

Audited Project Financial Statements

Project Number: 43260-013
Loan Number: 2889
Period covered: 1 January 2017 to 31 December 2017

CAM: Third Education Sector Development Project

Prepared by Ministry of Education, Youth and Sport

For the Asian Development Bank
Date received by ADB: 15 June 2018

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**ROYAL GOVERNMENT OF CAMBODIA
MINISTRY OF EDUCATION,
YOUTH AND SPORT**

**Third Education Sector Development Project
ADB Loan No. 2889 – CAM (SF)**

**Financial Statements
for the year ended 31 December 2017
and
Report of the Independent Auditors**

ASIAN DEVELOPMENT BANK
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Ministry of Education, Youth and Sport

Third Education Sector Development Project

ADB Loan No. 2889 – CAM (SF)

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MINISTRY OF EDUCATION, YOUTH AND SPORT

No : MoEYS/Adm

Statement by the management

We, the undersigned, do hereby state that in our opinion:

- a) The accompanying financial statements, which comprise the statement of financial position as at 31 December 2017, the statements of receipts and expenditure and the second generation imprest account for the year then ended and notes, as set out on pages 5 to 20 of the Third Education Sector Development Project ("the Project"), funded by the Asian Development Bank Loan No. 2889 – CAM (SF) and implemented by the Ministry of Education, Youth and Sport ("the Project's Executing Agency or "the EA"), are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements; and
- b) The disbursements shown in the financial statements were implemented according to the Loan Agreement and the Project was in compliance with all loan covenants of the Agreement for the year ended 31 December 2017.

On behalf of the Project's management:

H.E. Nath Bunroeun
Project Director
Ministry of Education, Youth and Sport

H.E. Thong Boran
Deputy Project Director
Ministry of Education, Youth and Sport

Phnom Penh, Kingdom of Cambodia

Date 8 JUN 2018



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Report of the independent auditors To the Ministry of Economy and Finance Royal Government of Cambodia

Opinion

We have audited the accompanying financial statements of the Third Education Sector Development Project ("the Project"), funded by the Asian Development Bank Loan No. 2889 – CAM (SF) implemented by the Ministry of Education, Youth and Sport, ("the Project's Executing Agency" or "the EA"), which comprises the statement of financial position as at 31 December 2017, the statements of receipts and expenditure and the statement of the second generation imprest account for the year then ended and notes, comprising significant accounting policies and other explanatory information ("financial statements"), as set out on pages 5 to 20.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies as described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' 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 Cambodia, 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Appendix I, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting and the accounting policies adopted by the Project. The financial statements are prepared for the information of and use by the management of the Project, the Ministry of Economy and Finance, and the Asian Development Bank. As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for the management of the Project, the Ministry of Economy and Finance, and the Asian Development Bank and should not be used by or distributed to other parties. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting and the accounting policies described in Note 2 to 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the EA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations or has no realistic alternative but to do so.

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

Auditors' Responsibility 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 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 CISAs 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 CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the EA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the EA to cease to continue as a going concern.

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.

For KPMG Cambodia Ltd



Taing YoukFong
Partner



Phnom Penh, Kingdom of Cambodia

8 June 2018

Ministry of Education, Youth and Sport

Third Education Sector Development Project

ADB Loan No. 2889 – CAM (SF)

Statement of financial position as at 31 December 2017

	Note	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Current assets			
Cash on hand		631	1,128
Cash at bank	3	552,032	551,415
Advances to contractors	4	79,160	153,777
		<u>631,823</u>	<u>706,320</u>
Represented by:			
Fund balance at end of the year		<u>631,823</u>	<u>706,320</u>

The accompanying notes form an integral part of these financial statements.

