Project	Total
Output 1	-	-	19,816.92	19,816.92	-	-	6,770.27	6,770.27
Output 2	-	-	-	-	-	-	11,536.47	11,536.47
Output 3	-	-	-	-	-	-	-	-
Output 4	-	-	214,665.09	214,665.09	-	-	111,545.12	111,545.12
	-	-	234,482.01	234,482.01	-	-	129,851.86	129,851.86

14. Cash in Bank and on Hand

(in US dollars)	Advance Account	NPMO	CPS	ATP	SEK	Total
CASH AT BEGINNING OF THE YEAR	827,119.82	94,775.51	20,835.88	13,710.69	45,459.76	1,001,901.66
Cash at Bank	827,119.82	93,296.76	19,865.64	13,710.69	45,411.56	999,404.46
Cash on hand	-	1.18	-	-	48.20	49.38
Advances and other receivables	-	1,477.57	970.24	-	-	2,447.81
Reconciled item	-	-	-	-	-	-
DECREASE/(INCREASE) IN CASH	(303,878.42)	(50,099.17)	(20,495.64)	(11,938.10)	(42,563.71)	(428,975.04)
CASH AT END OF THE YEAR	523,241.40	44,676.34	340.24	1,772.58	2,896.05	572,926.62
Represented by:						
Cash at Bank	523,241.38	44,676.34	-	-	2,896.05	570,813.77
Cash on hand	-	-	-	-	-	-
Advances and other receivables	-	-	-	-	-	-
Transfers between accounts-Closing balance	-	-	340.00	1,773.00	-	2,113.00
Reconciled item	0.02	-	0.24	(0.42)	-	(0.16)
TOTAL	523,241.40	44,676.34	340.24	1,772.58	2,896.05	572,926.61

15. Resettlement and Government Contributions

There is no data in the accounting system for resettlement expenses.

The government contribution is in kinds: office space, equipment, utilities and staff assigned for the project.

16. Presentation of Financial Information

The comparison of nine months for the current period to twelve months of previous period is due to the project end date on 30 September 2019.

17. Statement of Advance Account

The main bank account “special account or advance account” is controlled by the Ministry of Finance (MoF) which the bank account is held at Bank of Laos (BoL).

The grant transfer from ADB is deposited in this bank before transferring to project sub-accounts at National Project Management Offices (NPMO) and payment for suppliers.

The fund transfers to project sub-accounts held at Provincial Project Management Office (PPMO) is made from the project sub-account held at NPMO.

Provincial Project Management Office (PPMO) is located in Pakse (CPS), Sekong provincial center (SEK), and Attapeu provincial center (ATP).

The statement of advance accounts for the whole reporting was not prepared by the project. Only the statement of advance accounts for regular request for replenishment is prepared.

*Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019*

18. Statement of Withdrawal Applications

Discription	Note	1 Jan to 30 September 2019			1 Jan to 31 Dec 2018		
		Direct payments	Liquidation and replenishment	Total	Direct payments	Liquidation and replenishment	Total
Withdrawal Application for direct payment	3	-	-	-	-	-	-
Withdrawal Application for Liquidation and replenishment	3	-	1,497,468.98	1,497,468.98	-	3,413,667.30	3,413,667.30
Total		-	1,497,468.98	1,497,468.98	-	3,413,667.30	3,413,667.30

*Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019*

19. Statement of Expenditure

The expenditure/payments are classified by outputs as below:

		For the period ended 30 September 2019				For the year ended 31 December 2018					
	Note	Institutional and Community Strengthening	Biodiversity Corridor Restoration and Protection	Livelihoods Improvement and Small-scale Infrastructure support	Project management and support services	TOTAL	Institutional and Community Strengthening	Biodiversity Corridor Restoration and Protection	Livelihoods Improvement and Small- scale Infrastructure support	Project management and support services	TOTAL
<i>(in U.S. dollars)</i>											
PAYMENTS											
1	Small Scale Infrastructure	-	-	450,782.40	-	450,782.40	-	-	860,669.57	-	860,669.57
2	Office Refurbishment	-	-	-	5,965.31	5,965.31	-	-	-	53,687.80	53,687.80
3A	Vehicles	-	-	-	4,900.50	4,900.50	-	-	-	6,883.44	6,883.44
3B	Equipment	-	-	-	28,365.93	28,365.93	-	-	-	59,891.39	59,891.39
4	Goods and Services	-	258,999.37	-	126,481.38	385,480.75	-	532,859.22	-	137,635.96	670,495.18
5	Livelihood Improvements	-	-	239,226.75	-	239,226.75	-	-	286,336.98	-	286,336.98
6A	Local Consultant Services	-	-	-	262,463.84	262,463.84	-	-	-	349,884.27	349,884.27
6B	International Consultants	-	-	-	204,866.01	204,866.01	-	-	-	289,698.22	289,698.22
7	Capacity Building, Training, Workshops	57,136.55	-	54,758.75	-	111,895.30	14,593.15	-	48,029.28	-	62,622.43
8	Project Implementation Management	19,816.92	-	-	214,665.09	234,482.01	6,770.27	11,536.47	-	111,545.12	129,851.86
TOTAL PAYMENTS		76,953.47	258,999.37	744,767.90	847,708.06	1,928,428.79	21,363.42	544,395.69	1,195,035.83	1,009,226.20	2,770,021.14

