Financial Statements and Independent Auditors’ Report

Can Tho Urban Development and Resilience Project


For the period from 11 July 2016 (signing date) to 31 December 2017

2018-08-07
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Can Tho Urban Development and Resilience Project
Loan Agreement No. 8598-VN, Financing Agreement No. 5779-VN and Grant Agreement No. TFOA3723
For the period from 11 July 2016 to 31 December 2017

Part I
Financial Statements
Report of the Project Management Unit

The Project Management Unit ("PMU") submits its report together with the audited financial statements of Can Tho Urban Development and Resilience Project ("the Project") for the period from 11 July 2016 (signing date) to 31 December 2017.

Auditors

The Project’s financial statements for the period from 11 July 2016 to 31 December 2017 have been audited by Grant Thornton (Vietnam) Limited.

The Project Management Unit

The members of the PMU are responsible for overall direction and management of the Project during the period and to the date of this report were:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Huynh Thanh Su</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Tran Nhu Minh</td>
<td>Deputy Director</td>
</tr>
<tr>
<td>Mr. Doan Thanh Tam</td>
<td>Deputy Director</td>
</tr>
<tr>
<td>Ms. Tran Thi Hong My</td>
<td>Chief Accountant</td>
</tr>
</tbody>
</table>

Statement of the Project Management Unit

The Project Management Unit is responsible for preparing Financial Statements for the period from 11 July 2016 to 31 December 2017 ("the period") which give a true and fair view of:

- the financial position of the Project;
- the funds received and expenditures incurred for the period;
- the activities of the designated account for the period from 11 July 2016 to 31 December 2017 and the balance of this account as at 31 December 2017; and
- the funds withdrawn for the period.

In preparing those Financial Statements, the Project Management Unit is required to:

- select suitable accounting policies and then apply them consistently in accordance with Loan Agreement No. 8598-VN between the Socialist Republic of Vietnam and the International Bank for Reconstruction and Development ("IBRD"); Financing Agreement No. 5779-VN between the Socialist Republic of Vietnam and the International Development Association ("IDA"); and Grant Agreement No TF0A3723 between the Socialist Republic of Vietnam and the International Bank for Reconstruction and Development/ International Development Associate and the Project's Operations Manual;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements; and

- design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds.
Can Tho Urban Development and Resilience Project
Loan Agreement No. 8598-VN, and Financing Agreement No. 5779-VN and Grant Agreement No. TF0A3723
For the period from 11 July 2016 to 31 December 2017

The Project Management Unit is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Project and to ensure that the accounting records comply with the accounting system as described in the Project’s Operations Manual. They are 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 Unit confirms that they have complied with the above requirements in preparing the Financial Statements.

Approval of the financial statements

We hereby approve the accompanying financial statements on pages 5 to 12 which give a true and fair view of the fund balance of the Can Tho Urban Development and Resilience Project as at 31 December 2017, the movement and balance of the designated account for the Loan, Financing and Grant funds as at 31 December 2017 and the funds received and disbursed during the period from 11 July 2016 to 31 December 2017, in accordance with the accounting policies as described in Note 2 to the financial statements and in the opinion of the PMU, the loan and grant withdrawals have been adequately reconciled to the statements of expenditure prepared by the borrower during the period, and such statements of expenditure were adequately supported.

On behalf of the Project Management Unit,

Huynh Thanh Su
Director

Can Tho, Vietnam
2 August 2018
Independent Auditors' Report
on the financial statements of
Can Tho Urban Development and Resilience Project
Loan Agreement No. 8598-VN, and Financing Agreement No. 5779-VN
and Grant Agreement No. TF0A3723
for the period from 11 July 2016 (signing date) to 31 December 2017

No: 18-11-017-1

To: Project Management Unit
Can Tho Urban Development and Resilience Project

Auditors' opinion
We have audited the accompanying balance sheet of the Can Tho Urban Development and Resilience Project ("the Project") as at 31 December 2017, and the statement of sources and uses of funds, statements of designated accounts and statements of withdrawals for the period from 11 July 2016 to 31 December 2017 and the notes thereto (collectively referred to as "Financial Statements") as set out on pages from 5 to 12.