Ministry of Education, Youth and Sport

Third Education Sector Development Project

ADB Loan No. 2889 – CAM (SF)

Statement of receipts and expenditure for the year ended 31 December 2017

	Note	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Receipts				
Asian Development Bank	5	5,765,423	3,886,194	14,493,723
Expenditure by disbursement category	6			
Civil works	7	3,722,043	2,378,861	8,915,174
School improvement grant		25,000	50,000	115,000
Office equipment and vehicles	8	1,745	65,875	348,906
Capacity development	9	392,033	136,989	585,346
Consultants services	10	958,015	889,421	2,112,858
Classroom materials and furniture	11	360,999	402,015	763,014
Recurrent costs	12	276,418	213,011	836,794
Interest charge		103,667	53,433	184,808
		5,839,920	4,189,605	13,861,900
(Deficit)/Excess of receipts over expenditure		(74,497)	(303,411)	631,823
Fund balance at the beginning of the year		706,320	1,009,731	
Fund balance at the end of the year		631,823	706,320	

The accompanying notes form an integral part of these financial statements.

Ministry of Education, Youth and Sport

Third Education Sector Development Project

ADB Loan No. 2889 – CAM (SF)

Statement of the second generation imprest account for the year ended 31 December 2017

	Note	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Receipts				
Asian Development Bank	5	5,115,069	3,692,835	13,622,302
Expenditure by disbursement category				
Civil works	7	3,722,043	2,378,861	8,915,174
School improvement grant		25,000	50,000	115,000
Office equipment and vehicles	8	1,745	65,875	348,906
Capacity development	9	392,033	136,989	585,346
Consultants services	10	411,328	749,495	1,426,245
Classroom materials and furniture	11	360,999	402,015	763,014
Recurrent costs	12	276,418	213,011	836,794
		5,189,566	3,996,246	12,990,479
(Deficit) /Excess of receipts over expenditure		(74,497)	(303,411)	631,823
Fund balance at the beginning of the year		706,320	1,009,731	
Fund balance at the end of the year		631,823	706,320	
Represented by:				
Cash on hand		631	1,128	
Cash at bank	3	552,032	551,415	
Advances to contractors	4	79,160	153,777	
		631,823	706,320	

The accompanying notes form an integral part of these financial statements.

Ministry of Education, Youth and Sport

Third Education Sector Development Project

ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements for the year ended 31 December 2017

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

1. Background and activities

The loan agreement for the Third Education Sector Development Project ("the Project") between the Asian Development Bank ("ADB") and the Royal Government of Cambodia ("RGC") (represented by the Ministry of Economy and Finance) was signed on 17 January 2013, whereby the ADB agreed to grant a loan amounting to Special Drawing Rights ("SDR") 11,805,000 (equivalent to US\$18,165,262.57). The Project commenced its activities on 21 March 2013 and expected to be completed by 31 December 2017. On 2 January 2018, the ADB approved to extend the completion date to 31 December 2018.

Funding of the Project by the ADB according to the allocation and withdrawal of the loan proceeds is as follows:

CATEGORY				ADB FINANCING
No.	Item	Amount Allocated SDR	Amount reallocated SDR	Percentage and basis for withdrawal from the Loan Account
		Category	Category	
1	Works (Schools and Classrooms)	5,235,000	7,035,826	100% of total expenditure claimed
2	Works (Wells and Toilets Facilities)	302,000	334,976	100% of total expenditure claimed
3	Classroom materials	160,000	194,436	100% of total expenditure claimed
4	Furniture	475,000	631,120	100% of total expenditure claimed
5	Vehicles	130,000	155,314	100% of total expenditure claimed
6	Office equipment	36,000	71,550	100% of total expenditure claimed
7	Capacity development	132,000	564,448	100% of total expenditure claimed
8	School improvement Grant	174,000	85,115	100% of total expenditure claimed
9	Consultants services	1,408,000	1,800,559	100% of total expenditure claimed
10	Recurrent costs	1,684,000	694,245	100% of total expenditure claimed
11	Interest charge	423,000	169,373	100% of total expenditure claimed
12	Unallocated	1,646,000	68,038	
	Total	11,805,000	11,805,000	

Ministry of Education, Youth and Sport

Third Education Sector Development Project

ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued) for the year ended 31 December 2017

1. Background and activities (continued)

The Government will contribute free of charge for the following in-kind: (i) MoEYS staff salary; (ii) training conducted by Department of Construction to School Support Committees on school building maintenance; and (iii) office space and equipment for implementation consultants.

The principal amount of the loan is payable in semi-annual instalments payable on 1 May and 1 November each year commencing on 1 May 2020 and ending on 1 November 2043. Each instalment shall be SDR245,938. The repayment of the loan principal and payment of interest charge shall be in United States Dollars.

