

Audited Project Financial Statements

Project Number: 50099-002
Loan/Grant Number: 3686/0592/0593
Period covered: 1 January 2021 to 31 December 2021

Cambodia: Fourth Greater Mekong Subregion Corridor Towns Development Project

Prepared by Ministry of Public Works and Transport

For the Asian Development Bank
Date received by ADB: 15 June 2022

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 Public Works and Transport.

**ROYAL GOVERNMENT OF CAMBODIA
MINISTRY OF PUBLIC WORKS AND TRANSPORT
Fourth Greater Mekong Subregion Corridor Towns
Development Project**

ADB Loan No. 3686-CAM (COL),
Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

**Financial Statements
and Statement of Compliance
for the year ended 31 December 2021**

Project information

| | |
|---------------------------|---|
| Project title | Fourth Greater Mekong Subregion Corridor Towns Development Project |
| Project number | 50099-002 |
| Project status | Active |
| Sector/Subsector | Information and communication technology Public sector management Water and other urban infrastructure and services |
| Implementing organisation | Royal Government Cambodia Ministry of Public Works and Transports Street 598 (H.E. Chea Sophara Street), Sangkat Chrang Chamres 2, Khan Russey Keo, Phnom Penh |
| Funding Agency | Asian Development Bank Royal Government Cambodia |
| Contract period | 24 October 2018 to 30 June 2024 |
| Project cost | US\$ 88,500,000 |
| Reporting period | 1 January to 31 December 2021 |
| Principal banker | National Bank of Cambodia |
| Auditors | KPMG Cambodia Ltd |

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and No. 0593-CAM (EF)

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PART I

**Financial Statements
for the year ended 31 December 2021
and
Report of the Independent Auditors**



Ministry of Public Works and Transport

Statement by the management

I, the undersigned, do hereby state that in my opinion, the accompanying financial statements, which comprises the statement of receipts and payments and statement of advance account for the year ended 31 December 2021 and notes as set out on pages 5 to 24 of the Fourth Greater Mekong Subregion Corridor Towns Development Project ("the Project"), financed under the Asian Development Bank Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF) and implemented by the Ministry of Public Works and Transport ("MPWT", "the Executing Agency" or "EA"), present fairly, in all material respects, in accordance with the Cash Basis of Accounting of Cambodian Public Sector Accounting Standards ("CPSAS").

On behalf of the Project's management:

H.E. Vong Pisith
Project Director
Ministry of Public Works and Transport

Phnom Penh, Kingdom of Cambodia

Date: *31 May 2022*



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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 Fourth Greater Mekong Subregion Corridor Towns Development Project ("the Project"), financed under the Asian Development Bank Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF), Grant No. 0593-CAM (EF) and implemented by the Ministry of Public Works and Transports ("MPWT", "the Executing Agency" or "EA"), which comprises the statement of receipts and payments and statement of advance account for the year ended 31 December 2021 and notes, comprising significant accounting policies and other explanatory information as set out on pages 5 to 24 (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash balance of the Project as at 31 December 2021 and its cash receipts and payments for the year then ended in accordance with the Cash Basis of Accounting of Cambodian Public Sector Accounting Standards ("CPSAS").

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 on page 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 - Restriction on Use

We draw attention to Note 2 to the financial statements, which describes the financial statements are prepared for the information of and use by the management of the Project, the Ministry of Economy and Finance ("MEF"), and the Asian Development Bank ("ADB"). As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for management of the Project, the MEF and the ADB and should not be used by other parties other than the management of the Project, the MEF and the ADB. 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 and fair presentation of the financial statements in accordance with CPSAS, 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.