In our opinion, in all material respects:
- The accompanying financial statements give a true and fair view of the balance sheet as at 31 December 2017 and the funds received and expenditures of the Project for the period from 11 July 2016 to 31 December 2017 in conformity with the accounting policies described in Note 2 of the Notes to the financial statements;
- The accompanying statement of designated account give a true and fair view of the balance of the designated account as at 31 December 2017 and the Project's receipts and disbursements via this designated account for the period from 11 July 2016 to 31 December 2017 in conformity with the relevant covenants of the Loan Agreement No. 8598-VN and Financing Agreement No. 5779-VN and Grant Agreement No.TF0A3723, the Project's Operations Manual and relevant regulations established by the World Bank; and
- Withdrawal Applications were adequately reconciled to the statements of expenditures ("SOEs") prepared by the Project Management Unit for the period from 11 July 2016 to 31 December 2017 and those SOEs were adequately supported by accounting vouchers.

Basis for auditors' 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 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 Vietnam, 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 in the Financial Statements

We draw attention to Note 8 and Note 9 of the financial statements, which showed that the financial statements for the period from 11 July 2016 (signing date) to 31 December 2017 included project management and preparation expenses funded by Counterpart Fund incurred before signing date from the year 2014. Our opinion is not qualified in respect of this matter.

Responsibility of the Project Management Unit for the financial statements

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

Auditors’ Responsibility

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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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; and

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Project Management Unit.

We communicate with the Project Management Unit, 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.

GRANT THORNTON (VIETNAM) LIMITED

Nguyen Tuan Nam
CPA Vietnam Practising Certificate
No: 0808-2018-068-1
Deputy General Director

Hanoi, Vietnam
2 August 2018

Nguyen Dich Dung
CPA Vietnam Practising Certificate
No. 2484-2014-068-1
Auditor

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# Balance sheet

as at 31 December 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>ASSETS</th>
<th>31 December 2017 VND</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash</td>
<td>118,120,972,778</td>
</tr>
<tr>
<td></td>
<td>Cash on hand</td>
<td>12,000,000</td>
</tr>
<tr>
<td></td>
<td>Cash at bank</td>
<td>118,108,972,778</td>
</tr>
<tr>
<td></td>
<td>Receivables</td>
<td>86,704,670,969</td>
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<tr>
<td></td>
<td>Prepayments to suppliers</td>
<td>86,699,316,625</td>
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<tr>
<td></td>
<td>Other receivables</td>
<td>5,354,344</td>
</tr>
<tr>
<td></td>
<td>TOTAL ASSETS</td>
<td>204,825,643,747</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>LIABILITIES AND FUND BALANCE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Liabilities</td>
<td>13,265,301,245</td>
</tr>
<tr>
<td></td>
<td>Payables to suppliers</td>
<td>12,374,596,400</td>
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<tr>
<td></td>
<td>Other payables</td>
<td>890,704,845</td>
</tr>
<tr>
<td></td>
<td>Fund balance</td>
<td>191,560,342,502</td>
</tr>
<tr>
<td></td>
<td>Fund balance at end of the period</td>
<td>191,560,342,502</td>
</tr>
<tr>
<td></td>
<td>TOTAL LIABILITIES AND FUND BALANCE</td>
<td>204,825,643,747</td>
</tr>
</tbody>
</table>

Can Tho, Vietnam  
2 August 2018

Huy Phu Thanh Su  
Director

Tran Thi Hong My  
Chief Accountant

The notes set out on pages from 9 to 12 an integral part of these financial statements.
**Can Tho Urban Development and Resilience Project**
Loan Agreement No. 8598-VN, Financing Agreement No. 5779-VN and Grant Agreement No. TF0A3723