An interest charge at the rate of 1% per annum during the grace period, and 1.5% per annum thereafter, on the amount of the loan withdrawn and outstanding from time to time is payable semi-annually on 1 May and 1 November in each year. The grace period is the period prior to the first principal payment date.

The Ministry of Education, Youth and Sport ("MoEYS") is the Project's executing agency ("EA") and has overall responsibility for the project coordination and implementation. The EA will appoint the project implementation team which will be composed of two implementation agencies ("IAs"): the Directorate General of Administration and Finance ("DGAF-IA1") and the Directorate of General Education ("DGE-IA2").

DGAF-IA1 will undertake consolidated planning, budgeting and reporting functions, as well as to assist and advise the provincial and district education offices on project implementation. DGAF-IA1 will review and consolidate annual work plans and budgets, as well as the progress reports and financial reports prepared by both implementing agencies. DGE-IA2 will manage the implementation of Project activities.

The objective of the Project is to increase lower secondary ("LS") enrolment in target provinces through (a) improved access to LS schools; (b) improved quality of LS education; and (c) improved LS sub-sector management.

The *Project* shall comprise the following outputs:

Output 1: Improved Access to LS Schools. This output will include:

- constructing new LS schools in about 11 of those Target Provinces where no LS schools exist;
- providing school establishment packages for New Schools;
- expanding about 28 existing LS schools by additional classrooms in about 8 of the Target Provinces and expanding 5 LS schools in Phnom Penh to include 2-3 floors;
- constructing classrooms for LS in approximately 22 existing primary schools in about a of the Target Provinces;

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Notes to the financial statements (continued) for the year ended 31 December 2017

1. Background and activities (continued)

Output 1: Improved Access to LS Schools (continued)

- constructing about 27 units of teacher housing as an incentive to attract and retain teachers in remote areas in each of the target provinces and 1 dormitory at the regional teacher training center in Phnom Penh;
- providing clean water and lavatory facilities for about 76 LS schools where there are no such facilities in each of the Target Provinces; and
- campaigning (brochures, posters, media) to promote increased participation and completion of basic education with an emphasis on the benefits of girls' attainment of basic education.

Output 2: Improved Quality of LS Education. This output will include:

- introduce school-based enrichment program (SBEP) by providing support for SBEP including training for LS school directors and deputy directors to:
 - (a) Develop targeted interventions in key subject areas of math and science;
 - (b) Make classroom learning more relevant to better engage students; and
 - (c) Develop intervention strategies for improving student retention;
- pilot school improvement grants in Target Provinces by financing school improvement grants to about 100 LS schools, to be selected in accordance with the selection criteria provided in the PAM, within Target Provinces to support school directors in implementing SBEP;
- scaling up improved math and science in-service teacher training by:
 - (a) Scaling up the MoEYS's existing national math in-service teacher training (Math-INSET) pilot through the training of national trainers, consisting of MoEYS staff, at MoEYS's 6 regional teacher training centres to further train technical group leaders specialised in math at LS schools nationwide; and
 - (b) Piloting a science in-service teacher training (Science – INSET) program for about 100 LS schools linked to the Borrower's secondary resource school – secondary resource school networks in operation.
- introducing employability skills program by supporting the design and implementation of the employability skills program, guided by the MoEYS's national policy on Cambodian youth development, and aimed to provide integrated learning experiences for youth aged 12-14 years, including development of basic skills within the context of entrepreneurship and other areas supporting enterprise, and measures to foster girl's empowerment.

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Third Education Sector Development Project

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Notes to the financial statements (continued) for the year ended 31 December 2017

1. Background and activities (continued)

Output 3: Improved LS sub-sector Management: This output includes:

- strengthening school-based management and instructional leadership by providing nationwide training to directors and deputy directors of LS schools through workshops addressing the principles of school-based management, development of school improvement plans, data-based decision making, and strategies for instructional leadership that responds to local needs;
- strengthening school support committees by conducting a nationwide orientation program to disseminate guidelines to school support committees of LS schools with a focus on the role of the school support committee in implanting DSBEP and school improvement grants;
- introducing basic education school clusters by piloting basic education school clusters streamlining administration of primary and LS schools to enable sharing of resources and greater community engagement in basic education management. Basic education school clusters refer to groupings of primary and LS schools for administrative and educational purposes; and
- introducing action research for policy development by enhancing the capacity of the MoEYS's National Institute of Education and the Royal University of Phnom Penh to conduct policy development action research through impact studies and comprehensive data analysis and evaluation.