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 the 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 CSAs, 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Guek Teav
Partner

Phnom Penh, Kingdom of Cambodia

31 May 2022

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Statement of receipts and payments for the year ended 31 December 2021

| | | Year ended 31 December 2021 | | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|---|------|------------------------------|-------------------------------|-------------------------------|---------------|------------------|--------------------------------|--|
| | Note | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | RGC US\$ | Total US\$ | US\$ | US\$ |
| Receipts | | | | | | | | |
| Asian Development Bank | 5 | 1,233,662 | 138,664 | - | - | 1,372,326 | 917,423 | 3,565,195 |
| Royal Government of Cambodia | 5 | - | - | - | 58,154 | 58,154 | - | 128,154 |
| | | <u>1,233,662</u> | <u>138,664</u> | <u>-</u> | <u>58,154</u> | <u>1,430,480</u> | <u>917,423</u> | <u>3,693,349</u> |
| Payments by category and financier | | | | | | | | |
| Vehicle and equipment | 6 | - | - | - | - | - | 116,000 | 116,000 |
| Consulting services | 7 | 1,137,230 | 138,664 | - | - | 1,275,894 | 608,548 | 2,759,544 |
| Incremental administration costs | 8 | 66,340 | - | - | 34,362 | 100,702 | 80,587 | 196,812 |
| Interest charge | | <u>14,763</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,763</u> | <u>9,706</u> | <u>24,813</u> |
| | | <u>1,218,333</u> | <u>138,664</u> | <u>-</u> | <u>34,362</u> | <u>1,391,359</u> | <u>814,841</u> | <u>3,097,169</u> |

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Statement of receipts and payments (continued) for the year ended 31 December 2021

| Year ended 31 December 2021 | | | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|---|------------------------------|-------------------------------|-------------------------------|-------------|---------------|--------------------------------|--|
| Note | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | RGC US\$ | Total US\$ | US\$ | US\$ |
| Increase in Cash | 15,329 | - | - | 23,792 | 39,121 | 102,582 | 596,180 |
| Cash at the beginning of the year/period | 4 | 334,413 | 100,000 | 100,000 | 22,646 | 557,059 | 454,477 |
| Cash at end of the year/period | 4 | 349,742 | 100,000 | 100,000 | 46,438 | 596,180 | 557,059 |



H.E. Vong Pisith
Project Director
Ministry of Public Works and Transport



Mr. Dor Mao
Financial Management Specialist

Phnom Penh, Kingdom of Cambodia

Date: 31 May 2022

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

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Statement of advance account for the year ended 31 December 2021

| | Note | Year ended 31 December 2021 | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|--|------|------------------------------|-------------------------------|-------------------------------|---------------|--------------------------------|--|
| | | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | Total US\$ | US\$ | US\$ |
| Part A | | | | | | | |
| Beginning cash balance | | 334,413 | 100,000 | 100,000 | 534,413 | 384,477 | - |
| Receipt: | | | | | | | |
| Initial advance | 5 | - | - | - | - | 250,000 | 650,000 |
| Amount replenished by ADB | 5 | 234,607 | - | - | 234,607 | 180,381 | 414,988 |
| | | 569,020 | 100,000 | 100,000 | 769,020 | 814,858 | 1,064,988 |
| Payments made from advance account: | | | | | | | |
| Consulting services | 7 | 152,938 | - | - | 152,938 | 247,212 | 400,150 |
| Incremental administration costs | 8 | 66,340 | - | - | 66,340 | 33,233 | 115,096 |
| | | 219,278 | - | - | 219,278 | 280,445 | 515,246 |
| Ending cash balance | 4 | 349,742 | 100,000 | 100,000 | 549,742 | 534,413 | 549,742 |

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Statement of advance account (continued) for the year ended 31 December 2021

| | | Year ended 31 December 2021 | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|--|----------|------------------------------|-------------------------------|-------------------------------|---------------|--------------------------------|--|
| | Note | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | Total US\$ | US\$ | US\$ |
| Part B – Advance account reconciliation | | | | | | | |
| Initial advance | A | 450,000 | 100,000 | 100,000 | 650,000 | 650,000 | 650,000 |
| Balance of advance account as of 31 December per bank statement | | 349,742 | 100,000 | 100,000 | 549,742 | 534,413 | 549,742 |
| Less: Outstanding cheque | | - | - | - | - | - | - |
| Add: Petty cash balance | | - | - | - | - | - | - |
| Total cash balance | B | 349,742 | 100,000 | 100,000 | 549,742 | 534,413 | 549,742 |
| Total amount withdrawn from the advance account but not yet claimed for replenishment (a+b) | C | 100,258 | - | - | 100,258 | 115,587 | 100,258 |
| a. Current year withdrawn from advance account but not yet claimed for replenishment | | 100,258 | - | - | 100,258 | 115,587 | 100,258 |

