MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TF097786

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

FOR THE PERIOD FROM 1 OCTOBER 2012 TO 30 SEPTEMBER 2013

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MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TF097786

CONTENTS

Statement by Project management 1
Independent auditor’s report 2-3
Statement of receipts and disbursements 4
Statement of fund balance 5
Notes to the financial statements 6-13
MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TF097786

STATEMENT BY PROJECT MANAGEMENT

On 22 April 2011, the International Development Association (IDA), acting as administrator of the Japan Social Development Fund (JSDF) and the Government of the Lao People’s Democratic Republic (GoL) signed Grant Agreement Number TF097786 to provide a grant of USD2,621,500 for the purpose of financing the Mobilising Ethnic Communities for Improved Livelihoods and Wellbeing Project (the Project).

The GoL will carry out the Project through the Poverty Reduction Fund (PRF or Project Implementation Entity) under the subsidiary grant agreement signed by the GoL and the PRF on 8 July 2011, in which the PRF commits to the objective of the Project and undertakes to carry out such objective.

The objective of the Project is to pilot an innovative, livelihood-focused, community-driven development programme in five selected poverty reduction priority districts in Houaphan and Savannakhet provinces, enabling 28,800 households in ethnic communities in rural areas of Lao PDR to improve their livelihoods and wellbeing through group-based activities. The implementation of the Project was approved by the IDA on 22 April 2011 and the Project implementation period is from 22 April 2011 to 22 April 2015.

The eligible expenses that will be financed out of the proceeds of the grant are allocated to the following categories:

- **Category 1**: Goods, consultants’ services and training
- **Category 2**: Incremental operating costs
- **Category 3**: Sub-grants under Part (b) of the Project

The Project maintains its records and prepares its financial statements in accordance with the cash receipts and disbursements basis of accounting. Any direct payments made by financiers for Project expenditure are recorded by the Project when paid.

The following components of the financial statements summarise the Project’s financial position and performance for the period from 1 October 2012 to 30 September 2013:

- statement of receipts and disbursements
- statement of fund balance, and
- notes to the financial statements.

As the responsible officials, we hereby state that, to the best of our knowledge and belief, the financial statements for the period from 1 October 2012 to 30 September 2013:

- have been prepared in accordance with the IDA’s requirements
- have been prepared, in all material respects, in accordance with the basis of accounting set out in Note 2 to the financial statements.

We also hereby state that the statement of cash receipts and disbursements includes only costs that are eligible under Grant Agreement No. TF097786-LA and that adequate supporting documentation has been maintained for these costs.

On behalf of the Project:

Mr. Boukhouxay Souvannaphanh
Executive Director

Mrs. Boualy Sayavong
Head of Finance and Administration Division

28 MAR 2014

28 MAR 2014
INDEPENDENT AUDITOR’S REPORT

To the Government of Lao PDR, the Management of the Project and the International Development Association, acting as administrator of the Japan Social Development Fund (JSDF), on the financial statements of the Mobilising Ethnic Communities for Improved Livelihoods and Wellbeing Project under Grant Agreement No. TF097786 – LA.

We have audited the accompanying financial statements of the Mobilising Ethnic Communities for Improved Livelihoods and Wellbeing Project (the Project) funded by the International Development Association (IDA), acting as administrator of the Japan Social Development Fund (JSDF), under Grant Agreement No.TF097786, which comprise the statement of receipts and disbursements for the period from 1 October 2012 to 30 September 2013, the statement of fund balance as at 30 September 2013 and other explanatory information. The financial statements have been prepared by the management of the Project in accordance with the accounting policies described in Note 2 to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the accounting policies described in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Project’s preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements of the Project for the period from 1 October 2012 to 30 September 2013 are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.
INDEPENDENT AUDITOR’S REPORT (continued)

Basis of accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Project’s management to comply with the financial reporting requirements of the Project. As a result, the financial statements may not be suitable for other purposes.

Other matters

This report is intended for the information of the Project, the IDA and the Government of Lao PDR, and for no other purpose. However, upon release by the IDA, this report will be a matter of public record and its distribution will not be limited. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, except where expressly agreed by our prior consent in writing.

