

**Mekong River Commission  
Lao PDR**

**Financial Statements  
and  
Independent Auditor's Report  
Year ended 31 December 2018**

# Mekong River Commission Lao PDR

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# Mekong River Commission

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## Report of the MRCS Management

The Management of the Mekong River Commission Secretariat (“MRCS”) presents its report and the financial statements of the Mekong River Commission for the year ended 31 December 2018.

### Principal activities during 2018

The Mekong River Commission (MRC) continues to implement its core river basin management functions including river monitoring, flood forecasting, basin-wide planning, and coordinating implementation of water utilization procedures for data sharing, consultation on major infrastructure projects on the Mekong mainstream, water quality monitoring and maintenance of river flows. One of the key highlights is the 6-month prior consultation process on the proposed Pak Lay hydropower project which commenced in August 2018 involving transparent sharing of detailed information from the project to the public, independent assessment by experts of the MRC Secretariat, engaging with various stakeholders at the local, national and regional levels, after which they were deliberated on by senior representatives of the countries. The process is expected to result in an agreed statement by the MRC Joint Committee on measures to avoid, minimize and mitigate adverse transboundary impacts of the project and preparation of a joint action plan to further engage in information sharing and joint monitoring.

The year 2018 also marked the midpoint in the implementation of the MRC Strategic Plan 2016-2020 and thereby saw a number of major reviews carried out for MRC operations, the progress of the Strategic Plan implementation itself, as well as decentralization of basin monitoring to member countries. Ongoing strengthening of the MRC finance continued including the recruitment of new internal auditor and establishment of the independent Audit Committee. The independent Mid Term Review wrote in their report: “There have been some impressive achievements in the first half of the Strategic Plan period in terms of outputs produced, including but not limited to, the Council Study, Basin-wide Fisheries Management and Development Strategy, Mekong (Climate Change) Adaptation Strategy and Action Plan, improvements in implementing the Prior Consultation process with the Joint Committee Statement and Joint Action Plan for Pak Beng, Transboundary Environment Impact Assessment guidelines, and the update of the Preliminary Design Guidance for mainstream hydropower projects.” The independent Operational Review added: “significant achievements of the MRC in recent years have increased the reputation and relevance of the organisation considerably as well as consolidating its standing as one of the premier River Basin Commissions worldwide.



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## Report of the MRCS Management (continued)

### The MRCS Management

The members of the MRCS Management who held office during the year and at the date of this report are:

An Pich Hatda	Chief Executive Officer from 14 January 2019 Director of Planning Division from 01 July 2016 to 13 January 2019
Pham Tuan Phan	Chief Executive Officer from 18 January 2016 to 17 January 2019
Suchart Sirijungsakul	Director of Administration Division from 01 March 2016
Naruepon Sukumasavin	Director of Administration Division from 01 July 2016 to 19 February 2019
Tran Minh Khoi	Director of Environment Division from 19 November 2018
Truong Hong Tien	Director of Environment Division from 01 August 2016 to 30 September 2018
Socheat Hak	Director of Planning Division from 01 March 2019
Bountieng Sanaxonh	Director of Technical Support Division from 19 January 2018
Somsanith Ninthavong	Chief Financial Officer from 01 December 2016
Vu Thu Hong	Chief Human Resources Officer from 01 December 2016



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## Statement of Management's Responsibilities

It is the responsibility of management to prepare financial statements for the year ended 31 December 2018 in all material respect the state of affairs of the MRC as at the end of the year and of the surplus or deficit for that year. In preparing those financial statements, management is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Maintain financial records and prepare the financial statements in accordance with the policies and procedures of the Mekong River Commission; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue its operations.

MRCS Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Commission. Members of MRC management have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Commission and to prevent and detect fraud and other irregularities.

MRCS Management confirms that the MRC has complied with the above requirements in preparing the financial statements.

