Mekong River Commission
Earmarked Funds

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

CONTENTS

Mekong River Commission

P.O. Box 6101, 184 Fa Ngoum Road, Unit 18,
Ban Sithane Neua, Sikhottabong District, Vientiane 01000, Lao PDR
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Report of the MRCS Management

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

Principal activities during 2018

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

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

Mekong River Commission

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Report of the MRCS Management (continued)

The MRCS Management

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

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

Mekong River Commission

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Statement of Management's Responsibilities

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

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

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

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

On behalf of the management

Suchart Sirijungsakul	An Pich Hatda
Director of Administration Division	Chief Executive Officer
Date: 11 APR 2019	Date: 11 APR 2019

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10th Floor, Royal Square Office Building,
Samsenthai Road, Nongduong Nua Village,
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ຊັ້ນ 10, ອາຄານ ໂຣໂຢລສະແຄລ
ຖະໜົນ ສາມແສນໄທ, ບ້ານ ໜອງດ້ວງເໜືອ,
ເມືອງ ສີໂຄດຕະບອງ, ຕູ້ ປ.ນ. 6978,
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Independent Auditors' Report

To: The Members of the Joint Committee of the Mekong River Commission

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

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

KPMG Lao Co., Ltd.

KPMG Lao Co., Ltd.
Vientiane Capital
Lao PDR

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

A. AUSTRALIA

	2018 USD	2017 USD
INCOME		
Cash contributions	-	-
		-
Interest earned	-	-
	-	-
Unutilized fund and interest returned		
2.1\13\08\AUL\Z_ (No.45660), MK2008/08	-	-
2.1\38\09\AUL\W_(No.50985),MK2009/06	-	-
EF-AULZ (2.2\43\15\AUL\Z, DFAT) interest Money	-	-
	-	-
Reallocation		
BF (2.2\49\15\AUL\Z) Support to the MRC Decentralisation Process BF	-	-
	-	-
EXPENDITURE		
EF-AULZ (2.2\43\15\AUL\Z) DFAT Interest Money for Batch 1 Decentralisation Implementation	-	-
	-	-
Movement in Fund Balance for the year	-	-
Accounts payable as at 31 December	-	25,717
Fund Balance as at 1 January	47,459	21,742
Fund Balance as at 31 December (*note 3*)	**47,459**	**47,459**

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

B. BELGIUM

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-BEL the MRC Navigation and Trade Facilitation for 03 June 2016- 30 June 2017	-	-
	-	-
Interest earned		
EF-BEL the MRC Navigation and Trade Facilitation for 03 June 2016- 30 June 2017	739	4,457
	739	**4,457**
Unutilized fund and interest returned	-	-
2.2\23\13\BEL\N	-	-
2.1\72\10\BEL\0	-	-
EF-BEL the MRC Navigation and Trade Facilitation	-	-
	-	-
EXPENDITURE		
EF-BEL the MRC Navigation and Trade Facilitation for 03 June 2016- 30 June 2017	142,864	118,751
	142,864	**118,751**
Movement in Fund Balance for the year	**(142,125)**	**(114,294)**
Accounts payable as at 31 December	-	60
Fund Balance as at 1 January	155,952	270,186
Fund Balance as at 31 December (*note 3*)	**13,827**	**155,952**

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

C. DENMARK

	2018 USD	2017 USD
INCOME		
Cash contributions	-	-
	-	-
Interest earned		-
	-	-
Unutilized fund and interest returned		
2.1\80\11\DEN\F Fisheries Programme 2011-2015 MK 2010/11	-	21,790
9.1\15\00\DEN Interest earned from project funds	-	34,244
	-	**(56,034)**
EXPENDITURE	-	-
	-	-
Movement in Fund Balance for the year	-	**(56,034)**
Fund Balance as at 1 January	-	56,034
Fund Balance as at 31 December (*note 3*)	-	-

