

MINISTRY OF HEALTH

**Cambodian Health Equity and Quality Improvement
Project (“H-EQIP”)**

IDA/RGC Financing Agreement
Number 5813-KH/ MDTF Grant Number TF0A3114 and
PHRD Grant Number TF0A2562

**Financial Statements
For year ended 31 December 2018
and
Report of the Independent Auditors**

Ministry of Health

Cambodian Health Equity and Quality Improvement Project (“H-EQIP”)

IDA/RGC Financing Agreement Number 5813-KH/ MDTF Grant Number TF0A3114
and PHRD Grant Number TF0A2562

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MINISTRY OF HEALTH

No. 082... M.E.S.S/H-EQIP

Statement by the Project management

We do hereby state that in our opinion:

- (a) The accompanying financial statements, which comprise the statement of financial position as at 31 December 2018, the statement of sources of funds and expenditures, and the statement of designated accounts for the year ended 31 December 2018 and notes as set out on pages 5 to 29 of the Cambodian Health Equity and Quality Improvement Project ("H-EQIP") ("the Project"), financed under the Financing Agreement Number 5813-KH/ MDTF Grant Number TF0A3114 and PHRD Grant Number TF0A2562 through the International Development Association ("IDA" or "Donor") and the Royal Government of Cambodia represented by the Ministry of Economy and Finance, implemented by the Ministry of Health ("MoH" or "Implementing Agency") are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements.
- (b) The disbursements shown in the financial statements were implemented according to the Financing and Grant Agreements and the Project was in compliance with all credit and grant covenants of the Agreements for the year ended 31 December 2018.

Signed on behalf of the project management, 



Prof. Eng Huot
Project Director
Ministry of Health

Phnom Penh, Kingdom of Cambodia

Date: 28 JUN 2019



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Report of the independent auditors To the Ministry of Economy and Finance

Opinion

We have audited the financial statements of the Cambodian Health Equity and Quality Improvement Project (“H-EQIP” or “the Project”), financed under the Financing Agreement Number 5813-KH/ MDTF Grant Number TF0A3114 and PHRD Grant Number TF0A2562 through the International Development Association (“IDA” or “Donor”) and the Royal Government of Cambodia, represented by the Ministry of Economy and Finance, implemented by the Ministry of Health (“MoH” or “Implementing Agency”) which comprise the statement of financial position as at 31 December 2018, the statement of sources of funds and expenditures and the statement of designated accounts for the year then ended and notes comprising significant accounting policies and other explanatory information as set out on pages 5 to 29.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies as described in Note 2 to the financial statements.

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 are independent of the Project in accordance 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. 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 Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting and the accounting policies adopted by the Project. The financial statements are prepared for the information of and use by the management of the Project, the Ministry of Economy and Finance, and the International Development Association. As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for the management of the Project, the Ministry of Economy and Finance, and the International Development Association, and should not be used by other parties. The restriction on use does not limit the disclosure or distribution of our report if such disclosure or distribution is required by laws and regulations. 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 basis of accounting and the accounting policies described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that is free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Implementing Agency'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 cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 this financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Implementing Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Implementing Agency 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.

For KPMG Cambodia Ltd

Lim Chew Teng
Partner



Phnom Penh, Kingdom of Cambodia

28 June 2019

Ministry of Health

Cambodian Health Equity and Quality Improvement Project (“H-EQIP”)

IDA/RGC Financing Agreement Number 5813-KH/ MDTF Grant Number TF0A3114
and PHRD Grant Number TF0A2562

Statement of financial position as at 31 December 2018

	Note	As at 31 December 2018 US\$	As at 31 December 2017 US\$
Current assets			
Cash and bank balances	3	16,510,744	5,601,065
Advances	4	766,348	667,318
Amounts due from financiers	5	2,029,148	2,830,328
Total assets		<u>19,306,240</u>	<u>9,098,711</u>
Liabilities			
Amounts due to RGC and financiers	5	<u>(2,029,148)</u>	<u>(2,830,328)</u>
Net assets		<u>17,277,092</u>	<u>6,268,383</u>
Fund balance at end of the year/period		<u>17,277,092</u>	<u>6,268,383</u>

The accompanying notes form an integral part of these financial statements.