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Statement of advance account (continued) for the year ended 31 December 2021

| | | Year ended 31 December 2021 | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|--|----------|------------------------------|-------------------------------|-------------------------------|----------------|--------------------------------|--|
| | Note | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | Total US\$ | US\$ | US\$ |
| Part B – Advance account reconciliation (continued) | | | | | | | |
| Total amount withdrawn from the advance account but not yet claimed for replenishment (a+b) (continued) | C | | | | | | |
| b. Other - Previous year withdrawn from advance account but not yet claimed for replenishment | | - | - | - | - | - | - |
| Total advance accounted for (B+C) | | <u>450,000</u> | <u>100,000</u> | <u>100,000</u> | <u>650,000</u> | <u>650,000</u> | <u>650,000</u> |



H.E. Vong Pisith
Project Director
Ministry of Public Works and Transport

Phnom Penh, Kingdom of Cambodia

Date: 31 May 2022

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



Mr. Dor Mao
Financial Management Specialist

Ministry of Public Work and Transport

Fourth Greater Mekong Subregion Corridor Towns Development

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements for the year ended 31 December 2021

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

1. Background and activities

The Fourth Greater Mekong Subregion Corridor Towns Development Project ("the Project") was established under the Loan Agreement No. 3686-CAM (COL), Grant Agreement No. 0592-CAM (SF) and Grant Agreement No. 0593-CAM (EF) between the Asian Development Bank ("ADB") and the Royal Government of Cambodia ("RGC") (represented by the Ministry of Economy and Finance ("MEF")) was signed on 24 October 2018 and effective on 14 December 2018, with offers loan and grants amounting to US\$78.5 million, US\$1.5 million and US\$0.5 million, respectively. RGC will provide cash contribution of US\$8 million for supplementary salaries for counterpart staff, taxes and duties, civil works, equipment and in-kind government contribution. The Project expects to have closing date on 30 June 2024.

The loan will have a maturity period of 32 years including a grace period of 8 years with an interest rate of 1% per annum during the grace period and 1.5% per annum thereafter. The principal amount of the loan is payable on a semi-annually instalment commencing from 1 January 2027 and ending on 1 July 2050.

The objective of the Project is to improve urban services for enhancing regional economic connectivity in Kampong Cham, Kratie and Stung Treng.

The Project comprises the following outputs:

Output 1 - Improvement of urban services in Participating towns

Under this output, there are three sub-outputs are as follows:

- (i) a new WWT facility with a capacity of 5,050m³/d with approximately 137km pipelines, 4,676 household connections and pump stations, 4.3km drainage channel, a controlled landfill with a volume capacity of 900,000m³ and waste collection vehicles in Kampong Cham;
- (ii) a new WWT facility with a capacity of 4,900m³/d with approximately 143 km pipelines, 2,688 household connections and pump stations, 12km drainage channel, a controlled landfill with a volume capacity of 433,500m³ and waste collection vehicles, and pedestrian walkaway rehabilitation with energy-efficient lights in Kratie; and
- (iii) a new WWT facility with a capacity of 3,800m³/d with approximately 147km pipelines, 2,253 household connections and pump stations, a controlled landfill with a volume capacity of 291,000m³ and waste collection vehicles, pedestrian walk pavement rehabilitation with street landscaping and energy-efficient street lights in Stung Treng.

