

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

**AUDITED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
31 DECEMBER 2022**

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia and the International Development Association*

**PROJECT INFORMATION**

**PROJECT MANAGEMENT:**

Ministry of Public Works and Transport:  
H.E. Kem Borey, Project Coordinator  
H.E. Samrangdy Nam, Deputy Project Coordinator  
Dr. Chao Sopheak Phibal, Component Director  
Mr. Lun Heng, Component Manager

Ministry of Industry, Science, Technology & Innovation:  
H.E. Tan Sokchea, Component Director  
H.E. Sreng Sokvung, Component Manager

**IMPLEMENTING AGENCIES:**

Ministry of Public Works and Transport (“MPWT”)  
Ministry of Industry, Science, Technology & Innovation  
 (“MISTI”)

**PRINCIPAL BANKER:**

National Bank of Cambodia

**AUDITORS:**

BDO (Cambodia) Limited

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**  
*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia  
and the International Development Association*

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**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia and the International Development Association*

**PROJECT MANAGEMENT'S REPORT**

The Project Management hereby submits the report together with the audited financial statements of Water Supply and Sanitation Improvement Project ("the Project"), which comprise statement of receipts and payments, statement of payments by components, statement of cash receipts, expenditures and comparison of budget and actual amounts and statement of designated accounts, for the financial year ended 31 December 2022.

**Responsibility of the Project Management in respect of the financial statements**

The Project Management is responsible to ascertain that the financial statements of the Project for the financial year ended 31 December 2022 are prepared, in all material respects, in accordance with the Cash Basis of Accounting of Cambodian Public Sector Accounting Standards ("CPSAS").

The Project Management is responsible for ensuring that proper accounting records are kept which enable the financial statements to be prepared in compliance with the Cash Basis of Accounting of the CPSAS. The Project Management is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Project 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, necessary for the audit.

**Statement by the Project Management**

In the opinion of the Project Management, the financial statements set out on pages 4 to 21 are prepared, in all material respects, in accordance with the Cash Basis of Accounting of the CPSAS.

Signed on behalf of the Project Management,

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**Dr. Chao Sopheak Phibal**  
Component Director  
Ministry of Public Works and  
Transport

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**H.E Tan Sokchea**  
Component Director  
Ministry of Industry, Science,  
Technology & Innovation

Phnom Penh, Cambodia

Date: 23 JUN 2023

## INDEPENDENT AUDITORS' REPORT TO THE PROJECT MANAGEMENT OF WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of Water Supply and Sanitation Improvement Project ("the Project"), which comprise statement of receipts and payments, statement of payments by components, statement of cash receipts, expenditures and comparison of budget and actual amounts and statement of designated accounts, for the financial year ended 31 December 2022 and a summary of significant accounting policies and other explanatory explanation, as set out on pages 4 to 21.

In our opinion, the accompanying financial statements of the Project for the financial year ended 31 December 2022 are prepared, in all material respects, in accordance with the Cash Basis of Accounting of the Cambodian Public Sector Accounting Standards ("CPSAS").

#### Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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 Project in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### Responsibility of the Project Management for the Financial Statements

The Project Management is responsible for the preparation of the financial statements in accordance with the Cash Basis of Accounting of the CPSAS. The Project Management is also responsible for such internal control as the Project Management determines is necessary to enable the preparation of the financial statements of the Project that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Project as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE PROJECT MANAGEMENT OF  
WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT (continued)**

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

- Identify and assess the risks of material misstatement of the financial statements of the Project, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Project Management.
- Evaluate the overall presentation, structure and content of the financial statements of the Project, including the disclosures, and whether the financial statements of the Project represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Project 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.