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund

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

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

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-GIZ (2.2\44\15\GIZ\Z) Support to the MRC Organizational Transition IIMK2015-03	-	-
	-	-
Interest earned	-	-
	-	-
Unutilized fund and interest returned		
2.1\95\11\GIZ\H,GIZ No-81136946, MK 2010/05	-	-
EF-GIZ (2.2\44\15\GIZ\Z) Support to the MRC Organizational Transition IIMK2015-03	-	-
	-	-
EXPENDITURE	-	-
	-	-
Movement in Fund Balance for the year	-	
Fund Balance as at 1 January	1,225	1,225
Fund Balance as at 31 December (*note 3*)	**1,225**	**1,225**

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

E. EUROPEAN UNION

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-EU (2.2\22\12\EEC\G) Global Climate Change Alliance in the LMB-Addressing ecosystem challenges in the LMB Jan 12 to Dec 15 MK 2012 13	68,717	-
	68,717	-
Interest earned		
EF-EU (2.2\22\12\EEC\G) Global Climate Change Alliance in the LMB-Addressing ecosystem challenges in the LMB Jan 12 to Dec 15 MK 2012 13	17	5,935
	17	5,935
	68,734	**5,935**
Unutilized fund and interest returned		
9.1\15\03\EEC\, Interest Earned Start From2003to2015	-	-
EF-EU (2.2\22\12\EEC\G) Global Climate Change Alliance in the LMB-Addressing ecosystem challenges in the LMB Jan 12 to Dec 15 MK 2012 13	-	-
	-	-
EXPENDITURE		
EF-EU (2.2\22\12\EEC\G) Global Climate Change Alliance in the LMB-Addressing ecosystem challenges in the LMB Jan 12 to Dec 15 MK 2012 13	-	675,158
	-	**675,158**
Movement in Fund Balance for the year	-	**(669,223)**
Fund Balance as at 1 January	(16,127)	653,096
Fund Balance as at 31 December (*note 3*)	**52,607**	**(16,127)**

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

F. FINLAND

	2018 USD	2017 USD
INCOME		
Cash contributions	-	-
	-	-
Interest earned		
EF-FINI (2.2\47\15\FIN\I) Council Study Water Quality Modelling Component (WUP-FIN)	1,108	2,076
	1,108	**2,076**
	-	-
Unutilized fund and interest returned		
9.1\15\02\FIN Interest earned from project from 2008 to 2015	-	-
2.1\59\10\FIN\Z The Water Management Trust Fund MK2010/02	-	-
EF-FINI (2.2\47\15\FIN\I) Council Study Water Quality Modelling Component (WUP-FIN)	-	-
	-	-
EXPENDITURE		
EF-FINI (2.2\47\15\FIN\I) Council Study Water Quality Modelling Component (WUP-FIN)	108,030	22,789
	108,030	**22,789**
Movement in Fund Balance for the year	**(106,922)**	**(20,713)**
Account payable as at 31 December	-	100
Fund Balance as at 1 January	137,639	158,252
Fund Balance as at 31 December (*note 3*)	**30,717**	**137,639**

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

G. FRANCE

	2018 USD	2017 USD
INCOME		
Cash contributions and direct payments		
EF-AFD the Extension of the Mekong Hycos network, AFD CZZ1889.01.P	197,409	252,429
	197,409	252,429
Interest earned		
EF-AFD the Extension of the Mekong Hycos network, AFD CZZ1889.01.P	1,230	2,067
	1,230	2,067
	198,639	**254,496**
Unutilised fund and interest returned		
2.1\51\09\FRA\E Environment Programme, MK2009/04	-	-
EF-AFD the Extension of the Mekong Hycos network, AFD CZZ1889.01.P	-	-
	-	-
EXPENDITURE		
EF-AFD the Extension of the Mekong Hycos network, AFD CZZ1889.01.P	289,486	274,362
	289,486	**274,362**
Movement in Fund Balance for the year	**(90,847)**	**(19,866)**
Fund Balance as at 1 January	150,906	170,772
Fund Balance as at 31 December (*note 3*)	**60,059**	**150,906**

