

**ROYAL GOVERNMENT OF CAMBODIA**  
**MINISTRY OF PUBLIC WORKS AND TRANSPORT**  
**Greater Mekong Subregion (GMS)**  
**Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (COL),  
ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and  
UEIF Grant No. 0334 – CAM (UEIF)

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

## Project information

Project title	Greater Mekong Subregion (GMS) Southern Economic Corridor Towns Development Project
Project number	43319-033
Project status	Active
Sector/subsector	Water and other urban infrastructure and services/ Other urban services - Urban flood protection - Urban policy, institutional and capacity development – Urban sewerage - Urban solid waste management
Implementing organisation	ROYAL GOVERNMENT OF CAMBODIA MINISTRY OF PUBLIC WORKS AND TRANSPORT Street 598 (H.E. Chea Sophara Street), Sangkat Chrang Chamres 2, Khan Russey Keo, Phnom Penh
Source of Funding	Asian Development Fund - ADB Loan No. 2983 – CAM (COL) ADB Strategic Climate Fund - ADB Loan No. 8265 – CAM (SCF) - ADB Grant No. 0335 – CAM (SCF) Urban Environmental Infrastructure Fund - Grant No. 0334 – CAM (UEIF) Royal Government of Cambodia
Contract period	8 April 2013 to 31 December 2023
Project costs	US\$54,770,000
Reporting period	For the period from 1 January to 31 December
Principal bankers	National Bank of Cambodia Foreign Trade Bank of Cambodia
Auditors	KPMG Cambodia Ltd

# Ministry of Public Works and Transport

## GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Contents

	<b>Page</b>
<b>PART I FINANCIAL STATEMENTS</b>	
Statement by the management	1
Report of the Independent Auditors	2 – 4
Statement of receipts and payments	5 – 6
Statement of advance accounts	7 – 9
Notes to the financial statements	10 – 32
Appendix I: Statement of budget versus actual payments	i
<b>PART II INDEPENDENT ASSURANCE REPORT ON COMPLIANCE</b>	
Management assertion	33
Independent reasonable assurance report	34 – 36
Statement of Compliance with the Financing Agreements	37 – 41

# **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 accounts for the year ended 31 December 2021 and notes as set out on pages 5 to 32 of *GMS Southern Economic Corridor Towns Development Project* (“the Project”), financed under the Asian Development Bank Loan No. 2983 – CAM (COL), ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF), ADB Strategic Climate Fund Grant No. 0335 – CAM (SCF) and the Urban Environmental Infrastructure Fund Grant No. 0334 – CAM (UEIF) and implemented by the Ministry of Public Works and Transport (“MPWT”, “the Project Management Unit” or “the PMU”) 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 management:*

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

Phnom Penh, Kingdom of Cambodia

31 May 2022



KPMG Cambodia Ltd  
GIA Tower, Sopheak Mongkul Street, Phum 14  
Sangkat Tonle Bassac, Khan Chamkar Mon  
Phnom Penh, Cambodia  
+ 855 (17) 666 537 / + 855 (81) 533 999 | kpmg.com.kh

## **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 GMS Southern Economic Corridor Towns Development Project (“the Project”), financed under the Asian Development Bank Loan No. 2983 – CAM (COL), ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF), ADB Strategic Climate Fund Grant No. 0335 – CAM (SCF) and the Urban Environmental Infrastructure Fund Grant No. 0334 – CAM (UEIF) and implemented by the Ministry of Public Works and Transport (“MPWT”, “the Project Management Unit” or “the PMU”), which comprises the statement of receipts and payments and statement of advance accounts for the year ended 31 December 2021 and notes, comprising significant accounting policies and other explanatory information as set out on pages 5 to 32 (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 the management of the Project, MEF and ADB and should not be used by other parties other than the management of the Project, MEF and 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 PMU'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 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 PMU'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 PMU 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



Nge Huy  
Partner

Phnom Penh, Kingdom of Cambodia

31 May 2022

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

	Note	Year ended 31 December 2021					Year ended	Cumulative	
		Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	Total US\$	31 December 2020 US\$	period from 8 April 2013 to 31 December 2021 US\$
<b>Receipts</b>									
Asian Development Bank	5(a)	1,913,895	-	-	-	-	1,913,895	12,637,380	28,311,421
ADB Strategic Climate Fund	5(b)	-	284,848	107,867	-	-	392,715	3,025,637	7,861,181
Urban Environment Infrastructure Fund	5(c)	-	-	-	-	-	-	-	1,500,000
Government Counterpart Fund	5(d)	-	-	-	-	27,300	27,300	56,893	421,691
		<u>1,913,895</u>	<u>284,848</u>	<u>107,867</u>	<u>-</u>	<u>27,300</u>	<u>2,333,910</u>	<u>15,719,910</u>	<u>38,094,293</u>
<b>Payments by category and financier</b>									
Civil works	6	1,304,398	281,098	107,867	-	-	1,693,363	14,534,142	30,329,480
Consulting services	7	239,052	12,662	12,752	-	-	264,466	734,932	5,632,188
Non-expendable equipment		-	-	-	-	-	-	-	367,282
Incremental administration	8	31,031	-	-	-	50,344	81,375	101,304	838,939
Interest and Service charge		<u>331,342</u>	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,092</u>	<u>188,783</u>	<u>704,723</u>
		<u>1,905,823</u>	<u>297,510</u>	<u>120,619</u>	<u>-</u>	<u>50,344</u>	<u>2,374,296</u>	<u>15,559,161</u>	<u>37,872,612</u>
<b>Increase/(Decrease) in Cash</b>		<u>8,072</u>	<u>(12,662)</u>	<u>(12,752)</u>	<u>-</u>	<u>(23,044)</u>	<u>(40,386)</u>	<u>160,749</u>	<u>221,681</u>

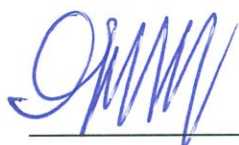
## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

	Note	Year ended 31 December 2021					Year ended	Cumulative	
		Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	Total US\$	31 December 2020 US\$	period from 8 April 2013 to 31 December 2021 US\$
Cash at beginning of the year		168,422	34,150	32,245	-	27,250	262,067	101,318	-
Increase/(Decrease) in Cash		8,072	(12,662)	(12,752)	-	(23,044)	(40,386)	160,749	221,681
Cash at end of the year	4	176,494	21,488	19,493	-	4,206	221,681	262,067	221,681



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

Phnom Penh, Kingdom of Cambodia  
31 May 2022

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



Mr. Mao Dor  
Financial Management Specialist  
Ministry of Public Works and Transport

Phnom Penh, Kingdom of Cambodia  
31 May 2022

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Statement of advance accounts for the year ended 31 December 2021