For PricewaterhouseCoopers (Lao) Co., Ltd.

By Paiboon Tunkoon
Partner
Vientiane, Lao PDR
Date: 28 March 2014
MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TF097786

STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD FROM 1 OCTOBER 2012 TO 30 SEPTEMBER 2013

<table>
<thead>
<tr>
<th>Notes</th>
<th>From 1 October 2012 to 30 September 2013 USD</th>
<th>From 1 October 2011 to 30 September 2012 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant Agreement Number TF097786</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Funds received</td>
<td>552,509</td>
<td>147,647</td>
</tr>
<tr>
<td>Total receipts</td>
<td>552,509</td>
<td>147,647</td>
</tr>
<tr>
<td>Disbursements by category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category 1: Goods, consultants' services and training</td>
<td>380,357</td>
<td>211,747</td>
</tr>
<tr>
<td>Category 2: Incremental operating costs</td>
<td>16,798</td>
<td>5,564</td>
</tr>
<tr>
<td>Category 3: Sub-grants under Part (b) of the Project</td>
<td>91,181</td>
<td>-</td>
</tr>
<tr>
<td>Total disbursements</td>
<td>488,336</td>
<td>217,311</td>
</tr>
<tr>
<td>Surplus/(deficit) of receipts over disbursements</td>
<td>64,173</td>
<td>(69,664)</td>
</tr>
</tbody>
</table>

Mr. Bounkouang Souvannaphan
Executive Director

Mrs. Boualy Sayavong
Head of Finance and Administration Division

28 MAR 2014

The accompanying notes on pages 6 to 13 form an integral part of the financial statements. The auditor’s report is on pages 2 and 3.
MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TFo097786

STATEMENT OF FUND BALANCE
AS AT 30 SEPTEMBER 2013

<table>
<thead>
<tr>
<th>Notes</th>
<th>As at 30 September 2013 USD</th>
<th>As at 30 September 2012 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening fund balance</td>
<td>180,325</td>
<td>249,989</td>
</tr>
<tr>
<td>Surplus/(deficit)</td>
<td>64,173</td>
<td>(69,664)</td>
</tr>
<tr>
<td><strong>Closing fund balance</strong></td>
<td><strong>244,498</strong></td>
<td><strong>180,325</strong></td>
</tr>
</tbody>
</table>

*Represented by:*
Cash on hand and cash at banks 5 238,354 175,709
Advances 6 6,144 4,616

**Total current assets** 244,498 180,325

Mr. Bounkouang Souvannaphanh
Executive Director

Mrs. Boualy Sayavong
Head of Finance and Administration Division

28 MAR 2014

The accompanying notes on pages 6 to 13 form an integral part of the financial statements. The auditor's report is on pages 2 and 3.
MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TFo97786

NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 OCTOBER 2012 TO 30 SEPTEMBER 2013

1. General information

On 22 April 2011, the International Development Association (IDA), acting as administrator of the Japan Social Development Fund (JSDF) and the Government of the Lao People’s Democratic Republic (GoL) signed Grant Agreement Number TFo97786 to provide a grant of USD2,621,500 for the purpose of financing the Mobilising Ethnic Communities for Improved Livelihoods and Wellbeing Project (the Project).

The GoL will carry out the Project through the Poverty Reduction Fund (PRF or Project Implementation Entity) under the subsidiary grant agreement signed by the GoL and the PRF on 8 July 2011, in which the PRF commits to the objective of the Project and undertakes to carry out such objective.

The objective of the Project is to pilot an innovative, livelihood-focused, community-driven development programme in five selected poverty reduction priority districts in Houphian and Savannakhet provinces, enabling 28,800 households in ethnic communities in rural areas of Lao PDR to improve their livelihoods and wellbeing through group-based activities. The implementation of the Project was approved by the IDA for the period from 22 April 2011 to 22 April 2015.

The eligible expenses that will be financed out of the proceeds of the grant are allocated to the following categories:

Category 1: Goods, consultants’ services and training
Category 2: Incremental operating costs
Category 3: Sub-grants under Part (b) of the Project

The Project is managed by the management of the Poverty Reduction Fund. As at 30 September 2013, the Project had 10 full-time employees.