For and on behalf of  
**BDO (Cambodia) Limited**

  
  
Lim Seng Siew  
Certified Public Accountant

Phnom Penh, Cambodia

Date: 23 JUN 2023

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia and the International Development Association*

**STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	1.1.2022 to 31.12.2022 US\$	1.1.2021 to 31.12.2021 US\$	Cumulative to 31.12.2022 US\$
<b>RECEIPTS</b>				
International Development Association	4	1,876,596	1,535,480	6,729,660
Royal Government of Cambodia (counterpart fund)	5	<u>196,584</u>	<u>180,875</u>	<u>377,459</u>
Total receipts		<u>2,073,180</u>	<u>1,716,355</u>	<u>7,107,119</u>
<b>PAYMENTS BY CATEGORIES</b>				
Goods	6	25,181	409,505	630,105
Works	7	1,150,776	357,378	2,431,480
Consulting services	8	639,024	307,987	1,058,268
Training costs	9	75,970	36,612	123,867
Operating costs	10	<u>334,979</u>	<u>247,169</u>	<u>630,902</u>
Total payments		<u>2,225,930</u>	<u>1,358,651</u>	<u>4,874,622</u>
(Decrease)/Increases in cash		(152,750)	357,704	2,232,497
Cash at beginning of year		<u>2,385,248</u>	<u>2,027,543</u>	<u>-</u>
<b>Cash at end of year</b>	3	<u><u>2,232,498</u></u>	<u><u>2,385,247</u></u>	<u><u>2,232,497</u></u>

*The accompanying notes form an integral part of the financial statements.*

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia and the International Development Association*

**STATEMENT OF PAYMENTS BY COMPONENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	1.1.2022 to 31.12.2022 US\$	1.1.2021 to 31.12.2021 US\$	Cumulative to 31.12.2022 US\$
<b>PAYMENTS BY COMPONENTS</b>	11			
Provincial water supply		619,367	823,303	2,560,719
Provincial sanitation improvement		<u>1,606,563</u>	<u>535,348</u>	<u>2,313,903</u>
Total payments		<u>2,225,930</u>	<u>1,358,651</u>	<u>4,874,622</u>

*The accompanying notes form an integral part of the financial statements.*



**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

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**STATEMENT OF CASH RECEIPTS, EXPENDITURES AND COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	<b>Total budget US\$ (unaudited)</b>	<b>Actual 1.1.2022 to 31.12.2022 US\$</b>
<b>RECEIPTS</b>		
International Development Association		1,876,596
Royal Government of Cambodia (counterpart fund)		<u>196,584</u>
		<u>2,073,180</u>
<b>PAYMENTS BY CATEGORIES</b>		
Goods	25,181	25,181
Works	2,781,147	1,150,776
Consulting services	1,493,811	639,024
Training costs	104,303	75,970
Operating costs	<u>380,630</u>	<u>334,979</u>
	<u>4,785,072</u>	<u>2,225,930</u>
Decrease in cash		(152,750)
Cash at beginning of year		<u>2,385,248</u>
Cash at end of year		<u>2,232,498</u>
<b>PAYMENTS BY COMPONENTS</b>		
Provincial water supply	1,340,877	619,367
Provincial sanitation improvement	<u>3,444,195</u>	<u>1,606,563</u>
	<u>4,785,072</u>	<u>2,225,930</u>

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia and the International Development Association*

**STATEMENT OF CASH RECEIPTS, EXPENDITURES AND COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)**

	<b>Total budget US\$ (unaudited)</b>	<b>Actual 1.1.2021 To 31.12.2021 US\$</b>
<b>RECEIPTS</b>		
International Development Association		1,535,480
Royal Government of Cambodia (counterpart fund)		<u>180,875</u>
		<u>1,716,355</u>
<b>PAYMENTS BY CATEGORIES</b>		
Goods	471,466	409,505
Works	1,966,849	357,378
Consulting services	813,981	307,987
Training costs	71,049	36,612
Operating costs	<u>466,059</u>	<u>247,169</u>
	<u>3,789,404</u>	<u>1,358,651</u>
Increase in cash		357,704
Cash at beginning of year		<u>2,027,543</u>
Cash at end of year		<u>2,385,247</u>
<b>PAYMENTS BY COMPONENTS</b>		
Provincial water supply	1,169,712	823,303
Provincial sanitation improvement	<u>2,619,692</u>	<u>535,348</u>
	<u>3,789,404</u>	<u>1,358,651</u>

*The accompanying notes form an integral part of the financial statements.*

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**  
*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia  
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**STATEMENT OF DESIGNATED ACCOUNTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