# Statements of Sources and Uses of funds

For the period from 11 July 2016 to 31 December 2017

<table>
<thead>
<tr>
<th>Sources</th>
<th>VND</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD Fund</td>
<td>503,683,130,659</td>
</tr>
<tr>
<td>IDA Fund</td>
<td>124,369,926,570</td>
</tr>
<tr>
<td>Counterpart Fund</td>
<td>44,742,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>VND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1 - Flood risk management and environmental sanitation</td>
<td>314,199,116,854</td>
</tr>
<tr>
<td>Component 2 - Urban corridor development</td>
<td>6,826,724,862</td>
</tr>
<tr>
<td>Component 3 - Spatial planning platform and financial and social protection instruments</td>
<td>167,149,587,955</td>
</tr>
<tr>
<td>Project management and other expenses</td>
<td>127,707,877,467</td>
</tr>
<tr>
<td>Front-end fees and service and commitment charges</td>
<td>12,514,926,570</td>
</tr>
<tr>
<td>Surplus of sources over uses of funds</td>
<td>189,484,013,805</td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td>12,456,328,697</td>
</tr>
<tr>
<td>Fund balance at the beginning of the period</td>
<td>191,560,342,502</td>
</tr>
<tr>
<td>Fund balance at the end of the period</td>
<td>191,560,342,502</td>
</tr>
</tbody>
</table>

The notes set out on pages from 9 to 12 an integral part of these financial statements.
Statement of Designated account – IBRD, IDA Fund

For the period: From 11 July 2016 to 31 December 2017
Account Number: 011.137.0280811
Depository Bank: Joint Stock Commercial Bank for Foreign Trade of Vietnam - Can Tho Branch
Address: No 3-5-7, Hoa Binh Road, Tan An Ward, Ninh Kieu District, Can Tho, Vietnam
Loan Agreement: 8598- VN, 5779- VN
Currency: USD

For the period from 11 July 2016 to 31 December 2017
USD

Part A - Account activity
Opening balance as at 11 July 2016
Add: Total amount advanced to Designated Account 7,000,000.00
Less: Total amount withdrawn from Designated Account (1,832,877.62)
Closing balance as at 31 December 2017 5,167,122.38

Part B - Account reconciliation
Amount advanced by World Bank at 11 July 2016
Add: Advance received from World Bank 7,000,000.00
Less: Amount recovered by World Bank -
Outstanding amount advanced to the Designated Account as at 31 December 2017 7,000,000.00
Designated Account’s balance as at 31 December 2017 5,167,122.38
Add: Total amount withdrawn but not yet claimed 1,832,877.62
Outstanding amount advanced to the Designated Account as at 31 December 2017 7,000,000.00

Can Tho, Vietnam
2 August 2018
Huy Thi Hong Su
Director

Tran Thi Hong My
Chief Accountant

The notes set out on pages from 9 to 12 an integral part of these financial statements.
## Statement of withdrawals

Loan Agreement No. 8598- VN, Financing Agreement No.5779- VN and Grant Agreement No. TF0A3723

For the period from 11 July 2016 to 31 December 2017

<table>
<thead>
<tr>
<th>Withdrawal Application</th>
<th>Date</th>
<th>Currency</th>
<th>Advances</th>
<th>Construction Goods and works</th>
<th>Consultant service</th>
<th>Incremental operating costs</th>
<th>Front-end fees and commitment charges</th>
<th>Total</th>
<th>Date</th>
<th>Amount</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD Fund</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Front-end fees</td>
<td>30-Nov-16</td>
<td>USD</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>312,500.00</td>
<td>11-Jan-17</td>
<td>312,500.00</td>
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<tr>
<td>CT3-IBRD1</td>
<td>14-Jun-17</td>
<td>USD</td>
<td>5,000,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-5,000,000.00</td>
<td>23-Jun-17</td>
<td>5,000,000.00</td>
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<tr>
<td>Cap - billing</td>
<td>1-Jul-17</td>
<td>USD</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>251,572.12</td>
<td>2-Jul-17</td>
<td>251,572.12</td>
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<tr>
<td></td>
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<td></td>
<td>5,000,000.00</td>
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<td>-</td>
<td>-</td>
<td>564,072.12</td>
<td></td>
<td>5,564,072.12</td>
<td>-</td>
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<tr>
<td>IDA Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>CT3-IDA1</td>
<td>13-Jun-17</td>
<td>USD</td>
<td>2,000,000.00</td>
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<td>-2,000,000.00</td>
<td>23-Jun-17</td>
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<td></td>
<td></td>
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<td>2,000,000.00</td>
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<td>-2,000,000.00</td>
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<tr>
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<td></td>
<td>7,000,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>564,072.12</td>
<td></td>
<td>7,564,072.12</td>
<td>-</td>
</tr>
</tbody>
</table>