The Project’s address is Poverty Reduction Fund, Souphanouvong Road, Vientiane, Lao People’s Democratic Republic. The Project’s financial statements were authorised for issue by the Executive Director (Bounkouang Souvannaphanh) on 28 March 2014.

2. Significant accounting policies

a. Basis of preparation

The financial statements are expressed in United Stated dollars (USD), and have been prepared under the historical cost convention and the cash basis of accounting, except for advances. Under the cash basis of accounting, transactions are recorded when cash is paid or received by the Project. Advances are included in the statement of fund balance and presented as ‘advances’ until the advance is cleared by its owner and recorded as a payment.

b. Cash receipts

Cash receipts represent cash received from the IDA, and are recognised when they are actually received rather than when earned or, in the case of direct payments by the IDA, when the Project receives a notification of payment regarding the payment from the IDA.
MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TF097786

NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 OCTOBER 2012 TO 30 SEPTEMBER 2013

2. Significant accounting policies (continued)
   
c. Cash disbursements

Cash disbursements represent all cash expenses of the Project for the activities funded by the IDA, paid in line with the Project's objectives and approved budgets. They are recorded when disbursed, except for advances, which are recognised as expenses after they are cleared and evidence of payment is received by the Project.


d. Disbursements of sub-grants

Sub-grants are made available by the Project from the proceeds of the financing to Kum Bans located in the Project's targeted provinces to finance sub-projects under Category 3 2, in accordance with the provisions of the sub-grant agreement.

The disbursement of sub-grants to Kum Bans by the Project is recognised as expenditure on the date money is transferred to the Kum Bans.


e. Fixed assets

The cost of fixed assets is charged to expenditure at the time the disbursements are made. Fixed assets purchased are charged to the category to which they relate. The Project maintains fixed asset registers at each location, which include vehicles, office equipment and furniture, for control purposes only.

f. Advances

Advances represent amounts paid in advance to the Project's employees for the purposes of travel to provinces, districts or overseas, or for meetings, workshops or conferences. Advance payments for Project activities are credited to cash and debited to the advance account at the time the advance is provided to the recipient. The expenses related to the advanced amount are recorded to the related expenditure category line on the date of liquidation, and any excess amount is debited to the cash account upon receipt by the Project. Outstanding advances are included in the statement of fund balance and presented as advances.


g. Foreign currency

The measurement and presentation currency of the Project is US dollars. Transactions arising in currencies other than US dollars are translated to US dollars using the rates prevailing at the transaction dates. Cash balances in currencies other than US dollars are translated into US dollars using the rate at the period end. All foreign exchange differences arising are included in the statement of receipts and disbursements. The exchange rate prevailing as at 30 September 2013 was USD1 to LAK 7,837.

h. Designated account replenishments

The designated account replenishments represent cash received by the Project under Grant Agreement No. TF097786. The designated account is replenished by the IDA in accordance with the Statement of Expenditure (SOE) and the Withdrawal Application, which are prepared by the Project and approved by the National Treasury, Ministry of Finance, Lao PDR.

The replenishments are made to the designated account at the Bank of Lao PDR (BoL) and are used exclusively to cover the IDA's share of eligible expenses under Grant Agreement No. TF097786.
Mobilising Ethnic Communities for Improved Livelihoods and Wellbeing project funded by the International Development Association, acting as Administrator of the Japan Social Development Fund, under Grant Agreement No. TF097786

Notes to the Financial Statement
For the Period from 1 October 2012 to 30 September 2013