		1.1.2022 to 31.12.2022 US\$	1.1.2021 to 31.12.2021 US\$	Cumulative to 31.12.2022 US\$
<b>RECEIPTS</b>				
Unused funds from the previous year		2,350,980	2,027,543	-
Funds received during the year		<u>1,876,596</u>	<u>1,535,480</u>	<u>6,729,660</u>
		<u>4,227,576</u>	<u>3,563,023</u>	<u>6,729,660</u>
<b>PAYMENTS BY CATEGORIES</b>				
Goods	6	25,181	409,505	630,105
Works	7	1,150,776	357,378	2,431,480
Consulting services	8	639,024	307,987	1,058,268
Training	9	75,970	36,612	123,867
Operating cost	10	<u>153,444</u>	<u>100,562</u>	<u>302,760</u>
		<u>2,044,395</u>	<u>1,212,044</u>	<u>4,546,480</u>
Cash at end of year		<u>2,183,181</u>	<u>2,350,979</u>	<u>2,183,180</u>
<b>REPRESENTED BY:</b>				
Cash on hand	3	335	1,515	
Cash at bank	3	<u>2,182,846</u>	<u>2,349,464</u>	
		<u>2,183,181</u>	<u>2,350,979</u>	

*The accompanying notes form an integral part of the financial statements.*

## WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT

*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia and the International Development Association*

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. PROJECT BACKGROUND

The Water Supply and Sanitation Improvement Project (“the Project”) was established under the Financing Agreement Number 6386-KH signed on 10 June 2019 between the Royal Government of Cambodia (“RGC”) represented by the Ministry of Economy and Finance (“MEF”) and the International Development Association (“IDA”) of World Bank. The agreement became effective for implementation from 1 August 2019. The amount of funding under the financing agreement to be provided to the Project is SDR39,300,000 (equivalent to US\$ 55,000,000), with details as follows:

Category	Amount of the Credit Allocated (expressed in SDR)	% of Expenditures to be Financed (inclusive of taxes)
(1) Goods, Works, Non-consulting services, and Consulting services, Training and Operating Costs for Part 1 of the Project	21,800,000	100%
(2) Goods, Works, Non-consulting services, and Consulting services, Training and Operating Costs for Part 2 of the Project	17,500,000	100%
<b>TOTAL</b>	<b>39,300,000</b>	

The RGC will contribute US\$2.5 million and allocations and withdrawals of the contribution are as follows:

Project Components	The Royal Government of Cambodia (expressed in US\$)
(1) Provincial Water Supply (MISTI)	1,500,000
(2) Provincial Sanitation Improvement in Siem Reap City and other areas (MPWT)	1,000,000
<b>TOTAL</b>	<b>2,500,000</b>

The Project started with the objective to increase access to piped water supply and improved sanitation services and strengthen the operational performance of service providers in selected towns and/or communes.

The Project is being implemented by the following ministries:

1. Ministry of Industry, Science, Technology & Innovation (“MISTI”); and
2. Ministry of Public Works and Transport (“MPWT”).

## WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT

*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia and the International Development Association*

### 1. PROJECT BACKGROUND (continued)

The Project consists of the following parts:

#### *Part 1: Provincial water supply*

- (a) Water supply infrastructure development and household connections  
Carrying out civil works for:
  - (i) expansion of the existing water distribution networks in Saen Monourom Town;
  - (ii) construction of a new water production and distribution network in Saen Monourom Town;
  - (iii) construction of a new water production and distribution network in Stoung District; and
  - (iv) construction of necessary elements of small-scale piped water supply systems in selected towns and/or communes.
- (b) Project management and institutional strengthening
  - (i) Provision of technical and analytical support for: the development of feasibility studies and follow-on design and documentation for the expansion of water supply systems in Saen Monourom Town and Stoung District, as well as other selected small-scale piped water systems; development of screening and option assessment and, if feasible, development of an output based program for water connection; supervision of water supply works; review the operational status of waterworks in Saen Monourom Town and Stoung District; development of policies, regulation and investment roadmaps for urban water supply; the carrying out of communication campaigns on water safety and other hygiene behaviors; training and capacity building of MISTI and selected water service providers; adaptation and implementation of a social accountability framework for selected water supply services; and
  - (ii) Provision of project management support for part 1 of the project, including day-to-day Project implementation and coordination, technical design, construction supervision and management, and independent monitoring of environmental and social safeguards.