From the Statement of Comparison of Budget and Actual Expenditure, in overall, the project achieved about 97% of the whole project work plan.

There were three categories (3A vehicle, 5 livelihood and 7 capacity building, training and Workshops) which have significantly over-spent in comparison to the approved project budget. Vehicle overspent by 21%; livelihood improvement overspent by 57% and capacity building, training and workshop overspent by 35% in comparison with the total project budget.

Lao Biodiversity Conservation Corridors Project, ADB Grant No.0242-Lao (SF)
For the period ended 30 September 2019

20. Effects of COVID-19 Pandemic

According to the Prime Minister's Order, No. 06/PM, dated 29 March 2020 and also to his Statement dated 15 April 2020 and 01 May 2020 respectively on reinforcement measures on containment, prevention, restriction of and preparation to COVID-19 by locking down the country from 01 April to 03 May 2020, the organization's activities cannot be implemented during this period and the organisation's staff can only work from home and from 04-17 May and 18 May to 01 June 2020, some restriction was released so that few staff can start working at their office with social distancing.

At the date of this report, there is no any update on this Prime Minister's Order.

21. Commitment

After 30 September 2019, there were some payments made until 31 March 2020 as below:

<i>For the period from 01 October 2019 to 31 March 2020</i>					
	<i>Institutional and Community Strengthening</i>	<i>Biodiversity Corridor Restoration and Protection</i>	<i>Livelihoods Improvement and Small-scale Infrastructure support</i>	<i>Project management and support services</i>	<i>TOTAL</i>
<i>(in US dollars)</i>					
PAYMENTS					
Small Scale Infrastructure	a	-	94,970.33	-	94,970.33
Office Refurbishment		-	-	-	-
Vehicles		-	-	-	-
Equipment	b	-	-	89,347.50	89,347.50
Goods and Services	c	(1,852.42)	-	64,634.77	62,782.35
Livelihood Improvements	d	-	47,927.83	-	47,927.83
Local Consultant Services	e	-	-	21,511.52	21,511.52
International Consultants	f	-	-	172,744.84	172,744.84
Capacity Building, Training, Workshops		-	-	-	-
Project Implementation Management	g	-	-	51,906.80	51,906.80
TOTAL PAYMENTS		(1,852.42)	142,898.16	400,145.43	541,191.17

- The major payments were made for 100% payment for Soil improvement at Phonesaart Village, Sanamxay District, ATP Province for Sanamxay District, 10% final Payment for contractors.
- The payment was made for purchase of IT equipment for NPMO.
- The major payments were made for Payment Nursery/seedlings delivery to target villages.
- The major payments were made for 100% payment for Thadokkham 8 rice seeds for Sanamxay District recovery and 100% payment for animal pharmacy and vaccine for Sanamxay District recovery.
- The major payments were made for full time local consultants for September 2019.
- The major payments were made for international consultants from March to September 2019.
- The major payments were made for Printing books (Title: Atlas of Land Cover and Participatory Land Use Planning) and financial audit services.

22. Other Legal and Regulatory Requirements

Certain project vehicles taken by project staff without returning to the project office. This is not in compliance with the public asset management law number 14/NA, dated 5 July 2012, article 31 and 44 paragraph 10.

The statement of advance accounts for the whole reporting was not prepared by the project, which is not fully in compliance with the Advance Accounts and Sub Account procedures.

By the end of the project, certain weaknesses in internal control have not been fully resolved.

23. Authorization Date

The financial statements were authorized for issue on 30 September 2020 by Mr. Sythud Phimmachanh, National Project Coordinator, Lao Biodiversity Conservation Corridors Project. The audited financial statements will be submitted to ADB within 6 months after the end of each related fiscal year. After review, ADB disclose the annual audited financial statements within 30 days of the date of their receipt by posting them on ADB's website. Due to COVID-19 Pandemic, ADB has granted a 6-month deadline extension for all audited project financial statements.