2. Significant accounting policies

(a) Basis of accounting

The financial statements, which are expressed in United States Dollars ("US\$"), have been prepared in accordance with a modified cash receipts and disbursements basis of accounting. This is a basis of accounting that is designed to meet the requirements of the Project; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards. Under this basis of accounting, income is recognised when funds are received in cash and expenditure is recognised when payments are made rather than when it is incurred, except for the advances made to contractors and prepayment that are initially recognised as a receivable and only recognised as payments when they have been liquidated by supporting invoices.

Ministry of Education, Youth and Sport

Third Education Sector Development Project ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued) for the year ended 31 December 2017

2. Significant accounting policies (continued)

(b) Statement of the second generation imprest account

The statement of the second generation imprest account is prepared in accordance with the loan agreement, and is purely used to receive and disburse for expenditure financed by the ADB loan proceeds.

(c) Non-expendable equipment

The cost of non-expendable equipment is charged to the statement of receipts and expenditure upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable equipment listing.

(d) Foreign currency translations

The Project transacts its operations and maintains its accounting records primarily in United States Dollars ("US\$"). Transactions in currencies other than US\$ are converted into US\$ at the rates of exchange prevailing on the transaction dates. Cash and bank balances in currencies other than US\$ are translated into US\$ at the open market rates of exchanged at the period end date. All foreign exchange differences are recognised in the statements of receipts and expenditure.

(e) Contribution in kind

The contribution in-kind which comprises of (i) MoEYS staff salary, (ii) training conducted by Department of Construction to School Support Committees on school building maintenance and (iii) office space and equipment for implementation consultants, from the Government are not accounted for in this statement of receipts and expenditure.

3. Cash at bank

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Imprest account – Asian Development Bank	552,032	551,415

This represents non-interest bearing current account earmarked specifically for the Project, and is maintained at the National Bank of Cambodia.

Ministry of Education, Youth and Sport

Third Education Sector Development Project ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued) for the year ended 31 December 2017

4. Advances to contractors

These represent advances which were paid directly to contractors and the details are as follows:

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Taing Cheng Oing Construction Co.,Ltd	79,160	153,777

5. Receipts

Asian Development Bank

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Initial advance	-	-	800,000
Second advance	-	-	800,000
Imprest account	5,115,069	3,692,835	12,022,302
Direct payments	546,687	139,926	686,613
Interest charge	103,667	53,433	184,808
	<u>5,765,423</u>	<u>3,886,194</u>	<u>14,493,723</u>

Receipts from the Asian Development Bank for Loan No. 2889 – CAM (SF) were paid into the first generation imprest account held by the Ministry of Economy and Finance. These receipts were then disbursed to the second generation imprest account held by the Ministry of Education, Youth and Sport at the National Bank of Cambodia.

Ministry of Education, Youth and Sport

Third Education Sector Development Project
ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued)
for the year ended 31 December 2017

6. Expenditure by disbursement category and financier

Particulars	ADB			Total
	% of financing	Actual expenditure		
		US\$	%	
Civil works	100	3,722,043	100	US\$ 3,722,043
School improvement grant	100	25,000	100	25,000
Office equipment and vehicles	100	1,745	100	1,745
Capacity development	100	392,033	100	392,033
Consultants services	100	958,015	100	958,015
Classroom materials and furniture	100	360,999	100	360,999
Recurrent costs	100	276,418	100	276,418
Interest charge	100	103,667	100	103,667
Total payments – 31 December 2017		5,839,920		5,839,920
% of total project costs – 31 December 2017		32.44%		32.44%
% of cumulative cost to total project costs – 31 December 2017		77.01%		77.01%

Ministry of Education, Youth and Sport

Third Education Sector Development Project ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued) for the year ended 31 December 2017