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Cambodian Health Equity and Quality Improvement Project (“H-EQIP”)

IDA/RGC Financing Agreement Number 5813-KH/ MDTF Grant Number TF0A3114 and PHRD Grant Number TF0A2562

Statement of sources of funds and expenditures for year ended 31 December 2018

	Note	Year ended 31 December 2018					Period from	Cumulative
		IDA US\$	MDTF US\$	PHRD US\$	RGC US\$	Total US\$	1 July 2016 to 31 December 2017 US\$	period from 1 July 2016 to 31 December 2018 US\$
Receipts								
International Development Association (“IDA”)	6	4,984,769	-	-	-	4,984,769	4,473,761	9,458,530
Multi-Donor Trust Fund	6	-	11,148,316	-	-	11,148,316	4,609,374	15,757,690
PHRD	6	-	-	241,475	-	241,475	-	241,475
Counterpart fund	6	-	-	-	27,113,541	27,113,541	23,972,663	51,086,204
Other income	7	-	-	-	3,780	3,780	-	3,780
		<u>4,984,769</u>	<u>11,148,316</u>	<u>241,475</u>	<u>27,117,321</u>	<u>43,491,881</u>	<u>33,055,798</u>	<u>76,547,679</u>
Expenditure by categories								
Service delivery grants	9	819,735	1,366,224	-	14,442,815	16,628,774	11,192,901	27,821,675
Health equity fund grants (“HEF”)	10	2,250,000	3,750,000	-	7,867,233	13,867,233	12,979,317	26,846,550
Eligible expenditure programs	11	435,867	726,446	-	-	1,162,313	2,037,687	3,200,000
Goods, works, consultant operating costs and training	12	253,816	420,024	27,867	123,145	824,852	577,510	1,402,362
		<u>3,759,418</u>	<u>6,262,694</u>	<u>27,867</u>	<u>22,433,193</u>	<u>32,483,172</u>	<u>26,787,415</u>	<u>59,270,587</u>

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Statement of sources of funds and expenditures (continued) for year ended 31 December 2018

Note	Year ended 31 December 2018					Period from 1 July 2016 to 31 December 2017 US\$	Cumulative period from 1 July 2016 to 31 December 2018 US\$
	IDA US\$	MDTF US\$	PHRD US\$	RGC US\$	Total US\$		
Excess of sources of funds over expenditures	1,225,351	4,885,622	213,608	4,684,128	11,008,709	6,268,383	17,277,092
Fund balance at beginning of the year/period	1,152,632	(922,312)	(300)	6,038,363	6,268,383	-	6,268,383
Fund balance at end of the year/period	<u>2,377,983</u>	<u>3,963,310</u>	<u>213,308</u>	<u>10,722,491</u>	<u>17,277,092</u>	<u>6,268,383</u>	<u>23,545,475</u>
Expenditures by components 8							
Strengthening Health Services Delivery	819,735	1,366,224	-	14,442,815	16,628,774	11,192,901	27,821,675
Improving Financial Protection and Equity ("HEF")	2,250,000	3,750,000	-	7,867,233	13,867,233	12,979,317	26,846,550
Ensuring Sustainable and Responsive Health System	689,683	1,146,470	27,867	123,145	1,987,165	2,615,197	4,602,362
	<u>3,759,418</u>	<u>6,262,694</u>	<u>27,867</u>	<u>22,433,193</u>	<u>32,483,172</u>	<u>26,787,415</u>	<u>59,270,587</u>

The accompanying notes form an integral part of these financial statements.

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Cambodian Health Equity and Quality Improvement Project (“H-EQIP”)

IDA/RGC Financing Agreement Number 5813-KH/ MDTF Grant Number TF0A3114 and PHRD Grant Number TF0A2562