Note	Year ended 31 December 2021					Year ended 31 December 2020	Cumulative period from 8 April 2013 to 31 December 2021
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	Total US\$	US\$	US\$
<b>Part A</b>							
<b>Beginning cash balance</b>	168,422	34,150	32,245	-	234,817	73,988	-
<b>Receipt:</b>							
Initial Advance	-	-	-	-	-	-	305,000
Amount replenished by ADB	125,451	-	-	-	125,451	231,012	806,723
	<u>293,873</u>	<u>34,150</u>	<u>32,245</u>	<u>-</u>	<u>360,268</u>	<u>305,000</u>	<u>1,111,723</u>
<b>Payments made from advance</b>							
<b>Accounts</b>							
Civil works	-	-	-	-	-	25,853	64,633
Consulting services	86,348	12,662	12,752	-	111,762	-	371,164
Non-expendable equipment	-	-	-	-	-	-	27,976
Incremental administration	31,031	-	-	-	31,031	44,330	430,475
	<u>117,379</u>	<u>12,662</u>	<u>12,752</u>	<u>-</u>	<u>142,793</u>	<u>70,183</u>	<u>894,248</u>
<b>Ending cash balance</b>	<u>176,494</u>	<u>21,488</u>	<u>19,493</u>	<u>-</u>	<u>217,475</u>	<u>234,817</u>	<u>217,475</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

	Note	Year ended 31 December 2021				Total US\$	Year ended	Cumulative
		Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$		31 December 2020	period from 8 April 2013 to 31 December 2021
						US\$	US\$	
<b>Part B – Advance account reconciliation</b>								
<b>Initial advance</b>	<b>A</b>	<b>238,605</b>	<b>34,150</b>	<b>32,245</b>	<b>-</b>	<b>305,000</b>	<b>305,000</b>	
<b>Balance of advance account as of 31 December per bank statement</b>		176,494	21,488	19,493	-	217,475	217,475	
Less: Outstanding cheque		-	-	-	-	-	-	
Add: Petty cash balance		-	-	-	-	-	-	
<b>Total cash balance</b>	<b>B</b>	<b>176,494</b>	<b>21,488</b>	<b>19,493</b>	<b>-</b>	<b>217,475</b>	<b>217,475</b>	
Add: Amount of eligible expenditure claimed during the year	C	-	-	-	-	-	-	
Add: Amount claimed in previous year not yet credited at date of bank statement	D	-	-	-	-	-	-	
Less: Interest income	E	-	-	-	-	-	-	


## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

	Note	Year ended 31 December 2021				Total US\$	Year ended	Cumulative
		Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$		31 December 2020	period from 8 April 2013 to 31 December 2021
						US\$	US\$	
<b>Total amount withdrawn from the advance account but not yet claimed for replenishment (a+b+c+d)</b>	F	62,111	12,662	12,752	-	87,525	70,183	87,525
a. Sub-accounts		-	-	-	-	-	70,183	-
b. Transfer in transit		-	-	-	-	-	-	-
c. Current year withdrawn from advance Accounts but not yet claimed for replenishment		62,111	12,662	12,752	-	87,525	-	87,525
d. Other– Previous year withdrawn from account but not yet claimed for replenishment		-	-	-	-	-	-	-
<b>Total advance accounted for (B+C+D+E+F)</b>		<b>238,605</b>	<b>34,150</b>	<b>32,245</b>	<b>-</b>	<b>305,000</b>	<b>305,000</b>	<b>305,000</b>



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

Phnom Penh, Kingdom of Cambodia

31 May 2022

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



Mr. Mao Dor  
Financial Management Specialist  
Ministry of Public Works and Transport

## **Ministry of Public Works and Transport**

### **GMS Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### **1. Background and activities**

The financing agreements (“the Agreements”) for GMS Southern Economic Corridor Towns 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 (“MEF”)) was signed on 8 April 2013. The Ministry of Public Works and Transport (“MPWT” or “PMU”) is responsible for the implementation of this Project. The agreement includes ADB Loan No. 2983 – CAM (COL), ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF) and ADB Strategic Climate Fund Grant No. 0335 – CAM (SCF) in which ADB is acting in its capacity as an implementing agency of the Strategic Climate Fund (“SCF”), Urban Environmental Infrastructure Fund Grant No. 0334 – CAM (UEIF), whereby the ADB agreed to offer loan and grant amounting to Special Drawing Rights 24,023,000 (US\$37,000,000 equivalent at the time of loan negotiation); US\$5,000,000; US\$4,400,000 and US\$1,500,000; respectively. RGC has committed to contribute US\$6,870,000, therefore, the Project’s estimated cost in total is US\$54,770,000.

The effective date of the Project was 8 April 2013 and was expected to be completed by 30 June 2019. On 3 April 2017, the Project requested to the MEF to extend the Project’s completion from 30 June 2019 to 30 June 2021. Later on, the Project requested another extension to 31 December 2023. The extension of the closing date was approved by ADB on 10 December 2020. The Urban Environmental Infrastructure Fund Grant No. 0334 – CAM (UEIF) has been formally closed on 30 June 2019. The Grant proceeds were 100% utilised. The request was approved by the ADB on 8 July 2019.

The objective of the Project is to improve urban infrastructure and enhance climate resilience in Battambang, Bavet, Neak Loeung and Poipet. The Project has three key outputs:

- (i) Strategic Local Economic Development Plans (“SLEDP”) adopted and implemented in Battambang, Bavet, Neak Loeung, and Poipet;
- (ii) Priority urban infrastructure investments implemented; and
- (iii) Institutional capacities strengthened.

## **Ministry of Public Works and Transport**

### **GMS Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### **1. Background and activities (continued)**

ADB Loan No. 2983 – CAM (COL) is repayable over 23 years, from 1 May 2021 to 1 November 2044, with an interest rate of 1% per annum during the grace period to 1 May 2021 and 1.5% per annum thereafter.

ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF) is repayable over 30 years, from 1 May 2023 to 1 November 2052, with an interest rate of 0.10% per annum.

On 14 December 2016, the Project, through the MEF, requested to the ADB to revise Loan and Grant categories and reallocation of Loan and Grant proceeds. The request was approved by the ADB on 26 January 2017.

ADB Strategic Climate Fund Grant No. 0335 – CAM (SCF) shall cause the proceeds of the Grants to be applied to the financing of expenditures on the project in accordance with the provisions of Grants agreement and ADB Loan agreement. The proceeds of Grant shall be allocated on the basis of the withdrawal percentage for categories items of expenditure.