Can Tho, Vietnam
2 August 2018

Huynh Thanh Su
Director

Tran Thi Hong My
Chief Accountant

The notes set out on pages from 9 to 12 an integral part of these financial statements.
Notes to the financial statements
For the period from 11 July 2016 to 31 December 2017

1. The Project’s information

On 11 July 2016, the Government of the Socialist Republic of Vietnam ("the Borrower") signed Loan Agreement No. 8598-VN and Financing Agreement No. 5779-VN with the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") amounting to USD125,000,000 each.

On 29 September 2017, the Government of the Socialist Republic of Vietnam ("the Recipient") signed Grant Agreement No. TFOA3723 with the International Bank for Reconstruction and Development/International Development Association ("World Bank") provided by the Swiss Confederation, represented by the State Secretariat of Economic Affairs ("SECO") with total fund not exceed amount of USD4,000,000 which is directly disbursed to the Recipient. In addition to the amount under this Grant Agreement, SECO agreed to grant an amount of USD6,000,000 disbursed through specific activities done by World Bank to the Project. Accordingly, total grant amount will be USD10,000,000.

Previously, the People’s Committee of Can Tho Province approved the ODA Project Management Unit to manage and implement the Project in accordance with Decision No. 1241/QD-UBND dated 29 April 2016.

The objectives of the Project are:
(i) Development of urban’s traffic infrastructure combined with flood control;
(ii) Synchronic construction of flood mitigation and control works, strengthen drainage capacity, improve environmental sanitation in combination with design of urban landscape and increase living conditions in the urban area;
(iii) Strengthen urban management capacity and management of public administration.

The Project consists of three components as follows:

Component 1: Flood risk management and environmental sanitation
Component 2: Urban corridor development
Component 3: Spatial planning platform and financial and social protection instruments

The PMU’s office is located at No.120, Tran Phu Road, Ninh Kieu Ward, Can Tho City, Vietnam.

The Project commenced its execution since 11 July 2016 and to be completed on 30 June 2022.

Fund structure of the Project are as follows:
• IBRD and IDA Fund- Loan Agreement USD250,000,000;
• SECO Fund- Grant Agreement USD10,000,000; and
• Counterpart Fund USD62,028,638.
2. Principals accounting policies

2.1 Basis of accounting

The financial statements, expressed in Vietnamese Dong ("VND"), except for the statements of designated accounts and statement of withdrawals which are expressed in United States Dollars ("USD"). These financial statements are prepared in accordance with requirements of the World Bank and Circular 195/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance of Vietnam.

The Financial Statements are prepared in conformity with a modified cash basis of accounting rather than generally accepted accounting principles. The significant policies adopted in the preparation of the financial statement are set out below.

2.2 Foreign currency transaction

Transactions arising in foreign currencies are translated into Vietnamese Dong ("VND") at the exchange rates ruling on the transaction date.

Foreign exchange differences are not cash flows. However, the effect of exchange rate changes on cash is reported separately in the statement of sources and uses of funds in order to reconcile fund balances at the beginning and the end of the period.

2.3 Recognition of funds and expenditures

Project funds and expenditures are recognised on modified cash basis.