Statement of designated accounts for year ended 31 December 2018

	Note	Year ended 31 December 2018				Period from	Cumulative
		IDA US\$	MDTF US\$	PHRD US\$	Total US\$	31 December 2017 US\$	period from 1 July 2016 to 31 December 2018 US\$
Receipts							
International Development Association ("IDA")	6	4,548,902	-	-	4,548,902	3,709,628	8,258,530
Multi-Donor Trust Fund		-	10,421,870	-	10,421,870	3,335,820	13,757,690
PHRD		-	-	241,475	241,475	-	241,475
		<u>4,548,902</u>	<u>10,421,870</u>	<u>241,475</u>	<u>15,212,247</u>	<u>7,045,448</u>	<u>22,257,695</u>
Expenditure by categories							
Service delivery grants	9	819,735	1,366,224	-	2,185,959	423,680	2,609,639
Health equity fund grants ("HEF")	10	2,250,000	3,750,000	-	6,000,000	5,814,238	11,814,238
Eligible expenditure programs	11	-	-	-	-	-	-
Goods, works, consultant operating costs and training	12	253,816	420,024	27,867	701,707	577,510	1,279,217
		<u>3,323,551</u>	<u>5,536,248</u>	<u>27,867</u>	<u>8,887,666</u>	<u>6,815,428</u>	<u>15,703,094</u>
Excess of sources of funds over expenditures							
Fund balance at beginning of the year/period		1,225,351	4,885,622	213,608	6,324,581	230,020	6,554,601
		<u>1,152,632</u>	<u>(922,312)</u>	<u>(300)</u>	<u>230,020</u>	<u>-</u>	<u>230,020</u>
Fund balance at end of the year/period		<u><u>2,377,983</u></u>	<u><u>3,963,310</u></u>	<u><u>213,308</u></u>	<u><u>6,554,601</u></u>	<u><u>230,320</u></u>	<u><u>6,784,621</u></u>

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Statement of designated accounts (continued) for year ended 31 December 2018

	Note	Year ended 31 December 2018				Period from	Cumulative
		IDA US\$	MDTF US\$	PHRD US\$	Total US\$	31 December 2017 US\$	period from 31 December 2018 US\$
Expenditure by components							
Strengthening Health Services Delivery	8	819,735	1,366,224	-	2,185,959	423,680	2,609,639
Improving Financial Protection and Equity ("HEF")	9	2,250,000	3,750,000	-	6,000,000	5,814,238	11,814,238
Ensuring Sustainable and Responsive Health System	11	253,816	420,024	27,867	701,707	577,510	1,279,217
Total expenditures		<u>3,323,551</u>	<u>5,536,248</u>	<u>27,867</u>	<u>8,887,666</u>	<u>6,815,428</u>	<u>15,703,094</u>
Represented by:							
Cash and bank balances	3				8,578,796	3,007,627	8,578,796
Advances	4				4,953	52,421	4,953
Amount due RGC	5				(2,029,148)	(2,830,028)	(2,029,148)
Amount due to IDA and MDTF					-	(300)	-
Amount due from PHRD					-	300	-
					<u>6,554,601</u>	<u>230,320</u>	<u>6,554,601</u>

The accompanying notes form an integral part of these financial statements.

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PHRD Grant Number TF0A2562

Notes to the financial statements for the year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Background and activities

The Cambodian Health Equity and Quality Improvement Project (“H-EQIP”) (“the Project”) was established under the International Development Association (“IDA”) with the Financing Agreement Number 5813-KH and the Multi-Donor Trust Fund (“MDTF”) with the Grant Agreement Number TF0A3114 dated 26 August 2016 between the Royal Government of Cambodia (“RGC”), represented by the Ministry of Economy and Finance (“MEF”). The IDA (is also acting as administrator of the Multi-Donor Trust Fund for the Cambodia Health Equity and Quality Improvement Project) of the World Bank, whereby IDA agreed to provide a loan amounting to Special Drawing Rights SDR21,700,000 (equivalent to US\$30,000,000) and a grant amounting to US\$3,500,000. On 23 May 2017, the grant agreement was amended to increase the grant amount to US\$20,000,000. According to the Project Appraisal Document (“PAD”), MDTF is expected to provide the grant totalling US\$50,000,000.

The Project became effective for implementation from 9 November 2016 with the total funding of US\$175.2 million. However, the MEF through the letter dated 4 August 2016 approved to use the RGC’s fund before the effective date. Therefore, the Project followed the PAD which published on 28 April 2016, stating the starting the date from 1 July 2016. The Project is expected to be completed by 30 June 2021.

In addition to the Financing Agreement dated on 26 August 2016, IDA acting as administrator of the grant provided by the Government of Japan under the Policy and Human Resources Development Fund (“PHRD”) also agreed to provide a grant amounting to US\$1,000,000 with the grant number TF0A2562 dated 25 September 2016.