Suchart Sirijungsakul
Director of Administration Division
Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer
Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

H. JAPAN

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-JAIFD (2.2\39\15\JPN\D) _ Drought Management Programme Core Function ProjectJan 2015-Dec 2017DMP-JAIF Project	-	-
EF-JAIFF (2.2\40\15\JPN\H) _ Provision of Flood Forecasting, FFG, Dry Season Monitoring& Dissemination of Info & Warning & Alert FMMP-JAIF	-	-
EF-JAPAN (2.2\46\15\JPN\A) _ Project for Support to food security in Mekong River Basin,June 2015 - May 2016	-	-
EF-JPN17-21_Project for Improving Irrigation Facilities in the Lower Mekong River Basin	366,071	349,954
	366,071	349,954
Interest earned		
1.1\87\07\JPN\O Interest earned from Japan Funded Project	-	-
EF-JAIFD (2.2\39\15\JPN\D) _ Drought Management Programme Core Function ProjectJan 2015-Dec 2017DMP-JAIF Project	1,564	6,827
EF-JAIFF (2.2\40\15\JPN\H) _ Provision of Flood Forecasting, FFG, Dry Season Monitoring& Dissemination of Info & Warning & Alert FMMP-JAIF	1,006	8,584
EF-JAPAN (2.2\46\15\JPN\A) _ Project for Support to food security in Mekong River Basin,June 2015 - May 2016	-	237
EF-JPN17-21_Project for Improving Irrigation Facilities in the Lower Mekong River Basin	618	247
	3,188	15,895
	369,259	**365,849**
EXPENDITURE		
1.1\87\07\JPN\O Interest earned from Japan Funded Project	-	-
EF-JAIFD (2.2\39\15\JPN\D) _ Drought Management Programme Core Function ProjectJan 2015-Dec 2017DMP-JAIF Project	389,530	185,469
EF-JAIFF (2.2\40\15\JPN\H) _ Provision of Flood Forecasting, FFG, Dry Season Monitoring& Dissemination of Info & Warning & Alert FMMP-JAIF	384,623	342,486
EF-JAPAN (2.2\46\15\JPN\A) _ Project for Support to food security in Mekong River Basin, June 2015 - May 2016	-	36,831
EF-JPN17-21_Project for Improving Irrigation Facilities in the Lower Mekong River Basin	289,931	54,051
	1,064,084	**618,837**
Movement in Fund Balance for the year	**(694,825)**	**(252,988)**
Fund Balance as at 1 January	708,722	961,710
Fund Balance as at 31 December (*note 3*)	**13,897**	**708,722**

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

I. KREDITANSALT FÜR WIEDERAUFBAU ("KfW")

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-KFW (2.1\47\09\GER\A) The Sustainable Management of Watersheds in the Lower Mekong Basin, MK 2009/03	-	4,284
EF-KFW.WL the Lower Mekong Basin Wetland Management and Conservation Project, MK2016/01 (*)	(221)	-
	(221)	4,284
Interest earned		
EF-KFW (2.1\47\09\GER\A) The Sustainable Management of Watersheds in the Lower Mekong Basin, MK 2009/03	-	574
EF-KFW.WL the Lower Mekong Basin Wetland Management and Conservation Project, MK2016/01	385	4,169
	385	4,743
	164	**9,027**
Unutilised fund and interest returned		-
EF-KFW.WL the Lower Mekong Basin Wetland Management and Conservation Project, MK2016/01	-	-
	-	-
EXPENDITURE		
EF-KFW 2.1\47\09\GER\A The Sustainable Management of Watersheds in the Lower Mekong Basin, MK 2009/03	-	45,012
EF-KFW.WL the Lower Mekong Basin Wetland Management and Conservation Project, MK2016/01	293,154	86,708
	293,154	**131,720**
Movement in Fund Balance for the year	**(292,990)**	**(122,693)**
Fund Balance as at 1 January	141,101	263,794
Fund Balance as at 31 December (*note 3*)	**(151,889)**	**141,101**

(*) The negative amount of KFW was shown as income of a bank charge in 2016, and it has therefore been reversed.