#### *Part 2: Provincial sanitation improvement*

- (a) Sanitation infrastructure development and household connections  
Carrying out civil works in Siem Reap City for the:
  - (i) construction of secondary and tertiary sewer network and connection sewers in selected areas of the city;
  - (ii) rehabilitation of three existing wastewater pumping stations; and
  - (iii) augmentation and upgrading of Siem Reap's wastewater treatment plant.
- (b) Project management and institutional strengthening
  - (i) Provision of technical and analytical support for the preparation and design of secondary and tertiary sewers under Part 2(a) of the Project; light detection and ranging ("LIDAR") mapping for future sewer network design in Siem Reap City; construction supervision of sanitation works; implementation of a sewer connection program, including communication campaigns for sewer connections in Siem Reap City; development of policies, regulations and investment roadmaps for urban sanitation; training and capacity building of MPWT, Siem Reap Sewerage and Wastewater Treatment Plant Unit, and other selected sanitation service providers; adaptation and implementation of a social accountability framework for sanitation services in Siem Reap City; and
  - (ii) Provision of Project management support for Parts 2 of the Project, including day-to-day Project implementation and coordination, technical design, construction supervision and management, and independent monitoring of environmental and social safeguards; and independent financial audits for the Project.

## WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT

*Under the Financing Agreement Number 6386-KH between the Royal Government of Cambodia and the International Development Association*

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Project, which are expressed in United States Dollar (“US\$”), have been prepared in accordance with the Cash Basis of Accounting of the Cambodian Public Sector Accounting Standards (“CPSAS”). These are the first set of financial statements prepared in accordance with the Cash Basis of Accounting of the CPSAS and Part 1 Section 1.8 *Effective Date of Part 1 and Transitional Provisions* has been applied.

In the previous financial year, the financial statements of the Project were prepared in accordance with modified cash basis of accounting. Under this basis of accounting, fund received is recognised when received rather than when the right to receive it arises, and expenditure is recognised when it is paid rather than when incurred, except for the advances to implementing agencies, which are initially recognised as receivables and only recognised as expenditures when they have been liquidated by invoices supporting the related expenditures.

As required by Section 1.8 *Effective Date of Part 1 and Transitional Provisions* of the Cash Basis of Accounting of the CPSAS, the Project has consistently applied the same accounting policies throughout all the financial periods presented, as if these policies had always been in effect. The effects of the adoption of the Cash Basis of Accounting of the CPSAS are disclosed in Note 15 to the financial statements

The financial statements present sources and uses of funds, and the related financial information in relation to the IDA fund withdrawals and disbursements from the Project’s designated account as specified under the Financing Agreement Number 6386-KH between the MEF of RGC and the IDA of World Bank.

The financial statements were authorised for issue on 23 June 2023 by the Project Management.

#### 2.2 Fund receipts and payments

Fund receipts are defined as the fund received by the Project from the IDA and are recognised when received. Payments represents all costs paid to support the objective of the Project and are recognised when paid.

Counterpart fund is recognised as a receipt when cash is withdrawn from the State Treasury or when a payment is transferred directly from the State Treasury to the Project’s national bank account.

#### 2.3 Fixed assets

The cost of fixed assets is charged to expenditure upon acquisition. For control and management purpose, a fixed asset register is maintained which includes vehicle, office equipment, office furniture, accounting software, video conference system and lab equipment and other goods.

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)****2.4 Cash**

Cash comprise cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents comprise bank balances.

The Project maintains a designated account with National Bank of Cambodia in a US\$ denominated account. Cash on hand is also maintained in US\$.

**2.5 Statement of designated account**

The statement of designated account presents the receipts and payments funded by IDA in accordance with the financing agreement.

**2.6 Foreign currency**

The Project transacts its operations and maintains its accounting records primarily in United States Dollars ("US\$"). Transactions in currencies other than US\$ are converted into US\$ at rates of exchange prevailing on the transaction date. All foreign exchange differences are recognised in the financial statements.

**2.7 Commitments**

Commitments are obligation for contracted services provided. Commitments are not accounted for in the financial statements.