IDA loan is repayable on each 1 April and 1 October commencing from 1 October 2022 and ending on 1 April 2054 with principal amount of each credit repayable equal 1.5625%.

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the loans funded by IDA, the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

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Notes to the financial statements (continued) for the year ended 31 December 2018

1. Background and activities (continued)

Category		Amount of the financing allocated (expressed in SDR)	Percentage of expenditures to be financed (inclusive of taxes)
No.	Item		
1	Service delivery grants (“SDGs”) under Part 1 of the Project	5,400,000	100% of the Financing's agreed share of the cost specified in the approved Annual Operational Plan (“AOP”) for each Fiscal Year (“FY”)
2	Health equity fund (“HEF”) Grants under Part 2 of the Project	8,100,000	100% of the Financing's agreed share of the cost specified in the approved Annual Operational Plan (“AOP”) for each Fiscal Year (“FY”)
3	Eligible Expenditure Programs under Part.3 .1 of the Project	4,100,000	100% of the Financing's agreed share of the cost specified in the approved Annual Operational Plan (“AOP”) for each Fiscal Year (“FY”)
4	Goods, works, non- consulting services, consultants' services, Operating Costs and Training under Parts 3.2 and 3.3 of the Project	4,100,000	100% of the Financing's agreed share of the cost specified in the approved Annual Operational Plan (“AOP”) for each Fiscal Year (“FY”)
5	Emergency Expenditures under Part 4 of the Project	-	100%
	Total	21,700,000	

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Notes to the financial statements (continued) for the year ended 31 December 2018

1. Background and activities (continued)

Financing of the Project by the MDTF according to the allocations and withdrawals of the grant proceeds is as follows:

Category		Amount of the grant allocated (expressed in USD)	Percentage of expenditures to be financed (inclusive of taxes)
No.	Item		
1	Service delivery grants (“SDGs”) under Part 1 of the Project	5,000,000	100% of the Grant’s agreed share of the cost specified in the approved Annual Operation Plan (“AOP”) for each financial year.
2	Health equity fund (“HEF”) Grants under Part 2 of the Project	9,000,000	100% of the Grant’s agreed share of the cost specified in the approved Annual Operation Plan (“AOP”) for each financial year.
3	Eligible Expenditure Programs under Part.3 .1 of the Project	4,500,000	100% of the Grant’s agreed share of the cost specified in the approved Annual Operation Plan (“AOP”) for each financial year.
4	Goods, works, non- consulting services, consultants’ services, Operating Costs and Training under Parts 3.2 and 3.3 of the Project	1,500,000	100% of the Grant’s agreed share of the cost specified in the approved Annual Operation Plan (“AOP”) for each financial year.
	Total	20,000,000	

Financing of the Project by the PHRD according to the allocations and withdrawals of the grant proceeds is under the Project’s component “Ensuring Sustainable and Responsive Health Systems” amounting to US\$1,000,000.

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Notes to the financial statements (continued) for the year ended 31 December 2018

1. Background and activities (continued)

The RGC will contribute US\$94.2 million and the allocations and withdrawals of the contribution is as follows:

Project components	The Royal Government of Cambodia (expressed in US\$)
1. Strengthening Health Service Delivery	54,200,000
2. Improving Financial Protection and Equity	40,000,000
Total	94,200,000

The objective of the Project is to improve access to quality health services for targeted population groups with protection against impoverishment due to the cost of health services in the Kingdom of Cambodia.

The Project consists of the following components/parts:

Part 1: Strengthening Health Service Delivery

- 1.1 Provision of Service Delivery Grants to health centers for the implementation of the Minimum Package of Activities, based on the quantity and quality of services provided.
- 1.2 Provision of SDGs to hospitals for the implementation of the Complementary Package of Activities, based on improvements in the quality of care at the secondary level of the health system.
- 1.3 Provision of SDGs to Provincial Health Departments (“PHD”) and Operational Districts (“OD”) for carrying out of a programme of activities designed to strengthen the health facility capacity building and oversight functions of the PHDs and ODs.

Part 2: Improving Financial Protection and Equity

Carrying out of a program of activities designed to improve healthcare protection for the poor through the provision of HEF Grants to health facilities for the financing of user fees and other associated health care related costs of eligible poor beneficiaries.

