

Lao Road Sector Project 2

(Under the Financing Agreement for Credit Nos. H5920-LA and H6515-LA between the Government of Lao PDR ("GOL") and the International Development Association ("IDA"), the Financing Agreement between GOL and Nordic Development Fund ("NDF"), Agreements between GOL and European Investment Bank ("EIB") and Agreement between GOL and Asian Infrastructure Investment Bank ("AIIB"))

Financial Statements

For the year ended 31 December 2021



Lao Road Sector Project 2

(Under the Financing Agreement for Credit Nos. H5920-LA and H6515-LA between the Government of Lao PDR ("GOL") and the International Development Association ("IDA"), the Financing Agreement between GOL and Nordic Development Fund ("NDF"), Agreements between GOL and European Investment Bank ("EIB") and Agreement between GOL and Asian Infrastructure Investment Bank ("AIIB"))

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The management of Lao Road Sector Project 2 (the "Project") presents this report and the Project's financial statements as at 31 December 2021 and for the year then ended.

PROJECT MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Project's management is responsible for the preparation of the Project's financial statements as at 31 December 2021 and for the year then ended which are prepared in accordance with Note 3 to the financial statements.

In preparing the financial statements, the Project's management is required to:

- ▶ adopt accounting policies as described in Note 3 to the financial statements and apply them consistently in accordance with the requirements of Donors for Government-executed projects' financial statements;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ maintain proper financial operations and controls;
- ▶ maintain adequacy of the management structure and general control environment;
- ▶ ensure that all non-expendable properties are used solely for and by the Project, and maintain proper control over those properties; and
- ▶ comply with the related Financing Agreements.

The Project's management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the funds requested, authorized for, received and disbursed by the Project and to ensure that the accounting records comply with the accounting policies described in Note 3 to the financial statements. The Project's management is also responsible for safeguarding the assets of the Project, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Project's management confirms that they have complied with the above requirements in preparing the financial statements

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STATEMENT BY THE PROJECT MANAGEMENT

The Project's management does hereby state that, in its opinion:


- ▶ the accompanying financial statements give a true and fair view of the fund balance of the Project as at 31 December 2021, the receipts and disbursements for the year ended 31 December 2021 in accordance with the Financing Agreement for IDA Credit No. 5920 and No. 6515, NDF's Financing Agreement, EIB's Financing Agreement, AIIB's Financing Agreement ("the Financing Agreements") and the Project's Financial Manual ("the Manual");
- ▶ the funds provided by IDA, NDF, EIB, AIIB and the GOL are utilised for the purposes defined in the Financing Agreements;
- ▶ the Project complies with the Financing Agreements, the Manual, and other applicable law and regulations; and
- ▶ the Project designs and implements an effective internal control to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, as well as to ensure compliance with the Financing Agreements, the Manual, law and regulations applicable to the Project.

On behalf of Project Management:





Mr Oun Xayavongkaisone
Deputy Director General
Department of Finance, MPWT



Mrs Anthaphone Phouthavong
Director of Accounting Division
Department of Finance, MPWT

Vientiane, Lao PDR

29 June 2022

Reference: 11626358/66661218

INDEPENDENT AUDITORS' REPORT

**To: The Project's Management
The International Development Association ("IDA");
The Nordic Development Fund ("NDF");
The European Investment Bank ("EIB"); and
The Asian Infrastructure Investment Bank ("AIIB")**

Opinion

We have audited the accompanying financial statements of Lao Road Sector Project 2 ("the Project") as set out on pages 5 to 32, which comprise the statement of fund balance as at 31 December 2021, and the statement of receipts and disbursements for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Project are prepared, in all material respects, in accordance with the accounting policies as described in Note 3 to the financial statements and the Project Financial Manual ("the Manual").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Lao PDR, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Accounting Policies and Restriction on Distribution and Use

We draw attention to Note 3 to the financial statements which describes the accounting policies adopted by the Project. These accounting policies are not intended to present the financial position, the results of operations of the Project in accordance with international generally accepted accounting principles. As also disclosed in Note 2 to the financial statements, the financial statements are prepared to assist the Project in meeting the reporting requirements of its Donors. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the information and use of the Project and its Donors, and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

Responsibility of the Project's Management for the Financial Statements

The Project's management is responsible for the preparation of the financial statements in accordance with the accounting policies as described in Note 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

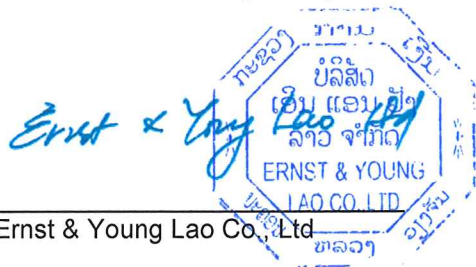
Auditors' responsibility for the Audit of the Financial Statements

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We communicate with the Project's management 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.



Ernst & Young Lao Co., Ltd

Vientiane, Lao PDR

30 June 2022

Lao Road Sector Project 2

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STATEMENT OF RECEIPTS AND DISBURSEMENTS for the year ended 31 December 2021

	Notes	For the year ended 31 December 2021 USD	For the year ended 31 December 2020 USD
Receipts			
Funds from IDA - Special account replenishment	4	1.755.669	5.700.667
Funds from IDA - Direct disbursements	5	1.968.695	2.649.757
Funds from NDF - Direct disbursements	6	1.628.583	4.033.502
Fund from AIIB - NR13S - Direct Disbursements	7	2.442.031	-
Fund from EIB - Credit	8	7.243.355	-
Fund from EIB - Grant	8	1.757.058	-
Fund from EIB - NR13S	8	5.041.257	-
Counterpart Funds	9	664.638	91.239
Fund from RF - NR13S	9	781.392	-
Net foreign exchange gain/(loss)		631.420	2.487
Total receipts		23.914.098	12.477.651
Disbursements by component			
Component 1 - Climate resilience road maintenance		18.981.335	13.371.624
Component 2 - Institutional strengthening		1.544.956	2.206.935
Component 3 - Project management		289.284	445.672
Component 4 - Contingent emergency response		-	-
Total disbursements	9	20.815.575	16.024.230
Net (disbursements)/receipts		3.098.523	(3.546.579)



Mr Oun Xayavongkaisone
Deputy Director General
Department of Finance, MPWT

Mrs Anthaphone Phouthavong
Director of Accounting Division
Department of Finance, MPWT