# Ministry of Public Works and Transport

## GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

#### 1. Background and activities (continued)

The tables below set forth the original and revised and reallocated categories of items of payment to be financed out of the proceeds of the financiers as follows:

##### a). Original and reallocated budget for ADB Loan No. 2983 – CAM (COL) – all amounts in SDR

Category No.		Item	Original allocation		Original % basis for withdrawal from Loan Account	Revised allocation (5 August 2021)		Revised % basis for withdrawal from Loan Account
Original	Revised		Category	Sub-category		Category	Sub-category	
<b>1</b>	<b>1</b>	<b>Work</b>	<b>18,451,000</b>			<b>19,709,406</b>		
	1A	Battambang/Poipet Storm Drainage		11,510,000		5,375,777	62.4%*	
	1B	Road & Solid waste management		6,941,000		6,880,696	100.0%*	
1A		Battambang wastewater treatment		6,247,000				
1D		Bavet urban roads		5,010,000				
1F		Poipet wastewater treatment		1,576,000				
1C		Bavet wastewater treatment		1,277,000				
1G		Poipet solid waste management		1,931,000				
	1H	Bavet storm Drainage/Neak Loeung flood control				7,452,933	77.03%*	
1E		Neak Loeung flood control		1,581,000				
1B		Battambang flood control		829,000				
<b>2</b>	<b>2</b>	<b>Consulting services</b>	<b>2,436,480</b>			<b>3,164,254</b>		
2A	2A	Project implementation support and capacity development		986,000	71.5%	2,022,393	71.5%*	
2B	2B	Detailed engineering design		580,519	77.6%	451,736	77.6%*	
2C	2C	Consultant supervision		788,961	77.6%	427,947	58.0%*	
2D	2D	External monitoring		81,000	100.0%			
2E	2E	Consultant supervision				262,178	100.0%	
<b>3</b>	<b>3</b>	<b>Equipment</b>	<b>227,273</b>		<b>100.0%</b>	<b>262,255</b>	<b>100.0%</b>	
<b>4</b>	<b>4</b>	<b>Training</b>	<b>97,403</b>		<b>100.0%</b>			
<b>5</b>	<b>5</b>	<b>Incremental administration</b>	<b>467,532</b>			<b>305,085</b>		
5A	5A	Project management unit		233,766	81.3%	217,665	100.0%	
5B	5B	Project implementation unit		233,766	81.1%	87,420	100.0%	
<b>6</b>	<b>6</b>	<b>Unallocated</b>	<b>1,760,948</b>					
<b>7</b>	<b>7</b>	<b>Interest during construction</b>	<b>582,000</b>		<b>100.0%**</b>	<b>582,000</b>	<b>100.0%**</b>	
		<b>Total</b>	<b>24,023,000</b>			<b>24,023,000</b>		

\* % of total expenditure claimed, exclusive of taxes and duties imposed with the facilities of the borrower,

\*\* Total amount due.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 1. Background and activities (continued)

#### b). Original and reallocated budget for ADB SCF Loan No. 8265 – CAM (SCF) – all amounts in US\$

Category No.		Item	Original allocation		Original % basis for withdrawal from Loan Account	Revised allocation (5 August 2021)		Revised % basis for withdrawal from Loan Account
Original	Revised		Category	Sub-category		Category	Sub-category	
<b>1</b>	<b>1</b>	<b>Work</b>	<b>3,780,000</b>			<b>4,086,055</b>		
	1A	Battambang/Poipet Storm Drainage				1,828,652	15.3% *	
1A		Battambang wastewater treatment		1,745,000	13.6%			
1E		Poipet Loeung wastewater treatment		609,000	17.0%			
	1H	Bavet Dstorm Drainage/Neak Loeung flood control				2,257,403	16.6% *	
1C		Bavet wastewater treatment		494,000	17.0%			
1D		Neak Loeung flood control		611,000	17.0%			
1B		Battambang flood control		321,000	17.0%			
<b>2</b>	<b>2</b>	<b>Consulting services</b>	<b>623,000</b>			<b>899,654</b>		
2A	2A	Project implementation support and capacity development		300,000		577,670	14.2% *	
2B	2B	Detailed engineering design		139,000	14.2%	98,080	12.1% *	
2C	2C	Consultant supervision		184,000	12.1%	223,904	0.0% *	
<b>3</b>	<b>3</b>	<b>Incremental administration</b>	<b>80,000</b>			<b>1,291</b>		
	3A	Project management unit		40,000	9.0%	1,291		
	3B	Project implementation unit		40,000	9.0%			
<b>4</b>	<b>4</b>	<b>Interest during construction</b>	<b>13,000</b>		<b>13.9%</b>	<b>13,000</b>	<b>100% **</b>	
<b>5</b>	<b>5</b>	<b>Unallocated</b>	<b>504,000</b>		<b>1.5% **</b>			
		<b>Total</b>	<b>5,000,000</b>			<b>5,000,000</b>		

\* % of total expenditure claimed, exclusive of taxes and duties imposed with the facilities of the borrower.

\*\* Total amount due.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 1. Background and activities (continued)

#### c). Original and reallocated budget for ADB SCF Grant No. 0335 – CAM (SCF) – all amounts in US\$

Category No.		Item	Original allocation		Original % basis for withdrawal from Grant Account	Revised allocation (5 August 2021)		Revised % basis for withdrawal from Grant Account
Original	Revised		Category	Sub-category		Category	Sub-category	
<b>1</b>	<b>1</b>	<b>Work</b>	<b>3,270,000</b>			<b>3,531,513</b>		
	1A	Battambang/Poipet Storm Drainage				2,665,290	22.3% *	
1A		Battambang wastewater treatment		1,481,000	11.5%			
1E		Poipet wastewater treatment		536,000	15.0%			
1C		Bavet wastewater treatment		434,000	15.0%			
1D		Neak Loeung flood control		537,000	15.0%			
	1H	Bavet Storm Drainage/Neak Loeung flood control				866,223	6.3% *	
1B		Battambang flood control		282,000	15.0%			
<b>2</b>	<b>2</b>	<b>Consulting services</b>	<b>590,000</b>			<b>867,096</b>		
2A	2A	Project implementation support and capacity development		304,000	14.3%	580,058	14.3% *	
2B	2B	Detailed engineering design		119,000	10.3%	83,489	10.3% *	
2C	2C	Consultant supervision		167,000	10.7%	203,549	0.0% *	
2D	2D	External monitoring						
<b>3</b>	<b>3</b>	<b>Incremental administration</b>	<b>87,000</b>			<b>1,391</b>		
3A		Project management unit		43,000	9.7%	1,391		
3B		Project implementation unit		44,000	9.9%			
<b>4</b>	<b>4</b>	<b>Unallocated</b>	<b>453,000</b>		<b>12.5%</b>			
		<b>Total</b>	<b>4,400,000</b>			<b>4,400,000</b>		

\* % of total expenditure claimed, exclusive of taxes and duties imposed with the facilities of the borrower.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 1. Background and activities (continued)