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Notes to the financial statements (continued) for the year ended 31 December 2018

1. Background and activities (continued)

The Project consists of the following components/parts: (continued)

Part 3: Improving Financial Protection and Equity

- 3.1 Carrying out of a programme of activities designed to improve the supply side readiness of the health sector and strengthen the institutions in charge of implementing the Project's activities, including the implementation of comprehensive pre-service and in-service training programs for health workers, equipment of health facilities to meet minimum standards for the provision of obstetric and neonatal care, carrying out of enhanced health service quality monitoring, improved timeliness of SDG and HEF payments, and establishment of sustainable health purchasing arrangements, all through the provision of additional HEF Grants upon the achievement of the Disbursement Linked Indicator (“DLI”) Targets set forth in Schedule 4 to this Agreement.
- 3.2 Carrying out of civil works identified in the MoH's civil works plan for 2016 - 2021 for the construction and/or rehabilitation of health facilities, including, inter alia, maternity wards and other infrastructure for emergency maternity and neonatal services, and provision of necessary health facility equipment.
- 3.3 Provision of technical and operational assistance for the coordination, administration, monitoring, evaluation, verification and audit of the Project.

Part 4: Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

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Notes to the financial statements (continued) for the year ended 31 December 2018

2. Significant accounting policies

(a) Basis of accounting

The financial statements, which are expressed in the United States Dollars (“US\$”), have been prepared in accordance with a modified cash basis of accounting. This is a basis of accounting that is designed to meet the requirements of the Project; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards. Under this basis of accounting, income is recognised when funds are received in cash and expenditure is recognised when payments are made rather than when it is incurred, except for the advanced payments that are initially recognised as a receivable and only recognised as expenditure when they have been liquidated by supporting invoices.

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 accounts.

(b) Statement of designated accounts

The statement of designated accounts is prepared in accordance with the financing agreement and is purely used to receive and disburse for expenditure funded by IDA, MDTF and PHRD financing proceeds.

(c) Non-expendable equipment

The cost of non-expendable equipment is charged to the statement of sources of funds and expenditures upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable equipment listing.

(d) Foreign currency transactions

The Project executes transactions and maintains its accounting records primarily in the US\$. Transactions in currencies other than US\$ are converted into US\$ at the rates of exchange prevailing on the transaction dates. Fund balances in currencies other than US\$ are translated into US\$ at the open market exchange rates at the reporting date. All foreign exchange differences are recognised in the statements of sources of funds and expenditures and designated accounts.

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Notes to the financial statements (continued) for the year ended 31 December 2018

3. Cash and bank balances

	As at 31 December 2018			As at 31 December 2017 US\$
	Pooled designated account* US\$	RGC US\$	Total US\$	
Cash at banks	8,578,629	7,931,948	16,510,577	5,600,189
Cash on hand	167	-	167	876
	<u>8,578,796</u>	<u>7,931,948</u>	<u>16,510,744</u>	<u>5,601,065</u>

* It represented the one pooled designated account combined for IDA Credit, MDTF grant and PHRD.

Cash at banks comprises bank accounts used for designated account fund and the government counterpart fund maintained in a current account with the National Bank of Cambodia, bear no interest and earmarked specifically for the use of the Project.

4. Advances

	As at 31 December 2018			As at 31 December 2017 US\$
	IDA and MDTF and PHRD * US\$	RGC US\$	Total US\$	
Hospital Service Department	-	-	-	45,365
Planning and Health Information	4,953	-	4,953	7,056
Advances to National Hospital (“NH”), Provincial Referral Hospital (“PRH”) and Referral Hospital (“RH”)	-	761,395	761,395	614,897
	<u>4,953</u>	<u>761,395</u>	<u>766,348</u>	<u>667,318</u>

* It represented the one pooled designated account is combined for IDA Credit, MDTF grant and PHRD.