7. Civil works

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Phase I			
Package 1	-	179,448	503,983
Package 2	45,914	140,570	388,252
Package 3	-	68,173	356,454
Package 4	-	15,104	181,392
Package 5	-	38,208	309,075
Package 6	8,680	23,321	86,270
Package 7	-	10,169	36,440
Phase II			
Package 1	-	97,492	399,707
Package 2	-	29,471	96,871
Package 3	-	3,916	33,614
Package 4	-	154,419	510,345
Package 5	-	23,251	56,648
Package 6	50,157	177,499	671,524
Package 7	39,287	40,280	177,487
Package 8	-	50,543	160,218
Package 9	-	8,836	50,728
Phase III			
Package 1	176,931	141,208	318,139
Package 2	169,218	116,423	285,641
Package 3	214,955	62,413	277,368
Package 4	154,026	146,922	300,948
Package 5	171,088	134,149	305,237
Package 6	198,542	97,367	295,909
Package 7	102,415	166,204	268,619
Package 8	150,350	100,232	250,582
Package 9	184,176	147,023	331,199
Package 10	204,380	206,220	410,600

Ministry of Education, Youth and Sport

Third Education Sector Development Project ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued) for the year ended 31 December 2017

7. Civil works (continued)

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Phase IV			
Package 1	235,021	-	235,021
Package 2	275,538	-	275,538
Package 3	254,036	-	254,036
Package 4	226,197	-	226,197
Package 5	230,905	-	230,905
Package 6	220,047	-	220,047
Package 7	410,180	-	410,180
	<u>3,722,043</u>	<u>2,378,861</u>	<u>8,915,174</u>

8. Office equipment and vehicles

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Office equipment	1,745	61,175	114,406
Vehicles	-	4,700	234,500
	<u>1,745</u>	<u>65,875</u>	<u>348,906</u>

9. Capacity development

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Training and workshops	<u>392,033</u>	<u>136,989</u>	<u>585,346</u>

Ministry of Education, Youth and Sport

Third Education Sector Development Project ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued) for the year ended 31 December 2017

10. Consultants services

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
International consultant for school based enrichment program specialist	-	-	85,475
International consultant for procurement specialist	664,764	727,183	1,478,182
National consultant for site engineering	276,328	117,000	479,728
Out of pocket expenses	16,923	45,238	69,473
	<u>958,015</u>	<u>889,421</u>	<u>2,112,858</u>

The details of consultants services presented by types of payment is as follow:

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Direct payments	546,687	139,926	686,613
Replenishment	411,328	749,495	1,426,245
	<u>958,015</u>	<u>889,421</u>	<u>2,112,858</u>

11. Classroom materials and furniture

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Materials	92,461	56,468	148,929
Furniture	268,538	345,547	614,085
	<u>360,999</u>	<u>402,015</u>	<u>763,014</u>

Ministry of Education, Youth and Sport

Third Education Sector Development Project

ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued) for the year ended 31 December 2017

12. Recurrent costs

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
Staff allowance	62,280	80,490	322,010
Administrative costs	42,678	11,225	131,904
Operation and maintenance	26,090	32,863	98,461
Monitoring and evaluation costs	145,370	88,433	284,419
	<u>276,418</u>	<u>213,011</u>	<u>836,794</u>

Ministry of Education, Youth and Sport

Third Education Sector Development Project ADB Loan No. 2889 – CAM (SF)

Notes to the financial statements (continued) for the year ended 31 December 2017