Vientiane, Lao PDR

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STATEMENT OF FUND BALANCE for the year ended 31 December 2021

	Notes	31 December 2021 USD	31 December 2020 USD
Opening balance		1.900.207	5.446.785
Net (disbursements)/receipts		3.098.523	(3.546.578)
Closing balance		4.998.730	1.900.207
<i>Represented by:</i>			
Cash on hand and at banks	10	3.236.132	4.087.032
Advances and other receivables	11	8.321.615	1.032.355
Accounts payable	12	(6.559.017)	(3.219.180)
		4.998.730	1.900.207



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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

1. PROJECT BACKGROUND

Lao Road Sector Project 2 ("the Project") is implemented by the Ministry of Public Works and Transport ("MPWT") and is managed by the Department of Planning and Cooperation. The Project is funded by:

- ▶ International Development Association ("IDA") in accordance with the Financing Agreement for Credit No. H5920-LA dated 7 February 2017 between IDA and the Government of Lao PDR ("GOL") with a total fund being contributed by IDA of SDR 18 million or USD 25 million equivalent;
- ▶ IDA in accordance with the Financing Agreement for Credit No. H6515-LA dated 28 January 2020 between IDA and the GOL with a total fund being contributed by IDA of SDR 18,2 million or USD 25 million equivalent;
- ▶ Nordic Development Fund ("NDF") in accordance with the Financing Agreement dated 7 February 2017 between NDF and the GOL in which EUR 6 million shall be contributed by NDF as a credit and another EUR 5 million shall be contributed as a grant (equivalent to a total of USD 12,4 million);
- ▶ Fund from European Investment Bank ("EIB") in accordance with the Financing Agreement for Credit No. (FI N') 89722 dated 21 December 2018 between EIB and the GOL with a total fund being contributed by EIB of EUR 20 million (equivalent to a total of USD 22,6 million);
- ▶ Fund from European Investment Bank ("EIB") NR13 South in accordance with the Financing Agreement for Credit No. (FI N') 91077 dated 20 Dec 2019 between EIB and the GOL with a total fund being contributed by EIB of EUR 42 million (equivalent to a total of USD 46,1 million); and
- ▶ Fund from European Investment Bank ("EIB") in accordance with the Grant Agreement No. (FI N') 89723 dated 1 April 2019 between EIB and the GOL with a total fund being contributed by EIB of EUR 5 million (equivalent to a total of USD 5,5 million).
- ▶ Counterpart fund from the GOL with a total contribution of USD 22,1 million (comprised of USD 12 million via Road Fund ("RF") which was previously known as Road Maintenance Fund or RMF, USD 2,81 million via Ministry of Finance ("MOF") and USD 6,3 million via Provincial states budget);
- ▶ Fund from Asian Infrastructure Investment Bank ("AIIB") in accordance with the Financing Agreement for loan number L0373A dated 10 February 2021 between AIIB and the GOL with a total fund being contributed by AIIB of USD 23,6 million.
- ▶ Counterpart fund from the GOL for NR 13 South total fund being contributed by GOL of USD 21,9 million.

The initial Project's execution period is from 23 March 2017 to 31 August 2022 and extended to 31 December 2025.

The objectives of the Project are: (i) to strengthen maintenance systems to improve reliable road connectivity in Lao PDR, and (ii) to provide immediate and effective response in case of an Eligible Crisis or Emergency.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

1. PROJECT BACKGROUND (continued)

The Project consists four components:

- ▶ Component 1: Climate Resilient Road Maintenance
- ▶ Component 2: Institutional Strengthening
- ▶ Component 3: Project Management
- ▶ Component 4: Contingent Emergency Response

2. BASIS OF PREPARATION

The Project's financial statements comprise the statement of receipts and disbursements and the statement of fund balance and the notes to financial statements which are expressed in United States dollars ("USD").

The financial statements are prepared by the Project's management in accordance with the accounting policies as described in Note 3.

The financial statements are prepared solely to report:

- ▶ funds received from IDA, NDF, RF, EIB, AIIB and GOL;
- ▶ funds disbursed by the Project; and
- ▶ the Project's fund balance.

The Project maintains its accounting records in Lao Kip ("LAK"). The financial statements, however, have been prepared in USD as required by IDA. The Project uses the comma (,) as the decimal separator and the dot (.) to separate thousands.

The financial statements are prepared solely to assist the Project's management in meeting the reporting requirements of the Donors.

Comparative figures

Where necessary, figures as at and for the year ended 31 December 2020, presented for comparative purposes, have been reclassified to conform with the current year's presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. ***Receipts***

Contribution from IDA - Special account replenishment

Funds from IDA - Special account replenishment comprise funds from IDA under Financing Agreement for Credit Nos. H5920-LA and H6515-LA which are recognized as receipts when cash is credited to the Project's Special Account managed by the National Treasury of Ministry of Finance ("MoF"), rather than when committed or budgeted.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1. Receipts (continued)

Funds from NDF - Direct disbursements

Direct disbursements relates to payments made by NDF directly to the Project's consultants, suppliers and contractors. These payments are accounted for when payments are made by and upon receipts of advices from NDF.

Funds from EIB – Special account replenishment

Fund from EIB – Special account replenishment compris funds from EIB under Financing Agreements for Credit No. (FI N') 89722; No, (FI N') 89723 and (FI N') 91.077 which are recognized as receipts when cash is credited to the Project's Special Accounts managed by the National Treasury of Ministry of Finance ("MoF"), rather than when committed or budgeted.

Funds from AIIB - Direct disbursements

Direct disbursements relates to payments made by AIIB directly to the Project's consultants, suppliers and contractors. These payments are accounted for when payments are made by and upon receipts of advices from AIIB.

Counterpart funds

Counterpart funds which comprise of funds from the Ministry of Finance ("MOF"), Provincial States Budget and Road Fund's income which are recognized as receipts when payments are made directly from the Ministry of Finance, Provincial States Treasury and Road Fund to the Project's suppliers/contractors.

3.2. Disbursements

Except for advances made to Project staffs and other receivables, disbursements under each component are recognized when incurred and upon the approval of the Project's management based on the accompanying documents.

3.3. Advances

Advances to partners and project staffs to implement the Project's activities are carried as part of the fund balance until subsequent liquidation or clearance at approval of the Project management.

3.4. Fixed assets and machinery expenses

Fixed assets are recognized as the Project's disbursements in the statement of receipts and disbursements when received from suppliers upon finalization and approval of the Project management. Accordingly, fixed assets are not recognized in the statement of fund balance at the year ended.