On behalf of the management

Suchart Sirijungsakul  
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda  
Chief Executive Officer

Date: 11 APR 2019



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## **Independent Auditor’s Report**

### **To The Members of the Joint Committee of the Mekong River Commission**

#### ***Opinion***

We have audited the financial statements of Mekong River Commission (“MRC” or “the Commission”), which comprise the statement of income and expenditure and fund balance for the year ended 31 December 2018, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Commission for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the Commission’s accounting policies as described in Note 2.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to our audit of the financial statements, 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.

#### ***Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use***

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the MRCS Management in meeting the reporting requirements of the MRC’s Joint Committee and its partners. As a result, the financial statements may, therefore, not be suitable for another purpose. Our report is intended solely for the Commission and its partners, and should not be used by or distributed to other parties. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the Commission’s accounting policies as described in Note 2, 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 Commission’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 liquidate the Commission or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Commission’s financial reporting process.

### *Auditor’s Responsibilities 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 Commission’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 Commission’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Date: 11 APR 2019

## Mekong River Commission – Lao PDR

### Statement of income and expenditure For the year ended 31 December 2018

	Note	2018 USD	2017 USD
<b>INCOME</b>			
<b>Contribution</b>			
Contributions from Development Partners	3	5,021,943	8,784,319
Contributions from Riparian Governments	4	3,109,406	2,851,149
		<b>8,131,349</b>	<b>11,635,468</b>
<b>Revenue</b>			
Interest	5	220,931	250,645
Other incomes MRC		32,765	5,775
Management and administration fees	6	346,176	537,384
		<b>599,872</b>	<b>793,804</b>
<b>TOTAL INCOME</b>		<b>8,731,221</b>	<b>12,429,272</b>
<b>EXPENDITURE</b>			
<b>Basket Fund Expenditure</b>			
Salary and Fee	7	(2,093,082)	(1,946,386)
Employment Benefit Cost	8	(1,269,872)	(955,725)
Recruitment and selection	9	(24,162)	(32,067)
Corporate training	10	(83,399)	(2,571)
Official Travel	11	(232,652)	(119,852)
Other short-term staffs	12	(17,734)	(9,406)
Consultants	13	(1,954,434)	(1,874,285)
Office costs	14	(444,888)	(423,125)
Maintenance and Running cost of equipment	15	(109,762)	(95,722)
Publication, Printing and others	16	(104,524)	(77,769)
Financial cost		(29,313)	(30,703)
Property and equipment	17	(389,755)	(219,005)
MRC Summit		(399,204)	-
Governance meeting expenses	18	(115,188)	(327,594)
Meeting and workshop expenses	19	(1,067,238)	(1,144,732)
Support to Decentralization and NIP	20	(51,103)	(34,839)
MOUs with member countries	21	(440,752)	(388,898)
		<b>(8,827,062)</b>	<b>(7,682,679)</b>
<b>Earmarked Fund Expenditure</b>			
Salary and Fee	7	(169,402)	(195,181)
Employment Benefit Cost	8	(96,161)	(84,498)
Recruitment and selection		(898)	(3,614)
Corporate training		(8,793)	(5,984)
Official Travel	11	(101,483)	(63,459)
Consultants	13	(1,686,232)	(2,032,994)
Office costs	14	(11,162)	(14,570)
Maintenance and Running cost of equipment	15	(24,504)	(42,797)
Publication, Printing and others	16	(38,431)	(52,938)
Financial cost		(19,745)	(16,371)
Property and equipment	17	(50,803)	(20,377)
Meeting and workshop expenses	19	(721,388)	(1,240,976)
MOUs with member countries	21	(369,289)	(133,636)
Management & administration fees	6	(346,176)	(537,384)
		<b>(3,644,467)</b>	<b>(4,444,779)</b>



## Mekong River Commission – Lao PDR

### Statement of income and expenditure For the year ended 31 December 2018

Administration Reserve Fund Expenditure	Note	2018 USD	2017 USD
Salary and Fee		-	(33)
Employment Benefit Cost	8	-	(241,436)
Official Travel	11	-	(3,408)
Consultants		(6,910)	(5,062)
Office costs	14	(1,650)	(50,676)
Maintenance and running cost of equipment	15	-	(3,050)
Publication, printing and others		-	(662)
Financial cost		(11)	(125)
Property and equipment		(1,100)	-
		<b>(9,671)</b>	<b>(304,452)</b>
Allocated Administrative Reserve Fund	22	-	94,367
<b>TOTAL EXPENDITURE</b>		<b>(12,481,200)</b>	<b>(12,337,543)</b>
<b>Movement in Fund Balance for the year</b>		<b>(3,749,979)</b>	<b>91,729</b>



