

EARMARKED FUND
IMPLEMENTED BY MEKONG RIVER COMMISSION

**AUDITED STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
31 DECEMBER 2019**

EARMARKED FUND

Implemented by Mekong River Commission

FUND INFORMATION

FUND MANAGEMENT:

An Pich Hatda, Chief Executive Officer
Tran Minh Khoi, Director of Administration Division
Hak Socheat, Director of Environment Division
Bountieng Sanaxonh, Director of Planning Division
Winai Wangpimool, Director of Technical Support Division
Vu Thu Hong, Chief Human Resources Officer
Somsanith Ninthavong, Chief Financial Officer

IMPLEMENTING AGENCY:

Mekong River Commission

OFFICE:

184 Fa Ngoum Road,
Unit 18, Ban Sithane Neua,
Sikhottabong District,
Vientiane Capital
Lao PDR

PRINCIPAL BANKERS:

Banque Franco Lao
Cambodian Public Bank
Public Bank

AUDITORS:

BDO (Laos) Co., Ltd.

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FUND MANAGEMENT'S REPORT

The Fund Management hereby submits the report together with the audited statement of income and expenditures ("the statement") of Earmarked Fund ("the Fund") for the financial year ended 31 December 2019.

Responsibilities of the Fund Management in Respect of the Statement

The Fund Management is responsible to ascertain that the statement of the Fund for the financial year ended 31 December 2019 is prepared, in all material respects, in accordance with the basis of preparation and accounting policies set out in Note 2 to the statement. In preparing the statement, the Fund Management is required to select suitable accounting policies and then apply them consistently.

The Fund Management is responsible for ensuring that proper accounting records are kept which enable the statement to be prepared in compliance with the basis of preparation and accounting policies set out in Note 2 to the statement. The Fund Management is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Fund Management assumes the responsibility to provide, and has provided, the auditors with all accounting records, supporting and other documents, minutes, and any other pertinent information and explanations, either orally or in writing, deemed necessary for the audit.

Statement by the Fund Management

In the opinion of the Fund Management, the statement set out on pages 4 to 27 is prepared, in all material respects, in accordance with the basis of preparation and accounting policies set out in Note 2 to the statement.

On behalf of the Fund Management,



An Pich Hatda
Chief Executive Officer



Tran Minh Khoi
Director of Administration Division

Vientiane, Lao PDR
Date: 3 April 2020

INDEPENDENT AUDITORS' REPORT TO THE FUND MANAGEMENT OF EARMARKED FUND

Report on the Statement

Opinion

We have audited the accompanying statement of income and expenditures ("the statement") of Earmarked Fund ("the Fund"), and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 27.

The statement of the Fund for the financial year ended 31 December 2018 was audited by another firm of Certified Public Accountants, whose report dated 11 April 2019 expressed an unqualified opinion on that statement.

In our opinion, the statement of the Fund for the financial year ended 31 December 2019 are prepared, in all material respects, in accordance with the basis of preparation and accounting policies set out in Note 2 to the statement.

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 *Auditors' Responsibilities for the Audit of the Statement* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 2 to the statement, which describes the basis of preparation and accounting policies adopted by the Fund. The statement is prepared to assist the Fund to meet its financial reporting requirements. As a result, the statement may not be suitable for another purpose. Our report is intended solely for the Fund Management and should not be described to or used by any other parties. Our opinion is not modified in respect of this matter.

Responsibilities of the Fund Management for the Statement

The Fund Management is responsible for the preparation of the statement in accordance with the basis of preparation and accounting policies set out in Note 2 to the statement. The Fund Management is also responsible for such internal control as the Fund Management determines is necessary to enable the preparation of the statement of the Fund that is free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITORS' REPORT TO THE FUND MANAGEMENT OF EARMARKED FUND (continued)

Auditors' Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the statement of the Fund as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the statement.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of the Fund, 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Management.
- Evaluate the overall presentation, structure and content of the statement of the Fund, including the disclosures, and whether the statement of the Fund represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Fund 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.