#### d). Original and reallocated budget for UEIF Grant No. 0334 – CAM (UEIF) – all amounts in US\$

Category No.		Item	Original allocation		Original % basis for withdrawal from Grant Account	Revised allocation (5 August 2021)		Revised % basis for withdrawal from Grant Account
Original	Revised		Category	Sub-category		Category	Sub-category	
<b>1</b>	<b>1</b>	<b>Work</b>	<b>1,254,000</b>			<b>1,500,000</b>		
	1A	Material recovery facilities					<b>1,500,000</b>	100% *
1A		Battambang material recovery facilities		430,000	100%			
1B		Bavet material recovery facilities		382,000	100%			
1C		Poipet material recovery facilities		442,000	100%			
<b>2</b>		<b>Consulting services</b>	<b>109,000</b>					
2A		Battambang material recovery facilities		37,000	100%			
2B		Bavet material recovery facilities		33,000	100%			
2C		Poipet material recovery facilities		39,000	100%			
<b>3</b>	<b>3</b>	<b>Unallocated</b>	<b>137,000</b>					
		<b>Total</b>	<b>1,500,000</b>			<b>1,500,000</b>		

\* % of total expenditure claimed, exclusive of taxes and duties imposed with the facilities of the borrower.

## **Ministry of Public Works and Transport**

### **GMS Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### **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 Asian Development Bank (“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 funding agencies 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 Grant Agreements and is purely used to receive and disburse for expenditure financed by the ADB loan and grant proceeds.

## **Ministry of Public Works and Transport**

### **GMS Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### **3. Significant accounting policies (continued)**

#### **(c) Non-expendable equipment**

The cost of non-expendable equipment is charged to the statement of receipts and payments and the statement of advance accounts 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) Interest charge/Service charge**

The interest/service 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.

Cash and bank balances in currencies other than US\$ are translated into US\$ at the open market rates of exchange at the year/period-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.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

#### 4. Cash

Cash comprises cash at bank with Foreign Trade Bank of Cambodia (“FTB”) and the National Bank of Cambodia (“NBC”).

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

	As at 31 December 2021					As at 31 December 2020	
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	Total US\$	US\$
Advance account – ADB (*)	176,494	21,488	19,493	-	-	217,475	234,817
Advance account – RGC (**)	-	-	-	-	4,206	4,206	27,250
	<u>176,494</u>	<u>21,488</u>	<u>19,493</u>	<u>-</u>	<u>4,206</u>	<u>221,681</u>	<u>262,067</u>

(\*) This represents bank balances maintained in a separate bank account with the FTB.

(\*\*) This represents bank balance maintained in a separate bank account with the NBC.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

## 5. Receipts

### (a). Asian Development Bank

	Year ended 31 December 2021					Total US\$	Year ended	Cumulative
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$		31 December 2020 US\$	period from 8 April 2013 to 31 December 2021 US\$
<b>ADB</b>								
Advance account (**)	125,451	-	-	-	-	125,451	175,534	721,516
Initial advances	-	-	-	-	-	-	-	238,605
	<u>125,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,451</u>	<u>175,534</u>	<u>960,121</u>
Direct payments (*)	1,788,444	-	-	-	-	1,788,444	12,461,846	27,351,300
	<u>1,913,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,913,895</u>	<u>12,637,380</u>	<u>28,311,421</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 5. Receipts (continued)

#### (b) ADB Strategic Climate Fund

	Year ended 31 December 2021					Year ended	Cumulative
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	31 December 2020 US\$	period from 8 April 2013 to 31 December 2021 US\$
<b>ADB</b>							
Advance account (**)	-	-	-	-	-	55,478	85,207
Initial advances	-	-	-	-	-	-	66,395
Sub-total	-	-	-	-	-	55,478	151,602
Direct payments (*)	-	284,848	107,867	-	-	2,970,159	7,709,579
	-	284,848	107,867	-	-	3,025,637	7,861,181

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 5. Receipts (continued)

#### (c) Urban Environment Infrastructure Fund

	Year ended 31 December 2021						Year ended 31 December 2020	Cumulative period from 8 April 2013 to 31 December 2021
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	Total US\$	US\$	US\$
<b>ADB</b>								
Direct payments (*)	-	-	-	-	-	-	-	1,500,000

#### (d) Government Counterpart Fund

	Year ended 31 December 2021						Year ended 31 December 2020	Cumulative period from 8 April 2013 to 31 December 2021
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	Total US\$	US\$	US\$
<b>RGC</b>								
Advance account (**)	-	-	-	-	27,300	27,300	56,893	371,691
Initial advances	-	-	-	-	-	-	-	50,000
Total	-	-	-	-	27,300	27,300	56,893	421,691

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 5. Receipts (continued)

#### (d) Government Counterpart Fund

(\*) The direct payments represent payments made by ADB directly to the suppliers upon the request from the Project.

(\*\*) The receipts from Asian Development Bank for Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF), and ADB SCF Grant No. 0335 – CAM (SCF), and ADB UEIF Grant No. 0334 – CAM (UEIF) were paid into the first generation imprest/advance account held by the Ministry of Economy and Finance. This is a separate bank account held exclusively for Loans and Grants at the National Bank of Cambodia. These receipts were then disbursed to the advance account held by the Ministry of Public Works and Transport at the Foreign Trade Bank of Cambodia (“FTB”).

### 6. Civil works

	Year ended 31 December 2021					Total US\$	Year ended	Cumulative
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$		31 December 2020 US\$	period from 8 April 2013 to 31 December 2021 US\$
<b>Direct payments:</b>								
Storm Drainage	-	-	-	-	-	-	8,869,538	17,546,344
Urban Road	-	-	-	-	-	-	5,444,856	9,331,245
Solid Waste Management	-	-	-	-	-	-	193,895	1,693,895
Flood Control	1,304,398	281,098	107,867	-	-	1,693,363	-	1,693,363
	<u>1,304,398</u>	<u>281,098</u>	<u>107,867</u>	<u>-</u>	<u>-</u>	<u>1,693,363</u>	<u>14,508,289</u>	<u>30,264,847</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

#### 6. Civil works (continued)

	Year ended 31 December 2021					Year ended	Cumulative
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	31 December 2020 US\$	period from 8 April 2013 to 31 December 2021 US\$
<b>Advance account</b>							
Solid Waste Management	-	-	-	-	-	25,853	64,633
	<u>1,304,398</u>	<u>281,098</u>	<u>107,867</u>	<u>-</u>	<u>-</u>	<u>14,534,142</u>	<u>30,329,480</u>

During the year, there was advance payments of US\$1,109,481 made to the contractor, out of which US\$998,533 has not been liquidated as at 31 December 2021 (31 December 2020: nil). Refer to Note 11 for details.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 7. Consulting services