Suchart Sirijungsakul  
Director of Administration Division

Date: 11 APR 2019



An Pich Hatda  
Chief Executive Officer

Date: 11 APR 2019

## Mekong River Commission – Lao PDR

### Statement of fund balance As at 31 December 2018

	Note	2018 USD	2017 USD
<b>Fund Balance as at 1 January</b>		12,448,215	12,514,784
Unutilised fund and interest returned in 2018		(24,964)	(165,697)
Received refund insurance from insurance company in 2018		-	7,399
Movement in Fund Balance for the year		(3,749,979)	91,729
<b>Fund Balances as at 31 December</b>	23	<b>8,673,272</b>	<b>12,448,215</b>
<b>Represented by:</b>			
<b>Current assets</b>			
Cash on hand and at banks	24	9,005,574	12,659,053
Advances and pre-payments	25	537,330	402,610
		<b>9,542,904</b>	<b>13,061,663</b>
<b>Current liabilities</b>			
Provident fund	26	(843,210)	(501,018)
Other liabilities	27	(26,422)	(112,430)
		<b>(869,632)</b>	<b>(613,448)</b>
<b>Net Current Assets</b>		<b>8,673,272</b>	<b>12,448,215</b>



Suchart Sirijungsakul  
Director of Administration Division

Date: 11 APR 2019



An Pich Hatda  
Chief Executive Officer

Date: 11 APR 2019

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

**1. GENERAL INFORMATION**

The Mekong River Commission (“MRC” or “the Commission”) was established in 1995 with the signing of the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin. The MRC Member Countries are Cambodia, the Lao PDR, Thailand and Viet Nam, with China and Myanmar as Dialogue Partners.

Since its establishment, the MRC has strived to develop work programmes and strategies to best serve its mission to promote and coordinate sustainable management and development of water and related resources for the countries’ mutual benefit and the people’s well-being. Over the years, with a vision to bring about an economically prosperous, socially just and environmentally sound Mekong River Basin, the MRC has placed regional cooperation and basin-wide planning at the heart of its operation.

The Commission is governed by a Council which comprises of the environment and water ministers of the four Member Countries. The Council Members would review and mutually conclude on the management and development of water and related resources. These decisions and policies are then put into action by the MRC Joint Committee, which comprises senior officials at no less than Head of Department level of the four countries, and supported by national line agencies including the Ministry of Foreign Affairs.

The Commission’s technical and administrative functions fall under an operational arm, the MRC Secretariat (“MRCS”), which is led by a Chief Executive Officer. Currently there are about 60 staff members (*2017: 72 staff members*) based in the Secretariat offices in Vientiane, Lao PDR and in the Flood Centre in Phnom Penh, Cambodia.

MRCS facilitates regional meetings of the Member Countries and provides technical advice on joint planning, coordination and cooperation. It also works closely with the four countries’ coordinating bodies, the National Mekong Committees (“NMCs”), and other state agencies.

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*a. Basis of accounting*

The financial statements, which are expressed in United States Dollar (“USD”), have been prepared on a modified cash basis. The significant policies adopted in the preparation of the financial statements are set out below:

• *Income recognition*

Fund receipt from Development Partners is recognised as income when cash is credited to the Commission’s designated bank accounts. Direct payments made by Development Partners to contractors are recognised as income upon Development Partners’ notice to the Commission.

Contribution from Riparian Governments is recognised as income when cash is credited to the Commission’s bank accounts.

Bank interests are recognised as income when credited to the Commission’s bank accounts.

Other income and revenue are recognised upon cash receipts.