List of assets are maintained for management and monitoring purpose, which includes vehicles, computers and office equipments.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5. *Accounts payable*

Payables are recognized upon the approval of the Project's management based on accompanying documents as accounts payable in the statement of fund balance.

3.6. *Foreign exchange differences*

The Project maintains its accounting records in LAK. For the purpose of preparing these financial statements, the receipts and disbursements denoted in LAK are converted into USD at the actual exchange rates ruling at the date of the transaction which using decimal 2 number and the fund balances are converted into USD at the exchange rate prevailing at year end date.

Foreign exchange differences are presented separately and as net foreign exchange gains/(losses) in the statement of receipts and disbursements for the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

6. FUNDS FROM NDF - DIRECT DISBURSEMENTS

Withdrawal Application No.	Date of payment	For the year ended 31 December 2021			For the year ended 31 December 2020		
		NDF Credit	NDF Grant	Total	NDF Credit	NDF Grant	Total
		USD	USD	USD	USD	USD	USD
Application 0040	12-Feb-2020	-	-	-	-	44.269	44.269
Application 0041	12-Feb-2020	-	-	-	-	93.645	93.645
Application 0042	12-Feb-2020	-	-	-	-	66.928	66.928
Application 0043	20-Feb-2020	-	-	-	-	59.777	59.777
Application 0044	2-Apr-2020	-	-	-	-	47.378	47.378
Application 0045	2-Apr-2020	-	-	-	-	40.722	40.722
Application 0046	9-Jun-2020	-	-	-	206.632	-	206.632
Application 0047	9-Jun-2020	-	-	-	371.207	-	371.207
Application 0048	12-Jun-2020	-	-	-	-	54.774	54.774
Application 0049	25-Jun-2020	-	-	-	-	51.276	51.276
Application 0050	25-Jun-2020	-	-	-	293.466	-	293.466
Application 0051	25-Jun-2020	-	-	-	310.144	-	310.144
Application 0052	17-Jul-2020	-	-	-	-	116.844	116.844
Application 0053	17-Jul-2020	-	-	-	-	84.189	84.189
Application 0054	17-Jul-2020	-	-	-	-	53.259	53.259
Application 0055	17-Jul-2020	-	-	-	-	50.522	50.522
Application 0056	10-Aug-2020	-	-	-	349.041	-	349.041
Application 0057	26-Aug-2020	-	-	-	-	57.774	57.774
Application 0058	21-Sep-2020	-	-	-	-	61.271	61.271
Application 0059	9-Oct-2020	-	-	-	547.687	-	547.687
Application 0060	1-Nov-2020	-	-	-	-	58.628	58.628
Application 0061	1-Dec-2020	-	-	-	400.317	-	400.317
Application 0062	1-Dec-2020	-	-	-	100.697	-	100.697
Application 0063 (*)	15-Jan-21	-	-	-	-	56.853	56.853
Application 0064 (*)	15-Jan-21	-	-	-	-	54.427	54.427
Application 0065	3-Feb-21	67.918	-	67.918	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

6. FUNDS FROM NDF - DIRECT DISBURSEMENTS (continued)

Withdrawal Application No.	Date of payment	For the year ended 31 December 2021			For the year ended 31 December 2020		
		NDF Credit	NDF Grant	Total	NDF Credit	NDF Grant	Total
		USD	USD	USD	USD	USD	USD
Application 0066	3-Feb-21	265.100	-	265.100	-	-	-
Application 0067	5-Mar-21	-	31.184	31.184	-	-	-
Application 0068	5-Mar-21	-	27.711	27.711	-	-	-
Application 0069	9-Mar-21	-	55.776	55.776	-	-	-
Application 0070 (*)	24-Mar-21	-	-	-	-	160.812	160.812
Application 0071 (*)	24-Mar-21	-	-	-	-	97.255	97.255
Application 0072 (*)	24-Mar-21	-	-	-	-	50.712	50.712
Application 0073	31-Mar-21	-	46.989	46.989	-	-	-
Application 0074	23-Apr-21	-	37.573	37.573	-	-	-
Application 0075	23-Apr-21	-	85.220	85.220	-	-	-
Application 0076	23-Apr-21	-	48.727	48.727	-	-	-
Application 0077	23-Apr-21	-	56.448	56.448	-	-	-
Application 0078 (*)	23-Apr-21	-	-	-	-	92.996	92.996
Application 0079	28-Apr-21	-	34.279	34.279	-	-	-
Application 0080	23-Jun-21	-	35.333	35.333	-	-	-
Application 0081	23-Jun-21	-	44.096	44.096	-	-	-
Application 0082	23-Jun-21	-	45.205	45.205	-	-	-
Application 0083	23-Jun-21	-	56.477	56.477	-	-	-
Application 0084	23-Jun-21	-	46.165	46.165	-	-	-
Application 0085	13-Aug-21	-	30.460	30.460	-	-	-
Application 0086	13-Aug-21	-	34.709	34.709	-	-	-
Application 0087	13-Aug-21	-	29.532	29.532	-	-	-
Application 0088	7-Sep-21	-	31.158	31.158	-	-	-
Application 0089	8-Oct-21	116.979	-	116.979	-	-	-
Application 0090	12-Oct-21	148.365	-	148.365	-	-	-
Application 0091	2-Nov-21	-	29.452	29.452	-	-	-
Application 0092	2-Nov-21	49.009	-	49.009	-	-	-
Application 0093	2-Nov-21	117.074	-	117.074	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

6. FUNDS FROM NDF - DIRECT DISBURSEMENTS (continued)

Withdrawal Application No.	Date of payment	For the year ended 31 December 2021			For the year ended 31 December 2020		
		NDF Credit USD	NDF Grant USD	Total USD	NDF Credit USD	NDF Grant USD	Total USD
Application 094	2-Dec-21	-	29.451	29.451	-	-	-
Application 095	9-Dec-21	-	28.681	28.681	-	-	-
Application 0011 (**)	07-Mar-19	-	(6)	(6)	-	-	-
Application 0018 (**)	25-Jun-19	-	(284)	(284)	-	-	-
Application 0020 (**)	18-Oct-19	-	(10)	(10)	-	-	-
Application 0062 (**)	21-Sep-20	-	(188)	(188)	-	-	-
		764.445	864.138	1.628.583	2.579.191	1.454.311	4.033.502

(*) The Project recognised these direct disbursements in 2020 based on the disbursement requests. However, the actual payments from NDF were made in 2021.