	Year ended 31 December 2021					Year ended	Cumulative
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	31 December 2020 US\$	period from 8 April 2013 to 31 December 2021 US\$
<b>Direct payments:</b>							
Project implementation support and capacity development	-	-	-	-	-	404,050	3,334,663
Construction supervision	152,704	-	-	-	-	330,882	1,106,768
Detail Engineering Design	-	-	-	-	-	-	810,572
	<u>152,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,932</u>	<u>5,252,003</u>
<b>Advance account:</b>							
Audit	-	-	-	-	-	-	9,020
Project implementation support and capacity development	63,758	12,662	12,752	-	-	-	284,897
Construction supervision	22,590	-	-	-	-	-	86,267
	<u>86,348</u>	<u>12,662</u>	<u>12,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380,184</u>
	<u>239,052</u>	<u>12,662</u>	<u>12,752</u>	<u>-</u>	<u>-</u>	<u>734,932</u>	<u>5,632,188</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

#### 8. Incremental administration

	Year ended 31 December 2021					Year ended	Cumulative	
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$	31 December 2020 US\$	period from 8 April 2013 to 31 December 2021 US\$	
<b>Advance accounts:</b>								
Project Management Unit	31,031	-	-	-	22,184	53,215	67,103	523,646
Project Implementation Unit	-	-	-	-	28,160	28,160	34,201	315,293
	<u>31,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,344</u>	<u>81,375</u>	<u>101,304</u>	<u>838,939</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 9. Statement of disbursement

Details of statement of disbursement from the ADB were as follows:

	Note	Year ended 31 December 2021 US\$	Year ended 31 December 2020 US\$	Cumulative period from 8 April 2013 to 31 December 2021 US\$
<b>ADB Fund claims during the year/period</b>				
Direct payments		2,181,159	15,432,005	36,560,879
Advance accounts		125,451	231,012	806,723
Initial advance		-	-	305,000
<b>Subtotal</b>	(A)	<u>2,306,610</u>	<u>15,663,017</u>	<u>37,672,602</u>
<b>Total payments made during the year</b>	(B)	2,374,296	15,559,161	37,872,612
<i>Payments made out of Government Counterpart Fund</i>	(C)	(50,344)	(56,973)	(417,485)
<i>Payments during the year but not yet claimed</i>	(D)	(87,525)	(70,183)	(87,525)
<i>Payments claimed in previous year, received in current year</i>	(E)	70,183	231,012	-
<i>Initial advance remains unused</i>	(F)	-	-	-
<b>Total eligible expenditure claimed (A=G=B+C+D+E+F)</b>	(G)	<u>2,306,610</u>	<u>15,663,017</u>	<u>37,672,602</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

#### 10. Payments by category and financiers

Particulars	ADB Loan No. 2983 – CAM			ADB SCF Loan No. 8265 – CAM			ADB SCF Grant No. 0335 – CAM			ADB UEIF Grant No. 0334 – CAM			RGC		Total US\$
	% of financing	Actual expenditure		% of financing	Actual expenditure		% of financing	Actual expenditure		% of financing	Actual expenditure		Actual expenditure		
	%	US\$	%	%	US\$	%	%	US\$	%	%	US\$	%	US\$	%	
<b>Civil Work</b>															
<i>Battambang Storm drainage</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Poi Pet Storm drainage</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Bavet storm drainage</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Neak Loeung flood control</i>	77.03	1,304,398	77.03	16.60	281,098	16.60	6.37	107,867	6.37	-	-	-	-	-	1,693,363
<i>Subtotal Storm Drainage</i>		1,304,398			281,098			107,867							1,693,363
<i>Urban road</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Solid waste management</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Consulting services</b>															
<i>Project implementation support and capacity development</i>	71.50	63,759	71.50	14.20	12,662	14.20	14.30	12,752	14.30	-	-	-	-	-	89,173
<i>Construction supervision</i>	100.00	175,293	100.00	-	-	-	-	-	-	-	-	-	-	-	175,293
<i>Audit</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-expendable equipment</b>															
<b>Incremental administration</b>															
<i>Project Management Unit</i>	58.31	31,031	58.31	-	-	-	-	-	-	-	-	-	22,184	41.69	53,216
<i>Project Implementation Unit</i>	-	-	-	-	-	-	-	-	-	-	-	-	28,160	100.00	28,160
<i>Interest</i>	98.88	331,342	98.88	1.12	3,750	1.12	-	-	-	-	-	-	-	-	335,092
<b>Total payments – for the year ended 31 December 2021</b>		<b>1,905,823</b>			<b>297,510</b>			<b>120,619</b>					<b>50,344</b>		<b>2,374,296</b>
<b>% of total project costs – for the year ended 31 December 2021</b>		<b>5.15%</b>			<b>5.95%</b>			<b>2.74%</b>					<b>3.94%</b>		<b>4.83%</b>
<b>% of cumulative expenses to total project costs – for the period from 8 April 2013 to 31 December 2021</b>		<b>76.04%</b>			<b>77.69%</b>			<b>89.44%</b>					<b>32.66%</b>		<b>77.01%</b>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 11. Advance to contractors

During the year, the Project incurred the following advance transactions:

	Year ended 31 December 2021 US\$	Year ended 31 December 2020 US\$
At beginning of the year	-	1,591,241
Addition for the year		
Civil works	1,109,481	-
Liquidation:		
Civil works	<u>(110,948)</u>	<u>(1,591,241)</u>
At end of the year (*)	<u>998,533</u>	<u>-</u>

(\*) This represented unliquidated advances which are maintained by way of an advance register by management's purpose.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 12. Statement of withdrawals