3. Designated Bank Account Replenishments

For the period from 1 October 2012 to 30 September 2013

<table>
<thead>
<tr>
<th>Application number</th>
<th>Date of application</th>
<th>Particulars</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 009</td>
<td>18 October 2012</td>
<td>DA-A IDA TF097786</td>
<td>27,802</td>
</tr>
<tr>
<td>No. 010</td>
<td>10 January 2013</td>
<td>DA-A IDA TF097786</td>
<td>89,871</td>
</tr>
<tr>
<td>No. 011</td>
<td>15 March 2013</td>
<td>DA-A IDA TF097786</td>
<td>93,161</td>
</tr>
<tr>
<td>No. 012</td>
<td>15 March 2013</td>
<td>DA-A IDA TF097786</td>
<td>20,576</td>
</tr>
<tr>
<td>No. 013</td>
<td>17 May 2013</td>
<td>DA-A IDA TF097786</td>
<td>34,386</td>
</tr>
<tr>
<td>No. 014</td>
<td>6 June 2013</td>
<td>DA-A IDA TF097786</td>
<td>61,431</td>
</tr>
<tr>
<td>No. 015</td>
<td>2 July 2013</td>
<td>DA-A IDA TF097786</td>
<td>69,312</td>
</tr>
<tr>
<td>No. 016</td>
<td>31 July 2013</td>
<td>DA-A IDA TF097786</td>
<td>59,060</td>
</tr>
<tr>
<td>No. 017</td>
<td>28 August 2013</td>
<td>DA-A IDA TF097786</td>
<td>53,718</td>
</tr>
<tr>
<td>No. 018</td>
<td>19 September 2013</td>
<td>DA-A IDA TF097786</td>
<td>43,192</td>
</tr>
</tbody>
</table>

Total replenishments of designated account No. 0000010056200100  552,509

Accumulated total replenishments of designated account as at 30 September 2013  950,156

Withdrawal applications (W/A) for the Project are submitted to the IDA by Project management through the Ministry of Finance. W/A No. 001 for USD 250,000 dated 20 September 2011 is an advance from the IDA to the Project for the initial implementation activities of the Project.

Accumulated total replenishments of designated account as at 1 October 2011

<table>
<thead>
<tr>
<th>Application number</th>
<th>Date of application</th>
<th>Particulars</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 001</td>
<td>20 September 2011</td>
<td>DA-A IDA TF097786</td>
<td>250,000</td>
</tr>
</tbody>
</table>

Total replenishments of designated account No. 0000010056200100  250,000

Total accumulated total replenishments of designated account as at 1 October 2011  250,000

For the period from 1 October 2011 to 30 September 2012

<table>
<thead>
<tr>
<th>Application number</th>
<th>Date of application</th>
<th>Particulars</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 002</td>
<td>8 February 2012</td>
<td>DA-A IDA TF097786</td>
<td>11,371</td>
</tr>
<tr>
<td>No. 003</td>
<td>12 March 2012</td>
<td>DA-A IDA TF097786</td>
<td>28,720</td>
</tr>
<tr>
<td>No. 004</td>
<td>22 April 2012</td>
<td>DA-A IDA TF097786</td>
<td>3,554</td>
</tr>
<tr>
<td>No. 005</td>
<td>1 June 2012</td>
<td>DA-A IDA TF097786</td>
<td>43,401</td>
</tr>
<tr>
<td>No. 006</td>
<td>19 June 2012</td>
<td>DA-A IDA TF097786</td>
<td>15,160</td>
</tr>
<tr>
<td>No. 007</td>
<td>31 August 2012</td>
<td>DA-A IDA TF097786</td>
<td>19,587</td>
</tr>
<tr>
<td>No. 008</td>
<td>7 September 2012</td>
<td>DA-A IDA TF097786</td>
<td>25,854</td>
</tr>
</tbody>
</table>

Total replenishments of designated account No. 0000010056200100  147,647

Accumulated total replenishments of designated account as at 30 September 2012  397,647
MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TF097786

NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 OCTOBER 2012 TO 30 SEPTEMBER 2013