Lim Seng Siew
Partner

BDO (Laos) Co., Ltd.
Certified Public Accountants

Vientiane, Lao PDR
Date: 3 April 2020

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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

A. AUSTRALIA

	Note	2019 USD	2018 USD
INCOME			
Unutilised fund and interest returned			
2.1\13\08\AUL\Z_ (No.45660), MK2008/08		21,308	-
2.1\38\09\AUL\W_ (No.50985), MK2009/06		434	-
		<u>21,742</u>	<u>-</u>
Movement in fund balance for the year		(21,742)	-
Amount payable to Development Partner ("DP")		(25,717)	-
Fund balance as at 1 January		<u>47,459</u>	<u>47,459</u>
Fund balance as at 31 December	3	<u>-</u>	<u>47,459</u>

The accompanying notes from an integral part of the statement.

EARMARKED FUND
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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

B. BELGIUM

	Note	2019 USD	2018 USD
INCOME			
Interest earned			
EF-BEL the MRC Navigation and Trade Facilitation for 03 June 2016- 30 June 2017		-	739
Unutilised fund and interest returned			
2.2\23\13\BEL\N		822	-
2.1\72\10\BEL\O		6,173	-
		6,995	-
EXPENDITURES			
	4		
EF-BEL the MRC Navigation and Trade Facilitation for 03 June 2016- 30 June 2017		6,772	142,864
Movement in fund balance for the year		(13,767)	(142,125)
Amount payable to DP		(60)	-
Fund balance as at 1 January		13,827	155,952
Fund balance as at 31 December	3	-	13,827

The accompanying notes form an integral part of the statement.

EARMARKED FUND
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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

C. CHINA

	Note	2019 USD	2018 USD
INCOME			
Cash contributions			
EF-China the MRC Council visit to China		30,000	-
EXPENDITURES			
EF-China the MRC Council visit to China	4	9,150	-
Movement in fund balance for the year			
Fund balance as at 1 January		-	-
Fund balance as at 31 December	3	20,850	-

The accompanying notes form an integral part of the statement.

EARMARKED FUND
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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

D. DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT ("GIZ") GmbH

	Note	2019 USD	2018 USD
INCOME			
Unutilised fund and interest returned			
EF-GIZ (2.2\44\15\GIZ\Z) Support to the MRC Organizational Transition IIMK2015-03		716	-
2.1\98\11\GIZ\0-Interest earned GIZ funding projects 2012- 2015		<u>509</u>	<u>-</u>
		<u>1,225</u>	<u>-</u>
Movement in fund balance for the year		(1,225)	-
Fund balance as at 1 January		<u>1,225</u>	<u>1,225</u>
Fund balance as at 31 December	3	<u><u>-</u></u>	<u><u>1,225</u></u>

The accompanying notes form an integral part of the statement.

EARMARKED FUND
Implemented by Mekong River Commission

STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

E. EUROPEAN UNION

	Note	2019 USD	2018 USD
INCOME			
Cash contributions			
EF-EU (2.2\22\12\EEC\G) CCAI Jan 12 to Dec 15 MK 2012 13		-	68,717
EU (ACA/2018/402-232) Sustainable Transboundary Water Management in the Mekong Basin		<u>3,042,348</u>	<u>-</u>
		<u>3,042,348</u>	<u>68,717</u>
Interest earned			
EF-EU (2.2\22\12\EEC\G) CCAI Jan 12 to Dec 15 MK 2012 13		-	17
EU (ACA/2018/402-232) Sustainable Transboundary Water Management in the Mekong Basin		<u>10,165</u>	<u>-</u>
		<u>10,165</u>	<u>17</u>
Unutilised fund and interest returned			
EF-EU (2.2\22\12\EEC\G) CCAI Jan 12 to Dec 15 MK 2012 13		4,412	-
9.1\15\03\EEC\, Interest Earned Start From 2003 to 2015		<u>48,195</u>	<u>-</u>
		<u>52,607</u>	<u>-</u>
		<u>2,999,906</u>	<u>68,734</u>
EXPENDITURES			
EU (ACA/2018/402-232) Sustainable Transboundary Water Management in the Mekong Basin	4	<u>2,177,300</u>	<u>-</u>
Movement in fund balance for the year		822,606	-
Fund balance as at 1 January		<u>52,607</u>	<u>(16,127)</u>
Fund balance as at 31 December	3	<u>875,213</u>	<u>52,607</u>