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

J. NETHERLANDS

	2018 USD	2017 USD
INCOME		
Cash Contributions		
EF-NET_ To promote and coordinate sustainable development and management of the Mekong's water related natural resources (Env-2017-133 & IGG-2017-24041) for **Earmarked Fund**	326,025	544,000
	326,025	544,000
Interest earned		
EF-NET_ To promote and coordinate sustainable development and management of the Mekong's water related natural resources (Env-2017-133 & IGG-2017-24041) for **Earmarked Fund**	3,142	8,007
	3,142	8,007
	329,167	**552,007**
Unutilised fund and interest returned		
2.1\90\11\NET\H The bridging period support to RFMMC, July to December 2011	-	-
	-	-
EXPENDITURE		
EF-NET_ To promote and coordinate sustainable development and management of the Mekong's water related natural resources (Env-2017-133 & IGG-2017-24041) for **Earmarked Fund**	386,296	248,497
	386,296	**248,497**
Movement in Fund Balance for the year	**(57,129)**	**303,510**
Adjustment/Returned Account payable	-	525
Fund Balance as at 1 January	304,035	-
Fund Balance as at 31 December (*note 3*)	**246,906**	**304,035**

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

K. SWEDEN

	2018 USD	2017 USD
INCOME		
Cash contributions		
	-	-
	-	-
Interest earned	-	-
	-	-
Unutilised fund and interest returned		
9.1\15\91\SWE Interest earned from project funds	-	109,168
2.2\09\12\SWE\Z IS July12 to Dec15 MK 2012/02	-	153
2.2\11\12\SWE\F FP July12 to Dec15 MK 2012/02	-	342
	-	**109,663**
EXPENDITURE		
	-	-
Movement in Fund Balance for the year	-	**(109,663)**
Returned Account payable to DPs	(83,610)	83,610
Fund Balance as at 1 January	83,610	109,663
Fund Balance as at 31 December (*note 3*)	-	**83,610**

Suchart Sirijungsakul
Director of Administration Division

Date: 1 1 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 1 1 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

L. SWITZERLAND`

	2018 USD	2017 USD
INCOME		
Cash contributions		
2.2\17\12\SWI\H Flood Management and Mitigation Implementation Programme MK 2012/09	-	-
	-	-
Interest earned	-	-
	-	-
Unutilized fund and interest returned		
2.1\96\11\SWI\0, Interest earning	(24,964)	
	(24,964)	-
EXPENDITURE	-	-
	-	-
Movement in Fund Balance for the year	**(24,964)**	-
Returned Accounts payable to DPs	(530)	530
Fund Balance as at 1 January	25,494	24,964
Fund Balance as at 31 December (*note 3*)	-	**25,494**

Suchart Sirijungsakul
Director of Administration Division
Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer
Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance e
For the year ended 31 December 2018

M. UNITED STATES OF AMERICA

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-PEER (2.2\37\15\USA\F) _ Building a Mekong River Genetic Biodiversity Research Network (PEER NETWORK) (*)	(5,703)	-
	(5,703)	-
Interest earned		
EF-PEER (2.2\37\15\USA\F) _Building a Mekong River Genetic Biodiversity Research Network (PEER NETWORK)	157	785
	157	785
	(5,546)	**785**
Unutilized fund and interest returned		
2.2\13\12\USA\F Fisheries Programme 2011 to 2015 AID IO 12	-	-
EF-PEER (2.2\37\15\USA\F) _Building a Mekong River Genetic Biodiversity Research Network (PEER NETWORK)	-	-
	-	-
EXPENDITURE		
EF-PEER (2.2\37\15\USA\F) _Building a Mekong River Genetic Biodiversity Research Network (PEER NETWORK)	29,365	12,205
	29,365	**12,205**
Movement in Fund Balance for the year	**(34,911)**	**(11,420)**
Returned Accounts payable to DPs	-	20
Fund Balance as at 1 January	71,381	82,781
Fund Balance as at 31 December (*note 3*)	**36,470**	**71,381**