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

1. Background and activities (continued)

Output 2 - Enhancement of institutional effectiveness and policy and planning environment for regional economic connectivity

Under this output, there are five sub-outputs as follows:

- (i) formulating 5-year provincial strategic development plans;
- (ii) training on resilience-based town planning;
- (iii) improving institutional capacity in urban service delivery, urban facilities, financial sustainability roadmap, contract engagement and management for private service providers;
- (iv) development of ICT-based public service and management systems, including civil and vehicle registrations, public asset management, and utility billing system for efficient and transparent government operations; and
- (v) supporting project management, construction supervision and social and safeguards monitoring.

The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the ADB Loan No. 3686-CAM (COL) and the allocation of amounts of the Loan to each such category:

| Allocation and Withdrawal of Loan Proceeds | | | |
|--|----------------------------------|---|--|
| No. | Item | Total Amount Allocated for ADB Financing (US\$) | Basis for Withdrawal from the Loan Account |
| 1 | Works | 58,615,000 | 90.9% of total expenditure claimed |
| 2 | Equipment | 1,350,000 | 100% of total expenditure claimed* |
| 3 | Consulting services | 5,597,000 | 100% of total expenditure claimed* |
| 4 | Incremental administration costs | 981,000 | 100% of total expenditure claimed |
| 5 | Interest charge | 2,256,000 | 100% of amount due |
| 6 | Unallocated | 9,701,000 | |
| | Total | 78,500,000 | |

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

1. Background and activities (continued)

The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the ADB Grant No. 0592-CAM (SF) and the allocation of amounts of the Grant to each such category:

| Allocation and Withdrawal of Grant Proceeds | | | |
|---|--|---|---|
| No. | Item | Total Amount Allocated for ADB Financing (US\$) | Basis for Withdrawal from the Grant Account |
| 1 | Works | 500,000 | 90.9% of total expenditure claimed |
| 2 | Consulting services | | |
| 2A | Project management consultant | 500,000 | 100% of total expenditure claimed |
| 2B | Information communication technology for public management | 500,000 | 100% of total expenditure claimed |
| | Total | 1,500,000 | 100% of total expenditure claimed |

The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the ADB Grant No. 0593-CAM (EF) and the allocation of amounts of the Grant to each such category:

| Allocation and withdrawals of Grant Proceeds | | | |
|--|---|---|---|
| No. | Item | Total Amount Allocated for ADB Financing (US\$) | Basis for Withdrawal from the Grant Account |
| 1 | Consulting services- Information communication technology for public management | 500,000 | 100% of total expenditure claimed* |
| | Total | 500,000 | |

(*) The RGC will finance taxes and duties through exemption and/or cash contribution and cash contribution for other costs.

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

2. Basis of accounting

(a) Statement of compliance

The financial statements have been prepared in accordance with the Cash Basis of Accounting of Cambodian Public Sector Accounting Standards ("CPSAS").

The financial statements are prepared for the information of and use by the management of the Project, the Ministry of Economy and Finance ("MEF") and the ADB. As a result, the financial statements may not be suitable for another purpose.

(b) Basis of measurement

The financial statements expressed in United States Dollars (US\$) have been prepared under the historical cost convention.

3. Significant accounting policies

(a) Fund receipts and payments

Fund receipts are defined as the fund received by the Project from developing partners and RGC. This is recognised when received and recorded as gross amounts of bank charges.

Payments represents all costs paid to support the objective of the Project and are recognised when paid.

(b) Statement of advance account

The statement of advance account is prepared in accordance with the Loan and Grants Agreements and is purely used to receive and disburse for expenditure financed by the ADB loan and grants proceeds.

(c) Non-expendable equipment

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

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

3. Significant accounting policies (continued)

(d) Interest charge

The interest charged by the ADB is a direct payment and accounted for in the statement of receipts and payments as receipts with corresponding payment category.

(e) Foreign currency transactions

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 published by the National Bank of Cambodia ("NBC").

Cash and bank balances in currencies other than US\$ are translated into US\$ at the open market rates of exchange at the year-end date. All foreign exchange differences are recognised in the statement of receipts and payments and the statement of advance account.