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**  
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	31.12.2022			31.12.2021		
	MISTI US\$	MPWT US\$	Total US\$	MISTI US\$	MPWT US\$	Total US\$
<b>3. CASH</b>						
<b>IDA</b>						
Cash on hand	135	200	335	874	641	1,515
Cash at bank	1,341,452	841,394	2,182,846	1,450,070	899,394	2,349,464
	1,341,587	841,594	2,183,181	1,450,944	900,035	2,350,979
<b>Counterpart fund</b>						
Cash at bank	27,414	21,903	49,317	1,204	33,064	34,268
	1,369,001	863,497	2,232,498	1,452,148	933,099	2,385,247
<b>4. INTERNATIONAL DEVELOPMENT ASSOCIATION</b>						
	<b>1.1.2022</b>			<b>1.1.2021</b>		<b>Cumulative</b>
	<b>to</b>			<b>to</b>		<b>to</b>
	<b>31.12.2022</b>			<b>31.12.2021</b>		<b>31.12.2022</b>
	MISTI US\$	MPWT US\$	Total US\$	MISTI US\$	MPWT US\$	Total US\$
Funds receipts	383,240	1,493,356	1,876,596	475,540	1,535,480	6,729,660
<b>5. ROYAL GOVERNMENT OF CAMBODIA (COUNTERPART FUND)</b>						
	<b>1.1.2022</b>			<b>1.1.2021</b>		<b>Cumulative</b>
	<b>to</b>			<b>to</b>		<b>to</b>
	<b>31.12.2022</b>			<b>31.12.2021</b>		<b>31.12.2022</b>
	MISTI US\$	MPWT US\$	Total US\$	MISTI US\$	MPWT US\$	Total US\$
Funds receipts	152,980	43,604	196,584	57,840	123,035	377,459



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**6. GOODS**

	1.1.2022 to 31.12.2022		1.1.2021 to 31.12.2021		Cumulative to 31.12.2022 Total US\$
	MISTI US\$	MPWT US\$	MISTI US\$	MPWT US\$	
<b>IDA</b>					
Equipment	-	24,796	226,929	129,702	383,096
Furniture	-	-	5,965	23,800	30,355
Vehicles	-	-	-	9,800	202,960
Software	385	-	7,315	5,994	13,694
	385	24,796	240,209	169,296	630,105

**7. WORKS**

	1.1.2022 to 31.12.2022		1.1.2021 to 31.12.2021		Cumulative to 31.12.2022 Total US\$
	MISTI US\$	MPWT US\$	MISTI US\$	MPWT US\$	
<b>IDA</b>					
Office renovation	-	2,045	-	38,859	40,904
Mondulkiri water supply phase 1	-	-	318,519	-	1,241,845
Waste water network civil work 1A	-	839,085	-	-	839,085
Improvement waste water treat plant	-	309,646	-	-	309,646
	-	1,150,776	318,519	38,859	2,431,480

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**  
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**8. CONSULTANT SERVICES**

	1.1.2022 to 31.12.2022		1.1.2021 to 31.12.2021		Cumulative to 31.12.2022	
	MISTI US\$	MPWT US\$	MISTI US\$	MPWT US\$	Total US\$	Total US\$
<b>IDA</b>						
Food and accommodation	3,740	1,801	-	860	860	7,014
International consultant fee	212,705	165,217	27,500	35,850	63,350	452,812
National consultant fee	128,230	100,804	94,643	127,770	222,413	543,529
Withholding tax on international consultant	4,721	-	3,834	-	3,834	9,125
Withholding tax on national consultant	21,806	-	17,530	-	17,530	45,788
	<b>371,202</b>	<b>267,822</b>	<b>143,507</b>	<b>164,480</b>	<b>307,987</b>	<b>1,058,268</b>

**9. TRAINING COSTS**

	1.1.2022 to 31.12.2022		1.1.2021 to 31.12.2021		Cumulative to 31.12.2022	
	MISTI US\$	MPWT US\$	MISTI US\$	MPWT US\$	Total US\$	Total US\$
<b>IDA</b>						
Food and accommodation	-	11,954	-	9,332	9,332	24,069
Training and workshop	45,722	-	16,316	-	16,316	66,064
Transportation cost	-	3,701	-	3,434	3,434	8,875
Venue and material cost	-	14,593	-	7,530	7,530	24,859
	<b>45,722</b>	<b>30,248</b>	<b>16,316</b>	<b>20,296</b>	<b>36,612</b>	<b>123,867</b>