4. Summary of disbursements by component

<table>
<thead>
<tr>
<th>Component</th>
<th>Total budget (“Unaudited”)</th>
<th>Accumulated as at 30 September 2013</th>
<th>For the period 1 October 2012 to 30 September 2013</th>
<th>Accumulated as at 30 September 2012</th>
<th>For the period 1 October 2011 to 30 September 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Component 1: Training and Consultancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training, monitoring costs and information, education and communication (IEC) materials</td>
<td>257,080</td>
<td>230,783</td>
<td>177,202</td>
<td>53,581</td>
<td>53,581</td>
</tr>
<tr>
<td>Consultancy - local staff</td>
<td>630,420</td>
<td>187,305</td>
<td>138,677</td>
<td>48,628</td>
<td>48,628</td>
</tr>
<tr>
<td>Consultancy - international goods</td>
<td>214,000</td>
<td>174,016</td>
<td>64,478</td>
<td>109,538</td>
<td>109,538</td>
</tr>
<tr>
<td>Component 1 expenditure subtotal</td>
<td>1,101,500</td>
<td>592,104</td>
<td>380,357</td>
<td>211,747</td>
<td>211,747</td>
</tr>
<tr>
<td>Component 2: Incremental operating costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incremental operating costs</td>
<td>120,000</td>
<td>22,373</td>
<td>16,798</td>
<td>5,575</td>
<td>5,564</td>
</tr>
<tr>
<td>Component 2 expenditure subtotal</td>
<td>120,000</td>
<td>22,373</td>
<td>16,798</td>
<td>5,575</td>
<td>5,564</td>
</tr>
<tr>
<td>Component 3: Sub-grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-grants under Part (b) of the Project</td>
<td>1,400,000</td>
<td>91,181</td>
<td>91,181</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Component 3 expenditure subtotal</td>
<td>1,400,000</td>
<td>91,181</td>
<td>91,181</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total disbursements</td>
<td>2,621,500</td>
<td>705,658</td>
<td>488,336</td>
<td>217,322</td>
<td>217,311</td>
</tr>
</tbody>
</table>

Source of budget: Total budget provided by the Head of Finance and Administration Division of the Project.
4. Summary of disbursements by component (continued)

Component 1: Training and Consultancy

This represents salary for staff hired on a full-time basis, consultant costs for international consultants and procurement of computers. As at 30 September 2013, the Project had 10 employees and 1 international advisor (as at 30 September 2012: 13 employees and 1 international advisor).

Component 2: Incremental operating costs

This mainly pertains to vehicle maintenance costs and fuel costs.

Component 3: Sub-grants

This relates to part (b) of the Project: providing sub-grants to eligible village self-help groups (SHGs) through a competitive, transparent and participatory selection process to support the planning, implementation and sustainability of livelihood activities, including, (i) provision of input support for production and marketing through sub-grants and in-kind contributions including labour and materials from villagers, (ii) empowering SHGs through training and technical assistance and (iii) promoting sustainability of community assets and SHGs through basic financial literacy and links to finance and markets.
MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TF097786

NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 OCTOBER 2012 TO 30 SEPTEMBER 2013

5. Cash on hand and at banks

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2013</th>
<th>As at 30 September 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash on hand at provinces</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>Cash on hand at Vientiane</td>
<td>4,464</td>
<td>1,447</td>
</tr>
<tr>
<td><strong>Total cash on hand</strong></td>
<td><strong>4,468</strong></td>
<td><strong>1,535</strong></td>
</tr>
<tr>
<td>Cash at banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating accounts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vientiane operating account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Province operating accounts</td>
<td>37,196</td>
<td>602</td>
</tr>
<tr>
<td><strong>Total operating accounts</strong></td>
<td><strong>37,196</strong></td>
<td><strong>602</strong></td>
</tr>
<tr>
<td>Designated account (BOL)</td>
<td>196,690</td>
<td>173,572</td>
</tr>
<tr>
<td><strong>Total cash at banks</strong></td>
<td><strong>196,690</strong></td>
<td><strong>173,572</strong></td>
</tr>
<tr>
<td><strong>Total cash on hand and at banks</strong></td>
<td><strong>238,354</strong></td>
<td><strong>175,709</strong></td>
</tr>
</tbody>
</table>

The cash on hand balance comprises individual petty cash balances maintained at each office for small payments made by the Project.

Cash at bank represents cash deposited in current accounts at local banks, bearing no interest.

Operating accounts are bank accounts opened at local banks by each office of the Project (three offices in total) to manage funds received from the designated account. Operating accounts are normally current accounts that bear no interest.