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Notes to the financial statements (continued) for the year ended 31 December 2018

5. Amounts due from/(to) financiers and RGC

	Note	As at 31 December 2018			Total US\$	As at
		IDA and MDTF US\$	PHRD US\$	RGC US\$		31 December 2017 US\$
Amounts due from						
IDA and MDTF	(a)	-	-	2,029,148	2,029,148	2,830,028
PHRD		-	-	-	-	300
Sub-total		-	-	2,029,148	2,029,148	2,830,328
Amount due to						
RGC	(a)	(2,029,148)	-	-	(2,029,148)	(2,830,028)
IDA and MDTF		-	-	-	-	(300)
Sub-total		(2,029,148)	-	-	(2,029,148)	(2,830,328)
		<u>(2,029,148)</u>	<u>-</u>	<u>2,029,148</u>	<u>-</u>	<u>-</u>

- (a) These represent payments from RGC with amounting to US\$2,029,148 for the Project activities to be financed by IDA and MDTF. On 7 May 2019, the Project settled this amount to RGC.

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Notes to the financial statements (continued) for the year ended 31 December 2018

6. Receipts

	Note	Year ended 31 December 2018					Period from	Cumulative
		IDA US\$	MDTF US\$	PHRD US\$	RGC US\$	Total US\$	1 July 2017 to 31 December 2017 US\$	period from 1 July 2017 to 31 December 2018 US\$
Fund received – designated accounts	(a)	4,548,902	10,421,870	241,475	-	15,212,247	7,045,448	22,257,695
Disbursement link indicators	(b)	435,867	726,446	-	-	1,162,313	2,037,687	3,200,000
Fund receipt from RGC	(c)	-	-	-	27,113,541	27,113,541	23,972,663	51,086,204
		<u>4,984,769</u>	<u>11,148,316</u>	<u>241,475</u>	<u>27,113,541</u>	<u>43,488,101</u>	<u>33,055,798</u>	<u>76,543,899</u>

- (a) This represents “fund” received from the IDA, MDTF and PHRD transferred directly to the Project’s designated accounts maintained by General Department of National Treasury.
- (b) Disbursement link indicators represent the amounts supported by IDA and MDTF upon achievements of certain indicators agreed between the Project and the World Bank.
- (c) This comprise cash transferred from the National Treasury of Cambodia to the Project and Health Facilities bank accounts.

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7. Other income

Other income represents the income earned by selling bidding documents. The amounts of US\$3,780 were subsequently transferred to RGC’s bank account on 28 March 2019.

8. Expenditures by components

	Year ended 31 December 2018					Period from 1 July 2017 to 31 December 2017 US\$	Cumulative period from 1 July 2017 to 31 December 2018 US\$
	IDA US\$	MDTF US\$	PHRD US\$	RGC(*) US\$	Total US\$		
Strengthening Health Services Delivery							
1.1 Service delivery grants - Health Centres	346,283	577,138	-	923,421	1,846,842	482,489	2,329,331
1.2 Service delivery grants – Hospital	309,991	516,651	-	826,642	1,653,284	226,004	1,879,288
1.3 Service delivery grants –							
1.4 PHDs and ODs	163,461	272,435	-	435,896	871,792	138,867	1,010,659
1.5 Service delivery grants – Fixed Lump Sum Grant	-	-	-	12,256,856	12,256,856	10,345,541	22,602,397
Sub-total	819,735	1,366,224	-	14,442,815	16,628,774	11,192,901	27,821,675

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8. Expenditures by components (continued)

	Year ended 31 December 2018					Period from 1 July 2017 to 31 December 2017 US\$	Cumulative period from 1 July 2017 to 31 December 2018 US\$
	IDA US\$	MDTF US\$	PHRD US\$	RGC(*) US\$	Total US\$		
Improving Financial Protection and Equity (“HEF”)	2,250,000	3,750,000	-	7,867,233	13,867,233	12,979,317	26,846,550
Ensuring Sustainable and Responsive Health System							
3.1 Health System Strengthening	431,066	718,443	-	-	1,149,509	2,037,687	3,187,195
3.3 Project Management Monitoring and Evaluation	258,617	428,027	27,867	123,145	837,656	577,510	1,415,167
Sub-total	689,683	1,146,470	27,867	123,145	1,987,165	2,615,197	4,602,362
	<u>3,759,418</u>	<u>6,262,694</u>	<u>27,867</u>	<u>22,433,193</u>	<u>32,483,172</u>	<u>26,787,415</u>	<u>59,270,587</u>

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Notes to the financial statements (continued) for the year ended 31 December 2018

8. Expenditures by components (continued)

(*) These expenditures represent the following:

- Amounts of performance based grants paid directly by the Project to Health facilities’ bank accounts; and amounts of fixed lump sum grant paid directly from the National Treasury of Cambodia to the Provincial Referral Hospital, Referral Hospital, and Health Centre.
- Amounts of health equity fund paid by the Project directly to the bank accounts of National Hospital, Provincial Referral Hospital, Referral Hospital, and Health Centre.