The accompanying notes form an integral part of the statement.

EARMARKED FUND
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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

F. FINLAND

	Note	2019 USD	2018 USD
INCOME			
Interest earned			
EF-FINI (2.2\47\15\FIN\I) Council Study Water Quality Modelling Component (WUP-FIN)		-	1,108
Unutilised fund and interest returned			
EF-FINI (2.2\47\15\FIN\I) Council Study Water Quality Modelling Component (WUP-FIN)		13,837	-
2.1\59\10\FIN\Z The Water Management Trust Fund MK2010/02		151	-
9.1\15\02\FIN Interest earned from project from 2008 to 2015		16,629	-
		30,717	-
		30,717	1,108
EXPENDITURES			
EF-FINI (2.2\47\15\FIN\I) Council Study Water Quality Modelling Component (WUP-FIN)	4	-	108,030
Movement in fund balance for the year		(30,717)	(106,922)
Fund balance as at 1 January		30,717	137,639
Fund balance as at 31 December	3	-	30,717

The accompanying notes form an integral part of the statement.

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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

G. FRANCE

	Note	2019 USD	2018 USD
INCOME			
Cash contributions and direct payments			
EF-AFD the Extension of the Mekong Hycos network, AFD CZZ1889.01.P		217,954	197,409
Interest earned			
EF-AFD the Extension of the Mekong Hycos network, AFD CZZ1889.01.P		791	1,230
Unutilised fund and interest returned			
2.1\51\09\FRA\E Environment Programme, MK2009/04		1,251	-
		217,494	198,639
EXPENDITURES			
EF-AFD the Extension of the Mekong Hycos network, AFD CZZ1889.01.P	4	175,517	289,486
Movement in fund balance for the year			
Fund balance as at 1 January		41,977	(90,847)
		60,059	150,906
Fund balance as at 31 December	3	102,036	60,059

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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

H. JAPAN

	Note	2019 USD	2018 USD
INCOME			
Cash contributions			
EF-JAIFD (2.2\39\15\JPN\D) _ Drought Management Programme Core Function ProjectJan 2015-Dec 2017		170,701	-
EF-JAIFF (2.2\40\15\JPN\H) _ Flood Forecasting, Dry Season Monitoring&Dissemination of Info &Warning& Alert		188,629	-
EF-JPN17-21_Project for Improving Irrigation Facilities in the Lower Mekong River Basin		<u>363,183</u>	<u>366,071</u>
		<u>722,513</u>	<u>366,071</u>
Interest earned			
EF-JAIFD (2.2\39\15\JPN\D) _ Drought Management Programme Core Function ProjectJan 2015-Dec 2017		690	1,564
EF-JAIFF (2.2\40\15\JPN\H) _ Flood Forecasting, Dry Season Monitoring&Dissemination of Info &Warning& Alert		917	1,006
EF-JAIFD (2.2\39\15\JPN\D) _ Drought Management Programme Core Function ProjectJan 2015-Dec 2017		<u>819</u>	<u>618</u>
		<u>2,426</u>	<u>3,188</u>
Unutilised fund and interest returned			
1.1\87\07\JPN\O Interest earned from Japan Funded Project		<u>320</u>	<u>-</u>
		<u>724,619</u>	<u>369,259</u>
EXPENDITURES			
	4		
EF-JAIFD (2.2\39\15\JPN\D) _ Drought Management Programme Core Function ProjectJan 2015-Dec 2017		133,709	389,530
EF-JAIFF (2.2\40\15\JPN\H) _ Flood Forecasting, Dry SeasonMonitoring&Dissemination of Info &Warning& Alert		161,393	384,623
EF-JPN17-21_Project for Improving Irrigation Facilities in the Lower Mekong River Basin		<u>312,107</u>	<u>289,931</u>
		<u>607,209</u>	<u>1,064,084</u>
Movement in fund balance for the year		117,410	(694,825)
Fund balance as at 1 January		<u>13,897</u>	<u>708,722</u>
Fund balance as at 31 December	3	<u><u>131,307</u></u>	<u><u>13,897</u></u>