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

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

N. WORLD BANK

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-WB (2.2\14\12\IBR\W) Mekong Integrated Water Resources Management APL Phase I Grant No. H762	1,575,693	1,757,631
	1,575,693	1,757,631
Interest earned and Gain exchange rate		
Interest (EF-WB 2.2\14\12\IBR\W Mekong Integrated Water Resources Management APL Phase I Grant No. H762)	2,777	4,426
Gain Exchange rate (EF-WB 2.2\14\12\IBR\W Mekong Integrated Water Resources Management APL Phase I Grant No. H762)	535	-
	3,312	4,426
	1,579,005	**1,762,057**
Unutilized fund and interest returned		
EF-WB 2.2\14\12\IBR\W Mekong Integrated Water Resources Management APL Phase IGrant No. H762	-	-
	-	-
EXPENDITURE		
EF-WB 2.2\14\12\IBR\W Mekong Integrated Water Resources Management APL Phase IGrant No. H762	1,291,358	1,973,366
	1,291,358	**1,973,366**
Movement in Fund Balance for the year	**287,647**	**(211,309)**
Fund Balance as at 1 January	196,367	407,676
Fund Balance as at 31 December (*note 3*)	**484,014**	**196,367**

Suchart Sirijungsakul
Director of Administration Division
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An Pich Hatda
Chief Executive Officer
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Mekong River Commission – Earmarked Fund

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

O. POOL FUNDING FOR COUNCIL STUDY

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-CSF 2.2\41\15\CSF\Z for Council Study (*)	(1,564)	-
	(1,564)	-
Interest earned		
EF-CSF 2.2\41\15\CSF\Z for Council Study	-	3,047
	-	3,047
	(1,564)	**3,047**
Unutilized fund and interest returned		
EF-CSF(2.2\41\15\CSF\Z)_Australia, MK2014/01 & 70251	-	-
EF-CSF(2.2\41\15\CSF\Z)_GIZ, MK2015/04 & 81185740	-	-
EF-CSF(2.2\41\15\CSF\Z)_SDC,MK2015/07& 81035067	-	-
	-	-
EXPENDITURE		
EF-CSF 2.2\41\15\CSF\Z for Council Study	-	367,429
	-	**367,429**
Movement in Fund Balance for the year	**(1,564)**	**(364,382)**
Fund Balance as at 1 January	3,048	367,430
Fund Balance as at 31 December (*note 3*)	**1,484**	**3,048**

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

Suchart Sirijungsakul
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Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

P. UNIVERSITY MURDOCH - AUSTRALIA

	2018 USD	2017 USD
INCOME		
Cash contributions	-	-
	-	-
Interest earned		
EF-AULFP 2.2\42\15\AUL\F F-PIP 2011-2015	56	296
	56	296
	56	**296**
Unutilized fund and interest returned		
EF-AULFP 2.2\42\15\AUL\F F-PIP 2011-2015	-	-
	-	-
EXPENDITURE		
EF-AULFP 2.2\42\15\AUL\F F-PIP 2011-2015	1,399	1,665
	1,399	**1,665**
Movement in Fund Balance for the year	**(1,343)**	**(1,369)**
Fund Balance as at 1 January	13,731	15,100
Fund Balance as at 31 December (*note 3*)	**12,388**	**13,731**