13. Statement of Withdrawals

Withdrawal Application			Category								
No	Date	Currency	Civil works	School improvement grant	Office equipment and vehicles	Capacity development	Consultants services	Classroom materials and furniture	Recurrent costs	Interest charge	Total
WA# 00020	17-Jan-17	US\$	-	-	-	-	266,203	-	-	-	266,203
WA# 00021	3-Feb-17	US\$	821,881	25,000	49,314	-	68,732	40,871	41,659	-	1,047,457
WA# 00022	7-Apr-17	US\$	405,070	-	-	66,360	24,000	18,184	30,647	-	544,261
WA# 00023	7-Apr-17	US\$	-	-	-	-	99,775	-	-	-	99,775
WA# 00024	16-May-17	US\$	477,107	-	-	180,349	24,000	13,130	55,328	-	749,914
WA# 00025	16-Jun-17	US\$	-	-	-	-	180,709	-	-	-	180,709
WA# 00026	17-Jul-17	US\$	299,642	-	-	114,785	12,000	-	19,786	-	446,213
WA# 00027	18-Aug-17	US\$	792,060	25,000	-	-	24,000	-	51,251	-	892,311
WA# 00028	13-Oct-17	US\$	937,690	-	-	12,435	114,589	305,195	65,004	-	1,434,913
WA# 00029	20-Dec-17	US\$	580,443	-	-	18,104	203,739	24,490	36,950	-	863,726
WA# 00030	15-Jan-18	US\$	155,414	-	1,745	-	9,000	-	17,452	-	183,611
9170	1-Nov-17	US\$	-	-	-	-	-	-	-	60,008	60,008
917A	1-May-17	US\$	-	-	-	-	-	-	-	43,659	43,659
(*)		US\$	(747,264)	(25,000)	(49,314)	-	(68,732)	(40,871)	(41,659)	-	(972,840)
			3,722,043	25,000	1,745	392,033	958,015	360,999	276,418	103,667	5,839,920

(*) The amount represents the expense incurred in 2016 and replenished in WA# 00021, and the advance clearance of civil works from 2016 of US\$ 74,617.

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Notes to the financial statements (continued) for the year ended 31 December 2017

14. Statement of disbursement

Details of statement of disbursement from ADB fund are as follows:

		Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative period from 21 March 2013 to 31 December 2017 US\$
ADB fund claims during the year				
Reimbursements		5,115,069	3,692,835	12,022,302
Direct payments		546,687	139,926	686,613
	(A)	<u>5,661,756</u>	<u>3,832,761</u>	<u>12,708,915</u>
Total expenditure made during the year				
	(B)	5,839,920	4,189,605	13,861,900
Expenditure not yet claimed	(C)	(1,047,337)	(1,047,457)	(2,842,653)
Interest charge	(D)	(103,667)	(53,433)	(184,808)
Expenditure incurred in prior period but claimed during the year	(E)	1,047,457	590,269	1,795,316
Advance to contractors	(F)	(74,617)	153,777	79,160
		<u> </u>	<u> </u>	<u> </u>
Total eligible expenditure claimed	(G)	5,661,756	3,832,761	12,708,915
(G=A+B+C+D+E+F)		<u><u>5,661,756</u></u>	<u><u>3,832,761</u></u>	<u><u>12,708,915</u></u>

15. Expenditure commitments

As at 31 December 2017, the Project has the following expenditure commitments:

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
<i>Contracted, but not yet paid:</i>		
Civil works	2,821,960	4,735,196
Consultants services	108,736	415,820
	<u>2,930,696</u>	<u>5,151,016</u>

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Appendix I: Statement of Comparison of Budget and Actual Expenditure Report for the year ended 31 December 2017

Description	Year ended 31 December 2017			Year ended 31 December 2016			Cumulative period from 21 March 2013 to 31 December 2017		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Investment									
Civil works	4,184,500	3,722,043	(462,457)	3,615,000	2,378,861	(1,236,139)	13,684,870	8,915,174	(4,769,696)
School improvement grant	120,000	25,000	(95,000)	54,000	50,000	(4,000)	308,000	115,000	(193,000)
Office equipment and vehicles	-	1,745	1,745	-	65,875	65,875	192,000	348,906	156,906
Capacity development	200,000	392,033	(192,033)	44,866	136,989	92,123	347,866	585,346	237,480
Consultants services	440,000	958,015	518,015	417,000	889,421	472,421	2,293,600	2,112,858	(180,742)
Classroom materials and furniture	715,500	360,999	(354,501)	486,864	402,015	(84,849)	2,190,434	763,014	(1,427,420)
Recurrent costs	340,000	276,418	(63,582)	596,791	213,011	(383,780)	2,543,931	836,794	(1,707,137)
Interest charge	-	103,667	103,667	-	53,433	53,433	-	184,808	184,808
	6,000,000	5,839,920	(160,080)	5,214,521	4,189,605	(1,024,916)	21,560,701	13,861,900	(7,698,801)