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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

H. KREDITANSALT FÜR WIEDERAUFBAU ("KfW")

	Note	2019 USD	2018 USD
INCOME			
Cash contributions			
EF-KFW.WL the Lower Mekong Basin Wetland Management and Conservation Project, MK2016/01		445,850	(221)
Interest earned			
EF-KFW.WL the Lower Mekong Basin Wetland Management and Conservation Project, MK2016/01		542	385
		<u>446,392</u>	<u>164</u>
EXPENDITURES			
EF-KFW.WL the Lower Mekong Basin Wetland Management and Conservation Project, MK2016/01	4	285,844	293,154
Movement in fund balance for the year		160,548	(292,990)
Fund Balance as at 1 January		<u>(151,889)</u>	<u>141,101</u>
Fund balance as at 31 December	3	<u>8,659</u>	<u>(151,889)</u>

The accompanying notes form an integral part of the statement.

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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

I. MEKONG REGION FUTURES INSTITUTE ("MRFI")

	Note	2019 USD	2018 USD
INCOME			
Cash contributions			
EF- MRFI The Socio-Economic Modeling Project		38,069	-
EXPENDITURES			
EF- MRFI The Socio-Economic Modeling Project	4	19,621	-
Movement in fund balance for the year			
Fund balance as at 1 January		-	-
Fund balance as at 31 December	3	18,448	-

The accompanying notes form an integral part of the statement.

EARMARKED FUND
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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

J. NETHERLANDS

	Note	2019 USD	2018 USD
INCOME			
Cash contributions			
EF-NET_ To promote and coordinate sustainable development and management of the Mekong's water related natural resources (Env-2017-133 & IGG-2017-24041) for Earmarked Fund		<u>150,000</u>	<u>326,025</u>
Interest earned			
EF-NET_ To promote and coordinate sustainable development and management of the Mekong's water related natural resources (Env-2017-133 & IGG-2017-24041) for Earmarked Fund		<u>2,045</u>	<u>3,142</u>
		<u>152,045</u>	<u>329,167</u>
EXPENDITURES			
EF-NET_ To promote and coordinate sustainable development and management of the Mekong's water related natural resources (Env-2017-133 & IGG-2017-24041) for Earmarked Fund	4	<u>178,903</u>	<u>386,296</u>
Movement in fund balance for the year		(26,858)	(57,129)
Amount payable to DP		(525)	-
Fund balance as at 1 January		<u>246,906</u>	<u>304,035</u>
Fund balance as at 31 December	3	<u>219,523</u>	<u>246,906</u>

The accompanying notes form an integral part of the statement.