Withdrawal Application			Category							
No	Description	Date	Currency	Civil works	Consulting services	Non-expendable equipment	Incremental administration	Interest charge	Initial Advance	Total
<b>ADB Loan No. 2983 – CAM (COL)</b>										
A0086	Direct Payment	21-Feb-21	US\$	854,633	-	-	-	-	-	854,633
CAP	Direct Payment	1-May-21	US\$	-	-	-	-	131,060	-	131,060
A0087	Direct Payment	20-Sep-21	US\$	-	152,703	-	-	-	-	152,703
A0088	Direct Payment	23-Sep-21	US\$	449,765	-	-	-	-	-	449,765
A0089	Replenishment	27-Oct-21	US\$	25,853	36,794	-	62,805	-	-	125,452
CAP	Direct Payment	1-Nov-21	US\$	-	-	-	-	200,282	-	200,282
<b>Year ended 31 December 2021 (a)</b>			<b>US\$</b>	<b>1,330,251</b>	<b>189,497</b>	<b>-</b>	<b>62,805</b>	<b>331,342</b>	<b>-</b>	<b>1,913,895</b>
<b>Year ended 31 December 2020</b>			<b>US\$</b>	<b>11,833,697</b>	<b>497,406</b>	<b>-</b>	<b>120,155</b>	<b>186,122</b>	<b>-</b>	<b>12,637,380</b>
<b>Cumulative period from 8 April 2013 to 31 December 2021</b>			<b>US\$</b>	<b>22,661,551</b>	<b>3,933,017</b>	<b>367,282</b>	<b>415,238</b>	<b>695,728</b>	<b>238,605</b>	<b>28,311,421</b>
<b>ADB SCF Loan No. 8265 – CAM (SCF)</b>										
B0086	Direct Payment	21-Feb-21	US\$	184,174	-	-	-	-	-	184,174
CAP	Direct Payment	1-May-21	US\$	-	-	-	-	1,836	-	1,836
B0088	Direct Payment	23-Sep-21	US\$	96,924	-	-	-	-	-	96,924
CAP	Direct Payment	1-Nov-21	US\$	-	-	-	-	1,914	-	1,914
<b>Year ended 31 December 2021 (b)</b>			<b>US\$</b>	<b>281,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,750</b>	<b>-</b>	<b>284,848</b>
<b>Year ended 31 December 2020</b>			<b>US\$</b>	<b>1,509,882</b>	<b>158,495</b>	<b>-</b>	<b>-</b>	<b>2,661</b>	<b>-</b>	<b>1,671,038</b>
<b>Cumulative period from 8 April 2013 to 31 December 2021</b>			<b>US\$</b>	<b>3,038,414</b>	<b>823,298</b>	<b>-</b>	<b>1,290</b>	<b>8,995</b>	<b>34,150</b>	<b>3,906,147</b>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

#### 12. Statement of withdrawals (continued)

Withdrawal Application			Category							
No	Description	Date	Currency	Civil works	Consulting services	Non-expendable equipment	Incremental administration	Interest charge	Initial Advance	Total
<b>ADB SCF Grant No. 0335 – CAM (SCF)</b>										
D0086	Direct Payment	21-Feb-21	US\$	70,674	-	-	-	-	-	70,674
D0088	Direct Payment	23-Sep-21	US\$	37,193	-	-	-	-	-	37,193
Year ended 31 December 2021 (c)			US\$	107,867	-	-	-	-	-	107,867
Year ended 31 December 2020			US\$	1,203,490	151,109	-	-	-	-	1,354,599
Cumulative period from 8 April 2013 to 31 December 2021			US\$	3,129,515	791,883	-	1,391	-	32,245	3,955,034
<b>UEIF Grant No. 0334 – CAM (UEIF)</b>										
Year ended 31 December 2021 (d)			US\$	-	-	-	-	-	-	-
Year ended 31 December 2020			US\$	-	-	-	-	-	-	-
Cumulative period from 8 April 2013 to 31 December 2021			US\$	1,500,000	-	-	-	-	-	1,500,000
<b>Government Counterpart Fund</b>										
R0012	Replenishment	25-May-21	US\$	-	-	-	27,300	-	-	27,300
Year ended 31 December 2021 (e)			US\$	-	-	-	27,300	-	-	27,300
Year ended 31 December 2020			US\$	-	-	-	56,893	-	-	56,893
Cumulative period from 8 April 2013 to 31 December 2021			US\$	-	-	-	371,691	-	50,000	421,691
Grand total (a+b+c+d+e)			US\$	1,719,216	189,497	-	90,105	335,092	-	2,333,910
Cumulative period from 8 April 2013 to 31 December 2021			US\$	30,329,480	5,548,198	367,282	789,610	704,723	355,000	38,094,293



H.E. Vong Pisith  
Project Director

Phnom Penh, Kingdom of Cambodia

31 May 2022



Mr. Mao Dor  
Financial Management Specialist

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

### 13. Items not recognised in the statement of receipts and payments

#### 13.1. Receipts from selling bid to documents

During the year, the Project sold bidding documents on behalf of the National Treasury Departments (NTD) as follow:

	Year ended 31 December 2021 US\$	Year ended 31 December 2020 US\$	Cumulative period from 8 April 2013 to 31 December 2021 US\$
Receipt	-	2,000	2,000
Transferred to NTD	-	2,000	2,000
Change in cash	-	-	-

#### 13.2. In-kind contribution

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

	Year ended 31 December 2021 US\$	Year ended 31 December 2020 US\$	Cumulative period from 8 April 2013 to 31 December 2021 US\$
Office space expense	32,544	32,544	227,808
Utilities	17,201	17,201	120,406
Salaries of project staff	87,132	87,132	530,700
Taxes and Duties			
Withholding Taxes	37,403	104,329	801,085
Value Added Tax	169,336	1,453,414	3,094,474
	<u>343,616</u>	<u>1,694,620</u>	<u>4,774,473</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

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

#### 13.3. Payment commitments

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

	As at 31 December 2021 US\$	As at 31 December 2020 US\$
Contracted, but not yet paid:		
Civil works	5,703,176	7,396,539
Consulting services	<u>543,422</u>	<u>419,013</u>
	<u>6,246,598</u>	<u>7,815,552</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

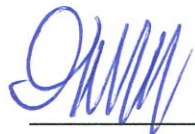
Unaudited

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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

No.	Description	Year ended 31 December 2021				Year ended 31 December 2020				Cumulative period from 8 April 2013 to 31 December 2021			
		Budget US\$	Actual US\$	Variance US\$	% of variance	Budget US\$	Actual US\$	Variance US\$	% of variance	Budget US\$	Actual US\$	Variance US\$	% of variance
1	Civil works	1,705,560	1,693,363	12,197	1%	15,113,916	14,534,142	579,774	4%	66,195,057	30,329,480	35,865,577	54%
2	Consulting services	278,295	264,466	13,829	5%	769,230	734,932	34,298	4%	9,005,616	5,632,188	3,373,428	37%
3	Equipment	-	-	-	0%	-	-	-	0%	177,000	367,282	(190,282)	-108%
4	Training	-	-	-	0%	-	-	-	0%	111,000	-	111,000	100%
5	Incremental administration	95,922	81,375	14,547	15%	114,626	101,304	13,322	12%	1,138,182	838,939	299,243	26%
6	Service charge	-	-	-	0%	-	-	-	-	6,000	-	6,000	100%
7	Unallocated	-	-	-	0%	-	-	-	0%	2,802,000	-	2,802,000	100%
8	Interest during construction	341,500	335,092	6,408	2%	188,783	188,783	-	0%	998,125	704,723	293,402	29%
9	Land acquisition and settlement*	-	-	-	0%	-	-	-	0%	1,560,000	-	1,560,000	100%
10	Physical contingency*	-	-	-	0%	-	-	-	0%	431,000	-	431,000	100%
	<b>Total</b>	<b>2,421,277</b>	<b>2,374,296</b>	<b>46,981</b>	<b>2%</b>	<b>16,186,555</b>	<b>15,559,161</b>	<b>627,394</b>	<b>4%</b>	<b>82,423,980</b>	<b>37,872,612</b>	<b>44,551,368</b>	<b>54%</b>

\* Expenditure funded by RGC's contribution.