• *Expenditure recognition*

Expenditure is recognised when paid except for staff health and life insurance premiums, personal telephone and fax costs charged to staff, project related expenses and repatriation fee, which are recognised on accrual basis; and advances to National Mekong Committees, projects and employees, which are recognised when cleared.

*b. Property and equipment*

For control and management purposes, a memorandum account for property and equipment is maintained by way of a property and equipment listing. All property and equipment are expensed in full in the income and expenditure statement at the date of acquisition. Proceeds from disposal of property and equipment are recognised as a decrease in expenditure rather than an increase in income in the statement of income and expenditure.

*c. Foreign currency transactions*

Monetary assets and liabilities denominated in currencies other than USD are translated into USD at rates of exchange ruling at the balance sheet date. Transactions in currencies other than USD are translated into USD at the MRC operational rates of exchange on the date of the transactions. All exchange differences are recorded in the statement of income and expenditure.

*d. Employee benefit*

The MRCs provided allowances and benefits to staff member in addition to salary. Type of allowances and benefits depends on the employment category.

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

- Post allowance: MRCS introduced the post allowance (PA) to compensate eligible staff members for any loss in income due to variations in the cost of living between difference countries and duty station.
  - For Riparian staff the percentage is currently set at 7% of the base salary
  - For International staff the percentage is regulated in accordance with the UN system.
- Hardship allowance: The hardship allowance (HA) is an allowance provided to Riparian Professional Staff and to International Staff assigned to a duty station outside their home country. It is an allowance to compensate for the degree of hardship experienced by staff assigned to a duty station abroad.

The HA shall be payable, regardless of whether the staff member is accompanied by his/her dependants, while assigned to duty station.

Other benefits are dependency allowance, housing allowance, health insurance education assistance.

- Provident Fund: All staff members holding a letter of Appointment for one year or more shall participate in a pension plan, known as the Provident Fund. The main purpose of this fund is to provide retirement, disability, and survivor's benefit for participating staff members.
  - Staff members shall contribute 7% of their base salary, through monthly payroll deductions.
  - The MRCS shall contribute to this fund the equivalent of 14% of the staff's member's base salary.

**3. CONTRIBUTIONS FROM DEVELOPMENT PARTNERS**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Australia	407,760	2,018,633
Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)*	(3,100)	1,161,654
European Union	68,717	-
France (AFD)	197,409	252,429
Japan	366,071	349,954
Kreditanstalt für Wiederaufbau (KfW)**	(221)	4,284
Luxembourg	472,981	-
Netherlands	543,900	544,000
Norwegian Agency for Development Cooperation (NORAD)	-	23,669
Pool funding for Council Study	(1,564)	-
Sweden (SIDA)	-	1,257,065
Switzerland - Swiss Agency for Development and Cooperation (SDC)	1,400,000	1,400,000
Southeast Asia Fisheries Development Center (SEAFDEC)	-	15,000
United States of America*	(5,703)	-
World Bank	1,575,693	1,757,631
	<b><u>5,021,943</u></b>	<b><u>8,784,319</u></b>

(\*) The above listed negative amounts have not been used by MRC, and they have therefore been returned to DPs.

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**4. CONTRIBUTIONS FROM RIPARIAN GOVERNMENTS**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Cambodia	621,881	561,623
Lao PDR	621,881	565,346
Thailand	932,822	876,160
Vietnam	932,822	848,020
	<b><u>3,109,406</u></b>	<b><u>2,851,149</u></b>

**5. INTEREST**

This represents interest on the Commission's funds which is used to cover the basket fund expenditures and the earmarked fund expenditures.

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Bank interest income MRC on basket fund	117,659	158,171
Bank interest income MRC on earmarked fund *	12,799	51,735
Bank interest income MRC on the Administrative Reserve Fund ("ARF")	90,473	40,739
	<b><u>220,931</u></b>	<b><u>250,645</u></b>

(\*) This is interest earned on contributions from Development Partners. Its use is subject to specific agreements between the Commission and the Development Partners, either for project expenditure or for return to the Development Partners.