9. Service delivery grants

	Year ended 31 December 2018					Period from 1 July 2017 to 31 December 2017 US\$	Cumulative period from 1 July 2017 to 31 December 2018 US\$
	IDA US\$	MDTF US\$	PHRD US\$	RGC US\$	Total US\$		
Performance grants	819,735	1,366,224	-	2,185,959	4,371,918	847,360	5,219,278
Fixed-lump sum grants	-	-	-	12,256,856	12,256,856	10,345,541	22,602,397
	<u>819,735</u>	<u>1,366,224</u>	<u>-</u>	<u>14,442,815</u>	<u>16,628,774</u>	<u>11,192,901</u>	<u>27,821,675</u>

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9. Service delivery grants (continued)

Service delivery grants represents the service made to the Health Facilities to support costs of goods, minor works, service, training, operating costs and staff performance bonuses required for the implementation of Part 1 of the Project.

10. Health equity fund grants (“HEF”)

	Year ended 31 December 2018					Period from 1 July 2017 to 31 December 2017 US\$	Cumulative period from 1 July 2017 to 31 December 2018 US\$
	IDA US\$	MDTF US\$	PHRD US\$	RGC US\$	Total US\$		
Medical	1,921,883	3,203,139	-	6,720,012	11,845,034	11,601,148	23,446,182
Non-Medical	294,621	491,035	-	1,030,077	1,815,733	1,378,169	3,193,902
Promoter	33,496	55,826	-	117,144	206,466	-	206,466
	<u>2,250,000</u>	<u>3,750,000</u>	<u>-</u>	<u>7,867,233</u>	<u>13,867,233</u>	<u>12,979,317</u>	<u>26,846,550</u>

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11. Eligible expenditure programs

	Year ended 31 December 2018				Period from	Cumulative
	IDA US\$	MDTF US\$	PHRD US\$	Total US\$	1 July 2017 to 31 December 2017 US\$	period from 1 July 2017 to 31 December 2018 US\$
Disbursement linked indicators 1	-	-	-	-	800,000	800,000
Disbursement linked indicators 3	75,000	125,000	-	200,000	300,000	500,000
Disbursement linked indicators 4	-	-	-	-	400,000	400,000
Disbursement linked indicators 5	93,750	156,250	-	250,000	250,000	500,000
Disbursement linked indicators 6	267,117	445,196	-	712,313	287,687	1,000,000
	<u>435,867</u>	<u>726,446</u>	<u>-</u>	<u>1,162,313</u>	<u>2,037,687</u>	<u>3,200,000</u>

Disbursement link indicators represent the amounts supported by IDA and MDTF upon achievements of certain indicators agreed between the Project and the World Bank.

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12. Goods, works, consultant, operating costs and training

	Year ended 31 December 2018					Period from 1 July 2017 to 31 December 2017 US\$	Cumulative period from 1 July 2017 to 31 December 2018 US\$
	IDA US\$	MDTF US\$	PHRD US\$	RGC US\$	Total US\$		
Goods							
Vehicles	59,954	99,925	-	-	159,879	106,738	266,617
Consultant service							
National consultants	60,927	102,115	-	-	163,042	138,796	301,838
International consultants	27,188	45,312	-	-	72,500	-	72,500
Accommodation	782	503	-	-	1,285	1,850	3,135
Sub - total	88,897	147,930	-	-	236,827	140,646	377,473

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12. Goods, works, consultant, operating costs and training (continued)