EARMARKED FUND
Implemented by Mekong River Commission

STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

K. UNITED STATES OF AMERICA

	Note	2019 USD	2018 USD
INCOME			
Cash contributions			
EF-US19GRANT The Mekong-Mississippi River Commission Exchange in the United States		62,013	
EF-PEER (2.2\37\15\USA\F) _ Building a Mekong River Genetic Biodiversity Research Network (PEER NETWORK)		-	(5,703)
		<u>62,013</u>	<u>(5,703)</u>
Interest earned			
EF-PEER (2.2\37\15\USA\F) _ Building a Mekong River Genetic Biodiversity Research Network (PEER NETWORK)		-	157
Unutilised fund and interest returned			
2.2\13\12\USA\F Fisheries Programme 2011 to 2015 AID IO 12		35,510	-
		<u>26,503</u>	<u>(5,546)</u>
EXPENDITURES			
	4		
EF-US19GRANT The Mekong-Mississippi River Commission Exchange in the United States		62,013	-
EF-PEER (2.2\37\15\USA\F) _ Building a Mekong River Genetic Biodiversity Research Network (PEER NETWORK)		940	29,365
		<u>62,953</u>	<u>29,365</u>
Movement in fund balance for the year		(36,450)	(34,911)
Amount payable to DP		(20)	
Fund balance as at 1 January		<u>36,470</u>	<u>71,381</u>
Fund balance as at 31 December	3	<u>-</u>	<u>36,470</u>

The accompanying notes form an integral part of the statement.

EARMARKED FUND
Implemented by Mekong River Commission

STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

L. WORLD BANK

	Note	2019 USD	2018 USD
INCOME			
Cash contribution			
EF-WB (2.2\14\12\IBR\W) Mekong Integrated Water Resources Management APL Phase I Grant No. H762		519,126	1,575,693
Interest earned			
Interest (EF-WB 2.2\14\12\IBR\W Mekong Integrated Water Resources Management APL Phase I Grant No. H762)		2,526	2,777
Gain Exchange rate (EF-WB 2.2\14\12\IBR\W Mekong Integrated Water Resources Management APL Phase I Grant No. H762)		-	535
		<u>2,526</u>	<u>3,312</u>
		<u>521,652</u>	<u>1,579,005</u>
EXPENDITURES			
EF-WB 2.2\14\12\IBR\W Mekong Integrated Water Resources Management APL Phase I Grant No. H762	4	967,933	1,291,358
Movement in fund balance for the year		(446,281)	287,647
Fund balance as at 1 January		<u>484,014</u>	<u>196,367</u>
Fund balance as at 31 December	3	<u><u>37,733</u></u>	<u><u>484,014</u></u>

The accompanying notes form an integral part of the statement.

EARMARKED FUND
Implemented by Mekong River Commission

STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

M. POOL FUNDING FOR COUNCIL STUDY

	Note	2019 USD	2018 USD
INCOME			
Cash contribution			
EF-CSF 2.2\41\15\CSF\Z for Council Study		-	(1,564)
Unutilised fund and interest returned			
EF-CSF(2.2\41\15\CSF\Z)_SDC,MK2015/07& 81035067		1,484	-
		1,484	(1,564)
Movement in fund balance for the year			
Fund balance as at 1 January		(1,484)	(1,564)
		1,484	3,048
Fund balance as at 31 December	3	-	1,484

The accompanying notes form an integral part of the statement.

EARMARKED FUND
Implemented by Mekong River Commission

STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

N. UNIVERSITY MURDOCH - AUSTRALIA

	Note	2019 USD	2018 USD
INCOME			
Interest earned			
EF-AULFP 2.2\42\15\AUL\F F-PIP 2011-2015		<u>22</u>	<u>56</u>
EXPENDITURES			
EF-AULFP 2.2\42\15\AUL\F F-PIP 2011-2015	4	<u>6,085</u>	<u>1,399</u>
Movement in fund balance for the year		(6,063)	(1,343)
Fund balance as at 1 January		<u>12,388</u>	<u>13,731</u>
Fund balance as at 31 December	3	<u>6,325</u>	<u>12,388</u>

The accompanying notes form an integral part of the statement.

EARMARKED FUND
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STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

O. MISCELLANEOUS	Note	2019 USD	2018 USD
INCOME			
Unutilised fund and interest returned			
Miscellaneous		2,957	-
Movement in fund balance for the year		(2,957)	-
Fund balance as at 1 January		2,957	2,957
Fund balance as at 31 December	3	-	2,957

The accompanying notes form an integral part of the statement.