- IBRD and IDA funds: Funds are recognised when direct payments from World Bank to suppliers or/and receipts from World Bank to Designated Accounts.

- Counterpart fund: Fund is recognised when direct payments from Treasury to suppliers and/or the Project received funds from the Treasury to the bank accounts and cash on hand of the Project.

- Expenditure is recognised when incurred.

2.4 Accounting period

The first financial year of the Project is from 11 July 2016 (signing date) to 31 December 2017. Succeeding financial year will begins on 1 January and ends on 31 December.

2.5 Payables

Payables are recognised for amount to be paid in the future for goods and services received.

2.6 Front-end fee of IBRD loan

Front-end fee of 0.25% of the loan amount from IBRD which is USD125,000,000 is recorded in one time at the receipt of the Bank's notice.

2.7 Commitment charge

Maximum commitment charge of IDA loan is equal to 0.5% per annum on the undrawn fund balance and is recognised annually at the receipt of the Bank’s notice.

Commitment charge of IBRD loan is equal to 0.25% per annum on the undrawn fund balance and is recognised annually at the receipt of the Bank’s notice.

2.8 Service charge of IDA loan

Maximum service charge is calculated based on the rate of 0.75% per annum on the drawn amounts and is recognised at the receipt of the Bank’s Notice.
3. **Designated Accounts**

Designated Accounts are the deposit accounts in USD opened at Vietnam Maritime Commercial Joint Stock Bank for the implementation of the Project activities. Payments out of the Designated Accounts are made for expenditures in accordance with the relevant covenants of Loan Agreement No. 8598-VN; Financing Agreement No. 5779-VN and Grant Agreement No. TF0A3723, the Project's Operations Manual and relevant regulations established by the World Bank.

4. **Cash**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>12,000,000 VND</td>
</tr>
<tr>
<td>Cash in banks</td>
<td>117,155,778,916 VND</td>
</tr>
<tr>
<td>Cash in State Treasury</td>
<td>803,941,036 VND</td>
</tr>
<tr>
<td>Others</td>
<td>149,252,826 VND</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>118,120,972,778 VND</td>
</tr>
</tbody>
</table>

5. **Prepayments to suppliers**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint venture between Van Cuong Construction Co., Ltd and Investment and Construction No 492 JSC and Investment and Construction No 419 (CT3-PW2.1)</td>
<td>41,560,499,955 VND</td>
</tr>
<tr>
<td>Land Development Centre of Can Tho City</td>
<td>44,620,023,734 VND</td>
</tr>
<tr>
<td>Others</td>
<td>518,792,936 VND</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>86,699,316,625 VND</td>
</tr>
</tbody>
</table>

6. **Payables to suppliers**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>319 One Member Company Limited</td>
<td>1,836,716,000 VND</td>
</tr>
<tr>
<td>Vietnam Expressway Corporate Consultant JSC</td>
<td>4,032,400,000 VND</td>
</tr>
<tr>
<td>Thuy Loi University Consultant Co., Ltd</td>
<td>3,771,713,000 VND</td>
</tr>
<tr>
<td>Thanh Cong Construction Consultant Co., Ltd</td>
<td>2,226,800,400 VND</td>
</tr>
<tr>
<td>Others</td>
<td>506,967,000 VND</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,374,596,400 VND</td>
</tr>
</tbody>
</table>

7. **IBRD and IDA Funds**

<table>
<thead>
<tr>
<th>Description</th>
<th>USD</th>
<th>Equivalent to VND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IBRD Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced to designated account</td>
<td>5,000,000.00</td>
<td>111,855,000,000 VND</td>
</tr>
<tr>
<td>Front-end fee and commitment charge</td>
<td>564,072.12</td>
<td>12,514,925,570 VND</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,564,072.12</td>
<td>124,369,926,570 VND</td>
</tr>
<tr>
<td><strong>IDA Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced to designated account</td>
<td>2,000,000.00</td>
<td>44,742,000,000 VND</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,000,000.00</td>
<td>44,742,000,000 VND</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,564,072.12</td>
<td>169,111,926,570 VND</td>
</tr>
</tbody>
</table>

For the period from 11 July 2016 to 31 December 2017
8. Counterpart fund

For the period from 11 July 2016 to 31 December 2017

Counterpart fund from Budget of Can Tho City (*)

(*) Counterpart fund included amounts disbursed from State Budget to finance the Project’s activities from the year 2014 (see Note 9).