	Year ended 31 December 2018					Period from 1 July 2017 to 31 December 2017 US\$	Cumulative period from 1 July 2017 to 31 December 2018 US\$
	IDA US\$	MDTF US\$	PHRD US\$	RGC US\$	Total US\$		
Operational costs							
Accommodation	12,538	21,698	1,698	-	35,934	55,553	91,487
Contract staff	11,465	16,109	-	-	27,574	17,917	45,491
Repairs and maintenance	2,919	4,864	-	-	7,783	6,226	14,009
Transportation	7,830	12,876	-	-	20,706	16,989	37,695
Incremental staff	619	460	-	123,145	124,224	544	124,768
Office supplies	636	1,060	-	-	1,696	3,806	5,502
Advertising	4,137	6,895	-	-	11,032	6,255	17,287
Communication	1,134	2,062	-	-	3,196	2,714	5,910
Bank charge	5,625	9,376	-	-	15,001	26,754	41,755
Others	4,860	8,100	4,500	-	17,460	2,949	20,409
Sub - total	51,763	83,500	6,198	123,145	264,606	139,707	404,313
Training	53,202	88,669	21,669	-	163,540	190,419	353,959
	253,816	420,024	27,867	123,145	824,852	577,510	1,402,362

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Notes to the financial statements (continued) for the year ended 31 December 2018

13. Designated accounts and withdrawal applications

13.1 Statement of designated accounts

	As at 31 December 2018				As at 31 December 2017 US\$
	IDA US\$	MDTF US\$	PHRD US\$	Total US\$	
Balance as at beginning of the year/period	1,152,632	(922,312)	(300)	230,020	-
Add					
Total fund received during the year/period	4,548,902	10,421,870	241,475	15,212,247	7,045,448
Less					
Total funds withdrawn for expenditures during the year/period	(1,294,403)	(5,536,248)	(27,867)	(6,858,518)	(3,985,100)
Total RGC's funds withdrawn for expenditure Supported by IDA and MDTF (Note 5)	(2,029,148)	-	-	(2,029,148)	(2,830,028)
	<u>2,377,983</u>	<u>3,963,310</u>	<u>213,308</u>	<u>6,554,601</u>	<u>230,320</u>

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Notes to the financial statements (continued)
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13. Designated accounts and withdrawal application (continued)

13.2 Summary of withdrawal applications

Withdrawal application number	Date	Initial advance	Service delivery grants	Health Equity Fund Grants ("HEF")	Eligible Expenditure Programs	Goods, works, Consultant, operating costs, training	Total
		US\$	US\$	US\$	US\$	US\$	US\$
2018							
IDA Fund							
Advance	27-Jun-2018	4,548,902	-	-	-	-	4,548,902
DLI	06-Dec-2018	-	-	-	435,867	-	435,867
Sub total		4,548,902	-	-	435,867	-	4,984,769
MDTF Fund							
Advance	28-Mar-2018	2,241,580	-	-	-	-	2,241,580
Advance	29-Jun-2018	8,180,290	-	-	-	-	8,180,290
DLI	13-Dec-2018	-	-	-	726,446	-	726,446
Sub total		10,421,870	-	-	726,446	-	11,148,316
PHRD Fund							
Advance	14-Feb-2018	241,475	-	-	-	-	241,475
Total		15,212,247	-	-	1,162,313	-	16,374,560

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Notes to the financial statements (continued)
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13. Designated accounts and withdrawal application (continued)

13.2 Summary of withdrawal applications (continued)

Withdrawal application number	Date	Initial advance	Service delivery grants	Health Equity Fund Grants ("HEF")	Eligible Expenditure Programs	Goods, works, Consultant, operating costs, training	Total
		US\$	US\$	US\$	US\$	US\$	US\$
2017							
<i>IDA Fund</i>							
Advance No. 001	19-Apr-17	3,709,628	-	-	-	-	3,709,628
DLI	5-Jun-17	-	-	-	375,000	-	375,000
DLI	26-Jun-17	-	-	-	389,133	-	389,133
Sub total		3,709,628	-	-	764,133	-	4,473,761
<i>MDTF Fund</i>							
Advance No. 001	19-Apr-17	3,335,820	-	-	-	-	3,335,820
DLI	5-Jun-17	-	-	-	625,000	-	625,000
DLI	26-Jun-17	-	-	-	648,554	-	648,554
Sub total		3,335,820	-	-	1,273,554	-	4,609,374
Total		7,045,448	-	-	2,037,687	-	9,083,135

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14. Commitments

As at 31 December 2018, the Project has the following commitments:

	As at 31 December 2018 US\$	As at 31 December 2017 US\$
Contracted, but not yet paid:		
Consulting services	2,462,255	800,140