(f) In-kind contribution

All in-kind contribution from the RGC to the Project is not accounted for in the statement of receipts and payments and statement of advance account. In-kind contribution is disclosed in the note to the financial statements for information only.

4. Cash

Cash comprises demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks.

Cash included in the statement of receipts and payments and statement of advance account comprise the following amounts:

| | As at 31 December 2021 US\$ | As at 31 December 2020 US\$ |
|------------------------------|-----------------------------------|-----------------------------------|
| Advance accounts: | | |
| ADB Loan No. 3686 | 349,742 | 334,413 |
| ADB Grant No. 0592 | 100,000 | 100,000 |
| ADB Grant No. 0593 | 100,000 | 100,000 |
| Royal Government of Cambodia | 46,438 | 22,646 |
| | <u>596,180</u> | <u>557,059</u> |

The above accounts represent bank balances maintained in a separate bank account with the NBC.

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Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

5. Receipts

| | Year ended 31 December 2021 | | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|-----------------------|------------------------------|-------------------------------|-------------------------------|---------------|------------------|--------------------------------|--|
| | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | RGC US\$ | Total US\$ | US\$ | US\$ |
| ADB | | | | | | | |
| Direct payments (*) | 999,055 | 138,664 | - | - | 1,137,719 | 487,042 | 2,500,207 |
| Advance account (**) | <u>234,607</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>234,607</u> | <u>430,381</u> | <u>1,064,988</u> |
| | 1,233,662 | 138,664 | - | - | 1,372,326 | 917,423 | 3,565,195 |
| RGC | | | | | | | |
| Advance account (***) | <u>-</u> | <u>-</u> | <u>-</u> | <u>58,154</u> | <u>58,154</u> | <u>-</u> | <u>128,154</u> |
| | <u>1,233,662</u> | <u>138,664</u> | <u>-</u> | <u>58,154</u> | <u>1,430,480</u> | <u>917,423</u> | <u>3,693,349</u> |

(*) Direct payments represent advance payments made by ADB directly to the consultants on behalf of the Project.

(**) The statement of advance account is prepared in accordance with the Loan and Grants agreements and purely used to receive and disburse for expenditure financed by the ADB Loan and Grants proceeds.

(***) This represents advance from the RGC during the year/period.

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

6. Vehicle and equipment

| | Year ended 31 December 2021 | | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|------------------------|------------------------------|-------------------------------|-------------------------------|-------------|---------------|--------------------------------|--|
| | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | RGC US\$ | Total US\$ | US\$ | US\$ |
| Direct payment: | | | | | | | |
| Trucks | - | - | - | - | - | 116,000 | 116,000 |

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

7. Consulting services

| | Year ended 31 December 2021 | | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|-------------------------|------------------------------|-------------------------------|-------------------------------|-------------|---------------|--------------------------------|--|
| | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | RGC US\$ | Total US\$ | US\$ | US\$ |
| Direct payment: | | | | | | | |
| Project management | 984,292 | 138,664 | - | - | 1,122,956 | 361,336 | 2,359,394 |
| Advance account: | | | | | | | |
| Project management | 46,400 | - | - | - | 46,400 | 162,799 | 209,199 |
| Project implementation | 30,938 | - | - | - | 30,938 | 71,813 | 102,751 |
| Finance management | 39,600 | - | - | - | 39,600 | 6,600 | 46,200 |
| Procurement | 36,000 | - | - | - | 36,000 | 6,000 | 42,000 |
| | 152,938 | - | - | - | 152,938 | 247,212 | 400,150 |
| | 1,137,230 | 138,664 | - | - | 1,275,894 | 608,548 | 2,759,544 |

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Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