EARMARKED FUND
Implemented by Mekong River Commission

STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

P. NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION ("NORAD")

	Note	2019 USD	2018 USD
EXPENDITURES	4		
EF - NORAD		-	23,431
		-	(23,431)
Movement in fund balance for the year		238	23,669
Fund balance as at 1 January		238	238
Fund balance as at 31 December	3	238	238

The accompanying notes form an integral part of the statement.

EARMARKED FUND
Implemented by Mekong River Commission

STATEMENT OF INCOME AND EXPENDITURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

Q. SOUTHEAST ASIA FISHERIES DEVELOPMENT CENTER ("SEAFDEC")

	Note	2019 USD	2018 USD
EXPENDITURES	4		
EF - SEAFDEC		-	15,000
		-	(15,000)
Movement in fund balance for the year		-	15,000
Fund balance as at 1 January		-	-
Fund balance as at 31 December	3	-	-

The accompanying notes form an integral part of the statement.

EARMARKED FUND***Implemented by Mekong River Commission*****NOTES TO THE STATEMENT****1. FUND BACKGROUND**

The Mekong River Commission ("MRC") 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 Vietnam, 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 MRC 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.

MRC 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.

The funds received and uses of funds in MRC were categorised into three types as the following:

1. Basket Fund ("BF");
2. Earmarked Fund ("EF"); and
3. Administration Reserve Fund ("ARF").

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

The statement of income and expenditures ("the statement"), which is expressed in United States Dollar ("USD"), has been prepared in accordance with the modified cash basis of accounting. Under this basis of accounting, income are recognised when received rather than when earned, and payments are recognised when paid rather than when incurred, except for the following:

- (i) Staff health and life insurance premiums, personal telephone and fax costs charged to staff, project related expenses and repatriation fee, which are recognised on an accrual basis; and
- (ii) Advances to NMCs, projects and employees are recognised as receivables until they are cleared.

EARMARKED FUND
Implemented by Mekong River Commission

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 INCOME

The income consists of contributions from Development Partners, which are recognised as income when cash is credited to the MRC's bank accounts. Direct payments made by Development Partners to contractors are recognised as income upon Development Partners' notice to the MRC.

Interest income is recognised when credited to the MRC's bank accounts.

2.3 Expenditures

Expenditures are recognised when payment is made rather than when it is incurred, except as disclosed in Note 2.1 to the statement.

2.4 Property and equipment

For control purposes, property and equipment is maintained in a property and equipment listing. All property and equipment are expensed in full in the statement at the date of acquisition. Any proceeds from disposal of property and equipment are recognised as a decrease in expenditures rather than an increase in income in the statement.

2.5 Foreign exchange differences

The Fund mainly transacts its activities and maintains its books of accounts primarily in USD. Transactions in currencies other than USD are converted into USD at the rates of exchange prevailing on the transaction dates. All foreign exchange differences are recognised in the statement.