Suchart Sirijungsakul
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Mekong River Commission – Earmarked Fund

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

Q. MISCELLANEOUS

	2018 USD	2017 USD
INCOME		
Cash contributions	-	-
	-	-
Interest earned	-	-
	-	-
Unutilized fund and interest returned	-	-
	-	-
EXPENDITURE	-	-
	-	-
Movement in Fund Balance for the year	-	-
Fund Balance as at 1 January	2,957	2,957
Fund Balance as at 31 December (*note 3*)	**2,957**	**2,957**

Suchart Sirijungsakul
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Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

R. NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION (NORAD)

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF-NORAD	-	23,669
	-	23,669
Interest earned	-	-
EF-NORAD	-	-
	-	**23,669**
Unutilized fund and interest returned		
EF-NORAD	-	-
	-	-
	-	**23,669**
EXPENDITURE		
EF-NORAD	23,431	-
	23,431	**-**
Movement in Fund Balance for the year	**(23,431)**	**23,669**
Fund Balance as at 1 January	23,669	-
Fund Balance as at 31 December (*note 3*)	**238**	**23,669**

Suchart Sirijungsakul
Director of Administration Division
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An Pich Hatda
Chief Executive Officer
Date: 11 APR 2019

Mekong River Commission – Earmarked Fund
Statement of income and expenditure and fund balance
For the year ended 31 December 2018

S. SOUTHEAST ASIA FISHERIES DEVELOPMENT CENTER (SEAFDEC)

	2018 USD	2017 USD
INCOME		
Cash contributions		
EF- SEAFDEC	-	15,000
	-	15,000
Interest earned		
EF- SEAFDEC	-	-
	-	-
	-	**15,000**
Unutilized fund and interest returned		
EF- SEAFDEC	-	-
	-	**15,000**
EXPENDITURE		
EF- SEAFDEC	15,000	-
	15,000	-
Movement in Fund Balance for the year	**(15,000)**	**15,000**
Fund Balance as at 1 January	15,000	-
Fund Balance as at 31 December (*note 3*)	-	**15,000**

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
Chief Executive Officer

Date: 11 APR 2019

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. GENERAL INFORMATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of accounting*