(**) During 2021, the Project reconciled the actual payments from NDF with the direct disbursements recorded by the project based on the disbursement requests. Accordingly, the Project adjusted the amounts of direct disburse as the actual payments made by NDF.

7. FUND FROM AIIB - NR13S - DIRECT DISBURSEMENTS

Withdrawal Application No.	Date of payment	For the year ended 31 December 2021		For the year ended 31 December 2020	
		AIIB USD	AIIB USD	AIIB USD	AIIB USD
Application 001	27-Dec-2021	-	2.367.031	-	-
Borrowing front end fees	27-Dec-2021	-	75.000	-	-
		-	2.442.031	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

8. FUND FROM EIB - EU

Withdrawal Application No.	Date of payment	For the year ended 31 December 2021			For the year ended 31 December 2020				
		EIB Credit USD	EU Grant USD	EIB NR13 USD	Total USD	NDF Credit USD	NDF Grant USD	EIB NR13 USD	Total USD
Application 001	1-Feb-2021	7.243.355	-	-	7.243.355	-	-	-	-
Application 002	1-Feb-2021	-	1.757.058	-	1.757.058	-	-	-	-
Application 003	1-Oct-2021	-	-	5.041.257	5.041.257	-	-	-	-
		7.243.355	1.757.058	5.041.257	14.041.671	-	-	-	-

9. COUNTERPART FUNDS

Item	For the year ended 31 December 2021				For the year ended 31 December 2020				
	MOF USD	RF USD	RF-NR13 USD	Total USD	MOF USD	RF USD	RF-NR13 USD	Total USD	
Contribution for routine maintenance	-	447.994	781.392	1.446.030	-	10.779	-	80.459	91.238
	-	447.994	781.392	1.446.030	-	10.779	-	80.459	91.238

Lao Road Sector Project 2

(Under the Financing Agreement for Credit Nos. H5920-LA and H6515-LA between the Government of Lao PDR ("GOL") and the International Development Association ("IDA"), the Financing Agreement between GOL and Nordic Development Fund ("NDF"), Agreements between GOL and European Investment Bank ("EIB") and Agreement between GOL and Asian Infrastructure Investment Bank ("AIIB"))

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

9. DISBURSEMENTS BY COMPONENT

For the year ended 31 December 2021

Item	IDA Credit	IDA Credit	NDF	NDF Grant	EIB Credit	EIB Grant	EIB- NR13S	AIIB	RF	Provincial		Total
	H5920-LA	H6515								Credit	State	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
1. Climate resilience road maintenance	3,822,470	101,477	421,834	385,331	7,392,984	1,538,606	181,810	75,000	4,318,237	743,585	18,981,334	
- Climate resilient periodic maintenance and spot improvement	2,694,409	-	421,834	-	7,392,984	1,538,606	-	75,000	-	712,567	12,835,400	
- Routine maintenance	1,128,061	-	-	-	-	-	-	-	3,814,491	-	4,942,552	
- Design and supervision	-	101,477	-	385,331	-	-	181,810	-	-	31,018	699,636	
- Tropical Storm Son-Tinh emergency repair and disaster recovery	-	-	-	-	-	-	-	-	-	-	-	
- Improvement and maintenance of NR13S	-	-	-	-	-	-	-	-	503,746	-	503,746	
2. Institutional strengthening	657,705	408,445	-	478,807	-	-	-	-	-	-	1,544,957	
- Strategic planning and financing	50,964	41,526	-	-	-	-	-	-	-	-	92,490	
- Sector governance	252,486	88,708	-	478,807	-	-	-	-	-	-	820,001	
- Climate resilient road asset management	-	69,237	-	-	-	-	-	-	-	-	69,237	
- Capacity building	354,255	208,974	-	-	-	-	-	-	-	-	563,229	
3. Project management	152,075	137,209	-	-	-	-	-	-	-	-	289,284	
- Project management	48,870	62,968	-	-	-	-	-	-	-	-	111,838	
- Financial audit	-	-	-	-	-	-	-	-	-	-	-	
- Technical audit	57,439	-	-	-	-	-	-	-	-	-	57,439	
- Procurement advisors	45,766	74,241	-	-	-	-	-	-	-	-	120,007	
	4,632,250	647,131	421,834	864,138	7,392,984	1,538,606	181,810	75,000	4,318,237	743,585	20,815,575	

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

9. DISBURSEMENTS BY COMPONENT (continued)

For the year ended 31 December 2020

Item	IDA Credit	IDA Credit	NDF Credit	NDF Grant	EIB Credit	EIB Grant	RF	Provincial	Total
	H5920-LA	H6515						State	
	USD	USD	USD	USD	USD	USD	USD	Budget	USD
1. Climate resilience road maintenance	7,969,947	67,652	3,234,558	586,883	-	-	1,063,944	448,639	13,371,623
- Climate resilient periodic maintenance and spot improvement	7,037,516	-	3,234,558	-	-	-	-	-	10,272,074
- Routine maintenance	478,354	-	-	-	-	-	1,063,944	448,639	1,990,937
- Design and supervision	454,077	67,652	-	586,883	-	-	-	-	1,108,612
- Tropical Storm Son-Tinh emergency repair and disaster recovery	-	-	-	-	-	-	-	-	-
- Improvement and maintenance of NR13S	-	-	-	-	-	-	-	-	-
2. Institutional strengthening	1,258,405	345,721	-	602,809	-	-	-	-	2,206,935
- Strategic planning and financing	246,885	-	-	-	-	-	-	-	246,885
- Sector governance	416,817	111,517	-	-	-	-	-	-	528,334
- Climate resilient road asset management	101,540	234,205	-	602,809	-	-	-	-	938,553
- Capacity building	493,163	-	-	-	-	-	-	-	493,163
3. Project management	257,218	188,454	-	-	-	-	-	-	445,672
- Project management	147,434	188,454	-	-	-	-	-	-	335,888
- Financial audit	11,467	-	-	-	-	-	-	-	11,467
- Technical audit	58,160	-	-	-	-	-	-	-	58,160
- Procurement advisors	40,157	-	-	-	-	-	-	-	40,157
	9,485,570	601,827	3,234,558	1,189,692	-	-	1,063,944	448,639	16,024,230