EARMARKED FUND
Implemented by Mekong River Commission

3. SUMMARY OF INCOME, EXPENDITURES AND FUND BALANCES BY DEVELOPMENT PARTNER S – 2019

Development Partner	Cash contributions USD	Interest earned USD	Total income net USD	Unutilised fund and interest returned USD	Reallocation USD	Expenditures (*) USD	Foreign exchange loss USD	Movement in fund balance for the year USD	Amount payable to DP USD	Fund balance as at 1 January 2019 USD	Fund balance as at 31 December 2019 USD
	(1)	(2)	(3)=(1)+(2)	(4)	(5)	(6)	(7)	(8)=(3)-(4)-(5)-(6)-(7)	(9)	(10)	(11)=(8)+(9)+(10)
Australia	-	-	-	21,742	-	-	-	(21,742)	(25,717)	47,459	-
Belgium	-	-	-	6,995	-	6,772	-	(13,767)	(60)	13,827	-
China	30,000	-	30,000	-	-	9,150	-	20,850	-	-	20,850
GIZ GmbH	-	-	-	1,225	-	-	-	(1,225)	-	1,225	-
European Union	3,042,348	10,165	3,052,513	52,607	-	2,177,300	-	822,606	-	52,607	875,213
Finland	-	-	-	30,617	-	-	-	(30,617)	(100)	30,717	-
France	217,954	791	218,745	1,251	-	175,517	-	41,977	-	60,059	102,036
Japan	722,513	2,426	724,939	320	-	607,209	-	117,410	-	13,897	131,307
KfW	445,850	542	446,392	-	-	285,844	-	160,548	-	(151,889)	8,659
MRFI	38,069	-	38,069	-	-	19,621	-	18,448	-	-	18,448
Netherlands	150,000	2,045	152,045	-	-	178,903	-	(26,858)	(525)	246,906	219,523
United States of America	62,013	-	62,013	35,510	-	62,953	-	(36,450)	(20)	36,470	-
World Bank	519,126	2,526	521,652	-	-	967,933	-	(446,281)	-	484,014	37,733
Pool finding for Council for Study	(1,484)	-	(1,484)	-	-	-	-	(1,484)	-	1,484	-
University of Australia	-	22	22	-	-	6,085	-	(6,063)	-	12,388	6,325
Miscellaneous	-	-	-	2,957	-	-	-	(2,957)	-	2,957	-
NORAD	-	-	-	-	-	-	-	-	-	238	238
	5,226,389	18,517	5,244,906	153,224	-	4,497,287	-	594,395	(26,422)	852,359	1,420,332

(*) Expenditure in column (6) includes management and administration fees ("MAF").

**EARMARKED FUND
Implemented by Mekong River Commission**

4. EXPENDITURES

4a. Analysis of expenditures by Development Partners

Development Partner	2019				2018			
	Expenditures (excluding MAF) USD		Expenditures (including MAF) USD		Expenditures (excluding MAF) USD		Expenditures (including MAF) USD	
	MAF	USD	MAF	USD	MAF	USD	MAF	USD
Australia	-	-	-	-	-	-	-	-
Belgium	5,938	834	6,772	124,230	18,634	142,864	-	
China	9,150	-	9,150	-	-	-	-	
GIZ GmbH	-	-	-	-	-	-	-	
European Union	2,034,860	142,440	2,177,300	-	-	-	-	
Finland	-	-	-	108,030	-	108,030	-	
France	152,623	22,894	175,517	251,727	37,759	289,486	-	
Japan	547,194	60,015	607,209	984,706	79,378	1,064,084	-	
KfW	257,517	28,327	285,844	264,103	29,051	293,154	-	
MRFI	19,621	-	19,621	-	-	-	-	
Netherlands	155,568	23,335	178,903	335,910	50,386	386,296	-	
United States of America	62,860	93	62,953	26,455	2,910	29,365	-	
World Bank	872,012	95,921	967,933	1,163,386	127,972	1,291,358	-	
Pool finding for Council Study	-	-	-	-	-	-	-	
University Murdoch - Australia	5,482	603	6,085	1,313	86	1,399	-	
Miscellaneous	-	-	-	-	-	-	-	
NORAD	-	-	-	23,431	-	23,431	-	
SEAFDEF	-	-	-	15,000	-	15,000	-	
	4,122,825	374,462	4,497,287	3,298,291	346,176	3,644,467		