**6. MANAGEMENT AND ADMINISTRATION FEES**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Management and administration fees – Revenue	346,176	537,384
Management and administration fees – Expenditure	<u>(346,176)</u>	<u>(537,384)</u>
	<b><u>-</u></b>	<b><u>-</u></b>

The Management and Administration Fees are calculated at a percentage (from 7% to 15% for most projects) of the project expenditure and are recognised as revenue under the Basket fund and as expense under the Earmarked fund. These are used to cover the expenses of the MRCS in rendering technical and administrative services to the projects. The Management and Administration Fees of USD 346,176 (2017: USD 537,384) are netted off on the preparation of the Commission's financial statements.

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**7. SALARY AND FEE**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b><u>Basket Fund</u></b>		
Professional posts	1,800,492	1,682,489
General service posts	261,831	244,273
All overtime cost	13,159	19,624
Junior riparian professional staff posts	17,600	-
	<b><u>2,093,082</u></b>	<b><u>1,946,386</u></b>
<b><u>Earmarked Fund</u></b>		
Professional posts	137,996	157,445
General service posts	29,587	36,680
All overtime cost	1,819	1,056
	<b><u>169,402</u></b>	<b><u>195,181</u></b>

**8. EMPLOYEE BENEFIT COST**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b><u>Basket Fund</u></b>		
Dependency allowance (PS)	24,228	20,902
Dependency allowance (GS)	23,059	23,886
Housing allowance	251,149	120,078
Post adjustment allowance (7%)	92,823	85,267
Hardship allowance	92,798	84,667
Assignment/Relocation allowance	18,302	15,783
Uniform/laundry allowance	1,247	1,622
Provident fund - Professional (MRC Contribution)	225,365	224,198
Provident fund - General Service MRC Contribution)	30,881	31,209
Health insurance	29,785	38,055
Life and accidental insurance	11,424	11,087
Cost of living compensation (PS) - 5%	87,118	81,659
Cost of living compensation (GS) - 10%	23,597	22,327
Educational grant/travel	79,237	16,581
Home leave travel	7,389	6,355
Separation - all costs	7,056	6,666
All other staff costs	23,218	109,404
Annual Leave (AL) converted into cash	29,073	39,648
Uncertified Sick Leave (SL) converted into cash	49,243	2,479
Incentive and reward	162,880	13,852
	<b><u>1,269,872</u></b>	<b><u>955,725</u></b>
<b><u>Earmarked Fund</u></b>		
Dependency allowance (PS)	3,000	1,080
Dependency allowance (GS)	2,428	2,529
Housing allowance	15,625	12,546
Post adjustment allowance (7%)	6,393	6,379
Hardship allowance	6,393	6,379
Assignment/Relocation allowance	1,560	3,160
Provident fund - Professional (MRC Contribution)	18,620	13,244
Provident fund - General Service (MRC Contribution)	4,142	5,135

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**8. EMPLOYEE BENEFIT COST (continued)**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Earmarked Fund (continued)</b>		
Health insurance	2,067	3,583
Life and accidental insurance	975	769
Cost of living compensation (PS) - 5%	6,650	4,730
Cost of living compensation (GS) - 10%	2,959	3,668
Educational grant/travel	2,535	-
Home leave travel	256	738
Separation - all costs	8,840	2,351
All other staff costs	1,943	16,915
Annual Leave (AL) converted into cash	3,597	1,292
Uncertified Sick Leave (SL) converted into cash	3,932	-
Incentive and reward	4,246	-
	<b>96,161</b>	<b>84,498</b>
<b>Administration Reserve Fund</b>		
Assignment/Relocation allowance	-	20,165
Separation - all costs	-	221,271
	<b>-</b>	<b>241,436</b>

**9. RECRUITMENT AND SELECTION**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
Job advertisement cost	20,079	25,832
Travel and lodging expenses of candidates	860	3,526
Third party recruitment services	-	1,654
Medical examination	872	-
Other costs personnel recruitment and selection	2,351	1,055
	<b>24,162</b>	<b>32,067</b>

**10. CORPORATE TRAINING**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
Training fees	40,277	1,690
Travel/lodging for training	6,309	-
Other training costs	36,813	881
	<b>83,399</b>	<b>2,571</b>