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

10. CASH ON HAND AND AT BANKS

Item	Note	Credit No.		31 December 2021					Total USD
		H5920-LA USD	H6515-LA USD	EIB - Credit	EU - Credit	EIB - NR13	RF-NR13S		
Cash in Special Account	10.1	338.073	933.034	206.493	228.949	1.039.282	-	-	2.745.831
Cash in operating accounts:	10	-	181.834	-	-	-	277.654	-	459.488
Cash in operating account at Vientiane Capital		-	181.344	-	-	-	277.654	-	458.998
Cash in operating account at Phongsaly province		-	102	-	-	-	-	-	102
Cash in operating account at Houaphan province		-	224	-	-	-	-	-	224
Cash in operating account at Oudomxay province		-	9	-	-	-	-	-	9
Cash in operating account at Xiengkhouang province		-	30	-	-	-	-	-	30
Cash in operating account at Xayabouly province		-	16	-	-	-	-	-	16
Cash in operating account at Bolikhamxay province		-	109	-	-	-	-	-	109
Cash on hand:	10	-	30.813	-	-	-	-	-	30.813
- Cash on hand at Vientiane Capital		-	30.813	-	-	-	-	-	30.813
- Cash on hand at Huaphan province		-	-	-	-	-	-	-	-
		338.073	1.145.681	206.493	228.949	1.039.282	277.654	-	3.236.132

Lao Road Sector Project 2

(Under the Financing Agreement for Credit Nos. H5920-LA and H6515-LA between the Government of Lao PDR ("GOL") and the International Development Association ("IDA"), the Financing Agreement between GOL and Nordic Development Fund ("NDF"), Agreements between GOL and European Investment Bank ("EIB") and Agreement between GOL and Asian Infrastructure Investment Bank ("AIIB"))

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

10. CASH ON HAND AND AT BANKS (continued)

Item	Note	31 December 2020						Total USD
		Credit No. H5920-LA USD	Credit No. H6515-LA USD	EIB - Credit	EU - Credit	EIB - NR13	RF-NR13S	
Cash in Special Account	9.1	3,880,838	55,173	-	-	-	-	3,936,011
Cash in operating accounts:								
Cash in operating account at Vientiane Capital	12	127,781	-	-	-	-	-	127,781
Cash in operating account at Phongsaly province		115,587	-	-	-	-	-	115,587
Cash in operating account at Houaphan province		5,347	-	-	-	-	-	5,347
Cash in operating account at Oudomxay province		4,726	-	-	-	-	-	4,726
Cash in operating account at Xiengkhouang province		1,268	-	-	-	-	-	1,268
Cash in operating account at Xayabouly province		738	-	-	-	-	-	738
Cash in operating account at Bolikhamxay province		83	-	-	-	-	-	83
Cash in operating account at Bolikhamxay province		32	-	-	-	-	-	32
Cash on hand:								
- Cash on hand at Vientiane Capital	12	23,240	-	-	-	-	-	23,240
- Cash on hand at Huaphan province		23,240	-	-	-	-	-	23,240
		4,031,859	55,173	-	-	-	-	4,087,032

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

10. CASH ON HAND AND AT BANKS (continued)

10.1 Cash in Special Account

In accordance with the financing agreement of the Project, the following Special Account is maintained in USD at Bank of the Lao PDR:

- Cash in Special Account – IDA's Credit No. H5920-LA and No. H6515

Account No.: 0000010121300161
 Depository: Bank of the Lao PDR
 Address: Yonnet Street, Vientiane, Lao PDR
 Related Credit: IDA Credit No. H5920-LA and No. H6515
 Currency: USD

The purpose of the special account is to receive fund from IDA on Credit No. H5920-LA and No. H6515 for transferring to operating accounts and for certain direct payments to suppliers, contractors and service providers.

The special account is non-interest bearing. Movement of special account during the year ended 31 December 2021 is as follows:

Item	For the year ended 31 December 2021		For the year ended 31 December 2020			
	Credit No. H5920-LA USD	Credit No. H6515-LA USD	Total (*) USD	Credit No. H5920-LA USD	Credit No. H6515-LA USD	Total USD
Opening balance	3.880.838	55.173	3.936.011	5.610.441	-	5.610.441
Add:						
IDA replenishment (Note 4)	-	1.755.669	1.755.669	5.043.667	657.000	5.700.667
	3.880.838	1.810.842	5.691.679	10.654.108	657.000	11.311.108
	(3.542.765)	(877.808)	(4.420.573)	(6.773.270)	(601.827)	(7.375.097)
Deduct:						
Total amount withdrawn (Note 13)						
Closing balance (Note 10.1.1)	338.073	933.034	1.271.107	3.880.838	55.173	3.936.011

(*) The Project maintains only one Special Account for fund receipts from IDA on both Credit No. H5920-LA and additional Credit No. H6515-LA.

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

10. CASH ON HAND AND AT BANKS (continued)

10.1.1 Reconciliation of Special Account

	For the year ended 31 December 2021		For the year ended 31 December 2020			
	Credit No. H5920-LA USD	Credit No. H6515-LA USD	Total USD	Credit No. H5920-LA USD	Credit No. H6515-LA USD	Total USD
Amount advanced by the IDA	7.750.418	657.000	8.407.418	8.747.003	-	8.747.003
Additional advanced by the IDA	-	1.755.669	1.755.669	5.043.667	657.000	5.700.667
Amount documented by the Project and approved by the IDA	(6.419.707)	(917.258)	(7.336.965)	(6.040.252)	-	(6.040.252)
Outstanding amount advanced to Special Account	1.330.711	1.495.411	2.826.122	7.750.418	657.000	8.407.418
Closing balance of Special Account (Note 10.1)	338.073	933.034	1.271.107	3.880.838	55.173	3.936.011
Add/(deduct):						
Cash balance in operating accounts (Note 10)	-	181.834	181.834	127.781	-	127.781
Cash on hand (Note 10)	-	30.813	30.813	23.240	-	23.240
Advances to staffs (Note 11)	8.071	-	8.071	16.389	-	16.389
Payment on behalf of other financier (Note 11)	-	-	-	259.638	-	259.638
Amount withdrawn but not yet documented (Note 13)	1.044.098	331.700	1.155.898	3.413.865	601.827	4.015.692
Foreign exchange gain	(88.198)	18.030	(70.168)	24.607	-	24.607
Cumulated foreign exchange loss in prior year	28.667	-	28.667	4.060	-	4.060
Total amount in Special Account	1.330.711	1.495.411	2.826.122	7.750.418	657.000	8.407.418