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

- ***Income recognition***

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

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

- ***Expenditure recognition***

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

b. *Property and equipment*

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

c. *Foreign currency transactions*

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

3. SUMMARY OF INCOME, EXPENDITURE AND FUND BALANCE BY DEVELOPMENT PARTNER – 2018

Development Partner	Cash contributions	Interest earned	**Total Income net**	Unutilised fund and interest returned	Reallocation	**Expenditure (*)**	Foreign exchange (loss)	**Movement in Fund Balance for the year**	Account payable (AP) DPs (**)	Fund Balance as at 1 January	**Fund Balance as at 31 December**
	(1)	(2)	**(3)=(1)+(2)**	(4)	(5)	**(6)**	(7)	**(8)=(3)-(4)-(5)-(6)-(7)**	(9)	(10)	**(11) = (8)+(9)+(10)**
Australia	-	-	-	-	-	-	-	-	-	47,459	**47,459**
Belgium	-	739	**739**	-	-	**142,864**	-	**(142,125)**	-	155,952	**13,827**
Denmark	-	-	-	-	-	-	-	-	-	-	-
GIZ_Germany	-	-	-	-	-	-	-	-	-	1,225	**1,225**
European Union	68,717	17	**68,734**	-	-	-	-	**68,734**	-	(16,127)	**52,607**
Finland	-	1,108	**1,108**	-	-	**108,030**	-	**(106,922)**	-	137,639	**30,717**
AFD_France	197,409	1,230	**198,639**	-	-	**289,486**	-	**(90,847)**	-	150,906	**60,059**
Japan	366,071	3,188	**369,259**	-	-	**1,064,084**	-	**(694,825)**	-	708,722	**13,897**
KfW_Germany (***)	(221)	385	**164**	-	-	**293,154**	-	**(292,990)**	-	141,101	**(151,889)**
Netherlands	326,025	3,142	**329,167**	-	-	**386,296**	-	**(57,129)**	-	304,035	**246,906**
Sweden	-	-	-	-	-	-	-	-	(83,610)	83,610	-
SDC_Switzerland	-	-	-	24,964	-	-	-	**(24,964)**	(530)	25,494	-
United States of America (****)	(5,703)	157	**(5,546)**	-	-	**29,365**	-	**(34,911)**	-	71,381	**36,470**
World Bank	1,575,693	3,312	**1,579,005**	-	-	**1,291,358**	-	**287,647**	-	196,367	**484,014**
Pool funding for Council Study (****	(1,564)	-	**(1,564)**	-	-	-	-	**(1,564)**	-	3,048	**1,484**
University Murdoch-Australia	-	56	**56**	-	-	**1,399**	-	**(1,343)**	-	13,731	**12,388**
Miscellaneous	-	-	-	-	-	-	-	-	-	2,957	**2,957**
NORAD Norwegian Agency	-	-	-	-	-	**23,431**	-	**(23,431)**	-	23,669	**238**
SEAFDEC	-	-	-	-	-	**15,000**	-	**(15,000)**	-	15,000	-
	2,526,427	**13,334**	**2,539,761**	**24,964**	**-**	**3,644,467**	**-**	**(1,129,670)**	**(84,140)**	**2,066,169**	**852,359**

(*) Expenditure in column (6) has been included the Management and Administration Fees (MAF).
(**) The negative amounts in column (9) was account payable amounts that have been returned to DPs.
(***) The negative amount of KfW in column (1) was shown as income of a bank charge in 2016, and it has therefore been reversed.
(****) The negative amounts in column (1) for two DPs have not been used by MRC, and they have therefore been returned to DPs.

4. EXPENDITURE

4a. Analysis of Expenditure by Development Partner

Development Partner	2018			2017		
	Expenditure (excl. MAF)	MAF	Expenditure (incl. MAF)	Expenditure (excl. MAF)	MAF	Expenditure (incl. MAF)
Belgium	124,230	18,634	142,864	103,262	15,489	118,751
European Union	-	-	-	630,989	44,169	675,158
Finland	108,030	-	108,030	22,789	-	22,789
AFD_France	251,727	37,759	289,486	238,576	35,786	274,362
Japan	984,706	79,377	1,064,084	575,292	43,545	618,837
KfW_Germany	264,103	29,051	293,154	118,667	13,053	131,720
Netherlands	335,910	50,386	386,296	216,084	32,413	248,497
United States of America	26,455	2,910	29,365	10,995	1,210	12,205
World Bank	1,163,386	127,971	1,291,358	1,658,224	315,142	1,973,366
Pool funding for Council Study (CS)	-	-	-	331,017	36,412	367,429
University Murdoch-Australia	1,313	86	1,399	1,500	165	1,665
NORAD	23,431	-	23,431	-	-	-
SEAFDEC	15,000	-	15,000	-	-	-
Total	**3,298,291**	**346,176**	**3,644,467**	**3,907,395**	**537,384**	**4,444,779**