H.E. Vong Pisith  
Project Director

Phnom Penh, Kingdom of Cambodia

31 May 2022



Mr. Mao Dor  
Financial Management Specialist

## **PART II**

### **Independent Assurance Report on Compliance with the Financing Agreements for the year ended 31 December 2021**



**Ministry of Public Works and Transport**

## Management assertion

I, on behalf of the Project's management of the Loan Agreement No. 2983 – CAM (COL), ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF), ADB Strategic Climate Fund Grant No. 0335 – CAM (SCF) and the Urban Environmental Infrastructure Fund Grant No. 0334 – CAM (UEIF) ("Financing Agreements"), do hereby state that the Project is, in all material respects, in compliance with the Financing Agreements as stated in the Statement of Compliance for the year ended 31 December 2021, in particular:

- (i) The Project Management Unit ("PMU") has utilised the proceed of the loan, in all material respects, for the purposes of the Project in accordance with the terms and conditions set out in the Financing Agreement;
- (ii) The PMU have complied, in all material respects, with the financial covenant set out in the Financing Agreements;
- (iii) The Advance account procedures, have been operated, in all material respects, in accordance with ADB's Loan Disbursement Handbook;
- (iv) The Project has complied, in all material respects, with the statement of expenditure ("SOE") procedure set out in ADB's Loan/Grant Disbursement Handbook. In addition, adequate supporting documentation has been maintained to authenticate claims stated on SOE procedure for reimbursement of eligible expenditures incurred and liquidation of advances provided to the advance account; and
- (v) The effective internal control, including the procurement process was maintained.

*On behalf of the Project Management,*

---

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

Phnom Penh, Kingdom of Cambodia

31 May 2022



KPMG Cambodia Ltd  
GIA Tower, Sopheak Mongkul Street, Phum 14  
Sangkat Tonle Bassac, Khan Chamkar Mon  
Phnom Penh, Cambodia  
+ 855 (17) 666 537 / + 855 (81) 533 999 | kpmg.com.kh

## **INDEPENDENT REASONABLE ASSURANCE REPORT**

### **To the Ministry of Economy and Finance on Compliance with Financing Agreements**

We refer to the Loan Agreement No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF) (“the Financing Agreements”), which sets out the requirements for GMS Southern Economic Corridor Towns Development Project (“the Project”) to comply with the Loan and Grant covenants.

Pursuant to the terms and conditions set out in the Financing Agreements, the management of the Project has determined key relevant provisions in which the management believes are important to report and prepared a Statement of Compliance with the Financing Agreements (the “Statement of Compliance”), a copy of which is attached to this independent assurance report.

We were engaged by the Ministry of Economy and Finance (“MEF”) to report on the Project’s compliance with the Financing Agreements for the year ended 31 December 2021 as stated in the Statement of Compliance set out on pages 37 to 41, in the form of an independent reasonable assurance conclusion about whether the Project is, in all material respects, in compliance with the requirements set out in the Financing Agreements.

Our report is intended to provide a conclusion on the following specific matters, established by the terms and conditions of the Financing Agreements whether:

- (i) The Project’s funds have been used, in all material respects, for the purposes of the Project in accordance with the terms and conditions set out in the Financing Agreements.
- (ii) The Project has complied, in all material respects, with the covenant of Financing Agreements.
- (iii) The Project has complied, in all material respects, with the Advance Account Procedure set out in the ADB’s Loan/Grant Disbursement Handbook for the year ended 31 December 2021.
- (iv) The Project has complied, in all material respects, with the Statement of Expenditure (“SOE”) Procedure set out in the ADB’s Loan/Grant Disbursement Handbook for the year ended 31 December 2021.

### ***Management's Responsibilities***

The management of the Project is responsible for the preparation of the Statement of Compliance that is free from material misstatement in accordance with those requirements set out by the Agreements and for the information contained therein on pages 37 to 41.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the Statement of Compliance that is free from material misstatement, whether due to fraud or error. It also includes ensuring the Project's compliance with those requirements set out in the Financing Agreements; selecting and applying policies; making judgements and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Statement of Compliance. The management of the Project is also responsible for preventing and detecting fraud and for identifying and ensuring that the Project complies with laws and regulations applicable to its activities. The management is responsible for ensuring that staff involved with the preparation of the Statement of Compliance are properly trained, information systems are properly updated and that any changes in reporting encompass all significant reporting units.

### ***Our Responsibilities***

Our responsibility is to examine the Statement of Compliance prepared by the management and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with Cambodian International Standard on Assurance Engagements ("CISAE") 3000, Assurance Engagement Other than Audits or Reviews of Historical Financial Information. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether the Statement of Compliance is properly prepared in accordance with the relevant terms and conditions set out in in the Financing Agreements, in all material respects.

We apply Cambodian International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### ***Procedures Performed***

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Statement of Compliance whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation of the Statement of Compliance, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Project's internal control over the preparation of the Statement of Compliance.

Our engagement also included assessing the appropriateness of the Statement of Compliance, the suitability of the criteria being the terms and conditions specified by the Financing Agreements, used by the Project's management in preparing the Statement of Compliance in the circumstances of the engagement, obtaining an understanding of the compilation of the financial and non-financial information in the Statement of Compliance by enquiry of management, reference to the Financing Agreements and performance of testing on the Project's management assertions on a sample basis.

**Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the Project is, in all material respects, in compliance with the requirements of the Financing Agreements for the year ended 31 December 2021, in particular the following assertions by management of the Project as stated in the Statement of Compliance, are properly represented:

- (i) The Project’s funds have been used, in all material respects, for the purposes of the Project in accordance with the terms and conditions set out in the Financing Agreements.
- (ii) The Project has complied, in all material respects, with the covenant of Financing Agreements.
- (iii) The Project has complied, in all material respects, with the Advance Account Procedure set out in the ADB’s Loan/Grant Disbursement Handbook.
- (iv) The Project has complied, in all material respects, with the Statement of Expenditure (“SOE”) Procedure set out in the ADB’s Loan/Grant Disbursement Handbook.