9. Expenditures by activities and by sources of fund

<table>
<thead>
<tr>
<th>Component 1 - Flood risk management and environmental sanitation</th>
<th>IBRD and IDA Funds VND</th>
<th>SECO Fund VND</th>
<th>Counterpart Fund VND</th>
<th>Total VND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land clearance and resettlement</td>
<td>-</td>
<td>-</td>
<td>6,826,724,862</td>
<td>6,826,724,862</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component 2 - Urban corridor development</th>
<th>IBRD and IDA Funds VND</th>
<th>SECO Fund VND</th>
<th>Counterpart Fund VND</th>
<th>Total VND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land clearance and resettlement</td>
<td>-</td>
<td>-</td>
<td>167,149,587,955</td>
<td>167,149,587,955</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component 3 - Spatial planning platform and financial and social protection instruments</th>
<th>IBRD and IDA Funds VND</th>
<th>SECO Fund VND</th>
<th>Counterpart Fund VND</th>
<th>Total VND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project management and other expenses (*)</td>
<td>-</td>
<td>-</td>
<td>127,707,877,467</td>
<td>127,707,877,467</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Front-end fees and service and commitment charges</th>
<th>IBRD and IDA Funds VND</th>
<th>SECO Fund VND</th>
<th>Counterpart Fund VND</th>
<th>Total VND</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,514,926,570</td>
<td>-</td>
<td>-</td>
<td>12,514,926,570</td>
<td></td>
</tr>
<tr>
<td>301,684,190,284</td>
<td>-</td>
<td>-</td>
<td>314,199,116,854</td>
<td></td>
</tr>
</tbody>
</table>

(*) Included in these amounts, there were project management and preparation expenses incurred from 2014 funded by Counterpart Fund (see Note 8).

10. Approval for issuance of the financial statements

The financial statements were approved by the Project Management Unit and authorised for issue.

Can Tho, Vietnam
2 August 2018

Huynh Thanh Su
Director

Tran Thi Hong My
Chief Accountant
Part II
Auditors’ Report on compliance
To: The Project Management Unit  
Can Tho Urban Development and Resilience Project

Auditors’ opinion

We have audited the balance sheet as at 31 December 2017 of Can Tho Urban Development and Resilience Project under Loan Agreement No. 8598-VN between the Socialist Republic of Vietnam and the International Bank for Reconstruction and Development ("IBRD"); Financing Agreement No. 5779-VN between the Socialist Republic of Vietnam and the International Development Association ("IDA") and Grant Agreement No. TF0A3723 between the Socialist Republic of Vietnam and the International Bank for Reconstruction and Development/International Development Association ("the Project"), the statement of sources and uses of funds, statements of designated accounts, the statements of withdrawals for the period from 11 July 2016 to 31 December 2017 and the notes thereto (collectively referred to as "Financial Statements"), and have issued our report thereon dated 2 August 2018. As part of the audit of Financial Statements per the Terms of reference, we have examined the compliance with Applicable Laws, Regulations and the Procurement Procedures and other Provisions of the Loan Agreement, Financing Agreement, Grant Agreement and other Guidance from World Bank.

In our opinion, the Project was, in all material respects, in compliance with Applicable Laws, Regulations and the Procurement Procedures and other Provisions of the Loan Agreement No. 8598-VN, Financing Agreement No. 5779-VN, Grant Agreement No. TF0A3723 and other guidance from the World Bank that could have a direct and material financial effect on the Project’s financial statements for the period from 11 July 2016 to 31 December 2017.