8. Incremental administration costs

| | Year ended 31 December 2021 | | | | | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|-------------------------|------------------------------|-------------------------------|-------------------------------|---------------|----------------|--------------------------------|--|
| | ADB Loan No. 3686 US\$ | ADB Grant No. 0592 US\$ | ADB Grant No. 0593 US\$ | RGC US\$ | Total US\$ | US\$ | US\$ |
| Advance account: | | | | | | | |
| Travel cost | 36,182 | - | - | - | 36,182 | 27,226 | 77,408 |
| Office cost | 13,456 | - | - | - | 13,456 | 4,298 | 19,277 |
| Vehicle O&M | 16,702 | - | - | - | 16,702 | 1,709 | 18,411 |
| Incremental salary | - | - | - | 32,400 | 32,400 | 45,380 | 77,780 |
| Road tax | - | - | - | 1,962 | 1,962 | 1,974 | 3,936 |
| | <u>66,340</u> | <u>-</u> | <u>-</u> | <u>34,362</u> | <u>100,702</u> | <u>80,587</u> | <u>196,812</u> |

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Notes to the financial statements (continued) for the year ended 31 December 2021

9. Statement of disbursement

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

| | | Year ended 31 December 2021 | Year ended 31 December 2020 | Cumulative period from 14 December 2018 to 31 December 2021 |
|--|------|--------------------------------|--------------------------------|--|
| | Note | US\$ | US\$ | US\$ |
| ADB fund claims during the year/period | | | | |
| Direct payments | | 1,137,719 | 487,042 | 2,500,207 |
| Advance account | | 234,607 | 430,381 | 1,064,988 |
| Sub-total | (A) | <u>1,372,326</u> | <u>917,423</u> | <u>3,565,195</u> |
| Total payments made during the year/period | (B) | 1,391,359 | 814,841 | 3,097,169 |
| Payments made out of Government Counterpart fund | (C) | (34,362) | (47,354) | (81,716) |
| Payments in prior year claim during the year/period | (D) | 115,587 | 15,523 | 115,587 |
| Payments not yet claimed during the year/period | (E) | (100,258) | (115,587) | (215,845) |
| Initial advance remains unused | (F) | - | 250,000 | 650,000 |
| Total eligible payments claimed (G=A+B+C+D+E+F) | (G) | <u>1,372,326</u> | <u>917,423</u> | <u>3,565,195</u> |

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Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued)
for the year ended 31 December 2021

10. Payments by category and financiers

| Particulars | ADB Loan No. 3686-CAM (COL) | | ADB Grant No. 0592-CAM (SF) | | RGC | | Total |
|---|--------------------------------|------|--------------------------------|-----|---------------|-----|------------------|
| | US\$ | % | US\$ | % | US\$ | % | US\$ |
| Vehicle and equipment | - | 0% | - | 0% | - | 0% | - |
| Consulting services | 1,137,230 | 89% | 138,664 | 11% | - | 0% | 1,275,894 |
| Incremental administration costs | 66,340 | 66% | - | 0% | 34,362 | 34% | 100,702 |
| Interest charge | 14,763 | 100% | - | 0% | - | 0% | 14,763 |
| Total payments – for the year ended 31 December 2021 | 1,218,333 | | 138,664 | | 34,362 | | 1,391,359 |
| Total cumulative payments – for the period from 14 December 2018 to 31 December 2021 | 2,515,453 | | 500,000 | | 81,716 | | 3,097,169 |
| % of total project costs – for the year ended 31 December 2021 | 1.55% | | 9.24% | | 0.43% | | 1.57% |
| % of total project costs – for the period from 14 December 2018 to 31 December 2021 | 3.20% | | 33.33% | | 1.02% | | 3.50% |

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Notes to the financial statements (continued)
for the year ended 31 December 2021