**Restriction on Use of Our Report**

Our report should not be regarded as suitable to be used or relied on by any party other than the Project, MEF and ADB for any purpose or in any context. Any party other than the Project, MEF and the ADB who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

We accept or assume no responsibility and deny any liability to any party other than the Project, MEF and ADB for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the Project, MEF and the ADB on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

For KPMG Cambodia Ltd

Nge Huy  
Partner

Phnom Penh, Kingdom of Cambodia

31 May 2022

# Ministry of Public Works and Transport

## GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Statement of Compliance with the Financing Agreements for the year ended 31 December 2021

#### 1. Criteria

This Statement of Compliance is prepared in accordance with the criteria determined by the ADB in accordance with the Financing Agreement No. ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF) (“the Financing Agreements”), which sets out the requirements for GMS Southern Economic Corridor Towns Development Project (“the Project”) to comply with and is prepared by the Project’s management based on the key relevant provisions in which the Project’s management believes are important to report on and is not intended to cover the complete set of the Agreements taken as a whole. These criteria are described below. The Project management has assessed its compliance with the relevant requirements and included the results of its assessment below.

Section	Description	Management’s assertions
<b>Article III: Use of Proceed of Loan/Grant</b>		
3.01	The Borrower shall cause the proceeds of the Loan and Grant and to be applied to the financing of expenditures on the Project in accordance with the provisions of the Agreements.	Yes, complied with.
3.02	The proceeds of the funds shall be allocated and withdrawn in accordance with the provisions of the attachment to Schedule 3 (for Loan) and Schedule 1 (for Grant) (See Appendix) to this Agreements, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.	Yes, complied with.
3.03	Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, items of expenditure to be financed out of the proceeds of the Loan and Grant in accordance with the provisions of Schedule 4 (See Appendix) of the Agreements.	Yes, complied with.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Statement of Compliance with the Financing Agreements (continued) for the year ended 31 December 2021

#### 1 Criteria (continued)

Section	Description	Management's assertions
<b>Article IV: Particular Covenants</b>		
4.02/ 4.03 (Grant No. 0334)	<p>(a) The Borrower shall:</p> <p>(i) Maintain separate accounts and records for the Projects;</p> <p>(ii) prepare annual financial statements for the Project in accordance with generally accepted accounting principles.</p> <p>(iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with International Standards for auditing or the national equivalent acceptable to ADB;</p> <p>(iv) as part of each such audit, have the auditor prepare a report which includes the auditor's opinions on</p> <p>(a) the use of loan procedures of imprest/advance fund and statement of expenditure and</p> <p>(b) a management letter (which set out the deficiencies in the internal control of the project that were identified in the course of the audit, if any); and</p> <p>(v) Furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.</p> <p>(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.</p>	<p>(a):</p> <p>(i) Yes, complied with</p> <p>(ii) The Project prepared financial statements in accordance with Cambodian Public Sector Accounting Standards ("CPSAS").</p> <p>(iii) Financial statements are audited by KPMG Cambodia.</p> <p>(iv) Refer to Report of Independent Auditor and the Independent Reasonable Assurance Report.</p> <p>(v) Yes, complied with. The 2020 audited financial statements were issued by Auditor on 31 May 2021 and submitted to ADB on 9 June 2021.</p> <p>(b) Yes, complied with. The 2020 financial statements were posted to ADB's website on 11 June 2021.</p>
4.03	The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.	Yes, complied with.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
 ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Statement of Compliance with the Financing Agreements (continued) for the year ended 31 December 2021

#### 1. Criteria (continued)

<b>ADB Loan disbursement handbook</b>	
The Borrower shall use the SOE procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the procedure in accordance with ADB's Loan Disbursement Handbook and the project documents.	Yes, complied with.
The Borrower shall use the Imprest/Advance Account procedure set out in ADB's Loan Disbursement Handbook.	Yes, complied with.
<p><b>Condition for Approval to Use the Advance Fund Procedure:</b>          For approval to use the advance fund procedure, the following conditions should be considered and met:</p> <ul style="list-style-type: none"> <li>• <b>Borrower's capacity:</b> The borrower, EA, and or implementing agency (IA), as appropriate, must have adequate administrative and accounting capacity to establish sufficient internal control, accounting, and auditing procedure to ensure efficient use and operation of the procedures. If the EA/or IA's capacity is determined to be inadequate, the advance fund procedure should not be used.</li> <li>• <b>Audit arrangement:</b> The borrower, EA, and or I/A, as appropriate, must also have the capacity to arrange for periodic and annual independent audits of the advance fund procedure by auditors acceptable to ADB.</li> </ul>	Yes, complied with.
<p><b>Establishing the Advance Account</b>          The borrower, EA, or IA is required to open a separate bank account (unless otherwise approved by ADB) for depositing advances. The advance account should be maintained in a bank account without restriction on withdrawing funds at any time and is opened in the name of the borrower, EA, IA, or the project, as appropriate</p> <p>The borrower, EA, or IA who established the advance account is accountable and responsible for proper use of advances to the advance account, including advances to the subaccount, if used.</p>	Yes, complied with.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
 ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Statement of Compliance with the Financing Agreements (continued) for the year ended 31 December 2021

## 2. Appendix to the statement of compliance with the Financing Agreements

Section	Description
<b>Schedule 1: Allocation and withdrawal of Grant Proceeds</b>	
2	Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.
3	<p>Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table:</p> <p>(a) If the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may in consultation with the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and</p> <p>If the amount of the Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by in consultation with the Recipient, reallocate such excess amount to any other Category.</p>
<b>Schedule 3: Allocation and withdrawal of the loan proceeds</b>	
4	The proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.
5	The Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.
<b>Schedule 4: Procurement of Goods, Works and Consulting Services</b>	
1	The procurement of Goods, Works, and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines respectively.
3	<p>Goods and Works shall only be procured on the basis of the methods of procurement set forth below:</p> <p>(a) International Competitive Bidding; and</p> <p>(b) National Competitive Bidding.</p>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (COL), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Statement of Compliance with the Financing Agreements (continued) for the year ended 31 December 2021

## 2. Appendix to the statement of compliance with the Financing Agreements (continued)

Section	Description
<b>Schedule 4: Procurement of Goods, Works and Consulting Services (continued)</b>	
7	The Borrower shall not award any Works contract which involves environmental impacts until MPWT has:  (a) Obtained the final approval of the IEE from the appropriate authority of the Borrower; and  Incorporated the relevant provisions from the EMP into the Works contract.
8	The Borrower shall not award any Works contract which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final RP based on the detailed design and obtained ADB's clearance of such RP.
9	The Borrower shall apply Quality- and Cost-Based Selection for selecting and engaging Consulting Services.
10	The Borrower shall apply the methods for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan.
11	The Borrower shall recruit any individual consultants for such services as agreed with ADB in accordance with procedures acceptable to ADB for recruiting individual consultants.
12 (a)	The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.
12 (b)	The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters.
13	The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.