**11. OFFICIAL TRAVEL COST**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
Travel expenses outside the Riparian Countries	81,057	52,796
DSA for travel outside the Riparian Countries	88,324	16,505
Travel expenses within the Riparian Countries	44,398	25,254
DSA for travel within the Riparian Countries	18,873	25,297
	<b>232,652</b>	<b>119,852</b>



**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

<b>11. OFFICIAL TRAVEL COST (Continued)</b>		
	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Earmarked Fund</b>		
Travel expenses outside the Riparian Countries	1,360	-
DSA for travel outside the Riparian Countries	-	7,123
Travel expenses within the Riparian Countries	30,580	27,077
DSA for travel within the Riparian Countries	69,543	29,259
	<b>101,483</b>	<b>63,459</b>
<b>Administration Reserve Fund</b>		
DSA for travel within the Riparian Countries	-	2,142
Travel expenses within the Riparian Countries	-	1,266
	<b>-</b>	<b>3,408</b>
<b>12. OTHER SHORT-TERM STAFFS</b>		
	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
Short term support staffs	14,953	2,400
Temporary staffs	2,781	7,006
	<b>17,734</b>	<b>9,406</b>
<b>13. CONSULTANTS COSTS</b>		
	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
International consultant (Individual)	692,654	534,229
Travel expenses international consultant	48,870	11,970
Riparian consultant (Individual)	204,343	179,127
Travel expenses riparian consultant	7,735	1,040
International consulting firm	382,787	608,961
Travel expenses international consulting firm	-	18,345
Travel expenses riparian consulting firm	718	-
Riparian consulting firm	-	8,045
National consultant	617,327	512,568
	<b>1,954,434</b>	<b>1,874,285</b>
<b>Earmarked Fund</b>		
International consultant (Individual)	675,409	865,165
Travel expenses international consultant	3,562	26,804
Riparian consultant (Individual)	305,161	372,138
International consulting firm	323,214	194,939
National consultant	378,886	573,948
	<b>1,686,232</b>	<b>2,032,994</b>
<b>14. OFFICE COSTS</b>		
	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
Office supplies	49,250	27,742
IT supplies	525	8,212
Internet and email facility	42,263	60,606
Telephone install, rent & maintenance	28,967	2,000
Local telephone calls	1,912	268

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**14. OFFICE COSTS (Continued)**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund (Continued)</b>		
Long distance telephone calls	2,151	3,356
Facsimile	121	220
Distribution and mailing costs (Pouch & courier)	3,344	1,992
Renovation work	87,582	37,852
Office maintenance	22,586	39,839
Insurance office premises	1,489	2,090
All utilities costs	64,002	72,185
Security guard	38,754	43,527
Cleaning services	76,960	91,586
Garbage collection	1,329	1,237
Coffee, tea, water and other beverages	5,021	3,600
Miscellaneous office costs	18,632	26,813
	<b>444,888</b>	<b>423,125</b>
<b>Earmarked Fund</b>		
Office supplies	9,157	9,608
IT supplies	1,246	4,168
Long distance telephone calls	35	446
Facsimile	21	39
Distribution and mailing costs (pouch & courier)	180	47
Coffee, tea, water and other beverages	-	244
Miscellaneous office costs	523	18
	<b>11,162</b>	<b>14,570</b>
<b>Administration Reserve Fund</b>		
Renovation work	1,650	40,551
Miscellaneous office costs	-	10,125
	<b>1,650</b>	<b>50,676</b>

**15. MAINTENANCE AND RUNNING COST OF EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
Maintenance vehicles	-	2,020
Insurance vehicles	9,405	4,846
Fuel vehicles	3,892	3,517
Other vehicle costs	2,192	992
Maintenance equipment	16,400	11,154
Insurance equipment	1,699	3,541
Software licenses	34,160	16,223
Software maintenance	42,014	53,429
	<b>109,762</b>	<b>95,722</b>