11. Statement of withdrawals

| Withdrawal application No. | Description | Date | Currency | Consulting services | Incremental administration costs | Vehicle and equipment | Interest charge | Initial advance | Total |
|---|----------------|-----------|----------|-----------------------|----------------------------------|-----------------------|-----------------|-----------------|------------------|
| ADB fund | | | | | | | | | |
| Year ended 31 December 2021 | | | | | | | | | |
| ADB Loan No. 3686-CAM (COL) | | | | | | | | | |
| A0008 | Replenishment | 20-Aug-21 | US\$ | 194,525 | 40,082 | - | - | - | 234,607 |
| Sub-total (A) | | | | US\$ 194,525 | 40,082 | - | - | - | 234,607 |
| CAP | Direct Payment | 31-Jan-21 | US\$ | - | - | - | 6,339 | - | 6,339 |
| A0006 | Direct Payment | 14-Apr-21 | US\$ | 107,979 | - | - | - | - | 107,979 |
| A0007 | Direct Payment | 26-Jul-21 | US\$ | 101,590 | - | - | - | - | 101,590 |
| CAP | Direct Payment | 31-Jul-21 | US\$ | - | - | - | 8,424 | - | 8,424 |
| A0009 | Direct Payment | 8-Dec-21 | US\$ | 774,723 | - | - | - | - | 774,723 |
| Sub-total (B) | | | | US\$ 984,292 | - | - | 14,763 | - | 999,055 |
| ADB Grant No. 0592-CAM (SF) | | | | | | | | | |
| B0004 | Direct payment | 13-Apr-21 | US\$ | 138,664 | - | - | - | - | 138,664 |
| Sub-total (C) | | | | US\$ 138,664 | - | - | - | - | 138,664 |
| RGC | | | | | | | | | |
| D0002 | Replenishment | 10-Aug-21 | US\$ | - | 58,154 | - | - | - | 58,154 |
| Sub-total (D) | | | | - | 58,154 | - | - | - | 58,154 |
| Total direct payment (E=B+C+D) | | | | US\$ 1,122,956 | 58,154 | - | 14,763 | - | 1,195,873 |
| Total fund receipt during the year (F=A+E) | | | | US\$ 1,317,481 | 98,236 | - | 14,763 | - | 1,430,480 |

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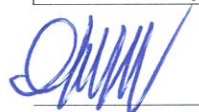
Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

11. Statement of withdrawals (continued)

| <i>Withdrawal application No.</i> | <i>Description</i> | <i>Date</i> | <i>Currency</i> | <i>Consulting services</i> | <i>Incremental administration costs</i> | <i>Vehicle and equipment</i> | <i>Interest charge</i> | <i>Initial advance</i> | <i>Total</i> |
|--|---|-------------|-----------------|----------------------------|---|------------------------------|------------------------|------------------------|------------------|
| Year ended 31 December 2021 | | | | | | | | | |
| | ADB Loan No. 3686-CAM (COL) | | US\$ | 1,178,817 | 40,082 | - | 14,763 | - | 1,233,662 |
| | ADB Grant No. 0592-CAM (SF) | | US\$ | 138,664 | - | - | - | - | 138,664 |
| | ADB Grant No. 0593-CAM (EF) | | US\$ | - | - | - | - | - | - |
| | Total fund receipts for the year ended 31 December 2021 | | US\$ | 1,317,481 | 40,082 | - | 14,763 | - | 1,372,326 |
| Cumulative period from 14 December 2018 to 31 December 2021 | | | | | | | | | |
| | ADB Loan No. 3686-CAM (COL) | | US\$ | 2,198,544 | 75,838 | 116,000 | 24,813 | 450,000 | 2,865,195 |
| | ADB Grant No. 0592-CAM (SF) | | US\$ | 500,000 | - | - | - | 100,000 | 600,000 |
| | ADB Grant No. 0593-CAM (EF) | | US\$ | - | - | - | - | 100,000 | 100,000 |
| | Total ADB fund | | US\$ | 2,698,544 | 75,838 | 116,000 | 24,813 | 650,000 | 3,565,195 |
| RGC fund | | | | | | | | | |
| | Year ended 31 December 2021 | | US\$ | - | 58,154 | - | - | - | 58,154 |
| | Period from 14 December 2018 to 31 December 2020 | | US\$ | - | - | - | - | 70,000 | 70,000 |
| | Cumulative period from 14 December 2018 to 31 December 2021 | | US\$ | - | 58,154 | - | - | 70,000 | 128,154 |
| | Total fund receipts for the period from 14 December 2018 to 31 December 2021 | | US\$ | 2,698,544 | 133,992 | 116,000 | 24,813 | 720,000 | 3,693,349 |