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

11. ADVANCES AND OTHER RECEIVABLES

As at 31 December 2021

Item	IDA Credit	IDA Credit	NDF	NDF Grant	EIB Credit	EIB Grant	EIB NR13	AIIB	RF	Provincial	Total
	H5920-LA	H6515	Credit	USD	USD	USD	USD	USD	USD	State	USD
	USD	USD	USD	USD	USD	USD	USD	USD	USD	Budget	USD
Advances to staffs to implement the Project's activities	8.071	-	-	-	-	-	-	-	-	-	8.071
Advances to contractor	86.288	1.391.201	-	-	330.544	124.027	3.583.536	2.365.122	-	432.826	8.313.544
	94.359	1.391.201	-	-	330.544	124.027	3.583.536	2.365.122	-	432.826	8.321.615

As at 31 December 2020

Item	IDA Credit	IDA Credit	NDF	NDF Grant	EIB Credit	EIB Grant	EIB Credit	EIB Grant	RF	Provincial	Total
	H5920-LA	H6515	Credit	USD	USD	USD	USD	USD	USD	State	USD
	USD	USD	USD	USD	USD	USD	USD	USD	USD	Budget	USD
Advances to staffs to implement the Project's activities	16.389	-	-	-	-	-	-	-	-	-	16.389
Receivable from EIB	259.638	-	-	-	-	-	-	-	-	-	259.638
Advances to contractor	463.323	-	33.367	-	259.638	-	-	-	-	-	756.328
	739.350	-	33.367	-	259.638	-	-	-	-	-	1.032.355

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

13. SUMMARY OF WITHDRAWAL APPLICATIONS

During the year ended 31 December 2021, the following withdrawal application under the form of Statement of Expenditure ("SOE") has been prepared by the Project, approved by the Ministry of Finance and submitted to International Development Association for replenishment.

Withdrawal Application No.	Date of receipt	For the year ended 31 December 2021			For the year ended 31 December 2020		
		IDA Credit H5920-LA USD	IDA Credit H6515 USD	Total USD	IDA Credit H5920-LA USD	IDA Credit H6515 USD	Total USD
DOF-000012	26-Aug-2020	-	-	-	2,857,105	-	2,857,105
DOF-000014	28-Sep-2020	-	-	-	3,183,147	-	3,183,147
DOF-AF-000002	5-Apr-2021	-	601,828	601,828	-	-	-
DOF-000018	5-Apr-2021	3,436,616	-	3,436,616	-	-	-
DOF-AF-000004	10-Jun-2021	-	50,830	50,830	-	-	-
DOF-000019	10-Jun-2021	875,621	-	875,621	-	-	-
DOF-000006	9-Nov-2021	-	264,600	264,600	-	-	-
DOF-000020	9-Nov-2021	2,107,470	-	2,107,470	-	-	-
		6,419,707	917,258	7,336,965	6,040,252	-	6,040,252

The above withdrawal applications by category:

Item	For the year ended 31 December 2021			For the year ended 31 December 2020		
	IDA Credit H5920-LA USD	IDA Credit H6515 USD	Total USD	IDA Credit H5920-LA USD	IDA Credit H6515 USD	Total USD
1. Civil works except for Part 4 of the Project	4,662,907	-	4,662,907	4,025,323	-	4,025,323
2. Emergency Expenditures under Component 4 of the Project	-	-	-	-	-	-
3. Goods, Non-consulting services, Consultants' services, Training and Workshops, and Operating Costs (except for Part 4 of the Project)	1,756,800	917,258	2,674,058	2,014,929	-	2,014,929
	6,419,707	917,258	7,336,965	6,040,252	-	6,040,252

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

13. SUMMARY OF WITHDRAWAL APPLICATIONS (continued)

Reconciliation of the SOE to the statement of receipts and disbursements for the year ended 31 December 2021 of Credit Nos. H5920-LA and H6515-LA is as follows:

	Note	For the year ended 31 December 2021		For the year ended 31 December 2020	
		IDA Credit		IDA Credit	
		H5920-LA USD	H6515 USD	H5920-LA USD	H6515 USD
Total disbursements included in SOE		6,419,707	917,258	7,336,965	6,040,252
Amount withdrawn but not yet documented	10.1.1	1,044,098	331,700	1,375,798	601,827
Amount withdrawn in prior year and documented in current year		(3,413,865)	(601,827)	(4,015,692)	(2,857,115)
Direct disbursements	5	577,494	1,391,201	1,968,695	2,649,757
Accounts payable	12	542,619	-	542,619	914,838
Outstanding advances	11	(86,288)	(1,391,201)	(1,477,489)	(463,323)
Prior year accounts payable	12	(914,838)	-	(914,838)	(1,045,725)
Prior year advances which allocated as disbursements during the year	11	463,323	-	463,323	833,021
Total disbursements included in the statement of receipts and disbursements	9	4,632,250	647,131	5,279,381	9,485,570
Balance of cash in operating accounts	10	-	181,834	181,834	127,781
Cash on hand	10	-	30,813	30,813	23,240
Outstanding advances	11	94,359	1,391,201	1,485,560	739,350
Prior year accounts payable	12	914,838	-	914,838	1,045,725
Foreign exchange gain		(88,198)	18,030	(70,168)	24,607
Accounts payable	12	(542,619)	-	(542,619)	(914,838)
Direct disbursements	5	(577,494)	(1,391,201)	(1,968,695)	(2,649,757)
Prior year cash in operating accounts	10	(127,781)	-	(127,781)	(239,834)
Prior year cash on hand	10	(23,240)	-	(23,240)	(22,261)
Prior year advances	11	(739,350)	-	(739,350)	(846,313)
Total amount withdrawn from the Special Account	10.1	3,542,765	877,808	4,420,573	6,773,270
				601,827	7,375,097