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**15. MAINTENANCE AND RUNNING COST OF EQUIPMENT (Continued)**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Earmarked Fund</b>		
Fuel vehicles	-	460
Maintenance equipment	4,944	160
Software licenses	2,264	27,289
Software maintenance	17,296	14,888
	<u>24,504</u>	<u>42,797</u>
<b>Administration Reserve Fund</b>		
Fuel vehicles	-	70
Maintenance equipment	-	2,980
	<u>-</u>	<u>3,050</u>

**16. PUBLICATION, PRINTING AND OTHERS**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
External printing costs	38,354	6,469
Membership fees	-	37
Subscriptions, books, periodicals	1,214	2,929
Publications and photography	1,194	9,389
External audit costs	51,306	39,960
Representation expenses	249	842
Support to Staff Association (SA)	5,020	4,000
Miscellaneous expenses	7,187	14,143
	<u>104,524</u>	<u>77,769</u>
<b>Earmarked Fund</b>		
External printing costs	1,131	1,276
Membership fees	1,748	-
Publications and photography	12,066	21,733
External audit costs for earmark fund	8,000	16,160
Miscellaneous expenses	15,486	13,769
	<u>38,431</u>	<u>52,938</u>

**17. PROPERTY AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
IT equipment	100,785	109,842
Vehicles and motorbike	197,000	-
Heavy machinery equipment	276	-
Furniture & fitting equipment	47,838	7,969
Communication equipment	40,974	95,362
Low value equipment	2,882	5,832
	<u>389,755</u>	<u>219,005</u>
<b>Earmarked Fund</b>		
IT equipment	46,663	17,402
Vehicles and motorbike	2,776	-
Furniture & fitting equipment	-	328

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**17. PROPERTY AND EQUIPMENT (Continued)**

<b>Earmarked Fund (Continued)</b>	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Communication equipment*	-	(872)
Low value equipment	1,364	3,519
	<b>50,803</b>	<b>20,377</b>

(\*) The communication equipment cost in 2017 shows a negative balance, because MRC has relocated expenses between the account of the communication equipment and the account of project equipment.

**18. GOVERNANCE MEETING EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
MRC Council meeting	56,600	172,583
MRC Joint Committee meeting	23,104	110,651
MRC Joint Committee task force meeting	13,323	27,056
Informal Development Partner Meeting (IDPM)	1,333	10,539
Budget Committee meeting	20,828	6,765
	<b>115,188</b>	<b>327,594</b>

**19. MEETING AND WORKSHOP EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>Basket Fund</b>		
Steering Committee meeting	1,331	-
Regional technical working group meeting	31,048	21,325
Regional consultation meeting	461,105	621,123
MRC Forum/MRC International conference	124,983	-
International conference/workshop	74,082	74,563
National consultation meeting	330,704	355,519
Other CRBMF meeting expenses	9,425	807
Team coordination meeting	26,438	23,333
Annual meeting	858	45,295
Other internal meeting expenses	7,264	2,767
	<b>1,067,238</b>	<b>1,144,732</b>
<b>Earmarked Fund</b>		
Regional technical working group meeting	44,069	2,227
Regional consultation meeting	259,875	576,889
International conference/workshop	-	867
National consultation meeting	416,994	658,799
Other CRBMF meeting expenses	-	1,834
Team coordination meeting	101	360
Other internal meeting expenses	349	-
	<b>721,388</b>	<b>1,240,976</b>

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**20. SUPPORT TO DECENTRALIZATION AND NIP**

<b>Basket Fund</b>	<b>2018</b> <b>USD</b>	<b>2017</b> <b>USD</b>
Cambodia	24,323	11,690
Lao PDR	-	18,000
Thailand	3,808	5,149
Vietnam	22,972	-
	<b>51,103</b>	<b>34,839</b>

**21. MOUs WITH MEMBER COUNTRIES**

<b>Basket Fund</b>	<b>2018</b> <b>USD</b>	<b>2017</b> <b>USD</b>
Cambodia	197,738	145,188
Lao PDR	88,544	105,872
Thailand	57,012	59,395
Vietnam	97,458	78,443
	<b>440,752</b>	<b>388,898</b>
<b>Earmarked Fund</b>		
Cambodia	95,585	41,636
Lao PDR	100,430	15,500
Thailand	75,690	46,500
Vietnam	97,584	30,000
	<b>369,289</b>	<b>133,636</b>