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Date: 31 May 2022



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Financial Management Specialist

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Notes to the financial statements (continued) for the year ended 31 December 2021

12. Items not recognised in the statement of receipts and payments

12.1 Income from selling bid documents

During the year/period, the Project sold bidding documents on behalf of the National Treasury Departments ("NTD") as follows:

| | Year ended 31 December 2021 US\$ | Year ended 31 December 2020 US\$ | Cumulative period from 14 December 2018 to 31 December 2021 US\$ |
|--------------------|--|--|--|
| Receipt | 8,050 | 150 | 8,200 |
| Transferred to NTD | <u>(8,050)</u> | <u>(150)</u> | <u>(8,200)</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> |

12.2 In kind contribution

The Project's management has identified and calculated in-kind contribution from the RGC to the Project based on the guideline from the MEF as follows:

| | Year ended 31 December 2021 US\$ | Year ended 31 December 2020 US\$ | Cumulative period from 14 December 2018 to 31 December 2021 US\$ |
|--------------------------|--|--|--|
| Salary for project staff | 55,020 | 55,020 | 165,060 |
| Office rental | 26,784 | 26,784 | 80,352 |
| Utilities | 13,507 | 13,507 | 40,521 |
| Tax and duties | | | |
| Withholding tax | 179,381 | 207,837 | 387,218 |
| Custom duties | - | 89,436 | 89,436 |
| VAT and import duties | <u>-</u> | <u>11,600</u> | <u>11,600</u> |
| | <u>274,692</u> | <u>404,184</u> | <u>774,187</u> |

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Notes to the financial statements (continued) for the year ended 31 December 2021

12. Items not recognised in the statement of receipts and payments (continued)

12.3 Payment commitments

As at 31 December 2021, the Project has the following payment commitments:

| | As at 31 December 2021 US\$ | As at 31 December 2020 US\$ |
|------------------------------|-----------------------------------|-----------------------------------|
| Contracted but not yet paid: | | |
| Consulting services | <u>3,781,049</u> | <u>4,844,161</u> |

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ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Appendix I: Statement of budget versus actual payments for the year ended 31 December 2021

| Description | Year ended 31 December 2021 | | | | Year ended 31 December 2020 | | | | Cumulative for the period from 14 December 2018 to 31 December 2021 | | | |
|----------------------------------|--------------------------------|------------------|--------------|--------------|--------------------------------|----------------|---------------|--------------|--|------------------|---------------|--------------|
| | Budget | Actual | Variance | | Budget | Actual | Variance | | Budget | Actual | Variance | |
| | US\$ | US\$ | US\$ | % | US\$ | US\$ | US\$ | % | US\$ | US\$ | US\$ | % |
| Investment | | | | | | | | | | | | |
| Vehicle and equipment | - | - | - | 0.00% | 116,000 | 116,000 | - | 0.00% | 116,000 | 116,000 | - | 0.00% |
| Consulting services | 1,282,969 | 1,275,894 | 7,075 | 0.55% | 628,693 | 608,548 | 20,145 | 3.20% | 2,786,764 | 2,759,544 | 27,220 | 1.34% |
| Incremental administration costs | 102,900 | 100,702 | 2,198 | 2.14% | 92,044 | 80,587 | 11,457 | 12.45% | 218,944 | 196,812 | 22,132 | 10.11% |
| Interest charge | 15,000 | 14,763 | 237 | 1.58% | 9,708 | 9,706 | 2 | 0.02% | 25,052 | 24,813 | 239 | 0.02% |
| Total | 1,400,869 | 1,391,359 | 9,510 | 0.68% | 846,445 | 814,841 | 31,604 | 3.73% | 3,146,760 | 3,097,169 | 49,591 | 1.58% |



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