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

14. COMPARISON OF ACTUAL DISBURSEMENTS AGAINST BUDGET

	For the year ended 31 December 2021		For the year ended 31 December 2020		Variance USD
	Actual	Budget	Actual	Budget	
	USD	USD	USD	USD	
DISBURSEMENT BY COMPONENTS					
Component 1 - Climate resilience road maintenance					
- Climate resilient periodic maintenance and spot improvement	12.835.399	16.341.373	10.272.074	18.945.931	8.673.857
- Routine maintenance	4.942.551	1.816.315	1.990.937	5.376.339	3.385.402
- Design and supervision	699.637	461.479	1.108.612	1.254.340	145.728
- Tropical storm Son-Tinh emergency repair and disaster recovery	-	-	-	-	-
- Improvement and maintenance of NR13S	503.747	2.391.201	-	1.800.000	1.800.000
Component 2 - Institutional strengthening					
- Strategic planning and financing	92.489	217.000	246.885	251.660	4.775
- Sector governance	341.195	751.741	528.334	1.101.468	573.134
- Climate resilient road asset management	548.044	1.216.464	938.553	933.000	(5.553)
- Capacity building	563.229	1.352.729	493.163	742.690	249.527
Component 3 - Project's management					
- Project's management	111.838	210.320	335.888	339.400	3.512
- Financial audit	-	11.466	11.467	11.467	-
- Technical audit	57.439	64.160	58.160	73.702	15.542
- Procurement advisors	120.007	145.293	40.157	116.226	76.069
Component 4 - Contingent emergency response					
	-	-	-	-	-
TOTAL DISBURSEMENTS	20.815.575	24.979.541	16.024.230	30.946.223	14.921.993

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

14. COMPARISON OF ACTUAL DISBURSEMENTS AGAINST BUDGET (continued)

Overall, disbursements during the year were under the approved budget owing to the following reasons:

- ▶ Climate resilient road maintenance: this activity was delayed and the Project has only been able to sign contract in 2021 and pay advance payment 10% of contract value. especially, the contracts which funded by EIB.
- ▶ Routine maintenance: an actual expenditure was over the budget of USD 3.126.236 was mainly from RF and provinces expenses , the project acknowledge the expense which respond by the GOL by recognize expenditure with account account payable.
- ▶ Design and supervision: was over the budget of USD 238.158 which come from IDA-AF, GOL – VAT (EIB-NR13S) and EIB – NR13S are not include in budget of FY 2021 because of the budget plan has approve before loan agreement and bidding for construction approved
- ▶ Improvement and maintenance of NR13S : this activity was delayed due to Covid situation, related to the second and third Covid wave in april to September 2021
- ▶ Sector governance: the Project plans to implement DPC, DOF, DOI, PSO and DOT; the expenditure was under the budget due to the delayed of procurement bidding which come from effective of Covid
- ▶ Climate resilient road asset management: an actual expenditure was under the budget of USD 668.420 due to the delay in payment process and work under proceurement are in process
- ▶ Capacity building: the Project plans to implement training courses for strengthening human resource management and technical training amounting USD 1.352.729 but only half of budget were implemented during the year.
- ▶ Financial audit: the budget has been set up for audit fee in FY 2021, which has note been paid, the project has dopts cash basis for accounting

15. COMMITMENTS

<i>Description</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>USD</i>	<i>USD</i>
Civil works	6.631.044	7.976.981
Technical advisory services	2.119.209	2.119.209
	8.750.253	10.096.190

Lao Road Sector Project 2

(Under the Financing Agreement for Credit Nos. H5920-LA and H6515-LA between the Government of Lao PDR ("GOL") and the International Development Association ("IDA"), the Financing Agreement between GOL and Nordic Development Fund ("NDF"), Agreements between GOL and European Investment Bank ("EIB") and Agreement between GOL and Asian Infrastructure Investment Bank ("AIIB"))

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

16. STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE BY SOURCES

As at and for the year ended 31 December 2021

Item	IDA Credit H5920-LA USD	IDA Credit H6515 USD	NDF Credit USD	NDF Grant USD	EIB Credit USD	EIB Grant USD	EIB NR13	RF USD	RF NR13	AIIB	Provincial State Budget USD	Total USD
Receipts												
Special account replenishment	-	1,755,669	-	-	-	-	-	-	-	-	-	1,755,669
Direct disbursements	577,494	1,391,201	764,445	864,138	-	-	-	-	-	2,442,031	-	6,039,309
Fund Receive	-	-	-	-	7,243,355	1,757,058	5,041,258	-	781,392	-	-	14,823,063
Counterpart Funds	-	-	-	-	-	-	-	447,994	-	-	216,644	664,638
Net foreign exchange (loss)/gains	88,198	(18,030)	67,897	-	6,210	(14,028)	(236,631)	497,504	-	(1,909)	242,208	631,419
Total receipts	665,692	3,128,840	832,342	864,138	7,249,565	1,743,030	4,804,627	945,498	781,392	2,440,122	458,852	23,914,098
Disbursements by component												
Component 1 - Climate resilience road maintenance	3,822,470	101,477	421,834	385,331	7,392,984	1,538,606	181,809	2,668,183	503,747	75,000	1,889,893	18,981,334
Component 2 - Institutional strengthening	657,705	408,445	-	478,807	-	-	-	-	-	-	-	1,544,957
Component 3 - Project management	152,075	137,209	-	-	-	-	-	-	-	-	-	289,284
Component 4 - Contingent emergency responses	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,632,250	647,131	421,834	864,138	7,392,984	1,538,606	181,809	2,668,183	503,747	75,000	1,889,893	20,815,575
Net (disbursements)/receipts	(3,966,558)	2,481,709	410,508	-	(143,419)	204,424	4,622,818	(1,722,685)	277,645	2,365,122	(1,431,041)	3,098,523
Opening balance	3,856,371	55,173	(467,959)	-	-	-	-	(1,138,752)	-	-	(404,626)	1,900,207
Net (disbursements)/receipts	(3,966,558)	2,481,709	410,508	-	(143,419)	204,424	4,622,818	(1,722,685)	277,645	2,365,122	(1,431,041)	3,098,523
Closing balance	(110,187)	2,536,882	(57,451)	-	(143,419)	204,424	4,622,818	(2,861,437)	277,645	2,365,122	(1,835,667)	4,998,730

Lao Road Sector Project 2

(Under the Financing Agreement for Credit Nos. H5920-LA and H6515-LA between the Government of Lao PDR ("GOL") and the International Development Association ("IDA"), the Financing Agreement between GOL and Nordic Development Fund ("NDF"), Agreements between GOL and European Investment Bank ("EIB") and Agreement between GOL and Asian Infrastructure Investment Bank ("AIIB"))

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

16. STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE BY SOURCES (continued)

Represented by:

Cash on hand and at banks	338.073	1.145.681	-	206.493	228.949	1.039.282	-	277.654	-	-	3.236.132
Advances and other receivables	94.359	1.391.201	-	330.544	124.027	3.583.536	-	-	2.365.122	432.826	8.321.615
Accounts payable	(542.619)	-	(57.451)	(680.456)	(148.552)	-	(2.861.437)	(9)	-	(2.268.493)	(6.559.017)
	<u>(110.187)</u>	<u>2.536.882</u>	<u>(57.451)</u>	<u>(143.419)</u>	<u>204.424</u>	<u>4.622.818</u>	<u>(2.861.437)</u>	<u>277.645</u>	<u>2.365.122</u>	<u>(1.835.667)</u>	<u>4.998.730</u>

Lao Road Sector Project 2

(Under the Financing Agreement for Credit Nos. H5920-LA and H6515-LA between the Government of Lao PDR ("GOL") and the International Development Association ("IDA"), the Financing Agreement between GOL and Nordic Development Fund ("NDF"), Agreements between GOL and European Investment Bank ("EIB") and Agreement between GOL and Asian Infrastructure Investment Bank ("AIIB"))

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

16. STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE BY SOURCES (continued) As at and for the year ended 31 December 2020

Item	IDA Credit		IDA Credit		NDF		EIB Credit		EIB Grant		RF NR13	Provincial State		Total USD
	H5920-LA USD	H6515 USD	H6515 USD	Grant USD	USD	USD	USD	USD	AIIB	Budget USD				
Receipts														
Special account replenishment	5,043,667	657,000	-	-	-	-	-	-	-	-	-	-	-	5,700,667
Direct disbursements	2,649,757	-	2,579,191	1,454,311	-	-	-	-	-	-	-	-	-	6,683,259
Counterpart Funds	-	-	-	-	-	-	-	-	-	10,779	-	-	80,459	91,238
Net foreign exchange (loss)/gains	(24,607)	-	(2,476)	-	-	-	-	-	-	20,732	-	-	8,838	2,487
Total receipts	7,668,817	657,000	2,576,715	1,454,311	-	-	-	-	-	31,511	-	-	89,297	12,477,651
Disbursements by component														
Component 1 - Climate resilience road maintenance	7,969,947	67,652	3,234,558	586,883	-	-	-	-	-	1,063,944	-	-	448,639	13,371,623
Component 2 - Institutional strengthening	1,258,405	345,721	-	602,809	-	-	-	-	-	-	-	-	-	2,206,935
Component 3 - Project management	257,218	118,454	-	-	-	-	-	-	-	-	-	-	-	445,672
Component 4 - Contingent emergency responses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,485,570	601,827	3,234,558	1,189,692	-	-	-	-	-	1,063,944	-	-	448,639	16,024,230
Net (disbursements)/receipts	(1,816,753)	55,173	(657,843)	264,519	-	-	-	-	-	(1,032,433)	-	-	(359,342)	(3,546,579)
Opening balance	5,673,124	-	189,883	(264,619)	-	-	-	-	-	(106,319)	-	-	(45,284)	5,446,785
Net (disbursements)/receipts	(1,816,753)	55,173	(657,842)	264,619	-	-	-	-	-	(1,032,433)	-	-	(359,342)	(3,546,578)
Closing balance	3,856,371	55,173	(467,959)	-	-	-	-	-	-	(1,138,752)	-	-	(404,626)	1,900,207
Represented by:														
Cash on hand and at banks	4,031,859	55,173	-	-	-	-	-	-	-	-	-	-	-	4,087,032
Advances and other receivables	739,350	-	33,367	-	259,638	-	-	-	-	-	-	-	-	1,032,355
Accounts payable	(914,838)	-	(501,326)	-	(259,638)	-	-	-	-	(1,138,752)	-	-	(404,626)	(3,219,180)
	3,856,371	55,173	(467,959)	-	-	-	-	-	-	(1,138,752)	-	-	(404,626)	1,900,207

Lao Road Sector Project 2

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2021

17. ACCUMULATED STATEMENT OF RECEIPTS AND DISBURSEMENTS BY SOURCES AS AT 31 DECEMBER 2021

Item	IDA Credit	IDA Credit	NDF Credit	NDF Grant	EIB Credit	EIB Grant	EIB – NR13	AIIB	RF	RF-NR13	Provincial	Total
	H5920-LA	H6515	USD	USD	USD	USD	USD	USD	USD	USD	State	USD
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	Budget	USD
Receipts												
Special account replenishment	15,866,961	2,412,669	-	-	-	-	-	-	-	-	-	18,279,630
Direct disbursements	3,804,168	1,391,201	5,454,937	5,246,074	-	-	2,442,031	-	-	-	-	18,338,411
Fund Receive	-	-	-	-	7,243,355	1,757,058	5,041,258	-	447,994	781,392	-	15,271,057
Counterpart Funds	-	-	-	-	-	-	-	-	10,779	-	297,103	307,882
Net foreign exchange (loss)/gains	59,531	(18,030)	65,984	-	6,210	(14,028)	(236,631)	(1,909)	518,236	-	251,046	630,409
Total receipts	19,730,660	3,785,840	5,520,921	5,246,074	7,249,565	1,743,030	4,804,627	2,440,122	977,009	781,392	548,149	52,827,389
Disbursements by component												
Climate resilience road maintenance	11,368,103	-	5,578,372	-	7,392,984	1,538,606	-	-	-	-	712,568	26,590,633
- Climate resilient periodic maintenance and spot improvement	1,673,575	-	-	-	-	-	-	-	3,838,446	-	1,640,230	7,152,251
- Routine maintenance	648,681	169,129	-	2,844,277	-	-	181,809	-	-	-	31,018	3,874,914
- Design and supervision	-	-	-	-	-	-	-	-	-	-	-	-
- Tropical Storm Son-Tinh emergency repair and disaster recovery	517,341	-	-	-	-	-	-	-	-	-	-	517,341
- Improvement and maintenance of NR13S	-	-	-	-	-	-	-	-	-	503,747	-	503,747
Institutional strengthening	589,181	41,526	-	-	-	-	-	-	-	-	-	630,707
- Strategic planning and financing	1,339,037	200,226	-	-	-	-	-	-	-	-	-	1,539,263
- Sector governance	-	-	-	-	-	-	-	-	-	-	-	-
- Climate resilient road asset management	702,211	303,442	-	2,401,797	-	-	-	-	-	-	-	3,407,450
- Capacity building	2,143,426	208,974	-	-	-	-	-	-	-	-	-	2,352,400