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	1.1.2022 to 31.12.2022		1.1.2021 to 31.12.2021		Cumulative to 31.12.2022 Total US\$
	MISTI US\$	MPWT US\$	MISTI US\$	MPWT US\$	
<b>IDA</b>					
Public relation and advertising	5,382	3,887	2,164	3,782	5,946
Administration supplies	11,848	10,977	11,309	8,607	19,916
Rental expenses	-	-	-	-	2,600
Staff cost	18,000	19,469	17,900	17,720	78,964
Tax expenses	1,560	1,556	1,559	1,576	8,024
Transportation and accommodation cost	9,240	14,816	2,950	5,862	39,100
Vehicle operation and maintenance	17,998	22,698	6,420	10,563	63,792
Others	11,260	4,753	5,814	4,336	33,000
	75,288	78,156	48,116	52,446	302,760
<b>Counterpart fund</b>					
Annual Audit Fee	-	9,000	-	-	9,000
Salary supplement staff	126,770	45,720	56,636	89,910	319,036
Others	-	45	-	61	106
	126,770	54,765	56,636	89,971	328,142
	202,058	132,921	104,752	142,417	630,902

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**11. PAYMENTS BY COMPONENTS**

	1.1.2022 to 31.12.2022		1.1.2021 to 31.12.2021		Cumulative to 31.12.2022	
	MISTI US\$	MPWT US\$	MISTI US\$	MPWT US\$	Total US\$	Total US\$
Provincial water supply:						
Water supply infrastructure development and household connections	-	-	318,519	-	318,519	1,241,845
Project management and institutional strengthening	492,597	-	448,148	-	448,148	1,135,468
Government Salary Supplement	126,770	-	56,636	-	56,636	183,406
Provincial sanitation improve ment:						
Sanitation infrastructure development and household connections	-	1,173,527	-	-	-	1,173,527
Project management and institutional strengthening	-	378,271	-	445,377	445,377	995,640
Government salary supplement	-	54,765	-	89,971	89,971	144,736
	619,367	1,606,563	823,303	535,348	1,358,651	4,874,622

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**12. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS**

**12.1 Statement of designated accounts - IDA**

	2022		2021		Total US\$
	MISTI US\$	MPWT US\$	MISTI US\$	MPWT US\$	
Balance as at 1 January	1,450,944	900,035	1,157,671	869,872	2,027,543
Add:					
Total amount advanced during the year	383,240	1,493,356	1,059,940	475,540	1,535,480
Deduct:					
Total amount withdrawn for expenditures during the year	(492,597)	(1,551,797)	(766,667)	(445,377)	(1,212,044)
<b>Balance as at 31 December</b>	<b>1,341,587</b>	<b>841,594</b>	<b>1,450,944</b>	<b>900,035</b>	<b>2,350,979</b>

**12.2 Summary of withdrawal applications - IDA**

(a) MISTI

Withdrawal application number	Date	Amount claimed for replenishment						Total US\$	
		Initial advances US\$	Direct payment US\$	Goods US\$	Works US\$	Consulting services US\$	Training costs US\$		Operating costs US\$
<b>2021</b>									
REPL/MISTI-003	13 Jan 2021	-	-	104,960	188,653	23,727	-	8,221	325,561
REPL/MISTI-004	3 Mar 2021	-	-	5,965	-	23,028	-	9,520	38,513
REPL/MISTI-005	16 Jun 2021	-	-	48,071	318,519	38,154	-	9,556	414,300
REPL/MISTI-006	9 Aug 2021	-	-	-	-	20,148	-	10,493	30,641
REPL/MISTI-007	21 Oct 2021	-	-	-	-	21,358	-	8,182	29,540
REPL/MISTI-008	18 Dec 2021	-	-	176,208	-	30,026	-	8,162	221,385
		-	-	335,204	507,172	156,441	8,162	52,961	1,059,940

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**12. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**12.2 Summary of withdrawal applications - IDA (continued)**