4. EXPENDITURE (continued)

4b. Analysis of Expenditure by Programme

Programme	Abbreviations	Project codes	2018			2017		
			Expenditure (excl. MAF)	MAF	Expenditure (incl. MAF)	Expenditure (excl. MAF)	MAF	Expenditure (incl. MAF)
Agriculture and Irrigation Programme	AIP	EF-JAPAN	-	-	-	33,181	3,650	36,831
The Drought Management Programme	DMP	EF-JAIFD	364,046	25,483	389,530	173,336	12,133	185,469
Flood Management and Mitigation Programme	FMMP	EF-JAIFF	359,461	25,162	384,623	320,080	22,406	342,486
Project for Improving Irrigation Facilities in the Lower Mekong River Basin	IF	EF-JPN17-21	261,199	28,732	289,931	48,695	5,356	54,051
Fisheries Programme	FP	EF-AULFP	1,313	86	1,399	1,500	165	1,665
Climate Change and Adaptation Initiative	CCAI	EF-EU	-	-	-	630,989	44,169	675,158
Mekong Integrated Water Resources Management Project	MIWRMP	EF-WB	1,163,386	127,971	1,291,358	1,658,224	315,142	1,973,366
Watershed Management Project	WSMP	EF-KFW	-	-	-	40,552	4,460	45,012
The Wetland Management and Conservation Project	WL	EF-KFW.WL	264,103	29,051	293,154	78,115	8,593	86,708
Office of the CEO	OCEO	EF-CSF	-	-	-	331,017	36,412	367,429
Building Mekong River Genetic Biodiversity Research Network	BMRGBRN	EF-PEER	26,455	2,910	29,365	10,995	1,210	12,205
The DFAT Interest Money for Batch 1 Decentralisation Implementation	DFAT	EF-AULZ	-	-	-	-	-	-
The Council Study Water Quality Modelling Component	WQMC	EF-FINI	108,030	-	108,030	22,789	-	22,789
The Mekong hydro-meteorological network and data application	HYDRO	EF-AFD	251,727	37,759	289,486	238,576	35,786	274,362
The MRC Navigation and Trade Facilitation	NTF	EF-BEL	124,230	18,634	142,864	103,262	15,489	118,751
To Promote and Coordination Sustainable Development and Management of the Mekong's Water related Natural Resources	PCSDM	EF-NET	335,910	50,386	386,296	216,084	32,413	248,497
NORAD's Financial Support - Hydropower Forum	NORAD	EF-NORAD	23,431	-	23,431	-	-	-
The Promotion of Sustainable Development of Fisheries and Aquaculture	SEAFDEC	EF-SEAFDEC	15,000	-	15,000	-	-	-
Total			**3,298,291**	**346,176**	**3,644,467**	**3,907,395**	**537,384**	**4,444,779**

Mekong River Commission – Earmarked Funds

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

5. ANALYSIS OF EXPENDITURE BY DEVELOPMENT PARTNER AND BY PROGRAMME
For the year 2018

Development Partner/ Programme (*)	DMP	FMMP	IF	FP	MIWRMP	WL	BMRGBRN	WQMC	HYDRO	NTF	PCSDM	NORAD	SEAFDEC	TOTAL
Belgium	-	-	-	-	-	-	-	-	-	142,864	-	-	-	142,864
Finland	-	-	-	-	-	-	-	108,030	-	-	-	-	-	108,030
France_AFD	-	-	-	-	-	-	-	-	289,486	-	-	-	-	289,486
Japan	389,530	384,623	289,931		-	-	-	-	-	-	-	-	-	1,064,084
KfW_Germany	-	-	-	-	-	293,154	-	-	-	-	-	-	-	293,154
Netherlands	-	-	-	-	-	-	-	-	-	-	386,296	-	-	386,296
Norad	-	-	-	-	-	-	-	-	-	-	-	23,431		23,431
SEAFDEC	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000
University Murdoch	-	-	-	1,399	-	-	-	-	-	-	-	-		1,399
USA	-	-	-	-	-	-	29,365	-	-	-	-	-		29,365
World Bank	-	-	-	-	1,291,358	-	-	-	-	-	-	-		1,291,358
	389,530	384,623	289,931	1,399	1,291,358	293,154	29,365	108,030	289,486	142,864	386,296	23,431	15,000	3,644,467

(*) Refer to Note 4b for Programmes' abbreviations

Suchart Sirijungsakul
Director of Administration Division

Date: 11 APR 2019

An Pich Hatda
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Date: 11 APR 2019