The Project Management Unit’s responsibility

The Project Management Unit is responsible for complying with Applicable Laws, Regulations and the Procurement Procedures and other Provisions of the Loan Agreement, Financing Agreement, Grant Agreement and other Guidance from World Bank.

Auditors’ responsibility

Our responsibility is to express an opinion on the Project’s compliance with the requirements, based on our procedures. We conducted our engagement in accordance with the International Standard on Assurance Engagement 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the Project has complied with the requirements.
An assurance engagement to report on the compliance with regulatory and contractual requirements at a project involves performing procedures to obtain evidence about whether the Project's activities are free of material non-compliance with the requirements. The procedures selected depend on the auditor's judgment, including the assessment of risks that the Project does not comply with the requirements and whether such non-compliance could have a direct and material effect on the Project's Financial Statements. Our procedures included testing the compliance with the requirements that we consider necessary to provide reasonable assurance that the requirements are complied by the Project.

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

GRANT THORNTON (VIETNAM) LIMITED

Nguyen Tuan Nam
CPA Vietnam Practising Certificate
No: 0808-2018-068-1
Deputy General Director

Nguyen Dich Dung
CPA Vietnam Practising Certificate
No: 2484-2014-068-1
Auditor

Hanoi, Vietnam
2 August 2018
Part III
Auditors’ Report
on the Internal Control
Independent Auditors' Report
on the Internal Control over financial reporting
Can Tho Urban Development and Resilience Project
Loan Agreement No. 8598-VN, and Financing Agreement No. 5779-VN
and Grant Agreement No. TF0A3723
for the period from 11 July 2016 (signing date) to 31 December 2017

To: The Project Management Unit
Can Tho Urban Development and Resilience Project

Auditors' opinion

We have audited the balance sheet as at 31 December 2017 of Can Tho Urban Development and Resilience Project under Loan Agreement No. 8598-VN between the Socialist Republic of Vietnam and the International Bank for Reconstruction and Development (“IBRD”); Financing Agreement No. 5779-VN between the Socialist Republic of Vietnam and the International Development Association (“IDA”) and Grant Agreement No. TF0A3723 between the Socialist Republic of Vietnam and the International Bank for Reconstruction and Development/ International Development Association (“the Project”), the statement of sources and uses of funds, statements of designated accounts, the statements of withdrawals for the period from 11 July 2016 to 31 December 2017 and the notes thereto (collectively referred to as “Financial Statements”), and have issued our report thereon dated 2 August 2018. As part of the audit of financial statements per the Terms of reference, we have examined the design and operation of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as over financial reporting.

In our opinion, in all material respects, the Project’s internal controls over compliance with requirements that could have a direct and material financial effect on the financial statements as well as over financial reporting were suitably designed throughout the period from 11 July 2016 to 31 December 2017 and the controls tested, which were those necessary to provide reasonable assurance that the control objectives were achieved, operated effectively throughout the period from 11 July 2016 to 31 December 2017.

The Project Management Unit's responsibility

The Project Management is responsible for designing and maintaining effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as over financial reporting for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control.

Auditors' responsibility

Our responsibility is to express an opinion on the Project's Financial Statements and on the design and operation of controls over financial reporting, based on our procedures. We conducted our engagement in accordance with the International Standards on Assurance Engagement 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the Project's Financial Statements are fairly presented and the controls are suitably designed and operating effectively.
An assurance engagement to report on the description, design and operating effectiveness of controls at a project involves performing procedures to obtain evidence about the disclosures in the project's description of its system and design and operating effectiveness of controls. The procedures selected depend on the auditor's judgment, including the assessment of risks that the Project's Financial Statements is not fairly presented, and that controls are not suitably designed or operating effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the control objectives were achieved.

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

Nguyen Tuan Nam
CPA Vietnam Practising Certificate
No: 0808-2018-068-1
Deputy General Director

Nguyen Dich Dung
CPA Vietnam Practising Certificate
No. 2484-2014-068-1
Auditor

Hanoi, Vietnam
2 August 2018