The details of the designated account are as follows:

**Designated account**

- **Account No:** 00000100562000101
- **Account Name:** Poverty Reduction Fund Project II
- **Depository Bank:** Bank of Lao PDR (BOL)
- **Type of account:** Current account
- **Interest rate:** Nil
- **Address:** Yonet Road, PO Box 2925, Vientiane, Lao PDR
- **Related credit:** IDA Grant No. TF097786-LA
- **Currency:** USD

*Note: The Project uses the Poverty Reduction Fund II Project designated account as its designated bank account for receiving funds from donors.*
6. Advances

<table>
<thead>
<tr>
<th>Advances by province</th>
<th>At 30 September 2013</th>
<th>At 30 September 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>- Vientiane</td>
<td>2,566</td>
<td>2,739</td>
</tr>
<tr>
<td>- Houaphan</td>
<td>3,578</td>
<td>1,877</td>
</tr>
<tr>
<td>- Savannakhet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total advances outstanding</td>
<td>6,144</td>
<td>4,616</td>
</tr>
</tbody>
</table>

Advances as at 30 September 2013 were mainly advances to the Project’s staff for conducting Kum Ban and village training. All such advances were cleared in October and November 2013.

7. Statement of designated account

<table>
<thead>
<tr>
<th>For the period from 1 October 2012 to 30 September 2013</th>
<th>For the period from 1 October 2011 to 30 September 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance of designated bank account</td>
<td>173,572</td>
</tr>
<tr>
<td>Add: Designated bank account replenishments (Note 3)</td>
<td>552,509</td>
</tr>
<tr>
<td>Add: Total cash on hand, advances and cash at bank at opening</td>
<td>6,753</td>
</tr>
<tr>
<td>Less: Total disbursements for the period (Note 4)</td>
<td>(488,336)</td>
</tr>
<tr>
<td>Less: Advances (Note 6)</td>
<td>(6,144)</td>
</tr>
<tr>
<td>Less: Replenishments to operating accounts (Note 5)</td>
<td>(37,196)</td>
</tr>
<tr>
<td>Less: Cash on hand (Note 5)</td>
<td>(4,468)</td>
</tr>
<tr>
<td>Closing balance of designated bank account</td>
<td>196,690</td>
</tr>
</tbody>
</table>
MOBILISING ETHNIC COMMUNITIES FOR IMPROVED LIVELIHOODS AND WELLBEING PROJECT FUNDED BY THE INTERNATIONAL DEVELOPMENT ASSOCIATION, ACTING AS ADMINISTRATOR OF THE JAPAN SOCIAL DEVELOPMENT FUND, UNDER GRANT AGREEMENT No.TF097786

NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 OCTOBER 2012 TO 30 SEPTEMBER 2013

7. Statement of designated account (continued)

<table>
<thead>
<tr>
<th>Reconciliation of designated account</th>
<th>For the period from 1 October 2012 to 30 September 2013</th>
<th>For the period from 1 October 2011 to 30 September 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts advanced to the Project by the IDA</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Less: Total amount recovered by the IDA</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total advanced to the Project by the IDA</strong></td>
<td><strong>250,000</strong></td>
<td><strong>250,000</strong></td>
</tr>
<tr>
<td>Designated account ending balance (Note 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts withdrawn by the Project but not yet replenished by the IDA*</td>
<td>196,690</td>
<td>173,572</td>
</tr>
<tr>
<td>53,310</td>
<td>76,428</td>
<td></td>
</tr>
<tr>
<td><strong>Total advanced to the Project by the IDA</strong></td>
<td><strong>250,000</strong></td>
<td><strong>250,000</strong></td>
</tr>
</tbody>
</table>

*This amount was replenished through W/A 019. The replenishment for W/A 019 was received in October 2013.

8. Commitments

The details of commitments as at 30 September 2013 are shown below.

<table>
<thead>
<tr>
<th>Local consultants*</th>
<th>30,781</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>30,781</strong></td>
</tr>
</tbody>
</table>

*Committed contracts for local consultants mainly comprise contracts for local full-time staff, who work on the monitoring and implementation of the Projects. Contracts are usually entered into for a period of 3, 6 or 12 months. Thus the commitment balances are expected to be cleared within one year from the reporting date.