**(a) MISTI (continued)**

Withdrawal application number	Date	Initial advances US\$	Direct payment US\$	Amount claimed for replenishment					Total US\$	
				Goods US\$	Works US\$	Consulting services US\$	Training costs US\$	Operating costs US\$		
<b>2022</b>										
REPL/MISTI-009	21 Feb 2022	-	-	9,964	-	23,584	8,155	7,353	49,056	
REPL/MISTI-010	12 Apr 2022	-	-	-	-	38,636	-	9,852	48,488	
REPL/MISTI-011	20 Jul 2022	-	-	385	-	48,326	2,893	14,531	66,135	
REPL/MISTI-012	25 Oct 2022	-	-	-	-	182,743	15,708	21,110	219,561	
		-	-	10,349	-	293,289	26,756	52,846	383,240	
<b>Cumulative to 31.12.2022</b>		1,500,000	-	345,554	1,241,845	472,403	38,944	120,155	3,718,900	

**(b) MPWT**

Withdrawal application number	Date	Initial advances US\$	Direct payment US\$	Amount claimed for replenishment					Total US\$
				Goods US\$	Works US\$	Consulting services US\$	Training costs US\$	Operating costs US\$	
<b>2021</b>									
MPWT-005	6 Mar 2021	-	-	88,200	-	30,226	-	11,702	130,127
MPWT-006	1 Jul 2021	-	-	135,132	-	44,273	10,285	14,422	204,112
MPWT-007	18 Aug 2021	-	-	7,617	26,330	26,124	450	9,621	70,142
MPWT-008	7 Dec 2021	-	-	26,273	-	28,916	2,097	13,872	71,159
		-	-	257,222	26,330	129,539	12,832	49,617	475,540

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**12. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**12.2 Summary of withdrawal applications - IDA (continued)**

(b) MPWT (continued)

Withdrawal application number	Date	Amount claimed for replenishment								Total US\$	
		Initial advances US\$	Direct payment US\$	Goods US\$	Works US\$	Consulting services US\$	Training costs US\$	Operating costs US\$	Total US\$		
2022											
MPWT-009	4 Feb 2022	-	-	275	12,530	65,433	7,253	14,473	99,964		
MPWT-010	13 May 2022	-	-	24,796	-	27,330	-	17,073	69,199		
MPWT-011	25 Aug 2022	-	-	-	90,755	25,850	12,632	18,045	147,282		
DP-012	25 Aug 2022	-	839,085	-	-	-	-	-	839,085		
MPWT-013	4 Nov 2022	-	-	-	220,936	87,027	9,328	20,535	337,826		
		-	839,085	25,071	324,221	205,640	29,213	70,126	1,493,356		
<b>Cumulative to 31.12.2022</b>		<b>1,000,000</b>	<b>839,085</b>	<b>283,142</b>	<b>350,551</b>	<b>356,753</b>	<b>49,305</b>	<b>131,925</b>	<b>3,010,760</b>		

**13. COMMITMENTS**

The Project has commitments which were contracted but not yet paid as at year ended, as follows:

	31.12.2022			31.12.2021			Total US\$
	MISTI US\$	MPWT US\$	Total US\$	MISTI US\$	MPWT US\$	Total US\$	
Goods	-	-	-	385	-	385	
Works	-	7,218,609	7,218,609	-	542,339	542,339	
Consulting services	1,662,110	308,138	1,970,248	178,638	363,941	542,579	
	<b>1,662,110</b>	<b>7,526,747</b>	<b>9,188,857</b>	<b>179,023</b>	<b>906,280</b>	<b>1,085,303</b>	

**WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT**

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**14. TAXATION CONTINGENCIES**

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Project Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

**15. EXPLANATION OF TRANSITION TO THE CPSAS**

As stated in Note 2 to the financial statements, these are the Project's first set of financial statements prepared in accordance with the CPSAS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2022 and the comparative information presented in the financial statements for the year ended 31 December 2021.

In preparing the opening the CPSAS statement of receipts and payments, statement of cash receipts, expenditures and comparison of budget and actual amounts and statement of designated accounts for the year ended 31 December 2021, the Project did not need to adjust amounts reported previously in the financial statements prepared in accordance with modified cash basis as the initial adoption of the CPSAS did not have any material effect on the financial statements.