**22. ALLOCATED ADMINISTRATIVE RESERVE FUND (ARF)**

	<b>2018</b> <b>USD</b>	<b>2017</b> <b>USD</b>
ARF support to the Council Study Programme in 2017*	-	94,367
	<b>-</b>	<b>94,367</b>

(\*) The amount has been reported as expense in 2016. MRC has reversed this amount as income of (“ARF”) in 2017, due to the reason, that same amount has been reimbursed by the donor.

**23. FUND BALANCES**

Closing fund balances can be analysed by source of funds as follows:

<b>Basket fund</b>	<b>2018</b> <b>USD</b>	<b>2017</b> <b>USD</b>
Basket fund balances	3,398,552	6,124,629
	<b>3,398,552</b>	<b>6,124,629</b>
<b>Administration Reserve Fund (ARF)</b>		
Administration Reserve Fund balance	4,448,783	4,367,981
	<b>4,448,783</b>	<b>4,367,981</b>

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**23. FUND BALANCES (Continued)**

**Earmarked Funds**

Australia	21,742	21,742
Belgium	13,767	155,892
Deutsche Gesellschaft für Internationale Zusammenarbeit ("GIZ") GmbH	1,225	1,225
European Union	52,607	(16,127)
Finland	30,617	137,538
France	60,059	150,906
Japan	13,897	708,722
Kreditanstalt für Wiederaufbau ("KfW")*	(151,889)	141,101
Netherlands	246,381	303,510
Switzerland	-	24,964
United States of America	36,450	71,361
World Bank	484,014	196,366
Pool funding for Council Study	1,484	3,048
University Murdoch-Australia	12,388	13,731
Miscellaneous	2,957	2,957
NORAD	238	23,669
SEAFDEC	-	15,000
	<u>825,937</u>	<u>1,955,605</u>
<b>Total Fund balances</b>	<u><b>8,673,272</b></u>	<u><b>12,448,215</b></u>

(\*) Negative fund balance represents expenditure incurred in excess of contribution.

**24. CASH ON HAND AND AT BANKS**

	<u>2018</u>	<u>2017</u>
	<u>USD</u>	<u>USD</u>
Cash on hand	515	789
Cash at banks	<u>9,005,059</u>	<u>12,658,264</u>
	<u><b>9,005,574</b></u>	<u><b>12,659,053</b></u>

**25. ADVANCES AND PREPAYMENTS**

	<u>2018</u>	<u>2017</u>
	<u>USD</u>	<u>USD</u>
Advances for general purpose expenditure	516,247	382,181
Pre-payment	<u>21,083</u>	<u>20,429</u>
	<u><b>537,330</b></u>	<u><b>402,610</b></u>

Advances for general project expenditure represent imprest funds given to some satellite projects for petty cash expenses and other disbursements within their limits of authority. The related project expenditure is charged to the statement of income and expenditure upon submission of clearance forms. Other advances are education allowances of staff dependants, advances issued to conduct training and workshops and advances to employees against salary.

**Mekong River Commission – Lao PDR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2018**

**26. PROVIDENT FUND**

The Commission manages a provident fund, which had a balance at 31 December 2018 of USD 843,210 (*31 December 2017: USD 501,018*), to provide a savings scheme in lieu of a pension fund on behalf of 61 members (*2017: 64 members*) of staff who are eligible for the scheme. Staff and the Commission contributions are banked in a separate bank account. The Commission's contributions to the fund are included in the statement of income and expenditure as personnel services in respect of project expenditure, and as staff salary and fees in respect of administrative expenditure. Payments from the provident fund and its balance are not reflected in the Commission's financial statements.

**27. OTHER LIABILITIES**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Account payables	26,422	110,562
Employee	-	1,868
	<b>26,422</b>	<b>112,430</b>