EARMARKED FUND
Implemented by Mekong River Commission

4. EXPENDITURES (continued)

4b. Analysis of expenditures by programmes

Programme	Abbreviations	Project codes	2019		2018		Expenditures (including MAF) USD	
			Expenditures (excluding MAF) USD		Expenditures (including MAF) USD			
			Expenditures (excluding MAF) USD	Expenditures (including MAF) USD	Expenditures (excluding MAF) USD	Expenditures (including MAF) USD		
The Drought Management Programme	DMP	EF-JAIFD	124,962	8,747	133,709	364,046	25,484	389,530
Flood Management and Mitigation Programme	FMMP	EF-JAIFD	150,835	10,558	161,393	359,461	25,162	384,623
Project for Improving Irrigation Facilities in the lower Mekong River Basin	IF	EF-JPN17-21	271,397	41,710	313,107	261,199	28,732	289,931
Fisheries Programme	FP	EF-AULFP	5,482	603	6,085	1,313	86	1,399
Mekong Integrated Water Resources Management Project	MIWRMP	EF-WB	872,012	95,921	967,933	1,163,386	127,972	1,291,358
The Wetland Management and Conservation Project	WL	EF-KFW.WL	257,517	28,327	285,844	264,103	29,051	293,154
Building Mekong River Genetic Biodiversity Research Network	BMRGBRN	EF-PEER	847	93	940	26,455	2,910	29,365
The Council Study Water Quality Modelling Component	WQMC	EF-FINI	-	-	-	108,030	-	108,030
The Mekong Hydro-Meteorological Network and Data Application	HYDRO	EF-AFD	152,623	22,894	175,517	251,727	37,759	289,486
The MRC Navigation and Trade Facilitation To Promote and Coordinationn Sustainable Development and Management	NTF	EF-BEL	5,939	834	6,773	124,230	18,634	142,864
	PCSDM	EF-NET	155,568	23,335	178,903	335,910	50,386	386,296
NORAD's Financial Support - Hydropower Forum	NORAD	EF-NORAD	-	-	-	23,431	-	23,431
The Promotion of Sustainable Development of Fisheries and Aquaculture	SEAFDEC	EF-SEAFDEC	-	-	-	15,000	-	15,000
Support to Enhanced Cooperation in Sustainable Transboundary Water	STWM	EU	2,034,860	142,440	2,177,300	-	-	-
The MRC Council Visit to China	CHINA	EF-CHINA	9,150	-	9,150	-	-	-
The Socio-Economic Modelling Project	SEMP	EF-MERFI	19,621	-	19,621	-	-	-
The Mekong-Mississippi River Commission Exchange in the United States	MISSISSIPPI	EF-US19GRANT	62,013	-	62,013	-	-	-
			4,122,826	375,462	4,497,287	3,298,291	346,176	3,644,467

EARMARKED FUND
Implemented by Mekong River Commission

5. ANALYSIS OF EXPENDITURE BY DEVELOPMENT PARTNERS AND BY PROGRAMMES - 2019

Development Partner/ Programme	DMP	FMIMP	IF	FP	MIWRMP	WL	BMRGBRN	HYDRO	NTF	PCSDIM	STWIM	CHINA	SEMP	MISSIS-SIPPI	TOTAL
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Belgium	-	-	-	-	-	-	-	-	6,772	-	-	-	-	-	6,772
China	-	-	-	-	-	-	-	-	-	-	-	9,150	-	-	9,150
European Union	-	-	-	-	-	-	-	-	-	-	2,177,300	-	-	-	2,177,300
France	-	-	-	-	-	-	-	175,517	-	-	-	-	-	-	175,517
Japan	133,709	161,393	312,107	-	-	-	-	-	-	-	-	-	-	-	607,209
KfW	-	-	-	-	-	285,844	-	-	-	-	-	-	-	-	285,844
MRFI	-	-	-	-	-	-	-	-	-	-	-	-	19,621	-	19,621
Netherlands	-	-	-	-	-	-	-	-	-	178,903	-	-	-	-	178,903
United States of America	-	-	-	-	-	-	940	-	-	-	-	-	-	62,013	62,953
World Bank	-	-	-	-	967,933	-	-	-	-	-	-	-	-	-	967,933
University	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Murdoch - Australia	-	-	-	6,085	-	-	-	-	-	-	-	-	-	-	6,085
	133,709	161,393	312,107	6,085	967,933	285,844	940	175,517	6,772	178,903	2,177,300	9,150	19,621	62,013	4,497,287